LARSEN & TOUBRO LIMITED

REPORTS AND ACCOUNTS 2016-2017
SUBSIDIARY COMPANIES

BOARD REPORT

Dear Members,

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

1. FINANCIAL RESULTS:

Particulars	**2016-17 (₹)**	*2015-16 (₹)*
Profit Before Depreciation & Tax	**44,02,686**	*1,41,58,205*
Less: Depreciation, amortization and obsolescence	**(15,12,862)**	*(18,21,116)*
Profit before tax	**28,89,824**	*1,23,37,089*
Less: Provision for tax	**(9,83,021)**	*(46,20,535)*
Profit after tax	**19,06,803**	*77,16,554*
Add: Balance brought forward from previous year	**2,98,23,408**	*2,21,06,854*
Balance carried to Balance Sheet	**3,17,30,210**	*2,98,23,408*

2. CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased assets stood at ₹ **89,57,863** and the net fixed and intangible assets including leased assets at ₹ **22,54,247**. Capital expenditure amounted to ₹ NIL during the year.

3. DEPOSITS:

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

4. SUBSIDIARY COMPANIES:

Details of subsidiary companies are as follows:

Name	Name of the Project	Location	Capacity (MW)	Remarks
L&T Uttaranchal Hydropower Limited	Singoli-Bhatwari HEP*	Uttarakhand	99	Under construction
L&T Arunachal Hydropower Limited	Tagurshit HEP*	Arunachal Pradesh	74	Development Stage
L&T Himachal Hydropower Limited	Sach-Khas HEP*	Himachal Pradesh	267	Development Stage
	Reoli-Dugli HEP*	Himachal Pradesh	430	Development Stage
Nabha Power Limited	Rajpura Thermal Power Project	Punjab	1400	Operational

*HEP: Hydro Electric Project

The details of investments in subsidiary companies during the year under review are as follows:

A) Shares acquired during the year:

Name of the Company	Type of Shares	No. of shares
L&T Arunachal Hydropower Limited	Equity	4,60,000
L&T Himachal Hydropower Limited	Equity	28,75,000

B) Equity shares sold/transferred during the year: N.A.

C) Performance and Financial Position of each subsidiary company:

A statement containing the salient features of the financial statement of Subsidiaries is annexed to this Report as **Annexure I** to this report.

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

The Company has not given any loan, guarantees, security or made any investment during the financial year 2016-17 which attract the provisions of section 186 of Companies Act, 2013.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2016-17. Statement containing details of all material transactions/contracts/arrangements is annexed to this report as **Annexure II** to this report.

The Audit Committee has approved the related party transactions entered into or proposed to be entered into during the financial year 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the company.

7. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ **8.42** crore as against ₹ **11.48** crore for the previous financial year. The profit after tax of ₹ **0.19** crore for the financial year under review as against ₹ **0.77** crore for the previous financial year.

8. **DIVIDEND:**

The Directors have not recommended any dividend for the financial year 2016-17.

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

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

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

c. During the year under review, the Company had no foreign exchange earnings and outgo.

11. **RISK MANAGEMENT POLICY:**

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

12. **CORPORATE SOCIAL RESPONSIBILITY(CSR):**

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in **Annexure III** to this report.

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

Mr. Shailendra Roy, Mr. Y.V.S. Sravankumar, Mr. James Abraham and Ms. Vijaya Sampath are the present Directors of the Company.

Mr. Chandan Roy ceased to be an Independent Director of the Company with effect from June 23, 2016 on account of his sad demise.

Mr. Ashwani Kumar is the Manager (designated as Chief Executive) of the Company. Mr. Bhavesh Kadakia is the Chief Financial Officer and Mr. Urvil Desai is the Company Secretary of the Company.

Mr. Shailendra Roy is a Director liable to retire by rotation and being eligible offers himself for re-appointment. The notice convening the AGM includes the proposal for his re-appointment.

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

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 4 (four) Meetings were held on May 2, 2016, July 19, 2016, October 24, 2016 and January 20, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. **AUDIT COMMITTEE:**

The Company has constituted an Audit Committee in line with the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the requirements of the Companies Act, 2013.

The committee comprises of one Non-Executive Director and two Independent Directors.

The current members of the Audit Committee are Mr. Y.V.S. Sravankumar, Mr. James Abraham and Ms. Vijaya Sampath.

During the year under review, 4 (four) Meetings of the Audit Committee were held on May 2, 2016, July 19, 2016, October 24, 2016 and January 20, 2017.

The Company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies Act, 2013.

16. **COMPANY POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS:**

The Company has constituted a Nomination and Remuneration Committee as required by the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprises of one Non-Executive Director and two independent Directors.

The current members of the Committee are Mr. Shailendra Roy, Mr. James Abraham and Ms. Vijaya Sampath.

During the year under review, one meeting was held on May 2, 2016.

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

The said policy complies with the requirements of the Companies Act, 2013.

17. DECLARATION OF INDEPENDENCE:

The Company has received Declarations of Independence from its independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is meeting the criteria of Independence.

18. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

19. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

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

20. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

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

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

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on April 26, 2017 as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

21. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

22. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

23. AUDITORS:

The Company's Auditors M/s. Sharp & Tannan have already completed more than ten years as Statutory Auditors of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s M P Chitale & Company as statutory Auditors for a period of five continuous years i.e. from the conclusion of the tenth Annual General Meeting till the conclusion of the fifteenth Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s Sharp & Tannan as the Statutory Auditors of the Company.

Certificate from the M/s M P Chitale & Company has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

24. SECRETARIAL AUDIT REPORT:

The Secretarial Auditors' report to the shareholders issued by M/s. Naina Desai, Practicing Company Secretary does not contain any qualification.

The same is attached as **Annexure IV** to this Report.

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25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

26. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as **Annexure V** of this Report.

27. ACKNOWLEDGEMENT

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

Place: Mumbai	**S. N. ROY**	**YVS SRAVANKUMAR**
Date : April 26, 2017	*Director*	*Director*
	DIN: 02144836	*DIN: 01080060*

ANNEXURE I TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

FORM AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventues

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules 2014)

PART "A" : SUBSIDIARIES

₹ crore

Sl. No.	Particulars	L&T Uttaranchal Hydropower Limited	L&T Himachal Hydropower Limited	L&T Arunachal Hydropower Limited	Nabha Power Limited
	Date since when subsidiary was acquired / incorporated	**13-Nov-06**	**22-Jun-10**	**24-Jun-10**	**18-Jan-10**
	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	**NA**	**NA**	**NA**	**NA**
	Financial year ending on	**31-Mar-17**	**31-Mar-17**	**31-Mar-17**	**31-Mar-17**
	Reporting currency	**₹ crore**	**₹ crore**	**₹ crore**	**₹ crore**
	Exchange rate (in case of foreign subsidiaries)	NA	NA	NA	NA
1	Share Capital (including Share Application money pending allotment)	301.30	198.13	40.28	2,397.60
2	Reserves & surplus	561.99	(0.27)	0.20	501.15
3	Total Assets	892.12	198.73	40.63	10,939.66
4	Total Liabilities	892.12	198.73	40.63	10,939.66
5	Investments	1.49	–	0.03	–
6	Turnover	–	–	–	3,518.36
7	Profit before taxation	0.04	(0.00)	(0.00)	7.30
8	Provision for taxation	0.05	0.00	0.00	33.41
9	Profit after taxation	(0.00)	(0.00)	(0.00)	(26.11)
10	Other Comprehensive Income	–	–	–	(0.69)
11	Total Comprehensive Income	(0.00)	(0.00)	(0.00)	(26.80)
12	Proposed dividend - Equity	–	–	–	–
13	Proposed dividend - Equity - %	NA	NA	NA	NA
14	Proposed dividend - Preference	–	NA	NA	–
15	Proposed dividend - Preference - %	NA	NA	NA	NA
16	% of Shareholding	100	100	100	100

Subsidiaries which are yet to commence operations:

L&T Uttaranchal Hydropower Limited

L&T Himachal Hydropower Limited

L&T Arunachal Hydropower Limited

ANNEXRUE II TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

FORM AOC-2

Pursuant to Clause (h) of Sub-Section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

PART A - DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS - NIL

PART B - DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS

Name of Related Party	Nature of Relationship	Nature of the transaction/ contract / arrangement (excl. ST)	Duration	Salient terms	Value (₹)
Larsen and Toubro Limited	Holding company	Staff Deputation Cost	Apr-16 to Mar-17	Cost	4,93,54,347
		Corporate IT Expenses	Apr-16 to Mar-17	Cost	33,42,211
		Infrastructure	Apr-16 to Mar-17	Cost	75,69,556
		Travelling Expenses	Apr-16 to Mar-17	Cost	14,92,074
		Insurance	Apr-16 to Mar-17	Cost	7,19,137
L&T Uttaranchal Hydropower Limited	Wholly owned subsidiary	Project advisory service fee	Apr-16 to Mar-17	Market Value (Cost plus margin)	3,92,70,000
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	2,55,11,831
		Reimbursement of expenses from	Apr-16 to Mar-17	Cost	9,90,701
L&T Himachal Hydropower Limited	Wholly owned subsidiary	Project advisory service fee	Apr-16 to Mar-17	Market Value (Cost plus margin)	1,29,80,000
		Reimbursement of expenses from	Apr-16 to Mar-17	Cost	6,65,469
L&T Arunachal Hydropower Limited	Wholly owned subsidiary	Project advisory service fee	Apr-16 to Mar-17	Market Value (Cost plus margin)	5,01,500
Nabha Power Limited	Wholly owned subsidiary	Project advisory service fee	Apr-16 to Mar-17	Market Value (Cost plus margin)	3,12,70,000

ANNEXURE III TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

CSR ACTIVITIES FOR 2016-17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.**

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company will primarily focus on the following verticals as a part of its CSR programme viz:

Rural Development - may include but not limited to construction and maintenance of roads, pathways, protection works, drains, toilets, water tanks, community centres, health centres, skill training centres, sports and other infrastructure.

Water - may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation and purification of water.

Education - may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

Health - may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

Skill Development - may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

Governance and Technology would be the key drivers across all the CSR initiatives.

2. **Composition of the CSR Committee.**

The CSR Committee of the Board was re-constituted on July 19, 2016. It comprises of one Non-Executive Director and two Independent Directors as Members. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises Mr. Shailendra Roy, Mr. James Abraham and Ms. Vijaya Sampath as Members and Mr. Urvil Desai as the Secretary of the Committee.

3. **Average net profit of the Company for the last three financial years.**

The average net profit of the Company for the last three financial years is ₹ 97,22,429/-.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

The Company is required to spend an amount of ₹ 1,94,449/- on CSR activities during the financial year 2016-17.

5. **Details of CSR spent during the financial year:**

a. **Total amount to be spent for the financial year**

Particulars	**Amount (₹)**
Average Net Profit of the Company for the last three financial years	97,22,429
Amount to be spent as CSR	1,94,449

b. **Amount unspent, if any: N.A.**

c. **Manner in which the amount was spent in the financial year is detailed below:**

S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programs wise (₹)**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:**	**Cumulative expenditure upto the reporting period. (₹)**	**Amount spent: Direct or through implementing agency**
1	Distribution of desktops	Education	Himachal Pradesh	2,49,994	Entire amount is direct project expenditure	2,49,994	Direct
	TOTAL			**2,49,994**			

6. Reasons for not spending the amount during the financial year – N.A

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

SHAILENDRA ROY	**VIJAYA SAMPATH**
Director	*Chairman - CSR Committee*
DIN: 02144836	*DIN: 00641110*

Place: Mumbai
Date: April 26, 2017

ANNEXURE IV TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,
The Members,
L&T Power Development Limited

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

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015**;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014**;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) No other specific business/industry related laws are applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period, the Company has no instances of events / actions that have taken place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.- **NIL**.

(ii) Redemption / buy-back of securities. – **NIL**.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013. – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc. – **NIL**.

(v) Foreign technical collaborations. – **NIL**.

(vi) Other Events, if any – **NIL**.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

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

'ANNEXURE A'

To,
The Members
L&T Power Development Limited

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

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.\

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

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

ANNEXURE V TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U40101MH2007PLC174071
Registration Date	12/09/2007
Name of the Company	L&T Power Development Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Project advisory service fee	N.A	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary / associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	100	2(46)
2	L&T Arunachal Hydropower Limited. Add: L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001	U40300MH2010PLC204778	Subsidiary	100	2(87)
3.	L&T Himachal Hydropower Limited Add: Rama Cottage, Kanlog, Shimla – 171001	U40102HP2010PLC031697	Subsidiary	100	2(87)
4.	L&T Uttaranchal Hydropower Limited Add: Village Bedubagar, PO Augustmuni, Dist – Rudraprayag, Uttarakhand – 246421	U31401UR2006PLC032329	Subsidiary	100	2(87)
5.	Nabha Power Limited Add: P.O. Box No. 28, Near Village Nalash, Rajpura, Punjab - 140401	U40102PB2007PLC031039	Subsidiary	100	2(87)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	3,11,26,99,994	6	3,11,27,00,000	100	3,11,26,99,994	6	3,11,27,00,000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**3,11,26,99,994**	**6**	**3,11,27,00,000**	**100**	**3,11,26,99,994**	**6**	**3,11,27,00,000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	3,11,26,99,994	6	3,11,27,00,000	100	3,11,26,99,994	6	3,11,27,00,000	100	NIL
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
h) Others (specify)									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	3,11,26,99,994	6	3,11,27,00,000	100	3,11,26,99,994	6	3,11,27,00,000	100	NIL

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	3,11,27,00,000	100	NIL	3,11,27,00,000	100	NIL	NIL
	Total	**3,11,27,00,000**	**100**	**NIL**	**3,11,27,00,000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –

		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	3,11,27,00,000	100	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	3,11,27,00,000	100	NIL	NIL

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of the Manager	Total Amount
		Mr. Ashwani Kumar	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify…		
5.	Others, please specify	NIL	NIL
	Total (A)	**NIL**	**NIL**
	Ceiling as per the Act	**NIL**	**NIL**

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. James Abraham	**Ms. Vijaya Sampath**	**Mr. Chandan Roy**	
1.	Independent Directors				
	• Fee for attending board / committee meetings	1,75,000	3,00,000	1,25,000	**6,00,000**
	• Commission				
	• Others, please specify				
	Total (1)	**1,75,000**	**3,00,000**	**1,25,000**	**6,00,000**
		Mr. Y.V.S. Sravankumar	**Mr. Shailendra Roy**		
2.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	NIL	NIL		
	• Commission	NIL	NIL		
	• Others, please specify	NIL	NIL		
	Total (2)	**NIL**	**NIL**		
	Total (B)=(1+2)	**1,75,000**	**3,00,000**	**1,25,000**	**6,00,000**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO / Manager	Company Secretary	CFO	
		Mr. Ashwani Kumar	Mr. Urvil Desai	Mr. Bhavesh Kadakia	
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission				
	- as % of profit				
	- others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**NIL**	**NIL**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of The Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT/ COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T POWER DEVELOPMENT LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of L&T Power Development Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements- Refer Note 24.11 to the standalone Ind AS financial statements;

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

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

   iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- Refer Refer Note 24.15 to the standalone Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 26, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification ; and

(c) The Company does not hold any immovable properties. Accordingly, paragraphs 3(i) (c) of the Order are not applicable to the Company.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

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

(iv) In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Act have been complied with.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities..

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value Added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

Name of the statute	Nature of the disputed dues	Amount ₹ *	Period to which the amount relates	Forum where disputes are pending
Income-tax Act, 1961	Disallowance of expenditure u/s 14A	1,84,39,640	2014-15	CIT(A)

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 26, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
ASSETS:				
Non-current assets				
Property, plant and equipment	4	**8,22,681**	*11,92,577*	*15,56,956*
Other intangible assets	5	**14,31,566**	*26,34,089*	*38,36,611*
Financial assets				
i. Investments	6	**3108,50,76,190**	*3105,17,26,190*	*2712,45,26,190*
ii Loans	6	**–**	*1,02,00,000*	*386,44,00,000*
Deferred tax assets	24.12	**7,22,621**	*5,96,901*	*7,17,436*
Other non - current assets	7	**6,28,56,302**	*7,25,01,476*	*6,75,26,515*
Total non - current assets		**3115,09,09,361**	*3113,88,51,233*	*3106,25,63,709*
Current assets				
Financial assets				
i. Investments	8	**79,85,806**	*22,28,898*	*3,79,46,532*
ii. Trade receivables	9	**1,17,47,268**	*2,65,15,916*	*1,62,86,569*
iii. Cash and cash equivalents	10	**69,141**	*11,29,137*	*12,24,036*
iv. Loans	11	**–**	*–*	*13,500*
v. Other financial assets	12	**845**	*2,126*	*21,923*
Current tax assets	13	**81,93,372**	*69,12,464*	*49,74,961*
Other current assets	14	**7,17,939**	*6,62,488*	*3,08,424*
Total current assets		**2,87,14,370**	*3,74,51,028*	*6,07,75,946*
Total assets		**3117,96,23,731**	*3117,63,02,262*	*3112,33,39,655*
EQUITY AND LIABILITIES:				
Equity				
Equity share capital	15	**3112,70,00,000**	*3112,70,00,000*	*2729,30,00,000*
Other equity				
Reserves & surplus				
Retained earnings	16	**3,17,30,210**	*2,98,23,408*	*2,21,06,854*
Share application money pending allotment				*3,79,40,00,000*
Total equity		**3115,87,30,210**	*3115,68,23,408*	*3110,91,06,854*
LIABILITIES:				
Current liabilities				
Financial liabilities				
i. Trade payables	17	**2,01,14,407**	*1,83,64,477*	*1,29,66,972*
Other current liabilities	18	**7,79,114**	*11,14,376*	*12,65,828*
Total current liabilities		**2,08,93,521**	*1,94,78,854*	*1,42,32,800*
Total liabilities		**2,08,93,521**	*1,94,78,854*	*1,42,32,800*
Total equity & liabilities		**3117,96,23,731**	*3117,63,02,262*	*3112,33,39,655*

The above Balance Sheet should be read in conjunction with the accompanying notes

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firms registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

BHAVESH KADAKIA
Chief Financial Officer

URVIL DESAI
Company Secretary
M. No. A33324

S.N.ROY
Director
DIN : 02144836

YVS SRAVANKUMAR
Director
DIN : 01080060

Place : Mumbai
Date : April 26, 2017

Place : Mumbai
Date : April 26, 2017

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

Particulars	Note No.	2016-17 ₹	*2015-16 ₹*
REVENUE:			
Revenue from operations	**19**	**8,40,21,499**	*11,41,14,750*
Other income	**20**	**1,79,224**	*6,73,846*
Total Income		**8,42,00,723**	*11,47,88,596*
EXPENSES :			
Depreciation, amortisation & obsolescence	**4**	**15,12,862**	*18,21,116*
Other manufacturing, construction and operating expenses	**21**	**7,55,79,496**	*9,45,06,635*
Sales, Administration and Other Expenses	**22**	**41,38,159**	*61,23,256*
Finance cost	**23**	**80,382**	*500*
Total Expenditure		**8,13,10,899**	*10,24,51,507*
Profit before tax		**28,89,824**	*1,23,37,089*
Income tax expense			
Current tax	**24.12**	**11,08,741**	*45,00,000*
Deferred tax	**24.12**	**(1,25,720)**	*1,20,535*
Total tax expense		**9,83,021**	*46,20,535*
Profit after tax for the year		**19,06,803**	*77,16,554*
Other comprehensive income for the year		**–**	*–*
Total comprehensive income for the year		**19,06,803**	*77,16,554*
Earnings per equity share (₹)			
Basic earnings per equity share (₹)	**24.8**	**0.0006**	*0.0025*
Diluted earnings per equity share (₹)	**24.8**	**0.0006**	*0.0025*

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firms registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : April 26, 2017

For and on behalf of the Board

BHAVESH KADAKIA
Chief Financial Officer

URVIL DESAI
Company Secretary
M. No. A33324

S.N.ROY
Director
DIN : 02144836

YVS SRAVANKUMAR
Director
DIN : 01080060

Place : Mumbai
Date : April 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		Note No.	2016-17 ₹	2015-16 ₹
A.	**Cash flow from operating activities:**			
	Profit before income tax from continuing operations		**28,89,824**	*1,23,37,089*
	Adjustments for :			
	Dividend received	**20**	**(1,58,049)**	*(6,45,996)*
	Depreciation (including obsolescence), amortisation and impairment	**3**	**15,12,862**	*18,21,116*
	(Gain)/Loss on fair value of investments	**22**	**4,316**	*4,480*
	(Gain)/loss on sale of current investments (net)	**20**	**(21,175)**	*(27,850)*
	Changes in operating assets and liabilities			
	Adjustments for :			
	(Increase)/decrease in trade and other receivables	**9**	**1,47,68,647**	*(1,02,29,347)*
	(Increase)/ decrease in non- current assets	**7**	**96,45,174**	*(49,74,961)*
	(Increase)/ decrease in other finanical assets	**12**	**1,281**	*19,797*
	(Increase)/ decrease in current assets	**13,14**	**(24,45,100)**	*(67,78,066)*
	Increase/(decrease) in trade payables	**17**	**17,49,929**	*53,97,505*
	Increase/(decrease) in other current liabilities and provision	**18**	**(3,35,264)**	*(1,51,452)*
	Cash generated/(used in) from operations		**2,76,12,445**	*(32,27,685)*
	Direct taxes paid	**13**		-
	Net cash inflow from operating activities (A)		**2,76,12,445**	*(32,27,685)*
B.	**Cash flow from investing activities:**			
	Purchase of fixed assets (including CWIP)	**4**	**–**	*(2,54,215)*
	Sale of fixed assets	**4**	**59,558**	-
	Purchase of investments	**6**	**(2,31,50,000)**	*(7,30,00,000)*
	Dividend received	**20**	**1,58,049**	*6,45,996*
	Purchase of current investments		**(6,09,38,049)**	*(4,59,45,996)*
	Sale of current investments		**5,51,98,000**	*8,16,87,000*
	Net cash outflow from investing activities (B)		**(2,86,72,442)**	*(3,68,67,215)*
C.	**Cash flow from financing activities:**			
	Issue of equity shares	**15**	**–**	*4,00,00,000*
	Net cash inflow from financing activities (C)		**–**	*4,00,00,000*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(10,59,996)**	*(94,900)*
	Cash and cash equivalents at beginning of the year		**11,29,137**	*12,24,036*
	Cash and cash equivalents at end of the year		**69,141**	*11,29,137*
	Reconciliation of cash and cash equivalents as per the cash flow statement		**31.03.2017**	*31.03.2016*
	Cash and cash equivalents as per above comprise of the following			
	Cash and cash equivalents	**10**	**69,141**	*11,29,137*
	Balance as per statement of cash flow		**69,141**	*11,29,137*

Notes

1. Cash flow statement has been prepared under the indirect method as set out in IndAS 7.
2. Previous Year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firms registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

BHAVESH KADAKIA
Chief Financial Officer

URVIL DESAI
Company Secretary
M. No. A33324

S.N.ROY
Director
DIN : 02144836

YVS SRAVANKUMAR
Director
DIN : 01080060

Place : Mumbai
Date : April 26, 2017

Place : Mumbai
Date : April 26, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NATURE OF OPERATIONS:

L&T Power Development Ltd. (The Company), a wholly owned subsidiary of Larsen and Toubro Ltd. Having its registered office at L&T House, N. M. Marg, Ballard Estate, Mumbai 400001, India. The Company was incorporated as its Power Development arm with an objective of developing, investing, operating and maintaining power generation projects.

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation:

a) Compliance with Ind AS

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of section 133 of Indian Companies Act, 2013. The guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

b) First Time Adoption:

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Also Refer Note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirement under Ind AS. The Group has applied the following exemptions:

Property, plant and equipment

On transition to Ind AS, the Company has elected to apply the deemed cost exemption to all of its items of PPE and therefore continues with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities measured at fair value

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability

b) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

(iii) Revenue recognition

a) Revenue from operations

Measurement of revenue:

Revenue is measured at the fair value of the consideration received or receivable. The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the Company and specific criteria have been met as described below:

Timing of recognition:

Revenue from operations: Revenue from project advisory services is recognised in the accounting period in which the services are rendered. Amounts disclosed as revenue is exclusive of service tax.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b) Other income

Dividends from investments are recognised in profit or loss as other income when the Company's right to receive payments is established.

Estimates of revenues and costs are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(iv) Income tax

a) Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is computed in accordance with the provisions of the Income-tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

c) Current and deferred tax for the year

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

(v) Leases

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(vi) Impairment of assets

As at each Balance Sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(vii) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the Statement of Profit and Loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- Debt instruments at amortised cost: After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b) Financial liabilities

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

Subsequent measurement

Fair value through profit or loss: Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

(viii) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and fixed deposits having maturity less than one year.

(ix) Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Depreciation methods, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided from the month the asset is ready for commercial production on a pro-rata basis as per useful life prescribed in schedule II to the Companies Act, 2013 or based on the estimated useful life considered by the Company, whichever is appropriate considering the technical evaluation, business specific usage, consumption pattern of assets and past performance of similar assets.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

The estimated useful life of property, plant and equipment as follows:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	Minimum	**Maximum**	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Site Equipment	**15**	**15**	*15*	*15*	*15*	*15*
Computers	**3**	**6**	*3*	*6*	*3*	*6*
Furniture & Fixtures	**10**	**10**	*10*	*10*	*10*	*10*
Office Equipment	**5**	**5**	*5*	*5*	*5*	*5*
AC & Refrigeration Equipment	**15**	**15**	*15*	*15*	*15*	*15*

Note:- There are no restrictions on title and the assets are not pledged/ hypothecated as security.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(x) Intangible assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the Company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Estimated useful life of Intangible Assets:

Computer Software is amortised over a period of 6 years using the straight-line method.

(xi) Current versus non-current classification - operating cycle

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

Operating cycle covers the duration of the specific project / contract / service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business.

(xii) Provisions

Provisions for legal claims and returns are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(xiii) Commitments

Commitments are future liabilities for contractual expenditure

Commitments are classified and disclosed as follows:

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

(b) Uncalled liability on shares and other investments partly paid;

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

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

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

(xiv) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xv) Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to Equity Shareholders
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTE NO. 2: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in selecting Company's accounting policies. The areas involving critical estimates or judgements are:

- Estimation of Current tax expense and payable
- Estimated useful life of intangible asset
- Impairment of investments

Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTE NO. 3: NOTES TO FIRST TIME ADOPTION OF IND AS

Reconciliation between IGAAP and Ind AS is as follows:

Balance Sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01.04.2015	Ind AS adjustments	As per Ind AS As at 01.04.2015
ASSETS:			
Non-current Assets			
Property, Plant and Equipment	15,56,956	–	15,56,956
Other Intangible assets	38,36,611		38,36,611
Financial Assets			
Investments	2712,45,26,190	–	2712,45,26,190
Loans	386,44,24,000	–	386,44,24,000
Deferred Tax Assets	7,17,436	–	7,17,436
Current Assets			
Financial Assets			
Current Investments	3,79,37,736	8,796	3,79,46,532
Trade Receivables	1,52,90,685		1,52,90,685
Cash and cash equivalents	12,24,036		12,24,036
Short-term Loans	7,38,00,214		7,38,00,214
TOTAL	**3112,33,13,864**	**8,796**	**3112,33,22,660**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	**As per IGAAP As at 01.04.2015**	**Ind AS adjustments**	**As per Ind AS As at 01.04.2015**
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	2729,30,00,000	–	2729,30,00,000
Other Equity	2,20,98,058	8,796	2,21,06,854
Share application money pending allotment	379,40,00,000		379,40,00,000
Trade payables	1,29,49,978	–	1,29,49,978
Other current liabilities	12,65,828	–	12,65,828
TOTAL	**3112,33,13,864**	**8,796**	**3112,33,22,660**

Balance Sheet as at March 31, 2016:

Particulars	**As per IGAAP As at 31.03.2016**	**Ind AS adjustments**	**As per Ind AS As at 31.03.2016**
ASSETS:			
Non-current Assets			
Property, Plant and Equipment	11,92,577	–	11,92,577
Other Intangible Asset	26,34,089	–	26,34,089
Financial Assets			
Long Term Investments	3105,17,26,190	–	3105,17,26,190
Long Term Loans	8,27,01,476	–	8,27,01,476
Deferred Tax Assets (Net)	5,96,901	–	5,96,901
Current Investments	22,24,582	4,316	22,28,898
Trade and other receivables	2,65,15,916	–	2,65,15,916
Cash and cash equivalents	11,29,137	–	11,29,137
Short-term Loans	75,77,078	–	75,77,078
TOTAL	**3117,62,97,946**	**4,316**	**3117,63,02,262**
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	3112,70,00,000	–	3112,70,00,000
Other Equity	3,01,46,732	(3,23,324)	2,98,23,408
Current Liabilities			
Financial Liabilities			
Trade payables	180,36,837	3,27,640	1,83,64,477
Other current liabilities	11,14,377	–	11,14,377
TOTAL	**3117,62,97,946**	**4,316**	**3117,63,02,262**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Statement of Profit and Loss for the year ended March 31, 2016:

Particulars	**As per IGAAP 2015-16**	**Ind AS adjustments**	**As per Ind AS 2015-16**
REVENUE:			
Revenue from operations	11,41,14,750	–	11,41,14,750
Other income	6,73,846	–	6,73,846
TOTAL REVENUE	**11,47,88,596**	**–**	**11,47,88,596**
EXPENSES:			
Manufacturing, construction and operating expenses	9,41,78,995	3,27,640	9,45,06,635
Sales, administration and other expenses	61,18,776	4480	61,23,256
Finance costs	500	–	500
Depreciation, amortisation and obsolescence	18,21,116	–	18,21,116
Less: Transfer from revaluation reserve			
TOTAL EXPENSES	**10,21,19,387**	**3,32,120**	**10,24,51,407**
Profit before tax	1,26,69,209	(3,32,120)	1,23,37,089
Current tax	45,00,000	–	45,00,000
Deferred tax	1,20,535	–	1,20,535
PROFIT AFTER TAX	**80,48,674**	**(3,32,120)**	**77,16,554**

Cash flow Statement for the year ended March 31, 2016:

Particulars	**As per IGAAP 2015-16**	**Ind AS adjustments**	**As per Ind AS 2015-16**
Net cash flow from operating activities	(32,27,684)	–	(32,27,685)
Net cash flow from investing activities	(3,68,67,216)	–	(3,68,67,216)
Net cash flow from financing activities	4,00,00,000	–	4,00,00,000
Net increase/(decrease) in cash and cash equivalents	**(94,899)**	**–**	**(94,900)**
Cash and cash equivalents as on 01.04.2015	12,24,036	–	12,24,036
Effects of exchange rate changes on Cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	**11,29,137**	**–**	**11,29,137**

Other Comprehensive Income	**As per IGAAP 2015-16**	**Ind AS adjustments**	**As per Ind AS 2015-16**
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
- Equity instruments through			
- Other Comprehensive Income	**–**	–	–
Revaluation Reserve	**–**	–	–
- Liabilities designated as at fair value	**–**	–	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
- Debt instruments through Other Comprehensive Income	**–**	–	–
Total Other Comprehensive Income	**–**	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	**–**	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. 4 : PROPERTY, PLANT AND EQUIPMENT

Amount (₹)

	Site Equipments	Computers & Printers	Furniture & Fixtures	Office Equipment	Air Conditioning and Refrigeration Equipment	Total
Year Ended 31 March 2016						
Gross Carrying Amount						
Deemed cost as at 01st April, 2015	4,34,816	4,57,420	4,01,189	1,74,467	89,064	15,56,956
Additions	–	2,54,215	–	–	–	2,54,215
Deductions	–	–	–	–	–	–
Closing gross carrying amount as at 31st March, 2016	4,34,816	7,11,635	401,189	1,74,467	89,064	18,11,171
Accumulated Depreciation as at 01st April, 2015	–	–	–	–	–	–
Additions	58,923	3,29,758	70,836	1,47,406	11,671	6,18,594
Deductions	–	–	–	–	–	–
Accumulated Depreciation as at 31st March, 2016	58,923	3,29,758	70,836	1,47,406	11,671	6,18,594
Net Carrying Amount	**3,75,893**	**3,81,877**	**3,30,352**	**27,061**	**77,393**	**11,92,577**
Year Ended 31 March 2017						
Opening Gross carrying amount as at 01st April, 2016	4,34,816	7,11,635	4,01,189	1,74,467	89,064	18,11,171
Additions						–
Deductions		67,000				67,000
Closing gross carrying amount as at 31st March, 2017	4,34,816	6,44,635	4,01,189	1,74,467	89,064	17,44,171
Opening accumulated depreciation as on 1st April, 2016	58,923	3,29,758	70,836	1,47,406	11,671	6,18,594
Additions	58,923	1,45,193	70,836	23,716	11,671	3,10,339
Deductions		(7,443)				(7,443)
Accumulated Depreciation as at 31st March, 2017	1,17,846	4,67,507	1,41,672	1,71,122	23,342	9,21,490
Net Carrying Amount	**3,16,970**	**1,77,128**	**2,59,516**	**3,345**	**65,722**	**8,22,681**

NOTE NO. 5 : OTHER INTANGIBLE ASSETS

Amount (₹)

	Computer Software	Total
Year Ended 31 March 2016		
Gross Carrying Amount		
Carrying value as on 01 April, 2015	*72,13,692*	*72,13,692*
Additions	–	–
Deductions	–	–
Closing gross carrying amount as at 31st March, 2016	*72,13,692*	*72,13,692*
Accumulated Amortisation	*33,77,081*	*3,377,081*
Amortisation Charge for the year	*12,02,523*	*12,02,523*
Closing accumulated amortisation	*45,79,603*	*45,79,603*
Closing net carrying amount	*26,34,089*	*26,34,089*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Amount (₹)

	Computer Software	Total
Year Ended 31 March 2017		-
Gross Carrying Amount		-
Carrying value as on 01 April, 2016	**72,13,692**	**72,13,692**
Additions	**–**	**–**
Deductions	**–**	**–**
Closing gross carrying amount as at 31st March, 2017	**72,13,692**	**72,13,692**
Accumulated Amortisation	**45,79,603**	**45,79,603**
Amortisation Charge for the year	**12,02,523**	**12,02,523**
Closing accumulated amortisation	**57,82,126**	**57,82,126**
Closing net carrying amount	**14,31,566**	**14,31,566**

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Number of Shares	**(₹)**	*Number of Shares*	*(₹)*	*Number of Shares*	*(₹)*
NOTE NO. 6 : NON-CURRENT ASSETS						
FINANCIAL ASSETS						
Non - current investments (at cost):						
Equity Investments (unquoted)						
i. Investments in equity instruments:						
Subsidiaries companies:						
Fully paid equity shares						
L&T Arunachal Hydropower Limited	**4,02,80,000**	**40,28,00,000**	*3,98,20,000*	*39,82,00,000*	*3,62,40,000*	*36,24,00,000*
L&T Himachal Hydropower Limited	**19,81,25,000**	**198,12,50,000**	*19,52,50,000*	*195,25,00,000*	*16,91,10,000*	*169,11,00,000*
L&T Uttaranchal Hydropower Limited	**16,10,50,119**	**161,05,01,190**	*16,10,50,119*	*161,05,01,190*	*16,10,50,119*	*161,05,01,190*
Nabha Power Limited	**232,50,00,000**	**2325,00,00,000**	*232,50,00,000*	*2325,00,00,000*	*232,50,00,000*	*2325,00,00,000*
Refer Note 24.5						
Fully paid preference shares						
Nabha Power Limited	**36,30,00,000**	**363,00,00,000**	*36,30,00,000*	*363,00,00,000*	-	-
Other Companies:						
Konaseema Gas Power Ltd	**2,10,00,000**	**21,05,25,000**	*2,10,00,000*	*21,05,25,000*	*2,10,00,000*	*21,05,25,000*
Total Investmens in Equity instruments	**310,84,55,119**	**3108,50,76,190**	*310,51,20,119*	*3105,17,26,190*	*271,24,00,119*	*2712,45,26,190*
ii. Loans and advances to related parties:						
Advance towards equity commitment		**–**		*1,02,00,000*		*23,44,00,000*
Advance towards Preference shares commitment		**–**		*–*		*363,00,00,000*
Total Loans	**–**	**–**		*1,02,00,000*		*3,86,44,00,000*
Total non - current investments	**310,84,55,119**	**3108,50,76,190**	*310,51,20,119*	*3106,19,26,190*	*271,24,00,119*	*3098,89,26,190*
(i) Aggregate amount of unquoted non-current investment at cost		**3108,50,76,190**		*3106,19,26,190*		*3098,89,26,190*
(ii) Aggregate provision for impairment in the value of investment		**–**		*–*		*–*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
NOTE NO. 7: OTHER NON - CURRENT ASSETS			
Income tax (Prior Years):			
Income tax Balance net of previous year provisions	**6,28,56,302**	*7,24,77,476*	*6,75,02,515*
Advance to Others	**–**	*24,000*	*24,000*
TOTAL OTHER NON - CURRENT ASSETS	**6,28,56,302**	*7,25,01,476*	*6,75,26,515*
NOTE NO. 8 : CURRENT ASSETS			
Investments			
Current investments (at Market value)			
Mutual Funds (quoted):			
764997.175 units of L&T Ultra STF Daily Div Reinvestment Plan	**79,85,806**	*22,28,898*	*3,79,46,532*
(31st March 2016 : 214,976.387 units, 1st April 2015 : 3669025.800 units)			
TOTAL CURRENT INVESTMENTS	**79,85,806**	*22,28,898*	*3,79,46,532*

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Recoverable		*Recoverable*		*Recoverable*	
	Within 12 Months	**Beyond 12 Months**	*Within 12 Months*	*Beyond 12 Months*	*Within 12 Months*	*Beyond 12 Months*
NOTE NO. 9 : TRADE RECEIVABLES						
Unsecured:						
Receivables from related parties						
Considered good	**1,17,47,268**	**–**	*2,65,15,916*	*–*	*1,62,86,569*	*–*
Refer Note 24.4						
TOTAL TRADE RECEIVABLES	**1,17,47,268**	**–**	*2,65,15,916*	*–*	*1,62,86,569*	*–*

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
NOTE NO. 10 : CASH AND CASH EQUIVALENTS			
Balances with banks:			
Balance with Scheduled Banks Current Account	**69,141**	*11,29,137*	*12,24,036*
TOTAL CASH AND CASH EQUIVALENTS	**69,141**	*11,29,137*	*12,24,036*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017 Recoverable		*As at 31.03.2016 Recoverable*		*As at 01.04.2015 Recoverable*	
	within 12 Months	**beyond 12 Months**	*within 12 Months*	*beyond 12 Months*	*within 12 Months*	*beyond 12 Months*
NOTE NO. 11 : LOANS						
Security Deposits:						
Security Deposit unsecured		**–**		*–*	*13,500*	
TOTAL LOANS	**–**	**–**	*–*	*–*	*13,500*	*–*
NOTE NO. 12 : OTHER FINANCIAL ASSETS						
Advance to others(ICO)						
Office Imprest - Delhi	**845**	**–**	*46*	*–*	*4,929*	*–*
Subsidiary/Parent Cos Current Account Balance	**–**		*2,080*		*16,994*	
TOTAL CURRENT - OTHER FINANCIAL ASSETS	**845**	**–**	*2,126*	*–*	*21,923*	*–*

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
NOTE NO. 13 : CURRENT TAX ASSETS						
Advance Tax Installment Current Year	**–**		*–*		*–*	
TDS certificate received in Current Year	**93,02,113**		*1,14,12,464*		*1,73,24,961*	
Less : Provision for Current year tax	**(11,08,741)**		*(45,00,000)*		*(1,23,50,000)*	
		81,93,372		*69,12,464*		*49,74,961*
TOTAL CURRENT TAX ASSETS (NET)		**81,93,372**		*69,12,464*		*49,74,961*

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
NOTE NO. 14 : OTHER CURRENT ASSETS			
Other current assets:			
Prepaid Expenses	**3,08,376**	*4,49,131*	*1,96,561*
Service tax recoverable	**4,09,563**	*2,13,357*	*1,11,863*
TOTAL OTHER CURRENT ASSETS	**7,17,939**	*6,62,488*	*3,08,424*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
NOTE NO. 15 : EQUITY SHARE CAPITAL						
Share Capital Authorised, Issued and Subscribed:						
Authorised:						
Equity shares of ₹ 10 each	**400,00,00,000**	**4000,00,00,000**	*400,00,00,000*	*4000,00,00,000*	*400,00,00,000*	*4000,00,00,000*
Issued:						
Equity shares of ₹ 10 each	**311,27,00,000**	**3112,70,00,000**	*311,27,00,000*	*3112,70,00,000*	*272,93,00,000*	*2729,30,00,000*
Subscribed and Paid up:						
Equity shares of ₹ 10 each	**311,27,00,000**	**3112,70,00,000**	*311,27,00,000*	*3112,70,00,000*	*272,93,00,000*	*2729,30,00,000*
TOTAL EQUITY SHARE CAPITAL		**3112,70,00,000**		*3112,70,00,000*		*2729,30,00,000*

a) **Reconciliation of equity shares**

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)	Number of Shares	Amount (₹)
Authorised Equity Share Capital						
Authorised Capital as at the beginning of the year	**400,00,00,000**	**4000,00,00,000**	*400,00,00,000*	*4000,00,00,000*	*400,00,00,000*	*4000,00,00,000*
Add: Increase during the year	**–**	**–**	–	–	–	–
Authorised Capital as at the end of the year	**400,00,00,000**	**4000,00,00,000**	*400,00,00,000*	*4000,00,00,000*	*400,00,00,000*	*4000,00,00,000*
Movements in Equity Share Capital						
Subscribed and fully paid at the beginning of the year	**311,27,00,000**	**3112,70,00,000**	*272,93,00,000*	*2729,30,00,000*	*272,93,00,000*	*2729,30,00,000*
Add: Issued during the year	**–**	**–**	*38,34,00,000*	*3,83,40,00,000*	–	–
Subscribed and fully paid up at the end of the year	**311,27,00,000**	**3112,70,00,000**	*311,27,00,000*	*3112,70,00,000*	*272,93,00,000*	*2729,30,00,000*

b) **Terms and rights attached to equity shares**

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

c) **Shares of the Company held by holding/ultimate holding company**

Name of the shareholder	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	Amount (₹)	Amount (₹)	Amount (₹)
Larsen & Toubro Limited	**3112,70,00,000**	*3112,70,00,000*	*2729,30,00,000*

d) **Details of shareholder holding more than 5% of equity shares as at the end of the year:**

Name of the shareholder	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015	
	Number of Shares	Shareholding %	Number of Shares	Shareholding %	Number of Shares	Shareholding %
Larsen & Toubro Limited	**311,27,00,000**	**100**	*311,27,00,000*	*100*	*272,93,00,000*	*100*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
NOTE NO. 16 : OTHER EQUITY						
Reserves & Surplus :						
Retained earnings						
As per last Balance Sheet	2,98,23,408		2,21,06,854		1,88,59,038	
Less: Depreciation charged against Retained Earnings					(2,51,400)	
Add: Deferred tax charged against Retained Earnings					81,567	
Net profit/(loss) for the period	19,06,803		77,16,554		34,17,649	
Other comprehensive income	–		–		–	
Closing Balance	–	3,17,30,211	–	2,98,23,408	–	2,21,06,854
		3,17,30,211		2,98,23,408		2,21,06,854

	As at 31.03.2017 to be settled		As at 31.03.2016 to be settled		As at 01.04.2015 to be settled	
	within 12 Months	beyond 12 Months	within 12 Months	beyond 12 Months	within 12 Months	beyond 12 Months
FINANCIAL LIABILITIES						
NOTE NO. 17 : TRADE PAYABLES						
Due to related parties (Refer Note 24.4)	1,73,72,749	–	1,61,97,428	–	99,47,511	–
Due to others	27,41,658	–	21,67,049	–	30,19,462	–
TOTAL TRADE PAYABLES	2,01,14,407	–	1,83,64,477	–	1,29,66,972	–

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
NOTE NO. 18 : OTHER CURRENT LIABILITIES			
Statutory Tax Payables	7,79,114	11,14,376	12,65,828
TOTAL OTHER CURRENT LIABILITIES	7,79,114	11,14,376	12,65,828

	As at 31.03.2017	As at 31.03.2016
NOTE NO. 19 : REVENUE FROM OPERATIONS		
Sale of services :		
Project advisory services	8,40,21,499	11,41,14,750
TOTAL REVENUE FROM OPERATIONS	8,40,21,499	11,41,14,750
NOTE NO. 20 : OTHER INCOME		
Dividend income		
Dividend income from Mutual Funds	1,58,049	6,45,996
Net gain/(loss) on sale of investments		
Current Investments(net):		
Gain/(loss) on sale of Mutual Funds	21,175	27,850
Total other income	1,79,224	6,73,846

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017	*As at 31.03.2016*
NOTE NO. 21 : OTHER MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES		
Operating expenses:		
Business auxillary and support services	**6,04,37,852**	*8,22,73,521*
Professional fees	**1,51,41,644**	*1,22,33,114*
TOTAL OTHER MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES	**7,55,79,496**	*9,45,06,635*

	As at 31.03.2017	*As at 31.03.2016*
NOTE NO. 22 : SALES, ADMINISTRATION AND OTHER EXPENSES		
Power and fuel	**–**	*10,693*
Insurance expenses	**4,24,305**	*7,58,781*
Bank charges	**3,837**	*13,651*
Rates & taxes	**2,41,928**	*69,450*
Rent	**–**	*1,75,500*
General repairs and maintenance	**3,90,247**	*7,29,383*
Printing and stationery	**81,452**	*1,13,369*
Telephone,postage and telegram	**65,066**	*1,07,586*
Director’s fees	**6,03,000**	*9,00,000*
Loss on sale of asset	**–**	*–*
CSR expenditure	**2,49,994**	*2,69,663*
Business promotion	**2,34,500**	*2,31,031*
Travelling and conveyance	**16,22,148**	*22,74,138*
Audit fees (Refer Note 24.3)	**54,455**	*69,370*
Other expenses	**1,62,912**	*3,96,160*
Loss on sale of Investments	**4,316**	*4,480*
TOTAL SALES,ADMINISTRATION AND OTHER EXPENSES	**41,38,159**	*61,23,256*

	As at 31.03.2017	*As at 31.03.2016*
NOTE NO. 23 : FINANCE COST		
Interest Expenses		
Interest on delay payment of statutory liabilities	**80,382**	*500*
TOTAL FINANCE COST	**80,382**	*500*

NOTE NO. 24 : NOTES FORMING PART OF THE FINANCIAL STATEMENTS

24.1 There were no suppliers/service providers who were registered as micro, small or medium enterprise under “The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)” as on 01 April, 2015, 31 March, 16 and 31 March, 2017.

24.2 Segmental reporting:

The Company is engaged in the business of developing and implementing hydro-electric projects. Hence, reporting on primary segment does not arise. The Company does not have any exports; hence, disclosure of secondary/geographical segment information does not arise.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

24.3 Auditors' remuneration (excluding service tax):

Particulars	2016-17	2015-16
	₹	₹
Audit Fees	**36,000**	*36,000*
Certification Fees	**6,000**	*24,500*
Taxation matters	**12,000**	*12,000*

24.4 Related party transactions:

a) **Parent Company:**

The Company is controlled by the following Company:

Name	Type	Place of incorporation	Ownership of interest		
			31.03.17	31.03.16	01.04.15
Larsen & Toubro Limited	Holding Company	India	**100%**	*100%*	*100%*

b) **Subsidiary companies:**

The subsidiary companies at 31st March 2017 are set out below.

Name	Place of business	Ownership interest held by the Company			Principal Activities
		31.03.17	31.03.16	01.04.15	
L&T Uttaranchal Hydropower Limited	India	**100%**	*100%*	*100%*	Power Generation
L&T Himachal Hydropower Limited	India	**100%**	*100%*	*100%*	
L&T Arunachal Hydropower Limited	India	**100%**	*100%*	*100%*	
Nabha Power Limited	India	**100%**	*100%*	*100%*	

c) **Transactions with related parties:**

The following transactions occurred with related parties:

Sl. No.	Name/Relationship/Nature of transaction	2016-17	2015-16	2014-15
		₹	₹	₹
	Holding Company			
a)	**Larsen & Toubro Limited**			
	Issue of equity shares	**–**	*77,00,00,000*	*–*
	Share application money	**–**	*–*	*306,40,00,000*
	Business Support Services	**6,07,73,777**	*822,73,464*	*8,79,09,038*
	Reimbursement of expenses to	**23,96,154**	*33,19,100*	*34,98,195*
	Sale of Assets	**–**	*–*	*62,801*
	Availment of ICD from	**–**	*–*	*41,50,00,000*
	Repayment of ICD to	**–**	*–*	*41,50,00,000*
	Interest paid on ICD	**–**	*–*	*1,00,40,479*
	Subsidiary Companies			
a)	**L&T Uttaranchal Hydropower Limited**			
	Project advisory services	**3,92,70,000**	*3,18,29,936*	*3,23,29,675*
	Reimbursement of expenses from	**9,90,701**	*21,00,758*	*1,88,095*
	Reimbursement of expenses to	**2,55,11,831**	*41,27,862*	*1,39,24,942*
	Sale of Assets	**–**	*–*	*2,95,810*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Sl. No.	Name/Relationship/Nature of transaction	2016-17	2015-16	2014-15
		₹	₹	₹
b)	**Nabha Power Limited**			
	Advance against preference shares	–	–	363,00,00,000
	Business auxiliary and support services	3,12,70,000	4,68,07,317	8,70,000
	Reimbursement of expenses from	–	6,02,977	15,99,263
	Sale of Asset	–	–	5,73,813
	Repayment of ICD from	–	–	70,60,00,000
	Interest received on ICD	–	–	5,87,19,858
c)	**L&T Himachal Hydropower Limited**			
	Investment in equity shares	2,04,50,000	5,60,00,000	–
	Advance against equity commitment	–	83,00,000	20,54,00,000
	Project advisory services	1,29,80,000	3,21,37,291	7,36,37,973
	Reimbursement of expenses from	6,65,469	4,56,498	17,55,378
	Sale of Assets	–	–	3,182
d)	**L&T Arunachal Hydropower Limited**			
	Investment in equity shares	27,00,000	68,00,000	–
	Advance against equity commitment	–	19,00,000	2,90,00,000
	Project advisory services	5,01,500	33,40,206	76,28,659
	Reimbursement of expenses from	443	4,699	5,07,702
	Reimbursement of expenses to	–	–	1,32,150
	Fellow Subsidiaries			
a)	**L&T Infrastructure Development Projects Limited**			
	Reimbursement of expenses from	–	2,080	–
b)	**EWAC Alloys Ltd.**			
	Sale of Assets	59,556	–	–

d) Outstanding balances arising of related parties:

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Sl. No.	Name/Relationship/Nature of transaction	31.03.17	31.03.16	01.04.15
		₹	₹	₹
	Trade Payables			
1	Larsen & Toubro Limited	98,91,150	1,61,97,428	99,30,516
2	L&T Uttaranchal Hydropower Limited	78,95,426	–	–
	Trade Receivables			
1	L&T Uttaranchal Hydropower Limited	–	84,55,667	15,89,641
2	Nabha Power Limited	82,08,375	1,14,79,127	9,95,884
3	L&T Himachal Hydropower Limited	38,21,076	59,43,818	1,18,68,583
4	L&T Arunachal Hydropower Limited	1,31,643	6,37,304	18,32,461

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

24.5 Commitments:

(i) The Company has pledged its investment in the equity shares of the following subsidiary companies to the lenders of the respective companies:

Sl. No.	Name of the Subsidiary Company	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
		₹	₹	₹
I	Nabha Power Limited	**1185,75,00,000**	*1185,75,00,000*	*1185,75,00,000*

(ii) The Company has given the following undertakings to the lenders of term loan of Nabha Power Limited (NPL)

a) not to reduce its shareholding below 51% until the term loan received from the lenders is repaid in full by NPL, and

b) to meet the cost overrun to the extent of 5% of the project cost through infusion of additional funds.

24.6 The Company does not have any long-term contracts including derivative contracts for which there was any material foreseeable future.

24.7 There were no amounts which were required to be transferred to the Investment Education and Protection Fund.

24.8 Basic and diluted earnings per share (EPS):

Particulars	2016-17	2015-16
Basic		
Profit / (Loss) as per Profit and Loss Account (₹)	**19,06,803**	*77,16,554*
Weighted average number of equity shares outstanding	**311,27,00,000**	*306,17,76,495*
Basic EPS (₹)	**0.0006**	*0.0025*
Diluted		
Profit / (Loss) as per Profit and Loss Account (₹)	**19,06,803**	*77,16,554*
Weighted average number of equity shares outstanding	**311,27,00,000**	*306,17,76,495*
Weighted average number of equity shares to be allotted on conversion of share application money to equity	**–**	*–*
Weighted average number of equity shares outstanding after conversion	**311,27,00,000**	*306,17,76,495*
Diluted EPS (₹)	**0.0006**	*0.0025*
Face Value per Equity Share (₹)	**10**	*10*

24.9 Corporate social responsibility:

- Amount required to be spent by the Company on Corporate Social Responsibility related activities during the year ₹ 1,94,449/-
- The amount recognized as expense in the statement of Profit & Loss on CSR related activities is ₹ 2,49,994.

24.10 Expenditure in Foreign Currency:

The expenditure in foreign currency is:

2016-17	2015-16	2014-15
NIL	*NIL*	*NIL*

24.11 Contingent liabilities

Particulars	As at 31.03.2017 Amount (₹)	As at 31.03.2016 Amount (₹)	As at 01.04.2015 Amount (₹)
Income tax liability(including penalty, if any) that may arise in respect of which the Company is in appeal	**3,61,63,540**	*1,76,23,740*	*1,76,23,740*

Note :- It is not practicable to estimate the timing of cash outflows, if any, in respect of the above mentioned liability pending resolution of the arbitration/appellate proceedings.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

24.12 Income taxes

a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Particulars	2016-17	2015-16
	₹	₹
Current income tax :		
Current income tax charge	**11,08,741**	*45,00,000*
Deferred tax:		
Relating to origination and reversal of temporary differences	**(1,25,720)**	*1,20,535*
Income tax expense reported in the statement of profit or loss	**9,83,021**	*46,20,535*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016 is as follows:

Particulars	2016-17	2015-16
	₹	₹
Profit before tax	**28,89,824**	*1,26,69,209*
Applicable tax rate (Surcharge not applicable)	**30.90%**	*34.60%*
PBT * applicable tax rate (1*2)	**8,92,956**	*41,88,821*
Items of income exempt from tax :		
Dividend Income	**(48,837)**	*(2,23,566)*
Items of expense not deductible for tax purposes:		
CSR Expenses	**77,248**	*93,325*
Expenses in relation to exempt income	**7,988**	*52,053*
Interest on delayed payment of taxes	**24,838**	*173*
Effect on deferred tax balances due to the change in income tax rate	**28,203**	–
Effect of prior period adjustments	**–**	*2,36,925*
Income tax expense during the year	**9,82,396**	*45,43,469*
Effective tax Rate	**34.02%**	*35.73%*
Provision for Income Tax	**11,08,741**	*45,00,000*
Deferred Tax Asset	**(1,25,720)**	*1,20,535*
Net income tax expense recognised during the year	**9,83,021**	*46,20,535*

c) Deferred tax asset is not created for tax losses - capital in nature (Capital loss on which no tax asset is created) for AY 2011-12 details of which are as follows:

Particulars	31.03.2017	31.03.2016	01.04.2015
Base Amount (₹)	**1,24,39,820**	*1,24,39,820*	*1,24,39,820*
Applicable Tax Rate	**20.60%**	*22.042%*	*21.63%*
Deferred Tax (₹)	**25,62,603**	*27,41,985*	*26,90,733*
Expiry Date	**31-03-2019**	*31-03-2019*	*31-03-2019*

d) Reconciliation of deferred tax assets / (liabilities)

Particulars	2016-17	2015-16
Opening Balance as on Apr 1	**5,96,901**	*7,17,436*
Tax income / (expense) during the period recognised in Statement of Profit and Loss	**1,25,720**	*(1,20,535)*
Closing Balance as on March 31	**7,22,621**	*5,96,901*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

24.13 The Company has the following financial assets and liabilities:

Categories of financial assets	As at 31.03.17	As at 31.03.16	As at 01.04.15
Measured at fair value through profit & loss (FVTPL)			
Equity instrument – (Level 3)	2105,25,000	2105,25,000	2105,25,000
Mutual Funds – (Level 1)	79,85,806	22,28,898	3,79,46,532
Sub-total (A)	21,85,10,806	21,27,53,898	24,84,71,532
Measured at amortised cost			
a. Non-current investment – others			
b. Loans	–	–	13,500
c. Cash and bank balances	69,141	11,29,137	12,24,036
d. Other financial assets	845	2,126	21,923
e. Trade receivable	1,17,47,268	265,15,916	162,86,569
Sub-total (B)	1,18,17,254	2,76,47,179	1,75,46,029
Measured at FVTOCI			
a. Debt instruments	–	–	–
b (Designated as FVTOCI upon initial recognition) – (Level 3)			
Sub-total (C)	–	–	–
Financial Assets (A + B + C)	24,69,36,434	24,04,01,077	26,60,17,561
Add: Non-current investments in group companies	3087,45,51,190	3085,14,01,190	3077,84,01,190
Total financial assets	3110,48,79,250	3109,18,02,267	3104,44,18,751
As per financial statements	3110,48,79,250	3109,18,02,267	3104,44,18,751
Difference	–	–	–

Categories of financial liabilities	As at 31.03.17	As at 31.03.16	As at 01.04.15
Measured at fair value through profit & loss (FVTPL)			
a. Held for trading	–	–	–
b. Designated as at FVTPL upon initial recognition	–	–	–
c. Derivative instruments in designated hedge accounting relationships	–	–	–
d. Other financial liabilities	–	–	–
Sub-total (A)	–	–	–
Measured at amortised cost			
a. Borrowings	–	–	–
b. Other financial liabilities	–	–	–
c. Trade payables	2,01,14,407	1,83,64,477	1,29,66,972
Sub-total (B)	2,01,14,407	1,83,64,477	1,29,66,972
Financial Liabilities (A + B)	2,01,14,407	1,83,64,477	1,29,66,972
Add: Financial guarantee contracts	–	–	–
Total Financial Liabilities	2,01,14,407	1,83,64,477	1,29,66,972
As per Financial Statements	2,01,14,407	1,83,64,477	1,29,66,972
Difference	–	–	–

Note :-The Company's listed and non-listed equity securities are susceptible to market price risk arising from uncertainties about future values of the investment securities. The Company manages the equity price risk through diversification and by placing limits on individual and total equity instruments. Reports on the equity portfolio are submitted to the Company's senior management on a regular basis. The Company's Board of Directors reviews and approves all equity investment decisions. At the reporting date, the exposure to unlisted equity securities at cost was ₹ 3087.46 Crores.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	**For the year ended 31.03.2017**	*For the year ended 31.03.2016*
Net gain/(losses) on financial assets and financial liabilities:		
Measured at fair value through profit and loss (FVTPL)		
Mutual Funds	**16,859**	*23,370*
Financial assets and financial liabilities that are measured at amortised cost	**–**	*–*
Dividend Income from Investment measured at FVTPL	**1,58,049**	*6,45,996*
Net gain/(losses) on financial assets and financial liabilities (A)	**1,74,908**	*6,69,366*
Extract of statement of Profit & Loss for the year ended on March 31, 2017:		
Other income (includes gain/(loss) on fair valuation)	**1,74,908**	*6,69,366*
Income from financing activity/annuity based projects		
Debt instruments through other comprehensive income		
Total income (B)	**1,74,908**	*6,69,366*
Difference (A & B)	**–**	*–*

24.14 Figures for the previous year have been regrouped / reclassified wherever necessary.

24.15 **Details of Specified Bank Notes**

The Company neither held nor transacted in cash and Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firms registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

BHAVESH KADAKIA
Chief Financial Officer

URVIL DESAI
Company Secretary
M. No. A33324

S.N.ROY
Director
DIN : 02144836

YVS SRAVANKUMAR
Director
DIN : 01080060

Place : Mumbai
Date : April 26, 2017

Place : Mumbai
Date : April 26, 2017

BOARD REPORT

Dear Members,

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

1. FINANCIAL RESULTS:

Particulars	2016-17	*2015-16*
	(₹)	*(₹)*
Profit before Depreciation and Tax	**(5,685)**	*(12,143)*
Less: Depreciation, amortization and obsolescence	**–**	*–*
Profit before tax	**(5,685)**	*(12,143)*
Less: Provision for tax	**2,714**	*1,500*
Profit after tax	**(8,399)**	*(13,643)*
Add: Balance brought forward from previous years	**20,06,586**	*20,20,229*
Balance carried to Balance Sheet	**19,98,187**	*20,06,586*

2. CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased assets stood at ₹ **10,38,247/-** and the net fixed and intangible assets including leased assets at ₹ **8,03,646/-** In addition to this, the Company has incurred capital work in progress and pre-operative expenses to the tune of ₹ **3,25,06,783/-** and ₹ **36,44,02,749/-** respectively.

3. DEPOSITS:

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

4. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary companies under its purview.

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

The Company has not given any loan, guarantees, security or made any investment during the financial year 2016-17 which attract the provisions of section 186 of Companies Act, 2013.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2016-17. Statement containing details of all material transactions/contracts/arrangements is annexed to this report as Annexure I to this report.

The Audit Committee has approved the related party transactions entered into or proposed to be entered into during the financial year 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the company.

7. STATE OF COMPANY AFFAIRS:

Other income for the financial year under review was ₹ **0.35 lacs** as against ₹ **0.22 lacs** for the previous financial year. The profit after tax was ₹ **(0.08) lacs** for the financial year under review as against ₹ **(0.14) lacs** for the previous financial year.

8. DIVIDEND:

The Directors have not recommended any dividend for the financial year 2016-17.

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

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

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

c. During the year under review, the Company had no foreign exchange earnings and outgo.

11. RISK MANAGEMENT POLICY:

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

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

Mr. Pramod Sushila Kapoor, Mr. Ajit Samal, Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo are the present Directors of the Company. During the year under review, Ms. Nandita Mittal has resigned as the Company Secretary of the Company and Mr. Suraj Eksambekar has been appointed in her place with effect from October 15, 2016. Ms. Vineeta Mahesh Sharma has resigned as the Chief Financial Officer of the Company with effect from July 16, 2016. The notice convening the AGM includes the proposal for appointment of the Chief Financial Officer

Mr. Gurvinder Pal Singh is the Manager of the Company.

Mr. Pramod Sushila Kapoor was appointed as a Director in casual vacancy caused by the resignation of Mr. Ashok Sonthalia with effect from October 17, 2015 and he holds office till the date of this Annual General Meeting. A resolution for his appointment as Director of the Company is a part of the Notice sent to the shareholders of the Company.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 4 meetings were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

14. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Committee comprises of one Non-Executive Director and two Independent Directors.

The current members of the committee are Mr. Pramod Sushila Kapoor, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

15. COMPANY POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS:

The Company has constituted a Nomination and Remuneration Committee as required by the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprises of one Non-Executive Director and two independent Directors.

During the year under review, one Meeting of the Nomination & Remuneration Committee was held on October 15, 2016.

The current members of the committee are Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

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

16. DECLARATION OF INDEPENDENCE:

The Company has received Declarations of Independence from its independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is meeting the criteria of Independence.

17. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

18. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

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

19. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

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

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

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on April 29, 2017 as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

21. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The company does not have any women employees.

22. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

23. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

24. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure II of this Report.

25. ACKNOWLEDGEMENT:

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

Place : Mumbai	**ASHWANI KUMAR**	**P. S. KAPOOR**
Date : April 29, 2017	*Director*	*Director*
	DIN: 00910864	*DIN: 02914307*

ANNEXURE I

FORM AOC-2

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

Part A - Details of contracts or arrangements or transactions not at arm's length basis: NIL

Part B - Details of Material contracts or arrangements or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Nature of the transaction/ contract / arrangement	Duration	Salient terms	Value (₹)
Larsen and Toubro Limited	Ultimate Holding company	Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Cost	3,81,736
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	10,329
L&T Power Development Limited	Holding company	Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Cost + Margin	5,76,724
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	443
L&T Uttaranchal Hydropower Limited	Fellow subsidiary	Reimbursement of expenses to	Apr-16 to Mar-17	Cost	5,625

ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U40300MH2010PLC204778
2	Registration Date	24/06/2010
3	Name of the Company	L&T Arunachal Hydropower Limited
4	Category/Sub-Category of the Company	Public Limited Company
5	Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
NIL			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	L&T Power Development Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	U40101MH2007PLC174071	Holding	100	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	3,98,19,994	6	3,98,20,000	100	4,02,79,994	6	4,02,80,000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**3,98,19,994**	**6**	**3,98,20,000**	**100**	**4,02,79,994**	**6**	**4,02,80,000**	**100**	**NIL**
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**3,98,19,994**	**6**	**3,98,20,000**	**100**	**4,02,79,994**	**6**	**4,02,80,000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**3,98,19,994**	**6**	**3,98,20,000**	**100**	**4,02,79,994**	**6**	**4,02,80,000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	L&T Power Development Limited	3,98,20,000	100	NIL	4,02,80,000	100	NIL	NIL
	Total	**3,98,20,000**	**100**	**NIL**	**4,02,80,000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	3,98,20,000	100	NIL	NIL
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	02/05/2016- 1,90,000 shares allotted	100	4,00,10,000	100
		18/06/2016- 70,000 shares allotted	100	4,00,80,000	100
		15/10/2016- 2,00,000 shares allotted.	100	4,02,80,000	100
3	At the End of the year	4,02,80,000	100	4,02,80,000	100

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
Addition	NIL	NIL	NIL	NIL
Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of the Manager	Total Amount
		Mr. Gurvinder Pal Singh	
1.	Gross salary	NIL	**NIL**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	**NIL**
3.	Sweat Equity	NIL	**NIL**
4.	Commission	NIL	**NIL**
	- as % of profit		
	- others, specify…		
5.	Others, please specify	NIL	**NIL**
	Total (A)	**NIL**	**NIL**
	Ceiling as per the Act	**NIL**	**NIL**

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		MR. SESHADRI SUBRAHMANYAN	MS. DEEPA GANJOO		
1.	Independent Directors				
	• Fee for attending board/committee meetings	40,000	40,000		80,000
	• Commission				
	• Others, please specify				
	Total (1)	**40,000**	**40,000**		**80,000**
		MR. PRAMOD SUSHILA KAPOOR	**MR. AJIT SAMAL**	**MR. ASHWANI KUMAR**	
2.	Other Non-Executive Directors	NIL	NIL	NIL	
	• Fee for attending board/committee meetings				
	• Commission				
	• Others, please specify				
	Total (2)	**NIL**	**NIL**	**NIL**	
	Total (B)=(1+2)	**40,000**	**40,000**	**NIL**	**80,000**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	Not Applicable			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel				
		CEO / Manager	Company Secretary		CFO	Total
		Mr.Gurvinder Pal Singh	Ms. Nandita Mittal (till October 15, 2016)	Mr. Suraj Eksambekar (w.e.f October 15, 2016)	Ms. Vineeta Sharma (till July 16, 2016)	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL	**NIL**
2.	Stock Option	NIL	NIL	NIL	NIL	**NIL**
3.	Sweat Equity	NIL	NIL	NIL	NIL	**NIL**
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL	NIL	**NIL**
5.	Others, please specify	NIL	NIL	NIL	NIL	**NIL**
	Total	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T ARUNACHAL HYDROPOWER LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of L&T Arunachal Hydropower Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;

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

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

   i. The Company does not have any pending litigations on its financial position in its financial statements - Refer Note 19.10 to the standalone Ind AS financial statements;

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

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

   iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- Refer Refer Note 19.13 to the standalone Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 29, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification ; and

(c) According to the information and explanations given to us and the records of the Company examined by us, leasehold land having cost of ₹ 7,11,415 and net book value of ₹ 6,79,360 are in the name of L&T Power Development Limited.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order are not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Service tax, Cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31st March 2017 which have not been deposited on account of a dispute pending.

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 29, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 29, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
ASSETS:				
Non-current assets				
Property, plant and equipment	4	**8,03,646**	*8,86,152*	*21,62,315*
Capital work-in-progress	4	**39,69,09,532**	*39,66,17,885*	*38,93,01,796*
Financial Assets				
i Other financial assets	5	**55,169**	*51,218*	*47,678*
Other non - current assets	6	**81,00,000**	*81,00,024*	*81,03,784*
Total non - current assets		**40,58,68,347**	*40,56,55,279*	*39,96,15,573*
Current assets				
Financial assets				
i. Investments	7	**3,38,820**	*4,83,081*	*3,84,523*
ii. Cash and cash equivalents	8	**1,34,726**	*13,27,167*	*11,07,280*
iii. Other financial assets	9	**482**	*1,027*	*85,157*
Other current assets	10	**446**	*17,483*	*17,595*
Total current assets		**4,74,473**	*18,28,758*	*15,94,555*
Total assets		**40,63,42,820**	*40,74,84,037*	*40,12,10,129*
EQUITY AND LIABILITIES:				
Equity				
Equity Share Capital	11	**40,28,00,000**	*39,82,00,000*	*36,24,00,000*
Other Equity				
Reserves & Surplus				
Retained Earnings	12	**19,98,187**	*20,06,586*	*20,20,229*
Share application money pending allotment		**–**	*19,00,000*	*2,90,00,000*
Total Equity		**40,47,98,187**	*40,21,06,586*	*39,34,20,229*
LIABILITIES:				
Current Liabilities				
Financial liabilities				
i. Trade payables	13	**15,29,100**	*52,27,857*	*75,90,835*
Current tax liabilites (net)	14	**3,000**	*1,500*	*200*
Other current liabilities	15	**12,533**	*148,094*	*1,98,865*
Total current liabilities		**15,44,633**	*53,77,451*	*77,89,899*
Total liabilities		**15,44,633**	*53,77,451*	*77,89,899*
Total Equity & Liabilities		**40,63,42,820**	*40,74,84,037*	*40,12,10,129*

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

KANIZEFATEMA BAROT
Chief Financial Officer

SURAJ EKSAMBEKAR
Company Secretary
M. No. A27159

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

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

Particulars	**Note No.**	**2016-17** ₹	*2015-16* ₹
REVENUE:			
Other income	**16**	**34,690**	*22,283*
Total income		**34,690**	*22,283*
Expenses:			
Sales, administration and other expenses	**17**	**40,250**	*33,920*
Finance cost	**18**	**125**	*506*
Total expenses		**40,375**	*34,426*
Profit before tax		**(5,685)**	*(12,143)*
Tax Expense			
Current Tax		**3,000**	*1,500*
Provision for Income Tax - earlier years		**(286)**	–
Profit after tax		**(8,399)**	*(13,643)*
Other comprehensive income for the year		**–**	–
Total comprehensive income for the year		**(8,399)**	*(13,643)*
Earnings per Equity Share (₹)			
Basic earnings per equity share (₹)		**(0.0002)**	*(0.0003)*
Diluted earnings per equity share (₹)		**(0.0002)**	*(0.0003)*
Face value per equity share (₹)		**10**	*10*

The above profit and loss statement should be read in conjuction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 29, 2017

For and on behalf of the Board

KANIZEFATEMA BAROT
Chief Financial Officer

SURAJ EKSAMBEKAR
Company Secretary
M. No. A27159

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

Particulars		**Note No.**	**2016-17** ₹	*2015-16* ₹
A.	**Cash flow from operating activities:**			
	Profit before income tax from continuing operations		**(5,685)**	*(12,143)*
	Adjustments for :			
	Depreciation and amortisation		**–**	*–*
	Dividend received	**16**	**(25,917)**	*(17,586)*
	Interest received	**16**	**(3,951)**	*(3,540)*
	(Gain)/loss on sale of investments (net)	**16**	**(4,550)**	*(312)*
	(Gain)/loss on fair valuation of investments (net)	**16**	**(272)**	*(846)*
	Changes in operating assets and liabilities			
	(Increase)/decrease in non-current assets	**6**	**24**	*3,760*
	(Increase)/decrease in other financial assets	**5,9**	**(3,406)**	*80,590*
	(Increase)/ decrease in other current assets	**10**	**17,037**	*112*
	Increase/ (decrease) in trade payables	**13**	**(36,98,757)**	*(23,62,978)*
	Increase/ (decrease) in other current liabilities	**15**	**(1,35,561)**	*(50,771)*
	Increase/ (decrease) in short term provisions	**14**	**(1,214)**	*(200)*
	Cash generated from operations		**(38,62,252)**	*(23,63,913)*
	Direct taxes paid		**–**	**–**
	Net cash (used in)/generated from operating activities (A)		**(38,62,252)**	*(23,63,913)*
B.	**Cash flow from investing activities:**			
	Payments for Property,plant and equipment (including CWIP)		**(2,09,140)**	*(60,39,926)*
	Interest received	**16**	**3,951**	*3,540*
	Sale of current investments		**10,50,000**	*29,00,186*
	Purchase of current investments		**(9,00,917)**	*(29,97,586)*
	Dividend received from current investments	**16**	**25,917**	*17,586*
	Net cash used in investing activities (B)		**(30,189)**	*(61,16,200)*
C.	**Cash flow from financing activities:**			
	Proceeds from issue of equity shares	**11**	**27,00,000**	*68,00,000*
	Share application money received		**–**	*19,00,000*
	Net cash generated from financing activities (C)		**27,00,000**	*87,00,000*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(11,92,441)**	*2,19,887*
	Cash and cash equivalents at beginning of the year		**13,27,167**	*11,07,280*
	Cash and cash equivalents at end of the year		**1,34,726**	*13,27,167*
	Reconciliation of cash and cash equivalents as per the Cash Flow Statement		**31.03.2017**	*31.03.2016*
	Cash and cash equivalents as per above comprise of the following			
	Cash and cash equivalents		**1,34,726**	*13,27,167*
	Balance as per statement of cash flow		**1,34,726**	*13,27,167*

Notes:

1. Cash Flow Statement has been prepared under the indirect method as set out in IndAS 7.
2. Previous Year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 29, 2017

For and on behalf of the Board

KANIZEFATEMA BAROT
Chief Financial Officer

SURAJ EKSAMBEKAR
Company Secretary
M. No. A27159

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

BRIEF DESCRIPTION OF THE PROJECT:

L&T Arunachal Hydropower Limited, (The Company), a wholly owned subsidiary of L&T Power Development Limited having its registered office at L&T House, N. M. Marg, Ballard Estate, Mumbai 400001, India. The Company has been formed to undertake the development, construction and operation of Hydro Electric Projects (HEPs) in the State of Arunachal Pradesh. Currently, the Company is developing 74 MW Tagurshit HEP on Build, Own, Operate and Transfer (BOOT) basis for a period of 40 years from the Commercial Operation Date. The Project is located on the Tagurshit River, a tributary Siyom River in West Siang District of Arunachal Pradesh.

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

i. Basis of preparation

a) Compliance with Ind AS

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act,2013 and the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

b) First Time Adoption

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which include Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Also Refer Note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirement under Ind AS. The Group has applied the following exemption:

Property, plant and equipment

On transition to Ind AS, the Company has elected to apply the deemed cost exemption to all of its items of PPE and therefore continue with the carrying value of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

ii. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities measured at fair value

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability

b) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

iii. Revenue recognition

Other Income

Dividends from investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Estimates of revenues and costs are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

iv. Income-tax

a) Current tax:

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred tax:

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is computed in accordance with the provisions of the Income Tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realized or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

c) Current and Deferred tax for the year

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

v. Leases

a) Finance lease:

Leases of property, plant and equipment where the Company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

b) Operating lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

vi. Impairment of assets

As at each Balance Sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any and the reversal of impairment loss recognized in previous periods, if any.

An impairment loss, if any, is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

vii. Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

Subsequent measurement

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.

- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the Statement of Profit and Loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- **Debt instruments at amortised cost:** After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b) Financial Liabilities

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

Subsequent measurement

- **Fair value through profit or loss:** Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

viii. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and fixed deposits having maturity less than one year.

ix. Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Pre-operative expenses incurred upto the date of commencement of commercial operation are capitalized on the date of commencement of commercial operation and disclosed as “Capital Work-in Progress”.

Depreciation methods, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided from the month the asset is ready for commercial production on a pro-rata basis as per useful life prescribed in Schedule II to the Companies Act, 2013 or based on the estimated useful life considered by the Company, whichever is appropriate considering the technical evaluation, business specific usage, consumption pattern of assets and past performance of similar assets.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

The estimated useful life of property, plant and equipment as follows:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	Minimum	**Maximum**	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Leasehold Land	**50**	**50**	*50*	*50*	*50*	*50*
Building -Temporary Structures	**1**	**1**	*1*	*1*	*1*	*1*
Vehicles	**–**	**–**	–	–	*7*	*7*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	Minimum	**Maximum**	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Site Equipment	**–**	**–**	*–*	*–*	*12*	*12*
Computers and Printers	**3**	**4**	*3*	*4*	*3*	*4*
Furniture & Fixtures	**10**	**10**	*10*	*10*	*10*	*10*
Office Equipment	**10**	**10**	*10*	*10*	*10*	*10*
AC & Refrigeration Equipment	**–**	**–**	*–*	*–*	*12*	*12*

Note: There are no restrictions on title and the assets are not pledged/ hypothecated as security.

x. Current versus non-current classification - operating cycle

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Operating cycle covers the duration of the specific project / contract / service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business.

xi. Provisions

Provisions for legal claims and returns are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions for restructuring are recognized by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

xii. Commitments

Commitments are future liabilities for contractual expenditure

Commitments are classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Uncalled liability on shares and other investments partly paid;
- Funding related commitment to subsidiary, associate and joint venture companies and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

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

xiii. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xiv. Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to Equity Shareholders
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTE NO. 2: CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in selecting Company's accounting policies. The areas involving critical estimates or judgements are:

- **Estimation of current tax expense and payable**

  Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTE NO. 3: NOTES TO FIRST TIME ADOPTION OF IND AS

Reconciliation between IGAAP and Ind AS is as follows:

Balance Sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01.04.2015	Ind AS adjustments	As per Ind AS As at 01.04.2015
ASSETS:			
Non-current assets			
Property, plant and equipment	21,62,315	–	21,62,315
Capital work-in-progress	38,93,01,796	–	38,93,01,796
Other non-current assets	81,51,462	–	81,51,462
Current assets			
a) Financial assets			
Current investments	3,84,434	89	3,84,523
Cash and cash equivalents	11,07,280	–	11,07,280
Other financial assets	85,157	–	85,157
b) Other current assets	17,595	–	17,595
TOTAL	**40,12,10,040**	**89**	**40,12,10,129**
EQUITY AND LIABILITIES:			
Total Equity			
Equity share capital	36,24,00,000	–	36,24,00,000
Other equity	20,20,140	89	20,20,229
Share application money pending allotment	2,90,00,000	–	2,90,00,000
Trade payables	75,90,835	–	75,90,835
Short term provisions	200	–	200
Other current liabilities	1,98,865	–	1,98,865
TOTAL	**40,12,10,040**	**89**	**40,12,10,129**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As at 31.03.2016	Ind AS adjustments	As per Ind AS As at 31.03.2016
ASSETS:			
Non-current assets			
Property, plant and equipment	8,86,152	–	8,86,152
Capital work-in-progress	39,66,17,885	–	39,66,17,885
Other non-current assets	81,51,242	–	81,51,242
Current assets			
a) Financial assets			
Current investments	4,82,146	935	4,83,081
Cash and cash equivalents	13,27,167	–	13,27,167
Other financial assets	1,027	–	1,027
b) Other current assets	17,483	–	17,483
TOTAL	**40,74,83,102**	**935**	**40,74,84,037**
EQUITY AND LIABILITIES:			
Total Equity			
Equity share capital	39,82,00,000	–	39,82,00,000
Other equity	20,05,649	935	20,06,584
Share application money pending allotment	19,00,000	–	19,00,000
Trade payables	52,27,857	–	52,27,857
Short term provisions	1,500	–	1,500
Other current liabilities	1,48,096	–	1,48,096
TOTAL	**40,74,83,102**	**935**	**40,74,84,037**

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
REVENUE:			
Revenue from operations	–	–	–
Other income	21,437	846	22,283
TOTAL REVENUE	**21,437**	**846**	**22,283**
EXPENSES:			
Sales, administration and other expenses	33,920	–	33,920
Finance costs	506	–	506
TOTAL EXPENSES	**34,426**	**–**	**34,426**
Profit before tax	**(12,989)**	**846**	**(12,143)**
Current tax	1,500	–	1,500
PROFIT AFTER TAX	**(14,489)**	**846**	**(13,643)**

Cash Flow Statement for the year ended March 31, 2016:

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
Net cash flow from operating activities	(23,60,373)	–	(23,60,373)
Net cash flow from investing activities	(61,16,201)	–	(61,16,201)
Net cash flow from financing activities	87,00,000	–	87,00,000
Net increase/(decrease) in cash and cash equivalents	**2,19,887**	**–**	**2,19,887**
Cash and cash equivalents as on 01.04.2015	11,07,280	–	11,07,280
Effects of exchange rate changes on cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	**13,27,167**	**–**	**13,27,167**

NOTES FORMING PART OF ACCOUNTS

4 PROPERTY, PLANT AND EQUIPMENT

Particulars	Leasehold Land	Office Buildings	Site Equipments	Computers & Printers	Furniture And Fixtures	Vehicles	Office Equipments	Air Conditioning and Refrigeration Equipment	Total	Capital work in progress
Year Ended 31st March 2016										
Gross Carrying Amount										
Deemed cost as at 1st April, 2015	7,11,415	1	6,21,132	50,065	1,88,775	3,47,442	2,36,391	7,093	21,62,315	38,93,01,796
Additions	–	–	–	–	–	–	–	–	–	73,16,089
Deductions	–	–	6,21,132	753	4,533	3,47,442	1,43,115	7,093	11,24,068	
Closing gross carrying amount as at 31st March, 2016	7,11,415	1	–	49,312	1,84,242	–	93,276	–	10,38,247	39,66,17,885
Accumulated Depreciation as at 1st April, 2015	–	–	–	–	–	–	–	–	–	
Additions	16,694	–	–	37,402	30,057	–	67,942	–	1,52,095	
Deductions	–	–	–	–	–	–	–	–	–	
Accumulated Depreciation as at 31st March, 2016	16,694	–	–	37,402	30,057	–	67,942	–	1,52,095	
Net Carrying Amount	**6,94,722**	**1**	**–**	**11,911**	**1,54,185**	**–**	**25,334**	**–**	**8,86,152**	**39,66,17,885**
Year Ended 31st March 2017										
Opening Gross carrying amount as at 1st April, 2016	7,11,415	1	–	49,312	1,84,242	–	93,276	–	10,38,247	39,66,17,885
Additions	–	–	–	–	–	–	–	–	–	19,35,916
Deductions	–	–	–	–	–	–	–	–	–	(16,44,269)
Closing gross carrying amount as at 31st March, 2017	7,11,415	1	–	49,312	1,84,242	–	93,276	–	10,38,247	39,69,09,532
Opening accumulated depreciation as on 1st April, 2016	16,694	–	–	37,402	30,057	–	67,942	–	1,52,095	
Additions	15,362	–	–	11,905	30,057	–	25,183	–	82,507	
Deductions	–	–	–	–	–	–	–	–	–	
Accumulated Depreciation as at 31st March, 2017	32,055	–	–	49,306	60,114	–	93,125	–	2,34,601	
Net Carrying Amount	**6,79,360**	**1**	**–**	**6**	**1,24,128**	**–**	**151**	**–**	**8,03,646**	**39,69,09,532**

Note: Leasehold land of ₹ 783,750 has been capitalized pursuant to the agreement to lease dated 23rd August 2010 executed by L&T Power Development Limited (the parent company) having validity till the expiry of 40 years from commercial operations date of the project.

NOTES FORMING PART OF ACCOUNTS (Contd.)

4 CAPITAL WORK-IN-PROGRESS

Particulars	As at 01.04.2015	During the year	As at 31.03.2016	During the year	As at 31.03.2017
Capital work-in-progress:					
Building	3,41,51,052	–	3,41,51,052	(16,44,269)	3,25,06,783
Total (a)	**3,41,51,052**	**–**	**3,41,51,052**	**(16,44,269)**	**3,25,06,783**
Pre-operative expenses:					
Staff Welfare and other expenses	4,57,201	7,505	4,64,706	1,978	4,66,684
Rent	22,96,749	3,51,000	26,47,749	96,500	27,44,249
Rates & Taxes	30,07,939	31,088	30,39,027	26,386	30,65,413
Travelling & Conveyance	39,50,611	1,05,090	40,55,700	9,123	40,64,823
Electricity charges	21,71,915	9,498	21,81,413	8,190	21,89,603
Communication Expenses	27,72,713	23,357	27,96,070	18,579	28,14,649
Professional Fees	30,01,811	46,456	30,48,267	8,854	30,57,121
Business auxiliary and support services	23,21,79,181	41,05,590	23,62,84,771	9,58,460	23,72,43,231
Auditors' Remuneration	14,891	–	14,891	–	14,891
Printing & Stationery	3,23,963	2,372	3,26,335	540	3,26,875
Project Development Expenses	9,66,28,255	17,08,798	9,83,37,053	4,53,700	9,87,90,753
Repairs & Maintenance	34,77,654	72,889	35,50,543	36,848	35,87,391
Miscellaneous Expenses	19,78,978	6,18,834	25,97,812	2,25,243	28,23,055
Depreciation and Amortisation	28,55,025	2,19,490	30,74,515	82,507	31,57,022
Insurance	33,859	14,122	47,981	9,008	56,989
Total (b)	**35,51,50,745**	**73,16,089**	**36,24,66,833**	**19,35,916**	**36,44,02,749**
Grand Total (a+b)	**38,93,01,796**	**73,16,089**	**39,66,17,885**	**2,91,647**	**39,69,09,532**

		As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
5	**OTHER FINANCIAL ASSETS**			
	Deposits with banks of maturity more than 12 months			
	Fixed Deposit with Banks	**55,169**	*51,218*	*47,678*
	(Pledged with Supdt. Of Tax & Excise)			
	TOTAL OTHER FINANCIAL ASSETS	**55,169**	*51,218*	*47,678*
6	**OTHER NON - CURRENT ASSETS**			
	Balance with Others(NC):			
	Upfront premium paid to Arunachal Pradesh Government	**81,00,000**	*81,00,000*	*81,00,000*
	Income tax (Prior Years):			
	Income tax Balance net of previous year provisions	**–**	*24*	*3,784*
	TOTAL OTHER NON - CURRENT ASSETS	**81,00,000**	*81,00,024*	*81,03,784*

Note: The Company has deposited upfront premium of ₹ 81,00,000 with the Government of Arunachal Pradesh under the Memorandum of Agreement dated 23rd December, 2008 and its amendment dated 1st May,2012. In the event of project not becoming viable after the detailed project report,such upfront premium shall be refunded to the Company.

NOTES FORMING PART OF ACCOUNTS (Contd.)

		As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	FINANCIAL ASSETS			
7	**INVESTMENTS**			
	Current investments			
	Mutual Funds (quoted):			
	32,457.042 units (31st March 2016 : 46592.683 units, 1st April 2015 : 37179.308 units) of L&T Ultra Short term Fund - DDR	**3,38,820**	*4,83,081*	*3,84,523*
	TOTAL INVESTMENTS	**3,38,820**	*4,83,081*	*3,84,523*
8	**CASH AND CASH EQUIVALENTS**			
	Balances with banks:			
	Balance with Scheduled Banks Current Account	**1,34,726**	*13,27,167*	*11,07,280*
	TOTAL CASH AND CASH EQUIVALENTS	**1,34,726**	*13,27,167*	*11,07,280*

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		Recoverable within 12 months	Recoverable after 12 months	Recoverable within 12 months	Recoverable after 12 months	Recoverable within 12 months	Recoverable after 12 months
9	**OTHER FINANCIAL ASSETS**						
	Advance to others	**482**		*1,027*		*85,157*	
	TOTAL CURRENT - OTHER FINANCIAL ASSETS	**482**	–	*1,027*	–	*85,157*	–
10	**OTHER CURRENT ASSETS**						
	Other current assets						
	Prepaid Expenses	**446**	–	*17,483*	–	*17,595*	–
	TOTAL OTHER CURRENT ASSETS	**446**	–	*17,483*	–	*17,595*	–

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Particulars	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
11	**STATEMENT OF CHANGES IN EQUITY**						
	EQUITY SHARE CAPITAL						
	Share Capital Authorised, Issued and Subscribed:						
	Authorised:						
	Equity shares of ₹ 10 each	**5,00,00,000**	**50,00,00,000**	*5,00,00,000*	*50,00,00,000*	*5,00,00,000*	*50,00,00,000*
	Issued:						
	Equity shares of ₹ 10 each	**4,02,80,000**	**40,28,00,000**	*3,98,20,000*	*39,82,00,000*	*3,62,40,000*	*36,24,00,000*
	Subscribed and Paid up:						
	Equity shares of ₹ 10 each	**4,02,80,000**	**40,28,00,000**	*3,98,20,000*	*39,82,00,000*	*3,62,40,000*	*36,24,00,000*
			40,28,00,000		*39,82,00,000*		*36,24,00,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31.03.2017 Number of Shares	As at 31.03.2017 ₹	*As at 31.03.2016 Number of Shares*	*As at 31.03.2016 ₹*	*As at 01.04.2015 Number of Shares*	*As at 01.04.2015 ₹*
Reconciliation of equity shares						
Authorised Equity Share Capital						
Authorised Capital as at the beginning of the year	**5,00,00,000**	**50,00,00,000**	*5,00,00,000*	*50,00,00,000*	*5,00,00,000*	*50,00,00,000*
Add:						
Increase during the year	**–**	**–**	–	–	–	–
Authorised Capital as at the end of the year	**5,00,00,000**	**50,00,00,000**	*5,00,00,000*	*50,00,00,000*	*5,00,00,000*	*50,00,00,000*
Movements in Equity Share Capital						
Subscribed and fully paid at the beginning of the year	**3,98,20,000**	**39,82,00,000**	*3,62,40,000*	*36,24,00,000*	*3,62,40,000*	*36,24,00,000*
Add:						
Issued during the year	**4,60,000**	**46,00,000**	*35,80,000*	*3,58,00,000*	–	–
Subscribed and fully paid up at the end of the year	**4,02,80,000**	**40,28,00,000**	*3,98,20,000*	*39,82,00,000*	*3,62,40,000*	*36,24,00,000*

		As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
12	**OTHER EQUITY**						
	Reserves & Surplus :						
	Retained earnings						
	As per last Balance Sheet	**20,06,586**		*20,20,229*		*19,53,419*	
	Net profit/(loss) for the period	**(8,399)**		*(13,643)*		*66,811*	
	Other Comprehensive Income	**–**	**19,98,187**	–	*20,06,586*	–	*20,20,229*
			19,98,187		*20,06,586*		*20,20,229*

		As at 31.03.2017 To be settled within 12 months	As at 31.03.2017 To be settled after 12 months	*As at 31.03.2016 To be settled within 12 months*	*As at 31.03.2016 To be settled after 12 months*	*As at 01.04.2015 To be settled within 12 months*	*As at 01.04.2015 To be settled after 12 months*
	FINANCIAL LIABILITIES						
13	**TRADE PAYABLES**						
	Due to related parties (refer note 19.5)	**7,42,878**	**–**	*8,90,596*	–	*25,37,229*	–
	Due to others:						
	Suppliers Ledger - Revenue goods/ services	**2,48,303**	**5,37,919**	*37,99,342*	*5,37,919*	*8,71,418*	*41,82,188*
	Total trade payables	**9,91,181**	**5,37,919**	*46,89,938*	*5,37,919*	*34,08,647*	*41,82,188*

NOTES FORMING PART OF ACCOUNTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
14	**CURRENT TAX LIABILITES (NET)**						
	Provision for current year tax	3,000		1,500		3,200	
	Less:						
	Advance Tax Installment Current Year	–		–		(3,000)	
	TDS Certificate Received in Current Year	–	3,000	–	1,500	–	200
	TOTAL CURRENT TAX LIABILITIES(NET)		3,000		1,500		200

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		To be settled within 12 months	To be settled after 12 months	To be settled within 12 months	To be settled after 12 months	To be settled within 12 months	To be settled after 12 months
15	**OTHER CURRENT LIABILITIES**						
	Statutory tax payables	12,533		1,48,094	–	1,98,865	
	TOTAL OTHERS CURRENT LIABILITIES	12,533	–	1,48,094	–	1,98,865	–

		2016-17	2015-16
16	**OTHER INCOME**		
	Others		
	Interest Received from Banks (Long Term)	3,951	3,540
	Dividend Income		
	Dividend Income from Mutual Funds	25,917	17,586
	Net gain/(loss) on sale of investments		
	Current Investments(net):		
	Gain/(loss) on sale of Mutual Funds	4,550	312
	Gain/(loss) on assets mandatorily measured at fair value through profit and loss		
	Gain/(Loss) on sale of Investments	272	846
	TOTAL OTHER INCOME	34,690	22,283
17	**SALES, ADMINISTRATION AND OTHER EXPENSES**		
	Audit fees including tax audit,others,etc (refer note 20.4)		
	Audit fees	28,750	20,610
	Certification fees	11,500	13,310
	TOTAL SALES,ADMINISTRATION AND OTHER EXPENSES	40,250	33,920
18	**FINANCE COST**		
	Interest expenses		
	Other Interest paid	125	506
	TOTAL FINANCE COST	125	506

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE NO. 19: NOTES FORMING PART OF THE FINANCIAL STATEMENTS

19.1 There were no suppliers/service providers who were registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)" as on 1st April, 2015, 31st March, 2016 and 31st March, 2017.

19.2 Segmental reporting:

The Company is engaged in the business of developing and implementing hydro-electric projects. Hence, reporting on primary segment does not arise. The Company does not have any exports; hence, disclosure of secondary/geographical segment information does not arise.

19.3 Leases:

The Company has taken various residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The Company has paid total lease rent of ₹ 96,500/- *(previous year ₹ 3,51,000/-)* during the year.

19.4 Auditors' remuneration (excluding service tax):

Particulars	2016-17	2015-16
	₹	₹
Audit Fees	**25,000**	*18,000*
Certification Fees	**10,000**	*11,625*

19.5 Related party transactions:

a) **Parent Company:**

The Company is controlled by the following Company:

Name	Type	Principal place of business	Ownership of Interest		
			31.03.17	*31.03.16*	*01.04.15*
L&T Power Development Limited *	Holding Company	India	**100%**	*100%*	*100%*

* L&T Power Development is a wholly owned subsidiary of Larsen & Toubro Ltd. So the ultimate holding Company of L&T Arunachal Hydropower Ltd. is Larsen & Toubro Ltd.

b) **Subsidiary companies:**

The Company does not have any subsidiary companies.

c) **Transactions with related parties:**

The following transactions occurred with related parties:

Sl. No.	Name/Relationship/Nature of transaction	2016-17	2015-16	2014-15
		₹	₹	₹
	Ultimate holding Company			
a)	**Larsen & Toubro Limited**			
	Business auxiliary and support services (including service tax)	**3,81,736**	*2,94,706*	*3,20,862*
	Reimbursement of expenses to	**10,329**	*18,608*	*18,279*
	Holding Company			
a)	**L&T Power Development Limited**			
	Issue of equity shares	**27,00,000**	*68,00,000*	–
	Advance for share application	**–**	*19,00,000*	*2,90,00,000*
	Project advisory services	**5,76,724**	*38,10,884*	*85,71,561*
	Reimbursement of expenses from	**–**	–	*1,32,150*
	Reimbursement of expenses to	**443**	*4,699*	*5,07,702*
	Fellow Subsidiary Companies			
a)	**L&T Uttaranchal Hydropower Limited**			
	Reimbursement of expenses to	**5,625**	*34,604*	*58,396*
	Sale of Assets	**–**	*10,56,672*	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

d) Outstanding balances arising of related parties:

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties:

Sl. No.	Name/Relationship/Nature of transaction	31.03.17	*31.03.16*	*01.04.15*
		₹	₹	₹
	Trade Payables			
1	Larsen & Toubro Limited	**6,11,235**	*2,53,292*	*5,79,916*
2	L&T Power Development Limited	**1,31,643**	*6,37,304*	*18,32,461*
3	L&T Uttaranchal Hydropower Limited	**–**	*–*	*1,24,852*
	Due to related parties	**7,42,878**	*8,90,596*	*25,37,229*

e) Commitments with related parties:

Name/Relationship/Nature of transaction	31.03.17	*31.03.16*	*01.04.15*
	₹	₹	₹
Other Commitments			
Share application money pending allotment	**–**	*19,00,000*	*2,90,00,000*
Total Commitments	**–**	***19,00,000***	***2,90,00,000***

f) Transactions with Non- executive directors:

Particulars	2016-17	*2015-16*
	₹	₹
Director Sitting Fees	**40,000**	*40,000*

19.6 Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2017 is as follows:

a) Construction contracts: ₹ NIL *(Previous year: ₹ NIL)*

b) Project Advisory Service Fees: ₹ NIL *(Previous year: ₹ NIL)*

19.7 There were no amounts which were required to be transferred to the Investment Education and Protection Fund.

19.8 ₹ NIL *(Previous year: ₹ NIL)* has been transferred to Preoperative during the year towards obsolescence of fixed assets.

19.9 Basic and diluted earnings per share (EPS):

Sr. No.	Particulars	2016-17	*2015-16*
	Basic		
1	Profit / (Loss) as per Profit and Loss Account (₹)	**(8,399)**	*(13,643)*
2	Weighted average number of equity shares outstanding	**4,00,20,383**	*3,92,12,295*
3	Basic EPS (₹)	**(0.0002)**	*(0.0003)*
	Diluted		
4	Profit / (Loss) as per Profit and Loss Account (₹)	**(8,399)**	*(13,643)*
5	Weighted average number of equity shares outstanding	**4,00,20,383**	*3,92,12,295*
6	Weighted average number of equity shares to be allotted on conversion of share application money to equity	**–**	*3,92,16,967*
7	Diluted EPS (₹)	**(0.0002)**	*(0.0003)*
8	Face Value per Equity Share (₹)	**10**	*10*

19.10 Contingent liabilities as at March 31, 2017 is ₹ NIL.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

19.11 Income Taxes

a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Particulars	2016-17	2015-16
Current Income tax :		
Current income tax charge	**3,000**	*1,500*
Prior Period Adjustments	**(286)**	–
Deferred Tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**2,714**	*1,500*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016 is as follows:

Sr.	Particulars	2016-17	2015-16
1	**Profit before tax**	**(5,685)**	*(12,143)*
2	Applicable tax rate (Surcharge not applicable)	**29.87%**	*30.09%*
3	**PBT * applicable tax rate (1*2)**	**(1,698)**	*(3,752)*
4	**Items of Income exempt from tax :**		
	a) Dividend Income	**(7,742)**	*(5,434)*
5	**Items of expense not deductible for tax purposes:**		
	a) Amount debited to P&L A/c. (Admin. expenses) as the operations have not started	**12,060**	*10,481*
6	**Effect of prior period adjustments**	**(286)**	
6	Income tax expense during the year	**2,334**	*1,295*
7	Effective tax Rate	**(41.06%)**	*(10.66%)*
8	**Provision for Income Tax**	**3,000**	*1,500*
9	**Effect of prior period adjustments**	**(286)**	-
10	**Net income tax expense recognized during the year (8+9)**	**2,714**	*1,500*

19.12 The Company has the following financial assets and liabilities:

Categories of financial assets	As at 31.03.17	As at 31.03.16	As at 01.04.15
Measured at fair value through profit & loss (FVTPL)			
Mutual Funds (Level 1)	**3,38,820**	*4,83,081*	*3,84,523*
Sub-total (A)	**3,38,820**	*4,83,081*	*3,84,523*
Measured at amortised cost			
a. Loans	**–**	–	–
b. Cash and bank balances	**1,34,726**	*13,27,167*	*11,07,280*
c. Other financial assets	**55,651**	*52,245*	*1,32,835*
d. Trade receivable	**–**	–	–
Sub-total (B)	**1,90,377**	*13,79,412*	*12,40,115*
Measured at FVTOCI			
a. Debt instruments	**–**	–	–
b (Designated as FVTOCI upon initial recognition) – (Level 3)			
Sub-total (C)	**–**	–	–
Financial Assets (A + B+C)	**5,29,196**	*18,62,493*	*16,24,638*
As per Financial Statements	**5,29,196**	*18,62,493*	*16,24,638*
Difference	**–**	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Categories of financial liabilities	As at 31.03.17	As at 31.03.16	As at 01.04.15
Measured at fair value through profit & loss (FVTPL)			
a. Held for trading	–	–	–
b. Designated as at FVTPL upon initial recognition	–	–	–
c. Derivative instruments in designated hedge accounting relationships	–	–	–
d. Other financial liabilities	–	–	–
Sub-total (A)	–	–	–
Measured at amortised cost			
Trade payables	15,29,100	52,27,857	75,90,835
Sub-total (B)	15,29,100	52,27,857	75,90,835
Financial Liabilities (A+B)	15,29,100	52,27,857	75,90,835
As per Financial Statements	15,29,100	52,27,857	75,90,835
Difference	–	–	–

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
Net gain/(losses) on financial assets and financial liabilities:		
Measured at Fair Value through Profit & loss (FVTPL)		
Mutual Funds	4,822	1,158
Dividend Income from Investment measured at FVTPL	25,917	17,586
Interest Revenue:		
Financial assets that are measured at cost	3,951	3,540
Net gain/(losses) on financial assets and financial liabilities (A)	34,690	22,283
Extract of statement of Profit & Loss for the year ended on March 31, 2017:		
Other Income	34,690	22,283
Total Income (B)	34,690	22,283
Difference (A & B)	-	-

19.13 **Specified Bank Notes:**

The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016

19.14 Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

KANIZEFATEMA BAROT
Chief Financial Officer

SURAJ EKSAMBEKAR
Company Secretary
M. No. A27159

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

BOARD REPORT

Dear Members,

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

1. **FINANCIAL RESULTS:**

Particulars	**2016-17 (₹)**	*2015-16 (₹)*
Profit Before Depreciation & Tax	**(17,000)**	*35,267*
Less: Depreciation, amortization and obsolescence	**–**	*–*
Profit before extraordinary items and tax	**(17,000)**	*35,267*
Add: Extraordinary Gain / (Loss)	**–**	*26,25,000*
Profit / (Loss) before tax	**(17,000)**	*(25,89,733)*
Less: Provision for tax	**8,581**	*(8,000)*
Profit / (Loss) after tax	**(25,581)**	*(25,97,733)*
Add: Balance brought forward from previous year	**(26,86,977)**	*(89,244)*
Balance carried to Balance Sheet	**(27,12,558)**	*(26,86,977)*

2. **CAPITAL EXPENDITURE:**

As at March 31, 2017 the gross fixed and intangible assets including leased assets stood at ₹ **83,74,068/-** and the net fixed and intangible assets including leased assets at ₹ **51,61,150/-**. In addition to this, the Company has incurred pre-operative expenses to the tune of ₹ **84,28,51,351/-**.

3. **DEPOSITS:**

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

4. **SUBSIDIARY COMPANIES:**

The Company does not have any subsidiary companies under its purview.

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

The Company has not given any loan, guarantees, security or made any investment during the financial year 2016-17 which attract the provisions of section 186 of Companies Act, 2013.

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

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2016-17. Statement containing details of all material transactions/ /contracts/arrangements is annexed to this report as Annexure I to this report.

The Audit Committee has approved the related party transactions entered into or proposed to be entered into during the financial year 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the company.

7. **STATE OF COMPANY AFFAIRS:**

Other income for the financial year under review was ₹ **0.37 Lacs** as against ₹ **0.91 lacs** for the previous financial year. The profit after tax was ₹ **(0.26) lacs** for the financial year under review as against ₹ **(25.98) lacs** for the previous financial year.

8. **DIVIDEND:**

The Directors have not recommended any dividend for the financial year 2016-17.

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

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

    a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

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

c. During the year under review, the Company had no foreign exchange earnings and outgo.

11. RISK MANAGEMENT POLICY:

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

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

Mr. Pramod Sushila Kapoor, Mr. Ajit Kumar Samal, Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo are the present Directors of the Company.

Mr. Baijayanta Bhattacharjee resigned as the Manager of the Company with effect from June 30, 2016. Mr. Parmeswaran Kathiravan was appointed as the Manager of the Company for a period of three years with effect from July 16, 2016 to July 15, 2019. Ms. Ankita Gawankar is the Company Secretary and Ms. Dhruti Babla is the Chief Financial Officer of the Company.

Mr. Pramod Sushila Kapoor was appointed as a Director in casual vacancy caused by the resignation of Mr. Ashok Sonthalia with effect from October 17, 2015 and he holds office till the date of this Annual General Meeting. A resolution for his appointment as Director of the Company is a part of the Notice sent to the shareholders of the Company.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. During the year under review, 4 meetings were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

14. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Committee comprises of one Non-Executive Director and two Independent Directors.

The current members of the committee are Mr. Pramod Sushila Kapoor, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

15. COMPANY POLICY ON APPOINTMENT AND REMUNERATION OF DIRECTORS:

The Company has constituted a Nomination and Remuneration Committee as required by the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprises of one Non-Executive Director and two Independent Directors.

During the year under review, one Meeting of the Nomination & Remuneration Committee was held on July 16, 2016.

The current members of the committee are Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

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

16. DECLARATION OF INDEPENDENCE:

The Company has received Declarations of Independence from its independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is meeting the criteria of Independence.

17. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

18. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

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

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

19. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

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

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

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on April 29, 2017 as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

21. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The company does not have any women employees.

22. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

23. SECRETARIAL AUDIT REPORT:

The Secretarial Auditors' report to the shareholders issued by M/s. Alwyn Jay & Co., Practicing Company Secretary does not contain any qualification.

The same is attached as Annexure II to this Report.

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

25. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure III of this Report.

26. ACKNOWLEDGEMENT:

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

Place : Mumbai	**ASHWANI KUMAR**	**P. S. KAPOOR**
Date : April 29, 2017	*Director*	*Director*
	DIN: 00910864	*DIN: 02914307*

ANNEXURE I TO DIRECTORS' REPORT

FORM AOC-2

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

Part A - Details of contracts or arrangements or transactions not at arm's length basis : NIL

Part B - Details of Material contracts or arrangements or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Nature of the transaction/contract / arrangement	Duration	Salient terms	Value (₹)
Larsen and Toubro Limited	Ultimate Holding company	Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Cost	3,81,736
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	95,534
L&T Power Development Limited	Holding company	Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Market Value (Cost plus margin)	1,49,27,000
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	6,65,469
L&T Uttaranchal Hydropower Limited	Fellow subsidiary	Reimbursement of expenses to	Apr-16 to Mar-17	Cost	3,000

ANNEXURE II TO DIRECTORS' REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,
The Members,
L&T HIMACHAL HYDROPOWER LIMITED,

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Himachal Hydropower Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

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

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

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - Not Applicable to the Company;

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

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

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable to the Company;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not applicable to the Company;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not applicable to the Company;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company

(vi) Other specific business/industry related laws applicable to the Company –

   The Company has not commenced its commercial operations and hence Company-specific laws that govern its business and operations are not applicable and the Company has complied with other applicable general laws, rules, regulations and guidelines.

   We have also examined compliance with the applicable clauses of the following:

   (i) Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India; and

   (ii) Listing Agreements entered into by the Company with the Stock Exchanges - Not applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that

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

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

The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. Issue and Allotment of 8,30,000 Equity shares of ₹ 10/- each aggregating ₹ 83,00,000/- on rights basis to the existing shareholders of the Company on 2nd May, 2016.
2. Issue and Allotment of 7,50,000 Equity shares of ₹ 10/- each aggregating ₹ 75,00,000/- on rights basis to the existing shareholders of the Company on 18th June, 2016.
3. Issue and Allotment of 1,00,000 Equity shares of ₹ 10/- each aggregating ₹ 10,00,000/- on rights basis to the existing shareholders of the Company on 26th August, 2016.
4. Issue and Allotment of 50,000 Equity shares of ₹ 10/- each aggregating ₹ 5,00,000/- on rights basis to the existing shareholders of the Company on 20th September, 2016.
5. Issue and Allotment of 7,25,000 Equity shares of ₹ 10/- each aggregating ₹ 72,50,000/- on rights basis to the existing shareholders of the Company on 15th October, 2016.
6. Issue and Allotment of 4,20,000 Equity shares of ₹ 10/- each aggregating ₹ 42,00,000/- on rights basis to the existing shareholders of the Company on 21st February, 2017.

Place : Mumbai
Date : 20th April, 2017

For **ALWYN JAY & CO.,**
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai - 400 101.

JAY D'SOUZA
Partner
FCS No. 3058
Certificate of Practice No. 6915

ANNEXURE III TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

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

I. Registration and Other Details:

1	CIN	U40102HP2010PLC031697
2	Registration Date	22/06/2010
3	Name of the Company	L&T Himachal Hydropower Limited
4	Category / Sub-Category of the Company	Public Limited Company
5	Address of the Registered office and contact details	Rama Cottage, Kanlog, Shimla - 171001 Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
6	Whether listed company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. Principal Business Activities of the Company

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

Sl. No.	Name & Description of main products /services	NIC Code of the Product/ service	% to total turnover of the Company
NIL			

III. Particulars of Holding, Subsidiary and Associate Companies

Sl. No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	L&T Power Development Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	U40101MH2007PLC174071	Holding	100	2(46)

IV. Share Holding Pattern (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	19,52,49,989	11	19,52,50,000	100	19,81,24,989	11	19,81,25,000	100	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**19,52,49,989**	**11**	**19,52,50,000**	**100**	**19,81,24,989**	**11**	**19,81,25,000**	**100**	**NIL**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**19,52,49,989**	**11**	**19,52,50,000**	**100**	**19,81,24,989**	**11**	**19,81,25,000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**19,52,49,989**	**11**	**19,52,50,000**	**100**	**19,81,24,989**	**11**	**19,81,25,000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Power Development Limited	19,52,50,000	100	NIL	19,81,25,000	100	NIL	NIL
	Total	**19,52,50,000**	**100**	**NIL**	**19,81,25,000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	19,52,50,000	100	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	8,30,000 shares allotted on 02/05/2016.	100	19,60,80,000	100
		7,50,000 shares allotted on 18/06/2016.	100	19,68,30,000	100
		1,00,000 shares allotted on 26/08/2016	100	19,69,30,000	100
		50,000 shares allotted on 20/09/2016.	100	19,69,80,000	100
		7,25,000 shares allotted on 15/10/2016	100	19,77,05,000	100
		4,20,000 shares allotted on 21/02/2017	100	19,81,25,000	100
	At the End of the year	19,81,25,000	100	19,81,25,000	100

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
TOTAL (i+ii+iii)	NIL	NIL	NIL	NIL

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Change in Indebtedness during the financial year • Addition • Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
TOTAL (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of the Manager		Total Amount
		Mr. Baijayanta Bhattacharjee (upto June 30, 2016)	Mr. Parmeswaran Kathiravan (w.e.f July 16, 2016)	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4	Commission – as % of profit – others, specify…	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL
	TOTAL (A)	**NIL**	**NIL**	**NIL**
	Ceiling as per the Act	**NIL**	**NIL**	**NIL**

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Seshadri Subrahmanyan	Ms. Deepa Ganjoo		
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	40,000	40,000		80,000
	TOTAL (1)	**40,000**	**40,000**		**80,000**
		Mr. Pramod Sushila Kapoor	**Mr. Ajit Samal**	**Mr. Ashwani Kumar**	
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL	
	TOTAL (2)	**NIL**	**NIL**	**NIL**	
	TOTAL (B)=(1+2)	**40,000**	**40,000**	**NIL**	**80,000**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act	**Not Applicable**			

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Manger / CEO	Company Secretary	CFO	
		Mr. Parmeswaram Kathiravan	Ms. Ankita Gawankar	Ms. Dhruti Babla	
1	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4	Commission – as % of profit – others, specify	NIL	NIL	NIL	NIL
5	Others, please specify	NIL	NIL	NIL	NIL
	TOTAL	**NIL**	**NIL**	**NIL**	**NIL**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type		Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A	**Company**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
B	**Directors**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
C	**Other officers in default**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HIMACHAL HYDROPOWER LIMITED

Report on the Standalone Indian Accounting Standards (Ind AS) Financial Statements

We have audited the accompanying standalone Ind AS financial statements of L&T Himachal Hydropower Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

Management's responsibility for the Standalone Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

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

   c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

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

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

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

   i. The Company does not have any pending litigations on its financial position in its financial statements - Refer Note 20.10 to the standalone Ind AS financial statements;

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

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

   iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- Refer Refer Note 20.13 to the standalone Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : 29 April 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification ; and

(c) The Company does not hold any immovable properties. Accordingly, paragraphs 3(i) (c) of the Order are not applicable to the Company

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

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

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order are not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including Income tax, Service tax, Cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of Income tax, Service tax, Cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

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

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : 29 April 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : 29 April 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
ASSETS :				
Non-current assets				
Property, plant and equipment	4	**51,61,150**	*66,92,583*	*83,87,190*
Capital work-in-progress	4	**84,28,51,351**	*81,99,56,274*	*76,70,22,812*
Financial assets				
i. Other financial assets	5	**3,00,000**	*3,00,000*	*3,00,000*
Other non - current assets	6	**113,83,95,000**	*113,83,98,181*	*113,83,98,361*
Total Non - Current Assets		**198,67,07,500**	*196,53,47,038*	*191,41,08,363*
Current assets				
Financial assets				
i. Investments	7	**–**	*5,71,678*	*23,65,889*
ii. Cash and cash equivalents	8	**21,975**	*10,37,036*	*11,89,302*
iii. Loans	9	**1,05,410**	*1,42,410*	*1,42,410*
iv. Other financial assets	10	**16,420**	*2,86,439*	*42,637*
Current tax assets(net)	11	**–**	*–*	*100*
Other current assets	12	**4,14,222**	*4,30,216*	*4,30,067*
Total Current Assets		**5,58,027**	*24,67,779*	*41,70,405*
Total Assets		**198,72,65,527**	*196,78,14,817*	*191,82,78,768*

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

MS.ANKITA GAWANKAR
Company Secretary
M. No. A28834

DHRUTI BABLA
Chief Financial Officer

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
EQUITY AND LIABILITIES:				
Equity				
Equity Share Capital	13	**198,12,50,000**	*195,25,00,000*	*169,11,00,000*
Other equity				
Reserves & surplus				
Retained earnings	14	**-27,12,558**	*-26,86,977*	*-89,244*
Share application money pending allotment		**–**	*83,00,000*	*5,89,00,000*
Total Equity		**197,85,37,442**	*195,81,13,023*	*174,99,10,756*
LIABILITIES:				
Current liabilities				
Financial liabilities				
i. Trade payables	15	**83,81,062**	*91,00,205*	*2,00,83,904*
Current tax liabilites (net)	16	**5,750**	*3,348*	*–*
Other current liabilities	17	**3,41,273**	*5,98,241*	*14,82,84,108*
Total Current Liabilities		**87,28,085**	*97,01,794*	*16,83,68,012*
Total Liabilities		**87,28,085**	*97,01,794*	*16,83,68,012*
Total Equity & Liabilities		**198,72,65,527**	*196,78,14,817*	*191,82,78,768*

The above Balance Sheet should be read in conjunction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

For and on behalf of the Board

MS. ANKITA GAWANKAR
Company Secretary
M. No. A28834

DHRUTI BABLA
Chief Financial Officer

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

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

Particulars	Note No.	2016-17 ₹	2015-16 ₹
REVENUE:			
Other income	18	37,281	90,621
Total Income		37,281	90,621
EXPENDITURE			
Sales, administration and other expenses	19	54,280	51,754
Finance cost	20	–	3,600
Total Expenses		54,280	55,354
Profit before extraordinary items & tax		(17,000)	35,267
Extraordinary items:			
Stamp duty on increase in authorised capital		–	26,25,000
Profit before tax		(17,000)	(25,89,733)
Income tax expense			
Current tax	21.11	8,000	8,000
Provision for income tax - earlier years		581	
Profit after tax for the year		(25,581)	(25,97,733)
Other comprehensive income for the year		–	–
Total Comprehensive Income for the year		(25,581)	(25,97,733)
Earnings per equity share (₹)	21.9		
Basic earnings per equity share (₹)		(0.000086)	(0.013681)
Diluted earnings per equity share (₹)		(0.000086)	(0.013681)
Face value per equity share (₹)		10	10

The above Statement of Profit and Loss should be read in conjunction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : April 29, 2017

For and on behalf of the Board

MS. ANKITA GAWANKAR
Company Secretary
M. No. A28834

DHRUTI BABLA
Chief Financial Officer

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-2017 ₹	2015-2016 ₹
A. Cash flow from operating activities:			
Profit before income tax from continuing operations		**(17,000)**	*(25,89,733)*
Adjustments for :			
Dividend received	18	**(10,643)**	*(66,324)*
Unrealised foreign exchange difference - net (gain)/loss			
Interest received	18	**(22,500)**	*(21,529)*
(Gain)/loss on sale of fixed assets (net)			
(Gain)/loss on sale of current investments (net)	18	**(4,138)**	*(1,722)*
Changes in the fair value of financial assets at fair value through profit or loss	18	**1,107**	*(1,046)*
Operating profit before working capital changes		**(53,173)**	*(26,80,354)*
Changes in operating assets and liabilities			
Adjustments for :			
(Increase)/ decrease in non- current assets	6	**3,181**	*180*
(Increase)/ decrease in other financial assets	5,10	**2,70,019**	*(2,43,802)*
(Increase)/ decrease in current assets	11	**52,994**	*(49)*
Increase/(decrease) in trade payables	15	**(7,19,143)**	*(1,09,83,699)*
Increase /(decrease) in provisions	16	**(6,179)**	*(2,152)*
Increase/(decrease) in other current liabilities	17	**(2,56,968)**	*(11,85,866)*
Cash generated/(used in) from operations		**(7,09,269)**	*(1,50,95,741)*
Direct taxes paid			*(2,500)*
Net cash outflow from operating activities (A)		**(7,09,269)**	*(1,50,98,241)*
B. Cash flow from investing activities:			
Purchase of fixed assets (including CWIP)	4	**(2,13,63,643)**	*(5,12,38,855)*
Dividend received	18	**10,643**	*66,324*
Interest received	18	**22,500**	*21,529*
Purchase of current investments		**(22,60,643)**	*(98,31,326)*
Sale of current investments		**28,35,352**	*1,16,28,303*
Net cash used in from investing activities (B)		**(2,07,55,792)**	*(4,93,54,025)*
C. Cash flow from financing activities:			
Issue of equity shares	13	**2,04,50,000**	*5,60,00,000*
Share application money	13	**–**	*83,00,000*
Net cash generated from financing activities (C)		**2,04,50,000**	*6,43,00,000*
Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(10,15,061)**	*(1,52,266)*
Cash and cash equivalents at beginning of the year		**10,37,036**	*11,89,302*
Cash and cash equivalents at end of the year		**21,975**	*10,37,036*

Reconciliation of cash and cash equivalents as per the Cash Flow Statement	31.03.2017	31.03.2016
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	**21,975**	*10,37,036*
Balance as per statement of cash flow	**21,975**	*10,37,036*

Notes: 1. Cash flow statement has been prepared under the indirect method as set out in IndAS 7.
2. Previous Year's figures have been regrouped / reclassified wherever necessary.

The above statement of cash flow should be read in conjunction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : April 29, 2017

For and on behalf of the Board

MS. ANKITA GAWANKAR
Company Secretary
M. No. A28834

DHRUTI BABLA
Chief Financial Officer

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

BRIEF DESCRIPTION OF THE PROJECT:

L&T Himachal Hydropower Limited, (The Company), a wholly owned subsidiary of L&T Power Development Limited having its registered office at Rama Cottage, Kanlog, Shimla, Himachal Pradesh – 171001, India. The Company has been formed to undertake the development, construction and operation of Hydro Electric Projects (HEPs) in the State of Himachal Pradesh. Currently, the Company is developing 267 MW Sach-Khas HEP, 430 MW Reoli-Dugli HEP, 3.5 MW Chhoo Small HEP and 4.4 MW Tindi Small HEP on Build, Own, Operate and Transfer (BOOT) basis for a period of 40 years from the Scheduled Commercial Operation Date. Sach-Khas HEP and Reoli-Dugli HEP are located on the Chenab River in District Chamba and Lahaul & Spiti respectively. Chhoo small HEP is located in Pangi Valley of District Chamba and Tindi small HEP is located in Harsar Stream of District Lahaul & Spiti in the State of Himachal Pradesh.

NOTE NO. 1: SIGNIFICANT ACCOUNTING POLICIES

i. Basis of preparation

a) Compliance with Ind AS

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act,2013 and the Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

b) First time adoption

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Also Refer Note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

Exemptions applied

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirement under Ind AS. The Group has applied the following exemption:

Property, plant and equipment

On transition to Ind AS, the Company has elected to apply the deemed cost revalue of all of its property, plant and equipment recognized as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

ii. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

a) Certain financial assets and liabilities measured at fair value

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability

b) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

iii. Revenue recognition

Other Income

Dividends from investments are recognized in profit or loss as other income when the Company's right to receive payments is established.

Estimates of revenues and costs are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

iv. Income-tax

a) Current tax:

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b) Deferred tax:

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognized if they arise from the initial recognition of goodwill. Deferred tax is computed in accordance with the provisions of the Income Tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognized for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

c) Current and deferred tax for the year

Current and deferred tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

v. Leases

Operating lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

vi. Impairment of assets

As at each Balance Sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any and the reversal of impairment loss recognized in previous periods, if any.

An impairment loss, if any, is recognized for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

vii. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial Assets

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

Subsequent measurement

- **Fair value through other comprehensive income (FVOCI):** Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in profit and loss. When the financial asset is derecognized, the cumulative gain or loss previously recognized in OCI is reclassified from equity to profit or loss and recognized in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- **Fair value through profit or loss:** Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognized in profit or loss and presented net in the Statement of Profit and Loss within other gains/ (losses) in the period in which it arises. Interest income from these financial assets is included in other income.

b) Financial liabilities

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Subsequent measurement

- **Fair value through profit or loss:** Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

viii. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and fixed deposits having maturity less than one year.

ix. Property, plant and equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognized as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Pre-operative expenses incurred upto the date of commencement of commercial operation are capitalized on the date of commencement of commercial operation and disclosed as "Capital Work-in Progress".

Depreciation methods, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided from the month the asset is ready for commercial production on a pro-rata basis as per useful life prescribed in Schedule II to the Companies Act, 2013 or based on the estimated useful life considered by the Company, whichever is appropriate considering the technical evaluation, business specific usage, consumption pattern of assets and past performance of similar assets.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/ (losses).

The estimated useful life of property, plant and equipment as follows:

Particulars	**As at 31-03-2017**		*As at 31-03-2016*		*As at 01-04-2015*	
	Minimum	**Maximum**	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Vehicles	**7**	**7**	*7*	*7*	*7*	*7*
Ropeway structures	**9**	**9**	*9*	*9*	*9*	*9*
Site Equipment	**5**	**12**	*5*	*12*	*5*	*12*
Computers and Printers	**3**	**6**	*3*	*6*	*3*	*6*
Furniture & Fixtures	**10**	**10**	*10*	*10*	*10*	*10*
Office Equipment	**4**	**5**	*4*	*5*	*4*	*5*
AC & Refrigeration Equipment	**12**	**12**	*12*	*12*	*12*	*12*

Note: There are no restrictions on title and the assets are not pledged/ hypothecated as security.

x. Current versus non-current classification - operating cycle

The Company presents assets and liabilities in the Balance Sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Operating cycle covers the duration of the specific project / contract / service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business.

xi. Provisions

Provisions for legal claims and returns are recognized when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognized for future operating losses.

Provisions for restructuring are recognized by the Company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the Company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognized even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognized as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the Company.

xii. Commitments

Commitments are future liabilities for contractual expenditure

Commitments are classified and disclosed as follows:

- Estimated amount of contracts remaining to be executed on capital account and not provided for;
- Uncalled liability on shares and other investments partly paid;
- Funding related commitment to subsidiary, associate and joint venture companies and
- Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

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

xiii. Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

xiv. Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to Equity Shareholders
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTE NO. 2 : CRITICAL ESTIMATES AND JUDGEMENTS

The preparation of financial statements requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in applying Company's accounting policies. The areas involving critical estimates or judgements are:

- Estimation of Current tax expense and payable

  Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the Company and that are believed to be reasonable under the circumstances.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. 3: NOTES TO FIRST TIME ADOPTION OF IND AS

Reconciliation between IGAAP and Ind AS is as follows:

Balance Sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01-04-2015 ₹	Ind AS adjustments ₹	As per Ind AS As at 01-04-2015 ₹
ASSETS:			
Non-current assets			
Property, plant and equipment	83,87,190	–	83,87,190
Capital work-in-progress	76,70,22,812	–	76,70,22,812
Other non-current assets	113,86,98,361	–	113,86,98,361
Current assets			
a) Financial Assets			
Current Investments	23,65,828	61	23,65,889
Cash and cash equivalents	11,89,302	–	11,89,302
Loans	1,42,410	–	1,42,410
Other financial assets	42,637	–	42,637
b) Other current assets	4,30,167	–	4,30,167
TOTAL	**191,82,78,707**	**61**	**191,82,78,768**
EQUITY AND LIABILITIES:			
Total Equity			
Equity share capital	169,11,00,000	–	169,11,00,000
Other equity	(89,305)	61	(89,244)
Share application money pending allotment	5,89,00,000	–	5,89,00,000
Trade payables	2,00,83,904	–	2,00,83,904
Other current liabilities	14,82,84,108	–	14,82,84,108
TOTAL	**191,82,78,707**	**61**	**191,82,78,768**

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As at 31-03-2016 ₹	Ind AS adjustments ₹	As per Ind AS As at 31-03-2016 ₹
ASSETS:			
Non-current assets			
Property, Plant and Equipment	66,92,583	-	66,92,583
Capital work-in-progress	81,99,56,274	-	81,99,56,274
Other non-current assets	113,86,98,181	-	113,86,98,181
Current assets			
a) Financial Assets			
Current Investments	5,70,572	1,106	5,71,678
Cash and cash equivalents	10,37,036	-	10,37,036
Loans	1,42,410	-	1,42,410
Other financial assets	2,86,439	-	2,86,439
b) Other current assets	4,30,216	-	4,30,216
TOTAL	**196,78,13,711**	**1,106**	**196,78,14,817**
EQUITY AND LIABILITIES:			
Total Equity			
Equity share capital	195,25,00,000		195,25,00,000
Other equity	(26,88,083)	1,106	(26,86,977)
Share application money pending allotment	83,00,000		83,00,000
Trade payables	91,00,205		91,00,205
Current tax liabilities(net)	3,348		3,348
Other current liabilities	5,98,241		5,98,241
TOTAL	**196,78,13,711**	**1,106**	**196,78,14,817**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	***As per IGAAP 2015-16*** ₹	***Ind AS adjustments*** ₹	***As per Ind AS 2015-16*** ₹
REVENUE:			
Revenue from operations	–	–	–
Other income	*89,575*	*1,046*	*90,621*
TOTAL REVENUE	**89,575**	**1,046**	**90,621**
EXPENSES:			
Sales, administration and other expenses	*51,754*	–	*51,754*
Finance costs	*3,600*	–	*3,600*
TOTAL EXPENSES	*55,354*	–	*55,354*
Profit before extraordinary items & tax	*34,221*	*1,046*	*35,267*
Extraordinary items	*26,25,000*	–	*26,25,000*
Profit before tax	*(25,90,779)*	*1,046*	*(25,89,733)*
Current tax	*8,000*	–	*8,000*
PROFIT AFTER TAX	***(25,98,779)***	***1,046***	***(25,97,733)***

Cash flow Statement for the year ended March 31, 2016:

Particulars	***As per IGAAP 2015-16*** ₹	***Ind AS adjustments*** ₹	***As per Ind AS 2015-16*** ₹
Net cash flow from operating activities	*(1,50,98,241)*	–	*(1,50,98,241)*
Net cash flow from investing activities	*(4,93,54,023)*	–	*(4,93,54,023)*
Net cash flow from financing activities	*6,43,00,000*	–	*6,43,00,000*
Net increase/(decrease) in cash and cash equivalents	*(1,52,264)*	–	*(1,52,264)*
Cash and cash equivalents as on 01.04.2015	***11,89,302***	**–**	***11,89,302***
Effects of exchane rate changes on Cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	***10,37,036***	**–**	***10,37,036***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

4. PROPERTY, PLANT AND EQUIPMENT

Particulars	Ropeway Structures	Site Equipments	Computers & Printers	Furniture & Fixtures	Vehicles	Air Conditioning and Refrigeration Equipment	Office Equipments	Total	Capital work in progress
Year Ended 31st March 2016									
Gross Carrying Amount									
Deemed cost as at 1st April, 2015	3,96,675	37,52,043	18,073	8,88,284	29,23,639	14,975	3,93,501	83,87,190	76,70,22,812
Additions	–	–	–	–	–	–	–		5,29,33,462
Deductions	–	–	–	–	–	–	–		
Closing gross carrying amount as at 31st March, 2016	3,96,675	37,52,043	18,073	8,88,284	29,23,639	14,975	3,93,501	83,87,190	81,99,56,274
Accumulated Depreciation as at 1st April, 2015	–	–	–	–	–	–	–		
Additions	87,171	5,93,650	11,881	1,18,964	6,88,708	1,833	1,92,400	16,94,607	
Deductions	–	–	–	–	–	–	–		
Accumulated Depreciation as at 31st March, 2016	87,171	5,93,650	11,881	1,18,964	6,88,708	1,833	1,92,400	16,94,607	
Net Carrying Amount	3,09,504	31,58,393	6,193	7,69,320	22,34,930	13,142	2,01,101	66,92,583	81,99,56,274
Year Ended 31st March 2017									
Opening Gross carrying amount as at 1st April, 2016	3,96,675	37,52,043	18,073	8,88,284	29,23,639	14,975	3,93,501	83,87,190	81,99,56,274
Additions	–	–	–	–	–	–	–		2,28,95,077
Deductions	–	–	–	(13,119)	–	–	(3)	(13,122)	
Closing gross carrying amount as at 31st March, 2017	3,96,675	37,52,043	18,073	8,75,166	29,23,639	14,975	3,93,498	83,74,068	84,28,51,351
Opening accumulated depreciation as on 1st April, 2016	87,171	5,93,650	11,881	1,18,964	6,88,708	1,833	1,92,400	16,94,607	
Additions	87,171	5,33,738	6,183	1,18,317	6,88,709	1,833	85,598	15,21,548	
Deductions	–	–	–	(3,237)	–	–	–	(3,237)	
Accumulated Depreciation as at 31st March, 2017	1,74,342	11,27,388	18,064	2,34,045	13,77,417	3,665	2,77,998	32,12,919	
Net Carrying Amount	2,22,333	26,24,655	10	6,41,121	15,46,222	11,310	1,15,500	51,61,150	84,28,51,351

4 CAPITAL WORK-IN-PROGRESS

Particulars	As at 31.03.2015	During the year	As at 31.03.2016	During the year	As at 31.03.2017
Pre-operative expenses:					
Staff Welfare and other expenses	3,28,655	13,821	3,42,476	31,378	3,73,854
Rent	77,87,060	17,95,865	95,82,925	14,77,491	1,10,60,416
Rates & Taxes	72,27,966	86,823	73,14,789	59,826	73,74,615
Travelling & Conveyance	40,01,691	4,04,542	44,06,234	2,00,671	46,06,904
Power and Electricity	17,76,793	3,18,246	20,95,039	2,09,996	23,05,035
Communication Expenses	33,80,384	19,059	33,99,444	13,878	34,13,322
Professional Fees	65,51,100	35,61,267	1,01,12,367	5,55,217	1,06,67,584
Business Auxiliary & Support Services	47,62,17,540	3,69,59,560	51,31,77,100	1,53,08,736	52,84,85,836
Auditors' Remuneration	18,200	–	18,200	–	18,200
Books & Periodicals	4,14,030	2,385	4,16,415	1,295	4,17,710
Printing & Stationery	9,50,119	5,760	9,55,879	7,284	9,63,163
Project Development Expenses	24,57,71,648	71,20,744	25,28,92,392	25,02,668	25,53,95,060
Repairs & Maintenance	41,71,624	2,11,029	43,82,653	2,18,297	46,00,950
Miscellaneous Expenses	25,71,891	6,31,247	32,03,138	6,78,115	38,81,253
Depreciation	57,13,409	16,94,607	74,08,016	15,31,434	89,39,450
Insurance	1,06,137	99,883	2,06,020	98,158	3,04,178
Bank Charges	34,565	8,624	43,189	633	43,822
TOTAL	76,70,22,812	5,29,33,462	81,99,56,274	2,28,95,077	84,28,51,351

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

FINANCIAL ASSETS - NON - CURRENT

5 OTHER FINANCIAL ASSETS

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Fixed deposits with banks (maturity more than 12 months)			
Fixed deposits with banks	**3,00,000**	*3,00,000*	*3,00,000*
(Pledged with Supdt. Of Tax & Excise)			
Total Other Financial Assets	**3,00,000**	*3,00,000*	*3,00,000*

6 OTHER NON - CURRENT ASSETS

	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹	As at 01.04.2015 ₹	₹
Balance with Others(NC):						
Upfront premium paid to Himachal Pradesh Government	**113,80,00,000**		*113,80,00,000*		*113,80,00,000*	
Security Deposit Himachal Pradesh Government	**3,95,000**	**113,83,95,000**	*3,95,000*	*113,83,95,000*	*3,95,000*	*113,83,95,000*
Income tax (Prior Years):						
Income tax Balance net of previous year provisions		**–**		*3,181*		*3,361*
Total Other Non - Current Assets		**113,83,95,000**		*113,83,98,181*		*113,83,98,361*

Note: The Company has deposited upfront premium of ₹ 1,13,80,00,000 with the Government of Himachal Pradesh under the Pre-implementation Agreement dated March 15, 2011. In the event of project not becoming viable after the Detailed project report (DPR), such upfront payment shall be refunded to the Company.

FINANCIAL ASSETS - CURRENT

7 INVESTMENTS

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Current investments			
Mutual Funds (quoted):			
L&T Ultra Short term Fund - DDR (Fair Value)	**–**	*5,71,678*	*23,65,889*
(March 31,2016 : 55138.162 units, April 1, 2015 : 228756.28 units)			
Total Investments	**–**	*5,71,678*	*23,65,889*

8 CASH AND CASH EQUIVALENTS

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Balances with banks:			
Balance with Scheduled Banks Current Account	**21,975**	*10,37,036*	*11,89,302*
Total Cash and Cash Equivalents	**21,975**	*10,37,036*	*11,89,302*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

9 LOANS

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Recoverable within 12 months	**Recoverable after 12 months**	*Recoverable within 12 months*	*Recoverable after 12 months*	*Recoverable within 12 months*	*Recoverable after 12 months*
	₹	₹	₹	₹	₹	₹
Security deposits:						
Security deposits - Unsecured	**1,05,410**	**–**	*1,42,410*	*–*	*–*	*1,42,410*
Total Current - Loans	**1,05,410**	**–**	*1,42,410*	*–*	*–*	*1,42,410*

10 OTHER FINANCIAL ASSETS

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Recoverable within 12 months	**Recoverable after 12 months**	*Recoverable within 12 months*	*Recoverable after 12 months*	*Recoverable within 12 months*	*Recoverable after 12 months*
	₹	₹	₹	₹	₹	₹
Advance to others:						
Advance to others(ICO)	**16,420**	**–**	*2,86,439*	*–*	*42,637*	*–*
Total Current - Other Financial Assets	**16,420**	**–**	*2,86,439*	*–*	*42,637*	*–*

11 CURRENT TAX ASSETS (NET)

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹		₹		₹
Tax assets(net) :						
Advance tax installment current year		**–**		*–*	*9,000*	
TDS certificate received in current year					*2,100*	
Less :		**–**		*–*		
Provision for current year tax					*(11,000)*	*100*
Total Current Tax Assets(Net)		**–**		*–*		*100*

12 OTHER CURRENT ASSETS

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Recoverable within 12 months	**Recoverable after 12 months**	*Recoverable within 12 months*	*Recoverable after 12 months*	*Recoverable within 12 months*	*Recoverable after 12 months*
	₹	₹	₹	₹	₹	₹
Other current assets :						
Advance to Suppliers	**–**	**4,11,473**	*–*	*4,10,328*	*–*	*4,10,328*
Prepaid Expenses	**2,749**	**–**	*19,888*	*–*	*19,739*	*–*
Total Other Current Assets	**2,749**	**4,11,473**	*19,888*	*4,10,328*	*19,739*	*4,10,328*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

13 STATEMENT OF CHANGES IN EQUITY

EQUITY SHARE CAPITAL

Share capital authorised, issued and subscribed:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
Authorised:						
Equity shares of ₹ 10 each	**21,00,00,000**	**210,00,00,000**	21,00,00,000	210,00,00,000	17,50,00,000	175,00,00,000
Issued:						
Equity shares of ₹ 10 each	**19,81,25,000**	**198,12,50,000**	19,52,50,000	195,25,00,000	16,91,10,000	169,11,00,000
Subscribed and Paid up:						
Equity shares of ₹ 10 each	**19,81,25,000**	**198,12,50,000**	19,52,50,000	195,25,00,000	16,91,10,000	169,11,00,000
		198,12,50,000		195,25,00,000		169,11,00,000

Share application money will get converted into equity shares of face value ₹ 10 each in the financial year 2017-18.

Reconciliation of Equity shares

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares	₹	Number of Shares	₹	Number of Shares	₹
Authorised Equity Share Capital						
Authorised Capital as at the beginning of the year	**21,00,00,000**	**210,00,00,000**	17,50,00,000	175,00,00,000	17,50,00,000	175,00,00,000
Add:						
Increase during the year	**–**	**–**	3,50,00,000	35,00,00,000	–	–
Authorised Capital as at the end of the year	**21,00,00,000**	**210,00,00,000**	21,00,00,000	210,00,00,000	17,50,00,000	175,00,00,000
Movements in Equity Share Capital						
Subscribed and fully paid at the beginning of the year	**19,52,50,000**	**195,25,00,000**	16,91,10,000	169,11,00,000	16,91,10,000	169,11,00,000
Add:						
Issued during the year	**28,75,000**	**2,87,50,000**	2,61,40,000	26,14,00,000		
Subscribed and fully paid up at the end of the year	**19,81,25,000**	**198,12,50,000**	19,52,50,000	195,25,00,000	16,91,10,000	169,11,00,000

14 OTHER EQUITY

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Reserves and surplus :						
Retained earnings						
Opening Balance	**(26,86,977)**		(89,244)		(2,41,385)	
Profit for the period	**(25,581)**		(25,97,733)		1,52,142	
Other Comprehensive Income	**–**	**(27,12,558)**	–	(26,86,977)	–	(89,244)
		(27,12,558)		(26,86,977)		(89,244)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

FINANCIAL LIABILITIES

15 TRADE PAYABLES

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	To be settled within 12 months	**To be settled after 12 months**	*To be settled within 12 months*	*To be settled after 12 months*	*To be settled within 12 months*	*To be settled after 12 months*
	₹	**₹**	*₹*	*₹*	*₹*	*₹*
Due to related parties	**45,10,124**	**–**	*61,55,282*	*–*	*1,28,13,949*	*–*
Due to others:						
Suppliers Ledger - Revenue goods/services	**14,40,590**	**24,30,348**	*7,02,650*	*22,42,273*	*45,14,810*	*27,55,145*
Total Trade Payables	**59,50,714**	**24,30,348**	*68,57,932*	*22,42,273*	*1,73,28,759*	*27,55,145*

16 CURRENT TAX LIABILITIES (NET)

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	**₹**	*₹*	*₹*	*₹*	*₹*
Current tax liabilities (net) :						
Provision for current year tax	**8,000**		*8,000*			
Less:						
Advance tax installment current year	**–**		*(2,500)*			
TDS certificate received in current year	**(2,250)**	**5,750**	*(2,152)*	*3,348*	*–*	*–*
Total Current Tax Liabilities (Net)		**5,750**		*3,348*		*–*

17 OTHER CURRENT LIABILITIES

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	To be settled within 12 months	**To be settled after 12 months**	*To be settled within 12 months*	*To be settled after 12 months*	*To be settled within 12 months*	*To be settled after 12 months*
	₹	**₹**	*₹*	*₹*	*₹*	*₹*
Share application money pending allotment					*14,65,00,000*	
Statutory tax payables	**3,41,273**		*5,98,242*		*17,84,108*	
Total Others Current Liabilities	**3,41,273**	**–**	*5,98,242*	*–*	*14,82,84,108*	*–*

18 OTHER INCOME

	2016-17	*2015-16*
	₹	*₹*
Others		
Interest Received from Banks (Long Term)	**22,500**	*21,529*
Dividend income		
Dividend income from Mutual Funds	**10,643**	*66,324*
Net gain/(loss) on sale of investments		
Current Investments(net):		
Gain/(loss) on sale of mutual funds	**4,138**	*1,722*
Gain/(loss) on assets mandatorily measured at fair value through profit and loss		
Gain on fair value of mutual funds	**–**	*1,046*
Total Other Income	**37,281**	*90,621*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

19 SALES, ADMINISTRATION AND OTHER EXPENSES

	2016-17 ₹	2015-16 ₹
Audit fees including tax audit,others,etc		
Audit fees	**41,674**	*34,350*
Certification fees	**11,500**	*17,404*
Loss on fair value of mutual funds	**1,106**	–
Total Sales,Administration and Other Expenses	**54,280**	*51,754*

20 FINANCE COST

	2016-17 ₹	2015-16 ₹
Interest expenses		
Other Interest paid	**–**	*3,600*
Total Finance Cost	**–**	*3,600*

NOTE NO. 21: NOTES FORMING PART OF THE FINANCIAL STATEMENTS

21.1. There were no suppliers/service providers who were registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)" as on 1st April, 2015, 31st March, 2016 and 31st March, 2017.

21.2. Segmental reporting:

The Company is engaged in the business of developing and implementing hydro-electric projects. Hence, reporting on primary segment does not arise. The Company does not have any exports; hence, disclosure of secondary/geographical segment information does not arise.

21.3. Leases:

The Company has taken various residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The Company has paid total lease rent of ₹ 14,77,491/- *(previous year ₹ 17,95,865/-)* during the year.

21.4. Auditors' remuneration (excluding service tax):

Particulars	2016-17 ₹	2015-16 ₹
Audit Fees	**45,000**	*30,000*
Certification Fees	**10,000**	*15,200*

21.5. Related party transactions:

a) Parent Company:

The Company is controlled by the following Company:

Name	Type	Principal place of business	Ownership of Interest		
			31-Mar-17	*31-Mar-16*	*01-Apr-15*
L&T Power Development Limited *	Holding Company	India	**100%**	*100%*	*100%*

* L&T Power Development is a wholly owned subsidiary of Larsen & Toubro Ltd. So the ultimate holding Company of L&T Himachal Hydropower Ltd. is Larsen & Toubro Ltd.

b) Subsidiary companies:

The Company does not have any subsidiary companies.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

c) **Transactions with related parties:**

The following transactions occurred with related parties:

Sl. No.	Name/Relationship/Nature of transaction	2016-17 ₹	*2015-16* ₹	*2014-15* ₹
	Ultimate holding Company			
a)	**Larsen & Toubro Limited**			
	Business auxiliary and support services (including service tax)	**3,81,736**	*2,94,706*	*3,20,862*
	Reimbursement of expenses to	**95,534**	*1,01,158*	*89,246*
	Transfer of Asset			*41,828*
	Holding Company			
a)	**L&T Power Development Limited**			
	Issue of equity shares	**2,04,50,000**	*5,60,00,000*	–
	Advance for share application	**–**	*83,00,000*	*20,54,00,000*
	Project advisory services	**1,49,27,000**	*3,66,64,854*	*8,27,39,626*
	Reimbursement of expenses to	**6,65,469**	*4,56,498*	*17,55,378*
	Purchase of Assets	**–**	–	*3,182*
	Fellow Subsidiary Companies			
a)	**L&T Uttaranchal Hydropower Limited**			
	Reimbursement of expenses to	**3,000**	*61,476*	*3,43,022*
	Reimbursement of expenses from	**–**	*38,65,881*	–

d) Outstanding balances arising of related parties:

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties

Sl. No.	Name/Relationship/Nature of transaction	31-Mar-17 ₹	*31-Mar-16* ₹	*01-Apr-15* ₹
	Trade Payables			
1	Larsen & Toubro Limited	**6,89,048**	*2,11,464*	*6,02,334*
2	L&T Power Development Limited	**38,21,076**	*59,43,818*	*1,18,68,583*
3	L&T Uttaranchal Hydropower Limited	**–**	*(46,373)*	*3,43,032*

e) Commitments with related parties:

Name/Relationship/Nature of transaction	31-Mar-17 ₹	*31-Mar-16* ₹	*01-Apr-15* ₹
Other Commitments			
Share application money pending allotment	**–**	*83,00,000*	*5,89,00,000*
Total Commitments	**–**	*83,00,000*	*5,89,00,000*

21.6. Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2017 is as follows:

a) Construction contracts: ₹ NIL *(Previous year: ₹ NIL)*

b) Project Advisory Service Fees: ₹ NIL *(Previous year: ₹ NIL)*

21.7. There were no amounts which were required to be transferred to the Investment Education and Protection Fund.

21.8. ₹ 9,884.81 *(Previous year: ₹ NIL)* has been transferred to Preoperative during the year towards obsolescence of fixed assets.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

21.9. Basic and diluted earnings per share (EPS):

Particulars	2016-17	2015-16
Basic		
Profit / **(Loss)** as per Profit and Loss Account (₹)	**(17,000)**	*(25,89,733)*
Weighted average number of equity shares outstanding	**19,70,34,454**	*19,05,59,836*
Basic EPS (₹)		
Diluted		
Profit / **(Loss)** as per Profit and Loss Account (₹)	**(17,000)**	*(25,89,733)*
Weighted average number of equity shares outstanding	**19,70,34,454**	*19,05,59,836*
Weighted average number of equity shares to be allotted on conversion of share application money to equity	**–**	*20,466*
Weighted average number of equity shares outstanding after conversion	**19,70,34,454**	*19,05,80,302*
Diluted EPS (₹)		
Face Value per Equity Share (₹)	**10**	*10*

21.10. Contingent liabilities as at March 31, 2017 is ₹ NIL.

21.11. **Income Taxes**

a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Particulars	2016-17 ₹	2015-16 ₹
Current Income tax :		
Current income tax charge	**8,000**	*8,000*
Prior Period Adjustments	**581**	–
Deferred Tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**8,581**	*8,000*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016 is as follows:

Sl. No.	Particulars	2016-17 ₹	2015-16 ₹
1	**Profit before tax**	**(17,000)**	*(25,89,733)*
2	Applicable tax rate (Surcharge not applicable)	**29.9%**	*30.9%*
3	**PBT * applicable tax rate (1*2)**	**(5,078)**	*(8,00,228)*
4	**Items of Income exempt from tax :**		
	a) Dividend Income	**(3,179)**	*(20,494)*
5	**Items of expense not deductible for tax purposes:**		
	a) Amount debited to P&L A/c. (Admin. expenses) as the operations have not started	**16,214**	*8,28,229*
6	Effect of prior period adjustments	**581**	-
7	Income tax expense during the year	**8,538**	*7,507*
8	Effective tax Rate	**-50.22%**	*-0.29%*
9	Provision for Income Tax	**8,000**	*8,000*
10	**Effect of prior period adjustments**	**581**	-
11	**Net income tax expense recognized during the year (9+10)**	**8,581**	*8,000*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

21.12. The Company has the following financial assets and liabilities:

Categories of financial assets		As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Measured at fair value through profit & loss (FVTPL)				
a.	**Mandatorily measured:**			
	Investments	–	5,71,678	23,65,889
	Investment in preference shares of group companies	–	–	–
	Derivative instruments in designated hedge accounting relationships	–	–	–
	Loans at fair value	–	–	–
b.	**Designated as at FVTPL:**	–	–	–
Sub-total (A)		–	5,71,678	23,65,889
Measured at amortised cost				
a.	Non-current investment – others	–	–	–
b.	Loans	–	–	–
c.	Cash and bank balances	21,976	10,37,037	11,89,302
d.	Loans	1,05,410	1,42,410	1,42,410
e.	Other financial assets	3,16,420	5,86,439	3,42,637
f.	Trade receivable	–	–	–
Sub-total (B)		4,43,806	17,65,886	16,74,349
Measured at FVTOCI				
a.	Debt instruments	–	–	–
b.	Investment in equity instrument (Designated as FVTOCI upon initial recognition)	–	–	–
Sub-total (C)		–	–	–
Financial Assets (A + B + C)		4,43,806	17,65,886	16,74,349
Add: Non-current investments in group companies		–	–	–
Total Financial Assets		4,43,806	17,65,886	16,74,349
As per Financial Statements		4,43,806	17,65,886	16,74,349
Difference		–	–	–

Categories of financial liabilities		As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Measured at fair value through profit & loss (FVTPL)				
a.	Held for trading	–	–	–
b.	Designated as at FVTPL upon initial recognition	–	–	–
c.	Derivative instruments in designated hedge accounting relationships	–	–	–
d.	Other financial liabilities	–	–	–
Sub-total (A)		–	–	–
Measured at amortised cost				
a.	Borrowings	–	–	–
b.	Other financial liabilities			
c.	Trade payables	83,81,062	91,00,205	2,00,83,904
Sub-total (B)		83,81,062	91,00,205	2,00,83,904
Financial Liabilities (A + B)		83,81,062	91,00,205	2,00,83,904
Add: Financial guarantee contracts		–	–	–
Total Financial Liabilities		83,81,062	91,00,205	2,00,83,904
As per Financial Statements		83,81,062	91,00,205	2,00,83,904
Difference		–	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	For the year ended 31.03.2017	For the year ended 31.03.2016
	₹	₹
Net gain/(losses) on financial assets and financial liabilities:		
Measured at Fair Value through Profit & loss (FVTPL)		
a. Mandatorily measured	**3,031**	*2,768*
b. Designated as at FVTPL	**–**	–
Financial assets and financial liabilities that are measured at amortised cost	–	–
Financial assets that are measured at FVTOCI:		
Gain recognized in OCI during the year	**–**	–
Gain reclassified to profit or loss from OCI upon derecognition	**–**	–
Investment in equity instruments designated at FVTOCI	**–**	–
Dividend Income from Investment measured at FVTPL	**10,643**	*66,324*
Interest Revenue:		
Financial assets that are measured at amortised cost	**22,500**	*21,529*
Financial assets that are measured at FVTOCI	**–**	–
Interest Expenses:		
Financial liabilities that are not measured at FVTPL	**–**	–
Fee Income from:		
Financial assets that are not at FVTPL	–	–
Financial liabilities that are not at FVTPL	–	–
Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trust, retirement benefit plans, and other institutions	–	–
Fee Expenses from:		
Financial assets that are not at FVTPL	**–**	–
Financial liabilities that are not at FVTPL	**–**	–
Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trust, retirement benefit plans, and other institutions	**–**	–
Net gain/(losses) on financial assets and financial liabilities (A)	**39,205**	*93,389*
Extract of statement of Profit & Loss for the year ended on March 31, 2017:		
Other Income (includes gain/(loss) on fair valuation)	**39,205**	*93,389*
Income from financing activity/annuity based projects		
Debt instruments through Other Comprehensive Income		
Total Income (B)	**39,205**	*93,389*
Difference (A & B)	**–**	–

21.13. Specified Bank Notes

The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

21.14. Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership no. 039920

MS. ANKITA GAWANKAR
Company Secretary
M. No. A28834

DHRUTI BABLA
Chief Financial Officer

ASHWANI KUMAR
Director
DIN : 00910864

P S KAPOOR
Director
DIN : 02914307

Place : Mumbai
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

BOARD REPORT

Dear Members,

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

1. FINANCIAL RESULTS:

Particulars	**2016-17**	*2015-16*
	₹	₹
Profit Before Depreciation & Tax	**4,45,284**	*50,25,763*
Less: Depreciation, amortization and obsolescence	**-**	-
Profit before extraordinary items and tax	**4,45,284**	*50,25,763*
Add: Extraordinary Gain/ (Loss)	**-**	*25,10,876*
Profit before tax	**4,45,284**	*75,36,639*
Less: Provision for tax	**4,51,283**	*6,25,000*
Profit after tax	**(5,999)**	*69,11,639*
Add: Balance brought forward from previous year	**99,38,168**	*30,26,529*
Balance carried to Balance Sheet	**99,32,170**	*99,38,168*

2. CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ **33,68,63,563/-** and the net fixed and intangible assets, including leased assets, at ₹ **28,87,17,741/-**. In addition to this, the Company has incurred capital work in progress and pre-operative expenses to the tune of ₹ **551,06,72,121/-** and ₹ **279,72,22,001/-** respectively.

3. DEPOSITS:

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

4. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary companies under its purview.

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

The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the financial year 2016-17. Statement containing details of all material transactions/contracts/arrangements is annexed to this report as Annexure I to this report.

The Audit Committee has approved the related party transactions entered into or proposed to be entered into during the financial year 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the company.

7. STATE OF COMPANY AFFAIRS:

Other income for the financial year under review was ₹ **6.97 Lacs** as against ₹ **51.52 Lacs** for the previous financial year. The profit after tax of ₹ **(0.06) Lacs** for the financial year under review as against ₹ **69.12 Lacs** for the previous financial year.

8. DIVIDEND:

The Directors have not recommended any dividend for the financial year 2016-17.

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

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

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

c. During the year, the Company has had "nil" foreign exchange earnings and outgo.

11. RISK MANAGEMENT POLICY:

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

12. CORPORATE SOCIAL RESPONSIBILITY (CSR):

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure II to this report.

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

Mr. Pramod Sushila Kapoor, Mr. Ajit Samal, Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo are the present Directors of the Company.

Mr. Pranab Chakraborti resigned as the Manager of the Company with effect from October 15, 2016. Mr. Gyanendra Pratap Singh was appointed as Manager of the Company for a period of three years with effect from October 15, 2016 to October 14, 2019. Mr. Bhavesh Kadakia is the Chief Financial Officer and Mrs. Shalaka Koparkar is the Company Secretary of the Company.

Mr. Pramod Sushila Kapoor was appointed as a Director in casual vacancy caused by the resignation of Mr. Ashok Sonthalia with effect from October 17, 2015 and he holds office till the date of this Annual General Meeting. A resolution for his appointment as Director of the Company is a part of the Notice sent to the shareholders of the Company.

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 4 meetings were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

During the year under review, 4 Meetings of the Audit Committee were held on April 30, 2016, July 16, 2016, October 15, 2016 and January 21, 2017.

The Committee comprises of one Non-Executive Director and two Independent Directors.

The current members of the committee are Mr. Pramod Sushila Kapoor, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

16. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Committee comprises of one Non-Executive Director and two Independent Directors.

During the year under review, one Meeting of the Nomination & Remuneration Committee was held on October 15, 2016.

The current members of the committee are Mr. Ashwani Kumar, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo.

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

17. DECLARATION OF INDEPENDENCE:

The Company has received Declarations of Independence from its independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is meeting the criteria of Independence.

18. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

19. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

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

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

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

20. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

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

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

The inputs given by all the directors were discussed in the meeting of the Independent Directors scheduled on April 29, 2017 as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

21. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

22. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

23. AUDITORS:

The Company's Auditors M/s. Sharp & Tannan have already completed more than ten years as Statutory Auditors of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s M P Chitale & Company as statutory Auditors for a period of five continuous years i.e. from the conclusion of the eleventh Annual General Meeting till the conclusion of the sixteenth Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s Sharp & Tannan as the Statutory Auditors of the Company.

Certificate from the M/s M P Chitale & Company has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

24. SECRETARIAL AUDIT REPORT:

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by M/s. Alwyn Jay & Co., Practicing Company Secretary is attached as Annexure III.

25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

26. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure IV.

27. ACKNOWLEDGEMENT:

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board
L&T UTTARANCHAL HYDROPOWER LIMITED

Place : Mumbai	**P. S. KAPOOR**	**ASHWANI KUMAR**
Date : April 29, 2017	*Director*	*Director*
	DIN: 02914307	*DIN: 00910864*

ANNEXRUE I

FORM AOC-2

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

Part A - Details of contracts or arrangements or transactions not at arm's length basis : NIL

Part B - Details of Material contracts or arrangements or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Nature of the transaction/ contract / arrangement	Duration	Salient terms	Value (₹)
Larsen and Toubro Limited	Ultimate Holding company	Construction contract	Apr-16 to Mar-17	Contract	67,48,58,551
		Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Cost	3,81,736
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	93,846
L&T Power Development Limited	Holding company	Business auxiliary and support services (including service tax)	Apr-16 to Mar-17	Market Value (Cost plus margin)	4,51,60,500
		Reimbursement of expenses to	Apr-16 to Mar-17	Cost	9,90,701
		Reimbursement of expenses from	Apr-16 to Mar-17	Cost	2,55,11,831
L&T Himachal Hydropower Limited	Fellow subsidiary	Reimbursement of expenses from	Apr-16 to Mar-17	Cost	3,000
L&T Arunachal Hydropower Limited	Fellow subsidiary	Reimbursement of expenses from	Apr-16 to Mar-17	Cost	5,625
L&T Sargent & Lundy	Fellow subsidiary	Reimbursement of expenses to	Apr-16 to Mar-17	Cost	3,36,338

ANNEXURE II

CSR ACTIVITIES FOR 2016-17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.**

   The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will primarily focus on the following verticals as a part of its CSR programme viz:

   Rural Development - may include but not limited to construction and maintenance of roads, pathways, protection works, drains, toilets, water tanks, community centres, health centres, skill training centres, sports and other infrastructure.

   Water – may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation and purification of water.

   Education – may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes& nurturing talent at various levels.

   Health – may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

   Skill Development – may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

   Governance and Technology would be the key drivers across all the CSR initiatives.

2. **Composition of the CSR Committee.**

   The Company has constituted a CSR committee comprising of Mr. Ashwani Kumar, Mr. Ajit Samal, Mr. Seshadri Subrahmanyan and Ms. Deepa Ganjoo as the Members.

3. **Average net profit of the Company for the last three financial years.**

   The Company has a negative average net profit for the last three financial years.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

   As the Company does not have any profit hence it is not liable to spend any amount on CSR for the financial year 2016-17.

5. **Details of CSR spent during the financial year:**
   a. **Total amount to be spent for the financial year - NA**
   b. **Amount unspent, if any: NA**
   c. **Manner in which the amount was spent in the financial year is detailed below: NA**

6. **Reasons for not spending the amount during the financial year – NA**

7. **CSR Committee Responsibility Statement:**

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
   - The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

ASHWANI KUMAR	**DEEPA GANJOO**
Director	*Chairman – CSR Committee*
DIN: 00910864	*DIN: 07142344*

Date : *April 29, 2017*

Place : *Mumbai*

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,
The Members,
L&T UTTARANCHAL HYDROPOWER LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Uttaranchal Hydropower Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

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

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

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

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

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder- Not Applicable to the Company;

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

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

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable to the Company;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not Applicable to the Company;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable to the Company;

d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable to the Company;

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable to the Company;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable to the Company and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable to the Company;

(v) Other specific business/industry related laws are applicable to the Company :

The Company has complied with the following company-specific laws:

- The Building and other Construction Workers' (Regulation of Employment and Conditions of Service) Central Rules, 1998;
- The Forest Conservation Act, 1980;
- The Building and Construction Workers Welfare Cess Act,1996 and The Building and Construction Workers Welfare Cess Rules, 1998;
- Wildlife Protection Act 1972; and
- Indian Fisheries Act 1897.

Further, the Company has also complied with other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with the Stock Exchanges – Not applicable to the Company.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above and there is no material non-compliance that has come to our knowledge.

We further report that

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

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

The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. Issue and Allotment of 40,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 4,00,00,000/- on rights basis to the existing shareholders of the Company on 2nd May, 2016.
2. Issue and Allotment of 52,50,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 5,25,00,000/- on rights basis to the existing shareholders of the Company on 2nd May, 2016.
3. Issue and Allotment of 1,05,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 10,50,00,000/- on rights basis to the existing shareholders of the Company on 18th June, 2016.
4. Issue and Allotment of 80,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 8,00,00,000/- on rights basis to the existing shareholders of the Company on 20th July, 2016.
5. Issue and Allotment of 1,45,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 14,50,00,000/- on rights basis to the existing shareholders of the Company on 5th October, 2016.
6. Issue and Allotment of 1,70,50,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 17,05,00,000/- on rights basis to the existing shareholders of the Company on 9th December, 2016.
7. Issue and Allotment of 1,87,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 18,70,00,000/- on rights basis to the existing shareholders of the Company on 11th February, 2017.
8. Issue and Allotment of 10,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 1,00,00,000/- on rights basis to the existing shareholders of the Company on 21st February, 2017.
9. Issue and Allotment of 1,75,00,000 10% Non-Cumulative Optionally Convertible Redeemable Preference shares of ₹ 2/- each at premium of ₹ 8/- per share aggregating ₹ 17,50,00,000/- on rights basis to the existing shareholders of the Company on 30th March, 2017.

Place: Mumbai
Date : April 20, 2017

For **ALWYN JAY & CO.,**
Company Secretaries

[Jay D'Souza]
Partner
FCS No. 3058
Certificate of Practice No. 6915

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East), Mumbai 400 101.

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

CIN	U31401UR2006PLC032329
Registration Date	13/11/2006
Name of the Company	L&T Uttaranchal Hydropower Limited
Category / Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	Village Bedubagar, P.O. Augustmuni, Rudraprayag, Uttarkhand-246421. Tel:- 022-67525656. Email: bhavesh.kadakia@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
NIL	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the company	CIN/GLN	Holding/ Subsidiary /associate	% of Shares held	Applicable Section
1	L&T Power Development Limited Add: L&T House, N.M. Marg, Ballard Estate, Mumbai – 400 001.	U40101MH2007PLC174071	Holding	100	2(46)

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

i) Category-wise Share Holding – Equity Shares

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters (1) Indian a) Individual/HUF b) Central Govt c) State Govt (s) d) Bodies Corp. e) Banks / FI f) Any Other….	16,10,49,989	11	16,10,50,000	100	16,10,49,989	11	16,10,50,000	100	NIL
Sub-total (A) (1):-	**16,10,49,989**	**11**	**16,10,50,000**	100	**16,10,49,989**	11	**16,10,50,000**	**100**	**NIL**
(2) Foreign a) NRIs - Individuals b) Other – Individuals c) Bodies Corp. d) Banks / FI e) Any Other….	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding 1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-** 2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify) **Sub-total (B)(2):-** **Total Public Shareholding (B)= (B)(1)+ (B)(2)**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**16,10,49,989**	**11**	**16,10,50,000**	**100**	**16,10,49,989**	**11**	**16,10,50,000**	**100**	**NIL**

(ii) Shareholding of Promoters – Equity Shares

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	L&T Power Development Limited	16,10,50,000	100	NIL	16,10,50,000	100	NIL	NIL
	Total	**16,10,50,000**	**100**	**NIL**	**16,10,50,000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹)

Sl. no.	Particulars of Remuneration	Name of the Manager		Total Amount
		Mr. Pranab Chakraborti (upto October 15, 2016)	Mr. Gyanendra Pratap Singh (w.e.f October 15, 2016)	
1.	Gross salary	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission			
	- as % of profit			
	- others, specify…	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL
	Total (A)	NIL	NIL	NIL
	Ceiling as per the Act	NIL	NIL	NIL

B. Remuneration to other Directors:

(₹)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Mr. Seshadri Subrahmanyan	Ms. Deepa Ganjoo		
1.	Independent Directors				
	• Fee for attending board / committee meetings	40,000	40,000		80,000
	• Commission				
	• Others, please specify				
	Total (1)	**40,000**	**40,000**		**80,000**
		Mr. Pramod Sushila Kapoor	**Mr. Ajit Samal**	**Mr. Ashwani Kumar**	
2.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL
	• Commission				
	• Others, please specify				
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**40,000**	**40,000**		**80,000**
	Total Managerial Remuneration	40,000	40,000		80,000
	Overall Ceiling as per the Act				

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Manager / CEO	Company Secretary	CFO	Total
		Mr. Gyanendra Pratap Singh	Mrs. Shalaka Koparkar	Mr. Bhavesh Kadakia	
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				

(₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		Manager / CEO	Company Secretary	CFO	Total
		Mr. Gyanendra Pratap Singh	Mrs. Shalaka Koparkar	Mr. Bhavesh Kadakia	
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T UTTARANCHAL HYDROPOWER LIMITED

Report on the Ind AS Financial Statements

We have audited the Ind AS financial statements of L&T Uttaranchal Hydropower Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flow and the statement of changes in equity dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
   (e) on the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and

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

i. the Company doesn't have any pending litigations which would impact its financial position in its financial statements;

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

iii. there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company ; and

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 1(xix) to the Ind AS financial statement.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : April 29, 2017

ANNEXURE 'A' TO THE AUDITOR'S REPORT

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

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

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

(ii) The Company is engaged in the business of development and operation of hydropower plant and has not yet commenced operations. Accordingly, Paragraph 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans to directors or body corporate which may be covered under section 185 and 186 of the Act. Accordingly, Paragraph 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly, Paragraph 3 (v) of the Order is not applicable to the Company.

(vi) The Company falls within the ambit of entities for which the Central Government has prescribed maintenance of cost records under sub section 1 of section 148 of the Act. However, the Company has not yet commenced operations, since the plant is still under construction and therefore the cost records are not maintained by the Company.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, there are no dues in respect of income tax or any other statutory dues, which have not been deposited on account of a dispute pending.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) The Company is not covered by the provisions of section 197 read with Schedule V to the Act and accordingly, Paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : April 29, 2017

ANNEXURE 'B' TO THE AUDITOR'S REPORT

We have audited the internal financial controls over financial reporting of L&T Uttaranchal Hydropower Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : April 29, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹	As at 01.04.2015 ₹	₹
ASSETS:							
Non-current assets							
Property, Plant and Equipment	4	28,87,16,673		31,11,40,561		33,82,23,184	
Capital work-in-progress	6	830,78,94,122		729,90,17,418		613,94,92,459	
Intangible assets	5	1,069		6,313		13,991	
Other non-current assets	7	26,99,83,548		39,07,67,365		33,14,67,314	
Total Non-current assets			886,65,95,411		800,09,31,656		680,91,96,948
Current assets							
Financial Assets							
Investments	8	1,49,42,013		1,51,47,660		7,23,68,447	
Cash and cash equivalents	9	4,39,672		8,49,797		10,88,068	
Other Bank Balances	10	5,58,426		5,29,169		3,91,29,355	
Other financial assets	11	78,95,431		40,45,570		16,00,25,160	
Current tax assets	12	16,835		–		–	
Other current assets	13	3,07,22,179		1,12,40,342		3,08,49,639	
Total current assets			5,45,74,557		3,18,12,538		30,34,60,669
Total Assets			892,11,69,968		803,27,44,194		711,26,57,617
EQUITY AND LIABILITIES:							
Equity							
Equity Share Capital	14	161,05,00,000		161,05,00,000		161,05,00,000	
Other Equity	15	702,24,32,170		605,74,38,168		30,26,529	
Total			863,29,32,170		766,79,38,168		161,35,26,529
Share application money pending allotment			–		5,25,00,000		5,23,00,00,000
Total Equity			863,29,32,170		772,04,38,168		684,35,26,529
LIABILITIES							
Current Liabilities							
Financial Liabilities							
Trade payables	16	28,06,54,716		30,47,56,926		25,44,02,842	
Other financial liabilities	17	9,10,757		–		–	
Other current liabilities	18	66,72,325		75,04,339		1,47,27,465	
Tax Liabilities (Net)	19	–		44,761		781	
Total current liabilities			28,82,37,798		31,23,06,026		26,91,31,088
Total Liabilities			28,82,37,798		31,23,06,026		26,91,31,088
Total Equity and Liabilities			892,11,69,968		803,27,44,194		711,26,57,617

The above balance sheet should be read in conjunction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Regn. No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership no. 091466

SHALAKA KOPARKAR
Company Secretary
M. No. A25314

BHAVESH KADAKIA
Chief Financial Officer

P. S. KAPOOR
Director
DIN: 02914307

ASHWANI KUMAR
Director
DIN: 00910864

Place : New Delhi
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED ON MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
INCOME			
Other income	**20**	**6,96,951**	*51,51,892*
Total Income		**6,96,951**	*51,51,892*
Expenditure			
Sales, administration and other expenses	**21**	**1,95,799**	*1,20,028*
Obsolesence		**55,868**	*–*
Finance Cost	**22**	**–**	*6,101*
Total Expenses		**2,51,667**	*1,26,129*
Profit before extraordinary items and tax		**4,45,284**	*50,25,763*
Extraordinary items	**23.12**	**–**	*25,10,876*
Profit before tax		**4,45,284**	*75,36,639*
Tax Expenses			
Current Tax	**23.14**	**25,165**	*6,25,000*
Income Tax - earlier years		**4,26,118**	*–*
Profit after tax		**(5,999)**	*69,11,639*
Profit for the period		**(5,999)**	*69,11,639*
Other Comprehensive Income		**–**	*–*
Total Comprehensive Income		**(5,999)**	*69,11,639*
Earning per equity share for profit from continuing operation attributable to shareholders			
Basic earning per share		**(0.00004)**	*0.04*
Diluted earning per share		**(0.00001)**	*0.02*

The above statement of profit & loss should be read in conjunction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Regn. No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership no. 091466

SHALAKA KOPARKAR
Company Secretary
M. No. A25314

BHAVESH KADAKIA
Chief Financial Officer

P. S. KAPOOR
Director
DIN: 02914307

ASHWANI KUMAR
Director
DIN: 00910864

Place : New Delhi
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	For the year ended 31.03.2017 ₹	For the year ended 31.03.2016 ₹
A. Cash flow from operating activities:			
Net Income/(expenditure) before tax (excluding extraordinary items)		**4,45,284**	*50,25,763*
Adjustments for :			
Dividend received	20	**(5,83,376)**	*(31,67,769)*
Interest received	20	**(29,257)**	*(19,00,679)*
(Profit)/Loss on Fair Valuation of Mutual Fund	20	**–**	*(12,554)*
(Profit)/loss on sale of investments (net)	20	**(84,318)**	*(70,890)*
Operating excess of expenditure over income before working capital changes		**(2,51,667)**	*(1,26,129)*
Adjustments for :			
(Increase)/ decrease in trade and other receivables	11, 12, 13	**(12,33,48,533)**	*2,55,88,887*
Increase/ (decrease) in trade payables	16, 17	**(2,31,91,453)**	*5,03,54,084*
Increase/ (decrease) in other current liabilities	18	**(13,70,058)**	*(74,12,946)*
(Increase)/ decrease in current investments	8	**2,05,647**	*5,72,20,787*
Cash used in operations		**(14,79,56,064)**	*12,56,24,682*
Direct taxes paid	12	**42,000**	*(3,91,200)*
Net cash used in operating activities (A)		**(14,79,14,064)**	*12,52,33,482*
B. Cash flow from investing activities:			
Purchase of fixed assets (incl. CWIP, pre-operative and preliminary expenses)		**(98,64,47,572)**	*(113,24,34,657)*
Interest received	20	**29,257**	*19,00,679*
Profit on sale of Mutual funds	20	**84,318**	*70,890*
Profit/(Loss) on Fair Valuation of Mutual Fund	20	**–**	*12,554*
(Increase)/decrease in Long term loans and advances	7	**12,07,83,817**	*(5,93,00,051)*
Dividend received from other investments	20	**5,83,376**	*31,67,769*
Net cash used in investing activities (before extraordinary items)		**(86,49,66,804)**	*(118,65,82,816)*
Extra ordinary item			
Excess provision reversed	23.12	**–**	*25,10,876*
Insurance claim received against loss due to flood	6	**10,00,00,000**	*15,00,00,000*
Net cash used in investing activities (after extraordinary items) (B)		**(76,49,66,804)**	*(103,40,71,939)*
C. Cash flow from financing activities:			
Issue of preference shares	15	**18,25,00,000**	*16,35,00,000*
Share premium on issue of preference shares	15	**73,00,00,000**	*65,40,00,000*
Application money against preference shares		**–**	*5,25,00,000*
Net cash generated from financing activities (C)		**91,25,00,000**	*87,00,00,000*
Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(3,80,868)**	*(3,88,38,457)*
Cash and cash equivalents at beginning of the year		**13,78,966**	*4,02,17,423*
Cash and cash equivalents at end of the year	9, 10	**9,98,098**	*13,78,966*

Reconciliation of cash and cash equivalents as per the cash flow statement	**31.03.2017**	*31.03.2016*
Cash and cash equivalents as per above comprise of the following		
Cash and cash equivalents	**4,39,672**	*8,49,797*
Other bank balances	**5,58,426**	*5,29,169*
Balance as per statement of cash flow	**9,98,098**	*13,78,966*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in Ind AS 7.
2. Previous Year's figures have been regrouped / reclassified wherever necessary.

The above statement of cash flows should be read in conjunction with the accompanying notes.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Regn. No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership no. 091466

Place : New Delhi
Date : April 29, 2017

For and on behalf of the Board

SHALAKA KOPARKAR
Company Secretary
M. No. A25314

BHAVESH KADAKIA
Chief Financial Officer

P. S. KAPOOR
Director
DIN: 02914307

ASHWANI KUMAR
Director
DIN: 00910864

Place : Mumbai
Date : April 29, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

BRIEF DESCRIPTION OF THE PROJECT:

The company has been formed to undertake the development, construction and operation of 99 MW Singoli Bhatwari Hydro Electric Project on Build-own-operate-transfer (BOOT) basis for a period of 45 years including the construction period. The project is located in the Garhwal region of the state of Uttarakhand, District Rudraprayag on Mandakini River, the right bank tributary of Alaknanda. The project is currently in implementation phase.

1. SIGNIFICANT ACCOUNTING POLICIES

(i) Basis of preparation:

a) Compliance with Ind AS

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 of Indian Companies Act, 2013. The guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

b) First Time Adoption

Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Also Refer Note 3 for an explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows.

Exemptions Availed:

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirement under Ind AS. The Group has applied the following exemption:

Property, plant and equipment

On transition to Ind AS, the company has elected to apply the deemed cost exemption to all of its items of PPE and therefore continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

(ii) Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for the following assets and liabilities which have been measured at fair value:

a) Certain Financial assets and liabilities measured at fair value

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability

b) Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

(iii) Foreign Currency Transactions

Items included in the financial statements of the company are measured using the currency of the primary economic environment in which the company operates ('the functional currency'). The financial statements are presented in Indian rupee (INR), which is the functional and presentation currency of the company.

Foreign currency transactions are translated into the functional currency using the exchange rates at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

(iv) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The company recognises revenue when the amount of revenue can be reliably measured, it is probable that future economic benefits will flow to the company and specific criteria have been met as described below:

a) **Timing of Recognition:** Income from investments are recognised in profit or loss as other income when the company's right to receive payments is established.

b) **Measurement of Revenue:** Estimates of revenues and costs are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

(v) Income Tax

a) Current Tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

b) Deferred Tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is computed in accordance with the provisions of the Income Tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

c) Current and Deferred Tax for the year

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

(vi) Leases

a) Finance Lease:

Leases of property, plant and equipment where the company as lessee, has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the lease's inception at the fair value of the leased property or, if lower, the present value of the minimum lease payments. The corresponding rental obligations, net of finance charges, are included in borrowings or other financial liabilities as appropriate. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

b) Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

(vii) Impairment of Assets

As at each Balance Sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

An impairment loss, if any, is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use.

(viii) Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

The company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.
- Debt instruments at amortised cost - After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (EIR) method. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIRamortisation is included in finance income in the profit or loss. The losses arising from impairment are recognised in the profit or loss.

b) Financial Liabilities

Initial recognition and measurement

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

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the company.

Subsequent measurement

Fair value through profit or loss:- Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The company has not designated any financial liability as at fair value through profit and loss.

(ix) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and fixed deposits having maturity less than one year.

(x) Property, Plant and Equipment

Property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Pre-operative expenses incurred upto the date of commencement of commercial operation are capitalized on the date of commencement of commercial operation and disclosed as "Capital Work-in Progress".

Depreciation methods, estimated useful lives and residual value:

Depreciation on property, plant and equipment is provided from the month the asset is ready for commercial production on a pro-rata basis as per useful life prescribed in Schedule II to the Companies Act, 2013 or based on the estimated useful life considered by the company, whichever is appropriate considering the technical evaluation, business specific usage, consumption pattern of assets and past performance of similar assets.

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

Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in profit or loss within other gains/(losses).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The estimated useful life of property, plant and equipment as follows:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 31.03.2015*	
	Minimum	**Maximum**	*Minimum*	*Maximum*	*Minimum*	*Maximum*
Buildings	**30**	**30**	*30*	*30*	*30*	*30*
Temporary Buildings & Approach Roads	**4**	**4**	*4*	*4*	*4*	*4*
Plant & Machinery	**10**	**12**	*10*	*12*	*10*	*12*
AC & Refrigeration Equipments	**12**	**12**	*12*	*12*	*12*	*12*
Computers	**3**	**4**	*3*	*4*	*3*	*4*
Furniture and Fixtures	**10**	**10**	*10*	*10*	*10*	*10*
Office Equipments	**5**	**5**	*5*	*5*	*5*	*5*
Vehicles	**7**	**7**	*7*	*7*	*7*	*7*
Asset taken on finance lease	**30**	**30**	*30*	*30*	*30*	*30*

(xi) Intangible Assets

Costs associated with maintaining software programmes are recognised as an expense as incurred. Development costs that are directly attributable to the design and testing of identifiable and unique software products controlled by the company are recognised as intangible assets when the following criteria are met:

- it is technically feasible to complete the software so that it will be available for use
- management intends to complete the software and use or sell it
- there is an ability to use or sell the software
- it can be demonstrated how the software will generate probable future economic benefits
- adequate technical, financial and other resources to complete the development and to use or sell the software are available, and
- the expenditure attributable to the software during its development can be reliably measured.

Directly attributable costs that are capitalised as part of the software include employee costs and an appropriate portion of relevant overheads. Capitalised development costs are recorded as intangible assets and amortised from the point at which the asset is available for use.

Estimated useful life of Intangible Assets:

Computer Software is amortised over a period of 6 years using the straight-line method.

Transition to Ind AS:

On transition to Ind AS, we elected to continue with the carrying value of intangible assets as at 1 April 2015 measured as per the previous GAAP.

(xii) Current Versus Non-Current Classification - Operating Cycle

The Company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Operating cycle covers the duration of the specific project / contract / service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business. Including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business.

(xiii) Borrowing Costs

General and specific borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised during the period of time that is required to complete and prepare the asset for its intended use or sale. Qualifying assets are assets that necessarily take a substantial period of time to get ready for their intended use or sale.

Investment income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.Other borrowing costs are expensed in the period in which they are incurred.

(xiv) Provisions

Provisions for legal claims and returns are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses.

Provisions for restructuring are recognised by the company when it has developed a detailed formal plan for restructuring and has raised a valid expectation in those affected that the company will carry out the restructuring by starting to implement the plan or announcing its main features to those affected by it.

Where there are a number of similar obligations, the likelihood that an outflow will be required in settlement is determined by considering the class of obligations as a whole. A provision is recognised even if the likelihood of an outflow with respect to any one item included in the same class of obligations may be small.

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

The measurement of provision for restructuring includes only direct expenditures arising from the restructuring, which are both necessarily entailed by the restructuring and not associated with the ongoing activities of the company.

(xv) Commitments

Commitments are future liabilities for contractual expenditure

Commitments are classified and disclosed as follows:

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

(b) Uncalled liability on shares and other investments partly paid;

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

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

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

(xvi) Contributed equity

Equity shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

(xvii) Earnings per share

Basic earnings per share are calculated by dividing:

- the profit attributable to Equity Shareholders
- by the weighted average number of equity shares outstanding during the financial year

Diluted earnings per share adjust the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

(xviii) Securities premium account

Securities premium reserve is used to record the premium on issue of shares. The reserve is utilised in accordance with the provisions of the Act.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(xix) Details of Specified Bank Notes

Particulars	Specified Bank Notes(SBN)		Other Denomination Notes	Total
	₹ 500 Denomination	₹ 1000 Denomination		
Closing cash in hand as on 08.11.2016 (duly tallied with accounts)	5,000	1,000	263	6,263
(+) Permitted receipts				
a) SBN : only for agencies involved in providing various items mentioned in exemption notifications) (pi, specify nature of receipt)	–	–	–	–
b) Other Denomination: No restriction	–	–	2,25,131	2,25,131
(-) Permitted payments a) Payment towards various items mentioned in exemption notifications e.g. – Payment of Utility Charges	2,000	1,000	–	3,000
b) Other Denomination: No restriction	–	–	2,20,765	2,20,765
(-) Amount deposited in Banks	3,000	–	-	3,000
Closing cash in hand as on 30.12.2016 (duly tallied with accounts)	–	–	**4,629**	**4,629**

2. **CRITICAL ESTIMATES AND JUDGEMENTS**

The preparation of financial statements requires the use of accounting estimates which by definition, will seldom equal the actual results. Management also needs to exercise judgement in selecting the company's accounting policies. The areas involving critical estimates or judgements are:

- Estimation of Current tax expense and payable
- Estimated useful life of intangible asset
- Impairment of asset

Estimates and judgements are continually evaluated. They are based on historical experience and other factors including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

3. **NOTES TO FIRST TIME ADOPTION OF IND AS**

Reconciliation between IGAAP and Ind AS is as follows:

BALANCE SHEET AS AT APRIL 1, 2015:

Particulars	***As per IGAAP as at 01-4-2015***	***Ind AS adjustments***	***As per Ind AS as at 01-4-2015***
ASSETS:			
Non-current assets			
Property, Plant and Equipment	*33,82,23,184*	–	*33,82,23,184*
Capital work-in-progress	*613,94,92,459*	–	*613,94,92,459*
Other Intangible assets	*13,991*	–	*13,991*
Other non-current assets	*33,14,67,314*	–	*33,14,67,314*
Financial Assets			
Current Investments	*7,23,51,671*	*16,776*	*7,23,68,447*
Cash and cash equivalents	*4,02,17,423*	–	*4,02,17,423*
Short-term Loans and advances towards financing activities	*16,00,25,160*	–	*16,00,25,160*
Other current assets	*3,08,49,639*	–	*3,08,49,639*
TOTAL	***711,26,40,841***	***16,776***	***711,26,57,617***
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	*161,05,00,000*	–	*161,05,00,000*
Other Equity	*30,09,753*	*16,776*	*30,26,529*
Share application money pending allotment	*523,00,00,000*	–	*523,00,00,000*
Trade payables	*25,44,02,842*	–	*25,44,02,842*
Other current liabilities	*1,47,27,465*	–	*1,47,27,465*
Provisions	*781*	–	*781*
TOTAL	***711,26,40,841***	***16,776***	***711,26,57,617***

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

BALANCE SHEET AS AT MARCH 31, 2016

Particulars	As per IGAAP as at 31-03-2016	Ind AS adjustments	As per Ind AS as at 31-03-2016
ASSETS:			
Non-current assets			
Property, Plant and Equipment	31,11,40,561	–	31,11,40,561
Capital work-in-progress	729,90,17,418	–	729,90,17,418
Other Intangible assets	6,313	–	6,313
Other non-current assets	39,07,67,365	–	39,07,67,365
Financial Assets			
Current Investments	1,51,18,330	29,331	1,51,47,660
Cash and cash equivalents	13,78,966	–	13,78,966
Short-term Loans and advances towards financing activities	40,45,570	–	40,45,570
Other current assets	1,12,40,342	–	1,12,40,342
TOTAL	**803,27,14,864**	**29,331**	**803,27,44,194**
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	161,05,00,000	–	161,05,00,000
Other Equity	605,74,08,838	29,331	605,74,38,169
Share application money pending allotment	5,25,00,000	–	5,25,00,000
Trade payables	30,47,56,926	–	30,47,56,926
Other current liabilities	75,04,339	–	75,04,339
Provisions	44,761	–	44,761
TOTAL	**803,27,14,864**	**29,331**	**803,27,44,194**

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016

Particulars	As per IGAAP as at 31-03-2016	Ind AS adjustments	As per Ind AS as at 31-03-2016
REVENUE:			
Revenue from operations	–	–	–
Other income	51,39,338	12,554	51,51,892
TOTAL REVENUE	**51,39,338**	**12,554**	**51,51,892**
EXPENSES:			
Sales, administration and other expenses	1,20,028	–	1,20,028
Finance costs	6,101	–	6,101
TOTAL EXPENSES	**1,26,129**	**–**	**1,26,129**
Profit before exceptional and extraordinary items and tax	50,13,209	12,554	50,25,763
Exceptional items	–	–	–
Profit before extraordinary items and tax	50,13,209	12,554	50,25,763
Extraordinary items	25,10,876	–	25,10,876
Profit before tax	75,24,085	12,554	75,36,639
Current tax	6,25,000		6,25,000
PROFIT AFTER TAX	**68,99,085**	**12,554**	**69,11,639**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

CASHFLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016

Particulars	***As per IGAAP as at 2015-16***	***Ind AS adjustments***	***As per Ind AS 2015-16***
Net cash flow from operating activities	*12,52,46,037*	*(12,554)*	*12,52,33,482*
Net cash flow from investing activities	*(103,40,84,494)*	*12,554*	*(103,40,71,939)*
Net cash flow from financing activities	*87,00,00,000*	–	*87,00,00,000*
Net increase/(decrease) in cash and cash equivalents	*(3,88,38,457)*	–	*(3,88,38,457)*
Cash and cash equivalents as on 01.04.2015	*4,02,17,423*	–	*4,02,17,423*
Effects of exchange rate changes on Cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	*13,78,966*	–	*13,78,966*

Other Comprehensive Income	***As per IGAAP 2015-16***	***Ind AS adjustments***	***As per Ind AS 2015-16***
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
– Equity instruments through			
– Other Comprehensive Income	–	–	–
Revaluation Reserve	–	–	–
– Liabilities designated as at fair value	–	–	–
Other comprehensive income to be reclassified to profit or loss in subsequent periods:			
– Debt instruments through Other Comprehensive Income	–	–	–
Total Other Comprehensive Income	–	–	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR, NET OF TAX	–	–	–

4. PROPERTY, PLANT & EQUIPMENT

Particulars	Freehold Land	Building	Temprorary structure and Approach road	Plant & Equipments	AC & Refrigeration Equipments	Computers	Furniture and Fixtures	Office Equipments	Vehicles	Asset taken on finance lease	Total	Capital work-in-progress
Year ended 31.03.2016												
Gross carrying amount												
Deemed cost as at 01.04.2015	*4,03,97,775*	*2,31,48,724*	*4,66,755*	*11,09,73,357*	*5,08,076*	*55,541*	*15,39,198*	*67,88,481*	*8,50,032*	*15,34,95,246*	*33,82,23,184*	*613,94,92,459*
Additions	–	–	–	*33,05,322*	*6,862*	*9*	*4,333*	*1,19,197*	*3,22,545*	–	*37,58,267*	*115,95,24,958*
Deductions	–	–	–	–	–	–	–	*64,49,766*	–	–	*64,49,766*	
Closing gross carrying amount	*4,03,97,775*	*2,31,48,724*	*4,66,755*	*11,42,78,678*	*5,14,938*	*55,550*	*15,43,531*	*4,57,912*	*11,72,577*	*15,34,95,246*	*33,55,31,685*	*729,90,17,418*
Accumulated depreciation												
Additions	–	*9,02,889*	*4,66,751*	*1,52,30,803*	*70,023*	*44,969*	*2,80,294*	*19,82,357*	*2,43,983*	*68,31,220*	*2,60,53,289*	
Deductions	–	–	–	–	–	–	–	*16,62,165*	–	–	*16,62,165*	
Closing accumulated depreciation	–	*9,02,889*	*4,66,751*	*1,52,30,803*	*70,023*	*44,969*	*2,80,294*	*3,20,192*	*2,43,983*	*68,31,220*	*2,43,91,124*	–
Net carrying amount	*4,03,97,775*	*2,22,45,835*	*4*	*9,90,47,875*	*4,44,915*	*10,581*	*12,63,236*	*1,37,720*	*9,28,594*	*14,66,64,026*	*31,11,40,561*	*729,90,17,418*
Year ended 31.03.2017												
Gross carrying amount												
Opening gross carrying amount	**4,03,97,775**	**2,31,48,724**	**4,66,755**	**11,42,78,678**	**5,14,938**	**55,550**	**15,43,531**	**4,57,912**	**11,72,577**	**15,34,95,246**	**33,55,31,685**	**729,90,17,418**
Additions	**–**	**–**	**–**	**13,05,855**	**–**	**2,67,980**	**16,351**	**–**	**–**	**–**	**15,90,185**	**100,88,76,704**
Deductions	**–**	**–**	**–**	**1,29,336**	**–**	**41,550**	**93,438**	**39,984**	**–**	**–**	**3,04,308**	
Closing gross carrying amount	**4,03,97,775**	**2,31,48,724**	**4,66,755**	**11,54,55,197**	**5,14,938**	**2,81,979**	**14,66,444**	**4,17,928**	**11,72,577**	**15,34,95,246**	**33,68,17,563**	**830,78,94,122**
Accumulated depreciation											**–**	
Opening accumulated depreciation	**–**	**9,02,889**	**4,66,751**	**1,52,30,803**	**70,023**	**44,969**	**2,80,294**	**3,20,192**	**2,43,983**	**68,31,220**	**2,43,91,124**	
Additions	**–**	**9,02,889**	**–**	**1,54,31,913**	**70,255**	**30,817**	**2,81,039**	**91,869**	**2,69,448**	**68,31,220**	**2,39,09,449**	
Deductions	**–**	**–**	**–**	**30,206**	**–**	**41,547**	**93,421**	**34,510**	**–**	**–**	**1,99,684**	
Closing accumulated depreciation	**–**	**18,05,779**	**4,66,751**	**3,06,32,510**	**1,40,278**	**34,238**	**4,67,912**	**3,77,551**	**5,13,432**	**1,36,62,439**	**4,81,00,890**	**–**
Net carrying amount	**4,03,97,775**	**2,13,42,946**	**4**	**8,48,22,687**	**3,74,660**	**2,47,741**	**9,98,531**	**40,377**	**6,59,145**	**13,98,32,807**	**28,87,16,673**	**830,78,94,122**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Notes:

1) Asset taken on finance lease represents:-
   i) 4.728 hectares of forest land in Dist. Rudryaprayag, State of Uttarakhand taken on lease for 30 years w.e.f. 10.09.2007. The deemed cost as on 01.04.2015 is ₹ 35,32,867/-.
   ii) 34.341 hectares of forest land in dist. Rudryaprayag, State of Uttarakhand, taken on lease for 30 years w.e.f. 24.09.2009. The deemed cost as on 01.04.2015 is ₹ 62,67,422/-.
   iii) Deemed cost as on 01.04.2015 of ₹ 14,36,94,957/- includes amount paid towards compensatory afforestation and catchment area treatment.

5. INTANGIBLE ASSETS

Particulars	**Computer Software**
Year ended 31 March 2016	
Gross carrying amount	
Deemed cost as at 01.04.2015	46,000
Additions	-
Deductions	-
Closing gross carrying amount	46,000
Accumulated amortization	
Opening accumulated amortization	32,009
Additions	7,679
Deductions	–
Closing accumulated amortization	39,687
Net carrying amount	6,313
Year ended 31 March 2017	
Gross carrying amount	
Opening gross carrying amount	46,000
Additions	–
Deductions	–
Closing gross carrying amount	46,000
Accumulated amortization	
Opening accumulated amortization	39,687
Additions	5,244
Deductions	–
Closing accumulated amortization	44,931
Net carrying amount	1,069

6. CAPITAL WORK-IN-PROGRESS

Particulars	*As at 01.04.2015* ₹	Addition/ (Deduction) – Net ₹	*As at 31.03.2016* ₹	Addition/ (Deduction) – Net ₹	**As at 31.03.2017** ₹
Capital Work-In-Progress					
Plant & Machinery	*48,23,120*	–	*48,23,120*	–	**48,23,120**
Dam / Barrage & Tunnel	*279,24,64,572*	61,79,17,921	*341,03,82,493*	48,73,91,960	**389,77,74,453**
Powerhouse, Tailrace Channel & Associated Structure	*17,75,26,675*	8,34,97,995	*26,10,24,670*	18,19,87,952	**44,30,12,622**
Project Roads and Bridges	*32,07,26,442*	19,21,01,325	*51,28,27,768*	49,52,679	**51,77,80,447**
Electro-mechanical Equipment	*13,03,88,710*	10,96,12,655	*24,00,01,365*	20,68,03,883	**44,68,05,248**
Hydro-mechanical Equipment	*4,44,79,848*	1,33,24,693	*5,78,04,541*	5,12,66,049	**10,90,70,590**
Site Development Works	*12,56,74,325*	2,48,47,146	*15,05,21,471*	3,68,84,170	**18,74,05,641**
Insurance Claim Received (refer Note 1)	–	–	–	(9,60,00,000)	**(9,60,00,000)**
Total (A)	*359,60,83,692*	104,13,01,735	*463,73,85,427*	87,32,86,694	**551,06,72,121**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	*As at 01.04.2015* ₹	Addition/ (Deduction) – Net ₹	*As at 31.03.2016* ₹	Addition/ (Deduction) – Net ₹	**As at 31.03.2017** ₹
Pre-Operative Expenses					
Salaries	*58,55,784*	–	*58,55,784*	–	**58,55,784**
Cost of services	*97,15,746*	–	*97,15,746*	–	**97,15,746**
Staff Welfare and other expenses	*16,04,889*	–	*16,04,889*	–	**16,04,889**
Contribution to Provident Fund	*3,58,705*	–	*3,58,705*	–	**3,58,705**
Rent	*1,97,38,382*	18,15,216	*2,15,53,598*	16,63,967	**2,32,17,565**
Rates & Taxes	*82,89,367*	33,07,415	*1,15,96,782*	12,80,692	**1,28,77,474**
Premium paid for award of contract	*32,93,40,000*	–	*32,93,40,000*	–	**32,93,40,000**
Compensation for trees and structures	*97,07,491*	2,94,840	*1,00,02,331*	8,83,840	**1,08,86,171**
Project Development Expenses	*5,62,97,058*	15,07,068	*5,78,04,126*	68,32,357	**6,46,36,483**
Travelling & Conveyance	*2,82,45,776*	18,94,201	*3,01,39,977*	20,32,788	**3,21,72,765**
Electricity Charges	*64,91,721*	10,77,256	*75,68,977*	14,03,506	**89,72,483**
Communication Expenses	*34,64,425*	81,337	*35,45,762*	1,39,166	**36,84,928**
Professional Charges	*45,50,05,039*	4,19,27,474	*49,69,32,513*	4,91,09,472	**54,60,41,985**
Printing & Stationery	*14,13,150*	91,840	*15,04,990*	1,32,890	**16,37,880**
Project Insurance	*7,25,42,109*	2,92,12,506	*10,17,54,615*	2,52,57,049	**12,70,11,664**
Repairs & Maintenance	*4,88,57,863*	82,94,245	*5,71,52,109*	2,08,82,675	**7,80,34,784**
Miscellaneous Expenses	*1,92,90,792*	10,27,681	*2,03,18,473*	3,86,288	**2,07,04,760**
Security Charges	*2,32,71,580*	16,34,251	*2,49,05,832*	16,70,627	**2,65,76,459**
Depreciation, Amortisation	*11,60,93,478*	2,60,57,892	*14,21,51,371*	2,39,14,693	**16,60,66,064**
Interest paid during construction	*132,78,25,413*	–	*132,78,25,413*	–	**132,78,25,413**
Total (B)	*254,34,08,768*	11,82,23,223	*266,16,31,991*	13,55,90,010	**279,72,22,001**
Total (A + B)	*613,94,92,459*	115,95,24,958	*729,90,17,418*	100,88,76,704	**830,78,94,122**

Note: 1) ₹ 9.60 Crs pertains to insurance claim received as on account payment towards restoration of project subsequent to the damages suffered due to unprecedented floods of June-13. Restoration cost is being booked in respective heads. On full and final settlement of the insurance claim, head wise details would be available, based on which the said amount would be reduced from the respective account heads.

7. OTHER NON-CURRENT ASSETS

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Capital Advances			
Capital Advances to others	**26,46,53,548**	*29,37,63,357*	*29,25,97,435*
Inter Company Purchase Capital Advances	**50,00,000**	*9,67,00,008*	*3,85,65,879*
Balance with Others	**3,30,000**	*3,04,000*	*3,04,000*
Total (non-current assets)	**26,99,83,548**	*39,07,67,365*	*33,14,67,314*

8. CURRENT INVESTMENTS

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Investment in mutual funds			
Quoted			
14,31,364.42 (31.03.2016: 14,60,987.15, 01.04. 2015: 69,97,258.606) units in L&T Ultra STF Direct Plan-DDR	**1,49,42,013**	*1,51,47,660*	*7,23,68,447*
Total (mutual funds)	**1,49,42,013**	*1,51,47,660*	*7,23,68,447*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

9. CASH AND CASH EQUIVALENTS

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Cash and cash equivalent						
Cash on Hand	**87,554**		*1,36,604*		*39,654*	
Balances with banks						
Balances with Scheduled Banks Current Account	**3,52,118**		*7,13,193*		*10,48,414*	
Total (cash and cash equivalents)		**4,39,672**		*8,49,797*		*10,88,068*

10. OTHER BANK BALANCES

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Fixed Deposit with Banks including interest accrued thereon	**5,58,426**	*5,29,169*	*3,91,29,355*
(Interest of ₹ 44,301/- at 31.03.2017)			
(Interest of ₹15,044/- at 31.03.2016)			
(Interest of ₹ 20,79,355/- at 01.04.2015)			
Total (other bank balances)	**5,58,426**	*5,29,169*	*3,91,29,355*

11. OTHER FINANCIAL ASSETS

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Advances to related parties			
Subsidiary/Parent Cos Current Account Balance	**78,95,431**	–	*4,67,884*
Fellow subsidiary	**–**	*45,570*	–
Advance recoverable in cash or kind			
Considered good:			
Insurance Claims Recoverable	**–**	*40,00,000*	*15,95,57,276*
Total (other financial assets)	**78,95,431**	*40,45,570*	*16,00,25,160*

12. CURRENT TAX ASSETS

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Advance Tax Installment Current Year	**42,000**	–	–
TDS Certificate Received in Current Year	**–**	–	–
Less: Provision for current year Income tax	**(25,165)**	–	–
Total (current tax assets-net)	**16,835**	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

13. OTHER CURRENT ASSETS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	To be recovered within 12 M	To be recovered after 12 M	To be recovered within 12 M	To be recovered after 12 M	To be recovered within 12 M	To be recovered after 12 M
	₹	₹	₹	₹	₹	₹
Advances to Suppliers	1,13,131	–	1,17,131	–	89,943	–
Prepaid Insurance	2,19,57,103	60,49,990	93,37,951	–	2,26,76,903	62,29,900
Prepaid Expenses	10,93,018	86,599	9,01,751	2,35,799	7,99,067	4,01,999
Security Deposit	9,74,800	–	–		–	
Income Tax Prior Years						
Income Tax Balance Net of Previous Year Provisions	4,47,538	–	6,47,710	–	6,51,827	–
Total (other current assets)	2,45,85,590	61,36,589	1,10,04,543	2,35,799	2,42,17,740	66,31,899

14. SHARE CAPITAL

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Authorised:						
Equity shares of ₹ 10 each	25,00,00,000	250,00,00,000	25,00,00,000	250,00,00,000	25,00,00,000	250,00,00,000
Issued:						
Equity shares of ₹ 10 each	16,10,50,000	161,05,00,000	16,10,50,000	161,05,00,000	16,10,50,000	161,05,00,000
Subscribed and Paid up:						
Equity shares of ₹ 10 each	16,10,50,000	161,05,00,000	16,10,50,000	161,05,00,000	16,10,50,000	161,05,00,000
(All of the above equity shares are held by L&T Power Development Limited and its nominees)						
		1,610,500,000		1,610,500,000		1,610,500,000

15. OTHER EQUITY

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Equity component of Preference Share Capital		140,25,00,000		120,95,00,000		-
(All of the above preference shares are held by Larsen & Toubro Limited)						
Securities Premium Account		561,00,00,000		483,80,00,000		-
Retained Earnings						
As per last Balance Sheet	99,38,168		30,26,529		(1,50,23,811)	
Excess of income/(expenditure) over (expenditure)/income during the year	(5,999)		69,11,639		1,80,50,340	
		99,32,170		99,38,168		30,26,529
Total (other equity)		702,24,32,170		605,74,38,168		30,26,529

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

16. TRADE PAYABLES

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	To be settled within 12 M	To be settled after 12 M	To be settled within 12 M	To be settled after 12 M	To be settled within 12 M	To be settled after 12 M
	₹	₹	₹	₹	₹	₹
Due to related parties	2,29,17,085	–	27,00,64,604	-	16,55,19,891	
Due to others	20,63,66,263	5,13,71,368	76,29,275	2,70,63,047	6,79,58,451	1,68,61,480
Provision for restoration work	–	–		–	40,63,019	
Total (trade payables)	22,92,83,348	5,13,71,368	27,76,93,879	2,70,63,047	23,75,41,362	1,68,61,480

17. OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Security Deposit Received	9,10,757	-	-
Total (other financial liabilities)	9,10,757	-	-

18. OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Other Payables (Statutory dues)	66,72,325	75,04,339	1,47,27,465
Total (other current liabilities)	66,72,325	75,04,339	1,47,27,465

19. CURRENT TAX LIABILITIES (NET)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Advance Tax Installment Current Year	–	(3,91,200)	(7,05,000)
TDS Certificate Received in Current Year	–	(1,89,039)	(2,34,219)
Less: Provision for current year Income tax	–	6,25,000	9,40,000
Total (current tax liabilities)	–	44,761	781

20. OTHER INCOME

Particulars	2016-17	2015-16
	₹	₹
Interest Income on		
Interest on fixed deposits	29,257	19,00,679
Income from current investments		
Dividend Income from Current Investments	5,83,376	31,67,769
Profit / (Loss) on Sale of Mutual Fund	84,318	70,890
Gain/(Loss) on FV of Investments	–	12,554
Total (other income)	6,96,951	51,51,892

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

21. SALES, ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17	2015-16
	₹	₹
Auditor's Remuneration		
Audit Fee	**1,63,300**	*1,14,500*
Reimbursement of expenses	**3,169**	*5,528*
Gain/(Loss) on FV of Investments	**29,329**	
Total (sales, admin. and other expenses)	**1,95,799**	*1,20,028*

22. FINANCE COST

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest Expenses				
Interest on delayed payment of				
Other Interest Paid	–	–	*6,101*	*6,101*
Total (finance cost)		–		*6,101*

23. NOTES FORMING PART OF THE FINANCIAL STATEMENTS

23.1. There were no suppliers/service providers who were registered as micro, small or medium enterprise under "The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act, 2006)" as on 1st April, 2015, 31st March, 2016 and 31st March, 2017.

23.2. Segmental reporting:

The Company is engaged in the business of developing and implementing hydro-electric projects. Hence, reporting on primary segment does not arise. The Company does not have any exports; hence, disclosure of secondary/geographical segment information does not arise.

23.3. Leases:

The Company has taken various residential / commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry. The Company has paid total lease rent as follows:

2016-17	*2015-16*	*2014-15*
₹	₹	₹
16,63,967/-	*18,15,216/-*	*16,63,112*

23.4. Auditors' remuneration (excluding service tax):

Particulars	2016-17	2015-16
	₹	₹
Audit Fees	**1,36,000**	*1,00,000*
Certification Fees	**6,000**	–
Expense Reimbursement	**2,756**	*4,920*

23.5. Related party transactions:

a) Parent company:

The company is controlled by the following company:

Name	Type	Principal place of business	Ownership of Interest		
			31.03.2017	*31.03.2016*	*01.04.2015*
L&T Power Development Limited *	Holding Company	India	**100%**	*100%*	*100%*

* L&T Power Development is a wholly owned subsidiary of Larsen & Toubro Ltd. So the ultimate holding company of L&T Uttaranchal Hydropower Ltd. is Larsen & Toubro Ltd.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b) Subsidiary companies:

The company does not have any subsidiary companies.

c) Transactions with related parties:

The following transactions occurred with related parties:

Sl. No.	Name/Relationship/Nature of transaction	2016-17 ₹	2015-16 ₹	2014-15 ₹
Ultimate holding Company				
a)	**Larsen & Toubro Limited**			
	Issue of Pref. Shares (Face Value)	**19,30,00,000**	*16,35,00,000*	–
	Issue of Pref. Shares (Share Premium)	**77,20,00,000**	*65,40,00,000*	–
	Preference share application money	**–**	*5,25,00,000*	*523,00,00,000*
	Construction Contract	**67,48,58,551**	*88,37,55,470*	*60,24,81,628*
	Reimbursement of expenses to	**4,75,582**	*3,41,666*	*71,352*
Holding Company				
a)	**L&T Power Development Limited**			
	Project advisory services	**4,51,60,500**	*3,63,67,609*	*3,23,29,675*
	Reimbursement of expenses from	**2,55,11,831**	*41,27,862*	*1,39,24,942*
	Reimbursement of expenses to	**9,90,701**	*21,00,758*	*1,88,095*
	Purchase of Assets	**–**	–	*2,95,810*
Fellow Subsidiary Companies				
a)	**L&T Himachal Hydropower Limited**			
	Reimbursement of expenses from	**3,000**	*61,476*	*3,43,032*
	Reimbursement of expenses to	**–**	*38,65,881*	–
b)	**L&T Arunachal Hydropower Limited**			
	Reimbursement of expenses from	**5,625**	*34,604*	*58,396*
	Purchase of Assets	**–**	*10,56,672*	–
c)	**Nabha Power Limited**			
	Reimbursement of expenses from	**–**	*45,570*	–
d)	**L&T Sargent & Lundy**			
	Reimbursement of expenses to	**3,36,338**	–	–

d) Outstanding balances arising of related parties:

The following balances are outstanding at the end of the reporting period in relation to transactions with related parties.

Sl. No.	Name/Relationship/Nature of transaction	31.03.2017 ₹	31.03.2016 ₹	01.04.2015 ₹
Trade Payables				
1	Larsen & Toubro Limited	**2,27,65,649**	*26,15,62,568*	*16,39,30,251*
2	L&T Power Development Limited	**–**	*84,55,662*	*15,89,640*
3	L&T Himachal Hydropower Limited		*46,373*	–
4	L&T Sargent & Lundy	**1,51,436**	–	–
Advances to related Parties				
1	L&T Power Development Limited	**78,95,431**	–	–
2	Nabha Power Limited	**–**	*45,570*	–
3	L&T Himachal Hydropower Limited			*3,43,032*
4	L&T Arunachal Hydropower Limited			*1,24,852*
Capital Advances to Related Parties				
1	Larsen & Toubro Limited	**50,00,000**	*9,67,00,008*	*3,85,65,879*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

e) Commitment with Related Parties:

Name/Relationship/Nature of transaction	**31.03.2017** ₹	*31.03.2016* ₹	*01.04.2015* ₹
Capital Commitment			
- Larsen & Toubro Limited	**135,71,01,559**	*186,61,62,132*	*248,15,81,172*
Total Commitment	**135,71,01,559**	*186,61,62,132*	*248,15,81,172*

f) Transactions with Non-Executive Directors (excluding service tax):

Particulars	**2016-17** ₹	*2015-16* ₹
Director's Sitting Fees	**80,000**	*80,000*

23.6. Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2017 is as follows:

a) Construction contracts: ₹ 289.19 Crores (*Previous year: ₹ 341.33 Crores*)

b) Project Advisory Service Fees: NIL (*Previous year: NIL*)

23.7. There were no amounts which were required to be transferred to the Investment Education and Protection Fund.

23.8. Basic and diluted earnings per share (EPS):

Particulars	**2016-17** ₹	*2015-16* ₹
Basic		
Profit / **(Loss)** as per profit and loss account (₹)	**(5999)**	*69,11,639*
Weighted average number of equity shares outstanding	**16,10,50,000**	*16,10,50,000*
Basic EPS (₹)	**-0.00004**	*0.043*
Diluted		
Profit / **(Loss)** as per profit and loss account (₹)	**(5999)**	*69,11,639*
Weighted average number of equity shares outstanding	**16,10,50,000**	*16,10,50,000*
Weighted average number of equity shares to be allotted on conversion of share application money / preference share to equity	**25,96,19,342**	*22,65,92,877*
Weighted average number of equity shares outstanding after conversion	**42,06,69,342**	*38,76,42,877*
Diluted EPS (₹)		
Face Value per Equity Share (₹)	**-0.00001**	*0.018*

23.9. Expenditure in Foreign Currency:

The expenditure in foreign currency is:

2016-17	*2015-16*	*2014-15*
NIL	*NIL*	*NIL*

23.10. Contingent liabilities as at March 31, 2017 is ₹ NIL.

23.11. During the year ₹ 55,868 (*Previous year: ₹ NIL*) has been transferred to Statement of Profit and Loss towards obsolescence of fixed assets.

23.12. During the year, provision towards restoration work (net of insurance claim received) of ₹ Nil (Previous year ₹ 25,10,876) has been reversed in the statement of Income and Expenditure for the year ended on March 31, 2017. Company had suffered extraordinary loss of ₹ 6,25,48,015 in the year 2013-14 due to unprecedented floods on 16th June 2013 at project site.

23.13. The Company has been sanctioned non-fund based facility (letter of credit and bank guarantee) by Kotak Mahindra Bank amounting to ₹ 30 crores for purchase of plant & machinery / capital goods and services.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

23.14. Income Taxes

a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016 are:

Particulars	2016-17 ₹	2015-16 ₹
Current Income tax :		
Current income tax charge	**25,165**	**6,25,000**
Prior Period Adjustments	**4,26,118**	–
Deferred Tax:		
Relating to origination and reversal of temporary differences	**–**	–
Income tax expense reported in the statement of profit or loss	**4,51,283**	*6,25,000*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016 is as follows:

Sl. No.	Particulars	2016-17 ₹	2015-16 ₹
1	**Profit before tax**	**4,45,284**	*50,13,209*
2	Applicable tax rate (Surcharge not applicable)	**29.87%**	*30.90%*
3	**PBT * applicable tax rate (1*2)**	**1,33,006**	*15,49,082*
4	**Items of Income exempt from tax :**		
a)	Dividend Income	**(1,74,254)**	*(9,78,841)*
5	**Items of expense not deductible for tax purposes:**		
a)	Amount debited to P&L A/c. (Admin. expenses) as the operations have not started	**66,412**	*38,974*
6	Income tax expense during the year	**25,165**	*6,09,215*
7	Effective tax Rate	**5.65%**	*12.19%*
8	**Provision for Income Tax**	**25,165**	*6,09,215*
9	**Effect of prior period adjustments**	**4,26,118**	–
10	**Net income tax expense recognised during the year (8+9)**	**4,51,283**	*6,25,000*

23.15. The company has the following financial assets and liabilities:

Categories of financial assets	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Measured at fair value through profit & loss (FVTPL)			
a. Mutual Funds – (Level 1)	**1,49,42,013**	*1,51,47,660*	*7,23,68,447*
Sub-total (A)	**1,49,42,013**	*1,51,47,660*	*7,23,68,447*
Measured at amortised cost			
a. Non-current investment – others	**–**	–	–
b. Loans	**–**	–	–
c. Cash and bank balances	**9,98,098**	*13,78,966*	*4,02,17,423*
d. Other financial assets	**78,95,431**	*40,45,570*	*16,00,25,160*
e. Trade receivable	**–**	–	–
Sub-total (B)	**88,93,529**	*54,24,536*	*20,02,42,583*
Measured at FVTOCI			
a. Debt instruments	**–**	–	–
b. Investment in equity instrument (Designated as FVTOCI upon initial recognition)	**–**	–	–
Sub-total (C)	**–**	–	–
Financial Assets (A + B + C)	**2,38,35,543**	*2,05,72,196*	*27,26,11,030*
As per Financial Statements	**2,38,35,543**	*2,05,72,196*	*27,26,11,030*
Difference	**–**	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Categories of financial liabilities	**As at 31.03.2017 ₹**	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
Measured at fair value through profit & loss (FVTPL)			
a. Held for trading	–	–	–
b. Designated as at FVTPL upon initial recognition	–	–	–
c. Derivative instruments in designated hedge accounting relationships	–	–	–
d. Other financial liabilities	–	–	–
Sub-total (A)	–	–	–
Measured at amortised cost			
a. Borrowings	–	–	–
b. Other financial liabilities	**9,10,757**	–	–
c. Trade payables	**28,06,54,716**	*30,47,56,926*	*25,44,02,842*
Sub-total (B)	**28,15,65,473**	*30,47,56,926*	*25,44,02,842*
Financial Liabilities (A + B)	**28,15,65,473**	*30,47,56,926*	*25,44,02,842*
Add: Financial guarantee contracts	–	–	–
Total Financial Liabilities	**28,15,65,473**	*30,47,56,926*	*25,44,02,842*
As per Financial Statements	**28,15,65,473**	*30,47,56,926*	*25,44,02,842*
Difference	–	–	–

Particulars	**For the year ended 31.03.2017**	*For the year ended 31.03.2016*
Net gain/(losses) on financial assets and financial liabilities:		
Measured at Fair Value through Profit & loss (FVTPL)		
a. Mandatorily measured	**54,989**	*83,444*
b. Designated as at FVTPL	–	–
Financial assets and financial liabilities that are measured at amortised cost	–	–
Financial assets that are measured at FVTOCI:		
Gain recognised in OCI during the year	–	–
Gain reclassified to profit or loss from OCI upon derecognition	–	–
Investment in equity instruments designated at FVTOCI	–	–
Dividend Income from Investment measured at FVTPL	**5,83,376**	*31,67,769*
Interest Revenue:		
Financial assets that are measured at amortised cost	**29,257**	*19,00,679*
Financial assets that are measured at FVTOCI	–	–
Interest Expenses:		
Financial liabilities that are not measured at FVTPL	–	–
Fee Income from:		
Financial assets that are not at FVTPL		–
Financial liabilities that are not at FVTPL		–
Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trust, retirement benefit plans, and other institutions		–
Fee Expenses from:		
Financial assets that are not at FVTPL	–	–
Financial liabilities that are not at FVTPL	–	–
Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trust, retirement benefit plans, and other institutions	–	–
Net gain/(losses) on financial assets and financial liabilities (A)	**6,67,622**	*51,51,892*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	**For the year ended 31.03.2017**	*For the year ended 31.03.2016*
Extract of statement of Profit & Loss for the year ended on March 31, 2017:		
Other Income (includes gain/(loss) on fair valuation)	**6,67,622**	*51,51,892*
Income from financing activity/annuity based projects		
Debt instruments through Other Comprehensive Income		
Total Income (B)	**6,67,622**	*51,51,892*
Difference (A & B)	**–**	*–*

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

23.16. Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Regn. No. 000452N
By the hand of

PAVAN K. AGGARWAL	**SHALAKA KOPARKAR**	**BHAVESH KADAKIA**	**P. S. KAPOOR**	**ASHWANI KUMAR**
Partner	*Company Secretary*	*Chief Financial Officer*	*Director*	*Director*
Membership no. 091466	*M. No. A25314*		*DIN: 02914307*	*DIN: 00910864*

Place : New Delhi
Date : April 29, 2017

Place : Mumbai
Date : April 29, 2017

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are manufacturing, engineering and trading of low voltage and medium voltage bus duct systems.

There have been no significant change in the nature of these activities during the financial year.

RESULTS

	RM
Loss for the financial year	460,817

RESERVES AND PROVISIONS

There were no material transfers to or from reserves and provisions during the financial year.

DIVIDENDS

No dividend has been paid or declared by the Company since the end of the previous financial year. The Directors do not recommend any dividend for the financial year ended 31 March 2017.

DIRECTORS

The Directors who have held office during the financial year and during the period from the end of the financial year to the date of this report are:

Pradeep Kumar Bajaj

Mahesh Manohar Phadke - Resigned on 10 June 2016

Umesh Subbarao Bharadwaj - Appointed on 10 June 2016

C Krishna Kumar A/L M V Nair - Appointed on 10 June 2016

DIRECTORS' INTEREST IN SHARES

Being a wholly-owned subsidiary of another Malaysian incorporated company, information in respect of Directors' interest in shares of the holding company or related corporations are disclosed in the Directors' report of the holding company pursuant to the provision of Section 59(3) of the Companies Act, 2016, in Malaysia.

None of the Directors in office at the end of the financial year had any interest in the ordinary shares of the Company and related corporations during the financial year, according to the register required to be kept under Section 59 of the Companies Act, 2016.

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director of the Company has received nor become entitled to receive any benefit by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

There were no arrangements during or at the end of the financial year, which had the objective of enabling the Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

INDEMNITY AND INSURANCE FOR DIRECTORS AND OFFICERS

There was no indemnity given to or insurance effected for any directors, officers and auditors of the Company in accordance with Section 289 of the Companies Act, 2016.

ISSUE OF SHARES AND DEBENTURES

There were no changes in the authorised, issued and paid-up capital of the Company during the financial year.

There were no debentures issued during the financial year.

OPTIONS GRANTED OVER UNISSUED SHARES

No options were granted to any person to take up unissued shares of the Company during the financial year.

OTHER STATUTORY INFORMATION

Before the financial statements of the Company were made out, the Directors took reasonable steps to ascertain that:

(i) proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and have satisfied themselves that there are no known bad debts and that adequate provision had been made for doubtful debts; and

(ii) any current assets which were unlikely to be realised in the ordinary course of business have been written down to an amount which they might be expected so to realise.

At the date of this report, the Directors are not aware of any circumstances:

(i) which would necessitate the writing off of bad debts or render the amount of the provision for doubtful debts inadequate in the financial statements of the Company to any substantial extent; or

(ii) which would render the value attributed to current assets in the financial statements of the Company misleading; or

(iii) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate; or

(iv) not otherwise dealt with in this report or the financial statements, which would render any amount stated in the financial statements of the Company misleading.

At the date of this report, there does not exist:

(i) any charge on the assets of the Company that has arisen since the end of the financial year and which secures the liabilities of any other person; or

(ii) any contingent liability in respect of the Company that has arisen since the end of the financial year.

No contingent liability or other liability of the Company has become enforceable, or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet their obligations as and when they fall due.

In the opinion of the Directors, the results of the operations of the Company for the financial year ended 31 March 2017 have not been substantially affected by any item, transaction or event of a material and unusual nature nor has any such item, transaction or event occurred in the interval between the end of the financial year and the date of this report.

HOLDING COMPANIES

The Directors regard Tamco Switchgear (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company during the financial year end until the date of this report. The penultimate holding company is Larsen and Toubro International FZE, a company incorporated in the Hamriyah Free Zone, Sarjah as a Free Zone Establishment (“FZE”). The ultimate holding company is Larsen and Toubro Limited, a company incorporated in India and listed on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd..

AUDITORS

The amount paid as remuneration of the auditors for the financial year ended 31 March 2017 is as disclosed in Note 6 to the financial statements.

The auditors, Messrs PKF, have indicated their willingness to continue in office.

Signed on behalf of the Board

in accordance with a resolution of the Directors,

UMESH SUBBARAO BHARADWAJ **C KRISHNA KUMAR A/L M V NAIR**

Place: Kuala Lumpur
Date: May 8, 2017

STATEMENT BY DIRECTORS PURSUANT TO SECTION 251 (2) OF THE COMPANIES ACT, 2016 IN MALAYSIA

In the opinion of the Directors, the accompanying financial statements as set out on pages 152 to 175 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 2016 in Malaysia, so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of its financial performance and its cash flow of the Company for the financial year ended on that date.

Signed in accordance with a resolution of the Directors,

UMESH SUBBARAO BHARADWAJ **C KRISHNA KUMAR A/L M V NAIR**

Place: Kuala Lumpur
Date: May 8, 2017

STATUTORY DECLARATION PURSUANT TO SECTION 251 (1)(b) OF THE COMPANIES ACT, 2016 IN MALAYSIA

I, UMESH SUBBARAO BHARADWAJ, being the Director primarily responsible for the financial management of HENIKWON CORPORATION SDN. BHD., do solemnly and sincerely declare that to the best of my knowledge and belief, the accompanying financial statements as set out on pages 152 to 175 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named at Kuala Lumpur in Wilayah Persekutuan on May 8, 2017

UMESH SUBBARAO BHARADWAJ
Before me,

COMMISSIONER FOR OATHS

INDEPENDENT AUDITORS REORT

TO THE MEMBERS OF
HENIKWON CORPORATION SDN. BHD.

(Co. No. 161535-W)

(Incorporated in Malaysia)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of HENIKWON CORPORATION SDN. BHD., which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows of the Company for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 152 to 175.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for Opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

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

Material Uncertainty Related to Going Concern

We draw attention to Note 1(c) in the financial statements, which indicates that the Company had incurred a net loss and other comprehensive loss of RM 460,817 during the financial year ended 31 March 2017 and, as of that date, the Company's had a deficit in shareholders' equity of RM 6,279,548. As stated in Note 1(c) these events or conditions, along with other matters as set forth in Note 1(c), indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Information Other than the Financial Statements and Auditors' Report Thereon

The Directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the Directors' Report and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the Directors' Report and, in doing so, consider whether the Directors' Report is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of the Directors' Report, we are required to report that fact. We have nothing to report in this regards.

Responsibilities of the Directors for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Auditors' Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PKF	**NGU SIOW PING**
AF 0911	*3033/11/17 (J)*
CHARTERED ACCOUNTANTS	*CHARTERED ACCOUNTANT*

Place: Kuala Lumpur
Date: May 8, 2017

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017 RM	*2016* *RM*
Revenue	3	**17,662,644**	*34,185,527*
Cost of manufacturing		**(14,512,132)**	*(27,556,932)*
Gross profit		**3,150,512**	*6,628,595*
Other income	4	**1,077,182**	*439,122*
Sales and marketing expenses		**(217,893)**	*(308,479)*
Administrative expenses		**(4,387,629)**	*(4,486,902)*
Other operating expenses		**(40,319)**	*(197,736)*
(Loss)/Profit from operations		**(418,147)**	*2,074,600*
Finance costs	5	**(42,670)**	*(250,550)*
(Loss)/Profit before tax	6	**(460,817)**	*1,824,050*
Tax expense	8	**–**	*(9,752)*
(Loss)/Profit and other comprehensive (loss)/income for the financial year		**(460,817)**	*1,814,298*

The accompanying notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	31.03.2017 RM	*Restated* *31.03.2016* *RM*	*Restated* *01.04.2015* *RM*
ASSETS				
Non-current asset				
Property, plant and equipment	9	**176,371**	*171,314*	*266,480*
Current assets				
Inventories	10	**2,456,284**	*1,932,629*	*2,154,519*
Trade receivables	11	**2,686,025**	*7,123,781*	*2,143,644*
Non-trade receivables, deposits and prepayments	12	**248,874**	*268,479*	*951,161*
Tax recoverable		**728**	–	–
Cash and bank balances		**2,993,110**	*1,850,739*	*2,023,151*
TOTAL ASSETS		**8,561,392**	*11,175,628*	*7,538,955*
EQUITY AND LIABILITIES				
Equity attributable to owners of the Company				
Share capital	13	**6,450,000**	*6,450,000*	*6,450,000*
Accumulated losses		**(12,729,548)**	*(12,268,731)*	*(14,083,029)*
TOTAL EQUITY		**(6,279,548)**	*(5,818,731)*	*(7,633,029)*
Non-current liability				
Amount due to immediate holding company	14	**8,255,995**	*7,979,967*	*8,257,527*
Current liabilities				
Trade payables	15	**392,121**	*1,572,258*	*4,424,816*
Non-trade payables and accruals	16	**5,692,824**	*4,613,378*	*1,092,461*
Amount due to immediate holding company	14	**500,000**	*3,000,000*	–
Provision for taxation		**–**	*70*	–
Borrowings		**–**	–	*1,397,180*
TOTAL LIABILITIES		**14,840,940**	*17,165,673*	*15,171,984*
TOTAL EQUITY AND LIABILITIES		**8,561,392**	*11,175,628*	*7,538,955*

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Share capital	Accumulated losses	Total
	RM	RM	RM
At 1 April 2015	6,450,000	(14,083,029)	(7,633,029)
Profit and other comprehensive income for the financial year	–	1,814,298	1,814,298
At 31 March 2016	6,450,000	(12,268,731)	(5,818,731)
Loss and other comprehensive loss for the financial year	–	(460,817)	(460,817)
At 31 March 2017	6,450,000	(12,729,548)	(6,279,548)

The accompanying notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017	*2016*
	RM	*RM*
Cash flows from operating activities		
(Loss)/Profit before tax	**(460,817)**	*1,824,050*
Adjustments for:		
Depreciation	**63,594**	*79,289*
Property, plant and equipment written off	**2,049**	*42,139*
Interest expense	**42,670**	*250,550*
Interest income	**(14,806)**	*(2,056)*
Unrealised gain on foreign exchange	**(548,368)**	*(76,682)*
Inventories written back	**–**	*(277,120)*
Loss/(Gain) on disposal of property, plant and equipment	**–**	*625*
Operating (loss)/profit before working capital changes	**(915,678)**	*1,840,795*
(Decrease)/Increase in inventories	**(523,655)**	*499,010*
Decrease/(Increase) in receivables	**4,868,879**	*(4,220,773)*
Increase in payables	**36,159**	*668,359*
Increase in amount due to immediate holding company	**276,028**	*2,722,440*
Cash generated from operations	**3,741,733**	*1,509,831*
Income tax paid	**(798)**	*(9,835)*
Income tax refunded	**–**	*153*
Net cash generated from operating activities	**3,740,935**	*1,500,149*
Cash flows from investing activities		
Acquisition of property, plant and equipment	**(70,700)**	*(28,761)*
Proceeds from disposal of property, plant and equipment	**–**	*1,874*
Interest received	**14,806**	*2,056*
Net cash used in investing activities	**(55,894)**	*(24,831)*
Cash flow from financing activities		
Repayment of loan borrowings	**(2,500,000)**	*(1,397,180)*
Interest paid	**(42,670)**	*(250,550)*
Net cash used in financing activities	**(2,542,670)**	*(1,647,730)*
Net increase/(decrease) in cash and cash equivalents	**1,142,371**	*(1,387,075)*
Cash and cash equivalents at 1 April	**1,850,739**	*2,023,151*
Cash and cash equivalents at 31 March	**2,993,110**	*1,850,739*

Cash and cash equivalents comprise cash and bank balances.

The accompanying notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017

1. BASIS OF PREPARATION

The financial statements of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards and the Companies Act, 2016 in Malaysia. These are the Company's first financial statements prepared in accordance with MFRS and MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards has been applied.

In previous years, the financial statements of the Company were prepared in accordance with Private Entity Reporting Standards ("PERSs"). The accounting policies set out in Note 2 to the financial statements have been applied in preparing the financial statements of the Company for the financial year ended 31 March 2017. The comparative information presented in these financial statements for the financial year ended 31 March 2016 and in the preparation of the opening MFRS statement of financial position at 1 April 2016 (date of transition of the Company to MFRS).

The transitions to MFRSs do not have financial impact to the financial statements of the Company.

(a) Standards issued and effective

On 1 April 2016, the Company has adopted the following MFRS and IC Interpretations and amendments to MFRS issued by the Malaysia Accounting Standards Board ("MASB") which are mandatory for annual financial periods beginning on or after 1 April 2016.

Description	Effective for annual periods beginning on or after
• MFRS 1, First-time Adoption of Malaysian Financial Reporting Standards	1 January 2012
• MFRS 2, Share-based Payment	1 January 2012
• MFRS 3, Business Combinations	1 January 2012
• MFRS 4, Insurance Contracts	1 January 2012
• MFRS 5, Non-current Assets Held for Sale and Discontinued Operations	1 January 2012
• MFRS 6, Exploration for and Evaluation of Mineral Resources	1 January 2012
• MFRS 7, Financial Instruments: Disclosures	1 January 2012
• MFRS 8, Operating Segments	1 January 2012
• MFRS 10, Consolidated Financial Statements	1 January 2013
• MFRS 11, Joint Arrangements	1 January 2013
• MFRS 12, Disclosure of Interest in Other Entities	1 January 2013
• MFRS 13, Fair Value Measurement	1 January 2013
• MFRS 101, Presentation of Financial Statements	1 January 2012
• MFRS 102, Inventories	1 January 2012
• MFRS 107, Statement of Cash Flows	1 January 2012
• MFRS 108, Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2012
• MFRS 110, Events After the Reporting Period	1 January 2012
• MFRS 111, Construction Contracts	1 January 2012
• MFRS 112, Income Taxes	1 January 2012
• MFRS 116, Property, Plant and Equipment	1 January 2012
• MFRS 117, Leases	1 January 2012
• MFRS 118, Revenue	1 January 2012
• MFRS 119, Employee Benefits	1 January 2012
• MFRS 120, Accounting for Government Grants and Disclosure of Government Assistance	1 January 2012
• MFRS 121, The Effects of Changes in Foreign Exchange Rates	1 January 2012
• MFRS 123, Borrowing Costs	1 January 2012
• MFRS 124, Related Party Disclosures	1 January 2012
• MFRS 126, Accounting and Reporting by Retirement Benefit Plans	1 January 2012
• MFRS 127, Consolidated and Separate Financial Statements	1 January 2013

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

Description	Effective for annual periods beginning on or after
• MFRS 128, Investment in Associates and Joint Ventures	1 January 2013
• MFRS 129, Financial Reporting in Hyperinflationary Economies	1 January 2012
• MFRS 132, Financial Instruments: Presentation	1 January 2012
• MFRS 133, Earnings Per Share	1 January 2012
• MFRS 134, Interim Financial Reporting	1 January 2012
• MFRS 136, Impairment of Assets	1 January 2012
• MFRS 137, Provisions, Contingent Liabilities and Contingent Assets	1 January 2012
• MFRS 138, Intangible Assets	1 January 2012
• MFRS 139, Financial Instruments: Recognition and Measurement	1 January 2012
• MFRS 140, Investment Property	1 January 2012
• MFRS 141, Agriculture	1 January 2012
• Amendment to MFRS:	
- MFRS 7, Mandatory Effective Date of MFRS 9 and Transition Disclosures	Effective immediately on 1 March 2012
- MFRS 9, Mandatory Effective Date of MFRS 9 and Transition Disclosures	Effective immediately on 1 March 2012
• IC Interpretation 1, Changes in Existing Decommissioning, Restoration and Similar Liabilities	1 January 2012
• IC Interpretation 2, Members' Shares in Co-operative Entities and Similar Instruments	1 January 2012
• IC Interpretation 4, Determining Whether an Arrangement contains a Lease	1 January 2012
• IC Interpretation 5, Rights to Interests arising from Decommissioning, Restoration and Environmental Rehabilitation Funds	1 January 2012
• IC Interpretation 6, Liabilities arising from Participating in a Specific Market – Waste Electrical and Electronic Equipment	1 January 2012
• IC Interpretation 7, Applying the Restatement Approach under MFRS 129 Financial Reporting in Hyperinflationary Economies	1 January 2012
• IC Interpretation 9, Reassessment of Embedded Derivatives	1 January 2012
• IC Interpretation 10, Interim Financial Reporting and Impairment	1 January 2012
• IC Interpretation 12, Service Concession Arrangements	1 January 2012
• IC Interpretation 13, Customer Loyalty Programmes	1 January 2012
• IC Interpretation 14, MFRS 119 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2012
• IC Interpretation 15, Agreements for the Construction of Real Estate	1 January 2012
• IC Interpretation 16, Hedges of a Net Investment in a Foreign Operation	1 January 2012
• IC Interpretation 17, Distributions of Non-cash Assets to Owners	1 January 2012
• IC Interpretation 18, Transfers of Assets from Customers	1 January 2012
• IC Interpretation 19, Extinguishing Financial Liabilities with Equity Instruments	1 January 2012
• IC Interpretation 20, Stripping Costs in the Production Phase of a Surface Mine	1 January 2013
• IC Interpretation 21, Levies	1 January 2014
• IC Interpretation 107, Introduction of the Euro	1 January 2012
• IC Interpretation 110, Government Assistance – No Specific Relation to Operating Activities	1 January 2012

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

Description	Effective for annual periods beginning on or after
• IC Interpretation 112, Consolidation – Special Purpose Entities	1 January 2012
• IC Interpretation 113, Jointly Controlled Entities – Non-Monetary Contributions by Venturers	1 January 2012
• IC Interpretation 115, Operating Leases - Incentives	1 January 2012
• IC Interpretation 125, Income Taxes – Changes in the Tax Status of an Entity or its Shareholders	1 January 2012
• IC Interpretation 127, Evaluating the Substance of Transactions Involving the Legal Form of a Lease	1 January 2012
• IC Interpretation 129, Service Concession Arrangements: Disclosures	1 January 2012
• IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services	1 January 2012
• IC Interpretation 132, Intangible Assets – Web Site Costs	1 January 2012
• Annual improvements to MFRSs 2012 – 2014 cycle	
- MFRS 5, Non-Current Assets Held for Sales and Discontinued Operations	1 January 2016
- MFRS 7, Financial Instruments: Disclosures	1 January 2016
- MFRS 119, Employee Benefits	1 January 2016
- MFRS 134, Interim Financial Reporting	1 January 2016
• MFRS 14, Regulator Deferral Accounts	1 January 2016
• Amendments to MFRS 11 Joint Arrangements: Accounting for Acquisitions of Interest in Joint Operations	1 January 2016
• Amendments to MFRS 101 Presentation of Financial Statements: Disclosure Initiative	1 January 2016
• Amendments to MFRS 116 Property, Plant and Equipment and MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
• Amendments to MFRS 116 Property, Plant and Equipment and MFRS 141 Agriculture: Bearer Plants	1 January 2016
• Amendments to MFRS 127 Consolidated and Separate Financial Statements: Equity Method in Separate Financial Statements	1 January 2016
• Amendments to MFRS 10 Consolidated Financial Statements, MFRS 12 Disclosure of Interests in Other Entities and MFRS 128 Investment in Associates and Joint ventures: Investment Entities – Applying the Consolidation Exception	1 January 2016
• Amendment to MFRS 138 Intangible Assets: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statements of the Company except for those discussed below:

MFRS 101 Presentation of Financial Statements (revised)

The MFRS 101 introduces changes in the presentation and disclosures of financial statements. The revised Standard separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owner, with all non-owner changes in equity presented as a single line.

The Standard also introduces the statement of profit and loss and other comprehensive income, with all items of income and expense recognised in profit or loss, together with all other items of recognised income and expense recognised directly in equity, either in one single statement, or in two linked statements. The Company has elected to present this statement as one single statement.

In addition, a statement of financial position is required at the beginning of the earliest comparative period following a change in accounting policy, the correction of an error or the classification of items in the financial statements.

The revised MFRS 101 also requires the Company to make new disclosures to enable users of the financial statements to evaluate the

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

Company's objectives, policies and processes for managing capital as disclosed in Note 22 to the financial statements.

The revised MFRS 101 was adopted retrospectively by the Company.

MFRS 7 Financial Instruments: Disclosures

MFRS 7 introduces new disclosures to improve the information about financial instruments. It requires the disclosure of qualitative and quantitative information about exposure to risks arising from financial instruments, including specified minimum disclosures about credit risk, liquidity risk and foreign currency risk, including sensitivity analysis.

The Company has applied MFRS 7 prospectively in accordance with the transitional provisions. Hence, the new disclosures have not been applied to the comparative. The new disclosures are included throughout the Company's financial statements for the year ended 31 March 2017 as disclosed in Note 21 to the financial statements.

MFRS 139 Financial Instruments: Recognition and Measurement

MFRS 139 establishes principles for recognising and measuring financial assets, financial liabilities and some contracts to buy and sell non-financial items.

The Company has adopted MFRS 139 retrospectively on 1 January 2015 in accordance with the transitional provisions. The details of the changes in accounting policies and the effects arising from the adoption of MFRS 139 are discussed below:

Impairment of trade receivables

Prior to 1 April 2015, provision for doubtful debts was recognised when it was considered uncollectible. Upon the adoption of MFRS 139, an impairment loss is recognised when there is objective evidence that an impairment loss has been incurred. The amount of the loss is measured as the difference between the receivable's carrying amount and the present value of the estimated future cash flows discounted at the receivable's original effective interest rate.

As at 1 April 2015, the Company has assessed and determined that there was no material difference between the existing and revised basis of measurement and as such, there are no adjustments to the opening balance of retained earnings as at that date.

MFRS 112 Income Taxes

The Company has adapted MFRS 112 retrospectively on 1 April 2015 in accordance with the transitional provisions.

Prior to 1 April 2015, the deferred tax assets on certain unused tax credit were not recognised as not permitted under PERS. As at 1 April 2015, the Company has no recognised any deferred tax assets on unused tax credits under the circumstances prevail at the reporting date.

Amendment to MFRS 7, Financial Instruments: Disclosures

Amendments to the MFRS 7, introduces addition disclosures to improve the information about fair value measurements and liquidity risk.

Liquidity risk

The Company shall disclose:

(i) A maturity analysis for non-derivative financial liabilities including issued financial guarantee contracts) that shows the remaining contractual maturities;

(ii) A maturity analysis for derivative financial liabilities. The maturity analysis shall include the remaining contractual maturities for those derivative financial liabilities for which contractual maturities are essential for an understanding of the timing of the cash flows; and

Fair value hierarchy

The Company shall disclose for each class of financial instruments the methods and, when a valuation technique is used, the assumptions applied in determining fair values of each class of financial assets or financial liabilities. If there has been a change in valuation technique, the Company shall disclose that change and the reasons for making it.

In addition, the Company shall classify fair value measurements using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy shall have the following levels:

(i) Quoted prices (unadjusted) in active markets for identical assets or liabilities (Level 1);

(ii) Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices) (Level 2); and

(i) Inputs for the asset or liability that are not based on observable market data (unobservable inputs) (Level 3).

The fair value hierarchy has been disclosed in Note 21 to the financial statements.

(b) Standards issued but not yet effective

The Company has not adopted the following standards and interpretations that have been issued but not yet effective:

Description	**Effective for annual periods beginning on or after**
• MFRS 9, Financial Instruments	1 January 2018

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

Description	Effective for annual periods beginning on or after
• MFRS 15, Revenue from Contract with Customers	1 January 2018
• MFRS 16, Leases	1 January 2019
• Amendments to MFRS 10 Consolidated Financial Statements and MFRS 128 Investment in Associates: Sale or Contribution of Assets between an investor and it Associate or Joint Venture	Deferred
• Amendments to MFRS 107, Disclosure Initiative	1 January 2017
• Amendments to MFRS 112, Recognition of Deferred Tax Assets for unrealised losses	1 January 2017

The initial application of the abovementioned accounting standards, amendments or interpretations are not expected to have any material impacts to the financial statement of the Company except as mentioned below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 replaces the guidance in MFRS 111, Construction Contracts, MFRS 118, Revenue, IC Interpretation 13, Customer Loyalty Programmes, IC Interpretation 15, Agreements for Construction of Real Estate, IC Interpretation 18, Transfers of Assets from Customers and IC Interpretation 131, Revenue – Barter Transactions Involving Advertising Services. Upon adoption of MFRS 15, it is expected that the timing of revenue recognition might different as compared with the current practices.

The adoption of MFRS 15 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 15.

MFRS 9 Financial Instruments

MFRS 9 replaces the guidance in MFRS 139, Financial Instruments: Recognition and Measurement on the classification and measurement of financial assets. Upon adoption of MFRS 9, financial assets will be measured at either fair value or amortised cost. It is expected that the Company's investment in unquoted shares will be measured at fair value through other comprehensive income.

The adoption of MFRS 9 will result in a change in accounting policy. The Company is currently assessing the financial impact of adopting MFRS 9.

(c) Basis of measurement

The financial statements have been prepared on the historical cost basis other than as disclosed in Note 2 to the financial statements. The accompanying financial statements have also been prepared assuming that the Company will continue as going concern which contemplates the realisation of assets and settlement of liabilities in the normal course of business.

However, at the financial year end, the Company had incurred a net loss and other comprehensive loss of RM 460,817 during the financial year ended 31 March 2017 and, as of that date, the Company's had a deficit in shareholders' equity of RM 6,279,548 thereby indicating the existence of a material uncertainty which may cast significant doubt about the Company's ability to continue as a going concern.

The ability of the Company to continue as a going concern is therefore dependent upon receiving continuous financial support from its shareholders.

At the time of this report, there is no reason for the Directors to believe that there is any significant uncertainty that the shareholders will not continue to provide their financial support. Accordingly, the financial statements do not include any adjustments relating to the recoverability and classification of recorded assets' amounts or to amounts and classification of liabilities that may be necessary if the Company is unable to continue as a going concern. The assumption is premised on future events, the outcome of which is inherently uncertain.

(d) Critical accounting estimates and judgements

Estimates and judgements are continually evaluated by the Directors and management and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. The estimates and judgements that affect the application of the Company's accounting policies and disclosures, and have a significant risk of causing a material adjustment to the carrying amounts of assets, liabilities, income and expenses are discussed below:

(i) Income Taxes

There are certain transactions and computations for which the ultimate tax determination may be different from the initial estimate. The Company recognises tax liabilities based on its understanding of the prevailing tax laws and estimates of whether such taxes will be due in the ordinary course of business. Where the final outcome of these matters is different from the amounts that were

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

initially recognised, such difference will impact the income tax and deferred tax provisions in the year in which such determination is made.

(ii) Depreciation of Property, Plant and Equipment

The estimates for the residual values, useful lives and related depreciation charges for the property, plant and equipment are based on commercial and production factors which could change significantly as a result of technical innovations and competitors' actions in response to the market conditions.

The Company anticipates that the residual values of its plant and equipment will be insignificant. As a result, residual values are not being taken into consideration for the computation of the depreciable amount.

Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

(iii) Impairment of Non-financial Assets

When the recoverable amount of an asset is determined based on the estimate of the value in use of the cash generating unit to which the asset is allocated, the management is required to make an estimate of the expected future cash flows from the cash generating unit and also to apply a suitable discount rate in order to determine the present value of those cash flows.

(iv) Written down of Inventories

Reviews are made periodically by management on damaged, obsolete and slow moving inventories. These reviews require judgement and estimates. Possible changes in these estimates could result in revisions to the valuation of inventories.

(v) Impairment of Trade and Non-Trade Receivables

An impairment loss is recognised when there is objective evidence that a financial asset is impaired. Management specifically reviews its loan and receivables financial assets and analyses historical bad debts, customer concentrations, customer creditworthiness, current economic trends and changes in the customer payment terms when making a judgement to evaluate the adequacy of the allowance for impairment losses. Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. If the expectation is different from the estimation, such difference will impact the carrying value of receivables.

(vi) Fair Value Estimates for Certain Financial Assets and Liabilities

The Company carries certain financial assets and liabilities at fair value, which requires extensive use of accounting estimates and judgement. While significant components of fair value measurement were determined using verifiable objective evidence, the amount of changes in fair value would differ if the Company uses different valuation methodologies. Any changes in fair value of these assets and liabilities would affect profit and/or equity.

(vii) Deferred Tax Assets and Liabilities

Deferred tax implications arising from the changes in corporate income tax rates are measured with reference to the estimated realisation and settlement of temporary differences in the future periods in which the tax rates are expected to apply, based on the tax rates enacted or substantively enacted at the repoting date. While management's estimates on the realisation and settlement of temporary differences are based on the available information at the reporting date, changes in business strategy, future operating performance and other factors could potentially impact on the actual timing and amount of temporary differences realised and settled. Any difference between the actual amount and the estimated amount would be recognised in the profit or loss in the period in which actual realisation and settlement occurs.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The following accounting policies are adopted by the Company and are consistent with those adopted in previous year.

(a) Foreign currencies

(i) Functional and presentation currency

The individual financial statements of the Company are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia (RM), which is the Company's functional currency.

(ii) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company is recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates.

(ii) Foreign currency transactions (continued)

Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Company's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Company on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

The principal exchange rates for every unit of foreign currency ruling used at the end of the reporting date are as follows:

	2017	*2016*
	RM	*RM*
1 Sounth Korean Won	**–**	*0.003*
1 United States Dollar	**4.423**	*3.840*

(b) Revenue

Revenue from services provided is recognised net of goods and services tax and discount, where applicable, as and when the services are performed.

(c) Employee benefits expense

(i) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the financial year in which the associated services are rendered by employees of the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(ii) Defined contribution plans

The Company's contribution to defined contribution plans is charged to the profit or loss in the period to which they related. Once the contributions have been paid, the Company has no further liability in respect of the defined contribution plans.

(d) Income taxes

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Deferred tax liabilities are recognised for all taxable temporary differences other than those that arise from goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs or from the initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit.

Deferred tax assets are recognised for all deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that future taxable profits will be available against which the deductible temporary differences, unused tax losses and unused tax credits can be utilised.

The carrying amounts of deferred tax assets are reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient future taxable profits will be available to allow all or part of the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised or the liability is settled, based on the tax rates that have been enacted or substantively enacted at the end of the reporting period.

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

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transactions either in other comprehensive income or directly in equity and deferred tax arising from

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

a business combination is included in the resulting goodwill or excess of the acquirer's interest in the net fair value of the acquiree's identifiable assets, liabilities and contingent liabilities over the business combination costs.

(e) Impairment

(i) Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Trade and non-trade receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

For certain categories of financial assets, such as trade receivables, assets that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit of loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(ii) Impairment of non-financial assets

The Company assessess at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Company makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

(f) Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Computers	20%
Factory equipment	10%
Furniture and fittings	10%
Tools and machinery	20%
Motor vehicles	20%
Office equipment	10%

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying values may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

(g) Financial assets

Financial assets are recognised in the statement of financial position when, and only when, the Company becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

The Company determines the classification of its financial assets at initial recognition, and categories as loans and receivables.

Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Company commits to purchase or sell the asset.

(h) Inventories

Inventories comprise of raw materials, work-in-progress and finished goods. Inventories are stated at the lower of cost and net realisable value.

Cost is determined using weighted average basis. Costs of raw materials inventories comprise the cost of purchase plus the cost of bringing the inventories to their present location and condition.

The cost of finished goods and work-in-progress, comprise costs of raw materials, direct labour and proportion of production overheads.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and estimated costs necessary to make the sales.

(i) Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

(j) Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Company

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

becomes a party to the contractual provisions of the financial instrument. Financial liabilities are classified as financial liabilities measured at amortisation cost.

Financial liabilities measured at amortisation cost

The Company's other financial liabilities include trade payables, non-trade payables and amount due to immediate holding company.

Trade payables, non-trade payables and amount due to immediate holding company are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(k) Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. Where the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risk specific to the liability and the present value of the expenditure expected to be required to settle the obligation.

(l) Contingencies

(i) Contingent liabilities

Where it is not probable that an outflow of economic benefits will be required, or the amount cannot be estimated reliably, the obligation is not recognised in the statements of financial position and is disclosed as a contingent liability, unless the probability of outflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent liabilities unless the probability outflow of economic benefits is remote.

(ii) Contingent assets

Where it is not possible that there is an inflow of economic benefits, or the account cannot be estimated reliably, the asset is not recognised in the statements of financial position and it disclosed as contingent asset, unless the probability of inflow of economic benefits is remote. Possible obligations, whose existence will only be confirmed by the occurrence or non-occurrence of one or more future events, are also disclosed as contingent assets unless the probability of inflow of economic benefits is remote.

(m) Equity instrument

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Dividends on ordinary shares are recognised from equity in the period in which they are declared.

3. REVENUE

Revenue represents the invoiced value of goods sold less discounts and returns.

4. OTHER INCOME

	2017	*2016*
	RM	*RM*
Interest income	**14,806**	*2,056*
Realised gain on foreign exchange	**372,703**	–
Unrealised gain on foreign exchange	**548,368**	*76,682*
Sale of scraps	**141,305**	*304,639*
Other income	**–**	*55,745*
	1,077,182	*439,122*

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

5. FINANCE COSTS

	2017 RM	2016 RM
Interest charges by immediate holding company	**42,288**	*18,411*
Interest charged by payables	382	*3,564*
Trust receipts interest	–	*228,575*
	42,670	*250,550*

6. (LOSS)/PROFIT BEFORE TAX

	2017 RM	2016 RM
(Loss)/Profit before tax is arrived at after charging/(crediting):		
Auditors' remuneration	**27,000**	*27,000*
Depreciation	**63,594**	*79,289*
Property, plant and equipment-written off	**2,049**	*42,139*
Loss on disposal of property, plant and equipment	**–**	*625*
Inventories written back	**–**	*(277,120)*
Rental		
- factory	**1,036,740**	*1,098,961*
- premises	**139,341**	*319,306*
- quarter	**76,365**	*158,450*
Realised foreign exchange (gain)/loss	**(372,703)**	*61,164*
Unrealised foreign exchange gain	**(548,368)**	*(76,682)*
Employee benefits expenses (Note 7)	**4,330,021**	*4,490,886*
Interest income	**(14,806)**	*(2,056)*

7. EMPLOYEE BENEFITS EXPENSES

	2017 RM	2016 RM
Staff costs:		
- salaries, wages, allowance, bonus and overtime	**4,064,410**	*4,214,991*
- contribution to defined contribution plan	**175,731**	*178,175*
- social security contributions	**16,788**	*14,069*
- others	**73,092**	*83,651*
	4,330,021	*4,490,886*

The total number of employees of the Company at the end of the financial year is 72 (2016: 68).

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

8. TAX EXPENSE

	2017 RM	2016 RM
Current tax expense		
- current	–	495
- under provision in prior year	–	328
	–	823
Real property gain tax	–	8,929
	–	9,752
Reconciliation of effective tax expense		
Profit/(Loss) before tax	(460,817)	1,824,050
Tax calculated using statutory tax rate at 24%	(110,596)	456,013
Non-deductible expenses	3,273	18,212
Non-taxable incomes	(131,608)	(69,280)
Deferred tax assets not recognised	238,931	(404,450)
	–	495
Under provision in prior years	–	328
Real property gain taxation	–	8,929
	–	9,752

The Company has unutilised tax losses, unabsorbed capital allowances and unutilised reinvestment allowances available for set-off against future taxable profits:

	2017 RM	2016 RM
Unutilised tax losses	20,599,158	19,665,297
Unabsorbed capital allowances	71,463	–
Unutilised reinvestment allowances	325,144	325,144
	20,995,765	19,990,441

9. PROPERTY, PLANT AND EQUIPMENT

	Computers	Factory equipment	Furniture and fittings	Tool and machinery	Motor vehicles	Office equipment	Total
	RM	RM	RM	RM	RM	RM	RM
2017							
Cost							
At 1 April 2016	385,724	232,331	217,085	5,341,296	556,962	186,576	6,919,974
Additions	64,200	–	–	6,500	–	–	70,700
Written off	(1,970)	–	(2,500)	(21,290)	–	(24,200)	(49,960)
At 31 March 2017	447,954	232,331	214,585	5,326,506	556,962	162,376	6,940,714
Accumulated depreciation							
At 1 April 2016	362,847	150,407	207,955	5,320,439	551,591	155,421	6,748,660
Charge for the financial year	15,568	19,623	8,775	5,700	1,653	12,275	63,594
Written off	(1,970)	–	(2,417)	(21,290)	–	(22,234)	(47,911)
At 31 March 2017	376,445	170,030	214,313	5,304,849	553,244	145,462	6,764,343
Carrying amount							
At 31 March 2017	71,509	62,301	272	21,657	3,718	16,914	176,371

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

	Computers	Factory equipment	Furniture and fittings	Tool and machinery	Motor vehicles	Office equipment	Total
	RM	RM	RM	RM	RM	RM	RM
2016							
Cost							
At 1 April 2015	*961,747*	*361,314*	*294,142*	*6,667,070*	*556,962*	*612,256*	*9,453,491*
Additions	*3,773*	–	–	*23,088*	–	*1,900*	*28,761*
Disposal	*(2,499)*	–	–	–	–	–	*(2,499)*
Written off	*(577,297)*	*(128,983)*	*(77,057)*	*(1,348,862)*	–	*(427,580)*	*(2,559,779)*
At 31 March 2016	*385,724*	*232,331*	*217,085*	*5,341,296*	*556,962*	*186,576*	*6,919,974*
Accumulated depreciation							
At 1 April 2015	*930,399*	*249,489*	*265,805*	*6,667,070*	*549,939*	*524,309*	*9,187,011*
Charge for the financial year	*9,745*	*21,241*	*19,207*	*2,231*	*1,652*	*25,213*	*79,289*
Written off	*(577,297)*	*(120,323)*	*(77,057)*	*(1,348,862)*	–	*(394,101)*	*(2,517,640)*
At 31 March 2016	*362,847*	*150,407*	*207,955*	*5,320,439*	*551,591*	*155,421*	*6,748,660*
Carrying amount							
At 31 March 2016	*22,877*	*81,924*	*9,130*	*20,857*	*5,371*	*31,155*	*171,314*

The cost of fully depreciated property, plant and equipment still in use as at the financial year end are as follows:

	2017	*2016*
	RM	*RM*
Computers	**340,299**	*342,269*
Factory equipment	**75,223**	*35,385*
Furniture and fittings	**212,825**	*11,208*
Tools and machinery	**5,296,267**	*5,318,207*
Motor vehicles	**548,700**	*548,700*
Office equipment	**86,241**	*17,578*
	6,559,555	*6,273,347*

10. INVENTORIES

	2017	*2016*
	RM	*RM*
At cost:		
Raw materials	**1,568,531**	*1,548,151*
Work-in-progress	**887,753**	*322,630*
Finished goods	**–**	*25,625*
	2,456,284	*1,896,406*
At net realisable value:		
Raw materials	**–**	*36,223*
	2,456,284	*1,932,629*

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

11. TRADE RECEIVABLES

	2017 RM	2016 RM
Third party		
- Receivable outstanding	1,379,369	1,508,456
- Advances received	(546,967)	(271,428)
Amount due from holding company	1,853,623	5,886,753
	2,686,025	7,123,781
Less: Impairment		
At 1 April	–	(53,721)
Written off	–	53,721
At 31 March	–	-
	2,686,025	7,123,781

The Company's normal trade credit term ranges from 30 to 60 days (2016: 30 to 60 days). Other credit terms are assessed and approved on a case by-case basis.

Amount due from holding company represent trade transactions, unsecured, interest-free and credit term are ranges from 30 to 60 days (2016: 30 to 60 days).

The currency exposure profile for trade receivables are as follow:

	2017 RM	2016 RM
USD	2,707,997	7,165,189

12. NON-TRADE RECEIVABLES, DEPOSITS AND PREPAYMENTS

	2017 RM	2016 RM
Non-trade receivables	123,837	174,214
Staff advances	9,720	1,600
Deposits	38,391	58,049
Prepayments	76,926	36,216
	248,874	268,479

13. SHARE CAPITAL

	2017 Number of ordinary shares	2016 Number of ordinary shares	2017 RM	2016 RM
Ordinary share of RM1.00 each				
Authorised				
At 1 April/31 March	10,000,000	10,000,000	10,000,000	10,000,000
Issued and fully paid				
At 1 April/31 March	6,450,000	6,450,000	6,450,000	6,450,000

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

14. AMOUNT DUE TO IMMEDIATE HOLDING COMPANY

	2017 RM	2016 RM
Non trade	8,255,995	7,979,967
Loan	500,000	3,000,000

The non-trade amount is unsecured, interest-free and is repayment on demand.

Loan from immediate holding company is subject to an interest charge of 7% per annum and is repayable on demand.

15. TRADE PAYABLES

The normal trade credit terms granted to the Company range from 30 to 60 days (2016: 30 to 60 days).

The currency exposure profile for trade payables are as follow:

	2017 RM	2016 RM
KRW	–	1,714
USD	19,321	110,665

16. NON-TRADE PAYABLES AND ACCRUALS

	2017 RM	2016 RM
Non-trade payables	2,042,479	1,298,394
Accruals	3,650,345	3,314,984
	5,692,824	4,613,378

Non-trade payables are unsecured, interest-free and are repayment on demand.

17. DEFERRED TAX ASSETS

The amount of temporary differences for which no deferred tax assets (stated at gross) has been recognised at the reporting date is as follows:

	2017 RM	2016 RM
Property, plant and equipment	(121,661)	431,655
Unabsorbed capital allowance	71,463	–
Provision	–	53,721
Unutilised tax losses	20,599,158	19,500,053
	20,548,960	19,985,429

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

18. SIGNIFICANT RELATED PARTY TRANSACTIONS

The aggregate value of transactions and outstanding balances of the Company were as follows:

Name of related party	Type of transaction	Transaction value		Balance due to/(from) as at 31 March	
		2017	*2016*	**2017**	*2016*
		RM	*RM*	**RM**	*RM*
Ultimate holding company:					
Larsen & Toubro Limited.	Sales	**8,937,757**	*17,972,926*	**1,840,204**	*5,886,753*
Immediate holding company:					
Tamco Switchgear (M) Sdn. Bhd.	Short term borrowing	**(500,000)**	*(3,000,000)*	**(8,755,995)**	*(10,979,967)*
	Interest on loan	**(42,288)**	*(250,550)*		
	Factory and office rental	**(1,200,00)**	*(1,221,825)*		

The Directors are of the opinion that the terms and conditions of the above transactions are not materially different from that obtainable in transactions with unrelated parties.

19. OPERATING LEASE ARRANGEMENTS

Non-cancellable operating lease rentals are repayable as follows:

	2017	2016
	RM	*RM*
Less than one year	**1,200,000**	*300,000*
One to two year	**200,000**	*–*
	1,400,000	*300,000*

20. CONTINGENT LIABILITIES

	2017	2016
	RM	*RM*
Secured		
Bank guarantees	**1,186,340**	*590,682*

21. FINANCIAL INSTRUMENTS

Categories of financial instruments

The table below provides an analysis of financial instruments categorised as follows:

(a) Fair value through profit or loss;

(b) Loans and receivables; and

(c) Other financial liabilities measured at amortised cost

	Carrying amount	Fair value through profit or loss	Loan and receivables	Other financial liabilities measured at amortised cost
	RM	**RM**	**RM**	**RM**
2017				
Financial assets				
Trade receivables	**2,686,025**	**–**	**2,686,025**	**–**
Non-trade receivables and deposits (excluding prepayment)	**171,948**	**–**	**171,948**	**–**
Cash and bank balances	**2,993,110**	**–**	**2,993,110**	**–**
	5,851,083	**–**	**5,851,083**	**–**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

	Carrying amount	**Fair value through profit or loss**	**Loan and receivables**	**Other financial liabilities measured at amortised cost**
	RM	**RM**	**RM**	**RM**
Financial liabilities				
Trade payables	**392,121**	**–**	**–**	**392,121**
Non-trade payables	**2,042,479**	**–**	**–**	**2,042,479**
Amount due to immediate holding company	**8,755,995**	**–**	**–**	**8,755,995**
	11,190,595	**–**	**–**	**11,190,595**

	Carrying amount (Restated)	*Fair value through profit or loss (Restated)*	*Loan and receivables (Restated)*	*Other financial liabilities measured at amortised cost (Restated)*
	RM	*RM*	*RM*	*RM*
2016				
Financial assets				
Trade receivables	*7,123,781*	*–*	*7,123,781*	*–*
Non-trade receivables and deposit	*232,263*	*–*	*232,263*	*–*
Cash and bank balances	*1,850,739*	*–*	*1,850,739*	*–*
	9,206,783	*–*	*9,206,783*	*–*
Financial liabilities				
Trade payables	*1,572,258*	*–*	*–*	*1,572,258*
Non-trade payables	*1,298,394*	*–*	*–*	*1,298,394*
Amount due to immediate holding company	*10,979,967*	*–*	*–*	*10,979,967*
	13,850,619	*–*	*–*	*13,850,619*

Financial risk management objectives and policies

The Company's financial risks management policy seeks to ensure that adequate financial resources are available for the development of the Company's businesses whilst managing its credit risk, foreign currency risk and liquidity risk.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

Credit risk

The Company's exposure to credit risk, or the risk of counterparties defaulting, arises mainly from trade and non-trade receivables. The Company manages its exposure to credit risk by the application of credit approvals, credit limits and monitoring procedures on an ongoing basis. For other financial assets (including cash and bank balances), the Company minimises credit risk by dealing exclusively with high credit rating counterparties.

The Company establishes an allowance for impairment that represents its estimate of incurred losses in respect of the trade and non-trade receivables as appropriate. The main components of this allowance are a specific loss component that relates to individually significant exposures, and a collective loss component established for groups of similar assets in respect of losses that have been incurred but not yet identified. Impairment is estimated by management based on prior experience and the current economic environment.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of financial assets recognised in the statement of financial position.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

Ageing analysis

The ageing analysis of the Company's trade receivables as at reporting period is as follows:

	Gross amount	Individual/ Collective impairment	Carrying amount
	RM	RM	RM
2017			
Not past due:	**1,397,745**	**–**	**1,397,745**
Past due:			
- less than 3 months	**980,209**	**–**	**980,209**
- over 3 months	**308,071**	**–**	**308,071**
	2,686,025	**–**	**2,686,025**
2016			
Not past due:	*3,456,195*	–	*3,456,195*
Past due:			
- less than 3 months	*398,297*	–	*398,297*
- over 3 months	*3,269,289*	–	*3,269,289*
	7,123,781	–	*7,123,781*

At the end of the reporting period, trade receivables that are individually impaired were those in significant financial difficulties and have defaulted on payments. These receivables are not secured by any collateral or credit enhancement.

Trade receivables that are neither past due nor impaired

A significant portion of trade receivables that are neither past due nor impaired are regular customers that have been transacting with the Company. The Company uses ageing analysis to monitor the credit quality of the trade receivables are monitored individually.

Foreign currency risk

The Company is exposed to foreign currency risk on transactions and balances that are denominated in currencies other than Ringgit Malaysia. The currencies giving rise to this risk are primarily United States Dollar and Korean Won. Foreign currency risk is monitored closely on an ongoing basis to ensure that the net exposure is at an acceptable level.

The Company's exposure to foreign currency is as follows:

	United States Dollar
	RM
2017	
Financial assets	
Trade receivables	**2,707,997**
Cash and bank balances	**1,217,137**
	3,925,134
Financial liabilities	
Trade payables	**19,321**
	19,321
Net currency exposure	**3,905,813**

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

	Korean Won RM	United States Dollar RM	Total RM
2016			
Financial assets			
Trade receivables	–	*7,165,189*	*7,165,189*
Cash and bank balances	–	*1,262,180*	*1,262,180*
	–	*8,427,369*	*8,427,369*
Financial liabilities			
Trade payables	*1,714*	*110,665*	*112,379*
	1,714	*110,665*	*112,379*
Net currency exposure	*(1,714)*	*8,316,704*	*8,314,990*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Company's profit net of tax to a reasonably possible change in US Dollar and Korean Won exchange rates against the respective functional currencies of the Company, with all other variables held constant.

		2017 Increase/ (Decrease) RM	*2016 Increase/ (Decrease) RM*
Effects on profit after tax			
KRW/RM -	Strengthened by 5% (2016: 5%)	**–**	*(65)*
	Weakened by 5% (2016: 5%)	**–**	*65*
USD/RM -	Strengthened by 5% (2016: 5%)	**148,420**	*311,876*
	Weakened by 5% (2016: 5%)	**(148,420)**	*(311,876)*

Liquidity risk

Liquidity risk arises mainly from general funding and business activities. The Company practises prudent risk management by maintaining sufficient cash balances.

The following table sets out the maturity profile of the financial liabilities as at the end of the reporting period based on contractual undiscounted cash flows (including interest payments computed using contractual rates or, if floating, based on the rates at the end of the reporting period):

	Carrying amount RM	**Within 1 year RM**
2017		
Trade payables	**392,121**	**392,121**
Non-trade payables and accruals	**2,042,479**	**2,042,479**
Amount due to immediate holding company	**8,755,995**	**8,755,995**
	11,190,595	**11,190,595**
2016		
Trade payables	*1,572,258*	*1,572,258*
Non-trade payables and accruals	*1,2988,394*	*1,2988,394*
Amount due to ultimate holding company	*10,979,967*	*10,979,967*
	13,850,619	*13,850,619*

Fair value

The financial assets and financial liabilities maturing within the next 12 months approximated their fair values due to the relatively short term maturity of the financial instruments.

NOTES TO THE FINANCIAL STATEMENTS AS AT 31 MARCH 2017 (Contd.)

22. CAPITAL MANAGEMENT

The Company's capital is represented by its total equity in the statement of financial position. The Directors monitor the adequacy of capital on an ongoing basis and rely on the continuous financial support from its holding company.

There is no external capital requirement imposed on the Company.

23. HOLDING COMPANIES

The Directors regard Tamco Switchgear (Malaysia) Sdn. Bhd., a company incorporated in Malaysia, as the immediate holding company. The pen-ultimate holding company is Larsen and Toubro International FZE, a company incorporated in the Hamriyah Free Zone, Sarjah as a Free Zone Establishment ("FZE"). The ultimate holding company is Larsen and Toubro Limited, a company incorporated in India and listed on the National Stock Exchange of India Ltd. and Bombay Stock Exchange Ltd..

24. GENERAL INFORMATION

The Company is a private limited company that is incorporated and domiciled in Malaysia.

The principal activities of the Company are manufacturing, engineering and trading of low voltage and medium voltage bus duct systems.

There have been no significant changes in the nature of these activities during the financial year.

The registered office is located at 2A-03-2 Lorong Batu Nilam 4A, Bandar Bukit Tinggi, 41200 Klang, Selangor.

The principal place of business is located at No.887, Jalan Subang 9, Taman Perindustrian Subang, 47500 Subang Jaya, Kuala Lumpur.

The financial statements were approved and authorised for issue by the Board of Directors on May 8, 2017.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Annual report and Audited Accounts for the year / period ended 31.03.17.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	Value in AED	
	2016-17	*2015-16*
Total Income	**152,067,128**	*154,612,016*
Total Expenditure	**(163,256,360)**	*(181,914,249)*
Operating Profit / (Loss)	**(11,189,232)**	*(27,302,233)*
Add: Interest Income	**27**	*24*
Less: Finance Costs	**(976,956)**	*(1,490,473)*
Less : Fair Value adjustment on long term retention	**81,113**	*257,627*
Profit / (Loss) before Tax	**(12,085,048)**	*(28,535,055)*
Less : Tax	**–**	*–*
Net Profit / (Loss) after Tax	**(12,085,048)**	*(28,535,055)*
Add: Balance b/f from previous year	**75,547,553**	*104,082,608*
Balance available for disposal which directors appropriate as follows:	**–**	*–*
Dividend	**–**	*–*
Transfer to Reserves	**–**	*–*
Balance to be carried forward	**63,462,505**	*75,547,553*

2. CAPITAL & FINANCE

During the year, the Company repaid a part of its long term loans, equivalent to about AED 2,753,989.

3. CAPITAL EXPENDITURE

As at 31.03.17, the gross fixed and intangible assets including leased Assets, stood at AED 26,489,846 and the net fixed and intangible assets, including leased assets, at AED 14,786,413. Capital Expenditure during the year amounted to AED 242,109.

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

The Company has disclosed the particulars of the loans given, investments made or guarantees given or security provided in Note No. 7,16 and 28 of the financial statements.

5. STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were AED 152,067,128 as against AED 154,612,016 for the previous financial year. The profit / (loss) after tax from continuing operations including extraordinary and exceptional items was AED (12,085,048) against AED (28,535,055) for the previous financial year.

6. DIVIDEND

The Directors do not propose the payment of any dividend during the year / period.

7. RISK MANAGEMENT POLICY

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

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

Following are Directors and Key Management Personnel:

Name	Designation
Mr. S. C. Bhargava	Director
Mr. Sandeep A. Bhat	Director & CEO
Mr. K. R. Balan	Director
Mr. Sharath S. Bharadwaj	Head-F&A

9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals. During the year / period under review 1 meeting was held on 03.10.16.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

10. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

11. AUDITORS

M/s PKF, Abu Dhabi are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

12. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

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

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

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

13. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in United Arab Emirates and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Dubai, U.A.E.	**S. C. BHARGAVA**	**S. A. BHAT**	**K. R. BALAN**
Date : 11th May 2017	*Director*	*Director*	*Director*

INDEPENDENT AUDITOR'S REPORT

THE SHAREHOLDERS OF L&T ELECTRICAL & AUTOMATION FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of L&T Electrical & Automation FZE (the "Entity"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Entity as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The Entity prepares and presents these separate financial statements as required for submission to the ultimate parent company. The consolidated financial statements of the Entity and its subsidiaries which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

INDEPENDENT AUDITOR'S REPORT (Contd.)

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

We further confirm that the financial statements comply with Implementing Regulation No. 1/92 issued by the Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992. Also, in our opinion, proper books of account and other records have been maintained in accordance with the said regulation.

PKF

Place : Abu Dhabi, United Arab Emirates

11th May, 2017

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2017

	Note	31.3.2017 Value in AED	*31.3.2016 Value in AED*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**14,786,413**	*15,980,563*
Investment in a subsidiary	7	**2,895,098**	*2,895,098*
Long-term retention receivables	8	**4,310,436**	*4,866,639*
		21,991,947	*23,742,300*
Current assets			
Inventories	9	**16,831,186**	*26,311,859*
Trade and other receivables	10	**144,015,918**	*157,153,333*
Amount due from a related party	11	**742,394**	*742,394*
Cash and cash equivalents	12	**8,026,577**	*1,725,993*
		169,616,075	*185,933,579*
Total assets		**191,608,022**	*209,675,879*
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	13	**1,000,000**	*1,000,000*
Retained earnings		**63,462,505**	*75,547,553*
Equity funds		**64,462,505**	*76,547,553*
Loans from the shareholder	14	**2,672,500**	*5,426,489*
Total shareholder's funds		**67,135,005**	*81,974,042*
Non-current liabilities			
Provision for staff end-of-service benefits	15	**1,861,125**	*1,678,274*
Current liabilities			
Bank borrowings	16	**25,250,327**	*36,219,371*
Trade and other payables	17	**97,295,623**	*87,050,373*
Amount due to a related party	11	**65,942**	*2,753,819*
		122,611,892	*126,023,563*
Total liabilities		**124,473,017**	*127,701,837*
Total equity and liabilities		**191,608,022**	*209,675,879*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 178 and 179.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the directors on

For **L&T ELECTRICAL & AUTOMATION FZE**

11th May, 2017	**S. C. BHARGAVA** *Director*	**S. A. BHAT** *Director*	**K. R. BALAN** *Director*

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Note	1.4.2016 to 31.3.2017 Value in AED	*1.4.2015 to 31.3.2016 Value in AED*
REVENUE		**152,055,714**	*154,584,028*
Cost of sales	**19**	**(135,974,251)**	*(157,708,763)*
GROSS PROFIT/(LOSS)		**16,081,463**	*(3,124,735)*
Other income		**11,414**	*27,988*
Distribution costs	**20**	**(7,928,466)**	*(11,526,023)*
Administration costs	**21**	**(19,353,643)**	*(12,679,463)*
Interest income		**27**	*24*
Fair value adjustment on long-term retentions		**81,113**	*257,627*
Finance costs	**24**	**(976,956)**	*(1,490,473)*
LOSS FOR THE YEAR		**(12,085,048)**	*(28,535,055)*
Other comprehensive income		**–**	*–*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(12,085,048)**	*(28,535,055)*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 178 and 179.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		Share capital	Retained earnings	Total
		Value in AED	Value in AED	Value in AED
Balance at 1 April 2015		1,000,000	104,082,608	105,082,608
Comprehensive income				
– Loss	(a)	–	(28,535,055)	(28,535,055)
– Other comprehensive income	(b)	–	–	–
Total comprehensive income for the year	(a+b)	–	(28,535,055)	(28,535,055)
Balance at 31 March 2016		1,000,000	75,547,553	76,547,553
Comprehensive income				
– Loss	(c)	–	(12,085,048)	(12,085,048)
– Other comprehensive income	(d)	–	–	–
Total comprehensive income for the year	(c+d)	–	(12,085,048)	(12,085,048)
Balance at 31 March 2017		1,000,000	63,462,505	64,462,505

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 178 and 179.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	1.4.2016 to 31.3.2017 Value in AED	*1.4.2015 to 31.3.2016 Value in AED*
Cash flows from operating activities		
Cash flows from operating activities		
Loss for the year	**(12,085,048)**	*(28,535,055)*
Adjustments for:		
Depreciation of property, plant and equipment	**1,418,088**	*2,333,823*
Disposal of property, plant and equipment	**17,756**	*–*
Profit on disposal of property, plant and equipment	**(11,414)**	*(27,980)*
Interest income	**(27)**	*(24)*
Fair value adjustment on long-term retentions	**(81,113)**	*(257,627)*
Provision for staff end-of-service benefits	**488,438**	*688,862*
Finance costs	**976,956**	*1,490,473*
	(9,276,364)	*(24,307,528)*
Decrease/(increase) in inventories	**9,480,673**	*(5,472,468)*
Decrease in trade and other receivables	**13,137,415**	*51,714,030*
Increase/(decrease) in trade and other payables	**10,245,250**	*(3,207,823)*
Decrease in long-term retention receivables	**637,316**	*3,833,236*
Staff end-of-service benefits paid	**(305,587)**	*(799,572)*
Cash generated from operations	**23,918,703**	*21,759,875*
Interest paid	**(976,956)**	*(1,490,473)*
Net cash generated from operating activities	**22,941,747**	*20,269,402*
Cash flows from investing activities		
Payment for property, plant and equipment	**(242,109)**	*(1,865,697)*
Proceeds on disposal of property, plant and equipment	**11,829**	*27,980*
Interest received	**27**	*24*
Net cash used in investing activities	**(230,253)**	*(1,837,693)*
Cash flows from financing activities		
Payment of bank overdrafts	**(5,898,157)**	*(7,075,848)*
Payment of short-term loans	**(5,070,887)**	*(10,171,011)*
(Decrease)/increase in amount due to a related party	**(2,687,877)**	*241,094*
Repayment of loan from the shareholder	**(2,753,989)**	*(918,511)*
Net cash used in financing activities	**(16,410,910)**	*(17,924,276)*
Net increase in cash and cash equivalents	**6,300,584**	*507,433*
Cash and cash equivalents at beginning of year	**1,725,993**	*1,218,560*
Cash and cash equivalents at end of year (note 12)	**8,026,577**	*1,725,993*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 178 and 179.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) L&T Electrical & Automation FZE (the "Entity") was incorporated on 7 April 2008 in the Jebel Ali Free Zone, Dubai, as a free zone establishment with limited liability pursuant to law No 9 of 1992 and implementing regulations issued thereunder by the Jebel Ali Free Zone Authority. The registered office is P.O. Box 262158, Jebel Ali Free Zone, Dubai, U.A.E.

b) The Entity is a wholly-owned subsidiary of Larsen and Toubro International FZE, an entity registered in Hamriyah Free Zone, Sharjah. The ultimate parent company is Larsen and Toubro Limited, a company incorporated in India.

c) The Entity is in the business of assembly, integration and testing of electrical & automation and communication systems.

2. BASIS OF PREPARATION

a) Statement of compliance

i) The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2015, and the requirements of Implementing Regulation No.1/92 issued by Jebel Ali Free Zone Authority pursuant to Law No. 9 of 1992.

ii) The Entity prepares and presents these separate financial statements as required for submission to the ultimate parent company. The consolidated financial statements of the Entity and its subsidiaries which are required to be presented in accordance with International Financial Reporting Standard 10: Consolidated Financial Statements are presented separately.

b) Basis of measurement

The financial statements are prepared using historical cost, except for long-term retention receivables which are carried at fair value.

Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

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

c) Going Concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of the Entity's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current period

The following International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Entity are as follows:

- Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets: 'Clarification of Acceptable Methods of Depreciation and Amortisation

  The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible asset. This presumption can only be rebutted in very limited circumstances.

- Amendment to IAS 27: Equity Method in Separate Financial Statements

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the Entity's consolidated financial statements.

- Annual Improvements 2012–2014 Cycle

  - IFRS 7: Financial Instruments: Disclosures

    - Servicing contracts

      The amendment clarifies that a servicing contract that includes a fee, can constitute continuing involvement in a financial asset. An entity must assess the nature of the fee and the arrangement against the guidance for continuing involvement in IFRS 7 in order to assess whether the disclosures are required. The assessment of which servicing contracts constitute continuing involvement must be done retrospectively. However, the required disclosures would not need to be provided for any period beginning before the annual period in which the entity first applies the amendments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

- IAS 19: Employee benefits

  IAS 19 has been amended to clarify that high-quality corporate bonds or government bonds used in determining the discount rate should be issued in the same currency in which the benefits are to be paid.

- Amendments to IAS 1 Disclosure Initiative

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to:

  - The materiality requirements in IAS 1
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements

  New and revised IFRSs in issue but not yet effective

  The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 7 Disclosure Initiative (1 January 2017)

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

- IFRS 9: Financial instruments (1 January 2018)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- IFRS 15: Revenue from Contracts with Customers (1 January 2018)

  The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

- Clarifications to IFRS 15: Revenue from Contracts with Customers (1 January 2018)
- IFRS 16: Leases (1 January 2019)

  IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

e) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the Entity's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold buildings	22-27 years
Leasehold improvements	12 years
Furniture, fixtures and office equipment	3 years
Motor vehicles	3 years

Capital work-in-progress is stated at cost and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the Entity and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the Entity recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge. Accordingly, the useful life of the leasehold building was revised with effect from 1 April 2016 (refer Note 6).

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within other operating income in profit or loss.

b) Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) Investments in subsidiaries

Subsidiaries are entities over which the Entity exercises control. Control is achieved when the Entity is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any in these separate financial statements.

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

e) Staff end-of-service benefits

Provision is made for end-of-service gratuity payable to the staff at the reporting date in accordance with the local labour laws.

f) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the Entity and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Revenue represents the amount invoiced, net of discounts and returns, for goods delivered during the period.

Contract revenue represents the value of work done on contracts including/(after adjusting) variations and claims. Contract revenues are recognised on a percentage of completion basis where the outcome of the contract can be reliably estimated. When the outcome of a contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract costs incurred that are likely to be recoverable. The percentage of completion is determined by reference to the proportion that contract costs incurred for work performed to date bear to estimated total contract costs. Revenue from variations in contract work, claims and incentive payments are recognised in the contract revenue to the extent it is probable that they will result in the revenue and are capable of being measured reliably.

g) Amount due from/due to customers for contract work

Amount due from/due to customers for contract work represent costs incurred on contracts plus estimated attributable profit, less foreseeable losses and progress billings. Cost includes all expenses directly related to the contracts and an allocation of fixed and variable overheads

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

incurred in the Entity's normal operating activities. For contracts where progress billing exceeds the contract revenue, the excess is included in current liabilities as amount due to customers for contract work. Losses expected on completion of a contract are recognized immediately in the profit or loss.

h) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

i) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

j) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

k) Provisions

A provision is recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

l) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Entity becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivable

Non-current receivables

Non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise long-term retention receivables are classified as loans and receivables and stated at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables, including receivables from related parties, are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Related party payables

Related party payables and shareholder's loan account are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Equity

Equity instruments issued by the Entity are recorded at the value of proceeds received towards interest in share capital of the Entity.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

m) Fair value measurement

The Entity discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

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

The fair value of an asset or a liability is measured using assumptions that the market participant's would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of property, plant and equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Investment in a subsidiary

Management considers that it has de-facto control over Kana Controls General Trading and Contracting Company W.L.L., a company with limited liability registered in Kuwait even though it holds less than 50% of equity interest. The Entity is a controlling shareholder with a 49% equity interest.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Inventory provisions

Management regularly undertakes a review of the Entity's inventory, stated at AED 19,411,432 (previous year AED 26,311,859) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Impairment of trade and other receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the Entity either from third parties, (see note 8 and 10) or from related parties (see note 11) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant and equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service gratuity

The Entity computes the provision for the liability to staff end-of-service gratuity stated at AED 1,861,125 (previous year AED 1,678,274), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Capital work-in-progress AED	Leasehold land and buildings AED	Furniture, fixtures and office equipment AED	Motor vehicles AED	Total AED
Cost					
At 1 April 2015	8,226,126	12,265,027	4,046,517	271,565	24,809,235
Additions	808,051	513,531	373,267	170,848	1,865,697
Capitalisation	(9,034,177)	9,034,177	–	–	–
Disposals	–	–	(186,953)	(100,605)	(287,558)
At 31 March 2016	–	21,812,735	4,232,831	341,808	26,387,374
Additions	–	–	242,109	–	242,109
Obsolesce	–	–	(111,516)	–	(111,516)
Disposals	–	–	(28,121)	–	(28,121)
At 31 March 2017	–	21,812,735	4,335,303	341,808	26,489,846
Accumulated depreciation and impairment losses					
At 1 April 2015	–	4,845,755	3,295,463	219,328	8,360,546
Depreciation	–	1,690,547	534,089	109,187	2,333,823
Adjustment relating to disposals	–	–	(186,953)	(100,605)	(287,558)
At 31 March 2016	–	6,536,302	3,642,599	227,910	10,406,811
Depreciation	–	937,965	423,174	56,949	1,418,088
Adjustment relating to obsolesce	–	–	(93,760)	–	(93,760)
Adjustment relating to disposals	–	–	(27,706)	–	(27,706)
At 31 March 2017	–	7,474,267	3,944,307	284,859	11,703,433
Carrying amount					
At 1 April 2015	8,226,126	7,419,272	751,054	52,237	16,448,689
At 31 March 2016	–	15,276,433	590,232	113,898	15,980,563
At 31 March 2017	–	14,338,468	390,996	56,949	14,786,413

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Note: The estimated useful life of the leasehold building was revised with effect from 1 April 2016. The revision results in the following changes in the amount of depreciation charged:

	1.4.2016 to 31.3.2017 AED	**1.4.2017 to 31.3.2023 AED**	**1.4.2023 to 31.3.2037 AED**
Increase/ (decrease) for the period	(1,442,778)	(7,455,022)	8,897,800

	31.3.2017 AED	*31.3.2016 AED Restated*
7. INVESTMENT IN A SUBSIDIARY		
Interest in share capital at cost in Kana Controls General Trading and Contracting Company W.L.L.	**2,895,098**	*2,895,098*

a) The nature of the investment is as follows:

Principal activity	**Country of incorporation**	**Registered proportion of ownership interest (%)**	
		31.3.2017	*31.3.2016*
Principal business activity is supply and installation of electrical precision and electronic equipment, and maintenance thereof.	State of Kuwait	**49**	*49*

b) Although the Entity holds 49% of the share capital in Kana, it is able to exercise control over its financial and operating policies.

	31.3.2017 AED	*31.3.2016 AED*
8. LONG-TERM RETENTION RECEIVABLES		
Long-term retention receivables	**4,474,709**	*5,112,025*
Less: fair value adjustment	**(164,273)**	*(245,386)*
	4,310,436	*4,866,639*

	31.3.2017 AED	*31.3.2016 AED*
9. INVENTORIES		
Components in store	**6,925,517**	*5,688,486*
Components at integration centre	**12,485,915**	*20,623,373*
Less: Provision for slow moving Inventory	**(3,658,950)**	*–*
	15,752,482	*26,311,859*
Goods-in-transit	**1,078,704**	*–*
	16,831,186	*26,311,859*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

		31.3.2017 AED	31.3.2016 AED
10. TRADE AND OTHER RECEIVABLES			
Trade receivables		**62,301,424**	*94,356,237*
Less: Provision for impairment of trade receivables		**(5,787,819)**	*(2,524,543)*
	(A)	**56,513,605**	*91,831,694*
Retention receivables		**61,901,923**	*59,366,747*
Less: Provision for impairment of retentions		**(6,589,385)**	*(1,306,714)*
	(B)	**55,312,538**	*58,060,033*
	(A+B)	**111,826,143**	*149,891,727*
Advances		**1,265,270**	*660,458*
Prepayments		**372,354**	*774,303*
Amount due from a customer		**29,961,354**	*4,484,855*
Deposits and other receivables		**590,797**	*1,341,990*
		144,015,918	*157,153,333*

A reconciliation of the movements in the provision for impairment of trade receivables and retention receivable account are as follows:

	31.3.2017 AED	31.3.2016 AED
Opening balance	**3,831,257**	*1,885,112*
Less: Provision reversed	**(167,766)**	–
Less: Bad debts written off	**(1,079,206)**	–
Provision made during the year	**9,792,919**	*1,946,145*
Closing balance	**12,377,204**	*3,831,257*

An age analysis of trade receivables and retention receivable that are past due but not impaired is as follows:

0 to 3 months	**4,323,933**	*19,491,490*
3 to 6 months	**7,326,945**	*10,335,881*
Over 6 months	**19,667,404**	*17,560,970*

An analysis of trade receivables and retention receivable considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

Gross value	**12,377,204**	*4,204,217*
Provision	**(12,377,204)**	*(3,831,257)*
Carrying value	**–**	*372,960*
Trade receivables and retention receivable not past due and not impaired	**80,507,861**	*102,130,426*

Note:

Trade receivables with a carrying amount of AED 7,036,865 are secured against letters of credit.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

11. RELATED PARTIES

The Entity enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and at prices determined by the management.

Related parties comprise the parent company, ultimate parent company, entities under common ownership and/or common management control.

	Shareholder	**Companies under common ownership**	**31.3.2017**	*31.3.2016*
	AED	**AED**	**AED**	*AED*
Trade and other receivables	–	33,614,858	**33,614,858**	
	–	31,873,070		*31,873,070*
Trade and other payables	–	8,003,731	**8,003,731**	
	–	17,658,073		*17,658,073*
Amount due from a related party	–	742,394	**742,394**	
	–	742,394		*742,394*
Amount due to a related party	–	65,942	**65,942**	
	–	2,753,819		*2,753,819*
Loan account	2,672,500	–	**2,672,500**	
	5,426,489	–		*5,426,489*

All balances are unsecured and are expected to be settled in cash.

Significant transactions with related parties during the period were as follows:

	Shareholder	**Companies under common ownership**	**1.4.2016 to 31.3.2017**	*1.4.2015 to 31.3.2016*
	AED	**AED**	**AED**	*AED*
Sales	–	51,924,636	**51,924,636**	
	–	15,850,961		*15,850,961*
Purchases	–	5,526,157	**5,526,157**	
	–	14,712,008		*14,712,008*
Services rendered	–	2,871,133	**2,871,133**	
	–	1,131,004		*1,131,004*
Services received	–	1,689,070	**1,689,070**	
	–	549,632		*549,632*
Finance costs	252,991	61,318	**314,309**	
	100,203	55,810		*156,013*
Purchase of property, plant & equipment	–	–	**–**	
	–	88,290		*88,290*

	31.3.2017 AED	*31.3.2016 AED*
12. CASH AND CASH EQUIVALENTS		
Cash in hand	**8,270**	*16,660*
Bank balance in current accounts	**8,018,307**	*1,709,333*
	8,026,577	*1,725,993*
13. SHARE CAPITAL		
Issued and paid up		
One share of AED 1,000,000	**1,000,000**	*1,000,000*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

14. LOANS FROM THE SHAREHOLDER

Comprise a loan of AED 2,672,500 (31.3.2016 - AED 2,672,500) which is interest-free and is for the term of the Entity. A short-term loan of AED 2,753,989 outstanding as on 31.3.2016 bearing interest at 3.5% p.a. was repaid during the year.

	31.3.2017 AED	31.3.2016 AED
15. PROVISION FOR STAFF END–OF–SERVICE BENEFITS		
Opening balance	**1,678,274**	*1,788,984*
Provision for the year (refer note 22)	**488,438**	*688,862*
Paid during the year	**(305,587)**	*(799,572)*
Closing balance	**1,861,125**	*1,678,274*
16. BANK BORROWINGS		
Overdrafts	**23,880,732**	*29,778,889*
Short-term loans	**1,369,595**	*6,440,482*
	25,250,327	*36,219,371*
An analysis by bank of amounts outstanding is as follows:		
Citibank N.A.	**25,250,327**	*36,219,371*

The bank facilities are secured by a letter of support from Larsen & Toubro Limited, India (ultimate parent company).

	31.3.2017 AED	31.3.2016 AED
17. TRADE AND OTHER PAYABLES		
Trade payables	**76,573,756**	*70,755,558*
Provision for warranty [refer note (b) below]	**4,190,254**	*3,847,001*
Accruals	**4,538,801**	*4,264,599*
Advance received from customers	**7,915,340**	*8,067,673*
Amounts due to customers	**3,841,557**	–
Other payables	**235,915**	*115,542*
	97,295,623	*87,050,373*

Notes:

a) The entire trade and other payables are due for payment in one year.

b) Provision for warranty

	31.3.2017 AED	31.3.2016 AED
Opening balance	**3,847,001**	*2,323,892*
Provision made	**1,949,006**	*2,923,453*
Amounts written off	**(1,605,753)**	*(1,400,344)*
Closing balance	**4,190,254**	*3,847,001*

18. MANAGEMENT OF CAPITAL

The Entity's objectives when managing capital are to ensure that the Entity continues as a going concern and to provide the shareholder with a rate of return on investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with the shareholder's loan. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The Entity is subject to externally imposed capital requirements as per provisions of the bank facilities availed. The Entity has complied with all the capital requirements to which it is subject to. Funds generated from internal accruals are retained in the business, to limit bank borrowings within covenants and according to the business requirements and maintain capital at desired levels.

	1.4.2016 to 31.3.2017 AED	*1.4.2015 to 31.3.2016 AED*
19. COST OF SALES		
Material cost	**94,498,966**	*111,104,426*
Service cost	**13,752,759**	*16,774,540*
Staff cost	**19,269,507**	*20,534,098*
Staff end-of-service gratuity (refer note 22)	**326,853**	*478,512*
Depreciation (refer note 23)	**964,300**	*1,586,943*
Rent	**973,312**	*457,099*
Travelling and conveyance	**2,266,157**	*2,386,547*
Bank charges	**1,003,592**	*1,145,163*
Other manufacturing cost	**2,918,805**	*3,241,435*
	135,974,251	*157,708,763*
20. DISTRIBUTION COSTS		
Staff salaries and benefits	**4,818,062**	*6,127,248*
Staff end-of-service gratuity (note 22)	**129,010**	*228,776*
Depreciation (note 23)	**14,180**	*23,337*
Freight outward expenses	**1,638,216**	*2,407,288*
Travelling	**329,833**	*1,022,592*
Rent	**170,481**	*754,370*
Business promotion & entertainment expenses	**153,999**	*275,377*
Other expenses	**674,685**	*687,035*
	7,928,466	*11,526,023*
21. ADMINISTRATION COSTS		
Staff salaries and benefits	**2,261,182**	*2,798,009*
Staff end-of-service gratuity (note 22)	**32,575**	*(18,426)*
Depreciation (note 23)	**439,608**	*723,543*
Rent	**878,834**	*1,320,468*
Travelling	**371,176**	*449,867*
Exchange loss/(gain)	**156,012**	*2,165,420*
Repair & maintenance	**314,659**	*284,171*
Provision for doubtful debts	**12,401,813**	*2,096,145*
Other expenses	**2,497,784**	*2,860,266*
	19,353,643	*12,679,463*
22. END-OF-SERVICE GRATUITY		
Allocated to cost of sales (refer note 19)	**326,853**	*478,512*
Allocated to distribution costs (refer note 20)	**129,010**	*228,776*
Allocated to administration costs (refer note 21)	**32,575**	*(18,426)*
	488,438	*688,862*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

	1.4.2016 to 31.3.2017 AED	*1.4.2015 to 31.3.2016 AED*
23. DEPRECIATION		
Allocated to cost of sales (refer note 19)	**964,300**	*1,586,943*
Allocated to distribution costs (refer note 20)	**14,180**	*23,337*
Allocated to administration costs (refer note 21)	**439,608**	*723,543*
	1,418,088	*2,333,823*
24. FINANCE COSTS		
On other bank loan and overdrafts	**662,647**	*1,334,460*
On shareholder's loan	**252,991**	*100,203*
On amount due to a related party	**61,318**	*55,810*
	976,956	*1,490,473*
25. CONTRACTS IN PROGRESS		
Contract costs incurred, recognised profits less recognised losses	**60,654,090**	*11,870,985*
Retention receivables	**2,327,174**	–
Advances received	**1,602,667**	–

26. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At amortised cost	
	31.3.2017 AED	*31.3.2016 AED*	**31.3.2017 AED**	*31.3.2016 AED*
Long- term retention receivables	–	–	**4,310,436**	*4,866,639*
Trade and other receivables	**112,416,940**	*151,233,717*	–	–
Amount due from a related party	**742,394**	*742,394*	–	–
Cash and cash equivalents	**8,026,577**	*1,725,993*	–	–
Loan from the shareholder	–	–	**2,672,500**	*5,426,489*
Bank borrowings	–	–	**25,250,327**	*36,219,371*
Trade and other payables	–	–	**85,538,726**	*78,982,700*
Amount due to a related party	–	–	**65,942**	*2,753,819*
	121,185,911	*153,702,104*	**117,837,931**	*128,249,018*

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks, cash flow interest rate risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Entity's credit risk management, where it is considered necessary, such receivables are covered by letters of credit in favour of the Entity, issued by high credit quality financial institutions.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The Entity buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirhams is pegged.

Borrowing facilities are regularly reviewed to ensure that the Entity obtains the best available pricing, terms and conditions on it borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Entity to concentrations of credit risk comprise principally bank accounts and trade and other receivables.

The Entity's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries. At the reporting date, the Entity's maximum exposure to credit risk from such receivables situated outside the UAE is as follows:

	31.3.2017 AED	*31.3.2016 AED*
United Kingdom	**17,371**	*705,764*
Kingdom of Saudi Arabia	**11,657,236**	*11,419,764*
Kuwait	**8,531,843**	*6,399,111*
Oman	**32,693,668**	*27,145,870*
Qatar	**7,317,368**	*13,773,923*
South Korea	**12,977,869**	*26,203,015*
Turkey	**7,636,976**	*13,136,939*

Significant concentrations of credit risk by industry are as follows:

	31.3.2017 AED	*31.3.2016 AED*
Contracting	**41%**	*56%*
Oil & gas	**49%**	*31%*

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed except for the following:

	31.3.2017 AED	*31.3.2016 AED*
Trade payables		
– Euro	**6,321,415**	*5,561,329*
– Pound Sterling	**1,125,944**	*1,337,980*
– Qatari Riyal	**1,163,411**	*2,542,752*
– Omani Rial	**4,518,439**	*6,303,316*
– Saudi Arabian Rial	**1,992,881**	*4,503,281*

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Interest rate risk

The bank loan and overdraft are subject to floating interest rates at levels generally obtained in the UAE and therefore exposed to cash flow interest rate risk.

Reasonably possible changes to interest rates at the reporting date are unlikely to have had a significant impact on profit or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Entity's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

27. OPERATING LEASE COMMITMENTS

The Entity has entered into non-cancellable operating leases for 15 years. The total of the future lease payments is as follows:

	31.3.2017 AED	*31.3.2016 AED*
Not later than one year	**562,450**	*562,450*
Between one and five years	**2,249,800**	*2,249,800*
Later than five years	**8,436,750**	*562,450*

	31.3.2017 AED	*31.3.2016 AED*
28. CONTINGENT LIABILITIES		
Bankers' letters of guarantee	**7,0328,979**	*46,556,411*
Unutilized balances of commercial letters of credit	**8,772,690**	*7,523,381*

For **L&T ELECTRICAL & AUTOMATION FZE**

11th May, 2017

S. C. BHARGAVA *Director*

S. A. BHAT *Director*

K. R. BALAN *Director*

STRATEGIC REPORT FOR THE YEAR ENDED MARCH 31, 2017

Servowatch is marine automation company based in Maldon Essex UK. Acquired by L&T in April 2012, it currently has 43 personnel working within the business.

Review of business

Servowatch is recognized as a world leading system integrator for Modern naval platforms, Super Yacht installations and Commercial marine operators. Unique software design allows integration of third party software into a common operator platform environment." Task Orientation" for specific user profiles with portability from station to station creates a highly redundant multifunctional operating environment. Typical applications include machinery, navigation, radar, electronic charting, internal and external communications, tactical sensors, auxiliary ship systems, camera networks, mission logging and playback functionality. The highly trained and professional teams at Servowatch are able to offer an extensive range of services.

Servowatch - Product Range

- ServoFusion- Bespoke systems
- ServoCore- Commercial off the shelf systems
- ServoSecurity- Marine security system

Servowatch partners with leading manufacturers of hardware and software to allow flexibility in meeting project requirements, and providing full through life product support capability.

Performance

- Continued growth in Order. Received major new contract from HHI, received repeat orders from UK MOD, Royal Thai Navy,
- RFA Mars Ship 1 (Tidespring) and Ship2 (Tiderace) completed in FY17
- The company successfully launched its product Winmon9

Trends and factors

- Naval Market set to increase
- Offshore market slowing due to oil price
- Impact of Brexit on competitiveness of our offering

Principal risks and uncertainties

- Oil Price volatility continuing causing reduced CAPEX investment in Marine Industry
- Chinese slowdown in economy resulting in Reduction in shipping requirement.
- Slow legislation implementation from IMO on ballast water regulations, limiting the company's ability to capitalize on ballast water control system sales.
- Due to above resulting in challenges in marine business environment and potentially limiting future order capture. To counter this, the company have renewed focus on naval markets.

Future development - technology

- Standardization of Bespoke software for use across all Marine Sectors with only limited configuration requirements
- Further work on Marine Remote access and Condition Monitor on Capital Equipment

On behalf of the board:

W Ross - Director

3rd May 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017

The directors present their report with the financial statements of the company for the year ended 31st March 2017.

PRINCIPAL ACTIVITY

The principal activity of the company in the year under review was that of supply of control and instrumentation systems for the marine, power and generation industries.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2016 to the date of this report.

S C Bhargava

W Ross

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Strategic report, the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and of the profit or loss of the company for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's transactions and disclose with reasonable accuracy at any time the financial position of the company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the company's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the company's auditors are aware of that information.

AUDITORS

The auditors, Cooper Paul, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

W Ross - Director

3rd May 2017

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF SERVOWATCH SYSTEMS LIMITED

We have audited the financial statements of Servowatch Systems Limited for the year ended 31st March 2017 on pages 201 to 212. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

As explained more fully in the Statement of directors' responsibilities set out on page 199, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

SCOPE OF THE AUDIT OF THE FINANCIAL STATEMENTS

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Strategic report and the Report of the directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

OPINION ON FINANCIAL STATEMENTS

In our opinion the financial statements:

- give a true and fair view of the state of the company's affairs as at 31st March 2017 and of its loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

OPINION ON OTHER MATTER PRESCRIBED BY THE COMPANIES ACT 2006

In our opinion the information given in the Strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

MATTERS ON WHICH WE ARE REQUIRED TO REPORT BY EXCEPTION

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Gibson (Senior Statutory Auditor)
for and on behalf of Cooper Paul
Statutory Auditors
Beren Court
Newney Green
Chelmsford
Essex
CM1 3SQ

3rd May 2017

INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 £	2016 £
Turnover		**4,075,714**	*8,879,262*
Cost of sales		**(3,084,097)**	*(5,889,720)*
Gross profit		**991,617**	*2,989,542*
Administrative expenses		**(2,558,994)**	*(2,786,483)*
Operating (loss)/profit	**4**	**(1,567,377)**	*203,059*
Interest payable and similar expenses	**5**	**(108,606)**	*(51,718)*
(Loss)/profit before taxation		**(1,675,983)**	*151,341*
Tax on (loss)/profit	**6**	**–**	*–*
(Loss)/profit for the financial year		**(1,675,983)**	*151,341*

The notes form part of these financial statements

OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 £	2016 £
(Loss)/profit for the year		**(1,675,983)**	*151,341*
Other comprehensive income		**–**	*–*
Total comprehensive income for the year		**(1,675,983)**	*151,341*

The notes form part of these financial statements

STATEMENT OF FINANCIAL POSITION MARCH 31, 2017

	Note	2017 £	*2016 £*
Fixed assets			
Development costs	7	**1,908,448**	*1,876,856*
Tangible assets	8	**194,046**	*204,277*
		2,102,494	*2,081,133*
Current assets			
Stocks	9	**814,213**	*929,143*
Debtors	10	**1,007,903**	*1,391,423*
Cash in hand		**116**	*556*
		1,822,232	*2,321,122*
Creditors			
Amounts falling due within one year	11	**(6,227,874)**	*(5,029,420)*
Net current liabilities		**(4,405,642)**	*(2,708,298)*
Total assets less current liabilities		**(2,303,148)**	*(627,165)*
Capital and reserves			
Called up share capital	15	**2,550,000**	*2,550,000*
Retained earnings	16	**(4,853,148)**	*(3,177,165)*
Shareholders' funds		**(2,303,148)**	*(627,165)*

The notes form part of these financial statements

The financial statements were approved by the Board of Directors on 3rd May 2017 and were signed on its behalf by:

W Ross - *Director*

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

	Called up share capital	**Retained earnings**	**Total equity**
	£	£	£
Balance at 1st April 2015	2,550,000	(3,328,506)	**(778,506)**
Changes in equity			
Total comprehensive income	–	151,341	**151,341**
Balance at 31st March 2016	2,550,000	(3,177,165)	**(627,165)**
Changes in equity			
Total comprehensive income	–	(1,675,983)	**(1,675,983)**
Balance at 31st March 2017	2,550,000	(4,853,148)	**(2,303,148)**

The notes form part of these financial statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 £	*2016* *£*
Cash flows from operating activities			
Cash generated from operations	1	**63,061**	*835,914*
Interest paid		**(108,606)**	*(51,718)*
Net cash from operating activities		**(45,545)**	*784,196*
Cash flows from investing activities			
Purchase of intangible fixed assets		**(241,384)**	*(580,914)*
Purchase of tangible fixed assets		**(93,740)**	*(34,195)*
Sale of tangible fixed assets		**7,269**	*1*
Net cash from investing activities		**(327,855)**	*(615,108)*
(Decrease)/increase in cash and cash equivalents		**(373,400)**	*169,088*
Cash and cash equivalents at beginning of year	2	**(1,983,196)**	*(2,152,284)*
Cash and cash equivalents at end of year	2	**(2,356,596)**	*(1,983,196)*

The notes form part of these financial statements

NOTES TO THE STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

1. Reconciliation of (loss)/profit before taxation to cash generated from operations

	2017	*2016*
	£	£
(Loss)/profit before taxation	**(1,675,983)**	*151,341*
Depreciation charges	**304,438**	*244,880*
Loss on disposal of fixed assets	**2,056**	*9,440*
Finance costs	**108,606**	*51,718*
	(1,260,883)	*457,379*
Decrease in stocks	**114,930**	*78,108*
Decrease in trade and other debtors	**383,520**	*1,162,247*
Increase/(decrease) in trade and other creditors	**825,494**	*(861,820)*
Cash generated from operations	**63,061**	*835,914*

2. Cash and cash equivalents

The amounts disclosed on the Statement of cash flows in respect of cash and cash equivalents are in respect of these Statement of financial position amounts:

Year ended 31st March 2017	**31/3/17**	*1/4/16*
	£	£
Cash and cash equivalents	**116**	*556*
Bank overdrafts	**(2,356,712)**	*(1,983,752)*
	(2,356,596)	*(1,983,196)*

Year ended 31st March 2016	**31/3/16**	*1/4/15*
	£	£
Cash and cash equivalents	**556**	*310*
Bank overdrafts	**(1,983,752)**	*(2,152,594)*
	(1,983,196)	*(2,152,284)*

The notes form part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. STATUTORY INFORMATION

Servowatch Systems Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 02159287 (England and Wales) and registered office address is Endeavour House, Holloway Road, Maldon, Essex, CM9 4ER.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Development expenditure

Development expenditure is written off in the same year unless the directors are satisfied as to the technical, commercial and financial viability of individual projects. In this situation the expenditure is deferred and amortised over the period from which the company is expected to benefit.

Amortisation on development expenditure is amortised over 5 or 10 years depending on the project life.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 20% on cost

Fixtures and fittings - 20% on cost

Computer equipment - at varying rates on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Foreign currencies

Assets and liabilities in foreign currencies are translated into sterling at the rates of exchange ruling at the statement of financial position date. Transactions in foreign currencies are translated into sterling at the rate of exchange ruling at the date of transaction. Exchange differences are taken into account in arriving at the operating result.

Pension costs and other post-retirement benefits

The company operates a defined contribution pension scheme. Contributions payable to the company's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company is a member of the Larsen & Toubro Group of companies. The working capital requirement is currently reliant upon an overdraft facility provided by the company's bankers which is guaranteed by the company's immediate parent company L&T International FZE. Based upon the group's current order book and profit forecasts the directors are satisfied that with the continued support of its holding company the group will return to profit. The directors are therefore satisfied that the preparation of the accounts on a going concern basis remains appropriate.

Revenue recognition

In respect of long term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from rendering services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reasonably estimated. When the outcome cannot be reasonably estimated, revenue is recognised only to the extent that expenses are recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	2,125,306	2,320,070
Other pension costs	7,917	7,892
	2,133,223	2,327,962

The average monthly number of employees during the year was as follows:

	2017	2016
Production staff	22	23
Distribution staff	2	4
Administrative staff	10	19
Management staff	8	8
	42	54

	2017	2016
	£	£
Directors' remuneration	107,032	117,033
Directors' pension contributions to money purchase schemes	7,917	7,892

The number of directors to whom retirement benefits were accruing was as follows:

Money purchase schemes	1	1

4. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging:

	2017	2016
	£	£
Depreciation - owned assets	94,646	85,314
Loss on disposal of fixed assets	2,056	9,440
Development costs amortisation	209,792	159,566
Auditors' remuneration	25,978	26,078

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	99,003	51,718
Other interest	9,603	–
	108,606	51,718

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

6. TAXATION

Analysis of the tax charge

No liability to UK corporation tax arose for the year ended 31st March 2017 nor for the year ended 31st March 2016.

7. INTANGIBLE FIXED ASSETS

	Development costs
	£
Cost	
At 1st April 2016	**2,439,976**
Additions	**241,384**
At 31st March 2017	**2,681,360**
Amortisation	
At 1st April 2016	**563,120**
Amortisation for year	**209,792**
At 31st March 2017	**772,912**
Net book value	
At 31st March 2017	**1,908,448**
At 31st March 2016	**1,876,856**

8. TANGIBLE FIXED ASSETS

	Plant and machinery	**Fixtures and fittings**	**Computer equipment**	**Totals**
	£	**£**	**£**	**£**
Cost				
At 1st April 2016	58,938	162,286	236,506	457,730
Additions	86,705	1,500	5,535	93,740
Disposals	–	(2,246)	(11,518)	(13,764)
At 31st March 2017	145,643	161,540	230,523	537,706
Depreciation				
At 1st April 2016	49,883	87,863	115,707	253,453
Charge for year	4,723	32,835	57,088	94,646
Eliminated on disposal	–	(1,386)	(3,053)	(4,439)
At 31st March 2017	54,606	119,312	169,742	343,660
Net book value				
At 31st March 2017	91,037	42,228	60,781	194,046
At 31st March 2016	9,055	74,423	120,799	204,277

9. STOCKS

	2017	*2016*
	£	*£*
Raw materials	**317,005**	*533,615*
Work-in-progress	**497,208**	*395,528*
	814,213	*929,143*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Trade debtors	913,524	1,274,604
Other debtors	5,800	10,329
Prepayments and accrued income	88,579	106,490
	1,007,903	1,391,423

11. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	2017	2016
	£	£
Bank loans and overdrafts (see note 12)	2,356,712	1,983,752
Trade creditors	754,589	574,870
Payments received on account	913,836	1,435,527
Amounts owed to group undertakings	789,556	321,792
PAYE/NI control	61,768	86,069
VAT	4,393	22,101
Other creditors	16,856	39,122
Tamco Switchgear Sdn Bhd	750,000	–
Accruals and deferred income	580,164	566,187
	6,227,874	5,029,420

12. LOANS

An analysis of the maturity of loans is given below:

	2017	2016
	£	£
Amounts falling due within one year or on demand:		
Bank overdrafts	2,356,712	1,983,752

13. LEASING AGREEMENTS

Minimum lease payments under non-cancellable operating leases fall due as follows:

	2017	2016
	£	£
In more than five years	576,000	672,000

14. SECURED DEBTS

The following secured debts are included within creditors:

	2017	2016
	£	£
Bank overdrafts	2,356,712	1,983,752

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

15. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number:	Class:	Nominal value:	2017	2016
			£	£
50,000	Ordinary shares	1	**50,000**	*50,000*
2,500,000	Redeemable Preference shares	1	**2,500,000**	*2,500,000*
			2,550,000	*2,550,000*

16. RESERVES

	Retained earnings
	£
At 1st April 2016	**(3,177,165)**
Deficit for the year	**(1,675,983)**
At 31st March 2017	**(4,853,148)**

17. RELATED PARTY DISCLOSURES

List of related parties who exercise control

Larsen & Toubro Limited Ultimate Holding Company

Larsen & Toubros International FZE Immediate Holding Company

Thalest Limited Holding Company

Related parties with whom the company have transactions during the year

Larsen & Toubro Limited

Tamco Switchgear (Malaysia) SDN BHD

Thalest Limited

L & T Electrical & Automation FZE

L & T Technology Services Limited

L & T Technology Services Limited Korea

Transactions and balances with related parties

Balances with related parties

Trade debtors

Larsen & Toubro Limited £6,515

L&T Electrical and Automation FZE £2,866

Tamco Switchgear (Malaysia) SDN BHD £44,362

Trade creditors

Larsen & Toubro Limited £212,294

L & T Electrical & Automation FZE £6,716

L & T Technology Services Limited £30,006

L & T Technology Services Limited Korea £725

Tamco Switchgear (Malaysia) SDN BHD £9,603

Other current liabilities

Thalest Limited £789,556

Tamco Switchgear (Malaysia) SDN BHD £750,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Share capital

Investment by Tamco Switchgear SDN BHD £2,5000,000 redeemable preference shares of £1 each

Investment by Thalest Limited £50,000 ordinary shares of £1 each

Transactions with related parties

Overheads and services charged by

Tamco Switchgear (Malaysia) SDN BHD £34,759

L & T Technology Services Limited Korea £725

Larsen & Toubro Limited £43,845

L & T Electrical & Automation FZE £3,850

L & T Technology Services Limited £55,192

18. ULTIMATE CONTROLLING PARTY

Thalest Limited prepares consolidated group accounts, which are the only UK group accounts incorporating this subsidiary, which are filed at Companies House. The immediate parent company of Thalest Limited is L & T International FZE which consolidate their accounts and has its headquarters in Sharjah, UAE. The ultimate parent of L & T International FZE is Larsen & Toubro, a company registered in India.

The Ultimate holding company is Larsen & Toubro Limited, a company incorporated in India. The company is a publicly owned company listed on the Indian Stock Exchange which does not have a single controlling party.

TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

	2017		*2016*	
	£	£	*£*	*£*
Sales		**4,075,714**		*8,879,262*
Cost of sales				
Purchases	**1,097,774**		*3,878,311*	
Travel & subsistence	**302,667**		*315,152*	
Direct wages	**803,845**		*869,964*	
Subcontractors	**879,811**		*826,293*	
		3,084,097		*5,889,720*
Gross profit		**991,617**		*2,989,542*
Expenditure				
Rent, rates and water	**188,682**		*197,202*	
Light and heat	**19,869**		*18,228*	
Directors' salaries	**105,570**		*115,575*	
Directors' pension contributions	**7,917**		*7,892*	
Wages and salaries	**1,215,891**		*1,334,531*	
Telephone	**41,320**		*42,346*	
Printing postage & stationery	**9,564**		*17,368*	
Travel and subsistence	**130,298**		*105,862*	
Motor expenses	**20,272**		*30,376*	
Insurance	**38,709**		*51,637*	
Sales commission	**79,276**		*259,876*	
Repairs and renewals	**11,061**		*16,037*	
Staff welfare, training and recruitment	**69,253**		*53,035*	
Guarantee costs	**113,260**		*78,089*	
Promotion and advertising	**32,115**		*44,203*	
General expenses	**15,298**		*11,720*	
Administration charge	**18,416**		*6,300*	
Computer costs	**35,674**		*36,325*	
Accountancy	**3,350**		*3,250*	
Legal and professional	**21,911**		*15,526*	
Auditors' remuneration	**25,978**		*26,078*	
Amortisation of intangible fixed assets				
Development costs	**209,792**		*159,566*	
Depreciation of tangible fixed assets				
Plant and machinery	**4,723**		*3,097*	
Fixtures and fittings	**32,835**		*33,306*	
Computer equipment	**57,088**		*48,911*	
Profit/loss on sale of tangible fixed assets	**2,056**		*3,382*	
Entertainment	**7,551**		*11,158*	
Bad debts	**7,486**		*23*	
Profit/loss on sale of intangible fixed assets	**–**		*6,058*	
		2,525,215		*2,736,957*
		(1,533,598)		*252,585*
Finance costs				
Bank charges	**13,919**		*34,823*	
Foreign currency gains/losses	**19,860**		*14,703*	
Bank interest	**99,003**		*51,718*	
Other interest	**9,603**		*–*	
		142,385		*101,244*
Net (loss)/profit		**(1,675,983)**		*151,341*

This page does not form part of the statutory financial statements

DIRECTORS' DECLARATION

The Directors have determined that the entity is a reporting entity and that this general purpose financial report should be prepared in accordance with the accounting policies outlined in Note 1 to the financial statements.

In accordance with a Resolution of the Directors of Tamco Electrical Industries Australia Pty Ltd, we state that:

In the opinion of the Directors;

(a) The financial statements and notes to the financial statements are in accordance with the Corporations Act 2001, including;

   (i) Give a true and fair view of the Company's financial position as at 31 March 2017 and of their performance for the year ended on that date; and

   (ii) Comply with Accounting Standards and Corporations Regulation 2001; and

(b) There are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the Board of Directors.

SHARAT CHANDRA BHARGAVA	**UMESH SUBBARAO BHARADWAJ**	**GRAHAM PEARCE TAYLOR**
Director	*Director*	*Director*

Place : Melbourne
Date : May 18, 2017

The Board of Directors
TAMCO ELECTRICAL INDUSTRIES AUSTRALIA PTY LTD

Dear Board Members
TAMCO ELECTRICAL INDUSTRIES AUSTRALIA PTY LTD

In accordance with section 307C of the Corporations Act 2001, I am pleased to provide the following declaration of independence to the Directors of Tamco Electrical Industries Australia Pty Ltd.

As the audit partner for the audit of the financial statements of Tamco Electrical Industries Australia Pty Ltd for the financial year ended 31 March 2017, I declare to the best of my knowledge and belief that there have been no contraventions of :

(i) the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

(ii) any applicable code of professional conduct in relation to the audit.

Yours sincerely.

KST PARTNERS

Kee G Saw
Partner
Chartered Accountants

INDEPENDENT AUDIT REPORT

To the members of
Tamco Electrical Industries Australia Pty Ltd

SCOPE

The general purpose financial report and Directors' responsibility

The general purpose financial report comprises the statement of financial position, statement of financial performance, statement of cash flows, accompanying notes to the financial statements, and the Directors' declaration for Tamco Electrical Industries Australia Pty Ltd for the year ended 31 March 2017.

The Directors of the Company are responsible for preparing a financial report that gives a true and fair view of the financial position and performance of the Company, and that complies with Accounting Standards in Australia, in accordance with the Corporations Act 2001. This includes responsible for the maintenance of adequate accounting records and internal controls that are designed to prevent and detect fraud and error, and for the accounting policies and accounting estimates inherent in the financial report.

AUDIT APPROACH

We conducted an independent audit of the financial report in order to express an opinion on it to the members of the Company. Our audit was conducted in accordance with Australian Auditing Standards in order to provide reasonable assurance as to whether the financial report is free of material misstatement. The nature of an audit is influenced by factors such as the use of professional judgement, selective testing, the inherent limitations of internal control, and the availability of persuasive rather than conclusive evidence. Therefore an audit cannot guarantee position and of its performance as represented by the results of its operations and cash flows.

We formed our audit opinion on the basis of these procedures, which included;

- examining on a test basis, information to provide evidence supporting the amounts and disclosures in the financial report, and
- assessing the appropriateness of the accounting policies and disclosures used and the reasonableness of significant accounting estimates made by the Directors.

While we considered the effectiveness of management's internal controls over financial reporting when determining the nature and extent of our procedures, our audit was not designed to provide assurance on internal controls.

We performed procedures to assess whether the substance of business transactions was accurately reflected in the financial report. These and our other procedures did not include consideration or judgement of the appropriateness or reasonableness of the business plans or strategies adopted by the directors and management of the Company.

INDEPENDENCE

We are independent of the Company, and have met the independence requirements of Australian professional ethical pronouncements and the Corporations Act 2001. In addition to our audit of the financial report, we were engaged to undertake the services disclosed in the notes to the financial statements. The provision of these services has not impaired our independence.

AUDIT OPINION

In our opinion, the general purpose financial report of Tamco Electrical Industries Australia Pty Ltd is in accordance with:

a) the Corporations Act 2001, including;

  (i) giving a true and fair view of the financial position of Tamco Electrical Industries Australia Pty Ltd at 31 March 2017 and of their performance for the year ended on that date; and

  (ii) complying with Accounting Standards in Australia and the Corporations Regulations 2001; and

b) other mandatory financial reporting requirements in Australia.

KST PARTNERS

KEE GUAN SAW
Partner

Place : Melbourne
Date : May 18, 2017

DIRECTORS' REPORT

The Directors of Tamco Electrical Industries Australia Pty Ltd present their report for the twelve months' financial year ended 31 March 2017.

DIRECTORS

The names of the Directors in office during the financial year and until the date of this report are:

Mr. Sharat Chandra Bhargava

Mr. Umesh Subbarao Bharadwaj

Mr. Taylor Pearce Graham

All Directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

PRINCIPAL ACTIVITIES

The Company's principal activities during the course of the financial year were the design, manufacture and supply of low and medium switchgears.

No significant change in the nature of these activities occurred during the financial year.

DIVIDENDS

In respect of the financial year ended 31 March 2017, no interim dividend or final dividend was provided for or paid. The Directors did not declare a financial dividend.

REVIEW OF RESULTS AND OPERATIONS

The net loss after income tax of the Company for the year ended 31 March 2017 was $362,868 (2016: net loss of 2,335,343).

ENVIRONMENTAL REGULATION AND PERFORMANCE

There have been no known environmental regulation breaches by the Company or its controlled entities.

INDEMNIFICATION OF DIRECTORS

During and since the financial year the Company has made a relevant agreement to indemnify Directors of the company.

EMPLOYEES

The entity employed 1 employee at 31 March 2017 (2016: 1).

Signed in accordance with a resolution of the Board of Directors.

SHARAT CHANDRA BHARGAVA *Director*	**UMESH SUBBARAO BHARADWAJ** *Director*	**GRAHAM PEARCE TAYLOR** *Director*

Place : Melbourne
Date : May 18, 2017

STATEMENT OF FINANCIAL PERFORMANCE YEAR ENDED 31 MARCH 2017

	Notes	Company 31 March 2017 $	*31 March 2016 $*
REVENUE FROM ORDINARY ACTIVITIES	**2**	**2,928,777**	*2,259,513*
Raw materials and consumables used	**3a**	**(2,411,347)**	*(1,973,245)*
Depreciation and amortisation expense	**3b**	**(11,905)**	*(97,669)*
Salaries and employee benefits expense		**(319,352)**	*(1,038,914)*
Other expenses from ordinary activities		**(549,041)**	*(658,915)*
LOSS FROM ORDINARY ACTIVITIES BEFORE INCOME TAX EXPENSE		**(362,868)**	*(1,509,230)*
INCOME TAX EXPENSE RELATING ORDINARY ACTIVITIES	**4**	**–**	*–*
NET (LOSS)/ PROFIT FROM ORDINARY ACTIVITIES AFTER INCOME TAX EXPENSE		**(362,868)**	*(1,509,230)*
Exceptional Item			
Redundancy expense		**–**	*(826,113)*
NET LOSS ATTRIBUTABLE TO MEMBERS OF TAMCO ELECTRICAL INDUSTRIES AUSTRALIA PTY LTD	**13**	**(362,868)**	*(2,335,343)*
TOTAL CHANGES IN EQUITY OTHER THAN THOSE RESULTING FROM TRANSACTIONS WITH OWNERS AS OWNERS ATTRIBUTABLE TO MEMBERS OF TAMCO ELECTRICAL INDUSTRIES AUSTRALIA PTY LTD		**(362,868)**	*(2,335,343)*

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

		Company	
	Notes	**31 March 2017** $	*31 March 2016* $
CURRENT ASSETS			
Cash	**5**	**2,934,607**	*3,114,750*
Receivables	**6**	**928,108**	*229,226*
Other assets	**7**	**29,785**	*141,397*
TOTAL CURRENT ASSETS		**3,892,500**	*3,485,373*
NON-CURRENT ASSETS			
Property, plant and equipment	**8**	**13,626**	*25,531*
TOTAL NON-CURRENT ASSETS		**13,626**	*25,531*
TOTAL ASSETS		**3,906,126**	*3,510,904*
CURRENT LIABILITIES			
Payables	**9**	**1,601,272**	*816,936*
Provisions	**11**	**5,258**	*33,378*
TOTAL CURRENT LIABILITIES		**1,606,530**	*850,314*
NON-CURRENT LIABILITIES			
Provisions	**11**	**14,302**	*12,428*
TOTAL NON-CURRENT LIABILITIES		**14,302**	*12,428*
TOTAL LIABILITIES		**1,620,832**	*862,742*
NET ASSETS		**2,285,294**	*2,648,162*
Parent Entity Interest			
Contributed equity	**12**	**16,472,930**	*16,472,930*
Accumulated losses	**13**	**(14,187,636)**	*(13,824,768)*
TOTAL SHAREHOLDERS' EQUITY		**2,285,294**	*2,648,162*

STATEMENT OF CASH FLOWS AS AT 31 MARCH 2017

	Notes	Company 31 March 2017 $	31 March 2016 $
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		**2,621,926**	*4,190,396*
Payments to suppliers and employees		**(2,780,053)**	*(5,857,336)*
NET CASH FLOWS USED IN OPERATING ACTIVITIES	**14a**	**(158,127)**	*(1,666,940)*
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from disposal of property, plant & equipment		**–**	*19,469*
NET CASH FLOWS USED IN INVESTING ACTIVITIES		**–**	*19,469*
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayment to Bank Loan		**–**	*–*
NET CASH FLOWS USED IN FINANCING ACTIVITIES		**–**	*–*
NET DECREASE IN CASH HELD		**(158,127)**	*(1,647,471)*
Add opening cash brought forward		**3,114,750**	*4,762,221*
Exchange differences on cash and cash equivalents		**(22,016)**	-
CLOSING CASH CARRIED FORWARD		**2,934,607**	*3,114,750*

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting preparation and going concern basis

The financial statements are general purpose financial statements that have been prepared in accordance with Australian Accounting Standards (including Australian Accounting Interpretation) of the Australian Accounting Standards Board and the Corporations Act 2001.

Tamco Electrical Industries Australia Pty Ltd is a company limited by shares, incorporated and domiciled in Australia.

Australian Accounting Standards set out accounting policies that the AASB has concluded would result in financial statements containing relevant and reliable information about transactions, events and conditions. Compliance with Australian Accounting Standards ensures that the financial statements and notes also comply with International Financial Reporting Standards. Material accounting policies adopted in the preparation of the financial statements are presented below and have been consistently applied unless otherwise stated.

The financial statements have been prepared on an accruals basis and are based on historical costs, modified, where applicable by the measurement at fair value of selected non-current assets, financial assets and financial liabilities.

This financial report has been prepared on a going concern basis.

Foreign currencies

Translation of foreign currency transactions

Transactions in foreign currencies of the Company are converted to local currency at the rate of exchange ruling at the date of the transaction. Amounts payable to and by the Company that are outstanding at the balance date and are denominated in foreign currencies have been converted to local currency using rates of exchange ruling at the end of the financial year. All resulting exchange differences arising on settlement or re-statement are brought to account in determining the profit or loss for the financial year.

Cash and cash equivalents

For the purpose of the Statement of Cash Flows, cash includes cash on hand and in banks, net of outstanding bank overdrafts.

Bank overdrafts are carried at the principal amount. Interest is charged as an expense as it accrues.

Trade and other receivables

Trade receivables are recognised and carried at original invoice amount less provision for any uncollectible debts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written-off as incurred.

Receivables from related parties are recognised and carried at the nominal amount due.

Inventories

Inventories are valued at the lower of average of cost or net realisable value.

Costs incurred in bringing each product to its present location and condition is accounted for as follows:

- Raw materials-purchase cost on an average basis; and
- Finished goods and work-in-progress cost of direct material and labour and a proportion of manufacturing overheads based on normal operating capacity.

Provision

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Group will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

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

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

Recoverable Amount

Non-current assets are not carried at an amount above their recoverable amount, and where carrying values exceed this, recoverable amount assets are written down. In determining recoverable amount, the expected net cash flows have been discounted to their present value using a market determined risk adjusted discount rate.

Property, plant and equipment

Cost and valuation

All classes of property, plant and equipment are measured at cost.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (Contd..)

Depreciation

Depreciation is provided on a straight-line basis on all property, plant and equipment over its expected useful life.

Major depreciation years are:	**31 March 2017**	*31 March 2016*
Leasehold improvements:	**3 years**	*3 years*
Motor Vehicles:	**5 years**	*5 years*
Plant and equipment:	**13.3 years**	*13.3 years*

Other non-current assets

Payables

Liabilities for trade payables and other accounts payable are recognised when the economic entity becomes obliged to make future payments resulting from the purchase of goods and services. Payables to related parties are carried at nominal amounts. Interest, when charged by the lender, is recognised as an expense on an accrual basis.

Contributed Equity

Ordinary share capital is recognised at the fair value of the consideration received by the Company.

Revenue recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured. The following specific criteria must be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

Rendering of Services

Where the contract outcome can be reliably measured, control of the right to be compensated for the services and the stage of completion can be reliably measured. Stage of completion is measured by reference to the costs incurred to date as a percentage of total estimated costs for each contract.

Interest

Control of a right to receive consideration for the provision of, or investment is, assets have been retained.

Employee benefits

Provision is made for employee entitlement benefits accumulated as a result of employees rendering services up to the reporting date. These benefits include wages and salaries, accrued days off, annual leave and long service leave.

Liabilities arising in respect of wages and salaries, accrued days off, annual leave and any other employee entitlements expected to be settled within twelve months of the reporting date are measured at their nominal amounts. All other employee entitlement liabilities are measured at the present value of the estimated future cash outflow to be made in respect of services provided by employees up to the reporting date. In determining the present value of future cash outflows, the interest rates attaching to government guaranteed securities that have terms to maturity approximating the terms of the related liability are used.

Employee entitlements expenses and revenues arise in respect of the following categories:

- wages and salaries, non-monetary benefits, annual leave, long service leave and other leave entitlements; and
- other types of employee entitlements are charged against profits on a net basis in their respective categories.

Taxes

Income taxes

Tax-effect accounting is applied using the liability method whereby income tax is regarded as an expense and is calculated on the accounting profit after allowing for permanent differences. To the extent timing differences occur between the time items are recognised in the financial statements and when items are taken into account in determining taxable income, the net related taxation benefit or liability, calculated at current rates, is disclosed as a future income tax benefit or a provision for deferred income tax. The net future income tax benefit relating to tax losses and timing differences is not carried forward as an asset unless the benefit is virtually certain of being realised.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 *(Contd..)*

		Company	
		31 March 2017	*31 March 2016*
		$	$
2.	**REVENUES FROM ORDINARY ACTIVITIES**		
	Revenues from Operating Activities		
	Revenues from sale of goods and services	**2,845,562**	*2,121,631*
	Revenues from Non-operating Activities		
	Net unrealised /realised foreign exchange gains/(loss)	**26,111**	*71,155*
	Gain on disposal of property, plant and equipment	–	*3,317*
	Other income	**57,104**	*63,410*
	Total revenues from non-operating activities	**83,215**	*137,882*
	Total Revenues from Ordinary Activities	**2,928,777**	*2,259,513*
3.	**EXPENSES AND LOSSES/(GAINS)**		
	(a) Expenses		
	Cost of goods sold	**2,411,347**	*1,973,245*
	(b) Depreciation of Non-current Assets		
	Plant and equipment	–	*75,491*
	Motor vehicles	**11,905**	*12,037*
	Total depreciation of non current assets	**11,905**	*87,528*
	Amortisation of Demo Stock	–	*10,140*
	Total Amortisation & Depreciation expense	**11,905**	*97,668*

4. INCOME TAX

The cumulative tax losses carried forward as at 31 December 2017 amounted to $14,187,636.

Deferred tax assets are not recognised for the above temporary differences as it is not probable that future taxable profit will be available against which the deductible temporary differences and unused tax losses can be utilised by the Company as the future profit streams are unpredictable. However, the unused tax losses may be carried forward indefinitely.

		Company	
		31 March 2017	*31 March 2016*
		$	$
5.	**CASH**		
	Cash on Hand	–	*380*
	Cash at Bank	**2,934,607**	*3,114,370*
		2,934,607	*3,114,750*
6.	**RECEIVABLES (CURRENT)**		
	Trade Debtors	**741,152**	*1,525*
	Less: Bad Debts Provision	–	–
		741,152	*1,525*
	Other Debtors	–	*40,745*
	Amounts other than trade debts receivable from related parties:		
	Associated Group		
	- PT Tamco Indonesia	**79,800**	*79,800*
	- Tamco Malaysia	**107,156**	*107,156*
		186,956	*186,956*
	Total Receivables	**928,108**	*229,226*

Terms and condition relating to the above financial instruments:

(i) credit terms range between 30 to 60 day terms

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 *(Contd..)*

		Company	
		31 March 2017 $	*31 March 2016* $
7.	**OTHER ASSETS (CURRENT)**		
	Prepayments	**28,440**	*29,635*
	Deposits	**1,345**	*111,762*
		29,785	*141,397*
8.	**PROPERTY PLANT AND EQUIPMENT**		
	Plant and Equipment		
	At cost	**242,736**	*242,736*
	Provision for depreciation	**(242,736)**	*(242,736)*
	Total Plant and Equipment	**–**	*–*
	Motor Vehicles		
	At cost	**60,350**	*60,350*
	Provision for depreciation	**(46,724)**	*(34,819)*
	Total Motor Vehicles	**13,626**	*25,531*
	Total Property, Plant and Equipment	**13,626**	*25,531*
	Reconciliation		
	Plant and Equipment		
	Carrying amount at beginning	**–**	*91,643*
	Additions during the year	**–**	*–*
	Disposals during the year	**–**	*(16,152)*
	Depreciation expense	**–**	*(75,491)*
		–	*–*
	Motor Vehicles		
	Carrying amount at beginning	**25,531**	*37,568*
	Additions during the year	**–**	*–*
	Depreciation expense	**(11,905)**	*(12,037)*
		13,626	*25,531*
9.	**PAYABLES (CURRENT)**		
	Other creditors & accruals	**95,795**	*28,378*
		95,795	*28,378*
	Aggregate amounts payable to related parties:		
	- related parties	**1,505,477**	*788,558*
		1,505,477	*788,558*
	Total Payables	**1,601,272**	*816,936*

10. INTEREST BEARING LIABILITIES

The Company has no other financing facilities with any financial institutions, except the followings;

Terms and conditions relating to the above financial instruments:

Bank Guarantee, amount utilised was $226,034 (2016; $253,723).

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 (Contd..)

	Company 31 March 2017 $	31 March 2016 $
11. PROVISIONS (CURRENT & NON CURRENT)	**$**	*$*
CURRENT		
Employee entitlements	**5,258**	*7,225*
Redundancy entitlements	**–**	*26,153*
	5,258	*33,378*
NON-CURRENT		
Employee entitlements	**14,302**	*12,428*
12. CONTRIBUTED EQUITY		
(a) Issued and paid up capital		
Ordinary Shares Fully Paid	**13,500,000**	*13,500,000*
Share Premium Account	**2,972,930**	*2,972,930*
	16,472,930	*16,472,930*
(b) Movements in shares on issue		
Beginning of the financial year	**13,500,000**	*13,500,000*
End of the financial year	**13,500,000**	*13,500,000*

(c) Terms and conditions of contributed equity

Ordinary shares have the right to receive dividends as declared and, in the event of winding up the company, could participate in the proceeds from the sale of all surplus on shares held. The authorised share capital of the Company is 15 million.

	Company 31 March 2017 $	31 March 2016 $
13. ACCUMULATED LOSSES		
Balance at the beginning of the financial year	**(13,824,768)**	*(11,489,425)*
Net loss attributable to members of the entity	**(362,868)**	*(2,335,343)*
Total available for appropriation	**(14,187,636)**	*(13,824,768)*
Dividends provided for or paid	**–**	*–*
Balance at end of the year	**(14,187,636)**	*(13,824,768)*
14. STATEMENT OF CASH FLOWS		
(a) Reconciliation of the operating loss after tax to the net cash flows (used in)/ from operations		
Operating loss after tax	**(362,868)**	*(2,335,343)*
Depreciation of property, plant & equipment	**11,905**	*97,668*
Unrealised gain from foreign exchange	**(29,584)**	*(69,529)*
Gain on disposal of plant and equipment		*(3,317)*
Changes in assets and liabilities		
Trade and other receivables	**(698,882)**	*2,075,293*
Inventory	**–**	*892,385*
Other current assets	**111,612**	*(69,938)*
Trade and other creditors	**835,936**	*(1,509,412)*
Employee entitlements	**(93)**	*(724,975)*
Redundancy entitlements	**(26,153)**	*(19,772)*
Net cash flow from operating activities:	**(158,127)**	*(1,666,940)*

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 *(Contd..)*

	Company	
	31 March 2017	*31 March 2016*
	$	$
(b) Reconciliation of cash		
Cash balance comprises:		
- cash on hand	**2,934,607**	*4,762,221*
Closing cash balance	**2,934,607**	*4,762,221*
(c) Financing facilities available		
At balance date, the following financing facilities had been negotiated and were made available:		
Total facilities		
- bank guarantee	**453,702**	*500,000*
- interchangeable bank overdraft/standby letter of credit/bank guarantee	**–**	–
Facilities used at balance date		
- bank guarantee	**226,034**	*253,723*
- interchangeable bank overdraft/standby letter of credit/bank guarantee	**–**	–
Facilities unused at balance date		
- bank guarantee	**227,668**	*246,277*
- interchangeable bank overdraft/standby letter of credit/bank guarantee	**–**	–

15. EMPLOYEE ENTITLEMENTS AND SUPERANNUATION COMMITMENTS

Employee Entitlements

The aggregate employee entitlement liability is comprised of;		
Provision (current)	**5,258**	*33,378*
Provision (non-current)	**14,302**	*12,428*
	19,560	*45,806*

16. SUBSEQUENT EVENTS

There has not been any matter or circumstance occurring subsequent to the end of the financial year that has significantly affected, or may significantly affect, the operations of the Company, the results of those operations, or the state of affairs of the Company in future financial years.

	Company	
	31 March 2017	*31 March 2016*
	$	$
17. REMUNERATION OF DIRECTORS		
Executive Directors		
- Fees, salaries and allowances	**93,355**	*614,907*
18. AUDITORS' REMUNERATION		
Amounts received or due and receivable by auditors for;		
- audit or review of the financial report of the entity.	**10,000**	*20,000*
- other services in relation to the entity.	**3,500**	–
- overprovision in prior year	**(10,000)**	–
	3,500	*20,000*

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED 31 MARCH 2017 *(Contd..)*

19. RELATED PARTY DISCLOSURES

(a) The Directors of the Company during the financial year were:

Mr. Sharat Chandra Bhargava

Mr. Umesh Subbarao Bharadwaj

Mr. Graham Pearce Taylor

All directors were in office from the beginning of the financial year until the date of this report, unless otherwise stated.

(b) Parent entity

Larsen & Toubro International FZE, a company incorporated in Hamriyah Free Zone, Sharjah, United Arab Emirates is the parent entity on that date.

(c) Related party balances

Amounts receivable and payable from and to entities in the wholly owned group have been disclosed in Note 6 and Note 9.

(d) Other related party transactions occurred during the financial year:

	Company	
	31 March 2017	*31 March 2016*
Tamco Switchgear (Malaysia) Sdn Bhd. – a related entity		
- Sales	**–**	*107,156*
- Purchases	**2,410,496**	*237,515*

20. FINANCIAL INSTRUMENTS

(a) Net fair values

The carrying amount of financial assets and financial liabilities recorded in the financial statements represent their respective net fair values. The net fair value of financial assets and financial liabilities with standard terms and conditions and traded on active liquid markets are determined with reference to quoted market prices.

(b) Credit risk exposure

Concentrations of credit risk

Credit risk refers to the risk that counterparty will default on its contractual obligations resulting in financial loss to the economic entity. The economic entity has adopted the policy of only dealing with creditworthy counterparts and obtaining sufficient information where appropriate, as a means of mitigating the risk of financial losses from defaults. The directors believe all monies invoiced other than those that have been provided for will be recovered.

(c) Interest rate risk

The entity's exposure to the interest rate risks and the effective interest rates of financial assets and financial liabilities, both recognised and unrecognised at the balance date, are as follows:

Financial Instruments	Floating interest rate		Fixed interest rate		Non–interest bearing		Total carrying amount as per the Statement of Financial Position		Weighted average effective interest rate	
	31 March 2017	*31 March 2016*	**31 March 2017**	*31 March 2016*	**31 March 2017**	*31 March 2016*	**31 March 2017**	*31 March 2016*	**31 March 2017**	*31 March 2016*
(1) Financial assets										
Cash	**1,743,750**	*285,513*	**–**	–	**1,190,857**	*2,829,237*	**2,934,607**	*3,114,750*	**2%**	2%
Trade receivables	**–**	–	**–**	–	**741,152**	*1,525*	**741,152**	*1,525*	**–**	–
Other receivables	**–**	–	**–**	–	**–**	*40,745*	**–**	*40,745*	**–**	–
Other Assets	**–**	–	**–**	–	**29,785**	*141,397*	**29,785**	*141,397*	**–**	–
Related party receivables	**–**	–	**–**	–	**186,956**	*186,956*	**186,956**	*186,956*	**–**	–
Total financial assets	**1,743,750**	*285,513*	**–**	–	**2,148,750**	*3,199,860*	**3,892,500**	*3,485,373*	**–**	–
(2) Financial liabilities										
Other payables	**–**	–	**–**	–	**95,795**	*28,378*	**95,795**	*28,378*	**–**	–
Related party payable	**–**	–	**–**	–	**1,505,477**	*788,558*	**1,505,477**	*788,558*	**–**	–
Total financial liabilities	**–**	–	**–**	–	**1,601,272**	*816,936*	**1,601,272**	*816,936*		

GROUP STRATEGIC REPORT FOR THE YEAR ENDED MARCH 31, 2017

The directors present their strategic report of the company and the group for the year ended 31st March 2017.

Servowatch is marine automation company based in Maldon Essex UK. Acquired by L&T in April 2012, it currently has 43 personnel working within the business.

Review of business

Servowatch is recognized as a world leading system integrator for Modern naval platforms, Super Yacht installations and Commercial marine operators. Unique software design allows integration of third party software into a common operator platform environment." Task Orientation" for specific user profiles with portability from station to station creates a highly redundant multifunctional operating environment. Typical applications include machinery, navigation, radar, electronic charting, internal and external communications, tactical sensors, auxiliary ship systems, camera networks, mission logging and playback functionality. The highly trained and professional teams at Servowatch are able to offer an extensive range of services.

Servowatch - Product Range

- ServoFusion- Bespoke systems
- ServoCore- Commercial off the shelf systems
- ServoSecurity- Marine security system

Servowatch partners with leading manufacturers of hardware and software to allow flexibility in meeting project requirements, and providing full through life product support capability.

Performance

- Continued growth in Order. Received major new contract from HHI, received repeat orders from UK MOD, Royal Thai Navy,
- RFA Mars Ship 1 (Tidespring) and Ship2 (Tiderace) completed in FY17
- The company successfully launched its product Winmon9

Trends and factors

- Naval Market set to increase
- Offshore market slowing due to oil price
- Impact of Brexit on competitiveness of our offering

Principal risks and uncertainties

- Oil Price volatility continuing causing reduced CAPEX investment in Marine Industry
- Chinese slowdown in economy resulting in Reduction in shipping requirement.
- Slow legislation implementation from IMO on ballast water regulations, limiting the company's ability to capitalize on ballast water control system sales.
- Due to above resulting in challenges in marine business environment and potentially limiting future order capture. To counter this, the company have renewed focus on naval markets.

Future development - technology

- Standardization of Bespoke software for use across all Marine Sectors with only limited configuration requirements
- Further work on Marine Remote access and Condition Monitor on Capital Equipment

On behalf of the board:

W Ross - Director

3rd May 2017

REPORT OF THE DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017

The directors present their report with the financial statements of the company and the group for the year ended 31st March 2017.

DIVIDENDS

No dividends will be distributed for the year ended 31st March 2017.

DIRECTORS

The directors shown below have held office during the whole of the period from 1st April 2016 to the date of this report.

S C Bhargava

W Ross

STATEMENT OF DIRECTORS' RESPONSIBILITIES

The directors are responsible for preparing the Group strategic report, the Report of the directors and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law). Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the company and the group and of the profit or loss of the group for that period. In preparing these financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and accounting estimates that are reasonable and prudent;
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the company's and the group's transactions and disclose with reasonable accuracy at any time the financial position of the company and the group and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the company and the group and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

STATEMENT AS TO DISCLOSURE OF INFORMATION TO AUDITORS

So far as the directors are aware, there is no relevant audit information (as defined by Section 418 of the Companies Act 2006) of which the group's auditors are unaware, and each director has taken all the steps that he ought to have taken as a director in order to make himself aware of any relevant audit information and to establish that the group's auditors are aware of that information.

AUDITORS

The auditors, Cooper Paul, will be proposed for re-appointment at the forthcoming Annual General Meeting.

On behalf of the board:

W Ross - Director

3rd May 2017

REPORT OF THE INDEPENDENT AUDITORS

TO THE MEMBERS OF THALEST LIMITED

We have audited the financial statements of **Thalest Limited** for the year ended 31st March 2017 on pages 231 to 246. The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards (United Kingdom Generally Accepted Accounting Practice), including Financial Reporting Standard 102 'The Financial Reporting Standard applicable in the UK and Republic of Ireland'.

This report is made solely to the company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in a Report of the auditors and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of directors' responsibilities set out on page 229, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the group's and the parent company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Group strategic report and the Report of the directors to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the financial statements:

- give a true and fair view of the state of the group's and of the parent company's affairs as at 31st March 2017 and of the group's loss for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Opinion on other matter prescribed by the Companies Act 2006

In our opinion the information given in the Group strategic report and the Report of the directors for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Andrew Gibson (Senior Statutory Auditor)
for and on behalf of **Cooper Paul**
Statutory Auditors
Beren Court
Newney Green
Chelmsford
Essex
CM1 3SQ

3rd May 2017

CONSOLIDATED INCOME STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Note	**2017** £	*2016* £
Turnover		**4,075,714**	*8,879,262*
Cost of sales		**(3,084,097)**	*(5,889,720)*
Gross profit		**991,617**	*2,989,542*
Administrative expenses		**(2,528,397)**	*(2,810,423)*
Operating (loss)/profit	**4**	**(1,536,780)**	*179,119*
Interest payable and similar expenses	**5**	**(108,606)**	*(51,718)*
(Loss)/profit before taxation		**(1,645,386)**	*127,401*
Tax on (loss)/profit	**6**	**6,752**	*(6,752)*
(Loss)/profit for the financial year		**(1,638,634)**	*120,649*
(Loss)/profit attributable to:			
Owners of the parent		**(1,638,634)**	*120,649*

The notes form part of these financial statements.

CONSOLIDATED OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 £	2016 £
(Loss)/profit for the year		**(1,638,634)**	*120,649*
Other comprehensive income		**–**	*–*
Total comprehensive income for the year		**(1,638,634)**	*120,649*
Total comprehensive income attributable to:			
Owners of the parent		**(1,638,634)**	*120,649*

The notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET MARCH 31, 2017

	Note	2017 £	*2016 £*
Fixed assets			
Intangible assets	8	1,908,448	*1,876,856*
Tangible assets	9	243,360	*690,758*
Investments	10	–	*–*
		2,151,808	*2,567,614*
Current assets			
Stocks	11	814,213	*929,143*
Debtors	12	1,007,903	*1,391,423*
Cash in hand		116	*556*
		1,822,232	*2,321,122*
Creditors			
Amounts falling due within one year	13	(5,438,318)	*(4,707,628)*
Net current liabilities		(3,616,086)	*(2,386,506)*
Total assets less current liabilities		(1,464,278)	*181,108*
Provisions for liabilities	16	–	*(6,752)*
Net (liabilities)/assets		(1,464,278)	*174,356*
Capital and reserves			
Called up share capital	17	133,656	*133,656*
Share premium	18	22,504	*22,504*
Revaluation reserve	18	-	*121,744*
Capital redemption reserve	18	142,840	*142,840*
Retained earnings	18	(4,263,278)	*(2,746,388)*
Shareholders' funds		(3,964,278)	*(2,325,644)*
Non-controlling interests		2,500,000	*2,500,000*
Total equity		(1,464,278)	*174,356*

The financial statements were approved by the Board of Directors on 3rd May 2017 and were signed on its behalf by:

W ROSS - DIRECTOR

The notes form part of these financial statements.

COMPANY BALANCE SHEET MARCH 31, 2017

	Note	2017 £	*2016 £*
Fixed assets			
Intangible assets	8	–	-
Tangible assets	9	49,314	*486,481*
Investments	10	50,000	*50,000*
		99,314	*536,481*
Current assets			
Debtors	12	789,556	*321,792*
Total assets less current liabilities		888,870	*858,273*
Provisions for liabilities	16	–	*(6,752)*
Net assets		888,870	*851,521*
Capital and reserves			
Called up share capital	17	133,656	*133,656*
Share premium	18	22,504	*22,504*
Revaluation reserve	18	-	*121,744*
Capital redemption reserve	18	142,840	*142,840*
Retained earnings	18	589,870	*430,777*
Shareholders' funds		888,870	*851,521*
Company's profit/(loss) for the financial year		37,349	*(30,692)*

The financial statements were approved by the Board of Directors on 3rd May 2017 and were signed on its behalf by:

W ROSS - DIRECTOR

The notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

	Called up share capital	Retained earnings	Share premium	Revaluation reserve
	£	£	£	£
Balance at 1st April 2015	133,656	(2,868,126)	22,504	122,833
Changes in equity				
Total comprehensive income	–	121,738	–	(1,089)
Balance at 31st March 2016	133,656	(2,746,388)	22,504	121,744
Changes in equity				
Total comprehensive income	–	(1,516,890)	–	(121,744)
Balance at 31st March 2017	133,656	(4,263,278)	22,504	-

	Capital redemption reserve	Total	Non-controlling interests	Total equity
	£	£	£	£
Balance at 1st April 2015	142,840	(2,446,293)	2,500,000	53,707
Changes in equity				
Total comprehensive income	–	120,649	–	120,649
Balance at 31st March 2016	142,840	(2,325,644)	2,500,000	174,356
Changes in equity				
Total comprehensive income	–	(1,638,634)	–	(1,638,634)
Balance at 31st March 2017	142,840	(3,964,278)	2,500,000	(1,464,278)

The notes form part of these financial statements.

COMPANY STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

	Called up share capital	Retained earnings	Share premium
	£	£	£
Balance at 1st April 2015	133,656	460,380	22,504
Changes in equity			
Total comprehensive income	–	(29,603)	–
Balance at 31st March 2016	133,656	430,777	22,504
Changes in equity			
Total comprehensive income	–	159,093	–
Balance at 31st March 2017	133,656	589,870	22,504

	Revaluation reserve	Capital redemption reserve	Total equity
	£	£	£
Balance at 1st April 2015	122,833	142,840	882,213
Changes in equity			
Total comprehensive income	(1,089)	–	(30,692)
Balance at 31st March 2016	121,744	142,840	851,521
Changes in equity			
Total comprehensive income	(121,744)	–	37,349
Balance at 31st March 2017	–	142,840	888,870

The notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 £	*2016 £*
Cash flows from operating activities			
Cash generated from operations	1	(404,703)	*835,914*
Interest paid		(108,606)	*(51,718)*
Net cash from operating activities		(513,309)	*784,196*
Cash flows from investing activities			
Purchase of intangible fixed assets		(241,384)	*(580,914)*
Purchase of tangible fixed assets		(93,740)	*(34,195)*
Sale of tangible fixed assets		475,033	*1*
Net cash from investing activities		139,909	*(615,108)*
(Decrease)/increase in cash and cash equivalents		(373,400)	*169,088*
Cash and cash equivalents at beginning of year	2	(1,983,196)	*(2,152,284)*
Cash and cash equivalents at end of year	2	(2,356,596)	*(1,983,196)*

The notes form part of these financial statements.

NOTES TO THE CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

1. Reconciliation of (loss)/profit before taxation to cash generated from operations

	2017	*2016*
	£	*£*
(Loss)/profit before taxation	**(1,645,386)**	*127,401*
Depreciation charges	**321,168**	*268,820*
(Profit)/loss on disposal of fixed assets	**(45,271)**	*9,440*
Finance costs	**108,606**	*51,718*
	(1,260,883)	*457,379*
Decrease in stocks	**114,930**	*78,108*
Decrease in trade and other debtors	**383,520**	*1,162,247*
Increase/(decrease) in trade and other creditors	**357,730**	*(861,820)*
Cash generated from operations	**(404,703)**	*835,914*

2. Cash and cash equivalents

The amounts disclosed on the Consolidated cash flow statement in respect of cash and cash equivalents are in respect of these Balance sheet amounts:

Year ended 31st March 2017

	31/3/17	*1/4/16*
	£	*£*
Cash and cash equivalents	**116**	*556*
Bank overdrafts	**(2,356,712)**	*(1,983,752)*
	(2,356,596)	*(1,983,196)*

Year ended 31st March 2016

	31/3/16	*1/4/15*
	£	*£*
Cash and cash equivalents	**556**	*310*
Bank overdrafts	**(1,983,752)**	*(2,152,594)*
	(1,983,196)	*(2,152,284)*

The notes form part of these financial statements.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. STATUTORY INFORMATION

Thalest Limited is a private company, limited by shares, registered in England and Wales. The company's registered number is 01201246 (England and Wales) and registered office address is Endeavour House, Holloway Road, Heybridge, Maldon, Essex, CM9 4ER.

2. ACCOUNTING POLICIES

Basis of preparing the financial statements

These financial statements have been prepared in accordance with Financial Reporting Standard 102 "The Financial Reporting Standard applicable in the UK and Republic of Ireland" and the Companies Act 2006. The financial statements have been prepared under the historical cost convention.

Turnover

Turnover is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, value added tax and other sales taxes.

Intangible assets

Intangible assets are initially measured at cost. After initial recognition, intangible assets are measured at cost less any accumulated amortisation and any accumulated impairment losses.

Development costs are being amortised evenly over their estimated useful life of nil years.

Tangible fixed assets

Depreciation is provided at the following annual rates in order to write off each asset over its estimated useful life.

Plant and machinery - 20% on cost

Fixtures and fittings - 20% on cost

Computer equipment - at varying rates on cost

Stocks

Stocks and work in progress are valued at the lower of cost and net realisable value, after making due allowance for obsolete and slow moving items.

Cost is calculated using the first-in, first-out method and includes all purchase, transport, and handling costs in bringing stocks to their present location and condition.

Pension costs and other post-retirement benefits

The group operates a defined contribution pension scheme. Contributions payable to the group's pension scheme are charged to profit or loss in the period to which they relate.

Going concern

The company is a member of the Larsen & Toubro Group of companies. The working capital requirement is currently reliant upon an overdraft facility provided by the company's bankers which is guaranteed by the company's immediate parent company L&T International FZE. Based upon the group's current order book and profit forecasts the directors are satisfied that with the continued support of its holding company the group will return to profit. The directors are therefore satisfied that the preparation of the accounts on a going concern basis remains appropriate.

Revenue recognition

In respect of long term contracts for on-going services, turnover represents the value of work done in the year, including estimates of amounts not invoiced. Turnover in respect of long-term contracts and contracts for on-going services is recognised by reference to the stage of completion.

Revenue from rendering services is measured by reference to the stage of completion of the service transaction at the end of the reporting period provided that the outcome can be reasonably estimated. When the outcome cannot be reasonably estimated, revenue is recognised only to the extent that expenses are recoverable.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3. EMPLOYEES AND DIRECTORS

	2017	2016
	£	£
Wages and salaries	2,125,306	2,320,070
Other pension costs	7,917	7,892
	2,133,223	2,327,962

The average monthly number of employees during the year was as follows:

	2017	2016
Production staff	22	23
Distribution staff	2	4
Administration	10	19
Management staff	8	8
	42	54

The average number of employees by undertakings that are proportionately consolidated during the year was 42 (2016 - 54).

	2017	2016
	£	£
Directors' remuneration	107,032	118,491
Directors' pension contributions to money purchase schemes	7,917	7,892

4. OPERATING (LOSS)/PROFIT

The operating loss (2016 - operating profit) is stated after charging/(crediting):

	2017	2016
	£	£
Depreciation - owned assets	111,376	109,254
(Profit)/loss on disposal of fixed assets	(45,271)	9,440
Development costs amortisation	209,792	159,566
Auditors' remuneration	25,978	26,078

5. INTEREST PAYABLE AND SIMILAR EXPENSES

	2017	2016
	£	£
Bank interest	99,003	51,718
Other interest	9,603	–
	108,606	51,718

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

6. TAXATION

Analysis of the tax (credit)/charge

The tax (credit)/charge on the loss for the year was as follows:

	2017	*2016*
	£	*£*
Deferred tax	**(6,752)**	*6,752*
Tax on (loss)/profit	**(6,752)**	*6,752*

7. INDIVIDUAL INCOME STATEMENT

As permitted by Section 408 of the Companies Act 2006, the Income statement of the parent company is not presented as part of these financial statements.

8. INTANGIBLE FIXED ASSETS

Group	**Development costs**
	£
Cost	
At 1st April 2016	**2,439,976**
Additions	**241,384**
At 31st March 2017	**2,681,360**
Amortisation	
At 1st April 2016	**563,120**
Amortisation for year	**209,792**
At 31st March 2017	**772,912**
Net book value	
At 31st March 2017	**1,908,448**
At 31st March 2016	**1,876,856**

9. TANGIBLE FIXED ASSETS

Group	**Freehold property**	**Short leasehold**	**Plant and machinery**
	£	**£**	**£**
Cost			
At 1st April 2016	450,000	157,769	58,938
Additions	–	–	86,705
Disposals	(450,000)	–	–
At 31st March 2017	–	157,769	145,643
Depreciation			
At 1st April 2016	28,121	93,167	49,883
Charge for year	1,442	15,288	4,723
Eliminated on disposal	(29,563)	–	–
At 31st March 2017	–	108,455	54,606
Net book value			
At 31st March 2017	–	49,314	91,037
At 31st March 2016	421,879	64,602	9,055

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Group	Fixtures and fittings	Computer equipment	Totals
	£	£	£
Cost			
At 1st April 2016	162,286	236,506	1,065,499
Additions	1,500	5,535	93,740
Disposals	(2,246)	(11,518)	(463,764)
At 31st March 2017	161,540	230,523	695,475
Depreciation			
At 1st April 2016	87,863	115,707	374,741
Charge for year	32,835	57,088	111,376
Eliminated on disposal	(1,386)	(3,053)	(34,002)
At 31st March 2017	119,312	169,742	452,115
Net book value			
At 31st March 2017	42,228	60,781	243,360
At 31st March 2016	74,423	120,799	690,758

Company	Freehold property	Short leasehold	Totals
	£	£	£
Cost			
At 1st April 2016	450,000	157,769	607,769
Disposals	(450,000)	–	(450,000)
At 31st March 2017	–	157,769	157,769
Depreciation			
At 1st April 2016	28,121	93,167	121,288
Charge for year	1,442	15,288	16,730
Eliminated on disposal	(29,563)	–	(29,563)
At 31st March 2017	–	108,455	108,455
Net book value			
At 31st March 2017	–	49,314	49,314
At 31st March 2016	421,879	64,602	486,481

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10. FIXED ASSET INVESTMENTS

Company	Shares in group undertakings £
Cost	
At 1st April 2016 and 31st March 2017	**50,000**
Net book value	
At 31st March 2017	**50,000**
At 31st March 2016	**50,000**

The group or the company's investments at the Balance sheet date in the share capital of companies include the following:

Subsidiary

Servowatch Systems Limited

Registered office: Endeavour House, Holloway Road, Heybridge, Maldon, Essex

Nature of business: Marine instrumentation

Class of shares:	% holding
Ordinary shares	100.00

11. STOCKS

	Group	
	2017	*2016*
	£	*£*
Raw materials	**317,005**	*533,615*
Work-in-progress	**497,208**	*395,528*
	814,213	*929,143*

12. DEBTORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group		Company	
	2017	*2016*	**2017**	*2016*
	£	*£*	**£**	*£*
Trade debtors	**913,524**	*1,274,604*	**–**	*–*
Amounts owed by group undertakings	**–**	*–*	**789,556**	*321,792*
Other debtors	**5,800**	*10,329*	**–**	*–*
Prepayments and accrued income	**88,579**	*106,490*	**–**	*–*
	1,007,903	*1,391,423*	**789,556**	*321,792*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

13. CREDITORS: AMOUNTS FALLING DUE WITHIN ONE YEAR

	Group	
	2017	*2016*
	£	*£*
Bank loans and overdrafts (see note 14)	**2,356,712**	*1,983,752*
Trade creditors	**754,589**	*574,870*
Payments on account	**913,836**	*1,435,527*
PAYE/NI control	**61,768**	*86,069*
VAT	**4,393**	*22,101*
Other creditors	**16,856**	*39,122*
Tamco Switchgear SDN BHD	**750,000**	*–*
Accruals and deferred income	**580,164**	*566,187*
	5,438,318	*4,707,628*

14. LOANS

An analysis of the maturity of loans is given below:

	Group	
	2017	*2016*
	£	*£*
Amounts falling due within one year or on demand:		
Bank overdrafts	**2,356,712**	*1,983,752*

15. LEASING AGREEMENTS

Minimum lease payments fall due as follows:

Group	Non-cancellable operating leases	
	2017	*2016*
	£	*£*
Between one and five years	**60,000**	*80,000*
In more than five years	**576,000**	*672,000*
	636,000	*752,000*

Company	Non-cancellable operating leases	
	2017	*2016*
	£	*£*
Between one and five years	**60,000**	*80,000*

16. PROVISIONS FOR LIABILITIES

	Group		Company	
	2017	*2016*	**2017**	*2016*
	£	*£*	**£**	*£*
Deferred tax				
Other timing differences	**–**	*6,752*	**–**	*6,752*

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Group	Deferred tax £
Balance at 1st April 2016	**6,752**
Balance at 31st March 2017	**6,752**

Company	Deferred tax £
Balance at 1st April 2016	**6,752**
Provided during year	**(6,752)**
Balance at 31st March 2017	**–**

17. CALLED UP SHARE CAPITAL

Allotted, issued and fully paid:

Number: value:	Class: £	Nominal £	2017	2016
133,656	Ordinary shares	1	133,656	133,656

18. RESERVES

Group	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2016	(2,746,388)	22,504	121,744	142,840	(2,459,300)
Deficit for the year	(1,638,634)				(1,638,634)
Reserve transfer	121,744	–	(121,744)	–	–
At 31st March 2017	(4,263,278)	22,504	–	142,840	(4,097,934)

Company	Retained earnings £	Share premium £	Revaluation reserve £	Capital redemption reserve £	Totals £
At 1st April 2016	430,777	22,504	121,744	142,840	717,865
Profit for the year	37,349				37,349
Reserve transfer	121,744	–	(121,744)	–	–
At 31st March 2017	589,870	22,504	–	142,840	755,214

19. PENSION COMMITMENTS

The amount recognised in profit or loss as an expense in relation to defined contribution plans was £7,892 (2015: £6,775).

20. RELATED PARTY DISCLOSURES

List of related parties who exercise control

Larsen & Toubro Limited Ultimate Holding Company

Larsen & Toubros International FZE Immediate Holding Company

Related parties with whom the company have transactions during the year

Larsen & Toubro Limited

Tamco Switchgear (Malaysia) SDN BHD

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Servowach Systems Limited

L & T Electrical & Automation FZE

L & T Technology Services Limited

L & T Technology Services Limited Korea

Transactions and balances with related parties

Balances with related parties

Trade debtors

Larsen & Toubro Limited £6,515

L&T Electrical and Automation FZE £2,866

Tamco Switchgear (Malaysia) SDN BHD £44,362

Trade creditors

Larsen & Toubro Limited £212,294

L & T Electrical & Automation FZE £6,716

L & T Technology Services Limited £30,006

L & T Technology Services Limited Korea £725

Tamco Switchgear (Malaysia) SDN BHD £9,603

Other current liabilities

Servowatch Systems Limited £789,556

Tamco Switchgear (Malaysia) SDN BHD £750,000

Share capital

Investment by Tamco Switchgear SDN BHD £2,5000,000 redeemable preference shares of £1 each

Investment by Thalest Limited £50,000 ordinary shares of £1 each

Transactions with related parties

Overheads and services charged by

Tamco Switchgear (Malaysia) SDN BHD £34,759

L & T Technology Services Limited Korea £725

Larsen & Toubro Limited £43,845

L & T Electrical & Automation FZE £3,850

L & T Technology Services Limited £55,192

21. ULTIMATE CONTROLLING PARTY

The Ultimate holding company is Larsen & Toubro Limited, a company incorporated in India. The company is a publicly owned company listed on the Indian Stock Exchange which does not have a single controlling party.

22. CONTROLLING PARTY

The company prepares consolidated group accounts, which are the only UK group accounts incorporating this company, which are filed at Companies House. The immediate parent company of Thalest Limited is L & T International FZE which consolidate their accounts and has its headquarters in Sharjah, UAE. The ultimate parent of L & T International FZE is Larsen & Toubro Limited, a company registered in India.

CONSOLIDATED TRADING AND PROFIT AND LOSS ACCOUNT FOR THE YEAR ENDED MARCH 31, 2017

	2017		2016	
	£	£	£	£
Sales		**4,075,714**		*8,879,262*
Cost of sales				
Purchases	**1,097,774**		*3,878,311*	
Travel & subsistence	**302,667**		*315,152*	
Wages	**803,845**		*869,964*	
Subcontractors	**879,811**		*826,293*	
		3,084,097		*5,889,720*
Gross profit		**991,617**		*2,989,542*
Expenditure				
Rent, rates and water	**188,682**		*197,202*	
Light and heat	**19,869**		*18,228*	
Profit/loss on sale of tangible fixed assets	**(47,327)**		*–*	
Directors' salaries	**105,570**		*115,575*	
Directors' pension contributions	**7,917**		*7,892*	
Wages	**1,215,891**		*1,334,531*	
Telephone	**41,320**		*42,346*	
Printing, post and stationery	**9,564**		*17,368*	
Travelling and subsistence	**130,298**		*105,862*	
Motor expenses	**20,272**		*30,376*	
Insurance	**38,709**		*51,637*	
Sales commission	**79,276**		*259,876*	
Repairs and renewals	**11,061**		*16,037*	
Staff training	**69,253**		*53,035*	
Guarantee costs	**113,260**		*78,089*	
Advertising	**32,115**		*44,203*	
General expenses	**15,298**		*11,720*	
Business development	**18,416**		*6,300*	
Computer costs	**35,674**		*36,325*	
Accountancy	**3,350**		*3,250*	
Legal and professional	**21,911**		*15,526*	
Auditors' remuneration	**25,978**		*26,078*	
Amortisation of intangible fixed assets				
Development costs	**209,792**		*159,566*	
Depreciation of tangible fixed assets				
Freehold property	**1,442**		*8,652*	
Short leasehold	**15,288**		*15,288*	
Plant and machinery	**4,723**		*3,097*	
Fixtures and fittings	**32,835**		*33,306*	
Computer equipment	**57,088**		*48,911*	
Profit/loss on sale of tangible fixed assets	**2,056**		*3,382*	
Entertainment	**7,551**		*11,158*	
Bad debts	**7,486**		*23*	
Profit/loss on sale of intangible fixed assets	**–**		*6,058*	
		2,494,618		*2,760,897*
		(1,503,001)		*228,645*
Finance costs				
Bank charges	**13,919**		*34,823*	
Foreign currency loss / profit	**19,860**		*14,703*	
Bank interest	**99,003**		*51,718*	
Other interest	**9,603**		*-*	
		142,385		*101,244*
Net (loss)/profit		**(1,645,386)**		*127,401*

This page does not form part of the statutory financial statements

BOARD REPORT

Dear Members,

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

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**	*2015-16*
	₹ Cr.	*₹ Cr.*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**41.29**	*14.52*
Less: Depreciation, amortization and obsolescence	**0.37**	*0.12*
Profit before exceptional and extraordinary items and tax	**40.92**	*14.40*
Add: Exceptional Items	**–**	*–*
Profit / (Loss) before tax	**40.92**	*14.40*
Less: Provision for tax	**8.79**	*3.10*
Profit after tax	**32.13**	*11.30*
Profit for the period carried to the Balance Sheet	**32.13**	*11.30*
Add: Balance brought forward from previous year	**11.00**	*(0.30)*
Balance available for disposal	**43.13**	*11.00*
Balance carried to Balance Sheet	**43.13**	*11.00*

Capital & Finance:

During the year under review, the Company has not allotted any equity or preference shares. The total share capital as on 31st March, 2017, is ₹ 2,233.20 Crores. The Company has changed the terms of preference shares with the consent of the preference shareholders.

During the year under review, the Company has issued 2500 9% Non-convertible debentures (NCDs) having the face value of ₹ 1,00,000 each amounting to ₹ 25 crores. NCDs had been listed on the wholesale debt market segment of the National Stock Exchange of India Limited. CARE has assigned “CARE A” (pronounced “CARE A rating”) for these NCDs. These NCDs were redeemed in full on 29th March 2017.

Capital Expenditure:

As at March 31, 2017 the net tangible and intangible assets stands at ₹ 1.45 crore. The amount spent on project development activities during the year is ₹ 475 crore.

Deposits:

During the year under review, the Company has not accepted deposits from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

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

The Company has not given any loans or guarantees, made any investments or provided any security to any person or body corporate as specified in Section 186 of the Companies Act, 2013.

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Audit Committee has approved the Related Party Transactions for the Financial Year 2016-17.

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

The details of transactions entered with related party are provided in Form AOC-2 as Annexure-1 to the Report.

4. STATE OF COMPANY AFFAIRS:

The Income from operations and other income for the financial year under review were ₹ 1178.01 crore as against ₹ 229.66 crore for the previous financial year registering an increase of 412%. The profit from operations is ₹ 40.92 crore for the financial year under review as against profit of ₹ 14.40 crore for the previous financial year.

Your Company has concluded the long term sub-lease transaction involving the retail mall in March, 2017 with a leading financial investor at consideration of ₹ 1092 crores.

5. AMOUNT TO BE CARRIED TO RESERVE:

During the year under review, the Company has not transferred any amount to Reserves.

6. DIVIDEND:

The Board of Directors has not recommended any dividend for the financial year under review.

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

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

The company has undertaken the following initiatives to conserve energy:

i. Company maintained the Power factor with MSEDCL, which led savings in power bill.

ii. Company has changed the CFL lamps with LED lamps thereby saving energy.

The present development of the company, Seawoods Grand Central, is a LEED Gold rated building. Energy conservation measures have already been taken into consideration like use of LED lights.

Foreign Exchange Earning & Outgo ₹ Cr.

Particulars	2016-17
Foreign Exchange earned	–
Foreign Exchange used	**0.34**

9. RISK MANAGEMENT POLICY:

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

10. CORPORATE SOCIAL RESPONSIBILITY:

The Company has constituted a CSR Committee comprising of Mr. R. Shankar Raman, Mr. Shrikant Joshi and Ms. Savitri Dadhich as the Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The detail of the amount to be spent during the current financial year and the manner in which it was spent has been attached as Annexure - 2 to this report.

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

Mr. R. Shankar Raman, Mr. Shrikant Joshi, Mr. Ashwani Kumar, Ms. Savitri Dadhich, Mr. Durgesh Mehta and Mr. Balaji Rao are the present Directors of the Company.

During the year under review, the Board has appointed Mr. Balaji Rao as an Independent Director for a period of five years with effect from 27th October, 2016 and the same shall be approved by the Shareholders at its ensuing Annual General Meeting.

Mr. Shrikant Joshi was appointed as a Director in casual vacancy. He holds office upto the date of this Annual General Meeting and it has been proposed to appoint him as the Director of the Company.

Mr. R. Shankar Raman retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Subrata Bandyopadhyay is the Manager of the Company and Mrs. Reena Raje is the Company Secretary of the Company. Mr. Ankoor Baxi ceases to be Chief Financial Officer of the Company w.e.f 15th March, 2017. The Board places on record appreciation for the contribution of Mr. Ankoor Baxi for his services to the Company.

The Board of Directors has appointed Mr. Hemant Mohta as the Chief Financial Officer of the Company with effect from 6th May, 2017.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, five meetings were held on 9th May, 2016, 16th July, 2016, 27th October, 2016, 17th January, 2017 and 9th February, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

During the year under review, the Committee met four times on 9th May, 2016, 16th July, 2016, 27th October, 2016 and 17th January, 2017.

The Audit Committee presently comprises of Mr. R. Shankar Raman, Mr. Durgesh Mehta and Ms. Savitri Dadhich as Members. The Members elect one amongst themselves as the Chairperson of the Meeting.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The observations and corrective measures are presented to the Audit Committee.

In accordance with the requirements of the Companies Act, 2013, the Company has established a vigil mechanism framework for directors and employees to report genuine concerns.

14. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

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

During the year under review, the committee met twice on April 21, 2016 and October 27, 2016.

The Nomination and Remuneration Committee comprises of Mr. R. Shankar Raman, Mr. Shrikant Joshi, Mr. Durgesh Mehta and Ms. Savitri Dadhich. The Members elect one amongst themselves as the Chairperson of the Meeting.

15. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from the Independent Directors confirming that they are not disqualified from continuing as Independent Directors.

16. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

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

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

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

17. INTERNAL FINANCIAL CONTROLS (IFC):

The Company has in place adequate internal financial controls with reference to financial statements. The Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the business operations. The Company has in place the process to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

During the year, such controls were tested and no reportable material weaknesses were observed.

18. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee has laid down the manner in which the evaluation of the Board, its Committees and the Individual Directors will be carried out. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees and individual directors. The Chairman of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s) and Directors and the summary of the evaluation shall be shared with the members of the Nomination and Remuneration Committee and the Board.

19. MEETING OF THE INDEPENDENT DIRECTOR'S:

The Meeting of the Independent Director's was held on 6th May, 2017, without the presence of Non- Executive Directors. They reviewed the summary of the performance evaluation of the Board, its Committee(s) and Directors. They further accessed the quality, quantity and timeliness of the flow of information between management and the Board.

20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

21. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2016-17.

22. AUDIT REPORT:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

23. SECRETARIAL AUDIT REPORT:

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by M/s. Naina Desai, Practicing Company Secretary is attached as Annexure-3 to this Report.

24. AUDITORS:

The Auditors, M/s. Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s. Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

25. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors had appointed M/s R. Nanabhoy & Co, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2018 at a remuneration of ₹ 70,000. The appointment shall be intimated to the Central Government.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor is placed before the shareholders.

26. EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure -4 to this report.

27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

28. OTHER DISCLOSURES:

- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.
- Reporting of Frauds: The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

29. ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Mumbai	**R. SHANKAR RAMAN**	**SHRIKANT JOSHI**
Date : May 6, 2017	*Director* *DIN: 00019798*	*Director* *DIN: 02278471*

ANNEXURE 1

FORM NO. AOC-2

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

Name(s) of the related party	Nature of relationship	Nature of contracts/arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any
Larsen & Toubro Limited	Holding Company	Purchase of goods & services	Apr 16-Mar 17	295,04,25,621	NA
		Deputation of employees	Apr 16-Mar 17	6,42,50,711	
		Overheads recovered	Apr 16-Mar 17	3,97,76,560	
		Interest received on Inter-corporate deposit	Apr 16-Mar 17	3,58,25,401	
		Inter-corporate borrowing taken	Apr 16-Mar 17	3,114,900,000	
		Inter-corporate borrowing repaid	Apr 16-Mar 17	5,004,900,000	
		Interest paid on Inter-corporate borrowing	Apr 16-Mar 17	197,689,164	
L&T Realty Limited	Fellow Subsidiary	Purchase of Office assets	Apr 16-Mar 17	12,97,540	
L&T Mutual Fund Trustee Limited	Fellow Subsidiary	Purchase of investments	Apr 16-Mar 17	6,106,720,000	
		Sale of investments	Apr 16-Mar 17	553,811,058	
		Dividend received	Apr 16-Mar 17	25,14,309	
		Profit on sale of investments	Apr 16-Mar 17	239	
Seawoods Realty Private Limited	Fellow Subsidiary	Reimbursement of expenses	Aug 16–Mar 17	1,932	
Seawoods Retail Private Limited	Fellow Subsidiary	Reimbursement of expenses	Sep 16–Mar 17	1,932	

ANNEXURE 2

CSR ACTIVITIES FOR 2016-17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.**
The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company has contributed for promoting environmental sustainability and also towards Prime Minister's National Relief Fund which primarily focuses on rendering immediate relief to families of those killed in natural calamities like flood, earthquake, cyclone, etc. and to the victims of major accidents and riots.

2. **Composition of the CSR Committee.**
The CSR Committee of the Board was re-constituted and presently the Committee comprises of two Non-Executive Directors and one Independent Director as Members. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. R. Shankar Raman, Mr. Shrikant Joshi, and Ms. Savitri Dadhich as Members. The Committee elects one amongst them as the Chairman. During the year under review, the Committee meet twice on 6th May, 2016 and 17th January, 2017.

3. **Average net profit of the Company for the last three financial years.**
The average net profit of the Company for the last three financial years is ₹ 6,69,92,735.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above) for the Financial year 2016-17.**
The Company is required to spend an amount of ₹ 13,39,855 as CSR expenditure during the financial year 2016-17.

5. **Details of CSR spent during the financial year 2016-17:**

a) Amount to be spent on CSR:

Particulars	₹
Average Net Profit of the Company for the last three financial years	6,69,92,735
Amount to be spent as CSR	13,39,855
Amount unspent	–

b) Manner in which amount spent during the financial year 2016-17:

CSR project/ activity identified	**Sector in which the Project is covered**	**Projects/ Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken**	**Amount outlay (budget) project / program wise**	**Amount spent on the project / programs Sub-heads:1) Direct expenditure on projects or programs 2) Overheads**	**Cumulative spend upto the reporting period**	**Amount spent (Direct / implementing agency)**
Promote Sanitation	Promote Sanitation	Supply and installation of Stainless Steel litter bins at Navi Mumbai	1,000,105	1,000,105	1,000,105	Direct
Prime Minister's National Relief Fund	Relief for people affected by natural calamity, accidents, riots, etc.	National Level	339,750	339,750	1,339,855	Direct

6. **Reasons for not spending the amount during the financial year:**
The Company has spent the entire amount allocated for CSR spending.

7. **CSR Committee Responsibility Statement:**
The CSR Committee hereby affirms that:

- The Company has formulated a CSR Policy which includes formulation of a CSR theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

SHRIKANT JOSHI
Director
DIN: 02278471

SAVITRI DADHICH
Chairperson of the CSR Committee
DIN: 07147074

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

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

To,

The Members,

L&T SEAWOODS LIMITED

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

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992, **presently, (Prohibition of Insider Trading) Regulations, 2015;**

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws that are applicable to the Company, **viz. -**

- **The Building & Other Construction Workers (Regulation of Employment & Conditions of Service);**
- **Maharashtra Ownership Flats (Regulation of the Promotion of Construction, Sale, Management and Transfer) Act, 1963.**

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

i. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** and the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **The Unsecured Redeemable Non-Convertible Debentures listed on National Stock Exchange Limited on May 2, 2016 have been redeemed on March 29, 2017.**

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

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

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period the company, the **following** events / actions have taken place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.-

- **Issue of 2500 9% Unsecured, Redeemable, Non-Convertible Debentures of ₹ 1,00,000 each on April 20, 2016.**

(ii) Redemption / buy-back of securities -

- **Redemption of above-referred 2500 9% Non-convertible Debentures of ₹ 1,00,000 each redeemed on March 29, 2017.**

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013. – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc. – **NIL**.

(v) Foreign technical collaborations. – **NIL**.

(vi) Other Events – **NIL**.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

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

'ANNEXURE A'

To,

The Members

L&T Seawoods Limited

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

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

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

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

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

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

ANNEXURE 4

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203MH2008PLC180029
Registration Date	13/03/2008
Name of the Company	L&T Seawoods Limited
Category / Sub-Category of the Company	Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Real estate development	N.A.	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	100	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	–	1999550000	1999550000	100.00	–	1999550000	1999550000	100.00	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	–	1999550000	1999550000	100.00	–	1999550000	1999550000	100.00	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	1999550000	1999550000	100.00	–	1999550000	1999550000	100.00	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**–**	**1999550000**	**1999550000**	**100.00**	**–**	**1999550000**	**1999550000**	**100.00**	**NIL**

ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	1999550000	100.00	NIL	1999550000	100.00	NIL	NIL
	Total	**1999550000**	**100.00**	**NIL**	**1999550000**	**100.00**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: NOT APPLICABLE

Sl. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

(Amount ₹ in crores)

	Secured Loans excluding deposits	Inter Corporate Borrowings	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	189	NIL	189
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	2	NIL	2
Total (i+ii+iii)	**NIL**	**191**	**NIL**	**191**
Change in Indebtedness during the financial year				
Addition	NIL	330	NIL	330
Reduction	NIL	521	NIL	521
Net Change	**NIL**	**(191)**	**NIL**	**(191)**
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of the Manager	Total Amount
		Mr. Subrata Bandyopadhyay	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	130.11	130.11
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit - others, specify…	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	**130.11**	**130.11**
	Ceiling as per the Act		**204.56**

B. Remuneration to other directors:

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Ms. Savitri Dadhich	**Mr. Durgesh Mehta**	**Mr. Balaji Rao**	
1.	Independent Directors				
	• Fee for attending board / committee meetings	3.50	4.00	1.50	9.00
	• Commission	5.00	5.00	2.15	12.15
	• Others, please specify				
	Total (1)	**8.50**	**9.00**	**3.65**	**21.15**
		Mr. R Shankar Raman	**Mr. Shrikant Joshi**	**Mr. Ashwani Kumar**	
2.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration	**NIL**	**NIL**	**NIL**	**NIL**
	Overall Ceiling as per the Act (excluding sitting fees)				**40.9**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/ MANAGER/WTD

(₹ in Lakhs)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary – Mrs. Reena Raje	CFO – Mr. Ankoor Baxi (1 April 2016 to 15 March 2017)	Total
1.	Gross salary	NIL	NIL	30.59	30.59
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961				
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**30.59**	**30.59**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Seawoods Limited

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **L&T Seawoods Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'the Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of the Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

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

i. The Company did not have any pending litigations as disclosed in its Ind AS financial statements- refer note B9 to the Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note B15 to the Ind AS financial statements;

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note B20 to the Ind AS financial statements; and

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note B16 to the Ind AS financial statements.

FOR SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : May 6, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, immovable property comprising of a building having cost of ₹ 3,18,27,355 and net book value of ₹ 63,01,045 is on land whose development rights are held by Larsen and Toubro Limited.

2 In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of sections 185 and 186 of the Act have been complied with.

3 We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under section 48 (1) of the Companies Act, 2013 in respect of its construction activity and are of the opinion that prima facie the prescribed account and records have been made and maintained. The contents of these accounts and records have not been examined by us.

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

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are Nil.

5 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans and borrowings to any financial institution, bank, government or debenture holders as at the Balance Sheet date.

6 The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were taken.

7 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officer or employees, noticed or reported during the year, nor have we been informed of such case by management.

8 According to the records of the Company examined by us and the information and explanations given to us, managerial remuneration has been provided in accordance with the provisions of section 197 read with schedule V of the Companies Act.

9 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

10 According to the records of the Company examined by us and information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

11 According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

12 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

13 Clauses 3(ii), 3(iii), 3(v) and 3(xii) of the Order are not applicable to the Company.

FOR SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : May 6, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Seawoods Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

FOR SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : May 6, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹	*As at 01.04.2015* ₹
ASSETS:							
Non-current assets							
Property, Plant and Equipment	1		**14,298,973**		*19,204,823*		*26,417,757*
Investment Property	2		**24,707,590,672**		*31,349,819,824*		*18,099,870,851*
Other Intangible Assets	3		**168,750**		*243,750*		*300,000*
Financial Assets							
Other Assets	4	**51,229,100**		*18,628,610*		*18,628,610*	
			51,229,100		*18,628,610*		*18,628,610*
Current assets							
Inventories	5		**1,666,895,955**		*1,392,368,305*		*11,930,476,728*
Financial Assets							
Investments	6	**5,561,794,118**		*6,370,638*		*47,235,927*	
Trade receivables	7	**1,646,651,525**		*150,126,553*		*23,084,844*	
Cash and cash equivalents	8	**3,790,280**		*167,252*		*76,742,346*	
Other financial assets	9	**1,400,000**	**7,213,635,923**	*474,300*	*157,138,743*	*238,925,108*	*385,988,225*
Current Tax Assets (net)	10		**26,442,679**		*136,927*		*13,580,377*
Other current assets	11		**553,964,708**		*2,675,933,723*		*2,190,717,241*
TOTAL ASSETS			**34,234,226,760**		*35,613,474,705*		*32,665,979,789*
EQUITY AND LIABILITIES:							
Total Equity							
Equity Share Capital	12		**19,995,500,000**		*19,995,500,000*		*19,995,500,000*
Other Equity	13		**12,113,899,407**		*11,792,423,422*		*10,356,927,605*
			32,109,399,407		*31,787,923,422*		*30,352,427,605*
Non-current liabilities							
Other Financial Liabilities	14		**–**		*85,542,758*		*42,275,730*
Current liabilities							
Financial Liabilities							
Borrowings		**–**		*1,908,103,106*		*–*	
Trade payables	15	**619,300,037**		*700,848,822*		*790,466,733*	
Other financial liabilities	16	**434,350**		*127,949*		*148,053*	
			619,734,387		*2,609,079,877*		*790,614,786*
Other current liabilities	17		**1,496,848,919**		*1,122,852,760*		*1,474,461,873*
Provisions	18		**8,244,047**		*8,075,888*		*6,199,795*
TOTAL EQUITY & LIABILITIES			**34,234,226,760**		*35,613,474,705*		*32,665,979,789*
SIGNIFICANT ACCOUNTING POLICIES	**A**						
NOTES TO ACCOUNTS	**B**						

Accompanying notes form an integral part of the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332

SUBRATA BANDYOPADHYAY
Manager

HEMANT MOHTA
Chief Financial Officer

REENA RAJE
Company Secretary
M. No. ACS-21440

SHRIKANT JOSHI
Director
DIN: 02278471

R SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

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

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE:					
Revenue from operations	**19**		**11,702,169,621**		*2,293,141,708*
Other income	**20**		**77,942,607**		*3,529,843*
Total revenue			**11,780,112,228**		*2,296,671,551*
EXPENSES:					
Manufacturing, construction and operating expenses	**21**		**10,966,001,405**		*2,005,472,146*
Employee benefits expense	**22**		**41,279,204**		*24,754,729*
Sales, administration and other expenses	**23**		**251,138,679**		*112,215,305*
Finance costs	**24**		**108,787,264**		*8,973,141*
Depreciation and amortisation expense	**1 & 3**		**3,705,815**		*1,260,414*
Total expenses			**11,370,912,367**		*2,152,675,735*
Profit before exceptional items and tax			**409,199,861**		*143,995,816*
Exceptional items			**–**		*–*
Profit before tax			**409,199,861**		*143,995,816*
Tax expense:					
– Current tax		**87,910,031**		*31,000,000*	
– Deferred tax		**–**		*–*	
			87,910,031		*31,000,000*
Profit after tax			**321,289,830**		*112,995,816*
Other Comprehensive Income			**186,155**		*–*
Total Other Comprehensive Income			**186,155**		*–*
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD			**321,475,985**		*112,995,816*
Earning per Equity Share	**B4**				
– Basic			**0.16**		*0.06*
– Diluted			**0.10**		*0.04*
SIGNIFICANT ACCOUNTING POLICIES	**A**				
NOTES TO ACCOUNTS	**B**				

Accompanying notes form an integral part of the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA	**SUBRATA BANDYOPADHYAY**	**HEMANT MOHTA**	**REENA RAJE**	**SHRIKANT JOSHI**	**R SHANKAR RAMAN**
Partner	*Manager*	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No.38332			*M. No. ACS-21440*	*DIN: 02278471*	*DIN: 00019798*

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31,2017

Particulars	2016–17 ₹	2015–16 ₹
A. Cash flow from operating activities :		
Profit (Loss) before tax	**409,199,861**	*145,136,716*
Adjustments for :		
Other Comprehensive Income	**186,155**	–
Depreciation and Amortisation expense	**3,705,815**	*1,260,414*
Interest on Security Deposit	**(400,000)**	*(446,434)*
Interest on Fixed deposit with bank	**–**	*(96,192)*
Dividend received	**(2,514,309)**	*(2,467,395)*
(Profit)/Loss on sale of Fixed Assets (net)	**(67,344)**	*(67,440)*
(Profit)/Loss on sale of Investments (net)	**(239)**	*(6,077)*
Operating Profit before working capital changes	**410,109,939**	*143,313,592*
Adjustments for :		
(Increase) / Decrease in Inventories	**(274,527,650)**	*10,526,142,195*
(Increase) / Decrease in Trade receivables	**(1,496,524,972)**	*(127,029,045)*
(Increase) / Decrease in Loans & Advance	**(32,600,490)**	*732,000,432*
(Increase) / Decrease in Other Current Assets	**2,121,180,242**	*(948,883,793)*
Increase / (Decrease) in Trade Payables	**(81,548,785)**	*(118,146,703)*
Increase / (Decrease) in Current Liabilities	**288,927,961**	*(280,412,927)*
Cash (used in) / generated from operations	**935,016,245**	*9,926,983,751*
Direct taxes refund / (paid) - net	**(114,352,710)**	*(31,136,927)*
Net Cash (used in) / from operating activities	**820,663,535**	*9,895,846,824*
B. Cash flow from investing activities		
Purchase of fixed Asset and addition to construction work in progress	**6,642,229,152**	*(13,268,526,815)*
(Purchase)/Sale of fixed assets (net)	**1,342,379**	*70,401*
(Purchase)/Sale of Mutual Fund (net)	**(5,555,423,241)**	*40,875,607*
Interest received	**400,000**	*542,626*
Dividend received from investment in Mutual Funds	**2,514,309**	*2,467,396*
Net Cash (used in) / from investing activities	**1,091,062,599**	*(13,224,570,785)*
C. Cash flow from financing activities :		
Preference Share Capital issued (including premium)	**–**	*1,322,500,000*
(Repayment) / Proceeds from short term borrowings (net)	**(1,908,103,106)**	*1,890,000,000*
(Repayment) / Proceeds from Other Financial Liabillities	**–**	*39,648,867*
Net Cash (used in) / from financing activities	**(1,908,103,106)**	*3,252,148,867*
Net Increase/ (Decrease) in cash and cash equivalents (A+B+C)	**3,623,028**	*(76,575,093)*
Cash and cash equivalents at the beginning of the period	**167,252**	*76,742,346*
Cash and cash equivalents at the end of the period	**3,790,280**	*167,252*

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA	SUBRATA BANDYOPADHYAY	HEMANT MOHTA	REENA RAJE	SHRIKANT JOSHI	R SHANKAR RAMAN
Partner	*Manager*	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No.38332			*M. No. ACS-21440*	*DIN: 02278471*	*DIN: 00019798*

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

STATEMENT OF CHANGES IN EQUITY

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Equity component of Preference share capital		**2,336,500,000**		*2,336,500,000*		*2,072,000,000*
Securities premium account						
As per last Balance Sheet	**9,346,000,000**		*8,288,000,000*		–	
Add: Addition during the year	**–**		*1,058,000,000*		*8,288,000,000*	
		9,346,000,000		*9,346,000,000*		*8,288,000,000*
Debenture redemption reserve						
As per last Balance Sheet	**–**		–		*11,797,381*	
Less: Transferred to surplus statement of profit and loss	**–**		–		*(11,797,381)*	
		–		–		–
Profit and Loss Account						
Opening Balance	**109,923,422**		*(3,072,395)*		*(502,696)*	
Depreciation charge against retained earnings	**–**		–		*(253,480)*	
Profit/(loss) for the year	**321,289,830**		*112,995,817*		*(14,113,600)*	
Other Comprehensive income	**186,155**		–		–	
Less: Transfer from Debenture redemption reserve	**–**		–		*11,797,381*	
		431,399,407		*109,923,422*		*(3,072,395)*
		12,113,899,407		*11,792,423,422*		*10,356,927,605*

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA	**SUBRATA BANDYOPADHYAY**	**HEMANT MOHTA**	**REENA RAJE**	**SHRIKANT JOSHI**	**R SHANKAR RAMAN**
Partner	*Manager*	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No.38332			*M. No. ACS-21440*	*DIN: 02278471*	*DIN: 00019798*

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of section 133 read with Section 469 of the Companies Act, 2013.

Upto year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of I-GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

These are the Company's first Ind–AS financial Statements. The date of transition to Ind AS is April 1, 2015.

2. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses only data from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

3. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data are presented in Indian Rupees to two decimals places.

4. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period.

5. Revenue recognition

i) Revenue from property development

Revenue from property development activity which is in substance similar to delivery of goods is recognized when all significant risks and rewards of ownership in the land and/or building are transferred to the customer and a reasonable expectation of collection of the sale consideration from the customer exists.

Lease premium received on long term (i.e over a substantial portion of the original lease term) sub-lease transactions where substantially all risk and rewards of the original lease are transferred to the sub-lesee is considered as income on commencement of sub-lease and related costs are expensed to Statement of Profit and Loss immediately. In other cases, lease rentals are accrued as income as due.

Revenue from those property development activities which have the same economic substance as construction contract is recognised based on the 'Percentage of Completion method' (POC) when the outcome of a real estate project can be estimated reliably upon fulfilment of the following conditions:

Revenue is recognized under the percentage completion method when the events in (a) to (d) below are completed.

(a) All critical approvals necessary for commencement of the project have been obtained

(b) When the stage of completion of the project reaches a reasonable level of development. A reasonable level of development is not achieved if the expenditure incurred on construction and development costs is less than 25 % of the construction and development costs.

(c) Atleast 25% of the saleable project area is secured by contracts or agreements with buyers.

(d) Atleast 10 % of the total revenue as per the agreements of sale or any other legally enforceable documents are realized at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

The costs incurred on property development activities are carried as "Inventories" till such time the outcome of the project cannot be estimated reliably and all the aforesaid conditions are fulfilled. When the outcome of the project can be ascertained reliably and all the aforesaid conditions are fulfilled, revenue from property development activity is recognized at cost incurred plus proportionate margin, using percentage of completion method. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Expected loss, if any, on the project is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract

ii) Rental income from leased assets is recognised on accrual basis over the lease term.

iii) Other income

a) Interest income is accrued at applicable interest rates.

b) Dividend income is accounted in the period in which the right to receive the same is established.

c) Other items of income are accounted as and when the right to receive arises.

6. Employee benefits

a) Short Term Employee benefits

All employee benefits falling due wholly within twelve months of rendering the services are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b) Post-Employment Benefits :

i) Defined Contribution Plans: State governed provident fund scheme linked with Employee Pension Scheme are defined contribution plans. The contribution paid / payable is recognised during the year in which the employee renders the related service.

ii) Defined Benefit Plans

The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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

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

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

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

c) Long Term Employee Benefits

The obligation for long term employee benefits such as long term compensated absences, gratuity, etc. is determined based on actuarial valuation using the Projected Unit Credit Method.

7. Tangible Fixed Assets

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment.

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

Development rights ("the rights") are shown as part of Investment property. The cost of the rights comprises lease premium, applicable registration costs, borrowing costs and any other cost required to be incurred as a pre-condition to acquire the said rights.

The proportionate cost of the said development rights is re-classified and transferred to Inventory upon determination of future use for the purpose of sale / long-term lease. The balance proportionate cost of the said development rights to the extent identified for buildings owned by the Company and leased out on operating leases will be classified as "Leasehold Land" upon execution of the lease deed.

(Also refer to policy on Leases, Borrowing costs, Impairment of assets, foreign currency transactions)

8. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. For transition to Ind AS, the carrying value of Investment properties under previous GAAP as on April 1, 2015 is regarded as its deemed cost.

9. Intangible assets and amortization

Intangible assets are stated at original cost net of tax duty credits availed if any, less accumulated amortisation and cumulative impairment.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

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

Intangible assets are amortized over their useful life as follows:

Specialized software is amortized over full life on straight line basis. It is amortized from the month in which addition is made.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

10. Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule II of the Companies Act, 2013. However, in respect of the following asset categories, depreciation is provided at rates higher than the rates specified in Schedule II in line with their estimated useful lives.

Category of asset	Useful life (years)
Plant and Equipment	
Office equipment	4
Air conditioners	10
Building	10

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

11. Impairment of assets

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

a) The provision for impairment loss , if any and

b) The reversal of impairment loss recognized in previous periods, if any

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

a) In case of individual assets, at higher of the net selling price and the value in use;

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

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

12. Leases

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

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted on accrual basis.

13. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortized cost or fair value.

(a) Investments in debt Instruments that meet the following conditions are subsequently measured at amortized cost:

1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2) The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are recognized in profit or loss.

(b) All other financial assets are measured at amortized cost.

All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs except for government loans which are concessional or interest free) existing on the date of transition to Ind AS which are carried at their existing carrying value as per the previous Indian GAAP.

14. Cash and Bank Balances

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

NOTES FORMING PART OF ACCOUNTS (CONTD.)

15. Inventories

Completed property / Work-in-progress (including land) in respect of property development activity is valued at cost (including related overheads) or net realisable value, whichever is lower.

Cost of inventory also includes proportionate cost of development rights upon determination of future use for the purpose of sale / long-term lease.

In the case of qualifying assets, cost includes applicable borrowing costs vide policy relating to borrowing costs.

16. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/ inventoried as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

17. Foreign currency transactions

(a) The reporting currency of the Company is Indian Rupee.

(b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange differences that arise on settlement of monetary items or on reporting monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period in which they arise.

18. Taxes on income

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

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

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

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

19. Provisions, contingent liabilities and contingent assets

(i) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of obligation can be reliably estimated.

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

(iii) Contingent Liability is disclosed in the case of

a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) A present obligation arising from the past events, when no reliable estimate is possible.

c) A possible obligation arising from past events, where the probability of outflow of resources is not remote.

(iv) Contingent Assets are neither recognised, nor disclosed.

(v) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

20. Commitments

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

a) Estimated amount of contracts remaining to be executed on capital account are not provided for

b) Uncalled liability on shares and other investments partly paid

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

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

21. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Under the indirect method, the net profit is adjusted for the effects of:

a) Transactions of a non-cash nature

b) Any deferrals or accruals of past or future operating cash receipts or payments and

c) Items of income or expense associated with investing or financing cash flows.

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

NOTE 1: ASSET CLASS-WISE DETAILS OF TANGIBLE ASSETS

Tangible assets ₹

Particulars	COST / VALUATION				DEPRECIATION				BOOK VALUE	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	*Up to 31.03.2016*	Depreciation Capitalised	Deductions	**Up to 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*
Building	*12,602,095*	–	–	**12,602,095**	*3,150,525*	3,150,525	–	**6,301,050**	**6,301,045**	*9,451,570*
Plant and equipments	*4,246,317*	–	–	**4,246,317**	*915,275*	915,248	–	**1,830,523**	**2,415,794**	*3,331,042*
Computers	*2,005,604*	467,647	424,404	**2,048,847**	*788,018*	956,095	396,020	**1,348,093**	**700,754**	*1,217,586*
Office equipment	*5,372,268*	–	–	**5,372,268**	*1,881,301*	1,830,418	–	**3,711,719**	**1,660,549**	*3,490,967*
Furniture and fixtures	*2,138,222*	1,943,789	–	**4,082,011**	*424,564*	436,616	–	**861,180**	**3,220,831**	*1,713,658*
Total	*26,364,506*	2,411,436	424,404	**28,351,538**	*7,159,683*	7,288,902	396,020	**14,052,565**	**14,298,973**	*19,204,823*

Particulars	COST / VALUATION				DEPRECIATION				BOOK VALUE	
	As at 01.04.2015	Additions	Deductions	**As at 31.03.2016**	*Additions*	Depreciation Capitalised	Deductions	**Up to 31.03.2016**	**As at 31.03.2016**	*As at 31.03.2015*
Building	*12,602,095*	-	-	**12,602,095**	*531,430*	2,619,095	-	**3,150,525**	**9,451,570**	*12,602,095*
Plant and equipments	*4,246,317*	-	-	**4,246,317**	*154,388*	760,887	-	**915,275**	**3,331,042**	*4,246,317*
Computers	*2,193,107*	71,747	259,250	**2,005,604**	*176,154*	868,153	256,289	**788,018**	**1,217,586**	*2,193,107*
Office equipment	*5,358,165*	14,103	-	**5,372,268**	*317,338*	1,563,963	-	**1,881,301**	**3,490,967**	*5,358,165*
Furniture and fixtures	*2,018,072*	120,150	-	**2,138,222**	*71,615*	352,949	-	**424,564**	**1,713,658**	*2,018,072*
Total	*26,417,756*	206,000	259,250	**26,364,506**	*1,250,925*	6,165,047	256,289	**7,159,683**	**19,204,823**	*26,417,756*

NOTE 2: INVESTMENT PROPERTY

₹

Particulars	As at 31.03.2017	*As at 31.03.2016*
Balance as on	**24,707,590,672**	*31,349,819,824*

Particulars	As at 31.03.2016	*As at 31.03.2015*
Balance as on	**31,349,819,824**	*18,098,212,829*

NOTE 3: ASSET CLASS-WISE DETAILS OF INTANGIBLE ASSETS

Intangible assets ₹

Particulars	COST / VALUATION				AMORTISATION				BOOK VALUE	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	*Up to 31.03.2016*	Depreciation Capitalised	Deductions	**Up to 31.03.2017**	**As at 31.03.2017**	*As at 31.3.2016*
Specialised software	*444,375*	–	–	**444,375**	*200,625*	75,000	–	**275,625**	**168,750**	*243,750*
TOTAL	*444,375*	–	–	**444,375**	*200,625*	75,000	–	**275,625**	**168,750**	*243,750*

Particulars	COST / VALUATION				AMORTISATION				BOOK VALUE	
	As at 01.04.2015	Additions	Deductions	**As at 31.03.2016**	*Up to 31.03.2015*	Depreciation Capitalised	Deductions	**Up to 31.03.2016**	**As at 31.03.2016**	*As at 31.3.2015*
Specialised software	*144,375*	300,000	–	**444,375**	*144,375*	56,250	–	**200,625**	**243,750**	–
TOTAL	*144,375*	300,000	–	**444,375**	*144,375*	56,250	–	**200,625**	**243,750**	–

* Out of the total depreciation / amortisation of ₹ 73,63,902 (Previous year ₹ 74,72,223), the Company has inventorised ₹ 37,05,815 (Previous year ₹ 12,60,414), capitalised ₹ 36,58,087 (Previous year ₹ 62,11,809) and charged to Statement of Profit and Loss ₹ 37,05,815 (Previous year ₹ 12,60,414) during the year.

** Out of the borrowing cost of ₹ 20,30,52,178 (Previous year ₹ 5,31,96,272), the Company has inventorised ₹ 10,87,87,264 (Previous year ₹ 89,73,141), capitalised ₹ 9,42,64,914 (Previous year ₹ 4,42,23,131) and charged to statement of profit and loss ₹ 10,87,87,264 (Previous year ₹ 89,73,141) during the year.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
OTHER COMPREHENSIVE INCOME						
LOANS						
A. Items that will not be reclassified to profit or loss						
Remeasurements of the net defined benefit plans	**(186,155)**		–		–	
		(186,155)		–		–
B. Items that will be reclassified to Profit or Loss		–		–		–
		(186,155)		–		–
NOTE 4: OTHER FINANCIAL ASSETS						
Security Deposits:						
Unsecured Considered Good	**51,229,100**		*18,628,610*		*18,628,610*	
		51,229,100		*18,628,610*		*18,628,610*
		51,229,100		*18,628,610*		*18,628,610*
NOTE 5: INVENTORIES						
(At Cost or Net Realisable Value, whichever is lower)						
Property development projects - WIP	**1,666,895,955**		*1,392,368,305*		*11,930,476,728*	
		1,666,895,955		*1,392,368,305*		*11,930,476,728*
		1,666,895,955		*1,392,368,305*		*11,930,476,728*
NOTE 6: CURRENT INVESTMENTS						
Mutual funds (Short term)	**5,561,794,118**		*6,370,638*		*47,235,927*	
(At Market value) Details below						
		5,561,794,118		*6,370,638*		*47,235,927*
		5,561,794,118		*6,370,638*		*47,235,927*

	Units	₹ NAV	*Units*	₹ *NAV*	*Units*	₹ *NAV*
Mutual funds (Short term)						
L&T Liquid Fund Direct Plan- Daily Dividend Reinvestment Plan (Unquoted)	**5,491,021.983**	**1,012.889**	*6,290.000*	*1,012.820*	*46,673.522*	*1,012.050*

	₹	₹	₹	₹	₹	₹
NOTE 7: TRADE RECEIVABLES						
Unsecured Considered good	**1,646,651,525**		*150,126,553*		*23,084,844*	
		1,646,651,525		*150,126,553*		*23,084,844*
		1,646,651,525		*150,126,553*		*23,084,844*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
NOTE 8: CASH AND CASH EQUIVALENTS						
Balance with banks	3,789,321		165,089		1,736,645	
Remittance in Transit	–		–		8,000,000	
Cash on hand	959		2,163		5,701	
		3,790,280		167,252		9,742,346
Fixed Deposits with maturity less than 3 months		–		–		67,000,000
		3,790,280		167,252		76,742,346
NOTE 9: OTHER CURRENT FINANCIAL ASSETS						
Other Advances recoverable in cash						
Advances to Employees	–		69,300		–	
Interest Receivables Others	400,000		405,000		414,913	
Security Deposits	1,000,000		–		238,510,195	
		1,400,000		474,300		238,925,108
		1,400,000		474,300		238,925,108
NOTE 10: CURRENT TAX ASSETS (NET)						
Advance Tax Installment Current Year	–		19,455,421		4,600,000	
TDS Certificate receivable Current year	114,352,710		11,681,506		8,980,378	
		114,352,710		31,136,927		13,580,378
Less : Provision for current year tax		87,910,031		31,000,000		–
		26,442,679		136,927		13,580,378
NOTE 11: OTHER CURRENT ASSETS						
Due from customers (property development activity)						
Work-in-Progress Property Development at RSV	197,669,676		3,372,263,110		771,499,784	
Progress Bills Raised Property Development Projects ICO	–		(1,687,351,669)		–	
		197,669,676		1,684,911,441		771,499,784
Current Assets - Others		216,364,956		303,235,548		1,009,399,251
Advance recoverable other than in cash						
Advance to Suppliers	113,706,190		97,699,190		20,000	
Prepaid Expenses	599,811		546,990		15,229,337	
Service Tax Recoverable	12,130,995		579,361,624		382,151,942	
		126,436,996		677,607,804		397,401,279
Income Tax Prior Years						
IncomeTax net of prior years	(17,744,579)		(6,200,000)		–	
TDS Certificate receivable prior years	31,237,659		16,378,928		12,416,927	
		13,493,080		10,178,928		12,416,927
		553,964,708		2,675,933,721		2,190,717,241

NOTES FORMING PART OF ACCOUNTS (CONTD.)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
NOTE 12: SHARE CAPITAL						
I. Share capital authorised, issued, subscribed and paid up						
Authorised						
Equity shares of ₹ 10 each	2,000,000,000	20,000,000,000	2,000,000,000	20,000,000,000	2,000,000,000	20,000,000,000
Preference shares of ₹ 2 each	2,250,000,000	4,500,000,000	2,250,000,000	4,500,000,000	2,250,000,000	4,500,000,000
Issued, Subscribed and fully paid up						
Equity shares of ₹ 10 each	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000
TOTAL	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000

Name of the shareholder	Number of shares	Share-holding %	Number of shares	Share-holding %	Number of shares	Share-holding %
II. Shareholders holding more than 5% of equity shares and preference shares as at the end of the Year						
Larsen & Toubro Limited - equity shares	1,999,550,000	100	1,999,550,000	100	1,999,550,000	100
Larsen & Toubro Limited - preference shares	1,168,250,000	100	1,168,250,000	100	1,036,000,000	100

Particulars	Number of shares	₹	Number of shares	₹	Number of shares	₹
III. Reconciliation of the number of shares and share capital						
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year equity shares of ₹ 10 each	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000	1,506,000,000	15,060,000,000
Add: Issued and subscribed during the year	–	–	–	–	493,550,000	4,935,500,000
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000	1,999,550,000	19,995,500,000

IV The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31,2017 are Nil (previous period of five years ended March 31, 2016 is Nil)

V The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2017 is Nil (previous period of five years ended March 31, 2016 is Nil)

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
NOTE 13: OTHER EQUITY			
Equity component of Preference share capital	2,336,500,000	2,336,500,000	2,072,000,000
Retained Earnings	431,399,407	109,923,422	(3,072,395)
Securities Premium Account	9,346,000,000	9,346,000,000	8,288,000,000
	12,113,899,407	11,792,423,422	10,356,927,605

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
NOTE 14: NON- CURRENT - OTHER FINANCIAL LIABILITIES						
Security Deposit received	–		85,542,758		42,275,730	
		–		85,542,758		42,275,730
		–		85,542,758		42,275,730
NOTE 15: TRADE PAYABLES						
Due to related parties		245,685,962		663,110,383		790,466,733
Due to others		373,614,075		37,738,439		–
		619,300,037		700,848,822		790,466,733
NOTE 16: OTHER FINANCIAL LIABILITIES						
Other Payables	434,350		127,949		148,053	
		434,350		127,949		148,053
		434,350		127,949		148,053
NOTE 17: OTHER CURRENT LIABILITIES						
Advances from customers	29,823,407		23,034,614		–	
Other Payables	1,412,352,119		1,003,337,667		1,271,709,696	
Due to customers (property development projects)	54,673,393		96,480,479		202,752,177	
		1,496,848,919		1,122,852,760		1,474,461,873
		1,496,848,919		1,122,852,760		1,474,461,873
NOTE 18: CURRENT LIABILITIES						
Current Provisions						
Provision for Employee benefits :						
Gratuity Unfunded plan	1,841,875		1,897,485		1,450,431	
Compensated absences	6,402,172		6,178,403		4,749,364	
		8,244,047		8,075,888		6,199,795
		8,244,047		8,075,888		6,199,795

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
NOTE 19: REVENUE FROM OPERATIONS				
Property development activity	**11,686,402,890**		*2,293,141,708*	
Other operational Income	**15,766,731**		–	
		11,702,169,621		*2,293,141,708*
		11,702,169,621		*2,293,141,708*
NOTE 20: OTHER INCOME				
Interest income				
Interest on inter corporate deposit	**35,825,401**		–	
Interest on security deposit	**400,000**		*446,434*	
Interest - Others	**–**		*96,192*	
Dividend on investments in mutual fund	**2,514,309**		*2,467,395*	
Net gain on sale of fixed assets	**67,344**		*67,440*	
Net gain on sale of current investments - mutual fund	**239**		*6,077*	
Miscellaneous income	**39,135,314**		*442,063*	
Ind-AS Gain/(Loss) on FV of Investment	**–**		*4,241*	
		77,942,607		*3,529,842*
		77,942,607		*3,529,842*
NOTE 21: MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES				
Manufacturing, construction and operating expenses				
Closing stock:				
Cost of built up space and property development land:				
Work-in-progress	**(1,666,895,955)**		*(1,392,368,305)*	
Less: Opening stock:				
Cost of built up space and property development land:				
Work-in-progress	**1,392,368,305**		*11,928,165,239*	
		(274,527,650)		*10,535,796,934*
Other manufacturing, construction and operating expenses		**11,240,529,055**		*(8,530,324,788)*
		10,966,001,405		*2,005,472,146*
NOTE 22: EMPLOYEE BENEFIT EXPENSES				
Salaries	**38,863,907**		*21,340,693*	
Income Tax on ESOP and Holiday Home	**–**		*658,833*	
Contribution to and provision for				
Provident fund and pension fund :				
Contribution Provision to PF Pension OandS PF	**88,051**		*150,065*	
Employee welfare expenses	**2,327,246**	**41,279,204**	*2,605,138*	*24,754,729*
		41,279,204		*24,754,729*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 23: SALES, ADMINISTRATION AND OTHER EXPENSES				
Insurance		**3,727,442**		*653,829*
Rent		**117,763**		*70,500*
Rates & taxes		**4,447,661**		*5,316,491*
Travelling and conveyance		**581,803**		*656,392*
Repairs & Maintenance		**1,538,043**		*1,935,564*
Professional Fees Other than MCO Activity		**100,658,908**		*15,650,926*
Audit Fees including tax audit, others,etc		**326,023**		*344,000*
CSR expense		**1,339,855**		*413,880*
Administration and Management Charges		**32,245,584**		*22,966,868*
Director fees		**904,500**		*650,000*
Telephone, postage and telegrams		**79,950**		*43,424*
Advertising and publicity		**52,626,665**		*49,864,551*
Stationery and printing		**658,634**		*893,012*
Bank charges		**7,300**		*7,170*
Miscellaneous expenses		**51,682,673**		*12,740,658*
Exchange (gain)/loss		**195,875**		*8,040*
		251,138,679		*112,215,305*
NOTE 24: FINANCE COSTS				
Interest paid on Inter-corporate Borrowing	**101,703,676**		*10,080,888*	
Other Finance Charges	**7,083,588**		*(1,107,747)*	
		108,787,264		*8,973,141*
		108,787,264		*8,973,141*

B. NOTES FORMING PART OF ACCOUNTS

1. The Company [a 100% subsidiary of Larsen & Toubro Limited (‘L&T’ or ‘L&T Limited’)] is a special purpose vehicle incorporated to execute a transit oriented, integrated / mixed use development project at Seawoods - Darave railway station, Nerul Node, Navi Mumbai, on a plot covering an area of 39.92 acres as per the Development agreement signed with Larsen & Toubro Limited.

2. There have been transactions during the period with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. The amount due to MSMED vendors for more than 6 months is nil as on March 31, 2017.

Note: The information has been given in respect of such vendors to the extent they could be identified as “Micro and Small” enterprises on the basis of information available with the Company.

3. Disclosure of related parties transactions pursuant to Ind-AS 24 :

A. List of parties who exercise control over the Company and status of transactions entered during the year:

Sr. no.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company*	Yes

*Larsen and Toubro Limited together with its nominees holds the full nominal value of the equity share capital of the Company.

B. List of the related parties with whom transactions were carried out during the year and description of relationship

Sr. no.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company	Yes
2	L & T Realty Limited	Fellow Subsidiary Company	Yes
3	L & T Mutual Fund Trustee Limited	Fellow Subsidiary Company	Yes

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Sr. no.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
4	L&T Technology Services Limited	Fellow Subsidiary Company	Yes
5	Seawoods Retail Private Limited	Fellow Subsidiary Company	Yes
6	Seawoods Realty Private Limited	Fellow Subsidiary Company	Yes

C. Disclosure of related party transactions

Sr. no.	Nature of Transaction/relationship	2016-17	2015-16
		₹	₹
1	Purchase of goods and services - Larsen & Toubro Limited	**295,04,25,621**	*443,36,41,693*
2	Deputation of employees - Larsen & Toubro Limited	**6,42,50,711**	*3,94,60,875*
3	Overheads recovered - Larsen & Toubro Limited	**3,97,76,560**	*2,72,31,378*
4	Purchase of Office assets - L&T Realty Limited	**12,97,540**	–
5	Sale of goods and services/Reimbursements		
	L&T Realty Limited	**–**	*1,18,32,612*
	Seawoods Retail Private Limited	**1,932**	–
	Seawoods Realty Private Limited	**1,932**	–
6	Other income		
	a) Interest received on inter corporate deposit Larsen & Toubro Limited	**3,58,25,401**	–
	b) Dividend received from investment L &T Mutual Fund Trustee Limited	**25,14,309**	*24,67,395*
	c) Profit on sale of investments L &T Mutual Fund Trustee Limited	**239**	*6,077*
7	Preference share issued (including share premium) Larsen & Toubro Limited	**–**	*1,32,25,00,000*
8	Unsecured loan Larsen & Toubro Limited		
	Taken	**3,114,900,000**	*2,85,00,00,000*
	Repaid	**(5,004,900,000)**	*(96,00,00,000)*
9	Inter corporate Deposit placed Larsen & Toubro Limited		
	Placed	**6,345,782,394**	–
	Repayment received	**(6,345,782,394)**	–
10	Interest on unsecured loan Larsen & Toubro Limited	**19,76,89,164**	*5,97,63,429*
11	Reimbursement of salary L&T Technology Services Limited	**112,211**	–
12	Investments in Mutual Funds L & T Mutual Fund Trustee Limited		
	Purchase	**6,106,720,000**	*1,23,25,69,394*
	Redemption	**(553,811,058)**	*(1,27,34,45,000)*
13	Payment of Salaries/ Perquisites (Other than commission) (Key management personnel) Mr. Subrata Bandyopadhyay	**1,30,11,252**	*1,28,13,522*
14	Sitting fee/ commission to Independent Directors (excluding taxes)		
	Ms. Savitri Dadhich	**850,000**	*900,000*
	Mr. Durgesh Mehta	**900,000**	*750,000*
	Mr. Balaji Rao	**365,000**	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

C. Amount due to / from related parties

Sr. no.	Particulars	As on 31.03.2017 ₹	*As on 31.03.2016 ₹*
1.	Accounts payable/Retentions :		
a.	Larsen & Toubro Limited	**24,55,77,615**	*66,29,81,120*
b.	L&T Technology Services Limited	**112,211**	–
2.	Due from :		
a.	Larsen & Toubro Limited (Mobilization and Other Advances)	**11,60,56,271**	*15,33,93,831*
b.	Seawoods Retail Private Limited	**1,932**	–
c.	Seawoods Realty Private Limited	**1,932**	–
3.	Refund payable		
a.	L&T Realty Limited	**208,811**	–

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

4. Disclosure as required under IND AS 33 (Earning per share)

Particulars		2016-17 ₹	*2015-16 ₹*
Face Value per Equity Share		**10**	*10*
Basic earnings per share:			
Profit / (Loss) as per Statement of Profit and Loss (₹)	A	**32,14,75,985**	*11,29,95,816*
Weighted average number of equity shares outstanding	B	**199,95,50,000**	*199,95,50,000*
Basic earnings per share (₹)	A/B	**0.16**	*0.06*
Diluted earnings per share :			
Profit / (Loss) as per Statement of Profit and Loss (₹)	A	**32,14,75,985**	*11,29,95,816*
Weighted average number of equity shares outstanding upon conversion of preference shares	B	**316,78,00,000**	*313,25,34,246*
Diluted earnings per share (₹)	A/B	**0.10**	*0.04*

5. Components of Deferred Tax Assets and Liabilities recognized in the Balance Sheet and Statement of Profit & Loss :

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
Deferred Tax Assets :		
Unabsorbed business losses	**–**	*3,94,57,350*
Unabsorbed depreciation	**–**	*23,29,007*
Difference between book and tax WDV	**43,97,340**	*31,41,169*
Long term capital loss	**63,55,27,175**	*1,02,39,296*
Total Deferred Tax Assets	**63,99,24,515**	*5,51,66,822*
Deferred Tax Liabilities	**–**	–
Net Deferred Tax Liability/(Asset)*	**(63,99,24,515)**	*(5,51,66,822)*

* Company has not recognized the deferred tax assets in the current year on grounds of prudence. Refer Note no B18 (c) for detailed disclosure.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

6. Auditors' remuneration (excluding service tax) and expenses charged to accounts :

Particulars	2016-17	2015-16
	₹	₹
For Audit fees	**125,000**	*125,000*
For Taxation matters	**75,400**	*97,000*
For Other services :		
Limited review of standalone financial statements on quarterly basis	**45,000**	*72,000*
Other services including certification work	**79,000**	*120,750*

7. Developmental rights

Larsen & Toubro Limited (the holding Company) has entered into a development agreement ('the agreement') with City and Industrial Development Corporation of Maharashtra ('CIDCO') to obtain rights to develop an integrated complex at Seawoods Railway station at Navi Mumbai. As per the agreement with CIDCO, L&T is to construct an integrated complex offering commercial, retail and office space and hospitality services linked to Seawoods railway station (termed transit-oriented integrated mixed-use development project) at Seawoods-Darave railway station, Nerul Node, Navi Mumbai on a plot admeasuring 39.92 acres. The Company has the right to either sell or lease the premises and allocates the cost accordingly (see note B8 below).

In return for obtaining the above mentioned rights, the Company's obligations are:

a. To pay lease premium of ₹ 18,09,00,00,000 (which has since been paid) and applicable registration costs;

b. To construct the Seawoods railway station for use by Indian Railways – the estimated cost of this construction is ₹ 1,86,42,00,000 and is accounted as a liability (net of cost incurred); and

c. To complete at least 50% of the floor space index (FSI) that was available for the project (which has been completed).

The Company has applied for extension of time from CIDCO for completion of the railway and commercial facilities.

L&T Seawoods Limited is a special purpose vehicle formed by the holding Company to execute the project. The rights remain in the name of L&T.

8. The Company has the right to either sell or lease the premises and management takes this decision based on their estimate of the latest available information, and this is accounted at the year-end accordingly. The cost of leased premises is included under Investment property and the cost of area to be sold is apportioned to inventory. The total project cost as at the year-end is as under:

₹

Particulars	Total project cost	Investment Property	Inventory
As at April 1, 2016	*32,741,761,979*	*31,349,819,824*	*1,391,942,155*
Add: further cost incurred during the year (net of opening adjustments)	4,746,532,269	3,981,024,080	765,508,189
Add/(Less): Transfer from Investment Property to Inventory	–	(10,623,253,232)	10,623,253,232
Less : Cost of Sales	(11,113,807,621)	–	(11,113,807,621)
As at March 31, 2017	**26,374,486,627**	**24,707,590,672**	**1,666,895,955**

The Company reviews its business plan, assesses the market conditions and accordingly a portion of the project under development which was earlier classified as Investment Property had been reclassified as Inventory.

9. The Company does not have any contingent liabilities as at March 31, 2017 (Previous Year : Nil).

10. The Company operates in only one segment i.e. property development and from one geographical location i.e. India. Accordingly, no segment reporting is required.

11. Disclosure pursuant to Ind-AS 19 on Employee benefits :

A. Defined contribution plan

During the year, the Company has contributed ₹ 17,11,009 (Previous Year: ₹ 19,99,320) towards recognized provident fund.

B. Defined benefit plans

i) Amounts recognized in Balance Sheet for gratuity liability are as follows:

Particulars	As at 31-03-2017	As at 31-03-2016
	₹	₹
Present Value of Unfunded Obligations	**18,41,875**	*18,97,485*
Amount to be recognized as liability	**18,41,875**	*18,97,485*
Amounts reflected in the Balance Sheet	**18,41,875**	*18,97,485*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

ii) The amounts recognized in the Statement of Profit and Loss for gratuity liability are as follows:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	₹	₹
Current Service Cost	**486,241**	*499,925*
Interest on net defined Benefit liability	**147,714**	*113,754*
Net Actuarial Losses / (Gains) recognized in year	**(186,155)**	*(166,625)*
Total included in construction staff expense*	**447,800**	*447,054*

* Out of which, an amount of ₹ 217,424 (Previous year: ₹ 371,636) has been capitalized.

iii) Change in Fair Value of plan assets :

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	₹	₹
Opening fair value of plan assets	**–**	–
Add : Contributions by employer	**503,410**	–
Less : Benefits paid	**(503,410)**	–
Closing Fair Value of Plan Assets	**–**	–

iv) Movement in benefit obligations:

Particulars	Year ended March 31, 2017	Year ended March 31, 2016
	₹	₹
Change in Defined Benefit Obligation		
Opening balance of the present value of defined benefit obligations	**1,897,485**	*14,50,431*
Current service cost	**486,241**	*499,925*
Add : Interest cost	**147,714**	*113,754*
Add/(Less) : Actuarial losses / (Gains)	**(186,155)**	*(166,625)*
Less : Benefits paid	**(503,410)**	–
Closing balance of the present value of defined benefit obligations	**1,841,875**	*1,897,485*

D. Principal actuarial assumptions as at the Balance Sheet date

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Discount Rate (p.a.)	**7.05%**	*7.90%*
Salary escalation rate (p.a.)	**6.00%**	*6.00%*

a) Discount rate

The discount rate is based on the prevailing market yields of Indian government securities as at Balance Sheet date for the estimated term of the obligations.

b) Salary escalation rate

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Retirement age

The employees of the Company are assumed to retire at the age of 58 years.

d) Mortality

As per published rates under the Indian Assured Lives Mortality (2006-08) Ult. Table

e) Leaving service

Rates of leaving service at specimen ages are as shown below :

Age	Rates
21-30	5%
31-40	3%
41-57	2%

NOTES FORMING PART OF ACCOUNTS (CONTD.)

f) Disability

Leaving service due to disability is included in the provision made for all causes of leaving service as per (e) above.

12. Employees Stock Options

Pursuant to the Employees Stock Options Scheme (ESOP) established by the holding Company, stock options were granted to the employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹ 741,734 (Previous year: ₹ 36,13,976). The same is being recovered over the period of vesting by the holding Company. Accordingly, cost of ₹ 464,142 (Previous year: ₹ 26,64,583) has been recovered by the holding Company up to current year and balance ₹ 277,592 (Previous year: ₹ 949,393) will be recovered in future periods.

Particulars	**FY 2016-17**	*FY 2015-16*
	₹	₹
Cost recovered in earlier year	**1,177,886**	*1,486,697*
Cost recovered during the year	**(713,744)**	*1,177,886*
Cost to be recovered in future	**277,592**	*949,393*
Total cost incurred by the holding Company, in respect of ESOP	**741,734**	*3,613,976*
Cost recovered up to the current year	**464,142**	*2,664,583*

* The cost recovered for the year is net of reversals on account of vested and unvested lapses relating to an employee who resigned during the year.

13. Disclosure pursuant to Guidance Note on Accounting for Real Estate Transactions (Revised 2012) issued by the Institute of Chartered Accountants of India

Particulars	**FY 2016-17**	*FY 2015-16*
	₹	₹
Amount of project revenue recognized during the financial year	**1168,64,02,890**	*2,29,31,41,708*
Aggregate amount of costs incurred and profits recognized (less recognized losses) to date	**4143,35,07,783**	*36,10,67,08,277*
Advance received from customers for Property Development Project	**2,98,23,407**	*2,30,34,614*
Interest free refundable security deposit from intended lessee	**–**	*8,55,42,758*
Amount of Inventory as at year end	**166,68,95,955**	*139,23,68,305*
Amount of Investment property as at year end	**2470,75,90,672**	*31,349,819,824*
Excess of revenue recognized over actual bills raised (unbilled revenue)	**19,76,69,676**	*1,68,49,11,441*

14. Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year was ₹ 13,39,855 (Previous year : ₹ 4,13,880). The amount spent and recognised as an expense in the Statement of Profit & Loss on CSR related activities is ₹ 13,39,855 (Previous Year: ₹ 4,13,880).

15. The Company has no material foreseeable losses on long term contract for which provision is required under applicable law or accounting standard. The Company does not have any long term derivative contracts.

16. Disclosure pertaining to Specified Bank Notes:

Particulars	**Specified Bank Notes** ₹	**Other Bank Notes** ₹	**Total** ₹
Closing cash in hand as on 08.11.2016	Nil	10,458	10,458
Permitted Receipts	Nil	Nil	Nil
Cash Withdrawals from Bank	Nil	70,000	70,000
Permitted Payments	Nil	77,261	77,261
Amount Deposited in banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	3,197	3,197

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 17(A): FINANCIAL ASSETS CLASSIFICATION

Particulars	2016-2017	2015-2016	2014-2015
	₹	₹	₹
Measured at Amortised Cost			
Cash and bank balances	**3,790,280**	*167,252*	*76,742,346*
Security deposits	**52,229,100**	*18,628,610*	*257,138,805*
Other financial assets			
Interest receivable	**400,000**	*405,000*	*414,913*
Advances	**–**	*69,300*	*–*
Trade Receivable	**1,646,651,525**	*150,126,553*	*23,084,844*
Measured at FVTPL			
Investments			
Mutual funds	**5,561,794,118**	*6,370,638*	*47,235,927*
Total Financial Assets	**7,264,865,023**	*175,767,353*	*404,616,835*

NOTE 17(B): FINANCIAL LIABILITIES CLASSIFICATION

Measured at amortised cost			
Borrowings			
Short term borrowings	**–**	*1,908,103,106*	*–*
Other financial liabilities			
Others	**135,350**	*127,949*	*148,053*
Security deposit received	**299,000**	*85,542,758*	*42,275,730*
Trade payable	**619,300,037**	*700,848,822*	*790,466,733*
Total Financial liability	**619,734,387**	*2,694,622,635*	*832,890,516*

NOTE 17(C): FAIR VALUE HIERARCHY

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for asset or liability, either directly (as prices) or indirectly

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs)

₹

Particulars	2016-2017				2015-2016				2014-2015			
Account	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value
Loans Including Interest Accrued	–	–	–	–	–	–	–	–	–	–	–	–

FINANCIAL ASSETS MEASURE AT AMORTISED COST

Particulars	2016-2017				2015-2016				2014-2015			
	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value
Financial assets	52,229,100	–	–	52,229,100	18,628,610	–	–	18,628,610	257,138,805	–	–	257,138,805
Other Receivables	400,000	–	–	400,000	474,300	–	–	474,300	414,913	–	–	414,913

FINANCIAL ASSETS MEASURED AT FAIR VALUE

Particulars	2016-2017				2015-2016				2014-2015			
Account	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value
Mutual Funds Short Term	5,561,794,118	–	–	5,561,794,118	6,370,638	–	–	6,370,638	47,235,927	–	–	47,235,927

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 17(D): MATURITY PROFILE OF FINANCIAL ASSETS

₹

Particulars	2016-2017			2015-2016			2014-2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Long Term loans and Advances									
Other non-current assets	–	51,229,100	51,229,100	–	18,628,610	18,628,610	–	18,628,610	18,628,610
Total non-current financial assets	–	51,229,100	51,229,100	–	18,628,610	18,628,610	–	18,628,610	18,628,610
Current investments	5,561,794,118	–	–	6,370,638	–	6,370,638	47,235,927	–	
Other current financial assets	1,400,000	–	1,400,000	474,300	–	474,300	238,510,195	–	238,510,195
Interest receivable others	–	–	–	–	–	–	414,913	–	414,913
Total current financial assets	5,563,194,118	–	1,400,000	6,844,938	–	6,844,938	286,161,035	–	238,925,108

NOTE 17(E): MATURITY PROFILE OF FINANCIAL LIABILITIES

₹

Particulars	2016-2017			2015-2016			2014-2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Borrowings	–	–	–	1,908,103,106	–	1,908,103,106	–	–	–
Trade Payables	619,300,037		619,300,037	700,848,822	–	700,848,822	790,466,732	–	790,466,732
Other Current Liabilities	434,350	–	434,350	127,949	–	127,949	148,053	–	148,053
Total current financial liability	619,734,387	–	619,734,387	2,609,079,877	–	2,609,079,877	790,614,785	–	790,614,785

NOTE 17(F): CURRENT ASSETS EXPECTED TO BE RECOVERED AFTER 12 MONTHS AS PER IND–AS 1 (PARA 61)

₹

S. NO.	Particulars	As at 31.3.2017			As at 31.3.2016			As at 31.3.2015		
		Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
1	Trade and other receivable	1,646,651,525	–	1,646,651,525	150,126,553	–	150,126,553	23,084,844	–	23,084,844
2	Cash and Cash equivalents	3,790,280	–	3,790,280	167,252	–	167,252	76,742,346	–	76,742,346
3	Security Deposits	1,000,000	–	1,000,000	–	–	–	238,510,195	–	238,510,195
4	Other financial assets	400,000	–	400,000	474,300	–	474,300	414,913	–	414,913
5	Inventories	1,666,895,955	–	1,666,895,955	1,392,368,305	–	1,392,368,305	11,930,476,728	–	11,930,476,728
6	Current investments	5,561,794,118	–	5,561,794,118	6,370,638	–	6,370,638	47,235,927	–	47,235,927
7	Other current assets	553,964,708	–	553,964,708	2,675,933,722	–	2,675,933,722	2,190,717,240	–	2,190,717,240
	Total	9,434,496,586	–	9,434,496,586	4,225,440,770	–	4,225,440,770	14,507,182,193	–	14,507,182,193

NOTE 17(G): CURRENT LIABILITIES EXPECTED TO BE SETTLED AFTER 12 MONTHS AS PER IND–AS 1 (PARA 61)

₹

S. NO.	Particulars	As at 31.3.2017			As at 31.3.2016			As at 31.3.2015		
		Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
1	Borrowings	–	–	–	1,908,103,106	–	1,908,103,106	–	–	–
2	Trade payables	619,300,037	–	619,300,037	700,848,822	–	700,848,822	790,466,732	–	790,466,732
3	Other financial liabilities	434,350	–	434,350	127,949	–	127,949	148,053	–	148,053
4	Other current liabilities	1,496,848,919	–	1,496,848,919	1,122,852,760	–	1,122,852,760	1,474,461,873	–	1,474,461,873
5	Provisions	8,244,048	–	8,244,048	8,075,888	–	8,075,888	6,199,795	–	6,199,795
	Total	2,124,827,354	–	2,124,827,354	3,740,008,525	–	3,740,008,525	2,271,276,453	–	2,271,276,453

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 17(H): DETAILS OF RESTRICTIONS AND HYPOTHECATION OF PROPERTY PLANT AND EQUIPMENT, INVESTMENT PROPERTY, AND INTANGIBLE ASSETS ₹

Sl no	Particulars	As on 31.03.2017			As on 31.03.2016			As on 31.03.2015		
		Restriction on Title - Yes	Restriction on Title - No	Pledge/ Hypothecated	Restriction on Title - Yes	Restriction on Title - No	Pledge/ Hypothecated	Restriction on Title - Yes	Restriction on Title - No	Pledge/ Hypothecated
1	Buildings - office	–	12,602,094	–	–	12,602,094	–	–	12,602,094	–
2	Computers	–	2,048,847	–	–	2,005,604	–	–	2,193,107	–
3	Plant & equipment	–	4,246,317	–	–	4,246,317	–	–	4,246,317	–
4	Electrical Installations	–	5,372,269	–	–	5,372,269	–	–	5,358,165	–
5	Furniture and Fixtures	–	4,082,011	–	–	2,138,221	–	–	2,018,073	–
6	Software	–	444,375	–	–	444,375	–	–	144,375	–
	Investment property	–	24,707,590,672	–	–	31,349,819,824	–	–	18,099,870,851	–

NOTE 18

(a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

Sr.	Particulars	2016-2017	2015-2016
		₹	₹
1	Profit and Loss section		
	Current income tax charge	87,910,031	31,000,000
	Deferred Tax:		
	Effect on deferred tax on carried forward losses, changes in WDV and fair valuation	–	–
	MAT Credit entitlement		
	MAT Credit entitlement recognised during the period related to previous years	–	–
	MAT Credit entitlement recognised during the period	–	–
	Income tax expense reported in the statement of profit or loss	87,910,031	31,000,000

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

Sr.	Particulars	2016-2017	2015-2016
		₹	₹
1	Profit before tax	409,199,861	143,995,817
2	Applicable tax rate	34.608%	34.608%
3	PBT * applicable tax rate (1 * 2)	141,615,888	49,834,072
4	a) Items of Income exempt from Tax		
	i. Dividend Income	(870,152)	(853,916)
	ii. Long term Capital Gains- Exempted	(18,136,705)	(57,198,810)
	b) Items of expense not deductible for tax purposes		
	i. CSR expense	463,697	143,236
	ii. Expenses in relation to exempt income	876,495	48,815
	iii. Items disallowed under Section 43B	–	255,966
	iv. Tax paid on perquistes	–	228,009
	v. Utilisation of previously unrecognised tax losses and tax offsets used during the current year to reduce current tax expense	(41,499,515)	–
	vi. Effect of fair value gain	–	(2,103)
	vii. Effect of different tax rates	18,020,598	32,724,194
	viii. Other items	(12,560,275)	5,820,537
5	Tax expense recognised during the year	87,910,031	31,000,000
6	Effective tax Rate	21.48%	21.53%

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(c) Items for which no deferred tax asset is recognised in the Balance Sheet ₹

Sr. No.	Particulars	31.03.2017			31.03.2016			01.04.2015		
		Base Amount	Deferred Tax	Expiry date	Base Amount	Deferred Tax	Expiry date	Base Amount	Deferred Tax	Expiry date
(a)	Tax losses (revenue in nature) (business loss on which no tax asset is created)									
	AY 2015-16	–	–	–	112,975,534	39,098,573	AY 2023-24	112,975,534	39,098,573	AY 2023-24
	AY 2016-17	–	–	–	6,937,536	2,400,942	AY 2024-25	–	–	–
	Tax losses (revenue in nature) (business loss on which no tax asset is created)	–	–		119,913,070	41,499,515		112,975,534	39,098,573	
(b)	Tax losses (capital in nature) (capital loss on which no tax asset is created)									
	AY 2015-16	**4,730,918**	**1,072,026**	**AY 2023-24**	4,730,918	1,254,871	AY 2023-24	4,730,918	974,569	AY 2023-24
	AY 2016-17	**39,648,834**	**8,984,426**	**AY 2024-25**	39,648,834	8,984,426	AY 2024-25			
	AY 2017-18	**2,760,241,497**	**625,470,723**	**AY 2025-26**						
	Tax losses (capital in nature) (Capital loss on which no tax asset is created)	**2,804,621,249**	**635,527,175**		44,379,752	10,239,297		4,730,918	974,569	
(c)	**Difference between book and tax WDV**									
	AY 2015-16	–	–	–	–	–	–	6,270,813	2,170,203	AY 2023-24
	AY 2016-17	–	–	–	9,076,424	3,141,169	AY 2024-25	–	–	–
	AY 2017-18	**12,706,138**	**4,397,340**	**AY 2025-26**	–	–	–	–	–	–
(d)	**Unused tax credits (MAT credit not recognised in books)**									
	AY 2014-15	**10,067,645**	–	**AY 2029-30**	10,067,645	–	AY 2029-30	10,067,645	–	AY 2029-30
	AY 2016-17	**30,478,018**	–	**AY 2031-32**	30,478,018	–	AY 2031-32	–	–	–
	AY 2017-18	**5,522,991**	–	**AY 2032-33**	–	–	–	–	–	–

19. During the year, the Company along with L&T Limited has executed with Westerly Retail Private Limited an agreement for long term sub-lease of retail mall and portion of lower ground floor shops. As per the terms of the transaction, Westerly Retail Private Limited will have an option to exercise unwinding provisions under the agreement if certain time bound conditions in the agreement are not complied with by the Company.

20. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the Company.

21. Financial Risk Management

Financial risk factors

The Company is exposed to interest rate risk, credit/counter-party risk and liquidity risk.

a. Interest Rate Risk

In order to optimize the Company's position with regard to interest income and interest expense and to manage the interest rate risk, management performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Particulars	Impact on P&L
	₹
Change in Fair value by +1%	5,56,17,941
Change in Fair value by -1%	(5,56,17,941)

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b. Credit/Counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, continuous monitoring of collections by a dedicated team. Handover of property possession is provided after collection of all dues.

c. Liquidity Risk

The Company's monitors the cash flows and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds. The Company has no borrowings as at March 31, 2017. The contractual maturities of financial assets and financial liabilities as at March 31, 2017 is as follows:

	Less than 1 year	**More than 1 year**	**Total**
	₹	₹	₹
Financial Assets			
Investments	5,561,794,118	–	5,561,794,118
Trade receivables	1,646,651,525	–	1,646,651,525
Other financial assets	400,000	51,229,100	51,629,100
TOTAL	**7,208,845,643**	**51,229,100**	**7,260,074,743**
Financial Liabilities			
Borrowings	–	–	–
Trade payables	619,300,037	–	619,300,037
Other financial liabilities	434,350	–	434,350
TOTAL	**619,734,387**	**–**	**619,734,387**

22. Disclosures pursuant to Indian Accounting Standards (Ind AS) 40 "Investment Property" :

Particulars	**As on 31.03.2017**	*As on 31.03.2016*	*As on 01.04.2015*
Rental income derived from investment properties	**–**	–	–
Profit arising from investment properties	**–**	–	–
Fair Value of Investment properties as on Balance Sheet date	**₹ 2646,89,37,000**	*₹ 3375,49,41,000*	*₹ 2029,29,21,000*

Fair value of the investment property is based on is estimated selling price and in case of part of the project which has not progressed substantially the fair value is based on a valuation by an independent valuer.

The estimated selling price is net of selling expenses to arrive at the final fair value.

23. First time adoption of Ind-AS

These financial statements of L&T Seawoods Limited for the year ended March 31, 2017 have been prepared in accordance with Ind-AS. For the purposes of transition to Ind-AS, the Company has followed the guidance prescribed in Ind AS 101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP. IGAAP to Ind-AS reconciliation for Other Equity and Profit after Tax is provided below:

Other Equity : Ind-AS reconciliation

Particulars	*For the year ended 31.03.2016*	*For the year ended 31.03.2015*
	₹	₹
Other Equity excluding Profit After Tax as per IGAAP	*11,679,930,300*	*10,371,543,901*
IND-AS reco:		
Employee costs		
Provision for PLR and Income Tax on ESOP under constructive obligations	*(502,696)*	*(502,696)*
Other Equity excluding Profit After Tax as per Ind-AS	*11,679,427,604*	*10,371,041,205*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Profit After Tax : Ind-AS reconciliation

Particulars	*For the year ended 31.03.2016*
Profit After Tax as per IGAAP	*114,136,716*
IND-AS reco	
Employee costs	
Provision for PLR and Income Tax on ESOP under constructive obligations	*(1,145,140)*
Fair Valuation of Financial assets	
Investment fair valuation	*4,240*
Profit After Tax as per Ind-AS	*112,995,816*

24. Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332

SUBRATA BANDYOPADHYAY
Manager

HEMANT MOHTA
Chief Financial Officer

REENA RAJE
Company Secretary
M. No. ACS-21440

SHRIKANT JOSHI
Director
DIN: 02278471

R SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 1st Annual Report and Audited Financial Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**
	₹
Revenue from operation & other Income	**–**
Total Expenses Incurred	**(82,832)**
Profit / (Loss) before Depreciation & Tax (PBDT)	**(82,832)**
Depreciation	**–**
Profit / (Loss) before tax (PBT)	**(82,832)**
Provision for taxes	**–**
Profit / (Loss) after tax (PAT)	**(82,832)**

2. CAPITAL & FINANCE:

As at March 31, 2017, the total equity share capital is ₹ 1,00,000/-. The Company does not have any gross fixed and intangible assets, including leased assets.

3. DEPOSITS:

During the year under review, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

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

The Company has not given any loan, guarantees and securities or made any investment for the financial year 2016-17 as specified under Section 186 of Companies Act, 2013.

5. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary companies under its purview.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions for the Financial Year 2016-17 were in the ordinary course of business and at arm's length. The statement containing details of all material transactions/contracts/arrangements is attached as **Annexure 1**.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

7. STATE OF COMPANY AFFAIRS:

The Company was incorporated on 2nd September, 2016 and accordingly the first financial year of the Company pertains to the period from 2nd September, 2016 to 31st March, 2017. During the year, the Company was not having any operations.

8. DIVIDEND:

The Board of Directors do not recommend any dividend on its equity shares for the financial year 2016-17.

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

Subsequent to the year under review, as per provisions of Section 248 of the Companies Act, 2013 and under Companies (Removal of Names of Companies from Register of Companies) Rules, 2016 and subject to consent to be obtained from shareholders, the Company shall make an application to Registrar of Companies (ROC) for striking off name of the Company from the register kept at ROC's office.

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

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 of Companies (Accounts) Rules, 2014.

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

c. During the year, the Company has had "nil" foreign exchange earnings and outgo.

11. DETAILS OF DIRECTORS APPOINTED DURING THE YEAR:

Mr. Shrikant Joshi and Mr. Subrata Bandyopadhyay were appointed as the first Directors of the Company.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 3 (THREE) meetings were held on September 13, 2016, December 06, 2016 and February 20, 2017 respectively.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

14. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

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

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

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

15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

16. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during F.Y. 2016-17.

17. AUDITORS:

The Company is in the process of striking off the name of the Company from the records of Registrar of Companies. Accordingly, the Company shall not appoint any Statutory Auditor for the financial year 2017-18.

18. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-09 is attached as **Annexure 2** to this Report.

19. REPORTING OF FRAUDS:

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

20. ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Mumbai	**MR. SHRIKANT JOSHI**	**MR. SUBRATA BANDYOPADHYAY**
Date : May 6, 2017	*Director* *DIN: 02278471*	*Director* *DIN: 07585187*

ANNEXURE 1

FORM AOC-2

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

PART A

Details of contracts or arrangements or transactions not at arm's length basis : NIL

PART B

Details of Material contracts or arrangements or transactions at arm's length basis :

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any
LARSEN AND TOUBRO LIMITED	Holding Company	Purchase of Services	2nd September 2016 to 31st March 2017	Total Transaction value - ₹ 29,900	
LARSEN AND TOUBRO LIMITED	Holding Company	Subscription of Equity Shares	2nd September 2016 to 31st March 2017	Total Transaction value - ₹ 1,00,000	
L&T SEAWOODS LIMITED	Fellow Subsidiary Company	Reimbursement of Expenses	2nd September 2016 To 31st March 2017	Total Transaction value - ₹ 1,932	

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	: U70103MH2016PTC285466
ii)	Registration Date	: 02/09/2016
iii)	Name of the Company	: SEAWOODS RETAIL PRIVATE LIMITED
iv)	Category / Sub-Category of the Company	: Company Limited by Shares, Non-govt company
v)	Address of the registered office And contact details	: L&T House, Ballard Estate, Mumbai-400001 Maharashtra Tel No. 022-67525656 Fax:- 022- 67525893 Email:- subhodh.shetty@larsentoubro.com
vi)	Whether listed company	: No
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	: N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited	L99999MH1946PLC004768	Holding	100.00	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	–	10000	10000	100	–	10000	10000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year (from 2nd September, 2016)			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen and Toubro Limited	10000	100%	NIL	10000	100%	NIL	NIL
	Total	**10000**	**100%**	**NIL**	**10000**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the Year specifying the reasons for increase /decrease	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase / decrease				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
1) Addition				
2) Reduction				
Net Change				

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of Manager	Total Amount
1.	Gross salary	NA	NA
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	– as % of profit		
	– others, specify…		
5.	Others, please specify		
	Total (A)	**NA**	**NA**
	Ceiling as per the Act	**NA**	**NA**

B. Remuneration to other directors:

S. no	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors			
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (1)			
2.	Other Non-Executive Directors	**Mr. Subrata Bandyopadhyay**	**Mr. Shrikant Joshi**	
10	Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)			
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			**NA**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2)of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NA	NA	NA	NA
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the members of Seawoods Retail Private Limited

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of Seawoods Retail Private Limited ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'the Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of the Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of Section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- refer note B7 to the Ind AS financial statements;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note B8 to the Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note B9 to the Ind AS financial statements; and

   iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note B12 to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

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

2 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officer or employees, noticed or reported during the year, nor have we been informed of such case by management.

3 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

4 According to the records of the Company examined by us and information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

5 According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

6 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

7 Clauses 3(i), 3(ii), 3(iii), 3(iv), 3(v), 3(vi), 3(viii), 3(ix), 3 (xi) and 3(xii) of the Order are not applicable to the Company.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Seawoods Retail Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹
ASSETS:		
Non-current assets		
Financial Assets		–
Current assets		
Financial Assets		
Cash and cash equivalents		**94,250**
TOTAL ASSETS		**94,250**
EQUITY AND LIABILITIES:		
Total Equity		
Equity Share Capital	1	**100,000**
Other Equity	2	**(82,832)**
		17,168
Non-current liabilities		–
Current liabilities		
Financial Liabilities		
Trade payables		**77,082**
TOTAL EQUITY & LIABILITIES		**94,250**
SIGNIFICANT ACCOUNTING POLICIES	A	
NOTES TO ACCOUNTS	B	

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD 2 SEPTEMBER 2016 TO MARCH 31, 2017

	Note No.	For the period 02.09.2016 to 31.03.2017 ₹
REVENUE:		
Revenue from operations		–
Other income		–
Total revenue		–
EXPENSES:		
Audit fees		**28,750**
Adminstration and other expenses		**54,082**
Total expenses		**82,832**
Profit/(Loss) before exceptional items and tax		**(82,832)**
Exceptional items		–
Profit/(Loss) before tax		**(82,832)**
Tax expense:		
Current tax		–
Deferred tax (net)		–
Profit/(Loss) after tax		**(82,832)**
Other Comprehensive Income		–
Total Other Comprehensive Income		–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		–
Basic/Diluted Earnings per share	**B4**	**(14.40)**
SIGNIFICANT ACCOUNTING POLICIES	**A**	
NOTES TO ACCOUNTS	**B**	

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

CASH FLOW STATEMENT FOR THE PERIOD 2 SEPTEMBER 2016 TO MARCH 31, 2017

		For the period 02.09.2016 to 31.03.2017 ₹
A.	**Cash Flow from operating activities**	
	Profit / (Loss) before tax	**(82,832)**
	Operating Profit before Working Capital changes	**(82,832)**
	Adjustments For :	
	Increase / (decrease) in trade payables	**77,082**
	Cash generated from operations	**(5,750)**
	Net Cash used in operating activities (A)	**(5,750)**
B.	**Cash Flow from Investing activities :**	
	Net Cash (used in) / from investing activities (B)	**–**
C.	**Cash flow from financing activities :**	
	Equity Share Capital	**100,000**
	Net cash from/ (used in) financing activities (C)	**100,000**
	Net increase in cash and cash equivalents (A+B+C)	**94,250**
	Cash and Cash equivalents as at the beginning of the period	**–**
	Cash and Cash equivalents as at the end of the period	**94,250**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

STATEMENT OF CHANGES IN EQUITY

	As at 31.03.2017	
	₹	₹
Surplus/(deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	–	
Profit/(loss) for the period	**(82,832)**	**(82,832)**
TOTAL		**(82,832)**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of Section 133 read with Section 469 of the Companies Act, 2013.

2. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention. The guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses only data from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

3. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data are presented in Indian Rupees to two decimals places.

4. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period.

5. Revenue recognition

a) Interest income is accrued at applicable interest rates.

b) Dividend income is accounted in the period in which the right to receive the same is established.

c) Other items of income are accounted as and when the right to receive arises.

6. Tangible Fixed Assets

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment.

7. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

8. Intangible assets and amortization

Intangible assets are stated at original cost net of tax duty credits availed if any, less accumulated amortisation and cumulative impairment.

9. Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule II of the Companies Act, 2013. Depreciation on additions/deductions to the fixed assets is calculated pro-rata from/to the month of additions/deductions.

10. Impairment of assets

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

a) The provision for impairment loss , if any and

b) The reversal of impairment loss recognized in previous periods, if any

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

a) In case of individual assets, at higher of the net selling price and the value in use;

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

NOTES FORMING PART OF ACCOUNTS (CONTD.)

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

11. Leases

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

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted on accrual basis.

12. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortized cost or fair value.

(a) Investments in debt Instruments that meet the following conditions are subsequently measured at amortized cost:

a. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

b. The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are recognized in profit or loss.

(b) All other financial assets are measured at amortized cost.

13. Cash and Bank Balances

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

14. Inventories

Completed property / Work-in-progress (including land) in respect of property development activity is valued at cost (including related overheads) or net realisable value, whichever is lower.

In the case of qualifying assets, cost includes applicable borrowing costs vide policy relating to borrowing costs.

15. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/ inventoried as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

16. Foreign currency transactions

(a) The reporting currency of the Company is Indian Rupee.

(b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange differences that arise on settlement of monetary items or on reporting monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period in which they arise.

17. Taxes on income

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

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

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

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

NOTES FORMING PART OF ACCOUNTS (CONTD.)

18. Provisions, contingent liabilities and contingent assets.

(i) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of obligation can be reliably estimated.

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

(iii) Contingent Liability is disclosed in the case of

a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) A present obligation arising from the past events, when no reliable estimate is possible.

c) A possible obligation arising from past events, where the probability of outflow of resources is not remote.

(iv) Contingent Assets are neither recognised, nor disclosed.

(v) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

19. Commitments

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

a) Estimated amount of contracts remaining to be executed on capital account are not provided for

b) Uncalled liability on shares and other investments partly paid

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

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

20. Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Under the indirect method, the net profit is adjusted for the effects of:

a) Transactions of a non-cash nature

b) Any deferrals or accruals of past or future operating cash receipts or payments and

c) Items of income or expense associated with investing or financing cash flows.

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

NOTE NO 1. SHARE CAPITAL

I. Authorised, issued, subscribed and paid up

	As at 31.03.2017	
	Number of shares	₹
Authorised		
Equity shares of ₹ 10 each	**10,000**	**100,000**
Issued, Subscribed and fully paid up		
Equity shares of ₹ 10 each	**10,000**	**100,000**
TOTAL	**10,000**	**100,000**

II. Shareholders holding more than 5% of equity shares as at the end of the Year

Name of the shareholder	As at 31.03.2017	
	Number of shares	**Shareholding %**
Larsen & Toubro Limited - equity shares	**10,000**	**100**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

III. Reconciliation of the number of shares and share capital

Particulars	**As at 31.03.2017**	
	Number of shares	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the period (shares of ₹ 10 each)	–	–
Add: Issued and subscribed during the period	**10,000**	**100,000**
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	**10,000**	**100,000**

NOTE NO 2 : OTHER EQUITY

Particulars	**As at 31.03.2017**
	₹
Retained Earnings	**(82,832)**
TOTAL	**(82,832)**

B. NOTES FORMING PART OF ACCOUNTS

1. Seawoods Retail Private Limited ('Company') [a 100% subsidiary of Larsen & Toubro Limited] was incorporated on 2nd September 2016.

2. There have been no transactions during the period with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

3. Disclosure of related parties / related parties transactions pursuant to Ind-AS 24 :

A. List of parties who exercise control over the Company and status of transactions entered during the year:

Sr. no.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company*	Yes

*Larsen and Toubro Limited together with its nominee holds the full nominal value of the equity share capital of the Company.

B. List of the related parties with whom transactions were carried out during the period and description of relationship

Sr. no.	Name of the related party	Relationship	Transactions entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company	Yes
2	L & T Seawoods Limited	Fellow Subsidiary Company	Yes

C. Disclosure of related party transactions

Sr. no	Nature of Transaction/relationship	For the period 02.09.2016 to 31.03.2017
		₹
1	Purchase of services Larsen & Toubro Limited	**29,900**
2	Subscription of equity shares Larsen & Toubro Limited	**100,000**
3	Reimbursement of expenses L&T Seawoods Limited	**1,932**

D. Amount due to related parties

Sr. no.	Due to	As on 31.03.2017
		₹
1	Larsen & Toubro Limited Accounts payable	**29,900**
2	L&T Seawoods Limited Accounts payable	**1,932**

No amount pertaining to the related parties have been written off or written back during the period.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

4. Disclosure as required under IND AS 33 (Earning per share)

Particulars		**For the period 02.09.2016 to 31.03.2017**
Profit / (Loss) as per Statement of Profit and Loss (₹)	A	**(82,832)**
Weighted average number of equity shares outstanding	B	**5,780**
Basic/Diluted earnings per share (₹)	A/B	**(14.40)**

5. Financial assets/liability classification

Particulars	
Financial assets classification :	
(Measured at Amortised Cost)	
Bank balances	₹ 94,250
Financial Liabilities Classification:	
(Measured at Amortised Cost)	
Trade Payables	₹ 77,082

6. Maturity profile of financial liabilities as on 31.03.2017

Particulars	**Less than twelve months**	**More than twelve months**	**Total**
Trade Payables	₹ 77,082	–	₹ 77,082

7. The Company does not have any contingent liabilities as at March 31, 2017.

8. The Company has no material foreseeable losses on long term contract for which provision is required under applicable law or accounting standard. The Company does not have any long term derivative contracts.

9. There is no amount which is required to be transferred to the Investor Education and Protection fund by the Company.

10. The Company operates in only one segment i.e. promoting, equipping, operating, marketing, maintaining malls, shops, parkings and convenience places for public utility and from one geographical location i.e. India. Accordingly, no segment reporting is required.

11. There is no disclosure pursuant to Ind-AS 19 on Employee benefits as it does not have any employees during the period.

12. Disclosure pertaining to Specified Bank Notes:

Particulars	**Specified Bank Notes**	**Other Bank Notes**	**Total**
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
Permitted Receipts	Nil	Nil	Nil
Permitted Payments	Nil	Nil	Nil
Amount Deposited in banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

13. As per provisions of Section 248 of the Companies Act, 2013 and under Companies (Removal of Names of Companies from Register of Companies) Rules, 2016 and subject to consent to be obtained from the shareholders, the Board of Directors has approved for making an application to the Registrar of Companies for striking off the name of the Company from the Register kept in his office.

14. This being first year financials, previous year figures have not been provided.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 1st Annual Report and Audited Financial Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**
	₹
Revenue from operation & other Income	–
Total Expenses Incurred	**(82,832)**
Profit / (Loss) before Depreciation & Tax (PBDT)	**(82,832)**
Depreciation	–
Profit / (Loss) before tax (PBT)	**(82,832)**
Provision for taxes	–
Profit / (Loss) after tax (PAT)	**(82,832)**

2. CAPITAL & FINANCE:

As at March 31, 2017, the total equity share capital is ₹ 1,00,000/-. The Company does not have any gross fixed and intangible assets, including leased assets.

3. DEPOSITS:

During the year under review, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

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

The Company has not given any loan, guarantees and securities or made any investment for the financial year 2016-17 as specified under Section 186 of Companies Act, 2013.

5. SUBSIDIARY COMPANIES:

The Company does not have any subsidiary companies under its purview.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions for the Financial Year 2016-17 were in the ordinary course of business and at arm's length. The statement containing details of all material transactions/contracts/arrangements is attached as **Annexure 1**.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

7. STATE OF COMPANY AFFAIRS:

The Company was incorporated on 23rd August, 2016 and accordingly the first financial year of the Company pertains to the period from 23rd August, 2016 to 31st March, 2017. During the year, the Company was not having any operations.

8. DIVIDEND:

The Board of Directors do not recommend any dividend on its equity shares for the financial year 2016-17.

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

Subsequent to the year under review, as per provisions of Section 248 of the Companies Act, 2013 and under Companies (Removal of Names of Companies from Register of Companies) Rules, 2016 and subject to consent to be obtained from shareholders, the Company shall make an application to Registrar of Companies (ROC) for striking off name of the Company from the register kept at ROC's office.

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

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 of Companies (Accounts) Rules, 2014.

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

c. During the year, the Company has had "nil" foreign exchange earnings and outgo.

11. DETAILS OF DIRECTORS APPOINTED DURING THE YEAR:

Mr. Shrikant Joshi and Mr. Subrata Bandyopadhyay were appointed as the first Directors of the Company.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 3 (THREE) meetings were held on August 30, 2016, December 12, 2016 and February 27, 2017 respectively.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

14. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

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

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

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

15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

16. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during F.Y. 2016-17.

17. AUDITORS:

The Company is in the process of striking off the name of the Company from the records of Registrar of Companies. Accordingly, the Company shall not appoint any Statutory Auditor for the financial year 2017-18.

18. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-09 is attached as **Annexure 2** to this Report.

19. REPORTING OF FRAUDS:

The Auditors of the Company have not reported any fraud as specified under Section 143(12) of the Companies Act, 2013.

20. ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Mumbai	**MR. SHRIKANT JOSHI**	**MR. SUBRATA BANDYOPADHYAY**
Date : May 6, 2017	*Director*	*Director*
	DIN: 02278471	*DIN: 07585187*

ANNEXURE 1

FORM AOC-2

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

PART A

Details of contracts or arrangements or transactions not at arm's length basis : NIL

PART B

Details of Material contracts or arrangements or transactions at arm's length basis :

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any
LARSEN AND TOUBRO LIMITED	Holding Company	Purchase of services	23rd August 2016 to 31st March 2017	Total Transaction value – ₹ 29,900	
LARSEN AND TOUBRO LIMITED	Holding Company	Subscription of Equity Shares	23rd August 2016 to 31st March 2017	Total Transaction value – ₹ 1,00,000	
L&T SEAWOODS LIMITED	Fellow Subsidiary Company	Reimbursement of Expenses	23rd August 2016 To 31st March 2017	Total Transaction value – ₹ 1,932	

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	: U70109MH2016PTC285064
ii)	Registration Date	: 23/08/2016
iii)	Name of the Company	: SEAWOODS REALTY PRIVATE LIMITED
iv)	Category / Sub-Category of the Company	: Company limited by Shares, Non-govt company
v)	Address of the registered office and contact details	: L&T House, Ballard Estate, Mumbai-400001 Maharashtra Tel No. 022-67525656 Fax:- 022- 67525893 Email:- subhodh.shetty@larsentoubro.com
vi)	Whether listed company	: No
vii)	Name, Address and Contact Details of Registrar and Transfer Agent, if any	: N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1.	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited	L99999MH1946PLC004768	Holding	100.00	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	–	10000	10000	100	–	10000	10000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**10000**	**10000**	**100**	**–**	**10000**	**10000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year (from 23rd August, 2016)			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen and Toubro Limited	10000	100%	–	10000	100%	–	NIL
	Total	**10000**	**100%**	**–**	**10000**	**100%**	**–**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the Year specifying the reasons for increase /decrease	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share Holding during the Year specifying the reasons for increase / decrease				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year	NIL	NIL	NIL	NIL
1) Addition				
2) Reduction				
Net Change				

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of Manager	Total Amount
1.	Gross salary	NA	NA
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) of the Income-tax Act,1961		
	(c) Profits in lieu of salary under Section 17(3) of the Income tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	– as % of profit		
	– others, specify…		
5.	Others, please specify		
	Total (A)	**NA**	**NA**
	Ceiling as per the Act	**NA**	**NA**

B. Remuneration to other directors:

S. no	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors			
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (1)			
2.	Other Non-Executive Directors	**Mr. Subrata Bandyopadhyay**	**Mr. Shrikant Joshi**	
10	Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)			
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			**NA**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961				
	(c) Profits in lieu of salary under Section 17(3) of the Income-tax Act, 1961	NA	NA	NA	NA
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the members of Seawoods Realty Private Limited

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of **Seawoods Realty Private Limited** ('the Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including other comprehensive income), the Cash Flow Statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'the Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of the Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on the Ind AS financial statements based on our audit.

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A, a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- refer note B7 to the Ind AS financial statements;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note B8 to the Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note B9 to the Ind AS financial statements; and

   iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note B12 to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

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

2 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officer or employees, noticed or reported during the year, nor have we been informed of such case by management.

3 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

4 According to the records of the Company examined by us and information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

5 According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

6 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

7 Clauses 3(i), 3(ii), 3(iii), 3(iv), 3(v), 3(vi), 3(viii), 3(ix), 3 (xi) and 3(xii) of the Order are not applicable to the Company.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of Seawoods Realty Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

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

Auditors' responsibility

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

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

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

Meaning of internal financial controls over financial reporting

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

Inherent limitations of internal financial controls over financial reporting

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

Opinion

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

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹
ASSETS:		
Non-current assets		
Financial Assets		–
Current assets		
Financial Assets		
Cash and cash equivalents		**94,250**
TOTAL ASSETS		**94,250**
EQUITY AND LIABILITIES:		
Total Equity		
Equity Share Capital	**1**	**100,000**
Other Equity	**2**	**(82,832)**
		17,168
Non-current liabilities		–
Current liabilities		
Financial Liabilities		
Trade payables		**77,082**
TOTAL EQUITY & LIABILITIES		**94,250**
SIGNIFICANT ACCOUNTING POLICIES	**A**	
NOTES TO ACCOUNTS	**B**	

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD AUGUST 23, 2016 TO MARCH 31, 2017

	Note No.	For the period 23.08.2016 to 31.03.2017 ₹
REVENUE:		
Revenue from operations		–
Other income		–
Total revenue		–
EXPENSES:		
Audit fees		28,750
Adminstration and other expenses		54,082
Total expenses		82,832
Profit/(Loss) before exceptional items and tax		(82,832)
Exceptional items		–
Profit/(Loss) before tax		(82,832)
Tax expense:		
Current tax		–
Deferred tax (net)		–
Profit/(Loss) after tax		(82,832)
Other Comprehensive Income		–
Total Other Comprehensive Income		–
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD, NET OF TAX		–
Basic/Diluted Earnings per share	B4	(13.74)
SIGNIFICANT ACCOUNTING POLICIES	A	
NOTES TO ACCOUNTS	B	

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

CASH FLOW STATEMENT FOR THE PERIOD AUGUST 23, 2016 TO MARCH 31, 2017

		For the period 23.08.2016 to 31.03.2017 ₹
A.	**Cash Flow from operating activities**	
	Profit / (Loss) before tax	**(82,832)**
	Operating Profit before Working Capital changes	**(82,832)**
	Adjustments For :	
	Increase / (decrease) in trade payables	**77,082**
	Cash generated from operations	**(5,750)**
	Net Cash used in operating activities (A)	**(5,750)**
B.	**Cash Flow from Investing activities :**	
	Net Cash (used in) / from investing activities (B)	**–**
C.	**Cash flow from financing activities :**	
	Equity Share Capital	**100,000**
	Net cash from/ (used in) financing activities (C)	**100,000**
	Net increase in cash and cash equivalents (A+B+C)	**94,250**
	Cash and Cash equivalents as at the beginning of the period	**–**
	Cash and Cash equivalents as at the end of the period	**94,250**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

STATEMENT OF CHANGES IN EQUITY

	As at 31.03.2017	
	₹	₹
Surplus/(deficit) in the Statement of Profit and Loss		
As per last Balance Sheet	–	
Profit/(loss) for the period	**(82,832)**	**(82,832)**
TOTAL		**(82,832)**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

Place : Mumbai
Date : May 6, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

NOTES FORMING PART OF ACCOUNTS

A. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of Section 133 read with Section 469 of the Companies Act, 2013.

2. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention. The guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses only data from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

3. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per share data are presented in Indian Rupees to two decimals places.

4. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period.

5. Revenue recognition

a) Interest income is accrued at applicable interest rates.

b) Dividend income is accounted in the period in which the right to receive the same is established.

c) Other items of income are accounted as and when the right to receive arises.

6. Tangible Fixed Assets

Fixed Assets are stated at original cost net of tax / duty credits availed, if any, less accumulated depreciation, accumulated amortization and cumulative impairment.

7. Investment property

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

8. Intangible assets and amortization

Intangible assets are stated at original cost net of tax duty credits availed if any, less accumulated amortisation and cumulative impairment.

9. Depreciation

Depreciation on assets has been provided on straight-line basis at the rates specified in the Schedule II of the Companies Act, 2013. Depreciation on additions/deductions to the fixed assets is calculated pro-rata from/to the month of additions/deductions.

10. Impairment of assets

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

a) The provision for impairment loss , if any and

b) The reversal of impairment loss recognized in previous periods, if any

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

a) In case of individual assets, at higher of the net selling price and the value in use;

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

NOTES FORMING PART OF ACCOUNTS (CONTD.)

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

11. Leases

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

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted on accrual basis.

12. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortized cost or fair value.

(a) Investments in debt Instruments that meet the following conditions are subsequently measured at amortized cost:

   a. the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

   b. The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

   All other debt instruments are recognized in profit or loss.

(b) All other financial assets are measured at amortized cost.

13. Cash and Bank Balances

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

14. Inventories

Completed property / Work-in-progress (including land) in respect of property development activity is valued at cost (including related overheads) or net realisable value, whichever is lower.

In the case of qualifying assets, cost includes applicable borrowing costs vide policy relating to borrowing costs.

15. Borrowing costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/ inventoried as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

16. Foreign currency transactions

(a) The reporting currency of the Company is Indian Rupee.

(b) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At the Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of transaction.

Exchange differences that arise on settlement of monetary items or on reporting monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period in which they arise.

17. Taxes on income

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

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

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

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

NOTES FORMING PART OF ACCOUNTS (CONTD.)

18. Provisions, contingent liabilities and contingent assets.

(i) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event

b) a probable outflow of resources is expected to settle the obligation and

c) the amount of obligation can be reliably estimated.

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

(iii) Contingent Liability is disclosed in the case of

a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) A present obligation arising from the past events, when no reliable estimate is possible.

c) A possible obligation arising from past events, where the probability of outflow of resources is not remote.

(iv) Contingent Assets are neither recognised, nor disclosed.

(v) Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

19. Commitments

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

a) Estimated amount of contracts remaining to be executed on capital account are not provided for

b) Uncalled liability on shares and other investments partly paid

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

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

20. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Under the indirect method, the net profit is adjusted for the effects of:

a) Transactions of a non-cash nature

b) Any deferrals or accruals of past or future operating cash receipts or payments and

c) Items of income or expense associated with investing or financing cash flows.

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

NOTE NO 1. SHARE CAPITAL

I. Authorised, issued, subscribed and paid up

	As at 31.03.2017	
	Number of shares	**₹**
Authorised		
Equity shares of ₹ 10 each	**10,000**	**100,000**
Issued, Subscribed and fully paid up		
Equity shares of ₹ 10 each	**10,000**	**100,000**
TOTAL	**10,000**	**100,000**

II. Shareholders holding more than 5% of equity shares as at the end of the Year

Name of the shareholder	**As at 31.03.2017**	
	Number of shares	**Shareholding %**
Larsen & Toubro Limited - equity shares	**10,000**	**100**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

III. Reconciliation of the number of shares and share capital

Particulars	**As at 31.03.2017**	
	Number of shares	**₹**
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the period (shares of ₹ 10 each)	–	–
Add: Issued and subscribed during the period	**10,000**	**100,000**
Issued, subscribed and fully paid up equity shares outstanding at the end of the period	**10,000**	**100,000**

NOTE NO 2 : OTHER EQUITY

Particulars	**As at 31.03.2017**
	₹
Retained Earnings	**(82,832)**
Total	**(82,832)**

B. NOTES FORMING PART OF ACCOUNTS

1. Seawoods Realty Private Limited ('Company') [a 100% subsidiary of Larsen & Toubro Limited] was incorporated on 23rd August 2016.

2. There have been no transactions during the period with Micro, Small and Medium Enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006.

3. Disclosure of related parties / related parties transactions pursuant to Ind-AS 24 :

A. List of parties who exercise control over the Company and status of transactions entered during the year:

Sr. No.	Name of the related party	Relationship	Transactions entered during the year (Yes/No)
1	Larsen & Toubro Limited	Holding Company*	Yes

*Larsen and Toubro Limited together with its nominee holds the full nominal value of the equity share capital of the Company.

B. List of the related parties with whom transactions were carried out during the period and description of relationship

Sr. No.	Name of the related party	Relationship	Transactions entered during the year (Yes/No)
1	Larsen & Toubro Limited	Holding Company	Yes
2	L & T Seawoods Limited	Fellow Subsidiary Company	Yes

C. Disclosure of related party transactions

Sr. No	Nature of Transaction/relationship	For the period 23.08.2016 to 31.03.2017
		₹
1	Purchase of services Larsen & Toubro Limited	**29,900**
2	Subscription of equity shares Larsen & Toubro Limited	**100,000**
3	Reimbursement of expenses L&T Seawoods Limited	**1,932**

D. Amount due to related parties

Sr. no.	Due to	As on 31.03.2017
		₹
1	Larsen & Toubro Limited Accounts payable	**29,900**
2	L&T Seawoods Limited Accounts payable	**1,932**

No amount pertaining to the related parties have been written off or written back during the period.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

4. Disclosure as required under IND AS 33 (Earning per share)

Particulars		**For the period 23.08.2016 to 31.03.2017**
Profit / (Loss) as per Statement of Profit and Loss (₹)	A	**(82,832)**
Weighted average number of equity shares outstanding	B	**6,027**
Basic/Diluted earnings per share (₹)	A/B	**(13.74)**

5. Financial assets/liability classification

Particulars	
Financial assets classification :	
(Measured at Amortised Cost)	
Bank balances	₹ 94,250
Financial Liabilities Classification:	
(Measured at Amortised Cost)	
Trade Payables	₹ 77,082

6. Maturity profile of financial liabilities as on 31.03.2017

Particulars	**Less than twelve months**	**More than twelve months**	**Total**
Trade Payables	₹ 77,082	–	₹ 77,082

7. The Company does not have any contingent liabilities as at March 31, 2017.

8. The Company has no material foreseeable losses on long term contract for which provision is required under applicable law or accounting standard. The Company does not have any long term derivative contracts.

9. There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

10. The Company operates in only one segment i.e. promoting, developing, establishing, designing, engineering, procuring, constructing, equipping, operating, marketing, maintaining Residential, Commercial and mixed use real estate at Navi Mumbai and from one geographical location i.e. India. Accordingly, no segment reporting is required.

11. There is no disclosure pursuant to Ind-AS 19 on Employee benefits as it does not have any employees during the period.

12. Disclosure pertaining to Specified Bank Notes:

Particulars	**Specified Bank Notes**	**Other Bank Notes**	**Total**
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
Permitted Receipts	Nil	Nil	Nil
Permitted Payments	Nil	Nil	Nil
Amount Deposited in banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

13. As per provisions of Section 248 of the Companies Act, 2013 and under Companies (Removal of Names of Companies from Register of Companies) Rules, 2016 and subject to consent to be obtained from the shareholders, the Board of Directors has approved for making an application to the Registrar of Companies for striking off the name of the Company from the Register kept in his office.

14. This being first year financials, previous year figures have not been provided.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership no. 039220

SHRIKANT JOSHI
Director
DIN: 02278471

SUBRATA BANDYOPADHYAY
Director
DIN: 07585187

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

DIRECTORS' REPORT

The Directors present their report and audited accounts of L&T Overseas Project Nigeria for the year ended December 31, 2016.

FINANCIAL RESULTS

During the year under review, the Company did not carry on any business activities and accordingly a statement of Income and Expenditure during Pre-Operational period is prepared.

(In Naira thousand)

Particulars	2016	2015
Pre-production expenses / (reversal) during the year before tax	**493.24**	*278.96*
Provision for taxes	**–**	*–*
Pre-production expenses / (reversal) during the year after tax	**493.24**	*278.96*
Preliminary Expenses charged to P&L	**–**	*–*
Balance brought forward from Previous Year	**8,527.67**	*8,248.71*
Pre-production expense balance carried to Balance Sheet	**9,020.91**	*8,527.67*

CAPITAL EXPENDITURE

During the period under review, the Company did not incur any capital expenditure.

STATE OF COMPANY AFFAIRS

During the period under review, the Company did not carry out any commercial activities.

DIVIDEND

During the period under review, no dividend has been proposed or paid.

DIRECTORS

The current Directors of the Company are:

Mr. U. Dasgupta

Mr. K. Ravindranath

AUDITORS

M/s. Adedolapo Fayomi & Co. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

AUDITORS' REPORT

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

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

I. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

II. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

IV. The Directors have prepared the Annual Accounts on a going concern basis;

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

ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Nigeria and take this opportunity to thank them as well as Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

K. RAVINDRANATH *Director*

U. DASGUPTA *Director*

Date: 12th April 2017

REPORT OF THE AUDITORS

We have audited the annexed Statement of Affairs of L&T Overseas Project Nigeria Limited as at 31st December 2016.

Respective responsibilities of Directors And Auditors

The Directors are responsible for the prepration and fair presentation of the Statement of Affairs.

It is our responsibility as Auditors to express our independent opinion on the Statement of Affairs based on our audit.

We obtained all the information and explanations which we considered necessary for the purpose of our audit. We confirm that the statement is in agreement with the Company's records which have been properly kept.

Opinion

In our opinion, the Statement shows a true and fair view of the state of affairs of the Company as at 31st December 2016.

Lagos, Nigeria
12th April 2017

Adedolapo Fayomi & Co.
Chartered Accountants
FRC/2013/ICAN/00000005590

STATEMENT OF AFFAIRS AS AT DECEMBER 31, 2016

	NOTES	**2016** **Nairas**	*2015* *Nairas*
FIXED ASSETS		**–**	*–*
CURRENT ASSETS			
Bank Balances	**1**	**1,808,606**	*2,283,883*
Other Debtors		**71,767**	*71,767*
		1,880,373	*2,355,650*
CURRENT LIABILITIES	**2**	**(901,280)**	*(883,320)*
NET CURRENT ASSETS		**979,093**	*1,472,330*
PRE-PRODUCTION EXPENSES	**3**	**9,020,907**	*8,527,670*
		10,000,000	*10,000,000*
FINANCED BY:			
Share Capital	**4**	**10,000,000**	*10,000,000*

K. RAVINDRANATH
Director

U. DASGUPTA
Director

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

		2016		*2015*	
		Nairas	**Nairas**	*Nairas*	*Nairas*
1	**BANK BALANCES**				
	Standard Chartered Bank:				
	Current Account		**1,808,606**		*2,283,883*
2	**CURRENT LIABILITIES**				
	L&T Technology Services Limited		**731,280**		*477,480*
	Other Creditors		**–**		*8,500*
	Accrued Charges		**170,000**		*397,340*
			901,280		*883,320*
3	**PRE-PRODUCTION EXPENSES**				
	Balance Brought Forward		**8,527,670**		*8,248,707*
	Expenses during the year:				
	Audit Fees	**120,000**		*120,000*	
	Professional Fees	**118,930**		*115,840*	
	Other Expenses	**254,307**		*43,123*	
			493,237		*278,963*
			9,020,907		*8,527,670*
4	**SHARE CAPITAL**				
	Authorised, Issued and Paid-up:				
	10,000,000 Ordinary Shares of				
	=Naira=1.00 Each		**10,000,000**		*10,000,000*

(9,999,999 shares are held by Larsen & Toubro International FZE Sharjah, U.A.E.)

DIRECTORS' REPORT

Your Directors have pleasure in presenting the Annual Report along with the Audited Financial Statements of Larsen & Toubro Infotech Limited ('LTI' or 'Company') for the year ended March 31, 2017.

1. FINANCIAL RESULTS

(₹ Million)

Particulars	Standalone		Consolidated	
	2016-17	2015-16	2016-17	2015-16
Revenue from operations	61,829	55,685	65,009	58,464
Other Income	1,983	2,304	1,867	1,897
Total Income	**63,812**	**57,989**	**66,876**	**60,361**
Less: Operating Expenditure	50,850	46,454	52,707	48,216
Less: Finance Cost	32	58	32	58
Less: Depreciation and amortization	1,088	1,034	1,779	1,740
Profit Before Tax (PBT)	**11,842**	**10,443**	**12,358**	**10,347**
Less: Provision for Tax	2,466	1,881	2,649	1,982
Profit for the year (PAT)	**9,376**	**8,562**	**9,709**	**8,365**
Less: Non-Controlling Interests	–	–	2	2
Add: Balance brought forward from previous year	13,272	11,203	13,678	11,808
Add: Profit and loss account of GDA Technologies Limited ('GDA') on amalgamation	365	–	–	–
Add: Other Comprehensive Income	(45)	23	(45)	23
Balance available for disposal which Directors appropriate as follows:	**22,968**	**19,788**	**23,340**	**20,194**
Dividend (excluding tax)	(1,700)	(5,467)	(1700)	(5,467)
Tax on Dividend	(278)	(1,049)	(278)	(1,049)
Balance to be carried forward	**20,990**	**13,272**	**21,362**	**13,678**

2. INDIAN ACCOUNTING STANDARDS

Ministry of Corporate Affairs ('MCA') vide its notification dated February 16, 2015, notified the Indian Accounting Standards ('Ind AS') applicable to certain classes of companies. Accordingly, financial statements for the year ended March 31, 2017, have been prepared in compliance with Ind AS as prescribed under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and financial statements for the year ended March 31, 2016, have also been restated as per Ind AS. Further, note 2a and note 2a in the notes to accounts in the standalone and consolidated financial statements, respectively, provides further explanation on the transition to Ind AS.

3. PERFORMANCE OF THE COMPANY

On standalone basis, revenue from operations and other income for the financial year under review were ₹ 63,812 Million as against ₹ 57,989 Million for the previous financial year registering an increase of 10.0%. The profit before tax was ₹ 11,842 Million and the profit after tax was ₹ 9,376 Million for the financial year under review as against ₹ 10,443 Million and ₹ 8,562 Million respectively for the previous financial year.

On consolidated basis, revenue from operations and other income for the financial year under review were ₹ 66,876 Million as against ₹ 60,361 Million for the previous financial year registering an increase of 10.8%. The profit before tax was ₹ 12,358 Million and the profit after tax was ₹ 9,709 Million for the financial year under review as against ₹ 10,347 Million and ₹ 8,365 Million respectively for the previous financial year.

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

There have been no changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report.

5. **INITIAL PUBLIC OFFERING OF YOUR COMPANY**

Your Company undertook an Initial Public Offer ('IPO') of 17,500,000 equity shares of face value of ₹ 1 each at a price of ₹ 710 per equity share through an Offer for Sale by Larsen & Toubro Limited, the Promoter of your Company, including a discount of ₹ 10 per equity share on the offer price to Retail Individual Bidders.

The total offer aggregated to ₹ 12,364 Million and constituted 10.3% of your Company's post-offer paid-up equity share capital. Your Company's equity shares were listed on the National Stock Exchange of India Limited and the BSE Limited on July 21, 2016.

6. **CAPITAL EXPENDITURE**

On standalone basis, as at March 31, 2017, the gross fixed and intangible assets stood at ₹ 5,889 Million (previous year ₹ 5,480 Million) out of which assets amounting to ₹ 796 Million (previous year ₹ 1,015 Million) were added during the year and the net fixed and intangible assets stood at ₹ 2,871 Million (previous year ₹ 3,393 Million).

On consolidated basis, as at March 31, 2017, the gross fixed and intangible assets stood at ₹ 11,407 Million (previous year ₹ 11,082 Million) out of which assets amounting to ₹ 976 Million (previous year ₹ 1,346 Million) were added during the year and the net fixed and intangible assets stood at ₹ 5,432 Million (previous year ₹ 6,521 Million).

7. **DIVIDEND**

The Directors recommend payment of final dividend of ₹ 9.70 per equity share. During the year, your Company paid an interim dividend of ₹ 6.85 per equity share. The total dividend including the final dividend would amount to ₹ 16.55 per equity share.

The final dividend, if approved by the shareholders, would be paid/payable to those shareholders whose names appear in the Register of Members as on the Book Closure Dates mentioned in the notice of Annual General Meeting ('AGM') forming part of this report.

8. **BRANDING**

Digital disruption is challenging enterprises the world over to transform to newer business models by leveraging emerging technologies. In line with the pioneering role which LTI plays in bridging the convergence of the physical and digital world, your Company has also undergone a brand re-boot based on the brand idea 'Pioneering solutions in a converging world'. The tagline – 'Let's Solve' encapsulates the ability and willingness to solve complex challenges for the clients through your Company's real-word expertise and technological prowess. The new brand is truly a brand for the converging world.

9. **PEOPLE**

The IT Industry is going through a digital transformation and employees are on a continuous learning trajectory to stay relevant and add value to the organization. This is being successfully catered to by using the new digital learning delivery platform - 'Mosaic Academy'.

Your Company's social collaborative platform 'Workplace' has transformed the way employees interact socially as well as professionally. Special Interest Groups made on 'Workplace' has enhanced employee collaboration, helped resolve issues quickly and bring in a continuous learning culture.

'Policy Guru' – This is an initiative that was launched on 'Workplace' to co-create and engage employees in making policy changes and review them for continued relevance to employee's needs and current practices across the organization.

'Shadow the Leader' – This initiative was launched to engage and groom high potential talent. This helped employees connect with leaders personally and spend an entire day with them.

'Candid' – A team feedback to managers enabled through a mobile app was launched this year giving people an opportunity to share their experience with the manager.

'Leadership Talent Review' – Two dimensional reviews for leadership were done as a step to build the leadership pipeline. Actions have been taken on the basis of employee's performance, potential and aspirations to do different kinds of roles.

10. **INFRASTRUCTURE**

Your Company has the best infrastructure throughout offices in India and abroad. Your Company has been expanding its facilities to keep pace with revenue growth. Emphasis has been on adding capacity in SEZ locations for new & incremental business. The new units at Mindspace SEZ – Airoli, Hinjewadi-Pune, Gopalan SEZ Bengaluru and DLF SEZ Chennai were made operational during the year 2016-17.

Your Company added infrastructure space of 45,000 sq.ft., during the financial year 2016-17 taking the total area to 2,189,840 sq.ft. with 22,264 Seats in India.

11. QUALITY INITIATIVES

Your Company continues all-pervasive commitment to Quality with focus on client centricity and continuous improvements. Your Company has revamped the Quality policy to reflect the same this year. The new Quality policy states:

We strive to be the most client-centric partner by:

- Delivering rich and meaningful experiences to our clients and their customers.
- Continuously improving our services and solutions, with focus on agility and creativity.
- Nurturing an environment that promotes learning and growth.

Client centricity is driven from top transferring to at all levels of your Company and reflected in Company's initiatives.

Your Company continues to adhere to international certifications viz. ISO 9001, ISO 20000, ISO 27001 and ISO 14001 through combined external audit conducted by Bureau Veritas. During the year, your Company has transitioned the ISO 9001 certification to ISO 9001:2015 version and ISO 14001 certification to ISO 14001:2015 version. By transitioning to ISO 9001:2015 version, your Company has strengthened areas such as leadership commitment, risk based thinking and risk management, organization knowledge identification and retention.

Your Company has been successfully re-appraised on CMMI for Development V1.3 at Level 5, in 2016 for Development, Maintenance, Testing and ERP projects. Your Company continues to sustain the CMMI for Services V1.3 Level 5 certification, for which your Company was appraised in 2015. Your Company has also sustained the compliance to ISAE 3402 requirements for the projects in the Insurance domain across Business Units and also for client specific engagements in the Banking domain.

Your Company renewed the focus to deliver value to our clients through initiatives such as Beyond, Extreme Automation and Design Driven Delivery. Beyond initiative has brought in focus on innovation to deliver value to our clients. Extreme Automation has helped optimize our delivery execution and improve productivity. Design Driven Delivery suitably supported by Agile and DevOps methodologies, helps your Company to design and deliver client focused services and solutions.

Your Company has aligned and strengthened the management processes with focus on client centricity and delivery excellence. We continue to measure project level and leadership level client satisfaction. Various initiatives implemented during the year have helped to improve client satisfaction levels. Leadership level client experience has also significantly improved for our key accounts.

12. TRANSFER TO RESERVES

The Directors do not propose to transfer any amount to reserve.

13. DEPOSITS

During the year ended March 31, 2017, your Company has not accepted any public deposits and as such, no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

14. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors hereby confirm that:

(i) in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

(ii) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as on March 31, 2017 and of the profit of the Company for the year ended March 31, 2017;

(iii) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

(iv) the Directors have prepared the annual accounts on a going concern basis;

(v) the Directors have laid down an adequate system of internal financial controls to be followed by the Company and such internal financial controls are adequate and operating efficiently; and

(vi) the Directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

15. DIRECTORS & KEY MANAGERIAL PERSONNEL

A. Appointment/Re-appointment:

During the year, following appointments/re-appointments were made on the Board:

a. Ms. Shubhalakshmi Panse as an Independent Director of the Company with effect from October

25, 2016 till October 24, 2021, subject to the approval of the shareholders. Ms. Panse, appointed as an Additional Director, will hold office till the ensuing Annual General Meeting ('AGM').

b. Mr. Sanjeev Aga as an Independent Director of the Company with effect from November 9, 2016 till November 8, 2021, subject to the approval of the shareholders. Mr. Aga, appointed as an Additional Director, will hold office till the ensuing AGM.

c. Mr. Aftab Zaid Ullah as the Whole-time Director of the Company with effect from November 9, 2016 till November 8, 2021, subject to the approval of the shareholders. Mr. Ullah, appointed as an Additional Director, will hold office till the ensuing AGM.

d. Mr. Sudhir Chaturvedi as the Whole-time Director of the Company with effect from November 9, 2016 till November 8, 2021, subject to the approval of the shareholders. Mr. Chaturvedi, appointed as an Additional Director, will hold office till the ensuing AGM.

e. Mr. M. M. Chitale as an Independent Director of the Company with effect from April 1, 2017 till March 31, 2022, subject to the approval of the shareholders by passing special resolution.

f. Mr. Samir Desai as an Independent Director of the Company with effect from April 1, 2017 till March 31, 2021, subject to the approval of the shareholders by passing special resolution.

Further, Mr. S. N. Subrahmanyan was appointed as a Non-Executive Vice Chairman by the Board with effect from May 4, 2017.

Mr. S. N. Subrahmanyan & Mr. A. M. Naik, Non-Executive Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing AGM of the Company. The details of Directors proposed to be appointed/ re-appointed is given in the notice convening the AGM forming part of this Annual Report.

The draft appointment letter issued to the Independent Directors is available on the Company's website, www.Lntinfotech.com/Investors.

B. Cessation:

During the year, none of the Directors ceased/resigned from the Company.

C. Changes in Key Managerial Personnel & Compliance Officer:

During the year, following were the changes in the Key Managerial Personnel & Compliance Officer:

a. Mr. Subramanya Bhatt ceased to be the Company Secretary and Compliance Officer with effect from closure of business hours of November 9, 2016.

b. Mr. Rajesh S. Narang was appointed as the Company Secretary and Compliance Officer with effect from November 10, 2016 and ceased to be the Company Secretary and Compliance Officer with effect from closure of business hours of March 30, 2017.

c. Ms. Angna Arora was appointed as Compliance Officer with effect from March 31, 2017.

16. CORPORATE GOVERNANCE REPORT

A report on Corporate Governance is annexed as **Annexure G** to this Report.

17. CORPORATE SOCIAL RESPONSIBILITY ('CSR')

The Board has constituted a CSR Committee in terms of the requirements of the Companies Act, 2013. The details relating to the same is given in **Annexure G** to this Report**.**

The Annual Report on CSR is annexed as **Annexure A** to this Report. CSR Policy of your Company is available on the Company's website, www.Lntinfotech.com/social-responsibility.

18. CORPORATE SUSTAINABILITY

During the year, all development centers of your Company, in India, have cleared surveillance audit of BS OHSAS 18001:2007 certification for occupational health and safety. Your Company has undertaken Sustainability initiatives for example - office lighting, PC hibernation, Green Week, waste and e-waste management, recycling and Energy Star power procurement policy to reduce energy consumption.

19. GREEN INITIATIVE

Electronic copy of the Annual Report for the financial year 2016-17 and the Notice of the ensuing AGM is being sent to all shareholders whose email addresses are registered with the Company/Depository Participant(s). For shareholders who have not registered their email addresses, physical copies are sent in the permitted mode.

20. STATUTORY AUDITOR

The Auditors' Report to the shareholders does not contain any qualification and therefore does not call for any comments from Directors. Further the Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

The Statutory Auditor, M/s. Sharp & Tannan [ICAI Registration No. 109982W], have already completed more than ten years as Statutory Auditors of the Company.

Accordingly, as per section 139 of the Companies Act, 2013, M/s. Sharp & Tannan will cease to be the Statutory Auditors of the Company from the conclusion of the ensuing AGM. Hence, the Board, based on the recommendation of the Audit Committee, proposes the appointment of M/s. B. K. Khare & Co. [ICAI Registration No. 105102W] as the Statutory Auditors for a continuous period of 5 years from the conclusion of 21st AGM till the conclusion of 26th AGM of the Company, subject to approval of shareholders.

The Auditors, M/s. B. K. Khare & Co., have informed the Company that their appointment, if made, would be in line with the requirement laid under section 141 of the Companies Act, 2013. Further, the Auditors have confirmed that they have subjected themselves to the peer review process of Institute of Chartered Accountants of India ('ICAI') and hold a valid certificate issued by the Peer Review Board of the ICAI.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company and declared that they have not taken up any prohibited non-audit assignments for the Company.

21. SECRETARIAL AUDITOR

The Secretarial Audit Report issued by Ms. Naina Desai, Practicing Company Secretary, does not contain any qualification and is annexed as **Annexure B** to this Report.

22. CONSOLIDATED FINANCIAL STATEMENTS

The Consolidated Financial Statements pursuant to section 129(3) of the Companies Act, 2013, prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, forms part of this Annual Report. The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

23. CHANGES IN SHARE CAPITAL

During the financial year 2016-17, the Company allotted 754,925 equity shares of ₹ 1 each on exercise of the vested options by the eligible employees under the Employee Stock Option Schemes of the Company. Accordingly, the paid-up equity share capital of the Company increased from ₹ 169.82 Million to ₹ 170.57 Million.

Subsequent to March 31, 2017, the Company has further allotted 38,093 equity shares of ₹ 1 each on May 4, 2017, on exercise of vested options by the eligible employees under the Employee Stock Option Schemes of the Company. Consequent to the same, there has been an increase in the paid-up equity share capital of the Company to ₹ 170.61 Million.

24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

Your Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that your Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. Your Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on your Company's operations.

25. EXTRACT OF ANNUAL RETURN

The extract of annual return is annexed as **Annexure C** to this Report.

26. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Board of Directors met 4 (four) times during the financial year. The details of the Board meetings and the attendance of Directors is provided in the **Annexure G** to this Report.

27. AUDIT COMMITTEE

The Board has constituted the Audit Committee in terms of the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in **Annexure G** to this Report.

28. VIGIL MECHANISM

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013 ('Act'). The Audit Committee of the Company oversees the functioning of the Whistle Blower Policy.

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

The Company has a Whistle Blower Policy in place since 2014 to encourage and facilitate employees to report concerns about unethical behavior, actual/suspected frauds and violation of the Company's Code of Conduct. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle Blower Policy.

Information about the establishment of the Whistle Blower Policy is available on the Company's website, www.Lntinfotech.com/Investors. During the year, no personnel has been declined access to the Audit Committee, whenever desired.

29. RELATED PARTY TRANSACTIONS

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy and the same is available on the Company's website i.e www.Lntinfotech.com/Investors. The Company has a process in place to periodically review and monitor related party transactions.

During the year, all the related party transactions were in the ordinary course of business and at arm's length and were approved by the Audit Committee. There were no material transactions with related parties during the year that may have conflict with the interest of the Company.

30. SUBSIDIARY/ ASSOCIATE/JOINT VENTURE COMPANIES

As at March 31, 2017, the Company has 10 Subsidiaries including a Joint Venture. There has been no material change in the nature of the business of Subsidiaries.

- During the year, the Company acquired/formed following Subsidiary Companies:

Name of the Company	Type of equity shares	No. of equity shares
AugmentIQ Data Sciences Private Limited	Equity	1,102,419[1]
L&T Infotech S.de. RL. C.V	Equity	N. A.[2]

Notes:

1. The Company acquired 1,102,419 equity shares of ₹ 10 each of AugmentIQ Data Sciences Private Limited on November 30, 2016. Out of 1,102,419 equity shares of ₹ 10 each fully paid-up, 1,102,418 equity shares are held by the Company and 1 equity share is held by 1 individual jointly and on behalf of the Company.
2. L&T Infotech S.de. RL. C.V was incorporated as a Subsidiary on March 1, 2017, in Mexico with a registered minimum fixed capital of 3,000 Mexican Pesos. However, no investment has been made by the Company in L&T Infotech S.de. RL. C.V.

The Company has formulated a policy on the identification of material subsidiaries in line with Regulation 16(c) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same is available on the Company's website, www.Lntinfotech.com/Investors.

- **Performance and financial position of each Subsidiary/Associate and Joint Venture Companies:**

  A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies as per form AOC-1 is annexed as **Annexure D** to this Report.

- **Update on Amalgamation of GDA Technologies Limited ('GDA') with the Company:**

  Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide its order dated April 1, 2016 and by the Hon'ble High Court of Madras vide its order dated August 3, 2016, GDA was amalgamated with the Company with effect from September 2, 2016, with the appointed date being April 1, 2016. Consequently, the entire business, assets, liabilities, duties and obligations of GDA have been transferred to and vested in the Company with effect from April 1, 2016.

- **Amalgamation of AugmentIQ Data Sciences Private Limited ('AugmentIQ') with the Company:**

  The Board of your Company and AugmentIQ in their meetings held on May 4, 2017 and May 3, 2017 respectively, approved the Scheme of Amalgamation ('Scheme') of AugmentIQ with the Company under section 230-232 of the Companies Act, 2013. The appointed date for the proposed Scheme is April 1, 2017.

31. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

Your Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in the notes forming part of the financial statements provided in this Annual Report.

32. EMPLOYEE STOCK OPTION SCHEMES

There has been no material change in the Employee Stock Option Schemes ('ESOP Schemes') during the financial year under review. The Employee Stock Ownership Scheme 2000 and the Employee Stock Ownership Scheme 2006 U.S. Stock Option Sub-Plan are in compliance with the then applicable Act and Regulations, if any. Further, the Employee Stock Option Scheme 2015 is in compliance with the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 and the disclosures relating to the ESOP Schemes of the Company as required is available on the Company's website, www.Lntinfotech.com/Investors.

A Certificate obtained from the Statutory Auditors, confirming compliance with the Companies Act, 2013 and SEBI (Share Based Employee Benefits) Regulations, 2014 is given in **Annexure H** to this Report.

33. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in terms of the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in **Annexure G** to this Report.

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of Key Managerial Personnel and the criteria for determining qualifications, positive attributes and independence of a Director.

34. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

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

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

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on May 4, 2017, in accordance with Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, its Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

35. DISCLOSURE OF REMUNERATION

The details of remuneration as required under section 197(12) of the Companies Act, 2013 ('Act') and Rule 5(1) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time, is provided in **Annexure E** to this Report.

The details of employees receiving remuneration as mentioned in Rule 5(2) & 5(3) of the Companies (Appointment & Remuneration of Managerial Personnel) Rules, 2014 as amended from time to time is provided in **Annexure I** to this Report. In terms of section 136(1) of the Act and the rules made thereunder, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure. Any shareholder interested in obtaining copy of the same may write to the Company Secretary/Compliance Officer. None of the employees listed in the said Annexure is related to any Director of the Company.

36. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Board has constituted the Stakeholders' Relationship Committee in terms of the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015. The details relating to the same are given in **Annexure G** to this Report.

37. DECLARATION BY INDEPENDENT DIRECTORS

The Company has received Declaration of Independence from its Independent Directors as stipulated under section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of Independence. The same is available on the Company's website, www.Lntinfotech.com/Investors.

38. INDEPENDENT DIRECTORS MEETING

As per Schedule IV of the Companies Act, 2013, Secretarial Standards-1 ('SS-1') read with the Guidance Note on SS-1 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015, the meeting of the Independent Directors was held on May 4, 2017.

39. COMPLIANCE WITH SECRETARIAL STANDARDS

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

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

Information as per section 134 of the Companies Act, 2013 read with Rule 8 of the Companies (Accounts) Rules, 2014 relating to conservation of energy, technology absorption, foreign exchange earnings and outgo is given in **Annexure F** to this Report.

41. RISK MANAGEMENT POLICY

The Company has constituted a Risk Management Committee comprising of Mr. S. N. Subrahmanyan, Mr. Sanjay Jalona, Mr. Aftab Zaid Ullah and Mr. Ashok Kumar Sonthalia as members. Mr. S. N. Subrahmanyan is the Chairperson of the Committee.

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

A detailed note on risk management is given in and under separate section of this Annual Report.

42. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

43. ACKNOWLEDGEMENTS

The Directors thank the Company's customers, vendors, banks, financial and academic institutions, employees, regulatory authorities, stock exchanges & all other stakeholders for their continued co-operation & support to the Company. The Directors also acknowledge the support and co-operation from the Government of India and overseas, its agencies and other regulatory authorities.

For and on behalf of the Board

	Sanjay Jalona	**Aftab Zaid Ullah**
	Chief Executive Officer &	Chief Operating Officer &
Place: Mumbai	Managing Director	Whole-time Director
Date: May 4, 2017	(DIN: 07256786)	(DIN: 05165334)

ANNEXURE A

Annual Report on Corporate Social Responsibility ('CSR') activities for financial year 2016-17

1. A Brief outline of the Company's CSR policy, including overview of projects undertaken and a reference to web link to the CSR policy and projects or programs:

The CSR policy and CSR policy framework is available on the Company's website, www.Lntinfotech.com/social-responsibility. The CSR policy framework states the thrust areas as IT Skills, Education including support for educational institutions, Women Empowerment and Environment in which the Company does CSR Projects. We have continued the commitment of empowering youth through our IT skills program.

a. IT skills for employment

The IT Skills program imparts computer training to youth through the community computer centers. Your Company has added programs for ERP skills such as Tally, and hardware and networking courses in Mumbai and Chennai in collaboration with various NGOs. The Digital Sakshar program and the Rural BPO project are two key IT Skills projects. The Digital Sakshar project in Mumbai helps youth learn computer skills based on market requirements. The Rural BPO project in Sonari, UP and Budhni, MP has generated employment for youth in rural areas.

70 computer centers have been established in the financial year 2016-17, to teach IT & Soft Skills programs. In all 17,500 youth have successfully completed the course.

b. IT skills for employment of differently abled

Your Company has continued its support to the differently abled through the CSR programs. In addition to the volunteers supporting the Talking Books project; your Company has also set up special computer training centers for the differently abled in data entry in association with NGO's in Mumbai and Chennai which has resulted in generating employment for them.

c. Support Education in schools

Your Company has provided computers to the schools to help the school children learn basic computer skills. Using technology, your Company has set up virtual classrooms in schools and connected them to the Company's office premises from where employees of the Company teach children remotely. The volunteers enthusiastically supported these projects in Bengaluru and Chennai. The volunteers enjoy teaching science and mathematics to the children using innovative methods.

The Junior Aryabhatta program in Pune helps develop computer skills in children from 20 Government schools, using mini laptops.

The Introduction to Basic Technology project helps rural youth in drought prone Pune area learn vocational skills by experimentation and encourages rural entrepreneurship. Vocational skills in electronics, engineering, agriculture and food processing are taught through the program to make learning enjoyable for children. We run a similar program in Mangaon in Maharashtra.

This year your Company has collaborated with academia to support the Industrial Internet of Things ('IIoT') project in association with VJTI in Mumbai. The project addresses issues like condition monitoring, predictive maintenance, energy forecasting and remote asset management which will help make renewable sources more affordable.

Your Company has supported the Akshayapatra project in Bengaluru where wholesome meals are provided to 17,500 school children from marginalized areas. This has helped reduce the drop-out rate in schools.

Through the education initiatives your Company has supported 221 schools which has impacted the lives of 47,500 school children.

d. Women Empowerment

Your Company encourages women entrepreneurs from marginalized communities, by providing space at the Company's campus for exhibitions. Your Company has supported the project developed by an NGO, for setting up of Papad making and Packaging unit, Tailoring and Beautician courses for women in rural areas of Satara, Maharashtra. This project has helped women use their talent and create local employment. At Navi Mumbai, your Company has set up community centers to impart livelihood skills such as tailoring. Women empowerment initiatives have impacted 4,100 women.

e. Environment

Environment conservation activities like tree plantation, energy & water saving, paper recycling, e-waste collection drives have been organized. Your Company has introduced the tree plantation certificates instead of giving bouquets. This year your Company has planted hundreds of trees in the forests of Rajasthan and Karnataka through this initiative.

f. Chennai Cyclone Relief

This year Chennai witnessed a natural disaster in form of cyclone which caused heavy damage. An NGO at Kasuva, with whom your Company has been working with, suffered heavy property damage to their community center. Your Company has helped them reconstruct their premises by installing new solar panels and constructing new compound wall.

g. **Employee Volunteering**

Our 1Step employee engagement initiative actively supports the CSR programs. In financial year 2016-17, 4,627 1Step volunteers [(4,576 volunteers in financial year 2015-16)] helped teach underprivileged youth and children, donated blood during our blood donation drives, shopped for a cause and helped conserve the environment. The total beneficiaries covered by your Company were 71,124 doubling from the previous year.

2. The Composition of the CSR Committee:
   i. Mr. S. N. Subrahmanyan - Chairman
   ii. Mr. Sanjay Jalona - Member
   iii. Mr. M. M. Chitale[1] - Member
   iv. Mr. Arjun Gupta[1] - Member

   Note: 1. Mr. Arjun Gupta was inducted as a member in place of Mr. M. M. Chitale w.e.f. November 9, 2016.

3. Average net profit for the last three years: 8,674.82 Million

4. Prescribed CSR expenditure (Two percent of the amount as in item 3 above): 173.49 Million

5. Details of CSR spent during the financial year:
   i. Total amount spent for the financial year 2016-17: 64.90 Million
   ii. Amount unspent, if any: 108.59 Million
   iii. Manner in which the amount was spent during the financial year 2016-17: attached

6. In case the Company has failed to spend 2% of the average net profit of the last three financial years or any part thereof, the Company shall provide reasons for not spending the amount in its Directors' Report:

   Your Company's CSR projects are multi-year projects. Your Company believes in creating sustainable programs that empowers communities. This year, our focus was to meet the project goals and create standards for reporting and monitoring. Due diligence process has been followed during the entire project cycle. We are evaluating communities to expand our projects.

7. A responsibility statement of the CSR Committee that the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its framework.

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR programs; and
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;

   The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy and its framework.

S. N. Subrahmanyan
Director &
Chairman – CSR Committee
(DIN: 02255382)

Sanjay Jalona
Chief Executive Officer &
Managing Director
(DIN: 07256786)

5 (iii). Manner in which the amount spent during the financial year 2016-17 is detailed below:

(₹ Million)

S. N.	CSR project or activity identified	Sector in which the project is covered	Projects or programs 1. Local area or other 2. Specify the State and District where project was undertaken	Amount Outlay (Budget) Project or programs wise	Direct expense	Overheads	Cumulative Expenditure up to the reporting period	Amount spent: Direct or through implementing agency
1	Computer Skills	IT Skills	Mumbai, Navi Mumbai, Pune, Maharashtra, Bengaluru, Chennai, Karnataka, Madhya Pradesh, Uttar Pradesh and Tamil Nadu	52.2	36.95	1.91	38.86	Direct and through Implementing agency.
2	Educational	Education	Mumbai, Navi Mumbai, Pune, Maharashtra, Bengaluru, Chennai, Karnataka, and Tamil Nadu	14.56	22.82	1.14	23.96	Direct and through Implementing agency.
3	Women Empowerment	Women Empowerment	Maharashtra and Tamil Nadu	3.02	1.82	0.04	1.86	Direct and through Implementing agency.
4	Environment projects	Environment projects	Karnataka, Rajasthan	0.22	0.22	–	0.22	Direct and through Implementing agency
	TOTAL			**70.00**	**61.81**	**3.09**	**64.90**	

ANNEXURE B

Form No. MR-3
Secretarial Audit Report
for the financial year ended March 31, 2017

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

To,

The Members,

LARSEN & TOUBRO INFOTECH LIMITED

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

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

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

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

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

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws that are applicable to the Company, viz. -

- The Information Technology Act, 2000
- The Special Economic Zone Act, 2005
- Policy relating to Software Technology Parks of India and its regulations
- The Indian Copyright Act, 1957
- The Patents Act, 1970
- The Trade Marks Act, 1999
- Indian Telegraph Act
- Telecom Regulatory Authority of India (TRAI)/ Department of Telecommunication (DOT) Guidelines
- Other Service Provider Guidelines (Governed by DOT)

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and the Listing Agreements entered into by the Company with Stock Exchange(s), applicable as follows:

- Equity Shares listed on BSE Limited and National Stock Exchange of India Limited.

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

I further report that

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

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

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

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

I further report that during the audit period the following events/ actions have taken place which have a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of Equity Shares/ Debentures/Sweat Equity, etc. –

- Completion of initial public offering of the Company, wherein the Promoter 'Larsen & Toubro Limited' ('Holding Company') diluted its Shareholding by Offering 17,500,000 equity shares of ₹ 1/- each of the Company. Accordingly, the Company got its equity shares listed on July 21, 2016 on National Stock Exchange of India Limited and BSE Limited.
- Allotment of 737,275 equity shares of ₹ 1/- each, under the Employees Stock Ownership Scheme-2000; and
- Allotment of 17,650 equity shares of ₹ 1/- each under Employees Stock Ownership Scheme-2006 U.S. Stock Option Sub-plan.

(ii) Redemption/buy-back of securities – NIL.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – NIL.

(iv) Merger/amalgamation/reconstruction, etc. –

- Pursuant to the Scheme of Amalgamation sanctioned by the Hon'ble High Court of Bombay vide its order dated April 01, 2016 and by the Hon'ble High Court of Madras vide its order dated August 3, 2016, GDA Technologies Limited ('GDA'), wholly-owned subsidiary of the Company was amalgamated with the Company with effect from September 2, 2016 with appointed date being April 01, 2016. Consequently, the entire business, assets, liabilities, duties and obligations of GDA have been transferred to and vested in the Company with effect from April 1, 2016.

(v) Foreign technical collaborations – NIL.

(vi) Other Event –

- The Company in its meeting held on July 28, 2016, gave their in principle approval for the acquisition of an Analytics Startup and constituted a specific committee to undertake the acquisition. The Company signed a definitive agreement on October 25, 2016 to acquire AugmentIQ Data Sciences Private Limited ('AugmentIQ'), Pune. The acquisition of AugmentIQ was completed by the Company on November 30, 2016.

Naina R Desai
Practising Company Secretary
Place: Mumbai Membership No. 1351
Date: April 17, 2017 Certificate of Practice No.13365

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

Annexure A

To,

The Members,

LARSEN & TOUBRO INFOTECH LIMITED

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

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

Naina R Desai
Practising Company Secretary
Place: Mumbai Membership No. 1351
Date: April 17, 2017 Certificate of Practice No.13365

ANNEXURE C

Form No. MGT-9
Extract of Annual Return

as on the financial year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I) REGISTRATION AND OTHER DETAILS:

S. N.	Particulars	
1	CIN	U72900MH1996PLC104693
2	Registration Date	23rd December 1996
3	Name of the Company	Larsen & Toubro Infotech Limited
4	Category/Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai - 400 001 Tel: +91 22 6776 6138 Email: Angna.Arora@Lntinfotech.com
6	Whether Listed Company	Yes
7	Name, Address and contact details of the Registrar and Transfer Agent, if any	**Link Intime India Private Limited** Address: C - 101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083 Tel: +91 22 4918 6000, Fax: +91 22 4918 6060 Email: rnt.helpdesk@linkintime.co.in

II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

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

S. N.	Name and Description of main products/services	NIC Code of the product/service	% to total turnover of the Company
1	Computer programming, consultancy and related activities	620	100.00

III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. N.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
1	Larsen & Toubro Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	L99999MH1946PLC004768	Holding Company	84.28	2(46)
2	Larsen & Toubro Infotech GmbH Add: Euro-Asia Business Center, Messe-Allee 2, D-04356, Leipzig, Germany	-	Subsidiary	100.00	2(87)
3	Larsen & Toubro Infotech Canada Limited Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7, Canada	-	Subsidiary	100.00	2(87)
4	Larsen & Toubro Infotech LLC Add: 1220, N. Market St., Suite 806, Wilmington, DE 19801, Country of New Castle, United States of America	-	Subsidiary	100.00	2(87)
5	L&T Infotech Financial Services Technologies Inc. Add: 2810, Matheson Blvd East, Suite 500, Mississauga, ON L4W 4X7, Canada	-	Subsidiary	100.00	2(87)

S. N.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable section
6	Larsen And Toubro Infotech South Africa (Pty) Limited Add: 6th Floor, 119 Hertzog Boulevard, Foreshore 8001, South Africa	-	Subsidiary	74.90	2(87)
7	L&T Information Technology Services (Shanghai) Co., Ltd. Add: Room 1100m Building 2, No.1388, Xingxian Road, Jaiding District, Shanghai, China	-	Subsidiary	100.00	2(87)
8	Larsen & Toubro Infotech Austria GmbH Add: c/o Oberhammer Rechtsanwälte GmbH, Karlsplatz 3/1, 1010 Vienna, Austria	-	Subsidiary	100.00	2(87)
9	L&T Information Technology Spain SL Add: C/JOSÉ ABASCAL 56 2nd Floor, Madrid, Spain	-	Subsidiary	100.00	2(87)
10	AugmentIQ Data Sciences Private Limited Add: Godrej Eternia A, 5th Floor, Mumbai - Pune Road, Shivajinagar, Pune 411005	U72200PN2012PTC145539	Subsidiary	100.00	2(87)
11	L&T Infotech S.de. RL. C.V Add: Bosque de Ciruelos 180, Suite PP 101 Col. Bosques de las Lomas, 11700 Mexico city, Mexico	-	Subsidiary	100.00	2(87)

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

a) Category-wise Share Holding

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(A)	**Promoters**									
(1)	**Indian**									
(a)	Individuals/Hindu Undivided Family	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Central Government/	0	0	0	0.00	0	0	0	0.00	0.00
(c)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Banks/Financial Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Bodies Corporate	161,250,000	0	161,250,000	94.96	143,750,000	0	143,750,000	84.28	10.68
(f)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A1)	**161,250,000**	**0**	**161,250,000**	**94.96**	**143,750,000**	**0**	**143,750,000**	**84.28**	**10.68**
(2)	**Foreign**									
(a)	NRIs - Individuals	0	0	0	0.00	0	0	0	0.00	0.00
(b)	Government	0	0	0	0.00	0	0	0	0.00	0.00
(c)	Institutions	0	0	0	0.00	0	0	0	0.00	0.00
(d)	Foreign Portfolio Investor	0	0	0	0.00	0	0	0	0.00	0.00

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(e)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (A2)	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Total Shareholding of Promoter (A) = (A1 + A2)	**161,250,000**	**0**	**161,250,000**	**94.96**	**143,750,000**	**0**	**143,750,000**	**84.28**	**10.68**
(B)	**Public Shareholding**									
(1)	**Institutions**									
(a)	Mutual Funds	0	0	0	0.00	2,038,938	0	2,038,938	1.20	(1.20)
(b)	Banks/Financial Institutions	0	0	0	0.00	189,413	0	189,413	0.11	(0.11)
(c)	Central Government/	0	0	0	0.00	0	0	0	0.00	0.00
(d)	State Government(s)	0	0	0	0.00	0	0	0	0.00	0.00
(e)	Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(f)	Insurance Companies	0	0	0	0.00	1,326,417	0	1,326,417	0.78	(0.78)
(g)	Foreign Portfolio Investors	0	0	0	0.00	8,121,094	0	8,121,094	4.76	(4.76)
(h)	Foreign Venture Capital Funds	0	0	0	0.00	0	0	0	0.00	0.00
(i)	Any Other (Specify)	0	0	0	0.00	0	0	0	0.00	0.00
	Sub-total (B1)	**0**	**0**	**0**	**0.00**	**11,675,862**	**0**	**11,675,862**	**6.85**	**(6.85)**
(2)	**Non - Institutions**									
(a)	**Individuals**									
(i)	Individual Shareholders holding nominal Equity Share Capital up to ₹ 1 Lakh	4,938,210	443,944	5,382,154	3.17	9,870,849	98,449	9,969,298	5.84	(2.67)
(ii)	Individual Shareholders holding nominal Equity Share Capital in excess of ₹ 1 Lakh	1,573,125	0	1,573,125	0.92	2,145,500	111,250	2,256,750	1.32	(0.40)
(b)	**Bodies Corporate**	**11,049**	**0**	**11,049**	**0.01**	**409,288**	**0**	**409,288**	**0.24**	**(0.23)**
(c)	**Any Other (Specify)**									
(i)	Foreign Nationals	0	324,890	324,890	0.19	100	243,671	243,771	0.14	0.05
(ii)	Hindu Undivided Family	0	0	0	0.00	283,580	0	283,580	0.17	(0.17)
(iii)	Non Resident Indians (Repat)	634,824	377,670	1,012,494	0.60	979,197	428,428	1,407,625	0.82	(0.22)
(iv)	Non Resident Indians (Non-Repat)	104,310	158,166	262,476	0.15	194,638	141,685	336,323	0.20	(0.05)

Category Code	Category of Shareholder(s)	No. of Equity Shares held at the beginning of the year				No. of Equity Shares held at the end of the year				% Change during the year
		Dematerialised Form	Physical Form	Total	% of Total Shares	Dematerialised Form	Physical Form	Total	% of Total Shares	
(v)	Clearing Member	0	0	0	0.00	238,616	0	238,616	0.14	(0.14)
	Sub-total (B2)	**7,261,518**	**1,304,670**	**8,566,188**	**5.04**	**14,121,768**	**1,023,483**	**15,145,251**	**8.87**	**(3.83)**
	Total Public Shareholding (B) = (B1 + B2)	**7,261,518**	**1,304,670**	**8,566,188**	**5.04**	**25,797,630**	**1,023,483**	**26,821,113**	**15.72**	**(10.68)**
	TOTAL (A+B)	**168,511,518**	**1,304,670**	**169,816,188**	**100.00**	**169,547,630**	**1,023,483**	**170,571,113**	**100.00**	**0.00**
(C)	**Shares held by Custodians and against which Depository Receipts have been issued**	**0**	**0**	**0**	**0.00**	**0**	**0**	**0**	**0.00**	**0.00**
	Grand Total (A+B+C)	**168,511,518**	**1,304,670**	**169,816,188**	**100.00**	**169,547,630**	**1,023,483**	**170,571,113**	**100.00**	**0.00**

b) Shareholding of Promoters

S.N.	Shareholder's Name	Shareholding at the beginning of the year			% change in shareholding during the year			
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	% change in shareholding during the year
1	Larsen & Toubro Limited	161,250,000	94.96	0.00	143,750,000	84.28	0.00	10.68
	TOTAL	**161,250,000**	**94.96**	**0.00**	**143,750,000**	**84.28**	**0.00**	**10.68**

c) Change in Promoters' Shareholding:

S.N.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
	At the beginning of the year	161,250,000	94.96	-	-
	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc.)	(17,500,000) [1]	(10.30)	143,750,000	84.64
	At the end of the year	-	-	143,750,000	84.28 [2]

Notes:

1. The change in the Promoters' shareholding is pursuant to Offer for Sale of 17,500,000 equity shares by the Promoter in the Initial Public Offer of the Company.
2. Further change in the percentage of shareholding at the end of the year is due to periodic allotment of equity shares under the Employee Stock Option Schemes of the Company during the financial year 2016-17.

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

S.N.	For Each of the Top 10 Shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
1	**AUBURN LIMITED**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			2,289,493	2,289,493	1.35
		29 Jul 2016			70,800	2,360,293	1.39
		26 Aug 2016			41,436	2,401,729	1.41
		02 Sep 2016			118,190	2,519,919	1.48
		09 Sep 2016			78,402	2,598,321	1.53
		16 Sep 2016			87,366	2,685,687	1.58
		23 Sep 2016			60,180	2,745,867	1.62
		30 Sep 2016			66,482	2,812,349	1.66
		07 Oct 2016			85,197	2,897,546	1.71
		14 Oct 2016			26,987	2,924,533	1.72
		21 Oct 2016			66,778	2,991,311	1.76
		28 Oct 2016			47,180	3,038,491	1.79
		04 Nov 2016			150	3,038,641	1.79
		24 Mar 2017			1,724,854	4,763,495	2.79
	At the end of the year					4,763,495	2.79
2	**NTASIAN EMERGING LEADERS MASTER FUND**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			108,840	108,840	0.06
		05 Aug 2016			326,855	435,695	0.26
		12 Aug 2016			332,627	768,322	0.45
		28 Oct 2016			47,432	815,754	0.48
		04 Nov 2016			80,662	896,416	0.53
		11 Nov 2016			61,894	958,310	0.56
		18 Nov 2016			3,605	961,915	0.56
		27 Jan 2017			50,000	1,011,915	0.59
		03 Feb 2017			57,000	1,068,915	0.63
		10 Feb 2017			46,200	1,115,115	0.65
		17 Feb 2017			31,200	1,146,315	0.67
		24 Feb 2017			65,680	1,211,995	0.71
		03 Mar 2017			112,520	1,324,515	0.78
		10 Mar 2017			33,700	1,358,215	0.80
		17 Mar 2017			27,700	1,385,915	0.81
		24 Mar 2017			60,484	1,446,399	0.85
	At the end of the year					1,446,399	0.85

S.N.	For Each of the Top 10 Shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
3	**HDFC TRUSTEE COMPANY LIMITED - HDFC PRUDENCE FUND**		-	0.00			
	Date wise Increase/Decrease in share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			639,125	639,125	0.38
	At the end of the year					639,125	0.37
4	**FIL INVESTMENTS(MAURITIUS)LTD**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			299,965	299,965	0.18
		21 Oct 2016			19,469	319,434	0.19
		28 Oct 2016			16,437	335,871	0.20
		16 Dec 2016			10,999	346,870	0.20
		03 Mar 2017			5,604	352,474	0.21
		10 Mar 2017			23,572	376,046	0.22
		17 Mar 2017			68,173	444,219	0.26
		31 Mar 2017			188,013	632,232	0.37
	At the end of the year					632,232	0.37
5	**KUWAIT INVESTMENT AUTHORITY FUND 225**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	27 Jan 2017			20,031	20,031	0.01
		03 Feb 2017			26,744	46,775	0.03
		10 Feb 2017			57,160	103,935	0.06
		17 Feb 2017			56,160	160,095	0.09
		24 Feb 2017			50,393	210,488	0.12
		03 Mar 2017			25	210,513	0.12
		17 Mar 2017			134,770	345,283	0.20
		24 Mar 2017			73,778	419,061	0.25
	At the end of the year					419,061	0.25
6	**SCHRODER INTERNATIONAL SELECTION FUND INDIAN EQUITY**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	16 Dec 2016			20,781	20,781	0.01
		23 Dec 2016			68,044	88,825	0.05
		30 Dec 2016			7,979	96,804	0.06
		06 Jan 2017			27,216	124,020	0.07
		13 Jan 2017			8,896	132,916	0.08
		20 Jan 2017			10,147	143,063	0.08
		27 Jan 2017			34,847	177,910	0.10
		24 Feb 2017			56,541	234,451	0.14
		03 Mar 2017			104,086	338,537	0.20
		10 Mar 2017			34,391	372,928	0.22
		17 Mar 2017			19,952	392,880	0.23
	At the end of the year					392,880	0.23

S.N.	For Each of the Top 10 Shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
7	**ICICI PRUDENTIAL TECHNOLOGY FUND**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			211,280	211,280	0.12
		18 Nov 2016			1,456	212,736	0.12
		25 Nov 2016			64,601	277,337	0.16
		02 Dec 2016			17,987	295,324	0.17
		09 Dec 2016			9,732	305,056	0.18
		16 Dec 2016			3,732	308,788	0.18
		23 Dec 2016			1	308,789	0.18
		30 Dec 2016			3,289	312,078	0.18
		06 Jan 2017			2,678	314,756	0.18
		13 Jan 2017			556	315,312	0.18
		20 Jan 2017			3	315,315	0.18
		27 Jan 2017			16,671	331,986	0.19
		03 Feb 2017			1,907	333,893	0.20
		17 Feb 2017			1,766	335,659	0.20
		24 Feb 2017			3,835	339,494	0.20
	At the end of the year					339,494	0.20
8	**THE NEW INDIA ASSURANCE COMPANY LIMITED**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			281,680	281,680	0.17
	At the end of the year					281,680	0.17
9	**YESHWANT MORESHWAR DEOSTHALEE**		281,250	0.17			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					281,250	0.16
10	**ICICI PRUDENTIAL BALANCED ADVANTAGE FUND**		-	0.00			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	19 Jul 2016			180,830	180,830	0.11
		21 Oct 2016			9,250	190,080	0.11
		02 Dec 2016			18,643	208,723	0.12
		09 Dec 2016			37,971	246,694	0.14
		16 Dec 2016			26,738	273,432	0.16
		23 Dec 2016			11	273,443	0.16
	At the end of the year					273,443	0.16
11	**VIJAY KUMAR MAGAPU**		210,001	0.12			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					210,001	0.12

S.N.	For Each of the Top 10 Shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
12	**VIJAY KUMAR MAGAPU**		209,999	0.12			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					209,999	0.12
13	**VINA BADAMI**		140,000	0.08			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					140,000	0.08
14	**VIVEK SHANTARAM SHIROOR**		138,000	0.08			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					138,000	0.08
15	**MAKARAND DEOLALKAR**		128,937	0.08		-	
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	05 Aug 2016			(100,000)	28,937	0.02
		09 Nov 2016 (ESOP Exercise)			9,687	38,624	0.02
	At the end of the year					38,624	0.02
16	**SHRINIVASAN VENKATARAMAN**		125,000	0.07			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					125,000	0.07
17	**KAVINDRA SHARMA**		114,687	0.07		-	
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)	15 Apr 2016			(4,000)	110,687	0.07
		19 Jul 2016			20	110,707	0.07
		09 Sep 2016			(50,000)	60,707	0.04
		16 Sep 2016			(3,400)	57,307	0.03
		09 Nov 2016 (ESOP Exercise)			8,437	65,744	0.04
		03 Feb 2017			(2,000)	63,744	0.04
	At the end of the year					63,744	0.04
18	**HAE RYONG JEONG**		111,250	0.07			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					111,250	0.07

S.N.	For Each of the Top 10 Shareholders	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
19	**K S RAO**		110,500	0.07			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					110,500	0.06
20	**GOPA KUMAR PERIYADAN**		100,000	0.06			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					100,000	0.06
21	**RAVIKUMAR R THUMMARUKUDY**		100,000	0.06			
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for Increase/Decrease (eg. Allotment/transfer/ bonus/sweat equity, etc.)						
	At the end of the year					100,000	0.06

V) SHAREHOLDING OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
1	**A. M. NAIK**		871,875	0.51			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	09 Nov 2016 (ESOP Exercise)			309,375	1,181,250	0.69
	At the end of the year					1,181,250	0.69
2	**M. M. Chitale**		0	0.00			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	19 Jul 2016			38	38	0.00
	At the end of the year					38	0.00

S.N.	For Each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Increase/ decrease in shareholding	Cumulative Shareholding during the year	
			No. of Shares	% of Total Shares of the Company		No. of Shares	% of Total Shares of the Company
3	**SUDHIR CHATURVEDI**		0	0.00		-	-
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	29 July 2016			2,000	2,000	0.00
	At the end of the year					2000	0.00
4	**ASHOK KUMAR SONTHALIA**		0	0.00			
	Date wise Increase/Decrease in Shareholding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc):	07 Oct 2016			800	800	0.00
	At the end of the year					800	0.00

VI) INDEBTEDNESS

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

(₹ Million)

Particulars	Secured Loans Excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year:				
i) Principal Amount	279.74	265.02	-	544.76
ii) Interest due but not paid	0.14	-	-	0.14
iii) Interest accrued but not due	0.86	0.07	-	0.93
Total (i+ii+iii)	**280.74**	**265.09**	**-**	**545.83**
Change in Indebtedness during the financial year:				
• Addition	2.45	4.77	-	7.22
• Reduction	(283.19)	(269.86)	-	553.06
Net Change	**(280.74)**	**(265.09)**	**-**	**(545.83)**
Indebtedness at the end of the financial year:				
i) Principal Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**-**	**-**	**-**

VII) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2016-17)

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

(₹ Million)

S. N.	Particulars of Remuneration	Name of MD/WTD/Manager			
		Mr. Sanjay Jalona (CEO & MD)[1]	Mr. Aftab Zaid Ullah (COO & WTD)[2]	Mr. Sudhir Chaturvedi (President – Sales & WTD)[3]	Total Amount
1	Gross salary:				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	51.15	38.92	26.84	116.91
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0.02	-	-	0.02
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	No. of Stock Options granted	339,200	126,000	155,800	-
3	Sweat Equity	-	-	-	-
4	Commission: - as % of profit - others,	 18.75 -	 - -	 - -	 18.75 -
5	Others (please specify):				
	1. Variable Compensation	6.90	8.40	6.76	22.06
	2. Contribution to Provident Fund & Superannuation Fund	3.64	0.64	5.45	9.73
	Total (A)	**80.46**	**47.96**	**39.05**	**167.47**
	Ceiling as per the Act	**(1,203.42 Million) 10% of Net Profits of the Company**			

Notes:

1. Mr. Sanjay Jalona has been paid remuneration in USD, for the part of the year. Accordingly, the figure mentioned above is INR equivalent of USD.
2. Mr. Aftab Zaid Ullah, Chief Operating Officer was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above includes part of the remuneration of financial year 2015-16.
3. Mr. Sudhir Chaturvedi, President - Sales was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above is for the period September 12, 2016 to March 31, 2017. Mr. Sudhir Chaturvedi has been paid remuneration in GBP and accordingly, the figure mentioned above is INR equivalent of GBP.

B. Remuneration to other Directors:

(₹ Million)

S. N.	Particulars of Remuneration	Fee for attending Board/ Committee Meetings	Commission	Others, please specify (No. of Stock Options Granted)	Total Amount
1	**Independent Directors**				
	Mr. Samir Desai[1]	0.28	3.11	-	3.39
	Mr. M. M. Chitale	0.43	2.00	-	2.43
	Ms. Vedika Bhandarkar	0.33	1.40	-	1.73
	Mr. Arjun Gupta[1]	0.20	2.06	-	2.26
	Ms. Shubhalakshmi Panse[2]	0.10	0.45	-	0.55
	Mr. Sanjeev Aga[3]	0.05	0.23	-	0.28
	Total (1)	**1.39**	**9.25**	**-**	**10.64**

(₹ Million)

S. N.	Particulars of Remuneration	Fee for attending Board/ Committee Meetings	Commission	Others, please specify (No. of Stock Options Granted)	Total Amount
2	**Other Non-Executive Directors**				
	Mr. A. M. Naik	-	-	300,000	-
	Mr. S. N. Subrahmanyan	-	-	200,000	-
	Mr. R. Shankar Raman	-	-	100,000	-
	Total (2)	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**1.39**	**9.25**	**-**	**10.64**
	Total Managerial Remuneration	**-**	**176.72**	**-**	**-**
	Overall Ceiling as per the Act	**(1323.76 Million) 11% of Net Profits of the Company**			

Notes:

1. The Board has approved Commission of USD 47,500 to Mr. Samir Desai and USD 31,500 to Mr. Arjun Gupta for financial year 2016-17. The figure mentioned above is INR equivalent of USD.
2. Ms. Shubhalakshmi Panse was appointed as an Independent Director w.e.f. October 25, 2016.
3. Mr. Sanjeev Aga was appointed as an Independent Director w.e.f. November 9, 2016.

C. Remuneration to Key Managerial Personnel other than MD/WTD/Manager:

(₹ Million)

S. N.	Particulars of Remuneration	Key Managerial Personnel			Total Amount
		Mr. Ashok Kumar Sonthalia (CFO)	Mr. Subramanya Bhatt (Company Secretary)[1]	Mr. Rajesh S. Narang (Company Secretary)[2]	
1	Gross salary:				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	6.31	1.89	2.80	11.00
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	2.35	-	-	2.35
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	No. of Stock Options granted	50,000	-	7,300	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify	 - -	 - -	 - -	 - -
5	Others (please specify):				
	Variable Compensation	2.68	-	-	2.68
	Contribution to Provident Fund & Superannuation Fund	0.20	-	0.09	0.29
	TOTAL	**11.54**	**1.89**	**2.89**	**16.32**

Notes:

1. Mr. Subramanya Bhatt ceased to be the Company Secretary & Compliance Officer from closure of the business hours of November 9, 2016.
2. Mr. Rajesh S. Narang was appointed as the Company Secretary & Compliance Officer from November 10, 2016. He ceased to be the Company Secretary and Compliance Officer from closure of the business hours of March 30, 2017.

VIII) PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

ANNEXURE D

Form AOC-I

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of Companies (Accounts) Rules, 2014)
Statement containing salient features of the financial statement of Subsidiary Companies

(₹ Million)

1	Sl. No.	1	2	3	4	5	6	7	8	9
2	Name of Subsidiary	Larsen & Toubro Infotech GmbH	Larsen & Toubro Infotech Canada Limited[2]	Larsen & Toubro Infotech LLC	L&T Infotech Financial Services Technologies Inc.[3]	Larsen And Toubro South Africa (Pty) Limited[4]	L&T Information Technology Services (Shanghai) Co. Ltd.	Larsen & Toubro Infotech Austria GmbH	L&T Information Technology Spain SL	AugmentIQ Data Sciences Private Limited
3	Reporting period for the subsidiary concerned, if different from the holding company's reporting period	31-03-17	31-03-17	31-03-17	31-03-17	31-03-17	31-12-16	31-03-17	31-03-17	31-03-17
4	Reporting currency	EUR	CAD	USD	CAD	ZAR	CNY	EUR	EUR	INR
	Exchange rate as on the last date of the relevant Financial year in the case of foreign subsidiaries	69.29	48.59	64.85	48.59	4.85	9.77	69.29	69.29	1.00
5	Share capital	1	0	-	2,800	3	11	3	4	11
6	Reserves & surplus	278	73	115	594	25	(13)	2	14	(0)
7	Total assets	453	149	120	3,920	112	18	9	247	50
8	Total Liabilities	174	76	6	526	84	20	4	230	39
9	Investments	-	-	-	-	-	-	-	-	-
10	Turnover	909	891	91	2,595	309	18	61	660	49
11	Profit before taxation	37	36	4	549	11	(4)	4	21	(3)
12	Provision for taxation	16	9	-	155	3	-	1	5	(1)
13	Profit after taxation	22	27	4	395	8	(4)	3	15	(2)
14	Proposed Dividend	–	–	–	–	–	–	–	–	–
15	% of shareholding	100.00	100.00	100.00	100.00	74.90	100.00	100.00	100.00	100.00

Notes:

1. The Subsidiary in Mexico named 'L&T Infotech S.de. RL. C.V' is yet to commence business.
2. Larsen & Toubro Infotech Canada Limited has paid interim dividends amounting to INR 51.11 Million.
3. L&T Infotech Financial Services Technologies Inc. has paid interim dividends amounting to INR 88.17 Million.
4. Larsen And Toubro South Africa (Pty) Limited has paid interim dividends amounting to INR 19.91 Million.

ANNEXURE E

Statament of disclosure of remunerartion under section 197 of the Companies Act, 2013 and rule 5(1) of Companies (Appointment and Remuneration of Mangerial Personnel) Rules, 2014

A Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-2017, the percentage increase in remuneration of each Director & Key Managerial Personnel ('KMP') during the financial year 2016-17:

Name of the Director/ KMP	Designation	Total Remuneration (INR Mn)	Ratio of remuneration of Director to the median remuneration[1]
Mr. A. M. Naik	Non-Executive Chairman	-	-
Mr. S. N. Subrahmanyan	Non-Executive Vice Chairman	-	-
Mr. Sanjay Jalona[2]	Chief Executive Officer & Managing Director	80.46	117.12
Mr. R. Shankar Raman	Non-Executive Director	-	-
Mr. Aftab Zaid Ullah[3]	Chief Operating Officer & Whole-time Director	47.96	69.81
Mr. Sudhir Chaturvedi[4]	President-Sales & Whole-time Director	39.05	103.23
Mr. Samir Desai[5]	Independent Director	3.39	4.93
Mr. M. M. Chitale[6]	Independent Director	2.43	3.54
Ms. Vedika Bhandarkar	Independent Director	1.73	2.52
Mr. Arjun Gupta[5]	Independent Director	2.26	3.29
Ms. Subhalakshmi Panse	Independent Director	0.55	1.85
Mr. Sanjeev Aga	Independent Director	0.28	1.04
Mr. Ashok Kumar Sonthalia	Chief Financial Officer	11.54	NA
Mr. Subramanya Bhatt	Company Secretary	1.89	NA
Mr. Rajesh S. Narang	Company Secretary	2.89	NA

Notes:

1 Ratio of remuneration of director to the median remuneration is calculated on pro-rata basis for those directors who served for only part of the financial year 2016-17.

2 Mr. Sanjay Jalona has been paid remuneration in USD, for the part of the year. Accordingly, the figure mentioned above is INR equivalent of USD.

3 Mr. Aftab Zaid Ullah, Chief Operating Officer was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above includes part of the remuneration of financial year 2015-16.

4 Mr. Sudhir Chaturvedi, President - Sales was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above is for the period September 12, 2016 to March 31, 2017. Mr. Sudhir Charurvedi has been paid remuneration in GBP and accordingly, the figure mentioned above is in INR equivalent of GBP.

5 The Board has approved Commission of USD 47,500 to Mr. Samir Desai and USD 31,500 to Mr. Arjun Gupta for financial year 2016-17. The figure mentioned above is INR equivalent of USD.

6 The percentage increase in remuneration of Mr. M. M. Chitale is not comparable as no commission was paid for financial year 2015-16.

7 The percentage increase in remuneration of Mr. Samir Desai and Ms. Vedika Bhadarkar was (17.32)% and 60.19%, respectively. The percentage increase in remuneration of other Directors and KMP is not comparable as they were with the Company only for part of the financial year 2015-16 or 2016-17.

B Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration:

The average annual increase was around 9% in India and around 3% outside India. Increase in the managerial remuneration for the financial year 2016-17 is not comparable due to the changes in the Directors being appointed/ resigned during the financial year 2015-16 and 2016-17 and the same has been explained above.

C The percentage increase in the median remuneration of employees in the financial year 2016-17: 3.40%

D Number of permanent employees on the rolls of company as on March 31, 2017: 19,834 excluding employees of Subsidiary Companies

E Affirmation that the remuneration is as per the remuneration policy of the Company:

The Company affirms that the remuneration is as per the remuneration policy of the Company.

ANNEXURE F

Conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo

A. CONSERVATION OF ENERGY

(i) Steps taken for conservation of energy:

Your Company realize the importance of sustainable habitat and energy conservation. Our strategies and actions reflect our commitment towards reduction of the carbon footprint by reducing energy consumption. We have adopted a multi-pronged strategy to integrate energy efficiency into overall operations across all centers. Some of the key initiatives are:

1. Increasing focus on procurement of energy efficient equipment.
2. Improved monitoring of energy consumption through smart metering and integration with building management system.
3. Following projects have been implemented which resulted in a saving of 27.23 Lakh units across all centers, equivalent to 8.8% of the current year energy consumption.
   a. Replacement of CFL by Energy Efficient LED Lamps.
   b. Installation of Lighting transformers - Electromisers
   c. Installation electrically operated Solenoid Dampers to isolate Central AC from unoccupied areas or intermittently occupied areas like conference/ discussion rooms, office areas eventually decreasing load on the AHU's.
   d. Optimal usage of AC plants, Chiller's secondary pump provided with variable frequency drives to regulate the power consumption as per occupancy.
   e. Motion sensors have been affixed at locations where energy usage is not continuous.

(ii) Steps taken by the Company for utilising alternate sources of energy: The Company's operations being not energy-intensive, no steps have been taken by the Company for utilising alternate source of energy.

(iii) Capital investment on energy conservation equipments: ₹ 16 Million

B. TECHNOLOGY ABSORPTION & RESEARCH AND DEVELOPMENT

In a rapidly changing global landscape where disruption is the new normal, your Company is leveraging technology to create sustainable advantage not only for itself but more importantly, for its clients. As Industry 4.0, slowly but surely assumes shape, exponential technologies are turning business models upside-down. Enterprises, the world over are looking towards partners who not only understand domain but also have the technology expertise in helping them navigate through these challenging times. While your Company has the real-world expertise in diverse domains, it has also invested consciously towards building expertise in exponential technologies namely in the areas of Analytics, Internet-of-Things ('IoT'), Artificial Intelligence ('AI'), Automation and so on. These are further enumerated below.

Analytics

Your Company is focused on creating possibilities and delivering business outcomes through its mature offerings for Advanced Analytics, Data Science, Data Visualization, Big Data, EPM and Information Management. It offers a wide range of services with respect to Analytics-as-a-Service, Data-as-a-Service, Big Data and Advanced Analytics solutions across various verticals, addressing their business requirements.

Enterprises today have access to unprecedented volumes of data, originating from social media, connected devices, as well as transactional data and enterprise data sets. With smart strategies and the right Big Data solutions, they can convert this huge treasure-trove of data into a core strategic asset. Data Monetization is the new untapped uncovered market to focus upon. The Company focusses on AoT (Analytics of Things) solutions, delivering Analytics use cases through convergence of Physical (IoT and IIoT) and Digital data. We also provide Geospatial-based Analytics for managing catastrophe impact to supply chain, workforce and insurance.

L&T's heritage instils an engineering mindset, which has helped your Company create a complex platform (Mosaic Decisions) with entire Data Fabric, Analytics, Machine Learning and Visualization capabilities stitched together to deliver a seamless experience. A strategic investment in this direction was AugmentIQ Data Sciences Private Limited, an innovative start-up offering IP-based, big data and analytics solutions. MaxIQ platform from AugmentIQ integrates with Mosaic Decisions as a pivotal base. Mosaic Decisions, powered by MaxIQ, is a Cloud-based, infra-to-insights analytics platform, designed to simplify analytics and deliver real-time, secure and actionable insights to business for competitive advantage. It helps in crowdsourcing of information & democratised data science for rapid prototyping, data discovery to derive hidden insights. Distributed computing/ storage, streaming analytics, time-series analytics, machine learning and advanced visualization are areas of prime focus. This also largely compliments the prior investments made by the Company to build a strong Advanced Analytics & Big Data practice. Your company extensively leverages an ecosystem of start-ups, academia and industry consortiums to drive innovation in Data and Analytics economy.

Benefits derived:

- Analytics-as-a-Service and Data-as-a-Service offerings, driving transformational business outcomes at speed and scale
- Accelerated Data-to-Insight-to-Action cycle by leveraging pre-built solutions and accelerators
- Faster data ingestion and orchestration due to abstraction of complexity in the data layer
- Cloud-native usage, deployment and monitoring, ensuring lower capex and pay-per-use service delivery

Cognitive/ AI

Driving enterprise-wide digital transformation initiatives to harness organizational efficiency and enhance customer experience requires strategic investments in solutions that leverage AI and cognitive computing. Your Company is working with dedicated efforts & investments to devise 'AI bots' that intelligently automate repetitive workflows for straight-through processing, boosts productivity and optimizes operational costs. Your Company's Mosaic AI platform is a comprehensive AI-based solution suite which helps businesses accelerate operational digitization. Your Company is working on Deep Learning and Cognitive Computing to extract value from Natural Language Processing, with audio-visual integration, thus catalysing Intuitive User Engagement.

IoT

Your Company has a dedicated IoT practice, which enables clients to become more competitive in the new age economy by connecting the physical world with digital possibilities. Encompassing everything, right from more smart sensors to connected machinery, communication to real-time analytics & visualizations, the service offerings are oriented towards enhancing operations & production. The I2D Framework of Imagine, Innovate & Disrupt, helps to expand the sphere of innovation beyond enhanced performance & cost efficiency, to a paradigm of a connected and smarter organization. Your Company's top service offerings include: Asset Performance Management, Smart Manufacturing, Intelligent Supply Chain, Remote Operations Center and Industrial Cyber Security. The company is involved in crucial solution integration and value added reselling partnerships with industry-leading IoT platforms such as GE Predix, etc. These investments are already starting to yield results in client engagements and analyst interactions.

Automation

The concept of automation has evolved from deterministic automation where repetitive processes were automated to smart automation that employs artificial cognition and heuristics. Clients are moving beyond mere process automation and implementing cutting-edge tools such as artificial neural networks, distributed control systems, human machine interfaces and robotics. Your Company aims to firstly integrate automation tools in existing business workflows by leveraging process consulting capabilities, proven technical expertise and develop strategies based on DevOps and lean methodologies.

The strategic investment in this area includes a Mosaic automation platform which covers all aspects of automation, including robotic process automation, machine learning, software-defined everything, design thinking and includes a reusable asset library that fast-tracks implementation. Using comprehensive automation framework and process re-engineering toolkit, companies can effectively drive strategic initiatives across business transformation, cost reduction and service experience enhancement.

Your Company undertook an enterprise-wide automation initiative to improve Service Delivery efficiency using the Mosaic Framework. The initiative yielded tangible service cost reduction benefits in 200+ chosen engagements. Your Company has launched 5 Mosaic automation solutions, targeting IT service delivery automation that enabled multi-year AMS/ IMS deal wins throughout the year.

Block Chain

Your Company has a mature Blockchain practice and is working with global clients in BFS, Insurance, Energy & Utilities, Media and Entertainment and Manufacturing to build industry solutions to deliver exponential operational efficiencies. Your Company has built 12 solutions on Blockchain technology in various areas like Trade Finance, Travel Insurance and Supply Chain on various platforms like Ethereum, Hyperledger and Corda.

Total Expenditure on R&D

(₹ Million)

S. N.	Expenditure on R&D	Amount
A	Capital	14
B	Recurring	256
	Total R&D expenditure (A+B)	**270**

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Your Company exports IT professional services mainly to North America, Europe, South Africa, Middle East, Japan, Australia and Singapore.

(₹ Million)

Particulars	2016-17	2015-16
Foreign Exchange Earned	57,498	52,786
Foreign Exchange Used	27,708	26,471

ANNEXURE G

Corporate Governance Report

1. COMPANY'S PHILOSOPHY ON CORPORATE GOVERNANCE

Your Company derives its values from the rich legacy of fair and transparent governance and disclosure practices followed by the L&T group. In line with the group philosophy, the Company constantly endeavors to benchmark itself with the best practices in the IT industry. The Company continues to focus its resources, strengths and strategies to achieve its vision of becoming a true global leader in software services, while upholding the core values of excellence, integrity, responsibility, unity and understanding, which are fundamental to the L&T group.

The Company has established systems and procedures to ensure that its Board of Directors are well informed and well equipped to fulfill its overall responsibilities and to provide management with the strategic direction needed to create long term shareholders value.

A report on compliance with the requirements stipulated under Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations'), as applicable, with regard to corporate governance is given below.

2. BOARD OF DIRECTORS

As on March 31, 2017, the Board comprises of 12 Directors, of which, 3 Directors are Executive, 3 are Non-Executive and 6 are Independent Directors. Mr. A. M. Naik is the Non-Executive Chairman of the Company.

The composition of the Board, as on March 31, 2017, is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI Listing Regulations.

The Board meets at least four times during the financial year and gap between 2 consecutive meetings is not more than 120 days. Additional meetings are held, if deemed necessary to conduct the business.

During the year ended March 31, 2017, the Board met 4 (four) times on April 26, 2016, July 28, 2016, November 9, 2016 and January 23, 2017. The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

The composition of the Board and Directors' attendance at the Board Meetings held during the year is as follows:

Name of the Director	Category	DIN	Meetings held during the year	Attendance at Board Meetings	Attendance at Last AGM
Mr. A. M. Naik	Non-Executive Chairman	00001514	4	4	Yes
Mr. S. N. Subrahmanyan[1]	Non-Executive Vice Chairman	02255382	4	4	Yes
Mr. Sanjay Jalona	Chief Executive Officer & Managing Director	07256786	4	4	Yes
Mr. R. Shankar Raman	Non-Executive Director	00019798	4	4	No
Mr. Aftab Zaid Ullah[2]	Chief Operating Officer & Whole-time Director	05165334	2	2	N.A.
Mr. Sudhir Chaturvedi[2]	President-Sales & Whole-time Director	07180115	2	2	N.A.
Mr. Samir Desai	Independent Director	01182256	4	3	No
Mr. M. M. Chitale	Independent Director	00101004	4	4	Yes
Ms. Vedika Bhandarkar	Independent Director	00033808	4	4	Yes
Mr. Arjun Gupta	Independent Director	07320919	4	4	No
Ms. Shubhalakshmi Panse[3]	Independent Director	02599310	2	2	N.A.
Mr. Sanjeev Aga[2]	Independent Director	00022065	2	1	N.A.

Notes:

1. Mr. S.N. Subrahmanyan was appointed as Non-Executive Vice Chairman w.e.f. May 4, 2017.
2. Mr. Aftab Zaid Ullah and Mr. Sudhir Chaturvedi were appointed as Whole-time Directors while Mr. Sanjeev Aga was appointed as an Independent Director w.e.f November 9, 2016.
3. Ms. Shubhalakshmi Panse was appointed as an Independent Director w.e.f October 25, 2016.

As on March 31, 2017, the number of other Directorships & Memberships/Chairmanships of Committees[1] of the Board of Directors are as follows:

Name of the Director	No of other Public company Directorships	No. of Committee Membership	No. of Committee Chairmanship
Mr. A. M. Naik	3	0	0
Mr. S. N. Subrahmanyan	3	3	1
Mr. Sanjay Jalona	0	1	0
Mr. R. Shankar Raman	8	7	0
Mr. Aftab Zaid Ullah	1	0	0
Mr. Sudhir Chaturvedi	0	0	0
Mr. Samir Desai	1	2	0
Mr. M. M. Chitale	7	7	4
Ms. Vedika Bhandarkar	5	8	2
Mr. Arjun Gupta	1	0	0
Ms. Shubhalakshmi Panse	7	4	0
Mr. Sanjeev Aga	7	6	1

Notes:

1. Committee Memberships/Chairmanships include memberships of Audit Committee and Stakeholders' Relationship Committee in all public limited companies (whether listed or not) and excludes private limited companies, foreign companies and section 8 companies and are within the limits laid down in Regulation 26 of the SEBI Listing Regulations.
2. None of the Directors are related inter-se.

3. BOARD COMMITTEES

The Board currently has 7 Committees: a) Audit Committee, b) Nomination and Remuneration Committee, c) Corporate Social Responsibility Committee, d) Stakeholders' Relationship Committee, e) Strategic Investment Committee, f) Risk Management Committee and g) IPO Committee.

The terms of reference and composition of the Committees and the number of meetings held during the financial year and attendance are provided below.

a) AUDIT COMMITTEE

During the year, the Audit Committee was re-constituted and as on March 31, 2017, it comprised of 3 Independent Directors and 1 Non-Executive Director as its members. The Chairperson of the Committee is an Independent Director.

During the year ended March 31, 2017, the Committee met 4 (four) times on April 25, 2016, July 28, 2016, November 9, 2016 and January 23, 2017.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. M. M. Chitale	Chairperson	4	4
Mr. Samir Desai	Member	4	3
Mr. S. N. Subrahmanyan	Member	4	3
Ms. Vedika Bhandarkar[1]	Member	4	4

Note:

(1) Ms. Vedika Bhandarkar was inducted as a member w.e.f. April 18, 2016.

Terms of reference:

The terms of reference of the Audit Committee includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company;

- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
  a) Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
  b) Changes, if any, in accounting policies and practices and reasons for the same;
  c) Major accounting entries involving estimates based on the exercise of judgment by management;
  d) Significant adjustments made in the financial statements arising out of audit findings;
  e) Compliance with listing and other legal requirements relating to financial statements;
  f) Disclosure of any related party transactions;
  g) Modified opinion(s) in the draft audit report.
- Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
- Reviewing, with the management, the statement of uses/application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilised for purposes other than those stated in the offer document/ prospectus/notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- To establish and review the functioning of the Whistle Blower mechanism;
- Approval of appointment of the chief financial officer (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and
- Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board or specified/provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

b) NOMINATION AND REMUNERATION COMMITTEE

The Nomination and Remuneration Committee as on March 31, 2017, comprised of 2 Independent Directors, 1 Non-Executive Director and the Non-Executive Chairman as its members. The Chairperson of the Committee is an Independent Director.

During the year ended March 31, 2017, the Committee met 3 (three) times on April 26, 2016, November 9, 2016 and January 23, 2017. The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Samir Desai	Chairperson	3	2
Mr. A. M. Naik	Member	3	3
Mr. S. N. Subrahmanyan	Member	3	3
Mr. M. M. Chitale[1]	Member	3	3

Note:

(1) After March 31, 2017, Mr. Arjun Gupta was appointed as a member of the Committee w.e.f. May 4, 2017, in place of Mr. M.M. Chitale who ceased to be its member.

Terms of Reference

The terms of reference of the Nomination and Remuneration Committee include the following:

- Formulation of the criteria for determining qualifications, positive attributes and independence of a Director and recommend to the Board a policy, relating to the remuneration of the Directors, key managerial personnel and other employees;
- Formulation of criteria for evaluation of Independent Directors and the Board of Directors;
- To consider and approve Employee Stock Option Schemes and to administer and supervise the same;
- Devising a policy on diversity of Board of Directors;
- Identifying persons who are qualified to become Directors and who may be appointed in senior management in accordance with the criteria laid down, and recommend to the Board their appointment and removal;
- To consider whether to extend or continue the term of appointment of the independent Director, on the basis of the report of performance evaluation of independent Directors;
- Performing such other activities as may be delegated by the Board or specified/provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

Remuneration Policy

The remuneration of the Directors is decided by the Board on the recommendation of Nomination and Remuneration Committee which takes into account the Company's size, global presence, its economic and financial position, compensation paid by peer companies, the qualification of the appointee(s), his/their experience, past performance and other relevant factors.

The sitting fees paid to the Independent Directors at present is ₹ 50,000/- for each Board Meeting and ₹ 25,000/- for each Committee Meetings.

In accordance with the approval granted by the shareholders of the Company in the Annual General Meeting held on May 31, 2016, the eligible Non-Executive Directors are paid commission upto a maximum of 1% of the net profits of the Company for each financial year.

As required by the provisions of Regulation 46 of the SEBI Listing Regulations, the criteria for payment to Independent Directors/Non-Independent Directors is made available on the investor page of the Company's website, www.Lntinfotech.com/Investors.

Performance Evaluation Criteria for Independent Directors:

Details of methodology adopted for Board evaluation have been provided on page no. 341 of the Annual Report.

Details of Remuneration paid/payable to Directors for the year ended March 31, 2017:

(A) Executive Directors ('Whole-time Directors')

The details of remuneration paid/payable to the Whole-time Directors is as follows:

(₹ In Million)

Name of Director	Salary	Perquisites	Contribution to Provident Fund & Superannuation Fund	Commission
Mr. Sanjay Jalona[1]	58.05	0.02	3.64	18.75
Mr. Aftab Zaid Ullah[2]	47.32	–	0.64	–
Mr. Sudhir Chaturvedi[3]	33.60	–	5.45	–

Notes:

1. Mr. Sanjay Jalona has been paid remuneration in USD, for the part of the year. Accordingly, the figure mentioned above is INR equivalent of USD.
2. Mr. Aftab Zaid Ullah, Chief Operating Officer was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above includes part of the remuneration of financial year 2015-16.
3. Mr. Sudhir Chaturvedi, President - Sales was appointed as the Whole-time Director w.e.f. November 9, 2016. The remuneration above is for the period September 12, 2016 to March 31, 2017. Mr. Sudhir Charurvedi has been paid remuneration in GBP and accordingly, the figure mentioned above is in INR equivalent of GBP.

- Services of the Whole-time Director except Chief Executive Officer & Managing Director as given below may be terminated by either party, giving the other party three months' notice or the Company paying three months' basic salary in lieu thereof.
- Services of the Chief Executive Officer & Managing Director may be terminated by either party, giving the other party three months' notice in writing to the other party. However, incase the Company wishes to terminate the contract, the Company will provide severance pay as mentioned below:
  a. If contract is terminated within first year of service, 12 months base pay.
  b. If the contract is terminated after first year of service, 6 months' base pay or 3 months' full base pay plus 3 months' half base pay, in case of non-performance/low performance.
- Details of Stock Options granted under Employee Stock Option Schemes are provided on the Company's website, www.Lntinfotech.com/Investors.

(B) Non-Executive Directors:

The details of remuneration paid/payable to the Non-Executive Directors is as follows:

(₹ In Million)

Name of Director	Sitting Fees	Commission	Total Amount
Mr. Samir Desai[1]	0.28	3.11	3.39
Mr. M.M. Chitale	0.43	2.00	2.43
Ms. Vedika Bhandarkar	0.33	1.40	1.73
Mr. Arjun Gupta[1]	0.20	2.06	2.26
Ms. Shubhalakshmi Panse[2]	0.10	0.45	0.55
Mr. Sanjeev Aga[3]	0.05	0.23	0.28

Notes:

1. The Board has approved Commission of USD 47,500 to Mr. Samir Desai and USD 31,500 to Mr. Arjun Gupta for financial year 2016-17. The figure mentioned above is INR equivalent of USD.
2. Ms. Subhalakshmi Panse was appointed as an Independent Director w.e.f. October 25, 2016.
3. Mr. Sanjeev Aga was appointed as an Independent Director w.e.f. November 9, 2016.
4. Mr. A.M. Naik, Mr. S.N. Subrahmanyan and Mr. R. Shankar Raman were neither paid Sitting Fees nor Commission during the financial year 2016-17.

During the year, there was no pecuniary relationship or transactions between the Company and any of its Non-Executive/ Independent Directors apart from Commission, Sitting Fees & reimbursement of expenses.

Details of equity shares held by the Independent Directors/ Non-Executive Directors as on March 31, 2017, are as follows:

Name of the Director	Number of shares held
Mr. A.M. Naik[1]	1,181,250
Mr. M.M. Chitale	38

Note: The details of stock options granted during the year to the Non-Executive Directors are as follows:

1. Mr. A. M. Naik was granted 3,00,000 Stock Options.
2. Mr. S. N. Subrahmanyan was granted 2,00,000 Stock Options while Mr. R Shankar Raman was granted 1,00,000 Stock Options.

Board membership Criteria

The Nomination and Remuneration Committee recommends to the Board suitable candidates based on the attributes/ criteria such as adequate qualification & experience and diversity in areas of expertise amongst other factors.

All Independent Directors comply with the criteria of Independence as given in the Companies Act, 2013 and the SEBI Listing Regulations and give a certificate on the meeting of the Independence Criteria as mentioned in the aforementioned Legislations.

While evaluating the suitability of a Director for re-appointment, besides the criteria mentioned above, the Nomination and Remuneration Committee considers the past performance, attendance & participation & contribution to the activities of the Board by the Director.

c) CORPORATE SOCIAL RESPONSIBLITY ('CSR') COMMITTEE

During the year, the CSR Committee was re-constituted and as on March 31, 2017, it comprised of 1 Independent Director, 1 Non-Executive Director and the Chief Executive Officer & Managing Director as its members.

During the year ended March 31, 2017, the Committee met 2 (two) times on June 27, 2016 and November 9, 2016.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. S. N. Subrahmanyan[1]	Chairperson	2	1
Mr. Sanjay Jalona[1]	Member	2	2
Mr. M.M. Chitale[2]	Member	2	2
Mr. Arjun Gupta[2]	Member	–	–

Notes:

(1) After March 31, 2017, Mr. Sanjay Jalona was appointed as the Chairperson of the Committee w.e.f. May 4, 2017 in place of Mr. S.N. Subrahmanyan who ceased to be the Chairperson and member while Mr. Aftab Zaid Ullah was inducted as a member of the Committee.

(2) Mr. Arjun Gupta was inducted as a member in place of Mr. M.M. Chitale w.e.f. November 9, 2016.

Terms of Reference

The terms of reference of the Corporate Social Responsibility Committee include the following:

- To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 including any amendments thereto;
- To recommend the amount of expenditure to be incurred on the CSR activities referred to in the clause above; and
- To monitor CSR policy of the Company including instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

d) STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Stakeholders' Relationship Committee as on March 31, 2017, comprised of 1 Non-Executive Director, 1 Independent Director and the Chief Executive Officer & Managing Director as its members. The Chairperson of the Committee is a Non-Executive Director. The Committee met once during the year on November 9, 2016.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. S. N. Subrahmanyan	Chairperson	1	1
Ms. Vedika Bhandarkar[1]	Member	1	1
Mr. Sanjay Jalona	Member	1	1

Note:

(1) After March 31, 2017, Mr. Aftab Zaid Ullah was inducted as a member w.e.f. May 4, 2017, while Ms. Vedika Bhandarkar was appointed as Chairperson in place of Mr. S. N. Subrahmanyan who ceased to be Chairperson and member of the Committee.

Ms. Angna Arora is the Compliance Officer who deals with shareholders' grievance matters.

Terms of reference:

The terms of reference of the Stakeholders' Relationship Committee include the following:

- To redress grievances of shareholders, debenture holders and other security holders;
- Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;
- Issue of duplicate certificates and new certificates on split/consolidation/renewal;
- To consider and resolve grievances related to non-receipt of declared dividends, annual report of the Company or any other documents or information to be sent by the Company to its shareholders; and

- Carrying out any other function as may be decided by the Board or specified/provided under the Companies Act, 2013 or SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or by any other regulatory authority.

Number of Complaints

During the year, the Company/its Registrar received the following complaints from SEBI/Stock Exchanges/Depositories which were resolved within the time frames laid down by SEBI

Particulars	Opening Balance	Received	Resolved	Pending
SEBI/Stock Exchange/Depositories	0	24*	24*	0

*Includes 3 complaints lodged on SEBI SCORES but which did not pertain to the Company.

e) STRATEGIC INVESTMENT COMMITTEE

During the year, the Board on November 9, 2016, constituted the Strategic Investment Committee and as on March 31, 2017, it comprised of the Non-Executive Chairman as the Chairperson of the Committee, 2 Non-Executive Directors and the Chief Executive Officer and Managing Director as its members. The Committee met once during the year on January 20, 2017.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. A.M. Naik	Chairperson	1	1
Mr. S. N. Subrahmanyan	Member	1	1
Mr. R. Shankar Raman	Member	1	1
Mr. Sanjay Jalona	Member	1	0

Terms of reference:

The terms of reference of the Strategic Investment Committee include the following:

- Identification, Due Diligence, Reviewing and Approving proposals for acquisitions and investments in terms of broad business objectives within the limits and parameters in principally approved by the Board;
- Consideration, Review and Approval of investment proposals in Subsidiaries within the limits delegated by the Board of Directors;
- Periodically reviewing the status of the acquisition and investments in terms of business objectives, status of integration of acquired companies & financial returns and other key strategic activities; and
- Any other matter as may be delegated by the Board.

f) RISK MANAGEMENT COMMITTEE

The Risk Management Committee as on March 31, 2017, comprised of Mr. S. N. Subrahmanyan, Non-Executive Director as the Chairperson and Mr. Sanjay Jalona, Chief Executive Officer & Managing Director and Mr. Ashok Kumar Sonthalia, Chief Financial Officer as its members. The Committee met once during the year on June 27, 2016.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. S. N. Subrahmanyan	Chairperson	1	0
Mr. Sanjay Jalona	Member	1	1
Mr. Ashok Kumar Sonthalia	Member	1	1

Note:

(1) After March 31, 2017, Mr. Aftab Zaid Ullah was inducted as a member w.e.f. May 4, 2017

Terms of reference:

The terms of reference of the Risk Management Committee include the following:

- Framing, implementing, reviewing and monitoring the risk management plan for the Company;
- Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
- Oversight of the risk management policy/enterprise risk management framework (identification, impact assessment, monitoring, mitigation & reporting);
- Review key strategic risks at domestic/international, macro-economic & sectoral level (including market, competition, political & reputational issues);
- Review significant operational risks; and
- Performing such other activities as may be delegated by the Board or specified/provided under the Companies Act, 2013 or by the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 or statutorily prescribed under any other law or by any other regulatory authority.

g) INITIAL PUBLIC OFFERING ('IPO') COMMITTEE

The IPO Committee of the Company was constituted by the Board to approve and decide upon all activities in connection with the Initial Public Offering of the Company. The Committee met once during the year on July 8, 2016.

The attendance of the members at the meetings is as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. A. M. Naik	Chairperson	1	1
Mr. S. N. Subrahmanyan	Member	1	1
Mr. Sanjay Jalona	Member	1	1

Terms of reference:

The terms of reference of the IPO Committee inter alia includes the following:

The IPO Committee of the Company was constituted to handle matters related to the IPO of the Company such as the appointment of various intermediaries including book running lead managers, registrar to the offer, underwriters, legal counsels and bankers to the Offer, to negotiate, finalise and to execute various agreements such as offer agreement, share and cash escrow agreements and syndicate agreement, to make applications to statutory and other authorities from time to time, determination of the price band and the offer price and other aspects related thereto such as settlement of all questions, difficulties or doubts in regard to the Offer and any such matters incidental to the same.

4. DISCLOSURES

- **Disclosure of Materially Significant Related Party Transactions & Policy on dealing with Related Party Transactions**
  During the year, there were no materially significant related party transactions which have been entered into by the Company with the Directors or the Management or their relatives or the related parties that had potential conflict with interests of the Company. The Board has approved a policy for related party transactions which is available on the Company's website, www.Lntinfotech.com/Investors.
- **Details of non-compliance by the Company, penalties, and strictures imposed on the Company by Stock Exchanges or SEBI or any statutory authority, on any matter related to capital markets, during the last three years.**
  The Company has complied with the requirements of the Stock Exchanges or SEBI on matters related to Capital Markets, as applicable, during the last three years.
- **Adherence to Accounting Standards**
  The Company has followed all relevant Accounting Standards prescribed under section 133 of the Companies Act, 2013 and laid down by the Institute of Chartered Accountants of India while preparing the Financial Statements.
- **Whistle Blower Policy**
  Details of whistle blower policy is mentioned on page nos. 339 to 340 of the Annual Report.
- **Policy for determining 'material' subsidiaries**
  The Company has formulated a Policy for determining 'Material' Subsidiaries as defined in Regulation 16 of the SEBI Listing Regulations. This Policy has also been posted on the Company's website, www.Lntinfotech.com/Investors. The Company does not have any material non-listed Indian subsidiary.

- **Disclosure of commodity price risks or foreign exchange risk and hedging activities**

  The details of foreign exchange risk, commodity price risk and hedging activities form a part of the Management Discussion & Analysis. Please refer to pages 393 to 395 of the Annual Report.

- **Code of Conduct**

  The Company has laid down a Code of Conduct for all Board members and senior management personnel. The same is available on the Company's website, www.Lntinfotech.com/Investors. All Directors and Senior Management Personnel of the Company have affirmed compliance with the Company's Code of Conduct for the financial year ended March 31, 2017.

  A declaration signed by the Chief Executive Officer and Managing Director (CEO & MD) to this effect is annexed to the Corporate Governance Report in the Annual Report.

5. DISCRETIONARY REQUIREMENTS AS PRESCRIBED IN SCHEDULE II PART E OF THE SEBI LISTING REGULATIONS

Among the discretionary requirements as specified in Part E of Schedule II of SEBI Listing Regulations, the Company has complied with the following:

- **Auditors report**

  The auditors' of the Company have issued an un-modified opinion on the financial statements of the Company.

- **Separate posts of Chairperson and Chief Executive Officer**

  Mr. A.M. Naik is the Chairman of the Company and Mr. Sanjay Jalona is the Chief Executive Officer and Managing Director of the Company.

- **Reporting of Internal Auditor**

  The Head of Internal Audit of the Company makes presentations to the Audit Committee on his reports.

6. OTHER INFORMATION

a) GENERAL BODY MEETINGS

The details of last three Annual General Meetings of the Company are as under:

For the financial year ended	Venue of AGM	Date and Time
2015-16	Orchid Hotel, Nehru Road, Adjacent to Domestic Airport, Vile Parle East, Mumbai 400 099.	May 31, 2016 at 5:00 p.m.
2014-15	L&T House, Ballard Estate, Mumbai – 400 001.	June 12, 2015 at 10.00 a.m.
2013-14	L&T House, Ballard Estate, Mumbai – 400 001.	September 10, 2014 at 10.00 a.m.

No special resolutions were passed by the shareholders during the past 3 Annual General Meetings

b) APPROVAL OF MEMBERS THROUGH POSTAL BALLOT

During the year, the Company approached the shareholders once through postal ballot in August 2016. The business under consideration was to ratify the Larsen & Toubro Infotech Limited Employee Stock Option Scheme 2015.

Particulars	Number of votes cast			% of total votes cast
	Physical	E-Voting	Total	
In favour of the resolution	13,67,944	145,713,091	147,081,035	99.93
Against the resolution	1,482	96,201	97, 683	0.07
TOTAL	**1,369,426**	**145,809,292**	**147,178,718**	**100.00**

Number of Invalid/Abstain Ballots was 79.

Mr. Alwyn D' Souza, Practicing Company Secretary, was appointed as the Scrutinizer for conducting the postal ballot process.

- **Procedure for Postal Ballot**

  The Board of Directors of the Company approved the notice of postal ballot which was dispatched along with postal ballot form as mentioned below to the shareholders to enable them to consider and vote for and against the proposal.

a. Through e-mail (to those shareholders who had registered their e-mail address with the depositories and the Company);

b. Through self-addressed postage envelopes to shareholders whose e-mail addresses were not registered/updated with the depositories and the Company.

E-voting facility was made available to all the shareholders and instructions for the same were specified under instructions for voting in the Postal Ballot Notice.

Mr. Alwyn D' Souza, Practicing Company Secretary, was appointed as the Scrutinizer for conducting the postal ballot voting process in a fair and transparent manner and in accordance with the Companies (Management and Administration) Rules, 2014.

The Scrutinizer submitted his report to the Chairman, after the completion of scrutiny and the consolidated results of the voting by postal ballot (i.e e-voting and physical ballots) were then declared. The results were displayed on the website of the Company and submitted to the Stock Exchanges.

- **Details of special resolution proposed to be conducted through postal ballot**

  At present there is no special resolution proposed to be conducted through postal ballot.

c) MEANS OF COMMUNICATION

- **Financial Results**

  The quarterly, half-yearly and annual results of the Company are published in prominent national newspapers which include The Financial Express, The Business Standard and the local daily Loksatta. The results are also available on the Company's website, www.Lntinfotech.com/Investors.

- **News Releases**

  Official news releases are filed electronically on BSE's online portal – BSE Corporate Compliance & Listing Center (Listing Center) and on NSE Electronic Application Processing System (NEAPS), the online portal of National Stock Exchange of India Limited. The same are also available on the Company's website, www.Lntinfotech.com/Investors.

- **Website**

  The Company's website contains a separate dedicated section 'Investors' where shareholder related information is available.

  The Annual Report of the Company, earnings, presentations, press releases and quarterly reports of the Company, apart from the Board of Directors, etc. are available on the Company's website, www.Lntinfotech.com/Investors.

- **Annual Report**

  Annual Report of which the Management Discussion & Analysis forms a part is circulated to shareholders entitled thereto and others such as Statutory Auditors, Secretarial Auditor etc.

- **Presentation made to Institutional Investors and Analysts**

  The schedule of analyst/institutional meetings and presentations made at investor conferences and to analysts are displayed on the Company's website, www.Lntinfotech.com/Investors. The same are also filed with the Stock Exchanges viz The National Stock Exchange of India Ltd. and BSE Ltd.

7. GENERAL SHAREHOLDERS' INFORMATION

a) Annual General Meeting

Date: August 24, 2017	Venue: St. Andrew's Auditorium, Inside Andrew's College Premises, St. Dominic Road, St. Sebastian Colony, Bandra (West), Mumbai – 400 050
Day: Thursday	
Time: 3:00 p.m.	

b) Financial Year of the Company

The financial year covers the period from April 1 to March 31.

c) Date of Book Closure and Dividend Payment Date

The dates of Book closure are from Friday, August 18, 2017, to Thursday, August 24, 2017, (both days inclusive) and the Dividend would be paid/credited on or before August 31, 2017.

d) Listing of equity shares on Stock Exchanges

The equity shares of the Company have been listed on the following stock exchanges on July 21, 2016:

Name and Address of Stock Exchanges	Stock Code/ Symbol
National Stock Exchange of India Limited Exchange Plaza, C-1, Block G, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051	LTI
BSE Limited Phiroze Jeejeebhoy Towers Dalal Street, Mumbai- 400 001	540005

The Company has paid Listing Fees for the year 2017-2018 to the above stock exchanges.

The Company's ISIN is INE214T01019. The share transfers of dematerialized shares can be made through your Depository Participant.

e) Registered Office & Corporate Identity Number:

L&T House, Ballard Estate, Mumbai 400 001, India.

CIN: U72900MH1996PLC104693.

f) Stock Market Data for the year 2016-2017

The Company's equity shares were listed on National Stock Exchange of India Limited and BSE Limited on July 21, 2016.

The monthly high and low share price as well as number of equity shares traded during each month of financial year 2016-17 is mentioned herein:

National Stock Exchange of India Limited

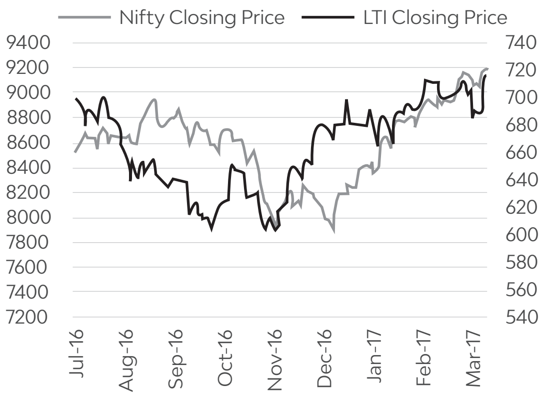
Month	High (₹)	Low (₹)	Total number of equity shares traded
2016			
July	710.00	666.00	14,488,277
August	715.00	638.35	4,240,720
September	664.00	613.00	2,010,294
October	656.00	604.00	1,214,477
November	649.90	598.00	758,220
December	686.65	635.00	1,092,385
2017			
January	705.50	661.30	1,101,427
February	717.95	656.30	1,239,804
March	725.00	680.05	3,419,059

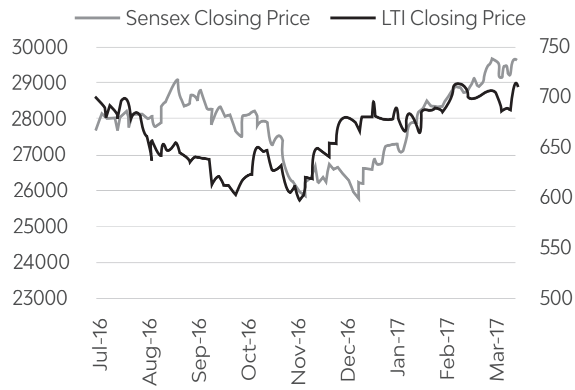
BSE Limited

Month	High (₹)	Low (₹)	Total number of equity shares traded
2016			
July	710.00	666.00	3,030,020
August	715.90	638.50	1,174,545
September	663.70	614.00	519,292
October	654.75	602.50	310,072
November	649.95	595.00	225,047
December	686.30	638.90	210,999
2017			
January	705.00	660.00	186,054
February	718.70	653.35	220,332
March	723.80	682.00	198,788

Performance of the Share price of the Company with the Nifty 50 and the BSE Sensex.

Stock Performance





g) Registrar and Share Transfer Agents ('RTA')

Name: Link Intime India Private Limited

Address: C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai 400 083, Maharashtra, India

Telephone: +91 22 4918 6270, Fax: +91 22 4918 6060

E-mail: rnt.helpdesk@linkintime.co.in, Website: www.linkintime.co.in

h) Share Transfer System

The Company's investor services are handled by Link Intime India Private Limited who are the Company's Registrar and Share Transfer Agents. 99.4% of the equity shares of the Company are in electronic form. As regards transfer of shares held in physical form the transfer documents can be lodged with the RTA.

The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee which comprises of the Chief Executive Officer and Managing Director, the Chief Financial Officer and the Company Secretary.

i) Distribution of Shareholding as on March 31, 2017

No. of Shares	shareholders		shareholding	
	Number	%	Number	%
Upto 500	164,499	99.11	4,655,388	2.73
501-1000	552	0.33	434,651	0.25
1001-2000	275	0.17	404,744	0.24
2001-3000	135	0.08	345,310	0.20
3001-4000	70	0.04	252,744	0.15
4001-5000	51	0.03	239,221	0.14
5001-10000	140	0.08	1,040,314	0.61
10001 & above	257	0.16	163,198,741	95.68
TOTAL	**165,979**	**100.00**	**170,571,113**	**100.00**

j) Categories of shareholders as on March 31, 2017

Sr. No.	Category	No. of shares	%
1.	Clearing Members	238,616	0.14
2	Corporate Bodies (Promoter Co)	143,750,000	84.28
3	Directors	1,183,288	0.69
4	Financial Institutions	17,024	0.01
5	Foreign Institutional Investor	448,474	0.26
6	Foreign Nationals	243,771	0.14
7	Foreign Portfolio Investors (Corporate)	7,672,620	4.50
8	Hindu Undivided Family	283,580	0.17
9	Insurance Companies	1,326,417	0.78
10	Mutual Funds	2,038,938	1.20
11	Nationalised Banks	159,512	0.09
12	Non Nationalised Banks	12,877	0.01
13	Non Resident (Non Repatriable)	336,323	0.20
14	Non Resident Indians	1,407,625	0.82
15	Other Bodies Corporate	409,288	0.24
16	Public	11,042,760	6.47
	TOTAL	**170,571,113**	**100.00**

k) Dematerialisation of shares & Liquidity

The Company has dematerialized its equity shares with NSDL and CDSL and the Company's ISIN is INE214T01019.

The share transfers of dematerialized shares can be made through your Depository Participant.

As on March 31, 2017, 99.4 % of the Company's total paid-up capital was held in the dematerialized form with NSDL and CDSL. The number of shares held in dematerialized and physical mode is as under:

Particulars	Number of shares	% of total capital issued
Held in Dematerialized form in NSDL	166,555,500	97.65
Held in Dematerialized form in CDSL	2,992,130	1.75
Physical	1,023,483	0.60
TOTAL	**170,571,113**	**100.00**

Shareholders are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates.

Shareholders holding shares in dematerialized form are requested to intimate all changes viz. pertaining to change of address, change in e-mail id, bank details etc. to their Depository Participants whilst those holding shares in physical form are requested to intimate such changes to the Company's Registrar and Share Transfer Agent.

l) Outstanding GDRs/ ADRs/ Warrants or any such Convertible Instruments, conversion date and likely impact on equity

There are no outstanding GDRs/ ADRs/ Warrants or any such Convertible Instruments of the Company and hence, the same is not applicable to the Company.

m) Plant Locations

The Company does not require manufacturing plants in the Business it is in. However, it has development centers/ offices in India and overseas. The addresses of overseas development centers/offices of the Company are available on the Global Footprint section of the Company's website, www.Lntinfotech.com.

n) Address for Correspondence

Address of the Registrar and Share Transfer Agent	**Link Intime India Private Limited** C-101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai-400 083, Maharashtra, India. Tel: +91 22 4918 6270, Fax: +91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in, Website: www.linkintime.co.in
Address of the Compliance Officer	**Ms. Angna Arora, Head-Secretarial & Compliance Officer** Larsen & Toubro Infotech Limited Technology Tower 1, Gate No.5, Saki Vihar Road, Powai, Mumbai-400 072, Maharashtra, India. Tel: +91 22 6776 6776, Fax: +91 22 2858 1130; E-mail: investor@Lntinfotech.com

The Company has designated an e-mail id viz. investor@Lntinfotech.com to enable shareholders to contact incase of any queries/complaints.

8. DIRECTORS FAMILIARISATION PROGRAMME

The Board of Directors undertakes periodic review of various matters such as business strategies, treasury policy, review of Internal Audit, risk management framework, new initiatives of the Company, changes in domestic/overseas legislation including their effect on the Company and the IT Industry. Independent Directors are informed of the various developments in the Company from time to time including showcasing new technologies of Company. The Information is also available on the Company's website, www.Lntinfotech.com/Investors.

9. INFORMATION TO DIRECTORS

Systems, procedures and resources are in place to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/discharge his/her duties. The Directors are given time to study the data and contribute effectively to the Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees.

10. DISCLOSURE UNDER THE SEXUAL HARASSMENT OF WOMEN AT WORKPLACE (PREVENTION, PROHIBITION AND REDRESSAL) ACT, 2013

The Company has in place an Anti-Sexual Harassment Policy in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act'). Internal Complaints Committee has been constituted as per the Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy. During financial year 2016-17, the Company has received one complaint on sexual harassment, which has been resolved with appropriate action taken by the Internal Complaints Committee.

11. COMPLIANCE MONITORING SYSTEM

The Company believes that statutory compliance has become a catalyst for Corporate Governance and that a good statutory compliance system has become vital for effective conduct of business operations. Organization operations are spread across the globe, hence it becomes imperative and an obligation for the Organization to comply with legal and regulatory laws of various countries.

Keeping this in mind, a comprehensive enterprise compliance management process, has been deployed across the Company. The Company ensures compliance of all applicable laws globally. Under this system, identified key stakeholders, across business units, corporate functions and geography heads, ensure and confirm compliance with the provisions of all applicable laws on a continuous basis and a certificate is presented to the Board every quarter, confirming the status of compliances along with remediation plan for non-compliances, if any. Any changes in the applicable regulations are also updated and monitored by respective functions. Compliance confirmation process is managed centrally at Corporate level. Compliance issues, if any are remediated by taking timely action.

12. SECURITIES DEALING CODE

The Board of Directors of the Company have approved the Securities Dealing Code ('the Code') as per the requirements of the SEBI (Prohibition of Insider Trading) Regulations, 2015. The objective of the Code is to prevent dealing in the shares of the Company by an Insider while in possession of information known only to them, and not yet made publicly available by the Company, which, when made publicly available, can materially impact the price of the Company's securities. The Code is applicable to all Directors, employees, their immediate relatives and connected persons. For Directors and specified employes designated under the Code, to deal in the Company's shares beyond threshold limit, permission of Compliance Officer is required.

Ms. Angna Arora, Head-Secretarial is designated as the Compliance Officer while Mr. Ashok Kumar Sonthalia is appointed as the Chief Investor Relation Officer.

The Company's Code of practices and procedures for fair disclosure of unpublished price sensitive information is made available on the Company's website, www.Lntinfotech.com/Investors

For and on behalf of the Board

	Sanjay Jalona	**Aftab Zaid Ullah**
	Chief Executive Officer &	Chief Operating Officer &
Place: Mumbai	Managing Director	Whole-time Director
Date: May 4, 2017	(DIN: 07256786)	(DIN: 05165334)

Declaration Pursuant to Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015

I hereby confirm that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors.

Sanjay Jalona

Date: May 4, 2017 — Chief Executive Officer

Place: Mumbai — & Managing Director

To the Board of Directors of Larsen & Toubro Infotech Limited

Dear Sirs/ Madam,

Sub: CEO/ CFO Certificate
[Issued in accordance with the provisions of Regulation 17(8) of
SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

We have reviewed the financial statements, read with the cash flow statement of Larsen & Toubro Infotech Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that:

a. i. these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

   ii. these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

b. There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's Code of Conduct.

c. We accept the responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps have been taken or proposed to be taken for rectifying these deficiencies.

d. We have indicated to the Auditors and the Audit Committee that:

   i. there were no significant changes in internal control over financial reporting during the aforesaid period;

   ii. there were no significant changes in accounting policies during the aforesaid period; and

   iii. there were no instances of significant fraud of which we have become aware.

Yours sincerely,

Place: Mumbai	**Ashok Kumar Sonthalia**	**Sanjay Jalona**
Date: May 4, 2017	Chief Financial Officer	Chief Executive Officer & Managing Director

Independent Auditors' Certificate on Corporate Governance

To the Members of Larsen & Toubro Infotech Limited

1. We have examined the compliance of conditions of corporate governance by Larsen & Toubro Infotech Limited ('the Company'), for the year ended on 31 March 2017, as stipulated in regulation 17 to 27 and clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

MANAGEMENT'S RESPONSIBILITY

2. The compliance of conditions of corporate governance is the responsibility of management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of corporate governance stipulated in the SEBI Listing Regulations.

AUDITORS' RESPONSIBILITY

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of the corporate governance. It is neither audit nor expression of opinion on the financial statements of the Company.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI'), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

OPINION

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has complied with the conditions of corporate governance as specified in regulation 17 to 27, clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of Schedule V of the SEBI Listing Regulations, as applicable during the year ended 31 March 2017.

8. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

RESTRICTION ON USE

9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

SHARP AND TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

ANNEXURE H

Independent Auditors' certificate on Employee Stock Option Schemes

1. We have examined Employee Stock Ownership Scheme, 2000, Employee Stock Ownership Scheme, 2006 U. S. Stock Option Sub-Plan and Employee Stock Option Scheme, 2015 ('the Schemes') of Larsen & Toubro Infotech Limited ('the Company'), books of accounts and other relevant records to determine whether the Schemes are in accordance with the rules specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) ('the Regulations') and in accordance with the resolutions passed in the general meetings held on 13 March 2000, 16 December 2005, 7 December 2006, 14 September 2015 ('the General Meetings') and as per postal ballot dated 8 September 2016.

MANAGEMENT'S RESPONSIBILITY

2. Management is responsible for maintaining the information and documents, which are required to be kept and maintained under the relevant laws and regulations and implementing the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

AUDITORS' RESPONSIBILITY

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring implementation of the Schemes in accordance with the applicable Regulations and in compliance with Companies Act, 2013/ 1956 and Rules made thereunder and the resolutions passed at the General Meetings. It is neither audit nor expression of opinion on the financial statements of the Company.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the implementation of the Schemes by the Company in accordance with the Regulations and in compliance with Companies Act, 2013/ 1956 and Rules made thereunder and the resolutions passed at the General Meetings.

5. We have carried out an examination of the schemes, books of accounts and other relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ('the ICAI'), which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and related services engagements.

OPINION

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has implemented the Schemes in accordance with the applicable Regulations and in compliance with Companies Act, 2013/ 1956 and Rules made thereunder and as per the shareholders resolutions of the Company in general meetings held on 13 March 2000, 16 December 2005, 7 December 2006, 14 September 2015 and as per postal ballot dated 8 September 2016.

RESTRICTION ON USE

8. The certificate is issued solely for the purpose of complying with the applicable Regulations and may not be suitable for any other purpose.

SHARP AND TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

MANAGEMENT DISCUSSION & ANALYSIS

I. GLOBAL ECONOMIC SCENARIO

In CY16, global economic activity remained flat compared to CY15 with the world output growing at 3.1%. Fear of a recession in the USA turned out to be exaggerated, defaults in commodity sector, were very limited and did not have contagion effect and the commodity prices have stabilized.

Advanced economies are key markets for Information Technology (IT) services. For the next year, US GDP growth is expected to accelerate to 2.3% from 1.6% last year and growth for Euro area is expected to remain unchanged at 1.7%. Emerging markets and developing economies grew at 4.1% in CY16 and are projected to grow at 4.5% in CY17. Overall, this should lead World growth to rise to 3.5% in CY17.

Source: International Monetary Fund, 2017. World Economic Outlook: Gaining Momentum? Washington, April.

II. OVERVIEW OF THE INDUSTRY

Global IT-BPM industry grew by 3.9% and the IT-BPM market excluding hardware stood at USD 1.2 trillion in CY16. Indian IT-BPM industry revenues including hardware stood at USD 154 billion in FY17. The industry added USD 11 billion in incremental revenues last year, representing year-on-year growth of 7.6% in USD terms (8.6% in constant currency). IT-BPM export revenues for the industry for FY17 were USD 116 billion, growth of ~7.4% over the past year. Domestic IT-BPM revenues were USD 24 billion, a growth of ~9% from USD 22 billion in FY16. IT-BPM export revenues are expected to grow by 7-8% in FY18 and the domestic market is likely to grow by 10-11% next year.

The impact of digital technologies-Analytics, Internet of Things (IoT), Cloud, Artificial Intelligence/Machine Learning, Cognitive Sciences and Mobility continues to be felt, with the growth in these segments higher than the rest. These technologies are expected to be the major growth segments in global IT spends going forward.

It is imperative for the IT firms to focus on disruptive technologies by re-skilling the manpower and partner with niche players and platforms to add digital capabilities. Market evolution and the service provider responses are likely to lead the way to a new face of the IT-BPM industry.

Increasing internet and smartphone penetration, GST implementation, digital payments, is expected to catalyze faster growth of domestic IT-BPM market.

Source: NASSCOM IT-BPM Strategic Review 2017

III. OUR BUSINESS

Larsen & Toubro Infotech Limited (LTI) (NSE: LTI) is a global technology consulting and digital solutions Company helping more than 250 clients succeed in a converging world. With operations in 27 countries, we go the extra mile for our clients and accelerate their digital transformation with LTI's Mosaic platform enabling their mobile, social, analytics, IoT and cloud journeys. LTI is one of India's global IT services and solutions companies. In 2016, NASSCOM ranked the Company as the sixth largest Indian IT services Company in terms of export revenues. The Company was amongst the top 20 IT service providers globally in 2016 according to the Everest Group's PEAK Matrix for IT service providers. LTI has been named as top-15 sourcing provider by ISG for the America's region. Its clients comprise some of the world's largest and well-known organizations, including 52 of the Fortune Global 500 companies. LTI offers an extensive range of IT services to its clients in diverse industries such as banking and financial services, insurance, energy and process, consumer packaged goods, retail and pharmaceuticals, media and entertainment, hi-tech and consumer electronics and automotive and aerospace. Its range of services include application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions and platform-based solutions. The Company serves its clients across these industries, leveraging its domain expertise, diverse technological capabilities, wide geographical reach, an efficient global delivery model, thought partnership and 'new age' digital offerings.

LTI was incorporated in 1996 and is headquartered in Mumbai, India. It leverages the strengths and heritage of its promoter. The L&T Group provides access to professionals with deep industry knowledge in the sectors in which the Company does business. LTI has also inherited from L&T Group its corporate and business culture and corporate governance practices, which places the Company in good stead in relation to its business. In addition, it benefits from the commonality of business verticals with its promoter.

LTI's focus on client-centricity, scale, domain expertise, digital transformation and its array of intellectual property coupled with convergence of physical and digital world have been recognized by customers, giving the Company exponential traction in various markets it operates in, and clients now look at us as their partners for digital transformation initiatives. For FY17, revenue stood at USD 969.9 million, growing 10% in constant currency and 9.3% in USD terms.

1. Strategy

The Company's strategy for long-term growth has the following key elements:

a) Strengthen existing client relationship through client-centricity, provide superior execution services to clients with significantly improved client satisfaction index

b) Be the partner of choice for client's digital transformation journey

c) Invest heavily in new technologies to build differentiated service offerings and competencies to address client demand

d) Focus on new large transformation deals

e) Partnerships and acquisitions

f) Expand in new geographies

g) Add must have client logos to our already marquee client base

h) Continuously mine existing clients

i) Focus on organization transformation

Client-centricity is core to LTI's way of operations and provides unparalleled execution of services to our existing clients. This is evident from significantly improved client satisfaction index and more clients are now looking at us as their partners for digital transformation initiatives. LTI's strong long-term business relationships with its clients (96% revenue from repeat business) have helped increase scope of engagements. The Company has also partnered with clients in various industries to identify priority solutions focused on efficiencies, decisions and inferences for their respective businesses, helping clients achieve growth in a dynamic environment.

The core focus of the Company is to solve complex problems at the convergence of digital and physical world for its clients. LTI's proprietary digital platform Mosaic™ is an exhaustive representation of how LTI brings together the power of exponential technologies to deliver real-world business outcomes. Intellectual Property and Offerings developed by the Company are housed in the following elements of the Mosaic™ platform for IoT, Analytics, User Experience, Automation, AI and various other Digital technologies. More than 100 clients are now using our digital and analytics offering, with our Analytics Information Management, Enterpise Integration and Mobility service line posting a strong 35% year-on-year growth in FY17.

The Company is particularly targeting clients, both existing and new, who have the potential to offer opportunities towards transforming their business in the wake of the digital revolution. It plans to achieve a higher value client portfolio by focusing on new-age Application Management Services, Platform as a Service (PaaS) and infrastructure management service deals, which tend to be long-term in nature.

LTI acquired AugmentIQ Data Sciences Private Limited (AugmentIQ), an innovative startup offering IP-based Big Data Analytics Solution that helps enterprises derive business benefits from Big Data in FY17. In addition to acquisitions, the Company is also investing in partnering with startups to help enhance its digital offerings and in turn, give startups a platform and opportunity to scale-up. The Company is actively partnering with academic institutions such as Massachusetts Institute of Technology (MIT), Indian Institute of Management Ahmedabad (IIMA), Veermata Jijabai Technological Institute (VJTI) in order to provide thought-leadership to its clients for future digital solutions.

With a focus on transforming the experiences of its clients, people and systems, LTI has launched a rigorous transformation program which focuses on changing the way it works, interacts and collaborates both within and outside the organization. The Company is working towards transforming the way it works by incorporating Design Thinking in various capacities in the organization across all levels. The Company is also looking to transform the way it delivers the traditional Application Development and Application Maintenance projects by automating services and introducing a DevOps method of working with continuous, progressive changes which complement the client business landscape replacing the traditional delivery model that has rigid support cycles. Flexibility and agility are two key objectives for the Company. This will help in a non-linear growth in the Company with faster and more efficient delivery of projects.

Our new quality policy reaffirms our client commitment and focus on delivering rich and meaningful experiences to customers. LTI is amongst the few IT Services firm to have such a differentiated policy, with the idea that in order to rise in the experience economy in the digital age, there needs to be a fundamental shift from the services mindset to the experience mindset.

2. Opportunities

We believe our strengths and L&T Group parentage gives us the unique competitive advantage to position ourselves as the leading global solutions and services Company. We have embarked upon a journey to build next generation IT services Company, focused on solving complex challenges at the convergence of physical and digital.

Industry Focus

a) **Banking and Financial Services (BFS):** LTI has achieved 8.4% year-on-year revenue growth in BFS in FY17. For FY18, the overall spend is moving in the positive direction as well. In the US, we are seeing increased spend in the capital market area as there is a belief that deregulation will result in newer products and opportunities in this space. On the other hand, in Europe and APAC markets, we continue to see momentum in regulatory spend as well. In the US markets, banks are starting to leverage massive data that they have collected over the years to generate meaningful insights. They are investing in building analytics platforms that can help them understand their customer base, assess risk differently and reduce costs. Overall, banks are moving quickly to leverage digital technologies to transform traditional operating models using things like Blockchain in trade finance, and KYC and Artificial Intelligence in areas like anti-money laundering and financial crime. LTI is well prepared to take advantage of these trends, which is further strengthened by LTI being positioned as a leader by Nelson Hall for Robotic Process Automation (RPA) and artificial intelligence in banking segment.

b) **Insurance:** LTI has achieved 12.4% year-on-year revenue growth in this vertical. The average spending levels are consistent with prior years, large Property and Casualty (P&C) customers are spending the most on core policy systems replacements followed by billing and customer communication management systems. Increased skew of the tech spend towards digital, for example, portal, mobile and customer experiences is evident in this vertical as well. According to Novarica, one of the analyst companies which tracks insurance vertical, almost a third of the overall budget in insurance vertical is getting spent on digital technologies. With deep expertise in leading insurance products like Duck Creek, Insurity, Guidewire, etc., LTI is uniquely positioned to help its customers co-innovate.

c) **Energy and Process:** The de-growth which we saw in this vertical in the past is behind us. LTI has achieved 0.9% year-on-year revenue growth in this vertical. The stress on IT spends due to low crude prices seems to have plateaued although the recovery is slow and oil companies are very watchful before committing to new investments. Operating philosophy is to use this time to create a leaner operating model for them.

d) **Hi-tech, Media, and Entertainment:** With year-on-year revenue growth of 6.3% in FY17, there was a steady growth momentum in this sector. The cord-cutting phenomenon continues to drive investments into building a digital supply chain backbone and customer analytics. Incumbent telecom companies are pursuing M&A to get into original content space even as Netflix and Amazon continue to invest in creating content. There is a clear trend of adoption of new age technologies across the board in this sector.

e) **Consumer Packaged Goods (CPG), Retail and Pharma:** Powered by technological advancements, consumers are driving an incredible transformation in these industry, business models are getting disintermediated forcing our clients to drive greater efficiencies in their business operations. Our 'digital for 10X outcomes' theme is resonating well with clients in this vertical. LTI has achieved 5.8% year-on-year revenue growth in this vertical.

f) **Auto, Aero and Others:** This vertical includes engineering and construction, plant and equipment, defence and government businesses. LTI has achieved 15.6% year-on-year revenue growth in this vertical. We think automotive sector has already been capturing digital transformation for many years and the trend continues to accelerate. This is truly an industry at an inflection point, simultaneously getting impacted by digital technologies as well as autonomous vehicles are creating major disruption in bringing into the question the very business model of the industry. For industrial manufacturers – IoT-led digitization examples which include Product as a Service and field service transformation are driving renaissance in the industry. Companies are seeing opportunities both in internal operations as well as new revenue stream through smart connected products like smart elevators. In times like these, clients are looking for IT partners who they can trust to be their innovation partner and LTI with its extensive manufacturing experience due to its parentage is in a sweet spot.

Digital Business

LTI's unique approach to provide differentiation at the convergence of physical and digital helps clients to embark on digital transformation journey. It is projected that Digital business will be the primary source of revenue by 2025 and will contribute more than 38% of the business, as per reports from NASSCOM (2017).

Digital revenue made up 26% of our revenues in FY17 and it continues to see an acceleration every quarter with the same being at 28% of our revenue mix as of Q4FY17. We firmly believe Digital business will be the driver for future growth.

We are building our digital capabilities with Mosaic™ platform for exponential growth in digital business. Mosaic™ platform is enabled by underlying accelerators spanning –

- Mosaic™ Things – for intelligent devices

- Mosaic™ Automation – for smarter execution
- Mosaic™ Decisions – for impactful decision-making
- Mosaic™ Experience – for unmatched customer experience
- Mosaic™ AI – to re-invent problem-solving

These platforms are complemented by Mosaic™ Academy to train and up-skill our resources, working on various digital engagements, to deliver superior IT services and make a meaningful impact on our clients business.

We inaugurated our Mosaic™ Experience center at Mumbai headquarters. The Experience center showcases our Mosaic™ solution that accelerates digital transformation for our clients.

We have launched an initiative ADEA, which is Analytics and Digital in Every Account, and it is proving to be very effective.

Partnerships and Alliances

We forged multiple partnerships throughout the year, some of the key ones being Microsoft, Nutanix, Duck Creek, GE Digital, Pega, Coupa and others.

3. Human Capital

The most crucial element of an organization is its people. LTI has transformed various aspects of work life for its people. The transformation begins with articulating five key beliefs:

- Be agile
- Go the extra mile
- Push frontiers of innovation
- Keep learning
- Solve for society

These five guiding principles aim for the organization to be nimble towards changes, work over and beyond the call of duty to serve its clients, innovate on a day-to-day basis to transform the approach to work, continuously enhance their way of working and keep its focus on welfare for the society.

As on March 31, 2017, our headcount was 21,023. During FY17, we added 951 net new hires.

Hiring, Engaging and Retaining talent continues to be the major focus areas for LTI with an increase in hiring premium college graduates as well. New programs were launched with focus on use of technology in learning. A performance-linked compensation design has been a catalyst in being industry competitive, in remuneration & benefits.

Full year FY17 utilization including trainees stood at 78.1% and excluding trainees at 79.6%. This is up 430 basis points and 390 basis points, respectively, compared to FY16. Compared to FY16, we improved on attrition by 150 basis points. In FY16, the full-year attrition was 18.4% compared to 16.9% in FY17. With these improvements, the trend in overall manpower revenue productivity has shown consistent increase quarter after quarter and stands at USD 48,092 for FY17, up 12% year-on-year compared to FY16.

Collaboration is key to the growth of an organization. LTI not only provides digital solutions and offerings to its clients, it has also adopted digital solutions for enhancing its own approach to work. LTI was the first Company to implement Workplace (the collaborative platform of Facebook for organizations) in the IT services industry. The 20,000+ employees use this platform for collaborative discussions and sharing of directives within the firm across all geographies, levels and business units. LTI is also a global service partner for Facebook to help organizations rollout the Workplace platform.

LTI has also framed a talent strategy for adopting newer ways of hiring such as hackathons, online social media and improving learning and development by offering custom courses, conducting leadership programs and revamping fresher hiring models. To support all these initiatives, the Company has upgraded its in-house IT systems to be more digital-focused. The Company is also recruiting global talent in local markets particularly for high-end digital competencies.

IV. SIGNIFICANT FACTORS AFFECTING OUR RESULTS OF OPERATIONS

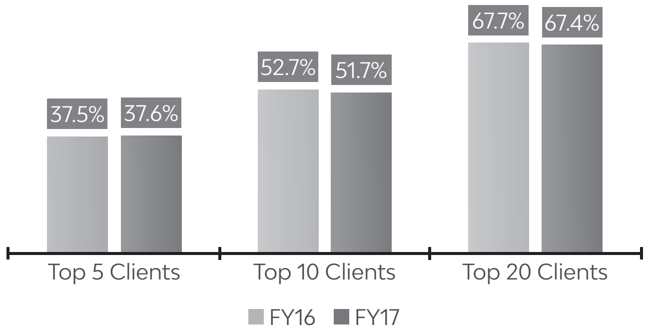
Our results of operations have been, and will be, affected by many factors, some of which are beyond our control. This section sets out certain key factors that our management believes have historically affected our results of operations, or which could affect our results of operations in the future.

Client relationships

Client relationships are at the core of our business. We have a history of high client retention and derive a significant proportion of our revenue from repeat business built on our successful execution of prior engagements. In the year ended March 31, 2017, we generated 95.5% of our revenue from existing clients as compared to 96.9% in the year ended March 31, 2016.

As a client relationship matures and deepens, we seek to maximize our revenues and profitability by expanding the scope of IT services offered to that client with the objective of winning more business from our clients, particularly in relation to our more substantive and value-added IT service offerings.

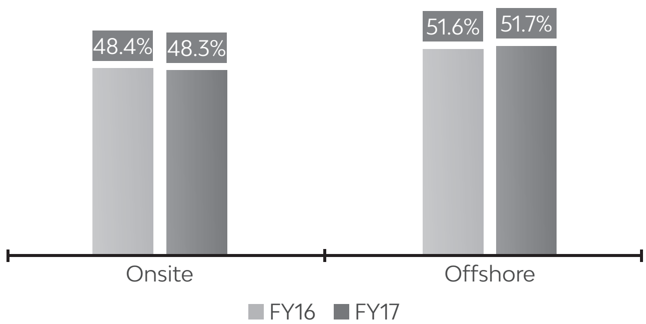
Client Contribution



Composition of revenue portfolio

Our export service revenues consist of revenues from IT services both onsite and offshore. The mix of IT services performed onsite and offshore has an impact on our ability to achieve higher profit margins. The following graph shows the proportionate contribution from our onsite and offshore service revenue on consolidated basis for the periods indicated:

Revenue Mix



Employees and employee costs

A principal component of our ability to compete effectively is our ability to attract and retain qualified employees. Our total headcount increased to 21,023 as of March 31, 2017 from 20,072 as of March 31, 2016.

Our LTM attrition rate for FY17 was 16.9% which has improved from 18.4% in FY16.

Employee benefits expenses constituted 56.5% and 58.4% of our total income in the year ended March 31, 2017 and March 31, 2016. Wage costs in India, including in the IT services industry, have historically been more competitive than wage costs in the United States, Europe and other developed economies.

In addition, we continue to invest in the recruitment and retention of sales and administration staff in line with our growth and expand our markets.

Foreign currency fluctuations

Since our key clients are foreign corporate and the majority of our revenues are generated outside of India, we are exposed to translation and transaction foreign exchange risks. Although we partly benefit from a natural hedge for our foreign currency revenues against our foreign currency expenses, we also have an exposure to foreign exchange rate risk in respect of revenues or expenses entered into in a currency where corresponding expenses or revenues are denominated in different currencies. Such transactions are denominated in currencies such as USD, Euro, Canadian Dollars, British Pound Sterling and South African Rand. LTI has an active foreign exchange hedging policy in place to mitigate the risks arising out of foreign exchange fluctuations.

In addition, the overall competitiveness of the Indian IT industry in the global market is also significantly dependent on favorable exchange rates.

Tax benefits for Indian IT companies

We have historically benefited from the direct and indirect tax benefits given by the Government for the export of IT services from SEZs, including for our business. As a result, a substantial portion of our profits is exempt from income tax leading to a lower overall effective tax rate than what we would have otherwise been subjected to if we were doing business outside SEZs, and we will continue to enjoy these benefits in the near future. Our effective tax rate has increased to 21.4% and 19.2%, respectively in the year ended March 31, 2017 and March 31, 2016 due to lower proportion of exemptions.

Until March 31, 2011, direct and indirect tax benefits were also available for the export of IT services from software development centers registered under the STPI Scheme, including for our business. From April 1, 2011 onwards, only indirect tax benefit are available for our business through software development centers registered under the STPI Scheme.

On July 1, 2017, India ushered in a big tax reform – Goods and Services Tax (GST). LTI is fully prepared to comply with this new tax regulation.

V. FINANCIAL CONDITIONS CONSOLIDATED

Assets

1. Tangible and Intangible Assets

(₹ Million)

	As at March 31, 2017	As at March 31, 2016
Property, plant and equipment	2,578	2,792
Capital work-in-progress	9	7
Goodwill	993	978
Other intangible assets	1,848	2,606
Intangible assets under development	4	188
TOTAL	**5,432**	**6,571**

Property, plant and equipment:

The Company continued to invest in infrastructure facilities on account of computers, office equipment, expansion of development centers and overseas offices, in order to meet the growing business needs. Property, plant and equipment has reduced to ₹ 2,578 Million as at March 31, 2017 from ₹ 2,792 Million as at March 31, 2016 due to depreciation being higher than net additions during the year.

Goodwill and other Intangible assets:

The net increase in the goodwill is on account of goodwill related to acquisition of AugmentIQ. The net decrease in Other Intangible assets during the year is mainly on account of amortization. The reduction in the Intangible assets under development is on account of capitalization of assets during the year.

2. Other Non-current and Current Assets

(₹ Million)

	As at March 31, 2017			As at March 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Non-Current Loans & Advances						
Other Financial Assets	2,177	-	**2,177**	426	-	**426**
Other Non-current Advances						
Tax Assets	722	-	**722**	886	-	**886**
Other Assets	1,292	-	**1,292**	1,323	-	**1,323**
	4,191	**-**	**4,191**	**2,635**	**-**	**2,635**
Current Assets						
Other Financial Assets	-	2,677	**2,677**	-	1,407	**1,407**
Other Assets	-	988	**988**	-	883	**883**
TOTAL	**4,191**	**3,665**	**7,856**	**2,635**	**2,290**	**4,925**

The increase in current financial assets is primarily attributable to increase in mark-to-market gains of outstanding forward contracts.

3. Trade Receivables

Trade receivables amounted to ₹ 11,697 Million (net of provision for doubtful debts amounting to ₹ 230 Million) as at March 31, 2017, compared to ₹ 11,661 Million (net of provision for doubtful debts amounting to ₹ 223 Million) as at March 31, 2016.

Days of Sales outstanding (without accruals) of 66 days as on March 31, 2017 has improved from 73 days as on March 31, 2016.

4. Unbilled Revenue

Unbilled revenues primarily comprise costs and earnings in excess of billings to the clients on fixed-price, fixed-time frame, and time-and-material contracts. Unbilled revenue stood at ₹ 4,724 Million as at March 31, 2017 as against ₹ 3,788 Million at March 31, 2016 since the composition of fixed price and system integration contracts increased during the year.

Days of Sales outstanding (with accruals) of 92 days as on March 31, 2017 has improved from 96 days as on March 31, 2016.

5. Funds Invested

(₹ Million)

	As at March 31, 2017	As at March 31, 2016
Investment in Mutual Funds	9,406	429
Cash and Cash equivalents	3,761	2,008
Other Bank Balances	34	27
FUND INVESTED	**13,201**	**2,464**

The investments in Mutual Funds are in Debt Mutual Funds with investment in sound-rated instruments and in schemes with large assets under management, thus mitigating counterparty risk. The same stood at ₹ 9,406 Million as at March 31, 2017 as against ₹ 429 Million as at March 31, 2016.

Deposits with Banks represent surplus money deployed in the form of deposits.

Cash and cash equivalents include both rupee accounts and foreign currency accounts and deposits with banks. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Other Bank Balances are earmarked funds and Cash & Bank balance not available for immediate use.

6. Share Capital

(₹ Million)

	As at March 31, 2017	As at March 31, 2016
Authorized: 240,000,000 equity shares of ₹ 1 each (Previous year 240,000,000 of ₹ 1 each)	240	240
Issued, paid-up and subscribed 170,571,113 equity shares for ₹ 1 each (Previous year 169,816,188 of ₹ 1 each)	171	170
Equity Share Capital	**171**	**170**

The Issued, paid-up and subscribed share capital increased on account of shares issued on exercise of employee stock options during the year ended March 31, 2017.

7. Other Equity

(₹ Million)

	As at March 31, 2017	As at March 31, 2016
Other Reserves	9,910	7,397
Retained Earnings	21,362	13,678
Share Application Money Pending Allotment	0	-
Non-Controlling Interest	8	5
Other Equity	**31,280**	**21,080**

Other equity at the end of March 31, 2017 stood at ₹ 31,280 Million as against ₹ 21,080 Million at the end of March 31, 2016. The increase in Other reserves is primarily due to increase in hedging reserve on account of higher mark-to-market gains on outstanding forward contracts due to rupee appreciation and also due to increase in quantum of outstanding contracts.

8. Current and Non-Current Borrowings

(₹ Million)

	As at March 31, 2017			As at March 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Non-Current Borrowings	-	-	**-**	-	-	**-**
Current Borrowings						
Borrowings	-	-	**-**	-	399	**399**
Current Maturities of Long-Term Borrowing	-	-	**-**	-	147	**147**
TOTAL	**-**	**-**		**-**	**546**	**546**

The Company's borrowings of ₹ 546 Million as at March 31, 2016 have been repaid during the year ended March 31, 2017.

9. Deferred Tax Assets/ Liabilities

(₹ Million)

	As at March 31, 2017	As at March 31, 2016
Deferred tax assets	1,434	2,213
Deferred tax liabilities	171	248

Deferred tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled.

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

During the year, the decrease in Deferred tax asset is mainly due to creation of Deferred tax liability on mark-to-market gains on outstanding forward contracts. Deferred tax asset in the form of Minimum Alternate Tax (MAT) for year ended March 31, 2017 is offset by adjustment to MAT for year ended March 31, 2016 due to deferment of Income Computation and Disclosure Standards (ICDS). Hence, Deferred tax assets have reduced to ₹ 1,434 Million as at March 31, 2017 from ₹ 2,213 Million as at March 31, 2016.

10. Other Non-Current/ Current Liabilities

(₹ Million)

	As at March 31, 2017			As at March 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Non-Current Liabilities						
Provisions	285	-	**285**	235	-	**235**
Current Liabilities						
Trade Payables	-	3,366	**3,366**	-	3,405	**3,405**
Other Financial Liabilities	-	5,841	**5,841**	-	3,349	**3,349**
Other Liabilities	-	1,158	**1,158**	-	1,124	**1,124**
Provisions	-	1,771	**1,771**	-	1,457	**1,457**
Current Income Tax Liabilities (Net)	-	301	**301**	-	8	**8**
TOTAL	**285**	**12,437**	**12,722**	**235**	**9,343**	**9,578**

Other Non-Current/ Current liabilities stood at ₹ 12,722 Million as of March 31, 2017 from ₹ 9,578 Million as of March 31, 2016.

Other current liabilities comprise of statutory dues including employee-related statutory dues. The increase in Other Financial Liabilities is primarily due to amount received under Credit Support Agreement entered into with banks due to increase in mark-to-market gains on outstanding forward contracts. Provisions comprise of provisions for employee benefits on account of gratuity, compensated absences and post-retirement medical benefits.

VI. RESULTS OF OUR CONSOLIDATED OPERATIONS

(₹ Million)

	2016-17		2015-16	
	(₹ Million)	% of Total Income	(₹ Million)	% of Total Income
Income				
Revenue from operations	65,009	97.2%	58,464	96.9%
Other income	1,867	2.8%	1,897	3.1%
Total Income	**66,876**	**100.0%**	**60,361**	**100%**
Expenses				
Employee benefit expenses	37,758	56.5%	35,266	58.4%
Operating expenses	8,248	12.3%	6,710	11.1%
Sales, administration and other expenses	6,701	10.0%	6,240	10.3%
Finance costs	32	0.1%	58	0.1%
Depreciation on tangible assets	714	1.1%	737	1.2%
Amortization of intangible assets	1,065	1.6%	1,003	1.7%
Total Expenses	**54,518**	**81.5%**	**50,014**	**82.9%**
Profit before Tax	**12,358**	**18.5%**	**10,347**	**17.1%**
Tax Expenses				
- Current tax	3,181	4.8%	3,039	5.0%
- Deferred tax (net)	(532)	-0.8%	(1,057)	-1.8%
	2,649	**4.0%**	**1,982**	**3.2%**
Net Profit for the period	**9,709**	**14.5%**	**8,365**	**13.9%**
Other Comprehensive income	**1,945**	**2.9%**	**(266)**	**-0.4%**
Total Comprehensive income for the period	**11,654**	**17.4%**	**8,099**	**13.4%**
Profit attributable to:				
Owners of the Company	9,707		8,363	
Non-controlling Interests	2		2	
	9,709		**8,365**	
Total Comprehensive income attributable to:				
Owners of the Company	11,652		8,098	
Minority Interest	2		1	
	11,654		**8,099**	
Earnings Per Share				
Basic	₹ 57.08		₹ 51.02	
Diluted	₹ 55.80		₹ 49.31	

Financial Year 2016-17 compared to Financial Year 2015-16

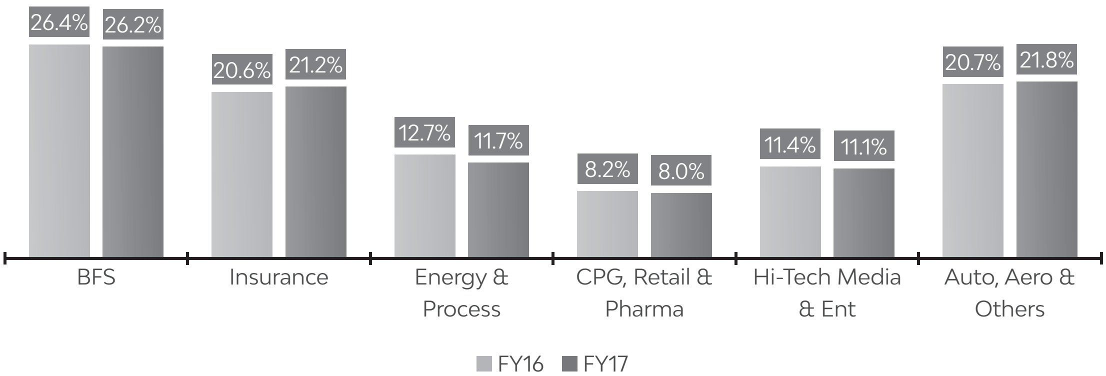
1. **Income**

Our total income comprises of revenue from operations and other income.

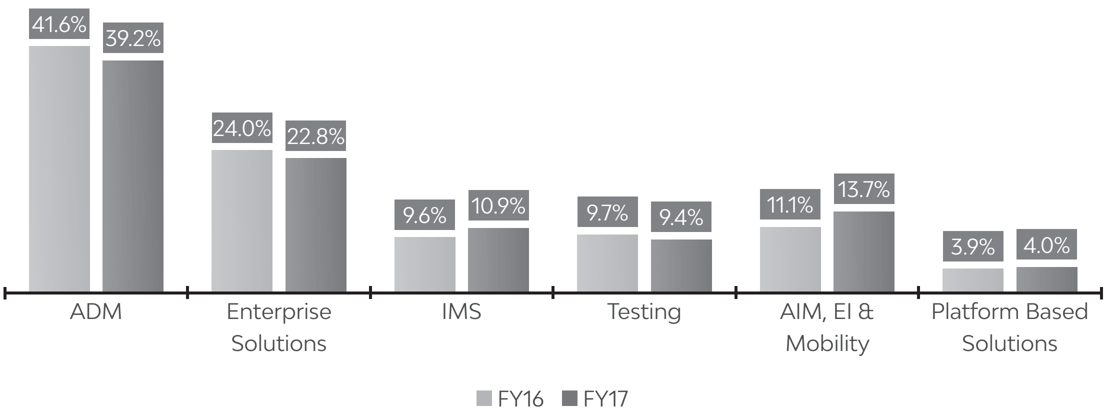
Our total income increased by 10.8% to ₹ 66,876 Million for the year ended March 31, 2017 from ₹ 60,361 Million for the year ended March 31, 2016.

Revenue from Operations

Revenue Mix by Verticals



Revenue Mix by Services



Our revenue increased by 11.2% to ₹ 65,009 Million for the year ended March 31, 2017 from ₹ 58,464 Million for the year ended March 31, 2016, primarily as a result of growth in our revenues in our Banking and Financial services (growth of 10.4% to current year revenue of ₹ 17,016 Million), Insurance (growth of 14.7% to the current year revenue of ₹ 13,795 Million) and Automotive and Aerospace (growth of 16.8% to the current year revenue of ₹ 14,155 Million) which was partially offset by lower growth in revenues in our Retail & Pharma and Energy & Process business vertical.

Our service growth was higher mainly in IMS, AIM, EIM & Mobility and Platform based solutions which had growths of 25.9%, 37.1% and 13.0% respectively which was offset partially by lower growth in other services.

2. **Other income**

Our other income primarily consists of income from foreign exchange gains (or losses), investments in mutual funds, profit on sale of fixed assets, interest received and miscellaneous income. Our other income of ₹ 1,867 Million for the year ended March 31, 2017 decreased marginally from ₹ 1,897 Million for the year ended March 31, 2016.

Income from Investments in Mutual Funds

Income from investments in Mutual Funds was ₹ 194 Million in the year ended March 31, 2017 compared to ₹ 67 Million for the year ended March 31, 2016. Increase in investment income is primarily due to increase in surplus investible funds.

Foreign Exchange Gain/ Losses

In order to mitigate our foreign exchange risk, we have a long-term hedging policy. We hedge exposures in major currencies in which we transact business (for example, the US dollar and the Euro) by entering into forward contracts. Our forward contracts are run on a net exposure basis, typically for a period of up to three years. These forward contracts provide for payments by banks to us in the situations where the spot exchange rate on maturity is lower than the rate at which forward contracts were entered and payment by us to the banks in situations where the spot exchange rate on maturity is higher than the rate at which forward contracts were entered. Our foreign exchange gain was ₹ 1,539 Million in the year ended March 31, 2017 as against ₹ 1,650 Million in the year ended March 31, 2016.

3. Expenses

Our expenses include employee benefit expenses, operating expenses, sales, administration and other expenses, finance costs, depreciation and amortization. Our total expenses increased by 9.0% to ₹ 54,518 Million for the year ended March 31, 2017 from ₹ 50,014 Million for the year ended March 31, 2016, primarily as a result of an increase in employee benefit expenses, which was attributable to the growth of our operations.

4. Employee benefit expenses

Employee benefit expenses comprise salaries (including overseas staff expenses), staff welfare, contributions to provident and other funds, contributions to superannuation funds and contributions to gratuity funds.

Our employee benefit expenses increased by 7.1% to ₹ 37,758 Million for the year ended March 31, 2017 (which represented 56.5% of our total income for such year) from ₹ 35,266 Million for the year ended March 31, 2016 (which represented 58.4% of our total income for such year). The increase in the salaries was majorly due to increments and increase in employee count due to growth of our operations. This has also resulted in higher contribution to the Provident fund, Social security account and payroll taxes. ESOPs were granted to employees during the year under the ESOP Scheme, 2015.

5. Operating expenses

Operating expenses comprise of communication expenses, operating lease charges, consultancy charges, cost of software packages for own use, insurance and the cost of bought-out items for resale.

Our operating expenses increased by 22.9% to ₹ 8,248 Million for the year ended March 31, 2017 (which represented 12.3% of our total income for such year) from ₹ 6,710 Million for the year ended March 31, 2016 (which represented 11.1% of our total income for such year). This was primarily due to increase in cost of hardware and software packages of ₹ 3,363 Million for the year ended March 31, 2017 from ₹ 2,432 Million for the year ended March 31, 2016. Increase of 15.3% in consultancy charges to ₹ 4,647 Million for the year ended March 31, 2017 from ₹ 4,032 Million for the year ended March 31, 2016 is primarily due to higher deployment of local contractors in overseas locations.

6. Sales, administration and other expenses

Sales, administration and other expenses primarily comprise rent and establishment expenses, travelling and conveyance, legal and professional charges, advertisement recruitment expenses, telephone charges and postage, rates and taxes, power and fuel and other miscellaneous expenses.

Our sales, administration and other expenses increased by 7.4% to ₹ 6,701 Million for the year ended March 31, 2017 (which represented 10.0% of our total income for such year) from ₹ 6,240 Million for the year ended March 31, 2016 (which represented 10.3% of our total income for such year), primarily as a result of increase in travel cost and transit houses in overseas location for deputed employees, recruitment cost and professional fees and general repairs and maintenance expenses.

7. Finance costs

Finance costs comprise interest paid on fixed loans, external commercial borrowings and interest paid on money received under Credit Support Agreement. Exchange losses on borrowings are also accounted for as part of finance costs.

Our finance costs decreased by 44.6% to ₹ 32 Million for the year ended March 31, 2017 from ₹ 58 Million for the year ended March 31, 2016, primarily due to repayment loans during the year.

8. Depreciation and amortization

Tangible and intangible assets are amortized over periods corresponding to their estimated useful lives.

Our depreciation on tangible assets decreased by 3.1% to ₹ 714 Million for the year ended March 31, 2017 from ₹ 737 Million for the year ended March 31, 2016 and our amortization of intangible assets increased by 6.2% to ₹ 1,065 Million for the year ended March 31, 2017 from ₹ 1,003 Million for the year ended March 31, 2016 primarily as a result of amortization of certain software.

9. **Profit before tax**

Our profit before tax increased by 19.4% to ₹ 12,358 Million for the year ended March 31, 2017 (which represented 18.5% of our total income for such year) from ₹ 10,347 Million for the year ended March 31, 2016 (which represented 17.1% of our total income for such year).

10. **Tax expenses**

Tax expenses comprise of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred income tax assets and liabilities reflect the impact of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

Our total tax expense has increased by 33.6% to ₹ 2,649 Million for the year ended March 31, 2017 from ₹ 1,982 Million for the year ended March 31, 2016 primarily due to increase in profit before tax by 19.4% to ₹ 12,358 Million for the year ended March 31, 2017 from ₹ 10,347 Million for the year ended March 31, 2016 and lower proportion of income exempt from taxation.

11. **Net profit after tax**

As a result of the foregoing factors, our net profit was ₹ 9,709 Million for the year ended March 31, 2017 and ₹ 8,365 Million for the year ended March 31, 2016.

12. **Earnings per share (EPS)**

Our Basic EPS has increased by 11.9% to ₹ 57.08 per share for the year ended March 31, 2017 from ₹ 51.02 per share for the year ended March 31, 2016. Our Diluted EPS has increased by 13.2% to ₹ 55.80 per share for the year ended March 31, 2017 from ₹ 49.31 per share in the year ended March 31, 2016. The weighted average number of potential equity shares on account of employee options has reduced from 5,665,080 shares in the year ended March 31, 2016 to 3,879,583 shares in the year ended March 31, 2017 due to exercise of stock options.

Investments in Subsidiaries & Associates

AugmentIQ Data Sciences Private Limited

On November 30, 2016, LTI acquired 100% stake in AugmentIQ for a consideration of ₹ 71 Million. AugmentIQ is a Pune-based Company offering IP-based big data and analytics solutions. The Company owns a big data platform, MAXIQ, together with LTI Mosaic™ Decision Science Platform.

Business segmentation

Breakdown of our segmental revenue by our business clusters, with each item represented as a percentage of revenue from operations for the periods indicated:

	2016-17		2015-16	
	(₹ Million)	% of revenue	(₹ Million)	% of revenue
Revenue from Operations				
Services Cluster	36,380	56.0%	31,530	53.9%
Industrials Cluster	28,629	44.0%	26,934	46.1%
Total revenue from Operations	**65,009**	**100.0%**	**58,464**	**100.0%**

The following table shows a breakdown of our segmental results:

	2016-17		2015-16	
	(₹ Million)	% of total profit	(₹ Million)	% of total profit
Segmental Results				
Services Cluster	10,197	62.1%	8,075	53.9%
Industrials Cluster	6,211	37.9%	6,896	46.1%
Total Segment Results	**16,408**	**100.0%**	**14,971**	**100.0%**

Our revenues are generated from three main geographic markets: North America, Europe and India.

The following tables show a breakdown of our revenue on the basis of the geographic location of our clients, with each item represented as a percentage of revenue as applicable, for the periods indicated:

	2016-17		2015-16	
	(₹ Million)	% of revenue	(₹ Million)	% of revenue
North America	44,760	68.9%	40,369	69.0%
Europe	11,861	18.2%	10,126	17.3%
India	4,356	6.7%	3,394	5.8%
Asia Pacific	1,560	2.4%	1,654	2.8%
Rest of the world	2,472	3.8%	2,921	5.0%
Total Revenue	**65,009**	**100.0%**	**58,464**	**100.0%**

Revenue in Europe has increased by 17.1% to ₹ 11,861 Million for the year ended March 31, 2017 from ₹ 10,126 Million for the year ended March 31, 2016, primarily as a result of growth in our revenues from new and existing clients from Banking and Financial services, Automotive and Aerospace business and Retail and Pharma business verticals. Revenue in India has increased by 28.3% to ₹ 4,356 Million for the year ended March 31, 2017 from ₹ 3,394 Million for the year ended March 31, 2016, primarily as a result of increased in revenue from new and existing clients.

VII. LIQUIDITY

We have historically met our working capital and other capital expenditure requirements primarily from cash generated by operating activities, short-term and long-term bank borrowings.

Cash flows

The table below summarizes our consolidated cash flows for the periods indicated:

(₹ Million)

Cash Flow Data	2016-17	2015-16
Net cash generated from operating activities	13,717	8,585
Net cash (used) in investing activities	(9,510)	(442)
Net cash (used) in financing activities	(2,353)	(8,169)
Net increase / (decrease) in cash and cash equivalents	**1,854**	**(26)**
Cash and cash equivalents at the beginning of the period	2,035	2,016
Effect of exchange differences on translation of foreign currency cash and cash equivalents	(94)	45
Cash and cash equivalents at the end of the period	**3,795**	**2,035**

Net cash generated by operating activities

Net cash generated from our operating activities was ₹ 13,717 Million for the year ended March 31, 2017. Our net profit after tax was ₹ 9,709 Million for the year ended March 31, 2017, which was adjusted mainly for depreciation and amortization of ₹ 1,780 Million and Income tax expense of ₹ 2,649 Million. As a result, our operating profit before working capital changes was ₹ 14,570 Million for the year ended March 31, 2017. This was further adjusted primarily for a decrease in our working capital of ₹ 1,606 Million. Cash generated from our operations was ₹ 16,176 Million in the year ended March 31, 2017, adjusted for income tax paid of ₹ 2,459 Million. As a result, our net cash generated from operating activities was ₹ 13,717 Million for the year ended March 31, 2017.

Net cash used in investing activities

Net cash used for investing activities was ₹ 9,510 Million for the year ended March 31, 2017, which was primarily attributable to our net purchase of fixed assets amounting to ₹ 754 Million and purchase of current investments amounting to ₹ 8,977 Million. This was partially offset by income from current investments and interest received of ₹ 221 Million in the year ended March 31, 2017.

Net cash used in financing activities

Net cash used in financing activities was ₹ 2,353 Million for the year ended March 31, 2017, mainly consisting of the payment of dividend of ₹ 1,610 Million, payment of dividend tax of ₹ 278 Million and repayment of borrowings of ₹ 437 Million.

VIII. INTERNAL CONTROLS

LTI has established a framework for Internal Controls, commensurate with the size and nature of its operations. Process has been set up for periodically apprising the senior management and the Audit Committee of the Board about Internal audit observations of the Company with respect to Internal Controls and status of statutory compliances. Business Heads and Support functions are responsible for establishing effective internal controls within their respective functions. Standard operating procedures and internal control manuals are defined and continuously updated.

The Company has laid down Internal Financial Controls as detailed in the Companies Act, 2013. These have been established across the levels and are designed to ensure compliance to internal control requirements, regulatory compliance and appropriate recording of financial and operational information.

Internal Audit team periodically conducts audits across the Company, which include review of operating effectiveness of internal controls. The Company wherever necessary engages third party consultants for specific audits or reviews. The Audit Committee oversees internal audit function.

IX. OUTLOOK, RISKS AND CONCERNS

This section lists forward-looking statements that involve risks and uncertainties. Our actual results could differ materially from those anticipated in these statements as a results of certain factors. LTI does not undertake to update any forward-looking statement that may be made from time to time by us or on our behalf.

Enterprises today are facing an expanding base of demanding born-digital consumers, disruptive new entrants and intensified competition from digital-savvy competitors. As a result, Enterprises are looking for client-centric and nimble IT service providers who can deliver outcomes quickly. With our rich, real-world expertise, engineering mindset, an enviable client list and deep desire to be relevant, LTI is uniquely positioned to win in this new world order. We are committed to, and have made good progress, in our journey to become a next generation IT services and solutions Company, focused on solving the challenges of physical and digital convergence.

In FY17, we delivered an industry leading revenue growth of 10% in constant currency terms and 9.3% in USD terms. With intense focus on client success and comprehensive transformation capabilities across digital, analytics, IoT, automation and cloud, we are optimistic about our future.

Some of the Internal and External Risks are given below:

Category	Risk	Narration	Mitigation Approach
Internal – Portfolio Risk	Technology Obsolescence & Digital Disruption Risks	Failure to align our services portfolio with the newer and in-demand technologies, may lead to lower operating revenue	Significant investments in creating Digital capabilities across the organization including: - Mosaic Academy for developing expertise in latest technologies, processes and domain capabilities - New Digital Solutions practice with focused digital service offerings - New practices focusing on Artificial Intelligence (AI), Internet of Things (IoT), Cloudapps and Security - Investments in Mosaic™ platforms to strengthen IP-based solution - Creation and institutionalization of Mosaic™ Service Framework consisting of methodologies based on Design Thinking, Agile and DevOps.

Category	Risk	Narration	Mitigation Approach
	Business Concentration Risks	Exposure to a limited number of clients creates risk of a major revenue loss in the event of a major client exit	Concerted efforts to grow business with a broader set of existing key accounts as well as opening new key accounts. - Strategies and focused initiatives on winning new clients with large IT spends - Strategies on mining key accounts to drive profitable growth through developing strong account relationship, governance and trust - Improving our services and solutions based on independent customer experience feedback - Focus on delivering value adds and innovations to our client base to become their trusted partners - Grow business in other geographies such as Europe, Middle East, Australia and increase focus on South Africa During FY17, these measures have already resulted in addition of clients in the high revenue categories.
Internal – Operational Risks	Execution Risks	Failure to provide end-to-end business solutions for our clients could cause them to move work to competition. Any loss of customer trust and confidence due to execution failures or other deficiencies could damage our business and reputation	Creation of Mosaic Service Assurance framework for continuous identification and mitigation of execution related risks: - Focused programmes to develop strengths in programme management, architecture and business domain and ensure availability of relevant certified experts to all projects - Strengthen processes to guide project execution and implementation - Focused audits and quality control through various stages of project execution ensuring quality deliverables
External – Economic Risks	Country Risks	Prevailing economic, political and other social conditions in the world and countries where we have operations could have a significant impact on our results	Implementing a concerted global diversification strategy: - Establish global presence across geographies - Target varied sections of business and market
	Forex Risks	Currency market movements would impact the realization of our revenue in INR and thus impacting profitability	- Financial Risk management policy has been approved by the Board - Treasury Committee takes hedging decisions to mitigate forex risk as per the policy. The hedge positions are reviewed by the Audit Committee and the Board periodically

Category	Risk	Narration	Mitigation Approach
External – Legal & Regulatory Risks	International Mobility Risks	Immigration policies of countries where we do business may affect our ability to position our consultants at client locations hindering operations. The Company also faces the risk of being penalized for violations of visa regulations	- Dedicated leadership team for implementing a comprehensive solution - Reduce dependence on work visas through project and staffing model changes - Set up delivery center in Poland - Grow business in other geographies
	Compliance Risks	Organization operations are spread across the globe, hence it becomes imperative and an obligation for the Organization to comply with legal and regulatory laws of various countries. Failing to comply with the specific country's laws and regulation may expose us to legal and financial penalties. It will also impact the Brand image	- A comprehensive enterprise compliance management process, based on an online platform, has been deployed across the Company. The Company ensures compliance of all applicable laws globally - Identified key stakeholders across sales & business units and corporate functions ensure and confirm compliance with the provisions of all applicable laws on a continuous basis. Any changes in the applicable regulations are also updated and monitored by respective functions - Compliance confirmation process is managed centrally at corporate level. Compliance issues, if any, are remediated by taking timely action
	Disaster Risks	Threat to business operations from natural hazards like earthquakes, floods, tsunamis, storms and other natural and manmade disasters	Develop and implement robust Disaster Recovery and Business Continuity Plan - Business Continuity and Availability plan prepared for each Client Account and Organization as a whole - Business Continuity Plan tested at defined frequency to confirm its operations. This ensures its implementation in case actual force majeure event occurs - Backup site identified for each operating location, which shall act as its Disaster recovery site in the force majeure event - Migration of key application services to Cloud
	Cyber Attacks and Crime	In an era where the world is getting transformed into 'Digital world', being affected by 'Stay Connected syndrome', cyber vulnerability as well is amplified exponentially. This makes the organization exposed to cyber-attacks and crimes	- Deployment of stringent security policy across the organization - Advance security and monitoring through various automations and controls - Thorough security checks through application security assessment and penetration testing by external vendors

RISK MANAGEMENT FRAMEWORK

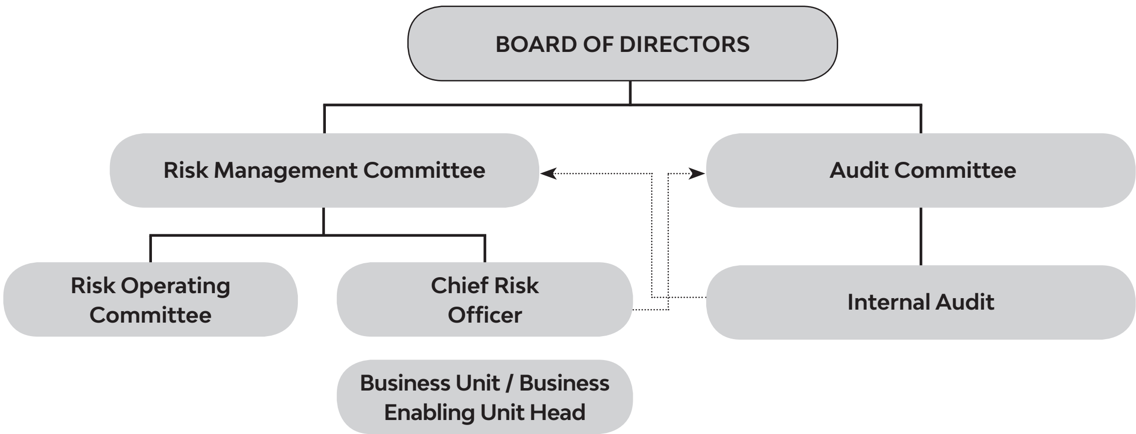
The following section outlines various dimensions of our Risk Management framework and its implementation during the financial year.

A. OVERVIEW:

Our objective of Risk Management framework is to address risks in a proactive manner to sustain business growth. The Risk Management framework is established to ensure that risks that would impact key business objectives are identified, assessed, quantified and appropriately mitigated on a continuous basis across the organization.

B. RISK GOVERNANCE:

Following are the Key Roles and Responsibilities that comprise risk governance for the organization:



Board:

- Ensuring systems for risk management are in place
- Monitoring the development and implementation of Risk Management plan

Risk Management Committee (RMC):

RMC comprises of members of board and senior executives of the company.

Key tasks of RMC are:

- Oversight of the Risk Policy and Enterprise Risk Management (ERM) framework
- Review key risks for the organization

Risk Operating Committee (ROC):

ROC comprises of organization leadership and is chaired by the Chief Operating Officer

Key tasks of ROC are:

- Guide and mitigate issues related to respective business/ functions
- Develop proactive and sustainable Risk Management culture

Chief Risk Officer (CRO):

Key tasks of CRO are:

- Work with ROC to design and drive Risk Management activities
- Assist RMC in overseeing the policy and its implementation
- Update Audit Committee on Risk Management activities

Multiple Lines of Defense for Risk Management:

1ST LINE OF DEFENSE	2ND LINE OF DEFENSE	3RD LINE OF DEFENSE
Project Risk Management	Security	Internal Audits
Account Risk Management		
Business Unit Risk Management	Quality	External Audits
Business Enabling Unit Risk Management	Compliance	
Management Controls; Internal Control Measures	Risk Management	External Consultants

Risk Management at your Company is designed to have various lines of defense:

1. Self-Risk Assessment at Organization, Business Units (BU), and Business Enabling Units (BEU) levels:

   The relevant units proactively identify risks for their business and functions, and go through the Risk Management cycle. Risk assessment in a Business Unit is done at project, account and Business Units level.

2. Compliance and controls checks by various internal teams:

   Internal teams like IT Security, Delivery Excellence, Risk Management and Internal Audit conducts internal checks. These teams ensures that deployed internal controls are being complied to. Any noncompliance are raised and escalated to management as required.

3. External Checks: Various external agencies, consultants and auditors are leveraged to receive best practices and industry benchmarks. These best practices are implemented in the organization to improve the operations.

C. RISK MANAGEMENT PROCESS

Risk Management process at your Company comprises of Risk Identification, Analysis, Mitigation and Monitoring.

Risk Identification: Risk Identification includes study and analysis of technology trends, external market and events, existing processes and systems, audit reports and client satisfaction survey. Identified Risks are classified into Strategic, Business and Operational categories.

Risk Analysis: The risks are analyzed for its magnitude of impact and probability of occurrence. 'Impact' and 'Probability' determines risk 'Severity', based on which the risks are prioritized for its mitigation.

Risk Mitigation: Mitigation strategy can be one of the following:

- Risk Avoidance: High severity risks which do not have solid mitigation plan can be avoided;
- Risk Reduction: Mitigate the risks which can be treated to reduce either their impact or probability;
- Risk Transfer: Transfer the total or partial risk to external third party;
- Risk Acceptance: Risks with low severity can be accepted where the cost of mitigation is higher than the exposure.

Risk Monitoring: The risks are revisited at defined frequency to verify the approved mitigation controls and identify any new risks. Risk perspective varies at various levels. Hence risks are reviewed at project, account, Business Unit and Organization level.

INDEPENDENT AUDITOR'S REPORT

To the Members of Larsen & Toubro Infotech Limited

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Larsen & Toubro Infotech Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

c) The balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

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

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

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

    i. The Company does not have any pending litigations which would impact its financial position- refer note 35 to the standalone Ind AS financial statements;

    ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note 38 to the standalone Ind AS financial statements;

    iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note 50 to the standalone Ind AS financial statements; and

    iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 11(II) to the standalone Ind AS financial statements.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of two years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The title deeds of immovable properties are held in the name of the Company.

(ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed thereunder. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, sales tax, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, duty of excise, employees' state insurance and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of the disputed dues	Amount ₹ million*	Period to which the amount relates	Forum where disputes are pending
Central Sales Tax and local sales tax Acts , Service tax	Software exports and service income revenue considered as domestic sales and other classification disputes	11.16	FY 2002-03	Maharashtra Sales Tax Tribunal, Mumbai
	Service tax demand under reverse charge mechanism on the Agency commission paid in foreign currency	1.68	FY 2008-09 to 2013-14	CESTAT
Income-tax Act, 1961	Disallowance of exemption under section 10A	84.26	FY 2008-09 AY 2009-10	ITAT
	Disallowance of exemption under section 10A	0.18	FY 2010-11 AY 2011-12	Commissioner (Appeals)

Name of the statute	Nature of the disputed dues	Amount ₹ million*	Period to which the amount relates	Forum where disputes are pending
	Penalty u/s 271 (1)(c)	131.38	FY 2006-07 AY 2007-08	
	Disputes regarding calculation of notional interest on transactions with related party and disallowance of FTC	1.21	FY 2010-11 AY 2011-12	
	Dispute regarding Disallowance of claim u/s 10A on the ground that it is allowable only for 10 consecutive Assessment years	2.35	FY 2010-11 AY 2011-12	
	Disputes regarding short fall in tax deducted at source	5.14	FY 2010-11 and 2011-12 AY 2011-12 and 2012-13	Assessing Officer (DCIT(TDS))
	Disputes regarding exclusion of interest income from section 10A calculation, addition of notional interest on transactions with related party and disallowance of FTC	2.08	FY 2008-09 AY 2009-10	Assessing Officer (Assistant Commissioner Of Income Tax)

*Net of pre-deposit paid in getting the stay/appeal admitted

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, and government or debenture holders as at balance sheet date.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of Larsen & Toubro Infotech Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITOR'S RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Mn)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
ASSETS				
Non-current assets				
(a) Property, plant and equipment	3	2,477	2,650	2,641
(b) Capital work-in-progress	3	9	1	48
(c) Other intangible assets	3	382	554	759
(d) Intangible assets under development	3	3	188	195
(e) Financial assets				
(i) Investments	4	2,905	3,157	3,146
(ii) Other financial assets	5	2,177	426	718
(f) Deferred tax assets (net)	6	1,439	2,198	970
(g) Income tax assets (net)	7	717	861	954
(h) Other non current assets	8	1,273	1,292	1,057
Total non-current assets		**11,382**	**11,327**	**10,488**
Current assets				
(a) Financial assets				
(i) Investments	9	9,406	68	694
(ii) Trade receivable	10	11,226	11,011	10,404
(iii) Unbilled revenue		4,668	3,700	1,435
(iv) Cash and cash equivalents	11	1,872	1,195	1,233
(v) Other bank balances	12	34	27	127
(vi) Other financial assets	13	2,666	1,397	1,959
(b) Other current assets	14	875	824	1,191
Total current assets		**30,747**	**18,222**	**17,043**
TOTAL ASSETS		**42,129**	**29,549**	**27,531**
EQUITY AND LIABILITIES				
Equity				
(a) Equity share capital	15	171	170	161
(b) Other equity				
(i) Other reserves	16	8,608	6,199	6,764
(ii) Retained earnings	16	20,990	13,272	11,203
(ii) Share application money pending allotment	16	–	–	–
Total Equity		**29,769**	**19,641**	**18,128**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	17	–	–	139
(b) Provisions	18	285	235	215
Total non-current liabilities		**285**	**235**	**354**
Current liabilities				
(a) Financial liabilities				
(i) Borrowings	19	–	399	1,900
(ii) Current maturities of long term borrowings	20	–	147	139
(iii) Trade payables	21	3,354	3,383	2,625
(iv) Other financial liabilities	22	5,768	3,285	2,272
(b) Other liabilities	23	1,102	1,039	894
(c) Provisions	24	1,733	1,420	1,219
(d) Current income tax liabilities (net)	25	118	–	–
Total Current liabilities		**12,075**	**9,673**	**9,049**
TOTAL EQUITY AND LIABILITIES		**42,129**	**29,549**	**27,531**
Significant accounting policies	2			
Other notes on accounts	35			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332

Ashok Kumar Sonthalia
Chief Financial Officer

Sanjay Jalona
Chief Executive Officer & Managing Director
DIN : 07256786

Aftab Zaid Ullah
Chief Operating Officer & Whole Time Director
DIN : 05165334

Mumbai
May 04, 2017

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

(₹ in Mn)

Particulars	Note No.	April 16 - March 17	April 15 - March 16
INCOME:			
Revenue from operations	26	61,829	55,685
Other income	27	1,983	2,304
Total income		**63,812**	**57,989**
EXPENSES:			
Employee benefit expense	28	36,086	33,758
Operating expenses	29	8,272	6,671
Sales, administration and other expenses	30	6,491	6,025
Finance costs	31	32	58
Depreciation on tangible assets	3	648	654
Amortisation of intangible assets	3	441	380
Total expenses		**51,970**	**47,546**
Profit before tax		**11,842**	**10,443**
Tax expense			
Current tax	32	2,934	3,018
Deferred tax (net)	33	(468)	(1,137)
		2,466	**1,881**
NET PROFIT FOR THE PERIOD		**9,376**	**8,562**
OTHER COMPREHENSIVE INCOME	34	**2,159**	**(460)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,535**	**8,102**
Basic			
Basic earning per equity share		55.11	52.23
Diluted			
Diluted earning per equity share		53.89	50.49
Significant accounting policies	2		
Other notes on accounts	35		

As per our report attached

SHARP & TANNAN
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DIN : 05165334

Mumbai
May 04, 2017

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Mn)

	Particulars	April 16 - March 17	April 15 - March 16
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit after tax	**9,376**	**8,562**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
	Depreciation and amortisation	1,089	1,034
	Income tax expense	2,466	1,881
	Expense recognised in respect of equity settled stock option	428	(142)
	Income from current investment in mutual funds	(194)	(46)
	Interest received	(16)	(18)
	Interest Paid	32	66
	Unrealised foreign exchange loss (gain)	262	64
	Unrealised foreign exchange loss (gain) on hedges not designated as cash-flow hedges	(220)	–
	Realised gain on Cash Flow hedges forming part of OCI	228	200
	Dividend received	(141)	(472)
	(Profit)/loss on sale of Fixed assets	12	27
	Operating cash before working capital changes	**13,322**	**11,156**
	Changes in working capital		
	(Increase)/decrease in trade receivables and unbilled revenue	(1,375)	(2,936)
	(Increase)/decrease in other receivables	107	(106)
	Increase/(decrease) in trade & other payables	2,850	2,122
	(Increase)/decrease in working capital	**1,582**	**(920)**
	Cash generated from operations	**14,904**	**10,236**
	Income taxes paid	(2,407)	(2,584)
	Net cash from operating activities	**12,497**	**7,652**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(619)	(960)
	Sale of fixed assets	41	149
	(Purchase)/sale of current investments	(8,978)	627
	Investment in Subsidiaries	(71)	(10)
	Dividend received from subsidiaries	141	472
	Income from current investment in mutual funds	194	46
	Interest received	16	18
	Net cash used in investing activities	**(9,276)**	**342**

STANDALONE CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in Mn)

Particulars		April 16 - March 17	April 15 - March 16
C.	CASH FLOW FROM FINANCING ACIVITIES		
	Proceeds from issue of share capital	4	69
	Proceeds from/(repayment) of borrowings	(546)	(1,664)
	Interest paid	(32)	(58)
	Dividend paid	(1,610)	(5,467)
	Tax on dividend paid	(278)	(1,049)
	Net cash from financing activities	**(2,462)**	**(8,169)**
	Net increase/(decrease) in cash and cash equivalents	**759**	**(175)**
	Cash and cash equivalents at beginning of the year	1,222	1,360
	Effect of exchange differences on translation of foreign currency cash and cash equivalents	(75)	37
	Increase in Cash and Cash Equivalents on Amalgamation	0	–
	Cash and cash equivalents at end of the year	**1,906**	**1,222**

Notes:
There were no significant reconciliation items between cash flows prepared under iGAAP and those prepared under IndAS

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332

Ashok Kumar Sonthalia
Chief Financial Officer

Sanjay Jalona
Chief Executive Officer
& Managing Director
DIN : 07256786

Aftab Zaid Ullah
Chief Operating Officer
& Whole Time Director
DIN : 05165334

Mumbai
May 04, 2017

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

(In ₹ Mn)

Particulars	Share Capital	Share capital pending allotment	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Deferred Employee Compensation Expense	Capital Reserve	Other Components of Equity	Total Equity
									Hedging Reserve	
Balance as on April 1, 2016	170	–	3,772	1,473	13,272	77	–	0	877	19,641
Changes in equity for the period ended on March 31,2017	1									1
Employee Stock Compensation Expense			8			1,492	(1,492)			8
On account of amalgamation					365					365
Net Profit for the year			–		9,376					9,376
Other Comprehensive Income					(45)				2,204	2,159
Dividends (Including DDT)					(1,978)					(1,978)
Other changes/Trf to general reserve.		0	(317)	25		(58)	547			197
Balance as on March 31, 2017	**171**	**0**	**3,463**	**1,498**	**20,990**	**1,511**	**(945)**	**0**	**3,081**	**29,769**

for the year ended March 31, 2016

(In ₹ Mn)

Particulars	Share Capital	General Reserve	Share Premium	Retained Earnings	Employee Stock option outstanding	Capital Reserve	Other Components of Equity	Total Equity
							Hedging Reserve	
Balance as on April 1, 2015	161	3,771	1,181	11,203	452	0	1,360	18,128
Changes in equity for the year ended on March 31,2016	9							9
Net Profit for the year				8,562				8,562
Other Comprehensive Income				23			(483)	(460)
Dividends (Including DDT)				(6,516)				(6,516)
Other changes		1	292		(375)			(82)
Balance as on March 31, 2016	**170**	**3,772**	**1,473**	**13,272**	**77**	**0**	**877**	**19,641**

As per our report attached

SHARP & TANNAN
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DIN : 05165334

Mumbai
May 04, 2017

NOTES FORMING PART OF ACCOUNTS

1. COMPANY OVERVIEW

Larsen & Toubro Infotech Limited ('the Company') offers extensive range of IT services like application development, maintenance and outsourcing, enterprise solutions, infrastructure management services and testing and digital solutions to clients in diverse industries.

The Company is a public limited company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, Mumbai, Maharashtra, India. The Company's equity shares are listed on the National Stock Exchange Limited and BSE Limited in India.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.

The Company has prepared its first Ind AS compliant financial statements as on 1 April 2015 (the date of transition). Refer note 48 'First-time adoption of Ind AS' for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the Company's financial statements.

b. Presentation of financial statements

The statement of financial position and the statement of profit and loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 'Cash Flow Statements'. The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

c. Revenue recognition

Revenue from contracts priced on time and material basis is recognized when services are rendered and related costs are incurred.

Revenue from services performed on fixed-price basis is recognized over the life of contract using the proportionate completion method.

Revenue from sale of products and licenses is recognized upon delivery when all risks and rewards are transferred.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

d. Other income

I) Interest income is accrued at applicable interest rate.

II) Dividend income is accounted in the period in which the right to receive the same is established.

III) Other items of income are accounted as and when the right to receive arises.

e. Employee benefits

I) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

II) Post-employment benefits

i) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Defined benefit plans:

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

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses through re-measurement of the defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognized in other comprehensive income. The effect of any plan amendments are recognized in statement of profit and loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost resulting from a plan amendment or curtailment are recognized immediately in the statement of profit and loss.

(iii) Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized as determined by actuarial valuation performed by independent actuary at each balance sheet date using Projected Unit Credit Method on the additional amount expected to be paid or availed as a result of unused entitlement that has accumulated at balance sheet date. Actuarial gains and losses are recognized immediatly in other comprehensive income.

(iv) Social security plans

Employer' contribution payable with respect to social security plans, which are defined contribution plans, is charged to the statement of profit and loss in the period in which employee renders the services.

f. Property, plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditure directly attributable to the acquisition of the asset and cost incurred for bringing the asset to its present location and condition.

g. Intangible assets

Assets like customer relationship, computer software, and internally developed software are stated at cost, less accumulated depreciation, amortisation and impairment.

h. Impairment

I) Impairment of trade receivable

The Company assesses at each date of statement of financial position whether a financial asset in form of trade receivable is impaired. In accordance with Ind AS 109, the Company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Company uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on available external and internal credit risk factors such as credit default, credit rating from credit rating agencies and Company's historically observed default rates over the expected life of trade receivable. Impairment loss allowance or reversal is recognised during the period as expense or income respectively in the statement of profit and loss.

II) Impairment of intangible assets

At the end of each reporting period, the Company reviews the carrying amount of its intangible assets to determine if there is any indication of loss suffered. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

i. Leases

I) Finance lease

Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are

NOTES FORMING PART OF ACCOUNTS (Contd.)

classified as finance lease. Such assets are capitalised at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

II) Operating lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating lease. Lease rentals are charged to the profit and loss account on accrual basis.

j. Depreciation

I) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortisation on additions and disposals are calculated on pro-rata basis from and to the month of additions and disposals.

Particulars	Useful life
• Computers and IT Peripherals	Up to 6 years
• Plant & Machinery	Up to 15 years
• Office Equipment	Over a period of 5 years
• Vehicles	Over a period of 8 years
• Furniture & Fixtures	Over a period of 10 years

II) Intangible assets and amortisation

The estimated useful life of an identifiable intangible asset is based on number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditure required to obtain the expected future cash flows from the asset. The basis of amortization of intangible assets is as follows:

Particulars	Useful life
• Software	Up to 5 years
• Business rights	Over a period 5 years

k. Employee stock ownership schemes

In respect of stock options granted pursuant to the Company's stock options scheme, the excess of fair value of the share over the exercise price of the option is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived based on the number of grants expected to vest. If options granted lapse after the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the general reserve.

l. Functional and presentation currency

The functional and presentation currency of the Company is the Indian Rupee as it is the currency of the primary economic environment in which the Company operates.

m. Foreign currency transactions and balances

Foreign currency transactions are initially recorded at the rates prevailing on the date of the transaction. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

n. Financial instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument.

I) Initial measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

II) Subsequent measurement

i) Non-derivative financial assets

A) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) the contractual terms of financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non current assets.

B) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both:

a) Collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

C) Financial assets at fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for financial assets. Any financial asset which does not meet the criteria for categorisation as at amortised cost or as financial asset at fair value through other comprehensive income is classified as financial assets fair valued through profit and loss.

ii) Non-derivative financial liability

A) Financial liabilities at amortised cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortised cost using the effective interest method.

B) Financial liabilities at fair value through other comprehensive income or debt instrument (FVTOCI)

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the objective of the business model is achieved by collecting contractual cash flows and selling financial asset and

b) the asset's contractual cash flow represent solely payments of principal and interest. The Company has not recognised any liabilities under this category.

C) Financial liabilities at fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for financial liabilities. Any financial liability which does not meet the criteria for categorisation as at amortised cost or as fair value through other comprehensive income, is classified as fair value through profit and loss.

iii) Derivative financial instrument

The Company holds derivative financial instrument such as foreign exchange forward contracts to mitigate the risk of changes in exchange rates on foreign currency exposures.

A) Cash flow hedges

Changes in the fair value of the derivative hedging instruments designated as cash flow hedges are recognised in other comprehensive income and presented within equity as hedging reserve. The cumulative gain and loss previously recognised in the cash flow hedging reserve is transferred to the statement of profit and loss upon the occurance of the related forecasted transactions. Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and ineffective portion of cash flow hedges are recognised in statement of profit and loss and reported in foreign exchange gains or losses.

B) Fair value hedges

Changes in the fair value of the derivative instuments designated as fair value hedges are recognised in statement of profit and loss.

(III) Derecognition

The Company derecognizes a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial

NOTES FORMING PART OF ACCOUNTS (Contd.)

asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognised from the Company's balance sheet where the obligation specified in the contract is discharged or cancelled or expired.

o. Taxes on income

Income tax expense comprises current and deferred income tax. Tax on income for Indian companies for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Indian Income tax Act, 1961. Foreign branches recognize current tax and deferred tax liabilities and assets in accordance with the applicable local laws.

Income tax and deferred tax expense is recognized in the statement of profit and loss except to the extent that it relates to items recognised directly in other comprehensive income, in which case income tax expense is recognised in other comprehensive income. Current income tax for current and prior periods is recognised at the amount expected to be paid to or recovered from the tax authorities (Refer note 7 for applicable tax rates in various jurisdiction).

The Company offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously. Deferred income tax assets and liabilities are recognised for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the balance sheet date and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income taxes are not provided on the undistributed earnings of branches where it is expected that the earnings of the branch will not be distributed in the foreseeable future.

p. Borrowing costs

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

q. Provisions, contingent liabilities and contingent assets

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

I) the Company has a present obligation as a result of a past event;

II) a probable outflow of resources is expected to settle the obligation; and

III) the amount of the obligation can be reliably estimated

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

Contingent liability is disclosed in case of,

I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

r. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

I) Segment revenue is the revenue directly identifiable with or allocable to the segment.

II) Expenses that are directly identifiable with or allocable

NOTES FORMING PART OF ACCOUNTS (Contd.)

to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with or allocable to segments are included under 'unallocable expenses'.

III) Other income which relates to the Company as a whole and not identifiable with or allocable to segments is included in 'unallocable income'.

IV) Assets and liabilities used in the Company's business are not identified to any of the reportable segment as these are used interchangeably.

s. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ('Cash flow statements').

3. INTANGIBLE ASSETS

The balance useful life of intangible assets as on the respective balance sheet dates is as follows:-

(₹ in Mn)

Class of assets	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Balance useful life	Carrying amount	Balance useful life	Carrying amount	Balance useful life	Carrying amount
Software	1 to 3 years	382	1 to 3 years	554	1 to 3 years	759
TOTAL		**382**		**554**		**759**

NOTES FORMING PART OF ACCOUNTS (Contd.)

3. FIXED ASSETS - As of 31 March 2017

(₹ in Mn)

Fixed and intangible Assets	Gross block				Depreciation/Amortisation				Net block
	As at 01-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 01-Apr-16	For the year	On deductions	As at 31-Mar-17	As at 31-Mar-17
Tangible assets - own									
Leasehold land	10	–	–	10	(0)	0	–	(0)	10
Buildings - own	126	–	–	126	8	8	–	16	110
Leasehold improvements	290	76	15	351	36	40	15	61	290
Plant and machinery	628	50	2	676	77	79	2	154	522
Owned computers	826	159	52	933	249	260	52	457	476
Office equipments	406	121	9	518	106	112	9	209	309
Furniture and fixtures	650	59	34	675	95	95	29	161	514
Vehicles	336	62	63	335	51	54	16	89	246
Capital work in progress									9
Total of tangible assets	**3,272**	**527**	**175**	**3,624**	**622**	**648**	**123**	**1,147**	**2,486**
Intangible assets									
Software	2,110	269	212	2,167	1,556	441	212	1,785	382
Business rights	98	–	–	98	98	–	–	98	–
Intangible assets under development	–	–	–	–	–	–	–	–	3
Total of intangible assets	**2,208**	**269**	**212**	**2,265**	**1,654**	**441**	**212**	**1,883**	**385**

1. Impairment upto 31-03-2017 - NIL
2. Additions during the year and capital work-in-progress include ₹ Nil (previous year ₹ Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS 23) on 'Borrowing Costs' prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3. FIXED ASSETS - As at 31 March 2016

(₹ in Mn)

Fixed and intangible assets	Gross block				Depreciation/Amortisation				Net block
	As at 01-Apr-15	Additions	Deductions	As at 31-Mar-16	As at 01-Apr-15	For the year	On deductions	As at 31-Mar-16	As at 31-Mar-16
Tangible assets									
Leasehold land	10	–	–	10	–	0	–	0	10
Buildings - own	126	–	–	126	–	8	–	8	118
Leasehold improvements	234	69	13	290	–	36	0	36	254
Plant and machinery	644	95	111	628	–	90	13	77	551
Computers	456	372	2	826	–	250	1	249	577
Office equipments	295	119	8	406	–	111	5	106	300
Furniture and fixtures	588	93	31	650	–	103	8	95	555
Vehicles	288	92	44	336	–	56	5	51	285
Capital work in progress						–	–		1
Capital Advances									–
Total of tangible assets	**2,641**	**840**	**209**	**3,272**	**–**	**654**	**32**	**622**	**2,651**
Intangible assets									
Software	1,941	175	6	2,110	1,182	380	6	1,556	554
Business rights	98	–	–	98	98	–	–	98	–
Intangible assets under development	–	–	–	–	–	–	–		188
Total of intangible assets	**2,039**	**175**	**6**	**2,208**	**1,280**	**380**	**6**	**1,654**	**742**

1. Impairment upto 31-03-2016 - NIL
2. Additions during the year and capital work-in-progress include ₹ Nil (previous year ₹ Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS 23) on 'Borrowing Costs' prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3. FIXED ASSETS – As at 1 April 2015

(₹ in Mn)

Fixed and intangible assets	Gross block	Depreciation /Amortisation	Net block
	As at 01/04/2015	As at 01/04/2015	As at 01/04/2015
Tangible assets			
Leasehold land	10	–	10
Buildings - own	126	–	126
Leasehold improvements	234	–	234
Plant and machinery	644	–	644
Computers	456	–	456
Office equipments	295	–	295
Furniture and fixtures	588	–	588
Vehicles	288	–	288
Capital work in progress			48
Total of tangible assets	**2,641**	**–**	**2,689**
Intangible assets			
Software	1,941	1,182	759
Business rights	98	98	–
Intangible assets under development		–	195
Total of intangible assets	**2,039**	**1,280**	**954**

1. Impairment upto 01-04-2015 - NIL

4. NON CURRENT INVESTMENTS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Long term investment in subsidiaries			
1 fully paid equity share of Euro 25,000 in Larsen & Toubro Infotech GmbH	1	1	1
100 fully paid equity shares of CAD 1 each in Larsen & Toubro Infotech Canada Limited	7	7	7
168,197 equity shares of ₹ 10 each in GDA Technologies Limited	–	323	323
1,000,000 equity shares at no par value in L&T Infotech Financial Services Technologies Inc.	2,806	2,806	2,806
332,350 equity shares at no par value in Larsen And Toubro Infotech South Africa (Proprietary) Ltd	2	2	2
Investment in L&T Information Technology Services (Shanghai) Co. Ltd	11	11	7
1,102,419 equity shares of ₹ 10 each in AugmentIQ Data Sciences Private Limited*	71	–	–
Investment in Larsen & Toubro Infotech Austria GmbH	3	3	–
50,000 equity shares of Euro 1 in L&T Information Technology Spain, Sociedad Limitada	4	4	–
	2,905	**3,157**	**3,146**

*The Company has acquired a new entity 'AugmenIQ Data Sciences Private Limited' in India on 30 November 2016 (refer note 43).

L & T Infotech S.de. RL. C.V has been formed in Mexico in March 2017. There are no operations and transactions till the balance sheet date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

5. OTHER FINANCIAL ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Forward contract receivable	1,866	132	427
Security deposits	311	294	291
	2,177	**426**	**718**

6. DEFERRED TAX ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
MAT credit	2,576	2,574	1,508
Less: deferred tax liability	(1,137)	(376)	(538)
	1,439	**2,198**	**970**

6 (I) Deferred tax liabilities/assets as at 31 March 2017

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31 March 2016	Current year (charge)/credit	(Charge)/credit to hedging reserve	Charge pursuant to amalgamation (Refer note 41)	Deferred tax asset/ (liability) as at 31 March 2017
Deferred tax liabilities					
Depreciation/amortisation	32	31	–	–	63
Gain on cash flow hedges	(172)	–	(748)	–	(920)
Branch profit tax	(427)	(115)	–	–	(542)
MTM on ineffective hedges	–	(46)	–	–	(46)
Others	(1)	–	–	–	(1)
	(568)	**(130)**	**(748)**		**(1,446)**
Deferred tax assets					
Provision for doubtful debts and advances	43	8	–	–	51
Provision for employee benefits	98	55	–	–	153
Realised gain on derivative transactions	41	95	(41)	–	95
Others	10	–	–	–	10
MAT credit	2,574	440	(440)	2	2,576
	2,766	**598**	**(481)**	**2**	**2,885**
Net deferred tax assets/ (liabilities)	**2,198**	**468**	**(1,229)**	**2**	**1,439**

NOTES FORMING PART OF ACCOUNTS (Contd.)

6 II) Net Schedule of Deferred tax assets as at 31 March 2017

(₹ in Mn)

	Deferred tax asset/ (liability) as at 31 March 2016	Current year (charge)/credit	(Charge)/credit to hedging reserve	Charge pursuant to amalgamation (Refer note 41)	Deferred tax asset/ (liability) as at 31 March 2017
Depreciation/amortisation	32	31	–		63
Gain on cash flow hedges	(172)		(748)		(920)
Branch profit tax	(427)	(115)			(542)
MTM on ineffective hedges	–	(46)			(46)
Others	9				9
MAT credit entitlement	2,574	440	(440)	2	2,576
Provision for doubtful debts and advances	43	8			51
Provision for employee benefits	98	55			153
Realised gain on derivative transactions	41	95	(41)	–	95
Net deferred tax assets/ (liabilities)	**2,198**	**468**	**(1,229)**	**2**	**1,439**

6 I) Deferred tax assets and liabilities as at 31 March 2016

(₹ in Mn)

	Deferred tax asset/ (liability) as at 1 April 2015	Current year (charge)/credit	(Charge)/credit to hedging reserve	Others	Deferred tax asset/ (liability) as at 31 March 2016
Deferred tax liabilities					
Depreciation/amortisation	(10)	42	–	–	32
Gain on cash flow hedges	–	–	(172)		(172)
Branch profit tax	(323)	(104)	–		(427)
Others	(283)	(1)	283		(1)
	(616)	**(63)**	**111**		**(568)**
Deferred tax assets					
Provision for doubtful debts and advances	16	27	–	–	43
Provision for employee benefits	62	36	–	–	98
Realised gain on derivative transactions	–	41	–	–	41
Others	–	10	–	–	10
MAT Credit	1508	1,086	–	(20)	2,574
	1586	**1200**	**–**	**(20)**	**2,766**
Net deferred tax assets/ (liabilities)	**970**	**1,137**	**111**	**(20)**	**2,198**

NOTES FORMING PART OF ACCOUNTS (Contd.)

6 II) Net schedule of Deferred Tax for the year ended 31 March 2016:-

(₹ in Mn)

	Deferred tax asset/ (liability) as at 1 April 2015	Current year (charge)/credit	(Charge)/credit to hedging reserve	Others	Deferred tax asset/ (liability) as at 31 March 2016
Depreciation/amortisation	(10)	42	–	–	32
Branch profit tax	(323)	(104)	–	–	(427)
Gain on cash flow hedges	–	–	(172)	–	(172)
Others	(283)	9	283	–	9
MAT credit	1,508	1,086	–	(20)	2,574
Provision for doubtful debts and advances	16	27	–	–	43
Realised gain on derivative transactions		41	–	–	41
Provision for employee benefits	62	36	–	–	98
Net deferred tax assets/ (liabilities)	**970**	**1,137**	**111**	**(20)**	**2,198**

7. INCOME TAX ASSETS (NET)

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Income tax assets (net)	717	862	954
	717	**862**	**954**

7 (I) A reconciliation of the income tax provision to the amount computed by applying enacted income tax rate to the profit before income taxes is summarized below:

(₹ in Mn)

	April'16 - March'17	April'15- March'16
Profit before income taxes	11,842	10,443
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	4,098	3,614
Effect due to non-taxable income for Indian tax purposes	(1,360)	(1,600)
Overseas taxes	166	208
Short/(excess) provision, overseas and domestic	19	37
Effect of non-taxable income	(741)	(467)
Effect of allowances of eligible expenses	(410)	(574)
Effect of non-deductible expenses	480	482
Effect of income charged to differential tax rate for Indian tax purposes	(24)	(82)
Effect of deferred taxes	(28)	(51)
Effect of transitional Ind AS adjustment	–	314
Others	266	–
Tax expense as per statement of profit and loss	**2,466**	**1,881**

NOTES FORMING PART OF ACCOUNTS (Contd.)

7(II) Applicable tax rates in various tax jurisdictions is given below:

Jurisdiction of branches	Applicable tax rates (%)
Australia	30.00
Belgium	33.00
Costa Rica	30.00
Denmark	22.00
Finland	20.00
France	33.00
India	34.61
Japan	23.90
Korea	22.00
Netherlands	20.00
Norway	24.00
Oman	12.00
Philipines	30.00
Qatar	10.00
South Africa	28.00
Saudi Arabia	20.00
Singapore	17.00
Sweden	22.00
United Kingdom	20.00
United States	35.00

7(III) Summary of minimum alternate tax credit available for set off against future tax liability arising under normal provision of Income tax Act, 1961 for the year ended 31 March 2017

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward in current year	MAT credit utilised during the year	Balance MAT to be carried forward to next year	Year of expiry
2007-2008	76	76	–	–	–	–
2008-2009	238	238	–	–	–	–
2009-2010	256	256	–	–	–	–
2010-2011	556	41	515	–	515	2025-2026
2011-2012	–	–	–	–	–	–
2012-2013	–	–	–	–	–	–
2013-2014$	490	–	490	–	490	2028–2029
2014-2015	505	–	505	–	505	2029-2030
2015-2016	1,086	–	1,086	–	1,086	2030-2031
2015-2016#	(20)	–	(20)	–	(20)	–
2016-2017	440	–	440	–	440	2031-2032
2016-2017*	(440)	–	(440)	–	(440)	–
TOTAL	**3,187**	**611**	**2,576**	**–**	**2,576**	**–**

$ Increase of ₹ 2 Mn in MAT credit pursuant to amalgamation (refer note 42).
# MAT credit reinstated as per Income tax records.
* Impact on MAT credit due to postponement of ICDS given in financial year 2016-17.

NOTES FORMING PART OF ACCOUNTS (Contd.)

7(IV) Summary of minimum alternate tax credit available for set off against future tax liability arising under normal provision of Income tax Act, 1961 for the year ended 31 March 2016

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward in current year	MAT credit utilised during the year	Balance MAT to be carried forward to next year	Year of expiry
2007-2008	76	76	–	–	–	–
2008-2009	238	238	–	–	–	–
2009-2010	256	256	–	–	–	–
2010-2011	556	41	515	–	515	2025-2026
2011-2012	–	–	–	–	–	–
2012-2013	–	–	–	–	–	–
2013-2014	488	–	488	–	488	2028-2029
2014-2015	505	–	505	–	505	2029–2030
2015-2016	1,086	–	1,086	–	1,086	2030-2031
2015-2016#	(20)	–	(20)	–	(20)	–
TOTAL	**3,185**	**611**	**2,574**	**–**	**2,574**	**–**

MAT credit reinstated as per Income Tax records

8. OTHER NON-CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Capital advances	1	1	7
Prepaid expenses	155	80	76
Advances recoverable in cash or kind Including indirect tax recoverable	1,117	1,211	974
	1,273	**1,292**	**1,057**

9. CURRENT INVESTMENTS

(₹ in Mn)

	Face value per unit	Units as at 31-03-2017	Amount as at 31-03-2017	Amount as at 31-03-2016	Amount as at 01-04-2015
Liquid investments – quoted					
Birla Sun Life Cash Plus – DDR	100	–	–	38	–
Reliance Medium Term Fund – MDR	10	–	–	30	–
L&T Liquid Super IP DDR	1000	–	–	–	200
Templeton India Ultra Short Bond Fund-Super IP-D	10	–	–	–	–
Templeton India TMA - Super IP-DDR	1000	–	–	–	–
Religare Invesco Liquid Fund - DDR	1000	–	–	–	100
IDFC Ultra Short Term Fund - Reg - DDR	10	–	–	–	100

NOTES FORMING PART OF ACCOUNTS (Contd.)

(₹ in Mn)

	Face value per unit	Units as at 31-03-2017	Amount as at 31-03-2017	Amount as at 31-03-2016	Amount as at 01-04-2015
Birla Sun Life Savings Fund - Dir - DDR	100	2,216,053	222		
Birla Sun Life Short Term Fund - Dir - MDR	10	46,853,514	553		
Franklin India Low Duration - MDR - Direct	10	54,048,543	580		
HDFC Cash Mgmt Fund- Treasury Advantage- Dir- DDR	10	20,369,156	205		
HDFC Short Term Opportunities Fund - FDR	10	34,621,251	356		
HDFC Banking and PSU Debt Direct-WDR	10	35,838,225	370		
ICICI Prudential Flexible Income Plan - Direct - DDR	100	1,891,507	200		
ICICI Prudential Ultra Short Term Plan - Dir - DDR	10	80,219,278	811		
ICICI Prudential Short Term Fund - Dir - MDR	10	7,085,833	89		
ICICI Prudential Savings Plan - Direct - DDR	100	596,620	60		
ICICI Prudential Banking & PSU Debt Fund -Dir- DDR	10	12,596,086	131		
Kotak Bond Short Term Plan - Dir -MDR	10	71,503,291	745		
Kotak Low Duration Fund - Direct Plan - MDR	1000	390,900	406		
L&T Short Term Opportunity Fund-Dir-MDR	10	40,749,055	451		
L&T Ultra Short Term Fund -Dir - DDR	10	36,807,279	384		
L&T Floating Rate Fund - Direct - MDR	10	45,209,528	523		
L&T Banking and PSU Debt Fund -Dir- MDR	10	68,346,715	732		
Reliance Medium Term Fund-Dir - DDR	10	23,244,377	397		
Reliance Short-term Direct-MDR	10	22,259,618	250		
Reliance Money Manager Fund-Dir - DDR	1000	549,508	554		
Invesco India Medium Term Bond Fund-Dir-DDR	1000	160,856	166		
SBI Short Term Debt Fund -Dir- MDR	10	24,768,303	262		
UTI Banking & PSU Debt Fund -Dir- DDR	10	58,965,787	667		
UTI Treasury Advantage Fund - Direct - MDR	1000	291,479	292		
DBS Chola mutual fund					272
TOTAL (A)		**689,582,762**	**9,406**	**68**	**672**
UTI Fixed Term Income Fund Series XVIII - X (366 days)-Growth		–	–	–	22
TOTAL (B)		**–**	**–**	**–**	**22**
TOTAL (A+B)		**689,582,762**	**9,406**	**68**	**694**

NOTES FORMING PART OF ACCOUNTS (Contd.)

10. TRADE RECEIVABLES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Due from related parties (refer note 44)	638	856	412
Due from others	10,588	10,155	9,992
Considered doubtful	230	219	131
Less:- allowance for doubtful debts	(230)	(219)	(131)
	11,226	**11,011**	**10,404**

11 (I) CASH AND CASH EQUIVALENT

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Cash on hand	0	1	1
Balances with bank			
In current accounts			
- Overseas	914	872	650
- Domestic	231	223	235
In deposit accounts	159	4	125
Remittance in transit	568	95	222
	1,872	**1,195**	**1,233**

11 (II) DISCLOSURE OF SPECIFIED BANK NOTES (SBN):

(In ₹)

	SBN	Other denomination notes	Amount
Closing balance as on 8 November 2016	529,500	27,845	557,345
Add: permitted receipts from 9 November 2016 to 30 December 2016	–	350,086	350,086
Less: permitted payments from 9 November 2016 to 30 December 2016	–	157,770	157,770
Less: Amounts deposited in banks	529,500	–	529,500
Closing balance as on 30 December 2016	–	220,161	220,161

For the purposes of this clause, the term 'specified bank notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E) dated the 8th November 2016.

12. OTHER BANK BALANCES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Earmarked balances with banks (Unclaimed dividend)	3	1	–
Cash and bank balance not available for immediate use	31	26	127
	34	**27**	**127**

NOTES FORMING PART OF ACCOUNTS (Contd.)

13. OTHER FINANCIAL ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Advances to employees	260	434	190
Forward contract receivable	2,251	812	1,635
Security deposits	154	143	112
Others	1	8	22
	2,666	**1,397**	**1,959**

14. OTHER CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Prepaid expenses	809	752	926
Advances recoverable in cash or kind	44	63	250
Advances to vendors	22	9	15
	875	**824**	**1,191**

15. SHARE CAPITAL

I) Share capital authorised, issued, subscribed and paid up:

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Authorised			
240,000,000 equity shares of ₹ 1 each	240	240	164
(240,000,000 equity shares of ₹ 1 each as on 31 March 2016)			
(32,750,000 equity shares of ₹ 5 each as on 01 April 2015)			
	240	**240**	**164**
Issued, paid up and subscribed			
170,571,113 equity shares for ₹ 1 each	171	170	161
(169,816,188 of ₹ 1 each as on 31 March 2016)			
(32,250,000 of ₹ 5 each as on 01 April 2015)			
	171	**170**	**161**

II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

NOTES FORMING PART OF ACCOUNTS (Contd.)

III) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of Shareholder	Number of Shares	Shareholding %
	As at 31-03-2017	
Larsen & Toubro Limited	143,750,000	84.28%
	As at 31-03-2016	
Larsen & Toubro Limited	161,250,000	94.96 %
	As at 01-04-2015	
Larsen & Toubro Limited	32,250,000	100 %

Face value of shares as at 01-04-2015 was ₹ 5 and as at 31-03-2016 and 31-03-2017 is ₹ 1.

IV) Reconciliation of the number of equity shares and share capital:

Due to allotment of shares on exercise of stock options by employees, there was a movement in share capital for the year ended 31 March 2017 and year ended 31 March 2016 as given below:

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Issued, subscribed and fully paid up equity shares outstanding at the beginning	169,816,188	161,250,000	161,250,000
Add: Shares issued on exercise of employee stock options	754,925	8,566,188	-
Issued, subscribed and fully paid up equity shares	**170,571,113**	**169,816,188**	**161,250,000**

V) Stock option plans

Employee Stock Ownership Scheme ('ESOS Plan')

The grant of options to the employees under ESOS Plan is on the basis of their performance and other eligibility criteria.

Sr. no	Particulars	ESOP scheme 2000 I,II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
i	Grant Price	₹ 5	₹ 5	₹ 2	₹ 2	USD 2.4	USD 2.4	₹ 1
ii	Grant Dates	01 April 2001 onwards		01 October 2001 onwards		15 March 2007 onwards		10 June 2016 onwards
iii	Vesting commences on	01 April 2002 onwards		01 October 2002 onwards		15 March 2008 onwards		10 June 2017 onwards
iv	Options granted and outstanding at the beginning of the year	82,660	1,965,015	2,350,106	9,367,335	143,650	450,500	-
v	Options reinstated during the year	–	3,500	–	454,580	–	–	–
vi	Options granted during the year	–	–	–	–	–	–	3,658,000

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sr. no	Particulars	ESOP scheme 2000 I,II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
vii	Options allotted during the year	11,830	1,851,855	725,445	6,407,483	17,650	306,850	–
viii	Options Lapsed/cancelled during the year	34,110	34,000	173,936	1,064,326	79,000	–	61,700
ix	Options granted and outstanding at the end of the year	36,720	82,660	1,450,725	2,350,106	47,000	143,650	3,596,300
x	Options vested at the end of the year out of (ix)	36,720	82,660	223,760	340,666	47,000	143,650	–
xi	Options unvested at the end of the year out of (ix)	–	–	1,226,965	2,009,440	–	–	3,596,300
xii	Weighted average remaining contractual life of options (in years)	–	–	1.7	2.7	–	–	6.2

The number and weighted average exercise price of stock options are as follows:

	Particulars	2016-17		2015-16	
		No. of stock options	Weighted average exercise price	No. of stock options	Weighted average exercise price
I	Options granted and outstanding at the beginning of the year	2,576,416	11.14	11,476,000	8.7
II	Options reinstated during the year	–	–	458,080	2.02
III	Options granted during the year	3,596,300	1.00	–	–
IV	Options allotted during the year	754,925	5.64	2,916,181	8.46
V	Options Lapsed/cancelled during the year	348,746	36.92	6,441,483	2.09
VI	Options granted and outstanding at the end of the year	5,130,745	2.73	2,576,416	11.14
VII	Options vested at the end of the year out of (vi)	307,480	25.84	566,976	43.51

(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31 March 2017 are Nil (previous period of five years ended 31 March 2016 - Nil)

(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended 31 March 2017 – Nil (previous period of five years ended 31 March 2016 - Nil)

(VIII) During the year ended 31 March 2017, the amount of interim dividend distributed to equity shareholder was ₹6.85 per share at face value of ₹ 1 (previous year ₹ 32.65 per share at face value of ₹ 1).

(X) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 621 per share.

(XI) Weighted average fair value of options granted during the year is ₹407.39.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(XII) The fair value has been calculated using the Black-Scholes Option Pricing model and significant assumptions and inputs to estimate the fair value options granted during the year are as follows:

Sr. no	Particulars	2016-17
i	Weighted average risk-free interest rate	7.10%
ii	Weighted average expected life of options	3 years
iii	Weighted average expected volatility	19.23%
iv	Weighted average expected dividends over the life of option	₹ 115.56
v	Weighted average share price	₹ 407.74
vi	Weighted average exercise price	₹ 1
vii	Method used to determine expected volatility	The expected volatility has been calculated entirely based on historic volatility IT Index, as historical data of the Company is not available being an unlisted company.

(XIII) The balance in share option outstanding account as at 31 March 2017 is ₹ 1,511 Mn (previous year ₹ 77 Mn)

16. OTHER EQUITY

(₹ in Mn)

	2016-17	2015-16
I) General reserve		
Opening balance	3,772	3,771
Add: Employee stock compensation expense	8	–
Add: general reserve on amalgamation	(317)	1
	3,463	**3,772**
II) Hedging reserve		
Opening balance	877	1,360
Add: movement in forward contracts	4,641	397
Less: amount reclassified to profit or loss	1,460	(1,298)
Less: deferred tax related to above	(977)	418
	3,081	**877**
III) Share premium		
Opening balance	1,473	1,181
Add: additions during the year	25	292
	1,498	**1,473**
IV) Employee stock option outstanding		
Opening balance	77	452
Add: addition during the year	1,492	–
Less: transferred to general reserve	(8)	(1)
Less: deductions during the year	(50)	(374)
	1,511	**77**
Deferred employee compensation expense		
Opening balance	–	–
Add: addition during the year	547	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2016-17	2015-16
Less: deductions during the year	(1,492)	
	(945)	
Balance to be carried forward	**566**	**77**
V) Capital reserve		
Opening balance	0	0
Add: additions	–	–
	0	**0**
VI) Retained earnings		
Opening balance	13,272	11,203
Add: transfer due to amalgamation	365	
Add: profit for the year	9,376	8,562
Add: other comprehensive income	(45)	23
Less: dividend (including dividend distribution tax)	(1,978)	(6,516)
	20,990	**13,272**
	29,598	**19,471**

17. BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans*			
Term loans from bank	–	–	139
	–	**–**	**139**

18. PROVISIONS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Post-retirement medical benefit	174	124	104
Others	111	111	111
	285	**235**	**215**

19. CURRENT BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans*			
Other loans from banks	–	133	600
Unsecured loans	–		
Other loans from banks		266	1,300
	–	**399**	**1,900**

NOTES FORMING PART OF ACCOUNTS (Contd.)

20. CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans*			
Term loans from banks		147	139
		147	**139**

Details of term loans

Nature of term loan	Rupees in Mn	Rate of interest	Terms of repayment of term loan
External commercial borrowings (ECB)	–	USD LIBOR (3 months) + 2.5%	Repayable in equal half-yearly instalments of USD 1.11 million each commencing from 19 October 2012 and ended on 14 October 2016.
Previous year	147		

*The secured loans from banks are secured against hypothecation of the Company's movable assets and accounts receivables.

21. TRADE PAYABLES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Due to related parties (Refer Note 44)	272	178	259
Due to others	1,011	1,393	467
Accrued expenses	2,071	1,812	1899
	3,354	**3,383**	**2,625**

22. OTHER FINANCIAL LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Unclaimed dividend	3	1	–
Employe liabilities	5,765	3,284	2,272
	5,768	**3,285**	**2,272**

23. OTHER CURRENT LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Other Payable	1,102	1,039	894
	1,102	**1,039**	**894**

NOTES FORMING PART OF ACCOUNTS (Contd.)

24 (I) PROVISIONS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Gratuity	157	87	97
Compensated absences	1,575	1,333	1,122
Post-retirement medical benefits	1	–	–
	1,733	**1,420**	**1,219**

24 (II) Disclosure pursuant to Accounting Standard (Ind-AS) 37 'Provisions, Contingent Liabilities and Contingent Assets' movement in provisions.

(₹ in Mn)

Sr. No.	Particulars	Class of provisions		
		Sales Tax	Others	Total
i	Balance as at 1-4-2016	4	7	11
ii	Additional provision during the year	–	–	–
iii	Provision used during the year	–	–	–
iv	Provision reversed during the year	–	–	–
v	Balance as at 31-03-2017	4	7	11

Nature of provisions:

a) Provision for sales tax pertains to claim made by the authorities on certain transaction of capital nature for the year 2002-03.

b) Provision for others represents liabilities relating to matters in dispute.

25. CURRENT INCOME TAX LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Incometax liabilities (net)	118	–	–
	118	**–**	**–**

26. REVENUE FROM OPERATIONS

(₹ in Mn)

	2016-17	2015-16
Revenue	61,829	55,685
	61,829	**55,685**

NOTES FORMING PART OF ACCOUNTS (Contd.)

27. OTHER INCOME

(₹ in Mn)

	2016-17	2015-16
Income from current investments in mutual fund	194	46
Interest received	16	18
Foreign exchange gain	1,522	1,670
Provision no longer required for doubtful debts	–	1
Dividends from subsidiaries	141	472
Miscellaneous income	110	97
	1,983	**2,304**

28. EMPLOYEE BENEFIT EXPENSES

(₹ in Mn)

	2016-17	2015-16
Salaries including overseas staff expenses	32,344	30,956
Share based payments to employees	428	–
Staff welfare	1,145	874
Contribution to provident and other funds	377	345
Contribution to superannuation fund	54	52
Contribution to gratuity fund	115	100
Contribution to social security and other funds	1,623	1,431
	36,086	**33,758**

29. OPERATING EXPENSES

(₹ in Mn)

	2016-17	2015-16
Communication expenses	187	177
Consultancy charges	4,772	4,134
Cost of equipment, hardware and software packages	3,313	2,360
	8,272	**6,671**

NOTES FORMING PART OF ACCOUNTS (Contd.)

30. SALES, ADMINISTRATION AND OTHER EXPENSES

(₹ in Mn)

	2016-17	2015-16
Travelling and conveyance	1,636	1,388
Rent and establishment expenses	1,554	1,552
Telephone charges and postage	317	362
Legal and professional charges	609	536
Printing and stationery	37	25
Advertisement	191	112
Entertainment	70	70
Recruitment expenses	205	143
Repairs to building	132	113
Repairs to computers	79	60
General repairs and maintenance	393	318
Power and fuel	318	348
Equipment hire charges	13	13
Insurance charges	160	160
Rates and taxes	205	195
Allowance for doubtful debts and advances	16	87
Bad debts	–	5
Less: Provision written back	–	(5)
Books, periodicals and subscriptions	10	18
Directors fees	1	1
Commission to Directors	9	6
Loss on sale of fixed assets	12	27
Miscellaneous expenses	524	491
	6,491	**6,025**

31. FINANCE COST

(₹ in Mn)

	2016-17	2015-16
Fixed loans	3	32
On others	29	26
	32	**58**

NOTES FORMING PART OF ACCOUNTS (Contd.)

32. TAX EXPENSES

(₹ in Mn)

	2016-17	2015-16
Current tax expense		
Current tax	2,915	2,981
Provision for earlier year written back	19	37
	2,934	**3,018**

33. DEFERRED TAX

(₹ in Mn)

	2016-17	2015-16
Deferred tax charge/credit	(28)	(51)
MAT credit entitlement for current year	(440)	(1,086)
	(468)	**(1,137)**

34. STATEMENT OF OTHER COMPREHENSIVE INCOME

(₹ in Mn)

	2016-17	2015-16
Items that will not be reclassified to profit or loss		
Defined benefit plan actuarial gain/(loss)	(57)	25
Income tax on defined benefit plan actuarial gain/(losses)	12	(2)
	(45)	**23**
Items that will be reclassified to profit or loss		
Net changes in fair value of cash flow hedges	3,181	(901)
Income tax on net changes in fair value of cash flow hedges	(977)	418
	2,204	**(483)**
	2,159	**(460)**

35. CONTINGENT LIABILITIES

(₹ in Mn)

		2016-17	2015-16
1.	Income tax liability that may arise in respect of which the Company is in appeal *	1,971	1,339
2.	Corporate guarantee given on behalf of subsidiary **	3,726	5,999
3.	Service tax refund disallowed, in respect of which the Company is in the appeal #	81	12
1.	Sales tax liability, in respect of which the Company is in appeal	–	1
		5,778	**7,351**

* Out of contingent tax liability disclosed above, ₹ 1,779 Mn (including interest of ₹ 184 Mn), pertains to the tax demand arising on account of disallowance of exemption under section 10A on profits earned by STPI Units on onsite export revenue. Company is pursuing appeal against these demands before the relevant Appellate Authorities.

The Company believes that its position is likely to be upheld by appellate authorities and considering the facts, the ultimate outcome of these proceedings is not likely to have material adverse effect on the results of operations or the financial position of the Company.

NOTES FORMING PART OF ACCOUNTS (Contd.)

** The Company has given a corporate guarantee on behalf of its wholly owned subsidiary L&T Infotech Financial Services Technologies Inc. The guarantee is for performance of all obligations by L&T Infotech Financial Services Technologies Inc. Canada in connection with the long term annuity services contracts obtained by them. The obligation under this guarantee is limited in aggregate to the amount of CAD 70,000,000.

The Company has given a corporate guarantee on behalf of its subsidiary, Larsen and Toubro Infotech South Africa (Proprietary) Limited. The guarantee is for performance of all obligations by Larsen & Toubro Infotech South Africa (Proprietary) Limited in connection with software development services and related services. The obligation under this guarantee is limited in aggregate to USD 5,000,000.

The Company had filed refund of accumulated service tax credit in accordance with relevant CENVAT credit Rules. However, the department has disallowed certain portion of such refunds considering the same as ineligible as not related with output services. The Company is in appeal against these disallowances before the relevant Authorities and is hopeful of getting a favourable order.

36. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹151 Mn (previous year ₹132 Mn).

37. EMPLOYEE BENEFITS

I) The amounts recognised in balance sheet are as follows

(₹ in Mn)

		Gratuity plan		
		As at 31-03-2017	**As at 31-03-2016**	**As at 01-04-2015**
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded	684	580	507
	- Wholly unfunded			
b)	Fair value of plan assets as on*	527	493	410
	Amount to be recognised as liability or (asset) (a-b)	157	87	97
	Net liability/(asset)-current	157	87	97
	Net liability/(asset)- non current	–	–	–

* Asset is not recognised in the balance sheet.

(₹ in Mn)

		Post-retirement medical benefit plan		
		As at 31-03-2017	**As at 31-03-2016**	**As at 01-04-2015**
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded		–	–
	- Wholly unfunded	175	124	104
b)	Fair value of plan assets	–	–	–
	Amount to be recognised as liability or (asset) (a-b)	175	124	104
B.				
Amounts reflected in the balance sheet				
Liability		175	124	104

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Post-retirement medical benefit plan		
	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Assets	(–)	(–)	(–)
Net liability/(asset)	175	124	104
Net liability/(asset)-current	1	–	–
Net liability/(asset)- non current	174	124	104

		Provident fund plan (refer note (X)(iii) below)		
		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded	4,910	4,254	3,776
	- Wholly unfunded	–	(–)	(–)
		4,910	4,254	3,776
b)	Fair value of plan assets			
	Amount to be recognised as liability or (asset) (a-b)	4,939	4,264	3,779
		(29)	(10)	3
B.				
Amounts reflected in the balance sheet				
Liability		62	56	47
Assets		(–)	(–)	(–)
Net liability/(asset)#		62	56	47
Net liability/(asset)-current		62	56	47
Net liability/(asset)- non current		(–)	(–)	(–)

Employer's and employee's contribution for March 2017 paid in April 2017.

II) The amounts recognised in statement of profit and loss are as follows:

(₹ in Mn)

		Gratuity plan	
		2016-17	2015-16
i	Current service cost	112	98
ii	Past service cost	–	–
iii	Administration expenses	–	–
iv	Interest on net defined benefit liability/(asset)	3	7
v	(Gains)/losses on settlement	–	–
	Total expense charged to profit and loss account	**115**	**105**

(₹ in Mn)

NOTES FORMING PART OF ACCOUNTS (Contd.)

		Post-retirement medical benefit plan	
		2016-17	2015-16
i	Current service cost	27	24
ii	Past service cost	–	–
iii	Administration expenses	–	–
iv	Interest on net defined benefit liability/(asset)	10	8
v	(Gains)/losses on settlement	–	–
	Total expense charged to profit and loss account	**37**	**32**

(₹ in Mn)

		Provident fund plan	
		2016-17	2015-16
1	Current service cost	274	257
2	Interest cost	373	316
3	Expected return on plan assets	(373)	(316)
	Total expense for the year included in staff cost	**274**	**257**

III) The amounts recognised in statement of other comprehensive income (OCI) are as follows:

(₹ in Mn)

Particulars	Gratuity plan		Post retirement medical benefit plan	
	2016-17	2015-16	2016-17	2015-16
Opening amount recognized in OCI	(14)	–	(11)	–
Re-measurements during the period due to:				
Changes in financial assumptions	41	5	32	4
Experience adjustments	(5)	(8)	(18)	(15)
Actual return on plan assets less interest on plan assets	6	(12)	–	–
Closing amount recognized in OCI	**28**	**(14)**	**3**	**(11)**

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

(₹ in Mn)

	Gratuity plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	579	497
Current service cost	112	98
Past service cost	–	–
Interest on defined benefit obligation	41	36
Re-measurements due to		
Acturial loss/(gain) arising from change in financial assumption	41	5

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Gratuity plan	
	2016-17	2015-16
Acturial loss/(gain) arising from change in demographic assumptions	–	–
Acturial loss/(gain) arising on account of experience changes	(5)	(8)
Benefits paid	(84)	(54)
Liabilities assumed/(settled)	–	5
Liabilities extinguished on settlements	–	–
Closing balance of defined benefit obligation	**684**	**579**

(₹ in Mn)

	Post-retirement medical benefit plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	124	104
Current service cost	27	24
Past service cost	–	–
Interest on defined benefit obligation	10	8
Re-measurements due to		
Acturial loss/(gain) arising from change in financial assumption	31	4
Acturial loss/(gain) arising from change in demographic assumptions	–	–
Acturial loss/(gain) arising on account of experience changes	(18)	(15)
Benefits paid	–	–
Liabilities assumed/(settled)	–	–
Liabilities extinguished on settlements	–	–
Closing balance of defined benefit obligation	**174**	**124**

(₹ in Mn)

	Self-managed provident fund plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	4,254	3,776
Add: Interest cost	373	316
Add: Current service cost	274	257
Add: Contribution by plan participants	617	581
Add/(Less): actuarial (gains)/losses		
Add: Business combination/acquisition		–
Less: Asset acquised/(settled)*	(50)	(182)
Liabilities assumed on acquisition/(settled on divestiture)		–
Less: Benefits paid	(558)	(494)
Closing balance of defined benefit obligation	**4,910**	**4,254**

NOTES FORMING PART OF ACCOUNTS (Contd.)

V) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Mn)

Particulars	Gratuity plan		Self-managed provident fund plan	
	2016-17	2015-16	2016-17	2015-16
Opening balance of the fair value of the plan assets	493	405	4,264	3,779
Employer's contributions	87	97	271	244
Expected return on plan assets	38	29	373	316
Administration expenses				
Actuarial gains/(loss)			47	26
Re-measurements due to:				
Actual return on plan assets less interest on plan assets	(7)	11		
Contribution by plan participants			592	575
Benefits paid	(84)	(54)	(558)	(494)
Assets acquired/(settled)*	–	5	(50)	(182)
Assets distributed on settlements	–	–		
Closing balance of plan assets	**527**	**493**	**4,939**	**4264**

*On account of business combination or inter -company transfer

The Company expects to contribute ₹ 157 Mn (₹ 87 Mn in 2015-16) towards its gratuity, in the next financial year.

The Company's share of defined benefit obligation/fair value of plan assets adjusted by the Trust of the holding company.

VI) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ in Mn)

	FY 2016-17	
	Gratuity plan	Provident fund plan
Government of India securities	Scheme with LIC	20.45%
State government securities		21.19%
Corporate bonds		14.50%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds		8.38%
Public sector bonds		32.84%
Mutual Funds		2.64%

NOTES FORMING PART OF ACCOUNTS (Contd.)

VII) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		2016-17	2015-16
i	**Discount rate**		
	For gratuity	6.75%	7.75%
	For post -retirement medical benefits	6.75%	7.75%
ii	Annual increase in healthcare costs (see note below)	5.0%	5.0%
iii	Attrition rate:	Varies between 2% to 18%	Varies between 2% to 18%
iv	Salary growth rate	5.0%	5.0%

VIII) Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan (which in case of serving employees, if any, is based on service accrued by employee up to valuation date):

As on 31 March 2017

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	96	1
Expected benefits for year 2	87	2
Expected benefits for year 3	86	2
Expected benefits for year 4	82	3
Expected benefits for year 5	77	3
Expected benefits for year 6	72	4
Expected benefits for year 7	66	5
Expected benefits for year 8	61	5
Expected benefits for year 9	54	6
Expected benefits for year 10 and above	469	1,036

As on 31 March 2016

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	91	0
Expected benefits for year 2	81	2
Expected benefits for year 3	78	2
Expected benefits for year 4	75	2
Expected benefits for year 5	67	3
Expected benefits for year 6	63	3
Expected benefits for year 7	59	4
Expected benefits for year 8	55	5
Expected benefits for year 9	50	5
Expected benefits for year 10 and above	413	915

NOTES FORMING PART OF ACCOUNTS (Contd.)

The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment marke

IX) Sensitivity analysis

i) Post retirement benefits:

Although the obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits, assumed healthcare cost trend rates may affect the amounts recognised in the statement of profit and loss. The benefit obligation results for the cost of paying future hospitalization premiums to insurance company and reimbursement of domiciliary medical expenses in future for the employee/beneficiaries during their lifetime is sensitive to discount rate, future increase in healthcare costs and longevity. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

	2016-17
Discount Rate	
Impact of increase in 50 bps on defined benefit obligation	-9.84%
Impact of decrease in 50 bps on defined benefit obligation	11.32%
Healthcare costs rate	
Impact of increase in 100 bps on defined benefit obligation	17.87%
Impact of decrease in 100 bps on defined benefit obligation	-14.14%
Life expectancy	
Impact of increase by 1 year on defined benefit obligation	0.69%
Impact of decrease by 1 year on defined benefit obligation	-0.72%

ii) Gratuity:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	Period ended 31 March 2017	
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	-3.09%	3.14%
Impact of decrease in 50 bps on defined benefit obligation	3.27%	-3.01%

X) General descriptions of defined benefit plans:

i) Gratuity plan

The Company makes contributions to the Employees' Company Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

iii) Provident fund plan

The Company's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit and loss as actuarial loss. Any loss arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense in the period in which such loss occurs. Further, on amount of ₹ Nil has been provided based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan.

38. FINANCIAL INSTRUMENTS BY CATEGORY

I) Carrying value of financial instruments by categories are as follows. The carrying value of financial assets and liabilities classified at amortised cost is considered to be same as their fair value due to short term nature of these assets and liabilities. Hence disclosure of fair value of these assets and liabilitiess have not been provided.

(₹ in Mn)

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost
Financial assets									
Current investments	9,406	–	–	68	–	–	694	–	–
Trade receivables	–	–	11,226	–	–	11,011	–	–	10,404
Unbilled revenue	–	–	4,668	–	–	3,700	–	–	1,435
Cash and cash equivalents	–	–	1,872	–	–	1,195	–	–	1,233
Other bank balances	–	–	34	–	–	27	–	–	127
Derivative financial instruments	220	3,897		–	944	–	–	2,062	–
Other financial assets	–	–	726	–	–	879	–	–	615
TOTAL	**9,626**	**3,897**	**18,526**	**68**	**944**	**16,812**	**694**	**2,062**	**13,814**

(₹ in Mn)

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost	Fair value through P&L ('FVTPL')	Fair value through OCI ('FVTOCI')	Amortised cost
Financial liability									
Borrowings	–	–	–	–	–	399	–	–	2,039
Current maturities of long term borrowings	–	–	–	–	–	147	–	–	139
Trade payables	–	–	3,354	–	–	3,383	–	–	2,625
Other financial liabilities	–	–	5,768	–	–	3,285	–	–	2,272
TOTAL	**–**	**–**	**9,122**		**–**	**7,214**		**–**	**7,075**

II) Total of carrying value of financial assets and liabilities as given below

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Financial assets			
Current investments	9,406	68	694
Trade receivables	11,226	11,011	10,404
Unbilled revenue	4,668	3,700	1,435
Cash and cash equivalents	1,872	1,195	1,233
Other bank balances	34	27	127
Derivative financial instruments	4,117	944	2,062
Other financial assets	726	879	615
TOTAL	**32,049**	**17,824**	**16,570**
Financial liability			
Borrowings	–	399	2,039
Current maturities of long term borrowings	–	147	139
Trade payables	3,354	3,383	2,625
Other financial liabilities	5,768	3,285	2,272
TOTAL	**9,122**	**7,214**	**7,075**

(III) Fair value hierarchy used by the Company for valuation of financial assets and liabilities recognised at FVTPL and FVTOCI is as below:

Level 1- Quoted prices (unadjusted) in the active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included with in level 1 that are observable for assets or liabilities either directly or indirectly.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Level 3- Inputs for assets or liabilities that are not based on observable market data.

(₹ in Mn)

	As at 31 March 2017				As at 31 March 2016				As at 1 April 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Current investments	9,406	–	–	**9,406**	68	–	–	**68**	694	–	–	**694**
Trade receivables	–	4,117	–	**4,117**	–	944	–	**944**	–	2,062	–	**2,062**
TOTAL	**9,406**	**4,117**	**–**	**13,523**	**68**	**944**	**–**	**1,012**	**694**	**2,062**	**–**	**2,756**

(IV) Financial risk management

The Company is exposed to foreign currency risk, interest rate risk, credit or counterparty risk and liquidity risk.

i) Currency risk

Primary market risk to the Company is foreign exchange risk.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

The Company's operations are principally in foreign currencies and the maximum exposure is in US dollars.

The Board of Directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The treasury department, monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure on a net basis (i.e. expected earnings in foreign currency less expected expenditure in related currency) These hedges are cash flow hedges as well as hedges not designated as cash flow hedges.

The Company does not enter into hedge transactions for either trading or speculative purposes.

The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts as at 31 March 2017, 31 March 2016 and 1 April 2015 was ₹57,886 Mn, ₹42,009 Mn, ₹53,726 Mn respectively. Outstanding number of contracts as at 31 March 2017 were 269, 31 March 2016 were 118 and 1 April 2015 were 200.

A) Notional value of contracts is given as below:

Currency	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Amount in USD Mn	Amount in INR Mn	Amount in USD Mn	Amount in INR Mn	Amount in USD Mn	Amount in INR Mn
USD-INR	848	61,818	601	42,754	808	54,912

B) The foreign exchange forward contracts mature maximum within 36 months. The table below analyses the derivative financial instrument into relevant maturity grouping based on the remaining period as of the balance sheet. Contracts with maturity not later than twelve months include certain contracts which can be rolled over to subsequent periods iin line with underlying exposures.

(₹ in Mn)

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
In USD			
Not later than twelve months	29,509	28,002	37,460
Later than twelve months	32,309	14,752	17,452
TOTAL	**61,818**	**42,754**	**54,912**

C) Value-at- Risk (VaR)

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Company uses a multi-currency correlated VaR model. The VaR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VaR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VaR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Company uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increases in the fair value of the underlying exposures for on-balance sheet exposures. The overnight VaR of the Company at 95% confidence level is ₹ 410 Mn as at 31 March 2017 (₹ 247 Mn as at 31 March 2016).

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Company's actual exposures and position.

ii) Interest risk:

The Company has no interest rate risk in case of borrowings as at 31 March 2017. However the Company invests its surplus funds in debt mutual funds. The Company mitigates the risk of counter-party failure by investing in mutual fund schemes with large asset under management and having investments in debt instruments issued with sound credit rating.

Net Asset Values (NAV) of debt mutual funds are subject to changes in interest rates. Every five percent increase or decrease in the NAV of debt mutual funds where the Company holds investments will impact the Company's profit after tax by ₹470 Mn in 2016-2017 and ₹3 Mn in 2015-2016.

iii) Credit risk

The principal credit risk that the Company exposed to is non-collection of trade receivable and late collection of receivable leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company makes adequate provision for non-collection of trade receivable. Further, the Company has not suffered significant payment defaults by its customers.

In addition, for delay in collection of receivable, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivable. These range from 1.7% for dues outstanding up to six months to 21.3% for dues outstanding for more than 36 months for 2016-17 (Previous year 1.9% and 23.5% for dues outstanding upto 6 months and for more than 36 months respectively). No provision has been made on trade receivables in not due category.

ECL allowance for non-collection of receivable and delay in collection, on a combined basis were ₹ 65 Mn and ₹ 62 Mn for the financial years 2016-17 and 2015-16 respectively. The movement in allowance for doubtful debts comprising provision for both non collection of receivables and delay in collections is as follows:

(₹ in Mn)

	2016-17	2015-16
Opening balance	62	61
Impairment loss recognised or (reversed)	3	1
Closing balance	**65**	**62**

NOTES FORMING PART OF ACCOUNTS (Contd.)

The percentage of revenue from its top five customers is 37.6% for 2016-17 (37.5% for 2015-16).

The counter-party risk that Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter- parties are mainly banks and the Company has enter into contracts with the counter-parties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter party risk where necessary.

iv) Liquidity risk

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds.

The Company has no borrowings as on 31 March 2017 but it has credit facilities with banks that will help it to generate funds for the business if required.

The contractual maturities of financial assets and financial liabilities is as follows:

(₹ in Mn)

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Within a year	More than one year	Total	Within a year	More than one year	Total	Within a year	More than one year	Total
Borrowings	–	–	**–**	399	–	**399**	1,900	139	**2,039**
Current maturities of long term borrowings	–	–	**–**	147	–	**147**	139	–	**139**
Trade payables	3,354	–	**3,354**	3,383	–	**3,383**	2,625	–	**2,625**
Other financial Liabilities	5,768	–	**5,768**	3,285	–	**3,285**	2,272	–	**2,272**
TOTAL	**9,122**	**–**	**9,122**	**7,214**	**–**	**7,214**	**6,936**	**139**	**7,075**

(₹ in Mn)

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Within a year	More than one year	Total	Within a year	More than one year	Total	Within a year	More than one year	Total
Current investments	9,406	–	**9,406**	68	–	**68**	694	–	**694**
Trade receivables	11,226	–	**11,226**	11,011	–	**11,011**	10,404	–	**10,404**
Unbilled revenue	4,668	–	**4,668**	3,700	–	**3,700**	1,435	–	**1,435**
Cash and cash equivalent	1,872	–	**1,872**	1,195	–	**1,195**	1,233	–	**1,233**
Other bank balances	34	–	**34**	27	–	**27**	127	–	**127**
Derivative financial instruments	2,251	1,866	**4,117**	812	132	**944**	1,635	427	**2,062**
Other financial assets	415	311	**726**	585	294	**879**	324	291	**615**
TOTAL	**29,872**	**2,177**	**32,049**	**17,398**	**426**	**17,824**	**15,852**	**718**	**16,570**

NOTES FORMING PART OF ACCOUNTS (Contd.)

39. LEASES

(I) Finance leases

In accordance with Ind AS 17 'Leases' the assets acquired under finance leases are capitalised and a loan liability is recognised for an equivalent amount. Consequently depreciation is provided on such assets. Lease rentals paid are allocated to the liability and the interest is charged to statement of profit and loss.

(II) Operating leases

The Company has taken certain premises, office equipment and employee cars under non-cancellable operating leases. The rental expense in respect of operating leases was ₹1,554 Mn. (previous year ₹1,552 Mn) and the future rentals payable are as follows:

(₹ in Mn)

	2016-17	2015-16
Minimum lease payments		
- payable not later than 1 year	814	782
- payable after 1 year but not later than 5 years	3,342	4,075
- payable after 5 years	565	646
	4,721	**5,503**

40. AUDITORS' REMUNERATION (EXCLUDING SERVICE TAX) CHARGED TO THE ACCOUNTS INCLUDE:

(₹ in Mn)

	2016-17	2015-16
Audit fees	2	1
Tax audit fees	–	–
Other services	2	2
Expense reimbursement	–	–
	4	**3**

41. BASIC AND DILUTED EARNINGS PER SHARE (EPS) AT FACE VALUE OF ₹ 1

	2016-17	2015-16
Profit after tax (₹ in Mn)	9,376	8,562
Weighted average number of shares outstanding	170,112,899	163,914,663
Basic EPS (₹)	**55.11**	**52.23**
Weighted average number of shares outstanding	170,112,899	163,914,663
Add: weighted average number of potential equity shares on account of employee options	3,879,583	5,665,080
Weighted average number of shares outstanding	173,992,482	169,579,743
Diluted EPS (₹)	**53.89**	**50.49**

NOTES FORMING PART OF ACCOUNTS (Contd.)

42. AMALGAMATION OF SUBSIDIARY

GDA Technologies Limited (GDA) has been amalgamated with the Company with effect from 1 April 2016. The Board of Directors of the Company and GDA have approved the scheme of amalgamation of GDA with the Company on October 17, 2014, with April 01,2016 as the appointed date. Accordingly, a petition for sanctioning the scheme of amalgamation has been filed with the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Judicature at Madras. The Scheme has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 1 April 2016 and the approval of the Scheme by the Hon'ble High Court of Madras is sanctioned on 3 August 2016 with effective 1 April 2016. The difference between the amounts recorded as investments of the Company and the amount of share capital of GDA has been adjusted in the general reserve.

The amalgamation is accounted in accordance with 'pooling of interest method' as per Ind AS 103 'Business Combinations' and in accordance with scheme approved by the Hon'ble High Court of Bombay and Hon'ble High Court of Madras.

I) All assets and liabilities (including contingent liabilities),reserves, benefits under income-tax, benefits for under special economic zone registrations, duties and obligations of GDA have been recorded in the books of account of the Company at their carrying amounts.

II) The amount of share capital of GDA has been adjusted against the corresponding investment balance held by the Company in the amalgamating company and the excess of share capital over the investment has been adjusted against general reserve.

III) Accordingly, the amalgamation has resulted in transfer of assets and liabilities as on 1 April 2016 in accordance with the terms of the Scheme at the following summarized values:

(₹ in Mn)

Particulars	Amount	Amount
Current assets		
Investments	362	
Other Current assets	9	371
Total assets		**371**
Liabilities	–	–
Net assets		**371**

The following balances as on 1 April 2016 have been added to the respective opening balances of the Company:

(₹ in Mn)

General reserve	4
Profit and loss balance	365

The amount charged against general reserve of the Company pursuant to amalgamation is as follows:

(₹ in Mn)

Investment in the amalgamating company	323
Share capital taken over from the amalgamating company	2
Amount charged against general reserve	**321**

NOTES FORMING PART OF ACCOUNTS (Contd.)

43. ACQUISITION OF SUBSIDIARY

On 30 November 2016, the Company has acquired 100% stake in a Pune based company, AugmentIQ Data Sciences Private Limited (AugmentIQ) for ₹ 71 Mn.

44. RELATED PARTY DISCLOSURE:

(I) Parent company/Ultimate holding company: Larsen & Toubro Limited

(II) List of related parties over which control exists/exercised:

Name	Relationship
Larsen & Toubro Infotech GmbH	Wholly owned subsidiary
Larsen & Toubro Infotech Canada Limited	Wholly owned subsidiary
Larsen & Toubro Infotech LLC	Wholly owned subsidiary
L&T Infotech Financial Services Technologies Inc.	Wholly owned subsidiary
Larsen & Toubro Infotech South Africa (Proprietary) Limited	Subsidiary
AugmentIQ Data Sciences Private Limited	Wholly owned subsidiary
L&T Information Technology Services (Shanghai) Co. Limited	Wholly owned subsidiary
Larsen & Toubro Infotech Austria GmbH	Wholly owned subsidiary
L&T Information Technology Spain, Sociedad Limitada	Wholly owned subsidiary
L&T Infotech S.de. RL. C.V	Subsidiary

(III) Key Management Personnel:

Name	Status
Mr. Sanjay Jalona	Chief Executive Officer & Managing Director[1]
Mr. Aftab Zaid Ullah	Chief Operating Officer (COO)[2] & Whole Time Director
Mr. Sudhir Chaturvedi	President – Sales (President)[3] & Whole Time Director
Mr. Ashok Kumar Sonthalia	Chief Financial Officer[4]
Mr. V. K. Magapu	Managing Director[5]
Mr. Chandrashekara Kakal	Chief Operating Officer[6]
Mr. K.R.L Narasimham	Executive Director[7]
Mr Sunil Pande	Executive Director[8]

1 Appointed as Chief Executive Officer & Managing Director w.e.f. August 10, 2015

2 Appointed as COO w.e.f February 09 2016 and Whole Time Director w.e.f November 09, 2016

3 Appointed as President w.e.f September 12, 2016 and Whole time Director w.e.f November 09, 2016

4 Appointed as Chief Financial Officer w.e.f August 26, 2015

5 Ceased to be Director w.e.f September 25, 2015

6 Ceased to be Director w.e.f August 26, 2015

7 Ceased to be Director w.e.f April 07, 2015

8 Ceased to be Director w.e.f August 25, 2015

NOTES FORMING PART OF ACCOUNTS (Contd.)

(IV) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding Company
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
Larsen & Toubro (East Asia) SDN.BHD	Fellow Subsidiary
L&T Electrical and Automation Saudi Arabia Company Limited LLC	Fellow Subsidiary
L&T Finance Limited	Fellow Subsidiary
L&T General Insurance Company Limited	Fellow Subsidiary
L&T Infrastructure Development Projects Limited	Joint venture of Holding Company
Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Fellow Subsidiary
L&T Infrastructure Finance Company Limited	Fellow Subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Investment Management Limited	Fellow Subsidiary
L&T Construction Equipment Limited	Fellow Subsidiary
Larsen & Tourbro LLC	Fellow Subsidiary
Nabha Power Limited	Fellow Subsidiary
L&T Electrical & Automation FZE	Fellow Subsidiary
Spectrum Infotech Pvt Ltd	Fellow Subsidiary
Family Credit Limited	Fellow Subsidiary
PT. Tamco Indonesia	Fellow Subsidiary
L&T Special Steels and Heavy Forgings Private Limited	Joint venture of Holding Company
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Capital Markets Limited	Fellow Subsidiary
L&T Housing Finance Limited	Fellow Subsidiary
L&T Technology Services LLC	Fellow Subsidiary
L&T MHPS Boilers Private Limited	Joint venture of Holding Company
L&T Sapura Shipping Private Limited	Joint venture of Holding Company

Details of transactions between the Company and other related parties are disclosed below.

(₹ in Mn)

Transaction	Holding company	
	2016-17	2015-16
Sale of services/products	1,279	1,101
Sale of assets	1	109
Purchases of services/products	161	275
Overheads charged by	557	635
Overheads charged to	223	82
Trademark fees paid	167	105
Trade receivable	82	463
Interim dividend	985	5,265
Contributions to PF	271	244
Guarantees received	2,023	2,023
Final dividend paid	441	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Trade payables to holding company as on 1 April 2015 was ₹146 Mn.

(₹ in Mn)

Transaction	Joint venture of Holding Company	
	2016-17	**2015-16**
Sale of services/products	**11**	**7**
- L&T Infrastructure Development Projects Limited	7	6
- L&T MHPS Boilers Private Limited	2	–

(₹ in Mn)

Transaction	Fellow subsidiaries	
	2016-17	**2015-16**
Sale of services/products	**366**	**417**
- L&T Metro Rail Hyderabad Ltd	1	64
- L&T Technology Services Ltd.	114	51
- L&T Hydrocarbon Engineering Limited	69	79
- L&T Thales Technology Services Private Limited	101	96
Sale of assets	**8**	**8**
- L&T Technology Services Ltd.	7	8
Purchases of services/products	**553**	**694**
- L&T Technology Services Ltd.	553	694
Overheads charged by	**40**	**38**
- Larsen & Toubro East Asia	23	24
- L & T Electrical & Automation FZE	2	7
- Larsen & Toubro Kuwait Construction General Contracting Company, WLL	–	6
- L&T Technology Services Limited	14	–
Overheads charged to	**290**	**441**
- L&T Technology Services Limited	279	440
Commission charged	3	5
Trade receivable	**477**	**275**
Trade payable	**154**	**64**

Trade payable to fellow subsidiaries as on 1 April 15 was ₹11 Mn and Trade receivables from fellow subsidiaries as on 1 April 2015 was 71 Mn.

(₹ in Mn)

Transaction	Subsidiaries	
	2016-17	**2015-16**
Sale of services/products	**1,887**	**1,500**
- Larsen & Toubro Infotech GmbH	449	493
- L&T Infotech Financial Services Technologies Inc.	317	331
- Larsen & Toubro Infotech South Africa (Proprietary) Limited	223	392
- Larsen & Toubro Infotech Canada Limited	443	278
- L&T Information Technology Spain, Sociedad Limitada	413	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Transaction	Subsidiaries	
	2016-17	2015-16
Purchases of services/products	**435**	**348**
- Larsen & Toubro Infotech LLC	94	133
- Larsen & Toubro Infotech Canada Limited	215	194
- L&T Information Technology Spain, Sociedad Limitada	51	–
- L&T Infotech Austria GmbH	60	–
Overheads charged by	**27**	**22**
- Larsen & Toubro Infotech GmbH	13	20
- L&T Information Technology Spain, Sociedad Limitada	6	–
- L&T Infotech South Africa Pty Ltd	7	–
Overheads charged to	**344**	**146**
- Larsen & Toubro Infotech Canada Limited	67	52
- Larsen & Toubro Infotech GmbH	59	64
- Larsen & Toubro Infotech South Africa (Proprietary) Limited	13	21
- L&T Information Technology Spain, Sociedad Limitada	177	–
Commission charged	**4**	**4**
- Larsen & Toubro Infotech South Africa (Proprietary) Limited	4	4
Dividend received	**141**	**472**
- Larsen & Toubro Infotech Canada Limited	50	–
- L&T Infotech Financial Services Technologies Inc.	90	472
Trade receivable	**79**	**118**
Trade payable	**118**	**115**
Guarantees given (Refer note 35)	**3,726**	**5,998**

Trade payable to subsidiaries as on 1 April 2015 was ₹ 102 Mn and trade receivables from subsidiaries as on 1 April 2015 was ₹ 341 Mn.

(V) Outstanding material balances with related parties*

(₹ in Mn)

Party	Nature	Amount (Payable.)/Receivable		
		2016-17	2015-16	2014-15
L&T Metro Rail (Hyderabad) Ltd	Trade receivable	21	36	–
L&T Thales Technology Services Private Limited	Trade receivable	15	15	28
L&T Technology Services Limited	Trade (payable)/receivable	(145)	(53)	39
Larsen & Toubro East Asia	Trade (payable)	–	(9)	(10)
L & T Information Technology, Canada Limited	Trade receivable	49	21	75
L&T Information Technology Spain, Sociedad Limitada	Trade receivable	194	–	–
L&T Infotech South Africa Proprietary Limited	Trade receivable	66	213	211
Larsen & Toubro Infotech GMBH	Trade receivable	98	3	24
L&T Infotech LLC	Trade (payable)	(117)	(115)	(112)

* All balances are unsecured and to be settled in cash.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(VI) Managerial remuneration

(₹ in Mn)

	2016-17	2015-16
Short term employee benefits	169	56
Contribution to funds	10	1
Share based payments (on options granted)	286	Nil

(₹ in Mn)

	2016-17	2015-16
Mr. Sanjay Jalona	214	34
Mr. Aftab Zaid Ullah	97	–
Mr. Sudhir Chaturvedi	123	–

45. SEGMENTAL REPORTING

Segments have been identified in accordance with Indian Accounting standards ('Ind AS') 108 on operating segments considering the risk or return profiles of the business. As defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the company performance and allocates resources based on an analysis of various performance indicators. Accordingly, information has been presented for the Company's operating segments. The accounting is consistently applied to record revenue and expenses for respective segments and as are set out in significant accounting policies.

The Company has two business segments. Services cluster includes Banking & Financial Services, Insurance, Media & Entertainment, Travel & Logistics and Healthcare and others. Industrial cluster includes Hi Tech and Consumer Electronics, Consumer, Retail & Pharma, Energy & Process, Automobile & Aerospace, Plant Equipment & Industrial Machinery, Utilities and Engineering and Construction and others. The Company has presented its segment results accordingly.

I) The revenue and operating profit by segments is as under:

(₹ in Mn)

	Services Cluster		Industrial Cluster		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenue	33,783	29,190	28,046	26,495	**61,829**	**55,685**
Segmental operating profit	8,832	6,514	6,075	6,699	**14,907**	**13,213**
Unallocable expenses (net)					**3,927**	**3,982**
Other income					**1,983**	**2,304**
Finance cost					**32**	**58**
Depreciation and amortization expenses					**1,089**	**1,034**
Profit before tax					**11,842**	**10,443**

II) Revenues on the basis of the geographical location of the customers is as under:

(₹ in Mn)

Geography	Revenue from operations	
	2016-17	2015-16
North America	42,249	38,187
Europe	11,267	9,702
India	4,361	3,394
APAC	1,562	1,653
ROW	2,390	2,749
TOTAL	**61,829**	**55,685**

NOTES FORMING PART OF ACCOUNTS (Contd.)

46. EVENTS OCCURRING AFTER THE REPORTING PERIOD:

The Board of Directors at its meeting held on 4 May 2017, has declared final dividend of ₹ 9.70 per equity share (Face value Re 1).

47. DUES TO MICRO ENTERPRISES AND SMALL ENTERPRISES:

		As at 31 March 2017	As at 31 March 2016
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year	–	–
ii)	the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	–	–
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	–	–
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	–	–
v)	the amount of further interest remaining due and payable even in th succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	–	–
#	The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are- no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.	–	–

48. FIRST-TIME ADOPTION OF IND-AS

The Financial statements of the Company for the year ended 31 March 2017 have been prepared in accordance with Ind AS. This is the first set of financial statements in accordance with Ind AS. The Company has followed Ind AS 101: 'First time adoption of Indian Accounting Standards', with 1 April, 2015 as the transition date.

The transition to Ind AS has resulted in changes in the presentation of the financial statement, disclosures in the notes thereto including accounting policies. The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended 31 March 2017 and the comparative financial statements.

Impact of the transition from iGAAP to Ind AS on the Company's financial statements, exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 and reconciliation of financial statements is explained below:

(I) Exemptions availed on first time adoption of Ind-AS 101

i) Business combinations:

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a date when the entity acquires the control of the subsidiary. The Company has availed the exemption and has restated the balances prospectively as on the date of transition.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Deemed cost:

Ind AS 101 permits a first-time adopter to elect fair valuation or to continue with the carrying value for property, plant and equipment measured as per the iGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities. On transition to Ind AS, the Company has elected to continue with the carrying value of its property plant and equipment recognized as at 1 April 2015 measured as per the Indian GAAP.

iii) Share-based payment

A first time adopter has option to apply provisions ofInd AS 102 Share-based payments to equity instruments that were granted on or before the date of transition to Ind AS. Accordingly, at the date of transition, the Company has measured such unvested options at fair value.

(II) Reconciliations as required under Ind AS 101 as at 31 March 2016 and 1 April 2015 are as given below:

Equity Reconciliation

(₹ in Mn)

Particulars	At at 31 March 2016	At at 1 April 2015
Equity under iGAAP attributable to:		
Larsen & Toubro Infotech Limited	18,663	19,255
Adjusted effect of ISRC merger	–	(588)
Equity under iGAAP	**18,633**	**18,667**
Proposed dividend including tax on dividend	500	–
Provision for expected credit loss based on ageing of trade receivables	(62)	(61)
Others	(13)	(9)
Tax impact	583	(469)
Total equity as per Ind AS	**19,641**	**18,128**

(III) Total comprehensive income reconciliation

(₹ in Mn)

Particulars	2015-16
Net Profit under iGAAP	9,381
Foreign exchange premia on forward contracts not to be recognized in financial statements	(1,061)
Actuarial (gains)/losses on employee defined benefit plans recognised in other comprehensive income	(25)
Measurement of investments at fair value	(1)
Others	(1)
Tax impact	269
Net Profit for the period under Ind AS	**8,562**
Other comprehensive Income	(460)
Total comprehensive income for the period under Ind AS	**8,102**

NOTES FORMING PART OF ACCOUNTS (Contd.)

IV) Reconciliation of Balance sheet under iGAAP and Ind AS as at 31 March 2016

(in ₹ Mn)

Particulars	As at 31-03-2016 (iGAAP)	Ind AS Adjustment	As at 31-03-2016 (Ind AS)
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2,650	–	2,650
(b) Capital work-in-progress	1	–	1
(c) Other intangible assets	554	–	554
(d) Intangible assets under development	188	–	188
(e) Financial assets			
(i) Investments	3,157	–	3,157
(ii) Other financial assets	1,674	(1,248)	426
(f) Deferred tax assets(net)	1,616	582	2,198
(g) Income tax assets (net)	861	–	861
(h) Other non-current assets	1,212	80	1,292
Total non-current assets	**11,913**	**(586)**	**11,327**
Current assets			
(a) Financial assets			
(i) Investments	68	(0)	68
(ii) Trade receivable	11,073	(62)	11,011
(iii) Unbilled revenue	3,700	0	3,700
(iv) Cash and cash equivalents	1,195	–	1,195
(v) Other bank balances	26	1	27
(vi) Other financial assets	2,990	(1,593)	1,397
(b) Other current assets	798	26	824
Total current assets	**19,850**	**(1,628)**	**18,222**
TOTAL ASSETS	**31,763**	**(2,214)**	**29,549**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	170	–	170
(b) Other equity	–		–
(i) Other reserves	2,514	3,685	6,199
(ii) Retained earnings	15,948	(2,676)	13,272
Total equity	**18,632**	**1,009**	**19,641**

NOTES FORMING PART OF ACCOUNTS (Contd.)

(in ₹ Mn)

Particulars	As at 31-03-2016 (iGAAP)	Ind AS Adjustment	As at 31-03-2016 (Ind AS)
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	1,149	(1,149)	–
(b) Provisions	235	–	235
Total non-current liabilities	**1,384**	**(1,149)**	**235**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	399	–	399
(ii) Current maturities of long term borrowings	147	–	147
(iii) Trade payables	3,383	–	3,383
(iv) Other financial liabilities	4,859	(1,574)	3,285
(b) Other current liabilities	1,039	–	1,039
(c) Provisions	1,920	(500)	1,420
Total current liabilities	**11,747**	**(2,074)**	**9,673**
TOTAL EQUITY AND LIABILITIES	**31,763**	**(2,214)**	**29,549**

IV) Reconciliation of statement of Profit & loss under iGAAP and Ind AS for the year ended on 31 March 2016

(in ₹ Mn)

Particulars	April 15 - March 16 iGAAP	Ind AS Adjustment	April 15 - March 16 Ind AS
Total income:			
Revenue from operations	55,695	(10)	55,685
Other income	3,341	(1,037)	2,304
	59,036	**(1,047)**	**57,989**
Expenses:			
Employee benefit expense	33,838	(80)	33,758
Operating & other expenses	6,671	–	6,671
Sales, administration and other expenses	5,903	122	6,025
Finance costs	58	–	58
Depreciation on tangible assets	654	–	654
Amortisation of intangible assets	380	–	380
Total expenses	**47,504**	**42**	**47,546**
Profit after extraordinary items and before tax	**11,532**	**(1,089)**	**10,443**

NOTES FORMING PART OF ACCOUNTS (Contd.)

(in ₹ Mn)

Particulars	April 15 - March 16 iGAAP	Ind AS Adjustment	April 15 - March 16 Ind AS
Tax expense			
Current tax (net)	2,713	305	3,018
Deferred tax	(563)	(574)	(1,137)
	2,150	**(269)**	**1,881**
Net profit for the year	**9,382**	**(820)**	**8,562**
Other comprehensive income	**–**	**(460)**	**(460)**
Total comprehensive income for the year	**9,382**	**(1,280)**	**8,102**

V) Reconciliation of Balance sheet under iGAAP and Ind AS as at 1 April 2015

(in ₹ Mn)

Particulars	As at 01-04-2015 iGAAP	Ind AS Adjustment	As at 01-04-2015 Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2,617	24	2,641
(b) Capital work-in-progress	48	–	48
(c) Other intangible assets	756	3	759
(d) Intangible assets under development	195	–	195
(e) Financial assets			
(i) Investments	3,953	(807)	3,146
(ii) Other financial assets	1,234	(516)	718
(iii) Trade receivable		–	–
(f) Deferred tax assets(net)	1,431	(461)	970
(g) Income tax assets (net)	923	31	954
(h) Other non-current assets	958	99	1,057
Total non-current assets	**12,115**	**(1,627)**	**10,488**
Current assets			
(a) Financial Assets			
(i) Investments	622	72	694
(ii) Trade receivable	10,466	(62)	10,404
(iii) Unbilled revenue	1,435	0	1,435
(iv) Cash and cash equivalents	1,215	18	1,233
(v) Other bank balances	126	1	127

NOTES FORMING PART OF ACCOUNTS (Contd.)

(in ₹ Mn)

Particulars	As at 01-04-2015	Ind AS Adjustment	As at 01-04-2015
	iGAAP		Ind AS
(vi) Other financial assets	2,072	(113)	1,959
(b) Other current assets	1,160	31	1,191
Total current assets	**17,096**	**(53)**	**17,043**
TOTAL ASSETS	**29,211**	**(1,680)**	**27,531**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	161	-	161
(b) Other equity			
(i) Other reserves	5,639	1,125	6,764
(ii) Retained earnings	13,454	(2,251)	11,203
Total equity	**19,254**	**(1,126)**	**18,128**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	139	-	139
(ii) Other financial liabilities	447	(447)	-
(b) Provisions	215	-	215
Total non-current liabilities	**801**	**(447)**	**354**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,898	2	1,900
(ii) Current maturities of long term borrowings	139	-	139
(iii) Trade payables	2,653	(28)	2,625
(iv) Other financial liabilities	2,364	(92)	2,272
(b) Other current liabilities	890	4	894
(c) Provisions	1,212	7	1,219
Total Current Liabilities	**9,156**	**(107)**	**9,049**
TOTAL EQUITY AND LIABILITIES	**29,211**	**(1,680)**	**27,531**

NOTES FORMING PART OF ACCOUNTS (Contd.)

49. Amount required to be spent by the Compnay on Corporate Social Responsibility (CSR) related activities during the Year 2016-17 is ₹ 173 Mn. The amount recognised as expense in the statement of profit & loss on CSR related activities during the year ended 31 March 2017 is ₹ 65 Mn, which comprises of:

(₹ in Mn)

Particulars	Disclosed under	In cash	Yet to be paid in cash	Total
General purposes	Miscellaneous expenses in Note No 30	55	10	65

50. The Company is not required to transfer any amount to Investor Education and Protection Fund.

51. The financial statements were approved by the Board of Directors on 04 May 2017.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332

Ashok Kumar Sonthalia
Chief Financial Officer

Sanjay Jalona
Chief Executive Officer & Managing Director
DIN : 07256786

Aftab Zaid Ullah
Chief Operating Officer & Whole Time Director
DIN : 05165334

Mumbai
May 04, 2017

INDEPENDENT AUDITOR'S REPORT

To the Members of Larsen & Toubro Infotech Limited

REPORT ON THE CONSOLIDATED INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying consolidated Ind AS financial statements of Larsen & Toubro Infotech Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the consolidated balance sheet as at 31 March 2017, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'consolidated Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE CONSOLIDATED IND AS FINANCIAL STATEMENTS

The Holding Company's Board of Directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

The respective Board of Directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

In preparing the consolidated financial statements, the respective Board of Directors of the companies included in the Group are responsible for assessing the ability of the Group to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative to do so.

The respective Board of Directors of the companies included in the Group are responsible for overseeing the financial reporting process of the Group.

AUDITOR'S RESPONSIBILITY

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

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

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

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

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraph (a) of the other matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the consolidated financial position of the Company as at 31 March 2017, and its consolidated financial performance including consolidated other comprehensive income, its consolidated cash flows and the consolidated changes in equity for the year ended on that date.

OTHER MATTERS

We did not audit the financial statements of eight subsidiaries, whose financial statements reflect total assets of ₹ 4,997 million and net assets of ₹ 3,909 million as at 31 March 2017 and total revenues of ₹ 5,522 million and net cash inflows of ₹ 1,054 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143(3) and (11) of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

These subsidiaries are located outside India and their financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in their respective countries and which have been audited by other auditors under generally accepted auditing standards applicable in their respective countries. The Company's management have converted the financial statements of these subsidiaries located outside India from accounting principles generally accepted in their respective countries to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of these subsidiaries located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by section 143(3) of the Act, we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;

   c) The consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

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

      i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - refer Note 36 to the consolidated Ind AS financial statements;

      ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts - refer Note 39 to the consolidated Ind AS financial statements;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India - refer Note 48 to the consolidated Ind AS financial statements; and;

      iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer Note 12(II) to the consolidated Ind AS financial statements.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (i) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls over financial reporting of Larsen & Toubro Infotech Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the consolidated Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

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

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Mumbai, 4 May 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Mn)

Particulars	Note No.	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
ASSETS				
Non-current assets				
(a) Property, plant and equipment	4	2,578	2,792	2,750
(b) Capital work-in-progress	4	9	7	53
(c) Goodwill	4	993	978	963
(d) Other intangible assets	4	1,848	2,606	3,122
(e) Intangible assets under development	4	4	188	198
(f) Financial assets				
(i) Investments	5	–	0	0
(ii) Other financial assets	6	2,177	426	718
(g) Deferred tax assets	7	1,434	2,213	988
(h) Income tax assets (net)	8	722	886	976
(i) Other non-current assets	9	1,292	1,323	1,087
Total Non-current sssets		**11,057**	**11,419**	**10,855**
Current assets				
(a) Financial assets				
(i) Investments	10	9,406	429	1,037
(ii) Trade receivable	11	11,697	11,661	10,827
(iii) Unbilled revenue		4,724	3,788	1,550
(iv) Cash and cash equivalents	12	3,761	2,008	1,889
(v) Other bank balances	13	34	27	127
(vi) Other financial assets	14	2,677	1,407	1,963
(b) Other current assets	15	988	883	1,239
Total Current Assets		**33,287**	**20,203**	**18,632**
TOTAL ASSETS		**44,344**	**31,622**	**29,487**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	16	171	170	161
(b) Other equity				
(i) Other reserves	17	9,910	7,397	7,769
(ii) Retained earnings	17	21,362	13,678	11,808
(iii) Share application money pending allotment	17	0		–
(iv) Non- controlling interests	17	8	5	4
Total equity		**31,451**	**21,250**	**19,742**
Liabilities				
Non-current liabilities				
(a) Financial liabilities				
(i) Borrowings	18	–	–	139
(b) Deferred tax liabilities	7	171	248	161
(c) Provisions	19	285	235	215
Total non-current liabilities		**456**	**483**	**515**
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	20	–	399	1,900
(ii) Current maturities of long term borrowings	21	–	147	139
(iii) Trade payables	22	3,366	3,405	2,685
(iv) Other financial liabilities	23	5,841	3,349	2,276
(b) Other liabilities	24	1,158	1,124	972
(c) Provisions	25	1,771	1,457	1,254
(d) Current income tax liabilities (net)	26	301	8	4
Total current liabilities		**12,437**	**9,889**	**9,230**
TOTAL EQUITY AND LIABILITIES		**44,344**	**31,622**	**29,487**
Significant accounting policies	2			
Other notes on accounts	36			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332

Ashok Kumar Sonthalia
Chief Financial Officer

Sanjay Jalona
Chief Executive Officer & Managing Director
DIN : 07256786

Aftab Zaid Ullah
Chief Operating Officer & Whole Time Director
DIN : 05165334

Mumbai
May 04, 2017

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

(₹ in Mn)

Particulars	Note No.	April 16 - March 17	April 15 - March 16
INCOME:			
Revenue from operations	27	65,009	58,464
Other income	28	1,867	1,897
Total income		**66,876**	**60,361**
EXPENSES:			
Employee benefit expense	29	37,758	35,266
Operating expenses	30	8,248	6,710
Sales, administration and other expenses	31	6,701	6,240
Finance costs	32	32	58
Depreciation on tangible assets	4	714	737
Amortisation of intangible assets	4	1,065	1,003
Total expenses		**54,518**	**50,014**
Profit before tax		**12,358**	**10,347**
Tax expense			
Current tax	33	3,181	3,039
Deferred tax (net)	34	(532)	(1,057)
		2,649	**1,982**
NET PROFIT FOR THE PERIOD		**9,709**	**8,365**
OTHER COMPREHENSIVE INCOME	35	**1,945**	**(266)**
TOTAL COMPREHENSIVE INCOME FOR THE PERIOD		**11,654**	**8,099**
Profit attributable to:			
Owners of the company		9,707	8,363
Non- controlling interests		2	2
		9,709	**8,365**
Total comprehensive income attributable to:			
Owners of the company		11,652	8,098
Non- controlling interests		2	1
		11,654	**8,099**
Basic			
Basic earning per equity share		57.08	51.02
Diluted			
Diluted earning per equity share		55.80	49.31
Significant accounting policies	2		
Other notes on accounts	36		

As per our report attached

SHARP & TANNAN
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Mumbai
May 04, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Mn)

Particulars		April 16 - March 17	April 15 - March 16
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit after tax	**9,709**	**8,365**
	Adjustments to reconcile net profit to net cash provided by operating activities:		
	Depreciation and amortisation	1,779	1,740
	Income tax expense	2,649	1,982
	Expense recognised in respect of equity settled stock option	428	(142)
	Interest income	(27)	(25)
	Income from current investment in mutual funds	(194)	(67)
	Interest expense	32	66
	Unrealised foreign exchange loss (gain)	282	56
	Unrealised foreign exchange loss (gain) on hedges not designated as cash-flow hedges	(220)	–
	Realised gain on Cash Flow hedges forming part of OCI	228	200
	(Profit)/Loss on sale of fixed assets	15	27
	Effect of exchange rate changes on assets and liabilities	(111)	93
	Operating profit before working capital changes	**14,570**	**12,295**
	Changes in working capital		
	(Increase)/decrease in trade receivables & unbilled revenue	(1,162)	(3,049)
	(Increase)/decrease in other receivables	57	(123)
	Increase/(decrease) in trade & other payables	2,711	2,067
	(Increase)/decrease in working capital	**1,606**	**(1,105)**
	Cash generated from operations	**16,176**	**11,190**
	Income taxes paid	(2,459)	(2,605)
	Net cash generated by operating activities	**13,717**	**8,585**
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	(795)	(1,291)
	Sale of fixed assets	41	149
	(Purchase)/sale of current investments	(8,977)	608
	Interest received	27	25
	Income from current investment in mutual funds	194	67
	Net cash used in investing activities	**(9,510)**	**(442)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in Mn)

Particulars		April 16 - March 17	April 15 - March 16
C.	**CASH FLOW FROM FINANCING ACIVITIES**		
	Proceeds from issue of share capital	4	69
	Proceeds from/(repayment) of borrowings	(437)	(1,664)
	Interest paid	(32)	(58)
	Dividend paid	(1,610)	(5,467)
	Tax on dividend paid	(278)	(1,049)
	Net cash generated from financing activities	**(2,353)**	**(8,169)**
	Net increase/(decrease) in cash and cash equivalents	**1,854**	**(26)**
	Cash and cash equivalents at beginning of the year	2,035	2,016
	Effect of exchange differences on translation of foreign currency cash and cash equivalents	(94)	45
	Cash and cash equivalents at end of the year	**3,795**	**2,035**

Notes:
There were no significant reconciliation items between cash flows prepared under iGAAP and those prepared under IndAS

As per our report attached

SHARP & TANNAN
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Mumbai
May 04, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(In ₹ Mn)

Particulars	Share Capital	Share application money pending allotment	General reserve	Share premium	Retained earnings	Employee stock option outstanding	Deferred employee compensation expense	Other components of equity		Equity attributable to the equity holders of the Company	Non-controlling interest	Total equity
								Hedging reserve	Foreign currency translation reserve			
Balance as on April 1, 2016	170		4,492	1,473	13,678	77	–	877	479	21,245	5	21,250
Changes in equity for the year ended on March 31, 2017	1									1		1
Employee stock compensation expense						1,442	(1,492)			(49)		(49)
Remeasurement of Net Defined Benefit Liability/asset,net of tax effect										–		–
Net profit for the year					9,707					9,707	2	9,709
Other comprehensive income					(45)			2,204	(215)	1,944	1	1,945
Dividends (including dividend distribution tax)					(1,978)					(1,978)		(1,978)
Any other changes		0	9	25	–	(8)	547			573		573
Balance as on March 31, 2017	**171**	**0**	**4,501**	**1,498**	**21,362**	**1,511**	**(945)**	**3,081**	**264**	**31,443**	**8**	**31,451**

for the year ended March 31, 2016

(In ₹ Mn)

Particulars	Share capital	General reserve	Share premium	Retained earnings	Employee stock option outstanding	Other components of equity		Equity attributable to the equity holders of the company	Non-controlling interest	Total equity
						Hedging Reserve	Foreign currency translation freserve			
Balance as on April 1, 2015	161	4,491	1,181	11,808	452	1,360	285	19,738	4	19,742
Changes in equity for the year ended on March 31, 2016	9							9		9
Net profit for the year				8,363				8,363	2	8,365
Other comprehensive income				23		(483)	194	(265)	(1)	(266)
Dividends (including dividend distribution tax)				(6,516)				(6,516)		(6,516)
Other changes		1	292		(375)			(83)		(83)
Balance as on March 31, 2016	**170**	**4,492**	**1,473**	**13,678**	**77**	**877**	**479**	**21,245**	**5**	**21,250**

As per our report attached

SHARP & TANNAN
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DIN : 05165334

Mumbai
May 04, 2017

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS

1. COMPANY OVERVIEW

Larsen & Toubro Infotech Limited ('the Company') together with its subsidiaries shall mean Larsen and Toubro Infotech Limited ('Group'). The Group offers extensive range of IT services like application development, maintenance and outsourcing, enterprise solutions, infrastructure management services, testing, digital solutions, and platform based solutions to the clients in diverse industries.

The Company is a public limited company incorporated and domiciled in India and has its registered office at L&T House, Ballard Estate, Mumbai, and Maharashtra, India. The company's equity shares are listed on the National Stock Exchange Limited and BSE Limited in India.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of accounting

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires the management of the Group to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The consolidated financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016.

The Group has prepared its first Ind AS compliant financial statements as on 1 April 2015 (the date of transition). Refer note 47 for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the Group's financial statements.

The financial statements of Indian subsidiaries have been prepared in compliance with Ind AS as prescribed under section 133 of the Companies Act, 2013, read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules 2016. Financial statements of foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. Necessary adjustments for differences in the accounting policies, if any, have been made in the consolidated financial statements.

b. Presentation of financial statements

The statement of financial position and the statement of profit and loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 'Cash Flow Statements'. The disclosure requirements with respect to items in the statement of financial position and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

c. Principles of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries. Control is achieved when the group is exposed to or has rights to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Specifically, the Group controls an investee if and only if the Group has:

I) Power over the investee,

II) Exposure or rights to variable return from its involvement with the investee, and

III) Ability to use its power over the investee to affect its returns.

Generally, it is presumed that, a majority of voting rights results in control. To support this presumption and when the Group has less than a majority of the voting or similar rights of an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

I) Contractual arrangement with the other vote holders of the investee,

II) Rights arising from other contractual arrangements,

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

III) The Group's voting rights and potential voting rights and

IV) Size of the Group's holding of voting rights relative to the size and dispersion of holdings of other investees with voting rights.

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed off during the year are included in consolidated financial statements from the date the Group gains control until the date the Group ceases to control the subsidiary.

Consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances. If an entity of the Group uses accounting policies other than those adopted in the consolidated financial statements for like transactions and other events in similar circumstances, appropriate adjustments are made to that entity's financial statements in preparing the consolidated financial statements to ensure conformity with the Group's accounting policies.

The financial statements of all entities used for the purpose of consolidation are drawn up to the same reporting date as that of the Group, i.e., year ended on 31st March. When the end of the reporting period of the parent is different from that of a subsidiary, the subsidiary prepares, for consolidation purposes, additional financial information as of the same date as the financial statements of the parent to enable the parent to consolidate the financial statements of the subsidiaries, unless it is impracticable to do so.

Consolidation procedure followed is as under:

I) Items of assets, liabilities, equity, income, expenses and cash flows of the parent with those of its subsidiaries are combined like to like basis. For this purpose, income and expenses of the subsidiary are based on the amounts of the assets and liabilities recognized in the consolidated financial statements at the acquisition date,

II) The difference between carrying amount of the parent's investment in each subsidiary and the parent's portion of equity of each subsidiary subject to adjustment of goodwill and

III) Intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between entities of the Group are eliminated subject to impact of deferred taxes. Profit or loss and each component of other comprehensive income (OCI) are attributable to equity holders of the parent of the Group and to the non-controlling interest, even if this results in the non-controlling interests having deficit balance.

A change in the ownership interest of a subsidiary, without loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

I) Derecognizes the assets (including goodwill) and liabilities of the subsidiary,

II) Derecognizes carrying amount of any non-controlling interest,

III) Derecognizes the cumulative translation differences recorded in equity,

IV) Recognizes the fair value of consideration received,

V) Recognizes the fair value of any investments retained,

VI) Recognizes any surplus or deficit in profit or loss and

VII) Reclassifies the parent's share of components previously recognized in OCI to profit or loss or retained earnings, as appropriate, as would be required if the Group had directly disposed of the related assets or liabilities.

d. Revenue recognition

Revenue from contracts priced on time and material basis are recognised when services are rendered and related costs are incurred.

Revenue from services performed on fixed-price basis is recognized over the life of contract using the proportionate completion method.

Revenue from sale of products and licenses is recognised upon delivery when all risks and rewards are transferred.

Revenue from services rendered as Application Service provider ('ASP') services are recognized by applying the contracted rates on the total number of active and inactive fund accounts across all client customer environments.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

e. Other income

I. Interest income is accrued at effective interest rate.

II. Dividend income is accounted in the period in which the right to receive the same is established.

III. Other items of income are accounted as and when the right to receive arises.

f. Employee benefits

I) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

II) Post-employment benefits

i) Defined contribution plan:

The Group's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii) Social security plans

Employer's contribution payable with respect to the social security plans, which are defined contribution plans, is charged to the consolidated statement of profit and loss in the period in which employee renders the services

iii) Defined benefit plans:

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

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. Actuarial gains and losses through re-measurement of the defined benefit liability/(asset) are recognized in other comprehensive income. The actual return of portfolio of plan assets, in excess of yields computed by applying the discount rate used to measure the defined benefit obligation are recognized in other comprehensive income. The effect of any plan amendments are recognized in consolidated statement of profit and loss.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost resulting from a plan amendment or curtailment are recognised immediately in the consolidated statement of profit and loss.

(iv) Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized as determined by actuarial valuation performed by independent actuary at each balance sheet date using Projected Unit Credit Method on the additional amount expected to be paid/availed as a result of unused entitlement that has accumulated at balance sheet date. Actuarial gains and losses are recognised immediately in other comprehensive income.

g. Property plant and equipment

Property plant and equipment are stated at cost less accumulated depreciation and impairment losses if any. Cost includes expenditure directly attributable to the acquisition of the asset and cost incurred for bringing the asset to its present location and condition.

h. Intangible assets

Assets like customer relationship, computer software, and internally developed software are stated at cost, less accumulated depreciation, amortisation and impairment.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Intangible assets are tested for impairment at each balance sheet date. Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired.

i. Impairment

I) Impairment of trade receivable

The Group assesses at each date of statement of financial position whether a financial assets in form of trade receivable is impaired. In accordance with Ind AS 109, the Group applies Expected Credit Loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the Group uses a provision matrix to determine impairment loss on portfolio of its trade receivable. The provision matrix is based on available external and internal credit risk factors such as credit default, credit rating from credit rating agencies and Group's historically observed default rates over the expected life of trade receivable. ECL impairment loss allowance (or reversal) recognised during the period as expense/income respectively in the consolidated statement of profit and loss.

II) Impairment of intangible assets:

i) Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not amortized but is tested for impairment annually and when events or changes in circumstances indicate that an impairment loss would have occurred. For the purposes of impairment testing, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognized, up to a maximum amount of the recorded goodwill related to the reporting unit. Goodwill impairment losses are not reversed. The growth rate and discount rates as applicable are used for impairment testing.

ii) Other intangible assets

At the end of each reporting period, the Group reviews the carrying amounts of intangible assets to determine if there is any indication of loss suffered. If such indication exists, the recoverable amount of the asset is estimated to determine the extent of the impairment loss.

j. Leases

I) Finance lease

Assets acquired under leases where the Group has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalized at the inception of the lease at the lower of the fair value and the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

II) Operating lease

Assets acquired under lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the profit and loss account on accrual basis.

k. Depreciation

I) Tangible assets

Depreciation on assets have been provided as mentioned in below table except for the leasehold improvements which is depreciated over the lease period. Depreciation or amortization on additions and disposals are calculated on pro-rata basis from and to the month of additions and disposals.

Particulars	Useful life
• Computers and IT peripherals	Up to 6 years
• Plant and machinery	Up to 15 years
• Office equipment	Over a period of 5 years
• Vehicles	Over a period of 8 years
• Furniture and fixtures	Over a period of 10 years

II) Intangible assets and amortisation

The estimated useful life of an intangible asset is based on a number of factors including the effects of obsolescence, demand, competition and other economic factors and the level of maintenance expenditures required to obtain the expected future

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

cash flows from the asset. The basis of amortization of intangible assets is as follows:

Particulars	Useful life
• Computer software	Up to 5 years
• Business rights	Over a period 5 years
• Customer contracts	Upto 10 years

l. Employee stock ownership schemes

In respect of stock options granted pursuant to the Group's stock options scheme, the excess of fair value of the share over the exercise price of the option is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognized as expense each year is arrived at based on the number of grants expected to vest. If options granted lapses after the vesting period, the cumulative discount recognized as expense in respect of such options is transferred to the general reserve.

m. Functional and presentation currency

The functional currency of the Group is the Indian Rupee. The functional currency of Indian subsidiaries is the Indian Rupee and the functional currency of foreign subsidiaries is the currency of the primary economic environment in which these subsidiaries operate. The consolidated financial statements of group are prepared in the Indian Rupee.

n. Foreign currency transactions & balances

Foreign currency transactions are initially recorded at the rates prevailing on the date of the transaction. At the balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction.

Translation of foreign currency transaction of foreign subsidiaries is treated as under:

- Revenue items at the average rate for the period;
- All assets and liabilities at year end rates

Exchange difference on settlement/year end conversion is recognized in foreign currency translation reserve.

o. Financial Instruments

Financial assets and liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument.

I) Initial measurement

Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

II) Subsequent measurement

i) Non-Derivative financial assets

A) Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if:

a) the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

B) Financial assets at fair value through other comprehensive income (FVTOCI)

Financial assets are subsequently measured at fair value through other comprehensive income if the financial asset is held within a business model whose objective is achieved by both

a) Collecting contractual cash flows and selling financial assets and

b) the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

C) Financial assets at fair value through profit and loss (FVTPL)

Fair value through profit and loss is a residual category for financial assets. Any financial asset which does not meet the criteria for categorization as at amortised

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

cost or as Financial assets at fair value through other comprehensive income is classified as Financial assets fair valued through profit and loss.

ii) Non-Derivative financial liability

A) Financial liabilities at amortized cost

Financial liabilities at amortised cost represented by trade and other payables are initially recognized at fair value, and subsequently carried at amortized cost using the effective interest method.

B) Financial liabilities at fair value through other comprehensive income/Debt instrument (FVTOCI)

A debt instrument shall be measured at fair value through other comprehensive income if both of the following conditions are met:

a) the objective of the business model is achieved by both collecting contractual cash flows and selling financial assets and

b) the asset's contractual cash flow represent solely payments of principal and interest. The group has not recognised any liabilities under this category.

C) Financial liabilities at fair value through profit and loss (FVTPL)

Fair Value through Profit and Loss is a residual category for financial liabilities. Any financial liability which does not meet the criteria for categorization as at amortised cost or as Fair Value through Other Comprehensive Income, is classified as fair value through profit and loss.

iii) Derivative financial instrument

The Group holds derivative financial instrument such as foreign exchange forward contract to mitigate the risk of changes in exchange rates on foreign currency exposures.

A) Cash flow hedges

Changes in the fair value of the derivative hedging instruments designated as cash flow Hedges are recognized in othercomprehensive income and presented within equity as hedging reserve. The cumulative gain or loss previously recognized in the cash flow hedging reserve is transferred to the consolidated statement of profit or loss upon the occurrence of the related forecasted transaction. Changes in fair value of foreign currency derivative instruments not designated as cash flow hedges and ineffective portion of cash flow hedges are recognized in statement of profit and loss and reported with in foreign exchange gains or losses.

B) Fair Value hedges

Changes in the fair value of the derivative hedging instrument designated as fair value hedges are recognized in consolidated statement of profit or loss.

III) Derecognition

The group derecognizes a financial asset when the contractual rights to the cash flows from the financial assets expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognised from the group's balance sheet where the obligation specified in the contract is discharged or cancelled or expires.

p. Taxes on income

Income tax expense comprises current and deferred income tax. Tax on income for Indian companies for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Indian Income tax Act, 1961. Foreign subsidiaries recognize current tax/deferred tax liabilities and assets in accordance with the applicable local laws.

Income tax expense comprises current and deferred income tax. Income tax and deferred tax expense is recognized in the consolidated statement of profit and loss except to the extent that it relates to items recognized directly in other comprehensive income, in which case income tax expense is recognized in other comprehensive income. Current income tax for current and prior periods is recognized at the amount expected to be paid to or recovered from the tax authorities. (Refer note 8 for applicable tax rates in various jurisdiction).

The Group offsets current tax assets and current tax liabilities, where it has a legally enforceable right to set off the recognized amounts and where it intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

Deferred income tax assets and liabilities are recognized for all temporary differences arising between the tax bases of assets and liabilities and their carrying amounts

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

in the financial statements except when the deferred income tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction. Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Deferred income tax assets and liabilities are measured using tax rates and tax laws that have been enacted or substantively enacted as on the statement of position and are expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. Deferred income taxes are not provided on the undistributed earnings of subsidiaries and branches where it is expected that the earnings of the subsidiary or branch will not be distributed in the foreseeable future. Deferred Income taxes are not provided on dividend receivable from subsidiaries as the Group is able to control the timing of reversal of such temporary difference. Deferred tax is provided on unrealized intra Group profit at the rate of tax applicable to the purchasing entity.

q. Borrowing costs

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

r. Provisions, contingent liabilities and contingent assets

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

I) the Group has a present obligation as a result of a past event;

II) a probable outflow of resources is expected to settle the obligation; and

III) the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in case of

I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

II) a possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

s. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Group’s Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

I) Segment revenue is the revenue directly identifiable with/allocable to the segment.

II) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Group as a whole and not identifiable with/allocable to segments are included under ‘unallocable expenses’.

III) Other Income which relates to the Group as a whole and not identifiable with or allocable to segments is included in ‘unallocable income’.

IV) Assets and liabilities used in the Group’s business are not identified to any of the reportable segments as these are used interchangeably.

t. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 (‘cash flow statements’).

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

3 (I) The list of subsidiaries included in the consolidated financial statements are as under

	Name of the subsidiary Company	Country of incorporation	Proportion of ownership as at 31 March 2017 (%)	Proportion of ownership as at 31 March 2016 (%)
1	Larsen & Toubro Infotech Canada Limited	Canada	100	100
2	Larsen & Toubro Infotech GmbH	Germany	100	100
3	Larsen & Toubro Infotech LLC	USA	100	100
4	L&T Infotech Financial Services Technologies Inc.	Canada	100	100
5	Larsen And Toubro Infotech South Africa (Proprietary) Limited	South Africa	74.9	74.9
6	L&T Information Technology Services (Shanghai) Co. Ltd.	China	100	100
7	Larsen & Toubro Infotech Austria GmbH	Austria	100	100
8	L&T Information Technology Spain, Sociedad Limitada	Spain	100	100
9	Augment IQ Data Sciences Private Limited*	India	100	–
10	L&T Infotech S.de. RL. C.V #	Mexico	100	–

*The Company has acquired a new entity 'AugmentIQ' Data Sciences Private Limited' in India on 30th November 2016 (refer note '43').

L & T Infotech S.de. RL. C.V has been incorporated in Mexico in March 2017. There are no operations and transactions till the balance sheet date.

3(II) Additional disclosure as per Schedule III of the Companies Act 2013:

(₹ in Mn)

Name of entity	Net assets, i.e. total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
A - Parent								
- Larsen & Toubro Infotech Limited	94.7%	29,769	96.6%	9,376	111.0%	2,159	99.0%	11,535
Subsidiaries								
B - Indian								
1. AugmentIQ Data sciences Pvt Ltd	0.0%	11	0.0%	2	0.0%	–	0.0%	2
Sub Total	**0.0%**	**11**	**0.0%**	**2**	**0.0%**	**–**	**0.0%**	**2**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(₹ in Mn)

Name of entity	Net assets, i.e. total assets minus total liabilities		Share in profit		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated other comprehensive income	Amount	As % of consolidated total comprehensive income	Amount
C - Foreign								
1. Larsen & Toubro Infotech GmbH	0.9%	279	0.2%	22	(1.2%)	(24)	0.0%	(2)
2. Larsen & Toubro Infotech Canada Limited	0.2%	73	0.3%	27	(0.2%)	(4)	0.2%	23
3. Larsen & Toubro Infotech LLC	0.4%	115	0.0%	4	(0.1%)	(3)	0.0%	1
4. L&T Infotech Financial Services Technologies Inc.	10.7%	3,393	4.1%	395	(9.4%)	(184)	1.8%	211
5. Larsen And Toubro South Africa (Proprietary) Limited	0.1%	28	0.1%	8	0.1%	2	0.1%	10
6. L&T Information Technology Services (Shanghai) Co. Ltd.	0.0%	(1)	(0.1%)	(6)	0.0%	0	(0.1%)	(6)
7. Larsen & Toubro Infotech Austria GmbH	0.0%	5	0.0%	3	0.0%	0	0.0%	3
8. L&T Information Technology Spain, Sociedad Limitada	0.1%	17	0.2%	15	(0.1%)	(1)	0.1%	14
Sub Total	**12.4%**	**3,909**	**4.8%**	**468**	**11.0%**	**(214)**	**2.2%**	**254**
Total A+B+C	**107.1%**	**33,689**	**101.4%**	**9,846**	**100.0%**	**1,945**	**101.2%**	**11,791**
Less: CFS adjustments and eliminations	(7.1%)	(2,246)	(1.4%)	(137)	0.0%	0	(1.2%)	(137)
TOTAL	**100.0%**	**31,443**	**100.0%**	**9,709**	**100.0%**	**1,945**	**100.0%**	**11,654**

4. INTANGIBLE ASSETS

The balance useful life of intangible assets as on the respective balance sheet dates is as follows:-

(₹ in Mn)

Class of assets	As on 31 March 2017		As on 31 March 2016		As on 1 April 2015	
	Balance useful life	Carrying amount	Balance useful life	Carrying amount	Balance useful life	Carrying amount
Software	1 to 5 years	1,472	1 to 5 years	2,103	1 to 5 years	2,539
Customer Contracts	1 to 5 years	376	1 to 5 years	503	1 to 6 years	583
		1,848		**2,606**		**3,122**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

4. CONSOLIDATED FIXED ASSETS – As of 31 Mar 2017

(₹ in Mn)

Fixed and intangible assets	Gross block						Depreciation/Amortisation						Net block
	As at 01-Apr-16	Pursuant to acquisition of subsidiary Refer Note 43	Additions	Deductions	Foreign currency translation reserve	As at 31-Mar-17	As at 01-Apr-16	Pursuant to acquisition of Subsidiary Refer Note 43	For the year	On deductions	Foreign currency translation reserve	As at 31-Mar-17	As at 31-Mar-17
Tangible assets													
Leasehold land	10	–	–	–	–	10	–	–	0	–	–	0	10
Buildings	126	–	–	–	–	126	8	–	8	–	–	16	110
Leasehold improvements	289	–	76	15	–	350	36	–	40	15	–	61	289
Plant and machinery	629	–	50	2	(0)	677	77	–	79	2	(0)	154	523
Computers	1,028	1	180	53	(11)	1,145	328	1	317	52	(7)	587	558
Office equipments	406	0	125	9	(0)	522	105	0	113	9	(0)	209	313
Furniture and fixtures	677	0	64	34	(1)	706	104	0	103	29	(1)	177	529
Vehicles	336	–	62	63	–	335	51	(0)	54	16	–	89	246
Capital work in progress													9
Total of tangible assets	**3,501**	**1**	**557**	**176**	**(12)**	**3,871**	**709**	**1**	**714**	**123**	**(8)**	**1,293**	**2,587**
Intangible assets													
Goodwill on acqusition	350	–	–	–	(18)	332	–	–	–	–	–	–	332
Goodwill on consolidation	628	–	33	–	–	661	–	–	–	–	–	–	661
Software	5,444	0	383	214	(177)	5,436	3,341	0	956	212	(121)	3,964	1,472
Customer contracts	1,061	–	3	–	(55)	1,009	558	–	109	–	(34)	633	376
Business rights	98	–	–	–	–	98	98	–	–	–	–	98	–
Capital work in progress – internally captitalised softwares													4
Total of intangible assets	**7,581**	**–**	**419**	**214**	**(250)**	**7,536**	**3,997**	**–**	**1,065**	**212**	**(155)**	**4,695**	**2,845**

1. Impairment upto 31-03-2017 - NIL
2. Additions during the year and capital work-in-progress include ₹ Nil (previous year ₹ Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS 23) on 'Borrowing Costs' prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.
3. GDA Technologies Limited (GDA) has been amalgamated with the Company with effect from 1 April 2016 [refer note 42 to notes to accounts]
4. Augment IQ has been aquired with effect from 30th November'2016 [refer note 43 to notes to accounts]

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

4. CONSOLIDATED FIXED ASSETS – As of 31 March 2016

(₹ in Mn)

Fixed and intangible assets	Gross block					Depreciation/Amortisation					Net block
	As at 01-Apr-15	Additions	Deductions	Foreign currency translation reserve	As at 31-Mar-16	As at 01-Apr-15	For the year	On deductions	Foreign currency translation reserve	As at 31-Mar-16	As at 31-Mar-16
Tangible assets											
Leasehold land	10	–	–	–	10	–	–	–	–	–	10
Buildings	126	–	–	–	126	–	8	–	–	8	118
Leasehold improvements	234	68	13	–	289	–	36	–	–	36	253
Plant and machinery	644	96	111	–	629	–	90	13	–	77	552
Computers	547	479	2	4	1,028	4	323	1	2	328	700
Office equipments	295	119	8	–	406	–	111	6	–	105	301
Furniture and fixtures	610	98	32	1	677	–	112	8	–	104	573
Vehicles	288	92	44	–	336	–	57	6	–	51	285
Capital work in progress	–	–	–	–	–	–	–	–	–	–	7
Total of tangible assets	**2,754**	**952**	**210**	**5**	**3,501**	**4**	**737**	**34**	**2**	**709**	**2,799**
Intangible assets											
Goodwill on acqusition	335	–	–	15	350	–	–	–	–	–	350
Goodwill on consolidation	628	–	–	–	628		–	–	–	–	628
Software	4,918	394	6	138	5,444	2,379	899	6	69	3,341	2,103
Customer contracts	1,015	–	–	46	1,061	432	104	–	22	558	503
Business rights	98	–	–	–	98	98	–	–	–	98	–
Capital work in progress - internally captalised softwares	–	–	–	–	–	–	–	–	–	–	188
Total of intangible assets	**6,994**	**394**	**6**	**199**	**7,581**	**2,909**	**1,003**	**6**	**91**	**3,997**	**3,772**

1. Impairment upto 31-03-2016 - NIL
2. Additions during the year and capital work-in-progress include ₹ Nil (previous year ₹ Nil) being borrowing cost capitalised in accordance with Indian Accounting Standards (Ind AS 23) on 'Borrowing Costs' prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

4. CONSOLIDATED FIXED ASSETS - As of 1 April 2015

(₹ in Mn)

Fixed and intangible assets	Gross block	Depreciation /Amortisation	Net block
	As at 01-Apr-15	As at 01-Apr-15	As at 01-Apr-15
Tangible assets			
Leasehold land	10	–	10
Buildings	126	–	126
Leasehold improvements	234	–	234
Plant and machinery	644	–	644
Computers	547	4	543
Office equipments	295	0	295
Furniture and fixtures	610	0	610
Vehicles	288	–	288
Capital work in progress	–	–	53
Total of tangible assets	**2,754**	**4**	**2,803**
Intangible assets			
Goodwill on acqusition	335	–	335
Goodwill on consolidation	628	–	628
Software	4,918	2,379	2,539
Customer contracts	1,015	432	583
Business rights	98	98	–
Capital work in progress - internally captitalised softwares	–	–	198
Total of intangible assets	**6,994**	**2,909**	**4,283**

1. Impairment upto 01-04-2015 - NIL

5. NON-CURRENT INVESTMENTS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Long term investments			
100,000 fully paid equity shares of USD 1 (₹ 53)			
Each in Pan Health, U.S.A	–	0	0
	–	**0**	**0**

6. OTHER FINANCIAL ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Forward contract receivable	1,866	132	427
Security deposits	311	294	291
	2,177	**426**	**718**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

7. DEFERRED TAX ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
MAT credit	2,576	2,576	1,510
Less: Deferred tax liability	(1,157)	(379)	(538)
Deferred tax assets	15	16	16
	1,434	**2,213**	**988**

7 Deferred tax liabilities or assets for the year ended 31 March 2017

7 (I) Deferred tax liabilities

(₹ in Mn)

	Deferred tax asset/(liability) as at 31 March 2016	Deferred tax asset/(liability) charged to retained earnings	Current year (charge)/ credit to profit and loss a/c	(Charge)/ credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/(liability) as at 31 March 2017
Deferred tax liabilities							
Depreciation/ amortisation	(313)	–	108	–	11	–	(194)
	(313)		**108**		**11**		**(194)**
Deferred tax assets							
Non capital losses and deferred expenses	65	–	(41)	–	(1)	–	23
	65	**–**	**(41)**	**–**	**(1)**	**–**	**23**
Net deferred tax assets/(liabilities)(A)	**(248)**	**–**	**67**	**–**	**10**	**–**	**(171)**

7 (II) Deferred tax assets

(₹ in Mn)

	Deferred tax asset/(liability) as at 31 March 2016	Deferred tax asset/(liability) charged to retained earnings	Current year (charge)/credit to profit and loss a/c	(Charge)/ credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/(liability) as at 31 March 2017
Deferred tax liabilities							
Depreciation/ amortisation	44	–	27	–	–	–	71
Income received in advance	(2)	–	2	–	–	–	–
Gain on cash flow hedges	(172)	–	–	(748)	–	–	(920)
MTM on ineffective hedges			(46)				(46)
Branch Profit Tax	(427)	–	(115)	–	–	–	(542)
Others	(1)	–		–	–	–	(1)
	(558)	**–**	**(132)**	**(748)**	**–**	**–**	**(1,438)**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

	Deferred tax asset/(liability) as at 31 March 2016	Deferred tax asset/(liability) charged to retained earnings	Current year (charge)/credit to profit and loss a/c	(Charge)/ credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/(liability) as at 31 March 2017
Deferred tax assets							
Income received in advance	2	–	(2)	–	–	–	–
MAT credit	2,576	–	440	(440)	–	–	2,576
Provision for doubtful debts and advances	43	–	8	–	–	–	51
Provision for employee benefits	99	–	54		–	–	153
Realised gain on derivative transactions	41		95	(41)	–	–	95
loss carried forward as per provisions of Income Tax Act,1961			1				1
Others	10	–	1	–	–	(15)	(4)
	2,771	**–**	**597**	**(481)**	**–**	**(15)**	**2,872**
Net deferred tax assets/(liabilities)(B)	**2,213**	**–**	**465**	**(1,229)**	**–**	**(15)**	**1,434**
Net deferred tax assets/(liabilities)(A+B)	**1,965**	**–**	**532**	**(1,229)**	**10**	**(15)**	**1,263**

7 (III) Net schedule of Deferred tax for the year ended 31 March 2017

(₹ in Mn)

	Deferred tax asset/(liability) as at 31 March 2016	Charge to retained earnings	Current year (charge)/ credit	(Charge)/ credit to hedging reserve	Foreign currency translation reserve	Charge pursuant to acquisition of subsidiary	Deferred tax asset/(liability) as at 31 March 2017
Depreciation/amortisation	(269)	–	135	–	11	–	(123)
Gains on cash flow hedges	(172)			(748)	–	–	(920)
Branch profit tax	(427)	–	(115)				(542)
MAT credit	2,576	–	440	(440)	–	–	2,576
Loss carried forward as per provisions under Income Tax Act, 1961	–	–	1	–	–	–	1
MTM on ineffective hedges	–	–	(46)	–	–	–	(46)
Non capital losses and deferred expenses	65	–	(41)	–	(1)	–	23
Provision for doubtful debts and advances	43	–	8	–	–	–	51
Provision for employee benefits	99	–	54	–	–	–	153
Others	9	–	1			(15)	(5)
Realised gain on derivative transactions	41	–	95	(41)	–	–	95
Net Deferred Tax Asset/ (Liabilities)	**1,965**	**–**	**532**	**(1,229)**	**10**	**(15)**	**1,263**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

7 (IV) Deferred tax assets or liabilities for the year ended 31 March 2016

Deferred Tax Liabilities:

(₹ in Mn)

	Deferred tax asset/ (liability) as at 1 April 2015	Current year (charge)/credit to Profit & Loss A/c	(Charge)/credit to hedging reserve	Others	Deferred tax asset/ (liability) as at 31 March 2016
Deferred tax liabilities					
Depreciation/amortisation	(396)	83	–	–	(313)
	(396)	**83**	**–**	**–**	**(313)**
Deferred tax assets					
Non capital losses & deferred expenses	235	(170)	–	–	65
	235	**(170)**	**–**	**–**	**65**
Net deferred tax assets/ (liabilities)(A)	**(161)**	**(87)**	**–**	**–**	**(248)**

7 (V) Deferred tax assets

(₹ in Mn)

	Deferred tax asset/ (liability) as at 1 April 2015	Current year (charge)/credit to Profit & Loss A/c	(Charge)/credit to hedging reserve	Others	Deferred tax asset/ (liability) as at 31 March 2016
Deferred tax liabilities					
Depreciation/amortisation	4	40	–	–	44
Income received in advance	(2)	–	–	–	(2)
Gain on cash flow hedges	–		(172)	–	(172)
Branch Profit Tax	(323)	(104)			(427)
Others	(283)	(1)	283	–	(1)
	(604)	**(65)**	**111**	**–**	**(558)**
Deferred tax assets					
Income received in advance	2				2
MAT credit	1,510	1,086	–	(20)	2,576
Provision for doubtful debts and advances	16	27	–	–	43
Provision for employee benefits	64	35	–	–	99
Realised gain on derivative transactions	–	41	–	–	41
Others		10			10
	1,592	**1,199**	**–**	**(20)**	**2,771**
Net deferred tax assets/ (liabilities)(B)	**988**	**1,134**	**111**	**(20)**	**2,213**
Net deferred tax assets/ (liabilities)(A+B)	**827**	**1,047**	**111**	**(20)**	**1,965**
Exchange gain/(loss) on translation		**10**			
Net deferred tax assets/ (liabilities) after foreign exchange gain/loss		**1,057**			

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

7(VI) Net schedule of Deferred Tax for the year ended 31 March 2016

(₹ in Mn)

	Deferred tax asset/ (liability) as at 1 April 2015	Current year (charge)/credit	(Charge)/credit to hedging reserve	Others	Deferred tax asset/ (liability) as at 31 March 2016
Depreciation/amortisation	(392)	123			(269)
Gains on cash flow hedges	–	–	(172)	–	(172)
Branch profit tax	(323)	(104)	–	–	(427)
Others	(283)	(1)	283		(1)
MAT credit	1,510	1,086	–	(20)	2,576
Non capital losses and deferred expenses	235	(170)		–	65
Provision for doubtful debts and advances	16	27	–	–	43
Provision for employee benefits	64	35	–	–	99
Realised gain on derivative transactions	–	41	–	–	41
Others	–	10	–	–	10
Net deferred tax assets/(liabilities) before exchange (gain)/loss	**827**	**1,047**	**111**	**(20)**	**1,965**
Exchange gain/(loss) on translation		**10**			
Net deferred tax assets/(liabilities) after exchange (gain)/loss		**1,057**			

8. INCOME TAX ASSETS (NET)

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Tax assets	722	886	976
	722	**886**	**976**

8 (I) Applicable tax rates for the following jurisdiction of branches and subsidiaries

Jurisdiction of subsidiaries	Applicable tax rates (%)
Austria	25.00
China	25.00
Canada	26.50
Germany	16.38
India	34.61
Spain	25.00
South Africa	28.00
United States	35.00

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Jurisdiction of branches	Applicable tax rates (%)
Australia	30.00
Belgium	33.00
Costa Rica	30.00
Denmark	22.00
Finland	20.00
France	33.00
Japan	23.90
Korea	22.00
Netherlands	20.00
Norway	24.00
Oman	12.00
Philippines	30.00
Qatar	10.00
Saudi Arabia	20.00
Singapore	17.00
Sweden	22.00
United Kingdom	22.00

8 (II) A reconciliation of the income tax provision to the amount computed by applying enacted income tax rate to the profit before income taxes is as follows:

(₹ in Mn)

	April'16 - March'17	April'15 - March'16
Profit before income taxes	12,358	10,347
Enacted tax rates in India	34.608%	34.608%
Computed expected tax expense	4,277	3,581
Tax effect due to non-taxable income for Indian tax purposes	(1,360)	(1,600)
Overseas taxes	413	229
Short/excess provision	20	38
Effect of exempt income for Indian tax purposes	(741)	(467)
Effect of allowances of eligible expenses	(410)	(574)
Effect of non-deductible expenses	480	482
Effect of income charged at differential tax rate for Indian tax purposes	(24)	(82)
Effect of deferred taxes	(94)	29
Effect of transitional Ind AS adjustments	–	314
Others	88	32
Tax expense as per statement of profit and loss	**2,649**	**1,982**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

8(III) Summary of tax credits available for set off against future tax liability arising under provisions of Income tax Act, 1961 for the year ended on 31 March 2017

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward for the current year	MAT credit utilised during the year	Balance MAT carried forward to next year	Year of expiry
2007-2008	76	76	–	–	–	–
2008-2009	238	238	–	–	–	–
2009-2010	256	256	–	–	–	–
2010-2011	556	41	515	–	515	2025-2026
2011-2012	–	–	–	–	–	–
2012-2013	–	–	–	–	–	–
2013-2014	490	–	490	–	490	2028-2029
2014-2015	505	–	505	–	505	2029-2030
2015-2016	1,086	–	1,086	–	1,086	2030-2031
2015-2016*	(20)	–	(20)	–	(20)	
2016-2017	440	–	440	–	440	2031-2032
2016-2017#	(440)	–	(440)	–	(440)	
TOTAL	**3,187**	**611**	**2,576**	**–**	**2,576**	

* MAT credit reinstated as per Income tax records.
# Impact of MAT credit due to postponement of ICDS given in financial year 2016-17

8(IV) Summary of tax credits available for set off against future tax liability arising under provisions of Income tax Act, 1961 for the year ended on 31 March 2016.

(₹ in Mn)

Financial year	MAT credit	Set-off in earlier years	Balance brought forward in current year	MAT credit utilised during the year	Balance MAT to be carried forward to next year	Year of expiry
2007-2008	76	76	–	–	–	–
2008-2009	238	238	–	–	–	–
2009-2010	256	256	–	–	–	–
2010-2011	556	41	515	–	515	2025-2026
2011-2012	–	–	–	–	–	–
2012-2013	–	–	–	–	–	–
2013-2014	490	–	490	–	490	2028-2029
2014-2015	505	–	505	–	505	2029-2030
2015-2016	1,086	–	1,086	–	1,086	2030-2031
2015-2016*	(20)	–	(20)	–	(20)	
TOTAL	**3,187**	**611**	**2,576**	**–**	**2,576**	

*MAT credit reinstated as per Income Tax records

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

9. OTHER NON-CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Capital advances	1	1	7
Prepaid expenses	155	80	76
Indirect tax recoverable and others	1,136	1,242	1,004
	1,292	**1,323**	**1,087**

10. CURRENT INVESTMENTS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Investments	9,406	429	1,037
	9,406	**429**	**1,037**

11. TRADE RECEIVABLE

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Due from related parties (refer note 44)	171	579	74
Due from others	11,526	11,082	10,753
Considered doubtful	230	223	237
Less:- allowance for doubtful debts	(230)	(223)	(237)
	11,697	**11,661**	**10,827**

12 (I) CASH AND CASH EQUIVALENT

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Cash on hand	0	1	1
Balances with bank			
In current accounts			
- Overseas	1,260	1,121	1,077
- Domestic	252	223	236
In deposit accounts	1,634	568	353
Remittance in transit	615	95	222
	3,761	**2,008**	**1,889**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

12(II) DISCLOSURE OF SPECIFIED BANK NOTES (SBN):

(In ₹)

	SBN	Other denomination notes	Amount
Closing balance as on 8 November 2016	529,500	27,845	557,345
Add: permitted receipts from 9 November 2016 to 30 December 2016	–	350,086	350,086
Less: permitted receipts from 9 November 2016 to 30 December 2016	–	157,770	157,770
Less: amounts deposited in banks	529,500	–	529,500
Closing balance as on 30 December 2016	**–**	**220,161**	**220,161**

For the purposes of this clause the term 'Specified bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407, dated the 8th November, 2016.

13. OTHER BANK BALANCES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Earmarked balances with banks (Unclaimed dividend)	3	1	–
Cash and bank balance not available for immediate use	31	26	127
	34	**27**	**127**

14. OTHER FINANCIAL ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Advances to employees	266	439	192
Forward contract receivable	2,251	812	1,635
Security deposits	159	148	114
Others	1	8	22
	2,677	**1,407**	**1,963**

15. OTHER CURRENT ASSETS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Prepaid expenses	915	806	968
Advances recoverable in cash or kind	51	68	256
Advances to vendors	22	9	15
	988	**883**	**1,239**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

16. SHARE CAPITAL

(I) Share capital authorised, issued, subscribed and paid up:

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Authorised			
240,000,000 equity shares of ₹ 1 each	240	240	164
(240,000,000 equity shares of ₹ 1 each as on 31 March 2016)			
(32,750,000 equity shares of ₹ 5 each as on 01 April 2015)			
	240	**240**	**164**
Issued, paid up and subscribed			
170,571,113 equity shares for ₹ 1 each	171	170	161
(169,816,188 of ₹ 1 each as on 31 March 2016)			
(32,250,000 of ₹ 5 each as on 01 April 2015)			
EQUITY SHARE CAPITAL	**171**	**170**	**161**

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 1 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

(III) Shareholders holding more than 5% of equity shares as at the end of the year:

Name of Shareholder	Number of Shares	Shareholding %
	As at 31-03-2017	
Larsen & Toubro Limited	143,750,000	84.28%
	As at 31-03-2016	
Larsen & Toubro Limited	161,250,000	94.96%
	As at 01-04-2015	
Larsen & Toubro Limited	32,250,000	100.00%

Face value of shares as at 01-04-2015 was ₹ 5 and as at 31-03-2016 and 31-03-2017 was ₹ 1.

(IV) Reconciliation of the number of equity shares and share capital

Due to allotment of shares on exercise of stock options by employees, there was a movement in share capital for the year ended 31 March 2017 and 31 March 2016 as given below

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Issued, subscribed and fully paid up equity shares outstanding at the beginning	169,816,188	161,250,000	161,250,000
Add: Shares issued on exercise of employee stock options	754,925	8,566,188	–
Issued, subscribed and fully paid up equity shares outstanding at the end	**170,571,113**	**169,816,188**	**161,250,000**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(V) Stock option plans

Employee Stock Ownership Scheme ('ESOS Plan')

The grant of options to the employees under ESOS Plan is on the basis of their performance and other eligibility criteria.

Sr. no	Particulars	ESOP scheme 2000 I,II & III		ESOP scheme 2000 IV - XXI		U.S. Stock Option Sub-plan 2006		ESOP scheme 2015
		2016-17	2015-16	2016-17	2015-16	2016-17	2015-16	2016-17
i	Grant Price	₹ 5	₹ 5	₹ 2	₹ 2	USD 2.4	USD 2.4	₹ 1
ii	Grant Dates	01 April 2001 onwards		01 October 2001 onwards		15 March 2007 onwards		10 June 2016 onwards
iii	Vesting commences on	01 April 2002 onwards		01 October 2002 on-wards		15 March 2008 onwards		10 June 2017 onwards
iv	Options granted and outstanding at the beginning of the year	82,660	1,965,015	2,350,106	9,367,335	143,650	450,500	-
v	Options reinstated during the year	–	3,500	–	454,580	–	–	–
vi	Options granted during the year	–	–	–	–	–	–	3,658,000
vii	Options allotted during the year	11,830	1,851,855	725,445	6,407,483	17,650	306,850	–
viii	Options Lapsed/cancelled during the year	34,110	34,000	173,936	1,064,326	79,000	–	61,700
ix	Options granted and outstanding at the end of the year	36,720	82,660	1,450,725	2,350,106	47,000	143,650	3,596,300
x	Options vested at the end of the year out of (ix)	36,720	82,660	223,760	340,666	47,000	143,650	–
xi	Options unvested at the end of the year out of (ix)	–	–	1,226,965	2,009,440	–	–	3,596,300
xii	Weighted average remaining contractual life of options (in years)	–	–	1.7	2.7	–	–	6.2

(VI) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31 March 2017 are Nil (previous period of five years ended 31 March 2016 - Nil)

(VII) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended 31 March 2017 – Nil (previous period of five years ended 31 March 2016 - Nil)

(VIII) During the year ended 31 March 2017, the amount of interim dividend distributed to equity shareholder was ₹ 6.85 per share at face value of ₹ 1 (previous year ₹ 32.65 per share at face value of ₹ 1).

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(IX) The number and weighted average exercise price of stock options are as follows:

	Particulars	2016-17		2015-16	
		No. of stock options	Weighted average exercise price	No. of stock options	Weighted average exercise price
i	Options granted and outstanding at the beginning of the year	2,576,416	11.14	11,476,000	8.7
ii	Options reinstated during the year	–	–	458,080	2.02
iii	Options granted during the year	3,596,300	1.00	–	–
iv	Options allotted during the year	754,925	5.64	2,916,181	8.46
v	Options Lapsed/cancelled during the year	348,746	36.92	6,441,483	2.09
vi	Options granted and outstanding at the end of the year	5,130,745	2.73	2,576,416	11.14
vii	Options vested at the end of the year out of (vi)	307,480	25.84	566,976	43.51

(X) Weighted average share price at the date of exercise for stock options exercised during the year is ₹ 621 per share.

(XI) Weighted average fair value of options granted during the year is ₹ 407.39 per share.

(XII) The fair value has been calculated using the Black-Scholes Option Pricing model and significant assumptions and inputs to estimate the fair value options granted during the year are as follows:

Sr. no	Particulars	2016-17
i	Weighted average risk-free interest rate	7.10%
ii	Weighted average expected life of options	3 years
iii	Weighted average expected volatility	19.23%
iv	Weighted average expected dividends over the life of option	₹ 115.56
v	Weighted average share price	₹ 407.74
vi	Weighted average exercise price	₹ 1
vii	Method used to determine expected volatility	The expected volatility has been calculated entirely based on historic volatility IT Index, as historical data of the Group is not available being an unlisted Company.

(XIII) The balance in share option outstanding account as on 31 March, 2017 is ₹ 1,510 Mn (previous year ₹ 77Mn).

17. OTHER EQUITY

(₹ in Mn)

	2016-17	2015-16
I) General reserve		
Opening balance	4,492	4,491
Add: transfer from employee outstanding	9	1
	4,501	**4,492**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

	2016-17	2015-16
II) Hedging reserve		
Opening balance	877	1,360
Add: movement in forward contracts	4,641	397
Less: amount reclassified to profit or loss	(1,460)	(1,298)
Less: deferred tax related to above	(977)	418
	3,081	**877**
III) Share premium		
Opening balance	1,473	1,181
Add: additions during the year	25	292
	1,498	**1,473**
IV) Employee stock option outstanding		
Opening balance	77	452
Add: addition during the year	1,492	–
Less: transferred to general reserve	(8)	(1)
Less: deductions during the year	(50)	(374)
	1,511	**77**
Deferred employee compensation expense		
Opening balance	–	–
Add: addition during the year	547	–
Less: deductions during the year	(1,492)	–
	945	**–**
Balance to be carried forward	**566**	**77**
V) Foreign currency translation reserve		
Opening balance	479	285
Add: transfer	(215)	194
	264	**479**
VI) Retained earnings		
Opening balance	13,678	11,808
Add: profit for the year	9,707	8,363
Add: other comprehensive income	(45)	23
Less: dividend (including dividend distribution tax)	(1,978)	(6,516)
	21,362	**13,678**
	31,272	**21,076**

18. BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans*			
Term loans from bank	–	–	139
	–	**–**	**139**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

19. PROVISIONS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Post-retirement medical benefit	174	124	104
Others	111	111	111
	285	**235**	**215**

20. CURRENT BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans*			
Other loans from banks	–	133	600
Unsecured loans	–		
Other loans from banks		266	1,300
	–	**399**	**1,900**

21. CURRENT MATURITIES OF LONG TERM BORROWINGS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Secured loans and term loan from bank	–	147	139
	–	**147**	**139**

Details of term loans

Nature of term loan	Rupees in Mn	Rate of interest	Terms of repayment of term loan
External commercial borrowings (ECB)	–	USD LIBOR (3 months) + 2.5%	Repayable in equal half-yearly instalments of USD 1.11 million each commencing from 19 October 2012 and ended on 14 October 2016.
Previous year	147		

*The secured loans from banks are secured against hypothecation of the Group's movable assets and accounts receivables.

22. TRADE PAYABLES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Due to related parties (Refer Note 44)	167	63	157
Due to others	1,059	1,448	522
Accrued expenses	2,140	1,894	2,006
	3,366	**3,405**	**2,685**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

23. OTHER FINANCIAL LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Unclaimed dividend	3	–	–
Employe liabilities	5,838	3,349	2,276
	5,841	**3,349**	**2,276**

24. OTHER CURRENT LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Tax on dividend	–	23	–
Other payables	1,158	1,101	972
	1,158	**1,124**	**972**

25 (I) PROVISIONS

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Gratuity	157	87	97
Compensated absences	1,613	1,370	1,157
Post-retirement medical benefits	1	0	0
	1,771	**1,457**	**1,254**

25 (II) Disclosure pursuant to Accounting Standard (Ind- AS) 37 'Provisions, Contingent Liabilities and Contingent Assets' movement in provisions:

(₹ in Mn)

Sr. No.	Particulars	Class of provisions		
		Sales Tax	Others	Total
i	Balance as at 1-4-2016	4	7	11
ii	Additional provision during the year	–	–	–
iii	Provision used during the year	–	–	–
iv	Provision reversed during the year	–	–	–
v	Balance as at 31-03-2017	4	7	11

Nature of provisions:

a) Provision for sales tax pertains to claim made by the authorities on certain transaction of capital nature for the year 2002-03.

b) Provision for others represents liabilities relating to matters in dispute

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

26. CURRENT INCOME TAX LIABILITIES

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Incometax liabilities (net)	301	8	4
	301	**8**	**4**

27. REVENUE FROM OPERATIONS

(₹ in Mn)

	2016-17	2015-16
Revenue	65,009	58,464
	65,009	**58,464**

28. OTHER INCOME

(₹ in Mn)

	2016-17	2015-16
Income from current investments in mutual fund	194	67
Interest received	27	25
Foreign exchange gain	1,539	1,650
Provision no longer required for doubtful debts	–	1
Miscellaneous income	107	154
	1,867	**1,897**

29. EMPLOYEE BENEFIT EXPENSES

(₹ in Mn)

	2016-17	2015-16
Salaries including overseas staff expenses	33,924	32,360
Share based payments to employees	428	–
Staff welfare	1,146	877
Contribution to provident and other funds	377	345
Contribution to superannuation fund	54	52
Contribution to gratuity fund	115	100
Contribution to social security and other funds	1,714	1,532
	37,758	**35,266**

30. OPERATING EXPENSES

(₹ in Mn)

	2016-17	2015-16
Communication expenses	238	246
Consultancy charges	4,647	4,032
Cost of equipment, hardware and software packages	3,363	2,432
	8,248	**6,710**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

31. SALES, ADMINISTRATION AND OTHER EXPENSES

(₹ in Mn)

	2016-17	2015-16
Travelling and conveyance	1,665	1,409
Rent and establishment expenses	1,627	1,618
Telephone charges and postage	331	378
Legal and professional charges	650	586
Printing and stationery	39	26
Advertisement	196	116
Entertainment	72	72
Recruitment expenses	211	148
Repairs to building	133	113
Repairs to computers	84	66
General repairs and maintenance	394	320
Power and fuel	318	348
Equipment hire charges	13	13
Insurance charges	164	163
Rates and taxes	200	206
Allowance for doubtful debts and advances	12	87
Bad debts	3	6
Less: Provision written back	–	(5)
Books, periodicals and subscriptions	14	20
Directors fees	1	1
Commission to Directors	9	6
Loss on sale of fixed assets	15	27
Miscellaneous expenses	550	516
	6,701	**6,240**

32. FINANCE COST

(₹ in Mn)

	2016-17	2015-16
Fixed loans	3	32
On others	29	26
	32	**58**

33. PROVISION FOR TAXATION

(₹ in Mn)

	2016-17	2015-16
Current tax	3,160	3,001
Provision for earlier year written back	21	38
	3,181	**3,039**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

34. DEFERRED TAX

(₹ in Mn)

	2016-17	2015-16
Deferred tax	(92)	29
MAT credit entitlement for current year	(440)	(1,086)
	(532)	**(1,057)**

35. STATEMENT OF OTHER COMPREHENSIVE INCOME

(₹ in Mn)

	2016-17	2015-16
Items that will not be reclassified to profit or loss		
Defined benefit plan actuarial gain/(loss)	(57)	25
Income tax on defined benefit plan actuarial gain/(losses)	12	(2)
	(45)	**23**
Items that will be reclassified to profit or loss		
Net changes in fair value of cash flow hedges	3,181	(901)
Income tax on net changes in fair value of cash flow hedges	(977)	418
Foreign currency translation reserve	(214)	194
	1,990	**(289)**
	1,945	**(266)**

36. CONTINGENT LIABILITIES

(₹ in Mn)

		2016-17	2015-16
1.	Income tax liability that may arise in respect of which the Group is in appeal *	1,971	1,343
2.	Corporate guarantee given on behalf of subsidiary**	3,726	5,999
3.	Service tax refund disallowed, in respect of which the Group is in the appeal #	81	12
4.	Sales tax liability, in respect of which the Group is in appeal	–	1
		5,778	**7,355**

* Out of contingent tax liability disclosed above, ₹ 1,779 million (including interest of ₹ 184 million), pertains to the tax demand arising on account of disallowance of exemption under section 10A on profits earned by STPI Units on on site export revenue. Company is pursuing appeal against these demands before the relevant Appellate Authorities. The Company believes that its position is likely to be upheld by appellate authorities and considering the facts, the ultimate outcome of these proceedings is not likely to have material adverse effect on the results of operations or the financial position of the Company.

** The Company had given a corporate guarantee on behalf of its wholly owned subsidiary L&T Infotech Financial Services Technologies Inc. The guarantee is for performance of all obligations by L&T Infotech Financial Services Technologies Inc. Canada in connection with the long term annuity services contracts obtained by them. The obligation under this guarantee is limited in aggregate to the amount of CAD 70,000,000.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

The Company had given a corporate guarantee on behalf of its subsidiary, Larsen and Toubro Infotech South Africa (Proprietary) Limited. The guarantee is for performance of all obligations by Larsen & Toubro Infotech South Africa (Proprietary) Limited in connection with software development services and related services. The obligation under this guarantee is limited in aggregate to USD 5,000,000.

The Company had filed refund of accumulated service tax credit in accordance with relevant CENVAT credit Rules. However, the department has disallowed certain portion of such refunds considering the same as ineligible as not related with output services. The Group is in appeal against these disallowances before the relevant Authorities and is hopeful of getting a favourable order.

37. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 151 Mn (previous year ₹ 132 Mn).

38. EMPLOYEE BENEFITS

I) The amounts recognised in balance sheet are as follows

(₹ in Mn)

		Gratuity plan		
		As at 31-03-2017	**As at 31-03-2016**	**As at 01-04-2015**
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded	684	580	507
	- Wholly unfunded			
b)	Fair value of plan assets as on*	527	493	410
	Amount to be recognised as liability or (asset) (a-b)	**157**	**87**	**97**
	Net liability/(asset)-current	157	87	97
	Net liability/(asset)- non current	–	–	–

* Asset is not recognised in the balance sheet.

(₹ in Mn)

		Post-retirement medical benefit plan		
		As at 31-03-2017	**As at 31-03-2016**	**As at 01-04-2015**
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded	–	–	–
	- Wholly unfunded	175	124	104
b)	Fair value of plan assets	–	–	–
	Amount to be recognised as liability or (asset) (a-b)x	175	124	104
B.				
Amounts reflected in the balance sheet				
Liability		175	124	104
Assets		(–)	(–)	(–)
Net liability/(asset)		**175**	**124**	**104**
Net liability/(asset)-current		1	–	–
Net liability/(asset)- non current		174	124	104

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

		Provident fund plan (refer note (X)(iii) below)		
		As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
A.				
a)	Present value of defined benefit obligation			
	- Wholly funded	4,910	4,254	3,776
	- Wholly unfunded	–	(–)	(–)
		4,910	4,254	3,776
b)	Fair value of plan assets			
	Amount to be recognised as liability or (asset) (a-b)	4,939	4,264	3,779
		(29)	(10)	3
B.				
Amounts reflected in the balance sheet				
Liability		62	56	47
Assets		(–)	(–)	(–)
Net liability/(asset)#		**62**	**56**	**47**
Net liability/(asset)-current		62	56	47
Net liability/(asset)- non current		(–)	(–)	(–)

Employer's and employee's contribution for March 2017 paid in April 2017.

II) The amounts recognised in statement of profit and loss are as follows:

(₹ in Mn)

		Gratuity plan	
		2016-17	2015-16
i	Current service cost	112	98
ii	Past service cost	–	–
iii	Administration expenses	–	–
iv	Interest on net defined benefit liability/(asset)	3	7
v	(Gains)/losses on settlement	–	–
	Total expense charged to profit and loss account	**115**	**105**

(₹ in Mn)

		Post-retirement medical benefit plan	
		2016-17	2015-16
i	Current service cost	27	24
ii	Past service cost	–	–
iii	Administration expenses	–	–
iv	Interest on net defined benefit liability/(asset)	10	8
v	(Gains)/losses on settlement	–	–
	Total expense charged to profit and loss account	**37**	**32**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(₹ in Mn)

		Provident fund plan	
		2016-17	2015-16
i	Current service cost	274	257
ii	Interest cost	373	316
iii	Expected return on plan assets	(373)	(316)
	Total expense for the year included in staff cost	**274**	**257**

III) The amounts recognised in statement of Other Comprehensive income are as follows:

(₹ in Mn)

Particulars	Gratuity plan		Post retirement medical benefit plan	
	2016-17	2015-16	2016-17	2015-16
Opening amount recognized in OCI	(14)	–	(11)	–
Re-measurements during the period due to:				
Changes in financial assumptions	41	5	32	4
Experience adjustments	(5)	(8)	(18)	(15)
Actual return on plan assets less interest on plan assets	6	(12)	–	–
Closing amount recognized in OCI	**28**	**(14)**	**3**	**(11)**

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

(₹ in Mn)

	Gratuity plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	579	497
Current service cost	112	98
Past service cost	–	–
Interest on defined benefit obligation	41	36
Re-measurements due to		
Actuarial loss/(gain) arising from change in financial assumption	41	5
Actuarial loss/(gain) arising from change in demographic assumptions	–	–
Actuarial loss/(gain) arising on account of experience changes	(5)	(8)
Benefits paid	(84)	(54)
Liabilities assumed/(settled)	–	5
Liabilities extinguished on settlements	–	–
Closing balance of defined benefit obligation	**684**	**579**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(₹ in Mn)

	Post-retirement medical benefit plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	124	104
Current service cost	27	24
Past service cost	–	–
Interest on defined benefit obligation	10	8
Re-measurements due to		
Actuarial loss/(gain) arising from change in financial assumption	31	4
Actuarial loss/(gain) arising from change in demographic assumptions	–	–
Actuarial loss/(gain) arising on account of experience changes	(18)	(15)
Benefits paid	0	0
Liabilities assumed/(settled)	–	–
Liabilities extinguished on settlements	–	–
Closing balance of defined benefit obligation	**174**	**124**

(₹ in Mn)

	Provident fund plan	
	2016-17	2015-16
Opening balance of defined benefit obligation	4,254	3,776
Add: Interest cost	373	316
Add: Current service cost	274	257
Add: Contribution by plan participants	617	581
Add/(Less): actuarial (gains)/losses		
Add: Business combination/acquisition		–
Less: Assets acquired/(settled)*	(50)	(182)
Liabilities assumed on acquisition/(settled on divestiture)		–
Less: Benefits paid	(558)	(494)
Closing balance of the present value of defined benefit obligation	**4,910**	**4,254**

V) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Mn)

Particulars	Gratuity plan		Provident fund plan	
	2016-17	2015-16	2016-17	2015-16
Opening balance of the fair value of the plan assets	493	405	4,264	3,779
Employer's contributions	87	97	271	244
Expected return on plan assets	38	29	373	316
Administration expenses	–	–	–	–
Actuarial gains/(loss)	–	–	47	26

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Particulars	Gratuity plan		Provident fund plan	
	2016-17	2015-16	2016-17	2015-16
Re-measurements due to:				
Actual return on plan assets less interest on plan assets	(7)	11		
Contribution by plan participants			592	575
Benefits paid	(84)	(54)	(558)	(494)
Assets acquired/(settled)*	–	5	(50)	(182)
Assets distributed on settlements	–	–		
Closing balance of plan assets	**527**	**493**	**4,939**	**4264**

* On account of business combination or inter-company transfer

The Company expects to contribute ₹ 157 Mn (₹ 87 Mn in 2015-16) towards its gratuity, in the next financial year.

The Company's share of defined benefit obligation/fair value of plan assets adjusted by the Trust of the holding Company.

VI) The major categories of plan assets as a percentage of total plan assets are as follows:

(₹ in Mn)

	FY 2016-17	
	Gratuity plan	Provident fund plan
Government of India securities	Scheme with LIC	20.45%
State government securities		21.19%
Corporate bonds		14.50%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds		8.38%
Public sector bonds		32.84%
Mutual Funds		2.64%

VII) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

		2016-17	2015-16
i	**Discount rate**		
	For gratuity	6.75%	7.75%
	For post -retirement medical benefits	6.75%	7.75%
ii	Annual increase in healthcare costs (see note below)	5.0%	5.0%
iii	Attrition rate:	Varies between 2% to 18%	Varies between 2% to 18%
iv	Salary growth rate	5.0%	5.0%

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

VIII) Projected plan cash flow:

The table below shows the expected cash flow profile of the benefits to be paid to the current membership of the plan (which in case of serving employees, if any, is based on service accrued by employee up to valuation date):

As on 31 March 2017

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	96	1
Expected benefits for year 2	87	2
Expected benefits for year 3	86	2
Expected benefits for year 4	82	3
Expected benefits for year 5	77	3
Expected benefits for year 6	72	4
Expected benefits for year 7	66	5
Expected benefits for year 8	61	5
Expected benefits for year 9	54	6
Expected benefits for year 10 and above	469	1,036

As on 31 March 2016

(₹ in Mn)

Maturity profile	Gratuity	Post-Retirement medical benefit liability
Expected benefits for year 1	91	0
Expected benefits for year 2	81	2
Expected benefits for year 3	78	2
Expected benefits for year 4	75	2
Expected benefits for year 5	67	3
Expected benefits for year 6	63	3
Expected benefits for year 7	59	4
Expected benefits for year 8	55	5
Expected benefits for year 9	50	5
Expected benefits for year 10 and above	413	915

The estimates of future salary increases considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

IX) Sensitivity analysis

i) Post retirement benefits:

Although the obligation of the Group under the post-retirement medical benefit plan is limited to the overall ceiling limits, assumed healthcare cost trend rates may affect the amounts recognised in the statement of profit and loss. The benefit obligation results for the cost of paying future hospitalization premiums to insurance company and reimbursement of domiciliary medical expenses in future for the employee/beneficiaries during their lifetime is sensitive to discount rate, future increase in healthcare costs and longevity. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account changes in these three key parameters:

	Period ended 31 March 2017
Discount Rate	
Impact of increase in 50 bps on defined benefit obligation	-9.84%
Impact of decrease in 50 bps on defined benefit obligation	11.32%
Healthcare costs rate	
Impact of increase in 100 bps on defined benefit obligation	17.87%
Impact of decrease in 100 bps on defined benefit obligation	-14.14%
Life expectancy	
Impact of increase by 1 year on defined benefit obligation	0.69%
Impact of decrease by 1 year on defined benefit obligation	-0.72%

ii) Gratuity:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	Period ended 31 March 2017	
	Discount rate	Salary escalation rate
Impact of increase in 50 bps on defined benefit obligation	-3.09%	3.14%
Impact of decrease in 50 bps on defined benefit obligation	3.27%	-3.01%

X) General descriptions of defined benefit plans:

i) Gratuity plan

The Group makes contributions to the Company's employees' Company Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

ii) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

iii) Provident fund plan

The Group's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit and loss as actuarial loss. Any loss arising out of the investment risk and actuarial risk associated with the plan is also recognised as expense in the period in which such loss occurs. Further, on amount of ₹ Nil has been provided based on actuarial valuation towards the future obligation arising out of interest rate guarantee associated with the plan.

39. FINANCIAL INSTRUMENTS BY CATEGORY

I) Carrying value of financial instruments by categories are as follows. The carrying value of financial assets and liabilities classified at amortised cost is considered to be same as their fair values due to short term nature of these assets and liabilities. Hence disclosure of fair value of these assets and liabilities have not been provided.

(₹ in Mn)

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Fair value through P&L (FVPTL)	Fair value through OCI (FVTOCI)	Amortised cost
Financial assets									
Current investments	9,406	–	–	429	–	–	1,037	–	–
Trade receivables	–	–	11,697	–	–	11,661	–	–	10,827
Unbilled revenue	–	–	4,724	–	–	3,788	–	–	1,550
Cash and cash equivalents	–	–	3,761	–	–	2,008	–	–	1,889
Other bank balances	–	–	34	–	–	27	–	–	127
Derivative financial instruments	220	3,897	–	–	944	–	–	2,062	–
Other financial assets	–	–	737	–	–	889	–	–	619
	9,626	**3,897**	**20,953**	**429**	**944**	**18,373**	**1,037**	**2,062**	**15,012**

(₹ in Mn)

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Fair value through P&L (FVTPL)	Fair value through OCI (FVTOCI)	Amortised cost	Fair value through P&L (FVPTL)	Fair value through OCI (FVTOCI)	Amortised cost
Financial liability									
Borrowings	–	–	–	–	–	399	–	–	1,900
Current maturities of long term borrowings	–	–	–	–	–	147	–	–	139
Trade payables	–	–	3,366	–	–	3,405	–	–	2,685
Other financial liabilities	–	–	5,841	–	–	3,349	–	–	2,276
	–	**–**	**9,207**		**–**	**7,300**		**–**	**7,000**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

II) Total of carrying value of financial assets and liabilities is as given below

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Financial assets			
Current investments	9,406	429	1,037
Trade receivables	11,697	11,661	10,827
Unbilled revenue	4,724	3,788	1,550
Cash and cash equivalents	3,761	2,008	1,889
Other bank balances	34	27	127
Derivative financial instruments	4,117	944	2,062
Other financial assets	737	889	619
	34,476	**19,746**	**18,111**
Financial liability			
Borrowings	–	399	1,900
Current maturities of long term borrowings	–	147	139
Trade payables	3,366	3,405	2,685
Other financial liabilities	5,841	3,349	2,276
	9,207	**7,300**	**7,000**

III) Fair value hierarchy used by the Group for valuation of financial assets and liabilities recognised at FVTPL and FVTOCI is as below:

Level 1- Quoted prices (unadjusted) in the active markets for identical assets or liabilities.

Level 2- Inputs other than quoted prices included with in level 1 that are observable for assets or liabilities either directly or indirectly.

Level 3- Inputs for assets or liabilities that are not based on observable market data

(₹ in Mn)

	As at 31 March 2017				As at 31 March 2016				As at 1 April 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Current investments	9,406	–	–	**9,406**	429	–	–	**429**	1,037	–	–	**1,037**
Derivative financial instruments	–	4,117	–	**4,117**	–	944	–	**944**	–	2,062	–	**2,062**
	9,406	**4,117**	**–**	**13,523**	**429**	**944**	**–**	**1,373**	**1,037**	**2,062**	**–**	**3,099**

(IV) Financial risk management

The Group is exposed to foreign currency risk, interest rate risk, credit or counterparty risk and liquidity risk.

i) Currency risk

Primary market risk to the Group is foreign exchange risk.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

The Group uses derivative financial instruments to mitigate foreign exchange related exposures. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision.

The Group's operations are principally in foreign currencies and the maximum exposure is in US dollars.

The Board of Directors have approved the Group's financial risk management policy covering management of foreign currency exposures. The treasury department, monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Group hedges its exposure on a net basis (i.e. expected earnings in foreign currency less expected expenditure in related currency) These hedges are cash flow hedges as well as hedges not designated as cash flow hedges.

The Group does not enter into hedge transactions for either trading or speculative purposes.

The outstanding forward contracts at the year end their maturity profile and sensitivity analysis are as under.

Fair value of forward contracts as at 31 March 2017, 31 March 2016 and 1 April 2015 was ₹ 57,886 Mn, ₹ 42,009 Mn, ₹ 53,726 Mn respectively. Outstanding number of contracts as at 31 March 2017 were 269, 31 March 2016 were 118 and 1 April 2015 were 200.

A) Notional value of contracts is given as below:

Currency	As at 31 March 2017		As at 31 March 2016		As at 1 April 2015	
	Amount in USD Mn	Amount in INR Mn	Amount in USD Mn	Amount in INR Mn	Amount in USD Mn	Amount in INR Mn
USD-INR	848	61,818	601	42,754	808	54,912

B) The foreign exchange forward contracts mature maximum within 36 months. The table below analyses the derivative financial instrument into relevant maturity grouping based on the remaining period as of the balance sheet. Contracts with maturity not later than twelve months include certain contracts which can be rolled over to subsequent periods in line with underlying exposures.

(₹ in Mn)

	As at 31-03-2017	As at 31-03-2016	As at 1 April 2015
In USD			
Not later than twelve months	29,509	28,002	37,460
Later than twelve months	32,309	14,752	17,452
TOTAL	**61,818**	**42,754**	**54,912**

C) Value-at-Risk (VaR)

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated VaR model. The VaR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VaR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VaR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Group uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increases in the fair value of the underlying exposures for on-balance sheet exposures. The overnight VAR of the Group at 95% confidence level is ₹ 396 Mn as at 31 March 2017 (₹ 250 Mn as at 31 March 2016).

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Group's actual exposures and position.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

ii) Interest risk:

The Group has no interest rate risk in case of borrowings as on 31 March 2017. However the Group invests its surplus funds in Debt mutual funds. The Group mitigates the risk of counter-party failure by investing in mutual fund schemes with large asset under management and having investments in debt instruments issued with sound credit rating.

Net Asset Values (NAV) of debt mutual funds are subject to changes in interest rates. Every five percent increase or decrease in the NAV of debt mutual funds where the Group holds investments will impact the Group's profit after tax by ₹ 470 Mn in 2016-2017 and ₹ 3 Mn in 2015-2016.

iii) Credit risk

The principal credit risk that the Group exposed to is non-collection of trade receivable and late collection of receivable leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Group makes adequate provision for non-collection of trade receivable. Further, the Group has not suffered significant payment defaults by its customers.

In addition, for delay in collection of receivable, the Group has made provision for Expected Credit loss ('ECL') based on ageing analysis of its trade receivable. These range from 1.7% for dues outstanding up to six months to 21.3% for dues outstanding for more than 36 months for 2016-17 (Previous year 1.9% and 23.5% for dues outstanding up to 6 months and for more than 36 months respectively). No provision has been made on trade receivables in not due category.

ECL allowance for non-collection of receivable and delay in collection, on a combined basis were ₹ 65 Mn and ₹ 62 Mn for the financial years 2016-17 and 2015-16 respectively. The movement in allowance for doubtful debts comprising provision for both non-collection of receivables and delay in collections is as follows:

(₹ in Mn)

	2016-17	2015-16
Opening balance	62	61
Impairment loss recognised or (reversed)	3	1
Closing balance	**65**	**62**

The percentage of revenue from its top five customers is 37.6% for 2016-17 (37.5% for 2015-16).

The counter-party risk that Group is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter- parties are mainly banks and the Group has enter into contracts with the counter-parties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter party risk where necessary.

iv) Liquidity risk

The Group's treasury department monitors the cash flows of the Group and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds.

The Group has no borrowings as on 31 March 2017 but it has credit facilities with banks that will help it to generate funds for the business if required.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

The contractual maturities of financial assets and financial liabilities is as follows:

(₹ in Mn)

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Within a year	More than one year	Total	Within a year	More than one year	Total	Within a year	More than one year	Total
Borrowings	–	–	**–**	399	–	**399**	1,900	139	**2,039**
Current maturities of long term borrowings	–	–	**–**	147	–	**147**	139	–	**139**
Trade payables	3,366	–	**3,366**	3,405	–	**3,405**	2,685	–	**2,685**
Other financial Liabilities	5,841	–	**5,841**	3,349	–	**3,349**	2,276	–	**2,276**
TOTAL	**9,207**	**–**	**9,207**	**7,300**	**–**	**7,300**	**7,000**	**139**	**7,139**

(₹ in Mn)

Particulars	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Within a year	More than one year	Total	Within a year	More than one year	Total	Within a year	More than one year	Total
Current investments	9,406	–	**9,406**	429	–	**429**	1,037	–	**1,037**
Trade receivables	11,697	–	**11,697**	11,661	–	**11,661**	10,827	–	**10,827**
Unbilled revenue	4,724	–	**4,724**	3,788	–	**3,788**	1,550	–	**1,550**
Cash and cash equivalent	3,761	–	**3,761**	2,008	–	**2,008**	1,889	–	**1,889**
Other bank balances	34	–	**34**	27	–	**27**	127	–	**127**
Derivative financial instruments	2,251	1,866	**4,117**	812	132	**944**	1,635	427	**2,062**
Other financial assets	426	310	**737**	595	294	**889**	328	291	**619**
TOTAL	**32,299**	**2,176**	**34,475**	**19,320**	**426**	**19,746**	**17,393**	**718**	**18,111**

40. LEASES

(I) Finance leases

In accordance with Ind AS 17 'Leases', the assets acquired under finance leases are capitalised and a loan liability is recognised for an equivalent amount. Consequently depreciation is provided on such assets. Lease rentals paid are allocated to the liability and the interest is charged to the consolidated statement of profit and loss.

(II) Operating leases

The Group has taken certain premises, office equipment and employee cars under non-cancellable operating leases. The rental expense in respect of operating leases was ₹ 1,686 Mn. (previous year ₹ 1,606 Mn) and the future rentals payable are as follows:

(₹ in Mn)

	2016-17	2015-16
Minimum lease payments		
- payable not later than 1 year	875	844
- payable after 1 year but not later than 5 years	3,584	4,464
- payable after 5 years	565	646
	5,024	**5,954**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

41. BASIC AND DILUTED EARNINGS PER SHARE (EPS) AT FACE VALUE OF ₹ 1

	2016-17	2015-16
Profit after tax (₹ in Mn)	9,707	8,362
Weighted average number of shares outstanding	170,112,899	163,914,663
Basic EPS (₹)	**57.08**	**51.02**
Weighted average number of shares outstanding	170,112,899	163,914,663
Add: weighted average number of potential equity shares on account of employee options	3,879,583	5,665,080
Weighted average number of shares outstanding	173,992,482	169,579,743
Diluted EPS (₹)	**55.80**	**49.31**

42. AMALGAMATION OF SUBSIDIARY

GDA Technologies Limited (GDA) has been amalgamated with the Company with effect from 1 April 2016. The Board of Directors of the Company and GDA have approved the scheme of amalgamation of GDA with the Company on 17 October 2014, with 1 April 2016 as the appointed date. Accordingly, a petition for sanctioning the scheme of amalgamation has been filed with the Hon'ble High Court of Judicature at Bombay and the Hon'ble High Court of Judicature at Madras. The Scheme has been sanctioned by the Hon'ble High Court of Judicature at Bombay vide its order dated 1 April 2016 and the approval of the Scheme by the Hon'ble High Court of Madras is sanctioned on 3 August 2016 with effective 1 April 2016.

43. ACQUISITION OF SUBSIDIARY

On 30 November 2016, the Company has acquired 100% stake in a Pune based Company, AugmentIQ Data Sciences Private Limited (AugmentIQ) for ₹ 71 Mn.

The Purchase price allocation as per Ind AS 103 Business Combination has resulted into recognition of following assets and liabilities:

(₹ in Mn)

Non-current Assets		43
Current Assets		
Short term loans and advances	10	
Trade receivables	25	35
Current liabilities		
Trade payable	(3)	
Other current liabilities	(23)	
Deferred tax liability on acquisition	(14)	(40)
Total net current assets		**(5)**
TOTAL		**38**

Calculation of goodwill

(₹ in Mn)

Consideration transferred	71
Less: Net identifiable assets acquired	(38)
Goodwill	**33**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

44. RELATED PARTY DISCLOSURE:

(I) Key Management Personnel:

Name	Status
Mr. Sanjay Jalona	Chief Executive Officer (CEO) & Managing Director[1]
Mr. Aftab Zaid Ullah	Chief Operating Officer (COO) & Whole time Director[2]
Mr. Sudhir Chaturvedi	President – Sales (President)[3] & Whole time Director
Mr. Ashok Kumar Sonthalia	Chief Financial Officer[4]
Mr. V. K. Magapu	Managing Director[5]
Mr. Chandrashekara Kakal	Chief Operating Officer[6]
Mr. K.R.L Narasimham	Executive Director[7]
Mr Sunil Pande	Executive Director[8]

1 Appointed as Chief Executive Officer & Managing Director w.e.f. August 10, 2015

2 Appointed as COO w.e.f February 09,2016 and Whole time Director w.e.f November 09, 2016

3 Appointed as President w.e.f September 12, 2016 and Whole time Director w.e.f November 09, 2016

4 Appointed as Chief Financial Officer w.e.f August 26, 2015

5 Ceased to be Director w.e.f September 25, 2015

6 Ceased to be Director w.e.f of August 26, 2015

7 Ceased to be Director w.e.f of April 7, 2015

8 Ceased to be Director w.e.f of August 25, 2015

(II) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding Company
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
Larsen & Toubro (East Asia) SDN.BHD	Fellow Subsidiary
L&T Electrical and Automation Saudi Arabia Company Limited LLC	Fellow Subsidiary
L&T Finance Limited	Fellow Subsidiary
L&T General Insurance Company Limited	Fellow Subsidiary
L&T Infrastructure Development Projects Limited	Joint venture of Holding Company
Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Fellow Subsidiary
L&T Infrastructure Finance Company Limited	Fellow Subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow Subsidiary
L&T Technology Services Limited	Fellow Subsidiary
L&T Valves Limited	Fellow Subsidiary
L&T Investment Management Limited	Fellow Subsidiary
L&T Construction Equipment Limited	Fellow Subsidiary
Larsen & Tourbro LLC	Fellow Subsidiary
Nabha Power Limited	Fellow Subsidiary
L&T Electrical & Automation FZE	Fellow Subsidiary

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

Name	Relationship
Spectrum Infotech Pvt Ltd	Fellow Subsidiary
Family Credit Limited	Fellow Subsidiary
PT. Tamco Indonesia	Fellow Subsidiary
L&T Special Steels and Heavy Forgings Private Limited	Joint venture of Holding Company
L&T Thales Technology Services Private Limited	Fellow Subsidiary
L&T Capital Markets Limited	Fellow Subsidiary
L&T Housing Finance Limited	Fellow Subsidiary
L&T Technology Services LLC	Fellow Subsidiary
L&T MHPS Boilers Private Limited	Joint venture of Holding Company
L&T Sapura Shipping Private Limited	Joint venture of Holding Company

Balances and transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

(₹ in Mn)

Transaction	Holding company	
	2016-17	2015-16
Sale of services/products	1,279	1,101
Sale of assets	1	109
Purchases of services/products	161	275
Overheads charged by	557	635
Overheads charged to	223	82
Trademark fees paid	167	105
Trade receivable	82	463
Interim dividend	985	5,265
Contributions to PF	271	244
Guarantees received	2,023	2,023
Final dividend paid	419	–

Trade Payables to Holding company as on 01 April 2015 was 146 Mn.

(₹ in Mn)

Transaction	Joint venture of Holding Company	
	2016-17	2015-16
Sale of services/products	**11**	**7**
- L&T Infrastructure Development Projects Limited	7	6
- L&T MHPS Boilers Private Limited	2	–

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(₹ in Mn)

Transaction	Fellow subsidiaries	
	2016-17	2015-16
Sale of services/products	**377**	**424**
- L&T Metro Rail (Hyderabad) Limited	1	64
- L&T Technology Services Limited	125	51
- L&T Hydrocarbon Engineering Limited	69	79
- L&T Thales Technology Services Private Limited	101	96
Sale of assets	**8**	**8**
- L&T Technology Services Limited	7	8
Purchases of services/products	**553**	**694**
- L&T Technology Services Limited	552	694
Overheads charged by	**49**	**38**
- Larsen & Toubro East Asia	23	24
- L & T Electrical & Automation FZE	2	7
- Larsen & Toubro Kuwait Construction General Contracting Group, WLL	–	6
- L&T Technology Services Limited	23	–
Overheads charged to	**293**	**441**
- L&T Technology Services Limited	282	440
Trade receivable	**89**	**116**
Trade payable	**167**	**63**

Trade payables to Fellow Subsidiaries as on 1 April 2015 was 11 Mn and Trade receivables from Fellow Subsidies as on 01 April 2015 was 74 Mn.

(III) Outstanding balances with related parties*

(₹ in Mn)

Party	Nature	Amount (Payable)/Receivable		
		2016-17	2015-16	2014-15
L&T Metro Rail (Hyderabad) Ltd	Trade receivable	21	36	–
L&T Thales technology services private limited	Trade receivable	15	15	28
L&T Technology services Limited	Trade (payable)/receivable	(148)	(59)	42
Larsen & Toubro East Asia	Trade (payable)	–	(9)	(10)

* All trade receivable and trade payable are unsecured and to be received and settled in cash

(VI) Managerial remuneration

(₹ in Mn)

		2016-17	2015-16
(i)	Short term employee benefits	169	56
(ii)	Contribution to funds	10	1
(iii)	Share based payments (on options granted)	286	Nil

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(₹ in Mn)

	2016-17	2015-16
Mr. Sanjay Jalona	214	34
Mr. Aftab Zaid Ullah	97	–
Mr. Sudhir Chaturvedi	123	–

45. SEGMENTAL REPORTING

Segments have been identified in accordance with Indian Accounting standards ('Ind AS') 108 on operating segments considering the risk or return profiles of the business. As defined in Ind AS 108, the Chief Operating Decision Maker (CODM) evaluates the Group's performance and allocates resources based on an analysis of various performance indicators. Accordingly, information has been presented for the Group's operating segments. The accounting is consistently applied to record revenue and expenses for respective segments and as are set out in significant accounting policies.

The Group has two business segments. Services Cluster includes Banking & Financial Services, Insurance, Media & Entertainment, Travel & Logistics and Healthcare and others. Industrial Cluster includes Hi Tech and Consumer Electronics, Consumer, Retail & Pharma, Energy & Process, Automobile & Aerospace, Plant Equipment & Industrial Machinery, Utilities and Engineering and Construction and others. The Group has presented its segment results accordingly.

I) The revenue and operating profit by segment is as under:

(₹ in Mn)

	Services Cluster		Industrial Cluster		Total	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Revenues	36,380	31,530	28,629	26,934	**65,009**	**58,464**
Segmental operating profit	10,197	8,075	6,211	6,896	**16,408**	**14,971**
Unallocable expenses (net)					**4,106**	**4,723**
Other income					**1,867**	**1,897**
Finance cost					**32**	**58**
Depreciation and amortization expenses					**1,779**	**1,740**
Profit before tax					**12,358**	**10,347**

II) Segmental reporting of revenues on the basis of the geographical location of the customers and is as under:

(₹ in Mn)

Geography	Revenue from operations	
	2016-17	2015-16
North America	44,760	40,369
Europe	11,861	10,126
India	4,356	3,394
APAC	1,560	1,654
ROW	2,472	2,921
TOTAL	**65,009**	**58,464**

46. EVENTS OCCURRING AFTER THE REPORTING PERIOD:

The Board of Directors at its meeting held on 4 May 2017, has declared final dividend of ₹ 9.70 per equity share (Face value ₹ 1) for the financial year 2016-17.

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

47. FIRST-TIME ADOPTION OF IND-AS

The consolidated financial statements of the Group for the year ended 31 March 2017 have been prepared in accordance with Ind AS. This is the first set of financial statements in accordance with Ind AS. The Group has followed Ind AS 101: 'First time adoption of Indian Accounting Standards', with 1 April 2015 as the transition date.

The transition to Ind AS has resulted in changes in the presentation of the consolidated financial statement, disclosures in the notes thereto including accounting policies. The accounting policies set out in note 2 have been applied in preparing the consolidated financial statements for the year ended 31 March 2017 and the comparative financial statements.

Impact of the transition from iGAAP to Ind AS on the Group's financial statements, exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 and reconciliation of financial statements is explained below:

I) Exemptions availed on first time adoption of Ind-AS 101

i) Business combinations

Ind AS 101 provides the option to apply Ind AS 103 prospectively from the transition date or from a date when the entity acquires the control of the subsidiary. The Group has availed the exemption and has restated the balances prospectively as on the date of transition.

ii) Deemed cost

Ind AS 101 permits a first-time adopter to elect fair valuation or to continue with the carrying value for all property, plant and equipment measured as per the iGAAP and use that as its deemed cost as at the date of transition after making necessary adjustments for de-commissioning liabilities On transition to Ind AS, the Group has elected to continue with the carrying value of all of its property plant and equipment recognized as at 1 April 2015 measured as per the iGAAP.

iii) Share-based payment

A first time adopter has option to apply Ind AS 102 Share-based payments to equity instruments that were granted on or before the date of transition to Ind AS. Accordingly at the date of transition the Group has measured such unvested options at fair value.

II) Reconciliation of equity

(₹ in Mn)

Particulars	At at 31 March 2016	At at 1 April 2015
Equity under Indian GAAP attributable to:		
Larsen & Toubro Infotech Limited	20,227	20,263
Non- controlling interests	5	4
Equity under iGAAP	**20,232**	**20,267**
Proposed dividend including tax on dividend	500	–
Provision for expected credit loss based on ageing of trade receivable	(62)	(61)
Others	(13)	(9)
Tax impact	593	(455)
Equity as per Ind AS	**21,250**	**19,742**
Attributable to:		
Larsen & Toubro Infotech Limited	**21,245**	**19,738**
Non- controlling interests	**5**	**4**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

III) Total comprehensive income reconciliation

(₹ in Mn)

Particulars	2015-16
Net Profit under iGAAP	**9,223**
Foreign exchange premia on forward contracts not to be recognized in financial statements.	(1,061)
Actuarial (gains)/losses on employee defined benefit plans recognised in other comprehensive income	(25)
Measurement of investments at fair value	(1)
Effect due to change in functional currencies of foreign subsidiaries	(37)
Others	(1)
Tax impact	267
Net profit for the period under Ind AS	**8,365**
Other comprehensive income	(266)
Total comprehensive income for the period under Ind AS	**8,099**

IV) Reconciliation of consolidated iGAAP and Ind AS Balance sheet as at 31 March 2016

(in ₹ Mn)

Particulars	As at 31-03-2016 iGAAP	Ind AS adjustment	As at 31-03-2016 Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2,792	0	2,792
(b) Capital work-in-progress	7	–	7
(c) Goodwill	978	–	978
(d) Other intangible assets	2,606	0	2,606
(e) Intangible assets under development	188	–	188
(f) Financial assets			
(i) Investments	0	0	0
(ii) Other financial assets	1,674	(1,248)	426
(g) Deferred tax assets	1,620	593	2,213
(h) Income tax assets (net)	886	–	886
(i) Other non-current assets	1,244	79	1,323
Total Non-Current Assets	**11,995**	**(576)**	**11,419**
Current assets			
(a) Financial assets			
(i) Investments	429	0	429
(ii) Trade receivable	11,723	(62)	11,661
(iii) Unbilled revenue	3,788	0	3,788

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(in ₹ Mn)

Particulars	As at 31-03-2016 iGAAP	Ind AS adjustment	As at 31-03-2016 Ind AS
(iv) Cash and cash equivalents	2,008	–	2,008
(v) Other bank balances	25	2	27
(vi) Other financial assets	3,000	(1,593)	1,407
(b) Other current assets	856	27	883
Total current assets	**21,829**	**(1,626)**	**20,203**
TOTAL ASSETS	**33,824**	**(2,202)**	**31,622**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	170	–	170
(b) Other equity			
(i) Other reserves	3,657	3,740	7,397
(ii) Retained earnings	16,399	(2,721)	13,678
(iii) Non- Controlling interests	5	0	5
Total equity	**20,231**	**1,019**	**21,250**
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Other financial liabilities	1,148	(1,148)	–
(b) Deferred tax liabilities	248	(0)	248
(c) Provisions	235	–	235
Total Non-current liabilities	**1,631**	**(1,148)**	**483**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	399	–	399
(ii) Current maturities of long term borrowings	147	–	147
(iii) Trade payables	3,405	–	3,405
(iv) Other financial liabilities	4,922	(1,573)	3,349
(b) Other current liabilities	1,124	(0)	1,124
(c) Provisions	1,957	(500)	1,457
(d) Current income tax liabilities (net)	8	(0)	8
Total current liabilities	**11,962**	**(2,073)**	**9,889**
TOTAL EQUITY AND LIABILITIES	**33,824**	**(2,202)**	**31,622**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

V) Reconciliation of consolidated iGAAP and Ind AS Balance sheet as at 1 April 2015

(in ₹ Mn)

Particulars	As at 01-04-2015 iGAAP	Ind AS Adjustment	As at 01-04-2015 Ind AS
ASSETS			
Non-current assets			
(a) Property, plant and equipment	2,750	(0)	2,750
(b) Capital work-in-progress	53	–	53
(c) Goodwill	963	–	963
(d) Other intangible assets	3,122	0	3,122
(e) Intangible assets under development	198	(0)	198
(f) Financial assets		–	
(i) Investments	0	0	0
(ii) Other financial assets	1,247	(529)	718
(g) Deferred tax assets	1,443	(455)	988
(h) Income tax assets (net)	976	–	976
(i) Other non-current assets	1,011	76	1,087
Total non-current assets	**11,763**	**(908)**	**10,855**
Current assets			
(a) Financial assets			
(i) Investments	1,036	1	1,037
(ii) Trade receivable	10,889	(62)	10,827
(iii) Unbilled revenue	1,550	–	1,550
(iv) Cash and cash equivalents	1,889	–	1,889
(v) Other bank balances	120	7	127
(vi) Other financial assets	2,080	(117)	1,963
(b) Other current assets	1,216	23	1,239
Total current assets	**18,780**	**(148)**	**18,632**
TOTAL ASSETS	**30,543**	**(1,056)**	**29,487**
EQUITY AND LIABILITIES			
Equity			
(a) Equity share capital	161	0	161
(b) Other equity			
(i) Other reserves	5,909	1,860	7,769
(ii) Retained earnings	14,193	(2,385)	11,808
(iii) Non- controlling interests	4	0	4
Total equity	**20,267**	**(525)**	**19,742**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(in ₹ Mn)

Particulars	As at 01-04-2015 iGAAP	Ind AS Adjustment	As at 01-04-2015 Ind AS
Liabilities			
Non-current liabilities			
(a) Financial liabilities			
(i) Borrowings	139	–	139
(b) Other non current liabilities	447	(447)	–
(c) Deferred tax liabilities	161	0	161
(d) Provisions	215	–	215
Total non-current liabilities	**962**	**(447)**	**515**
Current liabilities			
(a) Financial liabilities			
(i) Borrowings	1,898	2	1,900
(ii) Current maturities of long term borrowings	139	–	139
(iii) Trade payables	2,685	–	2,685
(iv) Other financial liabilities	2,362	(86)	2,276
(b) Other current liabilities	972	–	972
(c) Provisions	1,254	–	1,254
(d) Current income tax liabilities (net)	4	0	4
Total current liabilities	**9,314**	**(84)**	**9,230**
TOTAL EQUITY AND LIABILITIES	**30,543**	**(1,056)**	**29,487**

V) Reconciliation of consolidated iGAAP and Ind AS Profit and Loss for the year ended 31 March 2016

(in ₹ Mn)

Particulars	April 15 - March 16 iGAAP	Ind AS adjustment	April 15 - March 16 Ind AS
Other Income	2,960	(1,063)	1,897
	61,431	**(1,070)**	**60,361**
Expenses:			
Employee Benefit Expense	35,347	(81)	35,266
Operating expenses	6,711	(1)	6,710
Sales, administration and other expenses	6,057	183	6,240
Finance costs	104	(46)	58
Depreciation on tangible assets	737	(0)	737
Amortisation of intangible assets	1,003	0	1,003
Total Expenses	**49,959**	**55**	**50,014**
Profit before exceptional items & tax	**11,472**	**(1,125)**	**10,347**

NOTES FORMING PART OF CONSOLIDATED ACCOUNTS (CONTD.)

(in ₹ Mn)

Particulars	April 15 - March 16 iGAAP	Ind AS adjustment	April 15 - March 16 Ind AS
Exceptional items			
Profit after extraordinary items and before tax	**11,472**	**(1,125)**	**10,347**
Tax expense			
Current tax (net)	1,649	1,390	3,038
Deferred tax	600	(1,657)	(1,056)
	2,249	**(267)**	**1,982**
Profit from continuing operations after tax	**9,223**	**(858)**	**8,365**
Net profit for the year	**9,223**	**(858)**	**8,365**
Other comprehensive income	**–**	**(266)**	**(266)**
Total comprehensive income for the year	**9,223**	**(1,124)**	**8,099**
Profit Attributable to:			
Owners of the Company	9,221	(858)	8,363
Non- Controlling interests	2	0	2
	9,223	**(858)**	**8,365**
Total Comprehensive Income Attributable to:			
Owners of the Company	–	8,098	8,098
Non- Controlling interests	–	1	1
	–	**8,099**	**8,099**

48. The Group is not required to transfer any amount to Investor Education and Protection Fund.

49. The financial statements were approved by the Board of Directors on 04 May 2017.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332

Ashok Kumar Sonthalia
Chief Financial Officer

Sanjay Jalona
Chief Executive Officer
& Managing Director
DIN : 07256786

Aftab Zaid Ullah
Chief Operating Officer
& Whole Time Director
DIN : 05165334

Mumbai
May 04, 2017

DIRECTORS' REPORT

To,
The Members of
L&T Metro Rail (Hyderabad) Limited
Hyderabad

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

1. **FINANCIAL HIGHLIGHTS:**

The Financial Statements of the Company for the Financial Year ended on 31st March 2017 have been drawn to comply with the provisions of the Companies Act, 2013. The highlights of the financial results are as under:

Particulars	**2016-17 (₹ in Lakhs)**	*2015-16 (₹ in Lakhs)*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**513.63**	*291.11*
Less: Depreciation, amortization and obsolescence	**160.05**	–
Profit before exceptional and extraordinary items and tax	**353.58**	*291.11*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**353.58**	*291.11*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**353.58**	*291.11*
Less: Provision for tax	**71.49**	–
Profit after tax from continuing operations	**282.09**	*291.11*
Balance available for disposal (which directors appropriate as follows)		
Debenture Redemption Reserve	**282.09**	–

A. **Finance:**

During the year under report the Company has raised an amount of ₹ 31.53 Crores by way of issue of equity shares of ₹ 10 each fully paid-up ranking pari passu with the existing equity shares on rights issue basis. Further the company has drawn long term rupee loans of ₹ 1850 Crores from Banks during the year under report. The Company has also received an amount of ₹ 296.30 Crores as Viability Gap funding under Financial Support to Public Private Partnerships in Infrastructure 2006 Scheme from Government of India.

B. **Capital Expenditure:**

As at 31st March 2017 the fixed tangible, intangible assets, capital work in progress including intangible assets under development stood at ₹ 12482 Crores. The Capital Expenditure during the year under report amounted to ₹ 2325 Crores.

C. **Project Progress:**

During the year under report, the Company obtained the safety certificate from the Commissioner of Metro Railway Safety for commercial opening of the stretch from Nagole to Mettuguda (about 8 kms) and Miyapur to S R Nagar (12 KMs) for the commuters. With regard to remaining project works, the construction is progressing at brisk pace.

During the year under report, the Company made a request to the Government of Telangana for the extension of Scheduled Completion Date and Project Completion Schedule beyond 4th July 2017 and the same is under the consideration of the Government of Telangana.

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

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the Financial Year 2016-17.

3. **STATE OF COMPANY AFFAIRS:**

The other income for the financial year under review were ₹ 19.18 crores (which includes advertisement revenue of ₹ 9.39 crores) as against ₹ 14.27 crores for the previous financial year registering an increase of about 35%.

The Company is yet to commence operations of Hyderabad Metro Rail Project.

4. **DEPOSITS:**

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

5. **AMOUNT TO BE CARRIED TO RESERVE:**

The Company has transferred an amount of ₹ 2.82 Crores to Debenture Redemption Reserve during the current financial year.

6. DIVIDEND:

Since, the project is under implementation stage and yet to commence its commercial operations and also considering the capital requirement for completion of project, the Board of Directors do not recommend any dividend on its equity shares.

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

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

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

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure I forming part of this Board Report.

9. RISK MANAGEMENT POLICY:

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

10. CORPORATE SOCIAL RESPONSIBILITY:

Since the average net profits for the preceding three financial years is negative, the Company is not required to spend any amount towards Corporate Social Responsibility activities.

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

Mr. V. B. Gadgil retired as Chief Executive & Managing Director of the Company with effect from 31st May, 2016 pursuant to his superannuation from the services of the Company.

Mr. Shivanand Nimbargi was appointed as Managing Director and Chief Executive Officer with effect from 1st June 2016.

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four (4) meetings were held on 26th April 2016, 18th August 2016, 5th November 2016 and 19th January 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. AUDIT COMMITTEE:

The Company has an Audit Committee in terms of the requirements of the Companies Act, 2013. The Committee comprises of one Non-Executive Director and three Independent Directors. The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013 read with the rules made thereunder.

The current members of the Audit Committee are Mrs. Sheela Bhide, Mr. R. Shankar Raman, Mr. Ajit Rangnekar and Mr. M. R. Prasanna.

During the year under review, four (4) meetings were held on 26th April 2016, 18th August 2016, 5th November 2016 and 19th January 2017.

The vigil mechanism framework established by the Company pursuant to the requirements of the Companies Act, 2013 is functioning effectively.

14. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Nomination and Remuneration Committee of the Board comprises of two independent directors and two non-executive directors.

During the year under review, one (1) meeting was held on 18th August, 2016. The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The members of the Nomination and Remuneration Committee are Mr. S. N. Subrahmanyan, Mr. K. Venkatesh, Mrs. Sheela Bhideand, Mr. Ajit Rangnekar. The Committee has formulated a policy on director’s appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

15. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 and SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 confirming that he/she is not disqualified from continuing as an Independent Director.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

17. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

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

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

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively; and

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

18. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

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

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

The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

19. DISCLOSURE OF REMUNERATION:

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are as below:

a.	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	16600:1487
b.	Percentage increase in remuneration of the following KMPs in the financial year:	
	i. Directors	–
	ii. CEO	–
	iii. CFO	8%
	iv. CS	8%
c.	Percentage increase in the median remuneration of employees in the financial year;	8.69%
d.	Number of permanent employees on the rolls of company;	163
e.	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	8%
f.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operators of the Company during the year. The information required under Section 197(12) of the Companies Act, 2013 and the Rules made thereunder, is provided in Annexure II forming part of this Board Report.

20. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

21. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the Financial Year 2016-17.

22. AUDITORS:

Pursuant to Section 139 of the Companies Act, 2013, the Shareholders at their Sixth Annual General Meeting held on 29th September 2016 appointed M/s. Dandeker & Co., Chartered Accountants, as Statutory Auditors of the Company for five Financial Years 2016-17 to 2021-22 and to hold the office until the conclusion of the Eleventh Annual General Meeting. Pursuant to Rule 3(7) of the Companies (Audit and Auditors) Rules, 2014, the appointment is required to be ratified by the Shareholders at every Annual General Meeting. A certificate from the Auditors had been received to the effect that they are eligible to act as Statutory Auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends the ratification of the appointment of M/s. Dandeker & Co., Chartered Accountants, Chennai as Statutory Auditors for the Financial Year 2017-18.

23. SECRETARIAL AUDIT REPORT:

The Secretarial Audit Report issued by M/s. Rajanish Sekhar T Tonpe, Practicing Company Secretary is attached as Annexure III to this Annual Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification.

24. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

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

25. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as Annexure IV to this Report.

26. OTHER DISCLOSURES:

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. The Company has received credit rating of "IND AA(SO); Outlook Stable" from India Ratings & Research for its ₹ 750 Crores Non-Convertible Un-secured Redeemable Debentures.

27. DEBENTURE TRUSTEE:

M/s. SBICAP Trustee Company Limited, having their office at 6th Floor, Apeejay House, Dinshaw Wachcha Road, Churchgate, Mumbai – 400 020 have been acting as Debenture Trustees in respect of the 7500 Non-Convertible Un-secured Redeemable Debentures of ₹ 10,00,000 each fully paid-up aggregating to ₹ 750 Crores.

28. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the Promoters, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges, Debenture Trustee and all the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

Place : Hyderabad	**SHIVANAND NIMBARGI**	**AJIT PANDURANG RANGNEKAR**
Date : May 5, 2017	*Managing Director and Chief Executive Officer (DIN: 01419304)*	*Director (DIN: 01676516)*

ANNEXURE I

INFORMATION IN ACCORDANCE WITH THE PROVISIONS OF SECTION 134 (3)(M) OF THE COMPANIES ACT, 2013, REGARDING CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO.

CONSERVATION OF ENERGY

The operations of the Company are yet to commence. The operations of the Company are energy-intensive. However energy conservation is a priority for the Company. Appropriate methodologies are planned and adopted to achieve reduction in energy consumption. Various steps are being taken for conservation of energy on a continuous basis.

TECHNOLOGY ABSORPTION, ADAPTION AND INNOVATION

There was no Technology Absorption during the year.

FOREIGN EXCHANGE EARNING AND OUTGO

During the year under review, the foreign exchange outgo was ₹ 83.32 Crores.

ANNEXURE II

ANNEXURE TO THE DIRECTORS' REPORT

Statement of particulars of employees pursuant to Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 and forming part of the Director's Report for the period ended 31st March, 2017										
S. No	**PS.No.**	**Name of Employee**	**DOJ**	**Department**	**Designation**	**Cadre**	**CTC p.a. FY: 2016-17 (INR Lacs)**	**Highest Qualification**	**Experience in years**	**Age Years**
1	20068623	K. M. Rao	12-May-14	Rail Over Bridge	General Manager - ROB	FTC	40.73	B. E.	33:06	56
2	20079065	M. V. Krishna Rao	01-Jan-17	TOD-Leasing	Head- Leasing (Retail & Commercial)	M3-B	51.14	M.B.A.	28:06	51
3	20106409	Sreehari K P	02-Jan-16	EHS & QMS	Head - Quality & EHS	FTC	55.23	M.S.	38:10	62
4	20061095	Manoj Agarwal	01-Feb-17	TOD - Operations	Head of Operations (TOD) - Hyderabad	M3-C	72.41	Diploma in Hotel Mgt	29:11	53
5	20019038	Anil Kumar	03-Jan-11	Railway Systems	Chief Operating Officer- Railway Systems	M4-B	82.81	MBA & B. Tech.	25:05	47
6	20015239	K M Manoj	22-Oct-10	Project Control & Contracts	Head - PC & Contracts	M4-A	66.69	B. Tech. & M.B.A.	24:11	48
7	20091872	Iyengar Venkatesh	01-Jan-16	TOD Project Execution	Head-Project Execution,Hyd Metro(Clus-1)	M3-C	64.56	B. Tech.	28:02	51
8	20120531	Sanjay Kumar	10-Oct-16	Human Resource	Head - Human Resource	M4-A	22.76	B. Tech., PGDBA	25:07	52
9	20123690	Ashutosh Kumar Das	07-Dec-16	TOD	Head - Supply Chain Management	M3-A	12.00 *	M.B.A., B.E.	18:04	42
10	15796	P Ravishankar	01-Aug-11	TOD	General Manager - TOD	M4-A	44.55	MCS, B.Tech.	22:07	46

* The remuneration pertains to the part of the Financial Year

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

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

To,
The Members,
M/s. L&T METRO RAIL (HYDERABAD) LIMITED,
CIN: U45300TG2010PLC070121
5th Floor, Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole, Hyderabad - 500 039.

1. I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s L&T METRO RAIL (HYDERABAD) LIMITED (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts / statutory compliances and expressing my opinion thereon.
2. Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company which was made available to us and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31st March, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

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

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

ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under;

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

   a) The Securities and Exchange Board of India (Issue and listing of debt securities) Regulations, 2008;

   b) The Securities and Exchange Board of India (Registrars to an Issue and Share transfer agents) Regulations, 1993 regarding the Companies Act and dealing with client;

v) The laws that are specifically applicable to the Company are listed in Annexure B:

   I have also examined compliance with the applicable clauses of the following:

   i) Secretarial Standards issued by The Institute of Company Secretaries of India.

   ii) Listing agreement entered into with BSE Limited, Mumbai, for listing of Debt Securities.

During the period under review, the Company has complied with the applicable provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above except to the extent that in the Letter of offer dated 17th June, 2016, the time given to the shareholders is only till 23rd June, 2016 which is less than minimum of 15 days stipulated under the act and few statutory forms were filed with the Registrar of Companies with additional fees.

Further, it has been informed to us that, in the opinion of the management of the Company, all the related party transactions entered by the Company during the period under review have been entered on Arm's length basis and in the ordinary course of business and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the related documents that we have come across depict that:

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

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

Majority decision is carried through while the dissenting members' views, if any, are captured and recorded as part of the minutes.

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

I further report that during the audit period the company has sought the approval of its members for the following major items:

- The following personnel were appointed as Directors in the 6th Annual General Meeting during the period under review:
    - Mr. Sekharipuram Narayanan Subrahmanyan, Director
    - Mr. Ramamurthi Shankar Raman, Director
    - Mr. Prasanna Rangacharya Mysore, Independent Director
    - Mr. V B Gadgil, Chief Executive and Managing Director upto 31st May, 2016.
    - Mr. Shivanand Nimbargi, Managing Director & Chief Executive Officer with effect from 1st June, 2016.

  And the following personnel ceased to be the Directors during the period under review:
    - Mr. V B Gadgil retired from services and consequently his term as Chief Executive and Managing Director concluded with effect from 31st May, 2016.
- The term of Mr. Vivek Bhaskar Gadgil as the Chief Executive and Managing Director of the Company was extended upto 31st May 2016 during the 6th Annual General Meeting dated 29th September, 2016.
- Mr. Shivanand Nimbargi was appointed as Whole-time Director with effect from 10th March 2016 and as Managing Director and Chief Executive Officer with effect from 1st June, 2016 during the 6th Annual General Meeting dated 29th September, 2016.
- M/s. M. K. Dandeker & Co., Chartered Accountants, is appointed as statutory auditors for a period of five years upto 31st March, 2021 for a second term of 5 years.
- 3,15,31,293 number of equity shares of ₹ 10 each were allotted during the period under review to M/s. L&T Infrastructure Development Projects Limited and M/s. Larsen & Toubro Limited who are the existing shareholders of the company.
- The Shareholders have accorded their consent for Issuance of Non-Convertible Debentures worth ₹ 250 Crores during the 6th Annual General Meeting held on 29th September, 2016.
- M/s. L&T Infrastructure Development Projects Limited, a shareholder of the Company, has transferred 204,15,71,240 equity shares of ₹ 10 each in favour of M/s. Larsen & Toubro Limited, another shareholder, in dematerialised form on 29th March, 2017.
- Company has changed its Registered office within the city during the year under review.

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

RAJANISH SEKHAR. T. TONPE
Company Secretary in Practice
ACS 17451
CP No.15785

Place: *Chennai*
Date: *May 2, 2017*

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

ANNEXURE A

To
The Members
M/s. L&T METRO RAIL (HYDERABAD) LIMITED,
CIN: U45300TG2010PLC070121
5th Floor, Hyderabad Metro Rail Administrative Building,
Uppal Main Road, Nagole, Hyderabad - 500 039.

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

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

RAJANISH SEKHAR. T. TONPE
Company Secretary in Practice
ACS 17451
CP No.15785

Place: Chennai
Date: May 2, 2017

ANNEXURE B

List of Applicable Acts

1. The Companies Act, 2013 (the Act) and the Rules made thereunder;
2. The Depositories Act, 1996 and the Regulations and bye-laws framed thereunder;
3. The Metro Railways (Construction of Works) Act, 1978.
4. The Metro Railways (Operation & Maintenance) Act, 2002 and the Rules made thereunder.
5. Foreign Exchange Management Act, 1999 and the Rules and Regulations made thereunder to the extent of foreign direct investment, overseas direct investment and external commercial borrowings;
6. The Minimum Wages Act, 1948 read with the Minimum wages (central) Rules, 1950;
7. The Payment of Gratuity Act,1972 read with the Payment of Gratuity (Central) Rules 1972;
8. The Employees' Provident Funds & Miscellaneous Provisions Act, 1952;
9. The Contract Labour (Regulation & Abolition) Act, 1970 read with the Contract Labour (Regulation and Abolition) Rules, 1971;
10. Income Tax Act, 1961 read with Income Tax Rules;
11. The Central Sales Tax Act, 1956 read with the Central Sales Tax (Registration & Turnover) Rules, 1957;
12. Service Tax Provisions under Finance Act, 1994 read with the Service Tax Rules, 1994 and the Service Tax (Registration of Special Category of Persons) Rules, 2005 and the Cenvat Credit Rules, 2004;
13. The Personal Injuries (Compensation) Insurance Act, 1963;
14. The Information Technology Act, 2000 (as amended by Information Technology Amendment Act, 2008);
15. The Maternity Benefit Act, 1961;
16. The Indian Telegraph Act, 1885 & the Indian Telegraph Rules, 1951;
17. The Indian Wireless Telegraphy Act, 1933;
18. The Registration Act, 1908;
19. Indian Stamp Act, 1899;
20. Motor Vehicles Act, 1988;
21. The Building & Other Construction Workers (Regulation of Employment and Conditions of Service) Central Rules, 1998;
22. The Building and Construction Workers Welfare Cess Act, 1996 and the Building and Construction Workers Welfare Cess Rules, 1998;
23. Multi–Storeyed Buildings Regulations, 1981;
24. The Andhra Pradesh Rules for Construction and Regulation of Multiplex Complexes, 2007;
25. The Andhra Pradesh Building Rules, 2012;
26. Andhra Pradesh Fire Services Act, 1999 and the Andhra Pradesh Fire and Emergency Operations and Levy of Fee Rules, 2006;
27. The Greater Hyderabad Municipal Corporations Act, 1955;
28. Andhra Pradesh Minimum Wages Rules, 1960,
29. The Andhra Pradesh Motor Vehicles Rules, 1989;
30. The Andhra Pradesh Motor Vehicles Taxation Act, 1963 and the Rules made thereunder;
31. The Andhra Pradesh Tax on Professions, Trades, Callings and Employments Act, 1987 and the Rules made thereunder;
32. The Andhra Pradesh Shops and Establishments Act, 1988;
33. The Andhra Pradesh State Electricity Board (Recovery of Dues) Act, 1984 and the Andhra Pradesh State Electricity Board (Recovery of Debts) Rules, 1985;
34. The Andhra Pradesh Compulsory Gratuity Insurance Rules, 2011;
35. The Andhra Pradesh Contract Labour (Regulation and Abolition) Rules, 1971;
36. The Employment exchanges (Compulsory notification of vacancies) Act, 1959;
37. Andhra Pradesh Value Added Tax Act, 2005 and the Rules made thereunder;
38. The Hyderabad Metropolitan Water Supply and Sewerage Act, 1989 and the Rules made thereunder;
39. Andhra Pradesh Water, Land and Trees Act, 2002 and Andhra Pradesh Water, Land and Trees Rules, 2004;

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

(i)	CIN:-	U45300TG2010PLC070121
(ii)	Registration Date	24th August, 2010
(iii)	Name of the Company	L&T Metro Rail (Hyderabad) Limited
(iv)	Category / Sub-Category of the Company	Public Limited/ Non-government Company
(v)	Address of the Registered office and contact details	Hyderabad Metro Rail Administrative Building, Uppal Main Road, Nagole, Hyderabad, Telangana- 500039. Tel: 040-22080000
(vi)	Whether listed company Yes / No	No*
(vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited 4th Floor, Trade World, A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai- 400 013. Ph. No. 022 2499 4720; Email – info_ndml@nsdl.co.in

* The Un-secured, Non-convertible Debentures issued by the Company aggregating to ₹ 750 Crore were listed on BSE Limited.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
The Project is under implementation stage.			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of The Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	LARSEN AND TOUBRO LIMITED L & T House, Ballard Estate Mumbai, Maharashtra- 400001	L99999MH1946PLC004768	Holding Company	99.99%	2(87)

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

i. Category-wise Share Holding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
Individual/HUF	–	–	–	–	–	–	–	–	–
Central Govt.	–	–	–	–	–	–	–	–	–
State Govt. (s)	–	–	–	–	–	–	–	–	–
Bodies Corp.	2030661879	5*	2030661884	100	2062193172	5*	2062193177	100	–
Banks / FI	–	–	–	–	–	–	–	–	–
Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**2030661879**	**5***	**2030661884**	**100**	**2062193172**	**5***	**2062193177**	**100**	**–**
2. Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**2030661879**	**5***	**2030661884**	**100**	**2062193172**	**5***	**2062193177**	**100**	**–**

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt.	–	1	1	–		1	1	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**1**	**1**	**–**		**1**	**1**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total (B)=(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**2030661879**	**6**	**2030661885**	**100**	**2062193172**	**6**	**2062193178**	**100**	**–**

* Shares held by the individuals jointly with L&T Infrastructure Development Projects Limited.

ii. Shareholding of Promoters:

S No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1.	Larsen & Toubro Limited	20306623	1%	51%	2062193172	100	51%	99.00
2.	L&T Infrastructure Development Projects Limited	2010355256	99%	51%	-	-	-	(99.00)
	Total	**2030661879**	**100%**	**51%**	**2062193172**	**100**	**51%**	

iii. Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
At the beginning of the year				
Larsen & Toubro Limited	20306623	1%	20306623	1%
L&T Infrastructure Development Projects Limited	2010355256	99%	2010355256	99%
24th June 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	125915	1%	20432538	1%
L&T Infrastructure Development Projects Limited	12465981	99%	2022821237	99%
18th August 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	62787	1%	20495325	1%
L&T Infrastructure Development Projects Limited	6215913	99%	2029037150	99%
5th November 2016 – Allotment – Rights Issue				
Larsen & Toubro Limited	63477	1%	20558802	1%
L&T Infrastructure Development Projects Limited	6284220	99%	2035321370	99%
19th January 2017 – Allotment – Rights Issue				
Larsen & Toubro Limited	63130	1%	20621932	1%
L&T Infrastructure Development Projects Limited	6249870	99%	2041571240	99%
29th March 2017 – Transfer				
Larsen & Toubro Limited	2041571240	1%	2062193172	100%
L&T Infrastructure Development Projects Limited	(2041571240)	99%	0	0%
At the End of the year				
Larsen & Toubro Limited	2062193172	100%	2062193172	100%
L&T Infrastructure Development Projects Limited	0	0%	0	0%

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	At the End of the year (or on the date of separation, if separated during the year)	–	–	–	–

v. Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	For Each of the Directors and KMP*				
	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	At the End of the year	–	–	–	–

* 1 Equity Share of ₹ 10 each fully paid up is held by Mr. K. Venkatesh, Director Jointly with L&T Infrastructure Development Projects Limited.

V. INDEBTEDNESS ACCOUNTS:

	Secured Loans excluding deposits (₹)	Unsecured Loans*	Deposits	Total Indebtedness (₹)
Indebtedness at the beginning of the financial year				
i) Principal Amount	6036,94,90,659	746,54,11,782	–	6783,49,02,441
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	38,03,61,091	16,58,89,726	–	54,62,50,817
Total (i+ii+iii)	**6074,98,51,750**	**763,13,01,508**	**–**	**6838,11,53,258**
Change in Indebtedness during the financial year				
Addition	1849,97,76,854	4309,81,163	–	1893,07,58,018
Reduction			–	
Net Change	**1849,97,76,854**	**4309,81,163**	**–**	**1893,07,58,018**
Indebtedness at the end of the financial year				
i) Principal Amount	7816,93,54,795	746,60,14,370	–	8563,53,69,165
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	108,02,73,810	59,62,68,301	–	167,65,42,111
Total (i+ii+iii)	**7924,96,28,605**	**806,22,82,671**	**–**	**8731,19,11,276**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	(₹)	(₹)	Total Amount (₹)
	Name	**Mr. Shivanand Nimbargi**	**Mr. V B Gadgil**	
	Designation	**MD & CEO (w.e.f. 1st June '16)**	**CEO & MD (upto 31st May '16)**	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,66,44,157	3,03,61,530	4,70,05,687
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–		–
3.	Sweat Equity	–		–
4.	Commission	–		–
	– as % of profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify	–		–
	Total (A)	**1,66,44,157**	**3,03,61,530**	
	***Ceiling as per the Act**	**4,11,15,000**	**4,11,15,000**	**8,22,30,000**

**** Maximum permissible Limit as per Schedule V of the Companies Act, 2013**

(B) Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1.	**Independent Directors**	**Mrs. Sheela Bhide**	**Mr. Ajit Rangnekar**	**Mr. M R Prasanna**	
	• Fee for attending board / committee meetings	₹ 1,75,000	₹ 70,000	₹ 1,45,000	₹ 3,90,000
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (1)	**₹ 1,75,000**	**₹ 70,000**	**₹ 1,45,000**	**₹ 3,90,000**
2.	Other Non-Executive Directors	Mr. N V S Reddy	–	–	–
	• Fee for attending board / committee meetings	₹ 1,15,000	–	–	₹ 1,15,000
	• Commission	–	–	–	–
	• Others, please specify	–	–	–	–
	Total (2)	**₹ 1,15,000**	**–**	**–**	**₹ 1,15,000**
	Total (B)=(1+2)	**₹ 2,90,000**	**₹ 70,000**	**₹ 1,45,000**	**₹ 5,05,000**
Total Managerial Remuneration		–	–	–	–
Overall Ceiling as per the Act		–	–	–	–

(C) Remuneration to Key Managerial Personnel other than MD/Manager/WTD:

Sl. no	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	**CFO**	**Total**
	Name	**Mr. Ashish Malhotra**	**Mr. J. Ravi Kumar**	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	41,43,000	58,23,050	99,66,050
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961.	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961.	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	– as % of profit	–	–	–
	– others, specify	–	–	–
5.	Others, please specify	–	–	–
	Total (A)	**41,43,000**	**58,23,050**	**99,66,050**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY	**–**	**–**	**–**	**–**	**–**
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS	**–**	**–**	**–**	**–**	**–**
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT	**–**	**–**	**–**	**–**	**–**
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T METRO RAIL (HYDERABAD) LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of L&T Metro Rail (Hyderabad) Limited("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness

of such controls, refer to our separate report in “Annexure B”.

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

i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 19to the financial statements.

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts.

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

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 25.13 to the Ind AS financial statements.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : May 05, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor’s Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has the following statutory dues which have not been deposited on account of disputes.

Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Customs Act,1962	Customs Duty	27,21,30,885	May 2014 to March 2015	Madras High Court

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money’s raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial

remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.
13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Regn. No.000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : May 05, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

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

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

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Regn. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : May 5, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.3.2017 ₹	As at 31.3.2016 ₹	As at 1.4.2015 ₹
ASSETS :				
Non-current assets				
a) Property, plant and equipment	1	24,60,09,159	18,59,77,356	4,39,12,372
b) Capital work-in-progress	2	3,84,18,286	2,02,49,244	30,78,238
c) Investment property	3	5,92,95,54,565	3,79,39,36,970	1,66,79,50,856
d) Intangible assets	4	2,72,15,853	2,36,77,307	2,90,81,367
e) Intangible assets under development	5	1,07,46,96,30,346	87,28,80,82,265	62,63,32,46,913
f) Deferred tax assets (net)	6	12,32,00,422	–	4,40,820
g) Other non-current assets	7	1,53,11,74,824	3,64,20,24,932	5,12,18,27,098
		1,15,36,52,03,455	94,95,39,48,073	69,49,95,37,665
Current assets				
a) Financial Assets				
i) Investments	8	2,39,02,25,992	29,26,46,217	10,00,50,395
ii) Trade receivables	9	1,94,13,215	2,43,04,523	26,47,834
iii) Cash and cash equivalents	10	54,45,68,824	5,25,55,58,886	60,42,63,307
iv) Other financial assets	11	3,54,39,231	16,90,11,115	9,93,95,725
b) Current tax assets (net)	12	–	1,05,06,537	–
c) Other current assets	7	19,31,99,936	4,51,10,025	8,83,01,124
		3,18,28,47,198	5,79,71,37,303	89,46,58,385
TOTAL		1,18,54,80,50,653	1,00,75,10,85,376	70,39,41,96,050
EQUITY AND LIABILITIES:				
Equity				
a) Equity share capital	13	20,62,19,31,780	20,30,66,18,850	19,81,39,76,060
b) Other equity	14	(24,50,12,554)	(7,75,57,208)	(12,10,30,554)
		20,37,69,19,226	20,22,90,61,642	19,69,29,45,506
Liabilities				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	15	87,31,19,11,276	68,38,11,53,259	45,19,15,14,205
ii) Other financial liabilities	16	73,80,37,025	40,80,31,876	28,14,76,754
b) Provisions	17	17,697,232	1,68,36,708	1,31,02,843
c) Deferred tax liabilities (net)	6	–	66,53,066	–
		88,06,76,45,533	68,81,26,74,908	45,48,60,93,802
Current liabilities				
a) Financial liabilities				
i) Other financial liabilities	16	9,97,98,62,020	11,60,64,12,988	5,09,39,88,325
b) Current tax liabilities (net)	12	3,44,742	–	14,60,005
c) Other current liabilities	18	12,19,54,255	9,65,86,446	11,74,71,688
d) Provisions	17	13,24,877	63,49,392	22,36,725
		10,10,34,85,894	11,70,93,48,826	5,21,51,56,743
TOTAL		1,18,54,80,50,653	1,00,75,10,85,376	70,39,41,96,050
CONTINGENT LIABILITIES	19			
COMMITMENTS	20			
OTHER NOTES FORMING PART OF ACCOUNTS	25			
SIGNIFICANT ACCOUNTING POLICIES	26			

As per our report attached

For **M. K. DANDEKER & CO.**
Firm registration number : 000679S
Chartered Accountants
by the hand of

For and on behalf of the board of directors of
L&T METRO RAIL (HYDERABAD) LIMITED

S. POOSAIDURAI
Partner
Membership No : 223754

SHIVANAND NIMBARGI
Managing Director & CEO
DIN: 01419304

AJIT RANGNEKAR
Director
DIN: 01676516

J. RAVI KUMAR
Chief Financial Officer
Membership No: 023240

ASHISH MALHOTRA
Company Secretary
Membership No: A18393

Place : Hyderabad
Date : May 5, 2017

Place : Hyderabad
Date : May 5, 2017

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

	Note No	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE:					
Revenue from Operations			–		–
Construction contract revenue			15,62,93,87,902		25,24,67,50,420
Other income	21		19,18,18,336		14,26,61,680
Total Revenue			15,82,12,06,238		25,38,94,12,100
EXPENSES:					
Construction contract expenses			15,62,93,87,902		25,24,67,50,420
Employee benefit expenses	22		2,20,17,143		42,33,347
Finance costs	23		1,46,51,375		–
Depreciation and amortisation			1,60,05,920		–
Administration and other expenses	24		10,37,86,554		10,93,16,764
Total Expenses			15,78,58,48,895		25,36,03,00,531
Profit/(loss) before tax			3,53,57,344		2,91,11,569
Tax Expense:					
Current tax		80,88,253		–	
Income tax of previous year		8,89,732		–	
Deferred tax		(18,28,707)		–	
			71,49,278		–
Profit/(loss) after tax for the year			2,82,08,066		2,91,11,569
Other Comprehensive Income					
Items that will be reclassified to Profit & Loss					
Changes in fair value of cash flow hedges			(25,91,89,873)		1,43,61,777
Total Comprehensive Income for the year			(25,91,89,873)		1,43,61,777
EARNINGS PER EQUITY SHARE (BASIC AND DILUTED)	25		0.014		0.014
FACE VALUE PER EQUITY SHARE			10.00		10.00
OTHER NOTES FORMING PART OF ACCOUNTS	25				
SIGNIFICANT ACCOUNTING POLICIES	26				

As per our report attached

For **M. K. DANDEKER & CO.**
Firm registration number : 000679S
Chartered Accountants
by the hand of

For and on behalf of the board of directors of
L&T METRO RAIL (HYDERABAD) LIMITED

S. POOSAIDURAI
Partner
Membership No : 223754

SHIVANAND NIMBARGI
Managing Director & CEO
DIN: 01419304

AJIT RANGNEKAR
Director
DIN: 01676516

J. RAVI KUMAR
Chief Financial Officer
Membership No: 023240

ASHISH MALHOTRA
Company Secretary
Membership No: A18393

Place : Hyderabad
Date : May 5, 2017

Place : Hyderabad
Date : May 5, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	*2015-16* ₹
A	**Net profit / (loss) before tax and extraordinary items**	**3,53,57,344**	*2,91,11,569*
	Adjustment for		
	Depreciation and amortisation expense	**1,60,05,920**	–
	Interest expense	**1,46,51,375**	–
	Interest income	**(2,62,76,372)**	*(10,49,94,955)*
	Dividend received	**(6,06,74,103)**	*(2,67,07,753)*
	(Profit)/loss on sale of current investments(net)	**(2,25,992)**	
	(Profit)/loss on sale of fixed assets	**72,652**	*(17,984)*
	Other non cash items	**(25,91,89,873)**	*(12,22,09,131)*
	Operating profit before working capital changes	**(28,02,79,049)**	*(22,48,18,254)*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**8,60,524**	*1,03,86,931*
	Increase / (Decrease) in other current liabilities	**2,53,67,809**	*(2,08,85,242)*
	Increase / (Decrease) in other current financial liabilities	**(1,62,65,50,968)**	*6,51,24,24,663*
	Increase / (Decrease) in other non-current financial liabilities	**33,00,05,149**	*12,65,55,122*
	Increase / (Decrease) in short term provisions	**(1,18,29,051)**	*26,52,662*
	(Increase) / Decrease in loan term loans and advances	**1,89,92,29,564**	*1,42,33,04,130*
	(Increase) / Decrease in other non-current assets	**8,17,67,057**	*5,69,38,857*
	(Increase) / Decrease in Trade Receivables	**48,91,308**	*(2,16,56,689)*
	(Increase) / Decrease in short term loans and advances	**13,35,71,884**	*(6,96,15,390)*
	(Increase) / Decrease in other current assets	**(13,75,83,374)**	*3,26,84,562*
	Net cash generated from/(used in) operating activities	**41,94,50,852**	*7,82,79,71,351*
	Direct taxes paid (net of refunds)	**–**	*(2,00,000)*
	Net Cash (used in)/generated from Operating Activities	**41,94,50,852**	*7,82,77,71,351*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(22,41,49,10,988)**	*(26,79,79,92,472)*
	Sale of fixed assets	**(72,652)**	*1,27,969*
	Purchase of current investments	**(2,09,75,79,775)**	*(19,25,95,822)*
	(Purchase)/Sale of current investments	**2,25,992**	–
	Dividend received from current investments	**6,06,74,103**	*2,67,07,753*
	Interest received	**2,62,76,372**	*10,49,94,955*
	Net cash (used in)/generated from investing activities	**(24,42,53,86,948)**	*(26,85,87,57,616)*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**37,88,39,392**	*49,26,42,790*
	Proceeds from long term borrowings	**18,93,07,58,017**	*23,18,96,39,054*
	Interest paid	**(1,46,51,375)**	
	Net cash (used in)/generated from financing activities	**19,29,49,46,034**	*23,68,22,81,844*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(4,71,09,90,062)**	*4,65,12,95,579*
	Cash and cash equivalents as at the beginning of the year	**5,25,55,58,886**	*60,42,63,307*
	Cash and cash equivalents as at the end of the year	**54,45,68,824**	*5,25,55,58,886*

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

As per our report attached

For **M. K. DANDEKER & CO.**
Firm registration number : 000679S
Chartered Accountants
by the hand of

For and on behalf of the board of directors of
L&T METRO RAIL (HYDERABAD) LIMITED

S. POOSAIDURAI
Partner
Membership No : 223754

SHIVANAND NIMBARGI
Managing Director & CEO
DIN: 01419304

AJIT RANGNEKAR
Director
DIN: 01676516

J. RAVI KUMAR
Chief Financial Officer
Membership No: 023240

ASHISH MALHOTRA
Company Secretary
Membership No: A18393

Place : Hyderabad
Date : May 5, 2017

Place : Hyderabad
Date : May 5, 2017

NOTES FORMING PART OF ACCOUNTS

1. PROPERTY, PLANT AND EQUIPMENT

₹

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2015	Additions	Deductions	As at 31-03-2016	As at 01.04.2015	For the year	Deductions	As at 31-03-2016	As at 31-03-2016	*As at 31.03.2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Computers	57,13,136	86,88,896	2,72,655	1,41,29,377	–	55,36,854	1,62,670	53,74,184	87,55,193	*57,13,136*
Furniture & Fixtures	1,71,62,160	4,07,60,666	–	5,79,22,826	–	38,47,557	–	38,47,557	5,40,75,269	*1,71,62,160*
Office Equipment	1,96,74,827	12,30,53,870	–	14,27,28,696	–	2,03,54,956	–	2,03,54,956	12,23,73,741	*1,96,74,827*
Vehicles	13,62,250	–	–	13,62,250	–	5,89,097	–	5,89,097	7,73,152	*13,62,250*
Total	**4,39,12,372**	**17,25,03,432**	**2,72,655**	**21,61,43,150**	–	**3,03,28,464**	**1,62,670**	**3,01,65,794**	**18,59,77,356**	***4,39,12,372***

₹

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2016	Additions	Deductions	As at 31-03-2017	As at 01.04.2016	For the year	Deductions	As at 31-03-2017	As at 31-03-2017	*As at 31.03.2016*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Computers	1,41,29,377	1,09,15,862	24,53,938	2,25,91,301	53,74,184	57,76,090	22,61,276	88,88,998	1,37,02,303	*87,55,193*
Furniture & Fixtures	5,79,22,826	10,16,28,346		15,95,51,173	38,47,557	1,98,48,780		2,36,96,337	13,58,54,835	*5,40,75,269*
Office Equipment	14,27,28,696	24,18,178	1,32,320	14,50,14,554	2,03,54,956	2,85,17,338	1,25,704	4,87,46,590	9,62,67,965	*12,23,73,741*
Vehicles	13,62,250			13,62,250	5,89,097	5,89,097		11,78,194	1,84,055	*7,73,152*
Total	**21,61,43,150**	**11,49,62,386**	**25,86,258**	**32,85,19,278**	**3,01,65,794**	**5,47,31,305**	**23,86,980**	**8,25,10,119**	**24,60,09,159**	***18,59,77,355***

2. CAPITAL WORK-IN-PROGRESS*

₹

Particulars	*As at 01.04.2015*	*Cost* *Additions*	*Deductions*	*As at 31.03.2016*
Capital work in progress	*30,78,238*	*1,71,71,006*	–	*2,02,49,244*
Total	*30,78,238*	*1,71,71,006*	–	*2,02,49,244*

Particulars	**As at 01.04.2016**	**Cost** **Additions**	**Deductions**	**As at 31.03.2017**
Capital work in progress	**2,02,49,244**	**1,81,69,042**	**–**	**3,84,18,286**
Total	**2,02,49,244**	**1,81,69,042**	**–**	**3,84,18,286**

*Capital work in progress mainly comprises of advertisement boxes under installation.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3. INVESTMENT PROPERTY

₹

Particulars	*As at 01.04.2015*	*Additions*	*As at 31.03.2016*
Free hold land	*1,557,000*	–	*1,557,000*
Transit oriented development			
Work in progress	*1,48,52,17,514*	*1,85,57,10,931*	*3,34,09,28,445*
Salaries and wages	*4,98,30,410*	*3,07,78,265*	*8,06,08,675*
Interest expenses	*12,72,89,094*	*23,39,66,938*	*36,12,56,032*
Other expenses	*40,56,838*	*55,29,980*	*95,86,818*
Total	*1,66,79,50,856*	*2,12,59,86,114*	*3,79,39,36,970*

Particulars	**As at 01.04.2016**	**Additions**	**As at 31.03.2017**
Free hold land	**1,557,000**	**–**	**1,557,000**
Transit oriented development			
Work in progress	**3,34,09,28,445**	**1,70,55,76,035**	**5,04,65,04,480**
Salaries and wages	**8,06,08,675**	**5,91,77,050**	**13,97,85,725**
Interest expenses	**36,12,56,032**	**35,94,81,476**	**72,07,37,509**
Other expenses	**95,86,818**	**1,13,83,033**	**2,09,69,851**
Total	**3,79,39,36,970**	**2,13,56,17,595**	**5,92,95,54,565**

a. The company has entered into Memorandum of Understanding with some of the interested parties to lease out space relating to Transit Oriented Development and Station Retail. Since the company is in construction phase, data with respect to future lease rentals is unascertainable.

b. There are no restrictions on realisability of income from investment property

c.

Particulars	**As at 31.03.2017**	**As at 01.04.2016**	**As at 01.04.2015**
Contractual obligations to construct / develop the investment property	4,95,96,11,949	6,52,35,17,389	3,17,62,56,757

4. INTANGIBLE ASSETS

₹

PARTICULARS	**COST**				**AMORTISATION**				**BOOK VALUE**	
	As at 01.04.2015	**Additions**	**Deductions**	**As at 31-03-2016**	**As at 01.04.2015**	**For the year**	**Deductions**	**As at 31-03-2016**	**As at 31-03-2016**	***As at 31.03.2015***
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Specialised Software	2,90,81,367	-	-	2,90,81,367	-	54,04,060	-	54,04,060	2,36,77,307	*2,90,81,367*
Total	**2,90,81,367**	**-**	**-**	**2,90,81,367**	**-**	**54,04,060**	**-**	**54,04,060**	**2,36,77,307**	***2,90,81,367***

PARTICULARS	**COST**				**AMORTISATION**				**BOOK VALUE**	
	As at 01.04.2016	**Additions**	**Deductions**	**As at 31-03-2017**	**As at 01.04.2016**	**For the year**	**Deductions**	**As at 31-03-2017**	**As at 31-03-2017**	***As at 31.03.2016***
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Assets-Owned										
Specialised Software	2,90,81,367	1,49,33,600	–	4,40,14,967	54,04,060	1,13,95,054	–	1,67,99,114	2,72,15,853	*2,36,77,308*
Total	**2,90,81,367**	**1,49,33,600**	**–**	**4,40,14,967**	**54,04,060**	**1,13,95,054**	**–**	**1,67,99,114**	**2,72,15,853**	***2,36,77,308***

The aggregate depreciation has been included under intangible assets under development.

NOTES FORMING PART OF ACCOUNTS (Contd.)

5. INTANGIBLE ASSETS UNDER DEVELOPMENT

₹

Particulars	*As at 01.04.2015*	*Additions*	*As at 31.03.2016*
Fare collection rights			
Construction work in progress	*54,26,38,27,018*	*24,46,91,92,307*	*78,73,30,19,325*
Salaries and wages	*86,00,28,954*	*31,95,09,382*	*1,17,95,38,336*
Staff welfare and other expenses	*8,20,57,326*	*1,91,41,376*	*10,11,98,702*
Managerial Remuneration	*1,62,90,219*	*1,84,20,561*	*3,47,10,780*
Lease rent	*30,33,44,589*	*6,62,73,079*	*36,96,17,668*
Concession fees	*3*	*1*	*4*
Travelling & conveyance	*11,45,97,972*	*1,38,58,684*	*12,84,56,656*
Facility management, communication and other expenses	*32,05,95,507*	*23,89,15,798*	*55,95,11,304*
Project insurance	*28,46,56,588*	*65,83,337*	*29,12,39,925*
Interest expenses	*6,18,80,49,402*	*6,05,31,69,710*	*12,24,12,19,112*
Depreciation/ amortization	*10,28,82,476*	*3,57,32,523*	*13,86,14,999*
Other expenses	*9,69,16,859*	*2,63,84,158*	*12,33,01,017*
Total	*62,63,32,46,913*	*31,26,71,80,916*	*93,90,04,27,829*
Viability Gap Fund received	*–*	*(6,61,23,45,564)*	*(6,61,23,45,564)*
Total	*62,63,32,46,913*	*24,65,48,35,352*	*87,28,80,82,265*

₹

Particulars	As at 01.04.2016	Additions	As at 31.03.2017
Fare collection rights			
Construction work in progress	**78,73,30,19,325**	**14,98,35,41,600**	**93,71,65,60,925**
Salaries and wages	**1,17,95,38,336**	**34,12,30,197**	**1,52,07,68,533**
Staff welfare and other expenses	**10,11,98,702**	**2,83,52,137**	**12,95,50,840**
Managerial Remuneration	**3,47,10,780**	**3,58,76,506**	**7,05,87,286**
Lease rent	**36,96,17,668**	**65,90,778**	**37,62,08,446**
Concession fees	**4**	**1**	**5**
Travelling & conveyance	**12,84,56,656**	**2,61,02,061**	**15,45,58,717**
Facility management, communication and other expenses	**55,95,11,304**	**14,51,45,732**	**70,46,57,037**
Project insurance	**29,12,39,925**	**26,26,139**	**29,38,66,064**
Interest expenses	**12,24,12,19,112**	**7,51,51,83,250**	**19,75,64,02,362**
Depreciation/ amortization	**13,86,14,999**	**5,01,20,440**	**18,87,35,439**
Other expenses	**12,33,01,017**	**98,02,311**	**13,31,03,328**
Total	**93,90,04,27,829**	**23,14,45,71,152**	**1,17,04,49,98,981**
Viability Gap Fund received	**(6,61,23,45,564)**	**(2,96,30,23,071)**	**(9,57,53,68,635)**
Total	**87,28,80,82,265**	**20,18,15,48,081**	**1,07,46,96,30,346**

6. DEFERRED TAX ASSETS/LIABILITIES

₹

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Deferred tax assets	**12,13,71,715**	*63,91,960*	*63,91,960*
Deferred tax liabilities	**1,828,707**	*(1,30,45,026)*	*(59,51,140)*
	12,32,00,422	*(66,53,066)*	*4,40,820*

NOTES FORMING PART OF ACCOUNTS (Contd.)

The major components of deferred tax assets and liabilities are as follows : ₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
(i) Deferred tax liability			
(a) Tax effect on account of cash flow hedges	–	1,30,45,026	59,51,140
	–	1,30,45,026	59,51,140
(ii) Deferred tax asset			
(a) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets	16,05,740	–	–
(b) Tax effect on account of Preliminary and other expenses deductible u/s 35D	63,91,960	63,91,960	63,91,960
(c) Tax effect on account of capital gain on Land	2,22,967	–	–
(d) Tax effect on account of cash flow hedges	11,49,79,755	–	–
	12,32,00,422	63,91,960	63,91,960
Net Deferred tax liability [(i) - (ii)]	(12,32,00,422)	66,53,066	(4,40,820)
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	(12,98,53,488)		
Less: Adjusted against Other Equity	12,80,24,781		
Net increase / (decrease) in deferred tax asset charged / (credited) to the Statement of Profit and Loss	(18,28,707)		

Disclosure pursuant to Ind AS 12 – "Income taxes"

The major components of income tax expense for years ended 31st March 2017 and 31st March 2016 are :

₹

Particulars	As at 31.03.2017	As at 31.03.2016
Current income Tax :		
Current income tax charge	80,88,253	8,89,732
Adjustments of current tax of previous year	8,89,732	–
Deferred Tax		
Relating to origination and reversal of temporary differences	–	–
Relating to rate change or imposition of new taxes	–	–
Arising due to a write down of a deferred tax asset	18,28,707	–
Income tax reported in the statement of profit and loss	71,49,279	8,89,732
Current Tax and Deferred Tax - Equity		
Tax effect on account of Hedging Reserve	12,80,24,780	70,93,885
	12,80,24,780	70,93,885

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31st March 2017 and 31st March 2016:

₹

Particulars	As at 31.03.2017	As at 31.03.2016
1. Profit before tax	**3,54,49,402**	*2,91,11,569*
2. Applicable tax rate	**33.06%**	*30.90%*
3. PBT * Applicable tax rate(1*2)	**1,17,20,636**	*89,95,475*
4. (a) Tax in respect of items exempt form tax	**(2,74,35,625)**	*(3,81,56,671)*
(b) Difference in tax for items which are not allowed as deduction	**2,38,03,243**	*3,00,50,928*
Sub Total 4	**(36,32,382)**	*(81,05,743)*
Tax expenses recognised during the year (3+4)	**80,88,253**	*8,89,732*

Deferred Tax

Major components of Deferred tax liabilities and assets

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
Balance Sheet			
Tax effect on account of Hedging Reserve	**12,13,71,715**	*63,91,960*	*63,91,960*
Profit and Loss			
a) Tax effect on account of capital gain on Land	**2,22,967**	–	–
b) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets	**16,05,740**	–	–
Net Deferred Tax Assets/ (Liabilities)	**12,32,00,422**	*63,91,960*	*63,91,960*

7. OTHER NON-CURRENT AND CURRENT ASSETS

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Capital advances						
Related parties	–	**73,10,15,562**	–	*1,75,36,80,021*	–	*2,67,80,83,527*
Others	–	**75,24,48,086**	–	*1,62,89,10,772*	–	*2,14,39,27,897*
Advances other than capital advances						
Others	**61,21,341**	**3,70,54,082**	*77,82,599*	*3,71,56,500*	*3,25,86,173*	*2,10,40,000*
Advance recoverable other than in cash						
Prepaid Expenses	**18,70,78,595**	–	*3,73,27,426*	*22,13,28,712*	*5,57,14,951*	*27,84,41,601*
Income tax (net)	–	**1,06,57,094**	–	*9,48,926*	–	*3,34,074*
	19,31,99,936	**1,53,11,74,824**	*4,51,10,025*	*3,64,20,24,932*	*8,83,01,124*	*5,12,18,27,098*

8. INVESTMENTS

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Quantity Units	Current ₹	Quantity Units	Current ₹	Quantity Units	Current ₹
Investments in mutual funds						
L&T Mutual Fund	**59111223**	**1,57,00,00,000**	*148703*	*15,04,48,609*		
SBI Mutual Fund	**322202**	**82,02,25,992**	*141737*	*14,21,97,608*	*99726*	*10,00,50,395*
		2,39,02,25,992		*29,26,46,217*		*10,00,50,395*

NOTES FORMING PART OF ACCOUNTS (Contd.)

9. TRADE RECEIVABLES

₹

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	As at 31.03.2016 Current	As at 31.03.2016 Non-current	As at 01.04.2015 Current	As at 01.04.2015 Non-current
Unsecured, considered good						
Others						
Debts outstanding for a period exceeding six months	–	–	–	–	–	–
Others	1,94,13,215	–	2,43,04,523	–	26,47,834	–
	1,94,13,215	–	2,43,04,523	–	26,47,834	–
Less: Allowance for expected credit losses	–	–	–	–	–	–
	1,94,13,215	–	2,43,04,523	–	26,47,834	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

10. CASH AND CASH EQUIVALENTS

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(i) Cash and cash equivalents			
a) Balances with banks in current accounts	25,01,50,964	3,47,76,26,790	10,31,15,597
b) Cash on hand	–	–-	–
c) Deposits with maturity of less than three months including interest accrued thereon	23,64,55,867	72,33,13,455	50,11,47,710
(ii) Other bank balances			
Balances with banks held as margin money deposits	5,79,61,993	1,05,46,18,641	–
	54,45,68,824	5,25,55,58,886	60,42,63,307

The deposits maintained by the Company with banks under 10(i)(c) above comprise of time deposits which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

11. OTHER FINANCIAL ASSETS

₹

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	As at 31.03.2016 Current	As at 31.03.2016 Non-current	As at 01.04.2015 Current	As at 01.04.2015 Non-current
Derivative assets	3,54,39,231	–	16,90,11,115	–	9,93,95,725	–
	3,54,39,231	–	16,90,11,115	–	9,93,95,725	–

12. CURRENT TAX (ASSETS)/ LIABILITIES

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Income tax net of provisions	3,44,742	(1,05,06,537)	14,60,005
	3,44,742	(1,05,06,537)	14,60,005

NOTES FORMING PART OF ACCOUNTS (Contd.)

13. SHARE CAPITAL

₹

(i) Authorised, issued, subscribed and paid up

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
Authorised:						
Equity shares of ₹ 10 each	**24,390,000,000**	**24,39,00,0,00,000**	*24,390,000,000*	*2,43,90,00,00,000*	*24,390,000,000*	*2,43,90,00,00,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**2,062,193,178**	**20,62,19,31,780**	*2,030,661,885*	*20,30,66,18,850*	*1,981,397,606*	*19,81,39,76,060*
	2,062,193,178	**20,62,19,31,780**	*2,030,661,885*	*20,30,66,18,850*	*1,981,397,606*	*19,81,39,76,060*

₹

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

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
At the beginning of the year	**2,030,661,885**	**20,30,66,18,850**	*1,981,397,606*	*19,81,39,76,060*	*1,155,397,606*	*11,55,39,76,060*
Issued during the year as fully paid	**31,531,293**	**31,53,12,930**	*49,264,279*	*49,26,42,790*	*826,000,000*	*8,26,00,00,000*
Others	**–**	**–**	–	–	–	–
At the end of the year	**2,06,21,93,178**	**20,62,19,31,780**	*2,03,06,61,885*	*20,30,66,18,850*	*1,98,13,97,606*	*19,81,39,76,060*

(iii) Terms / rights attached to shares

Equity shares

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

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

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

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

The Company has allotted one non-transferable equity share (the Golden Share) to the Government of Telangana (Government) having a par value of ₹ 10 in pursuance of the Shareholders Agreement entered into with the Government and others. In terms of the said agreement, the Government shall be entitled to appoint a nominee director on the board of directors of the company and so long as the Government holds the Golden Share, an affirmative vote of the Government or the director appointed by the government shall be required for passing of, by the general meeting of the company or the meeting of board of directors thereof, as the case may be, any resolution on all the reserved matters as specified in the said agreement.

₹

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

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
L&T Infrastructure Development Projects Limited	**–**	**–**	*2,010,355,256*	*20,10,35,52,560*	*1,961,583,620*	*19,61,58,36,200*
Larsen & Toubro Limited	**2,062,193,172**	**20,62,19,31,720**	*20,306,623*	*20,30,66,230*	*19,813,980*	*19,81,39,800*
	2,062,193,172	**20,62,19,31,720**	*2,030,661,879*	*20,30,66,18,790*	*1,981,397,600*	*19,81,39,76,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

₹

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

Particulars	As at 31.03.2017 No. of shares	%	As at 31.03.2016 No. of shares	%	As at 01.04.2015 No. of shares	%
L&T Infrastructure Development Projects Limited (including nominee holding)	–	0%	2,010,355,256	99%	1,961,583,620	99%
Larsen and Toubro Limited (including nominee holding)	2,062,193,172	99.999%	20,306,623	1%	19,813,980	1%

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

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

14. OTHER EQUITY AS ON 31.03.2017

₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	–	26,410,032	–	(10,39,67,240)	(7,75,57,208)
Changes in accounting policy					0
Debenture redemption reserve			28,208,066		28,208,066
Profit for the year				28,208,066	28,208,066
Other comprehensive income		(25,91,89,873)			(25,91,89,873)
Issue of share capital	63,526,462				63,526,462
Transfer from / (to) debenture redemption reserve				(2,82,08,066)	(2,82,08,066)
Balance at the end of the reporting period	63,526,462	(23,27,79,841)	28,208,066	(10,39,67,240)	(24,50,12,554)

OTHER EQUITY AS ON 31.03.2016 ₹

Particulars	Share application money pending allotment	Cash flow hedging reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	–	1,20,48,255		(13,30,78,809)	(12,10,30,554)
Changes in accounting policy					–
Profit for the year				2,91,11,569	2,91,11,569
Other comprehensive income		1,43,61,777			1,43,61,777
Transfer from / (to) debenture redemption reserve					–
Balance at the end of the reporting period	–	2,64,10,032	–	(10,39,67,240)	(7,75,57,208)

Statement of changes in equity

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
Hedging Reserve						
As per last Balance sheet	2,64,10,032		1,20,48,255			
Addition during the year	–25,91,89,873		1,43,61,777		1,20,48,255	
		(23,27,79,841)		2,64,10,032		1,20,48,255
Surplus/(deficit) in the statement of profit and loss						
As per last Balance sheet	(10,39,67,241)		(13,30,78,810)		79,93,393	
Profit/(Loss) for the year	2,82,08,066	(7,57,59,175)	2,91,11,569	(10,39,67,241)	(14,10,72,203)	(13,30,78,810)
		(30,85,39,017)		(7,75,57,209)		(12,10,30,555)

NOTES FORMING PART OF ACCOUNTS (Contd.)

15. BORROWINGS

₹

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	*As at 31.03.2016 Current*	*As at 31.03.2016 Non-current*	*As at 01.04.2015 Current*	*As at 01.04.2015 Non-current*
Secured borrowings						
a) Term loans						
i) From banks		**79,24,96,28,605**		*60,74,98,51,751*		*45,19,15,14,205*
ii) From others						
Unsecured borrowings						
a) Debentures		**8,06,22,82,671**		*7,63,13,01,508*		
	–	**87,31,19,11,276**	*–*	*68,38,11,53,259*	*–*	*45,19,15,14,205*

(a) Term loans

Particulars	Details
Interest Rate	Interest rate @ 200 basis points above the base rate of State Bank of India (floating).
Repayment	Repayable in 36 quarterly unequal instalments beginning from September 30, 2018 and ending on June 30, 2027.

Security

a) Mortgage of non-agricultural land bearing plot no. 19 forming part of land in survey nos. 332A+334A+338A, Mouje Zaap, Sudhagad Taluka, Dist. Raigad, Maharashtra.

b) Charge on all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc. as specified in Schedule II to Indenture of Mortgage, excluding project assets specified in concession agreement.

c) Charge on rights, interest under/in respect of project documents, approvals, insurance contracts and escrow accounts to the extent permitted to the lenders under escrow agreement together with permitted investments etc. and

d) Charge on right, interest etc. to/in respect of receivables, letter of credit, guarantee, performance bond, other amounts owing to/received by the company, all intangible assets of the company viz goodwill, trademark etc.

(b) Debentures

<table>
<tr><th>Series</th><th>No of Debentures</th><th>Face Value of each Debenture (₹)</th><th>Date of Allotment</th><th>Coupon Rate</th><th>Terms of Repayment</th></tr>
<tr><td>9.81% L&T MRHL June 2035</td><td>2,500</td><td>10,00,000</td><td>18th June, 2015</td><td rowspan="2">• 5% p.a. payable Semi-Annually from the date of allotment upto 3 years.
• One-time payment ₹1,63,196 Payable on each debenture at the end of 3rd Year.
• Coupon rate would be revised after 3 years to 9.81% p.a. payable Semi-Annually.</td><td rowspan="3">• Redeemable at Face value at the end of 20th year from the date of Allotment.
• Put & Call option available to Debenture Holders & Company respectively on expiry of 10th & 15th Year from the date of allotment</td></tr>
<tr><td>9.81% L&T MRHL November 2035</td><td>2,500</td><td>10,00,000</td><td>2nd November, 2015</td></tr>
<tr><td>9.85% L&T MRHL January 2036</td><td>2,500</td><td>10,00,000</td><td>28th January, 2016</td><td>• 5% p.a. payable Semi-Annually from the date of allotment upto 3 years.
• One-time payment ₹ 1,64,635 Payable on each debenture at the end of 3rd Year.
• Coupon rate would be revised after 3 years to 9.85% p.a. payable Semi-Annually.</td></tr>
</table>

NOTES FORMING PART OF ACCOUNTS (Contd.)

16. OTHER FINANCIAL LIABILITIES

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Current	Non-current	Current	Non-current	Current	Non-current
a) Security deposits	27,92,86,651	–	19,01,93,274	–	6,48,19,088	–
b) Current maturities of long term borrowings	1,58,08,01,618	–	2,06,01,97,425		84,18,24,416	
c) Other liabilities						
i) Creditors for capital supplies – Related parties	62,12,16,671	–	2,34,86,16,646	–	99,66,86,610	–
ii) Creditors for capital supplies-others	6,80,47,52,952		6,55,41,86,071		3,02,85,16,409	
iii) Retention money	22,77,25,556	73,80,37,025	29,90,99,850	40,80,31,876	–	28,14,76,754
iv) Derivative Liabilities	42,64,27,421	–	15,21,51,187	–	16,23,63,141	–
v) Other payables	3,96,51,151	–	19,68,535	–	-2,21,339	–
	9,97,98,62,020	73,80,37,025	11,60,64,12,988	40,80,31,876	5,09,39,88,325	28,14,76,754

17. PROVISIONS

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Provision for employee benefits	13,24,877	1,76,97,232	63,49,392	1,68,36,708	22,36,725	1,31,02,843
	13,24,877	1,76,97,232	63,49,392	1,68,36,708	22,36,725	1,31,02,843

18. OTHER CURRENT LIABILITIES

₹

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Current	Non-current	Current	Non-current	Current	Non-current
Statutory payables	12,19,54,255	–	9,65,86,446	–	11,74,71,688	–
	12,19,54,255	–	9,65,86,446	–	11,74,71,688	–

19. CONTINGENT LIABILITIES

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
(i) Claims against the company not acknowledged as debts	5,21,51,92,163	5,10,28,31,207	32,98,62,404
(ii) Liability for duties, Cess and taxes that may arise in respect of matters in appeal /under dispute	6,61,72,99,096	6,50,39,31,703	–
	11,83,24,91,259	11,60,67,62,910	32,98,62,404

Notes:

1. The Company expects reimbursements of ₹ 34,00,91,378/- (PY ₹ 27,08,89,882/-) in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters.

20. COMMITMENTS

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Capital Commitments	34,04,10,29,283	37,52,16,30,935	77,78,84,51,741
	34,04,10,29,283	37,52,16,30,935	77,78,84,51,741

NOTES FORMING PART OF ACCOUNTS (Contd.)

21. OTHER INCOME

₹

Particulars	**2016-17**	*2015-16*
Interest income from Deposits	**2,62,76,372**	*10,49,94,955*
Dividend Income from Mutual Funds	**6,06,74,103**	*2,67,07,753*
Lease and Rental income:		
Advertising infrastructure	**9,39,15,733**	*93,72,676*
Others	**39,93,014**	*2,83,797*
Other income	**69,59,114**	*13,02,499*
	19,18,18,336	*14,26,61,680*

22. EMPLOYEE BENEFIT EXPENSES

₹

Particulars	**2016-17**	*2015-16*
Salaries and wages	**2,20,17,143**	*42,33,347*
	2,20,17,143	*42,33,347*

23. FINANCE COSTS

₹

Particulars	**2016-17**	*2015-16*
Interest expenses	**1,46,51,375**	–
	1,46,51,375	–

24. ADMINISTRATION AND OTHER EXPENSES

₹

Particulars	**2016-17**	*2015-16*
Rates and taxes	**1,27,48,214**	*33,64,175*
MTM/Premium/Exchange gain or loss on derivatives	**6,70,64,339**	*9,72,65,007*
Audit Fees*	**10,11,950**	*8,76,874*
CSR expenses	**–**	*8,14,810*
Other expenses	**2,29,62,051**	*69,95,898*
	10,37,86,554	*10,93,16,764*

*Auditors remuneration (excluding service tax) as follows:

₹

Particulars	**2016-17**	*2015-16*
a) As auditor	**5,35,000**	*4,85,000*
b) For other services	**2,65,000**	*2,47,500*
c) Reimbursement of expenses	**92,058**	*1,11,039*
TOTAL	**8,92,058**	*8,43,539*

25.1. First time adoption of Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet and the balance sheet as at 31st March, 2016, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

NOTES FORMING PART OF ACCOUNTS (Contd.)

A. Exemptions and exceptions availed

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Ind AS optional exemptions

Deemed cost

The company has elected to measure certain items of property, plant and equipment at deemed cost at the date of transition to Ind AS. Hence at the date of transition to Ind AS, measured as per the previous GAAP and use the same as deemed cost as on the date of transtion to Ind AS.

Ind AS mandatory exceptions

Estimates

The company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

B. Reconciliations between previous GAAP and Ind AS

The following reconciliations provides the effect of trannsition to Ind AS from previous GAAP in accordance with Ind AS 101

1. Equity as at April 1, 2015 and March 31, 2016
2. Net Profit for the year ended March 31, 2016

1. Reconciliation of equity as previously reported under previous GAAP to Ind AS

L&T Metro Rail (Hyderabad) Limited

Particulars	Note	IGAAP ₹	Effects of IND AS Transition ₹	April 01, 2015 ₹	IGAAP ₹	Effects of IND AS Transition ₹	March 31, 2016 ₹
ASSETS							
Non-current assets							
a) Property, Plant and Equipment	1	4,54,69,372	(15,57,000)	4,39,12,372	18,75,34,356	(15,57,000)	18,59,77,356
b) Capital work-in-progress		30,78,238	–	30,78,238	2,02,49,244	–	2,02,49,244
c) Investment Property	1	1,66,63,93,856	15,57,000	1,66,79,50,856	3,79,35,26,431	4,10,539	3,79,39,36,970
d) Intangible assets		2,90,81,367	–	2,90,81,367	2,36,77,307	–	2,36,77,307
e) Intangible assets under development	2	63,10,96,29,614	(47,63,82,701)	62,63,32,46,913	87,80,14,72,499	(51,33,90,234)	87,28,80,82,265
f) Deferred tax assets (net)	3	63,91,960	(59,51,140)	4,40,820	63,91,960	(63,91,960)	–
g) Other non-current assets		4,84,29,22,440	27,85,70,584	5,12,14,93,024	3,41,97,47,294	22,13,28,712	3,64,10,76,006
		69,70,29,66,847	(20,37,63,256)	69,49,92,03,591	95,25,25,99,091	(29,95,99,943)	94,95,29,99,147
Current assets							
a) Financial Assets							
i) Investments		10,00,50,395	–	10,00,50,395	29,26,46,217	–	29,26,46,217
ii) Trade receivables		26,47,834	–	26,47,834	2,43,04,523	–	2,43,04,523
iii) Cash and bank balances		60,42,63,307	–	60,42,63,307	5,25,55,58,886	–	5,25,55,58,886
iv) Other assets		9,93,95,725	–	9,93,95,725	16,90,11,115	–	16,90,11,115
b) Current Tax Assets (net)			–	–	1,05,06,537	–	1,05,06,537
c) Other current assets		8,86,35,198	–	8,86,35,198	4,60,58,951	–	4,60,58,951
		89,49,92,459	–	89,49,92,459	5,79,80,86,229	–	5,79,80,86,229
TOTAL		70,59,79,59,306	(20,37,63,256)	70,39,41,96,050	1,01,05,06,85,320	(29,95,99,943)	1,00,75,10,85,376

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	IGAAP ₹	Effects of IND AS Transition ₹	April 01, 2015 ₹	IGAAP ₹	Effects of IND AS Transition ₹	March 31, 2016 ₹
EQUITY AND LIABILITIES							
EQUITY							
a) Equity Share capital		19,81,39,76,060	–	19,81,39,76,060	20,30,66,18,850	–	20,30,66,18,850
b) Other Equity		(11,53,86,448)	(56,44,106)	(12,10,30,554)	(6,48,19,216)	(1,27,37,992)	(7,75,57,208)
		19,69,85,89,612	(56,44,106)	19,69,29,45,506	20,24,17,99,634	(1,27,37,992)	20,22,90,61,642
LIABILITIES							
Non-current liabilities							
a) Financial liabilities							
i) Borrowings	2	45,38,96,72,201	(19,81,57,996)	45,19,15,14,205	68,67,48,20,272	(29,36,67,012)	68,38,11,53,259
ii) Other financial liabilities		28,14,76,754	–	28,14,76,754	40,80,31,876	–	40,80,31,876
b) Provisions		1,31,02,843	–	1,31,02,843	1,68,36,708	–	1,68,36,708
c) Deferred tax liabilities (net)	3	–	–	–	–	6,653,066	6,653,066
		45,68,42,51,798	(19,81,57,996)	45,48,60,93,802	69,09,96,88,856	(28,70,13,946)	68,81,26,74,908
Current liabilities							
a) Financial liabilities							
Other financial liabilities		5,09,39,88,325	–	5,09,39,88,325	11,60,64,12,988	–	11,60,64,12,988
d) Current tax liabilities (net)		14,60,005	–	14,60,005		–	–
b) Other current liabilities	4	11,74,32,841	38,847	11,74,71,688	9,64,34,450	1,51,996	9,65,86,446
c) Provisions		22,36,725	–	22,36,725	63,49,392	–	63,49,392
		5,21,51,17,896	38,847	5,21,51,56,743	11,70,91,96,830	1,51,996	11,70,93,48,826
Total Equity and Liabilities		70,59,79,59,306	(20,37,63,256)	70,39,41,96,050	1,01,05,06,85,320	(29,95,99,943)	1,00,75,10,85,376

Note 1 : Investment Property

Under the previous GAAP, investment properties were presented as part of Property, Plant and Equipment (PPE) and did not include properties which were held for capital appreciation. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

Note 2 : Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are capitalised under intangible assets under development. For transition to Ind AS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 19,81,57,996. Consequently an amount of ₹ 47,62,92,565 has been derecognised from intangible assets under development. Further the transaction cost on undrawn portion of the borrowings has been recognised as prepaid expenses and included in other non current assets

Note 3 : Deferred Tax

Deferred Tax asset/liability has been recognised on changes in fair valuation of cash flow hedges under Ind AS

Note 4: Change in valuation of Employee Stock Options

Due to change in valuation of Employee stock options from intrinsic valuation method to fair valuation method under Ind AS, the balance liability on account of fair valuation has been recognised in the books of accounts.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconciliation of statement of profit and loss as previously reported under IGAAP to Ind AS.

L&T Metro Rail (Hyderabad) Limited

Particulars	**Note No.**	*IGAAP 2015-16* ₹	*Effects of IND AS Transition* ₹	*IND AS 2015-16* ₹
REVENUE				
Revenue from Operations				-
Construction contract revenue	1	–	*25,24,67,50,420*	*25,24,67,50,420*
Other income		*14,26,61,680*	–	*14,26,61,680*
Total Revenue		*14,26,61,680*	*25,24,67,50,420*	*25,38,94,12,100*
EXPENSES				
Construction contract expenses	1	–	*(25,24,67,50,420)*	*25,24,67,50,420*
Employee benefit expenses		*42,33,347*	–	*42,33,347*
Administration and other expenses	2	*20,97,90,692*	*10,04,73,928*	*10,93,16,764*
Total Expenses		*21,40,24,039*	*(25,14,62,76,492)*	*25,36,03,00,531*
Profit/(loss) before tax		*(7,13,62,359)*	*50,39,30,26,912*	*2,91,11,569*
Tax Expense:				
Current tax		–		–
Deferred tax		–		–
Profit/(loss) after tax for the year		*(7,13,62,359)*	*50,39,30,26,912*	*2,91,11,569*
Other Comprehensive Income				
Items that will be reclassified to Profit & Loss				
Changes in fair value of cash flow hedges	2	–	*1,43,61,777*	*1,43,61,777*
Total Comprehensive Income for the year		–	*1,43,61,777*	*1,43,61,777*

Note 1: Recognition of Construction Revenue and Construction expenses as per Appendix A to Ind AS 11

The company is implementing the Metro Rail System under Design, Build, Finance, Operate and Transfer basis (DBFOT) basis under PPP model under a Concession Agreement entered into with the State Government of Telangana. Hence the provisions of Appendix A to Ind AS 11 on Service concession arrangements are applicable to the company. Accoridngly the construction revenue and construction expenses are recognised during the year in profit and loss account.

Note 2: Premium on off-balance sheet related forward contracts as per Ind AS 109

Under previous GAAP, the premium on off-balance sheet related forward contracts was charged off to Profit and Loss account. However, Ind AS 109 requires recognition of mark-to-market losses/gains on cashflow hedges in Hedging Reserve through Other Comprehensive Income. Accordingly necessary adjustments have been carried out in premium account and other comprehensive income.

25.2.1Financial Risk Management

The Company's business activities expose it to a variety of financial risks, namely liquidity risk, market risks and credit risk. The Company's senior management has overall responsibility for the establishment and oversight of the Company's risk management framework. The Company has constituted a Financial Treasury & Investment Committee, which is responsible for developing and monitoring the Company's risk management policies. The key risks and mitigating actions are also placed before the Audit Committee of the Company. The Company's risk management policies are established to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Company's activities.

The activities of Finance, Treasury & Investment Committee of the Company are designed to:

- protect the Company's profit/ loss from material adverse movements and undesired volatility due to interest rate changes, foreign exchange rate changes
- protect returns, while exploring opportunities to optimize returns/interest cost through structuring appropriate derivative instruments and proactive hedging ; and
- protect the company from liquidity risks and accordingly manages its finances

NOTES FORMING PART OF ACCOUNTS (Contd.)

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk in the financial statements.

Risk	Exposure arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, trade receivables, derivative financial instruments, financial assets measured at amortised cost.	Aging analysis Credit rating	Diversification of bank deposits, credit limits and letters of credit/bank guarantees
Liquidity Risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk – foreign exchange	Future commercial transactions Recognised financial assets and liabilities not denominated in Indian rupee (INR)	Cash flow forecasting Sensitivity analysis	Forward foreign exchange contracts Foreign currency options and Currency and Interest rate swaps
Market risk – interest rate	Long-term borrowings at variable rates	Sensitivity analysis	Refinancing options, Currency Interest rate swaps

(A) Credit risk

The Company is exposed to credit risk, which is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents, investments carried at amortised cost or fair value through profit & loss and deposits with banks and financial institutions, as well as credit exposures to trade/non-trade customers including outstanding receivables.

(i) Credit risk management

Credit risk is managed depending on the policy surrounding credit risk management. For investments into mutual funds only high rated funds and into fixed assets and Deposits only scheduled banks are accepted. The Company analyses and manages the credit risk for each of their new clients before standard payment and delivery terms and conditions are offered. For other financial assets, the Company assesses and manages credit risk based on the assumptions, inputs and factors specific to the class of financial assets and allocates internal credit rating which considers the quality of asset based on the risk associated with it.

The Company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. To assess whether there is a significant increase in credit risk the group compares the risk of a default occurring on the asset as at the reporting date with the risk of default as at the date of initial recognition. It considers available reasonable and supportive forwarding-looking information.

Disclosure in pursuant to Ind AS 107 - Financial Instruments:

Liquidity risk

Prudent liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. Due to the dynamic nature of the underlying businesses, Company treasury maintains flexibility in funding by maintaining availability under committed credit lines.

Management monitors rolling forecasts of the Company's liquidity position (comprising the undrawn borrowing facilities below) and cash and cash equivalents on the basis of expected cash flows. This is generally carried out at Company as per the practice and limits set by the Company.

Financing arrangements

The Company had access to the following undrawn borrowing facilities at the end of the reporting period:

₹ (in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Floating rate			
Expiring within one year (Term Loan facilities)	–	–	–
Expiring beyond one year (bank loans)			
Fund Based limits	3,531.20	5,496.20	6,833.85
Non Fund Based limits	1,704.27	2,503.02	3,419.95
	5,235.47	7,999.22	10,253.80
Fixed rate			
Expiring within one year (bank overdraft and other facilities)	–	–	–
Expiring beyond one year (Non Convertible Debentures)	250.00	250.00	–
	250.00	250.00	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Contractual maturities of financial liabilities including estimated interest payments on borrowings

₹

Heads	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	0-12 months	**More than 12 months**	*0-12 months*	*More than 12 months*	*0-12 months*	*More than 12 months*
Variable rate borrowings	**8,21,20,41,250**	**1,32,11,53,30,842**	*6,31,86,24,000*	*1,03,69,12,73,835*	*5,20,40,17,940*	*84,68,82,02,952*
Fixed rate borrowings	**37,50,00,000**	**21,44,90,35,548**	*37,50,00,000*	*21,82,40,35,548*	–	–
Other Financial Liabilities	**2,55,38,92,397**	**73,80,37,025**	*2,70,36,10,272*	*40,80,31,876*	*1,06,87,85,306*	*28,14,76,754*
Creditors for Capital Expenditure	**9,40,13,36,217**	**–**	*8,90,28,02,716*	–	*4,02,52,03,019*	–

Cash flow and fair value interest rate risk

The Company's main interest rate risk arises from long-term borrowings with variable rates, which expose the company to cash flow interest rate risk. Company policy is to maintain most of its foreign currency borrowings at fixed rate using Cross Currency Interest Rate Swaps to achieve this when necessary. During 31 March 2017 and 31 March 2016, the Company's borrowings at variable rate were mainly denominated in INR and USD The Company's fixed rate borrowings are carried at amortised cost. They are therefore not subject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates. The Company manages its cash flow interest rate risk by using floating-to-fixed Currency interest rate swaps. Under these swaps, the Company agrees with other parties to exchange, at specified intervals, the difference between fixed contract rates and floating rate interest amounts calculated by reference to the agreed notional principal amounts. Generally, the Company raises foreign currency borrowings at floating rates and swaps them into fixed rates that are lower than those available if the Company borrowed at fixed rates directly.

Interest rate risk exposure

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

₹ (in Crores)

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Variable rate borrowings	**7,924.65**	*5,981.80*	*4,592.16*
Fixed rate borrowings	**750.00**	*750.00*	–
Total borrowings	**8,674.65**	*6,731.80*	*4,592.16*

As at the end of the reporting period, the Company had the following variable rate borrowings and interest rate swap contracts outstanding:

₹ (in Crores)

Heads	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Weighted average interest rate	**Balance**	**% of total loans**	*Weighted average interest rate*	*Balance*	*% of total loans*	*Weighted average interest rate*	*Balance*	*% of total loans*
Bank overdrafts, bank loans	**–**	**–**	**–**	–	–	–	–	–	–
Fund Based Limits	**11.81%**	**5,112**	**65%**	*11.95%*	*3,778*	*63%*	*12.13%*	*3,422*	*74.52%*
Short Term Loans	**8.75%**	**2,813**	**35%**	*9.30%*	*2,204*	*37%*	*9.38%*	*1,170*	*25.48%*
Interest rate swaps (notional principal amount)	**–**	**–**	**–**	–	–	–	–	–	–
Net exposure to cash flow interest rate risk	**–**	**7,925**	**–**	–	*5,982*	–	–	*4,592*	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sensitivity

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates. Other components of equity change as a result of an increase/decrease in the fair value of the cash flow hedges related to borrowings.

₹ (in Crores)

Particulars	Impact on profit after tax	
	As at 31.03.2017	*As at 31.03.2016*
Interest rates – increase by 25 basis points	**19.81**	*14.95*
Interest rates – decrease by 25 basis points	**(19.81)**	*(14.95)*

Since the company is in construction phase and the interest being capitalized under Intangible assets under development and there is no impact on Profit after tax.

25.2.2 Capital Management

The Company considers the following components of its Balance Sheet to be managed capital:

1. Total equity – retained profit, general reserves and other reserves, share capital and viability gap fund
2. Term Loan borrowings, Non-convertible debentures (subordinated debt instruments)

The Company manages its capital so as to safeguard its ability to continue as a going concern and to optimise returns to our shareholders. The capital structure of the Company is based on management's judgement of the appropriate balance of key elements in order to meet its strategic and day-to-day needs. The Company considers the amount of capital in proportion to risk and manages the capital structure in light of changes in economic conditions and the risk characteristics of the underlying assets.

The Company's aims to translate profitable growth to superior cash generation through efficient capital management. The Company's policy is to maintain a stable and strong capital structure with a focus on total equity so as to maintain investor, creditor, and market confidence and to sustain future development and growth of its business. The Company's focus is on keeping strong total equity base to ensure independence, security, as well as a high financial flexibility for potential future borrowings, if required, without impacting the risk profile of the Company. The Company will take appropriate steps in order to maintain, or if necessary adjust, its capital structure.

During FY 2016-17, the Company's strategy, which was unchanged from 2014-15 was to maintain the debt-to-adjusted capital ratio at 2.34:1, in order to secure finance at a reasonable cost and continue to comply with the norms laid down by the lenders under the financial agreements. The debt to adjusted capital ratios as at 31st March 2017, 31st March 2016 and 1st April 2015 were as follows:

₹ (in Crores)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Total Debt	**79,46,80,00,000**	*59,81,80,00,000*	*46,44,15,00,000*
Less: cash and cash equivalents	**2,93,47,94,816**	*5,54,82,05,103*	*70,43,13,702*
Net Debt	**76,53,32,05,184**	*54,26,97,94,897*	*45,73,71,86,298*
Total equity	**20,62,19,31,720**	*20,30,66,18,790*	*19,81,39,76,000*
Add Non convertible debentures (Subordinated debt instruments) *	**7,50,00,00,000**	*7,50,00,00,000*	–
Add: Viability Grant Fund*	**9,57,53,68,635**	*6,61,23,45,564*	–
Less: amounts accumulated in equity as cash flow hedges	**–**	–	–
Adjusted capital	**37,69,73,00,355**	*34,41,89,64,354*	*19,81,39,76,000*
Debt-to-adjusted capital	**2.03**	*1.58*	*2.31*

* These items are permitted to be treated as equity by the senior lenders for the purpose of computation of debt-equity ratio.

25.2.3 Foreign Currency Exposure

Foreign currency risk

The Company operates in a business that exposes it to foreign exchange risk arising from foreign currency transactions, primarily with respect to the USD and EUR. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the Company's functional currency (INR). The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of the Company is to minimize the volatility of the INR cash flows of highly probable forecast transactions. As per the risk management policy, the company requires to hedge 30% to 100% of net currency risks based on forecasted cash flows and in the case of balance sheet exposures the company seeks to hedge 80% to 100% of its net balance sheet exposures.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Foreign Currency exposure of on-balance sheet items and related hedges

₹

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	USD	**Euro**	**Total**	*USD*	*Euro*	*Total*	*USD*	*Euro*	*Total (in USD)*
Financial Liabilities									
Payables – Creditors on account of Capital Expenditure	**6,60,59,49,749**	**11,04,45,493**	**6,71,63,95,242**	*4,91,58,37,011*	*20,87,77,733*	*5,12,46,14,744*	*1,43,27,67,801*	*20,87,77,733*	*1,64,15,45,534*
Less : Derivatives taken to hedge the above Exposure									
Currency and Interest Rate Swaps			**5,48,05,87,707**			*4,40,16,48,950*			*1,05,58,94,693*
Forward Contracts			**85,30,02,179**			*26,82,55,006*			*11,88,28,563*
Options contracts			**21,50,24,766**			*219683360*			*207232813*
Net Exposure			**38,28,05,356**			*45,47,10,788*			*46,68,22,278*

Foreign Currency exposure of off-balance sheet items and related hedges

₹

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	USD	**Euro**	**Total**	*USD*	*Euro*	*Total*	*USD*	*Euro*	*Total (in USD)*
Financial Liabilities									
Payables – Creditors on account of Capital Expenditure	**4,09,71,50,393**	**1,47,01,83,667**	**5,56,73,34,060**	*5,15,41,57,585*	*2,06,03,00,045*	*7,21,44,57,630*	*5,67,26,71,506*	*2,04,68,68,317*	*7,71,95,39,823*
Less : Derivatives taken to hedge the above Exposure									
Forward Contracts			**2,53,33,60,229**			*2,92,91,48,806*			*2,21,55,50,948*
Options contracts			**1,16,63,12,576**			*2,63,38,82,647*			*3,53,52,97,239*
Net Exposure			**1,86,76,61,255**			*1,65,14,26,177*			*1,96,86,91,636*

Sensitivity

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments, Call option contracts, Currency Interest Rate Swaps and from foreign forward exchange contracts.

₹

Particulars	**Impact on other components of equity**	
	As at 31.03.2017	*As at 31.03.2016*
USD Sensitivity		
INR/USD - Increase by 5% (31 March 2016-5%)	**(54,11,99,674)**	*(48,98,57,397)*
INR/USD - Decrease by 5% (31 March 2016-5%)	**54,11,99,674**	*48,98,57,397*

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.2.4 Fair value measurements

(a) Financial instruments by category

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	FVTPL	**FVTOCI**	**Amortised cost**	*FVTPL*	*FVTOCI*	*Amortised cost*	*FVTPL*	*FVTOCI*	*Amortised cost*
Financial assets									
Investments									
– Mutual funds	**2,39,02,25,992**	**–**	**–**	–	–	–	*10,00,50,395*	–	–
Security deposits	**–**	**–**	**3,70,54,082**	–	–	*3,71,56,500*	–	–	*2,10,00,000*
Other advances			**41,49,496**			*53,77,876*	–		*3,02,21,648*
Derivative asset - Foreign exchange forward contracts	**–**	**–**	**–**	–	–	–		*69,46,487*	–
Derivative asset - Options	**3,54,39,231**	**–**	**–**	*8,11,20,048*	–	–	*9,24,49,238*	–	–
Derivative asset - Currency and Interest rate swap	**–**	**–**	**–**		*8,78,91,067*	–	–	–	–
Other Receivables	**–**	**–**	**2,13,85,060**	–	–	*2,67,09,246*	–	–	*50,12,359.00*
Cash and cash equivalents	**–**	**–**	**48,66,06,831**	–	–	*4,13,88,26,790*	–	–	*60,42,63,307*
Balances with Banks held as margin money deposits			**5,79,61,993**			*1,11,67,32,092*			–
Bank deposits with more than 12 months maturity	**–**	**–**		–	–	–	–	–	–
Total financial assets	**2,42,56,65,223**	**–**	**60,71,57,462**	*8,11,20,048*	*8,78,91,067.00*	*5,32,48,02,504*	*19,24,99,633*	*69,46,487*	*66,04,97,314*
Financial liabilities									
Term Loan Borrowings	**–**	**–**	**79,24,96,28,605**	–	–	*60,74,98,51,751*	–	–	*45,19,15,14,205*
Trade payables	**–**	**–**	**–**	–	–	–	–	–	–
Security deposits	**–**	**–**	**27,92,86,651**	–	–	*19,01,93,274*	–	–	*6,48,19,088*
Derivative liability - Foreign exchange forward contracts	**–**	**18,57,05,652**	**–**	–	*3,67,85,253*	–	–	–	–
Derivative liability - Currency and Interest rate Swap	**–**	**20,60,27,431**	**–**	–	–	–	–	*1,59,28,943*	–
Derivative liability - Options	**3,46,94,338**		**–**	*11,53,65,934*	–	–	*14,64,34,198*		–
Creditors for capital expenditure	**–**	**–**	**7,42,59,69,623**	–	–	*8,90,28,02,716*	–	–	*4,02,52,03,019.00*
Total financial liabilities	**3,46,94,338**	**39,17,33,083**	**86,95,48,84,878**	*11,53,65,934*	*3,67,85,253*	*69,84,28,47,741*	*14,64,34,198*	*1,59,28,943*	*49,28,15,36,312*

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹

Assets and liabilities measured at fair value - recurring fair value measurements at 31.03.2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial instruments at FVTPL				
Mutual funds	**2,39,02,25,992**	**–**	**–**	**2,39,02,25,992**

NOTES FORMING PART OF ACCOUNTS (Contd.)

₹

Assets and liabilities for which fair values are disclosed at 31.03.2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Non-financial assets				
Investment property	**–**	**–**	**5,92,95,54,565**	**5,92,95,54,565**
Financial assets				**–**
Derivative asset - Foreign exchange forward contracts	**–**	**–**	**–**	**–**
Derivative asset - Options	**3,54,39,231**	**–**	**–**	**3,54,39,231**
Derivative asset - Currency and Interest rate swap	**–**	**–**	**–**	**–**
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	**18,57,05,652**	**–**	**–**	**18,57,05,652**
Derivative liability - Currency and Interest rate Swap	**20,60,27,431**			**20,60,27,431**
Derivative liability - Options	**3,46,94,338**			**3,46,94,338**

₹

Assets and liabilities measured at fair value - recurring fair value measurements at 31.03.2016	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial instruments at FVTPL				
Mutual funds	*29,26,46,217*	–	–	*29,26,46,217*

₹

Assets and liabilities for which fair values are disclosed at 31.03.2016	*Level 1*	*Level 2*	*Level 3*	*Total*
Non-financial assets				
Investment property	–	–	*3,79,39,36,970*	*3,79,39,36,970*
Financial assets				
Derivative asset - Foreign exchange forward contracts			–	
Derivative asset - Options	*8,11,20,048*	–	–	*8,11,20,048*
Derivative asset - Currency and Interest rate swap	*8,78,91,067*	–	–	*8,78,91,067*
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	*3,67,85,253*	–		*3,67,85,253*
Derivative liability - Currency and Interest rate Swap	–	–	–	–
Derivative liability - Options	*11,53,65,934*	–		*11,53,65,934*

₹

Assets and liabilities for which fair values are disclosed at 01.04.2015	*Level 1*	*Level 2*	*Level 3*	*Total*
Non-financial assets				
Investment property	–	–	*1,66,79,50,856*	*1,66,79,50,856*
Financial assets				
Derivative asset - Foreign exchange forward contracts	*69,46,487*	–		*69,46,487*
Derivative asset - Options	*9,24,49,238*	–		*9,24,49,238*
Derivative asset - Currency and Interest rate swap			–	–
Financial liabilities				
Derivative liability - Foreign exchange forward contracts	–	–	–	–
Derivative liability - Currency and Interest rate Swap	*1,59,28,943*	–		*1,59,28,943*
Derivative liability - Options	*14,64,34,198*	–		*14,64,34,198*

There were no transfers between any levels during the year.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices. This includes mutual funds that have a quoted price. The fair value of all equity instruments which are traded in the stock exchanges is valued using the closing price as at the reporting period. The mutual funds are valued using the closing NAV.

Level 2: The fair value of financial instruments that are not traded in an active market (for example over-the-counter derivatives) is determined using valuation techniques which maximise the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in level 2.

Level 3: If one or more of the significant inputs is not based on observable market data, the instrument is included in level 3. This is the case for unlisted equity securities which are included in level 3.

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts, Currency Interest Rate Swaps is determined using forward exchange rates at the balance sheet date
- the fair value of the remaining financial instruments is determined using discounted cash flow analysis.

All of the resulting fair value estimates are included in level 1 and 2 except for unlisted equity securities, where the fair values have been determined based on present values and the discount rates used were adjusted for counterparty or own credit risk.

(d) Valuation processes

The finance department of the company obtains assistance of independent and competent third party values to perform the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This experts report to the financial risk management team, chief financial officer (CFO) and the audit committee (AC). Discussions of valuation processes and results are held between the CFO, AC and the valuation team at least once every three months, in line with the company's quarterly reporting periods. The main level 3 inputs used by the company are derived and evaluated as follows:

- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.
- Risk adjustments specific to the counterparties (including assumptions about credit default rates) are derived from credit risk grading determined by the company's internal credit risk management company.
- For unlisted equity securities, their fair values are estimated based on the book values of the companies.
- Discount rates are determined using a capital asset pricing model to calculate a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the asset.

(e) Fair value of financial assets and liabilities measured at amortised cost

₹

Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Carrying amount	**Fair value**	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial assets						
Security deposits	**3,70,54,082**	**3,70,54,082**	*3,71,56,500*	*3,71,56,500*	*2,10,00,000*	*2,10,00,000*
Other advances	**41,49,496**	**41,49,496**	*53,77,876*	*53,77,876*	*3,02,21,648*	*3,02,21,648*
Other Receivables from related parties	**2,13,85,060**	**2,13,85,060**	*2,67,09,246*	*2,67,09,246*	*50,12,359*	*50,12,359*
Cash and Cash Equivalents	**48,66,06,831**	**48,66,06,831**	*4,13,88,26,790*	*4,13,88,26,790*	*60,42,63,307*	*60,42,63,307*
Balances with Banks held as margin money deposits	**5,79,61,993**	**5,79,61,993**	*1,11,67,32,092*	*1,11,67,32,092*	–	–
Financial liabilities						
Term Loan Borrowings	**79,24,96,28,605**	**79,24,96,28,605**	*60,74,98,51,751*	*60,74,98,51,751*	*45,19,15,14,205*	*45,19,15,14,205*
Security deposits	**27,92,86,651**	**27,92,86,651**	*19,01,93,274*	*19,01,93,274*	*6,48,19,088*	*6,48,19,088*
Creditors for capital expenditure	**7,42,59,69,623**	**7,42,59,69,623**	*8,90,28,02,716*	*8,90,28,02,716*	*4,02,52,03,019*	*4,02,52,03,019*

The carrying amounts of trade receivables, trade payables, advances receivable in cash, short term security deposits, bank deposits with more than 12 months maturity, capital creditors and cash and cash equivalents are considered to be the same as their fair values. The fair values for security deposits and investment in preference shares were calculated based on cash flows discounted using a current lending rate. They are classified as level 3 fair values in the fair value hierarchy due to the inclusion of unobservable inputs including counterparty credit risk. The fair values of non-current borrowings are based on discounted cash flows using a current borrowing rate. They are classified as level 3 fair values in the fair value hierarchy due to the use of unobservable inputs, including own credit risk. For financial assets and liabilities that are measured at fair value, the carrying amounts are equal to the fair values.

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.3 Disclosure pursuant to Ind AS 108 - Segment information

(a) Description of segments and principal activities

The Company operates in two Business Segments namely Fare collection Rights (Metro Rail System) and others. Business segments have been identified as reportable segments based on how the CODM examines the Company's performance on service perspective. Segment accounting policies are in line with the accounting policies of the Company.

(b) Segment Assets

Segment assets are measured in the same way as in the financial statements. These assets are allocated based on the operations of the segment and the physical location of the asset.

₹ (crores)

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*
	Segment Assets	**Additions to non-current assets**	*Segment Assets*	*Additions to non-current assets*	*Segment Assets*
Metro Rail System	**10,913.48**	**1,823.77**	*9,089.71*	*2,358.32*	*6,731.39*
Others	**635.53**	**204.95**	*430.58*	*193.02*	*237.56*
Total segment assets	**11,549.01**	**2,028.72**	*9,520.29*	*2,551.34*	*6,968.94*
Unallocated:					
Deferred tax assets	**12.32**	**–**	–	*(0.04)*	*0.04*
Investments	**239.02**	**209.76**	*29.26*	*19.26*	*10.01*
Cash and Bank Balances	**54.46**	**(471.10)**	*525.56*	*465.13*	*60.43*
Total assets as per the balance sheet	**11,854.81**	**1,767.38**	*10,075.11*	*3,035.69*	*7,039.42*

(c) Segment Liabilities

Segment liabilities are measured in the same way as in the financial statements. These liabilities are allocated based on the operations of the segment.

₹ (crores)

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
Metro Rail System	**9,348.77**	*7,534.82*	*4,851.78*
Others	**468.30**	*310.69*	*134.02*
Total segment liabilities	**9,817.08**	*7,845.52*	*4,985.80*
Unallocated:			
Deferred tax liabilities	**–**	*0.67*	–
Current tax liabilities	**0.03**	–	*0.15*
Total liabilities as per the balance sheet	**9,817.11**	*7,846.18*	*4,985.94*

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.4 Disclosure Under Appendix B to Ind AS 11

Description of the arrangement	**Significant terms of the arrangement**	
Construction, operation and maintenance of the Metro Rail System on Design, Build, Finance, operate and Transfer basis	Period of the Concession	Initial period of 35 years and extendable by another 25 years at the option of the concessionaire subject to fulfilment of certain conditions under concession agreement
	Remuneration	Fare collection Rights from the users of the Metro Rail System, license to use land provided by the government for constructing depots and for transit oriented development and earn lease rental income on such development and grant of viability gap fund.
	Conditions of Pricing	The concession agreement was entered into on 4th Sept., 2010 between the parties under the Andhra Pradesh Municipal Tramways Act, 2008 and accordingly a notification of the initial fare was issued by the State Government. with subsequent increase in fare by 5% (five per cent) thereof for a period of 15 (fifteen) successive years commencing from April 1, 2014 (base rates).The first increase of 5% (five per cent) hereunder shall take effect on April 1, 2015, and the last and fifteenth such increase shall be affected on April 1, 2029. The applicable base rates shall be revised annually w.e.f. April 1 each year to reflect the variation in Wholesale Price Index (WPI) but such revision is restricted to 60% of the increase in WPI. Subsequently in January 2012 the Central Government extended the provisions of Metro Railways Acts to the Project under a gazette notification. Accordingly, as Metro Rail Authority (MRA), the company is exploring to fix the fare for the first year.
	Investment Grant from grantor	Viability Gap Fund of ₹ 1,458 Crores
	Infrastructure return at the end of the concession period	Being DBFOT project, the project assets have to be transferred at the end of concession period
	Renewal and termination Options	The concession period will be extended for a further period of 25 years at the option of the concessionaire upon satisfaction of Key Performance Indicators by the concessionaire under the concession agreement. This option is to be exercised by the concessionaire during the 33rd year of the initial concession period. Termination of the Concession Agreement can either be due to a) Force Majeure b) Non Political event c) Indirect political event d) Political event. On occurrence of any of the above events, the obligations, dispute resolution, termination payments etc. are as detailed in the Concession Agreement.
	Rights & Obligations	Major obligations of the concessionaire are a) obligations relating to project agreements b) obligation relating to change in ownership c) obligation relating to issuance of Golden Share to the Government d) Obligation relating to maintaining aesthetic quality of the Rail System e) Obligation to operate and maintain the rolling stock and equipment necessary and sufficient for handling Users equivalent to 110% of the Average PHPDT etc. Major obligations of the Government are a) providing required constructible right of way for construction of rail system and land required for construction of depots and transit oriented development. b) providing reasonable support and assistance in procuring applicable permits required for construction c) providing reasonable assistance in obtaining access to all necessary infrastructure facilities and utilities d) obligations relating to competing facilities e) obligations relating to supply of electricity etc
	Changes in the arrangement occurring during the period	Any changes in the arrangement like change in the Shareholding etc needs approval from the Government.
	Classification of Service Arrangement	The service arrangement has been classified as a Service Concession Arrangement for a PPP project as per Appendix A to Ind AS 11- Construction Contracts; accordingly construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.

₹

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
Construction revenue	**15,62,93,87,902**	*25,24,67,50,420*
Profit	**–**	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.5 Disclosure pursuant to Ind AS 17 " Leases"

a) Assets taken on operating Lease

The Company has not entered into any finance lease. The Company has taken premises and vehicles under cancellable operating leases. These lease agreements are normally renewed on expiry. There are no exceptional/restrictive covenants in the lease agreements. The lease expenses in respect of these operating leases have been recognized as an expense Current Year: ₹ 5,86,57,935 (Previous Year ₹ 8,29,97,770) and included in Intangible assets under development.

b) Assets given under operating Lease

The company has entered into Memorandum of Understanding with some of the interested parties for giving the space on lease related to Transit Oriented Development and Station Retail. However since the company is in construction phase and date of commencement of commercial operations is yet to be decided, data with respect to future lease rentals is unascertainable.

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

(i) Defined contribution plan:

An amount of ₹ 1,53,89,567 (previous year : ₹ 1,05,71,565) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense in Intangible Assets under development

(ii) Defined benefit plans:

a) The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The fund is managed by LIC.

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

₹

Particulars	**Gratuity plan**		**Compensated absences**	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
A) Present value of defined benefit obligation				
- Wholly funded	**2,00,16,840**	*1,87,54,303*	**–**	*–*
- Wholly unfunded	**–**	*–*	**1,90,21,912**	*1,81,00,986*
	2,00,16,840	*1,87,54,303*	**1,90,21,912**	*1,81,00,986*
Less : Fair value of plan assets	**2,20,57,546**	*1,36,69,190*	**–**	*–*
Amount to be recognised as liability or (asset)	**(20,40,706)**	*50,85,113*	**1,90,21,912**	*1,81,00,986*
B) Amounts reflected in the Balance Sheet				
Liabilities	**–**	*50,85,113*	**1,90,21,912**	*1,81,00,986*
Assets*	**20,40,706**	*–*	**–**	*–*
Net Liability / (asset)		*(20,40,706)*	**50,85,113**	*1,90,21,912*

* The company has not recognised plan assets in the books of account.

NOTES FORMING PART OF ACCOUNTS (Contd.)

c) The amounts recognised in the Intangible assets under development is as follows:

₹

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
1. Current service cost	**20,21,821**	*17,47,853*	**2,74,436**	*11,87,637*
2. Interest on Defined benefit obligation	**15,00,344**	*10,37,219*	**14,48,079**	*11,29,250*
3. Expected return on plan assets	**(15,25,066)**	*(7,57,322)*		
4. Actuarial losses/(gains)	**13,31,001**	*38,05,144*	**52,35,433**	*62,29,550*
From changes in demographic assumptions	**–**	–		
From changes in financial assumptions	**13,31,001**	*38,05,144*	**52,35,433**	*62,29,550*
5. Past service cost	**–**	–	**–**	–
6. Actuarial gain/(loss) not recognised in books	**–**	–	**–**	–
7. Premium expenses	**55,006**	–	**–**	–
Total (1 to 7)	**33,83,106**	*58,32,894*	**69,57,948**	*85,46,437*
I Amount included in “Intangible assets under development”	**33,83,106**	*58,32,894*	**69,57,948**	*85,46,437*
II Amount included as part of “finance costs”	**–**	–	**–**	–
Total (I + II)	**33,83,106**	*58,32,894*	**69,57,948**	*85,46,437*
Actual return on plan assets	**(15,25,066)**	*(7,57,322)*	**–**	–

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

₹

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
Opening balance of the present value of defined benefit obligation	**1,87,54,303**	*1,29,65,242*	**1,81,00,986**	*1,41,15,627*
Add: Current service cost	**20,21,821**	*17,47,853*	**2,74,436**	*11,87,637*
Add: Interest cost	**15,00,344**	*10,37,219*	**14,48,079**	*11,29,250*
Add: Contribution by plan participants				
i) Employer	**–**	–	**–**	–
ii) Employee	**–**	–	**–**	–
Add/(less): Actuarial losses/(gains)	**13,31,001**	*38,05,144*	**52,35,433**	*62,29,550*
Less: Benefits paid	**35,90,629**	*8,01,155*	**60,37,022**	*45,61,078*
Add: Past service cost	**–**	–	**–**	–
Closing balance of the present value of defined benefit obligation	**2,00,16,840**	*1,87,54,303*	**1,90,21,912**	*1,81,00,986*

NOTES FORMING PART OF ACCOUNTS (Contd.)

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

₹

Particulars	Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*
Opening balance of fair value of plan assets	**1,36,69,190**	*1,17,41,302*
Add: Expected return on plan assets	**15,25,066**	*7,57,322*
Add/(less): Actuarial losses/(gains)	**–**	*–*
Add: Contribution by employer	**1,05,08,925**	*19,71,721*
Add: Contribution by plan participants	**–**	*–*
Less: Premium expenses	**55,006**	
Less: Benefits paid	**35,90,629**	*8,01,155*
Closing balance of fair value of plan assets	**2,20,57,546**	*1,36,69,190*

f) Principal actuarial assumptions at the Balance Sheet date:

₹

Particulars	As at 31.03.2017	As at 31.03.2016
1) Discount rate	**8.00%**	*8.00%*
2) Salary growth rate	**10.00%**	*10.00%*
3) Expected rate of return	**8.25%**	*8.35%*
4) Mortality	**IALM 2006-08 Ultimate**	*IALM 2006-08 Ultimate*
5) Attrition rate	**5.00%**	*5.00%*

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

Particulars	Impact on defined benefit obligation					
	Change in assumptions		Increase in assumptions		Decrease in assumptions	
	31.03.2017	*31.03.2016*	**31.03.2017**	*31.03.2016*	**31.03.2017**	*31.03.2016*
1) Discount rate	**1.00%**	*1.00%*	**8.67%**	*8.84%*	**–9.99%**	*–10.18%*
2) Salary growth rate	**1.00%**	*1.00%*	**–1.16%**	*–1.57%*	**1.43%**	*1.56%*
3) Attrition rate	**1.00%**	*1.00%*	**8.67%**	*8.84%*	**–9.99%**	*–10.18%*

h) The average duration of the defined benefit plan obligations at the end of the reporting period as follows:

₹

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Gratuity Plan	**2,76,70,399**	*2,46,04,461*	*1,29,65,242*

25.7 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Additions during the year to capital work-in-progress/intangible assets under development include ₹ 787,46,64,726 (previous year: ₹ 628,71,36,648) being borrowing cost capitalised in accordance with Ind AS 23 "Borrowing Costs" Asset wise break-up of borrowing costs capitalised is as follows :

₹

Asset Class	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Tangible			
– Capital work in progress	**35,94,81,476**	*23,39,66,938*	*7,47,01,654*
Intangible – Intangible Assets under development	**7,51,51,83,250**	*6,05,31,69,710*	*3,86,14,04,105*
TOTAL	**7,87,46,64,726**	*6,28,71,36,648*	*3,93,61,05,759*

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.8 Disclosure pursuant to Ind AS 24 "Related party disclosures"

I) List of related parties where control exists

(a) Holding Company
1) Larsen & Toubro Limited (w.e.f. 29th March, 2017)
2) L&T Infrastructure Development Projects Limited (upto 28th March, 2017)

(b) Fellow Subsidiaries
1) L&T Finance Holdings Limited
2) L&T Housing Finance Limited
3) L&T Technology Services Limited
4) L&T Infotech Limited
5) L&T Marketing Networks Limited

II) Names of the Key Management Personnel with whom the transactions were carried out during the year

(a) Key Management Personnel :
1) Mr. Shivanand Nimbargi, Managing Director and CEO (w.e.f. 01.06.2016)
2) Mr. V. B. Gadgil, Chief Executive & Managing Director (up to 31.05.2016)
3) Mr. Mr.J. Ravi Kumar, Chief Financial Officer
4) Mr. Ashish Malhotra, Company Secretary

III) Disclosure of related party transactions:

Name/Relationship/ Nature of transaction	**2016-17** ₹	*2015-16* ₹
1. Holding Company		
Larsen & Toubro Limited		
(a) Pay roll & TEMS Processing fees	**4,05,771**	*4,23,959*
(b) Cost of Services	**1,96,34,099**	*6,38,82,751*
(c) Equity Share capital received	**31,53,090**	*49,26,430*
(d) Equity Share Capital Money Received	**6,35,26,520**	–
(e) Mobilisation advance paid	**–**	*7,50,00,000*
(f) Construction work in progress	**9,20,93,36,590**	*14,87,22,45,602*
(g) Overheads recovered by	**46,42,186**	*49,86,490*
(h) Overheads charged to	**1,24,35,440**	
(i) Sale of services		*1,77,840*
2. Fellow Subsidiaries		
(i) L&T Infrastructure Development Projects Limited		
(a) Equity Share Capital Money Received	**31,21,59,840**	*48,77,16,360*
(b) Rent Payment	**9,04,332**	*9,77,433*
(c) Reimbursement of expenses charged by	**54,131**	*13,25,633*
(d) Reimbursement of expenses charged to	**3,43,516**	–
(ii) L&T Infotech Limited		
(a) Purchase of services and products	**4,09,21,643**	*6,13,02,420*
(iii) L&T Marketing Networks Limited		
(a) Overheads charged by	**3,07,023**	–
(iv) L&T Finance Holdings Limited		
(a) Overheads charged to	**1,47,125**	*1,68,313*
(v) L&T Technology Services Limited		
(a) Sale of services		*1,14,500*

IV) Key Management Personnel Compensation

₹

Particulars	**2016-17**	*2015-16*
Short Term Employee Benefits	**4,23,32,967**	*2,76,30,818*
Post-Employee Benefits	**1,49,61,455**	–
Total	**5,72,94,422**	*2,76,30,818*

NOTES FORMING PART OF ACCOUNTS (Contd.)

V) **Due to / from related parties**

₹

Name / Relationship	As at 31.03.2017		*As at 31.03.2016*	
	Due to	Due from	*Due to*	*Due from*
Larsen and Toubro Limited (Holding company) – Construction services	**61,20,09,790**		*1,88,03,04,551*	
Larsen and Toubro Limited (Holding company – Mobilisation advance)	–	**73,10,15,561**	–	*1,29,39,76,571*
(iii) Fellow subsidiaries				
(a) L&T Infrastructure Development Projects Limited	**91,910**	**1,80,000**	*43,03,946*	*1,80,000*
(b) L&T Infotech Limited	**6,46,593**		*2,97,53,881*	
(c) L&T Marketing Networks	**3,57,489**			
(d) L&T Finance Holdings Limited	**1,47,125**			
(e) L&T Transportation Infrastructure Limited		**68,400**		*68,400*
(f) L&T Realty Limited	**1,27,16,311**	–	*1,27,16,311*	–

Commitment with Related Parties

₹

Capital commitment in respect of additions to Assets (Tangible & Intangible assets)	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Larsen & Toubro Limited	**23,78,57,29,463**	*27,64,02,11,517*	*37,76,87,99,196*
Larsen & Toubro Infotech Limited	**6,37,82,130**	*9,55,13,782*	*18,61,76,040*

Note:

1. No amount pertaining to the related parties have been written off / written back during the year
2. The holding company Larsen & Toubro Limited has furnished promoter support undertaking to fund any coupon shortfall for every coupon period during the tenure of Non-Convertible debentures

25.9 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted earnings per share (EPS) computed in accordance with Ind AS 33 'Earnings per share'

Particulars	₹ / Nos.	2016-17	*2015-16*
		₹	₹
Profit after Tax	₹	**2,82,08,066**	*2,91,11,569*
Number of equity shares outstanding	**Nos.**	**2,06,21,93,178**	*2,03,06,61,885*
Weighted average number of equity shares	**Nos.**	**2,04,80,28,031**	*2,01,09,98,365*
Earnings Per Share (Basic and Diluted)	₹	**0.014**	*0.014*
Nominal value per equity share	₹	**10.00**	*10.00*

25.10 Expenditure in Foreign Currency:

₹

Particulars	As at 31.03.2017	*As at 31.03.2016*
On overseas contracts	**80,81,69,688**	*50,92,53,609*
Professional/Consultancy Fees	**1,11,84,750**	*60,70,810*
Travelling expenses	**7,33,256**	*10,93,262*
Others	**1,31,77,428**	*61,76,891*
Total	**83,32,65,122**	*52,25,94,572*

NOTES FORMING PART OF ACCOUNTS (Contd.)

25.11 Pursuant to the Employees Stock Options Scheme established by the holding Company (i.e. Larsen & Toubro Limited), stock options were granted to the deputed employees of the Company. Total cost incurred by the holding Company, in respect of the same is ₹ 2,46,78,888. The same is being recovered from the company over the period of vesting by the holding Company. Accordingly, cost of ₹ 1,37,09,208 (P.Y. ₹ 36,94,952) has been recovered by the holding Company upto current year, out of which, ₹ 98,62,630 (P.Y. ₹ 83,611) was recovered during the year. Balance of ₹ 1,09,69,680 will be recovered in future periods

25.12 There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise

25.13 Disclosure on Specified Bank Notes (SBNs)

During the year, the company had specified bank notes or other denomination note as defined in the MCA notification GSR 308 (E) dated March 31, 2017 on the details of the Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016 the denomination wise SBNs and other notes as per the notification is given below:

Particulars	**Specified Bank Notes**		**Other Denomination Notes (₹)**	**Total (₹)**
	₹ 500 denomination	**₹ 1000 Denomination**		
Closing Cash in hand as on 08.11.2016	20,000		10,875	30,875
Permitted Receipts (+)				–
A) SBN: Only for agencies involved in Providing various items mentioned in exemptions notifications				
B) Other Denomination : No Restriction			2,56,056	2,56,056
Permitted Payments (-)				–
Other Denomination : No Restriction			1,95,956	1,95,956
Amount Deposited in Banks	20,000		13,500	33,500
Closing cash on hand as on 30.12.2016	**–**	**–**	**57,475**	**57,475**

25.14 The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

25.15 Figures have been rounded off to the nearest rupee.

26. SIGNIFICANT ACCOUNTING POLICIES

I. Corporate Information:

L&T Metro Rail (Hyderabad) Limited was incorporated on 24th August 2010 as a Special Purpose Vehicle to undertake the business to construct, operate and maintain the Metro Rail System (including Transit Oriental Development) in Hyderabad under Public Private Partnership model.

The Company signed Concession Agreement with the Government of erstwhile unified state of Andhra Pradesh (now the Government of Telangana State), on 04.09.2010 which granted the exclusive right, licence and authority to the Company to construct, operate and maintain the Metro Rail System (The 'Concession') on three elevated corridors from Miyapur to L.B. Nagar, Jubilee Bus Station to Falaknuma and from Nagole to Shilparamam in Hyderabad, covering a total distance of 71.16 Kms and the Transit oriented development(TOD) in accordance with the provisions of the Concession Agreement on Design, Build, Finance, Operate and Transfer (DBFOT) basis.

In terms of Clause 3.1.1 and Schedule G of the Concession Agreement, the concession period of the project is for 35 years commencing from the Appointed Date including the construction period, which is extendable for a further period of 25 years subject to fulfilment of certain conditions by the Company.

The Company achieved financial closure on 1st March 2011 and satisfied all conditions precedent laid down in the concession agreement. The Government had declared Appointed Date as 5th July 2012. The project cost shall be funded by promoters' share capital, viability gap fund and term loans from a consortium of banks with State Bank of India, as lead bank. The Company commenced debt drawl during the financial year 2012-13 and the construction of the project is in progress.

II. Significant Accounting policies:

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting

NOTES FORMING PART OF ACCOUNTS (Contd.)

Standards) Rules, 2006 (as amended). These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 25.1 for the details of first time adoption exemptions availed by the Company.

2. **Basis of accounting**

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

- certain financial assets and liabilities (including derivative instruments) and contingent consideration that is measured at fair value;
- assets held for sale – measured at fair value less cost to sell;
- defined benefit plans – plan assets measured at fair value; and
- share-based payments

3. **Fair Value Measurement**

The company measures certain financial instruments, such as derivatives and other items in its financial statements at fair value at each balance sheet date.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within fair value hierarchy based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 – Quoted prices (unadjusted) in active markets for identical assets and liabilities.

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

Level 3 – Inputs for the assets and liabilities that are not based on observable market data (unobservable inputs).

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy.

4. **Presentation of financial statements**

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

5. **Operating cycle for current and non-current classification**

An asset shall be classified as current when it satisfies any of the following criteria:

a. it is expected to be realized within twelve months after the reporting date; or

b. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date.

All other assets shall be classified as non-current.

A liability shall be classified as current when it satisfies any of the following criteria:

a. it is due to be settled within twelve months after the reporting date; or

b. the company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date. Terms of a liability that could, at the option of the counter party, result in its settlement by the issue of equity instruments do not affect its classification.

All other liabilities shall be classified as non-current.

6. **Revenue recognition**

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

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

Revenue from services – consulting

Timing of recognition: Revenue from services is recognised in the accounting period in which the services are rendered. For fixed-price contracts, revenue is recognised based on the actual service provided to the end of the reporting period as a proportion of the total services to be provided (percentage of completion method).

NOTES FORMING PART OF ACCOUNTS (Contd.)

Measurement of revenue: Estimates of revenues, costs or extent of progress toward completion are revised if circumstances change. Any resulting increases or decreases in estimated revenues or costs are reflected in profit or loss in the period in which the circumstances that give rise to the revision become known by management.

Concession arrangements:

The company has concession arrangement for construction of 'Metro Rail system' followed by a period in which the company maintains and services the infrastructure. These concession arrangements set out rights and obligations relating the infrastructure and the service to be provided.

For fulfilling those obligations, the company is entitled to receive from the grantor, viability gap fund, license rights to use land for transit oriented development and a contractual right to charge the users of the service. The consideration received or receivable is allocated by reference to the relative fair value of the construction services provided

As set out in (10) below, the right to consideration gives rise to an intangible asset and financial asset:

- Income from the concession arrangements earned under the intangible asset model consists of the fair value of contract revenue, which is deemed to be fair value of consideration transferred to acquire the asset and payments actually received from the users.

Other Income

a. **Interest income:** Interest income from debt instruments is recognised using the effective interest rate method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to the gross carrying amount of a financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses.

b. **Dividend income:** Dividends are recognised in profit or loss only when the right to receive payment is established, it is probable that the economic benefits associated with the dividend will flow to the company, and the amount of the dividend can be measured reliably.

c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

7. Property, plant and equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.Cost includes purchase price and any cost that is directly attributable to bringing the asset to the location and for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

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

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

For transition to Ind AS, the carrying value of PPE under I-GAAP as on April 1,2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment. PPE not ready for the intended use on the date of the Balance Sheet are disclosed as 'capital work-in-progress'.

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at the end of each reporting period.

The following asset category has useful life different from the life specified in Schedule II of the Companies Act, 2013 based on the management's assessment :

Category of Asset	Useful Life
Furniture & Fixture	6- 10 years

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Gains or losses arising from the retirement or disposal of property, plant and equipment are determined as the difference between the estimated net disposal proceeds and the carrying amount of the asset and are recognised in the income statement on the date of retirement or disposal.

NOTES FORMING PART OF ACCOUNTS (Contd.)

8. Investment property

The Transit Oriented Development on the leasehold lands provided by the Government under the Concession Agreement is a resource controlled by the company during the period of concession and is an asset held with the intention of being used for the purpose of earning rental income, hence recognised as an investment property.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with cost model and are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

Subsequent expenditure is capitalised to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the company and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of an investment property is replaced, the carrying amount of the replaced part is derecognised.

Investment properties are depreciated using the straight-line method over their estimated useful lives. The useful life has been determined based on technical evaluation performed by the management's expert.

For transition to Ind AS, the carrying value of Investment properties under previous GAAP as on April 1, 2015 is regarded as its deemed cost.

9. Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Pre-operative expenses including administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets. Intangible assets are amortized over their useful life.

10. Concession intangible and financial assets

The company constructs infrastructure (construction services) used to provide a public service and operates and maintains that infrastructure (operation services) for a specified period of time.

These arrangements are accounted for based on the nature of the consideration. The intangible asset model is used to the extent that the company receives a right to charge users of the public service and transit oriented development (real estate development).

An intangible asset is measured at the fair value of consideration transferred to acquire the asset, which is the fair value of the consideration received or receivable for the construction services delivered.

The intangible asset is amortised over its expected useful life in a way that reflects the pattern in which the asset's economic benefits are consumed by the entity, starting from the date when the right to operate starts to be used. Based on these principles, the intangible asset is amortised over the duration of the concession.

Any asset carried under concession arrangements is derecognised on disposal or when no future economic benefits are expected from its future use or disposal or when the contractual rights to the financial asset expire.

11. Impairment of assets

Assets are tested for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

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

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

12. Employee benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b) Post-employment benefits:

i. Defined contribution plans: The state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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

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

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

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

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

c) Long term employee benefits:

The liabilities for earned leave and sick leave are not expected to be settled wholly within 12 months after the end of the period in which the employees render the related service. They are therefore measured as the present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period using the projected unit credit method. The benefits are discounted using the market yields at the end of the reporting period that have terms approximating to the terms of the related obligation. Re-measurements as a result of experience adjustments and changes in actuarial assumptions are recognised in profit or loss.

d) Employee Share Based Compensation

Equity-settled share-based payments with respect to Employees Stock Options of the holding company granted to the entitled employees are measured at the fair value of the equity instruments of the holding company at the grant date. The fair value of equity-settled share-based payment transactions are recognized in the statement of profit and loss with a corresponding credit to equity, net of reimbursements, if any.

13. Leases

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

Operating leases:

i) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are accounted under intangible assets under development on straightline basis over the term of the relevant lease unless the payments are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

ii) Assets leased out under operating leases are continued to be carried as part of Investment Property by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease unless the receipts are structured to increase in line with expected general inflation to compensate for the expected inflationary cost increases.

14. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value plus, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets.

Financial assets in their entirety are subsequently measured either at amortised cost or fair value. Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.
- Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVTOCI) (unless the same are designated as fair value through profit or loss)
- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and

NOTES FORMING PART OF ACCOUNTS (Contd.)

- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments, if any, and all changes are recognised in profit or loss.

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

For financial assets that are measured at FVTOCI,interest income, dividend income and exchange difference (on debt instrument) is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments measured at FVTOCI,if any, cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

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

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

Impairment of financial assets:

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

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at fair value through profit or loss (FVTPL) are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of IndAS 109 and the amount recognised less cumulative amortisation.All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

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

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

Derivatives and hedge accounting

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured at their fair value. The method of recognising the resulting gain or loss depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged. The company designates certain derivatives as either:

(a) hedges of the fair value of recognised assets or liabilities or a firm commitment (fair value hedge);

(b) hedges of a particular risk associated with a recognised asset or liability or a highly probable forecast transaction (cash flow hedge); or

(c) hedges of a net investment in a foreign operation (net investment hedge).

The company documents at the inception of the transaction the relationship between hedging instruments and hedged items, as well as its risk management objectives and strategy for undertaking various hedging transactions. The company also documents the nature of the risk being hedged and how the Company will assess whether the hedging relationship meets the hedge effectiveness requirements (including its analysis of the sources of hedge ineffectiveness and how it determines the hedge ratio).

The full fair value of a hedging derivative is classified as a non-current asset or liability when the residual maturity of the derivative is more than 12 months and as a current asset or liability when the residual maturity of the derivative is less than 12 months.

(a) Fair value hedges

Changes in the fair value of derivatives that are designated and qualify as fair value hedges are recorded in the statement of profit and loss, together with any changes in the fair value of the hedged item that are attributable to the hedged risk.

Hedge accounting is discontinued when the Company revokes the hedging relationship, when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to the consolidated statement of profit and loss from that date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit and loss, and is included in the other expenses.

Amounts previously recognised in other comprehensive income and accumulated in equity are reclassified to the consolidated statement of profit and loss in the periods when the hedged item affects the consolidated statement of profit and loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, the gains and losses previously recognised in other comprehensive income and accumulated in equity are transferred from equity and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in the consolidated statement of profit and loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in the consolidated statement of profit and loss.

(c) Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in the consolidated statement of profit and loss.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to the consolidated statement of profit and loss on the disposal of the foreign operation.

15. Cash and bank balances

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

16. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or lossin the period in which they are incurred.

17. Foreign currencies

a) The functional currency of the Company is Indian rupee.

b) Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Translation differences on assets and liabilities carried at fair value are reported as part of the fair value gain or loss. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in profit or loss in the period in which they arise except for:

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

   ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

18. Accounting and reporting of information for Operating Segments

The ‘Managing Director and Chief Executive Officer’ is the chief operating decision maker who assesses the financial performance and position of the company and makes strategic decisions.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i. Segment revenue includes sales and other operational revenue directly identifiable with/allocable to the segment including inter segment revenue.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result.

iii. Most of the centrally incurred costs are allocated to segments mainly on the basis of their respective expected segment revenue estimated at the beginning of the reported period.

iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

vi. Segment non-cash expenses forming part of segment expenses includes the fair value of the employee stock options which is accounted as employee compensation cost [see Note xx] and is allocated to the segment.

vii. Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis

19. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances relate to the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realise the asset and settle the liability simultaneously.

20. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a) an entity has a present obligation (legal or constructive) as a result of a past event

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation

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

Provisions are measured at the present value of management's best estimate of the expenditure required to settle the present obligation at the end of the reporting period. The discount rate used to determine the present value is a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the liability. The increase in the provision due to the passage of time is recognised as interest expense.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b) a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and Contingent assets are reviewed at each Balance Sheet date.

21. Commitments

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

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

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

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

22. Cash Flow Statement

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

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

iii. all other items for which the cash effects are investing or financing cash flows.

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

23. Contributed equity

Equity shares are classified as equity.

Incremental costs directly attributable to the issue of new shares or options are shown in equity as a deduction, net of tax, from the proceeds.

24. Earnings per share

(i) Earnings per share

Basic earnings per share is calculated by dividing:

- the profit attributable to owners of the company
- by the weighted average number of equity shares outstanding during the financial year, adjusted for bonus elements in equity shares issued during the year and excluding treasury share.

(ii) Diluted earnings per share

Diluted earnings per share adjusts the figures used in the determination of basic earnings per share to take into account:

- the after income tax effect of interest and other financing costs associated with dilutive potential equity shares, and
- the weighted average number of additional equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

25. Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

- Estimation of current tax expense and payable
- Estimated useful life of intangible asset
- Estimation of defined benefit obligation
- Recognition of revenue
- Recognition of deferred tax assets for carried forward tax losses
- Impairment of trade receivables
- Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

III. Ind AS issued but not yet effective:

The Ministry of Corporate Affairs (MCA) has issued the Companies (Indian Accounting Standards) (Amendment) Rules, 2017 amending Ind AS 102, Share-based payment and Ind AS 7, Statement of cash flows. The company is in the process of studying the impact of said amendments.

As per our report attached

For **M. K. DANDEKER & CO.**
Firm registration number : 000679S
Chartered Accountants
by the hand of

For and on behalf of the board of directors of
L&T METRO RAIL (HYDERABAD) LIMITED

S. POOSAIDURAI	**SHIVANAND NIMBARGI**	**AJIT RANGNEKAR**	**J. RAVI KUMAR**	**ASHISH MALHOTRA**
Partner	*Managing Director & CEO*	*Director*	*Chief Financial Officer*	*Company Secretary*
Membership No : 223754	*DIN: 01419304*	*DIN: 01676516*	*Membership No: 023240*	*Membership No: A18393*

Place : Hyderabad
Date : May 5, 2017

Place : Hyderabad
Date : May 5, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 10th Annual Report and Audited Accounts for the year ended 31st March 2017.

1. FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

Particulars	2016–17	*2015–16*
	(₹)	(₹)
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**7,99,46,596**	*255,26,71,049*
Less: Depreciation, amortization and obsolescence	**69,75,987**	*55,50,084*
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**7,29,70,609**	*254,71,20,965*
Add: Exceptional Items		–
Profit before extraordinary items and tax	**7,29,70,609**	*254,71,20,965*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**7,29,70,609**	*254,71,20,965*
Less: Provision for tax	**33,40,56,540**	*55,13,57,134*
Net Profit / (Loss) for the period after tax		
(after Exceptional and/or Extraordinary items)	**(26,10,85,931)**	*199,57,63,831*
Other Comprehensive Income (after tax)	**(68,82,260)**	–
Total Comprehensive Income for the period		
[Comprising Profit / (Loss) for the period (after tax) and Other Comprehensive Income(after tax)]	–	–
Profit for the period carried to the balance sheet	**(26,79,68,191)**	*199,57,63,831*
Add: Balance brought forward from previous year	–	–
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Balance available for disposal		
(which directors appropriate as follows)	**(26,79,68,191)**	*199,57,63,831*
Debenture Redemption Reserve	**271,28,97,380**	*271,28,97,380*
Proposed dividend	–	–
Dividend Tax	–	–
General Reserve	–	–
Balance carried to Balance Sheet	–	–
Dividend	–	–

Capital &Finance

The Company issued non–convertible debentures amounting to ₹ 1075 Cr during the year to reduce its interest cost. In addition, the Company also repaid JPY 836.98 million of its long–term foreign currency debt.

Working Capital

The Company has maintained its overall Working Capital Borrowing within the approved overall limit of ₹ 1000 Cr comprising both fund based and non–fund based sources.

Credit Rating

The INR denominated Non–Convertible Debentures issued by the Company were reaffirmed a rating of "CRISIL AAA (SO)/Stable" (pronounced "CRISIL triple A Structured Obligation with stable outlook") by CRISIL. Non–Convertible Debentures are secured by way of a corporate guarantee from the ultimate holding Company–Larsen & Toubro Limited.

The Long–term Bank Facilities (External Commercial Borrowings), Long–term facilities (Working Capital Limits) and the Long–term Bank Facilities (Bank Guarantee) availed by the Company were reaffirmed as CARE A; Stable by CARE Ratings. The Short–term Bank Facilities (Letter of Credit/Bank Guarantee) were reaffirmed as CARE A1 by CARE Ratings.

Capital Expenditure

As at March 31, 2017 the gross tangible and intangible assets stood,including Capital work–in–progress at ₹ 82.66Cr and the net tangible and intangible assets, including capital work–in–progress at ₹ 81.57 Cr. Capital expenditure during the year amounted to ₹ 1.10 Cr.

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

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in "Other notes forming part of accounts"reference: 48.VII (d)(I).

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee has approved the actual Related Party Transactions for the financial year 2016–17 and the estimated transactions for the financial year 2017–18.

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

The material related party transactions entered by the Company are attached as Annexure 'A' to this report.

4. STATE OF COMPANY AFFAIRS

The Total Revenue (Sales and other income) for the financial year under review was ₹ 3,527.31 Cr as against ₹ 3,306.41 Cr for the previous financial year registering an increase of 7 %. The profit before tax from continuing operations was ₹ 7.30 Cr and Loss after tax from continuing operations was ₹ 26.80 Cr for the financial year under review (against profit of ₹ 199.57 Cr for the previous financial year). There were no extraordinary and exceptional items during the financial year.

5. DIVIDEND

The Directors do not recommend any dividend for the year 2016–17.

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

There are no material changes that have taken place in the Company between the date of the Balance sheet and the date of the Directors' Report.

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

Information as per Rule 8 of the Companies (Accounts) Rules,2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure "B" forming part of this Report.

8. RISK MANAGEMENT POLICY

The Company has a risk management policy and framework to identify, mitigate and review the risks which in the opinion of the Board may threaten the existence of the Company. A mechanism is in place to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

9. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

10. CORPORATE SOCIAL RESPONSIBILITY

The Company realizes its responsibility to its stakeholders, especially to the society at large and has taken several initiatives towards repaying to the society.

The Company has constituted a CSR committee comprising Mr. Ashwani Kumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath as the Members. The Company has formulated a CSR policy.

Following are some of the major CSR initiatives being undertaken by the Company:

a) Rural Infrastructure

b) Water

c) Education

d) Health programs

e) Skill building and development programs

The Company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years on its CSR activities as per the provision of Companies Act, 2013. Accordingly, the Company was required to spend an amount of ₹ 2.42 Cr. on CSR activities during the financial year 2016–17. However, the Company has contributed an amount of ₹ 4.40 Cr. during the financial year 2016–17 as required under the Environmental clearances issued by the Ministry of Environment, Forest& Climate Change.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure "C" to the Board report.

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

The present Directors of the Company are Mr. Shailendra Roy, Mr. Y.V.S. Sravankumar, Mr. Ashwani Kumar, Mr. Ajit Samal, Ms. Vijaya Sampath and Mr. S. Balasubramanian.

Mr. Chandan Roy ceased to be a Director of the Company with effect from June 23, 2016 on account of his sudden demise. Mr. S. Balasubramanian was appointed as an Additional Director of the Company with effect from September 22, 2016 and will hold office till the conclusion of the ensuing Annual General Meeting. He was also appointed as an Independent Director of the Company for a period of five years starting September 30, 2016 to September 29, 2021.

Mr. Ashwani Kumar and Mr. Y.V.S. Sravankumar are liable to retire by rotation and being eligible offer themselves for re–appointment. The notice convening the AGM includes the proposal for re–appointment of Directors.

Sameer Godbole is the Manager and Chief Financial Officer of the Company under the Companies Act, 2013 and Mr. Urvil Desai is the Company Secretary of the Company.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four meetings were held on May 2, 2016, July 19, 2016, October 24, 2016 and January 20, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprised of one Non–Executive Director and two Independent Directors. The current members of the Committee are Mr. Y.V.S. Sravankumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath.

During the year under review, the Committee met four times on May 2, 2016, July 19, 2016, October 24, 2016 and January 20, 2017.

In accordance with the requirements of the Companies Act, 2013, the Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies Act, 2013.

14. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013. The terms of reference of the Committee are in line with the Companies Act, 2013.

The Committee comprises of two Non–Executive Directors and two Independent Directors. The current members of the Committee are Mr. Shailendra Roy, Mr. Ashwani Kumar, Mr. S. Balasubramanian and Ms. Vijaya Sampath.

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

15. DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence from its Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they meet the criteria of Independence.

16. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period.

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

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

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

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

17. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee has approved the manner in which formal annual evaluation of the performance of the Board, committees and individual Directors has to be made.

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

The inputs given by all the Directors were discussed in the meeting of the Independent Directors scheduled on April 26, 2017, as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

18. DISCLOSURE OF REMUNERATION

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are as below:

a.	Ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year;	–
b.	Percentage increase in remuneration of the following KMPs in the financial year; a) Directors b) CEO c) CFO d) CS e) Manager	 – – 11% – *
c.	Percentage increase in the median remuneration of employees in the financial year;	7%
d.	Number of permanent employees on the rolls of company;	251 employees
e.	average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration	Average percentage increase made in the salaries of employees other than the managerial personnel for the year 2016–17 was 5 % whereas there is increase in the managerial remuneration by 3%.
f.	Affirmation that the remuneration is as per the remuneration policy of the company.	Yes

* Mr. Sameer Godbole is the Manager and CFO of the Company and he draws salary as stated above in the capacity of CFO

The Board of Directors wishes to express its appreciation to all the employees for their outstanding contribution to the operations of the Company during the year.

There is no employee in the Company in respect of whom disclosure is required to be made in accordance with Section 197(12) of the Companies Act, 2013 and Rule 2 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

19. SECRETARIAL AUDIT REPORT

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by M/s Alwyn Jay & Co., Practicing Company Secretary is attached as Annexure 'D' to this Annual Report.

20. AUDITORS

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next Annual General Meeting.

21. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors had appointed M/s R. Nana bhoy & Co., Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2017 at a remuneration of ₹ 82,500 (plus service tax and out of pocket expenses). The appointment has been approved by the Central Government.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

22. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure 'E' to this Report.

23. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

24. DEBENTURE TRUSTEE

M/s IDBI Trusteeship Services Limited, having their office at Asian Building, Ground Floor, 17, R. Kamani Marg, Ballard Estate, Mumbai – 400001 have been appointed as the Debenture Trustees in respect of Non–Convertible Debentures issued by the Company.

25. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

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

26. PROTECTION OF WOMEN AT WORKPLACE

The parent Company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016–17.

27. ACKNOWLEDGEMENT

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Banks and Regulatory Authorities, employees of the Company and management of the Parent Company.

For and on behalf of the Board

Place: Mumbai	**Mr. S. N. Roy**	**Mr. Y.V.S. Sravankumar**
Date: April 26, 2017	*Director*	*Director*
	DIN: 02144836	*DIN: 01080060*

ANNEXURE A

FORM AOC–2

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

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

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

   (a) Name(s) of the related party and nature of relationship

   (b) Nature of contracts/arrangements/transactions

   (c) Duration of the contracts / arrangements/transactions

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any

   (e) Justification for entering into such contracts or arrangements or transactions

   (f) date(s) of approval by the Board

   (g) Amount paid as advances, if any:

   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

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

   Name(s) of the related party and nature of relationship (Enclosed in Annexure "A1")

   (a) Nature of contracts/arrangements/transactions

   (b) Duration of the contracts / arrangements/transactions

   (c) Salient terms of the contracts or arrangements or transactions including the value, if any:

   (d) Date(s) of approval by the Board, if any:

   (e) Amount paid as advances, if any:

ANNEXURE 'A1'

Form No.AOC –2 for disclosure of particulars of contracts/arrangements entered into by the company with related parties

Pursuant to Clause (h) of sub–section (3) of Scetion 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules,2014

1. **Details of contracts or arrangments or transactions not at arm's length basis – NIL**
2. **Details of material contracts or arrangement or transactions at arm's length basis**

S.No.	Name of Related Party	Nature of Relationship	Nature of Contracts/ Arrangements/ Transactions	Amount(₹)	Salient Terms of contracts or arrangements or transactions	Duration
1	Larsen & Toubro Ltd.	Ultimate Holding	**Purchase of Goods & Services**			
			• Design services of suspended magnet	1,150,000	Comparable Uncontrolled Price	Three months
			• ESP discharging electrode,Rapper	1,455,537	Comparable Uncontrolled Price	Three months
			• HT swithgear breaking maintainence service	414,000	Comparable Uncontrolled Price	Three months
			• PT Trolley spares	62,051	Comparable Uncontrolled Price	Three months
			• Hiring of speed recorder	276,920	Comparable Uncontrolled Price	Three months
			• Deputation Cost	77,200,219	At Cost	Yearly
			• Cost of Shared Services	6,470,539	At Cost	Yearly
			• Commission	108,681,125	Rate Equivalent to arm's length compensation	Yearly
			• Administration & Management Expenses	169,856,156	Corporate Allocation on Turnover basis	Yearly
			• **Contracts awarded prior to FY 2014–15**			
			# Construction of rail link	336,312,596	Pre–bid arrangement	Three years
			Reimbursement of Expenses	40,266,643	At Cost	Case to case basis mutual agreement
			Financial Transactions			
			• Placement of ICD	79,456,391,812	Total Transaction value	Short Term
			• ICD interest	197,957	Market Rate	
			• **ICB**	86,438,947,404	Total Transaction value	Short Term
			• ICB Interest	624,133,486	Market Rate	

ANNEXURE 'B'

A. Conservation of energy, technology absorption and foreign exchange earnings and outgo as per the companies' (disclosure of particulars in the report of the board of directors) rules, 1988:

Energy Conservation Measures taken:

The major steps taken towards Energy Conservation are described as under:–

Improving Energy effectiveness/ efficiency of Manufacturing Processes:

a) Improvements in Ash Handling Plant

   i. Re–routing of Ash conveying line from duct hopper to buffer hopper to reduce line length and no. of bends: The re–routing of ash conveying piping helped in reducing the piping length from 69m to 29m and from no. of bends from 6 to 2 . This helped in reducing the de–ashing time of duct hoppers from 3 hours to 0.5 hours in each shift reducing the running hour of ash handling equipment.

   ii. Re–routing of hopper fluidizing line along with provision of Knife Gate valve before ash intake valve in ESP hoppers: Improved fluidizing through piping modification and Knife Gate valve helped in reducing hopper plugging and deashing time of 216 nos. of hoppers in both the units.

The above measures have helped in reducing the specific power consumption in ash handling plant from 24.8 kwhr/T to 15.09 kwhr/T of ash handled.

b) Improvements in Coal Handling Plant

   i. Use of one no. of Crusher and Vibrating Grizzly Feeder(VGF) for washed Indian coal against earlier philosophy of 2 no. of Crushers and VGFs: By perforating the deck plate of VGF (2310 mm x 600 mm with 70 mm dia holes) the loading of crusher was raised from 1100 TPH to 1500 TPH. This helped in stopping of one stream of VGF and Crusher.

   ii. Improving the belt utilization factor by increasing the loading of conveyor belt from 1800 – 2200 TPH during coal reclaiming process: Maximising the loading of conveyors helped in reducing the specific power consumption of Coal Handling Plant. System idle time is reduced through this process optimization.

The above measures have helped in reducing the specific power consumption in Ash Handling Plant from 1.71 kwhr/T to 1.35 kwhr/T of coal handled.

c) Reduction in Forced Outages of Units: Continuous process improvements through robust modification process and regular preventive, pro–active and predictive maintenance have resulted in reduction of forced outages from 20 to 9.

The above measure has helped in reducing the specific oil consumption from 0.466 ml/kwhrto 0.124ml/kwhr

Improving Energy effectiveness/ efficiency of Equipment:

i. Provision of interconnection line between Service water header and ESP/BBD water header: Shut–down of ESP/BBD pump during normal operation and supply of quenching water from Service water header through interconnection.

ii. Optimization of CEP Minimum recirculation flow during part load operation: Optimization of Gland Steam Condenser (GSC) recirculation flow has reduced the auxiliary power consumption.

iii. LDO forwarding pump (required for A–B elevation) kept as stand–by and in stopped condition: Emergency requirement of oil support is being made through HFO forwarding pump in C–D/ E–F elevation.

iv. Lube oil and Hydraulic Oil pumps of standby mills in standby and stop condition during part load condition: Stopping of lube oil and hydraulic oil of one of the two standby mills during part load condition.

v. Replacement/Servicing of high energy drains: Continuous reduction in cycle make–up by arresting leakages & valve passing, which is helping in reduction in plant heat rate.

vi. Optimizing the supply voltage through tap position in lightning transformers in plant: Optimizing the voltage through tap changer in lighting transformers is helping in reduction of auxiliary power consumption.

vii. Hotwell make–up pump kept hot stand–by and hot–well make–up done through vacuum drag line: Stopping of hot–well make–up pump for daily make–up and using of vacuum drag line is helping in reduction of auxiliary power consumption.

viii. Air Washer Unit (TG area) kept stand–by during winter season: Complete Air washer unit was kept under shutdown condition during winter.

The above measures have helped in reducing the Auxiliary Power Consumption from 5.72% to 5.18%.

B. Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

APC reduction Proposals:

b. Feasibility of VFD installation in 8 nos. of LT &2 nos. of HT drives is under study to reduce auxiliary power conservation during part load operation. O&M team is in the process of identification of the areas of further improvement to reduce the consumption of energy during its operation phase and is committed to implement the same in near future in order to improve the efficiency of the plant.

c. 200 KW roof top solar panel installation has been proposed in plant buildings as an energy conservation measure to reduce auxiliary power consumption of the plant.

C. Impact of the measures at (A) and (B) above for reduction of energy consumption and consequent impact on the cost of production:

- Reduction in specific coal consumption
- Reduced auxiliary power consumption, Heat Rate improvement
- Reduction in specific oil consumption

D. Technology Absorption & Foreign Exchange Earnings and Outgo:

There was no Technology Absorption during the year 2016–17.

E. Foreign Exchange Earnings and Outgo:

There were no Foreign Exchange earnings during the year. The Foreign Exchange outgo during the year was ₹ 72.29 Cr.

ANNEXURE 'C'

CSR ACTIVITIES FOR 2016–17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken.**

   The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will primarily focus on the following activities as a part of its CSR Programme viz.

   - **Rural Development –** may include but not limited to construction and renovation of roads, pathways, drains, toilets, water tanks, community centres, health centres, skill training centres,sports and other infrastructure in the surrounding villages.
   - **Water –** may include but not limited to support for programmes making clean drinking water available, rain water harvesting, facilitating irrigation, conservation and purification of water.
   - **Education –** may include but not limited to construction and renovation of schools, libraries, science laboratories and education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.
   - **Health –** may include but not limited to support for community health centres mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.
   - **Skill Development –** may include but not limited to vocational training, skill building, computer training, women empowerment, support to ITI& CSTI, support to specially abled, infrastructure support, providing employability skills at project sites, creating training centres.

   Governance & Technology would be the Key drivers across all these verticals.

2. **Composition of the CSR Committee.**

   The CSR Committee of the Board was re–constituted on January 14, 2015. It comprises two Independent Directors and one Non–Executive Director. The Company Secretary acts as Secretary to the Committee.

   The present Committee comprises of Mr. Ashwani Kumar, Mr. S Balasubramanian and Ms. Vijaya Sampath as members and Mr. Urvil Desai as the Secretary of the Committee.

3. **CSR Budget and Utilization**

   CSR Budget shall be allocated for each financial year with the approval of the Board and shall be utilized on approved projects in accordance with the CSR policy. The company is required to spend in every financial year, at least 2% of the average net profits of the Company made during the three immediately preceding financial years on its CSR activities as per the provision of Companies Act, 2013.

4. **Average net profit of the Company for the last three financial years.**

   The average net profit of the Company for the last three financial years is ₹ 121,18, 65,139/–

5. **Prescribed CSR expenditure (two percent of the amount as in item 3 above) under the Companies Act 2013.**

   The Company is required to spend an amount of ₹ 2,42,37,303/– on CSR activities during the financial year 2016–17.

6. **Details of CSR spent under the Companies Act 2013, during the financial year:**

   a. Total amount to be spent for the financial year – ₹ 2,42,37,303/–

   b. Amount unspent, if any – N.A

   c. Manner in which the amount was spent in the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Subheads: (1) Direct Expenditure on projects or programs. (2)Overheads	Cumulative expenditure upto to the reporting period. (₹)	Amount spent: Direct or through implementing agency
1	– Construction of Village Roads – Construction of Community Centre – Construction of Toilets – Shagan Scheme – Female Child Birth Scheme	Rural Development	Local Area : Fatehgarh, Punjab Patiala, Punjab	2,80,00,000	Entire amount is direct project expenditure	3,16,49,276	Direct

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Subheads: (1) Direct Expenditure on projects or programs. (2)Overheads	Cumulative expenditure upto to the reporting period. (₹)	Amount spent: Direct or through implementing agency
2	Construction/ Renovation of Classroom	Education	Local Area : Patiala, Punjab	60,00,000	Entire amount is direct project expenditure	53,49,970	Direct
3	Medical Assistance	Health	Local Area : Patiala, Punjab	25,00,000	Entire amount is direct project expenditure	3,26,000	Direct
4	Training Centre	Skill Development	Local Area : Fatehgarh, Punjab. Patiala, Punjab	40,00,000	Entire amount is direct project expenditure	35,25,197	Direct
5	Submersible Boring	Water	Local Area : Fatehgarh, Punjab Patiala, Punjab	35,00,000	Entire amount is direct project expenditure	31,76,315	Direct
	TOTAL			**440,00,000**		**440,26,758**	

7. Reasons for not spending the amount during the financial year – N.A.

8. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

Ms. Vijaya Sampath	**Mr. S Balasubramanian**
Director	*Chairman – CSR Committee*
DIN: 00641110	*DIN: 06622735*

ANNEXURE 'D'

FORM NO. MR–3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

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

To,

The Members,
NABHA POWER LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Nabha Power Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

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

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

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

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder (Not applicable to the Company);

(iii) The Depositories Act, 1996 and the Regulations and Bye–laws framed thereunder ((Not Applicable to the Company));

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings as applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') – As applicable to the Company with respect to its listed debentures –

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 (Not applicable to the Company);

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015(Not applicable to the Company);

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009(Not applicable to the Company);

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014(Not applicable to the Company);

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client(Not applicable to the Company);

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009(Not applicable to the Company); and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998(Not applicable to the Company).

(vi) Other specific business/industry related laws applicable to the Company – The Company has complied with the provisions of the Electricity Act, 2003, Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder, Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975, Environment Protection Act, 1986 and the rules, notifications issued thereunder, Factories Act, 1948, the terms of power purchase agreement and the other applicable general laws, rules, regulations and guidelines..

We have also examined compliance with the applicable clauses of the following:–

i. Secretarial Standards with regard to Meeting of Board of Directors (SS–1) and General Meetings (SS–2) issued by The Institute of Company Secretaries of India ; and

ii. The Debt Listing Agreements entered into by the Company with the National Stock Exchange of India in accordance with The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non–compliances that have come to our knowledge.

We further report that the Board of Directors of the Company is duly constituted with proper balance of Non–Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act..

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

The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:

(i) Change in Registrar and share Transfer Agent

(ii) Approval of Shareholders has been obtained for Issuance of secured/unsecured redeemable non convertible/ perpetual debentures aggregating up to ₹ 14,400 Crores on Private Placement basis.

(iii) Allotment of 4,750 rated, unsecured, redeemable, non–convertible debentures of the face value ₹ 10,00,000/– each bearing interest @ 8.30% p.a. on 7th July, 2016.

(iv) Allotment of 6,000 rated, unsecured, redeemable, non–convertible debentures of the face value ₹ 10,00,000/– each bearing interest @ 7.81% p.a. on 16th August, 2016.

For ALWYN JAY & CO.,
Company Secretaries

[Jay D'Souza]
Partner
FCS.3058
Certificate of Practice No.6915

Place: Mumbai
Date: 18 April 2017

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

ANNEXURE E

Form No. MGT–9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U40102PB2007PLC031039
2	Registration Date	09/04/2007
3	Name of the Company	Nabha Power Limited
4	Category/Sub–Category of the Company	Public Limited Company
5	Address of the Registered office and contact details	P.O. Box No. 28, Near Village, Nalash Rajpura, Punjab – 140401. Tel. No. – 0172 – 4646846 Fax No. – 0172 – 4646802
6	Whether listed Company	Yes (Debentures on WDM of NSE)
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Electric Power generation from Coal based thermal power plant	35102	99%
2	Construction and maintenance of Power plant	42201	1%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	L&T Power Development Limited	U40101MH2007PLC174071	Holding	100	2(46)

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

i) Category–wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	2687999994	6	2688000000	100	2687999994	6	2688000000	100	NIL
e) Banks / FI									
f) Any Other									
Sub–total (A) (1):–	**2687999994**	**6**	**2688000000**	**100**	**2687999994**	**6**	**2688000000**	**100**	**NIL**
(2) Foreign									
a) NRIs –Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub–total (A) (2):–	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**2687999994**	**6**	**2688000000**	**100**	**2687999994**	**6**	**2688000000**	**100**	**NIL**
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub–total (B)(1):–									
2. Non–Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas					NIL				
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub–total (B)(2):–									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**2687999994**	**6**	**2688000000**	**100**	**2687999994**	**6**	**2688000000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	L&T Power Development Limited	2688000000	100	51*	2688000000	100	51	100
	Total	**2688000000**	**100**	**2688000000**	**2688000000**	**100**	**51**	**100**

* Pledge is not created on 36.30 crore preference shares

(iii) Change in Promoters' Shareholding –

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	2688000000	100	2325000000	100
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL			
3	At the End of the year	2688000000	100	2688000000	100

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,02,77,91,727	73,21,74,08,916	–	78,24,52,00,643
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	71,03,708	2,45,51,23,357	–	2,46,22,27,065
Total (i+ii+iii)	5,03,48,95,435	75,67,25,32,273	–	80,70,74,27,708
Change in Indebtedness during the financial year				
Addition				
Reduction	65,93,74,926	3,42,07,55,737	–	4,08,01,30,663
Net Change	65,93,74,926	3,42,07,55,737	–	4,08,01,30,663
Indebtedness at the end of the financial year				
i) Principal Amount	4,36,92,33,665	70,08,87,97,756	–	74,45,80,31,420
ii) Interest due but not paid				
iii) Interest accrued but not due	62,86,844	2,16,29,78,781	–	2,16,92,65,625
Total (i+ii+iii)	4,37,55,20,509	72,25,17,76,536	–	76,62,72,97,045

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. no.	Particulars of Remuneration	Name of the Manager	Total Amount
		Mr. Sameer Godbole#	
1.	Gross salary	44,66,542	**44,66,542**
	(a) Salary as per provisions contained in section 17(1) of the Income–tax Act,1961		
	(b) Value of perquisites u/s 17(2) Income–tax Act,1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	**NIL**
3.	Sweat Equity	NIL	**NIL**
4.	Commission	NIL	**NIL**
	– as % of profit		
	– others, specify…		
5.	Others, please specify	NIL	**NIL**
	Total (A)	**44,66,542**	**44,66,542**
	Ceiling as per the Act	**1,20,00,000**	**1,20,00,000**

Mr. Sameer Godbole was appointed as Manager of the Company with effect from October 20, 2015 and his salary includes remuneration drawn in capacity as CFO also.

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		Mr. S. Balasubramanian	Ms. Vijaya Sampath			
1.	Independent Directors	1,50,000	3,25,000			4,75,000
	• Fee for attending board/committee meetings					
	• Commission					
	• Others, please specify					
	Total (1)	**3,25,000**	**3,25,000**			**4,75,000**
		Mr. Shailendra Roy	**Mr. Ashwani Kumar**	**Mr. Y.V.S Sravankumar**	**Mr. Ajit Samal**	
2.	Other Non–Executive Directors	NIL	NIL			NIL
	• Fee for attending board/committee meetings					
	• Commission					
	• Others, please specify					
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration					
	Overall Ceiling as per the Act	Not Applicable				

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO / Manager	**Company Secretary**	**CFO***	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income–tax Act, 1961 (b) Value of perquisites u/s 17(2) Income–tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income–tax Act, 1961	NA	NIL	NIL	**NIL**
2.	Stock Option	NIL	NIL	NIL	**NIL**
3.	Sweat Equity	NA	NIL	NIL	**NIL**
4.	Commission – as % of profit – others, specify	NA	NIL	NIL	**NIL**
5.	Others, please specify	NA	NIL	NIL	**NIL**
	Total	**NA**	**NIL**	**NIL**	**NIL**

*Mr. Sameer Godbole is the Manager and CFO of the Company and he draws salary as stated above in the capacity of Manager

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF NABHA POWER LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the Ind AS financial statements of Nabha Power Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, and the Statement of Profit and Loss (including other comprehensive income), the statement of Cash Flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 217, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   - (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   - (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   - (c) the Balance Sheet, the Statement of Profit and Loss, the statement of Cash Flow and the statement of changes in equity dealt with by this report are in agreement with the books of account;
   - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
   - (e) on the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
   - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B'; and

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

i. the Company doesn't have any pending litigations which would impact its financial position in its financial statements;

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

iii. there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company ; and

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 49(XXI) to the Ind AS financial statement.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date : April 26, 2017

ANNEXURE – A TO THE AUDITORS' REPORT

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

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

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

(ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the books records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act.

(iv) According to the information and explanations given to us, the Company has complied with the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly, Paragraph 3 (v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of account and records maintained by the Company specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of production of electricity and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2017 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount ₹ crore*	Period to which the amount relates	Forum where disputes are pending
The Service Tax under the Finance Act, 1994	Service tax on Codal Charges-Statutory payments	8.20	F.Y 2009-10 to F.Y 2012-13	CESTAT

(*net of pre-deposit paid in getting the stay / appeal admitted)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government or dues to debenture holders.

(ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company does not have any Employee/Director qualifying to be paid and provided as managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date : April 26, 2017

ANNEXURE – B TO THE AUDITORS' REPORT

We have audited the internal financial controls over financial reporting of Nabha Power Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls Over Financial Reporting

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

Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

Opinion

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

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

Pavan K. Aggarwal
Partner
Membership No. 091466

Place : New Delhi
Date : April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
ASSETS:							
Non–current assets							
Property, Plant and Equipment	1		**29,032,205**		*23,769,335*		*18,012,749*
Capital work–in–progress	2		**783,015,683**		*781,011,267*		*762,705,814*
Other Intangible assets	5		**3,681,431**	–	–	–	–
Financial assets							
Investments	7	**–**		–		–	
Loans	8	**42,494,270**		*42,355,470*		*42,139,470*	
Loans towards financing activities	9	**88,726,389,910**		*91,402,089,979*		*89,341,404,742*	
Other financial assets	10	**–**		*15,559,719*		–	
			88,768,884,180		*91,460,005,168*		*89,383,544,212*
Deferred tax assets (net)			**69,979,400**		*87,474,250*		*94,437,684*
Other non –current assets	12		**30,103,654**		*58,468,692*		*120,924,143*
			89,684,696,553		*92,410,728,711*		*90,379,624,602*
Current Assets							
Inventories	13		**1,291,620,926**		*2,819,013,081*		*3,310,129,359*
Financial Assets							
Investments	14	**–**		–		*1,343,645*	
Trade receivables	15	**13,833,687,028**		*13,429,275,431*		*7,245,424,800*	
Cash and cash equivalents	16	**684,312**		*3,419,024*		*1,738,184,530*	
Other Bank Balances	17	**51,289,317**		*48,274,362*		–	
Loans	18	**–**		–		*246,500*	
Loans towards financing activities	19	**2,879,429,731**		*2,879,289,809*		*2,166,026,697*	
Other financial assets	20	**105,048**		*155,000*		*115,000*	
			16,765,195,435		*16,360,413,626*		*11,151,341,172*
Other current assets	22		**1,655,129,985**		*1,874,452,900*		*5,329,970,464*
			19,711,946,347		*21,053,879,607*		*19,791,440,995*
			19,711,946,347		*21,053,879,607*		*19,791,440,995*
Total Assets			**109,396,642,900**		*113,464,608,318*		*110,171,065,597*

BALANCE SHEET AS AT MARCH 31, 2017 (Contd.)

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	25		23,250,000,000		23,250,000,000		23,250,000,000
Other Equity	26		5,737,492,747		5,991,696,419		297,789,081
Share application money pending allotment		–	–	–	–		3,630,000,000
LIABILITIES							
Non–current liabilities							
Financial Liabilities							
Borrowings	27	36,154,880,172		45,519,547,980		51,332,741,095	
Trade payables	28	–		–		–	
Other financial liabilities	29	144,613,567		88,619,458		488,456,399	
			36,299,493,739		45,608,167,438		51,821,197,494
			36,299,493,739		45,608,167,438		51,821,197,494
Current liabilities							
Financial Liabilities							
Borrowings	32	19,821,687,933		21,982,122,266		25,600,769,169	
Current Maturities of Long Term Borrowings	33	20,770,705,493		13,119,901,301		439,095,804	
Trade payables	34	1,135,112,144		3,074,246,508		4,608,562,330	
Other financial liabilities	35	2,010,396,821		279,801,038		467,372,041	
			43,737,902,392		38,456,071,113		31,115,799,344
Other current Liabilities	36		43,470,515		56,008,960		34,726,684
Provisions	37		17,503,180		11,294,508		9,844,634
Tax Liabilities (Net)	38		310,780,328		91,369,880		11,708,361
			44,109,656,414		38,614,744,461		31,172,079,022
Total Equity and Liabilities			109,396,642,900		113,464,608,318		110,171,065,597
CONTINGENT LIABILITIES	40						
SIGNIFICANT ACCOUNTING POLICIES	41						
OTHER NOTES FORMING PART OF ACCOUNTS	42		–		–		–

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : April 26, 2017

For and on behalf of the Board

SAMEER R. GODBOLE
Chief Financial Officer

URVIL DESAI
Company Secretary
ACS - 33324

SHAILENDRA ROY
Director
DIN : 02144836

Y.V.S. SRAVANKUMAR
Director
DIN : 01080060

CIN: U40102PB2007PLC031039
Place : Mumbai
Date : April 26, 2017

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

	Note No.	01.04.2016 to 31.03.2017		01.04.2015 to 31.03.2016		01.04.2016 to 31.12.2016	
		₹	₹	₹	₹		
INCOME							
Revenue from operations	42		35,183,615,519		32,988,808,568		26,865,490,470
Other Income	43		89,516,125		75,335,774		88,593,409
TOTAL INCOME			35,273,131,644		33,064,144,342		26,954,083,879
EXPENSES							
Manufacturing, Construction and Operating expenses	44						
Cost of raw materials and components consumed		25,305,006,556		21,542,989,836		19,017,047,244	
Excise Duty		6,970,965		5,314,885		4,972,916	
Stores, spares and tools		282,286,100		495,435,527		191,278,323	
Sub–contracting charges		459,590,150		402,492,545		368,777,689	
Other manufacturing, construction and operating expenses		840,237,097		941,430,679		607,597,579	
Finance cost of financial services business		6,476,035,368		6,629,660,175		4,890,568,349	
			33,370,126,236		30,017,323,648		25,080,242,100
Employee Benefit expenses	45		380,986,754		314,268,541		282,394,515
Sales, administration and other expenses	46		1,442,072,058		179,881,103		38,274,968
Finance Costs	47	–	–	–	–	–	–
Depreciation, amortisation and obsolescence expenses		6,975,987		5,550,084		5,449,615	
			6,975,987		5,550,084		5,449,615
			35,200,161,035		30,517,023,377		25,406,361,197
TOTAL EXPENSES			35,200,161,035		30,517,023,377		25,406,361,197
Profit before exceptional items and taxes			72,970,609		2,547,120,965		1,547,722,681
Profit before tax			72,970,609		2,547,120,965		1,547,722,681
Tax Expense:							
Current Tax		334,056,540		544,393,700		330,309,000	
Provision for Deferred Tax		–		6,963,434		–	
			334,056,540		551,357,134		330,309,000
Profit after tax			(261,085,931)		1,995,763,831		1,217,413,681
			(261,085,931)		1,995,763,831		1,217,413,681
			(261,085,931)		1,995,763,831		1,217,413,681
Profit for the period			(261,085,931)		1,995,763,831		1,217,413,681
Other Comprehensive Income			(6,882,260)	–	–		(12,357,093.00)
TOTAL COMPREHENSIVE INCOME			(267,968,191)		1,995,763,831		1,205,056,588
Basic earnings per equity shares (₹) Note no 49(viii)			(0.12)		0.86		0.52
Diluted earnings per equity shares (₹) Note no 49(viii)			(0.11)		0.86		0.52
Face value per equity shares (₹)			10		10		10

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

SAMEER R. GODBOLE
Chief Financial Officer

URVIL DESAI
Company Secretary
ACS - 33324

SHAILENDRA ROY
Director
DIN : 02144836

Y.V.S. SRAVANKUMAR
Director
DIN : 01080060

Place : New Delhi
Date : April 26, 2017

CIN: U40102PB2007PLC031039
Place : Mumbai
Date : April 26, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

		For the year ended 31.03.2017 ₹	For the year ended 31.03.2016 ₹
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding minority interest, exceptional and extraordinary items)	**72,970,609**	2,547,120,965
	Adjustments for :		
	Ind AS Adjustment	–	–
	Dividend received	–	(5,155,792)
	(Profit)/loss on sale of investments (net)		
	Interest (income)	(89,454,505)	(70,111,961)
	Depreciation, amortisation, impairment and obsolescence	6,975,987	(5,550,084)
	Exchange difference on items grouped under financing/investing activity	(52,023,965)	671,009,335
	Interest expense	6,476,035,368	6,629,660,175
	(Profit)/loss on obsolence of fixed assets	(61,620)	(68,021)
	Operating profit before working capital changes	**6,414,441,874**	9,766,904,617
	Adjustments for :		
	(Increase)/decrease in other current assets	219,372,867	3,455,477,564
	(Increase)/decrease in Other Loans & Advances	(139,922)	(713,016,612)
	(Increase)/decrease in other advances (Non current)	2,736,980,876	(2,007,042,071)
	(Increase)/ decrease in Debtors	(404,411,597)	(6,183,850,631)
	(Increase)/ decrease in Inventories	1,527,392,155	491,116,278
	Increase/(decrease) in other payables	4,542,094	(1,619,493,156)
	Cash generated from operations before financing activities	**10,498,178,347**	3,190,095,989
	(Increase)/decrease in loans and advances towards financing activities		
	Cash generated from operations	**10,498,178,347**	3,190,095,989
	Direct taxes refund/(paid) (net)	(334,056,540)	(551,357,134)
	Net cash (used in)/from operating activities	**10,164,121,807**	2,638,738,855
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	(11,042,446)	(24,062,039)
	Purchase of intangible assets		–
	Profit /(Loss) on Sale of fixed assets	61,620	68,021
	Purchase/sale of current investments (net)	–	1,343,645
	Dividend received from other investments	–	5,155,792
	Profit/(loss) on sale of investments (net)		
	Interest received	89,454,505	70,111,961
	Cash (used in)/from investing activities	**78,473,679**	52,617,380
	Extraordinary item:		
	Net cash (used in)/ from investing activities (after extraordinary items)	**78,473,679**	52,617,380

CASH FLOW STATEMENT FOR YEAR ENDED MARCH 31, 2017 (Contd.)

		For the year ended 31.03.2017 ₹	For the year ended 31.03.2016 ₹
C.	**Cash flow from financing activities:**		
	Proceeds from issue of share capital	–	–
	Proceeds from long term borrowings	(9,308,673,699)	(6,139,336,463)
	Proceeds from Short term borrowings	5,490,369,859	9,062,158,594
	Translation Reserve on ECB Loan	52,023,965	(671,009,335)
	Interest paid	(6,476,035,368)	(6,629,660,175)
	Net cash (used in)/ from financing activities	**(10,242,315,243)**	(4,377,847,379)
	Net (decrease)/increase in cash and cash equivalents (A + B + C)	**280,243**	(1,686,491,144)
	Cash and cash equivalents at beginning of the year	**51,693,386**	1,738,184,530
	Less: Cash and bank balance transferred on subsidiary becoming an associate		
	Cash and cash equivalents at end of the year	**51,973,629**	51,693,386

Notes:

1. Cash Flow Statement has been prepared under the indirect method as set out in the Ind AS 3 “Cash Flow Statements” as specified in the Companies (Accounting Standards) Rules, 2006.
2. Cash and cash equivalents are reflected in the Balance Sheet as follows:

		For the year ended 31.03.2017 ₹	For the year ended 31.03.2016 ₹
(a)	Cash and cash equivalents disclosed under current assets	51,973,629	51,693,386
(b)	Cash and cash equivalents disclosed under non–current assets.	–	–
	Total cash and cash equivalents as per Cash Flow Statement [Note no. H(IV)]	**51,973,629**	51,693,386

3. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm’s Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : April 26, 2017

For and on behalf of the Board

SAMEER R. GODBOLE
Chief Financial Officer

URVIL DESAI
Company Secretary
ACS - 33324

SHAILENDRA ROY
Director
DIN : 02144836

Y.V.S. SRAVANKUMAR
Director
DIN : 01080060

CIN: U40102PB2007PLC031039
Place : Mumbai
Date : April 26, 2017

OTHER EQUITY INDAS RECONCILIATION

	For the period 31.03.2016 S_NABHA ₹	*For the period 01.04.2015 S_NABHA ₹*
Other Equity Excluding PAT as per IGAAP	**4,380,844,118**	*(1,153,432,523)*
Adjusted Other Equity as per IGAAP	**4,380,844,118**	*(1,153,432,523)*
Ind AS adjustment items:– Add/ (Less)		
Other Equity Excluding PAT as per Ind AS Reco	**4,380,844,118**	*(1,153,432,523)*
Other Equity Excluding PAT as per Ind AS	**3,995,932,588**	*(1,606,487,560)*
Control Check	**384,911,530**	*453,055,037*

PAT INDAS RECONCILIATION

	For the period 31–3–2016 S_NABHA ₹
Profit After Minority Interest and Asso Profits as per IGAAP	1,962,053,262
Net Profit After Minority Interest and Asso Profits as per IGAAP	1,962,053,262
Ind AS adjustment items:– Add/ (Less)	
Profit After Minority Interest and Asso Profits as per Ind AS Reco	1,962,053,262
Profit After Minority Interest and Asso Profits as per Ind AS	**1,995,763,831**
Control Check	(33,710,569)

OTHER COMPREHENSIVE INCOME

	01–04 –2016 to 31–3–2017		**01–04 –2015 to 31–3–2016**		**01–04–2016 to 31–12–2016**	
	₹	₹	₹	₹	₹	₹
Profit After Minority Interest and Asso Profits as per Ind AS Reco						
A Items that will not be reclassified to profit or loss						
B Items that will be reclassified to profit or loss						
Effective portion of gains N losses on hedging instruments in a cash flow hedge	6,882,260		–		12,357,093	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

(1) PROPERTY, PLANT AND EQUIPMENT

(2) CAPITAL WORK–IN–PROGRESS

PARTICULARS	COST/VALUATION				DEPRECIATION				IMPAIRMENT	BOOK VALUE	
	Revised_opening	Additions	Deductions	**As at 31–3–2017**	*Revised_opening*	Additions	Deductions	**As at 31–3–2017**	**As at 31–3–2017**	**As at 31–3–2017**	*As at 31.03.2016*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land											
Freehold Land	–	–	–	–	–	–	–	–	–	–	–
Leasehold Land	–	–	–	–	–	–	–	–	–	–	–
Sub total – Land	–	–	–	–	–	–	–	–	–	–	–
Buildings											
Owned											
Buildings	560,840	–	–	**560,840**	*38,914*	*23,192*	–	**15,723**	–	**576,563**	*599,754*
Leased Out Buildings	–	–	–	–	–	–	–	–	–	–	–
Sub total – Buildings	560,840	–	–	**560,840**	*38,914*	*23,192*	–	**15,723**	–	**576,563**	*599,754*
Plant & equipment											
Owned											
Plant and Equipment General	89,250	4,557,985	–	**4,647,235**	–	*133,627*	–	**133,627**	–	**4,513,607**	–
Railway Wagons	–	–	–	–	–	–	–	–	–	–	–
Contribution to Power Lines	–	–	–	–	–	–	–	–	–	–	–
Aircondition and Refrigeration	2,181,510	199,562	–	**2,381,072**	*179,949*	*207,217*	–	**387,166**	–	**1,993,905**	*2,001,560*
Electrical Installations	2,953,265	306,940	11,241	**3,248,964**	*366,752*	*474,728*	3,904	**837,576**	–	**2,411,388**	*2,586,513*
Sub total – Plant & equipment	5,224,024	5,064,486	11,241	**10,277,270**	*546,701*	*815,572*	3,904	**1,358,369**	–	**8,918,901**	*4,588,073*
Computers											
Owned Computers	6,855,327	3,950,611	566,104	**10,239,834**	*1,539,792*	*2,578,330*	536,620	**3,581,501**	–	**6,658,332**	*10,241,013*
Sub total – Computers	6,855,327	3,950,611	566,104	**10,239,834**	*1,539,792*	*2,578,330*	536,620	**3,581,501**	–	**6,658,332**	*10,241,013*
Office equipment											
Owned Office Equipments	5,114,029	4,611,476	41,405	**9,684,100**	*1,050,273*	*1,241,597*	18,374	**2,273,497**	–	**7,410,603**	*4,063,756*
Leased Out Office Equipment	–	–	–	–	–	–	–	–	–	–	–
Sub total – Office equipment	5,114,029	4,611,476	41,405	**9,684,100**	*1,050,273*	*1,241,597*	18,374	**2,273,497**	–	**7,410,603**	*4,063,756*
Furniture and fixtures											
Owned Furniture and Fixtures	4,693,972	1,483,106	–	**6,177,078**	*417,234*	*742,049*	–	**1,159,283**	–	**5,017,795**	*4,276,738*
Leased Out Furniture and Fixtures	–	–	–	–	–	–	–	–	–	–	–
Sub total – Furniture & fixtures	4,693,972	1,483,106	–	**6,177,078**	*417,234*	*742,049*	–	**1,159,283**	–	**5,017,795**	*4,276,738*
Vehicles											
Owned											
Buses and Trucks	–	–	–	–	–	–	–	–	–	–	–
Cars	–	524,122	–	**524,122**	–	*74,111*	–	**74,111**	–	**450,011**	–
Sub total – Vehicles	–	524,122	–	**524,122**	–	*74,111*	–	**74,111**	–	**450,011**	–
Other Assets											
Owned											
Railway Sidings	–	–	–	–	–	–	–	–	–	–	–
Sub total – Other assets	–	–	–	–	–	–	–	–	–	–	–
Leasehold Improvements											
Assets Taken on Finance Lease	–	–	–	–	–	–	–	–	–	–	–
Sub total – Leasehold Improvements	–	–	–	–	–	–	–	–	–	–	–
Lease Adjustment										–	–
Total	22,448,192	15,633,800	618,750	**37,463,243**	*3,515,086*	*5,474,850*	558,898	**8,431,038**	–	**29,032,205**	*23,769,335*
Previous year	18,012,748	11,366,331	951,075	**28,428,004**	*–1*	*5,526,117*	867,446	**4,658,669**	–		
										29,032,205	*23,769,335*
Add : Capital work–in–progress										**783,015,683**	*781,011,267*
										812,047,888	*804,780,602*

(4) GOODWILL

(5) OTHER INTANGIBLE ASSETS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(6) INTANGIBLE ASSETS UNDER DEVELOPMENT

PARTICULARS	COST/VALUATION					AMORTISATION					IMPAIRMENT	BOOK VALUE	
	Revised_ opening	Additions	Deductions	Heldforsale	**As at 31–3–2017**	*Revised_ opening*	Additions	Deductions	Heldforsale	**As at 31–3–2017**	**As at 31–3–2017**	**As at 31–3–2017**	*As at 31.03.2016*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Goodwill on Consolidation ICO	–	–	–	–	–	–	–	–	–	–	–	–	–
Goodwill	–	–	–	–	–	–	–	–	–	–	–	–	–
Specialised Softwares	5,979,812	235,981	–	–	**6,215,793**	*1,143,583*	*1,390,778*	–	–	**2,534,361**	–	**3,681,431**	*4,836,228*
Technical Knowhow	–	–	–	–	–	–	–	–	–	–	–	–	–
Patents Trademarks etc	–	–	–	–	–	–	–	–	–	–	–	–	–
New Product Design and Development	–	–	–	–	–	–	–	–	–	–	–	–	–
Customer contracts and relationships	–	–	–	–	–	–	–	–	–	–	–	–	–
Toll Collection Rights	–	–	–	–	–	–	–	–	–	–	–	–	–
Utility Right to Use	–	–	–	–	–	–	–	–	–	–	–	–	–
Leasehold Building	–	–	–	–	–	–	–	–	–	–	–	–	–
Right to Receive Share in Revenue	–	–	–	–	–	–	–	–	–	–	–	–	–
Total	5,979,812	235,981	–	–	**6,215,793**	*1,143,583*	*1,390,778*	–	–	**2,534,361**	–	**3,681,431**	*4,836,228*
Previous year	–	–	–	–	–	–	–	–	–	–	–		
Intangible assets under development												–	–
												3,681,431	*4,836,228*

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
8 NON CURRENT – LOANS						
Security Deposits:						
Unsecured Considered Good:						
Deposit Paid (NC)	**42,494,270**		*42,355,470*		*42,139,470*	
		42,494,270		*42,355,470*		*42,139,470*
Loan and advances to related parties:						
		42,494,270		*42,355,470*		*42,139,470*

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
9 LOANS TOWARDS FINANCING ACTIVITIES			
Secured Loans :			
Unsecured Loans :			
Considered Good :			
Lease Receivable – Unsecured * – (Refer Note 49 (VI))	**88,726,389,910**	*91,402,089,979*	*89,341,404,742*
	88,726,389,910	*91,402,089,979*	*89,341,404,742*

*Represents Non–Current portion of Lease receivables towards the finance lease in accordance with INDAS 17

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
10 NON CURRENT – OTHER FINANCIAL ASSETS						
Forward Contract Receivable (NC)	**–**	**–**	*15,559,719*	–	–	–
	–	**–**	–	*15,559,719*	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
12	**OTHER NON–CURRENT ASSETS**						
	Long term Advance recoverable:						
	Prepaid Expenses (NC)	–		–		1	
			–		–		1
	Financial Guarantee Asset (NC)		30,103,654		58,468,692		120,924,142
			30,103,654		58,468,692		120,924,143
13	**INVENTORIES:(AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)**						
	Raw Materials *	696,879,187		2,360,841,095		3,048,751,886	
	Raw Materials in Transit	273,087,880		306,068,623		187,960,466	
			969,967,067		2,666,909,718		3,236,712,352
	Stores Spares Parts	310,742,630		152,052,098		73,417,006	
	Stores Spares parts in Transit	10,911,229		51,265		–	
			321,653,859		152,103,363		73,417,006
			1,291,620,926		2,819,013,081		3,310,129,359

*Raw Material Inventory includes ₹ 66,96,94,089 towards coal and ₹ 2,71,85,098 towards fuel oil.

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
14	**CURRENT INVESTMENTS**						
	Mutual Funds Short Term	–	–	–	–	–	1,343,645
		–	–	–	–	–	1,343,645
		–	–	–	–	–	1,343,645

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
15	**TRADE RECEIVABLES**						
	Debts outstanding for more than 6 months						
	Other Debts						
	Unsecured						
	Debts Outstanding for more than 6 months						
	Considered Good	9,652,370,204		5,682,283,109		1,590,491,507	
	Other Debts						
	Considered Good	5,591,316,824		7,746,992,322		5,654,933,293	
		15,243,687,028		13,429,275,431		7,245,424,800	
	Less : Allowance for Doubtful Debts– Unsecured *	(1,410,000,000)		–		–	
			13,833,687,028		13,429,275,431		7,245,424,800
	Debts outstanding for more than 6 months						
			13,833,687,028		13,429,275,431		7,245,424,800

*Represents the provision for Expected Credit Loss towards delays in accordance with INDAS 107

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
16	**CURRENT – CASH AND CASH EQUIVALENTS**						
	Balance with banks						
	Balances with Scheduled Banks Current Account	**658,344**		*3,392,349*		*1,738,158,383*	
	Cheques and drafts on hand						
	Cash on Hand	**25,968**		*26,675*		*26,147*	
			684,312		*3,419,024*		*1,738,184,530*
17	**CURRENT – OTHER BANK BALANCES**						
	Fixed Deposit with Banks including interest accrued thereon						
	Bal with Sch Banks Fixed Deposit with maturity > 3 Months and < 12 Months	**51,289,317**		*48,274,362*		–	
			51,289,317		*48,274,362*		–
18	**CURRENT – LOANS**						
	Security deposits						
	Security deposits – unsecured						*246,500*
	Loans to related parties						
	Loans to related parties– Unsecured						
	Subsidiary Companies						
	Associates Companies						
	Joint Ventures						
							246,500
19	**LOANS TOWARDS FINANCING ACTIVITIES**						
	Secured Loans :						
	Unsecured Loans :						
	Considered Good :						
	Lease Receivable – Unsecured * (Refer Note 49 (VI))		**2,879,429,731**		*2,879,289,809*		*2,166,026,697*
			2,879,429,731		*2,879,289,809*		*2,166,026,697*

*Represents Current portion of Lease receivables towards the finance lease in accordance with INDAS 17

20	**CURRENT – OTHER FINANCIAL ASSETS**						
	Advance recoverable in cash or kind						
	Advances to Employees	**105,048**		*155,000*		*115,000*	
			105,048		*155,000*		*115,000*
			105,048		*155,000*		*115,000*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
21	**CURRENT TAX ASSETS (NET)**						
	Advance Tax Installment Current Year	–		–		–	
	TDS Certificate Received in Current Year	–		–		–	
	TDS Certificate Receivables Current Year	–		–		–	
		–		–		–	
	Less :						
	Provision for Current year tax	–		–		–	
			–		–		–
22	**OTHER CURRENT ASSETS**						
	Due from Customers (construction and project related activity)						
	Work–in–Progress at Realisable Sales Value	428,594,880		242,517,131		4,226,770,737	
			428,594,880		242,517,131		4,226,770,737
	Unbilled revenue including retention money						
	Other Receivables for unbilled Revenue	223,116,250		186,860,187		–	
			223,116,250		186,860,187	–	–
	Advance recoverable other than in cash						
	Advances to Suppliers	820,106,598		1,174,588,534		909,236,042	
	Prepaid Insurance	102,858,742		85,966,891		96,484,140	
	Prepaid Expenses	2,024,281		(3)		(1)	
	Prepaid Interest	–		–		7,103,185	
	VAT Recoverable	–		–		2,738,424	
	Service Tax Recoverable	3,197,170		3,197,170		–	
			928,186,791		1,263,752,592		1,015,561,790
	Income Tax Prior Years						
	Income Tax Balance Net of Previous Year Provisions	7,006,810		25,886,239		–	
			7,006,810		25,886,239	–	–
	Financial Guarantee Asset		68,225,254		155,436,751		87,637,937
			1,655,129,985		1,874,452,900		5,329,970,464

		As at 31.03.2017 Number of Shares		As at 31.03.2016 Number of Shares		As at 01.04.2015 Number of Shares	
25	**SHARE CAPITAL**						
	Authorised						
	3000000000 Equity share of ₹ 10 Each	3000000000	30,000,000,000	3000000000	30,000,000,000	3000000000	30,000,000,000
	Issued:		30,000,000,000		30,000,000,000		30,000,000,000
	Subscribed and Paid up Equity Share Capital ICO						
	2325000000 Equity Shares of ₹ 10 Each	2325000000	23,250,000,000	2325000000	23,250,000,000	2325000000	23,250,000,000
			23,250,000,000		23,250,000,000		23,250,000,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares		Number of Shares		Number of Shares	
Subscribed and Paid up:						
Subscribed and Paid up Equity Share Capital ICO	**2325000000**	**23,250,000,000**	2325000000	23,250,000,000	2325000000	23,250,000,000
2325000000 Equity Shares of ₹ 10 Each						
		23,250,000,000		23,250,000,000		23,250,000,000
(i) Reconciliation of the number of equity shares and share capital :						
Issued,Subscribed & Fully paid–up equity shares outstanding at the beginning of the period	**2,325,000,000**	**23,250,000,000**	2,325,000,000	23,250,000,000	2,325,000,000	23,250,000,000
Add : Shares issued during the year as fully paid	**–**	**–**	–	–	–	–
Issued,Subscribed & Fully paid–up equity shares outstanding **at the end of the period**	**2,325,000,000**	**23,250,000,000**	2,325,000,000	23,250,000,000	2,325,000,000	23,250,000,000

(ii) Terms/Rights attached to Equity Shares :

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

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

(iii) Shares held by Holding Company and/or their Subsidiaries/Associates :

	Relationship	As at 31.03.2017	As at 31.03.2016	As at 31.03.2015
L&T Power Development Ltd. (L&T PDL), the Holding Company and its nominees.				
Equity Shares of ₹ 10 each fully paid up	Holding Company	**2325000000**	2,325,000,000	2325000000

(iv) Shareholders holding more than 5% shares in the company as at the year end:

Name of Shareholders	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of Shares	% age	Number of Shares	% age	Number of Shares	% age
Equity Shares						
L&T Power Development Ltd. (L&T PDL), the Holding Company and its nominees.	**2,325,000,000**	**100%**	2,325,000,000	100%	2,325,000,000	100%

26 OTHER EQUITY	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Equity component of Preference Share Capital	**726,000,000**	726,000,000	–
Retained Earnings	**(583,488,399)**	(322,402,468.00)	(356,113,037.00)
Hedging Reserve Fund ICO	**(21,916,234)**	(28,798,493.00)	(96,942,000.00)
Securities Premium Account	**2,904,000,000**	2,904,000,000	–
Debenture Redemption Reserve	**2,712,897,380**	2,712,897,380	750,844,118
	5,737,492,747	5,991,696,419	297,789,081

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Statement of changes in equity						
Equity component of Preference Share Capital	**726,000,000**		*726,000,000*		–	
Securities premium account						
As per last Balance Sheet	**2,904,000,000**		–		–	
Add:						
Additions	–		*2,904,000,000*		–	
		2,904,000,000		*2,904,000,000*		–
Debenture redemption reserve						
As per last Balance Sheet	**2,712,897,380**		*750,844,118*		–	
Add:						
Additions	–		*1,962,053,262*		–	
Transfer from Debenture Redemption reserve	–		–		**750,844,118**	
		2,712,897,380		*2,712,897,380*		*750,844,118*
Hedging Reserve Fund						
As per last Balance Sheet	**(28,798,493)**		*(96,942,000)*		–	
Add:						
Additions	**6,882,259**		*68,143,507*		**(96,942,000)**	
Less:						
Deductions	–		*(0)*		–	
		(21,916,234)		*(28,798,493)*		*(96,942,000)*
Profit and Loss Account						
Opening Balance	**(322,402,468)**		*(356,113,037)*		**(1,509,545,560)**	
Profit for the period	**(261,085,931)**		*1,995,763,831*		**1,904,276,641**	
Other comprehensive income	–		–		–	
Less:						
Profit Available for Appropriation	–		*1,962,053,262*		**750,844,118**	
		(583,488,399)		*(322,402,468)*		*(356,113,037)*
		5,737,492,747		*5,991,696,419*		*297,789,081*

Debenture Redemption Reserve has been created to the extent of free reserves available for distribution.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
27 NON CURRENT – BORROWINGS						
Secured :						
Long Term Secured Debentures/Bonds *						
Secured – Redeemable non–convertible fixed rate debentures	–		–		10,494,068,937	
		–		–		10,494,068,937
Long Term Secured Term Loans						
Long Term Secured Loans from Banks **		3,849,199,374		4,396,636,330		4,321,895,171
		3,849,199,374		4,396,636,330		14,815,964,108
Unsecured :						
Long Term Unsecured Debentures/Bonds *						
Unsecured – Redeemable non–convertible fixed rate debentures (Refer Note 49 (XXII))	32,305,680,799		41,122,911,650		36,516,776,987	
		32,305,680,799		41,122,911,650		36,516,776,987
		32,305,680,799		41,122,911,650		36,516,776,987
		36,154,880,172		45,519,547,980		51,332,741,095

* Non Convertible Debentures issued by company are secured by Corporate Guarantee from Larsen & Toubro Ltd.(Ultimate holding Company).Non Convertible Debentures are listed on National Stock Exchange.

**Loan is repayable in 24 equal installments started from Sept 2014.

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
28 NON CURRENT – TRADE PAYABLES						
Suppliers Ledger – Revenue goods / services (NC)	–		–		0	
		–		–		0
29 NON CURRENT – OTHER FINANCIAL LIABILITIES						
Forward Contract Payable (NC)		114,509,913		30,150,766		367,532,257
Premium Payable on Financial Guarantee Contracts (NC)		30,103,654		58,468,692		120,924,142
		144,613,567		88,619,458		488,456,399

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
32	**CURRENT – BORROWINGS**						
	Secured:						
	Short Term Secured Loans						
	Short Term Secured Loans Repayable on Demand						
	Secured Demand Loans from Banks						
	Secured Loans from Banks – Cash Credits *	**85,743,511**		*90,852,930*		*705,526,729*	
			85,743,511		*90,852,930*		*705,526,729*
			85,743,511		*90,852,930*		*705,526,729*
	Unsecured:						
	Short Term Loans/Inter–corporate borrowings from Parent Companies ICO (Refer Note 49 (X)	**15,768,797,756**		*9,029,924,420*		*1,100,461,096*	
			15,768,797,756		*9,029,924,420*		*1,100,461,096*
	Commercial Paper Face Value		**3,967,146,667**		*12,861,344,916*		*18,549,000,577*
	Redeemable non–convertible fixed rate debentures (Refer Note 49 (XXII))	**–**	**–**	–	–		*5,245,780,767*
			19,735,944,423		*21,891,269,336*		*24,895,242,440*
			19,821,687,933		*21,982,122,266*		*25,600,769,169*

*Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
33	**CURRENT MATURITIES OF LONG TERM BORROWINGS**						
	Secured :						
	Secured Debentures/Bonds/Pref Share Capital						
	Secured Term Loans – Current portion						
	Secured Loans from Banks – Current portion *	**487,438,145**		*495,620,099*		*439,095,804*	
			487,438,145		*495,620,099*		*439,095,804*
			487,438,145		*495,620,099*		*439,095,804*
	Unsecured :						
	Unsecured Debentures/Bonds/Pref Share Capital						
	Unsecured Redeemable non–convertible Fixed rate debentures (Refer Note 49 (XXII))	**20,283,267,348**		*12,624,281,202*		–	
			20,283,267,348	₹	*12,624,281,202*		–
	Loans from Related Parties – Current portion	**–**		–		–	
			20,283,267,348		*12,624,281,202*		–
			20,770,705,493		*13,119,901,301*		*439,095,804*

*Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
34	**CURRENT – TRADE PAYABLES**						
	Acceptances – Including ICO	–	–	–	–		530,478,041
	Due to Related Parties		405,658,454		1,031,245,321		2,603,143,014
	MSME Suppliers (Refer Note 49 (XI))		11,248,326		2,758,431		5,105,399
	Due to Others						
	Liability for Revenue Goods	166,582,471		1,280,545,689		57,044,848	
	Unclaimed Credit Balances	261,080		–		–	
	Suppliers Ledger – Revenue goods / services	551,361,813		759,697,067		1,412,791,028	
			718,205,364		2,040,242,756		1,469,835,876
			1,135,112,144		3,074,246,508		4,608,562,330
35	**CURRENT – OTHER FINANCIAL LIABILITIES**						
	Due to Others						
	Security Deposit Received ICO	8,026,958		13,851,958		34,336,958	
	Other Payables (ICO) *	38,421,969		3,947,825		2,020,689	
	Other Payables **	1,748,921,254		–		–	
	Forward Contract Payable	146,801,386		106,564,504		343,376,457	
			1,942,171,567		124,364,287		379,734,104
	Premium Payable on Financial Guarantee Contracts		68,225,254		155,436,751		87,637,937
			2,010,396,821		279,801,038		467,372,041

* Includes Liability towards gratuity fund–funded plan

** Other payables includes non accrual of revenue towards disputed litigations

36	**OTHER CURRENT LIABILITIES**						
	Due to customers – Construction Contract						
	Other Payables	43,470,515		56,008,960		34,726,684	
			43,470,515		56,008,960		34,726,684
	CURRENT LIABILITIES						
37	**CURRENT – PROVISIONS**						
	Provision for employee benefits:						
	Compensated Absences (Refer Note 49 (IV))	17,503,180		11,294,508		9,844,634	
			17,503,180		11,294,508		9,844,634
			17,503,180		11,294,508		9,844,634

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
38 LIABILITIES FOR CURRENT TAX (NET)						
Provision for Current year tax	**316,561,690**		*544,393,700*		*502,483,540*	
Less :						
Advance Tax Installment Current Year	**–**		*445,996,750*		*485,402,472*	
TDS Certificate Received in Current Year	**–**		–		*5,372,707*	
TDS Certificate Receivables Current Year	**5,781,362**		*7,027,070*		–	
		310,780,328		*91,369,880*		*11,708,361*

	01.04.2016 to 31.03.2017		01.04.2015 to 31.03.2016		01.04.2016 to 31.12.2016	
	₹	₹	₹	₹	₹	₹
42. REVENUE FROM OPERATIONS						
Sales & Services						
Manufacturing and trading activity						
Manufacturing Activity – Gross Sales ICO	**–**		*113,686*		–	
Manufacturing Activity – Gross Sales Others	**358,663,374**		*270,924,556*		*256,064,427*	
		358,663,374		*271,038,242*		*256,064,427*
Construction and project related activity						
Charged for Completed Jobs Others – Construction	**211,224,676**		*4,987,479,560*		*211,224,676*	
WIP at Close Including Materials at Site Others – Construction	**428,594,880**		*242,517,130*		*355,638,703*	
WIP at Commencement Incl. Materials at site Others – Construction	**(242,517,131)**		*(4,226,770,737)*		*(242,517,131)*	
		397,302,425		*1,003,225,953*		*324,346,248*
Income from financing activity/annuity based projects						
Profit on Sale of Assets	**–**		*0*		–	
Finance lease Income Power Plant *	**12,504,112,555**		*12,397,768,563*		*9,411,142,320*	
		12,504,112,555		*12,397,768,563*		*9,411,142,320*
Fees for Operation and Maintenance of Power Plant **		**22,163,078,869**		*19,603,614,687*		*17,057,615,625*
		35,423,157,223		*33,275,647,445*		*27,049,168,620*
Other Operational Income:						
Premium earned (net) on related forward exchange contracts						
Premium on Forward Contracts (OD Purchases)	**(239,541,704)**		*(286,838,877)*		*(183,678,150)*	
		(239,541,704)		*(286,838,877)*		*(183,678,150)*
		(239,541,704)		*(286,838,877)*		*(183,678,150)*
		35,183,615,519		*32,988,808,568*		*26,865,490,470*

*Represents revenue recognised towards Capacity charges billed under long term Power Purchase Agreement with Punjab State Power Corporation Limited

**Represents revenue recognised towards Energy charges billed under long term Power Purchase Agreement with Punjab State Power Corporation Limited

Refer note 48 (v)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	01.04.2016 to 31.03.2017 ₹	₹	01.04.2015 to 31.03.2016 ₹	₹	01.04.2016 to 31.12.2016 ₹	₹
43. OTHER INCOME						
Others						
"Interest Received on ICD– Others (Short Term) ICO"	**197,957**		*47,012,728*		*197,957*	
		197,957		*47,012,728*		*197,957*
Dividend Income:						
Others						
Dividend Income from Mutual Funds	**–**		*5,155,792*		*–*	
Income from Other Investments	**89,256,548**		*23,099,233*		*88,363,958*	
	89,256,548		*28,255,025*		*88,363,958*	
		89,256,548		*28,255,025*		*88,363,958*
Net gain/(loss) on sale of fixed assets (net)						
Gain on Sale of Fixed Assets Net – Tangible	**61,620**		*68,021*		*31,494*	
		61,620		*68,021*		*31,494*
IndAS – Gain/(Loss) on FV of Investments						
		89,516,125		*75,335,774*		*88,593,409*
44. MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES:						
Materials consumed:						
Cost of Raw materials and components Consumed						
Opening Stock Raw Materials Others	**2,360,841,095**		*3,048,751,886*		*2,360,841,095*	
Opening stock of raw materials in transit	**306,068,623**		*187,960,466*		*306,068,623*	
Purchase Raw Materials Others	**23,435,674,673**		*20,588,551,767*		*17,374,870,497*	
Purchase Components ICO	**182,107,797**		*398,923,838*		*178,770,139*	
Purchase Components Others	**1,706,459**		*3,478,865*		*1,582,955*	
Freight Inwards ICO	**1,296,361**		*1,294,814*		*177,713*	
Closing Stock Raw Materials	**(969,967,067)**		*(2,666,909,718)*		*(1,192,559,071)*	
	25,317,727,941		*21,562,051,918*		*19,029,751,951*	
Less: Scrap sales						
Scrap Sales Mfg Scrap	**12,721,385**		*19,062,082*		*12,704,707*	
		25,305,006,556		*21,542,989,836*		*19,017,047,244*
Excise Duty						
		6,970,965		*5,314,885*		*4,972,916*
Stores, Spares and tools						
Stores, Spares						
Opening Stock – Stores Spares In Transit	**51,265**		*–*		*51,265*	
Opening Stock – Stores Spares Others	**152,052,098**		*73,417,006*		*152,052,098*	
Purchase – Stores Spares ICO	**104,173,066**		*99,731,449*		*–*	
Purchase – Stores Spares Others	**347,663,530**		*474,390,436*		*315,744,516*	
Closing Stock – Stores Spares In Transit	**(10,911,229)**		*(51,265)*		*–*	
Closing Stock – Stores Spares Others	**(310,742,630)**		*(152,052,098)*		*(276,569,556)*	
		282,286,100		*495,435,527*		*191,278,323*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	01.04.2016 to	**31.03.2017**	*01.04.2015 to*	*31.03.2016*	*01.04.2016 to*	*31.12.2016*
	₹	₹	₹	₹	₹	₹
Sub–contracting charges						
Sub Contracts Others	**330,913,679**		*269,051,814*		*259,074,626*	
Sub Contracts ICO	**128,676,471**		*133,440,731*		*109,703,063*	
		459,590,150		*402,492,545*		*368,777,689*
Less: Opening stock:						
Other manufacturing, construction and operating expenses:						
Power and fuel						
Power	**1,732,558**		*17,517,859*		*73,928*	
		1,732,558		*17,517,859*		*73,928*
Hire charges–plant Machinery						
Hire Charges Plant Machinery MCO Activity	**4,286,560**		*3,000,294*		*2,835,709*	
		4,286,560		*3,000,294*		*2,835,709*
Engineering, professional, technical or consultancy fees						
Engineering Professional Technical or Consultancy Fees	**130,032,812**		*114,701,570*		*59,402,412*	
Engg. Professional Technical or Consultancy Fees ICO	**275,015,423**		*286,072,297*		*236,649,918*	
		405,048,235		*400,773,867*		*296,052,330*
Insurance MCO Acitivity						
Others MCO Activity	**111,112,711**		*116,643,677*		*82,184,059*	
		111,112,711		*116,643,677*		*82,184,059*
Rent MCO Activity						
Rent others e.g. Godown etc	**1,651,998**		*1,916,320*		*1,141,612*	
		1,651,998		*1,916,320*		*1,141,612*
Rates Taxes MCO Activity						
Water Charges paid	**19,494,950**		*15,014,393*		*15,321,459*	
		19,494,950		*15,014,393*		*15,321,459*
Travelling and conveyance MCO Activity						
Travelling						
Travel Inland Tickets MCO Activity	**4,066,330**		*4,343,537*		*2,567,875*	
Travel Conv. allowance for official purpose MCO Activity ICO	**–**		*154,602*		*–*	
Conveyance						
Conveyance expenses MCO Activity	**29,568,426**		*34,105,909*		*21,823,777*	
		33,634,756		*38,604,048*		*24,391,652*
General repairs and maintenance						
Security services at site	**24,524,998**		*19,886,120*		*20,077,675*	
Other repairs maintenance incl. ICO	**15,197,807**		*7,698,062*		*7,725,094*	
		39,722,805		*27,584,182*		*27,802,769*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	01.04.2016 to	31.03.2017	01.04.2015 to	31.03.2016	01.04.2016 to	31.12.2016
	₹	₹	₹	₹	₹	₹
Miscellaneous expenses						
Other Manufacturing Construction and Operating Expenses	109,257,726		207,316,672		70,509,092	
Other Manufacturing Construction and Operating Exp. ICO	114,294,797		113,059,368		87,284,968	
		223,552,523		320,376,040		157,794,060
		840,237,097		941,430,679		607,597,579
Finace cost of financial services business						
Interest and other financing charges						
Interest Paid on Inter–Corporate Borrowing ICO	624,133,486		315,016,863		442,269,093	
Interest Lease Finance	5,851,901,882		6,314,643,312		4,448,299,256	
		6,476,035,368		6,629,660,175		4,890,568,349
Consultancy Charges ICO	–		0		–	
	–	–		0	–	–
Total Mfg Construction and Operating expenses		33,370,126,236		30,017,323,648		25,080,242,100

45. EMPLOYEE BENEFIT EXPENSES

	01.04.2016 to	31.03.2017	01.04.2015 to	31.03.2016	01.04.2016 to	31.12.2016
Salaries, Wages and bonus						
Salaries						
Salaries	285,612,245		237,726,750		214,396,182	
Salaries ICO	75,331,716		63,350,522		59,979,054	
		360,943,961		301,077,272		274,375,236
Wages						
Leave Encashment Provision	6,695,180		2,401,478		1,306,461	
		6,695,180		2,401,478		1,306,461
		367,639,141		303,478,750		275,681,697
Contribution to and provision for						
Provident fund and pension fund						
Contribution Provision to PF Pension RPFC	6,943,100		6,640,608		5,145,726	
Gratuity funds						
Provision to Gratuity Fund	4,833,322		1,915,086		1,294,684	
		11,776,422		8,555,694		6,440,410
Employee welfare expenses						
Staff Welfare Expenses	1,571,191		2,233,704		272,408	
		1,571,191		2,233,704		272,408
Cost of LNT Group Employees on Deputation ICO	–	–		393	–	–
		380,986,754		314,268,541		282,394,515

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	01.04.2016 to	31.03.2017	01.04.2015 to	31.03.2016	01.04.2016 to	31.12.2016
	₹	₹	₹	₹	₹	₹
46. SALES, ADMINISTRATION AND OTHER EXPENSES						
Miscellaneous expenses						
Corporate Social Responsibility	**44,026,759**		*44,305,132*		*25,650,111*	
Donations	**–**		*394,618*		–	
		44,026,759		*44,699,750*		*25,650,111*
Provision for Expected Credit Losses (towards delays)	**1,410,000,000**		–		–	
		1,410,000,000	–	–	–	–
Exchange (gain)/loss						
Exchange Gain Loss OD – Others	**(324,984)**		*7,009*		*(324,984)*	
Exchange Gain Loss IC/Unit – Creditors	**(184,801)**		*24,842,830*		*(259,350)*	
Exchange Gain Loss – Forward Contract Payables	**40,579,049**		*(559,516,174)*		*55,975,975*	
Exchange Gain Loss – Long Term Loans	**(52,023,965)**		*671,009,335*		*(42,766,784)*	
Exchange Gain Loss – Others	**–**		*(1,161,647)*		–	
		(11,954,701)		*135,181,353*		*12,624,857*
v		**1,442,072,058**		*179,881,103*		*38,274,968*

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
I. CONTINGENT LIABILITIES:			
(c) Excise duty/Custom duty/Service tax liability that may arise in respect of matters in appeal/challenged by the company	**85,257,872**	–	–
(d) Income tax liability (including penalty) that may arise in respect of which the company is in appeal	**465,256**	*10,564,450*	*10,564,450*
(g) Contingent liabilities in respect of other claims	**12,339,418,440**	*9,307,357,872*	*4,976,400,000*
Refer note (49(IX))			

BRIEF DESCRIPTION OF THE COMPANY:

Nabha Power Limited (NPL) has set up a 2 X 700 MW Coal based Super critical Thermal Power Plant at Rajpura, Punjab. NPL has signed a Power Purchase Agreement with Punjab State Power Corporation Limited (formerly, Punjab State Electricity Board) for sale of 100% power generated from the plant for a period of twenty five years. NPL has also entered into a long term Fuel Supply Agreement (FSA) with South Eastern Coalfields Limited (SECL), a subsidiary of Coal India Limited for supply of fuel (coal) to the plant for a period of twenty years.

48) SIGNIFICANT ACCOUNTING POLICIES:

I) Statement of Compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 and sub–section (1) of Section 210A of the Companies Act, 1956.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of I–GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006.

Financial Statements for the financial year 2016–17 are first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

NOTES FORMING PART OF ACCOUNTS (Contd.)

II) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention. The carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS.

Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

III) Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (Ind AS) 3 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and SEBI (Listing Obligations and Disclosure Requirements) Regulations.

IV) Leases

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

i. Assets given under leases where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Where under a contract, the Company has agreed to manufacture/construct an asset and convey, in substance, a right to the beneficiary to use the asset over a major part of its economic life, for a pre–determined consideration, such arrangement is also accounted as finance lease.

ii. Assets given under a finance lease are recognized as a receivable at an amount equal to the net investment in the lease. Lease income is recognized over the period of the lease so as to yield an implicit rate of return on the net investment in the lease.

V) Revenue Recognition

a. Wherever the asset is constructed by the company and given on finance lease, the fair value of the asset, representing the net investment in the lease, is recognised as contract revenue in accordance with the company's revenue recognition policy for construction contracts when the asset is under construction, which is as follows:

Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to–date to the total estimated contract costs. Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

b. For finance lease, the revenue recognition is as under:

The amounts received under the long term Power Purchase Agreement (PPA) are classified under two heads in the following manner:

Capacity Charges

The payments received in the form of non–escalable capacity charges are treated as lease rentals and split into two components as under:

- Repayment of principal i.e. capital recovery towards net investment in the lease is adjusted against Finance lease receivable; and
- Finance income over the period of the lease so as to yield an implicit rate of return on the net investment in the lease. This is being recognised in the statement of profit and Loss on accrual basis as 'Finance Lease Income'

Energy Charges

Energy Charges received under the provisions of the PPA, which are towards recovery of fuel and related costs, are recognised in the statement of Profit and Loss on accrual basis as 'Fees for Operation and Maintenance of Power Plant'

VI) Property, Plant and Equipment (Fixed Assets)

Gross carrying amount of an asset is its cost or other amount substituted for the cost in the books of accounts, without making any deduction for accumulated depreciation and accumulated impairment losses.

Cost is the amount of cash or cash equivalents paid or the fair value of the other considerations given to acquire an asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset at the time of its acquisition or construction or, where applicable, the amount attributed to that asset when initially recognized in accordance with the specific requirements of other Accounting Standards.

Carrying amount is the amount at which an asset is recognized after deducting any accumulated depreciation and accumulated depreciation losses.

The cost of an item of property, plant and equipment is recognized as an asset if, and only if:

(a) it is probable that future economic benefits associated with the item will flow to the Company; and

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) the cost of the item can be measured reliably.

Tangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work–in–progress".

For transition to Ind AS, the carrying value of Property, Plant and Equipment under I–GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Depreciation

Depreciation on assets has been provided on straight line method on the basis of useful life as prescribed in Schedule II to the Companies Act, 2013.

Depreciation is the systematic allocation of the depreciable amount of an asset over its useful life.

Useful life is:

(a) the period over which an asset is expected to be available for use by an enterprise; or

(b) the number of production or similar units expected to be obtained from the asset by an enterprise.

The estimated useful lives of the assets are as follow:

Asset Category	Useful Life (Years)
Buildings	30
General Plant and Machinery	21
Office Equipment	15
Electrical Installations	10
Furniture and Fixtures	10
Motor Vehicles	8
Laptops, Desktops	3
Specialised software / Licences	3

Depreciation for, additions/deductions is calculated pro rata from/to the month of additions/deductions.

VII) Impairment

The carrying amount of assets is reviewed at each Balance Sheet date. Where there is any indication of impairment based on internal/external indicators, an impairment loss is recognized in the Statement of Profit and Loss where the carrying amount exceeds the recoverable amount. The impairment loss is reversed if there is change in the recoverable amount and such loss either no longer exists or has decreased.

VIII) Inventories

Inventories of Raw materials, consumables, supplies, fuel, stores and spares and loose tools are valued at lower of cost (on weighted average basis) or net realizable value whichever is lower.

IX) Provisions, contingent liabilities and contingent assets

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

1) The Company has a present obligation as a result of a past event.

2) A probable outflow of resources is expected to settle the obligation and

3) The amount of the obligation can be reliably estimated.

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

Contingent Liability is disclosed in the case of

a) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

b) a present obligation when no reliable estimate is possible; and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

X) Borrowing cost

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of such asset till such time as the asset is ready for the intended use. In addition to Interest charges, borrowing costs also include amortized ancillary costs incurred in connection with the arrangement of borrowings, exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs. A qualifying asset is an asset that necessarily requires substantial period of time to get ready for its intended use.

XI) Financial Instruments

inancial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortised cost or fair value.

Financial liabilities, including derivatives and embedded derivatives, which are designated for measurement at Fair Value Through Profit or Loss (FVTPL) are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of the underlying asset subject to the guarantee and the amount recognised less cumulative amortisation. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method applied retrospectively in accordance with Accounting Standards

In respect of transactions occurring on or after the date of transition, a financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non–derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges.

(i) Fair value hedges: Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting in respect of fair value hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

(ii) Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the heading of hedging reserve. The gain or loss relating to the ineffective portion, if any, is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion as described above, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting in respect of cash flow hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

XII) Foreign Currency Transactions, foreign operations, forward contracts and derivatives

a. The reporting currency of the Company is Indian rupee

b. Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.

c. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognized as

d. Non–monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transaction.

e. Forward contracts, other than those entered into to hedge foreign currency risk on unexecuted firm commitments or highly probable forecast transactions, are treated as foreign currency transactions and accounted accordingly as per Ind AS 21 “The effects of changes in foreign exchange rates”.

f. Gains and losses arising on account of roll over/ cancellation of forward contracts are recognised as income/expense of the period in which such roll over/cancellation takes place.

g. All other forward contracts entered into to hedge foreign currency risks on unexecuted firm commitments and highly probable forecast transactions, are recognised in the financial statement at fair value as on the Balance sheet date as per Ind AS 109 “Financial Instruments”

h. The premium paid/received on a foreign currency forward contract is accounted as expense/income over the life of the contract.

NOTES FORMING PART OF ACCOUNTS (Contd.)

XIII) Cash Flow Statement

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

a) Transactions of non–cash nature

b) Any deferrals or accruals of past or future operating cash receipts of payments

c) Items of income or expense associated with investing or financing cash flows

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

49) OTHER NOTES FORMING PART OF ACCOUNTS

I. The Balance Sheet as at 31st March 2017 and the Statement of Profit and Loss for the year ended 31st March 2017 are drawn and presented as per the Schedule III to the Companies Act, 2013.

II. Disclosures pursuant to Ind AS 2 on "Inventories"

Particulars	**2016–17**	*2015–16*
	₹	₹
i. Raw Materials	**969,967,067**	*2,666,909,718*
ii. Stores, Spares and Consumables	**321,653,859**	*152,103,363*

Note: Amounts recognized in Profit or Loss

a. Written downs of inventories to net realizable value amounted to ₹ Nil (31 March 16: Nil).

III. Disclosures pursuant to Ind AS on "Construction Contracts"

Particulars	**2016–17**	*2015–16*
	₹	₹
i. Contract Revenue recognized for the Financial year	**397,302,425**	*100,32,25,953*
ii. Aggregate amount of Contract costs incurred as at end of Financial year for all contracts in progress as at that date	**428,594,880**	*24,25,17,131*
iii. Amount of customer advances outstanding for contracts in progress as at end of the Financial year	**–**	–
iv. Retention amounts due from customers for the contracts in progress as at end of the Financial year	**–**	–

IV. Disclosure pursuant to Ind AS on "Employee Benefits"

a. Provision for Gratuity ₹ 35,38,622 (Previous year ₹ 19,15,086) as per the provisions of Payment of Gratuity Act,1972 is made on actuarial basis as follows:

Amounts recognized in Balance Sheet:

Particulars	**2016–17**	*2015–16*
	₹	₹
Present Values of Funded Obligations	**81,98,312**	*60,43,806*
Present Values of Unfunded Obligations	**–**	–
Fair Value of Plan Assets	**(46,59,690)**	*(41,28,720)*
Net Liability	**35,38,622**	*19,15,086*
Net defined benefit liability/ (Asset) recognized in balance sheet	**35,38,622**	*19,15,086*
Amount in Balance Sheet		
Current Liabilities		
Non–Current Liabilities	**35,38,622**	*19,15,086*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Expense recognized in statement of Profit & Loss Account:

Particulars	2016–17	2015–16
	₹	₹
Current Service Cost	**17,72,462**	*21,15,950*
Past service cost	**–**	–
Administrative expenses	**–**	–
Interest on net defined benefit liability /(Asset)	**75,037**	*13,217*
Gain/ Loss on settlement	**–**	–
Total amount charged to P&L account	**18,47,499**	*21,29,167*

Amount Recorded in Other Comprehensive Income:

Particulars	2016–17	2015–16
	₹	₹
Opening amount recognized in OCI outside profit&Re–measurements during the period due to	**(214,081)**	–
Change in Financial assumptions	**8,14,332**	*(248,379)*
Change in demographic assumptions	**–**	–
Experience adjustments	**(9,18,996)**	*(479,417)*
Actual return on plan assets less interest on plan assets	**1,91,089**	*5,13,715*
Adjustment to recognize the effect of asset ceiling	**–**	–
Closing amount recognized in OCI outside the P&L account	**(1,27,656)**	*(214,081)*

Movement in the Planned Assets

Reconciliation of the plan assets during the inter–valuation period is given below

Particulars	2016–17	2015–16
	₹	₹
Opening fair value of plan assets	**41,28,720**	*31,50,257*
Employers contribution	**3,10,388**	*11,67,304*
Interest on plan assets	**4,11,671**	*3,24,874*
Administrative expenses	**–**	–
Re–measurements due to		
Actual return on plan assets less interest on plan assets	**(1,91,089)**	*(5,13,715)*
Benefits paid	**–**	
Closing amount recognized in OCI outside the P&L account	**46,59,690**	*41,28,720*

A split of the Defined Benefit Obligation (DBO) as at the valuation date between liability which has not vested and that which has fully vested is presented in the table below

	Period ended March 31, 2017
	₹
DBO in respect of non vested employees	**51,16,563**
DBO in respect of vested employees	**30,81,749**
Total defined benefit obligation	**81,98,312**

The following table summarizes the impact in percentage terms on the reported Defined Benefit Obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Period ended March 31, 2017	
	Discount rate	Discount rate Salary Escalation rate
Impact of increase in 50 bps on DBO	**-6.40%**	**-7.16%**
Impact of decrease in 50 bps on DBO	**7.10%**	**-6.51%**

Reconciliation of Net Liability/ Asset

Particulars	Period Ended	
	31-Mar-17	*31-Mar-16*
	₹	₹
Opening net defined benefit liability / (asset)	**19,15,086**	*11,67,304*
Expenses charged to P&L account	**18,47,499**	*21,29,167*
Amount recognised outside P&L account	**86,425**	*(2,14,081)*
Employer contributions	**(3,10,388)**	*(11,67,304)*
Impact of liability assumed or (settled)*	**–**	*–*
Closing net defined benefit liability/ (asset)	**35,38,622**	*19,15,086*

*On account of business combination or inter group transfer

Movement in Benefit Obligations:

Particulars	Period Ended	
	31-Mar-17	*31-Mar-16*
	₹	₹
Opening of defined benefit obligation	**60,43,806**	*43,17,561*
Current Service Cost	**17,72,462**	*21,15,950*
Past Service Cost	**–**	*–*
Interest on defined benefit obligation	**4,86,708**	*3,38,091*
Re–measurement due to :		
Actuarial loss/(gain) arising from change in financial assumptions	**8,14,332**	*(2,48,379)*
Actuarial loss/(gain) arising from change in demographic assumptions	**–**	*–*
Actuarial loss/(gain) arising on account of experience changes	**(9,18,996)**	*(4,79,417)*
Benefits paid	**–**	*–*
Liabilities assumed/(settled)*	**–**	*–*
Liabilities extinguished on settlements	**–**	*–*
Closing of defined benefit obligation	**81,98,312**	*60,43,806*

Disaggregation of Plan Assets

Particulars	Period ended March 31, 2017		
	Quoted value	Non–Quoted value	Total
	₹	₹	₹
Insurer managed funds	**–**	**46,59,690**	**46,59,690**
Total	**–**	**46,59,690**	**46,59,690**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Principal actuarial assumption at the balance sheet date:

Particulars	2016-17	2015-16
	%	%
(i) Discounting Rate (p.a.)	**7.40%**	*8.20%*
(ii) Salary Escalation Rate (p.a.)	**6.00%**	*6.00%*

(iii) **Discount Rate:** The discount rate is based on the prevailing market yields of Indian government securities as at 14th Feb 2017 for the estimated term of the obligations.

(iv) **Salary Escalation Rate:** The estimates of future salary increase considered takes into account the inflation, seniority, promotion and other relevant factors.

Demographic Assumptions at the Valuation Date:

(v) **Retirement Age:** The employees of the Company are assumed to retire at the age of 58 years.

vii) **Mortality:** Published rates under the Indian Assured Lives Mortality (2006-08) Ult table. Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates
18	0.000800
23	0.000961
28	0.001017
33	0.001164
38	0.001549
43	0.002350
48	0.003983
53	0.006643
58	0.009944

(vi) Leaving Service: Rates of leaving service at specimen ages are as shown below

Age (Years)	Rates
21-25	3%
26-35	6%
36-45	2%
46-57	1%

(vii) Disability: Leaving service due to disability is included in the provision made for all causes of leaving service.

b. Provision for leave encashment ₹ 1,75,03,180 (Previous year ₹ 112,94,508) is made on actuarial basis. During the current year₹ 6,695,180 is charged to the Profit and Loss account (Previous year ₹ 24,01,478)

V. DISCLOSURE PURSUANT TO IND AS ON "OPERATING SEGMENTS"

The Business segments have been identified as reportable primary segments in accordance with Indian Accounting Standard 108 "Operating Segments" taking into account the organizational and internal reporting structure as evaluation of risk and return for these segments. Segment reporting policies are in line with the accounting policies of the company.

(i) Primary Segment (Business Segment):

Particulars	Finance Lease of Power Generating Assets including Operation & Maintenance		Engineering & Construction Services		Total Business	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
External revenue	**3487,58,29,219**	*3206,09,18,389*	**39,73,02,425**	*100,32,25,953*	**3527,31,31,644**	*3306,41,44,342*
Add / (less) : Inter segment revenue						
Total	**3487,58,29,219**	*3206,09,18,389*	**39,73,02,425**	*100,32,25,953*	**3527,31,31,644**	*3306,41,44,342*
Segment results	**7,27,72,652**	*250,00,83,642*	**–**	*24,596*	**7,27,72,652**	*2,50,01,08,238*
Add: Interest income	**1,97,957**	*4,70,12,727*	**–**	*–*	**1,97,957**	*4,70,12,727*
Less: Interest expenses	**–**	*–*	**–**	*–*	**–**	*–*
Less: Other unallocable expenditure (Net of unallocable income)	**–**	*–*	**–**	*–*	**–**	*–*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	Finance Lease of Power Generating Assets including Operation & Maintenance		Engineering & Construction Services		Total Business	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
Profit / (loss) before tax	**7,29,70,609**	*254,70,96,369*	**–**	*24,596*	**7,29,70,609**	*2,54,71,20,965*
Less: Tax expense		*–*	**–**	*–*	**33,40,56,540**	*55,13,57,134*
Profit / (loss) for the year	**7,29,70,609**	*250,64,22,366*	**–**	*24,596*	**(26,10,85,931)**	*199,57,63,831*
Capital employed:						
Segment assets	**10896,79,08,272**	*11297,17,91,507*	**42,87,34,629**	*49,28,16,811*	**10939,66,42,900**	*11346,46,08,318*
Unallocable corporate assets	**–**	*–*	**–**	*–*	**–**	*–*
Total assets	**10896,79,08,272**	*11297,17,91,507*	**42,87,34,629**	*49,28,16,811*	**10939,66,42,900**	*11346,46,08,318*
Segment liabilities	**10913,18,85,003**	*11276,38,36,262*	**26,47,57,897**	*70,07,72,056*	**10939,66,42,900**	*11346,46,08,318*
Unallocable corporate liabilities	**–**	*–*	**–**	*–*	**–**	*–*
Total liabilities	**10913,18,85,003**	*11276,38,36,262*	**26,47,57,897**	*70,07,72,056*	**10939,66,42,900**	*11346,46,08,318*
Capital expenditure	**–**	*–*	**–**	*–*	**1,10,42,446**	*2,40,62,039*
Depreciation and amortization included in segment expenses	**–**	*–*	**–**	*–*	**69,75,987**	*55,50,084*

(ii) Secondary Segments (Geographical Segments):

The company's operations are confined within India and as such there are no reportable geographical segments.

iii) Secondary Segments (Customer wise Segment):

Revenue from Punjab State Power Corporation Ltd, the only customer for the Company for sale of Power is 3466,71,91,424/-

iv) All Non-Current Assets of the Company are related Finance Lease of Power Generating Assets including Operation & Maintenance

VI. DISCLOSURE PURSUANT TO IND AS ON "LEASES"

a. The total gross investment in lease as on 31st March 2017 and the present value of minimum lease payments receivable as on 31st March 2017 is as under:

Particulars	**2016–17**	**2015–16**
	₹	₹
1. Receivable not later than 1 year	**1465,46,21,520**	*1500,84,55,440*
2. Receivable later than 1 year and not later than 5 years	**5143,98,31,344**	*6609,44,52,864*
3. Receivable later than 5 years	**19641,81,50,998**	*19693,00,80,864*
Total (1+2+3)	**26251,26,03,862**	*278,03,29,89,168*
Less: Future Finance Lease Investment	**–**	*48,31,69,335*
Gross investment in lease	**26251,26,03,862**	*2,77,54,98,19,833*
Less: Unearned finance income	**17090,67,84,221**	*18307,04,40,045*
Present value of receivables	**9160,58,19,641**	*9428,13,79,788*

b. Unearned finance income as at 31st March 2017 is ₹ **17090,67,84,221**(Previous Year- ₹ 18307,04,40,045)

c. Unguaranteed Residual Value accruing to the benefit of the Company is ₹ **982,23,19,899**.(Previous Year - ₹ 980,66,54,880).

d. The accumulated provision for uncollectible minimum lease payments receivable is **NIL**.

e. Contingent rents recognized in the statement of profit and loss for the year ended 31st March 2017 is ₹ **14,94,22,518** (Previous Year – ₹ 12,39,07,673).

f. Long Term Lease Receivables are ₹ **8872,63,89,910** and Short Term Lease Receivables are ₹ **287,94,29,731**

VII) DISCLOSURE PURSUANT TO IND AS ON "RELATED PARTY DISCLOSURES"

a. List of related parties who can exercise control:

Sr. No.	**Name of Related Party**	**Relationship**
1	Larsen &Toubro Limited	Ultimate Holding Company
2	L&T Power Development Limited	Holding Company

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b. Name of related party with whom transactions were carried out during the year and description of relationship:

Sr. No.	Name of Related Party	Relationship
1.	Larsen & Toubro Limited (L&T)	Ultimate Holding company
2.	L&T Power Development Limited (L&T PDL)	Holding company
3.	L&T Sargent & Lundy Ltd	Fellow Subsidiary Company
4.	L&T Uttaranchal Hydropower Limited	Fellow Subsidiary Company
5.	L&T InfoTech Limited	Fellow Subsidiary Company
6.	L&T MHPS Turbine Generators Pvt. Ltd	Fellow Subsidiary Company
7.	L&T - MHPS Boilers Private Limited	Fellow Subsidiary Company
8.	L&T Howden Pvt. Limited	Fellow Subsidiary Company
9.	EWAC Alloys Limited	Fellow Subsidiary Company
10.	L&T Realty Ltd.	Fellow Subsidiary Company
11.	L&T Hydrocarbon Engineering Ltd.	Fellow Subsidiary Company
12.	L&T Construction Equipment Ltd.	Fellow Subsidiary Company

c. Names of the Key Management Personnel and their relatives with whom transactions were carried out during the year:

1. Mr. Sameer R Godbole, Chief Financial Officer & Manager
2. Mr. Jagdeep Singh Gill, Manager (resigned as Manager w.e.f. 20th Oct, 2015)

d. Disclosure of related party transactions:

Sr. No.	Name/Relationship/Nature of transaction	2016–17	2015–16
		₹	₹
I	**Ultimate Holding company**		
	Larsen & Toubro Limited		
	Expenses reimbursed	4,02,66,643	2,15,01,163
	Purchase of Goods & Services	70,16,08,925	91,24,62,480
	Inter Company Borrowings	8643,89,47,404	5192,24,07,698
	Interest on Inter Company Borrowings	62,41,33,486	31,50,16,863
	Inter Company Deposits	7945,63,91,812	20,20,52,51,955
	Interest on Inter Company Deposits	1,97,957	4,70,12,727
II	**Holding company**		
	L&T Power Development Limited		
	Purchase of Goods & Services	3,59,60,500	5,29,21,878
	Equity component of share capital	–	72,60,00,000
	Share Premium on Preference Share	–	2,90,40,00,000
	Reimbursement of expenses	–	6,04,083
III	**Fellow Subsidiary company**		
	L&T Sargent & Lundy Limited		
	Purchase of Goods & Services	5,67,856	3,77,497
	L&T Uttaranchal Hydropower Limited		
	Reimbursement of expenses	–	45,570
	L&T InfoTech Limited		
	Purchase of Goods & Services	1,02,32,630	75,49,938
	L&T MHPS Turbine Generators Pvt. Ltd		
	Purchase of Goods & Services	15,64,48,695	8,04,29,751
	L&T - MHPS Boilers Private Limited		
	Purchase of Goods & Services	1,87,44,560	2,97,06,670
	L&T Howden Private Limited		
	Purchase of Goods & Services	1,82,442	1,39,05,948
	EWAC Alloys Limited		
	Purchase of Goods & Services	64,81,962	54,34,548

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Sr. No.	Name/Relationship/Nature of transaction	2016–17	2015–16
		₹	₹
	L&T Realty Limited		
	Advance for Flat	20,03,915	1,83,05,453
	L&T Hydrocarbon Engineering Ltd.		
	Purchase of Goods & Services	–	6,60,060
	L&T Construction Equipment Ltd.		
	Purchase of Goods & Services	4,96,969	–

e. Amount due to and due from related parties:

Sr. No.	Particulars	As at 31.03.2017		*As at 31.03.2016*	
		₹	₹	₹	₹
		Due to	Due from	Due to	Due from
	Larsen & Toubro Limited (Ultimate Holding Company)				
	Trades Payable	**32,33,71,714**	**–**	*92,56,08,499*	–
	Advance	**–**	**1,42,90,300**	–	*11,65,13,292*
	Trades Receivable	**–**	**–**	*1,37,757*	–
	Inter Corporate Borrowing	**1576,87,97,756**	**–**	*878,60,64,000*	–
	Interest Payable	**–**	**–**	*24,38,60,419*	–
	L&T Power Development Limited (Holding Company)				
	Trades Payable	**82,08,375**	**–**	*1,14,79,125*	–
	Inter Corporate Borrowings				
	Fellow Subsidiary Company:				
	L&T Sargent & Lundy Ltd.				
	Trades Payable	**47,237**	**–**	–	–
	L&T MHPS Boilers Private Ltd				
	Trades Payable	**88,35,632**	**–**	*73,67,001*	–
	L&T Uttaranchal Hydropower Limited				
	Trades Payable	**–**	**–**	*45,570*	–
	L&T InfoTech Limited				
	Trades Payable	**32,20,390**	**–**	*61,55,308*	–
	L&T MHPS Turbine Generators Pvt. Ltd				
	Trades Payable	**6,07,65,558**	**–**	*5,15,39,747*	–
	L&T Howden Private Limited				
	Trades Payable	**1,02,643**	**–**	*1,58,86,070*	–
	EWAC Alloys Limited				
	Trades Payable	**11,06,907**	**–**	*40,83,214*	–
	L&T Reality Limited				
	Trades Payable	**–**	**–**	*1,38,67,314*	–
	L&T Hydrocarbon Engineering Limited				
	Trades Payable	**–**	**–**	*6,02,160*	–
	L&T Construction Equipment Ltd.				
	Trades Payable	**–**	**1,84,000**	–	–

f. Key Management Personnel:

Payment of Salaries/Perquisites:	2016-17	*2015-16*
Mr. Sameer R Godbole	**44,66,542**	*40,08,017*
Mr. Jagdeep Singh Gill*	**–**	*22,07,968*
Total	**44,66,542**	*62,15,985*

*Mr.Jagdeep Singh Gill resigned as Manager w.e.f. 20th Oct, 2015

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

VIII) Basic and diluted earnings per share (EPS) computed in accordance with Accounting Standard on "Earnings per Share"

Particulars	2016-17	2015-16
Basic		
Profit as per profit and loss account (Rupees)	**(26,79,68,191)**	*1,99,57,63,831*
Average number of equity shares outstanding	**2,32,50,00,000**	*2,32,50,00,000*
Basic EPS (Rupees)	**(0.12)**	*0.86*
Diluted		
Profit as per profit and loss account (Rupees)	**(26,79,68,191)**	*1,99,57,63,831*
Average number of equity shares outstanding	**2,32,50,00,000**	*2,32,50,00,000*
Average number of equity shares to be allotted on conversion of advance towards equity to equity	**0**	*0*
Average number of equity shares to be allotted on conversion of Convertible Preference Shares	**14,52,00,000**	*12,93,31,148*
Average number of equity shares to be outstanding	**0**	*0.00*
Diluted EPS (Rupees)	**(0.11)**	*0.86*

IX) Contingent Liabilities:

a. Income tax demand of ₹ 4,65,256 towards disallowance of interest under section 37 of Income Tax Act, 1961 for which the Company has filed an appeal with Commissioner of Income Tax (Appeals).

b. Service tax demand of ₹ 8,52,57,872 raised by Commissioner Service Tax under Reverse charge mechanism on payment of Codal Charges to Northern Railways in connection with construction of railway siding for the project. Appeal has been filed with CESTAT against the erroneous demand.

c. Claims against the company ₹ 1233,94,18,440 are in relation to disputes related to power purchase agreement with its customer Punjab State Power Corporation Limited. The company has filed petitions/appeals towards these disputes with appropriate authorities. The aforesaid claim includes ₹ 216,00,00,000 towards Bank Guarantee issued on behalf of the Company towards a stay granted by Appellate Tribunal for Electricity.

X) The company has taken Inter Corporate Borrowing from its ultimate holding company- Larsen & Toubro Ltd. Balance as on 31st March 2017 of ₹ 1576,87,97,755(Previous year ₹ 902,99,24,419) @8.25 % interest rate.

XI) As on 31st March 2017, amounts of ₹ 1,12,79,059 (Previous Year: ₹ 27,58,431) are due to Micro and Small Enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006. The interest accrued and due of ₹ 30,733(Previous Year: ₹ 27,727) to suppliers under MSMED Act, 2006 is included in the above amount.

XII) Estimated amount of contracts remaining to be executed on capital account (net of advances) as at 31st March 2017 is ₹ 1,69,31,482 (Previous year: ₹ 59500)

XIII) Expenditure in foreign currency:

Foreign Travel: Nil (Previous Year: ₹ Nil)

Purchase of Goods& Services: ₹ 1,93,75,290 (Previous Year: ₹ 4,81,10,038)

XIV) Investments as on 31st March 2017 is ₹ Nil (Aggregate values of quoted investments-Previous Year: ₹ Nil)

XV) Disclosures related to Financial Instruments & Fair Value measurements

A. Classification:

i. Financial Assets

Particulars	31.3.2017	31.3.2016	01.04.2015
	₹	₹	₹
Measured at Fair value through Profit &Loss (FVTPL)			
Mutual funds	**–**	*–*	*13,43,645*
Forward Contracts Receivable (Non Current)	**–**	*1,55,59,719*	*–*
Measured at amortized cost			
Loans towards financing activities (Non Current)	**8872,63,89,910**	*9140,20,89,979*	*8934,14,04,742*
Loans (others) (Non Current)	**4,24,94,270**	*4,23,55,470*	*4,21,39,470*
Loans towards financing activities	**287,94,29,731**	*287,92,89,809*	*216,60,26,697*
Loans (others)	**–**	*–*	*2,46,500*
Trade Receivables	**1383,36,87,028**	*1342,92,75,431*	*724,54,24,800*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	31.3.2017	31.3.2016	01.04.2015
	₹	₹	₹
Advances recoverable in cash	**1,05,048**	*155,000*	*115,000*
Cash and cash equivalents	**5,12,89,317**	*4,82,74,362*	–
Other Bank Balances	**6,84,312**	*34,19,024*	*173,81,84,530*
Total Financial Assets	**10553,40,79,616**	*10782,04,18,794*	*10053,48,85,384*

ii. **Financial Liabilities**

Particulars	31.3.2017	31.3.2016	01.04.2015
	₹	₹	₹
Measured at Fair value through Profit &Loss (FVTPL)			
Forward Contract Payable (Non-Current)	**11,45,09,913**	*3,01,50,766*	*36,75,32,257*
Forward Contract Payable (Current)	**12,48,85,152**	*10,65,64,504*	*34,33,76,457*
Measured at amortized cost			
Borrowings (Non-Current)	**3615,48,80,172**	*4551,95,47,980*	*5133,27,41,095*
Borrowings (Short Term)	**1982,16,87,933**	*2198,21,22,266*	*2560,07,69,169*
Borrowings (Current Maturities of Long Term)	**20,770,705,493**	*13,119,901,301*	*439,095,804*
Trade payables	**113,51,12,144**	*307,42,46,508*	*460,85,62,330*
Other financial liabilities	**179,53,70,181**	*1,77,99,783*	*3,63,57,647*
Financial liabilities at Fair value through OCI			
Derivative Instruments designated as cash flow hedges	**2,19,16,234**		
Financial Guarantee contracts			
Premium Payable on Financial Guarantee Contracts (Non-Current)	**3,01,03,654**	*5,84,68,692*	*12,09,24,142*
Premium Payable on Financial Guarantee Contracts (Current)	**6,82,25,254**	*15,54,36,751*	*8,76,37,937*
Total Financial Liabilities	**8003,73,96,130**	*8403,59,20,625*	*8318,36,04,953*

B. **Net Gain/ (losses) on financial assets and financial liabilities**

Particulars	2016-17	2015-16
	₹	₹
Net gain / (losses) on financial assets and financial liabilities		
Mandatorily measured at fair value through P&L	**(4,05,79,049)**	*55,95,16,174*
Financial liabilities measured at amortized cost	**5,25,33,750**	*(69,46,97,527)*
Total	**1,19,54,701**	*(13,51,81,353)*

C. **Hedge Accounting**

i. **Outstanding Hedge Instruments**

Particulars	Nominal Amount	Average Rate (JPY/INR)	Timing	
			Up to 12 months	> 12 months
Currency exposure				
Foreign currency forward covers Payable Hedges				
JPY	7,469,255,129	0.8028	4,428,139,199	3,041,115,930

ii. **Carrying amounts of Hedge instruments**

Particulars	Currency Exposure
	₹
Forward contracts	
Current	
Liability - Other financial liabilities	14,68,01,386
Non-Current	
Liability - Other financial liabilities	11,45,09,913

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

iii. Breakup of Hedge Reserve balance

Particulars	Cash flow
	₹
Balance towards continuing hedges	2,19,16,234
Portion for which no hedge accounting followed	–

iv. Movement of Hedge Reserve

Hedge Reserve	Currency Exposure
	₹
Opening Balance (31 March 2016)	(2,87,98,493)
Add: Difference between forward to forward MTM and spot to spot MTM	68,82,259
Closing Balance (31 March 2017)	(2,19,16,234)

Note: Other Comprehensive Income Note is same as above.

D. Fair Value Measurements as at March 2017

Financial assets and liabilities measured at fair value recurring	Notes	Level 1	Level 2	Level 3	Total (Rupees)
Financial Liabilities					
Designated as at Fair Value Through Other Comprehensive Income					
Derivative financial instruments designated as cash flow hedges*	Valuations of derivative instruments using observable market data		(2,19,16,234)		(2,19,16,234)
Total Financial Liabilities			**(2,19,16,234)**		**(2,19,16,234)**

*Represents Forward Covers taken against External Commercial Borrowing routed through Other Comprehensive Income

XVI) FINANCIAL RISK MANAGEMENT

A. Credit Risk

i. Expected Credit Loss (ECL)

a. The Company is selling power to a single customer i.e. Punjab State Power Corporation Limited (PSPCL).The Company has created Expected Loss provision in the current year towards delay in receipt of disputed receivables. The disputed receivables as on 31 March 2017 is ₹ 1017,75,14,312

b. Under this approach, recognition of impairment loss for trade receivables or any contractual right to receive cash or another financial asset that result from transactions within the scope of proposed Ind AS 11 and Ind AS 18, is based on lifetime ECL at each reporting date.

c. The lifetime ECL means the entire amount of loss expected on the financial asset during its lifetime as on the date of balance sheet.

d. The level of provisioning has been carried in books against the age-wise profile of the debtors after they have become past due.

e. The expected delays in payment is based on age-wise profile of the debtors and quantum of provision is as under:

Aging	0-6 months	6-12 months	12-24 months	24-36 months	Beyond 36 months
Gross Carrying amount (Rupees)	78,60,99,457	203,07,57,963	367,50,77,458	364,81,89,786	373,89,648
Expected loss rate	0%	6.9%	13.2%	21.1%	28.3%
Expected Credit losses (rounded off to Rupees Crores)	–	14,00,00,000	49,00,00,000	77,00,00,000	1,00,00,000

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

B. Liquidity Risk

The liquidity risk management is covered by a Treasury policy of the Company. The policy is put in place to ensure that the short term and long term fund requirements of the company are met on a timely and cost-effective basis. Further, it also covers investment of any interim fund surpluses with an objective to optimize returns. The liquidity management policy covers:

a. Obtaining accurate cash flow forecasts from divisions and central service departments like taxation etc.

b. Frequent review of expiring debt

c. Decision on proportion of foreign currency debt

d. Ensure availability of a range of short-term funding alternatives including overdraft, commercial paper, debentures and other forms of trade credit including in foreign currency by rolling over those debts and active management of the same.

e. Stand-by facilities maintained with banks

f. Tracking financial markets and networking

g. Raising of Capital in advance of projected requirement

h. Optimal investment of cash surpluses pending utilization.

Maturity Profile

Contractual maturities of financial liabilities 31 March 2017	**Up to 12 month (₹)**	**More than 12 month (₹)**	**Total (₹)**
	1	**2**	**3=1+2**
1. Non Derivative Liabilities			
Borrowings	4059,23,93,426	3615,48,80,172	7674,72,73,598
Trade payables	113,51,12,144	–	113,51,12,144
Other financial liabilities	186,35,95,435	3,01,03,654	189,36,99,089
Total Non-derivative Liabilities			
2. Derivative Liabilities			
Forward Contract Payable	146,801,386	11,45,09,913	26,13,11,299
Total derivative liabilities			

The company has flexible structures for its debt requirement i.e Non Convertible Debentures, Commercial Papers, External commercials Borrowings, Inter Corporate Borrowings and Working Capital loans. The debt to equity ratio is tabulated under:

	31.03.2017	*31.03.2016*	*01.04.2015*
Net Debt (₹)	**7674,74,55,535**	*8062,20,32,644*	*7737,26,06,068*
Equity (₹)	**2898,74,92,747**	*2924,16,96,419*	*2717,77,89,081*
Net debt to equity ratio (%)	**265%**	*276%*	*285%*

Loan covenants

a. The company is required to maintain three months interest on External Commercial Borrowing as Debt service reserve account, to comply with the same the company has deposited three months interest as fixe deposit with ICICI Bank.

b. Loans from Bank are secured by way of first charge having pari passu rights on the immovable property and movable property of the company both present and future.

c. Non Convertible Debentures are listed on National Stock Exchange and are complying with SEBI (Listing obligations and disclosure requirements) Regulations.

C. Market Risk

The principle market risk is currency risk. The currency risk is covered by a Treasury Policy of the Company. The objective of foreign risk management policy is to protect the Company's profitability from material adverse movements and undesired volatility due to exchange rate changes by undertaking controlled management of the currency structure of borrowings and imports, and through appropriate hedging strategies.

a. The Company is mainly exposed to exchange rate fluctuations in Japanese Yen (JPY) and US Dollar (USD) against INR.

b. The Company manages foreign exchange risks arising at various junctures through separate approaches comprising the Hedge book, as follows:

   i. Foreign currency payable risks: The Company seeks to hedge at appropriate hedge ratio for each currency risk after taking into account natural hedges.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

ii. Foreign currency loans: The Company seeks to hedge at appropriate hedge ratio for foreign currency risks arising out of loans (Short term and long term)

c. Borrowing & Investment decisions in foreign currency are influenced by the composition of existing portfolio, costs of borrowing and availability of funds

i. The financial risks mainly related to changes in exchange rates are hedged by entering into forward contracts.

Particulars of Forward Contracts entered for hedging purpose outstanding as at March 31, 2017:

Particulars	**Amount of exposure hedged**	
	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
i. Forward Contracts for payables towards firm commitments and highly probable forecasted transactions.	**37,02,714**	*83,67,463*
ii. Forward Contracts for repayment of Foreign- currency Loan (ECB).	**433,23,54,706**	*394,95,60,099*

iii. Un-hedged Foreign Currency Exposure

Payables including firm commitments and highly probable forecasted transactions:

a. Firm commitment ₹ 30,15,576 (Previous year ₹ 14,14,437)

b. ECB ₹ 3,68,78,958 (Previous year ₹ 98,73,78,699)

iv. Sensitivity

Particulars	**Impact on profit after tax**	**Impact on other components of equity**
	Mar-17 (₹)	**Mar-17 (₹)**
INR/JPY -Increase by 10% (31 March 2017 -10%)	(-)7,86,997	(-)2,95,963
INR/JPY -Decrease by 10% (31 March 2017 -10%)	7,86,997	2,95,963

XVII) RECONCILIATION OF IGAAP WITH IND AS

The transition to IndAS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

Reconciliation of the standalone financial results to those reported under previous Generally Accepted Accounting Principles (GAAP) are summarized as follows:

Particulars	**Year Ended 31.03.2016**
Profit after Tax as reported under previous GAAP	**1,96,20,53,262**
Ind AS adjustment items:	–
Loss on NCD Ind AS Impact	(1,05,85,357)
ECB Ind AS gain	1,89,55,561
Financial Closure Expenses	3,32,38,090
ESOP Expenditure booked	(9,33,804)
Deferred Tax Asset	(69,63,921)
Profit after Tax reported under Ind AS	**1,99,57,63,831**

Reconciliation of equity as reported under previous GAAP is summarised as follows:

Particulars	**Year Ended 31.03.2016**
Equity as reported under previous GAAP	**5,61,68,97,380**
Ind AS adjustment items:	–
Equity component of Preference Share Capital	72,60,00,000
ESOP Expenditure booked	(9,69,931)
Corporate Guarantee	(9,40,72,131)
Hedge Reserve	(2,87,98,494)
NCD & ECB and Financial closure expenses written off	(31,48,59,011)
Deferred Tax Asset	8,74,98,606
Equity as reported under Ind AS	**5,99,16,96,419**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As As at 31-3-2016	Ind AS adjustments	As per Ind AS As As at 31-3-2016
ASSETS:			
Non-current assets			
Property, plant and equipment	2,37,69,335	–	2,37,69,335
Capital work-in-progress	78,10,11,267	–	78,10,11,267
Financial assets			
Long term investments			–
Long term loans	49,04,82,470	44,81,27,000	4,23,55,470
Long term loans and advances towards financing activities	91,40,20,89,979	–	91,40,20,89,979
Other financial assets		(1,55,59,719)	1,55,59,719
Deferred tax assets (net)		(8,74,74,250)	8,74,74,250
Non-current assets for current tax (net)		(5,84,68,692)	5,84,68,692
Other non-current assets			
Current assets			
Inventories	2,81,90,13,081	–	2,81,90,13,081
Financial Assets			
Current Investments			
Trade and other receivables	13,42,92,75,431	–	13,42,92,75,431
Cash and cash equivalents	5,16,93,386	4,82,74,362	34,19,024
Other bank balances		(4,82,74,362)	4,82,74,362
Short-term loans	1,53,88,49,684	1,53,88,49,684	
Short-term Loans and advances towards financing activities	2,87,92,89,809	–	2,87,92,89,809
Other financial assets	24,25,17,131	24,23,62,131	1,55,000
Other current assets		(1,87,44,52,900)	1,87,44,52,900
TOTAL	**1,13,65,79,91,573**	**19,33,83,255**	**1,13,46,46,08,318**
EQUITY AND LIABILITIES:			
Total Equity			
Equity attributable to equity holders of the parent			
Equity Share Capital	23,97,60,00,000	72,60,00,000	23,25,00,00,000
Other Equity	5,61,68,97,380	(37,47,99,039)	5,99,16,96,419
Non-current liabilities			
Financial Liabilities			
Borrowings	44,01,32,43,785	(1,50,63,04,195)	45,51,95,47,980
Other financial liabilities		(8,86,19,458)	8,86,19,458
Current liabilities			
Financial Liabilities			
Borrowings	33,73,82,61,846	11,75,61,39,580	21,98,21,22,266
Current maturities of long term borrowings	49,36,95,012	(12,62,62,06,289)	13,11,99,01,301
Trade payables	3,07,32,76,577	(9,69,931)	3,07,42,46,508
Other financial liabilities		(27,98,01,038)	27,98,01,038
Other current liabilities	2,64,39,52,585	2,58,79,43,625	5,60,08,960
Provisions	10,26,64,388	9,13,69,880	1,12,94,508
Liabilities for current tax		(9,13,69,880)	9,13,69,880
TOTAL	**1,13,65,79,91,573**	**19,33,83,255**	**1,13,46,46,08,318**

Previous Year figures have been regrouped to comply with Ind AS

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Profit & Loss Account for the year ended March 31, 2016

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
REVENUE:			
Revenue from operations	32,98,34,93,683	(53,14,885)	32,98,88,08,568
Other income	7,53,35,774	–	7,53,35,774
Total revenue	**33,05,88,29,457**	**(53,14,885)**	**33,06,41,44,342**
EXPENSES:			
Manufacturing, construction and operating expenses:			
Cost of raw materials/components	21,54,29,89,836	–	21,54,29,89,836
Excise Duty	–	(53,14,885)	53,14,885
Construction materials consumed	–		
Stores, spares and tools consumed	49,54,35,527	–	49,54,35,527
Sub-contracting charges	40,24,92,545	–	40,24,92,545
Other manufacturing, construction and operating expenses	94,14,30,679	–	94,14,30,679
Finance cost of financial services business and finance lease activity	6,67,12,67,589	4,16,07,414	6,62,96,60,175
Employee benefits expense	31,33,34,737	(9,33,804)	31,42,68,541
Sales, administration and other expenses	17,98,81,103	–	17,98,81,103
Depreciation, amortisation, impairment and obsolescence	55,50,084	–	55,50,084
Total expenses	**30,55,23,82,100**	**3,53,58,725**	**30,51,70,23,375**
Profit before exceptional and extraordinary items and tax	2,50,64,47,357		2,54,71,20,967
Exceptional items	–	–	–
Profit before extraordinary items and tax	2,50,64,47,357		2,54,71,20,967
Extraordinary items	–	–	
Profit before tax	2,50,64,47,357		2,54,71,20,967
Tax expense:			
Current tax	54,43,93,700		54,43,93,700
Deferred tax (net)		(69,63,434)	69,63,434
Profit after tax	1,96,20,53,657		1,99,57,63,831

Cashflow Statement for the year ended March 31, 2016

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
Net cash flow from operating activities	2,77,88,34,861	14,00,96,006	2,63,87,38,855
Net cash flow from investing activities	5,81,67,466	55,50,086	5,26,17,380
Net cash flow from financing activities	(4,52,34,93,470)	(14,56,46,091)	(4,37,78,47,379)
Net increase/(decrease) in cash and cash equivalents	**-1,68,64,91,144**	**–**	**-1,68,64,91,144**
Cash and cash equivalents as on 01.04.2015	**1,73,81,84,530**		**1,73,81,84,530**
Effects of exchane rate changes on Cash and cash equivalents	(1,68,64,91,144)		-1,68,64,91,144
Cash and cash equivalents as on 31.03.2016	**5,16,93,386**		**5,16,93,386**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

XVIII) DEFERRED TAX ASSETS

The Balance comprises temporary differences attributable to

Details	31.03.2017	31.03.2016	01.04.2015
Retained earnings	9,61,54,733	9,61,54,733	9,44,37,684
Property, plant and equipment (PPE)	–	–	–
Intangible assets(IA)	–	–	–
Financial Assets at fair value through P&L(FVTPL)	(2,61,75,333)	(86,80,483)	–
Financial assets at FVOCI			
Other items			
Total deferred tax Assets	6,99,79,400	8,74,74,250	9,44,37,684
set off deferred tax liabilities pursuant to set off provision	–	–	–
Net Deferred Tax Assets	6,99,79,400	8,74,74,250	9,44,37,684

Note:

a. Deferred Tax asset to be utilized entirely in the next four years

b. No Deferred Tax Asset (MAT credit) created as the Company shall not have income tax profits in the next ten years on account of depreciation

XIX) TAX EXPENDITURE

Description	31.03.2017	31.03.2016	01.04.2015
Tax Expense	33,40,56,540	54,43,93,700	33,03,09,000
Deferred tax	–	69,63,434	–
Total	33,40,56,540	55,13,57,134	33,03,09,000

Calculation of effective tax rate

Particulars	2016-17	2015-16
Profit before tax	7,29,70,609	2,54,71,20,965
Applicable tax rate	34.61%	34.61%
PBT x Applicable tax rate	2,52,55,127	88,15,58,566
Disallowance of ECL provision	48,79,72,800	–
Lower Tax Rate (MAT applicable)	(17,91,71,387)	(33,02,01,432)
Tax expense recognised during the year	33,40,56,540	54,43,93,700
Effective tax Rate	458%	21.37%

XX) AUDITORS' REMUNERATION

Particulars	2016-17	2015-16
	₹	₹
Audit Fees	6,70,450	7,30,728
Other Matters	60,278	68,588
Reimbursement of expenses	35,833	13,389
Total	7,66,561	8,12,705

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

XXI) THE DETAILS OF SPECIFIED BANK NOTES ARE AS FOLLOWS

Particulars	Specified Bank Notes		Other Denominations	Total
	₹ 500 Denomination	₹ 1000 Denomination		
Closing Balance a on 08.11.2016 (Duly tallied with accounts)	57,000	80,000	576	1,37,576
+ Permitted Receipts				
a. SBN only or agencies involved in providing various items mentioned in exemption notifications				
Receipts from employees towards imprest settlement	6,000			6,000
b. Other denomination: No restriction			2,66,875	2,72,875
– Permitted Payments				
a. Payment towards various items mentioned in exemption notification e.g.				
Purchase of petrol, diesel and gas	–	–	–	–
Payment of toll plaza	–	–	–	–
Payment of Utility charges	–	–	–	–
Other Payments (pls specify)				
b. Other denomination: No restriction			2,50,492	2,50,492
- Amount deposited in Bank *	63,000	80,000	–	1,43,000
Closing Balance a on 30.12.2016 (Duly tallied with accounts)			16,959	16,959

*Cash deposited in Bank on November 12th 1,41,000 and on December 26th, 2000

XXII) SECURED/ UNSECURED NON-CONVERTIBLE FIXED RATE DEBENTURES:

Sr. No.	Secured/ Unsecured	Issue Date	Face Value (Rupees)	Application Amount (Rupees)	Repayment Year	Interest rate
Long Term Debentures						
1	Unsecured	28-11-2014	1000000	500,00,00,000	2018-2019	8.11%
2	Unsecured	30-04-2015	1000000	11,00,00,000	2018-2019	8.11%
3	Unsecured	30-04-2015	1000000	21,00,00,000	2018-2019	8.25%
4	Unsecured	12-08-2015	1000000	500,00,00,000	2018-2019	8.25%
5	Unsecured	16-10-2015	1000000	500,00,00,000	2018-2019	8.72%
6	Unsecured	28-03-2016	1000000	500,00,00,000	2019-2020	8.11%
7	Unsecured	07-07-2016	1000000	475,00,00,000	2019-2020	8.30%
8	Unsecured	16-08-2016	1000000	600,00,00,000	2019-2020	7.81%
				3107,00,00,000		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Sr. No.	Secured/ Unsecured	Issue Date	Face Value (Rupees)	Application Amount (Rupees)	Repayment Year	Interest rate
Short Term Debentures						
1	Unsecured	25-09-2014	1000000	1060,00,00,000	2017-2018	8.11%
2	Unsecured	23-01-2015	1000000	290,00,00,000	2017-2018	8.11%
3	Unsecured	30-04-2015	1000000	10,00,00,000	2017-2018	8.32%
4	Unsecured	30-04-2015	1000000	115,00,00,000	2017-2018	8.25%
5	Unsecured	05-06-2015	1000000	45,00,00,000	2017-2018	8.25%
6	Unsecured	05-06-2015	1000000	210,00,00,000	2017-2018	8.35%
7	Unsecured	05-06-2015	1000000	105,00,00,000	2017-2018	8.50%
8	Unsecured	05-06-2015	1000000	90,00,00,000	2017-2018	8.95%
				1925,00,00,000		

Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

SAMEER R. GODBOLE
Chief Financial Officer

URVIL DESAI
Company Secretary
ACS - 33324

SHAILENDRA ROY
Director
DIN : 02144836

Y.V.S. SRAVANKUMAR
Director
DIN : 01080060

Place : New Delhi
Date : April 26, 2017

CIN: U40102PB2007PLC031039
Place : Mumbai
Date : April 26, 2017

BOARD REPORT

Dear Members,

The Directors hereby are pleased to present the Tenth Annual Report and Audited Accounts of L&T Modular Fabrication Yard LLC for the year ended 31st December 2016.

The Directors are also pleased to report that the Company has made a Net Profit of RO 0.38 Mn. during the year 2016.

1. FINANCIAL RESULTS:

Particulars	**2016**	*2015*
	Amount (RO Mn)	*Amount (RO Mn)*
Contract Revenue	**26.16**	*20.53*
Total Cost	**(25.79)**	*(23.28)*
Other operating income	**0.41**	*0.91*
Operating Profit / (Loss)	**0.78**	*(1.84)*
Less: Finance Costs	**0.40**	*0.38*
Profit / (Loss) before Tax	**0.38**	*(2.22)*
Less : Tax	**–**	*–*
Net Profit / (Loss) after Tax	**0.38**	*(2.22)*

2. CAPITAL & FINANCE:

There is no movement of long term loan during the year 2016.

3. CAPITAL EXPENDITURE:

As at 31st December 2016 the gross fixed and intangible assets, stood at RO 20.47 Mn. and the net fixed and intangible assets, at RO 7.01 Mn. Capital Expenditure during the year amounted to RO 0.11 Mn.

4. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

The Company does not have any subsidiary, associate or joint venture companies.

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

The Company has disclosed the particulars of security given for bank borrowings in Note No. 10 of the financial statements.

6. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were RO 26.57 Mn. as against RO 21.43 Mn for the previous financial year registering a growth of 24%. Net profit before tax from continuing operations including extraordinary and exceptional items was RO 0.38 Mn. as against loss of RO 2.22 Mn. for the previous financial year, registering growth of 117%.

Highlights of the new orders booked during financial year 2016 include the following.

Sl. No	Client	Job	Value Amount (RO Mn)
1.	L&T Hydrocarbon Engineering Ltd. / Saudi Aramco	Hasbah II – Fabrication of Jackets & Topsides	**62.03**
2.	L&T Hydrocarbon Engineering Ltd.	API Tubular – Fabrication of Welded Tubulars	**0.43**

During the year, L&T MFY mainly executed Direct Orders from Petrofac/ Zadco, Petrofac/ PDO and RIL. All these projects have been completed successfully. L&T MFY has received appreciation from all Customers with regard to HSE, Quality and timely Delivery.

L&T MFY obtained qualification from Saudi Aramco for Fabrication of Off-shore structures. LTHE received a prestigious EPCI order for Hasbah-II project, fabrication of which shall be done at L&T MFY Sohar. Preparatory activities for execution of this mega project have started during the year.

Company has taken specific steps to reduce fixed cost and improve upon productivity which has resulted in improved performance even in underload situation encountered during the year.

FUTURE OUTLOOK:

In view of low oil prices and depressing global oil & gas business scenario, the Company's future business outlook mainly depends upon successful bidding for new Saudi Aramco projects and the company's endeavour towards securing direct fabrication jobs from other EPC contractors, such as a project in Kuwait.

All efforts will be made to reduce the fixed cost during the year 2017.

We expect growth in sales, order inflow and operating profit in the years ahead.

7. AMOUNT TO BE CARRIED TO RESERVE:

During the year OMR 0.04 Mn. was transferred to legal reserve from profit earned during the year as per "The Commercial Companies Law of Oman".

8. DIVIDEND:

In view of the accumulated losses, Directors do not propose any dividend for the financial year 2016.

9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL:

The current Directors of the Company are:

Mr. D. R. Saxena

Mr. Satish N. Palekar

Mr. C.S. Kole

Mr. R. Venkatesh

Mr. Robert Ambrose

Mr. T.N. Ranjan

Key Managerial Personnel:

Mr. Atul Paranjape - Chief Executive

Mr. D. Gopikrishna – Head Finance & Accounts

Change in Key Managerial Personnel during the year under review

Appointment of Mr. D. Gopikrishna as Head Finance & Accounts in place of Mr. R. Balasubramaniyan with effect from 22nd November 2016.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :

The Meetings of the Board are held at regular intervals. During the year under review seven (7) meetings were held.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

11. AUDITORS

M/s PKF LLC., Chartered Accountants are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

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

12. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

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

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

13. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Sultanate of Oman and take this opportunity to thank them as well as the Customers, Supply Chain Partners, Employees, Financial Institutions, Banks and all the various Stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partner, M/s. The Zubair Corporation, Sultanate of Oman.

For and on behalf of the Board

C. S. KOLE
Director

S. N. PALEKAR
Director

Place : Mumbai
Date : May 15, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T MODULAR FABRICATION YARD LLC

Opinion

We have audited the financial statements of **L&T MODULAR FABRICATION YARD LLC** (the Company), which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note number 2.3 in the financial statements, which indicates that the company has incurred significant accumulated losses of RO.9,711,950 and has a deficit of RO.5,791,019 in equity funds and net deficit of RO.509,873 in members' funds as at 31st December 2016. However, members have agreed to continue with the operations of the company and have agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to note number 20 in the financial statements regarding claim against the company of RO.8,386,356 not acknowledged as debt, as company's management has disputed the clients claim. Matter is presently under arbitration.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **PKF L.L.C.**
Chartered Accountants

Percy R. Bhaya

Muscat
Sultanate of Oman
Date: 24th January 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Note No.	2016 RO.	*2015 RO.*
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	3	**7,013,227**	*8,094,294*
CURRENT ASSETS			
Inventories	4	**1,202,962**	*1,258,362*
Contract and other receivables	5	**6,237,919**	*3,295,405*
Amount due from customer for contract work	12	**686,866**	*1,945,066*
Amount due from related parties	6	**58,738**	*189,791*
Cash and cash equivalents	7	**53,859**	*83,056*
		8,240,344	*6,771,680*
TOTAL ASSETS		**15,253,571**	*14,865,974*
EQUITY AND LIABILITIES			
MEMBERS' FUNDS			
Share capital	8	**2,884,615**	*2,884,615*
Legal reserve		**491,834**	*453,393*
Accumulated loss		**(9,711,950)**	*(10,057,923)*
Reserve for members' loans		**544,482**	*544,482*
Deficit in Equity funds		**(5,791,019)**	*(6,175,433)*
Loan from members	9	**5,281,146**	*2,787,336*
Deficit in Members' funds		**(509,873)**	*(3,388,097)*
NON-CURRENT LIABILITY			
Staff end of service gratuity		**609,549**	*617,664*
		609,549	*617,664*
CURRENT LIABILITIES			
Borrowings	10	**5,100,985**	*9,315,939*
Trade and other payables	11	**6,370,681**	*6,824,911*
Amounts due to customers for contract work	12	**1,932,649**	*425,492*
Amounts due to related parties	6	**1,289,698**	*1,031,603*
Provision for rectification cost	13	**421,420**	*–*
Provision for customer's claim	20	**38,462**	*38,462*
		15,153,895	*17,636,407*
TOTAL EQUITY AND LIABILITIES		**15,253,571**	*14,865,974*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 643 and 644.

These financial statements have been approved and authorised for issue by the Board of Directors on 24th January 2017

For **L&T MODULAR FABRICATION YARD LLC**

C. S. KOLE — *Director*

ROBERT AMBROSE — *Director*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Note No.	2016 RO.	2015 RO.
CONTRACT REVENUES		**26,161,253**	*20,527,935*
Other operating income	**15**	**411,625**	*906,820*
		26,572,878	*21,434,755*
COSTS			
Contract costs	**14**	**(23,601,577)**	*(21,238,830)*
Staff costs		**(1,425,030)**	*(1,191,596)*
Depreciation		**(119,023)**	*(135,055)*
Other operating expenses	**16**	**(650,591)**	*(710,055)*
PROFIT /(LOSS) FROM OPERATING ACTIVITIES		**776,657**	*(1,840,781)*
Interest income		**2**	*71*
Finance costs	**17**	**(392,245)**	*(376,697)*
NET PROFIT /(LOSS) FOR THE YEAR		**384,414**	*(2,217,407)*
Other comprehensive income:		**–**	*–*
TOTAL COMPREHENSIVE PROFIT/ (LOSS) FOR THE YEAR		**384,414**	*(2,217,407)*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 643 and 644.

For **L&T MODULAR FABRICATION YARD LLC**

C. S. KOLE
Director

ROBERT AMBROSE
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital	Legal reserve	Accumulated (loss)	Reserve for member's loan	Total
	RO.	RO.	RO.	RO.	RO.
As at 31st December 2014	2,884,615	453,393	(7,840,516)	544,482	**(3,958,026)**
Total comprehensive loss for the year	–	–	–	–	–
Net loss for the year	–	–	(2,217,407)	–	**(2,217,407)**
Other comprehensive income	–	–	–	–	**—**
As at 31st December 2015	2,884,615	453,393	(10,057,923)	544,482	**(6,175,433)**
Total comprehensive profit for the year	–	–	–	–	–
Net Profit for the year	–	–	384,414	–	**384,414**
Other comprehensive income	–	–	–	–	–
Transfer to legal reserve	–	38,441	(38,441)	–	–
As at 31st December 2016	2,884,615	491,834	(9,711,950)	544,482	**(5,791,019)**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 643 and 644.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 RO.	2015 RO.
Cash flows from operating activities		
Net profit/(loss) for the year	**384,414**	*(2,217,407)*
Adjustments for:		
Depreciation on property, plant and equipment	**1,189,907**	*1,283,895*
Notional interest on members' loans	**24,550**	*23,651*
Finance costs	**367,695**	*353,046*
Profit on disposal of property, plant and equipment (net)	**(18,643)**	*(4,510)*
Operating profit/(loss) before changes in operating assets and liabilities	**1,947,923**	*(561,325)*
Decrease in inventories	**55,400**	*1,184,976*
Increase in contract and other receivables	**(2,942,514)**	*(1,442,148)*
(Decrease)/increase in trade and other payables/warranty provision	**(32,810)**	*4,430,272*
(Decrease)/increase in staff gratuity liability	**(8,115)**	*133,230*
Change in related parties' balances	**389,148**	*652,977*
Change in amounts due from/to customers for contract work (net)	**2,765,357**	*(4,226,460)*
Cash generated from operations	**2,174,389**	*171,522*
Finance costs paid	**(367,695)**	*(353,046)*
Net cash generated from/(used in) operating activities (A)	**1,806,694**	*(181,524)*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(111,163)**	*(150,631)*
Proceeds on disposal of property, plant and equipment	**20,966**	*7,409*
Net cash used in investing activities (B)	**(90,197)**	*(143,222)*
Cash flows from financing activity		
(Payment)/proceeds from related party loan	**(300,000)**	*500,000*
Payment of bank loans and borrowings (net)	**(3,914,954)**	*(99,753)*
Proceeds from member loan	**2,469,260**	—
Net cash (used in)/from financing activities (C)	**(1,745,694)**	*400,247*
Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(29,197)**	*75,501*
Cash and cash equivalents at beginning of year	**83,056**	*7,555*
Cash and cash equivalents at end of year	**53,859**	*83,056*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 643 and 644.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) L & T MODULAR FABRICATION YARD LLC is a Limited Liability Company, registered under the Commercial Laws of the Sultanate of Oman.

b) The parent company is Larsen & Toubro International FZE, United Arab Emirates, and the ultimate parent company is Larsen & Toubro Limited - India, a Public Company incorporated in India.

c) The company is engaged in execution of modular fabrication contracts.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention except for loan from members which are initially recognised at their fair value and thereafter at the amortised cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.3 GOING CONCERN CONCEPT

The financial statements are prepared on a going concern basis.

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

As per the statement of financial position, the company has incurred significant accumulated losses of RO.9,711,950, net deficit in equity funds of RO.5,791,019 and net deficit of RO.509,873 in members' funds as at 31st December 2016. The company is dependent upon the continued financial support of members/related parties and bankers. The financial statements have been prepared on a going concern basis as:

i) The company will continue to receive financial support from its bankers;

ii) The company will continue to receive financial support from members and the related parties in order that it can meet its liabilities as they fall due; and

iii) The members have agreed to continue with the operations of the company, and the company would be able to generate sufficient profits in future to make it an economically viable unit.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, that have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Leasehold land improvements	Over the lease period upto 22 July 2027
Roadways	Over 10 years
Camps and caravans	Over 6 2/3 years
Factory buildings	Over 12.5 years
Office buildings	Over 25 years
Plant and machinery	Over 6 2/3 to 15 years
Furniture and fixtures	Over 3 years
Equipment	Over 6 2/3 years
Vehicles	Over 3 years
Software	Over 3 years
Assets value below OMR 50	Over 1 year

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

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Capital work in progress is not depreciated until it is capitalised and transferred to one of the asset categories when the asset is ready for use.

b) Impairment

The carrying amounts of the financial and non-financial assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

c) Inventories

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined on weighted average cost basis and comprises of invoice value. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

d) Trade and other receivables

Bad debts are written off or fully provided for as they arise and provision is made for all doubtful debts.

e) Amounts due from/to customers for contract work

Amounts due from/to customers for contract work represent costs incurred on contracts plus recognised profits less recognised losses and progress billings. Contract costs comprise of costs of materials, labour, sub-contract and attributable overheads.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank current accounts, smart card accounts and call deposit.

g) Trade and other payables

Liabilities are recognized for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the company.

h) Provision

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

i) Taxation

The Company has obtained in Sultanate of Oman income tax exemption for a period of 5 years with effect from 1st September 2007 (date of production) till 31st August 2012, renewable for another period of 5 years on fulfillment of specific criterias. During the year 2012 company had applied to the Income tax Department for extension of the income tax exemption for a further period of 5 years commencing from 1st September 2012. The approval with tax authorities is still pending. The losses incurred during the tax exemption period can be carried forward indefinitely till they are fully adjusted against subsequent years taxable income. As per the Income Tax Law in Oman, losses incurred after the exemption period shall be carried forward for five years after the expiry of the tax year in which it was incurred and shall be deducted in computation of taxable income of those years. Taxation for the current year has not been provided in the financial statements on account of the carried forward losses. Additional tax liability that may arise in future on completion of pending tax assessments from 1st September 2012 to 2016 is not expected to be material to the company's financial position, and would be paid for and accounted in the financial statements of the year in which the tax assessments are completed. Company's income tax assessments are completed till 2011. The net accumulated tax loss of RO.12,949,595 for the tax years 2013 to 2015 after adjusting taxable income of 2016, is available for set off against future taxable income in Oman. Deferred tax asset on unused tax losses are not recognised on account of uncertainty regarding availability of future taxable income against which the unused tax losses can be utilised.

j) Employees benefit costs

The company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees benefits comprising of leave salary, air passage and end of service gratuity for non-Omani employees is in accordance with company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year

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

end. The total expense recognised in the statement of comprehensive income for staff end of service benefits amounts to RO.517,657 *(previous year RO.555,308).*

k) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by Article 154 of the Commercial Companies Law of Oman 1974. The company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

l) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

- **Revenue recognition on contracts**

  Contract billings are recorded on the basis of progress bills prepared by the company and are considered as revenue to the extent that they are probable of being certified and recovered. Contract revenues are recognised on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at year end. When the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

  The stage of completion is determined on the basis of progress on each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by directors to be earned on completion of the contracts is considered by reference to the work completed at the year end. Losses, if any, on jobs not completed are provided for when identified.

- **Rental income**

  Rental income from hire of equipment is recognized in the statement of comprehensive income as per terms of the lease agreement, and represents net amounts invoiced for services rendered during the year.

- **Interest income**

  Interest income is recognised on a time proportion basis.

m) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognized as an expense in the year in which they are incurred.

n) Foreign currencies

Transactions in foreign currencies are translated into Rials Omani and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income.

o) Operating lease rentals

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight line basis over the lease term.

p) Financial instruments

- Financial instruments of the company comprise contract and other receivables, cash and cash equivalents, trade and other payables, loans/amounts due from/to related parties and members, amounts due from/to customers for contract work, and bank loans.
- Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when, and only when, contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.
- Financial assets that have fixed or determinable payments and for which there is no active market, are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the statement of comprehensive income.
- Financial liabilities, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

q) Loan from members

Concessional interest/Interest free long term loans from members are recognized initially at their fair value, being the present value of the expected future cash flows, discounted using a market related rate for a loan with similar terms and conditions. The excess of the loans actually received over the said fair value of the loans is considered as “Reserve for Members’ Loan” under “Members’ Equity Funds”.

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

After initial recognition, the loans from members are measured at amortised cost, using the effective interest method. The unwinding of the discount, representing the difference in fair values of the loans from members at each reporting date, is recognized as an interest expense in the Statement of Comprehensive Income.

r) Equity

Share capital is recorded at the value of proceeds received/receivable towards interest in share capital of the company.

s) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 SIGNIFICANT JUDGMENTS AND KEY ASSUMPTIONS

i) The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end, management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of fixed assets are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Site restoration costs

Management estimates that no potential liability needs to be recognized in the financial statements towards cost of site restoration.

Inventory provisions

Management regularly undertakes a review of the company's inventory, in order to assess their likely realization proceeds, technological changes, age, likely obsolescence, the rate at which the materials are being consumed and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the company either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of confirmations, and assessed credit worthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service gratuity

The company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as of the year end. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress are recognized only when the final outcome can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/subcontractors, work disputes, recovery of uncertified contract/variation work dues, expected costs during job warranty and

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

defect liability period etc., that are subject to various sources of uncertainties and future negotiations. The management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

i) There are no International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the first time for the the current reporting period and which are applicable to the company and which could have a material impact on the financial statements.

ii) The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods:

- IFRS 15 Revenue From Contracts With Customers (1 January 2018)
- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 16 Leases (1 January 2019)

3. PROPERTY, PLANT AND EQUIPMENT

	Leasehold land improve-ments	Road ways	Camps and caravans	Factory buildings	Office buildings	Plant and machinery	Furniture, and fixtures	Equipment	Vehicles	Software	Capital work in progress	Total
	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.
Cost												
As at 1st January 2016	846,903	141,994	1,066,812	1,352,378	1,484,818	12,611,272	459,189	1,705,869	608,478	290,952	–	**20,568,665**
Additions	–	–	–	–	–	69,246	–	27,344	9,710	–	4,863	**111,163**
Capitalised during the year	–	–	2,199	–	–	–	–	2,664		–	(4,863)	–
Disposals	–	–	–	–	–	–	(5,760)	(192,364)	(15,525)	–	–	**(213,649)**
As at 31st December 2016	846,903	141,994	1,069,011	1,352,378	1,484,818	12,680,518	453,429	1,543,513	602,663	290,952	–	**20,466,179**
Accumulated depreciation												
As at 1st January 2016	306,204	105,739	818,277	589,931	380,933	7,513,555	450,277	1,429,439	598,102	281,914	–	**12,474,371**
Charge for the year	46,947	14,911	95,204	113,518	59,689	726,126	4,300	118,695	7,457	3,060	–	**1,189,907**
On disposals	–	–	–	–	–	–	(5,760)	(190,041)	(15,525)	–	–	**(211,326)**
As at 31st December 2016	353,151	120,650	913,481	703,449	440,622	8,239,681	448,817	1,358,093	590,034	284,974	–	**13,452,952**
Net book value												
As at 31st December 2015	540,699	36,255	248,535	762,447	1,103,885	5,097,717	8,912	276,430	10,376	9,038	–	**8,094,294**
As at 31st December 2016	493,752	21,344	155,530	648,929	1,044,196	4,440,837	4,612	185,420	12,629	5,978	–	**7,013,227**

a) Plant and machinery is mortgaged to secure borrowings and loans from a bank (refer note 10 c)

b) Buildings, roadways and other assets are constructed on land at Sohar leased by Sohar Industrial Port Company SAOC (SIPC). The lease term is from 8th November 2006 to 22nd July 2027. The said sub-usufruct agreement covers various clauses for adjustment for inflation in lease rent, soil restoration obligations, default interest obligations, etc.

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

	2016 RO.	2015 RO.
4 INVENTORIES		
Construction materials, tools, spares and consumables	**1,202,962**	*1,258,362*

	2016 RO.	2015 RO.
5. CONTRACT AND OTHER RECEIVABLES		
Contract receivables*	**4,366,720**	*1,948,236*
Retention	**1,781,634**	*1,213,815*
	6,148,354	*3,162,051*
Advances to staff	**2,354**	*469*
Prepayments	**79,993**	*106,433*
Deposits	**5,033**	*17,506*
Other receivables	**2,185**	*8,946*
	6,237,919	*3,295,405*

* Contract receivables includes RO.10,638 *(previous year RO.651,840)* is due from related parties on account of trade dealings.

Contract receivables and retention of RO.172,255 is in process of being certified by client/consultant.

- An age analysis of contract receivables and retention that are past due but not impaired is as follows:

	2016 RO.	2015 RO.
3 months to 1 year	**202,366**	*399,758*
Over 1 year	**10,638**	*18,179*

No contract receivables and retention are considered to be impaired due to non-recovery or perceived difficulty in recovery.

	2016 RO.	2015 RO.
Contract receivables and retention not past due and not impaired	**5,935,350**	*2,744,114*

6. RELATED PARTIES

The company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The management considers such transactions to be in the normal course of business. Related parties comprise parent company, ultimate parent company, fellow subsidiaries, companies under common ownership and/or common management control, directors and members. The balances with related parties at the year end have been separately disclosed in the financial statements.

The nature of significant related party transactions and the amounts involved are as follows:

	Members RO.	Other related parties RO.	Total 2016 RO.	*Total 2015 RO.*
Contract and other revenues	–	1,769,098	1,769,098	*4,144,993*
Purchases and expenses	–	511,703	511,703	*752,292*
Purchase of property, plant and equipment	–	3,000	3,000	*11,850*
Loan taken from a related party	–	–	–	*500,000*
Loan repaid to a related party	–	300,000	300,000	–
Subcontract expenses	–	1,641,988	1,641,988	*657,784*
Interest expense	47,798	17,304	65,103	*17,525*
Term loan taken from a member	2,469,260	–	2,469,260	–

The members and ultimate parent company have furnished letters of awareness to the bankers of the company for the facilities sanctioned. (Refer note 10).

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

	2016 RO.	*2015 RO.*
AMOUNT DUE FROM RELATED PARTIES		
Fellow subsidiary and other related parties	**58,738**	*189,791*
AMOUNTS DUE TO RELATED PARTIES		
Fellow subsidiaries and other related parties	**1,266,448**	*1,027,685*
Ultimate parent company	**23,250**	*3,918*
	1,289,698	*1,031,603*

		2016 RO.	*2015 RO.*
7.	**CASH AND CASH EQUIVALENTS**		
	Cash on hand	**3,587**	*6,476*
	Bank balances on		
	Current account	**33,582**	*73,146*
	Call deposit	**50**	*35*
	Smart card	**16,640**	*3,399*
		53,859	*83,056*

		Share %	2016 RO.	*2015 RO.*
8.	**SHARE CAPITAL**			
	Larsen & Toubro International FZE, UAE	**65**	**1,875,000**	*1,875,000*
	The Zubair Corporation, Sultanate of Oman	**35**	**1,009,615**	*1,009,615*
		100	**2,884,615**	*2,884,615*

The share capital comprises of 2,884,615 shares of RO.1 each *(previous year 2,884,615 shares of RO.1 each)*, fully paid. The foreign parent company has committed to a bank to maintain its share capital during the tenor of the loans availed by the company.

		2016 RO.	*2015 RO.*
9.	**LOAN FROM MEMBERS**		
	Larsen & Toubro International FZE, UAE – 1 *	**2,469,260**	—
	Larsen & Toubro International FZE, UAE – 2 **	**1,827,638**	*1,811,683*
	The Zubair Corporation, Sultanate of Oman **	**984,248**	*975,653*
		5,281,146	*2,787,336*

* Larsen & Toubro International FZE, U.A.E. – 1 loan is unsecured and at 2% interest per annum.

** The loans, received in several installments over the period from November 2006 to December 2010 are unsecured and interest free, Interest is payable on loans after settlement of debt obligations to the banks. The loans are not repayable for a minimum period of 10 years from the date of infusion. The above loans are subordinated to bank borrowings (refer note 10).

		2016 RO.	*2015 RO.*
10.	**BORROWINGS**		
	Loan from a related party	**200,000**	*500,000*
	Short term loan from banks	**4,300,000**	*6,500,000*
	Bank overdrafts	**600,985**	*2,315,939*
		5,100,985	*9,315,939*

Bank overdrafts and short term loan from banks are at commercial interest rates generally obtained in Sultanate of Oman.

Bank facilities are secured against:

a) The ultimate parent company Larsen & Toubro Ltd., India and a member, The Zubair Corporation LLC, have given letters of awareness to the bank for RO.5,500,000 and RO.2,961,538 respectively.

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

b) Subordination of member's loan to bank borrowings (refer note 9)
c) First exclusive commercial charge on the plant and machineries of company for RO.1.808 million.
d) Assignments of receivable from clients.
e) Letter of undertaking not to create new or allow creation of encumbrances on its assets (negative pledge)
f) Letter of awareness from Larsen and Toubro international FZE and the Zubair Corporation in proportion to their share of ownership.
g) Mortgage over company's plant and machinery for RO.5,769,231 and sub-usufruct agreement for RO.5,769,231.

The bank loans and facilities are subject to certain restrictive covenants that relate to current ratio, financial projections, gearing, shareholding, etc.

Short term loan from a related party is unsecured and carrying interest @ 4% per annum.

	2016 RO.	2015 RO.
11. TRADE AND OTHER PAYABLES		
Trade payables*	**4,802,263**	*4,958,719*
Accruals	**1,308,540**	*1,549,021*
Other payables	**130,915**	*201,258*
Advance from a customer	**128,963**	*115,913*
	6,370,681	*6,824,911*

* Trade payables include RO.468,207 *(previous year RO.99,725)* due to related parties on account of trade dealings.

	2016 RO.	2015 RO.
12. CONTRACT IN PROGRESS		
Contract costs incurred plus recognized profits	**18,520,766**	*22,515,061*
Progress billings	**19,766,549**	*20,995,487*
Advance received	**128,963**	*115,913*
Retention receivable	**1,575,888**	*1,213,815*

Amounts due to customers for contract works consists of RO.1,932,649 (previous year RO.358,238) due to a related party.

	2016 RO.	2015 RO.
13. PROVISIONS FOR RECTIFICATION COST		
Opening balance	**–**	*–*
Provision made during the year	**421,420**	*–*
Closing balance	**421,420**	*–*

	2016 RO.	2015 RO.
14. CONTRACT COSTS		
Materials consumed	**2,880,569**	*4,457,158*
Sub contract costs	**5,634,681**	*3,261,050*
Wages and benefits	**10,501,821**	*9,138,128*
Depreciation on factory assets	**1,070,884**	*1,148,840*
Hire, berthing and other charges	**689,442**	*424,238*
Repairs and maintenance	**88,278**	*206,100*
Rent expense	**485,003**	*485,684*
Insurance	**138,360**	*166,234*
Power, water and fuel	**407,587**	*290,718*
Vehicle expenses	**97,976**	*79,086*
Provision for rectification cost	**421,420**	—
Other contract costs	**1,185,556**	*1,581,594*
	23,601,577	*21,238,830*

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

	2016 RO.	2015 RO.
15. OTHER OPERATING INCOME		
Profit on disposal of property, plant and equipment	**19,609**	*5,141*
Miscellaneous income	**247,511**	*455,588*
Sale of scrap	**144,505**	*446,091*
	411,625	*906,820*

	2016 RO.	2015 RO.
16. OTHER OPERATING EXPENSES		
Rent	**280,434**	*277,748*
Repairs and maintenance	**104,308**	*117,050*
Insurance	**3,639**	*3,149*
Electricity and water	**83,192**	*69,229*
Telephones, fax and postage	**109,842**	*128,923*
Travelling and conveyance	**3,909**	*2,336*
Advertisement and business promotion expenses	**–**	*760*
Loss on sale/disposal of property, plant and equipment	**966**	*631*
Miscellaneous expenses	**64,301**	*110,229*
	650,591	*710,055*

	2016 RO.	2015 RO.
17. FINANCE COSTS		
On loan from fellow subsidiary and a member	**65,103**	*17,525*
On bank loans and borrowings	**212,115**	*306,613*
Notional interest on members' loans	**24,550**	*23,651*
Others	**4,883**	*–*
Bank charges	**85,594**	*28,908*
	392,245	*376,697*

18. FINANCIAL INSTRUMENTS

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the company, issued by reputed financial institutions.

The company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets which potentially expose the company to credit risks and concentrations of credit risk comprise principally, bank accounts, contract and other receivables, amounts due from customers for contract works, and loan/amount due from related parties. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets.

Due from customers of RO.686,866 is in process of being billed and certified by client/customer in due course.

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

At the year end, the company's maximum exposure to credit risk from trade and other receivables situated outside the Sultanate of Oman is as follows:

	2016 RO.	*2015 RO.*
Contract and other receivables(net) and amounts for contract work due	**1,536,024**	*3,518,659*

Interest rate risk

Bank short term and overdraft accounts are at commercial interest rates at levels, which are generally obtained in Sultanate of Oman, and are therefore exposed to cash flow interest rate risk. Amount due to a member is at 2% interest per annum and amount due to related party is at 4% interest per annum, and are therefore exposed to fair value interest rate risk. Most of the other financial assets and liabilities are non interest bearing. Reasonably possible changes in interest rate at the year end are unlikely to have a significant impact on profit or equity.

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams/US Dollars to which the Rial Omani is fixed, except for the following amounts:

	TRADE PAYABLES	
CURRENCY	**2016 RO.**	*2015 RO.*
Euro	**139,410**	*309,712*
Indian Rupee	**633**	*233*

Reasonably possible changes to exchange rates at the year end are unlikely to have a significant impact on profit or equity.

FAIR VALUES

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the company's financial assets and financial liabilities approximate to their carrying values.

Classification

All financial assets are classified as loans and receivables. All financial liabilities are stated at amortised cost.

Liquidity risk

The company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the company's financial liabilities as at the year end is given below:

	Less than 3 months RO.	**3 to 12 months RO.**	**1 year to 5 years RO.**	**More than 5 years RO.**	**Total RO.**
As at 31st December 2016					
Loan from members	–	2,469,260	–	2,811,886	**5,281,146**
Staff end of service gratuity	–	–	609,549	–	**609,549**
Borrowings	800,985	4,300,000	–	–	**5,100,985**
Trade and other payables	6,370,681	–	–	–	**6,370,681**
Amount due to related parties	1,289,698	–	–	–	**1,289,698**
Provision for rectification cost	–	421,420	–	–	**421,420**
Provision for customer claim	38,462	–	–	–	**38,462**
	8,499,826	7,190,680	609,549	2,811,886	**19,111,941**
As at 31st December 2015					
Loan from members	–	–	–	2,787,336	**2,787,336**
Staff end of service gratuity	–	–	617,664	–	**617,664**
Borrowings	2,815,939	6,500,000	–	–	**9,315,939**
Trade and other payables	6,824,911	–	–	–	**6,824,911**
Amount due to related parties	1,031,603	–	–	–	**1,031,603**
Provision for customer claim	38,462	–	–	–	**38,462**
	10,710,915	6,500,000	617,664	2,787336	**20,615,915**

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

19. OPERATING LEASE COMMITMENTS

The company has entered into long term operating leases for its business premises at Sohar Industrial Port (refer note 3-b) and staff accommodations. The total of the future lease payments is as follows:

	2016 RO.	*2015 RO.*
Not later than one year	**649,886**	*648,419*
Between one and five years	**1,984,536**	*1,879,995*
Later than five years	**2,616,586**	*3,081,389*
	5,251,008	*5,609,803*

	2016 RO.	*2015 RO.*
20. CONTINGENT LIABILITIES		
Claims against the company not acknowledged as debt *	**8,391,156**	*8,396,010*
Bankers letters of guarantee	**3,799,898**	*5,813,440*

Under the sub-usufruct agreement between the Company and Sohar Industrial Port Company SAOC, (SIPC), the SIPC at the time of expiry or termination of the sub-usufruct agreement would require the Company to restore the land to its original form at the company's sole costs. Since, the obligation of the Company is contingent and the liability can only be determined at the time of termination of the usufruct agreement, the company has not made any provision towards site restoration costs in the financial statements.

The ultimate parent company, Larsen & Toubro Ltd. India has given a guarantee on behalf of the company to a customer of the company for possible claims arising due to delay in execution of the contract. The guarantee amount is restricted to 20% of the contract price.

* Claims against the company not acknowledged as debt includes a customer's claim of RO.8,424,818 towards losses, damages, costs expenses and loss of profits against which provision of RO.38,462 Is available. The company's management has strongly disputed the customer's claim. The matter is under arbitration.

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients/consultants relating to possible penalties for delays in job completion, claim of suppliers/subcontractors not accepted by the company, work disputes, recovery of uncertified contract/variation work dues, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

	2016 RO.	*2015 RO.*
21. CAPITAL COMMITMENTS		
Authorised and contracted for	**87,096**	–
22. PURCHASE COMMITMENTS		
Letters of credits	**231,261**	*427,244*

23. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to ensure that the company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

For **L&T MODULAR FABRICATION YARD LLC**

C. S. KOLE	**ROBERT AMBROSE**
Director	*Director*

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their 65th Board report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	**2016-17** ₹ **Lakhs**	*2015-16* ₹ *Lakhs*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**2502**	*2029*
Less: Depreciation, amortization and obsolescence	**12**	*9*
Profit / (Loss) before tax	**2502**	*2029*
Less: Provision for tax	**890**	*361*
Profit for the period carried to the balance sheet	**1612**	*1667*
Add: Other Comprehensive Income	**4**	*12*
Add: Balance brought forward from previous year	**755**	*794*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**982**	*1719*
Balance available for disposal (which directors appropriate as follows)	**1388**	*755*
Transfer to general reserve	**–**	*–*
Balance carried to Balance Sheet	**1388**	*755*

Capital Expenditure:

During the financial year 2012-13, the Company had discontinued manufacturing operations and had accordingly re-classified the fixed assets as 'Held for Sale'. The process of disposing of the assets continued during the current year. The fixed assets unsold are carried at their net realisable values.

As at March 31, 2017, the gross fixed and intangible assets including leased Assets, stood at ₹.35.78 Lakhs and the net fixed assets, at ₹ 17.87 Lakhs. Capital Expenditure during the year amounted to ₹ 15.01 Lakhs.

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

The Company has not given any guarantees or provided any security during the year under review. Details of Investments and Loans made during the year are disclosed in Schedule 8 to the Financial Statements

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee has approved the Related Party Transactions for the financial year 2016-17 and estimated transactions for 2017-18.

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

4. STATE OF COMPANY AFFAIRS/ PERFORMANCE OF THE COMPANY

The gross sales and other income for the financial year under review were ₹ 16946 Lakhs as against ₹ 16012 Lakhs for the previous financial year. The profit before tax from continuing operations including extraordinary and exceptional items was ₹.2502 Lakhs and the profit after tax from continuing operations including extraordinary and exceptional items of ₹.1612 Lakhs for the financial year under review as against ₹.2029 Lakhs and ₹.1667 Lakhs respectively for the previous financial year.

5. AMOUNT TO BE CARRIED TO RESERVE

The Company does not proposes to transfer any amounts to General Reserve.

6. DIVIDEND

The Directors have declared and paid during the year quarterly interim dividends aggregating to ₹ 1200 per share on 68,000 equity shares of ₹ 1000 each.

The Directors recommend a Final Dividend aggregating to ₹ 500 per share on 68,000 equity shares of ₹ 1000 each.

7. MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the report

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

Since the Company is engaged in trading activities disclosure on conservation of energy and technology absorption are not applicable. Details of Foreign exchange earnings and outgo during the financial year is as under:

	₹ Lakhs
Used	**11126**
Earned	**14**

9. CORPORATE SOCIAL RESPONSIBILITY

CSR committee of the Company comprises of Mr. S R Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu as the Members.

The details of the amount to be spent during the current financial year and the manner in which it was spent is given below:

a) Amount to be spent on CSR:

Particulars	**₹ Lakhs**
Average Net Profit of the Company for the last three financial years	**1995**
Amount to be spent as CSR	**40**

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

The Company could not spend any amount in the year as the committee is still in the process of identifying those activities which can be supported as part of CSR activities on long term and sustainable basis. The Committee expects to finalise on the theme and projects that aligns with overall CSR Objectives of its Parent Company and start spending on the identified project in the year 2017-18.

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

The present Directors of the Company are Mr. S. R. Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu.

Mr. A. Shivkumar resigned as a Director of the Company with effect from March 16, 2017. Mr. M. Nachimuthu was appointed as a Director of the Company with effect from the same date.

Mr. Chalapati Rao – Chief Executive and Manager was reappointed for a further term of three years with effect from August 1, 2016 upto and including July 31, 2019. Mr. Nilesh Shirke is the Company Secretary.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 meetings were held on April 22, 2016, August 19, 2016, December 14, 2016 and March 30, 2016.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

12. AUDIT COMMITTEE

Audit Committee of the Company comprises of Mr. S. R. Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu.

The Committee was re-constituted on April 5, 2017 and now comprises of Mr. S.R. Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu as Members

During the year under review the Committee met on April 22, 2016.

The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013

13. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Nomination and Remuneration Committee comprising of Mr. S.R. Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu as Members

The Committee was reconstituted on April 5, 2017 and now comprises of Mr. S.R. Subramanian, Mr. Arnob Mondal and Mr. M. Nachimuthu as members.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013

14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

15. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

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

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period:

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

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

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

16. AUDITORS

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, S&T are eligible for re appointment. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends the re-appointment of S&T as Auditors of the Company from the conclusion of this Annual General Meeting to the conclusion of the next Annual General Meeting.

17. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return as prescribed in Form MGT 9,is attached as Annexure 'A' to this Report.

18. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

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

19. PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

20. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

21. ACKNOWLEDGEMENT

The Board of Directors thank:

1. Bankers
2. Vendors
3. Suppliers
4. Customers

For their continued co-operation and support to the Company .The Directors are pleased to place on record their appreciation for the valuable contribution made by the employees of the Company.

For and on behalf of the board

Place: Mumbai	**S. R. SUBRAMANIAN**	**ARNOB MONDAL**	**M. NACHIMUTHU**
Date : April 24, 2017	*Director*	*Director*	*Director*
	DIN: 3278824	*DIN: 01797683*	*DIN: 07762473*

ANNEXURE 'A'

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U28920MH1952PLC008893
ii)	Registration Date	18/09/1952
iii)	Name of the Company	L&T CUTTING TOOLS LIMITED
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai-400001. Maharashtra Tel No. 022-67525656; Fax:- 022- 67525893 Email:- Subhodh.shetty@larsentoubro.com
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1.	Wholesale trade, except of motor vehicles and motorcycles	461	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited	L99999MH1946PLC004768	Holding	100.00	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	
b) Central Govt	–	–	–	–	–	–	–	–	
c) State Govt (s)	–	–	–	–	–	–	–	–	
d) Bodies Corp.	67994	6	68000	100	67994	6	68000	100	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	
f) Any Other….	–	–	–	–	–	–	–	–	
Sub-total (A) (1):-	**67994**	**6**	**68000**	**100**	**67994**	**6**	**68000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	
b) Other – Individuals	–	–	–	–	–	–	–	–	
c) Bodies Corp.	–	–	–	–	–	–	–	–	
d) Banks / FI	–	–	–	–	–	–	–	–	
e) Any Other….	–	–	–	–	–	–	–	–	
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**67994**	**6**	**68000**	**100**	**67994**	**6**	**68000**	**100**	
B Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian or GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**67994**	**6**	**68000**	**100**	**67994**	**6**	**68000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen and Toubro Limited	68000	100.00	NIL	68000	100.00	NIL	NIL
	Total	**68000**	**100.00**	**NIL**	**68000**	**100.00**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	No Change	No Change	No Change	No Change
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change	No Change	No Change	No Change
	At the End of the year	No Change	No Change	No Change	No Change

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

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the Year specifying the reasons for increase /decrease (e.g.allotment / transfer /bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g.allotment / transfer /bonus/sweatequity etc):				
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition • Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (Amount in ₹)

Sl No	Particulars of Remuneration	Name of Manager	Total Amount
		Damaraju Venkata Sesha Venkata Chalapati Rao	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		75,15,104
2.	Stock Option		–
3.	Sweat Equity		–
4.	Commission - as % of profit - others, specify…		–
5.	Others – Retirement benefits		2,61,630
	Total (A)		**77,76,734**
	Ceiling as per the Act		

B. Remuneration to other directors:

(Amount in ₹)

Sl No	Particulars of Remuneration					Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

(Amount in ₹)

Sl No	Particulars of Remuneration					Total Amount
2.	Other Non-Executive Directors	**Mr.Arnob Kumar Mondal**	**Mr. S. R. Subramanian**	**Mr. A. Shivkumar@**	**Mr. M. Nachimuthu#**	
	Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	• Commission • Others, please specify					
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	N.A.				

@ ceased to be a Director w.e.f March 16, 2017; # appointed as a Director w.e.f March 16, 2017

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (₹)

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
			Mr. Nilesh Baburao Shirke		
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		NIL		
2.	Stock Option		NIL		
3.	Sweat Equity		NIL		
4.	Commission - as % of profit - others, specify				
5.	Others, please specify				
	Total		**NIL**		

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CUTTING TOOLS LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Cutting Tools Limited** ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

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

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;

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

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

   i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer note 24(ix) to the Ind AS financial statements;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses. Refer note 24 (xiv)to the Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 24 (xv) to the Ind AS financial statements; and

   iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note 24(xiii) to the Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R.P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date: April 24, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The physical verification of Inventories have been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 has been complied with.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) The Company is in the business of trading of industrial cutting tools and hence is not required to maintain the books of account and records specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales tax, value added tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, employees's state insurance and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

(₹ in Lakhs)

Name of the Statute	Nature of the disputed dues	Amount *	Period to which the amount relates	Forum where disputes are pending
The Central Sales Tax Act, 1956, Local Sales Tax Acts	Non-submission of C form and input tax credit disallowance	1,458.31	2005-06, 2010-11	Joint Commissioner of Sales Tax (Appeals)

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R.P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date: April 24, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

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

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

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

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

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

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

OPINION

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

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R.P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date: April 24, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Note No.	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
ASSETS				
Non-current assets				
Property, Plant and Equipment	1	14.77	22.92	19.85
Other Intangible Asset		3.10		
Other non current assets	2	209.05	147.53	195.12
Financial Assets				
Investments	3	1.19	1.19	1.19
Deferred tax assets (net)		288.54	713.81	615.00
Current Assets				
Inventories	4	1,820.10	1,758.15	1,482.38
Financial Assets				
Investments	5	984.81	0.28	41.28
Trade receivabes	6	2,241.35	2,025.71	2,283.72
Cash and cash equivalents	7	255.07	1,121.05	263.78
Other Bank Balances	8	21.80	–	–
Loans	9	2.39	929.28	1,234.08
Other financial assets	10	713.88	140.53	16.92
Other current assets	11	850.16	1,260.86	999.51
Assets Held for Sale		24.98	33.59	33.59
Total Assets		7,431.19	8,154.90	7,186.42
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	12	680.00	680.00	680.00
Other Equity	13	3,560.02	2,919.64	2,965.64
LIABILITIES				
Non-current liabilities				
Provisions	14	69.86	56.01	57.12
Other non current Liabilities	15	0.56	5.64	5.42
Current liabilities				
Financial Liabilities				
Trade payables	16	2,597.78	3,786.62	2,723.53
Other financial liabilities	17	2.38	29.81	8.74
Other current Liabilities	18	198.72	181.21	307.48
Provisions	19	299.97	422.64	386.89
Tax Liabilities Net	20	21.90	73.33	51.60
Total Equity and Liabilities		7,431.19	8,154.90	7,186.42
COMMITMENTS (CAPITAL AND OTHERS)	21			
CONTINGENT LIABILITIES	22			
SIGNIFICANT ACCOUNTING POLICIES	23			
OTHER NOTES	24			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

For and on behalf of the Board

R. P. ACHARYA	**D V S CHALAPATHI RAO**	**NILESH SHIRKE**	**S. R. SUBRAMANIAN**	**M. NACHIMUTHU**	**A. K. MONDAL**
Partner	*Manager*	*Company Secretary*	*Director*	*Director*	*Director*
Membership No. 039920		*M. No. A29233*	*DIN: 03278824*	*DIN: 07762473*	*DIN: 01797683*

Place : Mumbai
Date : April 24, 2017

Place : Mumbai
Date : April 24, 2017

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

	Note No.	2016-17 (₹ in Lacs)	*2015-16 (₹ in Lacs)*
INCOME			
Revenue from operations	25	**16,793.26**	*15,802.07*
Other Income	26	**153.02**	*210.36*
Total Income		**16,946.28**	*16,012.43*
EXPENSES			
Manufacturing and Operating expenses			
Cost of raw materials and components consumed	27	**85.93**	*22.60*
Excise Duty		**–**	*0.64*
Purchase of stock-in-trade		**12,649.95**	*12,141.94*
Stores, spares and tools		**–**	*–*
Change in inventories of finished goods, work-in-progress,stock-in-trade and property development		**(146.62)**	*(298.38)*
Other manufacturing, construction and operating expenses		**17.58**	*7.98*
Employee Benefit expenses	28	**791.71**	*837.42*
Sales, administration and other expenses	29	**1,031.11**	*1,262.44*
Finance Costs	30	**2.58**	*–*
Depreciation, amortisation and obsolescence expenses		**12.34**	*9.00*
Total Expenses		**14,444.58**	*13,983.64*
Profit before exceptional items and taxes		**2,501.70**	*2,028.79*
Profit before tax		**2,501.70**	*2,028.79*
Tax Expense			
Current Tax		**998.95**	*647.00*
Provision for Income tax - Earlier Years		**(62.76)**	*–*
MAT Credit Entitlement		**–**	*(263.32)*
Provision for Deferred Tax		**(46.22)**	*(22.25)*
Profit after tax		**1,611.73**	*1,667.36*
Other Comprehensive Income		**4.07**	*12.06*
Total Comprehensive Income		**1,615.80**	*1,679.42*
Basic Earnings per share (₹)		**2,370.19**	*2,452.00*
Diluted Earnings per share (₹)		**2,370.19**	*2,452.00*
Face Value per share (₹.)		**1,000.00**	*1,000.00*
SIGNIFICANT ACCOUNTING POLICIES	23		
OTHER NOTES	24		

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

For and on behalf of the Board

R. P. ACHARYA	**D V S CHALAPATHI RAO**	**NILESH SHIRKE**	**S. R. SUBRAMANIAN**	**M. NACHIMUTHU**	**A. K. MONDAL**
Partner	*Manager*	*Company Secretary*	*Director*	*Director*	*Director*
Membership No. 039920		*M. No. A29233*	*DIN: 03278824*	*DIN: 07762473*	*DIN: 01797683*

Place : Mumbai
Date : April 24, 2017

Place : Mumbai
Date : April 24, 2017

STATEMENT OF CHANGES IN EQUITY

Particulars	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)	2014-15 (₹ in Lacs)
Equity Share Captial			
As per last Balance Sheet	**680.00**	680.00	680.00
Add			
Additions	**–**	–	–
Less			
Deduction	**–**	–	–
	680.00	680.00	680.00
General reserve			
As per last Balance Sheet	**2,171.59**	2,171.59	1,947.59
Add			
Additions	**–**	–	224.00
	2,171.59	2,171.59	2,171.59
Hedging Reserve Fund			
As per last Balance Sheet	**(6.71)**	–	–
Add			
Additions	**–**	(6.71)	–
Less			
Deductions	**(6.71)**	–	–
	–	(6.71)	–
Profit and Loss Account			
Opening Balance	**754.75**	794.05	238.57
Add			
Profit for the period	**1,611.72**	1,667.36	2,231.32
Other comprehensive income	**4.07**	12.06	–
Less			
Transfer to General Reserve	**–**	–	224.00
Profit available for distribution			
Interim Dividend Paid	**816.00**	1,428.00	1,224.00
Tax on dividend	**166.12**	290.71	227.84
	1,388.42	754.76	794.05

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

D V S CHALAPATHI RAO
Manager

NILESH SHIRKE
Company Secretary
M. No. A29233

S. R. SUBRAMANIAN
Director
DIN: 03278824

M. NACHIMUTHU
Director
DIN: 07762473

A. K. MONDAL
Director
DIN: 01797683

Place : Mumbai
Date : April 24, 2017

Place : Mumbai
Date : April 24, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

		2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit before tax	**2,501.70**	*2,028.79*
	Adjustments for:		
	Depreciation, amortisation and obsolescence	**12.34**	*9.00*
	Impact of other comprehensive income	**4.07**	*12.06*
	Effective portion of changes in forward contracts	**6.70**	*(1.53)*
	Dividend Received	**(15.60)**	*(19.29)*
	Provision for diminution in the value of investment	**–**	*(0.17)*
	(Profit)/Loss on sale of investments	**(1.55)**	*(36.07)*
	Interest (received)	**(28.00)**	*(89.96)*
	(Profit)/Loss on sale of fixed assets	**7.89**	*(0.03)*
	Operating profit before working capital changes	**2,487.55**	*1,902.80*
	Adjustments for:		
	(Increase)/Decrease in trade receivables	**(215.64)**	*102.06*
	(Increase)/Decrease in loans and advances	**(181.40)**	*(145.12)*
	(Increase)/Decrease in inventories	**(61.96)**	*(275.77)*
	Increase/(Decrease) in Non Current Liabilites	**8.77**	*–*
	Increase/(Decrease) in trade payables & other payables	**(1,321.44)**	*883.35*
	Cash (used in)/generated from operations	**715.88**	*2,467.31*
	Direct taxes paid (Net)	**(556.99)**	*(386.91)*
	Net cash from operating activities (A)	**158.89**	*2,080.40*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(15.01)**	*(12.44)*
	Sale of fixed assets	**8.43**	*0.39*
	Dividend received from mutual funds	**15.60**	*19.29*
	Investments in mutual fund	**(6,895.40)**	*(7,397.09)*
	Redemption of Mutual Funds	**5,912.43**	*7,438.14*
	Investments in Fixed Deposit	**(21.80)**	*–*
	Inter corporate deposits (net)	**925.00**	*300.00*
	Interest received on inter corporate deposits	**25.49**	*88.90*
	Interest received - others	**2.51**	*0.32*
	Sale of long term investments	**–**	*36.19*
	Net Cash (used in)/generated from investing activities (B)	**(42.75)**	*473.70*
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Deposit transferred to Investor Education and Protection Fund		
	Dividend paid to holding company	**(816.00)**	*(1,428.00)*
	Tax paid on dividends	**(166.12)**	*(268.83)*
	Net Cash (used in)/generated from financing activities (C)	**(982.12)**	*(1,696.83)*
D	**Net (decrease)/increase in cash & cash equivalents (A+B+C)**	**(865.98)**	*857.27*
	Cash & Cash equivalents at the beginning of the year	**1,121.05**	*263.78*
	Cash & Cash equivalents at the end of the year	**255.07**	*1,121.05*

Notes:
1. Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 - "Statement of Cash Flows"
2. Purchase of fixed assets includes movements of capital work-in-progress if any.
3. Cash and cash equivalents represent cash on hand and bank balances on current accounts.
4. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

R. P. ACHARYA	**D V S CHALAPATHI RAO**	**NILESH SHIRKE**	**S. R. SUBRAMANIAN**	**M. NACHIMUTHU**	**A. K. MONDAL**
Partner	*Manager*	*Company Secretary*	*Director*	*Director*	*Director*
Membership No. 039920		*M. No. A29233*	*DIN: 03278824*	*DIN: 07762473*	*DIN: 01797683*

Place : Mumbai
Date : April 24, 2017

Place : Mumbai
Date : April 24, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1

PROPERTY, PLANT AND EQUIPMENT												(₹ In Lacs)
PARTICULARS	**COST/ VALUATION**					**DEPRECIATION**					**Book Value**	**Book Value**
	As at 01.04.2016	*Additions*	*Deductions*	*Transfers*	**As at 31.03.2017**	*As at 01.04.2016*	*For the year*	*On deductions*	*On transfers*	**As at 31.03.2017**	**As at 31.03.2017**	*As at 01.04.2016*
Computers	*19.68*	*11.90*	*0.60*	–	**30.98**	*7.03*	*10.78*	*0.43*	–	**17.38**	**13.61**	*0.36*
Furniture & Fixtures	*1.18*	–	–	–	**1.18**	*0.10*	*0.12*	–	–	**0.22**	**0.96**	*22.92*
Vehicles	*10.55*	–	*10.55*	–	**–**	*1.71*	*1.29*	*3.00*	–	**–**	**–**	–
Office Equipment	*0.51*	–	–	–	**0.51**	*0.16*	*0.16*	–	–	**0.31**	**0.20**	*0.36*
Total	*31.92*	*11.90*	*11.15*	–	**32.67**	*9.00*	*12.34*	*3.43*	–	**17.91**	**14.77**	*22.92*
Previous Year	*19.85*	*12.44*	*0.36*	–	**31.93**	–	*9.00*	–	–	**9.00**	**22.93**	–

INTANGIBLE ASSETS												(₹ In Lacs)
PARTICULARS	**COST/ VALUATION**					**DEPRECIATION**					**Book Value**	**Book Value**
	As at 01.04.2016	*Additions*	*Deductions*	*Transfers*	**As at 31.03.2017**	*Up to 31.03.2016*	*For the year*	*On deductions*	*On transfers*	**As at 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*
Specialised Software	–	*3.11*	–	–	**3.11**	–	*0.00*	–	–	**0.00**	**3.10**	–
Total	–	*3.11*	–	–	**3.11**	–	*0.00*	–	–	**0.00**	**3.10**	–
Previous Year	–	–	–	–	**–**	–	*0.01*	–	–	**0.00**	**–**	–

PARTICULARS	**COST/ VALUATION**					**DEPRECIATION**					**Book Value**	**Book Value**
	As at 01.04.2015	*Additions*	*Deductions*	*Transfers*	*As at 31.03.2016*	*Up to 31.03.2015*	*For the year*	*On deductions*	*On transfers*	*As at 31.03.2016*	*As at 31.03.2016*	*As at 31.03.2015*
Computers	*8.79*	*11.25*	*0.36*		*19.68*	–	*7.03*	–	–	*7.03*	*12.65*	*9.31*
Furniture & Fixtures	–	*1.18*	–		*1.18*	–	*0.10*	–	–	*0.10*	*1.08*	–
Vehicles	*10.55*	–	–		*10.55*	–	*1.65*	*0.06*	–	*1.71*	*8.83*	*10.55*
Office Equipment	*0.51*	–	–		*0.51*	–	*0.16*	–	–	*0.16*	*0.36*	
Total	*19.85*	*12.44*	*0.36*	–	*31.92*	–	*8.93*	*0.06*	–	*9.00*	*22.92*	*19.85*
Previous Year	–	*19.85*	–	–	*19.85*	–	–	–	–	–	*19.85*	

	As at 31st March 2017 (₹ in Lacs)	*As at 31st March 2016 (₹ in Lacs)*	*As at 1st April 2015 (₹ in Lacs)*
NOTE 2 : OTHER NON CURRENT ASSETS			
Income Tax Prior Years	**209.05**	*147.53*	*195.12*
NOTE 3 : NON CURRENT INVESTMENT			
Investment in Equity Instruments:			
Larsen & Toubro LLC	**1.19**	*1.19*	*1.19*
(2500 shares of USD 1 each)			
NOTE 4 : INVENTORIES:(AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)			
Raw Materials	**–**	*84.67*	*107.27*
Finished Goods other than acquired for trading	**–**	*0.05*	*69.18*
Finished Goods Acquired for Trading	**1,820.10**	*1,673.43*	*1,305.93*
	1,820.10	*1,758.15*	*1,482.38*
NOTE 5 : CURRENT INVESTMENTS			
Mutual Funds Short Term	**984.81**	*0.28*	*41.28*
	984.81	*0.28*	*41.28*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March 2017 No.	(₹)	As at 31st March 2016 No.	(₹)	As at 1st April 2015 No.	(₹)
L&T Ultra Short Term Fund Direct Plan - Daily Dividend Reinvestment						
Cost of Mutual Fund Units	–	–	–	–	376,537	38.93
Market value of the Units		–		–		38.93

NAV as at 1st April 2015 is ₹ 10.34 per unit.

	As at 31st March 2017 No.	(₹)	As at 31st March 2016 No.	(₹)	As at 1st April 2015 No.	(₹)
L&T Ultra Short Term Fund - Daily Dividend Reinvestment						
Market value of the Units	9,601,560	984.81	2,798	0.29	23,045	2.34

NAV as at 31st March 2017 is ₹ 10.26 per unit. (31st March 2016 is ₹ 10.17 per unit)

	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
NOTE 6 : TRADE RECEIVABLES			
Unsecured			
Considered Good	2,241.35	2,025.71	2,322.20
Considered Doubtful	120.90	130.60	51.07
	2,362.25	2,156.31	2,373.27
Less : Allowance for Doubtful Debts- Unsecured	120.90	130.60	89.55
	2,241.35	2,025.71	2,283.72
NOTE 7 : CURRENT - CASH AND CASH EQUIVALENTS			
Balance with banks	255.07	1,081.55	263.78
Fixed deposits with banks (maturity less than 3 months)	–	39.50	–
	255.07	1,121.05	263.78
NOTE 8 : CURRENT - OTHER BANK BALANCES			
Fixed Deposit with Bank with maturity more than 3 months	21.80	–	–
NOTE 9 : CURRENT - LOANS			
Security deposits	3.56	3.56	8.63
Intercorporate Deposit	–	925.00	1,225.00
Other loans -Current	(1.17)	0.72	0.45
	2.39	929.28	1,234.08
NOTE 10 : CURRENT - OTHER FINANCIAL ASSETS			
Advances to Related Parties	681.21	–	–
Advance recoverable in cash or kind	(3.88)	112.84	(5.47)
Advances to Gratuity Fund	36.55	27.69	22.39
	713.88	140.53	16.92

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
NOTE 11 : OTHER CURRENT ASSETS			
Advance recoverable other than in cash	**850.13**	1,260.86	999.52
	850.14	1,260.86	999.52
NOTE 12 : EQUITY SHARE CAPITAL			
Authorised:			
70,000 Equity shares of ₹.1000 each	**700.00**	700.00	700.00
Issued & subscribed:			
68,000 Equity shares of ₹.1000 each fully paid-up	**680.00**	680.00	680.00

(1) There were no movements in the number of equity shares outstanding at the beginning and at the end of the year.

(2) The Company has only one class of equity shares having a par value of ₹ 1,000 per share. Each holder of equity shares is entitled to one vote per share.

(3) There are no rights, preferences and restrictions attaching to shares including restrictions on the distribution of dividends and the repayment of capital.

(4) Details of share holders holding more than 5% of equity shares at end of the year

	As at 31st March 2017		As at 31st March 2016		As at 1st April 2015	
	No.	**% Holding**	No.	% Holding	No.	% Holding
Equity shares of ₹.1,000 each fully paid						
*Larsen and Toubro Limited (Holding company)**	**68,000**	**100**	68,000	100	68,000	100

* Includes shares held by nominees of Larsen and Toubro Limited

(5) There are no shares reserved for issue under options and contracts/commitments for the sale of shares/disinvestment, including the terms and amounts.

(6) For the period of five years immediately preceding the date as at which the balance sheet is prepared:

- No shares were allotted as fully paid-up pursuant to contract(s) without payment being received in cash.
- No shares were allotted as fully paid-up by way of bonus shares.
- No shares were bought back.

	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
NOTE 13 : OTHER EQUITY			
Retained Earnings	**1,388.43**	754.76	794.05
General Reserve	**2,171.59**	2,171.59	2,171.59
Hedging Reserve Fund	**–**	(6.71)	–
	3,560.02	2,919.64	2,965.64
NOTE 14 : NON CURRENT - PROVISIONS			
Provision for Med Benefit Post Retirement	**69.86**	56.01	57.12
	69.86	56.01	57.12
NOTE 15 : OTHER NON-CURRENT LIABILITIES			
Other non-current liabilities	**0.56**	5.64	5.42
	0.56	5.64	5.42

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
NOTE 16 : CURRENT - TRADE PAYABLES			
Due to Related Parties	**58.22**	123.76	11.19
Due to Others	**2,539.56**	3,662.86	2,712.34
	2,597.78	3,786.62	2,723.53
NOTE 17 : CURRENT - OTHER FINANCIAL LIABILITIES			
Forward Contract Payable	–	29.34	–
Other Payables	**2.38**	0.47	8.74
	2.38	29.81	8.74
NOTE 18 : OTHER CURRENT LIABILITIES			
Advances from customers	**53.06**	19.04	177.32
Other Payables	**145.66**	162.17	130.16
	198.72	181.21	307.48
NOTE 19 : CURRENT - PROVISIONS			
Provision for employee benefits:			
Compensated Absences	**137.60**	122.76	111.77
Provision for Post Retirement Medical Benefit	**3.21**	5.32	2.42
	140.81	128.08	114.19
Others:			
Additional Tax on Dividend	–	83.06	61.18
Provisions for Sales Tax	**159.16**	211.52	211.52
	299.97	422.66	386.89
NOTE 20 : LIABILITIES FOR CURRENT TAX (NET)			
Provision for Current year tax (net of MAT credit utilised)	**527.46**	460.24	586.00
Less: Advance Tax Installment (Including TDS)	**505.56**	386.91	534.40
Advance Tax Installment Current Year			
TDS Certificate Received in Current Year			
TDS Certificate Receivables Current Year	–	2.43	–
	21.90	73.33	51.60

NOTE 21 : COMMITMENTS (CAPITAL AND OTHERS)

Estimated amount of contracts remaining to be executed on capital account (net of advances) is ₹.9.06 lakhs (Previous year ₹.9.57 lakhs)

	As at 31st March 2017 (₹ in Lacs)	As at 31st March 2016 (₹ in Lacs)	As at 1st April 2015 (₹ in Lacs)
NOTE 22 : CONTINGENT LIABILITIES			
For Income tax matter in appeal	–	3.73	12.59
For Central excise matter in appeal	–	6.97	2.96
For Cess payable to Navi Mumbai Municipal Corporation, in appeal	**12.09**	12.09	12.09
Sales tax matters	**1,851.18**	39.84	39.84
	1,863.27	62.63	67.48

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	2016-17 (₹ in Lacs)	2015-16 (₹ in Lacs)
NOTE 25 : REVENUE FROM OPERATIONS		
Sale of products	**16,854.71**	*15,705.08*
Commission	**32.74**	*157.56*
Other Operational Income	**(94.19)**	*(60.57)*
	16,793.26	*15,802.07*
NOTE 26 : OTHER INCOME		
Interest Income	**28.00**	*89.96*
Dividend Income	**15.60**	*19.29*
Net gain/(loss) on sale of investments	**1.55**	*36.07*
Net gain on sale of fixed assets	**–**	*0.03*
Exchange gain	**97.56**	*–*
Allowance for doubtful debts	**9.70**	*–*
Miscellaneous income	**0.61**	*65.01*
	153.02	*210.36*
NOTE 27 : MANUFACTURING AND OPERATING EXPENSES		
Cost of Raw materials and components Consumed	**168.98**	*22.60*
Less: Scrap Sales	**83.05**	*–*
	85.93	*22.60*
Purchase of stock-in-trade	**12,649.95**	*12,141.94*
Change in inventories of finished goods, stock-in-trade		
Closing stock:		
Finished goods	**–**	*(0.05)*
Stock-in-trade	**(1,820.10)**	*(1,673.43)*
	(1,820.10)	*(1,673.48)*
Less: Opening stock		
Finished goods	**0.05**	*69.18*
Stock-in-trade	**1,673.43**	*1,305.92*
	1,673.48	*1,375.10*
Changes in Inventory	**(146.62)**	*(298.38)*
	12,589.25	*11,866.17*
Other operating expenses		
Hire charges - plant & machinery and others	**14.29**	*4.85*
Insurance Expenses	**3.29**	*3.01*
Miscellaneous expenses	**–**	*0.12*
	17.58	*7.98*
Total Manufacturing, Construction and Operating expenses	**12,606.84**	*11,874.15*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	2016-17 (₹ in Lacs)	*2015-16 (₹ in Lacs)*
NOTE 28 : EMPLOYEE BENEFIT EXPENSES		
Salaries , Wages and bonus	**697.41**	*719.14*
Contribution to and provision for:		
Provident fund and pension fund	**19.10**	*19.42*
Superannuation/employee pension schemes	**1.45**	*1.36*
Gratuity funds	**5.57**	*2.74*
	26.12	*26.59*
Welfare and other expenses	**68.18**	*94.76*
	791.71	*837.42*
NOTE 29 : SALES, ADMINISTRATION AND OTHER EXPENSES		
Rent	**34.37**	*25.64*
Rates and Taxes	**43.80**	*44.59*
Travelling and conveyance	**145.90**	*164.95*
General repairs and Maintenance	**16.57**	*20.60*
Professional Fees	**55.82**	*36.77*
Audit Fees (refer note 24 (viii))	**5.26**	*6.04*
Telephone postage and Telegrams	**18.96**	*18.14*
Advertising and Publicity	**247.76**	*163.67*
Stationery and printing	**5.00**	*5.15*
Bank Charges	**3.86**	*3.70*
Discount on sales	**0.03**	*0.00*
Bad Debts	**–**	*10.42*
Allowance for doubtful debts	**–**	*50.75*
Provision/(reversal) for diminution in value of investments	**–**	*(0.17)*
Exchange loss	**–**	*191.13*
Net loss on sale of fixed assets	**7.89**	–
Other provisions	**21.51**	–
Miscellaneous expenses	**424.38**	*521.06*
	1,031.11	*1,262.44*
NOTE 30 : FINANCE COST		
Interest Cost IND AS 19	**2.58**	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 23 : SIGNIFICANT ACCOUNTING POLICIES

i) Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 ("the act") and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 and sub-section (1) of Section 210A of the Companies Act, 1956. The company had prepared the financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 upto the year ended March 31, 2016. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note A for the details of first time adoption exemptions availed by the Company.

ii) First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by

a. recognising all assets and liabilities whose recognistion is required by Ind AS,

b. not recognising items of assets or liabilities which are not permitted by Ind AS,

c. by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and

d. applying Ind AS in measurement of recognised assets and liabilities.

The transition was done in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.

The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

iii) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

iv) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

Amounts in the financial statements are presented in Indian Rupees and are rounded-off to the nearest lakhs (upto two decimals).

v) Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific contract including the defect liability period, wherever applicable and extends up to the realisation of receivables within the agreed credit period normally applicable.

vi) Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates and other similar allowances.

a. Revenue from operations

i. Sale of goods

Revenue includes excise duty, wherever applicable, and adjustments made towards price variation wherever applicable. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- Significant risks and rewards of ownership of the goods are transferred to the buyer;

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

ii. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

The amount of revenue can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

b. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

c. Other Income

i. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

ii. Dividend income is accounted in the period in which the right to receive the same is established.

iii. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

vii) Exceptional Items

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

viii) Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

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

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013 except for

Category	Useful life determined by the company
Office equipment	4 years
Vehicles	7 years

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation for additions to/deductions from, owned assets is calculated pro rata.

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

ix) Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets. The same are amortized on the basis of management estimate of useful life of the assets. Specialized software are amortized over a period of six years.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

x) Impairment of assets

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

i. the provision for impairment loss, if any; and

ii. the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use. (Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

xi) Employee benefits

a. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b. Post-employment benefits:

i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

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

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

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

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

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

c. Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) supra.

d. Termination benefits:

Termination benefits are recognized as expenses in the period in which they are incurred.

xii) Financial instruments

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

a. Financial Assets

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

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Interest income, dividend income and exchange difference (on debt instrument) on fair value through OCI (FVTOCI) debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

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

ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and

iii. when the company has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables and other contractual rights to receive cash or other financial asset. For the purpose of measuring expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b. Financial Liabilities

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

Loans and borrowings are subsequently measured at amortised costs using effective interest rate

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

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

The Company designates certain foreign exchange forward contracts as cash flow hedges. Hedges of foreign exchange risk on firm commitments & highly probable forecast transactions are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

xiii) Inventories

Inventories are valued after providing for obsolescence, as under:

a. Raw materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

b. Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/ payable on such goods.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

Cost of inventories is computed on a weighted average basis.

xiv) Cash and bank balances

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

xv) Foreign currency transactions

The functional currency of the Company is Indian rupee.

Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

xvi) Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

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

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

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

xvii) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a. an entity has a present obligation (legal or constructive) as a result of a past event

b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. a reliable estimate can be made of the amount of the obligation

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

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b. a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

xviii) Commitments

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

a. Estimated amount of contracts remaining to be executed on capital account and not provided for

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

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

xix) PPE held for sale

PPE (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

xx) Cash Flow Statement

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

a. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

b. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

c. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement.

xxi) Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Examples of such estimates include the useful lives of property plant and equipment, Intangible assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans, fair value measurement etc.

Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

NOTE 24 : OTHER NOTES

i) Disclosures pursuant to Ind AS 2 "Inventories"

a) The cost of inventories recognised as an expense during the year NIL (previous year: ₹ 81.09 lakhs) in respect of write-downs of inventory to net realisable value.

b) No inventory is pledged as security for liabilities.

ii) Disclosure pursuant to Ind AS 19 "Employee Benefits"

1) Defined Contribution Plans:

		₹
Particulars	**For 2016-17**	*For 2015-16*
Contribution to :		
Superannuation fund	**1.45**	*1.36*
Deposit linked insurance fund	**0.47**	*0.12*
EPS pension	**8.66**	*9.18*
Provident fund	**10.44**	*10.24*

2) Defined benefit plans:

The amounts recognised in Balance Sheet are as follows:

							₹ in Lakhs
	Particulars	**Gratuity plan**			**Post-retirement medical benefit plan**		
		As at 31-Mar-17	*As at 31-Mar-16*	*As at 01-Apr-15*	**As at 31-Mar-17**	*As at 31-Mar-16*	*As at 01-Apr-15*
	Present value of defined benefit obligation						
A)	– Wholly funded	**72.33**	*67.11*	*63.85*	**–**	–	–
	– Wholly unfunded	**–**	–	–	**73.07**	*61.33*	*59.54*
	Less: Fair value of plan assets	**127.70**	*109.05*	*97.77*	**–**	–	–
	Add: Amount not recognised as an asset (limit in para 64(b) of IND AS 19)	**18.82**	*14.25*	*11.53*	**–**	–	–
	Amount to be recognised as liability or (asset)	**(36.55)**	*(27.69)*	*(22.39)*	**73.07**	*61.33*	*59.54*
B)	Amounts reflected in the Balance Sheet						
	Net liability/(asset) - current	**(36.55)**	*(27.69)*	*(22.39)*	**3.21**	*5.32*	*2.42*
	Net liability/(asset) - Non-current	**–**	–	–	**69.86**	56.01	57.12

The amounts recognised in Statement of Profit and Loss are as follows:

					₹ in Lakhs
	Particulars	**Gratuity plan**		**Post-retirement medical benefit plan**	
		31-03-2017	*31-03-2016*	**31-03-2017**	*31-03-2016*
1	Current service cost	**5.57**	*5.81*	**2.75**	*2.99*
2	Interest cost	**5.00**	*4.73*	**4.80**	*4.58*
3	Interest income on plan assets	**(8.36)**	*(7.80)*	**–**	–
4	Actuarial losses/(gains)	**(12.22)**	*(8.03)*	**8.15**	*(0.96)*
5	Effect of the limit in para 64(b) of IND AS 19	**1.14**	*0*	**0**	*0*
Total (1 to 5)		**(8.87)**	*(5.29)*	**15.70**	*6.61*
I	Amount included in "employee benefits expense"	**5.57**	*2.74*	**2.75**	*7.57*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakhs

	Particulars	Gratuity plan		Post-retirement medical benefit plan	
		31-03-2017	31-03-2016	31-03-2017	31-03-2016
II	Amount included as part of "manufacturing construction and operating expenses"	–	–	–	–
III	Amount included as part of "finance cost"	(2.22)	–	4.80	–
IV	Amount included as part of "Other comprehensive income"	(12.22)	(8.03)	8.15	(0.96)
V	Amount capitalised on new product development	–	–	–	–
Total (I+II+III+IV+V)		**(8.87)**	(5.29)	**15.70**	6.61

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

₹ in Lakhs

Particulars	Gratuity plan		Post-retirement medical benefit plan	
	As at 31-03-2017	As at 31-Mar-16	As at 31-03-2017	As at 31-Mar-16
Opening balance of the present value of defined benefit obligation	67.11	63.84	61.33	59.55
Add: Current service cost	5.57	5.81	2.75	2.99
Add: Interest cost	5.00	4.73	4.80	4.58
i) Actuarial (gains)/losses arising from changes in demographic assumptions	–	–	–	–
ii) Actuarial (gains)/losses arising from changes in financial assumptions	4.35	(0.92)	6.63	(1.08)
iii) Actuarial (gains)/losses arising from changes in experience adjustments	(0.68)	(1.73)	1.52	0.12
Less: Benefits paid	(9.02)	(4.62)	(3.96)	(4.83)
Closing balance of the present value of defined benefit obligation	72.33	67.11	73.07	61.33

Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at 31-Mar-17	As at 31-Mar-16
Opening balance of the fair value of the plan assets	109.05	97.77
Add: Interest income on plan assets*	8.36	7.80
Add/(Less): Actuarial gains/(losses)		
Difference between actual return on plan assets and interest income	19.31	8.10
Add: Contribution by the employer	0	0
Add/(less) : Transfer in/(out)	0	0
Add: Contribution by plan participants	0	0
Add: Liabilities assumed on transfer of employees	0	0
Add: Business combination/disposal (net)	0	0
Less: Benefits paid	(9.02)	(4.62)
Add: Adjustment for earlier years	0	0
Less: Settlements	0	0
Closing balance of the plan assets	127.70	109.05

The fair value of major categories of plan assets are as follows:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ in Lakhs

Particulars	Gratuity plan			*Gratuity plan*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*
	As at 31-Mar-17	**As at 31-Mar-17**	**As at 31-Mar-17**	*As at 31-Mar-16*	*As at 31-Mar-16*	*As at 31-Mar-16*
Cash and cash equivalents	**0**	**4.44**	**4.44**	*9.80*		*9.80*
Equity instruments	**3.35**	**0**	**3.35**	*2.20*		*2.20*
Debt instruments - Corporate Bonds	**6.75**	**0**	**6.75**	*3.26*		*3.26*
Debt instruments - Central government Bonds	**5.77**	**0**	**5.77**	*47.98*		*47.98*
Debt instruments - State government Bonds	**21.54**	**0**	**21.54**	*8.73*		*8.73*
Debt instruments - PSU Bonds	**80.52**	**0**	**80.52**	*37.08*		*37.08*
Mutual funds – Equity	**0**	**5.33**	**5.33**	*0*		*0*
Mutual funds – Debt	**0**	**0**	**0**	*0*		*0*
Mutual funds – Others	**0**	**0**	**0**	*0*		*0*
Fixed Deposits	**0**	**0**	**0**	*0*		*0*
Special Deposit Scheme	**0**	**0**	**0**	*0*		
Closing balance of the plan assets	**117.93**	**9.77**	**127.70**	*109.05*	*–*	*109.05*

The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	**As at 31-Mar-17**	*As at 31-Mar-16*
1) Gratuity plan	**9.70**	*9.18*
2) Company pension plan		
3) Post-retirement medical benefit plan	**14.93**	*14.37*

Particulars	**As at 31-Mar-17**	*As at 31-Mar-16*
1 Discount rate:		
a) Gratuity plan	**7.35%**	*8.00%*
b) Post-retirement medical benefit plan	**7.35%**	*8.00%*
2 Annual increase in healthcare costs (see note below)	**5.00%**	*5.00%*
3 Salary Growth rate (see note below)		
a) Gratuity plan	**5.00%**	*5.00%*
b) Post retirement medical benefits	**5.00%**	*5.00%*

3) Attrition Rate:

For post-retirement medical benefit plan, Company pension plan and Gratuity plan, the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

4) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand the employment market.

5) The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of Profit and Loss.

6) The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

7) Claims Ratio :

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

This assumption is only used to value benefit beyond the age of 75 years of the employee / beneficiary, as the benefits post the age of 75 years are not insured but instead are paid directly by the Company. The assumption for claims ratio are as shown below:

Claims	Active Employees	Beneficiaries
	Rates (p.a.)	
Domiciliary	100%	75%
Hospitalization	10%	10%
Hearing aids	10%	10%

iii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 ''Operating Segments''

The Company operates in a single segment, viz. trading in Industrial Machine Products and predominantly operates in the domestic market. Accordingly disclosure requirements of Accounting Standard (IND AS) 108 Operating Segments is not applicable.

iv) Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures'':

A. List of related parties who exercise control and status of transactions entered during the year:

Sr. No.	Name of the related party	Relationship	Transaction entered during the year (Yes/ No)
1	Larsen & Toubro Limited	Holding Company	Yes

B. Names of related parties with whom transactions were carried out during the year and description of relationship:

Sr. no.	Name of the related party	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Valves Limited	Fellow Subsidiary
3	L&T Construction Equipment Limited	Fellow Subsidiary
4	L&T - MHPS Boilers Private Limited	Joint Venture of Holding Company
5	L&T Special Steels and Heavy Forgings Private Limited	Joint Venture of Holding Company
6	L&T Kobelco Machinery Private Limited	Joint Venture of Holding Company
7	L&T - MHPS Turbine Generators Private Limited	Joint Venture of Holding Company
8	EWAC Alloys Limited	Fellow Subsidiary
9	D V S Chalapathi Rao	Manager

C. Disclosure of related party transactions :

₹ In lakhs

Sr No	Nature of transaction/relationship/major parties	April 1, 2016 - March 31, 2017	*April 1, 2015 - March 31, 2016*
1	**Sales of Goods**		
	Holding Company		
	Larsen & Toubro Limited	**810.53**	*646.26*
	Fellow Subsidiary		
	L&T Valves Limited	**101.99**	*105.10*
	L&T Construction Equipment Limited	**53.77**	*26.44*
	EWAC Alloys Limited	**0.90**	–
	Associate/ Joint Venture		
	L&T - MHPS Boilers Private Limited	**33.40**	*23.62*
	L&T Special Steels and Heavy Forgings Private Limited	**13.48**	*15.40*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ In lakhs

Sr No	Nature of transaction/relationship/major parties	April 1, 2016 - March 31, 2017	*April 1, 2015 - March 31, 2016*
	L&T Kobelco Machinery Private Limited	**47.09**	*22.99*
	L&T - MHPS Turbine Generators Private Limited	**176.00**	*205.25*
2	**Providing of Services**		
	Holding Company		
	Larsen & Toubro Limited	**–**	*9.14*
3	**Receiving of services/goods**		
	Holding Company		
	Larsen & Toubro Limited	**249.58**	*386.37*
4	**Sale of investment**		
	Holding Company		
	Larsen & Toubro Limited	**–**	*36.19*
5	**Interest received on Intercorporate Deposit**		
	Holding Company		*–*
	Larsen & Toubro Limited	**25.49**	*88.97*
6	**Cost of Management Contracts (including deputation of employees)**		
	Holding Company		
	Larsen & Toubro Limited	**43.61**	*21.69*
7	**Inter corporate depost given**		
	Holding Company		
	Larsen & Toubro Limited	**550.00**	*–*
8	**Inter corporate deposit received**		
	Holding Company		
	Larsen & Toubro Limited	**1,475.00**	*–*
9	**Reimbursement of Liability in respect of Sales tax & VAT**		
	Holding Company		
	Larsen & Toubro Limited	**717.73**	*–*
10	**Payment of Salary & Perquisites**		
	D V S Chalapathi Rao	**77.77**	*77.92*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

D. Amount due to/from related parties:

			₹ In Lakhs
Sr No	**Nature of transaction/relationship/major parties**	**As on March 31, 2017**	*As on March 31, 2016*
1	**Accounts payable**		
	Holding Company		
	Larsen & Toubro Limited	**58.22**	*123.76*
2	**Accounts receivable**		
	Holding Company		
	Larsen & Toubro Limited	**261.52**	*272.94*
	Fellow subsidiary		
	L&T Valves Limited	**31.94**	*23.16*
	L&T Construction Equipment Limited	**6.28**	*10.17*
	Joint Venture		
	L&T - MHPS Boilers Private Limited	**8.19**	*6.43*
	L&T Special Steels and Heavy Forgings Private Limited	**9.94**	*12.54*
	L&T Kobelco Machinery Private Limited	**5.88**	*10.24*
	L&T - MHPS Turbine Generators Private Limited	**56.61**	*139.57*
3	**Provision against receivable**		
	Holding Company		
	Larsen & Toubro Limited	**13.61**	*22.34*
	Fellow subsidiary		
	L&T Valves Limited	**0.03**	*–*
	Associate/ Joint Venture		
	L&T - MHPS Boilers Private Limited	**0.09**	*–*
	L&T - MHPS Turbine Generators Private Limited	**1.42**	*6.17*
	L&T Special Steels and Heavy Forgings Private Limited	**0.36**	*0.42*
	L&T Kobelco Machinery Private Limited	**–**	*0.91*
4	**Loans & Advances**		
	Holding Company		
	Larsen & Toubro Limited	**681.21**	*–*
5	**Intercorporate Deposit Given**		
	Holding Company		
	Larsen & Toubro Limited	**–**	*925.00*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

v) Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share":

Particulars		2016-17	2015-16
Basic			
Profit after tax as per accounts (₹ lakhs)	A	**1,611.73**	*1,667.36*
Weighted average number of shares outstanding	B	**68,000**	*68,000*
Basic EPS (₹)	A/B	**2,370.19**	*2,452.00*
Diluted			
Profit after tax as per accounts (₹ lakhs)	A	**1,611.73**	*1,667.36*
Weighted average number of shares outstanding	B	**68,000**	*68,000*
Add: Weighted average number of potential equity shares on account of employee stock options	C	**–**	*–*
Weighted average number of shares outstanding for diluted EPS	D=B+C	**68,000**	*68,000*
Diluted EPS (₹)	A/D	**2,370.19**	*2,452.00*
Face value per share (₹)		**1000**	*1000*

vi) Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 "Income Taxes":

a) Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss for the year ended March 2017

₹ In Lakhs

Particulars	*Deferred tax assets / (liabilities) As at 31.03.2016*	(Charge) / credit to statement of profit and loss	**Deferred tax assets / (liabilities) As at 31.03.2017**
Deferred tax assets			
Provision for doubtful debt and advance	*25.74*	(16.36)	**9.38**
Disputed statutory liability	*(83.40)*	90.85	**7.45**
Provision for leave encashment	*3.80*	39.53	**43.33**
Difference in Book and Income tax depreciation	*20.28*	0.68	**20.96**
PLR	*27.77*	(27.77)	**–**
Others	*28.06*	(28.06)	**–**
Total	*22.25*	58.87	**81.12**
Deferred tax liabilities:			
Provision for Gratuity	*–*	(12.65)	**(12.65)**
Total	*–*	(12.65)	**(12.65)**
Net deferred tax (liabilities) / assets	*22.25*	46.22	**68.47**
Previous year	*–*	22.25	**22.25**

b) Details of tax unutilized credits:

₹ In Lakhs

Year of MAT Credit	As at 31.03.17	*As at 31.03.16*	*As at 01.04.2015*
A.Y. 2015-16	**220.07**	*285.24*	*285.24*
A.Y. 2014-15	**–**	*309.62*	*309.62*
A.Y. 2012-13	**–**	*96.70*	*20.14*
Total	**220.07**	*691.56*	*615.00*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

c) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

		₹ In Lakhs
Particulars	**2016-2017**	*2015-2016*
Profit and Loss section		
Current Income tax :		
Current income tax charge	**998.95**	*647.00*
Effect of prior period adjustments	**(62.76)**	
Deferred Tax:		
Relating to origination and reversal of temporary differences	**(46.22)**	*(285.57)*
Income tax expense reported in the statement of profit or loss	**889.97**	*361.43*
Current Income tax :		
Net loss/ (gain) on remeasurement of defined benefit plans	**3.79**	–

d) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

			₹ In Lakhs
Sr.	**Particulars**	**2016-2017**	*2015-2016*
1	**Profit before tax**	**2,501.69**	*2,028.78*
2	Applicable tax rate	**34.608%**	*34.608%*
3	PBT * applicable tax rate (1*2)	**865.78**	*702.12*
(i)	Dividend Income	**(5.40)**	*(6.68)*
(ii)	Expenses in relation to exempt income	**1.27**	–
(iii)	Effect of prior period adjustments	**(62.76)**	*7.88*
(iv)	Effect of disputed statutory liability claimed on payment basis	**46.89**	–
(v)	Effect of Items disallowed u/s 43B	**13.00**	*(3.21)*
(vi)	Difference in Book and Income tax depreciation	**(2.60)**	*(24.91)*
(vii)	Effect due to Provision for doubtful debt and advance	**–**	*(7.54)*
(viii)	Effect of lower capital gain tax rates	**–**	*(12.49)*
(ix)	MAT Credit	**–**	*(263.32)*
(x)	Other items	**33.79**	*(30.42)*
4	Tax expense recognised during the year (Total 1 to 4)	**889.97**	*361.43*
5	Effective tax Rate	**35.57**	*17.82*

vii) Pursuant to Indian Accounting Standard (Ind AS) 105 "Non-current Assets Held for Sale and Discontinued Operations":

			₹ In Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 31-3-2015*
Property, Plant and Equipment	**24.98**	*33.59*	*33.59*
Total	**24.98**	*33.59*	*33.59*

The Company has identified the above as held for sale to optimize the capital allocation and focus on core business. The sale is envisaged through transfer of title deeds for identified assets held for sale and through divestment of stake in case of disposal group held for sale.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

viii) Auditors' remuneration (excluding taxes) and Expenses incurred during the year:

		₹ In Lakhs
Particulars	**2016-17**	*2015-16*
Statutory Audit fees	**3.25**	*3.25*
Tax audit fees	**0.85**	*0.85*
Other services	**1.16**	*1.94*
Total	**5.26**	*6.04*

ix) Disclosures pursuant to Indian Accounting Standard (Ind AS) 37 "Provisions, Contingent Liabilities and Contingent Assets":

a) Movement in provisions (Sales Tax):

		₹ In Lakhs
Particulars	**2016-17**	*2015-16*
Opening Balance	**211.52**	*211.52*
Additional provision during the year	**739.24**	*–*
Provision used/reversed during the year	**791.60**	*–*
Closing Balance	**159.16**	*211.52*

b) Nature of provisions:

Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to five years.

c) Disclosures in respect of contingent liabilities are given as part of Note [22] to the Balance Sheet.

x) The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006, as at 31st March, 2017 based on information available with the Company.

xi) Disclosures as required by IND AS 17 Leases:

No assets have been taken on lease by the Company during the year.

xii) Corporate Social Responsibility :

a. Gross amount required to be spent by the Company during the year : ₹ 39.91 lakhs (previous year ₹ 14.84 lakhs)

b. The particulars of CSR expenditure are as follows:

		₹ In Lakhs
Particulars	**2016-17**	*2015-16**
Amount spent	**–**	*1.35*
a. Construction/ acquisition of any asset	**–**	*–*
b. Other than (a) above	**–**	*1.35*

*The CSR amount was spent towards giving donation to Prime Minister National Relief Fund and Chief Minister's Public Relief Fund.

xiii) Details of Specified Bank Notes held and transacted during the period from November 8, 2016 to December 30, 2016

	SBNs	**Other denomination notes**	**Total**
Closing Balance as at 8 November 2016	NIL	NIL	NIL
(+) Permitted Receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in banks	NIL	NIL	NIL
Closing balance as at 30 December 2016	**NIL**	**NIL**	**NIL**

xiv) The company has no material foreseeable losses on long term contracts including derivate contracts for which provision is required under applicable law or accounting standard.

xv) There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

xvi) Disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments"

a) Category-wise disclosure of financial assets

			₹ In Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
Measured at Amortised Cost			
Cash and bank balances	**276.87**	*1,121.05*	*263.78*
Loans	**(0.56)**	*926.33*	*1,232.08*
ICD	**–**	*925.00*	*1,225.00*
Others	**(1.17)**	*0.72*	*0.45*
Security Deposit	**0.61**	*0.61*	*6.63*
Other financial assets	**716.83**	*143.48*	*18.92*
Earnest Money Deposits	**2.95**	*2.95*	*2.00*
Interest receivable	**0.51**	*0.76*	*0.03*
Advances recoverable in cash	**720.83**	*31.07*	*23.38*
Other receivable	**(7.46)**	*108.69*	*(6.48)*
Trade receivable	**2,241.35**	*2,025.71*	*2,283.72*
Investments	**1.19**	*1.19*	*1.19*
Total Assets measured at Amortised Cost	**3951.95**	*5287.56*	*5050.70*
Measured at FVTPL			
Investments			
Mutual funds	**984.81**	*0.28*	*41.28*

b) Category-wise disclosure of financial liabilities

			₹ In Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
Measured at amortised cost			
Other financial liability	**2.38**	*0.47*	*8.74*
Trade payable	**2597.78**	*3786.62*	*2723.53*
Total Liabilities measured at Amortised Cost	**2600.16**	*3787.09*	*2732.27*
Measured at FVTOCI			
Derivative financial liabilities			
Forward contract payable	**–**	*29.34*	*–*

c) Outstanding hedge instruments:

i) For FY 2016-17

Particulars	Nominal Amount	Average Rate	Timing	
			Upto 12 months	**More than 12 months**
a. Currency exposure				
Cash flow hedge/Fair Value Hedge/Hedge of net investments in foreign operations (info to be repeated for each type)				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	–	–	–	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

ii) For FY 2015-16

				₹ In Lakhs
Particulars	**Nominal Amount**	**Average Rate**	**Timing**	
			Upto 12 months	**More than 12 months**
a. Currency exposure				
Cash flow hedge/Fair Value Hedge/Hedge of net investments in foreign operations (info to be repeated for each type)				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1267.79	68	1267.79	

d) Breakup of hedge reserve balance:

		₹ In Lakhs
Particulars	**For 2016-17**	*For 2015-16*
Balance towards continuing hedges (underlying is still off-balance sheet)	–	*(6.49)*
Cost of Hedge Reserve	–	*(0.22)*
Total	–	*(6.71)*

e) Movement of hedge reserve

		₹ In Lakhs
Particulars	**For 2016-17**	*For 2015-16*
Opening balance	**(6.49)**	–
Add: Spot to spot movement in forward contracts (on-balance sheet hedges)	**(6.99)**	*(3.88)*
Add: Forward-to-forward movement in forward contracts (off-balance sheet hedges)		*(6.49)*
Add: Changes in intrinsic value of options		
Add: Changes in fair value of swaps		
Less: Amount reclassified to profit or loss (where hedged item has become on-balance sheet)	**(13.48)**	*(3.88)*
Closing balance	–	*(6.49)*

f) Premium element - Hedging Reserve - Time period related

		₹ In Lakhs
Particulars	**2016-17**	*2015-16*
Opening balance	**(0.22)**	–
Add: Deferred Time value of options		
Add: Difference between forward-to forward MTM and spot-to-spot MTM	**(94.84)**	*(68.01)*
Less: Included in carrying amount of hedge item		
Less: Transferred to profit or loss (premium amortised on a systematic basis over the period)	**(95.06)**	*(67.78)*
Less: Transferred to profit or loss (on discontinuation of hedge)		
Less: Deferred tax related to above		
Closing balance	–	*(0.22)*

g) Financial assets and liabilities measured at fair value - recurring fair value measurements

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

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

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

			₹ In Lakhs
Particulars	**2016-17**	*2015-16*	*2014-15*
Financial assets			
Financial Investments at FVPL			
– Mutual fund units (Level 1)	**984.81**	*0.28*	*41.28*
Total Financial Assets	**984.81**	*0.28*	*41.28*
Financial Liabilities			
Financial Liabilities at FVTOCI			
– Forward contract payable (Level 2)	**–**	*29.34*	*–*
Total Financial Liabilities	**–**	*29.34*	*–*

h) **Movement of items measured using unobservable inputs (Level 3)**

	₹ In Lakhs
Particulars	ICDs
As at 1.04.2015	1225
ICD given	
ICD refunded	(300)
As at 31.03.2016	925
ICD given	550
ICD refunded	(1475)
As at 31.03.2017	–

i) **Expected Credit Loss (ECL) reconciliation on Trade Receivable**

		₹ In Lakhs
Particulars	**2016-17**	*2015-16*
Opening	**130.60**	*89.55*
Changes in loss allowance (Provision for doubtful debts):		
Loss allowance based on Expected credit loss	**(9.70)**	*(3.45)*
Additional provision	**–**	*54.92*
Write off as bad debts	**–**	*(10.42)*
Closing	**120.90**	*130.60*

j) **Maturity profile of financial liabilities (undiscounted contractual maturities):**

			₹ In Lakhs
	Upto 12 month	**More than 12 month**	**Total**
Contractual maturities of financial liabilities As at 31.03.2017	**1**	**2**	**3=1+2**
1. Non Derivative Liabilities			
Trade payables	**2597.78**		**2597.78**
Other financial liabilities	**2.38**		**2.38**
Other items			
Total Non-derivative Liabilities	**2600.16**		**2600.16**
2. Derivative Liabilities			
Forward Contract Payable	**–**		**–**
Total derivative liabilities	**–**		**–**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

k) Maturity profile of financial assets (undiscounted contractual maturities):

₹ In Lakhs

Contractual maturities of financial assets As at 31.03.2017	Upto 12 month 1	More than 12 month 2	Total 3=1+2
Non-current Investments	–	–	–
Current Investments			
– Mutual funds	**984.81**	–	**984.81**
Loans	**2.39**	–	**2.39**
Cash and cash equivalent	**255.07**	–	**255.07**
Others	**713.88**	–	**713.88**
Trade receivable	**2241.35**	–	**2241.35**
Other bank balances	**21.80**	–	**21.80**
Investment in Equity	–	**1.19**	**1.19**
Total	**4219.30**	**1.19**	**4220.49**

l) Foreign currency exposure of on-balance sheet items and related hedges

₹ In Lakhs

Particulars	31.3.2017		*31.3.2016*	
	USD	**EUR**	*USD*	*EUR*
Financial assets				
Trade receivables			*0.71*	
Loans and advances			*116.15*	
Net exposure to foreign currency risk (assets)			*116.86*	
Financial liabilities				
Trade payables	**2307.11**	**38.98**	*3445.52*	*85.69*
(less) Derivative taken to hedge on-balance sheet liabilities			*1236.32*	
Net exposure to foreign currency risk (liabilities)	**2307.11**	**38.98**	*2209.20*	*85.69*

m) Sensitivity:

Exchange Rate

₹ In Lakhs

Particulars	Impact on profit after tax		Impact on other components of equity		Total Impact on equity (networth)	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
USD Sensitivity						
INR/USD -Increase by 5%						
(31 March 2016 -5%)*	**(75.43)**	*(72.23)*		*9.29*	**(75.43)**	*(62.94)*
INR/USD -Decrease by 5%						
(31 March 2016 -5%)*	**75.43**	*72.23*		*(9.29)*	**75.43**	*62.94*
EURO Sensitivity						
INR/EURO -Increase by 5%						
(31 March 2016 -5%)*	**(1.27)**	*(2.80)*			**(1.27)**	*(2.80)*
INR/EURO -Decrease by 5%						
(31 March 2016 -5%)*	**1.27**	*2.80*			**1.27**	*2.80*

* Holding all other variable constant

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Price risk

		₹ In Lakhs	
Particulars	**Range of sensitivity**	**Impact on profit after tax**	
		2016-17	*2015-16*
Assets carried at fair value thru" P&L			
Investment in Mutual fund			
Liquid mutual funds – Increase by 1%	1%	**6.44**	*0.00*
Liquid mutual funds – Decrease by 1%	-1%	**(6.44)**	*0.00*

xvii) Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

Category	**2016-17**			*2015-16*			*2014-15*		
	Value	**Useful Life**		*Value*	*Useful Life*		*Value*	*Useful Life*	
		Min	**Max**		*Min*	*Max*		*Min*	*Max*
Computers	**30.98**	**3**	**3**	*19.68*	*3*	*3*	*8.79*	*3*	*3*
Furniture & Fixtures	**1.18**	**10**	**10**	*1.18*	*10*	*10*	–	–	–
Office Equipment	**0.51**	**4**	**4**	*0.51*	*4*	*4*	*0.51*	*4*	*4*
Owned vehicles	**–**	**7**	**7**	*10.55*	*7*	*7*	*10.55*	*7*	*7*
Specialised software	**3.11**	**3**	**3**	–	*3*	*3*	–	*3*	*3*
Total	**35.78**			*31.92*			*19.85*		

xviii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 101 " First-time Adoption of Indian Accounting Standards"

a) Balance Sheet as at March 31,2016

				₹ In Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*Other regrouping*	*As per Ind AS*
	As at 31-3-2016			*As at 31-3-2016*
ASSETS:				
Non-current assets				
Property, Plant and Equipment	*22.92*	–	–	*22.92*
Financial Assets				
Long term investments	*1.19*	–		*1.19*
Deferred tax assets (net)	–	*34.78*	*679.03*	*713.81*
Other non-current assets	–	–	*147.53*	*147.53*
Current assets				
Inventories	*1758.15*	–	–	*1,758.15*
Financial Assets				
Current Investments	*0.28*	–	–	*0.28*
Trade and other receivables	*2062.52*	*(36.81)*	–	*2,025.71*
Cash and cash equivalents	*1121.05*	–	–	*1,121.05*
Short–term loans	*3,167.92*	–	*(2,238.64)*	*929.28*
Other financial assets	–	–	*140.53*	*140.53*
Assets for current tax (net)	–	–	–	–
Other current assets	–	–	*1,260.86*	*1,260.86*
Assets classified as held for sale	*33.59*	–	–	*33.59*
TOTAL	*8167.62*	*(2.03)*	*(10.69)*	*8,154.91*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

				₹ In Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*Other regrouping*	*As per Ind AS*
	As at 31-3-2016			*As at 31-3-2016*
EQUITY AND LIABILITIES:				
Total Equity				
Equity Share Capital	680.00	0.00		680.00
Other Equity	3007.48	(87.85)	0.00	2,919.64
Non-current liabilities				
Provisions	56.01	0.00		56.01
Deferred tax liabilities	12.53	0.00	(12.53)	0.00
Other non current Liabilities	5.64	0.00		5.64
Current liabilities				
Financial Liabilities				
Trade payables	3698.39	0.00	88.23	3,786.62
Other financial liabilities		0.00	29.81	29.81
Non Financial Liabilities				
Other current liabilities	294.64	85.82	(199.25)	181.21
Provisions	412.93	0.00	9.73	422.66
Liabilities for current tax	–	0.00	73.34	73.34
TOTAL	8167.62	(2.03)	(10.69)	8,154.91

b) Balance Sheet as at March 31,2015

Particulars	*As per IGAAP*	*Ind AS adjustments*	*Other regrouping*	*As per Ind AS*
	As at 31-3-2015			*As at 31-3-2015*
ASSETS:				
Non-current assets				
Property, Plant and Equipment	19.85	–	–	19.85
Financial Assets				
Long term investments	1.19	–	–	1.19
Deferred tax assets (net)	–	–	615.00	615.00
Other non-current assets	–	–	195.12	195.12
Current assets				
Inventories	1,482.38	–	–	1,482.38
Financial Assets				
Current Investments	41.28	–	–	41.28
Trade and other receivables	2,166.23	(38.48)	155.97	2,283.72
Cash and cash equivalents	263.78	–	–	263.78
Short-term loans	3,058.75	–	(1,824.67)	1,234.08
Other financial assets	–	–	16.92	16.92
Assets for current tax (net)	–	–	–	–
Other current assets	–	–	999.52	999.52
Assets classified as held for sale	33.59	–	–	33.59
TOTAL	7,067.05	(38.48)	157.86	7186.43

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As per IGAAP	Ind AS adjustments	Other regrouping	As per Ind AS
	As at 31-3-2015			As at 31-3-2015
EQUITY AND LIABILITIES:				
Total Equity				
Equity Share Capital	680.00	–	–	680.00
Other Equity	3,075.81	(110.17)	–	2,965.64
Non-current liabilities				
Provisions	57.12	–	–	57.12
Deferred tax liabilities	–	–	5.42	5.42
Other non current Liabilities	5.42	–	(5.42)	–
Current liabilities				
Financial Liabilities				
Trade payables	2,650.91	–	72.62	2,723.53
Other financial liabilities	–	–	8.74	8.74
Non Financial Liabilities				
Other current liabilities	220.47	71.69	15.32	307.48
Provisions	377.31	–	9.59	386.90
Liabilities for current tax	–	–	51.60	51.60
TOTAL	7,067.05	(38.48)	157.86	7186.43

c) Statement of Profit and Loss for the year ended March 31, 2016

Particulars	As per IGAAP	Ind AS adjustments	As per Ind AS
	2015-16		2015-16
REVENUE:			
Revenue from operations	15,906.23	104.17	15,802.06
Other income	195.35	(15.01)	210.36
Total revenue	16,101.58	89.16	16,012.42
EXPENSES:			
Manufacturing, construction and operating expenses:			
Cost of raw materials, components consumed	19.00	(3.60)	22.60
Excise Duty	0.00	(0.64)	0.64
Purchase of stock-in-trade	12,141.94	0.00	12,141.94
Changes in inventories of finished goods, work-in-progress and stock-in-trade	(298.38)	0.00	(298.38)
Other manufacturing, construction and operating expenses	16.69	8.71	7.98
Employee benefits expense	795.31	(42.10)	837.41
Sales, administration and other expenses	1,366.45	104.01	1,262.44
Depreciation, amortisation, impairment and obsolescence	9.00	0.00	9.00
Total expenses	14,050.02	66.38	13,983.64
Profit before exceptional and extraordinary items and tax	2,051.56	22.78	2,028.78
Exceptional items			
Profit before extraordinary items and tax	2,051.56	22.78	2,028.78
Extraordinary items			

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As per IGAAP	Ind AS adjustments	As per Ind AS
	2015-16		2015-16
Profit before tax	2,051.56	22.78	2,028.78
Tax expense:			
Current tax	647.00	–	647.00
MAT credit Entitlement	(263.32)	–	(263.32)
Deferred tax (net)	12.53	34.78	(22.25)
Profit after tax	1,655.36	(12.00)	1,667.36

d) IND AS opening Retained Earnings reconciliation :

Particulars	As at 01.04.16	As at 01.04.15
Retained Earnings as per IGAAP	1,352.14	844.49
Add / (less): Ind AS adjustment entries		
Provision for PLR & Income tax on ESOP under constructive obligation	(67.42)	(67.42)
ESOP charge due to valuation change from Intrinsic value to Fair value	(4.27)	(4.27)
Hedge Accounting	(1.75)	–
Provision for Expected Credit Loss	(38.48)	(38.48)
	–	–
Retained Earnings as per Ind AS	1,240.22	734.32

xix) Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

D V S CHALAPATHI RAO
Manager

NILESH SHIRKE
Company Secretary
M. No. A29233

S. R. SUBRAMANIAN
Director
DIN: 03278824

M. NACHIMUTHU
Director
DIN: 07762473

A. K. MONDAL
Director
DIN: 01797683

Place : Mumbai
Date : April 24, 2017

Place : Mumbai
Date : April 24, 2017

DIRECTORS' REPORT

The Directors have pleasure in submitting the Twenty First Annual Report and the Audited Financial Statements of Larsen & Toubro (Oman) LLC for the year ended 31st December, 2016.

FINANCIAL RESULTS

Financial Parameters	**2016**	*2015 (R)**
	Rial Omani	*Rial Omani*
Total Income	**212,545,520**	*175,795,457*
Operating Profit / (Loss)	**2,332,382**	*2,187,801*
Add : Interest Income	**22,318**	*16,774*
Less : Finance Costs	**1,481,071**	*635,390*
Profit / (Loss) before Tax	**873,629**	*1,569,185*
Less : Income Tax Expenses	**(603)**	*(283,224)*
Profit / Net (Loss) after Tax	**873,026**	*1,285,961*

* All figures for 2015 given in this report are restated figures wherever applicable.

PRINCIPAL ACTIVITY

The principal activities of the company spanned across Civil Constructions, Power Transmission & Distribution, Infrastructure, Water Distribution Networks and Minerals & Metals segment projects.

FINANCIAL REVIEW

Order Inflow for the year 2016 was under stress at OMR 28 Million amidst the volatile market conditions. Consequently, the order book was limited to OMR 248 Mn. This slackness is expected to remain for FY 2017 also.

The Revenue from the projects stood at OMR 213 Million registering a healthy increase of 21% over the previous year.

Profit before Tax for 2016 stood at OMR 0.87 Million as against OMR 1.57 Million for 2015 and the Profit after Tax stood at OMR 0.87 Million as against OMR 1.29 Million over the previous year.

DIVIDEND

The Directors recommend payment of OMR NIL/- for equity share of OMR 1.000 each for the year 2016.

CAPITAL EXPENDITURE

As at December 31, 2016 the Gross Fixed Assets stood at OMR 33 Million and Net Fixed Assets at OMR 14 Million. Additions during the year amounted to OMR 0.8 Million (previous year OMR 3.6 Million)

DISCLOSURE OF INFORMATION TO AUDITORS

The Directors who hold office at the date of approval of this Director's Report confirm that, so far as they are each aware, there is no relevant audit information of which the company's auditors are unaware; and each director has taken all steps that he ought to have taken as a director to make himself aware of any relevant audit information and to establish that the Company's auditors are aware of that information.

AUDITOR'S REPORT

The Auditor's Report to Shareholders does not contain any qualifications.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. that in the preparation of the financial statements, the applicable Accounting Standards have been followed and there has been no material departure;

ii. that the selected Accounting Policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at December 31, 2016 and the profits of the Company for the year ended on that date;

iii. that proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Commercial Company's Law, 4/1974 for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities; and

iv. that the annual accounts have been prepared on a going concern basis.

v. that the company has adequate internal systems and controls in place to ensure compliance of laws applicable to the company.

AUDITORS

The Board recommends the reappointment of auditors M/s PKF LLC, Chartered Accountants to be the auditors of the Company for the year 2017 including for Limited Review on quarterly basis.

THE YEAR AHEAD

Oman Budget 2017 estimates an expenditure and revenue at OMR 11.7 Bn and OMR 8.7 Bn as against the budgeted amounts for 2016 of OMR 11.9 Bn and OMR 8.6 Bn.

The 2017 budget aims to stimulate economic growth through continued development spending on the economic and social priority projects and enhance public-private partnership to accelerate private sector investments. It also aims to increase the contribution of non-oil revenues in total revenues and reduce dependence on oil revenues, with a focus on manufacturing, tourism and logistics sectors.

The Company is confident of striking orders in Power sector, Tourism sector, Hospitality segment and Hospital packages, based on the budgetary outlook.

The Company aims at an improved performance, through continuous efforts in alternative work methods, business strategy, cost control and prudent spending.

ACKNOWLEDGEMENT

On behalf of the Board of Directors, we would like to take this opportunity to thank the Staff and Workforce for the dedication and commitment, The Zubair Corporation, Larsen & Toubro Limited, India and Larsen & Toubro International FZE, UAE for the support and cooperation in steering the Company to reach higher levels of excellence.

The Board would like to thank Governmental Authorities, Banks, Financial institutions and the Stakeholders of the Company for their continued cooperation and support.

HIS MAJESTY – TRUE VISIONARY & LEGENDARY LEADER

The Board of Directors is deeply grateful to His Majesty Sultan Qaboos bin Said for his vision, guidance and commitment in pursuance of excellence which has helped the country to achieve its growth, prosperity and conducive environment for businesses. Also, the Board of Directors wishes His Majesty health and prosperity for days to come.

For and On Behalf of the Board

D K SEN	**T N RANJAN**
Chairman & Director	*Director*

Date: 23rd March 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LARSEN & TOUBRO (OMAN) LLC

Opinion

We have audited the financial statements of **LARSEN & TOUBRO (OMAN) LLC (the Company)**, which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of matters

Without qualifying our opinion, we draw attention to the following matters:

i) Note 2.5 (a) to the financial statements regarding change in accounting policy due to early adoption of IFRS 9: Financial Instruments.

ii) Note 16.1 to the financial statements regarding credit risk exposure on specific jobs.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **PKF L.L.C.**
Chartered Accountants

Percy R. Bhaya

Muscat
Sultanate of Oman

Date: 23rd March 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Notes	2016 RO.	2015 RO. (Restated)
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**13,524,260**	*15,517,289*
Deferred tax asset	15 (c)	**596,041**	*544,345*
		14,120,301	*16,061,634*
CURRENT ASSETS			
Inventories	4	**12,117,513**	*10,994,995*
Accounts and other receivables	5	**131,674,177**	*94,255,426*
Amounts due from customers for contract work	10	**46,614,006**	*34,913,017*
Cash and cash equivalents	6	**257,548**	*1,579,857*
		190,663,244	*141,743,295*
TOTAL ASSETS		**204,783,545**	*157,804,929*
EQUITY AND LIABILITIES			
SHAREHOLDERS' FUNDS			
Share capital	7	**1,457,144**	*1,457,144*
Legal reserve		**485,712**	*485,712*
Hedging loss	15 (d)	**(432,382)**	*(295,328)*
Retained earnings		**15,229,356**	*14,356,330*
EQUITY FUNDS		**16,739,830**	*16,003,858*
NON CURRENT LIABILITIES			
Employees' end of service benefits		**2,741,050**	*2,593,325*
Deferred tax liability	15 (c)	**394,956**	*361,346*
		3,136,006	*2,954,671*
CURRENT LIABILITIES			
Short term borrowings	8	**58,629,306**	*21,000,000*
Accounts and other payables	9	**107,196,985**	*108,755,868*
Amounts due to customers for contract work	10	**18,590,076**	*8,754,933*
Hedging liability	15 (d)	**491,342**	*335,599*
		184,907,709	*138,846,400*
TOTAL EQUITY AND LIABILITIES		**204,783,545**	*157,804,929*

The attached notes form part of these financial statements.

The report of the independent auditor is set forth on pages 707 and 708.

These financial statements have been approved and authorised for issue by the Board of Directors on 23rd March 2017.

	D. K. SEN	**T. N. RANJAN**	**G. R. RANGANATH**	**C. R. LAKSHMAN**
Date: 23rd March 2017	*Director*	*Director*	*Chief Executive*	*Financial Controller*

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 RO.	*2015 RO. (Restated)*
CONTRACT REVENUES		**212,545,520**	*175,795,457*
Contract costs	**12**	**(206,533,621)**	*(171,942,456)*
GROSS PROFIT		**6,011,899**	*3,853,001*
Other operating income	**13**	**18,296**	*50,014*
(Provision)/reversal of provision for expected credit losses	**5**	**(275,053)**	*1,340,695*
Administrative expenses	**14**	**(3,422,760)**	*(3,055,909)*
PROFIT FROM OPERATIONS		**2,332,382**	*2,187,801*
Interest income		**22,318**	*16,774*
Finance costs		**(1,481,071)**	*(635,390)*
NET PROFIT FOR THE YEAR BEFORE TAX		**873,629**	*1,569,185*
Income tax expense	**15 (b)**	**(603)**	*(283,224)*
NET PROFIT FOR THE YEAR AFTER TAX		**873,026**	*1,285,961*
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss (net of tax)			
Fair value loss on forward currency/commodity contracts (net of tax)	**15 (d)**	**(432,382)**	*(295,328)*
Reclassified to profit or loss on closure of forward currency/commodity contracts		**295,328**	*843,726*
Other comprehensive (loss)/income for the year		**(137,054)**	*548,398*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**735,972**	*1,834,359*

The attached notes form part of these financial statements

The report of the independent auditor is set forth on pages 707 and 708.

	D. K. SEN	**T. N. RANJAN**	**G. R. RANGANATH**	**C. R. LAKSHMAN**
Date: 23rd March 2017	*Director*	*Director*	*Chief Executive*	*Financial Controller*

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital	Legal reserve	Hedging reserve/(loss)	Retained earnings	Total
	RO.	**RO.**	**RO.**	**RO.**	**RO.**
As at 31st December 2014	1,457,144	485,712	(843,726)	17,946,723	19,045,853
Adjustment from initial application of IFRS 9 (net of tax) (note 2.5 (a): RO.5,541,311 – RO.664,957)	—	—	—	(4,876,354)	(4,876,354)
Restated balances as at 1st January 2015	1,457,144	485,712	(843,726)	13,070,369	14,169,499
Total comprehensive income for the year:					
Net profit for the year after tax	—	—	—	1,285,961	1,285,961
Other comprehensive income	—	—	548,398	—	548,398
As at 31st December 2015	1,457,144	485,712	(295,328)	14,356,330	16,003,858
Total comprehensive income for the year:					
Net profit for the year after tax	—	—	—	873,026	873,026
Other comprehensive income	—	—	(137,054)	—	(137,054)
As at 31st December 2016	**1,457,144**	**485,712**	**(432,382)**	**15,229,356**	**16,739,830**

The attached notes form part of these financial statements.

The report of the independent auditor is set forth on pages 707 and 708.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	*2015*
	RO.	*RO.*
Cash flows from operating activities		
Net profit for the year before tax	**873,629**	*1,569,185*
Adjustments for:		
Depreciation	**2,783,425**	*2,928,758*
Profit on disposal of property, plant and equipment	**(24,157)**	*(48,945)*
Accrual for employees' end of service benefits	**1,027,285**	*719,195*
Interest income	**(22,318)**	*(16,774)*
Finance costs	**1,481,071**	*635,390*
Operating profit before working capital changes	**6,118,935**	*5,786,809*
Increase in inventories	**(1,122,518)**	*(1,010,245)*
Increase in accounts and other receivables	**(37,418,751)**	*(21,538,403)*
(Decrease)/increase in accounts and other payables	**(1,558,883)**	*36,400,759*
Change in amounts due from/to customers for contract work (net)	**(1,865,846)**	*(6,072,672)*
Cash (used in)/generated from operations	**(35,847,063)**	*13,566,248*
Employees' end of service benefits paid	**(879,560)**	*(717,626)*
Finance costs paid	**(1,481,071)**	*(635,390)*
Interest income	**22,318**	*16,774*
Net cash (used in)/generated from operating activities	**(38,185,376)**	*12,230,006*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(817,233)**	*(3,639,838)*
Proceeds from disposal of property, plant and equipment	**50,994**	*104,571*
Net cash used in investing activities	**(766,239)**	*(3,535,267)*
Cash flows from financing activity		
Increase/(decrease) in short term borrowings	**37,629,306**	*(7,250,000)*
Net cash from/(used in) financing activity	**37,629,306**	*(7,250,000)*
(Decrease)/increase in cash and cash equivalents	**(1,322,309)**	*1,444,739*
Cash and cash equivalents at the beginning of the year	**1,579,857**	*135,118*
Cash and cash equivalents at the end of the year	**257,548**	*1,579,857*

The attached notes form part of these financial statements

The report of the independent auditor is set forth on pages 707 and 708.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) Larsen & Toubro (Oman) LLC is a Limited Liability Company registered in the Sultanate of Oman.

b) The parent company is Larsen & Toubro International FZE, Sharjah, a company incorporated in United Arab Emirates, and the ultimate parent company is Larsen & Toubro Limited - India, a company incorporated in India. The registered address of the company is P.O. Box 598, Ruwi, Postal Code 112, Sultanate of Oman.

c) The company is engaged in Civil, Mechanical, Electrical and Infrastructure projects.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention, except for cash flow hedges at fair value. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.3 GOING CONCERN CONCEPT

The financial statements are prepared on a going concern basis.

When preparing financial statements, management shall make an assessment of an entity’s ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted that have been consistently applied (except as mentioned in paragraph (a) below), are as follows:

a) Change in accounting policy

The Company has early adopted IFRS 9 Financial Instruments (for which the effective date of adoption was 1st January 2018) issued in July 2014 in the current year with a date of initial application of 1st January 2015. The requirements of IFRS 9 represent a significant change from IAS 39 Financial Instruments: Recognition and Measurement. The key changes to the Company’s accounting policies resulting from its adoption of IFRS 9 are summarised below:

i. Classification of financial assets and financial liabilities

IFRS 9 contains three principal classification categories for financial assets: measured at amortized cost, fair value through other comprehensive income (FVOCI) and fair value through profit or loss (FVTPL). The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The standard eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale. The adoption of IFRS 9 has not had a significant effect on the Company’s accounting policies for financial liabilities.

ii. Impairment of financial assets

IFRS 9 replaces the ‘incurred loss’ model in IAS 39 with an ‘expected credit loss’ (ECL) model. The new impairment model applies to financial assets measured at amortised cost. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

iii. Transition

Changes in accounting policies resulting from the adoption of IFRS 9 in case of contract and retentions receivables have been applied retrospectively. Differences in the carrying amounts of financial asset (contract and retention receivables) resulting from the adoption of IFRS 9 are recognised in retained earnings as at 1st January 2015. The following table summarises the impact, net of tax, of transition to IFRS 9 on retained earnings at 1st January 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

Retained earnings

	Impact of adopting IFRS 9 at 1st January 2015 RO.
Opening balance under IAS 39 (1st January 2015)	17,946,723
Recognition of provision for expected credit losses under IFRS 9	(5,541,311)
Deferred tax asset on provision for expected credit losses	664,957
Opening balance under IFRS 9 (1st January 2015)	**13,070,369**

Contract and other receivables that were classified as loans and receivables under IAS 39 are now classified at amortized cost. Allowance for impairment of RO.5,541,311 was recognised in opening retaining earnings at 1st January 2015 on transition to IFRS 9.

iv. Classification of financial asset (contract and retention receivables) on the date of initial application of IFRS 9

The following table shows the original measurement category under IAS 39 and the new measurement category under IFRS 9 for the Company's financial asset (contract and retention receivables) as at 1st January 2015.

Financial asset	**Original classification under IAS 39**	**New classification under IFRS 9**	**Original carrying amount under IAS 39**	**New carrying amount under IFRS 9**	**Difference reported under retained earnings**
			RO.	**RO.**	**RO.**
Contract and retention receivables	Loans and receivables	Amortized cost	75,143,266	69,601,955	5,541,311

b) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment less their estimated residual value, in equal annual installments over their estimated useful lives. Depreciation is calculated on a straight line basis over the estimated useful lives of assets as follows:

Fabricated buildings	6 2/3 years	
Machinery	5 to 10 years	(Note 3-b)
Other equipment	6 2/3 to 10 years	(Note 3-b)
Furniture	3 years	
Vehicles	6 2/3 to 8 1/3 years	(Note 3-b)

Capital work in progress is not depreciated until it is capitalised and transferred to one of the asset categories when the asset is ready for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amount, the assets are written down to their recoverable amount.

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

c) Impairment

The carrying amounts of the financial and non financial assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the Statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

d) Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Costs comprise of invoice value and expenses incurred in bringing each product to its present location and condition, as follows:

Stores, Spares and Consumables	Weighted Average Cost
Tools, Scaffolding Materials, tackles, etc.	Weighted average cost less amortisation over estimated useful life.
Construction Materials	Weighted Average Cost

Net realizable value is based on estimated selling price less estimated costs expected to be incurred on disposal. Goods in transit represents the inventory over which company has legal title based on terms of purchase, but which are physically not received at the company's warehouse.

e) Accounts receivable

Accounts receivable are stated at original invoice amount less an allowance for expected credit losses. Bad debts are written off as incurred.

The Company measures Expected Credit Loss (ECL) in a way that reflects:

a) An un-biased and probability weighted amount that is determined by evaluating a range of possible outcomes

b) Time value of money

c) Reasonable and supportable information that is available without undue cost or effort at the reporting date about past events, current conditions and forecast of future economic conditions.

It assesses exposure to a credit risk based on a variety of data/factors that are determined to be predictive of the risk of loss (including but not limited to historical credit loss experience, forward looking information for contract and retention receivables and available market information about customers). Accordingly, for the purpose of recognizing ECL, contract and retention receivables are grouped on the basis of credit risk characteristics such as customer segments/types (government, private, related parties) by the company. An ECL rate is calculated for each segment based on age of debt, type of customer and applying experienced credit judgment after giving due consideration to the aforesaid factors.

f) Amounts due from/to customers for contract work

Amounts due from/to customers for contract work represents cost incurred on contracts plus recognised profit less any recognised losses foreseen in bringing contracts to completion less progress billings. Contract costs for this purpose includes cost of materials, direct labour, direct expenses, subcontracts and an appropriate allocation of overheads.

g) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current and card accounts, and deposit accounts free of encumbrance with a maturity date of three months or less from the date of deposit.

h) Accounts and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the suppliers or not, to the extent of work certified by the company's engineers, and correspondingly the company's billings on the jobs is appropriately adjusted and considered as revenue.

i) Provisions

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

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

j) Financial Instruments

- Financial instruments of the company comprise accounts and other receivables, bank current and card accounts, call deposit balances, cash, accounts and other payables, short term borrowings, hedging liability and amounts due from/to customers for contract work.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

- Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when, and only when, contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.
- Financial assets that have fixed or determinable payments and for which there is no active market, are stated at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the Statement of comprehensive income.
- Financial liabilities (except hedging liability which is measured at fair value through other comprehensive income) are measured at cost, or where applicable at amortised cost using the effective interest method.

k) Legal reserve

Legal reserve is created by the company appropriating 10% of the net profit for the year as required by Article 154 of the Commercial Companies Law of Oman 1974. There is no accretion to legal reserve during the year as the company has already created a legal reserve equal to 33.33% of its issued share capital as required by Article 154 of the Commercial Companies Law of Oman 1974. The reserve is not available for distribution.

l) Employees' end of service benefits

The company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

Accruals for employees end of service benefits comprising of leave salary, and end of service gratuity for non-Omani employees is in accordance with company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end.

m) Taxation

The company provides for tax in accordance with the provisions of Income Tax Act on companies in Oman. The present tax structure is 12% on taxable income after allowing the basic exemption limit of RO.30,000.

Deferred tax asset/liability

Deferred tax is accounted, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position, using the currently enacted tax rates. The principal temporary differences arise from depreciation on property, plant and equipment, fair value gain/loss on currency/commodity contracts and provision for expected credit losses. A deferred tax asset is recognized only to the extent it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and related tax benefit realized. Items recognized directly under other comprehensive income are net of income taxes and not forming part of income statement.

n) Revenue

Revenue is recognised when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

i) Cost plus contract:

Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer

ii) Fixed price contract:

Contract revenue is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Expected loss, if any, on the contract is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue are taken into consideration.

o) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognised as an expense in the year in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

p) **Operating lease rentals**

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight-line basis over the lease term.

q) **Foreign currencies**

Transactions in foreign currencies are recorded at the rate ruling at the date of the transaction. Monetary assets and unhedged liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the yearend date. All differences are taken to the Statement of comprehensive income.

r) **Hedge accounting**

Derivative financial instruments to hedge foreign exchange and commodity prices risk exposures are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of derivative financial instruments is determined based on certificate of the bank with whom the contracts are concluded. At the inception of the hedge relationship the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when there is a hedge of exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the market risk in an unrecognised firm commitment.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income as cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss.

s) **Equity**

Share capital is recorded at the value of proceeds received/receivable towards interest in share capital of the company.

t) **Offsetting**

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

i) The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end date, management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the yearend date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

Carrying values of property, plant and equipment

The useful lives and residual values of property, plant and equipment are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the company's inventory, in order to assess their likely utilisation on jobs, technological changes, age, likely obsolescence, the rate at which the materials are being used and the physical damage. Based on the assessment, assumptions are made as to the level of amortization/provisioning required.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the company either from customers or from related parties, and assesses the likelihood of credit loss due to non-recovery or delay in recovery of the debt. Such assessment is based upon the age of the debts, extent of certification, assessed creditworthiness of the debtor, historical credit loss experience, forward looking information and available market information about customers, credit risk characteristics such as customer segments/types (government, private, related parties). Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service gratuity

The company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as of the year end date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

Contract work in progress

Contract revenues on contracts in progress at the yearend are recognised on a percentage of completion basis that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profit on contracts in progress is recognised only when the final outcome of the contract can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/subcontractors, work disputes, recovery of uncertified contract/variation work dues, expected costs during job warranty and defect liability period etc, that are subject to various sources of uncertainties and future negotiations. The management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

i) IFRS 9, amendments thereto and Interpretations became effective for the first time to the company for the current reporting period, as company chose an early adoption of this standard with date of initial application from 1st January 2015 (for which mandatory effective date of adoption was 1st January 2018). (Refer note 2.5 (a)).

ii) There are no other International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the first time for the current reporting period and which are applicable to the company and which could have a material impact on the financial statements.

iii) The following International Financial Reporting Standards, amendments thereto and Interpreta-tions that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods:

- IFRS 15 Revenue From Contracts With Customers (1 January 2018)
- IFRS 16 Leases (1 January 2019)

2.8 FAIR VALUE MEASUREMENT

The company measures hedging asset/liability at fair value at each reporting date.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

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

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

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

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

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

Further information about the assumptions made in measuring fair values is included in note 16.2.2 – Hedging liability measured at fair value.

3. PROPERTY, PLANT AND EQUIPMENT	**Fabricated buildings**	**Machinery**	**Other equipment**	**Furniture**	**Vehicles**	**Capital work in progress**	**Total**
	RO.	**RO.**	**RO.**	**RO.**	**RO.**	**RO.**	**RO.**
Cost							
As at 1st January 2016	3,583,358	22,435,275	1,828,121	322,489	4,484,201	14,092	32,667,536
Additions	162,990	449,233	40,228	—	131,827	32,955	817,233
Transfer from capital work in progress	14,092	—	—	—	—	(14,092)	—
Disposals	—	—	—	—	(80,115)	—	(80,115)
As at 31st December 2016	**3,760,440**	**22,884,508**	**1,868,349**	**322,489**	**4,535,913**	**32,955**	**33,404,654**
Accumulated depreciation							
As at 1st January 2016	2,611,810	9,593,012	1,535,175	315,581	3,094,669	—	17,150,247
Depreciation for the year	321,053	2,136,527	86,501	6,901	232,443	—	2,783,425
Adjustment relating to disposals	—	—	—	—	(53,278)	—	(53,278)
As on 31st December 2016	**2,932,863**	**11,729,539**	**1,621,676**	**322,482**	**3,273,834**	**—**	**19,880,394**
Net book value							
As at 31st December 2015	971,548	12,842,263	292,946	6,908	1,389,532	14,092	15,517,289
As at 31st December 2016	**827,577**	**11,154,969**	**246,673**	**7**	**1,262,079**	**32,955**	**13,524,260**

a) Property, plant and equipment costing RO.80,115 (Net book value RO.26,837) are sold at a net profit of RO.24,157 during the year, which has been accounted as under:-

	2016	*2015*
	RO.	*RO.*
Profit/(loss) on sale of project specific assets (accounted in contract costs)	**15,969**	*(434)*
Profit on sale of other assets (disclosed under other operating income)	**8,188**	*49,379*
	24,157	*48,945*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

b) Change in estimate of useful lives of certain property, plant and equipment.

In accordance with its policy, the company reviews the estimated useful lives of its property, plant and equipment on an ongoing basis. In the previous year, this review indicated that the actual lives of certain property, plant and equipment were longer than the estimated useful lives used for depreciation purposes in the company's financial statements. As a result, effective 1st January 2015, the company changed its estimates of useful lives (with prospective effect) of the following assets to better reflect the estimated periods during which these assets will remain in service:

Asset	**Old life (in years)**	*New life (in years)*
Machinery	**6 2/3**	*5 to 10*
Other equipment	**6 2/3**	*6 2/3 to 10*
Vehicles	**3**	*6 2/3 to 8 1/3*

The approximate impact of the aforesaid prospective change in estimate of useful lives on depreciation expense in previous year, current year and next four years is as follows:

In thousands of Rials Omani	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**
Increase/(decrease) in depreciation expense	(935)	(1019)	(736)	(392)	125	63

4. INVENTORIES

	2016 RO.	*2015 RO.*
Stores, spares, scaffolding materials and consumables	**6,423,172**	*5,996,211*
Construction materials	**5,693,489**	*4,958,468*
	12,116,661	*10,954,679*
Goods in transit	**852**	*40,316*
	12,117,513	*10,994,995*

5. ACCOUNTS AND OTHER RECEIVABLES

	2016 RO.	*2015 RO.*
Contract receivables – others	**82,932,797**	*55,301,784*
Contract receivables – related parties (note 5-a)	**5,583,768**	*4,734,225*
Contract retentions receivable – others (note 5-b)	**41,188,733**	*30,794,213*
Contract retentions receivable – related parties (note 5-a)	**3,445,389**	*3,444,494*
	133,150,687	*94,274,716*
Provision for expected credit losses (note 2.5-a)	**(4,475,669)**	*(4,200,616)*
	128,675,018	*90,074,100*
Amounts due from related parties (note 5-a)	**1,003,464**	*2,236,082*
Advances to subcontractors (note 5-c)	**964,974**	*658,011*
Advances to suppliers (note 5-d)	**427,976**	*279,783*
Prepaid expenses (note 5-e)	**265,410**	*658,431*
Other receivables	**337,335**	*349,019*
	131,674,177	*94,255,426*

a) Included in contract receivables – related parties, contract retentions receivables – related parties and amounts due from related parties is an amount of RO.6,864,368 (previous year RO.5,651,684) due from the ultimate parent company.

(b) Included in Contract retentions receivables - others are amounts of RO.21,319,157 (previous year RO.22,029,757) due after one year from the year end.

(c) Included in advances to subcontractors is an amount of RO.284,906 (previous year RO.Nil) paid to a related party.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

(d) Included in advances to suppliers is an amount of RO.2,381 (previous year RO.Nil) paid to a related party.

(e) Prepaid expenses include RO.22,698 (previous year RO.25,613) paid to a related party.

- The movements in the provision for expected credit losses account are as follows (refer note 2.5 (a):

	Amount RO.
Balance as at 1st January 2015 as per IAS 39	**—**
Adjustment on initial application of IFRS 9	**5,541,311**
Balance as at 1st January 2015 as per IFRS 9	**5,541,311**
Net re-measurement of loss allowance for the year 2015 as per IFRS 9	**(1,340,695)**
Balance as at 31st December 2015 as per IFRS 9	**4,200,616**
Net re-measurement of loss allowance for the year 2016 as per IFRS 9	**275,053**
Balance as at 31st December 2016 as per IFRS 9	**4,475,669**

- An age analysis of contract receivables and retentions that are past due but not impaired is as follows:

	2016 RO.	*2015 RO.*
3 months to 1 year	**29,401,231**	*8,204,360*
Over 1 year	**9,253,028**	*8,660,618*
	38,654,259	*16,864,978*

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	2016 RO.	*2015 RO.*
Gross value	**4,475,669**	*4,200,616*
Provision	**(4,475,669)**	*(4,200,616)*
Carrying value	**—**	*—*
Contract receivables and retentions not past due and not impaired	**90,020,759**	*73,209,122*

6. CASH AND CASH EQUIVALENTS

Cash and cash equivalents included in the statement of cash flows comprise the following items:

	2016 RO.	*2015 RO.*
Cash on hand	**16,571**	*12,397*
Bank balances:		
Current and card accounts	**237,730**	*1,477,663*
Call deposits	**3,247**	*89,797*
	257,548	*1,579,857*

7. SHARE CAPITAL

	2016 RO.	*2015 RO.*
Shares of RO.1 each, fully paid	**1,457,144**	*1,457,144*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

8. SHORT TERM BORROWINGS

	2016	*2015*
	RO.	*RO.*
Short term bank loans	**54,700,000**	*21,000,000*
Bank overdrafts	**3,929,306**	—
	58,629,306	*21,000,000*

Bank facilities are secured against assignment of project receivables from contracts, title to goods procured under LCs (for LC facility) and counter guarantee/indemnity of the company. Bank facilities are subject to financial and shareholding covenants.

9. ACCOUNTS AND OTHER PAYABLES

	2016	*2015*
	RO.	*RO.*
Trade accounts payable - others	**23,501,695**	*22,184,756*
Subcontract payables - others	**12,620,636**	*9,158,318*
Retentions payable - others (note 9-a)	**3,802,954**	*2,316,663*
Trade, subcontract and retentions payable – related parties (note 9-b)	**4,115,715**	*1,443,674*
Amounts due to related parties (note 9-b)	**1,412,059**	*992,589*
Accrued expenses (note 9-c)	**35,178,931**	*29,317,208*
Advance on contracts (note 9-d)	**26,564,995**	*43,342,660*
	107,196,985	*108,755,868*

(a) Included in retentions payable - others are amounts of RO.1,896,826 (previous year RO.906,679) payable after one year from the year end.

(b) Included in trade, subcontract and retentions payable – related parties and amounts due to related parties is an amount of RO.4,373,037 (previous year RO.1,657,413) due to the ultimate parent company, and RO.27,945 (previous year RO.87,586) retention payable after one year from the year end.

(c) Included in accrued expenses is an amount of RO.2,340,510 (previous year RO.93,929) due to related parties and an amount of RO.Nil (previous year RO.37,360) due to the ultimate parent company on account of trade dealings and services.

(d) Included in advance on contracts is an amount of RO.3,910 (previous year RO.3,910) received from a related party.

10. CONTRACT WORK IN PROGRESS

	2016	*2015*
	RO.	*RO.*
Contract costs incurred plus recognized profits less recognised losses	**385,560,066**	*453,974,989*
Progress billings	**357,536,136**	*427,816,905*
Advances received	**26,561,085**	*43,279,167*
Retentions receivable	**28,936,760**	*27,439,293*

11. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The management considers such transactions to be in the normal course of business. Related parties comprise shareholders, companies under common ownership and/or common management control, parent company and ultimate parent company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

The nature of significant related party transactions and the amounts involved are as follows.

	Ultimate Parent Company	Others	2016	2015
	RO.	RO.	RO.	RO.
Contract revenues	32,856	69,016	**101,872**	*615,872*
Contract costs and administrative expenses	2,736,625	5,216,721	**7,953,346**	*2,954,332*
Purchase of property, plant and equipment	73,034	99,809	**172,843**	*369,012*
Interest received	—	22,318	**22,318**	*16,767*

The balances with related parties at the year end have been separately disclosed in the financial statements under notes 5 and 9. The amounts due from and due to related parties include following amounts for trade and contract dealings:

a) Due from customers of RO.3,326,781 (previous year RO.4,787,195) and Due to customers of RO.Nil (previous year RO.1,427) are in respect of contracts executed for ultimate parent company and related parties.

12. CONTRACT COSTS

	2016	2015
	RO.	RO.
Materials consumed	**69,672,844**	*68,282,285*
Subcontract costs	**77,038,196**	*57,508,128*
Depreciation	**2,676,179**	*2,803,058*
Salaries, wages and benefits	**36,589,322**	*31,263,963*
Other contract costs	**20,557,080**	*12,085,022*
	206,533,621	*171,942,456*

The total expense recognised in the Statement of comprehensive income for staff end of service benefits amounts to RO.1,775,387 (previous year RO.1,530,707).

13. OTHER OPERATING INCOME

	2016	2015
	RO.	RO.
Profit on disposal of property, plant and equipment	**8,188**	*49,379*
Miscellaneous income	**10,108**	*635*
	18,296	*50,014*

14. ADMINISTRATIVE EXPENSES

	2016	2015
	RO.	RO.
Staff costs	**2,506,678**	*2,075,599*
Depreciation	**107,246**	*125,700*
Other administrative expenses	**808,836**	*854,610*
	3,422,760	*3,055,909*

15. TAXATION

a) On account of past accumulated tax losses, provision for tax for the current year has not been made in the financial statements. The accounting net profit for the year has been adjusted in respect of disallowances for the purpose of determining the taxable income for the year. As per the Income Tax Law in Oman, losses incurred shall be carried forward for five years after the expiry of the tax year in which they were incurred and shall be deducted in computation of taxable income of those years. The net accumulated losses of RO.15,727,591 for the tax years 2013 to 2015 are available for set off against future taxable income in Oman. Deferred tax asset on unused tax losses is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

not recognised on account of uncertainty regarding availability of future taxable income against which the unused tax loss can be utilised. Taxation for the tax years 2011 to 2016 are subject to agreement with the taxation authorities. Additional tax liability that may arise in future on finalization of pending tax assessments for the tax years 2011 to 2016 is not expected to be material to the company's financial position, and would be paid for and accounted in the financial statements of the year in which the tax assessments are finalised.

b) The income tax expense per the statement of comprehensive income comprises:

	2016 **RO.**	*2015* *RO.*
Deferred tax		
Debit for current year Income tax expense in respect of depreciation adjustment based on depreciation as per tax law	**33,610**	*122,341*
(Credit)/debit for current year Income tax expense in respect of provision for expected credit loss	**(33,007)**	*160,883*
Net debit	**603**	*283,224*

c) Deferred income tax is calculated on all temporary differences under the balance sheet liability method using a tax rate of 12%. The deferred tax asset/liability in the statement of financial position and the deferred tax credit/debit to statement of comprehensive income for the year is attributable to the following items:

		2016 **Deferred tax liability/ (asset)** **RO.**	*2015* Deferred tax liability/ (asset) *RO.*
Deferred tax liability in respect of depreciation adjustment based on depreciation as per tax law	(i)	**394,956**	*361,346*
Deferred tax asset in respect of provision for expected credit loss		**(537,081)**	*(504,074)*
Deferred tax asset on hedging loss		**(58,960)**	*(40,271)*
	(ii)	**(596,041)**	*(544,345)*
Total	{(i) + (ii)}	**(201,085)**	*(182,999)*

d) The deferred tax asset on other comprehensive loss/income is as follows:

	2016 **RO.**	*2015* *RO.*
Fair value loss on forward currency/commodity contracts – Hedging liability	**(491,342)**	*(335,599)*
Deferred tax asset thereon	**58,960**	*40,271*
Hedging loss (net of deferred tax)	**(432,382)**	*(295,328)*

16. FINANCIAL INSTRUMENTS

16.1 CREDIT, INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The company buys materials and services in foreign currencies and some contract revenues are receivable in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on it borrowings.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets which potentially expose the company to credit risks and concentrations of credit risk comprise principally, bank current and card accounts, call deposit accounts, accounts and other receivables, amounts due from customers for contract work and amounts due from related parties. The maximum credit risk exposure of financial assets recognized in the Statement of financial position approximate to the carrying amount of the assets net of provision for expected credit losses.

The company's bank current and call deposit accounts are placed with reputed financial institutions. At the yearend date, 68% of contract receivables and retentions were due from three customers (previous year 44% due from two customers). At the yearend date, contract receivables and retentions of RO.39,127,363 (previous year RO.38,954,182), variation works / claims dues of RO.1,702,671 (previous year RO.992,970), old dues from customers for contract work for completed jobs (which includes dues for additional works/claims) of RO.2,464,259 (previous year RO.2,020,981) and old dues from customers for jobs in progress (which includes dues for additional works/claims) of RO.9,797,505 (previous year RO.12,736,704) are in the process of being certified by consultants/clients. Further, certified contract amounts of RO.10,211,840 (previous year RO.11,103,991) outstanding for more than a year are being followed up for recovery.

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors from a particular industry or to debtors outside the country in which the company operates.

Credit Risk exposure on specific jobs

i. At the year end RO.4,283,791 (including uncertified contract receivables of RO.403,990 and due from customer for contract work of RO.1,420,981) is receivable from a related party for a job executed by the company in the year 2010. Whilst the ultimate outcome of the aforesaid contract matter is uncertain and subject to future negotiations, provision for expected credit losses amounting to RO.1,937,296 has been made against the contract and retention receivables pertaining to this job. The management believes that the said matter would be suitably resolved in future and the provision of RO.1,937,296 is adequate to cover any shortfall in the ultimate realization of the total dues (including amount due from customer i.e. unbilled revenue) aggregating to RO.4,283,791.

ii. At the year end, contract and retentions receivable outstanding for a job executed by the company for the ultimate parent company are short confirmed by RO.444,993. Whilst the ultimate outcome of the aforesaid contract matter is uncertain and subject to future negotiations, no provision for possible loss on this matter has been made in the financial statements as the management believes that the said matter would be suitably resolved in future without any material impact on the company.

Interest rate risk

The bank call deposits and borrowings are at fixed commercial interest rates at levels which are generally obtained in Sultanate of Oman, and are therefore exposed to fair value interest rate risks. Some of the bank borrowings are at floating interest rates linked to LIBOR and are therefore exposed to cash flow interest rate risks. Most of the other financial assets and financial liabilities are non interest bearing. Reasonably possible changes to interest rates at the year end date are unlikely to have a significant impact on profit or equity.

Exchange rate risk

There are no significant exchange rate risks, as substantially most of the financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams/US Dollars to which the Rial Omani is fixed, except for the following amounts.

Currency	**Accounts payable & accruals**		**Bank balances**	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*
Japanese Yen	**—**	—	**1,016**	*988*
Euro	**2,700,867**	*9,962,312*	**1,756**	*4,786*
Great Britain Pound	**—**	—	**368**	*84,188*
Swiss Francs	**—**	*1,327,944*	**99**	*83*
Indian Rupees	**—**	—	**8**	*8*

Reasonably possible changes to exchange rates at the year end are unlikely to have a significant impact on profit or equity.

As part of its risk management, the company enters into forward foreign exchange and commodity contracts to hedge its exposure to exchange rate movements and prices on specific hedged items. At the year end date, the company had entered into the following contracts:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

Forex	Average exchange rate		Amount to be paid	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*
a) Forward purchase of Euros against OMR				
In 3 months or less	**0.41407**	*0.42507*	**3,491,634**	*9,281,882*
Between 3 to 12 months	**0.44050**	*0.42824*	**4,123,053**	*3,979,039*
Over 12 months	—	*0.43009*	—	*520,407*
b) Forward purchase of GBP against OMR				
Between 3 to 12 months	—	*0.59118*	—	*118,236*
c) Forward purchase of CHF against OMR				
In 3 months or less	**0.37600**	*0.38001*	**733,200**	*569,858*
Between 3 to 12 months	—	*0.39664*	—	*986,614*
d) Forward purchase of USD against OMR				
In 3 months or less	**0.38865**	—	**6,995,700**	—

The negative fair value of RO.432,382 (Previous year negative fair value RO.207,090) on the above forward foreign currency hedging contracts at the year end is accounted (net of deferred tax) under other comprehensive income in the financial statements.

Commodity	Average commodity rate		Amount to be paid	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*
a) Forward purchase of Copper against US Dollars				
In 3 months or less	—	*1,972*	—	*1,193,266*
b) Forward purchase of Aluminium against US Dollars				
In 3 months or less	—	*568*	—	*48,244*

The negative fair value of RO.Nil (previous year negative fair value RO.88,238) on the above forward commodity hedging contracts at the year end is accounted (net of deferred tax) under other comprehensive income in the financial statements.

16.2 FAIR VALUES

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

16.2.1 Classification

(a) Contract and retention receivables are measured at amortized cost.

(b) Hedging liability is measured at fair value

(c) All other financial asset and liabilities are disclosed at cost or if the impact is material at amortized cost.

16.2.2 Hedging liability measured at fair value

The following table provides an analysis of hedging liability (pertaining to forward exchange contracts used for hedging) that is measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

	Level 1		Level 2		Level 3		Total	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*	**2016 RO.**	*2015 RO.*	**2016 RO.**	*2015 RO.*
Hedging liability At fair value (as at 31st December 2016)	—	—	**491,342**	*335,599*	—	—	**491,342**	*335,599*

Fair value of other financial instruments are not disclosed separately in the financial statements since the carrying amounts are reasonable approximation of fair value.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

Liquidity risk

The company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the company's financial liabilities as at the year end is given below:

	Less than 3 months	3 to 12 months	1 year to 5 years	Total
	RO.	RO.	RO.	RO.
As at 31st December 2016				
Short term borrowings	**58,629,306**	**—**	**—**	**58,629,306**
Trade accounts payable - others	**23,501,695**	**—**	**—**	**23,501,695**
Subcontract payables - others	**12,620,636**	**—**	**—**	**12,620,636**
Retentions payable - others	**150,286**	**1,755,841**	**1,896,827**	**3,802,954**
Trade, subcontract and retentions payable – related parties	**4,087,770**	**—**	**27,945**	**4,115,715**
Amount due to related parties	**1,412,059**	**—**	**—**	**1,412,059**
Accrued expenses	**35,178,931**	**—**	**—**	**35,178,931**
Advance on contracts	**6,821,133**	**12,974,912**	**6,768,950**	**26,564,995**
Amounts due to customers for contract work	**18,590,076**	**—**	**—**	**18,590,076**
Hedging liability	**157,391**	**333,951**	**—**	**491,342**
Deferred Tax Liability	**—**	**—**	**394,956**	**394,956**
Staff end of service benefits	**—**	**—**	**2,741,050**	**2,741,050**
	161,149,283	**15,064,704**	**11,829,728**	**188,043,715**
As at 31st December 2015				
Short term borrowings	*21,000,000*	—	—	*21,000,000*
Trade accounts payable - others	*22,184,756*	—	—	*22,184,756*
Subcontract payables - others	*9,158,318*	—	—	*9,158,318*
Retentions payable - others	—	*1,409,984*	*906,679*	*2,316,663*
Trade, subcontract and retentions payable – related parties	*1,443,674*	—	—	*1,443,674*
Amount due to related parties	*992,589*	—	—	*992,589*
Accrued expenses	*29,317,208*	—	—	*29,317,208*
Advance on contracts	*6,774,304*	*22,043,201*	*14,525,155*	*43,342,660*
Amounts due to customers for contract work	*8,754,933*	—	—	*8,754,933*
Hedging liability	*219,649*	*104,844*	*11,106*	*335,599*
Deferred Tax Liability	—	—	*361,346*	*361,346*
Staff end of service benefits	—	—	*2,593,325*	*2,593,325*
	99,845,431	*23,558,029*	*18,397,611*	*141,801,071*

17. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital is to ensure that the company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the Statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

18. CONTINGENT LIABILITIES

	2016	*2015*
	RO.	*RO.*
Bankers' letters of guarantee	**98,983,797**	*97,718,576*

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients/consultants relating to possible penalties for delays in job completion, claims of suppliers/subcontractors not accepted by the company, work disputes, recovery of uncertified contract/variation work dues, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (CONTD.)

19. PURCHASE COMMITMENTS

	2016 RO.	*2015* *RO.*
Letters of credit – Utilised	**7,817,504**	*11,504,523*
Letters of credit – Acceptances	**3,839,066**	*7,775,075*
	11,656,570	*19,279,598*

20. COMPARATIVE INFORMATION

(a) Previous year's figures have been reclassified as follows as it is considered that the revised classification, which has been adopted in the current accounting year, more fairly presents the state of affairs and results of operations:

Reclassified from	Reclassified to	Amount RO.
Amounts due from related parties (note 5)	Contract receivables – related parties (note 5)	4,734,225
Amounts due from related parties (note 5)	Contract retentions receivable – related parties (note 5)	3,444,494
Amounts due to related parties (note 9)	Trade, subcontract and retentions payable – related parties (note 9)	1,443,674

(b) On account of initial application of IFRS 9 Financial Instruments with retrospective effect, previous year's figures pertaining to provision for expected credit losses, deferred tax asset and retained earnings as at 1st January 2015 and as at 31st December 2015 have been restated. This has impacted the statement of comprehensive income for the year ended 31st December 2015 and the statement of financial position as at 1st January 2015 and 31st December 2015. (refer note 2.5 (a)).

BOARD'S REPORT

Dear Members,

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

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**	*2015-16*
	₹	₹
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**-66,74,329**	*2,15,95,517*
Less: Depreciation, amortization and obsolescence	**38,66,536**	*31,88,782*
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**-1,05,40,865**	*1,84,06,735*
Add: Exceptional Items	–	–
Profit before exceptional items and tax	**-1,05,40,865**	*1,84,06,735*
Add: Exceptional items	–	–
Profit / (Loss) before tax	**-1,05,40,865**	*1,84,06,735*
Less: Provision for tax	**-19,76,128**	*61,28,145*
Profit after tax from continuing operations	**-85,64,737**	*1,22,78,590*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	**-85,64,737**	*1,22,78,590*
Add: Balance brought forward from previous year	**16,42,29,965**	*15,20,17,907*
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Other Comprehensive Income	**-1,65,097**	*-66,532*
Balance available for disposal (which directors appropriate as follows)	**15,55,00,131**	*16,42,29,965*
Debenture Redemption Reserve	–	–
Proposed dividend	–	–
Dividend Tax	–	–
General Reserve	–	–
Balance carried to Balance Sheet	**15,55,00,131**	*16,42,29,965*
Dividend		–

2. CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 3.55 crore and the net fixed and intangible assets, including leased assets, at ₹ 2.44 crore. Capital Expenditure during the year amounted to ₹.0.24 crore.

3. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

Your Company has no subsidiaries as defined under the Companies Act, 2013.

4. CHANGE IN THE NATURE OF BUSINESS, IF ANY:

During the year under review there were no changes in the nature of Business.

5. CHANGES IN SHARE CAPITAL, IF ANY:

There is no change in the share capital of the company during the year

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has entered into transactions with related parties during the year, the details of which are provided in Note No. 32 (16) forming part of the financial statements.

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

7. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were ₹.16.19 crore as against ₹ 18.09 crore for the previous financial year registering a decrease of 11%. During the year under review there was cost overrun in customer funded & in house research and development projects which mainly contributed for current year loss. The profit / (loss) before tax was ₹ (1.05) crore and the profit / (loss) after tax was ₹ (0.85) crore for the financial year under review as against ₹ 1.84 crore and ₹ 1.22 crore respectively for the previous financial year.

8. DIVIDEND:

Your Directors do not recommend payment of dividend for the year.

9. AMOUNTS TRANSFERRED TO RESERVES:

During the financial year the Company has not transferred any amount to its Reserves.

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

There are no material changes and commitments affecting the financial position of the Company between the Balance Sheet date and the date of Board's Report.

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

a) Consumption of Energy:-

The consumption of electricity by the Company for its operation is insignificant and negligible.

b) Technology Absorption:-

(i) the efforts made towards technology absorption - Nil

(ii) the benefits derived like product improvement, cost reduction, product development or import substitution - NA

(iii) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year) - Nil and

(iv) the expenditure incurred on Research and Development – ₹.4,01,91,500/-

c) Foreign Exchange Earnings and Outgo:-

The Foreign Exchange earned in terms of actual inflows during the year is ₹.1,18,19,522/- and the Foreign Exchange outgo during the year in terms of actual outflows is ₹.6,45,84,415/-

12. RISK MANAGEMENT POLICY:

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

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

Mr. W.P. Parthasarathy, Director, retires by rotation and is eligible for re-appointment.

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review four (4) meetings were held on 4th May 2016, 26th August 2016, 2nd December 2016 and 18th January, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

16. DIRECTORS' RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards had been followed along with proper explanation relating to material departures.

b) The Directors had selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period.

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

d) The Directors had prepared the Annual Accounts on a going concern basis.

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

17. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Womens' Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

18. AUDITORS:

The Auditors, Eesh and Co., hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, it is proposed to appoint M/s Eesh and Co. as Statutory Auditors for the period of five continuous years i.e. till conclusion of twenty seventh Annual General Meeting of the Company. The Appointment shall be ratified at every Annual General Meeting of the Company.

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

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

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

20. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure A to this Report.

21. DETAILS RELATING TO DEPOSITS, COVERING THE FOLLOWING:

The Company has not accepted any deposits during the year.

22. PARTICULARS OF LOANS, GUARANTEES OR INVESTMENTS:

The Company has not given any loans, guarantees, or made any investments during the financial year under Section 186 of the Companies Act 2013.

23. CORPORATE SOCIAL RESPONSIBILITY:

The requirement of constituting Corporate Social Responsibility Committee & incurring expenses of CSR activity is not applicable as per section 135 (1) of the companies Act 2013

24. ACKNOWLEDGEMENT

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

For and on behalf of the Board

Place: Bengaluru	**J.D. PATIL**	**W.P. PARTHASARATHY**
Date : May 15, 2017	*Director* *DIN: 01252184*	*Director* *DIN: 07281722*

ANNEXURE "A"

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U72200KA1995PTC018112
ii)	Registration Date	23rd June, 1995
iii)	Name of the Company	Spectrum Infotech Private Limited
iv)	Category / Sub-Category of the Company	Private Limited Company
v)	Address of the Registered office and contact details	Registered Office: L&T House, # 38, Cubbon Road, Bangalore - 560001 Contact Person: Mr. C. Subbiah – Head Operations
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	ECFM Units	88033000	59%
2	CIU Units	88033000	21%
3	Energy Panels	90283010	6%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited	L99999MH1946PLC004768	Holding Company	100%	

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		YES	4,40,000	100		YES	4,40,000	100	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-									
(2) Foreign									
a) NRIs - Individuals									
b) Other-Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		YES	4,40,000	100		YES	4,40,000	100	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		YES	4,40,000	100		YES	4,40,000	100	NIL

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total hares	
1								
2								
3								
	Total							

(iii) Change in Promoters' Shareholding: There has been no change in the Shareholding of Promoters

Sl. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year				
2	Date wise Increase / Decrease in Promoter's Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)				
3	At the End of the year				

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

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50	0.01%	50	0.01%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year	50	0.01%	50	0.01%

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		---	---	---	---	
1.	Independent Directors	Not Applicable				
	• Fee for attending board / committee meetings					
	• Commission					
	• Others, please specify					
	Total (1)					
2.	Other Non-Executive Directors					
	• Fee for attending board / committee meetings					
	• Commission					
	• Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/ Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit				
	- others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

To The Board of Directors

SPECTRUM INFOTECH PRIVATE LIMITED,

Bengaluru

REPORT ON THE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying Indian Accounting Standard (Ind AS) financial statements of Spectrum Infotech Private Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flow, the Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information (herein after referred to as " Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there-under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Standalone Ind AS Financial Statements based on our audit.

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

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

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

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

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in "Annexure 1", a statement on the matters specified in the paragraph 3 and 4 of the order.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there-under;

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

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure 2";

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

i. the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. the Company did not have any long-term contracts including derivative contracts other than contract for product warranty for which the Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any – Refer Note 32-21;

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

iv. the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 32-13.

For EESH & CO.
Chartered Accountants
Firm's Registration Number 000794S

K. G. SATHISH
Proprietor
Membership Number 020011

Place : Bengaluru
Date: 15 May 2017

ANNEXURE - 1 TO OUR AUDIT REPORT

THE ANNEXURE REFERRED TO IN OUR AUDIT REPORT OF EVEN DATE TO THE MEMBERS OF SPECTRUM INFOTECH PRIVATE LIMITED, BENGALURU

As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act,

On the basis of such checks as we considered appropriate and according to the information and explanation given to us, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets.

(c) The Company has not acquired any immovable property. Accordingly, the paragraph 3 (i) (c) of the Order is not applicable.

(ii) The physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification by the Company.

(iii) The Company has not granted any loan, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The paragraph 3 (iv) of the Order is not applicable.

(v) The Company has not accepted any deposits from the public.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the products produced or services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income-tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us, the Company did not have any dues on account of employees' state insurance and duty of excise. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, value added tax, duty of customs, service tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to information and explanations given to us, the following dues of duty of excise, have not been deposited by the Company on account of disputes:

Name of the statute	Nature of dues	Amount (in ₹)	Period to which the amount relates	Forum where dispute is pending
Excise Duty	Excise Duty Penalty	71,53,350 25,00,000	Jan 09 to May 10	CESTAT
Excise Duty	Excise Duty Penalty	37,74,991 3,00,000	Jan 12 to Jul 12	CCE, Appeals Bangalore
Excise Duty	Excise Duty Penalty	24,63,348 3,00,000	Oct 13 to Mar 14	CCE, Appeals Bangalore
Service Tax	Service Tax	5,95,832	Apr 07 to Mar 12	CESTAT Yet to be filed

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3 (viii) of the Order is not applicable.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3 (ix) of the Order is not applicable.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the course of our audit.

(xi) The Company has paid/provided for managerial remuneration and accordingly the paragraph 3 (xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanations given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable.

(xiii) According to the information and explanations given to us, transactions with the related parties are entered into by the Company in the ordinary course of business on arm's length basis and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards Refer clause 5 of R- Notes to Accounts.

(xiv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

(xv) According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act 1934.

For EESH & CO.
Chartered Accountants
Firm's Registration Number 000794S

K. G. SATHISH
Proprietor
Membership Number 020011

Place : Bengaluru
Date: 15 May 2017

ANNEXURE - 2 TO OUR AUDIT REPORT

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 (“THE ACT”)

We have audited the internal financial controls over financial reporting of Spectrum Infotech Private Limited (“the Company”) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT’S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

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

AUDITORS’ RESPONSIBILITY

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects. Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company’s internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements. Inherent Limitations of Internal Financial Controls Over Financial Reporting

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

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For EESH & CO.
Chartered Accountants
Firm’s Registration Number 000794S

K. G. SATHISH
Proprietor
Membership Number 020011

Place : Bengaluru
Date: 15 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31-3-2017 ₹	As at 31-3-2017 ₹	As at 31-3-2016 ₹	As at 31-3-2016 ₹	As at 1-4-2015 ₹	As at 1-4-2015 ₹
ASSETS							
Non- current assets							
Property, plant and equipment	1		17,364,672		17,704,440		13,756,207
Capital work- in- progress	2		–		–		2,086,666
Other intangible assets	3		7,071,007		8,250,997		1,015,015
Financial Assets							
(i) Loans	4		–		3,400,000		3,400,000
Deferred tax assets (net) (ref note 32.15)			3,931,924		1,892,480		2,112,766
Other non current assets	5		247,667		556,043		732,621
Current assets							
Inventories	6		121,749,346		111,784,187		104,945,147
Financials assets							
(i) Investments	7	25,069,134		–		–	
(ii) Trade receivables	8	53,090,296		75,601,974		64,369,542	
(iii) Cash and cash equivalents	9	883,974		45,416,224		26,640,423	
(iv) Bank balances other than (iii) above	10	13,418,814		4,275,791		21,900,161	
(v) Loans	11	3,663,269		345,026		5,000	
(vi) Other financial assets	12	23,468		20,000		–	
			96,148,955		125,659,015		112,915,126
Current tax assets (Net)	13		4,418,241		446,398		2,735,139
Other current assets	14		58,081,302		42,329,036		30,511,873
Total Assets			309,013,114		312,022,596		274,210,560
EQUITY AND LIABILITIES:							
Equity							
Equity Share capital	15		4,400,000		4,400,000		4,400,000
Other Equity	16		160,946,807		169,676,641		157,464,583
LIABILITIES							
Non- current liabilities							
Financial Liabilities							
Other non current liabilities	17		26,250		15,750		5,250
Current liabilities							
Financial Liabilities							
(i) Trade payables	18	39,005,230		59,590,517		39,320,275	
(ii) Other financials liabilities	19	3,987,800		4,449,720		1,841,495	
			42,993,030		64,040,237		41,161,770
Other current Liabilities	20		92,670,347		64,460,119		64,518,384
Provisions	21		7,976,680		9,429,849		6,660,573
CONTINGENT LIABILITIES	22						
COMMITMENTS	23						
TOTAL EQUITY AND LIABILITIES			309,013,114		312,022,596		274,210,560

As per our report attached
EESH & CO.
Chartered Accountants
Firm Registration No. 000794S

K. G. SATHISH
Proprietor
Membership No. 20011

Place : Bengaluru
Date : May 15, 2017

For and on behalf of the Board

J. D. PATIL
Director
DIN: 01252184

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 15, 2017

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

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE:					
Revenue from operations	24		161,961,926		180,895,198
Other income	25		2,872,709		3,589,163
Total Income			164,834,635		184,484,361
EXPENSES					
Manufacturing ,construction and operating expenses	26				
Cost of raw materials components consumed		73,733,524		78,021,823	
Excise duty		12,279,161		10,463,833	
Stores,spares and tools consumed		128,122		99,655	
Sub-contracting charges		7,902,775		8,524,530	
Changes in inventories of finished goods, work- in- progress and stock - in- trade		(9,704,801)		(14,046,661)	
Other manufacturing ,construction and operating expenses		12,533,915		12,587,862	
			96,872,696		95,651,042
Employee benefits expense	27		32,782,417		32,141,580
Sales, administration and other expenses	28		41,918,573		37,261,224
Finance costs	29		(64,722)		157,538
Depreciation ,amortization ,impairment and obsolescence		3,866,536		3,188,782	
			3,866,536		3,188,782
			175,375,500		168,400,166
Less: Overheads charged to fixed assets			–		2,322,540
Total expenses			175,375,500		166,077,626
Profit before exceptional items and tax			(10,540,865)		18,406,735
Exceptional items			–		–
Profit before tax			(10,540,865)		18,406,735
Tax expenses					
Current tax (ref note 32.15)		63,316		5,907,859	
Deferred tax (ref. note 32.15)		(2,039,444)		220,286	
			(1,976,128)		6,128,145
Profit /(loss) for the period			(8,564,737)		12,278,590
Other Comprehensive Income for the period (net of tax)	30		(165,097)		(66,532)
Total Comprehensive Income for the period			(8,729,834)		12,212,058
Basic earnings per equity share (ref note 32.17)			(19.47)		27.91
Diluted earnings per equity share					
Face value per equity share			10		10

As per our report attached
EESH & CO.
Chartered Accountants
Firm Registration No. 000794S

K. G. SATHISH
Proprietor
Membership No. 20011
Place : Bengaluru
Date : May 15, 2017

For and on behalf of the Board

J. D. PATIL
Director
DIN: 01252184

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 15, 2017

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

A) EQUITY SHARE CAPITAL

Amount In ₹

Balance at April 01, 2015	*Changes during the year*	*Balance as at March 31, 2016*	**Changes during the year**	**Balance as at March 31, 2017**
4,400,000.00	–	*4,400,000.00*	**–**	**4,400,000.00**

B) OTHER EQUITY

Particulars	**Share application money pending allotment**	**Reserve and Surplus**			**Items of other compre-hensive income**	**Total**
		General Reserve	**Securities Premium Reserve**	**Retained Earnings**	**Actuarial Gain / (Loss)**	
Balance as on 1st April 2015	–	*5,296,676*	*150,000*	*152,017,907*	–	*157,464,583*
Profit (Loss) for the period	–	–	–	*12,278,590*	–	*12,278,590*
Remeasurement of the net defined benefit liability/asset, net of tax effect	–	–	–		*(66,532)*	*(66,532)*
Total comprehensive income for the year	–	–	–	*12,278,590*	*(66,532)*	*12,212,058*
Balance as on 31st March 2016	–	*5,296,676*	*150,000*	*164,296,497*	*(66,532)*	*169,676,641*
Profit (Loss) for the period	**–**	**–**	**–**	**(8,564,737)**		**(8,564,737)**
Other Comprehensive income for the year, net of income tax	**–**	**–**	**–**		**(165,097)**	**(165,097)**
Total comprehensive income for the year				**(8,564,737)**	**(165,097)**	**(8,729,834)**
Balance at the end of 31st March 2017	**–**	**5,296,676**	**150,000**	**155,731,760**	**(231,629)**	**160,946,807**

As per our report attached
EESH & CO.
Chartered Accountants
Firm Registration No. 000794S

K. G. SATHISH
Proprietor
Membership No. 20011
Place : Bengaluru
Date : May 15, 2017

For and on behalf of the Board

J. D. PATIL
Director
DIN: 01252184

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 15, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	*2015-16 ₹*
A.	**Cash Flow from Operating Activities**		
	Net profit before tax (after extraordinary items)	**(10,540,865)**	*18,406,735*
	Adjustment for:		
	Depreciation (including obsolescence, amortisation and impairment)	**3,866,536**	*3,188,782*
	Interest (net)	**(1,935,474)**	*(3,575,075)*
	Profit on sale of current investment	**(848,635)**	*–*
	(Gain)/loss on fair valuation of current investments	**(69,132)**	*–*
	(Profit)/Loss on sale of fixed assets (net)	**(972)**	*(8,188)*
	Operating profit before working capital changes	**(9,528,542)**	*18,012,254*
	Adjustments for :		
	(Increase)/Decrease in trade and other receivables	**23,045,650**	*(9,016,704)*
	(Increase)/Decrease in inventories	**(9,965,159)**	*(6,839,040)*
	(Increase)/Decrease in miscellaneous expenditure	**(15,516,496)**	*(11,481,172)*
	Increase/(Decrease) in trade payables	**5,555,257**	*25,549,316*
	Cash generated from Operations	**(6,409,289)**	*16,224,655*
	Direct taxes refund/(paid) - net	**(4,418,241)**	*(6,370,156)*
	Net cash from Operating activities	**(10,827,530)**	*9,854,499*
B.	**Cash flow from Investing Activities:**		
	Purchase of fixed assets	**(2,373,029)**	*(12,306,144)*
	Sale of fixed assets (Including monies received as advance)	**27,223**	*28,001*
	Purchase of investments	**(25,000,000)**	*–*
	Interest received	**1,935,474**	*3,575,075*
	Profit on sale of current investment	**848,635**	*–*
	Net Cash (used in)/ from Investing Activities	**(24,561,697)**	*(8,703,068)*
C.	**Cash flow from Financing Activities:**		
	Proceeds from issue of share capital		
	Proceeds from long term borrowings		
	Repayment of long term borrowings		
	(Repayments) / Proceeds from other borrowings (net)		
	Loans (to) / from subsidiaries / associates (net)		
	Dividends paid		
	Additional tax on dividend		
	Interest paid		
	Net Cash (used in)/ from Financing Activities	**–**	*–*
Net (decrease) / increase in cash and cash equivalents (A + B + C)		**(35,389,227)**	*1,151,431*
Cash and cash equivalents at beginning of the period		**49,692,015**	*48,540,584*
Cash and cash equivalents at end of the period		**14,302,788**	*49,692,015*

Notes :

1 Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (AS) 7 :

2 Previous year's figures have been regrouped / reclassified wherever applicable.

As per our report attached
EESH & CO.
Chartered Accountants
Firm Registration No. 000794S

K. G. SATHISH
Proprietor
Membership No. 20011
Place : Bengaluru
Date : May 15, 2017

For and on behalf of the Board

J. D. PATIL
Director
DIN: 01252184

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 15, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1- PROPERTY PLANT AND EQUIPMENT

NOTE 2- CAPITAL WORK IN PROGRESS

Year ended 31st March 2017

DESCRIPTION	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	As at 01/04/2016	Adjustments ACC DEP	Obsoles-cence	Sales	Additions during 2016-17	As at 31/03/2017	As at 01/04/2016	Adjustments ACC DEP	Obsoles-cence	Sales	Provision for 2016-17	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Plant and Machinery	16,227,456		–	–	975,662	17,203,118	894,922			–	1,256,185	2,151,107	15,052,012	15,332,534
Office Equipments	412,747		–	–	151,408	564,155	363,283			–	60,833	424,116	140,039	49,464
Electrical Fittings	64,248			–	–	64,248	11,014			–	11,014	22,028	42,220	53,234
Computers	2,718,269		–	35,000	749,078	3,432,347	756,068			8,749	788,426	1,535,745	1,896,602	1,962,201
Furniture	355,470		–	–	–	355,470	64,211			–	64,211	128,422	227,048	291,259
Air Conditioners	–			–		–	–			–	–	–	–	–
Lease Hold Building	60,796	–		–	–	60,796	45,048				8,998	54,046	6,751	15,748
Total	19,838,986	–	–	35,000	1,876,148	21,680,134	2,134,546	–	–	8,749	2,189,667	4,315,464	17,364,672	17,704,440
Previous Year	13,817,003			104,980	6,126,963	19,838,986	36,050			85,167	2,183,663	2,134,546		
Add:- Capital work-in-progress													–	–
													17,364,672	17,704,440

Year ended 31st March 2016

DESCRIPTION	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	As at 01/04/2015	Adjustments ACC DEP	Obsoles-cence	Sales	Additions during 2015-16	As at 31/03/2016	As at 01/04/2015	Adjustments ACC DEP	Obsoles-cence	Sales	Provision for 2015-16	As at 31/03/2016	As at 31/03/2016	As at 31/03/2015
Plant and Machinery	10,304,612		–	–	5,922,845	16,227,457				–	894,922	894,922	15,332,535	10,304,612
Office Equipments	370,454		–	–	42,291	412,745				–	363,283	363,283	49,462	370,454
Electrical Fittings	64,248			–	0	64,248				–	11,014	11,014	53,234	64,248
Computers	2,661,423		–	104,980	161,827	2,718,270				85,167	841,235	756,068	1,962,202	2,661,423
Furniture	355,470		–	–	–	355,470				–	64,211	64,211	291,259	355,470
Air Conditioners	0			–	–	–				–	0	–	–	–
Lease Hold Building	60,796	–		–	–	60,796	36,050				8,998	45,048	15,748	24,746
Total	13,817,003	–	–	104,980	6,126,963	19,838,986	36,050	–	–	85,167	2,183,663	2,134,546	17,704,440	13,780,953
Previous Year	18,217,987	(8,036,448)		1,082,079	4,656,747	13,756,207	6,476,528	(8,036,447)		1,078,029	2,637,949	1		
Add:- Capital work-in-progress														2,086,666
													17,704,440	15,867,619

NOTE 3- OTHER INTANGIBLE ASSETS

Year ended 31st March 2017

DESCRIPTION	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	As at 01/04/2016	Adjustments	Obsoles-cence	Sales	Additions during 2016-17	As at 31/03/2017	As at 01/04/2016	Adjustments ACC DEP	Obsoles-cence	Sales	Provision for 2016-17	As at 31/03/2017	As at 31/03/2017	As at 31/03/2016
Software	13,328,141		0		496,880	13,825,021	5,077,145				1,676,869	6,754,013	7,071,007	8,250,997
Total	13,328,141	0	0	0	496,880	13,825,021	5,077,145	0	0	0	1,676,869	6,754,013	7,071,007	8,250,997
Previous Year	5,062,294				8,265,847	13,328,141	4,072,026				1,005,119	5,077,145		

Year ended 31st March 2016

DESCRIPTION	GROSS BLOCK						ACCUMULATED DEPRECIATION						NET BLOCK	
	As at 01/04/2015	Adjustments	Obsoles-cence	Sales	Additions during 2015-16	As at 31/03/2016	As at 01/04/2015	Adjustments	Obsoles-cence	Sales	Provision for 2015-16	As at 31/03/2016	As at 31/03/2016	As at 31/03/2015
Software	5,062,294		0		8,265,847	13,328,141	4,072,026				1,005,119	5,077,145	8,250,996	990,268
Total	5,062,294	0	0	0	8,265,847	13,328,141	4,072,026	0	0	0	1,005,119	5,077,145	8,250,996	990,268
Previous Year	5,123,090				0	5,123,090	3,860,249				247,827	4,108,075		

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹	₹	₹	₹	₹	₹
NOTE 4						
Loans						
Security Deposits:						
Unsecured considered goods:						
Deposit Paid (Ref Note 32.20)		–		3,400,000		3,400,000
		–		3,400,000		3,400,000
NOTE 5						
Other Non-current Assets						
Deposits with statutory authorities		–		229,439		500,000
Prepaid Expenses		247,667		326,604		232,621
		247,667		556,043		732,621
NOTE 6						
Inventories (at cost or net realisable value whichever is lower)						
Raw Materials		12,843,071		10,424,546		14,842,749
Components		27,067,951		29,291,560		32,051,465
Manufacturing work in progress		81,752,515		72,047,714		58,001,053
Stores Spares Parts		85,809		20,367		49,880
		121,749,346		111,784,187		104,945,147
NOTE 7						
Current investments						
Mutual Funds (ref Note 32.19 & 32.20)		25,069,134		–		–
		25,069,134		–		–
NOTE 8						
Trade receivables						
Secured considered good						
Debts outstanding more than 6 months		–		–		–
Unsecured considered good						
Debts outstanding more than 6 months						
Considered good	2,285,960		2,385,105		3,393,522	
Considered doubtful	463,703		579,791		832,813	
	2,749,663		2,964,896		4,226,335	
Other Debts						
Considered good	50,804,336		73,216,869		60,976,020	
Considered doubtful	252,000		–		–	
	53,805,999		76,181,765		65,202,355	
Less: Allowance for doubtful debts	715,703		579,791		832,813	
(ref note 32.19)		53,090,296		75,601,974		64,369,542
		53,090,296		75,601,974		64,369,542

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31-3-2017 ₹	₹	*As at 31-3-2016* ₹	₹	*As at 1-4-2015* ₹	₹
NOTE 9 & 10						
Cash and cash equivalent						
Balance with banks	**811,036**		*9,370,876*		*1,485,907*	
Cash on hand	**72,938**		*99,371*		*59,009*	
Fixed deposits with banks (maturity less than 3 months)	**–**		*35,945,977*		*25,095,507*	
		883,974		*45,416,224*		*26,640,423*
Other bank balances						
Fixed deposits with banks	**11,591,962**		*2,671,780*		*20,386,575*	
Margin Money Deposits with Banks	**1,826,852**		*1,604,011*		*1,513,586*	
(ref note 32.19)		**13,418,814**		*4,275,791*		*21,900,161*
		14,302,788		*49,692,015*		*48,540,584*
NOTE 11						
Short term loans						
Unsecured security deposits		**3,663,269**		*5,000*		*5,000*
Earnest Money deposits		**–**		*340,026*		*–*
(ref note 32.19 & 32.20)		**3,663,269**		*345,026*		*5,000*
NOTE 12						
Other current financial assets		**23,468**		*20,000*		*–*
(ref note 32.19 & 32.20)		**23,468**		*20,000*		*–*
NOTE 13						
Current Tax Assets (Net)						
Advance Tax Installment Current Year	**2,600,000**		*3,828,000*		*5,330,000*	
TDS Certificate Received in Current Year	**1,818,241**		*2,542,156*		*1,692,822*	
Less : Provision for Current year tax	**–**		*5,923,758*		*4,287,683*	
		4,418,241		*446,398*		*2,735,139*
NOTE 14						
Other current asset						
Unbilled revenue including retention money	**13,686,422**		*3,877,973*		*6,093,700*	
Balance with Excise Customs Port Trust	**–**		*500,000*		*–*	
Advance recoverable other than in cash	**31,172,817**		*25,112,082*		*14,314,332*	
Income tax prior year balance	**13,222,063**		*12,838,981*		*10,103,841*	
		58,081,302		*42,329,036*		*30,511,873*
		58,081,302		*42,329,036*		*30,511,873*

NOTE 15

Share Capital

	No of shares	₹	*No of shares*	₹	*No of shares*	₹
Authorized						
Equity shares of ₹ 10 each	**600,000**	**6,000,000**	*600,000*	*6,000,000*	*600,000*	*6,000,000*
Issued, Subscribed and paid up:						
Equity shares of ₹ 10 each	**440,000**	**4,400,000**	*440,000*	*4,400,000*	*440,000*	*4,400,000*
		4,400,000		*4,400,000*		*4,400,000*

A. The details of shareholder holding more than 5% shares as at March 31, 2017 and March 31, 2016 are set out below :

Name of the shareholder	No of shares	% held	*No of shares*	*% held*
Larsen & Toubro Limited	**440000**	**100**	*440000*	*100*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹	₹	₹	₹	₹	₹
NOTE 16						
Other equity						
Securities Premium Account						
As per last balance sheet	**150,000**		*150,000*		*150,000*	
		150,000		*150,000*		*150,000*
General Reserve						
As per last balance sheet	**5,296,676**		*5,296,676*		*5,296,676*	
		5,296,676		*5,296,676*		*5,296,676*
Surplus Statement of Profit and Loss						
As per last Balance Sheet	**164,229,965**		*152,017,907*		*141,950,421*	
Profit for the period	**(8,564,737)**		*12,278,590*		*10,067,486*	
Add: Gain/(loss) on remeasurement of the net defined benefits plan	**(165,097)**		*(66,532)*		-	
		155,500,131		*164,229,965*		*152,017,907*
		160,946,807		*169,676,641*		*157,464,583*
NOTE 17						
Provisions						
Other Non current liabilities						
Liability - Computer Scheme	**26,250**		*15,750*		*5,250*	
		26,250		*15,750*		*5,250*
		26,250		*15,750*		*5,250*
NOTE 18 & 19						
Financial Liability						
Trade payables						
Due to Related Parties						
Parent Company	**31,417,596**		*52,305,662*		*34,058,319*	
		31,417,596		*52,305,662*		*34,058,319*
Due to Others		**7,587,634**		*7,284,855*		*5,261,956*
(ref note 32.19 & 32.20)		**39,005,230**		*59,590,517*		*39,320,275*
Other Financial liabilities						
Due to Others	**3,987,800**		*4,449,720*		*1,841,495*	
(ref note 32.19 & 32.20)		**3,987,800**		*4,449,720*		*1,841,495*
		42,993,030		*64,040,237*		*41,161,770*
NOTE 20						
Other current Liabilities						
Advances from customers		**84,938,207**		*55,625,968*		*50,407,395*
Other Payables		**7,732,140**		*8,834,151*		*14,110,989*
		92,670,347		*64,460,119*		*64,518,384*
NOTE 21						
Provisions						
Provision for employee benefits:						
Compensated Absences	**2,997,283**		*2,659,857*		*2,672,844*	
		2,997,283		*2,659,857*		*2,672,844*
Others:						
Other Provisions (INDAS 37 Related) (ref. note 32.21)	**4,979,397**		*6,769,992*		*3,987,729*	
		4,979,397		*6,769,992*		*3,987,729*
		7,976,680		*9,429,849*		*6,660,573*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31-3-2017		As at 31-3-2016		As at 1-4-2015	
	₹	₹	₹	₹	₹	₹
NOTE 22						
Contingent liabilities						
(a) Excise duty / Service Tax /customs duty liability that may arise including those in respect of matters in appeal / challenged by the Company in WRIT"		**13,987,521**		*13,987,521*		*34,745,233*

Notes:

1. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) above pending resolution of the arbitration/appellate proceedings. Further, the liability mentioned in (a) above excludes interest and penalty in cases where the company has determined that the possibility of such levy is remote.

Note 23						
Commitments						
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances)		**–**		*–*		*2,941,594*

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 24				
Revenue from operations				
Sales and services				
Manufacturing and trading Related Activity	**136,987,174**		*161,588,463*	
Servicing	**24,974,752**		*19,306,735*	
		161,961,926		*180,895,198*
Other operational income				
Miscellaneous Income	**–**		*–*	
		–		*–*
		161,961,926		*180,895,198*
NOTE 25				
Other income				
Interest income				
Bank Deposits (ref nore 32.18)	**1,935,474**		*3,575,075*	
		1,935,474		*3,575,075*
Dividend income				
Current Investments (ref note 32.18)	**69,132**		*–*	
		69,132		*–*
Net gain /(loss) on sale of Current Investments (ref. note 32.18)	**848,635**		*–*	
		848,635		*–*
Net gain /(loss) on sale of fixed assets		**972**		*8,188*
Miscellaneous income		**18,496**		*5,900*
		2,872,709		*3,589,163*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
NOTE 26				
Manufacturing ,construction and operating expenses				
Materials consumed				
Raw materials and components	**73,733,524**		*78,021,823*	
Less : Scrap sales	**–**		*–*	
		73,733,524		*78,021,823*
Excise duty		**12,279,161**		*10,463,833*
Stores, spares and tools consumed		**128,122**		*99,655*
Subcontracting charges		**7,902,775**		*8,524,530*
Changes in inventories of finished goods, work-in -progress and stock-in -trade and property development				
Closing stock :				
Work-in-progress	**81,752,515**		*72,047,714*	
Less : Opening stock :				
Work-in-progress	**72,047,714**		*58,001,053*	
		(9,704,801)		*(14,046,661)*
Other manufacturing ,construction and operating expenses:				
Power and fuel	**1,350,254**		*1,277,494*	
Hire charges-plant & equipment and others	**–**		*19,778*	
Insurance	**34,967**		*25,011*	
Rent (ref note 32.12)	**5,402,825**		*5,371,143*	
Rates and taxes	**27,448**		*34,822*	
Travelling and conveyance	**597,266**		*1,257,389*	
Repairs to plant and equipment	**199,329**		*58,532*	
Repairs to buildings	**–**		*23,230*	
General repairs and maintenance	**3,007,884**		*2,462,341*	
Bank guarantee charges	**1,913,942**		*2,058,122*	
		12,533,915		*12,587,862*
		96,872,696		*95,651,042*
NOTE 27				
Employee benefits expense				
Salaries,wages and bonus		**27,885,168**		*26,985,239*
Contribution to and provision for :				
Provident funds and pension fund	**796,759**		*790,367*	
Gratuity funds	**269,967**		*104,480*	
		1,066,726		*894,847*
Insurance expenses-Medical and others		**48,671**		*11,282*
Staff welfare expenses		**3,781,852**		*4,250,212*
		32,782,417		*32,141,580*
NOTE 28				
Sales ,administration and other expenses				
Packing and forwarding		**38,408**		*62,878*
Professional fees		**16,511,198**		*5,169,491*
Audit fees (ref note 32.5)		**180,000**		*110,000*
Travelling and conveyance		**1,234,288**		*1,035,530*
General repairs and maintenance		**96,240**		*86,019*
Telephone, postage and telegrams		**376,893**		*431,102*
Stationery and printing		**294,002**		*353,010*
Bank charges		**477,592**		*693,589*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Miscellaneous expenses		**20,118,870**		*24,927,026*
Bad debts and advances written off	**1,109,510**		*1,766,044*	
Less: Allowance for doubtful debts and advances written back (ref note 32.18)	**–**	**1,109,510**	*–*	*1,766,044*
Allowance for doubtful debts and advances (ref note 32.18)		**135,911**		*(253,022)*
Provision (reversal) for foreseeable losses on Service contracts		**2,620,802**		*–*
Exchange (gain)/loss (ref. note 32.4 & note 32.18)		**515,454**		*97,294*
Other provisions (ref. note 32.21)		**(1,790,595)**		*2,782,263*
		41,918,573		*37,261,224*

NOTE 29

Finance costs

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest expenses		**(64,722)**		*157,538*
		(64,722)		*157,538*

NOTE 30

Other Comprehensive Income

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
A Items that will not be reclassified to profit and loss				
Gain / (loss) on remeasurement of the net defined benefits plan	**(165,097)**		*(50,633)*	
Tax on items that will not be reclassified to profit and loss (ref note 32.15)	**–**		*(15,899)*	
		(165,097)		*(66,532)*
		–		*–*
		(165,097)		*(66,532)*

NOTE 31 SIGNIFICANT ACCOUNTING POLICIES

1. **Basis of Preparation:**

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements are the first financial statement of the Company under Ind AS. Refer Note 32.23 for information on how the Company adopted Ind AS.

These financial statements have been presented in India Rupees and all values are rounded off to the nearest rupee, except when otherwise indicated.

The financial statements have been prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

(a) Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

(b) Defined benefit plan assets.

2. **Current versus non-current classification**

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An Asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle

NOTES FORMING PART OF ACCOUNTS (Contd.)

- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The Company has identified twelve months as its operating cycle.

3. Foreign currency translation

(a) Functional and presentation currency

These financial statements are presented in INR, which is also the Company's functional currency. Items included in the financial statements of are measured using the functional currency.

(b) Transactions and balances

Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transaction and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e. translation differences on items whose fair value gain or loss is recognised on other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

4. Revenue Recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, liquidated damages, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

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

The specific recognition criteria described below must also be met before revenue is recognised.

Sale of Goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer under the terms of the contract, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received and receivable, net of returns and allowances, trade discounts and liquidated damages.

Rendering of Services

Revenue from services is recognised by reference to the stage of completion (percentage completion method) of the transaction at the end of the reporting period. Hence revenue is recognised in the period in which the services are rendered. The stage of completion of a transaction is determined on the basis of the proportion that costs incurred to date bear to the estimated total costs of the transaction.

Interest

Interest income is recognised on time proportionate basis

5. Research and Development

Revenue expenditure on research and development is charged under respective heads of account in the year in which it is incurred. Capital expenditure on research and development is included as part of fixed assets and depreciated on the same basis as other fixed assets.

6. Employee Benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences, etc. and the expected cost of PLR, bonus, ex-gratia, are recognised in the period in which the employee renders the related service.

The Company's state governed provident fund scheme and insurance scheme are defined contribution plans. The contribution paid / payable

NOTES FORMING PART OF ACCOUNTS (Contd.)

under the schemes is recognised during the period in which the employee renders the related service. The above benefits are classified as Defined Contribution Schemes as the Company has no further obligations beyond the periodic contributions.

The employees' gratuity fund scheme is the Company's defined benefit plan. The cost of providing benefits under such defined benefit plans is determined based in actuarial valuation using the projected Unit Credit Method.

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Resmeasurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

The obligation for long term employee benefits such as long terms compensated absences is recognised in the similar manner as in the case of defined benefit plans.

7. **Property, plant and equipment**

All items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives mandated by Schedule II of the Companies Act, 2013 for all the assets.

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on depreciation of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit or loss.

Intangible Assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Computer Software:-

The Cost incurred in acquiring specialized software programmes are initially measured at cost. They have finite useful life and are subsequently carried at cost less accumulated amortization & impairment losses

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Useful life and amoritsation:-

Computer Software: 6 years

8. **Leases (As lessee)**

At the inception of a lease, the lease arrangement is classified as either finance lease or an operating lease based on the terms and substance of the lease arrangement.

Operating Leases:-

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognised as an expense in the statement of profit and loss on a straight-line bases over the lease term.

9. **Impairment of non-financial assets**

The Company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, and appropriate valuation model is used. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflow form other assets or groups of assets (cash-generating units).

NOTES FORMING PART OF ACCOUNTS (Contd.)

10. Inventories

Raw materials, components, stores, spares and loose tools, work-in-progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials and components, stores, spares and loose tools comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Costs are assigned to individual items of inventory on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

11. Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments consist of:

(a) Financial assets, which include cash and cash equivalents, trade receivables, employee and other advances, security deposits, investments in mutual funds and eligible current and non-current assets

(b) Financial liabilities, which include trade payables, eligible current and non-current liabilities

Non-derivative financial assets

The Company classifies its financial assets in the following measurement categories:

(a) Those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)

(b) Those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit and loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

(a) Financial assets measured at amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. They are subsequently measured at amortised cost using the effective interest method, less any impairment losses.

This category generally applies to trade and other receivables.

(b) Financial Assets measured at fair value through OCI (FVTOCI)

Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognised in other comprehensive income (OCI) and impairment gains and losses, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

The Company does not have any financial asset under this category.

(c) Financial assets measured at fair value through profit or loss (FVTPL)

Assets that do not meet the criteria for amortised cost are measured at fair value through profit or loss. These are measured at fair value with all changes recognised in the Profit &Loss a/c.

The Company has classified investments in liquid mutual funds under this category.

Impairment of financial assets

In accordance with Ind AS 109, the Company applied expected credit loss (ECL) model for measurement and recognition of impairment loss on the following assets and credit risk exposure.

(a) Trade receivables and retention money

The Company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables and retention money. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

NOTES FORMING PART OF ACCOUNTS (Contd.)

As a practical expedient, to measure ECL on trade receivables, a provision matrix is used by the Company. The historical credit loss experience and forward looking information for trade receivables is used to estimate expected credit losses considering the type of customers and a judgemental evaluation of the collectability of the receivables based on the ageing of the receivables.

In balance sheet, ECL is presented as an allowance with the respective asset represented at gross. ECL impairment loss allowance (or reversal) is recognised as expense in the statement of profit and loss under the head 'other expenses'.

Non-derivative financial liabilities

Initial recognition

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

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value though profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109 gains or losses on liabilities held for trading are recognised in the profit or loss.

The Company has not designated any financial liability as at fair value through profit and loss.

Financial liabilities measured at amortised cost

This is the category most relevant to the Company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

This category generally applies to trade payables and PLR.

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the Company or the counterparty.

12. Cash and Cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balance with banks and bank deposits that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

13. Borrowing Costs

There is no borrowing costs which is attributable to the acquisition, construction or production of a qualifying asset, and to be capitalised as part of cost of such asset till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

14. Income Tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amount in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

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

NOTES FORMING PART OF ACCOUNTS (Contd.)

15. Provisions

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

In the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty related costs are recognised when the product is sold to the customer. Initial recognition is based on historical experience.

16. Fair value measurement

The Company measures financial instruments, such as, derivatives at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either.

(a) In the principal market for the asset or liability or

(b) In the absence of a practical market, in the most advantageous market for the asset or liability. The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

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

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole.

(a) Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(b) Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(c) Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, AC and valuation teams regularly.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

17. Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary holders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary equity holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential ordinary shares.

32. NOTES TO ACCOUNTS

32 1) Non fund based working capital facilities from State Bank of India for Bank Guarantees and letter of credit are secured by hypothecation of Fixed Assets, Inventories and Book debts. The total charge on these assets is ₹ 20,00,00,000 as on March 31, 2017.

32 2) Disclosure pursuant to the MSMED Act,2006

As per the Information collected by the Company during the year or earlier from the vendors, none of the suppliers has registered under the Micro, Small and Medium Enterprise Development Act, 2006, [MSMED Act].

32 3) The expenditure on research and development activities, as certified by the management, is ₹.4,01,91,500/- (Previous year ₹.97,18,342)

32 4) a) The exchange difference arising on foreign currency transactions amounting to ₹ 5,15,454 (net Loss) [Previous year : ₹ 97,294 (net Loss)] has been accounted under respective revenue heads in the P&L A/C covered under Indian Accounting Standard (Ind AS) 21 "The Effects of Changes in Foreign Exchange Rates".

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Unhedged foreign currency exposures as at March 31, 2017 are as follows:

Unhedged foreign currency exposures	As at 31.03.2017	As at 31.03.2016
i) Payables including firm commitments	35,721,268	44,529,931
ii) Receivables including firm commitments	9,452,883	4,179,899

32 5) Auditor remuneration (excluding service tax) and expenses charged to the Accounts

	2016-17	2015-16
	₹	₹
Statutory Audit fees	70,000	70,000
Tax audit fees	40,000	40,000
TOTAL	110,000	110,000

32 6) **Value of imports on CIF basis**

	2016-17	2015-16
	₹	₹
Raw Materials	8,889,057	6,920,293
Components & Spare parts	22,145,294	30,313,810
Capital Goods	316,133	–
	31,350,484	37,234,103

32 7) **Expenditure in foreign currency**

	2016-17	2015-16
	₹	₹
On overseas contracts	783,725	NIL

32 8) **Earnings in foreign currency**

	2016-17	2015-16
	₹	₹
Export of goods calculated on F.O.B. basis;	11,819,522	10,650,563

32 9) **Details of materials purchased, consumed and Inventories**

The company is engaged in the business of Manufacturing, Research and Development of Electronic Units

A	i) Raw Materials and Components Consumed				
	Electronic Goods			73,733,524	78,021,824
	ii) Classification of Goods	2016-17		2015-16	
		% to total Consumption	Amount ₹	% to total Consumption	Amount ₹
	Imported	79.00%	58,248,418	77.45%	60,430,800
	Indigenous	21.00%	15,485,106	22.55%	17,591,024
		100.00%	73,733,524	100.00%	78,021,824
B	Finished Goods:	2016-17		2015-16	
		Quantity	Value (₹)	Quantity	Value (₹.)
	Electronic Goods		–		–
	TOTAL		–		–

NOTES FORMING PART OF ACCOUNTS (Contd.)

32 10) Aggregation of expenses disclosed vide Notes M, N, O is as follows

									In ₹
		01-04-2016 to 31-03-2017				*01-04-2015 to 31-03-2016*			
		Other Manufac-turing, construction and operating expenses : Note No.26	**Employee Medical and Other Insurance premium expenses : Note No.27**	**Other sales and administration and miscellaneous expenses : Note No. 28**	**Total**	*Other Manufac-turing, construction and operating expenses : Note No.26*	*Employee Medical and Other Insurance premium expenses : Note No.27*	*Other sales and administration and miscellaneous expenses : Note No. 28*	*Total*
1	Insurance	**34,967**	**48,671**	**–**	**83,638**	*25,011*	*–*	*11,282*	*36,293*
2	Travelling and Conveyance	**597,266**		**1,234,288**	**1,831,554**	*1,257,389*	*1,035,530*	*–*	*2,292,919*
3	General Repairs and Maintenance	**3,007,884**		**96,240**	**3,104,124**	*2,462,341*		*86,019*	*2,548,360*

32 11) Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹.36,21,334. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹.31,04,752 (P.Y. ₹ 26,75,604) has been recovered by the holding company upto current year, out of which, ₹.4,29,148 (Previous Year ₹ 12,05,769) was recovered during the year. Balance ₹.5,16,582 will be recovered in future periods.

Computation of Total Cost-	
Cost recovered in past	**2,675,604**
Cost recovered during the year (Total of debit notes for ESOP Staff Cost -2016-17)	**429,148**
Cost to be recovered in future	**516,582**
Total cost incurred by the holding company, in respect of ESOP-Sub's employees	**3,621,334**
Cost recovered up to the current year	**3,104,752**

32 12) Disclosure pursuant to Indian Accounting Standard (Ind AS) 17- Leases

Operating Lease

1. Lease rental expenses in respect of operating leases : ₹ 6,051,601/- (Previous year ₹ 5,712,397/-)
2. Company has taken the office premises on lease for a term of Seven years with an escalation of lease rent at 5% p.a. The security deposit given for the same is ₹ 34 Lakh. Considering the materiality of the amount & the lease term expiring in January 2018, the same has been reported at nominal value and not discounted.

32 13) Specified Bank note (SBN)

Pursuant to MCA notification no 307 dated 30th March 2017 following is the disclosure requirement with respect to holding & dealings in Specified bank notes during the period 8th November 2016 to 30th December 2016. The same is in accordance with books of accounts

Annexure 1: Details of Specified Bank Notes				
Particulars	**Specified Bank Notes (SBN)**		**Other Denomination Notes**	**Total**
	₹"500" Denomation	**₹"1000" Denomation**		
Closing cash in hand as on 08.11.2016 (duly tallied with accounts)	**25,000**		**6,891**	**31,891**
(+) Permitted receipts				**–**
a. SBN : only for agencies involved in providing various items mentioned in exemption notifications) (Please specify nature of receipt)				**–**
b. Other Denomination : No restriction - Withdrawal from bank			**10,000**	**10,000**
(-) Permitted payments				**–**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Annexure 1: Details of Specified Bank Notes				
Particulars	**Specified Bank Notes (SBN)**		**Other Denomination Notes**	**Total**
	₹"500" Denomation	**₹"1000" Denomation**		
a. Payment towards various items mentioned in exemption notifications e.g.				–
Purchase of petrol, diesel and gas				–
Payments on toll plaza				–
Payment of any fees, charges, taxes or penalties to Government				–
Payment of utility charges				–
Other payments (Please specify)				–
b. Other Denomination : No restriction			**(11,186)**	**(11,186)**
(-) Amount deposited in Banks	**(25,000)**			**(25,000)**
Closing Cash in hand as on 30.12.2016	**–**	**–**	**5,705**	**5,705**

32 14) Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 - Employee Benefits

(a) Defined Contribution Plan

The Company's contribution to Provident Fund and Employee State Insurance Scheme aggregating ₹ 801053/- (2015 : ₹.807777.00) has been recognised in the Statement of Profit and Loss under the head Employee Benefits Expense.

(b) Defined Benefit Plans:

Gratuity

Defined benefit plans – as per actuarial valuation on 31st March, 2017

	Funded Plan		
Particulars	**Gratuity**		
I. Net Asset/(Liability) recognised in the Balance Sheet as at	**31-Mar-2017**	*31-Mar-2016*	*1-Apr-2015*
1. Present value of defined benefit obligation as at 31st March (wholly funded)	**2374910**	*2198535*	*1911354*
Less:- Fair value of plan assets as at 31st March	**2279757**	*2019857*	*2045327*
Add:- Amount not recognised as an asset (limit in para 64(b))			
Amount recognised as liability or (asset)	**95153**	*178678*	*-133973*
2. Amount reflected in Balance Sheet			
Liabilities	**95153**	*178678*	
Assets			*133973*
Net Liabilty	**95153**	*178678*	*-133973*

Particulars	**Gratuity**	
II. The amount recognised in Statement of Profit and Loss are as follows	**31-Mar-2017**	*31-Mar-2016*
Current Service cost	**279,729**	*270,974*
Past service cost	**–**	–
Administration expenses	**–**	–
Interest on net defined benefit liability / (asset)	**(64,884)**	*(18,718)*
(Gains) / losses on settlement		
Total Expense charged to profit and loss account	**214,845**	*252,256*
1. Amount included in "employee benefit expenses"	**279,729**	*270,974*
2. Amount included as a part of "finance cost"	**(64,884)**	*(18,718)*
Total	214,845	252,256

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars		Gratuity	
III.	**Change in the obligation during the year ended 31st March**	**31-Mar-2017**	*31-Mar-2016*
1.	Present value of defined benefit obligation at the beginning of the year	**2,198,535**	*1,911,354*
2.	Add/(Less) on account of Scheme of Arrangement/Business Transfer	**–**	*–*
3.	Expenses Recognised in Profit and Loss Account		
	– Current Service Cost	**279,729**	*270,974*
	– Past Service Cost	**–**	*–*
	– Interest Expense (Income)	**156,421**	*137,466*
4.	Recognised in Other Comprehensive Income		
	Remeasurement gains / (losses)		
	– Actuarial Gain (Loss) arising from:		
	i. Demographic Assumptions	**–**	*–*
	ii. Financial Assumptions	**238,252**	*21,745*
	iii. Experience Adjustments	**(56,633)**	*29,513*
5.	Benefit payments	**(441,394)**	*(172,517)*
6.	Others (Specify)		
7.	**Present value of defined benefit obligation at the end of the year**	**2,374,910**	*2,198,535*

Particulars		Gratuity	
IV.	**Change in fair value of assets during the year ended 31st March**	**31-Mar-2017**	*31-Mar-2016*
1.	Fair value of plan assets at the beginning of the year	**2,019,857**	*2,045,327*
2.	Add:- Interest income on plan assets	**221,305**	*156,184*
3.	Add/(Less):- Actuarial gain/(Losses)		
	– Actual Return on plan assets in excess of the Interest income	**26,284**	*(9,137)*
	– Others (specify)		
4.	Add:- Contribution by employer	**453,705**	*–*
5.	Less:- Benefit payments	**441,394**	*172,517*
6.	**Fair value of plan assets at the end of the year**	**2,279,757**	*2,019,857*

Particulars		Gratuity		Gratuity	
		Quoted	**Unquoted**	*Quoted*	*Unquoted*
V.	**The fair value of major categories of plan assets**	**31-Mar-2017**	**31-Mar-2017**	*31-Mar-2016*	*31-Mar-2016*
	Insurer managed fund		**2,279,757**		*2,019,857*
TOTAL		**–**	**2,279,757**	*–*	*2,019,857*

Particulars		Gratuity	
VI.	**Actuarial assumptions**	**31-Mar-2017**	*31-Mar-2016*
1.	Discount rate	**6.95%**	*7.90%*
2.	Salary escalation rate (p.a)	**6.00%**	*6.00%*

a) Discount Rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Salary Escalation Rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

VII. Expected benefit payments in the following years	
Maturity Profile	**Amount in ₹**
Expected benefits for year 1	**414,744**
Expected benefits for year 2	**277,978**
Expected benefits for year 3	**156,241**
Expected benefits for year 4	**77,573**
Expected benefits for year 5	**76,338**
Expected benefits for year 6	**66,900**
Expected benefits for year 7	**55,865**
Expected benefits for year 8	**56,510**
Expected benefits for year 9	**51,740**
Expected benefits for year 10 & above	**5,394,586**

The weighted average duration to the payment of these cash flow is 11.54 years

Sensitivity analysis for each significant actuarial assumption

VIII. Effect of one percentage point change in the actuarial assumptions would have the following effect on the defined benefit obligation of gratuity plan				
	Effect of one percentage point increase		**Effect of one percentage point decrease**	
	2016-2017	*2015-2016*	**2016-2017**	*2015-2016*
1. Discount rate	**2,125,256**	*1,997,913*	**2,677,301**	*2,439,810*
2. Salary escalation rate (p.a)	**2,677,145**	*2,442,039*	**2,121,048**	*1,992,868*

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

IX. Attrition rate		
Rates of leaving service at specimen ages are as shown below:	**2016-2017**	*2015-2016*
Age (Years)	**Rates (p.a.)**	*Rates (p.a.)*
21-35	**25%**	*25%*
36-45	**2%**	*2%*
46-59	**1%**	*1%*

X. General Descriptions of defined benefit plans :

Gratuity Plan :

The company operates gratuity plan through a trust . The Gratuity benefit payable to employees of the Company is as per the provisions of the Payment of Gratuity Act 1972. Every employee is entitled to the payment of fifteen days salary last drawn for each completed year of service with part thereof in excess of six months. The benefit vests after five years of continuous service and is payable on termination of service or retirement whichever is earlier. The fund has the form of a trust & it is governed by Life Insurance Corporation of India which is responsible for the administration of the plan assets and for the defenation of investment stratergy.

NOTES FORMING PART OF ACCOUNTS (Contd.)

32 15) Disclosure pursuant to Indian Accounting Standard (Ind AS) 12 - Taxes on Income

I. Income Tax Expense

Particulars	**For the year ended 31 March, 2017**	*For the year ended 31 March, 2016*
Current Tax:		
Current Income Tax Charge		*5,907,859*
Adjustments in respect of prior years	**63,316**	
Deferred Tax		
In respect of current year origination and reversal of temporary differences	**(2,039,444)**	*220,286*
Deferred Tax reclassified from equity to Profit and Loss		
Adustments due to changes in tax rates		
Write down (reversal of previous write-downs) of deferred tax assets		
Others		
Total Tax Expense recognised in profit and loss account	**(1,976,128)**	*6,128,145*

II. Income Tax on Other Comprehensive Income

Particulars	**For the year ended 31 March, 2017**	*For the year ended 31 March, 2016*
Current Tax		
Remeasurement of Defiend Benefit Obligaitons	**–**	*15,899*
Deferred Tax		
Net gain / (loss) on cash flow hedges		
Unrealised gain / (loss) on debt securities (FVTOCI)		
Equity Accounted investee's share of OCI		
Total	**–**	*15,899*

III. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

	2016-17	*2015-16*
Profit before tax	**(10,540,866)**	*18,406,735*
Applicable tax rate #	**34.61%**	*34.61%*
PBT * applicable tax rate (1*2)	**(3,647,983)**	*6,370,203*
Items of Income exempt from tax :	**–**	*–*
Tax effect of losses of current year on which no Deffered tax benefit is recognised	**1,735,171**	
Adjustment in respect of current income tax of previous years	**(63,316)**	
Other item	**–**	*(242,057.85)*
Income Tax recognised In Profit and Loss from Continuing Operations	**(1,976,128)**	*6,128,145.00*
Effective Tax Rate	**18.75%**	*33.29%*

The applicable tax rate used for reconciliation is the corporate tax rate as applicable in India under Income tax Act of 1961 i.e 34.608%

NOTES FORMING PART OF ACCOUNTS (Contd.)

IV. Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit and Loss

Sr.	Particulars	Balance Sheet			Statement of Profit & Loss	
		31-Mar-2017	*31-Mar-2016*	*1-Apr-2015*	**2016-17**	*2015-16*
	Tax effect of items constituting deferred tax liabilities					
i	Difference in Book and Income tax depreciation	**3,248,918**	*2,798,860*	*1,573,864*	**450,059**	*1,224,996*
	DTL	**3,248,918**	*2,798,860*	*1,573,864*	**450,059**	*1,224,996*
	Tax effect of items constituting deferred tax assets					
i	Provision for doubtful debt and advance	**(150,449)**	*(188,113)*	*(270,206)*	**37,665**	*82,093*
ii	Provision for compensated absences disallowed u/s 43B	**(972,468)**	*(862,991)*	*(867,204)*	**(109,478)**	*4,214*
iii	Provision for PLR	**–**	*(1,443,712)*	*(1,255,401)*	**1,443,712**	*(188,311)*
iv	Business loss available for offsetting against future taxable income	**(1,796,117)**	–		**(1,796,117)**	–
v	Unabsorbed Depreciation	**(1,714,162)**	–		**(1,714,162)**	–
vi	Provision for forceable loss	**(850,319)**	–		**(850,319)**	–
vii	LD provision	**(81,761)**	–		**(81,761)**	–
viii	Provision for warranty	**(1,615,565)**	*(2,196,524)*	*(1,293,819)*	**580,959**	*(902,705)*
	DTA	**(7,180,843)**	*(4,691,340)*	*(3,686,630)*	**(2,489,503)**	*(1,004,710)*
	Deferred tax expense / (income)				**(2,039,444)**	*220,286*
	Net deferred tax (assets) / liabilities	**(3,931,924)**	*(1,892,480)*	*(2,112,766)*		

V. Reconciliation of deferred tax (assets) / liabilities

Sr.	Particulars	**2016-17**	*2015-16*
(a)	Opening Balance as on April 1	**(1,892,480)**	*(2,112,766)*
(b)	Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit and Loss section	**(2,039,444)**	*220,286*
(c)	Tax income / (expense) during the period recognised in statement of Profit and Loss under OCI section	**–**	–
(d)	Deferred tax assets acquired under business combination	**–**	–
	Closing Balance as on March 31	**(3,931,924)**	*(1,892,480)*

VI. The deferred tax assets & liabilities relates to Indian Income taxes and the company has the legally enforceable right to setoff the deffered tax liabilities with the assets

VII. Deferred tax assets is recognised on unabsorded depreciation & Tax losses as there is reasonable evidence of recovering the same in future period

32 16) Disclosure pursuant to Indian Accounting Standard (Ind AS) 24 - Related party disclosure

I. Names of related parties with whom transactions were carried out during the year and description of relationship

Holding Company : Larsen and Toubro Limited

Fellow Subsidiary : L&T Infotech Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

II. Details of transaction between the Company and its related parties are disclosed below:

Related Party		Purchase / Overheads	Sales & Service (net of taxes and duties)
Larsen and Toubro Limited	CY	**29,187,435**	**11,153,576**
	PY	29,917,877	5,117,077
L&T Infotech Limited	CY	**466,489**	**–**
	PY	431,587	

III. Nature of Balances with Related Parties

Related Party		Accounts Receivable	Accounts Payable	Advance Received	Net Balance
Larsen and Toubro Limited	CY	**3,374,999**	**31,417,595**	**53,426,954**	**(81,469,550)**
	PY	1,145,457	51,873,712	20,167,970	(70,896,225)
L&T Infotech Limited	CY	**–**	**–**	**–**	**–**
	PY		395,471		(395,471)

III. Terms and Condition of transactions with related parties

a. Amount payable to Parent company represents cost of employees deputed to the company.

b. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. No impairment of receivable is recognised in respect of amount owed by parent company.

32 17) Disclosure pursuant to Indian Accounting Standard (Ind AS) 33 - Earnings per share

Earnings per share

The earnings and weighted average number of ordinary shares used in the calculation of basic earnings per share are as follows:

		For the year ended 31 March, 2017	*For the year ended 31 March, 2016*
Profit / (Loss) for the year used in the calculation of basic earnings per share	A	**(8,564,737)**	*12,278,590*
Weighted average number of shares outstanding	B	**440,000**	*440,000*
Basic and Diluted Earnings per equity share (₹)	A / B	**(19.47)**	*27.91*

32 18) Gain / Loss on financial assets and liability

			Amount in ₹
		2016-2017	*2015-2016*
Net (gain) / loss on financial assets & financial liabilities			
i)	Mandatorily measured at fair value through Profit and loss		
	(Gain) / loss on fair valuation / sale of investment in mutual funds	**917,767**	*–*
ii)	Financial Assets measured at amortized cost		
	Exchange (gain) / loss on revaluation or settlement of foreign currency assets	**268,450**	*(108,942)*
	Allowance / (Reversal) of expected credit loss allowance	**(116,089)**	*(253,022)*
	Provision for doubtful debts (other than expected credit losses)	**252,000**	
	Bad debts written off (Net)	**1,109,510**	*1,766,044*
iii)	Financial Liability measured at amortized cost		
	Exchange (gain)/ loss on revaluation or settlement of foreign currency Liability	**247,004**	*206,236*
	Interest revenue		
i)	Financial asset measured at amortized cost	**1,935,474**	*3,575,075*
Total		**4,614,116**	*5,185,391*

NOTES FORMING PART OF ACCOUNTS (Contd.)

32 19) Financial Risk Management Framework

The Company's activities expose it to market risk, liquidity risk and credit risk. The Company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. These risk is overseen by Risk management committee headed by Head-Operations of the company. The risk management committee ensures that the company's financial risk activies are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objective.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk.

Risk	Exposures arising from	Measurement	Management
Credit Risk	Cash and cash equivalents, mutual funds, trade receivables, financial assets measured at amortized cost	Ageing analysis	Diversification of bank deposits, credit limits and letter of credit
Liquidity risk	Other liabilities	Rolling cash flow forecast	Availability of committed credit lines
Market risk	Future commercial transactions, recognised financial assets and liabilities not denominated in indian rupee	Sensitivity analysis	Foreign exchange forward contracts are entered based on significance of the exposure

Credit Risk

Credit Risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the company. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with bank, foreign exchange transactions and other financial instruments.

Trade receivables

The company evalutes the concentration of risk with respect to trade receivables as low as its major customers are Government organizations like DRDO labs and defence public sector companies. Outstandings are regularly monitored.

As a practical expedients, to measure ECL on trade receivables, a provision matrix is used by the company. The historical credit loss experience and forward looking information for trade receivables is used to estimate expected credit losses considering the type of customers and a judgemental evaluation of the collectability of the receivables based on the ageing of the receivables. The company estimate the following provision matrix at the reporting date.

Expected credit losses	0 - 6 months	6 - 12 months	12 - 24 months	24 - 36 months	36 - 48 months	> 48 months
Default rate due to delay in payments	0%	3%	15%	30%	60%	60%

Refer note 28 for detail of allowance for expected credit losses charged to statement of profit and loss

Financial Instruments and cash deposits

The credit risk on liquid funds and financial instruments is limited because the counter parties are scheduled banks and mutual fund companies with high credit-ratings assigned by credit-agencies.

The maximum exposure to credit risk at the reporting date is the carrying value of the each class of financial assets disclosed in note 4, 7, 8,9,10,11 & 12

Movement in the expected credit loss allowance

		Amount in ₹
	2016-2017	*2015-2016*
Opening balance	**579,792**	*832,813*
Change in loss allowance based on expected credit loss:		
Additional provision/ (Reversal)	**(116,089)**	*(253,022)*
Closing Balance	**463,703**	*579,792*

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and availability of funding through an adequate amount of committed credit facilities to meet obligations when due. The company manages liquidity risk by maintaining adequate reserves and banking facilities by continuously monitoring forecast and actual cash flows, and by matching the maturity profiles of financial assets and liabilities.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Maturity profile of financial liabilities			
	As at 31st March 2017		
			Amount in ₹
	Upto 12 months	**More than 12 months**	**Total**
Non derivative liabilities			
Trade payable	**39,005,230**	**–**	**39,005,230**
Provision for performance reward to employees	**3,987,800**	**–**	**3,987,800**
	42,993,030	**–**	**42,993,030**
	As at 31st March 2016		
			Amount in ₹
	Upto 12 months	*More than 12 months*	*Total*
Non derivative liabilities			
Trade payable	*59,590,517*	*–*	*59,590,517*
Provision for performance reward to employees	*4,449,720*	*–*	*4,449,720*
	64,040,237	*–*	*64,040,237*
	As at 1st April 2015		
			Amount in ₹
	Upto 12 months	*More than 12 months*	*Total*
Non derivative liabilities			
Trade payable	*39,320,275*	*–*	*39,320,275*
Provision for performance reward to employees	*1,841,495*	*–*	*1,841,495*
	41,161,770	*–*	*41,161,770*
Maturity profile of financial Assets			
	As at 31st March 2017		
			Amount in ₹
	Upto 12 months	**More than 12 months**	**Total**
Investment in mutual fund	**25,069,134**	**–**	**25,069,134**
Trade receivable	**53,090,296**	**–**	**53,090,296**
Cash and cash equivalents	**883,974**	**–**	**883,974**
Bank balances other than above	**13,418,814**	**–**	**13,418,814**
Loans	**3,663,269**	**–**	**3,663,269**
Other financial assets	**23,468**	**–**	**23,468**
	96,148,955	**–**	**96,148,955**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	As at 31st March 2016		
			Amount in ₹
	Upto 12 months	More than 12 months	Total
Investment in mutual fund	–	–	–
Trade receivable	75,601,974	–	75,601,974
Cash and cash equivalents	45,416,224	–	45,416,224
Bank balances other than above	4,275,791	–	4,275,791
Loans	345,026	3,400,000	3,745,026
Other financial assets	20,000	–	20,000
	125,659,015	3,400,000	129,059,015

	As at 1st April 2015		
			Amount in ₹
	Upto 12 months	More than 12 months	Total
Investment in mutual fund	–	–	–
Trade receivable	64,369,542	–	64,369,542
Cash and cash equivalents	26,640,423	–	26,640,423
Bank balances other than above	21,900,161	–	21,900,161
Loans	5,000	3,400,000	3,405,000
	112,915,126	3,400,000	116,315,126

Market Risk

Currency Risk

Foreign currency risk is the risk that the fair value or the future cash flows of an exposure will fluctuate because of change in foreign exchange rate. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR). The company manages its foreign currency risk by hedging through foriegn currency forward contracts based on the significance of the exposure

The carrying amounts of the Company's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows.

Particulars	**Currency**	**31-Mar-17**	*31-Mar-16*
Trade Receivables	EUR	104,280	55,440
Trade Payables	USD	4,200	73,405
	EUR	60,464	–

Of the above foreign currency exposures, the following exposures are not hedged:

Particulars	**Currency**	**31-Mar-17**	*31-Mar-16*
Trade Receivables	EUR	104,280	55,440
Trade Payables	USD	4,200	73,405
	EUR	60,464	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sensitivity Analysis for exchange rate

A sensitivity analysis for Currency risk to which the entity is exposed at the end of the reporting period, showing how profit or loss and equity would have been affected by changes in the relevant Currency rate that were reasonably possible at that date;

As on 31st March 2017 - Exchange rate increase by 10%

Amount in ₹

Financial Instrument	Currency	Amount in FC	Spot rate on March 17	Increase in Exchange rate by assumed %	Revised rate	Value at Current Spot Rate	Revised value	Sensitivity	Impact in P&L gain/ (loss)	Impact in P&L -Net of Tax: gain / (loss)	Impact on Equity
A	B	C	D	E	F	G=C*D	H=C*F	I=H-G	J	K	N=K+M
Trade Receivable	EUR	**104,280**	**69.2925**	**10%**	**76.22175**	**7,225,822**	**7,948,404**	**722,582**	**722,582**	**472,511**	**472,511**
Trade Payable	USD	**4,200**	**64.85**	**10%**	**71.335**	**272,370**	**299,607**	**27,237**	**(27,237)**	**(17,811)**	**(17,811)**
	EUR	**60,464**	**69.2925**	**10%**	**76.22175**	**4,189,673**	**4,608,640**	**418,967**	**(418,967)**	**(273,971)**	**(273,971)**
											180,729

As on 31st March 2017 - Exchange rate decrease by 10%

Amount in ₹

Financial Instrument	Currency	Amount in FC	Spot rate on March 17	Decrease in Exchange rate by assumed %	Revised rate	Value at Current Spot Rate	Revised value	Sensitivity	Impact in P&L gain/ (loss)	Impact in P&L -Net of Tax : gain / (loss)	Impact on Equity
A	B	C	D	E	F	G=C*D	H=C*F	I=H-G	J	K	N=K+M
Trade Receivable	EUR	**104,280**	**69.2925**	**10%**	**62.36325**	**7,225,822**	**6,503,240**	**(722,582)**	**(722,582)**	**(472,511)**	**(472,511)**
Trade Payable	USD	**4,200**	**64.8500**	**10%**	**58.365**	**272,370**	**245,133**	**(27,237)**	**27,237**	**17,811**	**17,811**
	EUR	**60,464**	**69.2925**	**10%**	**62.36325**	**4,189,673**	**3,770,705**	**(418,967)**	**418,967**	**273,971**	**273,971**
											(180,729)

As on 31st March 2016

Amount in ₹

Financial Instrument	Currency	Amount in FC	Spot rate on March 16	Increase in Exchange rate by assumed %	Revised rate	Value at Current Spot Rate	Revised value	Sensitivity	Impact in P&L gain/ (loss)	Impact in P&L -Net of Tax : gain / (loss)	Impact on Equity
							₹ Cr	₹ Cr	₹ Cr	₹ Cr	
A	B	C	D	E	F	G=C*D	H=C*F	I=H-G	J	K	N=K+M
Trade Receivable	EUR	*55,440*	*75.395*	*10%*	*82.9345*	*4,179,899*	*4,597,889*	*417,990*	*417,990*	*273,332*	*273,332*
Trade Payable	USD	*73,405*	*66.255*	*10%*	*72.8805*	*4,863,419*	*5,349,761*	*486,342*	*(486,342)*	*(318,029)*	*(318,029)*
											(44,697)

As on 31st March 2016

Amount in ₹

Financial Instrument	Currency	Amount in FC	Spot rate on March 16	Decrease in Exchange rate by assumed %	Revised rate	Value at Current Spot Rate	Revised value	Sensitivity	Impact in P&L gain/ (loss)	Impact in P&L -Net of Tax : gain / (loss)	Impact on Equity
A	B	C	D	E	F	G=C*D	H=C*F	I=H-G	J	K	N=K+M
Trade Receivable	EUR	*55,440*	*75.395*	*10%*	*67.8555*	*4,179,899*	*3,761,909*	*(417,990)*	*(417,990)*	*(273,332)*	*(273,332)*
Trade Payable	USD	*73,405*	*66.255*	*10%*	*59.6295*	*4,863,419*	*4,377,077*	*(486,342)*	*486,342*	*318,029*	*318,029*
											44,697

NOTES FORMING PART OF ACCOUNTS (Contd.)

Tax rate is assumed at maximum marginal tax rate of 34.608%

A. Disclosure:

For Financial year 16-17, depreciation of INR against USD and EUR by 10% results in higher PAT by ₹ 1.8 lakh (net) and lower equity by ₹ 1.8 lakh. Appreciation of INR against USD and EUR by 10% will have lower PAT by ₹ 1.8 lakh(net) & higher equity by ₹ 1.8 Lakh

Interest Risk

Interest rate risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of change in the market interest rates. The company's exposure to the risk of change in market interest rate relates primarily to the company's short term investment in liquid mutual funds. The company manages its interest rate risk by depositing the surplus money with scheduled banks & mutual fund companies with high credit rating by credit rating agencies.

Interest rate risk exposure

The exposure of the company's Investment to interest rate changes at the end of reporting period are as follows:

	Amount in ₹		
	As at 31st Mar 17	*As at 31st Mar 16*	*As at 1st April 15*
Deposites with Bank	**13,418,814**	*40,221,768*	*46,995,668*
Investment in mutual fund	**25,069,134**		
	38,487,948	*40,221,768*	*46,995,668*

Sensitivity analysis for interest rate

					Amount in ₹
Deposites with Bank	**Tax rate**	**Impact on Profit**		**Impact on Profit after tax**	
		2016-17	*2015-16*	**2016-17**	*2015-16*
Increase by 1%	34.61%	**134,188**	*402,218*	**87,748**	*263,018*
Decrease by 1%	34.61%	**(134,188)**	*(402,218)*	**(87,748)**	*(263,018)*
Investment in Mutual fund					
Increase by 1%	34.61%	**(250,691)**	–	**(163,932)**	
Decrease by 1%	34.61%	**250,691**	–	**163,932**	

32 20) Fair value hierarchy

This note explains the judgements and estimates made in determining the fair value of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the input used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard

i) Financial assets & liabilities measured at fair value- recurring fair value measurements

					Amount in ₹
	As at 31st March 2017				
	Note	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Financial assets at FVTPL					
Mutual fund units	**7**	**25,069,134**	**–**	**–**	**25,069,134**
		25,069,134	**–**	**–**	**25,069,134**

There is no transfer between level 1 & 2 during the year

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Fair value of financial assets & liabilities measured at amortized cost

	As at 31st Mar 2017		*As at 31st Mar 2016*		*As at 1st April 2015*	
	Carrying Amount	**Fair Value**	*Carrying Amount*	*Fair Value*	*Carrying Amount*	*Fair Value*
Financial Assets						
Security Deposit	**3,663,269**	**3,663,269**	*3,745,026*	*3,745,026*	*3405000*	*3405000*
Other Financial Assets	**23,468**	**23,468**	*20,000*	*20,000*		
	3,686,737	**3,686,737**	*3,765,026*	*3,765,026*	*3,405,000*	*3,405,000*
Financial Liabilities						
Trade payables	**39,005,230**	**39,005,230**	*59,590,517*	*59,590,517*	*39,320,275*	*39,320,275*
Other financials liabilities	**3,987,800**	**3,987,800**	*4,449,720*	*4,449,720*	*1,841,495*	*1,841,495*
	42,993,030	**42,993,030**	*64,040,237*	*64,040,237*	*41,161,770*	*41,161,770*

The carrying amount of trade receivables, trade payables, Cash & cash equivalents & deposits with bank included in other bank balances are considered to be the same as their fair value, due to their short term nature.

Other financial assets mainly represents short term deposits, advance to employees & others. The carrying amount approximates the fair value for these assets due to their nature.

Other financial liabilities mainly represents payable for performance linked rewards. The carrying amount approximates the fair value for these liabilities due to their nature.

iii) Valuation technique & inputs

Financial Instrument	Valuation technique
Mutual funds	Quoted market price(Closing NAV) declared by the mutual fund

32 21) Disclosure pursuant to Indian Accounting Standard (Ind AS) 37- Provisions, Contingent Liabilities and Contingent Assets

I. Provision

Particulars	As at March 31, 2017			*As at March 31, 2016*		
	Current	**Non- Current**	**Total**	*Current*	*Non- Current*	*Total*
Other Provisions						
1. Warranty	**4,979,397**	**–**	**4,979,397**	*6,769,992*	*–*	*6,769,992*
2. Other Provisions						
Total Provisions	**4,979,397**	**–**	**4,979,397**	*6,769,992*	*–*	*6,769,992*

II. Details of movement in other provisions

Particulars	Warranty claims	Onerous contracts	Other Provisions	Total
Balance as at April 1, 2015	**3,987,729**			**3,987,729**
Additional provisions recognised	5,161,268			5,161,268
Amounts used (ie incurred and charged against the provision) during the period				–
Unused amounts reversed during the period	(2,379,005)			(2,379,005)
Unwinding of discount and effect of changes in the discount rate				–
Balance as at March 31, 2016	**6,769,992**	**–**	**–**	**6,769,990**
Additional provisions recognised	1,565,196			1,565,196
Amounts used (ie incurred and charged against the provision) during the period				–
Unused amounts reversed during the period	(3,355,791)			(3,355,791)
Unwinding of discount and effect of changes in the discount rate				–
Balance as at March 31, 2017	**4,979,397**			**4,979,397**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Warranty Claims:

The Company is required to provide warranty on the products sold towards repair or replacement of item that fails to perform satisfactorily during the warranty period. The provision for warranty made as on March 31, 2017 represents the amount of the expected cost of meeting such obligation of rectification or replacement. The estimte has been made based on historical warranty trends and may vary as a result of new materials, altered manufacturing process or other events. It is expected that most of these costs will be incurred in the next financial year and all will have been incurred within maximum three years after the reporting date. Assumptions used to calculate the provision for warranties were based on current sales levels and current information available about returns based on the maximum three-year warranty period for products sold.

32 22) Disclosure pursuant to Indian Accountig Standard (Ind AS) 108 - Operating Segment

The Company's Head - Operations and Board of Directors examine the Company's performance on the basis of single segment namely manufacturing electronics system and sub systems. The company has only one reportable segment under INDAS 108 namely "Manufacture and Sale of electronic system and sub systems"

1. Segment revenues, profits, assets and liabilities

Manufacture of electronics system and sub systems	Amount in ₹	
	2016-2017	*2015-2016*
Revenue from external customes (Sales & Service)	**150,544,189**	*175,677,288*
Revenue from Parent company (Sales & Service)	**11,417,737**	*5,217,910*
Total Revenue	**161,961,926**	*180,895,198*
Depreciation and amortization	**3,866,536**	*3,188,782*
Profit Before Tax	**-10,540,865**	*18,406,735*
Profit After Tax	**-8,564,737**	*12,278,590*

As there is only one reportable segment, the segment revenue reported above represents revenue generated from external customers

As there is only one reportable segment, asset and liabilities in the financial statements relates to the manufacture and sales of Electronic system and sub systems.

The following table provide the detail of addition to non-current assets

	Amount in ₹	
	2016-2017	*2015-2016*
Property, plant and equipments	**1,876,148**	*6,126,963*
Intangible assets	**496,880**	*8,265,847*
	2,373,028	*14,392,810*

2. Geographical information

The company is domiciled in India. The amount of its revenue from external customers classified by location of the customers is as per the table below:

Revenue from external customers (sales & services)

	Amount in ₹	
	2016-2017	*2015-2016*
India	**150,142,404**	*170,244,635*
France	**11,819,522**	*10,650,563*
Total revenue as per statement of profit and loss	**161,961,926**	*180,895,198*
Non-current operating assets:		
India	**24,435,679**	*25,955,437*
Outside India	**–**	*–*
Total	**24,435,679**	*25,955,437*

Non-current assets for this purpose consist of property, plant and equipment and intangible assets.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3. Revenue from Major customers

Revenue from 2 customers accounts for more than 10% of the company's revenue from operations from the company's only segment. The aggregate revenue derived from these customers (₹ 13,34,70,942) is approximately 93% of the total revenue from external customer. The amount of revenue from each such customer is ₹ 1,60,58,851 and ₹ 11,74,12,091 respectively

32 23) Disclosure pursuant to Indian Accounting Standard (Ind AS) 101 - First-time adoption of Ind-AS

1 First-time adoption of Ind-AS

These are the Company's first financial statements prepared in accordance with Ind AS. The accounting policies set out in note 31 have been applied in preparing the financial statements for the year ended 31st March 2017, the comparative information presented in these financial statements for the year ended 31st March 2016 and in the preparation of opening Ind AS Balance Sheet as at 1st April 2015 (date of transition). In preparing its opening Ind AS Balance Sheet, the Company has adjusted the amounts reported previously in financial statements prepared in accordance with accounting standards notified under Companies (Accounting Standards) Rules,2006 (as ammended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flow is set out in the following tables and notes.

2. Exemptions applied

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

The Company has applied the following exemptions :

Deemed Cost - Ind AS 101 permits a first time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS measured as per IGAAP and use that as its deemed cost as at the date of transition. Accordingly the Company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1st April 2015 measured as per IGAAP and use that carrying value as deemed cost of the property, plant and equipment.

3. Estimates

The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with Indian GAAP (After adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of indian GAAP did not required estimation.

The estimates used by the Company to present these amounts in accordance with Ind AS reflect conditions at 1st April 2015, the date of transition to Ind AS and as of March 31, 2016

4. Effect of Ind AS adoption for financial statements

The effect of the company's transition to IND AS is summarized in this note as follows:

(i) Reconciliation of equity as previously reported under Indian GAAP to IND AS as on 1st April 2015 and 31st March 2016; and

(i) Reconciliation of profit or loss as previously reported under Indian GAAP to IND AS for FY 2015-16; and

(iii) Line by line impact on the following -

Balance Sheet - As on 1st April 2015 and 31st March 2016

Profit or Loss statement - For FY 2015-16

Cash flow statement - For FY 2015-16

i) Reconciliation of equity and P&L as previously reported under Indian GAAP to IND AS

Particulars	**Notes**	*As at 01/04/2015*	*As at 31/3/2016*
Equity as reported under previous GAAP		*160,896,370*	*173,506,275*
Ind AS: Adjustments increase (decrease):			
Provision for Expected Credit Loss		*(832,813)*	*(579,792)*
ESOP charge due to valuation change from Intrinsic value to Fair value		*(255,261)*	*(431,947)*
Prov for Deferred tax (opening)		*1,525,607*	*1,631,825*
Provision for PLR under constructive obligation		*(3,869,320)*	*(4,449,720)*
Equity as reported under IND AS		*157,464,583*	*169,676,641*

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Reconciliation of Profit

PARTICULARS	Notes		Year ended 31/3/2016
			Profit after Tax
Previous GAAP			12,609,905
Ind AS: Adjustments increase (decrease):			
Provision of Performance Linked Rewards			(580,400)
Provision for Expected Credit Loss			253,022
ESOP accounting at fair value			(176,688)
DTA/DTL			106,219
Employee future benefits – actuarial gains and losses (Net of Tax)			66,532
Goodwill no longer amortised as from the date of transition			
Restructuring provision not recognised as a liability			
Total adjustment to profit or loss			12,278,590
Profit or loss under Ind AS			12,278,590
Other comprehensive income			(66,532)
Total comprehensive income under Ind ASs			12,212,058

Note: No statement of comprehensive income was produced under previous GAAP. Therefore the reconciliation at A.4 starts with profit under previous GAAP.

iii) Reconciliation of equity and P&L as previously reported under india GAAP to IND AS (alternative format)

Particulars	Notes	*As on 01/04/2015 (Date of Transition)*			*As on 31/3/2016 (End of last period presented under previous GAAP)*		
		I GAAP	*Effect of transition to Ind AS*	*Opening Ind AS balance sheet*	*I GAAP*	*Effect of Transition to Ind AS*	*Ind AS*
A. ASSETS							
1. Non-Current Assets							
(a) Property, Plant and Equipment	**D**	*13,756,207*	–	*13,756,207*	*17,688,692*	*15,748*	*17,704,440*
(b) Capital work-in-progress		*2,086,666*	–	*2,086,666*			
(c) Investment Property							
(d) Goodwill							
(e) Other Intangible assets		*1,015,015*	–	*1,015,015*	*8,266,744*	*(15,747)*	*8,250,997*
(f) Intangible assets under development							
(g) Biological Assets other than bearer plants							
(h) Financial Assets							
(i) Investments							
(ii) Trade receivables							
(iii) Loans	**D**	*3,632,621*	*(232,621)*	*3,400,000*	*4,456,043*	*(1,056,043)*	*3,400,000*
(iv) Others (to be specified)			–				
(i) Deferred tax assets (net)	**D**	*587,159*	*1,525,607*	*2,112,766*	*260,655*	*1,631,825*	*1,892,480*
(j) Other non-current assets			*732,621*	*732,621*	–	*556,043*	*556,043*
Total Non-Current Assets		*21,077,668*	*2,025,607*	*23,103,275*	*30,672,134*	*1,131,826*	*31,803,960*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Notes	As on 01/04/2015 (Date of Transition)			As on 31/3/2016 (End of last period presented under previous GAAP)		
		I GAAP	Effect of transition to Ind AS	Opening Ind AS balance sheet	I GAAP	Effect of Transition to Ind AS	Ind AS
2. Current Assets							
(a) Inventories		104,945,147	–	104,945,147	111,784,187	–	111,784,187
(b) Financial Assets							
(i) Investments							
(ii) Trade receivables	A	71,296,055	(6,926,513)	64,369,542	80,059,738	(4,457,764)	75,601,974
(iii) Cash and cash equivalents	D	48,540,584	(21,900,161)	26,640,423	49,692,015	(4,275,791)	45,416,224
(iv) Other Bank balance	D	–	21,900,161	21,900,161	–	4,275,791	4,275,791
(v) Loans		5,000	–	5,000	5,000	340,026	345,026
(vi) Others (to be specified)					–	20,000	20,000
(c) Current Tax Assets (Net)		2,735,139	–	2,735,139	446,398	–	446,398
(d) Other current assets	A2, D	24,918,173	5,593,700	30,511,873	38,311,088	4,017,948	42,329,036
(e) Assets classified as held for sale							
Total Current Assets		252,440,098	(1,332,813)	251,107,285	280,298,426	(79,790)	280,218,636
Total Assets (1+2)		273,517,766	692,794	274,210,560	310,970,560	1,052,036	312,022,596
B. EQUITY AND LIABILITIES							
1. Equity							
(a) Equity Share capital		4,400,000	–	4,400,000	4,400,000	–	4,400,000
(b) Convertible non-participating preference share capital							
(c) Other Equity excluding non-controlling interests		160,896,370	(3,431,787)	157,464,583	173,506,275	(3,829,634)	169,676,641
Equity attributable to owners of the Company (I)							
Non-controlling interests (II)							
Total Equity (I+II)		165,296,370	(3,431,787)	161,864,583	177,906,275	(3,829,634)	174,076,641
LIABILITIES							
2. Non-Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings							
(ii) Trade payables							
(iii) Other financial liabilities (other than those specified in (b) below, to be specified)							
(b) Provisions							
(c) Deferred tax liabilities (Net)							
(d) Other Non-Current Liabilities			5,250	5,250		15,750	15,750

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Notes	As on 01/04/2015 (Date of Transition)			As on 31/3/2016 (End of last period presented under previous GAAP)		
		I GAAP	Effect of transition to Ind AS	Opening Ind AS balance sheet	I GAAP	Effect of Transition to Ind AS	Ind AS
3. Current Liabilities							
(a) Financial Liabilities							
(i) Borrowings							
(ii) Trade payables	C, D	41,034,082	(1,713,806)	39,320,276	60,762,338	(1,171,821)	59,590,517
(iii) Other financial liabilities (other than those specified in (c) below)	B, D		1,841,495	1,841,495		4,449,720	4,449,720
(b) Other current liabilities	B, D	60,526,741	3,991,642	64,518,383	62,872,098	1,588,021	64,460,119
(c) Provisions		6,660,573	–	6,660,573	9,429,849	–	9,429,849
(d) Current Tax Liabilities (Net)							
Total Equity and Liabilities (1+2+3)		273,517,766	692,794	274,210,560	310,970,560	1,052,036	312,022,596

A Trade Receivables

1 Under I GAAP, The company made impairment provision on trade receivables only in respect of specific amount of incurred losses. As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result the amount of expected credit loss as on 31st March 2016 was ₹.579,792/- (1st April 2015 is ₹ 832,813/-).

2 Under IGAAP, all contractual retentions and milestone billings were captured in Trade receivables, however, as per Ind AS requirement, Trade receivables under financial assets will include only those billings which are due or which will become due only subject to the credit terms and there is no further performance obligation pending. Contractual Retention Money not due because of pending performance obligation is not a financial asset and is accordingly shown under other current assets. The contractual retention amount as on 31st March 2016 was ₹ 3,877,973/- (1st April 2015 is ₹ 6,093,700).

B Other Financial Liability & Other Current liability

Under Ind AS, Performance Linked Rewards (PLR) payable to employees is considered as a constructive obligation and provided accordingly. PLR provision as on 31st March 2016 is ₹ 4,449,720/- (1st April 2015 is ₹ 3,869,320/-)

C Trade Payables

The company gets debit note for stock options granted by the parent company to the employees of the company. Under I GAAP, the cost of equity settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently the amount recognised in the share option outstanding account reimbursible to the parent company in ₹ 431,947/- as on 31st March 2016 (on 1st April 2015 ₹ 255,261/-)

D General

The I GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

Reconciliation of Profit or Loss for the year ended March 31, 2016

	Particulars	Notes	Year ended 31/3/2016 (latest period presented under previous GAAP)		
			I GAAP	Effect of transition to Ind AS	Ind AS
I	Revenue from operations		170,431,364	10,463,833	180,895,197
II	Other Income				
III	Interest Income		3,589,163	–	3,589,163
IV	**Total Revenue (I + II + III)**	A	174,020,527	10,463,833	184,484,360

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	Notes	*Year ended 31/3/2016 (latest period presented under previous GAAP)*		
			I GAAP	*Effect of transition to Ind AS*	*Ind AS*
V	**EXPENSES**				
	(a) Cost of materials consumed		*78,021,823*	*–*	*78,021,823*
	(b) Excise Duty	**A**		*10,463,833*	*10,463,833*
	(c) Stores, spares and tools		*99,655*	*–*	*99,655*
	(d) Sub-contracting charges		*8,524,530*	*–*	*8,524,530*
	(e) Changes in stock of finished goods, work-in-progress and stock-in-trade		*(14,046,661)*	*–*	*(14,046,661)*
	(f) Other manufacturing, construction and operating expenses		*12,587,861*	*–*	*12,587,861*
	(g) Employee benefit expense	**C, D, E**	*31,592,663*	*548,917*	*32,141,580*
	(h) Sales, administration and other expenses	**B**	*37,514,246*	*(253,022)*	*37,261,224*
	(i) Finance costs	**F**	*–*	*157,538*	*157,538*
	(j) Depreciation and amortisation expense		*3,188,782*	*–*	*3,188,782*
	(k) Less Overheads charged to Fixed Assets		*(2,322,540)*	*–*	*(2,322,540)*
	Total Expenses (V)		*155,160,359*	*10,917,266*	*166,077,625*
VI	**Share of Profit / (Loss) of joint ventures and associates**				
	(1) Share of Profit / (Loss) of joint ventures				
	(2) Share of Profit / (Loss) of associates				
VII	**Profit/(Loss) before exceptional items and tax (IV - V + VI)**		*18,860,168*	*(453,433)*	*18,406,735*
VIII	**Exceptional Items**				
IX	**Profit/(Loss) before tax (VII - VIII)**		*18,860,168*	*(453,433)*	*18,406,735*
X	**Tax Expense**				
	(1) Current tax				
	(i) Current tax		*5,923,758*	*(15,899)*	*5,907,859*
	(ii) Current tax relating to previous years				
	(2) Deferred tax				
	(i) Deferred tax		*326,505*	*(106,219)*	*220,286*
	(ii) Deferred tax relating to previous years				
	Total Tax Expense		*6,250,263*	*(122,118)*	*6,128,145*
XI	**Profit/(Loss) after tax from continuing operations (IX - X)**		*12,609,905*	*(331,315)*	*12,278,590*
XII	Profit/(Loss) after tax from discontinued operations				
XIII	**Profit/(Loss) on disposal of discontinued operations**				
XIV	**Profit/(Loss) after tax from discontinued operations (XII + XIII)**				
XV	**Profit/(Loss) for the period (XI + XIV)**		*12,609,905*	*(331,315)*	*12,278,590*
XVI	**Profit/(Loss) from continuing operations for the period attributable to:**				
	Owners of the Company				
	Non controlling interests				

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	Notes	*Year ended 31/3/2016 (latest period presented under previous GAAP)*		
			I GAAP	*Effect of transition to Ind AS*	*Ind AS*
XVII	**Profit/(Loss) from discontinued operations for the period attributable to:**				
	Owners of the Company				
	Non controlling interests				
XVIII	**Other Comprehensive Income**				
	A (i) Items that will not be recycled to profit or loss				
	(a) Changes in revaluation surplus				
	(b) Remeasurements of the defined benefit plans	**D**		*50,633*	*50,633*
	(ii) Income tax relating to items that will not be reclassified to profit or loss			*15,899*	*15,899*
XIX	**Total Comprehensive Income for the period (XV + XVIII)**			*(66,532)*	*66,532*
XX	**Total Comprehensive Income for the period attributable to:**				
	Owners of the Company		*12,609,905*	*(397,847)*	*12,212,058*
	Non controlling interests				
XXI	**Earnings per equity share (for continuing operation):**				
	(1) Basic		*28.66*		*27.91*
	(2) Diluted		*28.66*		*27.91*
XXII	**Earnings per equity share (for discontinued operation):**				
	(1) Basic				
	(2) Diluted				
XXIII	**Earnings per equity share (for continuing and discontinued operations):**				
	(1) Basic		*28.66*		*27.91*
	(2) Diluted		*28.66*		*27.91*

A. Excise Duty

Under I GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit & loss as part of expenses. This change has resulted in an increase in total revenue & total expenses for the year 2015-16 by ₹ 10,463,833/-. There is no impact on profit or loss.

B. Sales, administration and other expenses

Under I GAAP, the company made impairment provision on trade receivables only in respect of specific amount of incurred losses. As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result expected credit loss is recognised for ₹ 253,022/- (gain) for FY 2015-16 (net of provision of ₹.579,792/- as at 31st March 2016 and reversal of provsion of ₹ 832,813/-as on 1st April 2015). Consequently the profit for 31st March 2016 increased by ₹ 253,022/- for the year end 31st March 2016.

C. Employee benefit expense

The company gets debit for stock options granted by the parent company to the employees of the company. Under the previsous GAAP, the cost of equity settled employee share based were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share based plan is recognised based on the fair value of the option as at the grant date. Consequently the amount recognised in the share option outstanding account reimbursible to the parent increased and profit for FY 2015-16 decreased by ₹ 176,687/-.

D. Remeasurement of post employment benefit obligation

Under Ind AS, remeasurements i.e, actuarial gain and losses and the return on plan assets, excluding amounts included in the

NOTES FORMING PART OF ACCOUNTS (Contd.)

net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under I GAAP, these remeasurements were forming part of the profit & loss for the year. As a result of this change, the profit for the year ended 31st march 2016 increased by 50,633/-.

E Under Ind AS, Performance Linked Rewards (PLR) payable to employees is considered as a constructive obligation and provided accordingly. As a result Employee benefit expenses increased by ₹ 580,400/- as on 31st March 2016 (net of provision of ₹ 4,449,720/- as on 31st March 2016 and reversal of provision of ₹ 3,869,320/- as on 1st April 2015)

F **General**

The I GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

(iv) Adjustments to the statement of cash flows

PARTICULARS	*Year ended 31/3/2016 latest period presented under previous GAAP)*		
	Previous GAAP	*Effect of transition to Ind AS*	*Ind AS*
Previous GAAP			
Net cash flows from operating activities	*9,854,499*	–	*9,854,499*
Net cash flows from investing activities	*-8,703,068*	–	*-8,703,068*
Net cash flows from financing activities	–	–	–
Net increase (decrease) in cash and cash equivalents	*1,151,431*	–	*1,151,431*
Cash and cash equivalents at beginning of period	*48,540,584*		*48,540,584*
Cash and cash equivalents at end of period	*49,692,015*	–	*49,692,015*

The transition from India GAAP to Ind AS did not have any impact on the statement of cash flow.

As per our report attached
EESH & CO.
Chartered Accountants
Firm Registration No. 000794S

K. G. SATHISH
Proprietor
Membership No. 20011
Place : Bengaluru
Date : May 15, 2017

For and on behalf of the Board

J. D. PATIL
Director
DIN: 01252184

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 15, 2017

BOARD REPORT

Dear Members,

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

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Sr. No	Particulars	2016–17	*2015–16*
		₹	₹
1	Income for the year	**1,31,000**	*1,21,000*
2	Less: Expenditure	**67,516**	*58,840*
3	Profit Before Depreciation & Tax (PBDT)	**63,484**	*62,160*
4	Less: Depreciation	**–**	–
5	Profit / (Loss) before tax (PBT)	**63,484**	*62,160*
6	Less: Provision for tax	**–**	–
7	Profit / (Loss) after tax (PAT)	**63,484**	*62,160*
8	Balance brought forward from previous year	**(1,89,787)**	*(2,51,947)*
9	Balance carried to Balance Sheet	**(1,26,303)**	*(1,89,787)*

2. CAPITAL EXPENDITURE

During the period under review, the Company did not incur any capital expenditure.

3. DEPOSITS

During the year under review, the Company did not accept any deposits from the public.

4. SUBSIDIARY COMPANY

Your Company does not have any subsidiary company under its purview.

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

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in Note 2 of the Annual Accounts.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board has approved the Related Party Transactions for 2016-17. All the related party transactions were in ordinary course of business and at arm's length.

The details of the Related party Transactions are given in Note 14.

7. STATE OF COMPANY AFFAIRS

During the year under review, the Company did not carry out any commercial operations.

The Profit before and after tax was ₹ 63,484 for the financial year under review as against ₹ 62,160 for the previous financial year, registering an increase of 2.08%.

8. DIVIDEND

As the Company has not commenced its commercial operations, your Directors express their inability to recommend any dividend for the year ended 2016-17.

9. MATERIAL CHANGES, IF ANY, BETWEEN THE DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTOR'S REPORT

There are no material changes that have taken place in the Company between the date of the Balance Sheet and the date of the Director's Report.

10. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- CONSERVATION OF ENERGY

  As there were no commercial operations in the Company, there are no particulars required to be disclosed under this head.

- TECHNOLOGY ABSORPTION

  There was no technology absorption during the year 2016-17.

- FOREIGN EXCHANGE

  There was no earning in any foreign currency in the course of transactions during the year 2016-17.

11. RISK MANAGEMENT POLICY

The Company does not have operations and hence the Board has not adopted a Risk Management Policy.

12. DETAILS OF DIRECTORS OR KMP APPOINTED/RESIGNED DURING THE YEAR

At present the Board comprises of Mr. Shrikant Joshi and Mr. U. C. Rath.

The notice convening the AGM includes the proposal for appointment / re-appointment of Directors.

13. NUMBER OF MEETINGS OF THE BOARD

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, four meetings were held on 9th May 2016, 16th July 2016, 27th October 2016 and 17th January 2017 respectively.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

15. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit/loss of the Company for the year ended on that date;

c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. That the annual accounts have been prepared on a going concern basis.

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

16. COMPLIANCE WITH SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA

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

17. PROTECTION OF WOMEN AT WORKPLACE

The ultimate parent company, Larsen & Toubro Limited (L&T), has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

18. AUDITORS

The Auditors, M/s Sharp & Tannan have hold office for a period of five years from the conclusion of the 7th Annual General Meeting till the conclusion of the 12th Annual General Meeting. Certificate from the M/s Sharp & Tannan has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013. A proposal for the ratification of their appointment by the shareholders of the Company will be taken up at the forthcoming AGM as per the requirements of Section 139 of the Companies Act, 2013.

19. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

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

20. AUDITORS' REPORT

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

21. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as **Annexure I** to this Report.

22. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, employees as well as management of the Parent Company.

For and on behalf of the Board
CHENNAI VISION DEVELOPERS PRIVATE LIMITED

Place : Mumbai
Date : May 24, 2017

SHRIKANT JOSHI	**U. C. RATH**
Director	*Director*
DIN : 02278471	*DIN : 05181797*

ANNEXURE I

FORM NO. MGT – 9

EXTRACT OF ANNUAL RETURN
As on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U70101TN2008PTC068877
ii)	Registration Date	14/08/2008
iii)	Name of the Company	CHENNAI VISION DEVELOPERS PRIVATE LIMITED
iv)	Category	Private Limited Company
v)	Sub-Category of the Company	–
vi)	Address of the Registered office and contact details	Mount Poonamallee Road, Manapakkam, Chennai - 600089, Tamil Nadu, Tel. No. - 044-22526000, Fax No. - 044-22528688
vii)	Whether listed company	NO
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	Real estate activities with own or leased property	L-681	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding / Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Realty Limited	U74200MH2007PLC176358	Holding	100	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	**0**	**10000**	**10000**	**100**	**0**	**10000**	**10000**	**100**	
e) Banks / FI									
f) Any Other									
Sub-total (A) (1)	**0**	**10000**	**10000**	**100**	**0**	**10000**	**10000**	**100**	
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**0**	**10000**	**10000**	**100**	**0**	**10000**	**10000**	**100**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total Public Shareholding (B)= (B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A+B+C)	**0**	**10000**	**10000**	**100**	**0**	**10000**	**10000**	**100**	

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Realty Limited	10000	100	0	10000	100	0	0
	Total	**10000**	**100**	**0**	**10000**	**100**	**0**	**0**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

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

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Top 10 Shareholders	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For each of the Directors and KMP	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Changes in Indebtedness during the financial year				
Addition				
Reduction				
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of financial year				
i) Principle Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total(i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

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

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
		NA		
1	Independent Directors			
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (1)			
		Mr. Shrikant Joshi	**Mr. U. C. Rath**	
2.	Other Non-Executive Directors	NIL	NIL	NIL
	Fee for attending board / committee meetings	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL
	TOTAL (B)=(1+2)	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL

C. Remuneration to Key Managerial personnel other than MD / Manager / WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
		NA	NA	NA	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) of Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	– as % of profit				
	– others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT / COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the members of CHENNAI VISION DEVELOPERS PRIVATE LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Chennai Vision Developers Private Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

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

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

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

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

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us subject the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure 'A', a statement on the matters specified in para 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"

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

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

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

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

iv. the Company did not have any holdings or dealings in cash during the financial year and accordingly disclosure requirement as envisaged in Notification G.S.R 308(E) dated 30 March 2017 is not applicable to the Company.

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

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date : May 24, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Chennai Vision Developers Private Limited on the financial statements for the year ended 31 March 2017 we report that:

i. The Company does not have any fixed assets. Accordingly, reporting on clause (i) (a), (b) and (c) of the Order does not arise.

ii. The Company does not have any inventory in its books of account. Accordingly, reporting on clause (ii) of the Order does not arise.

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

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

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

vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company for the current financial year. Accordingly, reporting on clause (vi) of the Order does not arise.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax, and other material statutory dues applicable to the Company with appropriate authorities.

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

viii. The Company did not have any loans or borrowing from any bank, government or financial institution or dues to debenture holders during the year. Accordingly, reporting on any default in repayment of loans / borrowing / dues does not arise.

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

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

xi. According to the information and explanations given to us, the Company has not paid or provided for, managerial remuneration during the year. Accordingly reporting on clause (xi) of the Order does not arise.

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

xiii. Provisions of section 177 of the Companies Act, 2013 is not applicable to the Company. Accordingly reporting on compliance of the same does not arise. As explained to us, the management is of the opinion that the company maintains the necessary documents to prove that these transactions are in its ordinary course of business and are at arm's length. Accordingly, reporting on compliance of section 188 of Companies Act, 2013 does not arise.

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

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

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

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

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date : May 24, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

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

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

We have audited the internal financial controls over financial reporting of Chennai Vision Developers Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

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

Auditors' Responsibility

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

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

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

Meaning of Internal Financial Controls over Financial Reporting

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

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

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

Opinion

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

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

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date : May 24, 2017

BALANCE SHEET AS AT 31ST MARCH 2017

	Particulars	Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
			₹	₹	₹	₹	₹	₹
I	**ASSETS**							
	Non-current assets							
	Financial Assets							
	Investments	**2**		**10,010**		*10010*		*10*
	Current assets							
	Financial Assets							
	Cash and cash equivalents	**3**		**26,955**		*119,650*		*25,000*
	TOTAL			**36,965**		*129,660*		*25,010*
II	**EQUITY AND LIABILITIES**							
	EQUITY							
	Equity share capital	**4**	**100,000**		*100,000*		*100,000*	
	Other Equity	**5**	**(126,303)**		*(189,787)*		*(251,947)*	
				(26,303)		*(89,787)*		*(151,947)*
	LIABILITIES							
	Current liabilities							
	Financial Liabilities							
	Other Financial Liabilities	**6**		**59,768**		*217,447*		*174,957*
	Other Current Liabilities	**7**		**3,500**		*2,000*		*2,000*
	TOTAL			**36,965**		*129,660*		*25,010*
	Significant accounting policies	**1**						
	Contingent liabilities and commitments	**8**						

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

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

P. RAJESH KUMAR
Partner
Membership No.: 225366

Place : Chennai
Date : May 24, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

U. C. RATH
Director
DIN: 05181797

Place : Mumbai
Date : May 24, 2017

STATEMENT OF PROFIT AND LOSS ACCOUNT FOR THE YEAR 2016–17

		Note No.	2016–17 ₹	*2015–16 ₹*
	INCOME:			
	Other income	**9**	**131,000**	*121,000*
I	**Total Income**		**131,000**	*121,000*
	EXPENSES:			
	Other expenses	**10**	**67,516**	*58,840*
II	**Total expenses**		**67,516**	*58,840*
III	**Profit / (Loss) before tax**		**63,484**	*62,160*
	Tax expenses:		**–**	*–*
IV	**Profit / (Loss) for the year**		**63,484**	*62,160*
	Earnings per equity share:			
	– Basic and diluted		**6.35**	*6.22*
	Face value of an equity share		**10.00**	*10.00*
	Significant accounting policies	**1**		

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

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

P. RAJESH KUMAR
Partner
Membership No.: 225366

Place : Chennai
Date : May 24, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

U. C. RATH
Director
DIN: 05181797

Place : Mumbai
Date : May 24, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	2016–17 ₹	*2015–16* ₹
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (loss) before tax	**63,484**	*62,160*
	Less: Share of profit from investments	**131,000**	*121,000*
	Operating profit / (loss) before working capital changes	**(67,516)**	*(58,840)*
	Adjustments for :		
	Increase / (decrease) in other current liabilities	**(156,179)**	*42,490*
	(Increase) / decrease in Trade receivables		*25,000*
	Cash generated from/(used in) operations	**(223,695)**	*8,650*
	Direct taxes paid (net of refund)	**–**	*–*
	Net cash (used in) / from operating activities (A)	**(223,695)**	*8,650*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Share of profit from investments	**131,000**	*121,000*
	Investment in Limited Liability Partnership	**–**	*(10,000)*
	Net cash (used in) / from investing activities (B)	**131,000**	*111,000*
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net cash (used in) / from financing activities (C)	**–**	*–*
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(92,695)**	*119,650*
	Cash and cash equivalents at the beginning of the year	**119,650**	*–*
	Cash and cash equivalents at end of the year	**26,955**	*119,650*

Notes :

1. Cash Flow Statement has been prepared under the Indirect Method as set out in the Ind AS 7 : Statement of cash flows as specified in the Companies (Indian Accounting Standard) Rules, 2015.
2. Cash and cash equivalents represent cash and cash equivalents as given in Note 3.
3. Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached of even date

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

P. RAJESH KUMAR
Partner
Membership No.: 225366

Place : Chennai
Date : May 24, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

U. C. RATH
Director
DIN: 05181797

Place : Mumbai
Date : May 24, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

2. Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

4. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

5. Revenue recognition:

Revenue from operations

(i) Income from project management and advisory services is accounted on time proportionate basis / proportionate completion method based on the agreements / arrangements with customers. However, certain claims, which are not ascertainable / acknowledged by customers,are not taken into account.

(ii) Other operating revenue, other than Dividend income, is accounted based on the agreements / arrangements with customers.

(iii) Dividend income is accounted when the right to receive the same is established.

Other income

(i) Interest income is accrued at applicable interest rate on time proportionate basis.

(ii) Other items of income are accounted as and when the right to receive arises.

6. Exceptional items

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

7. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under i-GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

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

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions stated below.)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013, except in certain assets where the useful life was determined by technical evaluation. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is materially different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

8. Intangible assets and amortisation

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised over their estimated useful life. Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

9. Impairment of assets

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine :

a) the provision for impairment loss, if any; and

b) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount

Recoverable amount is determined:

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

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

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

10. Employee benefits

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

Short term employee benefits

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

11. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortised cost or fair value.

(a) Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost :

1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

2) The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are recognised in profit or loss

(b) Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for equity instruments which are not held for trading.

(c) All other financial assets are measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs except for government loans which are concessional or interest free) existing on the date of transition to Ind AS which are carried at their existing carrying value as per the previous Indian GAAP.

12. Inventories

Inventories representing project related work-in-progress, are valued after providing for obsolescence, at lower of cost or net realisable value.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

13. Foreign currencies

(i) The reporting currency of the Company is the Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at historical cost denominated in a foreign currency, are reported using the exchange rate on the date of the transaction.

(iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

14. Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

15. Taxes on income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments / appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

16. Leases

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

17. Cash and Bank Balances

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

18. Provisions, contingent liabilities and contingent assets

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

i) the Company has a present obligation (legal or constructive) as a result of a past event.

ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii) the amount of the obligation can be reliably estimated.

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

Contingent liability is disclosed in the case of :

i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

ii) a present obligation, arising from the past events when no reliable estimate is possible;

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

19. Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified as and disclosed as follows:

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

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

iii) Funding related commitment to Subsidiary, Associate and Joint Venture Companies.

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

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

20. Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

21. Cash Flow Statement

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

(i) transactions of a non-cash nature

(ii) any deferrals or accruals of past or future operating cash receipts or payments; and

(iii) items of income or expense associated with investing or financing cash flows.

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

2 NON CURRENT ASSETS – INVESTMENT

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
(at cost, unless otherwise specified)		
Trade Investments measured at amortised cost		
Investment in Subsidiary Companies		
Investments in Limited Liability Partnerships (LLP)		
L&T Parel Projects LLP	**10**	*10*
Asian Realty	**10,000**	*10,000*
Aggregate amount of unquoted investments	**10,010**	*10,010*

(a) Details of Investments in Limited Liability partnerships

Investment in L&T Parel Project LLP

Name of the partners	**share in profits (%)**	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
L&T Realty Limited	**99.99%**	**99,990**	*99,990*
Chennai Vision Developers Private Limited	**0.01%**	**10**	*10*
Total capital of the LLP (Rupees)	**100.00%**	**100,000**	*100,000*

(b) Details of Investments in Limited Liability partnerships

Investment in L&T Asian Realty Project LLP

Name of the partners	**share in profits (%)**	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
L&T Realty Limited	**90.00%**	**90,000**	*90,000*
Chennai Vision Developers Private Limited	**10.00%**	**10,000**	*10,000*
Total capital of the LLP (Rupees)	**100.00%**	**100,000**	*100,000*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

3 CURRENT – CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Balance with banks		
Balances with Scheduled Banks Current Account	**26,955**	*119,650*
	26,955	*119,650*

4 EQUITY SHARE CAPITAL

(a) *Authorised, issued, subscribed and paid-up*

Particulars	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹
Authorised:				
Equity Share Capital of ₹ 10/- each	**10,000**	**100,000**	*10,000*	*100,000*
Issued, subscribed and paid up:				
Equity Share Capital of ₹ 10/- each	**10,000**	**100,000**	*10,000*	*100,000*
	10,000	**100,000**	*10,000*	*100,000*

(b) There was no movement in share capital during the current and previous year.

(c) *Terms / rights and restrictions attached to equity shares*

The Company has only one class of equity share having a par value of ₹1 0/- per share. Each holder of equity shares is entitled to one vote per share. The shares issued carry equal rights of dividend declared by the company and there are no restrictions attached to any specific shareholder.

(d) *Details of shares held by holding company / ultimate holding company / subsidiaries and associates of holding company or ultimate holding company:*

Particulars	As at 31.03.2017 No. of shares	₹	As at 31.03.2016 No. of shares	₹
L&T Realty Limited (including shares held along with nominee's)	**10,000**	**100,000**	*10,000*	*100,000*

(e) *Details of equity shareholders holding more than 5% shares in the company:*

Particulars	As at 31.03.2017 No. of shares	₹	As at 31.03.2016 No. of shares	₹
L&T Realty Limited (including shares held along with nominee's)	**10,000**	**100**	*10,000*	*100*

(f) No shares have been reserved for issue under options and contracts/commitments for the sale of shares/disinvestment. No Securities have been issued with the right/option to convert the same into equity shares at a later date.

(g) The Company has not bought back any shares or issued shares for consideration other than cash or issued bonus shares during the five years immediately preceding the Balance Sheet date.

(h) Calls unpaid: NIL; Forfeited shares: NIL

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

5 OTHER EQUITY

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Statement of Profit and Loss	**(126,303)**	*(189,787)*
General Reserve	**–**	*–*
	(126,303)	*(189,787)*

Statement of changes in equity

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Statement of Profit and Loss		
Opening Balance	**(189,787)**	*(251,947)*
Profit for the period	**63,484**	*62,160*
	(126,303)	*(189,787)*

6 CURRENT – OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Due to Related Parties		
– Ultimate holding company	**23,861**	*50,141*
– Holding company	**15,507**	*146,406*
Due to others		
Other Payables	**20,400**	*20,900*
	59,768	*217,447*

7 OTHER CURRENT LIABILITIES

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Due to others		
Tax Deducted at Source	**3,500**	*2,000*
	3,500	*2,000*

(a) The Company has not entered into transactions during the year with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 based on information available with the Company. Hence, reporting details of overdue principal and interest thereon does not arise.

8 CONTINGENT LIABILITIES AND COMMITMENTS:

(a) Contingent liabilities as at March 31, 2017 is ₹ Nil. (Previous year ₹ Nil)

(b) Commitments as at March 31, 2017 is ₹ Nil. (Previous year ₹ Nil)

9 REVENUE FROM OPERATIONS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Other Operational Income		
Share of Profit from LLP	**131,000**	*121,000*
	131,000	*121,000*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

10 OTHER EXPENSES

Particulars	2016–17 ₹	2015–16 ₹
Professional charges	**40,681**	*20,206*
Auditor's remuneration [Refer note 9(a) below]	**26,550**	*35,232*
Printing and stationery	**–**	*3,080*
Bank charges	**251**	*282*
Rates & Taxes	**–**	*40*
Other interest expenses	**34**	*–*
Total	**67,516**	*58,840*

(a) **Auditor's remuneration is as follows**

Particulars	2016–17 ₹	2015–16 ₹
(a) Statutory audit fees	**26,550**	*22,900*
(b) Certification fees	**11,500**	*11,450*
(c) Reimbursement of expenses		*882*
Total	**38,050**	*35,232*

(b) The Company does not have any employees in its payroll and hence the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972 are not applicable to the Company for the year.

11 The financial statements have been prepared on going concern basis based on the financial support letter received from the holding company, L&T Realty Limited. The holding company has undertaken to provide such financial and other support as necessary to enable the Company to continue to carry on its operations to meet its financial obligations as and when they fall due for at least the next twelve months.

12 The Company does not have taxable income both under the conventional method and under Section 115JB of the Income Tax Act, 1961 (Minimum Alternate Tax). Hence, no provision is required to be made for Income Tax for the year under the provisions of the Income Tax Act, 1961.

13 The Company was solely engaged in the business of infrastructure development in India and hence furnishing details of primary and secondary segment does not arise.

14 DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS

(i) Names of related parties and related party relationship

Ultimate Holding Company:	Larsen and Toubro Limited
Holding company:	L&T Realty Limited
Fellow subsidiary :	L&T Parel Project LLP
	L&T Asian Realty Project LLP

(ii) Disclosure of related party transactions:

The following transactions were carried out with the related parties in the ordinary course of business:

Name and Nature of transaction	2016–17 ₹	2015–16 ₹
Larsen & Toubro Limited		
(a) Reimbursement of expenses charged from		*–*
(b) Purchase of services from	**23,861**	*17,175*
(c) Services rendered to		*–*
Total	**23,861**	*17,175*
L&T Realty Limited		
(a) Reimbursement of expenses charged from	**15,507**	*31,235*
Total	**15,507**	*31,235*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd..)

Name and Nature of transaction	2016–17 ₹	2015–16 ₹
L&T Parel Project LLP		
(a) Share of profits received from	131,000	121,000
Total	131,000	121,000
L&T Asean Realty Project LLP		
(a) Investments made in	–	10,000
Total	–	10,000

(iii) Amounts due to / due from related parties

Name of related party / Nature of transaction	As at 31.03.2017		As at 31.03.2016	
	Due to ₹	Due from ₹	Due to ₹	Due from ₹
1) Larsen & Toubro Limited	23,861	–	50,141	–
2) L&T Realty Limited	15,507	–	146,406	–

(iv) No amount due from or due to related parties has been written off or written back during the current year and previous year.

15 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings per share"

Particulars		2016–17	2015–16
Profit / (loss) after tax available to equity shareholders (₹)	A	63,484	62,160
Weighted average number of equity shares (Numbers)	B	10,000	10,000
Basic and diluted earnings per share	A/B	6.35	6.22
Face value per equity share (₹)		10.00	10.00

(a) Expenditure in foreign currency ₹ Nil (Previous Year ₹ Nil)

(b) Earnings in foreign currency ₹ Nil (Previous Year ₹ Nil)

16 The Company does not have any holdings or dealings in cash during the year and hence disclosure requirement as envisaged in Notification G.S.R 308 (E) dated 30 March 2017 is not applicable to the Company

17 The Company does not have any temporary differences giving rise to deferred tax liabilities. Deferred tax assets pertaining to business losses of ₹ 1,33,670/- pertaining to years AY 2014-15, AY 2015-16 and AY 2016-17 which expires 8 years from the year of incurrence have not been recognised.

18 Previous year figures

Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached of even date

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

P. RAJESH KUMAR
Partner
Membership No.: 225366

Place : Chennai
Date : May 24, 2017

For and on behalf of the Board

SHRIKANT JOSHI
Director
DIN: 02278471

U. C. RATH
Director
DIN: 05181797

Place : Mumbai
Date : May 24, 2017

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 7th Annual Report and Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS:

Summary of Financial Results of the Company is as follows:

(₹ Lakhs)

Particulars	**2016-17**	*2015-16*
Turnover	**0**	*627.53*
(Loss)/Profit before Depreciation, Interest, Taxes	**13.35**	*124.26*
Less: Depreciation, amortization and obsolescence	**2.22**	*2.22*
(Loss)/Profit before interest & Tax	**11.12**	*122.03*
Less: Interest	**3.65**	*0.14*
(Loss)/Profit before tax	**7.47**	*121.90*
Less: Provision for tax	**29.87**	*25.60*
(Loss)/Profit after tax from continuing operations	**(22.39)**	*96.30*

YEAR IN RETROSPECT:

In current year, the Company made residual collections & payments for British Gas project completed during previous year. Apart from that there were no material operations carried by Company and same is reflected in nil turnover for current year. Company completed residual work of British Gas project in previous year.

The Company has registered a loss in the current year of ₹ 22 Lakhs as against a profit of ₹ 96 lakhs in the previous year.

CAPITAL & FINANCE:

Company has not taken any loan during the year.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed assets stood at ₹ 26 Lakhs and the net fixed at ₹ 7 Lakhs. No Capital Expenditure has been made during the year by the Company.

DEPOSITS

The Company has not accepted any deposits from public during the financial year ended March 31, 2017. There are no deposits outstanding as of March 31, 2017.

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

The Company has not given any loan, guarantees or security & has not made any investment during the year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

There were no material related party transactions during the year.

AMOUNT TO BE CARRIED TO RESERVE:

The Company is not required to create any reserve.

DIVIDEND:

The Directors do not recommend any dividend for the year ended March 31, 2017.

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

There is no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

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

NIL

CORPORATE SOCIAL RESPONSIBILITY:

The Company is not required to constitute Corporate Social Responsibility Committee under Companies Act, 2013.

LIST OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. Directors of the Company during the period under review –

1. Mr. Reza Bin Abdul Rahim
2. Mr. Ravindranath Kundurti
3. Mr. Satish N. Palekar
4. Mr. Srivatsan Rajagopalan
5. Mr. Venkatesh Ramanujam
6. Mr. Vivek Arora

B. Directors appointed during the year:

There were no appointments done during the year under review.

Mr. Reza Bin Abdul Rahim and Mr. Satish Palekar, Directors of the Company, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

C. Resignation of Director during the year:

There were no resignations during the year under review

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four meetings were held on May 13, 2016, July 21, 2016, October 10, 2016 and January 17, 2017 respectively.

The Agendas of the Meetings are circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors were timely circulated amongst the Members of the Board for their perusal and comments as required under Secretarial Standards and Companies Act, 2013.

COMMITTEES:

The Company is not required to constitute any committees under the Companies Act, 2013.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

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

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

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

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

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

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

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

PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, S&T are eligible to be re-appointed for a term of 5 years. Eligibility certificate from the Auditors has been received stating that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company for a period of five continuous years i.e. from the conclusion of the 7th Annual General Meeting till the conclusion of 12th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

COST AUDITORS:

Provision of Section 148 of the Companies Act, 2013 for cost audit is not applicable on the Company.

EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the annual return is attached as Annexure A to this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS:

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

ACKNOWLEDGEMENT:

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

For and on behalf of the Board

Place : Mumbai
Date : April 27, 2017

SATISH N. PALEKAR	**VIVEK ARORA**
Director	*Director*
(DIN: 07152099)	*(DIN: 07143258)*

ANNEXURE 'A' TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

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

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U11200TN2010PTC077214
ii)	Registration Date	SEPTEMBER 2, 2010
iii)	Name of the Company	L&T SAPURA OFFSHORE PVT LTD
iv)	Category	PRIVIATE LIMITED
v)	Sub-Category of the Company	JOINT VENTURE
vi)	Address of the Registered office and contact details	MOUNT POONAMALLEE ROAD P.O. BOX 979, MANAPAKKAM,CHENNAI TAMIL NADU, INDIA 600 089. TEL: 022-67053461 EMAIL : rahul.sinnarkar@larsentoubro.com
vii)	Whether listed company	NO
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

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

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Engineering & Installation Services in Oil & Gas Exploration	112	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name and address of the company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	L&T HYDROCARBON ENGINEERING LIMITED L&T House, Ballard Estate, Walchand Hirchand Marg, Mumbai 400 001	U11200MH2009PLC191426	Holding company	60%	2(46)

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

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		6000	6000	60%		6000	6000	60%	
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-		**6000**	**6000**	**60%**		**6000**	**6000**	**60%**	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	DEMAT	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.		4000	4000	40%		4000	4000	40%	
d) Banks / FI									
e) Any Other….									
Sub-total (A) (2):-		4000	4000	40%		4000	4000	40%	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**10000**	**10000**	**100%**		**10000**	**10000**	**100%**	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-		–	–	–		–	–	–	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-		–	–	–		–	–	–	
Total Public Shareholding (B)=(B)(1)+(B)(2)		–	–	–		–	–	–	
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		**10000**	**10000**	**100%**		**10000**	**10000**	**100%**	

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	L&T Hydrocarbon Engineering Limited*	6,000	60%	–	6,000	60%	–	NIL
2	Nautical Power Pte Ltd	4,000	40%	–	4,000	40%	–	NIL
	Total	**10000**	**100%**	**–**	**10000**	**100%**	**–**	**–**

* Note: Whole of Equity shares held by Larsen & Toubro Limited were transferred to L&T Hydrocarbon Engineering Limited on October 23, 2015.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

No change in shareholding during the year under review

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

Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL			
	At the End of the year				

V. INDEBTEDNESS

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

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Changes In Indebtness during the financial year	NIL			
Additioin				
Reduction				
Net Change				
Indebtness at the end of financial year	NIL			
i) Principle Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total(i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

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

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL					
2.	Stock Option						
3.	Sweat Equity						
4.	Commission - as % of profit - others, specify…	NIL					
5.	Others, please specify						
	Total (A)						
	Ceiling as per the Act						

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors					Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL					
	Total (1)						
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL					
	Total (2)						
	Total (B)=(1+2)						

C. Remuneration to key managerial personnel other than MD/Manager/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL			
2.	Stock Option				
3.	Sweat Equity				
4.	Commission - as % of profit - others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment		NIL			
Compounding					
B. DIRECTORS					
Penalty					
Punishment		NIL			
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment		NIL			
Compounding					

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T SAPURA OFFSHORE PRIVATE LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of L&T Sapura Offshore Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

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

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
    d) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
    e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and
    f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
        i. The Company does not have any pending litigations which would impact its financial position- refer note 2.8 to the Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note 2.9 of the Ind AS financial statements

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 4 to the Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Place : Mumbai
Date : April 27, 2017

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

1. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

   (b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

   (c) The Company has no immovable properties.

2. According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

3. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

   (b) According to the information and explanations given to us and the records of the Company examined by us, there are no disputes for dues pertaining to income-tax, sales-tax, duty of customs, duty of excise or value added tax as at 31 March 2017.

4. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, and government or debenture holders as at the balance sheet date.

5. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

6. According to the records of the Company examined by us and the information and explanations given to us, the Company has not paid any managerial remuneration during the year and accordingly paragraph 3(xi) of the Order is not applicable.

7. According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

9. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

10. Paragraphs 3(ii), (iv), (v), (vi), (ix), (xii) and (xiv) are not applicable to the Company.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Place : Mumbai
Date : April 27, 2017

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENT OF L&T SAPURA OFFSHORE PRIVATE LIMITED

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Sapura Offshore Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
ASSETS:							
Non- current assets							
Property, plant and equipment	1		–		–		
Intangible assets	1.1		666,359		888,478		1,110,597
Deferred tax assets (net)			26,848				186,312
Other non-current assets	2		71,308,848		70,940,902		34,297,564
			72,002,055		71,829,380		35,594,473
Current assets							
Financial Assets							
Trade receivables	3	973,411		11,332,007		58,831,700	
Cash and cash equivalent	4	30,595,226		60,736,791		88,946,988	
			31,568,637		72,068,798		147,778,688
Other current assets	5		2,361,034		2,398,882		39,377,433
			33,929,671		74,467,680		187,156,121
TOTAL ASSETS			105,931,726		146,297,060		222,750,594
EQUITY AND LIABILITIES:							
EQUITY:							
Equity	6	100,000		100,000		100,000	
Other equity	7	6,387,977		8,627,918		(1,315,832)	
			6,487,977		8,727,918		(1,215,832)
LIABILITIES:							
Non Current Liabilities							
Deferred Tax Liability					27,267		
Financial liabilities							
Trade payables	8	68,505,575		71,409,085		152,785,674	
Other Financial Liabilities	9	16,800,315	85,305,890	51,994,930	123,404,015	61,134,958	213,920,632
Other current liabilities	10		14,137,860		14,137,860		10,045,794
			99,443,749		137,541,875		223,966,426
TOTAL EQUITY AND LIABILITIES			105,931,726		146,297,060		222,750,594

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982 W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

SATISH N. PALEKAR
Director
(DIN: 07152099)

VIVEK ARORA
Director
(DIN: 07143258)

Place : Mumbai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	01.04.2016 to 31.03.2017 ₹	₹	01.04.2015 to 31.03.2016 ₹	₹
REVENUE:					
Revenue from operations	11		–		62,753,250
Other income	12		1,444,705		13,723,245
Total Income			1,444,705		76,476,495
EXPENSES:					
Manufacturing, construction and operating expenses:	13				
Stores, spares and tools consumed		–		3,466,537	
Other manufacturing, construction and operating expenses		15,070		45,763,968	
			15,070		49,230,505
Sales, administration and other expenses	14		94,969		14,819,946
Finance costs			364,591		13,782
Depreciation, amortisation and obsolescence expenses			222,119		222,119
Total expenses			696,749		64,286,352
Profit / (loss) before tax			747,956		12,190,143
Tax expenses:					
Current tax		205,822		2,486,499	
Provision for tax prior years		2,836,191		–	
Net current tax		3,042,013		2,486,499	
Deferred tax		(54,115)		73,390	
			2,987,898		2,559,889
Profit for the period			(2,239,941)		9,630,254

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982 W
By the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SATISH N. PALEKAR
Director
(DIN: 07152099)

VIVEK ARORA
Director
(DIN: 07143258)

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

			FY 2016-17 ₹	FY 2015-16 ₹
I.	**Cash flow from operating activities**			
	Profit before tax		**747,956**	*12,190,143*
	Adjustments for:			
	Depreciation & ammortisation		**222,119**	*222,119*
	Interest paid on Inter corporate deposit		–	–
	Interest income received		**(708,076)**	*(1,832,477)*
	Operating profit before working capital changes		**261,999**	*10,579,785*
	(Increase) / decrease in trade receivable		**10,358,596**	*47,499,693*
	(Increase) / decrease in other current assets		**(62,950)**	*34,347,006*
	(Increase) / decrease in long term loans and advance		**(367,946)**	*(36,643,338)*
	Increase / (decrease) trade payables		**(38,163,139)**	*(86,424,551)*
	Cash (used in) / generated from operations		**(27,973,440)**	*(30,641,405)*
	Direct Taxes (paid)/refund		**(2,876,200)**	*598,731*
	Net cash (used in) /from operations activities	**[A]**	**(30,849,640)**	*(30,042,674)*
II.	**Cash flow from investing activities**			
	Purchase of fixed assets		–	–
	Interest received		**708,076**	*1,832,477*
	Net cash flow (used in) /from investing activities	**[B]**	**708,076**	*1,832,477*
III.	**Cash flow from financing activities**			
	Proceeds from Issue of share capital		–	–
	Inter corporate deposit received/(paid)		–	–
	Interest paid on Inter corporate deposit		–	–
	Net cash flow (used in) / from financing activities	**[C]**	–	–
	Net Increase / (decrease) in cash and cash equivalents	**[A+B+C]**	**(30,141,565)**	*(28,210,197)*
	Cash and cash equivalents at beginning of the period		**60,736,791**	*88,946,988*
	Cash and cash equivalents at end of the period		**30,595,226**	*60,736,791*

Notes :

1. Cash and Cash equivalents at end of the period represents cash and bank balances.
2. Previous Year figures have been regrouped / reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982 W
By the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SATISH N. PALEKAR
Director
(DIN: 07152099)

VIVEK ARORA
Director
(DIN: 07143258)

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

NOTES FORMING PART OF FINANCIAL STATEMENT

1 PROPERTY PLANT & EQUIPMENT

	Gross Block			Accumulated Depreciation			Net Block		
	As at 01.04.2016	Additions	**As at 31.03.2017**	As at 01.04.2016	Depreciation charge for the year	**As at 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible assets									
Computers	681,032	–	**681,032**	681,032	–	**681,032**	**–**	–	–
Furniture	5,000	–	**5,000**	5,000	–	**5,000**	**–**	–	–
Office equipment	548,876	–	**548,876**	548,876	–	**548,876**	**–**	–	–
Total	1,234,908	–	**1,234,908**	1,234,908	–	**1,234,908**	**–**	–	–

1.1 Intangible Assets

	Gross Block			Accumulated Depreciation			Net Block		
	As at 01.04.2016	Additions	**As at 31.03.2017**	As at 01.04.2016	Depreciation charge for the year	**As at 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Intangible assets									
Software	1,332,716	-	**1,332,716**	444,238	222,119	**666,357**	**666,359**	*888,478*	*1,110,597*
Total	3,802,532	-	**3,802,532**	2,914,054	222,119	**3,136,173**	**666,359**	*888,478*	*1,110,597*

2. OTHER NON CURRENT ASSETS

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Long term advances receivable			
Service Tax Recoverable (NC)	**71,308,848**	*70,940,902*	*34,297,564*
	71,308,848	*70,940,902*	*34,297,564*

3. TRADE RECEIVABLES

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Unsecured			
TL Offshore	**973,411**	*11,332,007*	–
L&T Hydrocarbon Engineering Limited	–	–	*58,831,700*
Total	**973,411**	*11,332,007*	*58,831,700*

4. CASH AND BANK BALANCES

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Cash & Cash equivalents			
Balances with Bank Current Accounts	**18,448,004**	*21,336,791*	*82,946,988*
Bank Fixed deposit - Less than 3 months	**12,147,222**	*39,400,000*	*6,000,000*
Total	**30,595,226**	*60,736,791*	*88,946,988*

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

*Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December 2016:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

5. OTHER CURRENT ASSETS

	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Service Tax Input credit	**–**	–	35,617,383
Interest receivable	**62,950**	–	23,967
Income Tax Prior Years	**2,298,083**	2,274,423	598,731
Income Tax current year	**–**	124,459	2,274,423
Rent deposit	**–**	–	700,000
Prepaid expenses	**–**	–	162,929
Total	**2,361,033**	2,398,882	39,377,433

6. SHARE CAPITAL

6(i) Share Capital Authorised, Issued & Subscribed

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	Number of Shares	**Amount**	*Number of Shares*	*Amount*
Authorised :				
Equity Shares of ₹ 10 Each	**22,500,000**	**225,000,000**	22,500,000	225,000,000
Issued:				
Equity Shares of ₹ 10 Each	**10,000**	**100,000**	10,000	100,000
Subscribed & Fully Paid Up:				
Equity Shares of ₹ 10 Each	**10,000**	**100,000**	10,000	100,000

6(ii) Reconciliation of Equity Shares:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	Number of Shares	**Amount**	*Number of Shares*	*Amount*
Subscribed & Fully Paid Up at the beginning of the year	**10,000**	**100,000**	10,000	100,000
Add: Equity shares issued during the year	**–**	**–**	–	–
Subscribed & Fully Paid Up at the end of the year	**10,000**	**100,000**	10,000	100,000

6(iii) Shareholders holding more than 5% of Equity shares as at the end of the Year

	As at 31.03.2017		*As at 31.03.2016*	
Name of the shareholder	**Number of Shares**	**Shareholding %**	*Number of Shares*	*Shareholding %*
L&T Hydrocarbon Engineering Limited	**6,000**	**60%**	6,000	60%
Nautical Power Pte Ltd	**4,000**	**40%**	4,000	40%
	10,000		10,000	

*(i) for the period of five years immediately preceding the date at which the Balance Sheet is prepared there are no shares allotted as fully paid up pursuant to contract without payment being received in cash, no shares allotted as fully paid up by way of bonus shares; and no shares bought back by the Company.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

7. OTHER EQUITY

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Profit & loss account						
As per Last Balance Sheet	**8,627,918**		(1,002,336)		4,905,720	
Less: Depreciation charge against retained earnings	**–**		–		(359,761)	
Add: Deferred Tax Asset on depreciation					107,389	
Profit & loss for the period	**(2,239,941)**		9,630,254		(5,655,684)	
		6,387,977		8,627,918	–	(1,002,336)
Hedge Reserve			(313,496)			
Add: Hedge reserve movement during the quarter	**–**	**–**	313,496		(453,685)	
Less: DTA/(DTL) on hedge reserve	**–**	**–**	–	–	140,189	(313,496)
Total		**6,387,977**		8,627,918		(1,315,832)

8. CURRENT - TRADE PAYABLES

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Due to related parties						
Larsen & Toubro Limited	**716,280**		692,419		676,744	
L&T Hydrocarbon Engineering Limited	**61,994,023**		61,994,023		61,994,023	
TL Offshore Sdn Bhd	**5,502,790**	**68,213,093**	6,122,114	68,808,556	–	62,670,767
Due to others/Advance from Customers						
Liability for Services	**292,482**	**292,482**	2,600,529	2,600,529	90,114,907	90,114,907
		68,505,575		71,409,085		152,785,674

9. OTHER FINANCIAL LIABILITIES

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Due to related parties			
L&T Hydrocarbon Engineering Limited	**16,726,256**	51,726,256	51,726,256
Embedded Derivate payable	**–**	–	552,025
Other payables	**9,045**	268,674	8,856,677
Income tax payable	**65,014**	–	–
Total	**16,800,315**	51,994,930	61,134,958

10. OTHER CURRENT LIABILITIES

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Advances from customers	**–**	–	9,190,211
Due to customer	**–**	–	855,583
Ind As 37 related provision	**14,137,860**	14,137,860	–
Total	**14,137,860**	14,137,860	10,045,794

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

11. REVENUE FROM OPERATIONS

	01.04.2016 to 31.03.2017 ₹	01.04.2015 to 31.03.2016 ₹
Sale & Services:		
Project related activity		62,753,250
Total	–	62,753,250

12. OTHER INCOME

	01.04.2016 to 31.03.2017 ₹	01.04.2015 to 31.03.2016 ₹
Interest on Fixed Deposit	708,076	1,832,477
Other Income	–	9,605,831
Foreign exchange gain	736,629	2,284,937
Total	1,444,705	13,723,245

13. OPERATING EXPENSES

	01.04.2016 to 31.03.2017 ₹	01.04.2015 to 31.03.2016 ₹
Stores, spares & consumables	–	3,466,537
Catering, house keeping & disposal cost	–	9,099,312
Clearing agent charges	–	26,619,621
Hire charges-plant and machinery and others	–	3,371,272
Deputation and other charges	14,070	3,645,706
Travelling and conveyance	–	2,355,185
Engineering & professional Fees	–	–
Weather forecast, communication, survey cost	–	–
Rates and taxes	1,000	1,200
Rent – office space	–	340,387
Other manufacturing construction and operating expenses	–	331,285
Total	15,070	49,230,505

14. SALES, ADMINISTRATION & OTHER EXPENSES

	01.04.2016 to 31.03.2017 ₹	01.04.2015 to 31.03.2016 ₹
Bank charges	212	2,777
Printing & stationery	–	61,097
Professional fees	27,145	458,479
Gift articles	–	–
Telephone postage & telegrams	–	–
Audit fees	67,612	159,733
Foreign exchange (gain)/loss	–	–
Exchange (gain)/loss on ED receivable	–	–
Ind As 37 Provision	–	14,137,860
Total	94,969	14,819,946

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

15. FINANCE COST

	01.04.2016 to 31.03.2017 ₹	*01.04.2015 to 31.03.2016* ₹
Others	**364,591**	*13,782*
Total	**364,591**	*13,782*

1) SIGNIFICANT ACCOUNTING POLICIES

A. COMPANY OVERVIEW

L&T Sapura Offshore Private Limited (LTSOPL) is a joint venture between Limited L&T Hydrocarbon Engineering Limited and Sapura Kencana Petroluem Berhad, Malaysia (Sapura) who has invested through it's wholly owned subsidiary Nautical Power Pte Limited, Singapore (Nautical). L&T Hydrocarbon Engineering Limited holds 60% of the share capital and Nautical holds 40%. Company provides engineering and installation services for installation of offshore platforms and laying of pipes and cables under the sea for the Hydrocarbon Upstream industry.

B. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.1. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. Revenue recognition

(a) Revenue from construction/project related activity is recognised as follows:

(i) Cost plus contract: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer

(ii) Fixed price contract: Contract revenue represent the cost of work performed on the contract plus proportionate margin using the percentage completion method. Percentage of completion is determined as a proportion of cost of work performed to date to the total estimated contract cost.

(b) Income from Engineering services is recognised on accrual basis

(c) Interest Income is recognised on accrual basis

3. Foreign currency

Functional Currency

The functional currency of the company is the Indian rupee. These financial statements are presented in Indian rupees.

Transactions and translations

Foreign-currency denominated monetary assets and liabilities are translated into the relevant functional currency at exchange rates in effect at the balance sheet date. The gains or losses resulting from such translations are included in net profit in the Statement of Profit and Loss. Non-monetary assets and non – monetary liabilities denominated in a foreign currency and measured at fair value are translated at the exchange rate prevalent at the date when the fair value was determined. Non-monetary assets and non-monetary liabilities denominated in a foreign currency and measured at historical cost are translated at the exchange rate prevalent at the date of the transaction.

Transaction gains or losses realized upon settlement of foreign currency transactions are included in determining net profit for the period in which the transaction is settled. Revenue, expense and cash-flow items denominated in foreign currencies are translated into the relevant functional currencies using the exchange rate in effect on the date of the transaction.

4. Property Plant & Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

Office Equipment	4-5 Years
Computers	3 Years
Furniture Fixture	10 Years
Intangible Assets	6 Years

Depreciation is provided in the accounts based on useful life of assets as per schedule II of the Companies Act, 2013.

Depreciation for additions to /deductions is calculated pro rata from / to the month of additions / deductions.

Assets with acquisition value less than ₹ 5,000 will be depreciated fully during the financial year.

5. **Financial instruments**

5.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities,that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

5.2 Subsequent Measurement:

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held with in a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

5.3 Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

6. **Impairment of assets**

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

A) the provision for impairment loss, if any, required ; or

B) the reversal of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined in the case of an individual asset, at the higher of the net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

7. **Taxes on income**

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments / appeals.

Deferred tax is recognised on timing differences between the income accounted in financial statement and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation / business losses / losses under the head "Capital Gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

8. Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

A) the Company has a present obligation as a result of a past event,

B) a probable outflow of resources is expected to settle the obligation and

C) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

A) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

B) a present obligation arising from past events when no reliable estimate is possible;

C) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

9. Cash flow statement

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a non cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2) NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.1 First time adoption of Ind-As

These financial statements of L&T Sapura Offshore Private Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian.

Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has not resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles.

2.2 Financial Instruments by category:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Measured at Ammortised Cost			
Financial Assets			
Trade receivables	**9,73,411**	*1,13,32,007*	*5,88,31,700*
Cash and cash equivalent	**3,05,95,226**	*6,07,36,791*	*8,89,46,988*
Total financial Assets	**3,15,68,637**	*7,20,68,798*	*14,77,78,688*
Financial Liabilities			
Trade payables	**6,85,05,575**	*7,14,09,085*	*15,27,85,674*
Other financial Liabilities	**1,68,00,315**	*5,19,94,930*	*6,11,34,958*
Total Financial Liabilities	**8,53,05,890**	*12,34,04,015*	*21,39,20,632*

Financial Risk Management

Financial Risk Factors

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

(i) Foreign Currency Risk

The following table analyzes foreign currency risk from financial instruments as of March 31, 2017 and March 31, 2016 :

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Financial Assets		
Trade receivables (USD)	**15,010**	*1,71,000*
Financial Liabilities		
Trade Payables (MYR)	**2,49,411**	*2,49,411*
Trade payables (USD)	**28,500**	*28,500*

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	Less than 1 year	More than 1 year
Trade Payables	7,14,09,085	–
Other financial liabilities	5,19,94,930	–

The table below provides details regarding the contractual maturities of significant financial assets as of March 31, 2016 :

Particulars	Less than 1 year	More than 1 year
Trade Receivable	1,13,32,007	–
Cash and cash equivalent	6,07,36,791	–

2.3 The Company operates in only one segment, i.e. engineering and installation services for installation of offshore platforms and laying of pipes and cables under the sea for the Hydrocarbon Upstream Industry in India. Accordingly, primary and secondary segment reporting is not required.

2.4 Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 ''Income Taxes'':

2.4.1 Major Components of Deferred Tax Liabilities and Deferred Tax Assets:

(in ₹)

Particulars	Deferred Tax liabilities/ (Assets) as on 31.03.2016	Charge/(credit) to Statement of Profit and Loss	Deferred Tax liabilities/ (Assets) as on 31.03.2017
Deferred Tax Liabilities:			
Diff in book and IT depreciation	*27,267*	(27,267)	**–**
Deferred Tax Assets:			
Diff in book and IT depreciation	–	(26,848)	**(26,848)**
Net Deferred Tax Liability/(Assets)	*27,267*	(54,115)	**(26,848)**

2.4.2 Reconciliation of Income Tax expense and Effective Tax rate :

(in ₹)

Particulars	2016-17	2015-16
Accounting Profit Before Tax	**7,47,956**	*1,21,90,143*
Applicable Tax Rate	**29.87%**	*33.06%*
Less: Items leading to lower taxable income		
Utilisation of previously unrecognised tax losses and tax offsets used during the current year to reduce current tax expense	**(7,47,956)**	*(1,21,90,143)*
Gross Tax Liability	**–**	–
Add: MAT Credit entitlement	**2,05,821**	*53,22,689*
Net Tax Liability	**2,05,821**	*53,22,689*
Effective Tax Rate	**27.52%**	*43.66%*

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

2.4.3 Temporary difference on certain items for which deferred tax liabilities/(asset) have not been recognized as on 31.03.2017 :

(in ₹)

Particulars	Base Amount	Deffered Tax
Tax losses (revenue in nature) (business loss on which no tax asset is created)	2,62,37,710	81,07,452
Unused Tax credits	86,26,213	26,65,500
Other Deductibles	1,41,37,860	43,68,599

2.5 2.5.1 Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures''

Names of the related parties with whom transactions were carried out during the year and description of relationship:

Larsen & Toubro Limited	Ultimate Holding Company
L&T Hydrocarbon Engineering Limited	Holding Company
SKTL Offshore Sdn Bhd	Fellow Subsidiary

2.5.2 Disclosure of related party transactions:

(in ₹)

Particulars	2016-17	*2015-16*
Infrastructure charges and overhead recoveries		
Larsen & Toubro Limited	**22,725**	*15,000*

Contract Revenue & services	2016-17	*2015-16*
L&T Hydrocarbon Engineering Limited	–	*6,27,53,250*
SKTL Offshore Sdn Bhd.	–	*95,62,875*

2.5.3 Amount Due to/from related parties

(in ₹)

Particulars	As at 31.03.2017	*As at 31.03.2016*
Accounts receivable		
TL Offshore Sdn Bhd	**9,73,411**	*1,13,32,008*
Accounts payable		
L&T Hydrocarbon Engineering Limited	**7,87,20,279**	*11,37,20,279*
Larsen & Toubro Ltd.	**7,16,280**	*6,92,419*
TL Offshore Sdn Bhd.	**55,02,790**	*61,22,114*

2.5.4 During the year, the Company has not paid any remuneration to its directors.

2.6 Auditor's remuneration and expenses charged to accounts :

(in ₹)

Particulars	As at 31.03.2017	*As at 31.03.2016*
Statutory audit	**30000**	*30,000*
Tax audit	**30000**	*15,000*
Certification	**7,612**	*15,000*
Reimbursement of expenses	–	*6,207*
Total	**67,612**	*66,207*

2.7 There have been no transactions during the year with Micro, Small and Medium enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

2.8 There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

2.9 There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

2.10 Basic and diluted earnings per share (EPS) calculated in accordance with Accounting Standard 20- “Earning per share”

(in ₹)

Particulars	**2016-17**	*2015-16*
Basic and diluted:		
Profit after tax	**(22,39,941)**	*96,30,254*
Weighted average number of shares outstanding	**10,000**	*10,000*
Basic and diluted EPS (in ₹)	**(223.99)**	*963.03*

2.11 Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm’s registration no. 109982 W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

SATISH N. PALEKAR
Director
(DIN: 07152099)

VIVEK ARORA
Director
(DIN: 07143258)

Place : Mumbai
Date : April 27, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Audited Accounts for the financial year ended 31 Dec 2016.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**1 Jan-31 Dec 2016**	*1 Jan-31 Dec 2015*
	Million IDR	*Million IDR*
Total Income	**94,409**	*109,547*
Total Expenditure	**(108,192)**	*(118,654)*
Operating Profit / (Loss)	**(13,783)**	*(9,107)*
Add: Interest Income	**0**	*0*
Less: Finance Costs	**(1,174)**	*(1,204)*
Profit / (Loss) before Tax	**(14,957)**	*(10,311)*
Less : Tax	**–**	*250*
Net Profit / (Loss) after Tax	**(14,962)**	*(10,061)*
Add: Balance b/f from previous year	**(86,593)**	*(76,532)*
Balance available for disposal which directors appropriate as follows:		
Dividend	**0**	*0*
Transfer to Reserves	**0**	*0*
Balance to be carried forward	**(101,555)**	*(86,593)*

2. CAPITAL & FINANCE:

During the year 2016 the Company has capitalized its long term borrowing from L&T International FZE by issue of 1,897,500 equity shares of IDR 13,400 each fully paid up.

The company has also overdraft, bank guarantee, and import facility with combined limit of USD 2.95 million with HSBC, together with the short term loan.

Capital Expenditure:

As at 31 December 2016 the gross fixed and intangible assets including leased Assets, stood at 52.95 billion IDR, and net at 42.62 billion IDE. The net fixed and intangible assets, including leased assets, at 31 December 2015 was 40.44 billion IDR. Capital Expenditure during FY 2015 amounted to 4.70 billion IDR.

3. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

During the year under review, the Company did not subscribe to/acquired equity/preference shares in various subsidiary/associate/joint venture companies.

4. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were 94 billion IDR as against 109 billion IDR for the previous financial year. The loss after tax from continuing operations including extraordinary and exceptional items was 14.96 billion IDR as of 31 Dec 2016 and the loss after tax from continuing operations including extraordinary and exceptional items for the financial year as of 31 Dec 2015 was 10.31 billion IDR.

5. DIVIDEND:

The Directors do not propose the payment of any dividend during the year .

6. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

7. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Key Managerial Personnel resignation during FY 2016 : None

Key Managerial Personnel appointment during FY 2016 : None

8. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals.

9. AUDITORS:

Kreston International are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year. Signing partner is: Mr. Desman Tobing

10. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

11. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Indonesia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Indonesia
Date : March 29, 2017

SHANKAR J KAUSHIK
President Director

INDEPENDENT AUDITORS' REPORT

Report No: 251/01/DPL/III/TI-3/17

Shareholders, Board of Commissioners and Directors
PT TAMCO INDONESIA

We have audited the accompanying financial statements of PT Tamco Indonesia (the "Company), which comprise the statement of financial position as of December 31, 2016 and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of such financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on such financial statements based on our audit.

We conducted our audit in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of PT Tamco Indonesia as of December 31, 2016 and its financial performance and cash flows for the year then ended in accordance with Indonesian Financial Accounting Standards.

EMPHASIS OF MATTER

The accompanying financial statements have been prepared assuming that the Company will continue as a going concern. As discussed in Note 24 to the accompanying financial statements, the Company has been experiencing recurring losses and has accumulated deficit and capital deficiency amounting to Rp 101,555,572,119 and Rp 75,727,761,169, respectively, as of December 31, 2016. Note 24 also disclosed management's plans to overcome these matters. Our opinion is not modified respect to this matter.

HENDRAWINATA EDDY SIDDHARTA & TANZIL

Desman P.L. Tobing, CPA
License : AP.0127

March 30, 2017

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016

(Expressed in Rupiah)

	Notes	2016	*2015*
ASSETS			
CURRENT ASSETS			
Cash on hand and cash in banks	3c,3h,3j,5,26	**1,947,183,308**	*4,196,274,017*
Trade receivables – net	3h,3j,6,26	**53,419,462,819**	*45,920,062,105*
Other receivables	3h,26	**653,563,097**	*1,680,745,961*
Inventories - net	3d,7	**20,951,902,828**	*18,015,727,352*
Prepaid taxes	3l,16a	**6,097,219,797**	*5,413,646,941*
Advances and prepayments	3e,8	**3,116,062,291**	*1,620,296,669*
TOTAL CURRENT ASSETS		**86,185,394,140**	*76,846,753,045*
NON - CURRENT ASSETS			
Property, plant and equipment - net	3f,9	**42,623,437,128**	*40,441,472,622*
Assets tax amnesty - net	3m,18	**282,432,809**	–
Deferred tax assets	3l,16c	**1,414,991,172**	*1,414,991,172*
Other Asset		**793,489,968**	–
TOTAL NON - CURRENT ASSETS		**45,114,351,077**	*41,856,463,794*
TOTAL ASSETS		**131,299,745,217**	*118,703,216,839*

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2016

(Expressed in Rupiah)

	Notes	2016	*2015*
LIABILITIES AND CAPITAL DEFICIENCY			
CURRENT LIABILITIES			
Bank loan	3h,3j,10,26	**38,070,854,910**	*25,480,530,340*
Trade payables	3h,3j,11a,26	**11,082,347,451**	*26,342,080,124*
Due to related parties	3g,3h,3j,11b, 23,26	**145,786,971,094**	*118,485,975,179*
Taxes payable	3l,16b	**618,494,029**	*199,654,598*
Accrued expenses	3h,12,26	**2,867,273,405**	*1,293,551,773*
Other current liabilities	3h,13,26	**2,487,390,423**	*2,318,117,874*
TOTAL CURRENT LIABILITIES		**200,913,331,312**	*174,119,909,888*
NON-CURRENT LIABILITIES			
Other payables	3g,3h,3j,14,26	**–**	*25,426,500,000*
Provision for retirement and employee benefits	3k,15	**6,114,175,074**	*5,805,509,486*
TOTAL NON-CURRENT LIABILITIES		**6,114,175,074**	*31,232,009,486*
TOTAL LIABILITIES		**207,027,506,386**	*205,351,919,374*
CAPITAL DEFICIENCY			
Capital stock - Rp 13,400 par value per share Authorized, issued and fully paid 250,000 shares series A and 1,897,500 shares series B in 2016.			
Rp 2,010 par value per share Authorized, issued and fully paid 250,000 shares series A In 2015	17	**25,929,000,000**	*502,500,000*
Additional paid in capital - tax amnesty	18	**451,892,495**	*–*
Other comprehensive income		**(553,081,545)**	*(557,812,368)*
Accumulated deficit		**(101,555,572,119)**	*(86,593,390,167)*
TOTAL CAPITAL DEFICIENCY		**(75,727,761,169)**	*(86,648,702,535)*
TOTAL LIABILITIES AND CAPITAL DEFICIENCY		**131,299,745,217**	*118,703,216,839*

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Rupiah)

	Notes	December 31, 2016	*December 31, 2015*
NET SALES	3i,19	**94,409,136,962**	*109,546,822,633*
COST OF GOODS SOLD	3i,20	**(84,928,140,014)**	*(107,069,254,723)*
GROSS PROFIT		**9,480,996,948**	*2,477,567,910*
Selling expenses	3i,21	**(1,366,554,939)**	*(2,262,011,736)*
General and administrative expenses	3i,22	**(14,761,006,410)**	*(13,335,154,535)*
Provision for slow-moving inventories	7	**(7,749,039,425)**	–
Allowance for impairment loss expenses	6	**(960,069,296)**	–
Interest income (expenses)		**(875.771.963)**	*20,433,209*
Gain (loss) on foreign exchange		**(650,957,672)**	*6,539,214,322*
Interest expenses		**(298,552,813)**	*(1,204,193,566)*
Others – net		**2,218,773,618**	*(2,546,361,796)*
LOSS BEFORE PROVISION FOR INCOME TAX		**(14,962,181,952)**	*(10,310,506,192)*
PROVISION FOR INCOME TAX	3l,16c	**–**	*249,552,611*
LOSS FOR THE YEAR		**(14,962,181,952)**	*(10,060,953,581)*
OTHER COMPREHENSIVE INCOME		**4,730,823**	*(10,990,707)*
COMPREHENSIVE LOSS FOR THE PERIOD		**(14,957,451,129)**	*(10,071,944,288)*

See accompanying notes to financial statements which are an integral part of the financial statements.

STATEMENT OF CHANGES IN CAPITAL DEFICIENCY FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Rupiah)

	Capital Stock	**Additional Paid in Capital**	**Other Comprehensive Income**	**Accumulated Deficit**	**Capital Deficiency**
Balance as of January 1, 2015	*502,500,000*	–	*(546,821,661)*	*(76,532,436,586)*	*(76,576,758,247)*
Net loss for the year	–	–	–	(10,060,953,581)	(10,060,953,581)
Other Comprehensive Income for the Year	–	–	(10,990,707)	–	(10,990,707)
Balance as of December 31, 2015	*502,500,000*	–	*(557,812,368)*	*(86,593,390,167)*	*(86,648,702,535)*
Additional paid in Capital	25,426,500,000	–	–	–	25,426,500,000
Additional paid in Capital - Taxes Amnesty	–	451,892,495	–	–	451,892,495
Net loss for the year	–	–	–	(14,962,181,952)	(14,962,181,952)
Other Comprehensive Income for the Year	–	–	4,730,823	–	4,730,823
Balance as of December 31, 2016	**25,929,000,000**	**451,892,495**	**(553,081,545)**	**(101,555,572,119)**	**(75,727,761,169)**

See accompanying notes to financial statements which are an integral part of the financial statements.

PT TAMCO INDONESIA

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

(Expressed in Rupiah)

	2016	2015
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss before provision for income tax	**(14,962,181,952)**	*(10,310,506,192)*
Adjustment to reconcile loss to net cash flows provided by operating activities:		
Depreciation	**2,528,258,059**	*1,933,496,967*
Employee benefit expenses	**485,530,120**	*1,065,962,145*
Loss on disposal of property, plant and equipment	**–**	*921,926,917*
Changes in operating assets and liabilities:		
Trade receivables	**(7,499,400,714)**	*(13,284,452,052)*
Other receivables	**1,027,182,864**	*5,102,231,528*
Inventories	**(2,936,175,476)**	*(6,976,662,735)*
Prepaid taxes	**(683,572,856)**	*834,972,617*
Advances and prepayments	**(1,495,765,622)**	*7,975,077,843*
Other assets	**(793,489,968)**	*6,881,252*
Due to related parties	**27,300,995,915)**	*30,896,709,792*
Trade payables	**(15,259,732,673)**	*5,368,395,121*
Taxes payables	**418,839,431**	*(37,937,449)*
Accrued expenses	**1,573,721,632**	*(11,876,552,182)*
Other current liabilities	**169,272,549**	*(8,384,690,440)*
Net Cash Flows Provided by (Used in) Operating Activities	**(10,126,518,691)**	*3,234,853,132*
CASH FLOWS FROM INVESTING ACTIVITIES		
Acquisition of property plant and equipment	**(4,712,896,588)**	*(1,701,078,891)*
Net Cash Flows Used in by Investing Activities	**(4,712,896,588)**	*(1,701,078,891)*
CASH FLOW FROM FINANCING ACTIVITY		
Increase (Decrease) bank loan	**12,590,324,570**	*(201,775,518)*
Payments of obligation under capital lease		*(16,763,260)*
Net Cash Flows Provided by (Used) Financing Activities	**12,590,324,570**	*(218,538,778)*
NET INCREASE (DECREASE) IN CASH ON HAND AND IN BANKS	**(2,249,090,709)**	*1,315,235,463*
CASH ON HAND AND IN BANKS AT BEGINNING OF YEAR	**4,196,274,017**	*2,881,038,554*
CASH ON HAND AND IN BANKS AT ENDING OF YEAR	**1,947,183,308**	*4,196,274,017*

See accompanying notes to financial statements which are an integral part of the financial statements.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016

1. GENERAL

a. Establishment and General Information

PT Tamco Indonesia (the "Company") was established under the name PT Kontrol Ragam Indonesia under the framework of the Foreign Capital Investment Law No.1 Year 1967 (as amended by law No. 11, of 1970) based on notarial deed No. 20 dated March 27, 1992 of Januar Hamid, S.H., which was amended by notarial deed No. 11 dated March 24, 1994 of the same notary. The deed of establishment and its amendment were approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. C2-18.177.HT.01.01.TH 94 dated December 12, 1994 and was published in Supplement No. 2826 of State Gazette No. 25, dated March 28, 1995. The Company's Articles of Association have been amended several times, most recently by notarial deed No. 13 of Rina Utami Djauhari, S.H., dated November3, 2016, regarding the increasing in authorized capital of the from Company which was converted from the Company's debt to Larsen & Tourbo International FZE, Shareholders. The amendment deed was approved by the Ministry of Law and Human Rights of the Republic of Indonesian its Decision Letter No. AHU-AH.01.03-0096079.Year 2016 dated November 4, 2016.

According to Article 3 of the Company's Articles of Association, its scope of activities comprised of manufacturing, assembly and installation of electrical control panels. The Company's head office and plant are located in Cikarang, Bekasi, West Java.

b. Company Management

Based on notary deed No. 09, dated April 10, 2015, of Rina Utami Djauhari, S.H., the Commissioners and Board of Directors as of December 31, 2016 and 2015 as follows:

Commissioner	: Sharat Chandra Bhargava
President Director	: Shankar Jambunathan Kaushik
Directors	: Umesh Subbarao Bharadwaj
	: Rajendra Kumar Malhotra

The Company has 148 and 176 employees as of December 31, 2016 and December 31, 2015, respectively (unaudited).

2. ADOPTION OF NEW AND REVISED STATEMENTS OF FINANCIAL ACCOUNTING STANDARDS ("PSAK") AND INTERPRETATION TO FINANCIAL ACCOUNTING STANDARDS ("ISAK")

a. Standards Issued and Effective in the Current Year (on or after January 1, 2016)

In the current year, the Company has adopted all of the new and revised financial accounting standards (SAK) and interpretation to financial accounting standards (ISAK) including amendments and annual improvements issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants that are relevant to its operations and affected to the financial statements effective for accounting period beginning on or after January 1, 2016.

New and revised SAKs and ISAKs including amendments and annual improvements effective in the current year are as follows:

- Amendment to PSAK No.4, "Separate Financial Statements on Equity Method in Separate Financial Statements". This Amendment to PSAK No. 4 allows the use of the equity method as a method of recording in subsidiaries, joint ventures and associates in the separate financial statements.
- PSAK No. 5 (Improvement 2015), "Operating Segments". This PSAK No. 5 (Improvement 2015) adds a brief description of the disclosure operating segments that have been combined and economic indicators that have similar characteristics.
- PSAK No. 7 (Improvement 2015), "Related Party Disclosures". This PSAK No. 7 (Improvement 2015) adds the requirements related party disclosures and clarifications remuneration paid by the management entity.
- PSAK No. 13 (Improvement 2015), "Investment Property". This PSAK No. 13 (Improvement 2015) clarifies that PSAK No. 13 and PSAK No. 22 are interacted. Entity can refer to PSAK No. 13 to distinguish between investment property and owner-occupied property. Entity may also refer to PSAK No. 22 as a guide whether the acquisition of an investment property is a business combination.
- Amendment to PSAK No. 15 "Investments in Associates and Joint Ventures on Investment Entities: Application Consolidation Exception". This Amendment to PSAK No. 15 provides clarification of paragraph 36A on the consolidation exceptions for certain investments when certain criteria are met.
- PSAK No. 16 (Improvement 2015), "Property, Plant and Equipment". This PSAK No. 16 (Improvement 2015) provides clarification of paragraph 35 related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is restated on its revaluation amount.
- Amendment to PSAK No.16, "Property, Plant and Equipment on Clarification of Acceptable Methods for Depreciation and Amortization". This Amendment to PSAK No. 16 provides an additional explanation of the approximate indication of technical or commercial obsolescence of an asset and also clarifies that the use of the depreciation method based on revenue is not appropriate.
- PSAK No. 19 (Improvement 2015), "Intangible Assets". This PSAK No. 19 (Improvement 2015) provides clarification on paragraph 80 related to the revaluation model, that when an entity uses the revaluation model, the carrying amount of the asset is restated on its revaluation amount.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

- Amendment to PSAK No. 19, “Intangible Assets on Clarification of Acceptable Methods for Depreciation and Amortization”. This Amendment to PSAK No. 19 provides clarification on the assumption that the revenue base is not appropriate in measuring the use of economic benefits of the intangible assets can be debated in certain limited circumstances.
- PSAK No. 22 (Improvement 2015), “Business Combinations”. This PSAK No. 22 (Improvement 2015) clarifies the scope and the obligation to pay contingent consideration that meet the definition of financial instruments are recognized as financial liabilities or equity. This PSAK No. 22 (Improvement 2015) also impacts to improvement to PSAK No. 55, “Financial Instruments: Recognition and Measurement” and PSAK No. 57, “Provisions, Contingent Liabilities and Contingent Assets”.
- Amendment to PSAK No. 24, “Employee Benefits on a Defined Benefit Program: Employee Contribution”. This Amendment to PSAK No. 24 simplifies accounting for dues contributions from employees or third parties that do not depend on the number of years of service, for example, employee contributions are calculated based on a fixed percentage of salary.
- PSAK No. 25 (Improvement 2015), “Accounting Policies, Changes in Accounting Estimates and Errors”. This PSAK No. 25 (Improvement 2015) provides editorial corrections in PSAK No. 25 paragraph 27 on the limitations of retrospective application.
- PSAK No. 53 (Improvement 2015), “Share-based Payments”. This PSAK No. 53 (Improvement 2015) clarifies the definition of vesting conditions and separately provides a definition of performance conditions and service conditions.
- Amendment to PSAK No. 65, “Consolidated Financial Statements on Investment Entity: Application Consolidation Exception”. Amendment of PSAK No. 65 is to provide clarification on Exceptions Consolidation for Investment Entities when certain criteria are met.
- Amendment to PSAK No. 66, “Joint Arrangements on the Accounting Acquisition of Interest and Joint Operations”. This Amendment to PSAK No. 66 requires the that all business combinations principles under PSAK No. 22, “Business Combinations” and other PSAKs along with disclosure requirements applicable to the acquisition of the initial interest in joint operations and for the acquisition of additional interests in joint operations, to the extent not contradictory with the guidelines contained in PSAK No. 66.
- Amendment to PSAK No. 67, “Disclosures of Interests in Other Entities on Investment Entity: Application Consolidation Exception”. This Amendment to PSAK No. 67 provides clarification on the consolidation exception for investment entity when certain criteria are met.
- PSAK No. 68 (Improvement 2015), “Fair Value Measurements”. This PSAK No. 68 (Improvement 2015) clarifies that the portfolio exception, which permits entity to measure the fair value of the group’s financial assets and financial liabilities on a net basis, applied to all contracts (including non-financial contracts) within the scope of PSAK No. 55.
- PSAK No. 70, “Accounting for Tax Amnesty Assets and Liabilities” which is effective from the date of enactment of the Tax Amnesty Law that is July 1, 2016. This PSAK is to provide specific accounting treatment for tax amnesty assets and liabilities related to the application of the Tax Amnesty Law.
- ISAK No. 30, “Levy”. This ISAK No. 30 is an interpretation to PSAK No. 57, “Provisions, Contingent Liabilities and Contingent Assets” which provides clarification of accounting liability to pay the levy, apart from the income tax that are within the scope of PSAK No. 46, “Income Taxes” and other penalties for violations of law to the Government.

b. Standards Issued but Not Effective in the Current Year (on or after January 1, 2017 and 2018)

- Amendment to PSAK No. 1, “Presentation of Financial Statements on Initiative Disclosures” which is effective for the period beginning on or after January 1, 2017. This Amendment to PSAK No. 1 provides clarification related to the application of the requirements of materiality, flexibility systematic sequence of notes to financial statements and identification of significant accounting policies.
- Amendment to PSAK No. 2, “Cash Flow Statements on Initiative Disclosures” which is effective for the period beginning on or after January 1, 2018. This Amendment to PSAK No. 2 requires entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including changes arising from cash flow and changes in non cash.
- PSAK No. 3 (Improvement 2016), “Interim Financial Reporting” which is effective for the period beginning on or after January 1, 2017. This PSAK No. 3 (Improvement 2016) clarifies that interim disclosures are required to be included in the interim financial statements or through cross-references of the interim financial statements as management commentary or risk report that is available to users of the interim financial statements and at the same time. If the users of financial statements cannot access the information on the cross-reference to the requirements and the same time the interim financial statements of the entity is considered incomplete.
- Amendment to PSAK No. 16, “PPE on Agriculture: Productive Plants” which is effective for the period beginning on or after January 1, 2018. This amendment to PSAK No. 16 clarifies that biological assets that meet the definition of productive plants (plants bearer) included in the scope of PSAK 16: PPE. Definitions, recognition and measurement of productive plants follow the existing requirements in PSAK No. 16: Property, Plant and Equipment.
- PSAK No. 24 (Improvement 2016), “Employee Benefits” which is effective for the period beginning on or after January 1, 2017. This PSAK SFAS No. 24 (Improvement 2016) clarifies that the high-quality corporate bond market is valued based on currency denominated on such bonds and not based on the country in which the bonds are.
- Amendment to PSAK No. 46, “Income Tax on the Recognition of deferred tax assets for unrealized losses” which is effective for the period beginning on or after January 1, 2018. Amendments to PSAK No. 46:

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

a. Adding illustrative examples to clarify that the temporary differences are deductible arise when the carrying amount of assets debt instruments measured at fair value and the fair value is less than the taxable base, regardless of whether the entity estimates to recover the carrying amount of a debt instrument through sale or use of, for example, to have and receive contractual cash flows, or a combination of both.

b. Clarifying that to determine whether the taxable income will be available so that the deductible temporary differences can be utilized, the valuation deductible temporary differences would be in line with tax regulations.

c. Adding that the tax reduction from the reversal of deferred tax assets is excluded from the estimate of future taxable income. Then the entity compares deductible temporary differences to the estimated future taxable income that does not include tax reduction resulting from the reversal of deferred tax assets to assess whether the entity has a sufficient future taxable income.

d. Estimate of the most likely future taxable income can include recovery of certain assets of the entity exceeds its carrying amount if there is sufficient evidence that it is likely that the entity will achieve.

- PSAK No. 58 (Improvement 2016), "Non-current Assets Held for Sale and Discontinued Operations" which is effective for the period beginning on or after January 1, 2017. This PSAK No. 58 (Improvement 2016) clarifies that the change from one method of disposal to other disposal methods to be regarded as the beginning of a sustainable plan and not as a new disposal plan. This improvement also clarifies that the change in the method of this disposal does not change the date of classification as an asset or disposal group.
- PSAK No. 60 (Improvement 2016), "Financial Instruments: Disclosures", which is effective for the period beginning on or after January 1, 2017. This PSAK No. 60 (Improvement 2016) clarifies that an entity must assess the nature of the contract in exchange for services as provided in paragraph PP30 and paragraphs 42C to determine whether the entity has a continuing involvement in financial assets and whether the disclosure requirements related to continuing involvement are met.
- PSAK No. 69, "Agriculture" which is effective for the period beginning on or after January 1, 2018. This PSAK No. 69 stipulates that a biological asset or agricultural products are recognized when fulfilling some of the same criteria as the criteria for asset recognition. Such assets are measured at initial recognition and at the end of each financial reporting period at fair value less costs to sell. Differences arising from changes in fair value of assets recognized in profit and loss incurred. Exceptions are granted if the fair value clearly cannot be measured reliably. PSAK No. 69 also provides an exception for assets which are excluded from scope. Accounting arrangements for such productive assets refers to PSAK No. 16, "Property, Plant and Equipment". PSAK No. 69 does not regulate the processing of agricultural products after harvest.
- ISAK No. 31, "Interpretation to Scope under PSAK No. 1, "Investment Property" which is effective for the period beginning on or after January 1, 2017. This ISAK No. 31 provides an interpretation of the characteristics of the building that is used as part of the definition of investment property under PSAK No. 13, "Investment Property". The building referred to in the definition of investment property refers to structures that have physical characteristics that are generally associated with a building on its walls, floors, and roofs embedded to the asset.

Several SAKs and ISAKs including amendments and annual improvements that became effective in the current year and are relevant to the Company operation have been adopted as disclosed in the "Summary of Significant Accounting Polices".

Other SAKs and ISAKs that are not relevant to the Company operation or might affect the accounting policies in the future are being evaluated by the management the potential impact that might arise from the adoption of these standards to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies have been applied consistently in the preparation of financial statements except for the adoption of several new and revised SAKs and ISAKs that effective on January 1, 2016, as follows:

a. Compliance Statements

The financial statements have been prepared in accordance with SAK, which comprises the Statements and Interpretations issued by the Board of Financial Accounting Standards of the Indonesian Institute of Accountants, including applicable new and revised standards, effective on January 1, 2016.

b. Basis for the Preparation of Financial Statements

The measurement in the financial statements is historical cost concept, except for certain accounts which are measured on the bases described in the related accounting policies of respective account.

The statements of cash flows, which have been prepared using the indirect method, present cash receipts and payments classified into operating, investing and financing activities.

The reporting currency used in the preparation of the financial statements is Rupiah (Rp) which also represents functional currency of the Company.

When the company adopts accounting policy retrospectively or restates items in its financial statements or the company reclassifies the items in its financial statements, the financial statements at the beginning of comparative period are presented.

c. Cash on Hand and Cash in Banks

Cash is the means of payment that ready and free to be used to finance the activities of the Company.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Cash and cash equivalents consists of cash on hand and cash in bank and which are not collateralized for the loans and all unrestricted investment with maturities of three months or less from the date of placements.

d. Inventory

Inventories are stated at the lower of cost or not realizable value. Cost is determined by “the moving average method”. Net realizable value is the estimated selling price in the ordinary course of business, less the costs of completion and selling expenses.

e. Prepaid Expenses

Prepaid expenses are amortized over their beneficial using the straight line method.

f. Property, Plant and Equipment

The Company has chosen the cost model for measurement of their property, plant and equipment.

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Depreciation is computed using the straight-line method over the useful life of the assets. Estimated useful lives as follows:

	Year
Building	20
Plant and equipment	10
Office equipment	5
Motor vehicle	5

At the end of each financial year, management reviewed the residual values, useful lives and methods of depreciation, and if appropriate, adjusted prospectively.

Land is stated at cost and not depreciated, unless it can be proven that the land has a certain useful life. Certain cost associated with the acquisition of land at the time of acquisition was first recognized as part of the acquisition of land.

ISAK No. 25, “Land Rights”, the costs associated with the extension of land rights are deferred and amortized over the life of legal rights to land or economic life of the land (if it can be determined), which is shorter. Such costs are presented as part of “Deferred Charges” as intangible assets component in the statement of financial position.

The cost of repairs and maintenance is charged to the statement of profit or loss and other comprehensive income as incurred; replacement or inspection costs are capitalized when incurred, and if it is probable future economic benefits associated with the item will flow to the Company, and the cost of the asset can be measured reliably.

The carrying amount of plant, property and equipment is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statement of profit or loss and other comprehensive income in the year the asset is derecognized.

Construction in progress is presented in the “Property, Plant and Equipment” and is stated at cost. The accumulated cost for the construction in progress is transferred to respective property, plant and equipment when the assets are completed and ready for intended use.

g. Transaction with Related Parties

The Entity deals transactions with related parties as defined in PSAK No. 7 (Revised 2010), “Related Party Disclosures” and PSAK No. 7 (Improvements 2015), “Related Party Disclosures”.

This PSAK requires disclosure of relationships, transactions and balances related parties, including commitments in the financial statements and separate financial statements of the parent entity also applies to individual financial statements.

This PSAK also introduces an exemption from the general related party disclosure requirements for transactions with government and entities that are controlled, jointly controlled or significantly influenced by the same Government as the reporting entity (Government related entities).

Related party is a person or an company related to the company that prepares financial statements (the reporting company).

a. A person or a close member of that person’s family is related to the reporting company if that person:
   (i) has control or joint control over the reporting company;
   (ii) has significant influence over the reporting company; or
   (iii) is a member of the key management personnel of the reporting company or of a parent of the reporting company.

b. A company is related to the reporting company if any of the following conditions applies:
   (i) the company and the reporting Company are members of the same Company (which means that each parent, subsidiary and fellow subsidiary is related to the others);

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

(ii) one company is an associate or joint venture of the other company (or an associate or joint venture of a member of a Company of which the other company is a member);

(iii) both company are joint ventures of the same third party;

(iv) one company is a joint venture of a third company and the other company is a associate in third company;

(v) the company is a post-employment defined benefit plan for the benefit of employees of either the reporting company or an company related to the reporting company. If the reporting company in itself such a plan, the sponsoring employers are also related to the reporting company;

(vi) the company is controlled or jointly controlled by a person identified in a;

(vii) a person identified in a (1) has significant influence over the company or is a member of the key management personnel of the company (or of a parent of the company).

The transaction was conducted on terms agreed by both parties, which terms may not be the same as other transactions conducted by parties who are not related.

All transactions and balances with significant related parties, whether or not conducted with the terms and conditions, as was done with the parties that have no relation to related parties, have been disclosed in the relevant notes to the financial statements.

h. Financial Instruments

The Company adopted PSAK No. 50 (Revised 2014), “Financial Instruments: Presentation”, PSAK No. 55 (Revised 2014), “Financial Instruments: Recognition and Measurement”, and PSAK No. 60 (Revised 2014), “Financial Instruments: Disclosures”. In addition, the Company also adopted ISAK No. 13, “Hedges of a Net Investment in a Foreign Operation” and ISAK No. 26 (Revised 2014), “Reassessment of Embedded Derivatives”.

PSAK 50 (Revised 2014), “Financial Instruments: Presentation”, outlines the accounting requirements for the presentation of financial instruments, particularly as to the classification of such instruments into financial assets, financial liabilities and equity instruments. The standard also provide guidance on the classification of related interest, dividends and gains/losses, and when financial assets and financial liabilities can be offset.

The principles in this standard complement the principles for recognizing and measuring financial assets and financial liabilities in PSAK No. 55 (Revised 2014), Financial Instruments: Recognition and Measurement”, and for disclosing information about them in PSAK No. 60 (Revised 2014), “Financial Instruments: Disclosures”

PSAK No. 55 (Revised 2014) deals with, among other things, initial recognition of financial assets and liabilities, measurement subsequent to initial recognition, impairment, derecognition, and hedge accounting.

PSAK No. 60 (Revised 2014) requires quantitative and qualitative disclosures in the financial statements that enable users to evaluate the significance of financial instruments on the financial position and performance, and the nature and extent of risks arising from financial instruments to which the company is exposed during the period and at the end of the reporting period and how the company manages such risks. In addition, this standard describes the requirement for disclosure of liquidity risk.

ISAK No. 26 (Revised 2014) confirms the treatment in PSAK No. 55 (Revised 2014) that a company should assess whether an embedded derivative is required to be separated from the host contract and accounted for as a derivative when the company first becomes a party to the contract.

(1) Financial Assets

Initial Recognition and Measurement

Financial assets are recognized on the financial position when the company becomes a party to the contractual provision of the instrument.

Financial assets within the scope of PSAK No. 55 (Revised 2014) are classified as financial assets at fair value through profit or loss (FVTPL), held-to-maturity investments (HTM), loan and receivables, or available-for-sale (AFS) financial assets. The Company determines the classification of its financial assets at initial recognition and, where allowed and appropriate, re-evaluates the classification of the assets at each reporting date.

Financial assets are initially measured at fair value, in the case of investments not classified as at FVTPL, fair value plus transaction costs that are directly attributable to the acquisition or issuance of financial assets.

Subsequent Measurement

Subsequent measurement of financial assets depends on their classification as follows:

- **Financial Assets at Fair Value Through Profit or Loss (FVTPL)**

  Financial assets are classified as FVTPL when the financial assets acquired for trading or designated upon initial recognition as FVTPL. Financial assets are classified as held for trading if acquired for the purpose of selling or repurchasing in the near future. Derivative assets are also classified as held for trading unless they are designated as derivative assets effective hedging instruments.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Financial assets at FVTPL include financial assets held for trading and financial assets designated upon initial recognition as FVTPL are presented in the statement of financial position at fair value with gains or losses from changes in fair value recognized in the statement of profit or loss and other comprehensive income include dividends or interest earned on financial assets without deducting transaction costs that may occur upon the sale or other disposal.

- **Held-to-Maturity Investments (HTM)**

  Non-derivative financial assets with fixed or determinable payments and maturity are classified as HTM investments when the Company has the positive intention and ability to hold them until maturity.

  After initial measurement, investments HTM are measured at amortized cost using the effective interest method (EIR).

  This method uses the EIR for discounted estimated future cash receipts through the expected life of the financial asset to the net carrying amount of the financial asset.

  Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the investments are derecognized or impaired, as well as through the amortization process.

- **Loans and Receivables**

  Loans and receivables are non-derivative financial assets with fixed or determinable payments and have no quotations in an active market.

  After initial recognition, the financial assets are measured at amortized cost using the effective interest method (EIR).

  Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the loans and receivables are derecognized or impaired, as well as through the amortization process.

- **Available-for-Sales (AFS) Financial Assets**

  AFS financial assets are non-derivative financial assets that are designated as AFS or are not classified into the three preceding categories. Financial assets are classified as non-current assets unless the asset is intended to be released within twelve months from the date of the financial position.

  After initial measurement, AFS financial assets are measured at fair value without deducting transaction costs that may occur when a sale or other disposal, with unrealized gains or losses recognized as OCI in equity component until the investment is derecognized.

  At that time, the cumulative gain or loss previously recognized in equity component until the financial asset is derecognized or until to be determined impaired and at the same time the cumulative gain or loss previously recognized in equity should be recognized to the statement of profit or loss and other comprehensive income as a reclassification adjustment.

(2) Financial Liabilities

Initial Recognition and Measurement

Financial liabilities are recognized on the financial position when the company becomes a party to the contractual provision of the instrument.

Financial liabilities within the scope of PSAK No. 55 (Revised 2014) are classified as financial liabilities measured at fair value through profit or loss (FVTPL), financial liabilities that are measured at amortized cost (other payables and derivatives designated as effective hedging instruments, which appropriate). The Company determines the classification of its financial liabilities at initial recognition.

Financial liabilities are initially measured at fair value and in the case of financial liabilities not classified as at FVTPL, fair value plus transaction costs that are directly attributable to the issuance of financial liabilities.

Subsequent Measurement

Subsequent measurement of financial liabilities depends on their classification as follows:

- **Financial Liabilities at Fair Value Through Profit or Loss (FVTPL)**

  Financial liabilities are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near future. Derivatives are also classified as held for trading unless they are designated as derivative liabilities effective hedging instruments. Gains or losses on liabilities held for trading are recognized in the statement of profit or loss and other comprehensive income.

  Financial liabilities that are designated as financial liabilities at FVTPL include financial liabilities held for trading and designated upon initial recognition as FVTPL are presented in the statement of financial position at fair value with gains or losses from changes in fair value recognized in statement of profit or loss and other comprehensive income.

- **Financial Liabilities at Amortized Cost**

  After initial recognition, financial liabilities are measured at amortized cost using the EIR.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Amortized cost is calculated by using the EIR method less any allowance for impairment and financing or principal reduction. The calculation takes into account any premium or discount on acquisition and includes transaction costs and fees that are an integral part of the effective interest rate.

Gains and losses are recognized in the statement of profit or loss and other comprehensive income when the liabilities are derecognized as well as through the amortization process.

(3) Offsetting of Financial Instruments

Financial assets and financial liabilities are offset and the net amount presented in the statement of financial position if, and only if, there is a legal right to offset the carrying amount of financial assets and financial liabilities and there is an intention to settle on a net basis, or to realize the asset and settle the liability simultaneously.

(4) Fair Value of Financial Instruments

The fair value of financial instruments that are actively traded in organized financial markets is determined by reference to their quoted prices in an active market at the close of business on the financial position date without any deduction for transaction costs. For financial instruments with no active market, fair value is determined using valuation techniques.

Such techniques may include the use of fair market transactions between the parties who understand and are willing to (arm's length transactions), referring to the current fair value of another instrument that is substantially the same, discounted cash flow analysis or other valuation models as required in PSAK No. 68 "Fair Value Measurement".

Credit Risk Adjustment

The Company adjusts the price in the more advantageous market to reflect any differences in counterparty credit risk between instruments traded in that market and the instruments being valued for financial asset positions. In determining the fair value of financial liabilities position, the Company's credit risk associated with the instrument should be taken into account.

(5) Impairment of Financial Assets

The Company evaluates at the end of each reporting period whether there is objective evidence that a financial asset or group of financial assets has been impaired.

- **Financial Assets Measured at Amortized Cost**

  For loans and receivables carried at amortized cost, the Company determines individually for impairment based on objective evidence of impairment exists.

  The carrying amount of the asset is reduced through the use of an allowance account and the amount of the loss is recognized in the statement of profit or loss and other comprehensive income. Interest income is recognized further at the carrying reduced value, based on the beginning EIR of the asset. Loans and receivables, together with the associated allowance are written-off when there is no realistic possibility of future recovery and all collateral has been realized or has been transferred to the Company.

  If, in a subsequent period, the estimated value of the financial asset impairment loss increases or decreases because of an event occurring after the impairment was recognized, the impairment loss previously recognized increased or reduced by adjusting the allowance account. If future removal can be recovered, the recovery amount is recognized in the statement of profit or loss and other comprehensive income.

- **Available-for-Sales (AFS) Financial Assets**

  In this case the equity instruments are classified as AFS financial assets, objective evidence of impairment, including the significant or long-term decline in the fair value of the investment below its acquisition cost.

(6) Derecognition of Financial Assets and Financial Liabilities

Financial Assets

Financial assets (or whichever is appropriate, part of a financial asset or part of a group of similar financial assets) are derecognized when: (1) the contractual rights to receive the cash flows from the asset have ceased to exist; or (2) the Company has transferred its contractual rights to receive the cash flows from the financial asset or an obligation to pay the received cash flows in full without significant delay to a third party in the pass-through; and either (a) the Company has transferred substantially all the risks and rewards of the assets, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Financial Liabilities

Financial liabilities are derecognized when the liability is terminated or canceled or expired. When an existing financial liability is replaced by another financial liabilities from the same lender on substantially different terms, or substantially modify the terms of a liability that currently exists, an exchange or modification is treated as a derecognition of the initial liability and the recognition of a new liability, and the difference between the carrying amount of each liability recognized in the statement of profit or loss and other comprehensive income.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

(7) Reclassification of Financial Instruments

The Company does not classify financial assets as held-to-maturity investments, if in the current year or during the two previous years, sold or reclassified as held to maturity investments in amounts of more than an insignificant amount before maturity (more than the insignificant amount compared to the total value of investments held to maturity), except for sales or reclassifications that:

- done when the financial asset is approaching maturity or date of redemption in which changes in interest rates will not significantly affect the fair value of the financial asset;
- occurred after the Company has acquired substantially all of the principal amount of the financial asset in accordance with the payment schedule or accelerated settlement; or
- associated with certain events that are beyond the control of the Company, non-recurring and could not have been reasonably anticipated by the Company.

Reclassification of financial assets held-to-maturity to available-for-sale is recorded at fair value. Unrealized gains or losses are recognized in the equity until the financial asset is derecognized, and the cumulative gain or loss previously recognized in equity should be recognized in the statements of profit or loss and other comprehensive income.

i. Revenues and Expenses Recognition

The Company applied PSAK No. 23 (Revised 2010), “Revenue”. This Revised PSAK identifies the circumstances in which the criteria on revenue recognition will be met and, therefore revenue may be recognized and prescribes the accounting treatment of revenues arising from certain types of transactions and even and also provides practical guidance on application of the criteria on revenue recognition. Expenses are recognized when incurred (accrual basis).

j. Transaction of Foreign Currencies

The Company adopted PSAK No. 10 (Revised 2010), “The Effects of Changes in Foreign Exchange Rates”

This revised standard sets up measurement and presentation currency of an entity in which the measurement currency should use a functional currency as the presentation currency may use a currency other than the functional currency.

In determining the functional currency of the entity to consider the following factors:

a. Currency that most influences the selling price for goods and services, or from a country whose competitive forces and legislation largely determine the selling price of goods and services;
b. Currency that most influences the cost of labor, material and other costs of the procurement of goods or services;
c. The currency in which funds from financing activities (i.e. issuing debt and equity instruments) are produced;
d. The currency in which receipts from operating activities are usually retained.

The Company’s using the Rupiah currency as the functional and the reporting.

Transactions in foreign currencies are recorded into Rupiah using the exchange rate at the transactions incurred. On the date of the statement of financial position, monetary assets and liabilities denominated in foreign currencies are adjusted to Rupiah using the middle rate set by Bank Indonesia on the last banking day of the period. Gains or losses are credited or charged to the statement of profit or loss and other comprehensive income.

The exchange rates used are the middle exchange rate announced by Bank Indonesia, as follows:

December 31, 2016	Rp13,436/ 1 USD
December 31, 2015	Rp13,795/ 1 USD

k. Employee Benefits

The Company adopts an unfunded defined benefit plan and records employee benefits to cover adequately the benefits under the Law No. 13 year 2003.

Recognition

The cost of providing employee benefits should be recognized in the period in which the benefit is earned by the employee, rather than when it is paid or payable.

The components of defined benefit cost are recognized as follows:

1. Service cost attributable to the current and past periods is recognized in profit or loss;
2. Net interest on the net defined benefit liability or asset, determined using the discount rate at the beginning of the period is recognized in profit or loss;
3. Remeasurements of the net defined benefit liability or asset, comprising:
   - actuarial gains and losses;
   - return on plan assets;

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

- Any changes in the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability (asset).

is recognized in OCI (not reclassified to profit or loss in a subsequent period).

Measurement

The measurement of a net defined benefit liability or assets requires the application of an actuarial valuation method, the attribution of benefits to periods of service, and the use of actuarial assumptions. The fair value of any plan assets is deducted from the present value of the defined benefit obligation in determining the net deficit or surplus.

The present value of an entity's defined benefit obligations and related service costs is determined using the "Projected Unit Credit" method, which sees each period of service as giving rise to an additional unit of benefit entitlement and measures each unit separately in building up the final obligation. This requires an entity to attribute benefit to the current period (to determine current service cost) and the current and prior periods (to determine the present value of defined benefit obligations). Benefit is attributed to periods of service using the plan's benefit formula, unless an employee's service in later years will lead to a materially higher of benefit than in earlier years, in which case a straight-line basis is used.

Past service cost is the change in a defined benefit obligation for employee service in prior periods, arising as a result of changes to plan arrangements in the current period (i.e. plan amendments introducing or changing benefits payable, or curtailments which significantly reduce the number of covered employees).

Past service cost is recognized as an expense at the earlier of the date when a plan amendment or curtailment occurs and the date when a company recognizes any termination benefits, or related restructuring costs under PSAK No. 57," Provisions, Contingent Liabilities and Contingent Assets".

Gains or losses on the settlement of a defined benefit plan are recognized when the settlement occurs.

Before past service costs are determined, or a gain or loss on settlement is recognized, the net defined benefit liability or asset is required to be remeasured, however a company is not required to distinguish between past service costs resulting from curtailments and gains and losses on settlement where these transactions occur together.

l. Income Tax

The Company adopted PSAK No. 46 (Revised 2014), "Income Taxes". Besides, the Company also adopted ISAK No. 20, "Income Taxes: Changes in the Tax Status of an Enterprise or its Shareholders".

Recognition

Current tax for current and prior periods, to the extent unpaid, is recognized as a liability. If the amount already paid in respect of current and prior periods exceeds the amount due for those periods, the excess is recognized as an asset.

Deferred tax liability is recognized for all taxable temporary differences unless the deferred tax liability arises from:

a. initial recognition of goodwill;

b. the initial recognition of an asset/liability

   i. other than in a business combination which,

   ii. at the time of the transaction, does not affect either the accounting or the taxable profit.

c. temporary differences associated with investments in subsidiaries, branches, and associates, and interests in joint arrangements, but only to the extent that the Company is able to control the timing of the reversal of the differences and it is probable that the reversal will not occur in the foreseeable future.

Deferred tax asset is recognized for deductible temporary differences, unused tax losses and unused tax credits to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized unless the deferred tax asset arises from:

a. the initial recognition of an asset or liability

   i. other than in a business combination,

   ii. at the time of the transaction, does not affect accounting profit or taxable profit (loss).

b. deductible temporary differences arising from investments in subsidiaries, branches and associates, and interests in joint arrangements, are only recognized to the extent that:

   i. it is probable that the temporary difference will reverse in the foreseeable future and

   ii. that taxable profit will be available against which the temporary difference will be utilized.

Measurement

Current tax liabilities (assets) for the current and prior periods is measured at the amount expected to be paid to (recovered from) the taxation authorities, using the tax rates (and tax laws) that have been enacted or substantively enacted for the reporting period.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Deferred tax assets and liabilities shall be measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted for the reporting period.

Deferred tax assets and liabilities cannot be discounted.

The carrying amount of a deferred tax asset shall be reviewed at the end of each reporting period. The Company shall reduce the carrying amount of a deferred tax asset to the extent that it is no longer probable that sufficient taxable profit will be available to allow the benefit of part or all of that deferred tax asset to be utilized. Any such reduction shall be reversed to the extent that it becomes probable that sufficient taxable profit will be available.

Allocation

For transactions and other events recognized in profit or loss, any related tax effects are also recognized in profit or loss. For transactions and other events recognized outside profit or loss (either in OCI or directly in equity), any related tax effects are also recognized outside profit or loss (either in OCI or directly in equity, respectively). Similarly, the recognition of deferred tax assets and liabilities in a business combination affects the amount of goodwill arising in that business combination or the amount of the bargain purchase gain recognized.

Offset

Deferred tax assets and deferred tax liabilities are offset if, and only if, legally enforceable right exists to offset current tax assets against current tax liabilities, or deferred tax assets and deferred tax liabilities relate to the same taxable company, or the Company intends to settle its current tax assets and liabilities on a net basis.

m. Tax amnesty Assets and Liabilities

The Company applies PSAK No. 70, “Accounting Treatment for Tax Amnesty Assets and Liabilities”.

PSAK No. 70 provides accounting policy options for an entity who recognizes assets and liabilities in accordance with the provisions of the Tax Amnesty Law based on its Assets Declaration Letter for Tax Amnesty (Surat Pernyataan Harta untuk Pengampunan Pajak/Surat Pernyataan Harta (SPHPP) or Tax Amnesty Approval Letter (Surat Keterangan Pengampunan Pajak/Surat Keterangan (SKPP).

The alternative accounting options are:

a. To use the existing applicable standards under Indonesia Financial Accounting Standards (“PSAK”) (General Approach) as regulated in paragraph 6 PSAK No.70 ; or

b. To use the specific provisions in paragraphs 10-23 of the PSAK No. 70 (Optional Approach).

Initially the entity recognizes the difference between the tax amnesty assets and the related tax amnesty liabilities as additional paid-in capital (APIC) account in equity. The amount shall not be recycled to profit or loss or reclassify to retained earnings subsequently.

The Company recognizes the redemption money (the amount of tax paid in accordance with Tax Amnesty Law) directly to profit or loss in the period when the SKPP is received.

The Company adjusts any balances of claim, deferred tax assets and provisions into profit and loss in the period when SKPP received according to Tax Amnesty Law as a result of waivers of tax dues that have been recognized as a claim for tax refund, deferred tax assets on accumulated tax losses that have not been compensated and tax provision before applying this PSAK.

a. General Approach

Recognition and Measurement

The Company recognizes and measures, either initial or subsequent measurement as well as derecognition and presentation on tax amnesty assets and liabilities if such assets and liabilities recognition criteria are required by relevant Financial Accounting Standards (SAK) and measurement, derecognize and presentation apply each associated relevant SAK.

Under this approach, the provision of paragraph 41-53 of PSAK No. 25, “Accounting Policies, Changes in Accounting Estimates and Errors” shall be applied.

b. Optional Approach

Recognition

The recognition criteria in accordance with that of the accounting standards to be applied to the tax amnesty assets and liabilities in a similar way to the General Approach. This approach provides an exception specific, alternative, and the specific requirements in terms of measurement, presentation and disclosure of tax amnesty assets and liabilities in accordance with the provisions in paragraph 10-23 of PSAK No. 70.

Initial Measurement

Tax amnesty assets are measured at cost of tax amnesty assets, the amount reported in SPHPP or SKPP and constituting as deemed cost.

Tax amnesty liabilities are measured at contractual obligation to deliver cash and cash equivalents to settle the obligations directly related to the acquisition of assets of tax amnesty.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Subsequent Measurement

i. Optional Re-measurement

The Company is allowed, but is not required, to re-measure tax amnesty assets and liabilities at fair value in accordance with Financial Accounting Standards (SAK) as at the date of the SKPPP. The difference re-measurement between the fair value on the date of the SKPP and the cost of tax amnesty assets and liabilities that has been recognized previously is adjusted into the balance of the additional paid-in capital. There measurement amount becomes a new basis for the entity in applying the provisions of measurement subsequent to initial recognition.

ii. Mandatory Re-measurement

If the Company concludes that the tax amnesty has resulted in obtaining control over the investee in accordance with PSAK No. 65, “Consolidated Financial Statements”, the entity is required to re-measure assets and liabilities at the date of the SKPP, during the re-measurement period that begins after the date of Tax Amnesty Approval Letter (SKPP) until December 31, 2017. The entity applies consolidation procedures in accordance with PSAK No. 65 once the re-measurement is performed. During the date of the SKPP until the re-measurement is made, the entity is required to measure investments in subsidiaries using the cost method.

In the event that the investee is not an entity under common control, it shall apply the provisions of measurement under PSAK No. 22, “Business Combinations” on the date of SKPP.

If the investee is an entity under common control, it applies the provisions of measurement under PSAK No. 38, “Business Combinations Under Common Control” on the date of SKPP.

Derecognition

Tax amnesty assets and liabilities are derecognized in accordance with the provisions of Financial Accounting Standards (SAK) for each type of asset and the liability.

Presentation

Tax amnesty assets and liabilities, if it does not implement the re-measurement, are presented separately from other assets and liabilities (different line items for assets and liabilities) in the statement of financial position.

The entity presents current assets and non-current and short-term and long-term as a separate classification in its statement of financial position, an entity can present separately tax amnesty assets - current and non-current and tax amnesty liability - short term and long term, if, and only if, the entity has sufficient information to carry out the separation of the classification. If the basis for selecting these classifications are arbitrary, then the entity presents as part of non-current assets and long-term liabilities in the statement of financial position.

If a Company applies re-measurement either optional remeasurement or mandatory re-measurement, then Company reclassifies tax amnesty assets and liabilities which previously presented separately, into similar assets and liabilities. The Company restates the nearest period of previous financial statements, only if such financial statements are after the date of the SKPP.

The Company shall not offset between tax amnesty assets and liabilities.

Under this optional approach, the application provisions of PSAK No. 70 is prospective and restatement of the pior period financial statements is not required.

The Company has chosen optional approach and did not re-measure the tax amnesty assets and liabilities and concluded the absence of acquisition of control over investee, business combination or business combination under common control arising from tax amnesty.

4. ESTIMATES AND JUDGMENTS OF SIGNIFICANT ACCOUNTING

Judgments, Estimates and Assumptions

The preparation of financial statements requires management of the Company to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities and disclosure of contingent liabilities, at the end of the reporting period. Uncertainty about the judgment, estimates and assumptions could result in material adjustments to the carrying value of assets and liabilities in-future period.

The key assumptions of the future and the other key source of uncertainty in estimation at the reporting date that have a significant risk of material adjustment to the carrying amounts of assets and liabilities for the future period described below.

The Company bases its estimates and assumptions on the parameters available at the time the financial statements are prepared. Assumptions and situation concerning the future development may change due to market changes or circumstances beyond the control of the Company. The changes are reflected in the related assumptions as incurred.

The following judgments, estimates and assumptions made by management in implementing accounting policies of the Company has the most significant effect on the amount recognized in the financial statements.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Determining Classification of Financial Assets and Financial Liabilities

The Company determines classification of certain assets and liabilities as financial assets and financial liabilities by considering the definitions set forth in PSAK No. 55 (Revised 2014) are met. Accordingly, financial assets and financial liabilities are recognized in accordance with the Company's accounting policies as disclosed in the note 26.

Determining Fair Value and Calculation of Cost Amortization of Financial Instruments

The Company records certain assets and financial liabilities at fair value and at amortized cost, which requires the use of accounting estimates. While significant components of fair value measurement and assumptions used in the calculation of cost amortization is determined using verifiable objective evidence, the amount of the fair value or amortized cost may differ if the Company uses different valuation methodologies or assumptions.

Determining of Functional Currency

The functional currency is the currency of the primary economic environment in which the Company operates. The management considers the currency that mainly influences the revenue and cost of sales and other indicators in determining the currency that most faithfully represents the economic effects of the underlying transactions, events and conditions.

Determining Recoverable Amount of Financial Assets

The Company evaluates specific accounts where it has information that a particular customer cannot meet its financial liabilities. In this case, the Company uses judgment based on available facts and circumstances, including but not limited to, terms and relationships with customers and the credit status of customers based on available credit records from third parties and known market factors, to record specific allowance for the customer against the amount owed in order to reduce the amount of the receivables that the Company expects to collect. Specific allowance is re-evaluated and adjusted if additional information received affects the amount of allowance for impairment of receivables. More detailed information is disclosed in note 6.

Determining Recoverable Amount of Non-Financial Assets

Provision for decline in market value and obsolescence of inventories is estimated based on available facts and circumstances, including but not limited to, the physical condition of inventory on hand, the selling price of the market, estimated costs of completion and the estimated costs incurred for the sale.

Provision re-evaluated and adjusted if additional information that affect the estimated amounts.

The recovery amounts of property plant and equipment are based on estimates and assumptions especially about market prospects and cash flows associated with the asset. Estimates of future cash flows include estimates of future revenues. Any changes in these assumptions may have a material impact on the measurement of recoverable amount and could result in adjustments to the allowance for impairment already booked.

Determining Depreciation Method and Estimated Useful Lives of Property, Plant and Equipment

The Company estimates the useful lives of property, plant and equipment based on the expected utilization of assets and supported by plans and business strategy and market behavior. Estimation of useful lives of property plant and equipment are provided based on the Company's evaluation on industry practice, internal technical evaluation and experience for assets equivalent.

The estimated useful lives are reviewed at least at each year end reporting and updated if expectations differ from previous estimates due to physical wear and tear, technical or commercial obsolescence and legal or other restrictions on the use of assets as well as technological developments. However, it is possible, future results of operations could be materially affected by changes in the estimates due to changes in the factors mentioned above, and therefore the future depreciation charges may be revised.

The cost of property plant and equipment are depreciated using the straight-line method over the estimated economic useful lives. Management estimates the useful lives of property plant and equipment 5 to 20 years. This is the age that is generally expected in the industry in which the Company does business. More detailed information disclosed in the note 9 for property, plant and equipment.

Determining Income Taxes

Significant judgments made in determining the provision for income tax. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business activities. The Company recognizes a liability for corporate income tax based on estimates of whether there will be an additional income tax.

In certain situations, the Company cannot determine the exact amount of their current or future tax liability due to ongoing investigation, or the negotiations with tax authorities. Uncertainties arise concerning the interpretation of complex tax regulations and the amount and timing of the taxable income in the future. In determining the amount to be recognized related to uncertain tax liabilities, the Company applies the similar consideration that they will use in determining the amount of provision that must be recognized in accordance with PSAK No. 57 (Revised 2009), "Provisions, Contingent Liabilities and Contingent Assets". The Company makes the analysis to all tax positions related to income taxes to determine if tax liability for unrecognized tax benefits should be recognized.

The Company reviews the deferred tax assets at each reporting date and reduces the carrying amount to the extent that it is no longer probable that sufficient taxable income will be available to allow for part or all of the deferred tax assets to be utilized. The Company also reviews the expected timing and tax rates on the reversal of temporary differences and adjusts the impact of deferred tax accordingly. More detailed information is disclosed in note 16.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Estimated Pension Costs and Employee Benefits

The determination of liability for pension and employee benefits obligation and net employee benefits expense is subject to the selection of certain assumptions used by independent actuaries in calculating such amounts. Those assumptions include, among others, the discount rate, annual salary increase, the annual rate of resignation of employees, level of disability, retirement age and mortality and the expected rate of return of plan assets.

While the Company believes that the assumptions are reasonable and appropriate, significant differences in actual results or significant changes in assumptions defined by the Company can materially affect the estimated liability for employee benefits and pensions and net employee benefits expense. More detailed information disclosed in the note 15.

5. CASH ON HAND AND IN BANKS

This account consists of the following:

(Expressed in Rupiah)

	2016	2015
Cash on hand	**7,122,849**	*11,445,539*
Cash in banks		
PT Bank Mandiri (Persero), Tbk	**927,678,696**	*2,002,142,035*
PT Hongkong and Shanghai Banking Corp. Ltd. Pte.	**424,325,741**	*1,683,124,851*
PT Bank CIMB Niaga, Tbk	**401,202,947**	*313,686,272*
PT Bank Maybank Syariah Indonesia	**157,825,070**	*157,079,167*
PT Bank Rakyat Indonesia (Persero), Tbk.	**29,028,005**	*28,796,153*
Total	**1,947,183,308**	*4,196,274,017*

6. TRADE RECEIVABLES - NET

This account consists of the following:

(Expressed in Rupiah)

	2016	2015
Trade receivables	**55,379,532,115**	*46,920,062,105*
Allowance for impairment	**(1,960,069,296)**	*(1,000,000,000)*
Total	**53,419,462,819**	*45,920,062,105*

Mutation of allowance for impairment account is as follows:

(Expressed in Rupiah)

	2016	2015
Beginning balance	**1,000,000,000**	*24,423,439,525*
Provision (write off) - off during the year	**960,069,296**	*(23,423,439,525)*
Ending Balance	**1,960,069,296**	*1,000,000,000*

Management believes that the allowance for impairment is sufficient to cover possible losses on uncollectible accounts receivables.

7. INVENTORIES

This account consists of the following:

(Expressed in Rupiah)

	2016	2015
Raw material	**11,697,186,587**	*6,306,445,844*
Work in process	**19,415,815,613**	*14,248,089,592*
Finished goods	**1,615,405,461**	*–*
Good in transit	**–**	*1,488,657,324*
Subtotal	**32.728.407.661**	*22,043,192,760*
Less: Provision for slow-moving inventories	**(11,776,504,833)**	*(4,027,465,408)*
Total	**20,951,902,828**	*18,015,727,352*

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Mutation of provision for slow-moving inventories is as follows:

(Expressed in Rupiah)

	2016	2015
Beginning balance	**4,027,465,408**	*3,504,705,388*
Inventory provision in current year	**7,749,039,425**	*522,760,020*
Total Ending Balance	**11,776,504,833**	*4,027,465,408*

As of December 31, 2016 and December 31, 2015, the Company's inventories are covered by insurance from PT Asuransi Bintang, Tbk and PT Asuransi QBE Pool Indonesia against losses from earthquake, volcanic eruption and tsunami property all risk with sum insured US$3,000,000 and US$ 1,500,000 respectively. The management believes that the insurances are adequate to cover possible losses from such risk.

Based on the review of the condition of the inventories at the end of the year, the Company's management believes that the provision for slow-moving inventories is adequate to cover any loss from obsolete and non-moving inventories.

8. ADVANCES AND PREPAYMENTS

This account consists of:

(Expressed in Rupiah)

	2016	2015
Down payment for supplier	**1,352,735,796**	*470,630,004*
Insurance	**403,956,714**	*443,301,479*
Staff advance	**514,135,972**	*80,655,338*
Others	**845,233,809**	*625,709,848*
Total	**3,116,062,291**	*1,620,296,669*

9. PROPERTY, PLANT AND EQUIPMENT - NET

(Expressed in Rupiah)

December 31, 2016	Beginning Balance	Addition	Deduction	Ending Balance
Direct ownership				
Land	17.586.542.257	–	–	17,586,542,257
Building	18.358.454.873	–	–	18,358,454,873
Plant and equipment	8,816,230,907	4,692,412,273	–	13,508,643,180
Office equipment	3,131,976,345	2,334,315	–	3,134,310,660
Motor vehicles	358,069,612	18,150,000	–	376,219,612
Total acquisition cost	48,251,273,994	4,712,896,588		52,964,170,582
Accumulated depreciation				
Building	1,603,837,235	954,206,393	–	2,558,043,628
Plant and equipment	4,024,286,742	1,361,140,899	–	5,385,427,641
Office equipment	1,861,432,783	211,897,568	–	2,073,330,351
Motor vehicles	320,244,612	3,687,222	–	323,931,834
Total accumulated depreciation	7,809,801,372	2,530,932,082	–	10,340,733,454
Net Book Value	40,441,472,622			42,623,437,128

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

December 31, 2015	**Beginning Balance**	**Addition**	**Deduction**	**Ending Balance**
Direct ownership				
Land	*17,586,542,257*	-	-	*17,586,542,257*
Building	*18,358,454,873*	-	-	*18,358,454,873*
Plant and equipment	*8,621,802,765*	*1,142,023,968*	*947,595,826*	*8,816,230,907*
Office equipment	*2,572,921,422*	*559,054,923*	-	*3,131,976,345*
Motor vehicles	*358,069,612*	-	-	*358,069,612*
Total acquisition cost	*47,497,790,929*	*1,701,078,891*	*947,595,826*	*48,251,273,994*
Accumulated depreciation				
Building	*685,914,484*	*917,922,751*	-	*1,603,837,235*
Plant and equipment	*3,472,670,070*	*577,285,581*	*25,668,909*	*4,024,286,742*
Office equipment	*1,475,065,350*	*386,367,433*	-	*1,861,432,783*
Motor vehicles	*268,323,410*	*51,921,202*	-	*320,244,612*
Total accumulated depreciation	*5,901,973,314*	*1,933,496,967*	*25,668,909*	*7,809,801,372*
Net Book Value	*41,595,817,615*			*40,441,472,622*

Depreciation charged to operation amounted to Rp 2,530,932,082 and Rp 1,933,496,967 for the years ended December 31, 2016 and 2015, respectively.

Property,plant and equipment under direct ownership are covered by insurance from

PT Asuransi QBE Pool Indonesia against losses by earthquake, volcanic eruption with tsunami and property all risk policies for US$ 2,500,000 and US$ 2,500,000 as of December 31, 2016 and December 31, 2015, respectively. The management believes that the insurance is adequate to cover possible losses arising from such risk.

10. BANK LOAN

(Expressed in Rupiah)

	2016	*2015*
Hongkong Shanghai Bank Corporation Ltd	**38,070,854,910**	*25,480,530,340*
Total	**38,070,854,910**	*25,480,530,340*

Loan from Hongkong Shanghai Bank Corporation Ltd is a joint checking account and the trade financing facility operating activities with a maximum credit of U.S. $ 3,300,000 in 2015. This loan facility has term period until May 31, 2017 and Corporate Guarantee from Larsen & Toubro International Fze under United Arab Emirates Law in the amount of U.S.$ 3.0 million and secured by a combined overdraft facility consisting of: revolving loan facility, overdraft facility, documentary credit facility,credit facility deferred payment, acceptance of the trust, bank guarantees and guarantee delivery.

11. PAYABLES

a. Trade payables

This account consists of trade payables amounting to Rp 11,082,347,451 and Rp 26,342,080,124 as of December 31, 2016 and December 31, 2015, respectively.

b. Due to related parties

(Expressed in Rupiah)

	2016	*2015*
Tamco Switchgear (Malaysia) Sdn, Bhd, Malaysia	**120,976,086,916**	*117,695,972,557*
Tamco Electrical Industries Australia Pty., Ltd., Australia	**771,284,178**	*790,002,622*
Larsen & Toubro International - India	**24,039,600,000**	–
Total	**145,786,971,094**	*118,485,975,179*

Tamco Electrical Industries Australia Pty., Ltd., Australia, Tamco Switchgear (Malaysia) Sdn., Bhd., Malaysia and Larsen & Toubro, India are affiliated companies. All transactions with related parties are conducted on the terms and condition agreed between the parties. Because of this relationship, it is possible that the terms of transactions with companies in the group are not same as those between unrelated parties.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

12. ACCRUED EXPENSES

This account consists of:

(Expressed in Rupiah)

	2016	*2015*
Commission agent	**1,654,569,917**	–
Salary expense	**331,516,989**	*441,059,355*
Material cost	**–**	*90,483,443*
Others	**881,186,499**	*762,008,975*
Total	**2,867,273,405**	*1,293,551,773*

13. OTHER CURRENT LIABILITIES

This account represents advance deposit from customer and sundry creditors amounting to Rp 2,487,390,423 and Rp 2,318,117,874 as of December 31, 2016 and December 31, 2015, respectively.

14. OTHER PAYABLES

This account consists of advance deposit from stockholder amounting Rp 25,426,500,000 as of December 31, 2015.In 2016 this payable has been converted to additional paid in capital (note 17).

15. ESTIMATED LIABILITIES FOR EMPLOYEE BENEFIT

Post-employment benefits obligation as of December 31, 2016 and 2015 was calculated by PT Konsul Penata Manfaat Sejahtera, an independent actuary, through its report dated, January 31, 2017 and February 25, 2016, respectively, using the "Projected Unit Credit" method with consideration of the following assumptions:

Currency	:	Rupiah
Discount rate	:	8,4% and 9,00% in 2016 and 2015
Annual salary raise rate	:	6% in 2016 and 2015
Mortality rate	:	Table Mortality Indonesia (TMI III) in 2016 and 2015
Disability rate	:	5% on Mortality Table
Resignation rate	:	5% before the age of 40 decreasing linearly until 0,05% at age 51

Post-employment benefits component that recognized in statement of financial position and provision employee benefits that recognized in statement of profit or loss and other comprehensive income are as follows:

a. Net liability employee benefits are as follows:

(Expressed in Rupiah)

	2016	*2015*
Liability / Assets at beginning of period	**5,805,509,486**	*4,724,893,065*
Expense / Income Recognized in P/L	**485,530,120**	*1,178,527,380*
Expense / Income Recognized in OCI	**(4,730,823)**	*14,654,276*
Actual Benefit Payment	**(172,133,709)**	*(112,565,235)*
Total	**6,114,175,074**	*5,805,509,486*

b. Employee benefits expenses are as follows:

(Expressed in Rupiah)

	2016	*2015*
Current service cost	**241,698,722**	*753,287,004*
Interest cost	**243,831,398**	*425,240,376*
Total	**485,530,120**	*1,178,527,380*

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

16. TAXATION

a. Prepaid taxes

(Expressed in Rupiah)

	2016	2015
Value added tax	**1,340,782,053**	*915,212,076*
Income tax article 22	**4,605,264,154**	*4,361,503,731*
Income tax article 23	**151,173,590**	*136,931,134*
Total	**6,097,219,797**	*5,413,646,941*

b. Taxes payable

(Expressed in Rupiah)

	2016	2015
Income tax article 21	**568,674,042**	*144,972,626*
Income tax article 23	**11,888,337**	*16,857,822*
Income tax article 4(2)	**37,931,650**	*37,824,150*
Total	**618,494,029**	*199,654,598*

c. Provision for income tax

Current tax

The reconciliation between income before provision for income tax, as shown in the statement of profit or loss and other comprehensive income, and estimated fiscal loss as of December 31, 2016 and December 31, 2015 is as follows:

(Expressed in Rupiah)

	2016	2015
Income before provision for income tax per statement of profit or loss and other comprehensive income	**(14,962,181,952)**	*(10,310,506,192)*
Timing difference:		
Employee benefits	**485,530,120**	*1,065,962,145*
Depreciation of property, plant and equipment	**(117,258,613)**	*(139,990,179)*
Permanent differences:		
Allowance for impairment losses of receivables	**960,069,296**	*1,000,0000,000*
Depreciation on assets taxes amnesty	**169,459,686**	–
Tax penalties	–	*5,400,000*
Commission	–	*947,698,400*
Inventory provision	**7,749,039,425**	*522,760,020*
Tax expenses	**261,694,550**	*445,382,861*
Entertainment and donation	**1,485,000**	*257,480,088*
Promotion	**42,631,511**	*88,195,126*
Interest income subject to final tax	**(90,000)**	*(20,433,209)*
Others	**751,179,115**	-
Estimated taxable income (loss) current year	**(4,658,441,862)**	*(6,138,050,940)*
Fiscal loss carried forward	–	*(16,286,370,295)*
Expired fiscal loss	–	*11,607,125,230*
Total fiscal loss	**(4,658,441,862)**	*(10,817,296,005)*

Deferred tax

The 2016 corporate tax calculation is a preliminary estimate made for accounting purposes and is subject to revision when the Company lodges its annual corporate tax return.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Under the taxation laws of Indonesia, the Company submits tax return on the basis of self-assessment. The Directorate General of Taxation (DGT) may assess or amend taxes within 10 years from the date of the tax becomes (based on the taxation law of Indonesia which will be effective since 2008, DGT may assess or amend taxes within five years from the date the tax became due).

The deferred tax assets from timing differences and fiscal losses will only be carried forward as an asset when the benefit is virtually certain of being realized.

Deferred tax is computed based on the effect of the temporary difference between the financial statements carrying amounts of assets and liabilities and their respective tax basis. The detail of deferred tax assets is as follows:

(Expressed in Rupiah)

	Balance Jan 1, 2015	*Addition*	*Deduction*	*Balance Dec 31, 2015*
Depreciation of property, plant and equipment	*(19,448,274)*	*(16,937,925)*	–	*(36,386,199)*
Provision for employment benefits	*1,181,223,266*	*266,490,536*	*3,663,569*	*1,451,377,371*
Total	*1,161,774,992*	*249,552,611*	*3,663,569*	*1,414,991,172*

17. CAPITAL STOCK

Based on Notarial Deed No. 2 dated November 3, 2016 made by Rina Utama Djauhari SH, notary public in Jakarta, approved the change in authorized capital of the Company from converted the Company's debt to Larsen & Tourbo International FZE to 1,897,500 shares of series B with a nominal value of Rp 13,400 per share, and therefore the total shares of the Company become as follows:

Series of Shares	**Number of Shares**	**Amount**
Series A	250,500	502,500,000
Series B	1,897,500	25,426,500,000
Total	**2,147,500**	**25,929,000,000**

The compositions of stockholders as of **December 31, 2016** are as follows:

Stockholders'	**Number of Shares**		**Percentage of Ownership**	**Amount**
	Series A	**Series B**		
Larsen & Toubro International Fze	**247,500**	**1,897,500**	**99.98%**	**25,426,500,000**
Tamco Switchgear (Malaysia) Sdn, Bhd	**2,500**	**–**	**0.02%**	**502,500,000**
Total	**250,000**	**1,897,500**	**100%**	**25,929,000,000**

The compositions of stockholders as of *December 31, 2015* are as follows:

Stockholders'	**Number of Shares**	**Percentage of Ownership**	**Amount**
Larsen & Toubro International Fze	*247,500*	*99%*	*497,475,000*
Tamco Switchgear (Malaysia) Sdn, Bhd	*2,500*	*1%*	*5,025,000*
Total	*250,000*	*100%*	*502,500,000*

18. ADDITIONAL PAID-IN CAPITAL

The Company has declared tax amnesty assets and liability in connection with the Tax Amnesty program in accordance with Law No. 11 Year 2016 through the Assets Declaration for Tax Amnesty Letter (Surat Pernyataan Harta untuk pengampunan Pajak/ Surat Pernyataan harta or SPHPP) dated November 29, 2016 and has obtained Tax Amnesty Approval Letter (Surat Keterangan Pengampunan Pajak/ Surat keterangan or SKPP) No. SR-1562/WPJ.07/2016 dated December 14, 2016. The assets declared for tax amnesty amounted to Rp. 451.892.495 is recognized in the equity as additional paid in capital.

19. SALES

This account consist of :

(Expressed in Rupiah)

	2016	*2015*
Export	**56,534,859,892**	*3,950,572,350*
Local	**37,874,277,070**	*105,596,250,283*
Total	**94,409,136,962**	*109,546,822,633*

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

20. COST OF GOODS SOLD

The details of cost of goods sold are as follows:

(Expressed in Rupiah)

	2016	*2015*
Direct material	**67,696,853,047**	*88,905,855,363*
Direct labour	**13,116,361,337**	*12,188,245,830*
Factory overhead	**4,114,925,630**	*5,975,153,530*
Total	**84,928,140,014**	*107,069,254,723*

21. SELLING EXPENSES

The details of selling expenses are as follows:

(Expressed in Rupiah)

	2016	*2015*
Salaries, wages and allowance	**976,858,718**	*1,916,359,440*
Transportation	**24,818,952**	*67,109,579*
Travelling	**5,068,000**	*53,779,717*
Promotion and advertising	**2,132,200**	*75,735,126*
Others	**357,677,069**	*149,027,874*
Total	**1,366,554,939**	*2,262,011,736*

22. GENERAL AND ADMINISTRATIVE EXPENSES

The details of general and administrative expenses are as follows:

(Expressed in Rupiah)

	2016	*2015*
Salaries, wages and allowance	**1,669,155,468**	*2,286,762,399*
Telephone, electricity and water	**1,742,289,909**	*1,504,284,582*
Employee benefits (note 15)	**485,530,120**	*1,178,527,380*
Depreciation (note 9)	**2,530,932,082**	*1,933,496,967*
Professional fee	**296.694.490**	*146,205,070*
Travelling	**740,582,655**	*129,868,939*
Insurance	**1,378,300,213**	-
Others	**5,917,521,472**	*6,156,009,198*
Total	**14,761,006,410**	*13,335,154,535*

23. NATURE OF RELATIONSHIP AND TRANSACTION WITH RELATED PARTIES

In the normal course of business, the Company entered into transactions with related parties, mainly covering sale transactions, purchases and other financial transactions.

Nature of Relationship

Related parties which are stockholders, directly or indirectly is the same as the majority stockholder of the Company are Larsen & Toubro International Fze, Tamco Switchgear (Malaysia) Sdn. Bhd, Tamco Electrical Industries Australia Pty. Ltd., Australia.

The following are details of accounts receivable/payable with related parties:

Due from related parties

	2016	**%**	*2015*	%
Tamco Switchgear (Malaysia) Sdn, Bhd, Malaysia	**30,347,247,018**	**57,81,**	–	–
Total	**30,347,247,018**		–	

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

Due to related parties

	2016	%	2015	%
Tamco Switchgear (Malaysia) Sdn, Bhd, Malaysia	**120,976,086,916**	**70,20**	*117,695,972,557*	*99,33*
Tamco Electrical Industries Australia Pty., Ltd., Australia	**771,284,178**	**0,53**	*790,002,622*	*0,67*
Larsen & Toubro International India	**24,039,600,000**	**29,27**	-	-
Total	**145,786,971,094**		*118,485,975,179*	

24. GOING CONCERN

The Company's accumulated loss as of December 31, 2016 amounted to Rp 101,555,572,119 raises deficiency in equity, amounted to Rp 75,727,761,109.

In 2015, Company has received and completed large orders from PT Greenland Rajawali Utama of USD 2,2 million and from ABB of USD 0,4 million.

In 2016, Company has received large orders for RAVID projects in Malaysia with total of 5,6 million USD.

PT Tamco Indonesia also has capitalized IDR 25,4 billion of its long term loan from LNT FZE to become shares capital towards the end of the year 2016 and it has improved the total net wort of the Company. Also, internal approvals have been received for converting the current inter company debts and monies owed to Tamco Switchgear Malaysia to equity during the year 2017. This restructuring is aimed to turn the Company net to positive.

The management plans to includes the followings:

1. Medium voltage growth by local manufacturing of 24kV switchgear;
2. Low voltage growth through new modular products bundled with L&T components;
3. Market penetration into the Oil & Gas and Utilities sector, especially penetration through PLN by targeting to finish the type test in 2017;
4. Market development for Busducts and Control & Automation products.

PT Tamco Indonesia also confirm that Parent Entity will continue to provide the necessary financial support to the Company.

25. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company principal financial assets comprise cash on hand and cash in banks, trade receivables and other receivables. The Company also has various financial liabilities such as trade payables, bank loan, due to related parties, accrued expenses, other current liabilities and other payables.

In 2016, the Company policy is that no hedging in financial instruments shall be liquidity. The main risks arising from the Company financial instruments are foreign currency risk, credit risk and liquidity risk. The Board of Directors reviews and agrees policies for managing each of these risks, which are described in more details as follows:

Foreign currency risk

The Company reporting currency is the Rupiah. The Company faces foreign exchange risk as its sales and purchases are either denominated in foreign currency (mainly the US Dollars) or whose price is significantly influenced by their benchmark price movements in foreign currencies. Currently, the Company does not have a formal hedging policy for foreign currency exposures. However, the Company main products prices would fluctuate in prices depending on the prices traded in international markets denominated in US Dollars. Such correlation in price fluctuations naturally minimizes the Company foreign currency exposures.

Credit Risk

The Company has credit risk arising from the credits granted to the customers, but it has policies in place to ensure that whole sales of products are made only to credit worthy customers with proven track records or good credit history. It is the Company's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For export sales, the Company requires cash against the presentation of documents of title. The Company has policies that limit the amount of credit exposure to any particular customer. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts.

When a customer fails to make payment within the granted credit terms, the Company will contact the customer to act on overdue receivable. If the customer does not settle the overdue receivable with a reasonable time, the Company will proceed with the legal actions. Depending on the Company's assessment, specific, provisions may be made if the debt is deemed uncollectible. To mitigate its credit risk, the Company will cease the supply of all products to customers in the event of late payment and/or default.

At the financial reporting date, the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognized on the statement of financial position.

The Company has no concentration of credit risk.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and cash equivalents, and the availability of funding through an adequate amount of committed credit facilities.

NOTES TO FINANCIAL STATEMENT AS OF AND FOR THE YEAR ENDED DECEMBER 2016 (Contd.)

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities.

26. FINANCIAL INSTRUMENTS

(Expressed in Rupiah)

December 31, 2016	Carrying value	Fair value
Financial assets		
Cash on hand and cash in banks	**1,947,183,308**	**1,947,183,308**
Trade receivables	**53,419,462,819**	**53,419,462,819**
Other receivables	**653,563,097**	**653,563,097**
Total	**56,020,209,224**	**56,020,209,224**
Financial liabilities		
Bank loan	**38,070,854,910**	**38,070,854,910**
Trade payables	**11,082,347,451**	**11,082,347,451**
Due to related parties	**145,786,971,094**	**145,786,971,094**
Accrued expenses	**2,867,273,405**	**2,867,273,405**
Other current liabilities	**2,487,390,423**	**2,487,390,423**
Total	**200,294,837,283**	**200,294,837,283**

December 31, 2015	*Carrying value*	*Fair value*
Financial assets		
Cash on hand and cash in banks	*4,196,274,017*	*4,196,274,017*
Trade receivables	*45,920,062,105*	*45,920,062,105*
Other receivables	*1,680,745,961*	*1,680,745,961*
Total	*51,797,082,083*	*51,797,082,083*
Financial liabilities		
Bank loan	*25,480,530,340*	*25,480,530,340*
Trade payables	*26,342,080,124*	*26,342,080,124*
Due to related parties	*118,485,975,179*	*118,485,975,179*
Accrued expenses	*1,293,551,773*	*1,293,551,773*
Other current liabilities	*2,318,117,874*	*2,318,117,874*
Other payables	*25,426,500,000*	*25,426,500,000*
Total	*199,346,755,290*	*199,346,755,290*

The following methods and assumptions are used to estimate the fair value for each class of financial instruments that are practical to estimate that value:

1. Cash on hand and cash in banks, trade receivables and other receivables

   The above financial assets are short term financial assets that will expire within twelve (12) months so that the carrying amount of the financial assets have reflected the fair value of the financial assets.

2. Bank Loan, trade payables, due to related parties, accrued expenses, other current liabilities and other payables.

   The above financial liabilities are short term financial liabilities that will expire within twelve (12) months so that the carrying amount of the financial liabilities have reflected the fair value of the financial liabilities.

27. COMPLETION OF THE FINANCIAL STATEMENTS

The management of the Company is responsible for the preparation of the financial statements, which are completed and authorized for issue on March 30, 2017.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Sixth Annual Report and Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS & PERFORMANCE OF THE COMPANY

During the year under review, the Company did not carry out any business activities. The net balance in the Statement of Income & Expenditure during pre-operational period represents pre-operative expenses incurred by the Company, charged off as per the policy of the Company.

2. STATE OF COMPANY AFFAIRS

There were no operations in the company during the year under review.

3. INTIMATION FROM AIRBUS DEFENCE AND SPACE GmbH

The Company received an intimation from its shareholder, Airbus Defence and Space GmbH that it intends to transfer its shareholding to the existing majority shareholder, Larsen & Toubro Limited. Airbus Defence and Space GmbH (earlier known as EADS Deutschland GmbH) has also intimated that it has divested its defence electronics business (radars, optronics, military avionics and electronic warfare) to a third party.

4. DIVIDEND

There were no operations of the Company during the year under review. The Directors do not recommend any dividend during the current year.

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

The present Directors of the Company are Mr. Jayant D. Patil, Mr. W.P Parthasarathy, Mr. Francois Lombard, Mr. Mukesh Bhargava and Mr. S.V.S. Chary.

Mr. Francois Lombard and Mr. W.P Parthasarathy were appointed as Directors in casual vacancy caused by the resignation of Dr. Peter Gutsmiedl and Mr. Satish Gune respectively and they hold office till the date of this Annual General Meeting. Resolutions for their appointment as Directors of the Company are a part of the Notice sent to the shareholders of the Company.

Mr. K. Sreekumar is the Manager (designated as Chief Executive) of the Company. On expiry on his term he was re-appointed for a period of 1 year on 10th May, 2017.

6. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, five meetings were held on May 2, 2016, May 16, 2016, August 30, 2016, December 9, 2016 and March 22, 2017 respectively and the Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

7. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

8. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the income or expenditure of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. AUDITORS

The Auditors, M/s Sharp & Tannan hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, M/s Sharp & Tannan are eligible to be re-appointed. Certificate from the M/s Sharp & Tannan has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing Annual General Meeting till the conclusion of the next Annual General Meeting of the Company.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There were no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report.

11. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure 'A' to this Report.

12. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

13. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The company does not have any employees.

14. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Shareholders, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board
L&T Cassidian Limited

Place : Mumbai	**SVS CHARY**	**W P PARTHASARATHY**
Date : May 24, 2017	*Director*	*Director*
	DIN: 01670633	*DIN: 07281722*

ANNEXURE A

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN : U29253MH2011PLC216258
ii) Registration Date : 15/04/2011
iii) Name of the Company : L&T Cassidian Limited
iv) Category : Public Company
v) Sub-Category of the Company : Company having share capital
vi) Address of the Registered office : L&T House, Ballard Estate, Mumbai
vii) Contact details : Telephone - 022-67525656,
Fax Number - 022-67525893
Email Address: Subhodh.shetty@larsentoubro.com
vii) Whether listed company : NO
viii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

The company has not commenced commercial operations.

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. NO.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	LARSEN AND TOUBRO LIMITED	L99999MH1946PLC004768	HOLDING	74	2(46)
			N.A		N.A

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian a) Individual/HUF b) Central Govt c) State Govt (s) d) Bodies Corp. e) Banks / FI f) Any Other….		37000	37000	74		37000	37000	74	NIL
Sub-total (A) (1):-		**37000**	**37000**	**74**		**37000**	**37000**	**74**	**NIL**
(2) Foreign a) NRIs - Individuals b) Other - Individuals c) Bodies Corp. d) Banks / FI e) Any Other….		13000	13000	26		13000	13000	26	NIL
Sub-total (A) (2):-		**13000**	**13000**	**26**		**13000**	**13000**	**26**	**NIL**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)		**50000**	**50000**	**100**		**50000**	**50000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Sub-total (B)(1):-		NIL	NIL	NIL		NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Sub-total (B)(2):-		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+(B)(2)		NIL	NIL	NIL		NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs		NIL	NIL	NIL		NIL	NIL	NIL	NIL
Grand Total (A+B+C)		**50000**	**50000**	**100**		**50000**	**50000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	LARSEN & TOUBRO LIMITED	37000	74	NIL	37000	74	NIL	NIL
2	AIRBUS DEFENCE AND SPACE GmbH	13000	26	NIL	13000	26	NIL	NIL
	Total	**50000**	**100**	**NIL**	**50000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)				
Change in Indebtedness during the financial year • Addition • Reduction	NIL	NIL	NIL	NIL
Net Change				
Indebtedness at the end of the financial year i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		------	------	------	------	
		Mr. K. Sreekumar - Manager				
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	NIL	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify…	NIL	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (A)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Ceiling as per the Act					

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2.	Other Non-Executive Directors 1. Jayant Damodar Patil 2. W.P Parthasarathy 3. Mukesh Bhargava 4. SVS Chary 5. Mr. Francois Lombard • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**NIL**	**NIL**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CASSIDIAN LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Cassidian Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017 and the Statement of Income and Expenditure (including other comprehensive income), during the pre-operational period and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position) and statement of income and expenditure (financial performance including other comprehensive income) of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidences we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its excess expenditure over income during the pre-operational period (financial performance including other comprehensive income) and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1 As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the central government of India in terms of Section 143 (11) of the Act, we give in the **Annexure 'A'** a statement on the matters specified in paragraphs 3 and 4 of the Order to the extent applicable.

2 As required by Section 143 (3) of the Act, we report that:

(a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

(b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

(c) the Balance Sheet and the Statement of Income and Expenditure during the pre-operational period and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards specified under Section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014;

(e) on the basis of the written representation received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors are disqualified as on 31st March, 2017 from being appointed as a directors in terms of Section 164(2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in **Annexure 'B'**. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting;

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations on its financial position in its Ind AS financial statements;

ii. the Company did not have any long term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts required to be transferred to Investor Education and Protection Fund by the Company; and

iv. the Company did not have any cash balance during the period 8th November, 2016 to 30th December, 2016, hence the requisite disclosures in its Ind AS financial statements as regards the holdings as well as dealings in the Specified Bank Notes has not been given by the Company.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : *May 24, 2017*

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph 1 of our report of even date)

1 According to the information and explanations given to us, the Company has no fixed assets and accordingly the requirements of Paragraph 3(i)(a) to (c) of the Order are not applicable.

2 According to the information and explanations given to us, the company has no inventories and accordingly the requirements of the Paragraph 3(ii) of the Order are not applicable.

3 According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the requirements of Paragraph 3(iii)(a) to (c) are not applicable to the Company.

4 According to the information and explanations given to us, the provisions of Section 185 and 186 of the Act in respect of loans, investments, guarantees and securities are not applicable to the Company.

5 According to the information and explanations given to us, the Company has not accepted any deposits from the public and the reporting on compliance with the directives issued by Reserve Bank of India and the provisions of Section 73 to 76 any other relevant provisions of the Companies Act, 2013 are not applicable to the Company.

6 According to the information and explanations given to us, the Company is not required to maintain Cost Records under Section 148(1) of the Act and accordingly the requirements of the Paragraph 3(vi) of the Order are not applicable to the Company.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities.

(b) According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31st March, 2017 for a period of more than six months from the date they became payable. According to the information and explanations given to us and the records of the Company examined by us, there are no amounts of the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31st March, 2017 which are under dispute.

8 According to the information and explanations given to us, the Company has not taken any loans or borrowings from financial institutions, banks, government or raised any funds by way of issue of debentures. Accordingly, the requirements of Paragraph 3(viii) of the Order are not applicable.

9 According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the requirements of Paragraph 3(ix) of the Order are not applicable.

10 To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

11 According to the information and explanations given to us, Paragraph 3 (xi) of the Order concerning managerial remuneration with the requirements of Section 197 read with Schedule V are not applicable to the Company.

12 According to the information and explanations given to us, The Company is not a Nidhi Company. Accordingly, the requirements of Paragraph 3 (xii) of the Order are not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with Sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14 According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the requirements of Paragraph 3 (xii) of the Order are not applicable.

15 In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him of the Company. Accordingly, compliance with the provisions of Section 192 of the Act are not applicable.

16 According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : *May 24, 2017*

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION (3) OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls over financial reporting of L&T Cassidian Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company during the pre-operational period for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (the 'ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting during the pre-operational period.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that the receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, Company has, in all material respect, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : *May 24, 2017*

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31-3-2017 ₹	As at 31-3-2016 ₹	As at 01-04-2015 ₹
ASSETS				
Current Assets				
Financial Assets				
Cash and cash equivalents	A	**342,695**	*381,499*	*410,146*
Total Current Assets		**342,695**	*381,499*	*410,146*
Total Assets		**342,695**	*381,499*	*410,146*
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital	B	**500,000**	*500,000*	*500,000*
Other equity	C	**(167,592)**	*(135,496)*	*(107,003)*
Total Equity		**332,408**	*364,504*	*392,997*
Liabilities				
Current liabilities				
Financial liabilities	D			
Trade payables		**3,287**	*11,995*	*12,149*
Other financial liabilities		**7,000**	*5,000*	*5,000*
Total Current liabilities		**10,287**	*16,995*	*17,149*
Total Liabilities		**10,287**	*16,995*	*17,149*
Total Equity and Liabilities		**342,695**	*381,499*	*410,146*
SIGNIFICANT ACCOUNTING POLICIES	G			
NOTES FORMING PART OF ACCOUNTS	H			

The accompanying notes form an integral part of the Balance Sheet

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

PRASHANT B. MAHESHWARY
Chief Financial Officer

K. SREEKUMAR
Chief Executive & Manager

S. V. S. CHARY
Director
DIN: 01670633

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 24, 2017

Place : Mumbai
Date : May 24, 2017

STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2017

Particulars	**Note No.**	**2016-17** ₹	*2015-16* ₹
INCOME			
Other income		**–**	*–*
EXPENDITURE			
Pre-operative expenses	**E**	**27,096**	*23,493*
Sales, administration and other expenses	**F**	**5,000**	*5,000*
Total Expenditure		**32,096**	*28,493*
Excess of Expenditure over Income during the pre-operational period before tax expense		**(32,096)**	*(28,493)*
Tax expense		**–**	*–*
Excess of Expenditure over Income during the pre-operational period after tax		**(32,096)**	*(28,493)*
Basic and diluted earnings per equity share ₹	**H(viii)**	**(0.64)**	*(0.57)*
Face value per equity share ₹		**10.00**	*10.00*

SIGNIFICANT ACCOUNTING POLICIES	**G**
NOTES FORMING PART OF ACCOUNTS	**H**

The accompanying notes form an integral part of Statement of Income and Expenditure

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 24, 2017

For and on behalf of the Board

PRASHANT B. MAHESHWARY	**K. SREEKUMAR**	**S. V. S. CHARY**	**W P PARTHASARATHY**
Chief Financial Officer	*Chief Executive & Manager*	*Director*	*Director*
		DIN: 01670633	*DIN: 07281722*

Place : Mumbai
Date : May 24, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Share Capital	Other Equity Retained Earnings	Total
	₹	₹	₹
Balance as at 1 April 2015 (A)	500,000	(107,003)	392,997
Excess of Expenditure over Income during the pre-operational period after tax (B)		(28,493)	(28,493)
Other comprehensive income/ (expenditure) for the year net of tax (C)		–	–
Total Comprehensive income /(expenditure) for the year (D= B+C)		(28,493)	(28,493)
Balance as at 31 March 2016 (E=A+D)	500,000	(135,496)	364,504

Particulars	Share Capital	Other Equity Retained Earnings	Total
	₹	₹	₹
Excess of Expenditure over Income during the pre-operational period after tax (F)		(32,096)	(32,096)
Other comprehensive income/ (expenditure) for the year net of tax (G)		–	–
Total Comprehensive income /(expenditure) for the year (H=F+G)		(32,096)	(32,096)
Balance as at 31 March 2017 (I= E+H)	500,000	(167,592)	332,408

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 24, 2017

For and on behalf of the Board

PRASHANT B. MAHESHWARY
Chief Financial Officer

K. SREEKUMAR
Chief Executive & Manager

S. V. S. CHARY
Director
DIN: 01670633

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 24, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	*2015-16 ₹*
A	**Cash flow from pre-operating activities:**		
	Excess of Expenditure over Income during the pre-operational period before tax	(32,096)	*(28,493)*
	Adjustments	–	–
	Pre-operative excess of expenditure over income before working capital changes	(32,096)	*(28,493)*
	Working Capital Adjustments		
	Increase / (Decrease) in other current liabilities & provisions	(6,708)	*(154)*
	Cash used in pre-operational period	(38,804)	*(28,647)*
	Direct taxes refund / (paid)- net	–	–
	Net Cash (used in)/ from pre-operating activities	(38,804)	*(28,647)*
B	**Cash flow from Investing Activities**	–	–
C	**Cash flow from Financing Activities**	–	–
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	(38,804)	*(28,647)*
	Cash and cash equivalents at beginning of the period	381,499	*410,146*
	Cash and cash equivalents at end of the year	342,695	*381,499*

Note:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.
2. Cash and cash equivalents at the end of the year represent bank balance.
3. Previous year figures have been regrouped wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 24, 2017

For and on behalf of the Board

PRASHANT B. MAHESHWARY	K. SREEKUMAR	S. V. S. CHARY	W P PARTHASARATHY
Chief Financial Officer	*Chief Executive & Manager*	*Director*	*Director*
		DIN: 01670633	*DIN: 07281722*

Place : Mumbai
Date : May 24, 2017

NOTES FORMING PART OF ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES

A. Cash and cash equivalents represent current account balance with a bank as at March 31, 2017, as at March 31, 2016 and as at April, 1 2015. This current account balance is held with a bank in India.

B. Share capital

i. Share capital - Authorised, Issued, Subscribed and fully paid up

Particulars	**As at 31-03-2017** ₹	*As at 31-03-2016* ₹	*As at 01-04-2015* ₹
Authorised:			
50,000 equity shares of ₹ 10 each	**500,000**	*500,000*	*500,000*
Issued:			
50,000 equity shares of ₹ 10 each	**500,000**	*500,000*	*500,000*
Subscribed and fully paid up:			
50,000 equity shares of ₹ 10 each	**500,000**	*500,000*	*500,000*

ii. Reconciliation of number of shares

There has been no change in the share capital of the Company during the year.

iii. Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company after distribution of preferential amounts, in proportion of their shareholding.

iv. Shareholders holding more than 5% of equity shares

	As at 31-03-2017		*As at 31-03-2016*		*As at 01-04-2015*	
Name of the shareholder	**No of Shares**	**Shareholding %**	*No of Shares*	*Shareholding %*	*No of Shares*	*Shareholding %*
Larsen & Toubro Limited	**37,000**	**74%**	*37,000*	*74%*	*37,000*	*74%*
Airbus Defence & Space GmbH (earlier known as EADS Deutschland GmbH)	**13,000**	**26%**	*13,000*	*26%*	*13,000*	*26%*

v. The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2017 is Nil. (previous period of five years ended March 31, 2016: Nil)

vi. The aggregate number of equity shares issued pursuant to contract, without payment being received in cash, in immediately preceding five years ended March 31, 2017 is Nil. (previous period of five years ended March 31, 2016: Nil)

vii. All the shares were issued by the Company for cash consideration.

C. Other Equity – Retained Earnings

Particulars	**As at 31-03-2017** ₹	*As at 31-03-2016* ₹
Excess of expenditure over income during pre-operational period		
Opening Balance	**(135,496)**	*(107,003)*
Excess of expenditure over income during the pre-operational period	**(32,096)**	*(28,493)*
Balance at the end of the pre-operational period	**(167,592)**	*(135,496)*

NOTES FORMING PART OF ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

D. Current Liabilities – Financial liabilities

Particulars	**As at 31-03-2017** ₹	*As at 31-03-2016* ₹	*As at 01-04-2015* ₹
Total outstanding dues of micro enterprises and small enterprises	**–**	–	–
Total outstanding dues of creditors other than micro enterprises and small enterprises			
Due to Larsen & Toubro Limited	**3,287**	*11,995*	*12,149*
Due to others	**7,000**	*5,000*	*5,000*
Total	**10,287**	*16,995*	*17,149*

E. Pre-operative expenses

Particulars	**2016-17** ₹	*2015-16* ₹
Rates and taxes	**6,353**	*6,143*
Professional fees	**9,700**	*16,000*
Bank charges	**850**	*850*
Miscellaneous expenses	**10,193**	*500*
Total	**27,096**	*23,493*

F. Sales, administration and other expenses

Particulars	**2016-17** ₹	*2015-16* ₹
Audit fees	**5,000**	*5,000*

G. Significant accounting policies

(i) Statement of Compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Company Affairs in respect of Section 133 read with Section 469 of the Companies Act, 2013. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is 1 April 2015.

(ii) Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 ('Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(iii) Presentation of financial statements

The Balance Sheet and the Statement of Income and Expenditure are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act") and Ind AS. The Cash Flow Statement has been prepared and presented as per the requirements of Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Income and Expenditure, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind AS.

(iv) Use of estimates

The preparation of financial statements requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to the contingent liabilities as of the date of the financial statements. Any revisions to accounting estimates are recognised prospectively

NOTES FORMING PART OF ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

in the current and future periods. Wherever changes in presentation are made, comparative figures of the previous year are regrouped accordingly.

(v) Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a) the Company has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

b) a present obligation arising from past events, when no reliable estimate is possible; and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

H. Notes forming part of accounts

(i) The Company would operate in the business segments of radars, avionics, electronic warfare and mobile systems.

(ii) The Company has not yet commenced commercial operations. It is awaiting fulfillment of conditions of the shareholders' agreement prior to commencement of operations.

(iii) The Company received an intimation from its shareholder, Airbus Defence and Space GmbH that it intends to transfer its shareholding to the existing majority shareholder, Larsen & Toubro Limited. Airbus Defence and Space GmbH (earlier known as EADS Deutschland GmbH) has also intimated that it has divested its defence electronics business (radars, optronics, military avionics and electronic warfare) to a third party.

(iv) Preliminary and pre-operative expenses incurred prior to commencement of commercial business operations has been charged to the "Statement of Income & Expenditure during Pre-operational Period".

(v) The functional currency of the Company is Indian Rupee.

(vi) There are no amounts due to Micro and Small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006.

(vii) There are no Contingent Liabilities as at March 31, 2017. (Previous year: Nil)

(viii) Basic and Diluted Earnings per share (EPS):

Particulars	**2016-17** ₹	*2015-16* ₹
Excess of expenditure over income as per Statement of Income and Expenditure during pre-operational period	**(32,096)**	*(28,493)*
Weighted Average number of shares outstanding	**50,000**	*50,000*
Basic and Diluted Earnings per equity share	**(0.64)**	*(0.57)*
Face value per equity share	**10.00**	*10.00*

(ix) Auditor's remuneration (excluding taxes) and expenses charged to the accounts

Particulars	**2016-17** ₹	*2015-16* ₹
Audit fees	**5,000**	*5,000*
Certification fees	**7,750**	*5,750*
Reimbursements	**4,900**	–

(x) The Company has not recognized deferred tax asset of ₹ 9,629 (Previous year: ₹ 8,548) in respect of deduction of preliminary and pre-operative expenses, on grounds of prudence.

NOTES FORMING PART OF ACCOUNTS AND SIGNIFICANT ACCOUNTING POLICIES (CONTD.)

(xi) Related party disclosures:

i. List of related parties which exercise control:

Larsen & Toubro Limited

Airbus Defence & Space GmbH (earlier known as EADS Deutschland GmbH)

ii. Names of related parties with whom transactions were carried out during the year and description of relationship:

Larsen & Toubro Limited – Holding company

iii. Disclosure of related party transactions

	2016-17 ₹	*2015-16* ₹
Reimbursement of expenses to Larsen & Toubro Limited –Holding Company	**6,163**	*15,213*
Amount due to Larsen & Toubro Limited – Holding Company as at year end	**3,287**	*11,995*
Commitments to / from related parties	**–**	*–*

(xii) Estimated amount of contracts remaining to be executed on capital account (net of advances) : Nil (Previous year Nil)

(xiii) The current assets and current liabilities of the Company are due to be recovered / settled within one year. The Company has not entered into any derivative transactions during the year ending March 31, 2017 and the year ending March 31, 2016. The Company does not have any assets and liabilities which are denominated in a currency other than its functional currency.

(xiv) There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

(xv) There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

(xvi) The Company did not hold any balances in cash during the year. Hence the disclosure in respect of Specified Bank Notes as per MCA Notification G.S.R. 308(E) dated March 30, 2017 are not applicable to the Company.

(xvii) Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 24, 2017

For and on behalf of the Board

PRASHANT B. MAHESHWARY
Chief Financial Officer

K. SREEKUMAR
Chief Executive & Manager

S. V. S. CHARY
Director
DIN: 01670633

W P PARTHASARATHY
Director
DIN: 07281722

Place : Mumbai
Date : May 24, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ in crore	*₹ in crore*
Profit/ (Loss) before depreciation, exceptional and extra ordinary items & tax	**(0.33)**	*(1.12)*
Less: Depreciation ,amortization and obsolescence	**–**	*–*
Profit/ (Loss) before tax	**(0.33)**	*(1.12)*
Less: Provision for tax	**–**	*–*
Profit/(Loss) after tax for the year carried to the balance sheet	**(0.33)**	*(1.12)*
Add: Balance brought forward from previous year	**(2.18)**	*(1.06)*
Balance carried to Balance Sheet	**(2.51)**	*(2.18)*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The company has not commenced its operations yet. The income earned from investing excess funds are the only income items to the company. The total other income received by the company during the financial year is ₹0.25 crore as against ₹0.54 crore in the previous financial year. The company has made a loss to the extent of ₹0.33 Cr during the financial year as against a loss of ₹1.11 crore in the previous financial year.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 1.85 crore and the net fixed and intangible assets, including leased assets, at ₹ 1.5 crore. Capital Expenditure during the year amounted to ₹ 356.99 crore including ₹ 355.66 crore which is still under development.

DEPOSITS

The Company has not accepted deposits from the public, hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note 5 to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act, which are at arm's length and in ordinary course of business. The Company will adhere to the RPT Policy of the Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 of the Act is given in this Report as Annexure I.

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign currency expenses are as given below.

Nature of Expenses	Foreign Currency Expenditure		Gain/Loss In INR
	Amount in INR	Amount in Euro	
Toll software license & ETC License	1,259,554.75	17,157.20	7,078.75
Supply of Toll software and AVC	1,280,389.25	17,441.00	7,196.25
Total	**2,539,944.00**	**34,598.20**	**14,275.00**

There were no foreign exchange income.

RISK MANAGEMENT POLICY

The Audit Committee of the Company in its Meeting on 09th July 2015 has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Mr. T.S.Venkatesan, Director, who retired by rotation at the Annual General Meeting of the Company held on September 28, 2016 was re-appointed as Director of the Company.

Mr. Karthikeyan T.V resigned as Director of the Company on July 12, 2016.

Mr. R.G.Ramachandran was appointed as an Additional Director of the Company on July 12, 2016 holds office upto the conclusion of the forthcoming Annual General Meeting.

The Board of Directors of the Company as on March 31, 2017 is as follows:

Sr. No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. R.G.Ramachandran	Director	02671982
3	Dr. Esther Malini	Woman Director	07124748
4	Dr. A.Veeraragavan	Independent Director	07138615
5	Dr. Koshy Varghese	Independent Director	03141594

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr.No.	Name	Designation	Date of Appointment
1	Mr. Indranil Dev Roy	Manager	11/07/2014
2	Mr. Mathew George	Chief Financial Officer	23/02/2015
3	Mr. Karthikeyan T.V	Company Secretary	11/01/2017

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement.

During the year five Board Meetings were held. The details of the Board meetings are given below:

Date	Board Strength	No. of Directors Present
April 26, 2016	5	4
July 12, 2016	6	5
October 20, 2016	5	5
January 11, 2017	5	5
March 20, 2017	5	5

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr.T.S.Venkatesan.

During the year, five audit committee meetings were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 26, 2016	3	2
July 12, 2016	3	2
October 20, 2016	3	3
January 11, 2017	3	3
March 20, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Compliance Officer for ABC and EHS policy of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan.

During the year, two nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
July 12, 2016	3	2
January 11, 2017	3	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT - 9 is enclosed to this Report as **Annexure II**.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms, pursuant to Section 134(3)(c) of the Act that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on December 07, 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions of Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received by the Company during the year 2016-17.

AUDIT AND AUDITOR'S REPORT

Statutory Auditors

The Company in the Fourth Annual General Meeting held on 24th September 2015 for the F-Y 2015-16 had appointed M/s. M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the sixth consecutive Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no Emphasis on matter. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

Secretarial Auditors

M/s. B.Chitra & Co (COP No: 2928), a firm of Company Secretaries in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached as Annexure III to this Report.

It contains the following qualification, reservation or adverse remark:

As per Section 203 of the Companies Act 2013 the company has to appoint a Whole-time Company Secretary. The Company has made the appointment of a Company Secretary on 11.01.2017.

Management Response:

The Company was in search of a suitable candidate to be appointed as a whole time Company Secretary as per the provisions of Section 203 of the Act 2013. Subsequently, Mr. Karthikeyan T.V was appointed as Company Secretary of the Company with effect from 11/01/2017.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, NHAI and all other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

T.S.VENKATESAN	**ESTHER MALINI**
Director	*Director*
DIN: 01443165	*DIN: 07124748*

Place: Chennai
Date: April 27, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Business Support Services ("BSS") provided by L&T IDPL	One year	Operational assistance for project execution, infrastructure support services, accounting and processing of transactions, travel management, employee training and development, dispatch management etc.	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Assistance in employee payouts provided by L&T Limited	For a continuous period unless terminated or the Company ceases to be a part of L&T IDPL Group	Assistance in pay roll processing, reimbursement of employee benefit claims, Employee Travel Expense Management, payment voucher etc.	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Engineering, Procurement and Construction works carried out by L&T Limited	For a continuous period till the Completion of Work unless terminated	Design, execution and completion of construction work and remedying defects	Nil

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 27, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2011PLC083661
Registration Date	20/12/2011
Name of the Company	L&T Deccan Tollways Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Ph: 022 4914 2591

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 12, 2016 and the services transfer from Sharepro Services Limited are under process.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of The Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	22624992	129875006*	152499998	99.99	22624992	183375006*	205999998	99.99	35
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**22624992**	**129875006***	**152499998**	**99.99**	**22624992**	**183375006***	**205999998**	**99.99**	**35**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**22624992**	**129875006***	**152499998**	**99.99**	**22624992**	**183375006***	**205999998**	**99.99**	**35**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**22624994**	**129875006***	**152500000**	**100**	**22624994**	**183375006***	**206000000**	**100**	**35**

*including Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (including nominees)	152499998	99.99%	Nil	205999998	99.99%	Nil	35%
	Total	**152499998**	**99.99%**	**Nil**	**205999998**	**99.99%**	**Nil**	**35%**

(iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	As on April 01, 2016	152499998	99.99	152499998	99.99
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease:	07.06.2016 2,35,00,000 Increase(allotment)	99.99	175999998	99.99
		03.11.2016 80,00,000- Increase(allotment)	99.99	183999998	99.99
		14.01.2017 1,00,00,000 Increase(allotment)	99.99	193999998	99.99
		23.03.2017 1,20,00,000 Increase(allotment)	99.99	205999998	99.99
	As on March 31, 2017	206000000	99.99	206000000	99.99

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	0.01	2	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	As on March 31, 2017	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	3	0.001	3	0.001
	Date wise Increase / Decrease in Share holding during the year : Decrease due to resignation of Mr. Karthikeyan T.V as Director of the Company	1 (decrease)	0.00	1	0.00
	As on March 31, 2017	2	0.001	2	0.001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Particulars of indebtedness as on April 01, 2016				
i) Principal Amount	5,78,38,19,700	–	–	5,78,38,19,700
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**5,78,38,19,700**	**–**	**–**	**5,78,38,19,700**
Change in Indebtedness during the financial year				–
· Addition	2,75,21,26,057	–	–	2,75,21,26,057
· Reduction				–
Net Change	**2,75,21,26,057**	**–**	**–**	**2,75,21,26,057**
Particulars of indebtedness as on March 31, 2017				
i) Principal Amount	8,53,59,45,757	–	–	8,53,59,45,757
ii) Interest due but not paid				–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**8,53,59,45,757**	**–**	**–**	**8,53,59,45,757**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr. Indranil Dev Roy	
1.	Gross salary	₹ 31,64,390/-	₹ 31,64,390/-
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit		
	– others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**₹ 31,64,390/-**	**₹ 31,64,390/-**
	Ceiling as per the Act	**₹ 1,28,02,065/-**	**₹ 1,28,02,065/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Dr. A.Veeraragavan	Dr. Koshy Varghese	
	Fee for attending Board Meeting	₹ 1,25,000/-	₹ 1,00,000/-	₹ 2,25,000/-
	Fee for attending committee meetings	₹ 80,000/-	₹ 60,000/-	₹ 1,40,000/-
	Commission	–	–	–
	Others, please specify	–	–	
	Total (1)	**₹ 2,05,000/-**	**₹ 1,60,000/-**	**₹ 3,65,000/-**
2	Other Non-Executive Directors Mr. R.G.Ramachandran Mr. T.S.Venkatesan Dr. Esther Malini No Fee for attending board / committee Meetings and no Commission	Nil	Nil	**Nil**
	Total (2)			
	Total (B)=(1+2)	**₹ 2,05,000/-**	**₹ 1,60,000/-**	**₹ 3,65,000/-**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. Mathew George, CFO and Mr. Karthikeyan T.V, Company Secretary of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 27, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L&T Deccan Tollways Limited
Mount Poonamalle Road, Manapakkam,
Chennai - 600089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Deccan Tollways Limited (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) *The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) *Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) * The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- (f) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws applicable specifically to the company: Nil

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc.,

In respect of financial laws like Tax laws, etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) *Listing Obligations and Disclosure Regulations of Securities Exchange Board of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. **As per Section 203 of the Companies Act 2013 the company has to appoint a Whole-time Company Secretary. The Company has made the appointment of a Company Secretary on 11.01.2017.**

Note:

*** Denotes “NOT APPLICABLE”.**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had the following major transactions/ events:

1. The Company has made 4 times the allotments in respect of Equity Shares on Rights basis paripassu with existing equity shares during the year to the Holding Company L&T Infrastructure Development Projects Limited Totalling to ₹ 53.50 Crores at PAR.
2. The Company has altered the Articles of Association by Annexing a Part-A comprising of Clauses 1 to 13 with the approval of members of the Company by a special Resolution. The alteration has been made pursuant to investment agreement entered into by the holding Company, L&T Infrastructure Development Projects Limited with CPP Investment Board Singaporean Holdings 1 PTE Ltd based on which a perpetual deed was entered into between the shareholders of the Company and CPP Investment Board Singaporean Holdings 1 PTE Ltd, which required the said alteration. The alteration seeks in substance to define the modus operandi of appointment of Directors on the Board of the Company.

This report has to be read along with our statement furnished in Annexure A

Place : Chennai
Date : 26.04.2017

For **Chitra &Co**

B. CHITRA
FCS No.:4509
C P No.:2928

Annexure 'A'

To,
The Members,
L&T Deccan Tollways Limited
Mount Poonamalle Road, Manapakkam,
Chennai - 600089

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2017

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : 26.04.2017

For **Chitra &Co**

B. CHITRA
FCS No.:4509
C P No.:2928

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T DECCAN TOLLWAYS LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Deccan Tollways Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (14) to the Ind AS financial statements.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The Company does not have any immovable properties and hence clause 3 (i)(c) of the Companies (Auditor's Report) Order 2016 is not applicable.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

9. The moneys raised by way of term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Deccan Tollways Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	31.03.2017 ₹	31.03.2016 ₹	01.04.2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**15,007,031**	*3,610,638*	*4,290,718*
b) Intangible assets under development	2	**10,825,681,197**	*7,269,066,471*	*2,518,328,843*
c) Financial Assets				
i) Loans	3	**8,149,742**	*415,396,457*	*1,170,000,000*
d) Other non-current assets	4	**6,743,660**	*8,805,277*	*5,218,357*
	A	**10,855,581,630**	*7,696,878,843*	*3,697,837,918*
Current assets				
a) Financial Assets				
i) Investments	5	**22,500,162**	*70,676,209*	*6,043,975*
ii) Cash and bank balances	6	**125,871,491**	*123,736,351*	*256,376,858*
iii) Loans	3	**3,373,980**	*255,300*	*255,300*
b) Other current assets	4	**22,859,779**	*129,516,783*	*11,394,492*
	B	**174,605,412**	*324,184,643*	*274,070,625*
TOTAL	A+B	**11,030,187,042**	*8,021,063,486*	*3,971,908,543*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	**2,060,000,000**	*1,525,000,000*	*685,000,000*
b) Other Equity	8	**103,236,632**	*(21,841,314)*	*(10,697,110)*
	C	**2,163,236,632**	*1,503,158,686*	*674,302,890*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	**8,508,313,139**	*5,772,439,706*	*2,323,383,174*
b) Provisions	10	**7,086,121**	*6,483,853*	*1,676,996*
	D	**8,515,399,260**	*5,778,923,559*	*2,325,060,170*
Current liabilities				
a) Other current liabilities	11	**351,060,384**	*738,626,913*	*972,545,483*
b) Provisions	10	**490,766**	*354,328*	-
	E	**351,551,150**	*738,981,241*	*972,545,483*
Total Equity and Liabilities	C+D+E	**11,030,187,042**	*8,021,063,486*	*3,971,908,543*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Construction contract revenue			**2,921,580,538**		*4,353,935,895*
Other income	**12**		**2,596,426**		*5,492,546*
Total Revenue			**2,924,176,964**		*4,359,428,441*
EXPENSES					
Construction contract expenses			**2,921,580,538**		*4,353,935,895*
Employee benefit expenses	**13**		**1,526,920**		*1,499,316*
Finance costs	**14**		**3,295,048**		*6,280,238*
Administration and other expenses	**15**		**1,096,512**		*8,857,196*
Total Expenses			**2,927,499,018**		*4,370,572,645*
Profit/(loss) before tax			**(3,322,054)**		*(11,144,204)*
Tax Expense:					
Current tax		**–**		*–*	
			–		*–*
Profit/(loss) after tax for the year			**(3,322,054)**		*(11,144,204)*
Other Comprehensive Income			**–**		*–*
Total Comprehensive Income for the year			**(3,322,054)**		*(11,144,204)*
Earnings per equity share (Basic and Diluted)	**H (8)**		**(0.02)**		*(0.11)*
Face value per equity share			**10.00**		*10.00*

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

For and on behalf of the Board

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

CASH FLOW STATEMENT AS ON MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**CASHFLOW FROM OPERATING ACTIVITIES**		
	Net profit / (loss) before tax and extraordinary items	**(3,322,054)**	*(11,144,204)*
	Adjustment for		
	Interest expense	**3,295,048**	*6,280,238*
	Interest income	**(203,150)**	*(98,630)*
	(Profit)/loss on sale of current investments(net)	**(2,370,776)**	*(5,391,416)*
	(Profit)/loss on sale of fixed assets	**(22,500)**	*(2,500)*
	Operating profit before working capital changes	**(2,623,432)**	*(10,356,512)*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**602,268**	*4,806,857*
	Increase / (Decrease) in other current liabilitites	**(387,566,531)**	*562,673,807*
	Increase / (Decrease) in short term provisions	**136,438**	*354,328*
	(Increase) / Decrease in long term loans and advances	**(8,149,742)**	-
	(Increase) / Decrease in short term loans and advances	**(3,118,680)**	-
	(Increase) / Decrease in other current assets	**(4,203,725)**	*(7,261,562)*
	Net cash generated from/(used in) operating activities	**(404,923,404)**	*550,216,918*
	Direct taxes paid (net of refunds)	**2,061,617**	*(3,586,920)*
	Net Cash(used in)/generated from Operating Activities	**(402,861,787)**	*546,629,998*
B	**Cash flow from investing activities**		
	Purchase of fixed assets incl. pre-operative exps and mobilization advance	**(2,463,121,183)**	*(4,395,244,642)*
	Sale of fixed assets	**120,661**	*2,500*
	(Purchase)/Sale of current investments	**50,546,823**	*(59,240,818)*
	Interest received	**203,150**	*98,630*
	Net cash (used in)/generated from investing activities	**(2,412,250,549)**	*(4,454,384,330)*
C	**Cash flow from financing activities**		
	Proceeds from issue of equity capital	**663,400,000**	*840,000,000*
	Proceeds/ (Repayment) of long term borrowings	**5,016,627,948**	*2,362,058,631*
	Proceeds/(repayment) from/of Letter of Credit	**(2,264,501,891)**	*1,094,501,891*
	Interest paid	**(598,278,581)**	*(521,446,697)*
	Net cash (used in)/generated from financing activities	**2,817,247,476**	*3,775,113,825*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**2,135,140**	*(132,640,507)*
	Cash and cash equivalents as at the beginning of the year	**123,736,351**	*256,376,858*
	Cash and cash equivalents as at the end of the year	**125,871,491**	*123,736,351*

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

8 OTHER EQUITY AS ON 31.03.2017

Particulars	**Share application money pending allotment**	**Reserves & Surplus** **Retained earnings**	**Total**
Balance at the beginning of the reporting period	**–**	**(21,841,314)**	**(21,841,314)**
Total comprehensive income	**–**	**(3,322,054)**	**(3,322,054)**
Issue of share capital	**128,400,000**	**–**	**128,400,000**
Balance at the end of the reporting period	**128,400,000**	**(25,163,368)**	**103,236,632**

OTHER EQUITY AS ON 31.03.2016

Particulars	*Share application money pending allotment*	*Reserves & Surplus* *Retained earnings*	*Total*
Balance at the beginning of the reporting period	*–*	*(10,697,110)*	*(10,237,866)*
Total comprehensive income		*(11,144,204)*	*(459,244)*
Balance at the end of the reporting period	*–*	*(21,841,314)*	*(10,697,110)*

NOTES FORMING PART OF ACCOUNTS

NOTE 1

PROPERTY, PLANT AND EQUIPMENT

2016-17 (Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Owned										
Plant and Equipment	345,625	5,290,332	–	5,635,957	33,448	85,391	–	118,839	5,517,118	312,177
Furniture and fixtures	1,543,288	1,355,401	–	2,898,689	498,478	296,335	–	794,813	2,103,876	1,044,810
Vehicles	1,046,238	2,091,101	–	3,137,339	190,135	538,600	–	728,735	2,408,604	856,103
Office equipment	672,870	5	–	672,875	248,265	241,677	–	489,942	182,933	424,605
Electrical installations	361,455	3,549,507	–	3,910,962	48,481	78,061	–	126,542	3,784,420	312,974
Air conditioning and Refrigeration	333,939	–	–	333,939	185,086	132,793	–	317,879	16,060	148,853
Computers, laptops and printers	1,063,808	1,035,846	226,353	1,873,301	552,692	454,781	128,192	879,281	994,020	511,116
Total	**5,367,223**	**13,322,192**	**226,353**	**18,463,062**	**1,756,585**	**1,827,638**	**128,192**	**3,456,031**	**15,007,031**	**3,610,638**

2015-16 (Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Owned										
Plant and Equipment	345,625	–	–	345,625	–	33,448	–	33,448	312,177	345,625
Furniture and fixtures	1,543,288	–	–	1,543,288	–	498,478	–	498,478	1,044,810	1,543,288
Vehicles	359,979	686,259	–	1,046,238	–	190,135	–	190,135	856,103	359,979
Office equipment	615,834	57,036	–	672,870	–	248,265	–	248,265	424,605	615,834
Electrical installations	361,455	–	–	361,455	–	48,481	–	48,481	312,974	361,455
Air conditioning and Refrigeration	333,939	–	–	333,939	–	185,086	–	185,086	148,853	333,939
Computers, laptops and printers	730,598	333,210	–	1,063,808	–	552,692	–	552,692	511,116	730,598
Total	**4,290,718**	**1,076,505**	**–**	**5,367,223**	**–**	**1,756,585**	**–**	**1,756,585**	**3,610,638**	**4,290,718**
Previous year	–	–	–	*4,290,718*	–	–	–	–		

NOTE 2

INTANGIBLE ASSETS UNDER DEVELOPMENT

2016-17 (Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Construction cost	6,453,675,956	2,716,318,185	–	9,169,994,141	–	–	–	–	9,169,994,141	6,453,675,956
Pre-operative expenses pending allocation	815,390,515	840,296,541	–	1,655,687,056	–	–	–	–	1,655,687,056	815,390,515
Total	**7,269,066,471**	**3,556,614,726**	**–**	**10,825,681,197**	**–**	**–**	**–**	**–**	**10,825,681,197**	**7,269,066,471**

2015-16 (Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Construction cost	2,225,676,411	4,227,999,545	–	6,453,675,956	–	–	–	–	6,453,675,956	2,225,676,411
Pre-operative expenses pending allocation	292,652,432	522,738,083	–	815,390,515	–	–	–	–	815,390,515	292,652,432
Total	**2,518,328,843**	**4,750,737,628**	**–**	**7,269,066,471**	**–**	**–**	**–**	**–**	**7,269,066,471**	**2,518,328,843**
Previous year	–	–	–	*2,518,328,843*	–	–	–	–		

NOTES FORMING PART OF ACCOUNTS (CONTD.)

2a) INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	*As at 01.04.2016* ₹	*2016-17* ₹	**As at 31.03.2017** ₹
a) Construction cost			
EPC cost	*6,453,675,956*	*2,716,318,185*	**9,169,994,141**
Total (A)	*6,453,675,956*	*2,716,318,185*	**9,169,994,141**
b) Pre-operative expenses pending allocation			
Concession Fee	*2*	*1*	**3**
Insurance	*4,056,664*	*2,308,246*	**6,364,910**
Repairs and maintenance			
Toll Road and Bridge	–	*24,005,040*	**24,005,040**
Plant and machinery	–	*10,307*	**10,307**
Others	*5,689,112*	*1,201,322*	**6,890,434**
Power and fuel	*761,999*	*454,424*	**1,216,423**
Depreciation and amortisation	*4,674,460*	*1,827,640*	**6,502,100**
Salaries and wages	*57,167,482*	*24,969,316*	**82,136,798**
Contribution and provisions for			
Provident fund	*2,410,889*	*1,141,345*	**3,552,234**
Gratuity	*1,741,052*	*295,998*	**2,037,050**
Compensated absences	*2,729,085*	*1,540,777*	**4,269,862**
ESI	–	*1,041*	**1,041**
Retention Pay Scheme	*2,833,432*	*2,029,876*	**4,863,308**
Staff Welfare Expenses	*2,473,983*	*1,476,032*	**3,950,015**
Interest on borrowings (term loans)	*390,468,408*	*689,591,638*	**1,080,060,046**
Bank charges and bank guarantee charges	*20,016,482*	*31,605*	**20,048,087**
Finance Charges Others	*89,579,560*	–	**89,579,560**
Rent, rates and taxes	*2,893,041*	*989,803*	**3,882,844**
Professional fees	*203,266,763*	*66,614,021*	**269,880,784**
Postage and Communication expenses	*1,556,562*	*654,816*	**2,211,378**
Printing and Stationery	*324,009*	*94,898*	**418,907**
Travelling and conveyance	*19,441,239*	*9,440,569*	**28,881,808**
Miscellaneous expenses	*3,306,291*	*11,617,826*	**14,924,117**
Total (B)	*815,390,515*	*840,296,541*	**1,655,687,056**
Grand Total (A+B)	*7,269,066,471*	*3,556,614,726*	**10,825,681,197**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 3

LOANS

Particulars	31.03.2017 Current	31.03.2017 Non-current	31.03.2017 Total	31.03.2016 Current	31.03.2016 Non-current	31.03.2016 Total	01.04.2015 Current	01.04.2015 Non-current	01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	**3,373,980**	**–**	**3,373,980**	*255,300*	*415,396,457*	*415,651,757*	*255,300*	*1,170,000,000*	*1,170,255,300*
b) Capital Advances, Unsecured Considered Good									
Others	**–**	**8,149,742**	**8,149,742**	–	–	–	–	–	–
	3,373,980	**8,149,742**	**11,523,722**	*255,300*	*415,396,457*	*415,651,757*	*255,300*	*1,170,000,000*	*1,170,255,300*

NOTE 4

OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	31.03.2017 Current	31.03.2017 Non-current	31.03.2017 Total	31.03.2016 Current	31.03.2016 Non-current	31.03.2016 Total	01.04.2015 Current	01.04.2015 Non-current	01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Other advances	**4,897,887**	**–**	**4,897,887**	*114,000,600*	–	*114,000,600*	*14,000*	–	*14,000*
Advance recoverable other than in cash									
Prepaid Insurance	**1,340,842**	**–**	**1,340,842**	*985,921*	–	*985,921*	*1,076,571*	–	*1,076,571*
Prepaid expenses	**855,811**	**–**	**855,811**	*46,876*	–	*46,876*	*561,703*	–	*561,703*
VAT recoverable	**15,765,239**	**–**	**15,765,239**	*14,483,386*	–	*14,483,386*	*9,730,968*	–	*9,730,968*
Income tax net of previous year provisions	**–**	**6,743,660**	**6,743,660**	–	*8,805,277*	*8,805,277*	–	*5,218,357*	*5,218,357*
	22,859,779	**6,743,660**	**29,603,439**	*129,516,783*	*8,805,277*	*138,322,060*	*11,394,492*	*5,218,357*	*16,612,849*

NOTE 5

INVESTMENTS

Particulars	As at 31.03.2017 Current	As at 31.03.2016 Current	As at 01.04.2015 Current
	₹	₹	₹
Investments at fair value through Profit and loss			
Investments in mutual funds	**22,500,162**	*70,676,209*	*6,043,975*
	22,500,162	*70,676,209*	*6,043,975*
Aggregate amount of quoted investments	**22,418,344**	*70,499,334*	*6,001,899*
Aggregate amount of market value of above	**22,500,162**	*70,676,209*	*6,043,975*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 6

CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
a) Balances with banks	**125,871,491**	*123,736,351*	*106,360,420*
b) Term deposits with banks including interest accrued thereon	**–**	–	*150,016,438*
	125,871,491	*123,736,351*	*256,376,858*

NOTE 7

SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
Authorised:						
Equity shares of ₹ 10 each	**310,000,000**	**3,100,000,000**	*310,000,000*	*3,100,000,000*	*310,000,000*	*3,100,000,000*
Issued, subscribed and fully paid up	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*
Equity shares of ₹ 10 each	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
At the beginning of the year	**152,500,000**	**1,525,000,000**	*68,500,000*	*685,000,000*	*25,680,000*	*256,800,000*
Issued during the year as fully paid	**53,500,000**	**535,000,000**	*84,000,000*	*840,000,000*	*42,820,000*	*428,200,000*
At the end of the year	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited	**205,999,998**	**2,059,999,980**	*152,499,998*	*1,524,999,980*	*68,499,998*	*684,999,980*
	205,999,998	**2,059,999,980**	*152,499,998*	*1,524,999,980*	*68,499,998*	*684,999,980*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(v) Details of Shareholders holding more than 5% shares in the company:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited	205,999,998	99.99%	152,499,998	99.99%	68,499,998	99.99%
	205,999,998	99.99%	152,499,998	99.99%	68,499,998	99.99%

NOTE 9

BORROWINGS

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	As at 31.03.2017 Total	As at 31.03.2016 Current	As at 31.03.2016 Non-current	As at 31.03.2016 Total	As at 01.04.2015 Current	As at 01.04.2015 Non-current	As at 01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Term loans									
i) From banks	–	6,535,109,114	6,535,109,114	–	4,687,374,257	4,687,374,257	–	2,323,383,174	2,323,383,174
ii) From others	–	1,973,204,025	1,973,204,025	–	1,085,065,449	1,085,065,449	–	–	–
	22,921,401	8,508,313,139	8,531,234,540	–	5,772,439,706	5,772,439,706	–	2,323,383,174	2,323,383,174

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	Base rate + applicable spread	Repayable in 162 monthly instalments beginning from September 30, 2017 and ending on March 31, 2031 at specified amounts.
Term loans from others	Base rate + applicable spread	

Nature of security for term loans/debentures

Pari passu charge over

a) all immovable properties (present and future), excluding project assets specified in concession agreement.

b) all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc., excluding project assets specified in concession agreement.

c) Charge on all accounts, including the Escrow Account and the Debt Service Reserve Accounts that may be opened in accordance with the agreement thereof or any other Project Documents and all funds deposited therein, the Receivables and all Authorised Investments etc.

d) Charge on right, interest etc. to/in respect of intellectual property rights and uncalled capital (present and future) of the Company, all intangible assets of the Company viz goodwill, trademark etc.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Long term borrowings	8,508,313,139	5,772,439,706	2,323,383,174
Current maturities of long term borrowings [Refer note 11]	22,921,401	–	–

NOTE 10

PROVISIONS

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	As at 31.03.2017 Total	As at 31.03.2016 Current	As at 31.03.2016 Non-current	As at 31.03.2016 Total	As at 01.04.2015 Current	As at 01.04.2015 Non-current	As at 01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	490,766	7,086,121	7,576,887	354,328	6,483,853	6,838,181	–	1,676,996	1,676,996
	490,766	7,086,121	7,576,887	354,328	6,483,853	6,838,181	–	1,676,996	1,676,996

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 11

OTHER CURRENT AND NON-CURRENT LIABILITIES

Particulars	As at 31.03.2017 Current	Non-current	Total	As at 31.03.2016 Current	Non-current	Total	As at 01.04.2015 Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Current maturities of long term borrowings	**22,921,401**	**–**	**22,921,401**	–	–	–	–	–	–
ii) Liability for expenses	**307,214,663**	**–**	**307,214,663**	*706,773,249*	–	*706,773,249*	*838,723,212*	–	*838,723,212*
iii) Statutory payables	**20,924,320**	**–**	**20,924,320**	*31,853,664*	–	*31,853,664*	*133,822,271*	–	*133,822,271*
	351,060,384	**–**	**351,060,384**	*738,626,913*	–	*738,626,913*	*972,545,483*	–	*972,545,483*

F Contingent Liabilities

Contingent liabilities for the current year ₹ Nil (previous year: ₹ Nil).

G Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 184,72,40,958/- (previous year: ₹441,79,00,445/-)

NOTE 12

OTHER INCOME

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest income from:				
Bank deposits	**43,150**		–	
Others	**160,000**		*98,630*	
		203,150		*98,630*
Net gain/(loss) on financial assets designated at FVTPL		**2,370,776**		*5,391,416*
Profit/(loss) on disposal of property,plant and equipment		**22,500**		*2,500*
		2,596,426		*5,492,546*

NOTE 13

EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17	2015-16
	₹	₹
Salaries, wages and bonus	**1,455,945**	*1,423,608*
Contributions to and provisions for:		
Provident fund	**70,975**	*75,708*
	1,526,920	*1,499,316*

NOTE 14

FINANCE COSTS

Particulars	2016-17	2015-16
	₹	₹
Interest on borrowings	**3,295,048**	*6,280,238*
	3,295,048	*6,280,238*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 15

ADMINISTRATION AND OTHER EXPENSES

Particulars	**2016-17**	*2015-16*
	₹	₹
Rent, Rates and taxes	**–**	*8,625,000*
Payments to auditor (refer note (a) below)	**677,112**	*232,196*
Professional fees	**419,400**	*–*
	1,096,512	*8,857,196*

(a) Payments to auditor (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**165,600**	*137,400*
b) For taxation matters	**–**	*28,625*
c) For company law matters	**–**	*34,350*
d) For other services	**511,512**	*31,821*
Total	**677,112**	*232,196*

NOTE H

NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

L&T Deccan Tollways Limited is a Special Purpose Vehicle (SPV) incorporated on 20th December 2011 for the purpose of widening of existing two-lane, 145 kilometers stretch covering Km 349.060 to Km 494.046 from KN/MH Border to Sangareddy to make it four lane divided Carriageway facility under Natonal Highways Development Program 3 of National Highways Authrority of India(Government of India), and operation and maintenance thereof, under the Concession Agreement dated 2nd February 2012. The Concession is for a period of 25 years including the construction period. At the end of the 25 years the entire facility will be transferred to National Highways Authority of India. The company at present in Implementation/Construction stage.

2) The Company has incurred expenditure in foreign currency during the year. ₹ 25,39,944/- (previous year: ₹ Nil)

3) Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

An amount of ₹ 12,12,320 (previous year : ₹ 11,23,526) being contribution made to recognised provident fund is partly as pre-operative expenses under Intangibles under development (Note 2a) and partly as expense and included under Employee benefit expense (Note 13) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them

i	Benefits offered	15/ 26 × Salary × Duration of Service
ii	Salary definition	Basic Salary including Dearness Allowance (if any)
iii	Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
iv	Vesting conditions	5 years of continuous service (Not applicable in case of death/disability)
v	Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
vi	Retirement age	58 Years

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) The amounts recognised in Balance Sheet are as follows:

Particulars		As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
A)	Present value of defined benefit obligation		
	- Wholly funded	**2,122,482**	–
	- Wholly unfunded	**–**	*1,741,052*
		2,122,482	*1,741,052*
	Less : Fair value of plan assets	**1,881,959**	–
	Amount to be recognised as liability or (asset)	**240,523**	*1,741,052*
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**240,523**	*1,741,052*
	Assets	**–**	–
	Net Liability / (asset)	**240,523**	*1,741,052*

c) The amounts recognised in the Statement of Profit and loss and amount capitalized during the year are as follows:

Particulars		As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
1	Current service cost	**394,170**	*365,650*
2	Interest on Defined benefit obligation	**64,071**	*97,606*
		458,241	*463,256*

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
Opening defined benefit obligation	**1,741,052**	*1,166,143*
Current service cost	**394,170**	*365,650*
Interest cost	**131,322**	*97,606*
Actuarial losses/(gains)		
Due to change in financial assumptions	**133,732**	*92,398*
Due to change in demographic assumption	**–**	*34,640*
Due to experience adjustments	**(277,794)**	*(15,385)*
Benefits paid	**–**	–
Closing balance of the present value of defined benefit obligation	**2,122,482**	*1,741,052*

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
Opening balance of fair value of plan assets	**–**	–
Interest Income	**67,251**	–
Return on plan assets excluding amounts included interest income	**(24,535)**	–
Contribution by employer	**1,839,243**	–
Benefits paid	**–**	–
Closing balance of fair value of plan assets	**1,881,959**	–

The actual return on the assets is ₹ 42,716

NOTES FORMING PART OF ACCOUNTS (CONTD.)

g) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	As at 31.03.2017	As at 31.03.2016
Insurer managed funds	100%	100%
	100%	100%

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars		As at 31.03.2017	As at 31.03.2016
1)	Discount rate	6.95%	7.80%
2)	Expected return on plan asset	6.95%	NA
3)	Salary growth rate	6.00%	6.00%
4)	Attrition rate	3% to 15% based on the age band”	3% to 15% based on the age band

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars		As at 31.03.2017		As at 31.03.2016	
		Change	Obligation	Change	Obligation
i)	Discount rate	+0.5%	2,042,136	+0.5%	1,674,234
		-0.5%	2,207,969	-0.5%	1,812,234
ii)	Salary growth rate	+0.5%	2,253,709	+0.5%	1,813,134
		-0.5%	2,041,065	-0.5%	1,672,823

4) Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year ₹ 68,95,91,638 (previous year : ₹ 38,97,60,188) and amount charged to Statement of Profit and Loss is ₹ 32,95,048 (previous year: ₹ 62,80,238).

5) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

Fellow Subsidiaries : L&T BPP Tollway Limited

L&T Chennai-Tada Tollway Limited

Devihalli Hassan Tollway Limited

L&T General Insurance Company Limited

L&T Transportation Infrastructure Limited

Western Andhra Tollway Limited

PNG Tollway Limited

Key Managerial Personnel Indranil Dev Roy - Manager

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) Disclosure of related party transactions:

Particulars	**2016-17** ₹	*2015-16* ₹
1. Purchase of goods and services incl. taxes		
Ultimate Holding Company		
Larson & Toubro Limited	**2,691,450,151**	*4,182,795,074*
Holding company		
L&T Infrastructure Development Projects Limited	**21,788,127**	*17,634,676*
Fellow subsidiaries		
L&T General Insurance Company Limited	**–**	*7,092,350*
2. Purchase of Assets		
Subsidiaries & fellow subsidiaries		
PNG Tollway Limited	**1,345,965**	*17,683*
L&T Chennai-Tada Tollway Limited	**1,365,708**	–
3. Sale of Assets		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*567,323*
Subsidiaries & fellow subsidiaries		
L&T BPP Tollway Limited	**58,340**	–
Devihalli Hassan Tollway Limited	**44,727**	–
4. Reimbursement of expenses charged from		
Ultimate Holding Company		
Larson & Toubro Limited	**57,839,129**	*321,530,758*
5. Reimbursement of expenses charged to		
Ultimate Holding Company		
Larson & Toubro Limited	**30499**	–
Holding company		
L&T Infrastructure Development Projects Limited	**193,429**	
Subsidiaries & fellow subsidiaries		
L&T Transporation Infrastructure Limited	**35,500**	–
Western Andhra Tollway Limited	**32,683**	–
6. Share Capital (including advance against Share capital)		
Holding company		
L&T Infrastructure Development Projects Limited	**663,400,000**	*840,000,000*
7. Refundable deposit received for directors nomination		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*100,000*
8. Key Managerial Personnel		
Payment of Salary / Perquisites		
Manager - Indranil Dev Roy	**3,164,390**	*2,948,389*

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	**Amounts due (to)/from**	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(261,212,815)**	*(207,540,776)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(4,782,759)**	*(9,283,617)*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	**(1,365,708)**	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through"examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

7) Disclosure pursuant to Ind AS 17 "Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 - "Leases" are not applicable. The Company has taken office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year amounting to ₹ 9,64,310 (previous year ₹ 8,09,742) has been included in Pre-operative expenses pending allocation.

8) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17**	*2015-16*
Basic and Diluted			
Profit after tax as per accounts (₹)	A	**(3,322,054)**	*(11,144,204)*
Weighted average number of shares outstanding	B	**178,206,285**	*104,926,229*
Basic and Diluted EPS (₹)	A / B	**(0.02)**	*(0.11)*
Face value per equity share (₹)		**10.00**	*10.00*

9) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note F to the Balance Sheet.

11) Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

12) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2014 and the financial statements as at and for the year ended 31 March 2015.

13) Transition adjustments

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹38,76,004.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Consequently an amount of ₹38,76,004 has been derecognised from intangibles under development.

(ii) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 42,076 with a corresponding increase in the reserves.

14) Details of Specified Bank Notes held and transacted during the period 09-Nov-2016 to 30-Dec-2016 provided in the table below:

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Opening cash in hand as on 09-Nov-2016	–	9,592	9,592
(+) Permitted receipts	–	124,000	124,000
(-) Permitted payments	–	115,866	115,866
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-Dec-2016	–	17,726	17,726

15) **Financial Instruments**

Disclosure of Financial Instruments by Category

Financial instruments by categories	**Note no.**	**As at 31.03.2017**			*As at 31.03.2016*			*As at 01.04.2015*		
		FVTPL	**FVTOCI**	**Amortized cost**	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	4	**–**	**–**	**11,523,722**	–	–	*415,651,757*	–	–	*1,170,255,300*
Investments	5	**22,500,162**	**–**		*70,676,209*	–	–	*6,043,975*	–	–
Cash and bank balances	6	**–**	**–**	**125,871,491**	–	–	*123,736,351*	–	–	*256,376,858*
Total Financial Asset		**22,500,162**	**–**	**137,395,213**	*70,676,209*	–	*539,388,108*	*6,043,975*	–	*1,426,632,158*
Financial liability										
Term Loan from Banks	9	**–**	**–**	**6,535,109,114**	–	–	*4,687,374,257*	–	–	*2,323,383,174*
Term Loan from others	9	**–**	**–**	**1,973,204,025**	–	–	*1,085,065,449*	–	–	–
Total Financial Liabilities		**–**	**–**	**8,508,313,139**	–	–	*5,772,439,706*	–	–	*2,323,383,174*

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

16) **Fair value of Financial asset and liabilties at amortized cost**

Particular	**Note no.**	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
		Carrying amount	**Fair value**	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	4	**11,523,722**	**11,523,722**	*415,651,757*	*415,651,757*	*1,170,255,300*	*1,170,255,300*
Cash and bank balances	6	**125,871,491**	**125,871,491**	*123,736,351*	*123,736,351*	*256,376,858*	*256,376,858*
Total Financial Assets		**137,395,213**	**137,395,213**	*539,388,108*	*539,388,108*	*1,426,632,158*	*1,426,632,158*
Financial liability							
Term Loan from Banks	9	**6,535,109,114**	**6,535,109,114**	*4,687,374,257*	*4,687,374,257*	*2,323,383,174*	*2,323,383,174*
Term Loan from others	9	**1,973,204,025**	**1,973,204,025**	*1,085,065,449*	*1,085,065,449*	-	-
Total Financial Liabilities		**8,508,313,139**	**8,508,313,139**	*5,772,439,706*	*5,772,439,706*	*2,323,383,174*	*2,323,383,174*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

17) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	22,500,162	–	–	22,500,162
Total of Financial Assets		**22,500,162**	**–**	**–**	**22,500,162**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	11,523,722	11,523,722
Total of Financial Assets		**–**	**–**	**11,523,722**	**11,523,722**
Financial Liabilities					
Term Loan from Banks	9	–	6,535,109,114	–	6,535,109,114
Term Loan from related parties	9	–	1,973,204,025	–	1,973,204,025
Total Financial liabilties		**–**	**8,508,313,139**	**–**	**8,508,313,139**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	70,676,209	–	–	70,676,209
Total of Financial Assets		**70,676,209**	**–**	**–**	**70,676,209**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	415,651,757	415,651,757
Total Financial Assets		**–**	**–**	**415,651,757**	**415,651,757**
Financial Liabilities					
Term Loan from Banks	9	–	4,687,374,257	–	4,687,374,257
Term Loan from related parties	9	–	1,085,065,449	–	1,085,065,449
Total Financial Liabilities		**–**	**5,772,439,706**	**–**	**5,772,439,706**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

As at April 01, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	6,043,975	–	–	6,043,975
Total of Financial Assets		**6,043,975**	**–**	**–**	**6,043,975**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	1,170,255,300	1,170,255,300
Total of Financial Assets		**–**	**–**	**1,170,255,300**	**1,170,255,300**
Financial Liabilities					
Term Loan from Banks	9	–	2,323,383,174	–	2,323,383,174
Term Loan from related parties	9	–	–	–	–
Total of Financial Liabilities		**–**	**2,323,383,174**	**–**	**2,323,383,174**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	**Valuation method**	**Inputs**
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Effective rate of borrowing
Term Loan from related parties	Income	Effective rate of borrowing
Other Current Financial Liabilities	Income	Effective rate of borrowing

18) Asset pledged as security

Particulars	**Note no**	**31.03.2017**	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	**15,007,031**	*3,610,638*	*4,290,718*
Financial Asset				
Investments	5	**22,500,162**	*70,676,209*	*6,043,975*
Cash and bank balances	6	**125,871,491**	*123,736,351*	*256,376,858*
Security Deposits	4	**11,523,722**	*415,651,757*	*1,170,255,300*
TOTAL		**174,902,406**	*613,674,955*	*1,436,966,851*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

H NOTES FORMING PART FINANCIAL STATEMENTS

19) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	Note No.	**31.03.2017**	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	9	**8,508,313,139**	*5,772,439,706*	*2,323,383,174*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis points	**17,850,941**	*10,119,779*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds	5	**22,500,162**	*70,676,209*	*6,043,975*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 1%	**225,002**	*706,762*

Note - In case of decrease in NAV profit will reduce and vice versa.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

Since the loan has not been fully drawn and the project is still under progress, the period/ year wise due of contractual maturities have not been disclosed.

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

"A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)."

NOTES FORMING PART OF ACCOUNTS (CONTD.)

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Dividend income is recognised when the right to receive the same is established by the reporting date.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as "Property, Plant and equipment" and is depreciated over the period of lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions. For the assets that are transferred / sold within the group companies, depreciation is calculated up to the month preceding the month of transfer / sale within the group.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

The estimated useful lives of the assets as per management evaluation are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
Toll equipment	7
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Carriageways consisting Toll Colletion Rights is still under development (under intangibles under development). Upon successful completion of the project, the assets would be capitalized and amortized under straight line method on a proportionate basis over the life of the asset till end of the concession period.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:

(i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

11 Investments

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company’s superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.

14 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

16 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

18 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires."

20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

21 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

23 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

"The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	**2016-17**	*2015-16*
	₹ in Crore	*₹ in Crore*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**(1.24)**	*(1.86)*
Less: Depreciation, amortization and obsolescence	**–**	–
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**(1.24)**	*(1.86)*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**(1.24)**	*(1.86)*
Add: Extraordinary items	**–**	–
Profit/(Loss) before tax	**(1.24)**	*(1.86)*
Less: Provision for tax	**(0.37)**	*(0.34)*
Profit after tax from continuing operations	**0.87**	*1.52*
Profit for the period carried to the balance sheet	**0.87**	*1.52*
Add: Balance brought forward from previous year	**17.74**	*16.21*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**18.61**	*17.74*
Balance carried to Balance Sheet	**18.61**	*17.74*

STATE OF COMPANY AFFAIRS

The board at its meeting held on January 17, 2017 had approved the Scheme of Amalgamation of the Company with L&T Infrastructure Development Projects Limited (Holding Company) and that the proposed scheme of amalgamation would bring in economics of scale of operations and reduce the administrative cost, could accelerate the growth in overall profitability of the operations.The Company is in the process of obtaining a Merger Order from the concerned authorities.

The gross revenue and other income for the financial year under review were ₹ 2.25 crore as against ₹ 2.44 crore for the previous financial year. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 1.25 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 0.87 crore for the financial year under review as against ₹ 1.87 crore and ₹ 1.52 crore respectively for the previous financial year.

CAPITAL & FINANCE

The Company has not raised fundsthrough issue of securities or availing term loans.

CAPITAL EXPENDITURE

There was no capital expenditure during the year.

DEPOSITS

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developinginfrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

There was no material contracts or arrangements entered during the year and the disclosure as per Form AOC-2 is given to this Report in Annexure I.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserve is not applicable to the Company.

DIVIDEND

The Board of Directors of your company has not declared any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

The Arbitral tribunal awarded amount of ₹ 6806.68 lakh to the Company pertaining to various claims against Ministry of Road Transport and Highways (MORTH) pursuant to Company. Consequently the MORTH/Government of India filed an appeal against the Arbitral Award. Your company also filed its replies before the Honourable Court in these matters.

The pending appeal of Ministry of Road Transport and Highways (MORTH), in term of the policy mooted by the NITI AAYOG, has decided to pay 75% of the total Award amount against the bank guarantee. Accordingly your company has received 75% of awarded amount of ₹ 6806.68 lakh against the bank guarantee.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

Mr. P. G. Suresh Kumar, Director, who retired by rotation at the Annual General Meeting held on September 29, 2016 was reappointed as a Director of the Company.

Mr. Mathew George was appointed as Additional Director of the Company on October 19, 2016, hold office upto the Conclusion of the 18thAnnual General Meeting.

Mr. Vishal Mathur resigned as Director of the Company on September 30, 2016.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	Din
1	Mr. P. G. Suresh Kumar	Director	07124883
2	Mr. R. G. Ramachandran	Director	02671982
3	Mr. Mathew George	Additional Director	07402208
4	Mr. N. Raghavan	Independent Director	00251054
5	Mr. AshwinMahalingam	Independent Director	05126953

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S. No.	Name	Designation
1	Mr. NeelkantUpadhyay	Manager
2	Ms. DhanyaThiagarajan	Chief Financial Officer
3	Mr. Ganesh Ramachandran	Company Secretary

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

During the year,four Board Meetings were held and the details are given below:

Date	Board	No of Directors Present
April 28, 2016	5	4
July 13, 2016	5	4
October 19, 2016	4	3
January 17, 2017	5	5

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Actcomprising of Mr. N. Raghavan, Dr. Ashwin Mahalingam and Mr. P. G. Suresh Kumar.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

During the year, fouraudit committee meetings were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 28, 2016	3	3
July 13, 2016	3	2
October 19, 2016	3	2
January 17, 2017	3	3

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder comprising of Mr. N. Raghavan, Dr. AshwinMahalingam and Mr. P. G. Suresh Kumar.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year, two Nomination & Remuneration committee meetings were held and the details are given below:

Date	Strength of the Committee	No. of members Present present
October 19, 2016	3	2
January 17, 2017	3	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc.These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

Due to non-availability of Independent Directors, the meeting of Independent Directors could not be held during the calendar year 2016.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on March 20, 2017 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on July13, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

STATUTORY AUDITORS

The Company in the 16th Annual General Meeting held on September 23, 2015 for the FY 2015-16 had appointed M/s.Sharp&Tannan., Chartered Accountants, (Firm Reg No: 003792S), as Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 18thAnnual General Meeting of the Company to be held during the year 2017.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDITOR

Your company is not attracted by the provisions of section 204 of the Act pertaining to secretarial audit.

COST AUDITOR

Your company is not attracted by the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 pertaining to cost audit.

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached to this Reportas Annexure II.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continuedco-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	R. G. RAMACHANDRAN	**P. G. SURESH KUMAR**
Place : Chennai	*Director*	*Director*
Date : April 27, 2017	*DIN: 02671982*	*DIN: 07124883*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   The Company has not entered into such transactions during the year.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

   The Company has not entered into such transactions during the year.

   Date(s) of approval by the Board, if any – April 27, 2017

For and on behalf of the Board

	R. G. RAMACHANDRAN	**P. G. SURESH KUMAR**
Place : Chennai	*Director*	*Director*
Date : April 27, 2017	*DIN: 02671982*	*DIN: 07124883*

ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN1999PLC042518
Registration Date	20/05/1999
Name of the Company	L&T Western India Tollbridge Limited
Category/Sub-Category of the Company	Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	P. O. Box. 979, Mount Poonamallee Road, Manapakkam, Chennai – 600089
Whether listed Company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited.* 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 15, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 30, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

S. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
NIL			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and CIN/GLN of the Company	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	13949999	6*	13950005	99.99	13950001	6*	13950007	100	NIL
e) Banks/FI									
f) Any Other….									
Sub-total (A)(1):-	13949999	6*	13950005	99.99	13950001	6*	13950007	100	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other….									
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	13949999	6*	13949999	99.99	13950001	6*	13950007	100	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B Public Shareholding **1. Institutions** a) Mutual Funds b) Banks/FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)									
Sub-total (B)(2):-	2	–	2	0.01	–	–	–	–	–
Total shareholding of Promoter (B)=(B)(1)+ (B)(2)	2	–	2	0.01	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**13950001**	**6***	**13950007**	**100**	**13950001**	**6***	**13950007**	**100**	**–**

*Shares are held by nominees of L&T Infrastructure Development Projects Limited.

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (with nominnes)	13950005	99.99%	Nil	13950007	100%	NIL	0.01
	Total	13950005	99.99%	Nil	13950007	100%	NIL	0.01

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	No. of shares	% of total shares of the Company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1	As on April 1, 2016	13950005	99.99	13950005	99.99
2	Transferred on March 31, 2017 to L&T Infrastructure Development Projects Limited.	2	0.01	2	0.01
3.	As on March 31, 2017	13950007	100	13950007	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1.	As on April 1, 2016	2	0.01	2	0.01
2.	Transferred on March 31, 2017 to L&T Infrastructure Development Projects Limited.	2	0.01	–	–
3.	As on March 31, 2017	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

The Company does not have outstanding Loans for the year ending March 31, 2017

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Manager: Neelkant Upadhyay	
1.	Gross salary	₹ 28,10,096	₹ 28,10,096
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify…		
5.	Others, please specify	NIL	NIL
	Total (A)	**₹ 28,10,096**	**₹ 28,10,096**
	Ceiling as per the Act		**₹ 84,00,000**

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors		Total Amount in ₹
1.	Independent Directors	**Dr. Ashwin Mahalingam**	**Mr. N. Raghavan**	
	Fee for attending board/committee meetings Commission Others, please specify	₹ 1,15,000 –	₹ 1,60,000 –	₹ 2,75,000 –
	Total (1)	₹ 1,15,000	₹ 1,60,000	₹ 2,75,000
2.	Other Non-Executive Directors: **1. Mr. P. G. Suresh Kumar** **2. Mr. R. G. Ramachandran** **3. Mr. Mathew George**			
	No Fee for attending board/committee meetings No Commission			
	Total (2)			
	Total (B)=(1+2)	₹ **1,15,000**	₹ 1,60,000	₹ 2,75,000
	Total Managerial Remuneration	NA		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹ 1 lakh per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Ms. DhanyaThiagarajan, CFO and Mr. Ganesh Ramachandran, Company Secretary was employed by the Holding Company.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

R. G. RAMACHANDRAN — *Director* — *DIN: 02671982*

P. G. SURESH KUMAR — *Director* — *DIN: 07124883*

Place : Chennai
Date : April 27, 2017

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Western India Tollbridge Limited

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of L&T Western India Tollbridge Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note F and H 7(a) and (b) to the Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016.

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 003792S

P. Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date : April 27, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Western India Tollbridge Limited on the Ind AS financial statements for the year ended 31 March 2017 we report that:

(i) The Company does not have any fixed assets. Accordingly, reporting on clause (i) (a), (b), and (c) of the Order does not arise.

(ii) The Company does not have any inventory in its books of account. Accordingly reporting on clause (ii) (a), and (b) of the Order relating to inventories does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to parties covered under Section 185 of the Companies Act, 2013. Accordingly, reporting under clause (iv) of the Order does not arise. Section 186 of the Companies Act, 2013 is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting on clause (v) of the Order does not arise.

(vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company for the current financial year. Accordingly, reporting on clause (vi) of the Order does not arise.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing undisputed statutory dues including income tax and other material statutory dues as applicable with appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax as at 31 March 2017 which has not been deposited on account of dispute pending are as follows:

Name of the statute	Nature of disputed dues	Period to which the dispute relates (Financial year)	Forums where disputes are pending	Amount involved (₹)	Amount not deposited (₹)
Income tax Act, 1961	Depreciation	2001-02	Madras High Court	4,612,613	4,612,613
	Disallowance u/s 14A of the Act and mismatch of TDS credits	2007-08	Assessing Officer	42,185	42,185
	Depreciation and disallowance u/s 14A of the Act	2008-09	Commissioner of Income Tax (Appeals)	401,890	401,890
	Depreciation and disallowance u/s 14A of the Act	2009-10	Assessing Officer	1,194,030	1,194,030

According to the information and explanations given to us and the records of the Company examined by us, there are no dues of sales tax, service tax, duty of customs, duty of excise, value added tax as at 31 March 2017 which have not been deposited on account of a dispute.

(viii) The Company did not have any loans or borrowing from a financial institution or bank or government or dues to debenture holders during the year. Accordingly, reporting on any default in repayment of loans / borrowing / dues does not arise.

(ix) The Company has neither taken any term loans during the year nor has raised any money by way of initial public offer or further public offer (including debt instruments) and hence reporting on clause (ix) of the Order does not arise.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company and according to the information and explanations given to us, no instances of fraud by the Company, and no material instances of frauds on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid or provided for, managerial remuneration during the year. Accordingly reporting on clause (xi) of the Order does not arise.

(xii) The Company is not a Nidhi Company. Accordingly reporting on clause (xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details disclosed in the Financial Statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly reporting on clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly reporting on clause (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting on clause (xvi) of the Order does not arise

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 003792S

P. Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date : April 27, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T Western India Tollbridge Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and

operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **SHARP & TANNAN**
Chartered Accountants
Firm's Registration No. 003792S

P. Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date : April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 31.03.2015* ₹
ASSETS:				
(1) Non–current assets				
a) Other non–current assets	1	**5,038,251**	3,033,856	*2,621,307*
	A	**5,038,251**	3,033,856	*2,621,307*
(2) Current assets				
a) Financial Assets				
i) Investments	3	–	5,006,599	*211,576,220*
ii) Cash and bank balances	4	**1,038,279,528**	998,806	*100,565,670*
iii) Loans	2	–	320,228,071	–
b) Current Tax Assets (net)	1	–	–	*708,476*
c) Other current assets	1	**1,708,197**	–	–
	B	**1,039,987,725**	326,233,476	*312,850,366*
TOTAL	A+B	**1,045,025,976**	329,267,332	*315,471,673*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	5	**139,500,070**	139,500,070	*139,500,070*
b) Other Equity	6	**197,078,412**	188,354,185	*173,109,117*
	C	**336,578,482**	327,854,255	*312,609,187*
LIABILITIES				
(1) Non–current liabilities				
c) Deferred tax liabilities (net)		–	2,109	*1,983,218*
	D	–	2,109	*1,983,218*
(2) Current liabilities				
a) Financial liabilities				
i) Other financial liabilities	7	**707,984,109**	316,050	*357,172*
b) Other current liabilities	8	**463,385**	471,125	*522,096*
c) Current tax liabilities (net)	9	–	623,793	–
	E	**708,447,494**	1,410,968	*879,268*
TOTAL EQUITY AND LIABILITIES	C+D+E	**1,045,025,976**	329,267,332	*315,471,673*
Contingent liabilities and assets	F			
Commitments	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)
By the hand of

P. RAJESH KUMAR
Partner
Membership No. 225366

DHANYA T.
Chief Financial Officer

GANESH RAMACHANDRAN
Company Secretary
M. No. A49108

MATHEW GEORGE
Director
DIN: 07402208

R. G. RAMACHANDRAN
Director
DIN : 02671982

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	NOTE	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Other income	**10**		**22,531,767**		*24,454,743*
TOTAL INCOME			**22,531,767**		*24,454,743*
EXPENSES					
Finance costs	**11**		**1,743,963**		*57,831*
Administration and other expenses	**12**		**8,334,317**		*5,699,801*
TOTAL EXPENSES			**10,078,280**		*5,757,632*
Profit/(loss) before tax			**12,453,487**		*18,697,111*
Tax Expense:					
Current tax		**3,731,369**		*5,433,152*	
Deferred tax		**(2,109)**		*(1,981,109)*	
			3,729,260		*3,452,043*
Profit/(loss) after tax for the year			**8,724,227**		*15,245,068*
Other comprehensive income			**–**		–
i) Items that will not be reclassified to profit or loss (net of tax)			**–**		–
ii) Items that will be reclassified to profit or loss (net of tax)			**–**		–
Total comprehensive income for the year			**8,724,227**		*15,245,068*
Earnings per equity share (Basic and Diluted)	**24**		**0.63**		*1.09*
Face value per equity share			**10.00**		*10.00*

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)
By the hand of

P. RAJESH KUMAR
Partner
Membership No. 225366

DHANYA T.
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M. No. A49108

MATHEW GEORGE
Director
DIN: 07402208

R. G. RAMACHANDRAN
Director
DIN : 02671982

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

CASH FLOW STATEMENT AS ON MARCH 31, 2017

		2016-17 ₹	*2015-16 ₹*
A	**Net profit/(loss) before tax**	**12,453,487**	*18,697,111*
	Adjustments for		
	Bank guarantee charges	**1,690,762**	–
	Interest expense	**53,201**	*57,831*
	Interest income	**(21,700,574)**	*(15,712,598)*
	Provision written back	**(6,540)**	
	(Profit)/loss on sale of current investments(net)	**(824,653)**	*(8,742,145)*
	Operating profit before working capital changes	**(8,334,317)**	*(5,699,801)*
	Adjustments for		
	Increase/(Decrease) in trade payables and other liability	**3,339,190**	*(92,093)*
	(Increase)/Decrease in other non-current assets	**(1,708,197)**	–
	Net cash generated from/(used in) operating activities	**(6,703,324)**	*(5,791,894)*
	Direct taxes paid (net of refunds)	**–**	–
	Net Cash(used in)/generated from Operating Activities	**(6,703,324)**	*(5,791,894)*
B	**Cash flow from investing activities**		
	Sale of current investments	**5,831,252**	*215,311,766*
	Intercorporate deposits (placed)/refunded (net)	**320,000,000**	*(320,000,000)*
	Direct taxes paid on income from investing activity	**(6,353,015)**	*(4,571,264)*
	Interest received	**21,928,645**	*15,484,527*
	Net cash (used in)/generated from investing activities	**341,406,882**	*(93,774,971)*
C	**Cash flow from financing activities**		
	Interim payment against arbitration	**704,321,127**	–
	Bank guarantee charges and interest paid	**(1,743,963)**	–
	Net cash (used in)/generated from financing activities	**702,577,164**	–
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**1,037,280,722**	*(99,566,865)*
	Cash and cash equivalents as at the beginning of the year	**998,806**	*100,565,671*
	Cash and cash equivalents as at the end of the year	**1,038,279,528**	*998,806*

Notes:

1. Cash flow statement has been prepared under the ‘Indirect Method’ as set out in the Ind AS 7 - Cash Flow statements.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm’s Registration No. 003792S)
By the hand of

P. RAJESH KUMAR
Partner
Membership No. 225366

DHANYA T.
Chief Financial Officer

GANESH RAMACHANDRAN
Company Secretary
M. No. A49108

MATHEW GEORGE
Director
DIN: 07402208

R. G. RAMACHANDRAN
Director
DIN : 02671982

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

NOTES FORMING PART OF ACCOUNTS

	Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
		Current ₹	Non- current ₹	Total ₹	Current ₹	Non– current ₹	Total ₹	Current ₹	Non- current ₹	Total ₹
1)	**OTHER NON-CURRENT AND CURRENT ASSETS**									
	Advances other than capital advances									
	Other advances	**18,376**	–	**18,376**	–	–	–	–	–	–
	Advance recoverable other than in cash									
	Prepaid expenses	**1,689,821**	–	**1,689,821**	–	–	–	–	–	–
		1,708,197	–	**1,708,197**	–	–	–	–	–	–
	Income tax									
	Income tax net of provisions	–	**5,038,251**	**5,038,251**	–	3,033,856	3,033,856	*708,476*	*2,621,307*	*3,329,783*
		–	**5,038,251**	**5,038,251**	–	3,033,856	3,033,856	*708,476*	*2,621,307*	*3,329,783*
2)	**LOANS**									
	b) Loans to related parties (Holding Company)									
	Unsecured, considered good									
	Inter–corporate deposit	–	–	–	320,228,071	–	320,228,071	–	–	–
		–	–	–	320,228,071	–	320,228,071	–	–	–
	Break up of financial assets carried at amortized cost									
	Loans	–	–	–	320,228,071	–	320,228,071	–	–	–
	Cash and cash equivalents (Note no 4)	**1,038,279,528**	–	**1,038,279,528**	998,806	–	998,806	*100,565,670*	–	*100,565,670*
	Total financial assets carried at amortized cost	**1,038,279,528**	–	**1,038,279,528**	321,226,877	–	321,226,877	*100,565,670*	–	*100,565,670*

	Particulars	As at 31.03.2017 Current ₹	As at 31.03.2016 Current ₹	As at 01.04.2015 Current ₹
3)	**INVESTMENTS**			
	Investments at fair value through Profit and loss			
	Investments in mutual funds (quoted)	**–**	5,006,599	*211,576,220*
		–	5,006,599	*211,576,220*
4)	**CASH AND BANK BALANCES**			
	a) Balances with banks	**11,255,506**	998,806	*547,861*
	b) Fixed deposits with banks including interest accrued thereon	**1,027,024,022**	–	*100,017,809*
		1,038,279,528	998,806	*100,565,670*

Balances with banks earn interest at floating rate based on daily bank deposit rates.

Short term deposits are made for varying periods, depending on the immediate cash requirement and earn interest at the respective short term deposit rates.

5) EQUITY SHARE CAPITAL

Balance at the beginning of the reporting period		Changes in equity share capital during the year		Balance at the end of the reporting period	
No of shares	₹	No of shares	₹	No of shares	₹
13,950,007	139,500,070	–	–	13,950,007	139,500,070

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) OTHER EQUITY AS ON 31.03.2017

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus						
			Capital redemption reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the year	–	–	10,500,000	–	425,000	–	–	177,429,185	188,354,185
Total comprehensive income for the year								8,724,227	8,724,227
Balance at the end of the reporting period	–	–	**10,500,000**	–	**425,000**	–	–	**186,153,412**	**197,078,412**
Other Equity as on 31.03.2016									
Balance at the beginning of the reporting period	–		10,500,000	–	425,000		–	162,184,117	173,109,117
Total comprehensive income for the year		–						15,245,068	15,245,068
Balance at the end of the reporting period	–	–	**10,500,000**	–	**425,000**	–	–	**177,429,185**	**188,354,185**

Share Capital

(i) Authorised, issued, subscribed and paid up

Particulars	**As at March 31, 2017**		As at March 31, 2016		*As at April 01, 2015*	
	No. of shares	₹	No. of shares	₹	*No. of shares*	₹
Authorised:						
Equity shares of ₹ 10 each	**21,000,000**	**210,000,000**	21,000,000	210,000,000	*21,000,000*	*210,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**13,950,007**	**139,500,070**	13,950,007	139,500,070	*13,950,007*	*139,500,070*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	**As at March 31, 2017**		As at March 31, 2016		*As at April 01, 2015*	
	No. of shares	₹	No. of shares	₹	*No. of shares*	₹
At the beginning of the year	**13,950,007**	**139,500,070**	13,950,007	139,500,070	*13,950,007*	*139,500,070*
Issued during the year as fully paid		**–**		–		–
Others	**–**	**–**		–		–
At the end of the year	**13,950,007**	**139,500,070**	13,950,007	139,500,070	*13,950,007*	*139,500,070*

(iv) Terms/rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	**As at March 31, 2017**		As at March 31, 2016		*As at April 01, 2015*	
	No. of shares	**₹**	No. of shares	₹	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**13,950,005**	**139,500,050**	13,950,005	139,500,050	*13,950,005*	*139,500,050*
	13,950,005	**139,500,050**	13,950,005	139,500,050	*13,950,005*	*139,500,050*

(vi) Details of Shareholders holding more than 5% shares in the company:

Particulars	**As at March 31, 2017**		As at March 31, 2016		*As at April 01, 2015*	
	No. of shares	**%**	No. of shares	%	*No. of shares*	*%*
L&T Infrastructure Development Projects Limited (including nominee holding)	**13,950,005**	**99.99%**	13,950,005	99.99%	*13,950,005*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

	Particulars	**As at 31.03.2017**			As at 31.03.2016			*As at 01.04.2015*		
		Current	**Non-current**	**Total**	Current	Non–current	Total	*Current*	*Non-current*	*Total*
		₹	₹	₹	₹	₹	₹	*₹*	*₹*	*₹*
7	**OTHER FINANCIAL LIABILITIES**									
	a) Other liabilities (Note no H - 7b)	**707,984,109**	**–**	**707,984,109**	**316,050**	**–**	**316,050**	*357,172*	**–**	*357,172*
		707,984,109	–	**707,984,109**	316,050	–	316,050	*357,172*	–	*357,172*
8	**OTHER LIABILITIES**									
	i) Statutory payables	**463,384**	–	**463,384**	471,124	–	471,124	*522,096*	–	*522,096*
		463,384	–	**463,384**	471,124	–	471,124	*522,096*	–	*522,096*
	Break up of financial liabilities carried at amortized cost									
	Other financial liabilities (Note no 7)	**707,984,109**	–	–	–	–	–			
		707,984,109	–	–	–	–	–			

9 LIABILITIES FOR CURRENT TAX (NET)

Particulars	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹
Liabilities for current tax (net)	–	5,195,056	–
Less: Tax Deducted at Source/Advance tax paid	–	4,571,263	–
Income tax net of previous year provisions	–	–	–
	–	623,793	–

F CONTINGENT LIABILITIES AND ASSETS

Contingent liabilities

Contingent liabilities as at March 31, 2017 in respect of Income-tax disputes ₹ 161,792/- (Previous year ₹ 161,792/-)

Interest contingently payable, in excess of interest earned accounted as liability in the books, is ₹ 45,76,953. Refer note H - 7(b) where the contingent event is entitlement to recover the arbitration pay-out along with interest.

Contingent assets

An arbitral award against loss of revenue due to riots, strikes, closures and compensation in favour of the company (Refer note H - 7 (a))

G COMMITMENTS

Commitments as at March 31, 2017 ₹ Nil (previous year: ₹ Nil).

NOTES FORMING PART OF ACCOUNTS (Contd.)

		2016-17		2015-16	
		₹	₹	₹	₹
10	**OTHER INCOME**				
	Interest income from:				
	Bank deposits	**137,049**		*106,849*	
	Inter-corporate deposits	**21,563,525**		*15,605,749*	
			21,700,574		*15,712,598*
	Profit on sale of current investments		**824,653**		*8,742,145*
	Other income		**6,540**		–
	TOTAL		**22,531,767**		*24,454,743*
11	**FINANCE COSTS**				
	Interest others		**53,201**		*57,831*
	Bank guarantee charges		**1,690,762**		
	TOTAL		**1,743,963**		*57,831*
12	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**30,686**		*40,096*
	Professional fees		**8,301,332**		*5,656,502*
	Travelling and conveyance		**343**		–
	Miscellaneous expenses		**1,956**		*3,203*
	TOTAL		**8,334,317**		*5,699,801*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**196,250**	*171,750*
b) For taxation matters	**–**	*11,450*
c) For company law matters	**–**	*34,350*
TOTAL	**196,250**	*217,550*

H) NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

The Company was awarded on Build Operate and Transfer (BOT) basis, the construction of the two-lane bridge at Kheda across the River Watrak on National Highway 8, in the State of Gujarat under Concession Agreement dated 1st March, 1999 with Ministry of Surface Transport, Government of India(GOI) and Roads and Buildings Department, Government of Gujarat(GOG). The construction was completed in February 2001 and the Concession was valid till 31st December, 2009. The said project was handed over on closing hours of 31st December, 2009 to the GOG/GOI as per the terms and conditions of Concession Agreement and the defect liability period obligation was completed on 31st December, 2010.

2) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3) **Disclosure of related parties/related party transactions pursuant to Ind AS 24 “Related Party Disclosures”**

a) **List of related parties**

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	Vadodara Bharuch Tollway Limited
	Ahmedabad-Maliya Tollway Limited

b) **Disclosure of related party transactions:**

Particulars	**2016-17**	*2015-16*
	₹	₹
Nature of transaction		
Holding company		
L&T Infrastructure Development Projects Limited		
• Intercorporate deposits placed	**325,000,000**	*630,000,000*
• Intercorporate deposits refunded	**325,000,000**	*310,000,000*
• Interest on Intercorporate deposit	**21,563,527**	*15,605,749*
• Purchase of services	**6,624,164**	*5,057,743*
• Refundable deposit for directors’ nomination	**100,000**	*300,000*
Ultimate holding company		
Larsen & Toubro Limited		
• Purchase of services	**23,861**	*17,175*
Fellow Subsidiaries		
Reimbursement of services		
Vadodara Bharuch Tollway Limited	**3,909,558**	*2,771,998*
Ahmedabad-Maliya Tollway Limited	**487,124**	*800,000*

c) **Amount due to and due from related parties(net):** (Amount in ₹)

Particulars	**Amounts due (to)/from**	
	As at 31.03.2017	*As at 31.03.2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**23,861**	–
Holding Company		
L&T Infrastructure Development Projects Limited	**(3,423,871)**	*320,228,071*

d) **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm’s length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) **There is no compensation paid to Key Managerial Personnel of the Company and hence no disclosures are made.**

f) **There are no commitments as at 31 March 2017 with related parties.**

4) **Disclosure pursuant to Ind AS 17 “Leases”**

The Company has taken residential premises under cancellable operating lease. This lease is renewable on expiry. The lease rentals charged to the Statement of Profit and Loss during the year is ₹ 24,000/- (Previous year ₹ 24,000/-).

NOTES FORMING PART OF ACCOUNTS (Contd.)

5) **Disclosure pursuant to Ind AS 12 - "Income taxes"**

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹
Current income Tax :		
Current income tax charge	**3,731,369**	*5,433,152*
Adjustments of current tax of previous year		
Deferred Tax		
Relating to origination and reversal of temporary differences due to fair valuation of current investments	**(2,109)**	*(1,981,109)*
Relating to rate change or imposition of new taxes		
Arising due to a write down of a deferred tax asset		
Income tax reported in the statement of profit and loss	**3,729,260**	*3,452,043*

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹
Accounting profit before tax from continuing operations	**12,453,487**	**18,697,111**
Tax at India's Statutory income tax rate of 31.96% (Previous year - 33.06%)	**3,980,247**	*6,181,826*
Adjustments for reconciliation		
Profit on sale of mutual fund units adjusted against carried forward losses	**(248,878)**	*(2,890,415)*
Effect of non-deductible expenses	**–**	*1,903,646*
Provision for earlier years	**–**	*238,096*
Current tax expense reported in the Statement of Profit and Loss	**3,731,369**	*5,433,152*

Items for which no deferred tax asset is recognised in the Balance Sheet

Particulars	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
a) Tax losses (revenue in nature) (business loss on which no deferred tax asset is created)			
Base amount			
Short term capital loss	**51,504,775**	52,336,027	*67,276,711*
Business loss of AY 11-12	**1,223,805**	1,223,805	*1,223,805*
Business loss of AY 12-13	**1,379,501**	1,379,501	*1,379,501*
Deferred tax asset	**17,293,430**	17,559,105	*22,334,282*
Expiry of tax losses			
Short term capital loss	**AY 2018-19**	AY 2018-19	*AY 2018-19*
Business loss of AY 11-12	**AY 2019-20**	AY 2019-20	*AY 2019-20*
Business loss of AY 12-13	**AY 2020-21**	AY 2020-21	*AY 2020-21*

Deferred Tax

Major components of Deferred tax liabilities and assets

Particulars	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹
Balance Sheet			
Deferred tax liability			
a) Fair value of current investments			
Opening balance	**166,365**	2,147,474	–
Add : Origination/Reversal of timing difference	**(2,109)**	(1,981,109)	*2,147,474*
Closing balance	**164,256**	166,365	*2,147,474*
Statement of profit and loss			
a) Fair value of current investments	**(2,109)**	(1,981,109)	–

The income tax rates changed from 30% in AY 16-17 to 29% in AY 17-18

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	*2015-16*
		₹	₹
Basic and Diluted			
Profit for the year attributable to owners of the Company for calculating basic/ diluted earnings per share (₹)	A	**8,724,227**	*15,245,068*
Weighted average number of equity shares outstanding for calculating basic/ diluted earnings per share	B	**13,950,007**	*13,950,007*
Basic and Diluted EPS (₹)	A/B	**0.63**	*1.09*
Face value per equity share (₹)		**10.00**	*10.00*

7) Arbitration

a) During the concession period, the Company had claimed for loss of revenue due to riots, strikes, closures and compensation for execution of variances to project facilities beyond the scope of concession agreement envisaged at the time of tendering. Since the claims could not be settled amicably, they were referred to the Arbitral Tribunal constituted as per the terms of the Concession agreement. The Tribunal unanimously passed the Award in favour of the Company against which the GOI/GOG had appealed to the District Court of Kheda at Nadiad(Gujarat) . The matters were listed for a number of times and finally on 4th April, 2015, the Honourable Court dismissed the appeals on account of non-persuasion by GOI/GOG. The Company has filed execution petition against GOI before Hon'ble High Court, Delhi and the Hon'ble Court heard the parties and has adjourned the matter to 2nd May 2017. Meanwhile the restoration applications filed by GOI and GOG have been transferred to the Commercial Court and will be heard on merits as to whether the Appeal dismissed by the Nadiad Court is to be restored.

b) Meanwhile pursuant to the decisions taken by the Cabinet Committee on Economic Affairs (CCEA) for the revival of construction sector, the NITI Aayog had issued OM No 14070/14/2016 PPPAU dated 5th September 2016 titled "Measures to revive the Construction Sector" which requires the work executing agencies to pay an amount equal to 75% of the total pay-out in cases where the Arbitral Awards are passed in favour of the Concessionaire against a bank guarantee without prejudice to the rights and stand of the Agency and subject to the final order of the court in the matter under challenge. In case the legal challenge is settled in favour of the Agency, it would be entitled to recover the said amount along with interest . Accordingly a sum of ₹ 69,76,92,000 has been received from GOI towards 75% of the arbitral award against a bank guarantee provided by the Company.

8) There was no cash in hand and hence Specified Bank Note disclosure as per MCA Notification G.S.R 308(E) dated 30 March, 2017 is not applicable to the Company.

9) Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity share capital, all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

10) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS.

The transition adjustment is with regard to the valuation of current investments. Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/ losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 62,05,138 with a corresponding increase in the reserves as ar 31 March 2015.

RECONCILATION OF EQUITY AS AT MARCH 31, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments	Ind AS
ASSETS:				
(1) Non–current assets				
a) Other non–current assets	1	**3,033,856**	–	*3,033,856*
	A	**3,033,856**	–	*3,033,856*
(2) Current assets				
a) Financial Assets				
i) Investments	2	**5,000,000**	6,599	*5,006,599*
ii) Cash and bank balances	3	**998,806**	–	*998,806*
iii) Loans	5	**320,228,071**	–	*320,228,071*
b) Current Tax Assets (net)	1	**–**	–	–
c) Other current assets	6	**–**	–	–
	B	**326,226,877**	6,599	*326,233,476*
TOTAL	A+B	**329,260,733**	6,599	*329,267,332*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	0	**139,500,070**	–	*139,500,070*
b) Other Equity	6)	**188,349,695**	4,490	*188,354,185*
	C	**327,849,765**	4,490	*327,854,255*
LIABILITIES				
(1) Non–current liabilities				
c) Deferred tax liabilities (net)		**–**	2,109	*2,109*
	D	**–**	2,109	*2,109*
(2) Current liabilities				
a) Financial liabilities				
i) Borrowings	12	**–**	–	–
ii) Trade payables	9	**–**	–	–
iii) Other financial liabilities	7	**–**	–	
b) Other current liabilities	8	**787,175**	–	*787,175*
c) Provisions	8	**–**	–	–
d) Current tax liabilities (net)	9	**623,793**	–	*623,793*
	E	**1,410,968**	–	*1,410,968*
TOTAL EQUITY AND LIABILITIES	C+D+E	**329,260,733**	6,599	*329,267,332*

* The previous GAAP figures have been reclassified to conform to the presentation requirements for the purpose of this note.

RECONCILATION OF EQUITY AS AT MARCH 31, 2015

Particulars	Note	Indian GAAP* ₹	Adjustments	Ind AS
ASSETS:				
(1) Non–current assets				
a) Other non–current assets	**1**	**2,621,307**	–	*2,621,307*
	A	**2,621,307**	–	*2,621,307*
(2) Current assets				
a) Financial Assets				
i) Investments	**2**	**205,371,082**	6,205,138	*211,576,220*
ii) Cash and bank balances	**3**	**100,565,670**	–	*100,565,670*
iii) Loans	**5**	**–**	–	–
b) Current Tax Assets (net)	**1**	**708,476**	–	*708,476*
c) Other current assets	**6**	**–**	–	–
	B	**306,645,228**	6,205,138	*312,850,366*
TOTAL	**A+B**	**309,266,535**	6,205,138	*315,471,673*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	**0**	**139,500,070**	–	*139,500,070*
b) Other Equity	**6)**	**168,887,197**	4,221,920	*173,109,117*
	C	**308,387,267**	4,221,920	*312,609,187*
LIABILITIES				
(1) Non–current liabilities				
c) Deferred tax liabilities (net)		**–**	1,983,218	*1,983,218*
	D	**–**	1,983,218	*1,983,218*
(2) Current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	**–**	–	–
ii) Trade payables	**9**	**–**	–	–
iii) Other financial liabilities	**7**	**–**	–	–
b) Other current liabilities	**8**	**879,268**	–	*879,268*
c) Provisions	**8**	**–**	–	–
d) Current tax liabilities (net)	**9**	**–**	–	–
	E	**879,268**	–	*879,268*
TOTAL EQUITY AND LIABILITIES	**C+D+E**	**309,266,535**	6,205,138	*315,471,673*

* The previous GAAP figures have been reclassified to conform to the presentation requirements for the purpose of this note.

RECONCILIATION OF PROFIT AND LOSS AS AT MARCH 31, 2016

Particulars	**Note**	**Indian GAAP*** ₹	₹	**Adjustments** ₹	**Ind AS** ₹	₹
REVENUE						
Other income	**10**		**30,653,282**	(6,198,539)		*24,454,743*
TOTAL INCOME			**30,653,282**	(6,198,539)		*24,454,743*
EXPENSES						
Finance costs	**11**		**57,831**	–		*57,831*
Administration and other expenses	**12**		**5,699,801**	–		*5,699,801*
TOTAL EXPENSES			**5,757,632**	–		*5,757,632*
Profit/(loss) before tax			**24,895,650**	(6,198,539)		*18,697,111*
Tax Expense:						
Current tax		**5,433,152**		–	*5,433,152*	
Deferred tax		**–**		(1,981,109)	*(1,981,109)*	
			5,433,152	(1,981,109)		*3,452,043*
Profit/(loss) after tax for the year			**19,462,498**	(4,217,430)		*15,245,068*
Other comprehensive income						
i) Items that will not be reclassified to profit or loss (net of tax)			**–**	–		–
ii) Items that will be reclassified to profit or loss (net of tax)			**–**	–		–
Total comprehensive income for the year			**19,462,498**	(4,217,430)		*15,245,068*

* The previous GAAP figures have been reclassified to conform to the presentation requirements for the purpose of this note.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 10 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for certain financial assets and liabilities which are measured at fair value

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known/materialize. Estimates include the useful lives of property plant and equipment, allowance for doubtful debts/ advances, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

b) Fair value gains on current investments carried at fair value are included in Other income.

c) Dividend income is recognised when the right to receive the same is established by the reporting date.

d) Other items of income are recognised as and when the right to receive arises.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

4 **Cash and bank balances**

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 **Cash flow statement**

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure."

6 **Investments**

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

7 **Borrowing costs**

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction/development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

8 **Segment reporting**

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108). Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market/fair value factors.

9 **Leases**

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

10 Earnings per share

Basic earnings per share is computed by dividing the profit/(loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit/(loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits/reverse share splits and bonus shares, as appropriate.

11 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

12 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

13 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

14 Operating Cycle

Based on the nature of products/activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

15 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

16 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

17 Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of 01 April 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)
By the hand of

P. RAJESH KUMAR
Partner
Membership No. 225366

DHANYA T.
Chief Financial Officer

GANESH RAMACHANDRAN
Company Secretary
M. No. A49108

MATHEW GEORGE
Director
DIN: 07402208

R. G. RAMACHANDRAN
Director
DIN : 02671982

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Twenty Second report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

   During the year under review, the Company has not carried out any commercial activities and accordingly, no Profit and Loss Account has been prepared.

2. **CAPITAL EXPENDITURE:**

   During the period under review the Company did not incur any capital expenditure.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

4. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   All the related party transactions were in the ordinary course of business and at arm’s length.

   There are no material related party transactions/Contracts/Agreements entered by the Company.

5. **STATE OF COMPANY AFFAIRS:**

   During the year under review, the Company did not carry out any operations.

6. **DIVIDEND:**

   The Directors have not recommended any dividend for the financial year 2016-17.

7. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

   There are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the report.

8. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

   a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

   b. No technology has been developed and/or imported by way of foreign collaboration.

   c. During the year, the Company has had “nil” foreign exchange earnings and outgo.

9. **RISK MANAGEMENT FRAMEWORK:**

   The Company has not commenced any commercial operations and is not exposed to any risk.Hence, the Board has not adopted a Risk Management Policy.

10. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

    The present Directors of the Company are Mr. Ajit Kumar Samal, Mr. Saurabh Indwar and Mr. PramodSushila Kapoor.

    Mr. PramodSushila Kapoor was appointed as a Director in the casual vacancy caused due to the resignation of Mr. Ashok Sonthalia and holds office till the date of this Annual General Meeting.The notice convening the AGM includes the proposal for his appointment.

11. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

    The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, 5 meetings were held on April 06, 2016, May 19, 2016, July 19, 2016, October 18, 2016 and February 13, 2017.

    The Agenda of the meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

12. **ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

    The Company has designed and implemented a process driven framework for Internal Financial Controls (‘IFC’) within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company’s operations.

13. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

14. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings, as applicable.

15. AUDITORS:

The Auditors, M/s. Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 22nd Annual General Meeting until the conclusion of the 27thAnnual General Meeting subject to ratification of their appointment at every Annual General Meeting.

16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

17. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return (MGT-9) is attached herewith as Annexure I.

18. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The Company does not have any employees.

19. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the Shareholders, Regulatory Authorities and all various stakeholders for their continued co-operation and support of the Company.

For and on behalf of the Board

Place : Mumbai	**AJIT SAMAL**	**P. S. KAPOOR**
Date : April 29, 2017	*Director*	*Director*
	DIN:0510802	*DIN:02914307*

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

For the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U74899DL1995PLC070704
2	Registration Date	11/07/1995
3	Name of the Company	Bhilai Power Supply Company Limited
4	Category	Public Limited Company
5	Sub-Category of the Company	Company Limited By Shares
6	Address of the Registered office and contact details	Ambadeep Building, 9th Floor,14, Kasturba Gandhi Marg, New Delhi-110001 Tel:- 022-67525656. Fax:-022-67525893 Email: Subhodh.Shetty@Larsentoubro.Com
7	Whether listed Company	No
8	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
NIL			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	99.90	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	NIL	50000	50000	100	NIL	50000	50000	100	NIL
e) Banks/FI									
f) Any Other….									
Sub-total (A)(1):-	NIL	50000	50000	100	NIL	50000	50000	100	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other….									
Sub-total (A)(2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	NIL	50000	50000	100	NIL	50000	50000	100	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B Public Shareholding **1. Institutions** a) Mutual Funds b) Banks/FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-** **2. Non-Institutions** a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify) **Sub-total (B)(2):-** **Total Public Shareholding (B)=(B)(1)+ (B)(2)**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	NIL	50000	50000	100	NIL	50000	50000	100	NIL

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Limited	49950	99.9	NIL	49950	99.9	NIL	NIL
	Total	49950	99.9	NIL	49950	99.9	NIL	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc.):				
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc):				
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		----	
1.	Gross salary	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify…		
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NIL	NIL

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1.	Independent Directors	NIL	NIL	NIL		NIL
	• Fee for attending board/committee meetings					
	• Commission					
	• Others, please specify					
	Total (1)					
		AJIT KUMAR SAMAL	**PRAMOD SUSHILA KAPOOR**	**SAURABH INDWAR**		
2.	Other Non-Executive Directors	NIL	NIL	NIL	NIL	NIL
	• Fee for attending board/committee meetings					
	• Commission					
	• Others, please specify					
	Total (2)	NIL	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL	NIL	NIL

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF BHILAI POWER SUPPLY COMPANY LIMITED

REPORT ON THE STANDALONE FINANCIAL STATEMENTS

We have audited the standalone financial statements of Bhilai Power Supply Company Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Statement of Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the Act) with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Those Board of Directors are also responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with relevant Rules issued thereunder;
   (e) on the basis of the written representations received from the Directors as on 31st March, 2017 taken on record by the Board of Directors, none of the Directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations that will impact on its financial position in its financial statements;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and

iii. there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company; and

iv. the Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 9 to the standalone financial statement.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 2, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

The Annexure referred to in Independent Auditors' Report to the members of the Company on the standalone financial statements for the year ended 31st March, 2017, we report that:

(i) The Company has not acquired any fixed assets, therefore Paragraph 3 (i) of the Order is not applicable to the Company.

(ii) The Company is engaged has not yet commenced operations. Accordingly, Paragraph 3 (ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, Paragraph 3 (iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the Company has not given any loans to directors or body corporate which may be covered under section 185 and 186 of the Act. Accordingly, Paragraph 3 (iv) of the Order is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and accordingly, Paragraph 3 (v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Company has not been prescribed maintenance of cost records by the Central Government under section 148(1) of the Act and accordingly, Paragraph 3 (vi) of the Order is not applicable to the Company

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, there are no dues in respect of income tax or any other statutory dues, which have not been deposited on account of a dispute pending.

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks or Government. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised monies by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) The Company is not covered by the provisions of section 197 read with Schedule V to the Act and accordingly, Paragraph 3 (xi) of the Order is not applicable to the Company.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 2, 2017

ANNEXURE – B TO THE AUDITORS' REPORT

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act. 2013 ("Act")

We have audited the internal financial controls over financial reporting of Bhilai Power Supply Company Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.000452N
by the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 2, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹	As at 01.04.2015 ₹	₹
ASSETS:							
Non-current assets							
Financial Assets							
(ii) Loans	1		**84,657,085**		84,657,085		*84,657,085*
Current assets							
Financials assets							
(i) Cash and cash equivalents	2	**99,053**		99,053		*99,053*	
(ii) Loans	1	**3,813,177**		3,813,177		*3,813,177*	
			3,912,230		3,912,230		*3,912,230*
TOTAL ASSETS			**88,569,315**		88,569,315		*88,569,315*
EQUITY AND LIABILITIES:							
Equity							
Equity Share capital	3		**500,000**		500,000		*500,000*
LIABILITIES							
Current liabilities							
Financial Liabilities							
(i) Other financials liabilities	4		**88,069,315**		88,069,315		*88,069,315*
TOTAL EQUITY AND LIABILITIES			**88,569,315**		88,569,315		*88,569,315*
SIGNIFICANT ACCOUNTING POLICIES	5						
NOTES FORMING PART OF ACCOUNTS	6						

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 02, 2017

For and on behalf of the Board

P. S. KAPOOR
Director
DIN:02914307

AJIT SAMAL
Director
DIN:0510802

Place : Mumbai
Date : April 29, 2017

	Upto 31.03.2016 ₹	**From 01.04.2016 to 31.03.2017** ₹	**Upto 31.03.2017** ₹
PRELIMINARY AND PRE-OPERATIVE EXPENSES			
PRELIMINARY EXPENSES			
Stamp Duty for MOA/AOA	*120*	**Nil**	**120**
Registration Charges	*158,580*	**Nil**	**158,580**
Miscellaneous	*1,750*	**Nil**	**1,750**
TOTAL - A	*160,450*	**Nil**	**160,450**
PRE-OPERATIVE EXPENSES			
(Project Development Expenses)			
Travelling and Conveyance	*16,096,369*	**Nil**	**16,096,369**
Printing and Stationery	*463,723*	**Nil**	**463,723**
Telephone and Telex	*1,180,091*	**Nil**	**1,180,091**
Advertisement and Business Promotion	*1,738,247*	**Nil**	**1,738,247**
Entertainment	*1,266,158*	**Nil**	**1,266,158**
Professional Fees	*201,438,347*	**24,125**	**201,462,472**
Commitment Charges	*24,108,700*	**Nil**	**24,108,700**
Rent, Rates and Taxes	*1,222,727*	**Nil**	**1,222,727**
Repairs and Maintenance	*2,336,467*	**Nil**	**2,336,467**
Auditors' Remuneration	*1,064,075*	**25,000**	**1,089,075**
Certification Fees	*3,750.00*	**Nil**	**3,750**
Sundry Expenses	*1,974,698*	**7,370**	**1,982,067.94**
TOTAL - B	*252,893,352*	**56,495**	**252,949,847**
SUB-TOTAL (A+B)	*253,053,802*	**56,495**	**253,110,297**
Less : Arrangement with Promoters for Reduction of Liabilities :			
(a) Larsen & Toubro Limited	*121,946,231*	**56,495**	**122,002,726**
(b) PSEG Bhilai Energy Company Limited	*118,458,461*	**Nil**	**118,458,461**
Less: SAIL's share of pre-operative expenses recovered	*12,649,110*	**Nil**	**12,649,110**
TOTAL - C	*253,053,802*	**56,495**	**253,110,297**
TOTAL : (A+B) – C	*–*	**–**	**–**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash flow from Operating Activities:**	**–**	–
	Net Cash from Operating Activities	**–**	–
B.	**Cash flow from Investing Activities:**		
	Preoperative Expenses (Bank charges)	**–**	–
	Refund of Deposit with interest from MPSEB/ CSEB	**–**	–
	Net Cash (used in)/from Investing Activities	**–**	–
C.	**Cash flow from Financing Activities:**		
	Repayment of usnsecured loan	**–**	–
	Sum received from L&T	**–**	–
	Interest paid on unsecured loan	**–**	–
	Net Cash (used in)/from Financing Activities	**–**	–
	Net (Decrease)/Increase in cash & cash equivalents (A+B+C)	**–**	–
	Cash & cash equivalents at the beginning of the year	**99,053**	*99,053*
	Cash & cash equivalents at the end of the year	**99,053**	*99,053*

Notes:
In the absence of Profit & Loss Account, Cash Flow Statement has been prepared under the Direct Method, as set out in the Accounting Standard-3 issued by the Institute of Chartered Accountants of India.

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 02, 2017

For and on behalf of the Board

P. S. KAPOOR
Director
DIN:02914307

AJIT SAMAL
Director
DIN:0510802

Place : Mumbai
Date : April 29, 2017

NOTES FORMING PART OF ACCOUNTS

1. LOANS ADVANCES / RECEIVABLE

Particulars	As at 31.03.2017			As at 31.03.2016			*As at 01.04.2015*		
	Non- current	**Current**	**Total**	Non- current	Current	Total	*Non- current*	*Current*	*Total*
Capital Advances				–	–	–	–	–	–
Security Deposits				–	–	–	–	–	–
Loans and advanaces									
- Subsidiaries				–	–	–	–	–	–
- Associates				–	–	–	–	–	–
- Holding				–	–	–	–	–	–
- Other related parties				–	–	–	–	–	–
- Employees				–	–	–	–	–	–
- Directors				–	–	–	–	–	–
- Others	**84,657,085**	**3,813,177**	**88,470,262**	84,657,085	3,813,177	88,470,262	*84,657,085*	3,813,177	*88,470,262*
Advances recoverable in cash or in kind or for value to be received									
- Considered good				–	–	–	–	–	–
- Considered doubtful				–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
Less: Provision for doubtful advances				–	–	–	–	–	–
	–	–	–	–	–	–	–	–	–
TOTAL	**84,657,085**	**3,813,177**	**88,470,262**	84,657,085	3,813,177	88,470,262	*84,657,085*	3,813,177	*84,657,085*

2. CASH & CASH EQUIVALENT

(Figures in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	*As at 01.04.2015*
Bank Balance	**99,053**	99,053	*99,053*
Cheques and drafts on hands	**–**	–	–
Cash on hand	**–**	–	–
Bank deposits	**–**	–	–
Earmarked balances with banks	**–**	–	–
TOTAL	**99,053**	99,053	*99,053*

3. SHARE CAPITAL

(Figures in ₹)

Particulars	As at 31.03.2017	As at 31.03.2016	*As at 01.04.2015*
Authorised:			
100 Preference Shares of ₹ 10/- each.	**1,000**	1,000	*1,000*
50,00,000 Equity Shares of ₹ 10/- each.	**50,000,000**	50,000,000	*50,000,000*
	50,001,000	50,001,000	*50,001,000*
Issued, Subscribed and paid-up:			
50,000 Equity Shares of ₹ 10/- each.	**500,000**	500,000	*500,000*
(Previous year 50,000 equity shares of ₹10/- each)			
	500,000	500,000	*500,000*

Sub Note (i) : List of shareholders having holding more than 5%

Name of shareholder	No of shares as at 31.03.2017	No of shares as at 31.03.2016	*No of shares as at 01.04.2015*
Larsen & Toubro Limited	**50,000**	50,000	*50,000*
(99.9% of equity shares are held by Larsen & Toubro Limited the Holding Company)			

NOTES FORMING PART OF ACCOUNTS (Contd.)

4. OTHER FINANCIAL LIABILITIES **(Figures in ₹)**

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Long term	Current	Total	Long term	Current	Total	Long term	Current	Total
Other liabilities									
- Others		**88,069,315**	**88,069,315**		88,069,315	88,069,315	–	*88,069,315*	*88,069,315*
	–	**88,069,315**	**88,069,315**	–	88,069,315	88,069,315	–	*88,069,315*	*88,069,315*

NOTE-5

SIGNIFICANT ACCOUNTING POLICIES

1. **Statement of compliance**

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as “Ind AS”) notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period have been restated to Ind AS. In accordance with Ind AS 101.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

2. **Method of Accounting**

The company maintains its accounts on accrual basis.

3. **Foreign Currencies**

Actual foreign currency expenditure is booked at the exchange rate prevailing on the date of the transaction. Outstanding foreign currency liabilities are translated at exchange rate prevailing at the year end. The exchange variations, if any, arising out of such transactions is adjusted in pre-operative expenditure.

NOTE-6

NOTES FORMING PART OF ACCOUNTS

1. All the expenditure incurred by the company from time to time has been agreed to be borne by the promoters and the said arrangement has been effected by reduction of liabilities of the company towards the promoters.

   In line with the aforesaid arrangement, pre-operative expenses amounting to ₹ 56,495/-(Previous Year ₹ 59,196/-) have been adjusted against the liability towards Larsen & Toubro Limited during the year as shown in Schedule ‘C’ as these expenses are agreed to be reimbursed by the Parent Company.

   No profit and loss account is prepared as there are no items of income earned or expenses incurred which are to be borne by the company.

2. Auditors’ Remuneration (excluding Service Tax) and expenses charged to the accounts includes:-

	2016-17	*2015-16*
Audit Fee	**₹ 25,000**	*₹ 25,000*

3. The Board of Directors of the company in their meeting held on the 29th June 2000, has not accepted the notice of termination of 25th May 2000 given to them by Steel Authority of India Ltd. The treatment in the accounts for SAIL’s share as a continuing partner for the year ended on 31st March 2017 is given accordingly as in past. L&T vide letter dated 16th October 2006 has sent the proposal to SAIL to consider for transferring their minority stake of 0.1% in the company in favour of L&T, which is under consideration of SAIL since then.

4. The company has decided to accrue interest on the Security Deposit only upto 26.02.2007 and hence no interest income has been computed on outstanding dues from MPSEB/CSEB amounting to ₹ 8,46,57,085/- in the accounts during the year. As the company has back-to-back arrangement to pay interest with its promoters, there will not be any material impact of this to preoperative expenses or any other heads.

5. In the hearing held on 17.02.2008 for release of balance amount of ₹ 8,46,57,085/- due to BPSCL, the Hon’ble Supreme Court has directed that the decision on this would be taken after the Original Suit No. 6/2004 between MPSEB and CSEB, also pending in the Hon’ble Supreme Court, was decided. The order was passed on 9th July, 2014. However, the Hon’ble Supreme Court is yet to list the matter for hearing related to release of balance amount to BPSCL.

6. The company continues to be a prospective investment vehicle for development of power generation projects. Management expects that the company would be used as a special purpose vehicle company for its power development business. These financial statements are therefore continued to be prepared on a “Going Concern Basis”.

7. Larsen & Toubro Limited, the Holding Company entered into an agreement with PSEG Bhilai Energy Company Limited to acquire their shareholding (45 Equity Shares of ₹ 10/- each) in the Company and made an application in July 2003 to Reserve Bank of India for their approval, which is still pending.

NOTES FORMING PART OF ACCOUNTS (Contd.)

8. **Disclosure of related parties/related party transactions**

a) Name of the related party who can exercise control — **Relationship**

Larsen & Toubro Ltd. — Holding Company

b) Name of the related parties with whom transaction were carried out during the year and description of relationship

Larsen & Toubro Ltd. — Holding Company

c) Disclosure of related party transactions

Transactions/Nature of relationship

Transaction	**Relationship**	**Value of transaction** (₹/lacs)
Payment made by for Pre-operative expenses	Holding company (0.59)	0.56

d) Amount due to related parties

Transaction	**Relationship**	**Amount Due**
i) Unsecured loan	Holding company	719.16 (719.16)
iii) Account payable	Holding Company	117.05 (117.05)

Note : Figures in brackets relate to previous year

9. **Disclosure of cash in hand as on 30.12.2016**

Particular	₹ “500” notes	₹ “1000” notes	Other Notes	Total
Closing cash as on 08.11.2016	Nil	Nil	Nil	Nil
Permitted receipts	Nil	Nil	Nil	Nil
Permitted payments	Nil	Nil	Nil	Nil
Amount deposited in Banks	Nil	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil	Nil

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 000452N
By the hand of

PAVAN K. AGGARWAL
Partner
Membership No. 091466

Place : New Delhi
Date : May 02, 2017

For and on behalf of the Board

P. S. KAPOOR
Director
DIN:02914307

AJIT SAMAL
Director
DIN:0510802

Place : Vadodara
Date : April 29, 2017

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	**EURO**	
	2016-17	**2015-16**
Total Income	**12,334,389**	*13,304,914*
Profit / (Loss) before Tax	**508,238**	*596,924*
Less : Tax	**215,664**	*207,421*
Net Profit / (Loss) after Tax	**292,574**	*389,502*
Add: Balance b/f from previous year	**3,712,455**	*3,322,953*
Balance to be carried forward	**4,005,029**	*3,712,455*

2. STATE OF COMPANY AFFAIRS

The gross sales and other income for the Financial Year under review were EUR 12.33 Mn as against EUR 13.30 Mn for the previous Financial Year. The profit after tax including extraordinary and exceptional items was EUR 0.29 Mn for the Financial Year under review as against EUR 0.39 Mn for the previous Financial Year.

3. CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets including leased assets, stood at EUR 177,443 and the net fixed and intangible assets, including leased assets, stood at EUR 105,644. Capital Expenditure during the Financial Year under review amounted to EUR 55,111.

4. DIVIDEND

In order to conserve the resources for future business growth, the Directors do not recommend dividend for the current year.

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year, Mr. Makarand Deolalkar resigned as a Managing Director w.e.f. October 12, 2016. Mr. Sudhir Chaturvedi was appointed as Managing Director w.e.f. October 12, 2016.

The Board places on record the valuable contribution made by Mr. Makarand Deolalkar during his tenure as Managing Director of the Company.

Presently, Mr. Ashok Kumar Sonthalia and Mr. Sudhir Chaturvedi are the Managing Directors on the Board of the Company, appointed on October 1, 2015 & October 12, 2016 respectively.

6. AUDITORS

M/s. Pohner & Von Loeben are the auditors of the Company. They have been re-appointed as Statutory Auditors of the Company for the ensuing Financial Year.

7. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

8. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

DIRECTORS' REPORT (Contd.)

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the Local Statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Germany and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Sudhir Chaturvedi
Director

Date: April 18, 2017
Place: London, UK.

AUDITOR'S REPORT

1. ASSIGNMENT

The management of Larsen & Toubro Infotech GmbH,

Leipzig,

- authorised signatory hereinafter referred to as "Larsen" as well as the "Company"-

appointed us (confirmation of order dated April 4, 2017) by the shareholders resolution dated, April 20, 2016 to audit the financial statements and the accounting records for the year ended March 31, 2017.

The maintenance of the books and records and the preparation of the annual financial statements in accordance with the German Commercial Code (HGB) and the additional regulations of the articles of association are on the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements based on our audit.

We carried out our audit in accordance with the general conditions of assignment for Wirtschaftsprüfer und Wirtschaftsprüfungsgesellschaften of the "Institut der Wirtschaftsprüfer" in Germany e.V. (IDW), dated January 01, 2017 (added in appendix 3). Our responsibility and our liability, especially to third parties, is based on these conditions of assignment.

We report about our audit in accordance with § 321 German Commercial Code (HGB) and in accordance with the reporting standards of IDW PS 450. Our report is directed to the audited Company and consists of a main part, which includes all essential statements summarized and four appendices, which are an essential part of our report.

We certify in accordance with § 321 par. 4 a German Commercial Code (HGB) that we have observed the Audit Independence Rules.

2. GENERAL STATEMENTS

2.1. SITUATION OF THE COMPANY

The Company, as a small company with regard to § 267 par. 1 German Commercial Code used its right to choose according to § 264 par. 1 sent. 4 German Commercial Code and did not prepare a management report. The evaluations of the management about the situation of the Company and the risks of the future development affect disclosure and valuation decisions already within the scope of the preparation of the annual financial statements by the legal representatives. As far as the judgement of the situation of the Company by the legal representatives was considered in the annual financial statements in the form of the audited papers and documents as well as additionally given information we make the following statements:

Within the scope of the audit of the annual financial statements as well as the business situation of the Company we noted no facts which argue against the judgement of the situation of the Company according to the submitted annual financial statements.

2.2. STATEMENTS ACCORDING TO § 321 PAR. 1 SENT. 3 GERMAN COMMERCIAL CODE IRREGULARITIES

In the course of our audit no irregularities have been found.

3. SUBJECT, CHARACTER AND AUDIT SCOPE

The subject of our audit was the Company's accounting and the financial statements.

The Company is a small sized company in accordance with § 267 par. 1 German Commercial Code (HGB). Therefore the Company is not obliged by applicable law to be audited with regard to § 316 pf. German Commercial Code (HGB). The Company applies the statutory accounting requirements in Germany.

The audit was carried out in accordance with § 317 German Commercial Code (HGB) and the auditing Standards promulgated in the statement of IDW PS 200 pf. by the German "Institut der Wirtschaftsprüfer" (IDW). We have audited, whether the regulations of the German Commercial Code and additional regulations of the articles of association of the Company and the regulations and standards of accounting were noticed. The audit covers other regulations only in so far as these regulations contain rules with which the financial statements have to comply. This audit does neither cover any specific information on criminal offences such as breach of public trust or embezzlements nor any offences committed beyond accounting.

The audit was performed by defining an audit strategy, taking a risk-orientated approach. Based on this approach, significant criteria for the determination of audit procedures is the risk of errors and violations of statutory provisions. Knowledge of the business activities and the economic and legal environment of the Company and evaluations of possible misstatements are taken into account in the determination of audit procedures.

On the basis of this determination we have planned our audit procedures.

The effectiveness of the internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements are examined primarily on a test basis within the framework of the audit. We focused on economic importance of each part of the audit and the type of accounting principles. Because of this assurance of the proper business transactions the scope of the individual audit procedures could be cut down. The audit procedures included plausibility checks and the audit of evidence of individual business transactions.

Provided that materiality limits were not exceeded no adjustments have been made.

We carried out our audit in April 2017 in our office premises in Munich. Our auditor's functions were essentially finished on April 21, 2017.

Our audit was focused on:

- Valuation of accruals
- Reconcile and evaluation of trade receivables and trade payables including affiliated companies

We have requested confirmations of affiliated companies concerning trade receivables and trade payables. Amounts due from and to affiliated companies have been agreed upon with the companies concerned.

The cash in banks and liabilities due to banks are in accordance with confirmations and statement of accounts.

AUDITOR'S REPORT (Contd.)

Details about the audit scope and methods are included in our working papers.

All requested documents had been at our entire disposal. Necessary explanations were given to us by:

- Warth & Klein Grant Thornton AG, the tax adviser of the Company (Munich)
- Ms. Rupali Hatle, Larsen & Toubro Infotech Ltd. (Mumbai/India).

We have received the Letter of Representation by the managing director. In the Letter of Representation the management promised that the bookkeeping contains all assets, liabilities and risks and that the information given to us is complete.

4. STATEMENTS AND EXPLANATION TO ACCOUNTING

4.1. ADEQUACY OF THE ACCOUNTING

4.1.1 ACCOUNTING AND OTHER REVIEWED DOCUMENTS

The accounting of the Company including the wage and salary accounting of the reporting year are performed outside by Warth & Klein Grant Thornton AG Wirt-schaftsprüfungsgesellschaft (tax consultant company), Munich, by the use of a data processing program called DATEV.

We have convinced ourselves of the adequacy and procedure of the accounting as a whole and its practical use. The vouchers are orderly and conclusive. Journal and ledger accounts are properly recorded. The accounting records documents handling is in accordance with the general accepted accounting principles. Assets and liabilities were properly proved. When we finished our audit all accounts were closed.

In the course of our audit and due to the information given to us we did not find any indications that the safety of the data processed for the purposes of accounting is not guaranteed.

4.1.2 FINANCIAL STATEMENTS

The balance sheet as of March 31, 2017 and the profit and loss account for the period from April 1, 2016 to March 31, 2017 were correctly deduced from the accounting. The balance sheet format complies with the German Commercial Code. The assets were proven by balance files, confirmations, correspondences of the Company and other documents.

We audited the financial statements as of March 31, 2016 and supplied it with the auditors' opinion on April 22, 2016. The financial statements as of March 31, 2016 were approved at the shareholders' meeting on April 22, 2016.

The financial statements of Larsen & Toubro Infotech GmbH, Leipzig, were prepared in accordance with §§ 242-256 German Commercial Code (HGB) and the complementing regulations of §§ 264-288 German Commercial Code (HGB). Furthermore the regulations in the German GmbH Law were noticed.

The valuation of assets and liabilities applied to the German Commercial Code. The used accounting and valuation methods are presented in the notes to the financial statements (appendix 1.3).

Valuation methods and classifications of the financial statements as of March 31, 2016 are applied. The standards of § 252 of German Commercial Code (HGB) were followed by the Company and the German Accounting Directive Implementation Act.

The notes to the financial statements are in accordance with the applicable law and regulations. The notes to the financial statements especially contain all necessary disclosures, representations, analysis, explanations and reasons with regard to recording methods of the accounting and valuation of the individual items in the balance sheet and profit and loss account as well as the other necessary disclosures. We examined the individual disclosures of the notes to the financial statements within our audit of the individual items in the balance sheet and profit and loss account.

4.2. OVERALL PICTURE CONVEYED BY THE FINANCIAL STATEMENTS

4.2.1 RESULT OF THE FINANCIAL STATEMENTS

According to the result of our audit the financial statements, in compliance with generally accepted accounting principles, present overall a true and fair view of its net worth, financial position and results of operations.

4.2.2 SUBSTANTIAL VALUATION METHODS

Tangible assets and intangible assets stated at purchase costs reduced by systematic depreciation. Fixed assets are depreciated on a straight-line method. Low value items up to EUR 410 are completely written-off in their first year.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other accruals are set up for uncertain liabilities and are stated at the amount required based on sound business judgement.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

4.2.3 CHANGE IN ACCOUNTING AND EVALUATION METHODS

The application of accounting and evaluation choices of the German Commercial Code (HGB) as well as other bases of evaluation for the financial statements are unchanged compared to prior year. A change in accounting and evaluation methods as well as basic influences on the reporting of the net assets, financial position and results of operations by a changed practice of the scope of discretion are, according to our assessment, not existing.

Due to the initial application of the German Commercial Code (HGB) as revised by the German Accounting Directive

AUDITOR'S REPORT (Contd.)

Implementation Act (BilRUG) the structure differs from last year's in the following points: deletion of the items "extraordinary income", "extraordinary expenses" as well as "results of ordinary activities" and "extraordinary results", insertion of the item "result after taxes" between the items "taxes on income" and "other taxes". Restructuring to ensure compatibility of sales revenues were not necessary for the year 2016/ 2017.

4.2.4 STATEMENTS CONCERNING SINGLE ITEMS OF THE BALANCE SHEET

We refer to the notes of financial statements (Appendix 1.3).

As requested we did not give a detailed report about the net assets, financial position and results of operations of the Company.

5. REPETITION OF THE AUDITORS' OPINION

Based on the results of our audit of the financial statements as of March 31, 2017 of Larsen & Toubro Infotech GmbH, Leipzig, we render the following

AUDITORS' OPINION:

We have audited the annual financial statements, comprising the balance sheet, the income statement and the notes to the financial statements, together with the bookkeeping system of Larsen & Toubro Infotech GmbH, Leipzig, for the period from April 1, 2016 to March 31, 2017. The bookkeeping system and the preparation of these documents in accordance with German commercial law and supplementary articles of incorporation are the responsibility of the Company's management. Our responsibility is to express an opinion on the annual financial statements, together with the bookkeeping system based on our audit.

We conducted our audit of the annual financial statements in accordance with § 317 HGB ("German Commercial Code") and German generally accepted standards for the audit of financial statements promulgated by the Institut der Wirtschaftsprüfer [Institute of Public Auditors in Germany] (IDW). Those standards require that we plan and perform the audit such that misstatements materially affecting the presentation of the net assets, financial position and results of operations in the annual financial statements in accordance with German principles of proper accounting are detected with reasonable assurance. Knowledge of the business activities and the economic and legal environment of the Company and expectations as to possible misstatements are taken into account in the determination of audit procedures. The effectiveness of the accounting related internal control system and the evidence supporting the disclosures in the books and records, the annual financial statements and the management report are examined primarily on a test basis within the framework of the audit.

The audit includes assessing the accounting principles used and the evaluation of significant estimates made by management and evaluating the overall presentation of the annual financial statements. We believe that our audit provides a reasonable basis for our opinion.

Our audit has not led to any reservations.

In our opinion, based on the findings of our audit, the annual financial statements comply with the legal requirements and supplementary provisions of the shareholder agreement and give a true and fair view of the net assets, financial position and results of operations of the Company in accordance with German principles of proper accounting.

Munich, April 21, 2017

signed Pöhner **Director**	**signed von Loeben** **Director**

We submit this auditors' report according to § 321 German Commercial Code (HGB) while considering the generally accepted auditing standards (IDW-PS 450).

The publication or transfer of the financial statements in a form different from the one we have audited is only permitted after our consent if in the course of doing so reference is made to our audit opinion or audit.

Munich, April 21, 2017

Pöhner **Wirtschaftsprüfer**	**von Loeben** **vereidigter Buchprüfer**

(Signet-No. 17/04)

Appendix 1.1

BALANCE SHEET AS AT MARCH 31,2017

		EUR	EUR	previous year TEUR
	ASSETS			
A	**Fixed assets**			
I	Tangible assets			
	Other equipment, factory and office equipment	105,644.00		70
II	Financial assets			
	Investments	0.00	105,644.00	-
B.	**Inventories**			
	Orders in progress		98,554.20	557
C.	**Current assets**			
I.	Receivables and other assets			
	1. Trade receivables	3,400,208.05		2,851
	2. Receivables from affiliated companies	437,903.87		562
	3. Other assets	130,897.24		430
II.	Cash, Bank Balances	2,365,939.00	6,334,948.16	873
D.	**Accrued items**		1,276.19	10
			6,540,422.55	5,353
	LIABILITIES			
A	**Equity**			
I	Subscribed capital	25,000.00		25
II	Retained profits	3,712,455.83		3,323
III	Net income for the year	292,573.82	4,030,029.65	389
B	**Accruals**			
I	Tax accruals	273,100.00		275
II	Other accruals	458,633.52	731,733.52	436
C	**Liabilities**			
I	Trade payables	6,107.97		47
	- thereof due within one year EUR 6,107.97 (p.y. 47 TEUR)			
II	Amounts due to affiliated companies	1,531,684.77		619
	- thereof due within one year EUR 1,531,684.77 (p.y. 619 TEUR)			
III	Other liabilities	240,866.64	1,778,659.38	239
	- thereof due to tax payments EUR 165,362.05 (p.y. 106 TEUR)			
	- thereof due to social security and similiar obligations EUR 4,761.10 (p.y. - TEUR)			
	- thereof due within one year EUR 240,866.64 (p.y. 239 TEUR)			
			6,540,422.55	5,353

Appendix 1.2

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31,2017

		EUR	EUR	previous year TEUR
1	Sales revenues		12,539,922.34	12,670
2	Increase in orders in progress		-458,234.43	519
3	Other operating income		252,700.83	116
	- of which currency translation gains EUR 223,726.08 (p.y. 115 TEUR)		12,334,388.74	13,305
4	Costs of purchased services		-6,805,680.30	-7,780
			5,528,708.44	5,525
5	Personnel expenses			
	a) Wages and salaries	-3,021,102.18		-3,065
	b) social charges	-495,301.97		-477
6	Depreciation on intangible fixed and tangible assets	-19,196.42		-4
7	Other operating expenses	-1,485,498.72	-5,021,099.29	-1,382
	- of which expenses translation gains EUR 100.608,27 (p.y. 130 TEUR)		507,609.15	597
8	Other interest and similar income	628.78		-
9	Interest and similar expenses	-0.00	628.78	-
			508,237.93	597
10	Taxes on income		-215,664.11	-208
	- of which deferred taxes EUR 0.00 (p.y. - TEUR)			
11	Result after taxes		292,573.82	389
12	Other taxes		-0.00	-
13	Net income for the year		292,573.82	389
14	Retained profits		3,712,455.83	3,323
15	Disposable profits		**4,005,029.65**	**3,712**

Appendix 1.3

NOTES TO THE FINANCIAL STATEMENTS AS OF MARCH 31, 2017

1. KEY FIGURES, CLASSIFICATION, PREVIOUS YEAR'S FIGURE

The Larsen & Toubro Infotech GmbH – hereinafter referred to as the Company – with its seat in Leipzig, was founded by notarial record agreement dated June 14, 1999 and has a capital stock of EUR 25,000.00. The Company was registered at the commercial register Leipzig (HRB 15958) on July 28, 1999.

The parent company is Larsen & Toubro Infotech Limited with its domicile in Mumbai, India.

Object of the Company is the provision of consulting services in the area of information technology as well as the trade with products and rights of every type, particularly with assets, devices and fittings regarding information technology as well as software.

The company is a small company according to § 267 HGB (German Commercial Code), as the characteristics of size with regard to § 267 par. 1 HGB are not reached. The financial statements are set up according to the HGB and the GmbHG (Limited liability company law).

The structure of the balance sheet and profit and loss summary is according to the regulations of the HGB. The profit and loss account was set up in total expenditure format according to § 275 Abs. 2 HGB. The notes were prepared under consideration of the alleviation of § 288 HGB.

Due to the initial application of the German Commercial Code (HGB) as revised by the German Accounting Directive Implementation Act (BilRUG) the structure differs from last year's in the following points: deletion of the items "extraordinary income", extraordinary expenses" as well as "results of ordinary activities" and "extraordinary results", insertion of the item "result after taxes" between the items "taxes on income" and "other taxes". Restructuring to ensure compatibility of sales revenues were not necessary for the year 2016/ 2017.

Due to the initial application of HGB rules as revised by the BilRUG, sales revenues in the financial year 2016/2017 are not comparable to the sales revenues in the financial year 2015/2016. In regard to the disclosure of revenue results there have been no changes in 2016/2017 compared to 2015/2016.

2. ACCOUNTING PRINCIPLES AND STANDARD OF VALUATION AND NOTES TO THE FINANCIAL STATEMENT

The applied accounting principles and valuation methods of the annual financial statements are in accordance with §§ 238 ff. HGB as well as with §§ 264 ff. HGB for corporations and the German Accounting Directive Implementation Act (BilRuG).

Fixed assets are capitalized at acquisition or production costs less normal depreciation. Moveable assets are depreciated using the straight-line method. Low value items up to EUR 410.00 are completely written-off in their first year.

The inventories are evaluated with the original purchase or production costs. As far as there were lower values at the day of the balance sheet, those were stated.

Receivables are stated at nominal value. Receivables denominated in a foreign currency are converted into EURO at the average spot exchange rate at the balance sheet date. Risks on receivables are taken into account by lump-sum valuation adjustments to appropriate extent.

Other assets and liabilities are considered with the nominal face respectively settlement value.

Liabilities are stated at their settlement amounts. Liabilities denominated in a foreign currency are converted into EURO at the average spot exchange rate at the date of the balance sheet.

3. INFORMATIONS ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fixed assets developed as follows:

	Purchase and manufacturing costs			
	Balance at April 1, 2016 EUR	**Additions EUR**	**Disposals EUR**	**Balance at March 31, 2017 EUR**
A. Fixed Assets				
I. Tangible assets				
Other equipment, fixtures, furniture and office equipment	123,912.90	55,111.12	1,581.70	177,442.62
II. Financial Assets				
Investments	113,494.50	0.00	113,494.50	0.00
	237,407.40	55,111.42	115,076.20	117,442.62

3. INFORMATIONS ON BALANCE SHEET AND PROFIT & LOSS ACCOUNT

Fixed assets developed as follows:

	Depreciation				Net book value	
	Balance at April 1, 2016 EUR	**Additions EUR**	**Disposals EUR**	**Balance at March 31, 2017 EUR**	**Balance at March 31, 2017 EUR**	**Balance at March 31, 2016 EUR**
A. Fixed Assets						
I. Tangible assets						
Other equipment, fixtures, furniture and office equipment	54,183.90	19,196.42	1,581.70	71,798.62	105,644.00	69,729.00
II. Financial Assets						
Investments	113,493.50	0.00	113,493.50	0.00	0.00	1.00
	167,677.40	19,196.42	115,075.20	71,798.62	105,644.00	69,730.00

Receivables are all due within one year.

The other accruals contain provisions for financial statements and audit (26 TEUR), vacation provisions (238 TEUR), insurance association (20 TEUR), disability charge (1 TEUR) and outstanding invoices (174 TEUR).

The liabilities include liabilities against affiliated companies of EUR 1,531,684.77 that are all due within one year.

Contingencies according to § 251 HGB did not exist at closing date.

Deferred tax assets and deferred tax liabilities were not to be taken into account.

4. OTHER INFORMATION

Managing Director: Ashok Kumar Sonthalia, Managing Director, Mumbai/India
(Power to sole representation, exempt of § 181 BGB)

Makarand Deolalkar, Managing Director, Mumbai/India (till October 12, 2016)
(Power to sole representation, exempt of § 181 BGB)

Sudhir Chaturvedi, Managing Director, Purley/Great Britain (since October 12, 2016)
(Power to sole representation, exempt of § 181 BGB)

With regard to further disclosures, use has been made of the protective clause provided for by § 286 par. 4 HGB.

The annual average number of employees was 43.

Proposal for appropriation of profit:

The Management proposes to carry forward the net accumulated profit of EUR 4,005,029.65.

5. EVENTS AFTER THE BALANCE SHEET DATE

No significant events arose after the end of the financial year which have not been considered in the profit and loss account or the balance sheet.

Leipzig, April 18, 2017

Larsen & Toubro Infotech GmbH,
Leipzig

Sudhir Chaturvedi
Director

Appendix 2

LEGAL POSITION

A. COMPANY'S STRUCTURE

Legal form:	Limited liability company
Company name:	Larsen & Toubro Infotech GmbH
Legal domicile:	D-04109 Leipzig
Articles of association:	June 14, 1999 (Dr. Carsten Ritter, Leipzig/Germany)
Commercial Register:	Local first-instance court Leipzig, HR B 15958. We received a certificate of registration dated January 10, 2017.
Object of the Company:	Delivery of consulting services in the field of information technology as well as dealing with goods and rights of all kind, especially with assets, equipment and fixtures for information technology as well as software.
Nominal Capital:	EUR 25,000.00 (py. 25 TEUR) 100 % of the shares of the Company are being held by Larsen & Toubro Infotech Ltd., Mumbai/India
Managing Directors:	Ashok Kumar Sonthalia, Mumbai/India Makarand Deolalkar, Mumbai/India (till October 12, 2016) Sudhir Chaturvedi, Purley/Great Britain (since October 12, 2016)
Fiscal Year:	April 1 until March 31
Prior financial Statements:	The financial statements as of March 31, 2016 were approved at the shareholders´ meeting on April 22, 2016.

B. TAX BASIS

General

The Company is recorded by the local tax office for corporations in Leipzig (registration number: 231/113/12222).

The tax authorities carried out a tax audit in the year 2012 for the assessment periods 2007 to 2009.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Annual Report and Audited Accounts for the year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	CAD*	
	2016-17	*2015-16*
Total Income	**17,489,556**	*13,643,849*
Profit / (Loss) before Tax	**708,773**	*735,559*
Less: Tax	**173,376**	*197,613*
Net Profit/ (Loss) after Tax	**535,397**	*537,946*
Add: Balance b/f from previous year	**1,956,771**	*1,418,825*
Less: Dividend Paid	**(1,000,000)**	-
Balance to be carried forward	**1,492,168**	*1,956,771*

Note: *Canadian Dollars

2. STATE OF CORPORATION AFFAIRS

The total income for the Financial Year under review was CAD 17.49 Mn as against CAD 13.64 Mn for the previous Financial Year, registering an increase of CAD 3.85 Mn. The profit after tax for the Financial Year under review was CAD 0.54 Mn as against CAD 0.54 Mn for the previous Financial Year.

3. CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets, including leased assets, stood at CAD 27,144 and the net fixed and intangible assets, including leased assets, stood at CAD 2,315. Capital Expenditure during the year amounted to CAD 807.

4. DIVIDEND

During the year, the Corporation has paid an interim dividend at the rate of CAD 1 per share, on 1,000,000 paid-up equity shares of the Corporation. The dividend payment including the withholding tax has resulted in total outflow of CAD 1 Mn.

The Directors do not propose payment of any final dividend for the year ended March 31, 2017.

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/ RESIGNED DURING THE YEAR

During the year under review, Mr. Harsh Naidu and Mr. Chad Alderson were appointed as Directors w.e.f. August 30, 2016. Mr. Sunil Pande and Mr. Alfred Page resigned as Directors w.e.f. August 30, 2016. The Board places on the record the valuable contributions made by Mr. Sunil Pande & Mr. Alfred Page during their tenure as Directors of the Corporation.

Mr. Kedar Gadgil resigned as Chief Financial Officer & Secretary ('CFO & Secretary') of the Corporation w.e.f. March 15, 2017 and the Board places on the record the valuable contribution made by Mr. Kedar Gadgil during his tenure as CFO & Secretary of the Corporation.

Mr. Alekh Gupta was appointed as CFO & Secretary of the Corporation w.e.f. March 15, 2017, till the next annual election of the officers or until his successor has been duly elected or appointed.

6. AUDITORS

M/s KNAV Professional Corporation (Chartered Accountants) are the auditors of the Corporation. They have been re-appointed as Statutory Auditors of the Corporation for the ensuing Financial Year.

7. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

8. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Corporation confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT (Contd.)

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Corporation.

For and on behalf of the Board

Chad Alderson
Director

Date: April 26, 2017

Place : Canada

INDEPENDENT AUDITOR'S REPORT

To the Shareholder

L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE

We have audited the accompanying financial statements of L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE ("the Company") which comprise the balance sheets as at March 31, 2017 & March 31, 2016 and the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2017 & March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Infotech Canada Ltd / Infotech Larsen & Toubro Canada LTEE as at March 31, 2017 & March 31, 2016 and its financial performance and its cash flows for the years ended March 31, 2017 & March 31, 2016 in accordance with Canadian accounting standards for private enterprises.

KNAV Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

Date: April 26, 2017
Place: Toronto

BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Note		**March 31, 2017**	*March 31, 2016*
ASSETS				
Current assets				
Cash and cash equivalents	6		798,766	419,510
Accounts receivable	7		1,992,821	3,639,819
Advance taxes			7,926	107,994
Other current assets	8		316,690	231,142
Total current assets		$	**3,116,203**	**4,398,465**
Office equipment	9		2,315	1,773
Total assets		$	**3,118,518**	**4,400,238**
LIABILITIES				
Current liabilities				
Accounts payable	10		1,462,233	2,015,603
Other current liabilities	11		155,533	419,231
Total current liabilities		$	**1,617,766**	**2,434,834**
Future tax liabilities	15		8,484	8,533
Total liabilities		$	**1,626,250**	**2,443,367**
Shareholder's equity				
Share capital	12		100	100
Retained earnings			1,492,168	1,956,771
Total shareholder's equity		$	**1,492,268**	**1,956,871**
Total liabilities and shareholder's equity		$	**3,118,518**	**4,400,238**

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Chad Alderson
Director

Place : Canada

STATEMENTS OF INCOME AND RETAINED EARNINGS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes		For the year ended	
			March 31, 2017	*March 31, 2016*
Revenue			17,436,791	*13,530,636*
Other income	14		52,765	*113,213*
Total revenue		$	**17,489,556**	*13,643,849*
Employee cost			5,878,375	*4,930,714*
Subcontracting expenses			10,575,146	*7,235,408*
Total direct expense		$	**16,453,521**	*12,166,122*
Sales and administration expenses			294,178	*195,155*
Rent			32,172	*32,376*
Professional charges			161,184	*221,436*
Travelling and conveyance			35,449	*49,910*
Telephone charges			7,135	*19,874*
Auditor's remuneration			10,054	*24,458*
Foreign exchange (gain) loss			(220,991)	*184,015*
Miscellaneous expenses			4,185	*10,421*
Total indirect costs		$	**323,366**	*737,645*
Depreciation	9		265	*473*
Bank charges			3,631	*4,048*
Income before tax		$	**708,773**	*735,559*
Current income taxes			173,425	*197,744*
Future income taxes			(49)	*(131)*
Income taxes	15		**173,376**	*197,613*
Net income after taxes		$	**535,397**	*537,946*
Dividend distribution			(1,000,000)	-
Retained earnings, beginning of the year			1,956,771	*1,418,825*
Retained earnings, end of the year		$	**1,492,168**	*1,956,771*

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Chad Alderson
Director

Place : Canada

STATEMENTS OF CASH FLOWS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes		For the year ended	
			March 31, 2017	*March 31, 2016*
Cash flow from operating activities				
Net income			**535,397**	*537,946*
Adjustments for:				
Amortization			265	*473*
Future income benefit			(49)	*(131)*
Unrealized foreign exchange gain			(51,839)	*(189,801)*
Changes in non-cash working capital				
Accounts receivable,			1,647,505	*(1,869,710)*
Other current assets			(86,066)	*(67,539)*
Accounts payable			(502,093)	*441,712*
Income taxes recoverable (net)			100,116	*(92,856)*
Other current liabilities			(263,173)	*158,606*
Cash provided by (used in) operating activities		$	**1,380,063**	*(1,081,300)*
Cash flow from investing activities				
Purchase of office equipment			(807)	-
Cash used in investing activities		$	**(807)**	-
Cash flow from financing activities				
Dividend distribution			(850,000)	-
Withholding tax on dividend			(150,000)	-
Cash used in financing activities		$	**(1,000,000)**	-
Net foreign exchange difference on cash and cash equivalents				*20*
Increase (decrease) in cash and cash equivalents			**379,256**	*(1,081,280)*
Cash and cash equivalents, at beginning of the year			419,510	*1,500,790*
Cash and cash equivalents, at end of the year		$	**798,766**	*419,510*
Supplemental cash flow information				
Income tax paid			**197,525**	*170,565*

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Chad Alderson
Director

Place : Canada

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1. Description of business

Larsen & Toubro Infotech Canada Ltd. / Infotech Larsen & Toubro Canada LTEE (the "Company") is incorporated under the Canada Business Corporations Act (Ontario). The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., an India company ("Parent"). The Company is engaged in software consulting and development services.

2. Basis of presentation

The financial statements of the Company have been prepared by the management in accordance with Part II of the Chartered Professional Accountants in Canada Handbook -Accounting standards for private enterprises ("GAAP") which sets out generally accepted accounting principles for non-publicly accountable enterprises in Canada and includes the significant accounting policies described hereafter.

3. Basis for measurement

The financial statements have been prepared on going concern and historical cost basis.

4. Functional and presentation currency

The Company's functional and presentation currency is the Canadian dollar.

5. Significant accounting policies

a) *Use of estimates*

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, provision for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below:

i. Income taxes: Management uses estimates when determining current and deferred income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditures and investment tax credits.

b) *Foreign currency transactions*

Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the year-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

c) *Revenue recognition*

The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

a) Services are provided to customers;
b) There is clear evidence that an arrangement exists;
c) Amounts are fixed or can be determined; and
d) The ability to collect is reasonably assured.

The Company recognizes revenue for different revenue streams as follows:

- Time and material service: Revenue with respect to time-and-material contracts is recognized as related services are performed applying the contracted rates.
- Development service: Revenue from development service is recognized on a percentage completion method. Percentage completion is measured based upon the efforts incurred to date in relation to the total estimated efforts to complete the contract. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss.
- Revenue recognized under above methods is included in accrued income if it is not invoiced by the year end.

d) *Provision for doubtful debts*

The Company follows specific identification method for providing for doubtful debts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the provision for doubtful debts.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

e) *Financial instruments*

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest rate method.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

f) *Income taxes*

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

g) *Investment tax credits*

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

h) *Dividend*

Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

i) *Cash and cash equivalents*

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value.

j) *Computers, furniture and office equipment*

Computers, furniture and office equipment are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	:	20% declining balance method
Mobile phones	:	30% declining balance method
Computer equipment	:	30% declining balance method
Furniture and fixtures	:	20% declining balance method

The Company regularly reviews its capital assets to eliminate obsolete items.

6. CASH AND CASH EQUIVALENTS

		As at March 31, 2017	*As at March 31, 2016*
Cash at bank	$	798,766	*419,510*
Total		**798,766**	*419,510*

7. ACCOUNTS RECEIVABLE, NET OF PROVISION

Accounts receivable comprise of:

	As at March 31, 2017	*As at March 31, 2016*
Related party accounts receivable	53,493	*1,234,868*
Trade accounts receivable	1,939,328	*2,404,951*
Total accounts receivable	**1,992,821**	*3,639,819*

The terms and conditions with related party accounts receivable are the same common terms provided to non-related parties.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

There were no activities in the provision for bad and doubtful debts for the year ended March 31, 2017 and March 31, 2016.

8. OTHER CURRENT ASSETS

Other current assets comprise of:

		As at March 31, 2017	*As at March 31, 2016*
Accrued income		178,776	*149,108*
Investment tax credit receivable		30,427	*30,427*
Advance to employees		80,034	*51,607*
Other advances		27,453	-
Total	$	**316,690**	*231,142*

9. PROPERTY AND EQUIPMENT

PARTICULARS	Computer equipment	Equipment	Furniture & fixtures	Total
As at March 31, 2016				
Gross block	21,823	2,097	2,546	26,466
Less: deletions	-	130	-	130
Less: Accumulated depreciation	20,731	1,671	2,161	24,563
Net block	**1,092**	**296**	**385**	**1,773**

As at March 31, 2017				
Gross block	21,823	1968	2,546	26,337
Add: Additions	-	807	-	807
Less: Accumulated depreciation	20,810	1,781	2,238	24,829
Net block	**1,013**	**994**	**308**	**2,315**

Depreciation expense for the year ended March 31, 2017 amounted to $ 265 (year ended March 31, 2016 - $ 473).

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities comprise of:

		As at March 31, 2017	*As at March 31, 2016*
Related party accounts payable		1,112,998	*1,479,799*
Other accounts payable		10,180	-
Accrued liabilities		339,055	*535,804*
Total	$	**1,462,233**	*2,015,603*

11. OTHER CURRENT LIABILITIES

		As at March 31, 2017	*As at March 31, 2016*
Provision for income tax		-	*228,499*
Due to government agencies		145,196	*144,609*
Other payables		-	*44,024*
Advances received		10,337	*2,099*
Total	**$**	**155,533**	*419,231*

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

12. SHARE CAPITAL

		As at March 31, 2017	*As at March 31, 2016*
Authorized:			
Unlimited common shares		-	-
Issued:		100	100
100 common shares	$	**100**	**100**

13. DIVIDEND

During the period ended March 31, 2017, interim dividend was paid to parent of $ 1,000,000 inclusive of withholding tax of $ 150,000 (March 31, 2016: NIL).

14. OTHER INCOME

Other income comprises of:

		For the year ended March 31, 2017	*For the year ended March 31, 2016*
Recovery of traveling expenses		50,667	*98,003*
Others		2,098	*15,210*
	$	**52,765**	*113,213*

16. INCOME TAX

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

		For the year ended March 31, 2017	*For the year ended March 31, 2017*
Statutory federal and provincial income tax rates		26.50%	*26.50%*
Expected taxes on income		187,825	*195,479*
Increase (decrease) in income taxes resulting from:			
Permanent differences		1,147	*2,134*
Income tax refund of prior year		(15,617)	-
Others		21	-
Provision for income taxes	$	**173,376**	*197,613*

	As at March 31, 2017	*As at March 31, 2016*
Future income tax liabilities:		
Investment tax credits	(8063)	*(8,063)*
Capital assets	(421)	*(470)*
Total	**(8,484)**	*(8,533)*

17. RELATED PARTY TRANSACTIONS

A. Related parties:

a. Larsen & Toubro Limited., India - ultimate parent company
b. Larsen & Toubro Infotech Limited., India - parent company
c. Larsen & Toubro Infotech Limited., USA – branch of Larsen & Toubro Infotech Ltd., India
d. Larsen & Toubro Infotech Financial Services Technologies Inc. - fellow subsidiary
e. L&T Technology Services Limited - fellow subsidiary

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

B. Summary of transactions with related parties are as follows:

		For the year ended March 31, 2017	*For the year ended March 31, 2017*
Expenses reimbursed to:			
Larsen & Toubro Infotech Limited, USA	$	645,419	–
Larsen & Toubro Infotech Financial Services Technologies Inc.	$	97,853	20,651
Larsen & Toubro Infotech Limited., India	$	30,025	1,144
Procurement of services recorded as expenses:			
Larsen & Toubro Infotech Limited., USA	$	652,924	915,480
Larsen & Toubro Infotech Limited, India	$	8,692,058	5,554,972
Sale of services			
Larsen & Toubro Infotech Limited, USA	$	4,226,027	2,846,170
Larsen & Toubro Infotech Financial Services Technologies Inc.	$	102,819	18,263
Larsen & Toubro Infotech Limited, India	$	64,635	–
Expenses reimbursed by			
L&T Technology Services Limited	$	6,740	1,192
Larsen & Toubro Infotech Financial Services Technologies Inc.	$	71,933	16,318
Larsen & Toubro Infotech Limited., India	$	-	40,000

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following balances are (due from)/due to related parties and are non-interest bearing:

		As at March 31, 2017	*As at March 31, 2016*
Larsen & Toubro Infotech Limited, India		1,105,644	1,463,054
	$	**1,105,644**	1,463,054

The following balances are due from/ (due to) related parties and are non-interest bearing:

		As at March 31, 2017	*As at March 31, 2016*
Larsen & Toubro Infotech Limited., USA	$	51,580	1,220,142
Larsen & Toubro Infotech Financial Services Technologies Inc.	$	(7,354)	13,534
L&T Technology Services Limited	$	1,913	1,192
		46,139	1,234,868

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

18. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

No asset-backed commercial paper products were held. The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

As at March 31, 2017, two customers accounted for 61% [March 31, 2016 - three customers accounted for 78%] of the accounts receivable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Company's 27% sales are denominated in U.S. dollars. As at March 31, 2017, the accounts receivable denominated in U.S. dollars amounted to USD 182,993 [March 31, 2016 – USD 481,709]. The Company's cash and cash & cash equivalents denominated in U.S dollars amounted to USD 15,958 [March 31, 2016 – USD 157,975)

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Company manages other price risk through asset allocation and maintaining a portfolio that is well diversified on both a geographic and industry sector basis

19. ECONOMIC DEPENDENCE

During the year ended March 31, 2017 a contract with one of the Company's major customers provided 67% of total revenues (March 31, 2016: 46%).

20. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year. The reclassification has no impact on the reported net income and retained earnings.

21. SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2017 through April 26, 2017, the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL HIGHLIGHTS**

Particulars	USD*	
	2016-17	*2015-16*
Total Income	**1,396,486**	*2,055,843*
Profit/(Loss) before Tax	**66,500**	*97,256*
Less : Tax	**-**	-
Net Profit / (Loss) after Tax	**66,500**	*97,256*
Add: Balance b/f from previous year	**1,699,773**	*1,602,517*
Balance to be carried forward	**1,766,272**	*1,699,773*

Note: *US Dollars

2. **STATE OF COMPANY AFFAIRS**
The total income for the Financial Year under review was USD 1.40 Mn as against USD 2.06 Mn for the previous Financial Year. The profit after tax was USD 0.07 Mn for the Financial Year under review as against USD 0.10 Mn for the previous Financial Year.

3. **DIVIDEND**
In order to conserve the resources for future business growth, no dividend is recommended for the current year.

4. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR**
During the year under review Mr. Harsh Naidu was appointed as Director & Manager w.e.f. August 30, 2016.

Mr. Sunil Pande resigned as a Director w.e.f. August 30, 2016. The Company places on record the valuable contribution made by Mr. Sunil Pande during his tenure as a Director of the Company.

5. **AUDITORS**
M/s Ramesh Sarva, C.P.A, P.C. are the Statutory Auditors of the Company.

6. **FINANCIAL STATEMENTS**
The Auditors report to the Shareholders does not contain any qualification, observation or adverse comment.

7. **DIRECTORS RESPONSIBILITY STATEMENT**
The Sole Director of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Director has prepared the Annual Accounts on a going concern basis;

e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. **ACKNOWLEDGEMENT**
Your Director acknowledge the invaluable support extended by the Government authorities in USA and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Date: April 12, 2017
Place : USA

For and on behalf of the Board

Harsh Naidu
Director

INDEPENDENT AUDITOR'S REPORT

RAMESH SARVA, C.P.A., P.C.
CERTIFIED PUBLIC ACCOUNTANTS

RAMESH SARVA, C.P.A.

109-17 72nd ROAD
FOREST HILLS, N.Y. 11375
TEL (718) 268 -6906
FAX (718) 575 -3375

April 12, 2017

Larsen & Toubro Infotech, LLC,

2035 Lincoln Hwy, #3000

Edison NJ 08817

Gentlemen:

We audited the accompanying Balance Sheet of Larsen & Toubro Infotech, LLC as of March 31, 2017 and the related statements of Income, Retained Earnings and Cash Flows for the twelve months ended March 31, 2017. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement preparation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Larsen & Toubro Infotech LLC as of the twelve months ended and the results of its operations and its cash flows for the year then ended are in conformity with the generally accepted accounting principles.

Respectfully

For **Ramesh Sarva, C.P.A. , P.C.**

Ramesh Sarva, CPA

BALANCE SHEET AS OF MARCH 31, 2017

	2016-2017	*2015-2016*
	(Amounts in USD*)	
CURRENT ASSETS		
CASH IN BANK	42,196	
DUE FROM AFFILIATES	18,07,201	
OTHER RECEIVABLES	2,557	
Total Current Assets		18,51,954
PROPERTY AND EQUIPMENT		
TOTAL ASSETS		18,51,954
CURRENT LIABILITIES		
ACCRUED EXPENSES	85,682	
Total Current Liabilities		85,682
LONG-TERM LIABILITIES		
BRANCH EQUITY		
Retained Earnings	17,66,272	
Toatl Stockholders' Equity		17,66,272
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		18,51,954

LARSEN & TOUBRO INFOTECH LLC

INCOME STATEMENT

	For the 12 months months Ended March 31, 2017
SALES	
GROSS REVENUE	13,96,486
COST OF GOODS SOLD	
TRAVEL	23,197
RELOCATION EXPENSES	1,539
EMPLOYEE MEDICAL INSURANCE	55,044
PAYROLL TAXES	79,948
SALARIES	10,95,305
OTHER O/H	1,009
TOTAL COST OF GOODS SOLD	12,56,042
GROSS PROFIT	1,40,444
OPERATING EXPENSES	
BANK CHARGES	170
INSURANCE	884
STATE FRANCHISE TAX	5,412
OFFICE EXPENSES	15,416
PROFESSIONAL FEES	7,133
TELEPHONE EXPENSE	520
ENTERTAINMENT	2,271
EXCHANGE (GAIN)/LOSS	42,138
TOTAL OPERATING EXPENSES	73,944
INCOME(LOSS) BEFORE INCOME TAX	66,500
NET INCOME (LOSS)	66,500

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1 The LLC was incorporated in the State of Delaware as a wholly owned subsidiary of Larsen & Toubro Infotech Limited, to take over the work and absorb the staff from a large client. Client closed IT operations and transferred to L & T Infotech, LLC.

2 There are no contingent liabilities. Capital is fully provided by the parent, Larsen & Toubro Infotech Limited.

3 There are no outstanding taxes due for more than 3 months to any tax authority. Separate tax return is not filed for the LLC as it has a single owner, and elected to file taxes together with owner, Larsen & Toubro Infotech Limited of New Jersey.

4 Tax Provision: State Franchise and Federal income taxes are provided in full.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting the Annual Report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL HIGHLIGHTS**

Particulars	**CAD***	
	2016-17	*2015-16*
Total Income	**50,996,295**	*47,201,796*
Profit / (Loss) before Tax	**10,745,621**	*5,419,161*
Less : Tax	**3,025,402**	*1,548,117*
Net Profit/(Loss) after Tax	**7,720,219**	*3,871,044*
Add: Balance b/f from previous year	**1,349,912**	*6,978,868*
Less: Dividend distributed	**(1,725,000)**	*(9,500,000)*
Balance to be carried forward	**7,345,131**	*1,349,912*

Note: *Canadian Dollars

2. **CAPITAL EXPENDITURE**

As at March 31, 2017, the gross fixed and intangible assets, including leased assets, stood at CAD 104.97 Mn. and the net fixed and intangible assets, including leased assets, stood at CAD 38.72 Mn. Capital Expenditure during the year under review amounted to CAD 0.65 Mn.

3. **STATE OF COMPANY AFFAIRS**

The total income for the Financial Year under review was CAD 50.99 Mn as against CAD 47.20 Mn for the previous Financial Year. The profit after tax was CAD 7.72 Mn for the Financial Year under review as against profit after tax of CAD 3.87 Mn for the previous Financial Year.

4. **DIVIDEND**

During the year, the Corporation has paid an interim dividend at the rate of CAD 1.73 per share after deducting the applicable withholding tax on 1,000,000 paid-up equity shares of the Corporation. The dividend payment including the withholding tax has resulted in total outflow of CAD 1.73 Mn.

The Directors do not propose payment of any final dividend for the year ended March 31, 2017.

5. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR**

During the year under review, Mr. Harsh Naidu and Mr. Chad Alderson were appointed as the Directors of the Corporation w.e.f. August 30, 2016.

Mr. Sunil Pande and Mr. Alfred Page resigned as the Directors of the Corporation w.e.f. August 30, 2016. The Board places on the record the valuable contribution made by Mr. Sunil Pande & Mr. Alfred Page during their tenure as Director of the Corporation.

Mr. Kedar Gadgil resigned as Chief Financial Officer & Secretary ('CFO & Secretary') of the Corporation w.e.f. March 9, 2016. The Board places on record the valuable contribution made by Mr. Kedar Gadgil during his tenure as a CFO & Secretary of the Corporation.

Mr. Alekh Gupta was appointed as CFO & Secretary of the Corporation w.e.f. March 9, 2017, till the next annual election of the officers or until his successor has been duly elected or appointed.

6. **AUDITORS**

M/s KNAV Professional Corporation are the auditors of the Corporation. They have been re-appointed as Statutory Auditors of the Corporation for the ensuing Financial Year.

7. **FINANCIAL STATEMENTS**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

8. **DIRECTORS RESPONSIBILITY STATEMENT**

The Board of Directors of the Corporation confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

DIRECTORS' REPORT (Contd.)

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Corporation at the end of the financial year and of the profit or loss of the Corporation for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with local statutes for safeguarding the assets of the Corporation and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. ACKNOWLEDGEMENT:

Your Directors acknowledge the invaluable support extended by the Government authorities in Canada and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Corporation.

Date: April 22, 2017

Place: Canada

For and on behalf of the Board

Chad Alderson
Director

INDEPENDENT AUDITOR'S REPORT

To the Shareholder

L&T Infotech Financial Services Technologies Inc.

We have audited the accompanying financial statements of L&T Infotech Financial Services Technologies Inc. ("the Company") which comprise the balance sheets as at March 31, 2017 & March 31, 2016 and the related statements of income and retained earnings and statements of cash flows for the years ended March 31, 2017 and March 31, 2016, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for private enterprises and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Infotech Financial Services Technologies Inc. as at March 31, 2017 & March 31, 2016 and its financial performance and its cash flows for the years ended March 31, 2017 and March 31, 2016 in accordance with Canadian accounting standards for private enterprises.

KNAV Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

Date: April 22, 2017
Place: Toronto

BALANCE SHEETS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes		As at March 31, 2017	*As at March 31, 2016*
ASSETS				
Current assets				
Cash and cash equivalents	6		1,945,439	2,130,663
Demand deposits with Bank	7		28,000,000	9,000,000
Accounts receivable	9		7,137,493	10,065,166
Unbilled revenue			237,041	142,628
Income tax recoverable, net			71,785	71,785
Prepaid expenses	10		1,134,051	1,036,711
Other current assets	11		94,341	55,446
Total current assets		$	38,620,150	22,502,399
Restricted deposits	8		1,200,000	-
Demand deposits with Bank	7		1,000,000	-
Prepaid expenses, non-current	10		946,676	-
Future tax assets			668,145	2,145,372
Computers	12		1,657,989	2,359,435
Furniture and office equipment	13		272,633	422,092
Software	14		22,195,259	31,018,451
Customer relationship intangibles	15		7,766,250	9,837,250
Goodwill			6,822,971	6,822,971
Total assets		$	81,150,073	75,107,970
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	16		3,230,866	3,862,388
Deferred revenue				533,329
Other liabilities	17		4,093,177	762,455
Total current liabilities		$	7,324,043	5,158,172
Future tax liabilities			3,980,899	6,099,886
Total liabilities		$	11,304,942	11,258,058
SHAREHOLDER'S EQUITY				
Share capital	18		62,500,000	62,500,000
Retained earnings			7,345,131	1,349,912
Total shareholder's equity		$	69,845,131	63,849,912
Total liabilities and shareholder's equity		$	81,150,073	75,107,970

(The accompanying notes are an integral part of these financial statements)

APPROVED ON BEHALF OF THE BOARD:

Harsh Naidu
Director

Chad Alderson
Director

Place : Canada

STATEMENTS OF INCOME AND RETAINED EARNINGS

(All amounts in Canadian Dollars, unless otherwise stated)

	Notes		For the year ended	
			March 31, 2017	*March 31, 2016*
Revenue			50,770,287	45,955,315
Other income	20		226,008	1,246,481
Total revenue		$	**50,996,295**	**47,201,796**
Employee cost			12,019,415	10,720,975
Subcontracting expenses			5,830,812	6,833,499
Computer lease rent			905,171	1,079,719
Transition service agreement direct costs	21		(567,422)	153,584
Software purchase annual license fee			1,421,580	1,115,828
Other direct cost			476,527	491,489
Total direct expenses		$	**20,086,083**	**20,395,094**
Sales and administration expenses			4,159,200	4,714,146
Premises rent			1,162,759	1,127,804
Professional charges			296,112	334,868
General repairs and maintenance			111,157	146,554
Travelling and conveyance			196,859	142,456
Telephone and link expenses			122,794	180,104
Auditor's remuneration			80,144	140,671
Foreign exchange loss			15,272	3,553
Hardware purchase annual license			2,378	-
Miscellaneous expenses			299,016	222,709
Total indirect costs		$	**6,445,691**	**7,012,865**
Depreciation and amortization			13,718,900	14,374,676
Income before tax		$	**10,745,621**	**5,419,161**
Provision for income tax	23		4,339,286	-
Future income tax (benefit) expense	23		(1,313,884)	1,548,117
Net income after taxes		$	**7,720,219**	**3,871,044**
Dividend distribution	25		**(1,725,000)**	**(9,500,000)**
Retained earnings, beginning of the period			**1,349,912**	**6,978,868**
Retained earnings, end of the period		$	**7,345,131**	**1,349,912**

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Harsh Naidu
Director

Chad Alderson
Director

Place : Canada

STATEMENTS OF CASH FLOWS

(All amounts in Canadian Dollars, unless otherwise stated)

	For the year ended	
	March 31, 2017	*March 31, 2016*
Cash flow from operating activities		
Net income after tax	**7,720,219**	**3,871,044**
Adjustment for non-cash items		
Depreciation and amortization	13,718,900	14,374,676
Future income taxes	(1,313,884)	1,548,117
Assets written off	56,668	-
Bad debt provision written-off	(49,216)	
Net change in non-cash operating working capital		
Accounts receivable	2,976,889	(3,058,804)
Unbilled revenue	(94,413)	928,314
Prepaid expenses	(97,340)	(188,482)
Other current assets	(38,895)	(28,686)
Income tax recoverable	672,124	-
Other non-current assets	(946,676)	-
Deferred revenue	(631,522)	-
Accounts payable and accrued liabilities	(533,329)	503,504
Restricted deposits	(1,200,000)	-
Other current liabilities	3,330,722	258,498
Net cash provided by operating activities	**23,570,247**	**18,208,181**
Cash flow from investing activities		
Purchases of computers	(419,464)	(2,079,627)
Purchases of furniture and office equipment	(19,618)	(22,104)
Capitalization of software	(1,591,389)	(4,325,758)
Demand deposits with bank	(20,000,000)	(9,000,000)
Net cash used in investing activities	**(22,030,471)**	**(15,427,489)**
Cash flow from financing activities		
Dividend distribution	(1,466,250)	(8,075,000)
Withholding tax on dividend	(258,750)	(1,425,000)
Net cash used in financing activities	**(1,725,000)**	**(9,500,000)**
Net decrease in cash and cash equivalents	(185,224)	(6,719,308)
Cash and cash equivalents, at beginning of the period	2,130,663	8,849,971
Cash and cash equivalents, at end of the period	**1,945,439**	**2,130,663**

(See accompanying notes to the financial statements)

APPROVED ON BEHALF OF THE BOARD:

Harsh Naidu
Director

Chad Alderson
Director

Place : Canada

NOTES TO FINANCIAL STATEMENTS

(All amounts in Canadian Dollars, unless otherwise stated)

1. **Description of business**

   L&T Infotech Financial Services Technologies Inc. (the “Company” or “LTIFST”) is incorporated under the Canada Business Corporations Act. The Company is a wholly owned subsidiary of Larsen & Toubro Infotech Ltd., India (“Parent”). The Company commenced operations on January 1, 2011 with the acquisition of the information technology operations business of Citigroup Fund Services Canada Inc. (“Citi” or “CFSC”) by the Company’s Parent.

2. **Basis of presentation**

   The financial statements of the Company have been prepared by the management in accordance with Canadian accounting standards for private enterprises (“GAAP”).

3. **Basis for measurement**

   The financial statements have been prepared on historical cost basis.

4. **Functional and presentation currency**

   The Company’s functional and presentation currency is the Canadian dollar.

5. **Significant accounting policies**

   Use of estimates

   The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

   Management bases the estimates on a number of factors, including historical experience, current events and actions that the Company may undertake in the future and other assumptions that the Company believes are reasonable under the circumstances. Estimates are used in accounting for items and matters such as revenues, allowance for doubtful accounts, useful lives of non-current assets, legal and tax contingencies, employee compensation plans, income taxes and investment tax credit.

   The estimates and judgments that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below

   i. Estimated useful lives and valuation of intangible assets: Management estimates the useful lives of intangible assets based on the period during which the assets are expected to be available for use and also estimates their recoverability to assess if there has been an impairment. The amounts and timing of recorded expenses for amortization and impairments of intangible assets for any period are affected by these estimates. The estimates are reviewed at least annually and are updated if expectations change as a result of technical or commercial obsolescence, threats and legal or other limits to use. It is possible that changes in these factors may cause significant changes in the estimated useful lives of the Company’s intangible assets in the future.

   ii. Income taxes: Management uses estimates when determining current and deferred income taxes. These estimates are used to determine the recoverability of tax loss carry forward amounts, research and development expenditure and investment tax credits.

   Foreign currency transactions

   Transactions denominated in foreign currencies are translated into the Canadian dollar at the rate of exchange in effect at the time of the transaction. Monetary assets and liabilities are translated into Canadian dollars at the period-end exchange rate. Non-monetary items are translated at historical rates. All exchange gains and losses are included in net income.

   Dividend

   Dividends are recognized as a liability in the period in which they are declared. The income tax consequences of dividends are recognized when a liability to pay the dividend is recognized.

   Revenue recognition

   The Company recognizes revenues across all the revenue streams when they are earned, specifically when all the following conditions are met:

   a) Services are provided to customers;

   b) There is clear evidence that an arrangement exists;

   c) Amounts are fixed or can be determined; and

   d) The ability to collect is reasonably assured.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

The Company recognizes revenues for different revenue streams as follows:

- Application Service Provider ("ASP") Service: Revenue is recognized by applying the contracted rates on the total number of active and inactive fund accounts across all client customer environments.
- Time and Material Service: Revenue with respect to time-and-material contracts is recognized as related services are performed applying the contracted rates.
- Development Service: Revenue from development service is recognised on accomplishment of milestone. Milestone is measured based upon the time and material efforts incurred to date. The Company monitors estimates of total contract revenue and cost on a routine basis through the delivery period. The cumulative impact of any change in estimates of the contract revenue or costs is reflected in the period in which the changes become known. In the event that a loss is anticipated on a particular contract, provision is made for the estimated loss. Revenue recognised under this method is included in unbilled revenue if it is not invoiced by the year end.
- License Service: Revenue from sale of license is recognized upon delivery of license.

Billings in advance of work performed are included in deferred revenue.

Provision for doubtful debts

The Company follows specific identification method for providing for doubtful debts. Management analyses accounts receivable and the composition of the accounts receivable ageing, historical bad debts, when evaluating the adequacy of the allowance for doubtful debts.

Financial instruments

Financial instruments are measured at fair value on initial recognition. After initial recognition, financial instruments are measured at their fair values, except for loans and receivables and other financial liabilities, which are measured at carrying or exchange amount depending on the circumstances.

The Company has made the following classifications:

- Cash and cash equivalents are classified as assets held for trading and are measured at fair value. Gains and losses resulting from the periodic revaluation are recorded in net income;
- Accounts receivable are classified as loans and receivables and are initially recorded at fair value and subsequent measurements are recorded at amortized cost using the effective interest rate method; and
- Accounts payable and accrued liabilities are classified as other financial liabilities and are initially measured at their fair value. Subsequent measurements are recorded at amortized cost using the effective interest rate method.

Operating lease

Lease payments under operating lease are recognized as an expense on a straight-line basis over the lease term in the statement of income. Certain operating lease agreements provide for scheduled rent increases over the lease term. Rent expense for such lease is recognized on a straight-line basis over the lease term.

Income taxes

The Company follows asset and liability method of accounting for income taxes. Under this method, future income taxes are recognized for the future income tax consequences attributable to differences between the financial statement carrying values and their respective income tax basis [temporary differences]. Future income tax assets and liabilities are measured using substantively enacted income tax rates expected to apply to taxable income in the years during which temporary differences are expected to be realized or settled. The effect on future income tax assets and liabilities of a change in tax rates is included in income in the period that includes the enactment date. A valuation allowance is provided to the extent that it is more likely than not; that future income tax asset will not be realized.

Investment tax credit

The Company is entitled to investment tax credits, which are earned as a percentage of eligible research and development expenditures incurred in each taxation year. Income tax investment tax credits related to expensed research and development costs are recorded as a reduction of the total expenditure. Income tax investment tax credits related to property and equipment are accounted for as a reduction in the cost of the related asset.

Cash and cash equivalents

Cash and cash equivalents, including cash on account, demand deposits and short-term investments with original maturities of three months or less, are recorded at cost, which approximates market value. Restricted cash deposits do not form part of cash and equivalents.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

Property and equipment

Computers, mobile phones, furniture and office equipment and software are stated at cost less accumulated depreciation and amortization. Depreciation and amortization is calculated on the straight-line method over the following estimated useful lives:

Class of asset	**Useful life**
Computers	3 to 5 years
Furniture and office equipment	5 years
Acquired software	10 years
Internally developed software	1 to 5 years

Any gain or loss on disposal of an item of property, plant and equipment is recognized in profit and loss.

Certain costs are capitalized for the development or enhancement of computer software used internally to process customer transactions or sold externally through software license or service arrangements. Routine software maintenance and customer support costs are expensed when incurred.

Customer relationship intangibles

Customer relationship intangibles, which are comprised of customer contracts and relationships acquired, are stated net of amortization. Customer relationship intangibles are amortized on a straight-line basis over their estimated useful lives of ten years.

Impairment of long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. The carrying amount of a long-lived asset is not recoverable if the carrying amount exceeds the sum of the undiscounted cash flows expected to result from its use and eventual disposition. This assessment is based on the carrying amount of the asset at the date it is tested for recoverability, whether it is in use or under development. In cases where the undiscounted expected future cash flows are less than the carrying amount, an impairment loss shall be recognized when the carrying amount of a long-lived asset is not recoverable and exceeds its fair value. An impairment loss shall be measured as the amount by which the carrying amount of a long-lived asset exceeds its fair value. If an impairment loss is recognized, the adjusted carrying amount becomes the new cost basis.

An impairment loss shall not be reversed if the fair value subsequently increases.

Goodwill

Goodwill represents the cost of acquired businesses in excess of the fair value of net identifiable assets acquired. Goodwill is not amortized but is instead tested for impairment if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the reporting unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognized, up to a maximum amount of the recorded goodwill related to the reporting unit. Goodwill impairment losses are not reversed.

6. CASH AND CASH EQUIVALENTS

	As at March 31, 2017	*As at March 31, 2016*
Bank balance with bank	1,945,439	*2,130,663*
Total	**1,945,439**	*2,130,663*

7. DEMAND DEPOSIT WITH BANK

Demand deposits with bank comprise following:

	As at March 31, 2017	*As at March 31, 2016*
Demand deposits with Bank		
Current	28,000,000	*9,000,000*
Non-current	1,000,000	*-*
Total	**29,000,000**	*9,000,000*

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

Current demand deposits are demand deposits with the Bank maturing in more than 90 days from original issue date but less than 365 days from the original maturity date. Following is the schedule depicting the issue date, original principal, rate of interest on deposit, the currency in which the deposits are denominated and the maturity date of the total current demand deposits as on March 31, 2017 and March 31, 2016.

Deposits with maturity of in less than 365 days but more than 90 days, classified as current deposits:

Serial no.	Issue date	Original principal	Rate of interest	Currency	Maturity date
I.	7-Dec-16	3,000,000	1.00%	CAD	13-Apr-17
II.	9-Dec-16	1,500,000	1.00%	CAD	24-Apr-17
III.	3-Jan-17	2,000,000	1.10%	CAD	26-Jun-17
IV.	3-Jan-17	2,000,000	1.15%	CAD	27-Dec-17
V.	5-Jan-17	2,000,000	1.15%	CAD	5-Jan-18
VI.	20-Jan-17	1,000,000	1.15%	CAD	17-Jan-18
VII.	30-Jan-17	2,500,000	1.15%	CAD	30-Jan-18
VIII.	2-Feb-17	1,000,000	1.15%	CAD	2-Feb-18
IX.	10-Feb-17	3,000,000	1.15%	CAD	12-Feb-18
X.	24-Feb-17	1,500,000	1.15%	CAD	26-Feb-18
XI.	6-Mar-17	6,000,000	1.15%	CAD	6-Mar-18
XII.	24-Mar-17	2,500,000	1.15%	CAD	23-Mar-18
Total		**28,000,000**			

Deposits with maturity of more than 365 days from the balance sheet date are classified as non-current deposits:

Serial no.	Issue date	Original principal	Rate of interest	Currency	Maturity date
I.	31-Mar-17	1,000,000	1.15%	CAD	2-Apr-18
Total		**29,000,000**			

The carrying amount of the demand deposits represent the fair value as on March 31, 2017.

8. RESTRICTED DEPOSIT

The Company's restricted deposits include the following:

	As at March 31, 2017	*As at March 31, 2016*
Fixed deposit with an escrow deposit account	1,200,000	-
Total	**1,200,000**	-

This long-term deposit has been created as a part of an agreement with a customer along with an escrow agent. As per services agreement with the customer, the deposit is drawn to satisfy any shortfall in the companies' obligation to pay damages in accordance with the provisions of the agreement. This fund can only be drawn upon mutual agreement and subject to terms and conditions of the escrow agreement. Funds will be in the escrow account until the end of client's contract i.e. February 15, 2021, with options for renewals. As on March 31, 2017, the funds are not invested and lying as cash in an interest-bearing deposit account.

9. ACCOUNT RECEIVABLE

The Company's accounts receivables primarily relate to sale of services. Accounts receivables comprise the following:

	As at March 31, 2017	*As at March 31, 2016*
Account receivable	7,137,493	*10,145,780*
Less: Provision for doubtful debts	-	*(80,614)*
Total	7,137,493	*10,065,166*

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

9. ACCOUNT RECEIVABLE (Conted.)

The activities in provision for doubtful debts account for year ended March 31, 2017 and March 31, 2016 are as given below:

	March 31, 2017	*March 31, 2016*
Balance at beginning of the year	80,614	*2,162,454*
Provisions made during the year	-	*19,435*
Bad debts written-off during the year	(49,216)	*(1,060,355)*
Bad debts recovered during the year	(31,398)	*(1,040,920)*
Balance at end of the year	**-**	**80,614**

During the previous year ended March 31, 2016, receivable from customer of $ 80,614 was considered doubtful and accordingly management had provided for the said amount.

During the year ended March 31, 2017, management has written off bad debts amounting to $ 49,216. The management recovered doubtful debts amounting to $ 31,398 (USD 25,000) from the customer. This benefit has been recognized in the income statement for the year ended on March 31, 2017 as other income.

10. PREPAID EXPENSES

	As at March 31, 2017	*As at March 31, 2016*
Prepaid expenses		
Current	1,134,051	*1,036,711*
Non-current	946,676	-
Total	**2,080,727**	*1,036,711*

The Company pays hardware maintenance fees in advance for which services are availed for 2-5 years based on the contracts. These expenses are amortized on a straight-line basis over their useful life. Prepaid expenses for which maintenance services will be availed after March 31, 2018 till end of their useful life are treated as non-current assets.

11. OTHER CURRENT ASSETS

	As at March 31, 2017	*As at March 31, 2016*
Deposits	38,518	*29,738*
Interest recoverable	49,823	*19,708*
Other assets	6,000	*6,000*
Total	**94,341**	*55,446*

12. COMPUTERS

	As at March 31, 2017	*As at March 31, 2016*
Cost	7,839,910	7,551,274
Less: Accumulated depreciation	(6,181,921)	(5,191,839)
Total	1,657,989	2,359,435

Depreciation expense for the year ended March 31, 2017 amounted to $ 1,109,288 (March 31, 2016 - $ 1,473,939).

During the year ended March 31, 2017 computers having net book value of $ 11,892 were written off. The cost of asset written off was $ 130,828 with accumulated depreciation of $ 118,936. The net effect of the write off is reduction in computer asset by $ 11,892.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

13. FURNITURE AND OFFICE EQUIPMENTS

	As at March 31, 2017	*As at March 31, 2016*
Cost	944,485	*808,667*
Capital work in progress – office signage	-	*116,200*
Less: Accumulated depreciation	(671,852)	*(502,775)*
Total	**272,633**	**422,092**

Depreciation expense for the year ended March 31, 2017 amounted to $ 168,806 (March 31, 2016 - $ 161,226)

14. SOFTWARE

	As at March 31, 2017	*As at March 31, 2016*
Cost		
Acquired and purchased software	25,894,934	*25,921,397*
Internally developed and purchased software	42,757,045	*41,244,548*
	68,651,979	*67,165,945*
Less: Accumulated amortization		
Acquired software	(16,551,183)	*(12,967,578)*
Internally developed and purchased software	(29,905,537)	*(23,179,916)*
	(46,456,720)	*(36,147,494)*
Total	**22,195,259**	*31,018,451*

Internally developed and purchased software includes $ 22,412 (year ended March 31, 2016 - $ 16,589) of software under internal development which has not been amortized during the year.

During the year ended March 31, 2017 software having net book value of $ 44,775 were written off. The cost of asset written off was $ 105,354 with accumulated amortization of $ 60,579. The net effect of the write off is reduction in software of $ 44,775.

Amortization expense for the period ended March 31, 2017 amounted to $ 10,369,806 (year ended March 31, 2016 - $ 10,668,511).

15. CUSTOMER RELATIONSHIP INTANGIBLES

	As at March 31, 2017	*As at March 31, 2016*
Cost	20,710,000	*20,710,000*
Less: Accumulated amortization	(12,943,750)	*(10,872,750)*
Total	**7,766,250**	*9,837,250*

Amortisation expense for the period ended March 31, 2017 amounted to $ 2,071,000 (year ended March 31, 2016 - $ 2,071,000).

16. ACCOUNT PAYABLE AND ACCRUED LIABLITIES

	As at March 31, 2017	*As at March 31, 2016*
Account payable	1,428,339	1,541,100
Accrued liabilities	1,802,527	2,321,288
Total	**3,230,866**	3,862,388

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

17. OTHER CURRENT LIABLITIES

	As at March 31, 2017	*As at March 31, 2016*
Sales tax payable	502,070	*312,455*
Provision for dividend tax	-	*450,000*
Provision for income tax	3,574,709	-
Other liabilities	16,398	-
Total	**4,093,177**	**762,455**

18. SHARE CAPITAL

	As at March 31, 2017	*As at March 31, 2016*
Authorization:		
Unlimited common shares		
Issued: 1,000,000 common shares	62,500,000	*62,500,000*
Total	**62,500,000**	*62,500,000*

19. FINANCIAL INSTRUMENTS

In the normal course of business, the Company is exposed to financial risks that may potentially impact its operating results. The Company employs risk management strategies with a view to mitigating these risks on a cost-effective basis.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash equivalents and accounts receivable. The carrying amount of assets included on the balance sheet represents the maximum credit exposure.

Cash equivalents consist mainly of short-term investments, such as bank deposits. No asset-backed commercial paper products were held. The Company has deposited the cash equivalents with a reputable financial institution, from which management believes the risk of loss to be remote.

The Company's accounts receivable is from customers engaged in the fund management sector. As at March 31, 2017, five customers accounted for 75% [March 31, 2016 - four customers accounted for 70%] of the accounts receivable.

As at March 31, 2017, one vendor accounted for 63% [March 31, 2016 - one customers accounted for 62%] of the accounts payable.

Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. Certain of the Company's purchases are denominated in U.S. dollars. As at March 31, 2017, the accounts payable and accrued liabilities denominated in U.S. dollars amounted to USD NIL [March 31, 2016 – USD 15,241]

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk

Liquidity risk is the risk that the Company may encounter difficulties in meeting obligations associated with financial liabilities. Accounts payable are primarily due within 90 days and will be satisfied from current working capital.

20. OTHER INCOME

	Year ended March 31, 2017	*Year ended March 31, 2016*
Interest income from bank deposits	194,610	*85,808*
Bad debts recovered (Refer note 9)	31,398	*1,160,673*
Total	**226,008**	**1,246,481**

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

21. TRANSITION SERVICE AGREEMENT ("TSA")

	Year ended March 31, 2017	*Year ended March 31, 2016*
Transition service agreement direct cost*	(567,422)	*153,584*
Total	**(567,422)**	*153,584*

*The Company from the acquisition date in 2011 accrued TSA cost payable to Citibank. In the process of final settlement of dues, Citibank waived off certain portion of the liability for TSA costs and the provision for the cost has been reversed.

22. EMPLOYEE FUTURE BENEFITS

The Company sponsors pension arrangements for substantially all its employees through defined contribution plans. The Company makes regular contributions to the employees' individual accounts, which are administered by a plan trustee, in accordance with the plan documents. The cost of this plan, which is expensed as incurred, amounted $ 356,672 as at March 31, 2017 [March 31, 2016 – $ 371,090].

23. INCOME TAX

A reconciliation of income taxes at Canadian statutory rates with the reported income taxes is as follows:

	Year ended March 31, 2017	*Year ended March 31, 2016*
Statutory federal and provincial income tax rates	26.50%	*26.50%*
Expected taxes on income	2,847,590	*1,436,149*
Increase (decrease) in income taxes resulting from		
Non-deductible items	5,863	*7,466*
True-up of tax provision	-	*(32,702)*
Tax liability on ITC utilized (net of ITC not taxable)	34,746	-
Others	137,203	*137,204*
Provision for income taxes	**3,025,402**	*1,548,117*

The income tax effects of temporary differences that gave rise to significant portions of the future income tax assets and future income tax liabilities were as follows:

	As at March 31, 2017	*As at March 31, 2016*
Future income tax assets		
Non-capital losses	-	*533,156*
Accounts payable and accrued liabilities	7,570	*7,068*
Deferred rent	240,288	*254,390*
Customer relationship intangible	271,307	*159,135*
Research & development expenses	-	*319,343*
	519,165	*1,273,092*
Ontario corporate minimum tax	-	*423,401*
Investment tax credit receivable	169,702	*448,877*
Total	**688,867**	*2,145,370*
Future income tax liabilities		
Computers and software	3,980,899	*6,099,886*
SRED expenses carried forward	51,176	-
Total	**4,032,075**	*6,099,886*
Net future tax liabilities	**3,343,208**	*3,954,516*

The Company has non-capital losses in the amount of $ Nil (2016 $ 1,924,575).

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

Taxation years ended March 31, 2011, March 31, 2012 and March 31, 2013:

The Canada Revenue Agency ("CRA") conducted a tax audit of the Company for the three years ended March 31, 2013 and has disallowed/ reallocated certain expenses due to which carry forward non-capital losses have been reduced by $ 382,395 as follows:

Taxation year ended March 31, 2012	$ 282,523
Taxation year ended March 31, 2013	$ 99,872

The CRA has charged interest of $ 12,655 on the taxable income as determined by CRA. Since the Company has carry forward losses, the taxable income should have been offset against the carry forward losses resulting in $ Nil taxable income and no interest payable.

A notice of objection ("NOO") has been filed with Chief of Appeals, Canada Revenue Agency and the Company is confident that the disallowed expenses will be allowed as a deductible expense. Consequently, the Company is of the view that income tax may not be payable for the three years ending March 31, 2013.

24. COMMITMENTS AND CONTINGENCIES

The Company has operating leases for its premises for Matheson Office. The annual minimum payments under the operating leases is as follows:

	Amount
March 31, 2018	1,185,019
March 31, 2019	1,185,019
March 31, 2020	1,185,019
March 31, 2021	1,185,019
March 31, 2022	1,185,019
Thereafter	1,185,019

25. DIVIDEND

During the year ended March 31, 2017, interim dividend was paid to parent company of $ 1,725,000 (March 31, 2016: $ 9,500,000). Withholding tax thereon amounting to $ 258,750 was deposited to government within due dates prescribed by the CRA.

26. RELATED PARTY TRANSACTIONS

A. Related parties:

a. Larsen & Toubro Infotech Ltd., India - parent company

b. Larsen & Toubro Infotech Ltd., UK – branch of Larsen & Toubro Infotech Ltd., India

c. Larsen & Toubro Infotech Ltd., USA – branch of Larsen & Toubro Infotech Ltd., India

d. Larsen & Toubro Infotech Canada Limited – fellow subsidiary

e. Larsen and Toubro Technology Services Limited - fellow subsidiary

NOTES TO FINANCIAL STATEMENTS (Contd.)

(All amounts in Canadian Dollars, unless otherwise stated)

B. Summary of transactions with related parties are as follows:

		Year ended March 31, 2017	*Year ended March 31, 2016*
Expenses reimbursed by:			
Larsen & Toubro Infotech Limited., India	$	97,853	-
Larsen & Toubro Technology Services Limited	$	11,200	-
Expenses reimbursed to:			
Larsen & Toubro Infotech Canada Limited.	$	71,933	-
Larsen & Toubro Infotech Limited., India	$	18,763	-
Larsen & Toubro Infotech Limited., USA	$	19,447	-
Procurement of services			
Larsen & Toubro Infotech Canada Limited.	$	102,819	*84,283*
Larsen & Toubro Infotech Limited., India	$	6,226,136	*6,232,035*
Dividend distributed			
Larsen & Toubro Infotech Limited., India	$	1,725,000	*9,500,000*
Services rendered to			
Larsen & Toubro Infotech Canada Limited	$	-	*82,124*
Larsen and Toubro Technology Services Limited	$	-	*11,272*

These transactions are under normal credit terms and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following balances are due to (due from) related parties and are non-interest bearing:

	As at March 31, 2017	*As at March 31, 2016*
Larsen & Toubro Infotech Ltd, USA	8,994	-
Larsen & Toubro Infotech Canada Ltd	(7,354)	13,534
Larsen & Toubro Infotech Ltd, India	560,472	534,828
Larsen and Toubro Technology Services Limited	(2,800)	(2,800)

Parent Guarantee: Larsen & Toubro Infotech Ltd., India (Parent) has provided guarantee to one of the customers of the Company. The obligation of Larsen & Toubro Infotech Ltd, India is limited in aggregate to the amount of $ 70,000,000.

27. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the presentation adopted in the current period. The reclassification has no impact on the reported net income and retained earnings.

28. SUBSEQUENT EVENT

The Company evaluated all events and transactions that occurred after March 31, 2017 through April 22, 2017; the date the financial statements are issued. Based on the evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

Financial Statements For The Year Ended 31 March 2017

GENERAL INFORMATION

Country of incorporation & Domicile	South Africa
Nature of business and principal activities	Providing IT & outsourcing support & all other related IT services to the customers in South Africa.
Directors	Ms. Ayanda Ngcobo Mr. Kedar Gadgil Mr. Rajeev Gupta Mr. Ravindra Pravin Desai Mr. Sudhir Chaturvedi
Registered office	6th Floor 119 Hertzog Boulevard Foreshore 8001 South Africa
External auditors	Levitt Kirson Chartered Accountants (S.A.) Registered Auditors
Registration number	2011/007226/07
Bankers	ABSA State Bank of India

Compliance statement by the corporate secretary
The Secretarial Agent, Kilgetty Statutory Services (Pty) Ltd certifies that, according to company records, the Company has lodged with the Registrar of Companies all such returns as are required of a company in terms of the Companies Act 2008 and that all such returns are true, correct and up to date in respect of the reporting period ended 31 March 2017.

Financial Statements
The financial statements were externally prepared by Levitt Kirson Business Services (Pty) Ltd.

Financial Statements For The Year Ended 31 March 2017

INDEPENDENT AUDITOR'S REPORT

To the shareholders of Larsen & Toubro Infotech South Africa Proprietary Limited

Opinion

We have audited the Annual Financial Statements of Larsen & Toubro Infotech South Africa Proprietary Limited, which comprise the Statement of Financial Position as at 31 March, 2017, and the Statement of Comprehensive Income, Statement of Changes in Equity and Statement of Cash Flows for the year then ended, and notes to the Annual Financial Statements, including a summary of significant accounting policies.

In our opinion, the Annual Financial Statements present fairly, in all material respects, the financial position of Larsen & Toubro Infotech South Africa Proprietary Limited as at 31 March, 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Annual Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act, 71 of 2008 of South Africa, which we obtained prior to the date of this report. Other information does not include the Annual Financial Statements and our auditor's report thereon.

Our opinion on the Annual Financial Statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the Annual Financial Statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Annual Financial Statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the Annual Financial Statements

The directors are responsible for the preparation and fair presentation of the Annual Financial Statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act, 71 of 2008, and for such internal control as the directors determine is necessary to enable the preparation of Annual Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Annual Financial Statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Annual Financial Statements

Our objectives are to obtain reasonable assurance about whether the Annual Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Annual Financial Statements.

As part of an audit in accordance with International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the Annual Financial Statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the Annual Financial Statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the Annual Financial Statements, including the disclosures, and whether the Annual Financial Statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Levitt Kirson Partner:
A S Lewis
Chartered Accountant (SA)
Registered Auditor Johannesburg
26 April 2017

Financial Statements For The Year Ended 31 March 2017

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The Directors are required in terms of the Companies Act of South Africa, 2008 to maintain adequate accounting records and are responsible for the content and integrity of the annual financial statements and related financial information included in this report. It is their responsibility to ensure that the annual financial statements fairly present the state of affairs of Larsen & Toubro Infotech South Africa (Pty) Ltd as at the end of the financial period and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the annual financial statements.

The annual financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgments and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and places considerable importance on maintaining a strong control environment.

To enable these responsibilities, the directors set standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the select entity endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the annual financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year ended 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the company has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's annual financial statements. The annual financial statements have been examined by the company's external auditors and their report is appended here with.

The annual financial statements have been prepared on the going concern basis, were approved by the directors on 26 April 2017 and were signed on its behalf by:

Kedar Gadgil	**Rajeev Gupta**
Director	Director
Mumbai	South Africa

Date : 26th April, 2017

Financial Statements For The Year Ended 31 March 2017

DIRECTORS' REPORT

The directors submit their report for the period ended 31 March 2017.

1. Incorporation

The company was incorporated on 5th April 2011 and obtained its certificate to commence business on the same day. 2012 was the first year of operation for the company, with operations beginning on 1st December 2012.

2, Review of activities

The company is engaged in providing IT & outsourcing support & all other related IT services to the customers in South Africa.

3. Events after the reporting period

There were no significant events that occured in the company since the end of the financial year to the date of this report.

4. Going concern

The annual financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that the company will continue to receive the support of its related companies and that the realisation of assets and settlement of liabilities will occur in the ordinary course of business.

5. Authorised and issued share capital

The company issued no new shares during the period under review, with total issued Share Capital of 443,725 shares.
There are 6,275 unissued authorised shares.

6. Dividends

An interim dividend of R 443,725 was declared and paid during the financial year 2016 - 17.

7. Directors

The following persons served as directors during the period under review and to the date of issue of the financial statements:

Mr. Ravindra Pravin Desai	Appointed on 20 March 2013
Ms. Ayanda Ngcobo	Appointed on 20 March 2013
Mr. Kiran Krishna Pai	Resigned on 14 September 2016
Mr. Vinay Rajadhyaksha	Resigned on 14 September 2016
Mr. Sudhir Chatuvedi	Appointed on 14 September 2016
Mr. Rajeev Gupta	Appointed on 14 September 2016
Mr. Kedar Gadgil	Appointed on 14 September 2016

8. External auditor

Levitt Kirson will continue in office in accordance with section 90 of the Companies Act 71 of 2008.

Kedar Gadgil	**Rajeev Gupta**
Director	Director
Mumbai	South Africa

Date : 26th April, 2017

Financial Statements For The Year Ended 31 March 2017

STATEMENT OF FINANCIAL POSITION AT 31 MARCH 2017

	Note(s)	As at 31.03.2017 R	*As at 31.03.2016 R*
Assets			
Non-Current Assets			
Deferred taxation	7	2,29,161	*4,71,968*
		2,29,161	*4,71,968*
Current Assets			
Cash and cash equivalents	1	82,14,131	*2,85,33,533*
Trade and other receivables	2	1,46,85,620	*2,49,13,170*
Current tax receivable	6	-	*1,26,703*
		2,28,99,751	*5,35,73,406*
Total Assets		2,31,28,912	*5,40,45,374*
Equity and Liabilities			
Equity			
Stated capital	3	4,43,725	*4,43,725*
Accumulated profit		53,20,973	*41,46,130*
Total Equity		57,64,698	*45,89,855*
Liabilities			
Current Liabilities			
Trade and other payables	4	1,67,12,248	*4,94,55,519*
Current tax payable	6	6,51,966	-
Deferred taxation	7	-	-
Total Liabilities		1,73,64,214	*4,94,55,519*
Total Equity and Liabilities		2,31,28,912	*5,40,45,374*

Financial Statements For The Year Ended 31 March 2017

STATEMENT OF COMPREHENSIVE INCOME

	Note(s)	**As at 31.03.2017 R**	*As at 31.03.2016 R*
Revenue		**6,47,71,352**	*11,95,33,123*
Cost of sales		**(4,63,44,586)**	*(9,96,41,974)*
Gross profit		**1,84,26,766**	*1,98,91,149*
Other income		**2,790**	*1,29,924*
Finance income		**3,44,621**	*7,95,550*
Operating expenses		**(1,64,88,756)**	*(1,86,49,043)*
Operating profit	5	**22,85,420**	*21,67,580*
Finance costs		**-**	*-*
Profit before taxation		**22,85,420**	*21,67,580*
Taxation	6	**(6,66,853)**	*(6,07,001)*
Profit for the year		**16,18,568**	*15,60,579*
Other comprehensive income		**-**	*-*
Total comprehensive profit		**16,18,568**	*15,60,579*

Financial Statements For The Year Ended 31 March 2017

STATEMENT OF CHANGES IN EQUITY

	Accumulated profit R	Stated capital R	Total equity R
Balance at 01 April 2015	25,85,551	4,43,725	30,29,276
Changes in equity	-	-	-
Total comprehensive profit for the period	15,60,579	-	15,60,579
Total changes	15,60,579	-	15,60,579
Balance at 31 March 2016	41,46,130	4,43,725	45,89,855
Balance at 01 April 2016	41,46,130	4,43,725	45,89,855
Dividends declared	(4,43,725)	-	(4,43,725)
Total comprehensive profit for the period	16,18,568	-	16,18,568
Total changes	11,74,843	-	11,74,843
Balance at 31 March 2017	53,20,973	4,43,725	57,64,698
Note		3	

Financial Statements For The Year Ended 31 March 2017

STATEMENT OF CASH FLOWS

	Note(s)	As at 31.03.2017 R	*As at 31.03.2016 R*
Cash flows from operating activities			
Cash used in operations	10	**(2,10,18,649)**	*2,60,39,375*
Interest income		**3,44,621**	*7,95,550*
Finance costs		**-**	*-*
Income taxes paid		**3,54,625**	*(95,760)*
Net cash from operating activities		**(2,03,19,403)**	*2,67,39,165*
Total cash movement for the year		**(2,03,19,403)**	*2,67,39,165*
Cash at the beginning of the year		**2,85,33,533**	*36,57,270*
Total cash at end of the year		**82,14,130**	*2,85,33,533*

Financial Statements For The Year Ended 31 March 2017

ACCOUNTING POLICIES

1 PRESENTATION OF ANNUAL FINANCIAL STATEMENTS

The annual financial statements have been prepared in accordance with International Financial Reporting Standards and the Companies Act of South Africa. The annual financial statements have been prepared on on the historical cost basis, except for those assets and liabilities stated at fair value, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

1.1 Financial instruments

Initial recognition and measurement

Financial instruments are recognised initially when Larsen and Toubro Infotech South Africa (Pty) Ltd becomes a party to the contractual provisions of the instruments.

Larsen and Toubro Infotech South Africa (Pty) Ltd classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Non-derivative financial instruments

Non-derivative financial instruments comprise trade and other receivables, cash and cash equivalents, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit and loss, any directly attributable transaction costs, except as described below. Subsequent to initial recognition, non-derivative financial instruments are measured as described below.

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Cash and cash equivalents comprise cash balances and call deposits.

Trade and other payables are classified according to the substance of the contractual arrangements entered into.

1.2 Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to issue of ordinary shares are recognised as a deduction from equity.

1.3 Income Taxation

Income tax on the profit or loss for the period comprises current and deferred tax. Current tax and deferred tax are recognised in profit or loss except to the extent that it relates to a business combination, or items recognised directly in equity or in other comprehensive income, in which case it is recognized in equity or other comprehensive income.

Current tax

Current tax represents the expected tax payable on taxable income for the period, using tax rates enacted or substantively enacted at the reporting date, and any adjustments to tax payable in respect of previous reporting periods.

Deferred tax

Deferred tax is recognised in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying values for the financial reporting purposes. Deferred tax is not recognised for the following temporary differences:

- the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit or loss, and
- differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future.
  In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill.

Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax liabilities and assets, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

A deferred tax asset is recognised for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

ACCOUNTING POLICIES (Contd.)

1.4 Provisions and contingencies

Provisions are recognised when:

* Larsen and Toubro Infotech South Africa (Pty) Ltd has a present obligation as a result of a past event;
* it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
* a reliable estimate can be made of the obligation.

The amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

Where some or all of the expenditure required to settle a provision is expected to be reimbursed by another party, the reimbursement shall be recognised when, and only when, it is virtually certain that reimbursement will be received if the entity settles the obligation. The reimbursement shall be treated as a separate asset. The amount recognised for the reimbursement shall not exceed the amount of the provision.

Provisions are not recognised for future operating losses.
If an entity has a contract that is onerous, the present obligation under the contract shall be recognised and measured as a provision.

1.5 Revenue

Revenue is measured at the fair value of the consideration received or receivable and represents the amounts receivable for goods and services provided in the normal course of business, net of trade discounts and volume rebates.

1.6 Adoption of New and Revised Standards

A number of new standards, amendments to standards and interpretations are not yet effective for the period ended 31 March 2017, and have not been applied in preparing these financial statements:

*IFRS 9	Financial Instruments	Annual years beginning on or after 1 January 2018
*IFRS 15	Revenue from contracts with customers	Annual years beginning on or after 1 January 2017

The directors anticipate that all of the above Standards and Interpretations will be adopted in the financial statements of the period in which they become effective and that their adoption will have no material impact on the financial statements in the period of initial application.

1.7 Critical Accounting Judgements and Key Sources of Estimation Uncertainty

Management has not made any judgements or assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Financial Statements For The Year Ended 31 March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS

		As at 31.03.2017 R	*As at 31.03.2016 R*
1.	**Cash and cash equivalents**		
	Cash and cash equivalents consists of the following:		
	ABSA Account	**52,67,959**	*43,83,937*
	State Bank of India Account	**18,96,468**	*13,38,379*
	State Bank of India Call Account	**10,49,704**	*2,28,11,217*
		82,14,131	*2,85,33,533*

		As at 31.03.2017	*As at 31.03.2016*
2.	**Trade and other receivables**		
	Trade & other receivables consists of the following:		
	Trade receivables	**1,21,36,869**	*1,79,66,005*
	Other receivables	**8,46,185**	*69,47,165*
	VAT receivable	**17,02,566**	-
	Current tax receivable		
		1,46,85,620	*2,49,13,170*

		As at 31.03.2017 Shares	*As at 31.03.2016 Shares*
3.	**Stated capital**		
	Authorised		
	450 000 Ordinary shares at no par value	**4,50,000**	*4,50,000*
	Issued		
	443 725 Ordinary shares at no par value	**4,43,725**	*4,43,725*
	6 275 unissued no par value ordinary shares		

		As at 31.03.2017 R	*As at 31.03.2016 R*
4.	**Trade and other payables**		
	Trade and other payables consists of the following:		
	Trade payables	**1,64,21,950**	*4,74,78,682*
	VAT payable	**-**	*2,90,944*
	Accruals	**2,90,298**	*16,85,893*
	Withholding tax	**-**	-
	Advance billing	**-**	-
		1,67,12,248	*4,94,55,518*

		As at 31.03.2017	*As at 31.03.2016*
5.	**Operating profit**		
	Operating profit for the period is stated after accounting for the following:		
	Staff costs	**-**	*4,87,853*
		-	*4,87,853*

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

		As at 31.03.2017 R	*As at 31.03.2016 R*
6.	**Taxation**		
	Major components of the tax expense		
	SA normal tax		
	Current tax	**4,28,319**	*7,95,614*
	Deferred tax	**3,06,228**	*(1,88,613)*
		7,30,274	*6,07,001*
	Reconciliation of the tax expense		
	Reconciliation between applicable tax rate and average effective tax rate.		
	Accounting profit	**22,85,420**	*21,67,580*
	Tax at the applicable tax rate of 28% (2016:28%)	**7,30,274**	*6,07,001*
	6.1. Tax paid		
	Opening balance	**1,26,703**	*2,65,622*
	Tax charge	**(4,28,319)**	*(7,95,614)*
	Prior year under provision	**4,275**	*-*
	Closing balance	**6,51,966**	*(1,26,703)*
	Tax paid	**3,54,625**	*(6,56,695)*

		As at 31.03.2017 R	*As at 31.03.2016 R*
7.	**Deferred taxation**		
	The major components of deferred tax balances for the year are as follows:		
	Provisions	**7,53,431**	*4,71,968*
	Income received in advance	**-**	*-*
	S24C allowance	**-**	*-*
		7,53,431	*4,71,968*
	Deferred taxation liability	**-**	*-*
	Deferred taxation asset	**2,10,961**	*4,71,968*
	Net deferred taxation asset	**2,10,961**	*4,71,968*

		As at 31.03.2017 R	*As at 31.03.2016 R*
8.	**Financial assets by category**		
	The accounting policies for financial instruments have been applied to the line items below:		
		Loans and Receivables	
	2017		
	Trade and other receivables	**1,46,85,620**	
	Cash and cash equivalents	**82,14,131**	
	2016		
	Trade and other receivables	**2,49,13,170**	
	Cash and cash equivalents	**2,85,33,533**	

Financial Statements For The Year Ended 31 March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017 R	As at 31.03.2016 R
9. Financial liabilities by category		
The accounting policies for financial instruments have been applied to the line items below:		
	Financial Liabilities at amortised cost	
2017		
Trade and other payables	**1,67,12,248**	
2016		
Trade and other payables	**4,94,55,519**	
10. Cash used in operations		
Profit before taxation	**22,85,420**	*21,67,580*
Adjustments for:		
Interest received	**(3,44,621)**	*(7,95,550)*
Finance costs	**-**	-
Foreign exchange difference	**-**	-
Changes in working capital:		
Trade and other receivables	**1,02,27,549**	*5,03,93,769*
Trade and other payables	**(3,27,43,273)**	*(2,57,26,424)*
Dividends	**(4,43,725)**	-
	(2,10,18,649)	*2,60,39,375*

	As at 31.03.2017	As at 31.03.2016

11. Related party transactions

11.1 Identity of related parties

Larsen and Toubro Infotech South Africa (Pty) Ltd is a joint venture between Larsen & Toubro Infotech Limited and Befula Investments (Pty) Ltd in ratio of 74.9%:25.1%.

Larsen and Toubro Infotech has a branch office in South Africa.

Larsen and Toubro Infotech South Africa (Pty) Ltd and Larsen & Toubro Infotech Limited (Branch) are related parties in South Africa.

	As at 31.03.2017 R	As at 31.03.2016 R
11.2 Balances payable to /receivable from related parties		
Inter-group receivables	**-**	-
Inter-group payables	**(1,62,63,001)**	*(4,73,84,395)*
	(1,62,63,001)	*(4,73,84,395)*

Inter-group receivable, relates to sales made by Larsen and Toubro Infotech South Africa (Pty)Ltd to Larsen & Toubro Infotech Limited (Branch).

Inter-group payable, relates to expenses to be paid by Larsen and Toubro Infotech South Africa (Pty) Ltd to Larsen & Toubro Infotech Limited (Branch) and Larsen and Toubro Infotech Limited (India).

Financial Statements For The Year Ended 31 March 2017

NOTES TO THE ANNUAL FINANCIAL STATEMENTS (Contd.)

	As at 31.03.2017 R	*As at 31.03.2016 R*
11.3 Transactions with related parties		
Inter-group service income (Larsen & Toubro Infotech Ltd (Branch))	**-**	-
Inter-group training cost (Larsen & Toubro Infotech Ltd (India))	**-**	-
Inter-group marketing cost (Larsen & Toubro Infotech Ltd (Branch))	**(51,55,233)**	*(61,26,980)*
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (Branch))	**(2,44,00,203)**	*(5,27,89,534)*
Inter-group on-site support fees (Larsen & Toubro Infotech Ltd (India))	**(89,09,843)**	*(1,83,39,609)*
Inter-group marketing cost(Larsen & Toubro Infotech Ltd (India))	**(50,34,904)**	*(97,57,624)*
Inter-group commission (Larsen & Toubro Infotech Ltd (India))	**(8,79,801)**	*(8,44,321)*
	(4,43,79,984)	*(8,78,58,068)*

11.4 Transactions with key management personnel

There were no transactions with key management personnel.

12. Financial instruments

Exposure to no credit risk arises in the normal course of the entity's business

12.1 Credit risk

Management has a credit policy in place and the exposure to credit risk is monitored on an ongoing basis. Credit evaluations are performed on all customers requiring credit over a certain amount. The group does not require collateral in respect of financial assets.

The carrying amount of financial assets represents the maximum credit exposure. The maximum credit exposure at the reporting date was:

Reconciliation between applicable tax rate and average effective tax rate

	Carrying amount 31 March 2017	*Carrying amount 31 March 2016*
	R	*R*
Trade receivables	**1,46,85,620**	*2,49,13,170*
Deposits	**-**	-
Prepayments	**-**	-
Total	**1,46,85,620**	*2,49,13,170*

Concentration of credit risk

The company was not exposed to any credit rate risk as the inter-group & other receivables are recoverable.

12.2 Liquidity risk

The following are the contractual maturities of financial liabilities:

Non derivative financial liabilities	**Total**	**< 1 year**	**2-5 years**	**>5 years**
Trade and other payables	1,67,12,248	1,67,12,248	-	-
Total	1,67,12,248	1,67,12,248	-	-

13. Fair values

The fair values of financial assets and liabilities are substantially the same as the carrying amounts shown in the statement of financial position.

Financial Statements For The Year Ended 31 March 2017

DETAILED INCOME STATEMENT

	Note(s)	As at 31.03.2017 R	*As at 31.03.2016 R*
Revenue			
Services income		**6,47,71,352**	*11,95,33,123*
Cost of sales			
Direct Cost		**4,55,54,586**	*9,88,91,974*
Purchase of trading goods		**7,90,000**	*7,50,000*
Gross profit		**1,84,26,766**	*1,98,91,149*
Other income		**3,048**	*-*
Inter-group service income		**-**	*82,318*
Other sales		**(258)**	*47,606*
Foreign exchange differences		**3,44,621**	*7,95,550*
Interest received		**3,47,411**	*9,25,474*
Gross Income		**1,87,74,177**	*2,08,16,623*
Expenses			
Operating expenses			
Audit Fees		**2,26,500**	*1,74,068*
Audit fee- prior year adjustment		**(1,61,500)**	*-*
Bank Charges		**18,141**	*5,986*
Commission paid		**8,79,801**	*8,44,321*
Donations		**1,21,340**	*95,000*
Financial Management Fees		**-**	*-*
Insurance		**93,723**	*53,362*
Inter group services expense		**1,05,58,867**	*1,34,96,603*
Office expenses		**4,200**	*4,64,679*
Professional fees		**7,72,578**	*20,21,892*
Marketing Costs		**33,76,606**	*2,000*
Rent paid		**5,98,500**	*2,64,490*
Salaries & Wages		**-**	*4,87,853*
Telephone & Link charges		**-**	*7,38,789*
		1,64,88,756	*1,86,49,043*
Operating profit	5	**22,85,420**	*21,67,580*
Finance cost		**-**	*-*
Profit before taxation		**22,85,420**	*21,67,580*
Taxation	6	**6,66,853**	*6,07,001*
Profit for the year		**16,18,568**	*15,60,579*

The supplementary information presented does not form part of the annual financial statements

LARSEN AND TOUBRO INFOTECH SOUTH AFRICA (PTY) LIMITED

(Registration number 2011 / 007226/07)
Financial Statements For The Year Ended 31 March 2017
Tax Reference number: 9204/345/18/6

TAX COMPUTATION

	2017 R
Net profit as per statement of comprehensive income	22,85,420
Adjust for: Temporary differences	(8,67,170)
Reversal of Provisions	
Amounts received in advance in the prior year	-
Provision for leave- Prior year	(11,60,524)
Provision for expenses - Prior year	(5,25,077)
Provision for expenses	2,91,500
Provision for employee costs	4,61,931
Provision for audit fees	65,000
Provision for IT	-
Amounts received in advance	-
Donations	1,09,340
Interest- SARS	2,119
Taxable income	15,29,709
Taxation thereon @ 28%	4,28,319
Tax liability	
Amount owing/(prepaid) at the beginning of year	-
First provisional payment	(3,22,000)
Second provisional payment	(2,47,850)
Interest and penalties Owing	(2,119)
Final assessment payment 2016	7,95,616
	2,23,647
Tax owing/(prepaid) for the current year	4,28,319
Normal tax	
Tax owing/(prepaid) at the end of the year as per financial statements	6,51,966

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended December 31, 2016.

1. FINANCIAL HIGHLIGHTS

Particulars	RMB Yuan	
	2016	**2015**
Total Income	**1,819,840**	*4,052,711*
Profit/(Loss) before Tax	**(441,274)**	*210,466*
Less : Tax	**-**	*273,540*
Net Profit/(Loss) after Tax	**(441,274)**	*(63,074)*
Add: Balance b/f from previous year	**(860,965)**	*(797,891)*
Balance to be carried forward	**(1,302,240)**	**(860,965)**

2. STATE OF COMPANY AFFAIRS

The total income for the Financial Year under review was RMB 1.82 Mn as against RMB 4.05 Mn for the previous Financial Year. The loss for the current year was RMB (441,274) as against loss of RMB (63,074) for the previous Financial Year.

The loss for current year is primarily due to the fact that the revenue is not yet sufficient to meet operating expenses.

3. CAPITAL & FINANCE

During the year under review, there was no investment made by Larsen & Toubro Infotech Limited, India, the Parent Company, towards the equity capital of the Company. The total investment by the Parent Company, towards the equity capital, as on the date of balance sheet is USD 175,000.

4. DIVIDEND

No dividend for the year ended December 31, 2016, is proposed to be declared.

5. DETAILS OF DIRECTORS/SUPERVISORS AND KEY MANAGERIAL PERSONNEL APPOINTED/ RESIGNED DURING THE YEAR

During the year under review, Mr. Sudhir Chaturvedi was appointed as Supervisor w.e.f. September 12, 2016. Mr. Rajat Mathur resigned as Supervisor w.e.f. September 12, 2016. The Company places on record the valuable contribution made by Mr. Rajat Mathur, during his tenure as a Supervisor of the Company.

6. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

7. AUDITORS

M/s Shanghai Linfang Certified Public Accountants Co., Ltd. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year..

8. DIRECTORS RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with Local Statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

DIRECTORS' REPORT (Contd.)

d) The Director has prepared the Annual Accounts on a going concern basis;

e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

9. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in China and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Date: April 18, 2017
Place: Singapore

For and on behalf of the Board

Sameer Satpute
Director

REPORT OF THE AUDITORS

To the Board of Directors of

L&T Information Technology Services (Shanghai) Co., Ltd.

We have audited the accompanying financial statements of L&T Information Technology Services (Shanghai) Co., Ltd. (the "Company"), which comprise the balance sheet as at 31 December 2016, the income statement, cash flow statement and statement of changes in equity for the year then ended and notes to these financial statements.

1. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's management is responsible for preparation and fair presentation of these financial statements, such responsibility includes: (i) ensuring that the Financial Statements are properly prepared in conformity with the Accounting Standards for Small Business Enterprises and are presented fairly (ii) designing, implementing and maintaining internal control relevant to the preparation of financial statements to ensure the financial statements are free of material misstatement, whether caused by fraud or error.

2. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the China Auditing Standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

3. AUDIT OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T Information Technology Services (Shanghai) Co., Ltd. as at 31 December 2016, and its financial performance and its cash flows for the year then ended in accordance with the Accounting Standards for Small Business Enterprises.

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Zhang xiaozhuan Certified Public Accountant

____

Guo Zhong, China Certified Public Accountant

Shanghai Linfang Certified Public Accountants Co., Ltd.
15F, Hechuang Building,
No. 450 Caoyang Road,
Shanghai China

April; 18th, 2017

BALANCE SHEET AS AT 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Notes	2016.12.31	2015.12.31
CURRENT ASSETS			
Cash at bank and in hand	5	**802,792.32**	1,956,093.28
Accounts receivable	6	**984,514.09**	374,672.63
Prepayments	7	1,025.00	13,488.00
Other receivables	8	9,132.25	9,132.25
Total current assets		**1,797,463.66**	**2,353,386.16**
Non-current asset			
Financial assets available for sale			
Held-to-maturity investments			
Long-term receivables			
Long-term equity investment			
Fixed assets - cost	9	21,530.00	-
Less: Accumulated depreciation	10	4,121.37	-
Fixed assets - net	11	17,408.63	-
Less: Provision for impairment loss on fixed assets		-	-
Net book value of fixed assets		17,408.63	-
Total non-current assets		17,408.63	-
TOTAL ASSETS		**1,814,872.29**	**2,353,386.16**
CURRENT LIABILITIES			
Accrued payroll	12	62,690.00	40,145.00
Taxes payable	13	(11,857.62)	348,722.29
Other payables	14	1,991,481.03	1,750,685.54
Total current liabilities		2,042,313.41	2,139,552.83
NON-CURRENT LIABILITIES			
Total non-current liabilities		-	-
TOTAL LIABILITIES		2,042,313.41	2,139,552.83
OWNERS' EQUITY			
Paid-in capital	15	1,074,799.00	1,074,799.00
Foreign capital		1,074,799.00	1,074,799.00
Undistributed profits	16	(1,302,240.12)	(860,965.67)
Total owner's equity		(227,441.12)	213,833.33
TOTAL LIABILITIES AND OWNERS' EQUITY		**1,814,872.29**	**2,353,386.16**

INCOME STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

ITEM	Notes	Year ended 2016.12.31	Year ended 2015.12.31
TOTAL OPERATING REVENUES		1,819,839.92	4,052,710.82
Incl.: Operating revenues		1,819,839.92	4,052,710.82
Incl.: Revenues from main operation	17	1,819,839.92	4,052,710.82
Less: Total operating costs		2,270,471.73	3,844,308.88
Incl.: Cost of operation		-	-
Incl.: Costs of main operation		-	-
Costs of other operation		-	-
Operating tax and its additions		1,749.29	16,752.74
Selling and distribution expenses		-	-
General and administrative expenses		2,322,492.59	3,830,557.55
Finance expenses		(53,770.15)	(3,001.41)
Add: Return on investment		-	-
Operating Profit		(450,631.81)	208,401.94
Add: Non-operating incomes		9,498.84	2,340.31
Less: Non-operating expenses		141.48	276.10
Total profit		(441,274.45)	210,466.15
less: Income tax expenses		-	**273,540.60**
Net profit		(441,274.45)	(63,074.45)

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	Notes	Year ended 2016.12.31	Year ended 2015.12.31
1. Cash Flows from Operating Activities:			
Cash received from sales of goods or rendering of services		12,00,772.93	42,48,008.81
Cash received relating to other operating activities		2,54,121.38	3,954.17
Sub-total of Cash Inflows		14,54,894.31	42,51,962.98
Cash paid for goods and services		22,550.00	13,996.55
Cash paid to and on behalf of employees		14,92,653.32	20,96,343.84
Payments of taxes and levies		3,93,881.29	95,962.98
Cash paid relating to other operating activities		6,77,580.66	8,74,381.30
Sub-total of Cash Outflows		25,86,665.27	30,80,684.67
Net Cash Flows from Operating Activities		(11,31,770.96)	11,71,278.31
2. Cash Flows from Investing Activities:			
Cash paid to acquire fixed assets, intangible assets and other long-term assets		21,530.00	-
Sub-total of Cash Outflows		21,530.00	-
Net Cash Flows from investing Activities		(21,530.00)	-
3. Cash Flows from Financing Activities:			
Cash received from capital contribution		-	3,66,894.00
Sub-total of Cash Inflows		-	3,66,894.00
Net Cash Flows from Financing Activities		-	3,66,894.00
4. Effect of Foreign Exchange Rate Fluctuation on Cash		-	-
5. Net Increase (decrease) in Cash and Cash Equivalents		(11,53,300.96)	15,38,172.31
Add: Cash and cash equivalents at the beginning of the reporting period		19,56,093.28	4,17,920.97
6. Cash and Cash Equivalents at the end of the reporting period		8,02,792.32	19,56,093.28

The accompanying notes form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

(All amounts in RMB Yuan unless otherwise stated)

	PAID-IN CAPITAL	CAPITAL SURPLUS	SURPLUS RESERVE	RETAINED EARNINGS	TOTAL
Closing Balance at 31 December 2014	7,07,905.00	-	-	(7,97,891.22)	(89,986.22)
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Beginning Balance at 1 January 2015	7,07,905.00	-	-	(7,97,891.22)	(89,986.22)
Net profit	-	-	-	(63,074.45)	(63,074.45)
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	3,66,894.00	-	-	-	3,66,894.00
- Capital contribution by owners	3,66,894.00	-	-	-	3,66,894.00
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
Movements in year 2015	3,66,894.00	-	-	(63,074.45)	3,03,819.55
Closing Balance at 31 December 2015	10,74,799.00	-	-	-	2,13,833.33
Closing Balance at 31 December 2015	10,74,799.00	-	-	(8,60,965.67)	2,13,833.33
Add: Changes in accounting policies	-	-	-	-	-
Corrections of prior period errors	-	-	-	-	-
Beginning Balance at 1 January 2016	10,74,799.00	-	-	(8,60,965.67)	2,13,833.33
Net profit	-	-	-	(4,41,274.45)	(4,41,274.45)
Other comprehensive income	-	-	-	-	-
Capital contribution or reduction by owners	-	-	-	-	-
Profit appropriation	-	-	-	-	-
Transfer between equity components	-	-	-	-	-
Movements in year 2016	-	-	-	(4,41,274.45)	(4,41,274.45)
Closing Balance at 31 December 2016	10,74,799.00	-	-	(13,02,240.12)	(2,27,441.12)

The accompanying notes form an integral part of these financial statements.

NOTES TO THE 2016 FINANCIAL REPORTS

(All amounts in RMB Yuan unless otherwise stated)

1 GENERAL INFORMATION AND PRINCIPAL ACTIVITIES

L&T Information Technology Services (Shanghai) Co., Ltd.("the Company") is a wholly owned foreign enterprise incorporated by LARSEN & TOUBRO INFOTECH LIMITED. The Company was registered at Shanghai Administration of Industry and Commerce, and obtained the Business License for Enterprise as a Legal Person No. 310000400714060 on June 28th 2013. The registered capital is USD 175000 and the residential address for the Company is No 2 XingXian Road Jiading Industry Zone Shanghai. The Company has an approved operating period of 10 years.

The Company's approved scope of business operations includes Computer software (video, publication except) design, development, production, sales of own products and provide after sale service, the commission agent products and computer hardware (excluding auction), enterprise management consulting, business information consulting, computer information engineering technical consultation and services, to undertake service outsourcing in system management and maintenance technical support, information management, software development, data processing. (not related to the management of state-run trade goods; involving quota, license management of goods, in accordance with relevant state regulations apply; involving administrative approval, permit to operate).

2 BASIS OF PREPARATION

The financial statements have been prepared in accordance with the Accounting Standards for Business Enterprises and "Accounting System for Small Business enterprises" as promulgated by the State of the People's Republic of China.

3 PRINCIPAL ACCOUNTING POLICIES

(a) Accounting period
The company's accounting year starts on 1 January and ends on 31 December.

(b) Recording currency
The recording currency of the Company is the Renminbi (RMB).

(c) Basis of accounting and measurement bases
The Company follows the accrual basis of accounting. Assets are initially recorded at actual costs on acquisition and subsequently adjusted for impairment, if any.

(d) Foreign currency translation
Except for the accounting treatment of paid-in capital, foreign currency transactions are translated into RMB at the exchange rates stipulated by the People's Bank of China ("the stipulated exchange rates") on the day in which the transactions took place. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated into RMB at the stipulated exchange rates at the balance sheet date. Exchange differences arising from these translations are expensed, except for those attributable to foreign currency borrowings that have been made specifically for the construction of fixed assets, which are capitalized as part of the fixed asset costs and those arising in the pre-operating period, which are recorded as long-term deferred expenses.

Contributions to paid-in capital made in foreign currencies are translated into the RMB denominated paid-in capital account at the stipulated exchange rates at the contribution dates. Exchange differences arising from foreign currency capital contribution should be recognized as capital surplus.

(e) Cash and cash equivalents
For the purposes of the cash flow statement, cash refers to all cash in hand and all deposits. Cash equivalents refer to short-term and highly-liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

(f) Receivables and provision for bad debts
Receivables comprise accounts receivable and other receivables. The provision method is used to account for potential bad debts identified by management. Receivables are presented at actual amounts net of provision for bad debts.

(1) Accounts receivable
Accounts receivable comprises related party receivables and receivables from non-related parties.

The Company makes specific bad debts provision on an individual basis for accounts receivable that are distinctively different from any other receivable in recoverability. If there are indications that the balances cannot be recovered, the specific provision will be adjusted accordingly.

(2) Other receivable
Specific provisions are made for other receivables on an individual basis.

NOTES TO THE 2016 FINANCIAL REPORTS (Contd.)

(All amounts in RMB Yuan unless otherwise stated)

(f) Receivables and provision for bad debts (Continued)

3) Recognition criteria of bad debts loss

Where evidence exists that balances cannot be recovered due to the debtor's de-registration, bankruptcy, insolvent and death, etc., bad debts are recognized and corresponding provision for bad debts is written off after the approval of the Company's general manager or the board pursuant to the authorization policies established in the Company.

(g) Fixed assets and depreciation

Fixed assets are tangible assets that are used in production, including sales of goods, rendering of services and leases, or held for management purposes, which have useful lives of more than one year and have relatively high unit price.

Fixed assets purchased or constructed by the Company are recorded at cost.

Fixed assets are depreciated using the straight-line method to allocate the cost of the assets to their estimated residual values over their estimated useful lives. For the fixed assets being provided for impairment loss, the related depreciation charge is prospectively determined based upon the adjusted carrying amounts over their remaining useful lives.

The estimated useful lives, estimated residual values expressed as a percentage of cost and annual depreciation rates are as follows:

	Estimated Useful Lives	**Estimated Residual Value**	**Annual Depreciation Rate**
Office and electronic equipment	3yrs	0%	33.33%

When fixed assets are sold, transferred, disposed of or damaged, gains and losses on disposal are determined by comparing the proceeds with the carrying amount of the assets, adjusted by related taxes and expenses, and are included in non-operating income or expenses.

(h) Revenue recognition

Revenue from the rendering of services shall be recognized at the time of service provided and consideration received or receivable.

Interest income should be measured based on the period between the acquisition date and the maturity date and the applicable interest rate.

Subsidy income shall be recognized at the time of receipt.

(i) Employee benefits

The full-time employees of the Company are entitled to staff welfare benefits under existing PRC legislation, including pension benefits, medical care, unemployment insurance, housing fund and other benefits.

The Company is required to accrue for these benefits based on certain percentages of the employees' salaries, subject to certain ceilings, in accordance with the relevant PRC regulations, these benefits are levied by the human resource and social security bodies. The contributions are expensed as incurred.

(j) Accounting for income taxes

The Company accounts for enterprise and local income taxes using the tax payable method. Under the tax payable method, tax expense is recognized based on current period taxable income and tax rates.

4 TAXATION

(a) Corporate income tax

The applicable enterprise income tax rate is 25%.

(b) Value added tax

The company for the small scale taxpayers of value added tax, the tax rate is 3%, the input tax shall be credited against.

(c) Individual income tax

Employees' income is subject to individual income tax, and the Company withhold amounts from employees and send the withheld amounts to the tax authorities.

NOTES TO THE 2016 FINANCIAL REPORTS (Contd.)

(All amounts in RMB Yuan unless otherwise stated)

5 MONETARY ASSETS

	2016.12.31	**2015.12.31**
Cash at bank	8,02,792.32	19,56,093.28
Total	8,02,792.32	19,56,093.28

6 ACCOUNTS RECEIVABLE

	2016.12.31	**2015.12.31**
	9,84,514.09	3,74,672.63

The ageing as at year end are as follows:

	2015.12.31		2015.12.31	
	Amount	%	Amount	%
Within 1 yr	9,84,514.09	100.0%	3,74,672.63	100.0%
Total	9,84,514.09	100.0%	3,74,672.63	100.0%

Debtors with large amounts:

Name of Debtors	Ending Balance	
LT INFORMATION TECHNOLOGY LIMITED	USD	1,37,956.00

7 PREPAYMENTS

	2015.12.31		2015.12.31	
	Amount	%	Amount	%
Within 1 yr	1,025.00	100%	13,488.00	100%
Total	1,025.00	100%	13,488.00	100%

8 OTHER RECEIVABLES

	2016.12.31	**2015.12.31**
	9,132.25	9,132.25

The ageing as at year end are as follows:

	2015.12.31		2015.12.31	
	Amount	%	Amount	%
Within 1 yr	-	-	9,132.25	100.0%
1~2 ys	9,132.25	100.0%	-	-
Total	9,132.25	100.0%	9,132.25	100.0%

9 FIXED ASSETS – COST

	2016.1.1	**Increase**	**Decrease**	**2016.12.31**
Electronic equipment	-	21,530.00	-	21,530.00
Total	-	21,530.00	-	21,530.00

NOTES TO THE 2016 FINANCIAL REPORTS (Contd.)

(All amounts in RMB Yuan unless otherwise stated)

10 ACCUMULATED DEPRECIATION

	2016.1.1	**Increase**	**Decrease**	**2016.12.31**
Electronic equipment	-	4,121.37	-	4,121.37
Total	-	4,121.37	-	4,121.37

11 FIXED ASSETS – NET

	2016.12.31	2015.12.31
Electronic equipment	17,408.63	-
Total	17,408.63	-

12 ACCRUED PAYROLL

	2016.12.31	2015.12.31
Wages payable	42,378.74	30,414.00
Social insurance	15,323.26	7,441.00
Housing Provident Fund	4,988.00	2,290.00
Total	62,690.00	40,145.00

13 TAXES PAYABLE

Taxes	2016.12.31	2015.12.31
Value added tax	471.55	35,099.76
City maintenance	23.57	3,536.38
Education surcharge payable	-	2,121.83
Local education surcharge payable	-	1,414.55
River maintenance fee	4.71	707.28
Individual income tax	9,588.78	32,301.89
Corporate income tax (CIT)	(21,946.23)	2,73,540.60
Total	-11,857.62	3,48,722.29

14 OTHER PAYABLES

	2016.12.31	2015.12.31
Total	19,91,481.03	17,50,685.54

Creditor with large amount	Ending Balance
LT INFORMATION TECHNOLOGY LIMITED	17,57,346.52
LT TECHNOLOGY SERVICES LIMITED	1,61,009.11

NOTES TO THE 2016 FINANCIAL REPORTS (Contd.)

(All amounts in RMB Yuan unless otherwise stated)

15 PAID-IN CAPITAL

	2016.12.31		2015.12.31	
Name of Investor	Registered Capital (USD)	Registered Capital (RMB)	Registered Capital (USD)	Registered Capital (RMB)
LARSEN & TOUBRO INFOTECH LIMITED	1,75,000.00	10,74,799.00	1,75,000.00	10,74,799.00
Total	1,75,000.00	10,74,799.00	1,75,000.00	10,74,799.00

16 UNDISTRIBUTED PROFITS

	2016.12.31	2015.12.31
Undistributed profits at beginning of year	(8,60,965.67)	(7,97,891.22)
Current year net profit	(4,41,274.45)	(63,074.45)
Distributable profit	(13,02,240.12)	(8,60,965.67)
Undistributed profits at the end of year	(13,02,240.12)	(8,60,965.67)

17 REVENUES FROM MAIN OPERATION

Item	2016	2015
Consulting Service	18,19,839.92	40,52,710.82
Total	18,19,839.92	40,52,710.82

18 RELATED PARTY TRANSACTION

Related party relationships

Name of Entity	Relationship with the Company
LT INFORMATION TECHNOLOGY LIMITED	Controlled by the same party
LT TECHNOLOGY SERVICES LIMITED	Controlled by the same party

Ending Balance of related party transaction

Name of Entity	Account Name	Description	Ending balance
LT INFORMATION TECHNOLOGY LIMITED	Accounts receivable	Services	USD 1,37,956.00
LT INFORMATION TECHNOLOGY LIMITED	Other payables	Temporary payment	CNY 17,57,346.52
LT TECHNOLOGY SERVICES LIMITED	Other payables	Temporary payment	CNY 1,61,009.11

SUPPLEMENTARY INFORMATION PROVIDED BY THE MANAGEMENT

(All amounts in RMB Yuan unless otherwise stated)

ADJUSTMENTS TO INCOME BEFORE TAX

account or subaccount name	Description Reference included	Adjusted amount for taxable income	Remarks
Increases to the taxable amounts			
Accrued Payroll	Accrued Payroll	62,690.00	
Non-operating expenses	Penalty	141.48	
Other Payables	Accrued Expenses	19,18,355.63	
Total increases to the taxable amount		19,81,187.11	
Decreases to the taxable amounts			
Accrued Payroll	Accrued Payroll	40,145.00	
Other Payables	Accrued Expenses	16,78,905.10	
Total decreases to the taxable amount		17,19,050.10	
Adjustments - net		2,62,137.01	
Audited income before tax		-	
Adjusted taxable income before tax		2,62,137.01	
Note: The taxable income shall be finally settled by tax authorities.			

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL HIGHLIGHTS**

Particulars	**EURO**	
	2016-2017	*2015-16*
Total Income	**825,923**	-
Profit / (Loss) before Tax	**53,642**	(6,612)
Less : Tax	**11,008**	750
Net Profit / (Loss) after Tax	**42,634**	(7,362)
Add: Balance b/f from previous year	**(7,362)**	-
Balance to be carried forward	**35,272**	(7,362)

2. **STATE OF COMPANY AFFAIRS**
The Company was formed in the Financial Year 2015-16, however business operations started in the Financial Year 2016-17. Gross sales and other income for the Financial Year under review were EUR 0.8 Mn. The profit after tax including extraordinary and exceptional items was EUR 0.04 Mn for the Financial Year under review.

3. **DIVIDEND**
In order to conserve the resources for future business growth, no dividend is recommended for the current year.

4. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR**
During the year under review, Mr. Sudhir Chaturvedi was appointed as a Director w.e.f. October 21, 2016. Mr. Makarand Deolalkar resigned as a Director w.e.f. October 21, 2016. The Company places on record the valuable contribution made by Mr. Makarand Deolalkar during his tenure as a Director of the Company.

5. **AUDITORS**
M/s GT-KMU Wirtschaftsprüfungs- und Steuerberatungs- GmbH are the Statutory Auditors of the Company. They have been re-appointed as Statutory Auditors of the Company for the ensuing Financial Year.

6. **FINANCIAL STATEMENTS**
The Auditors report to the Shareholders does not contain any qualification, observation or adverse comment.

7. **DIRECTORS RESPONSIBILITY STATEMENT**
The Sole Director of the Company confirms that:
   a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
   b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;
   c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with Local Statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
   d) The Director has prepared the Annual Accounts on a going concern basis;
   e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. **ACKNOWLEDGEMENT**
Your Director acknowledge the invaluable support extended by the Government authorities in Austria and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Date: April 20, 2017
Place: London, UK

For Larsen & Toubro Infotech Austria GmbH

Sudhir Chaturvedi
Sole Director

AUDIT REPORT

To the
Management Board of
Larsen & Toubro Infotech Austria GmbH
Vienna

We have completed the audit of the financial statements as of March 31, 2017 of

Larsen & Toubro Infotech Austria GmbH
Vienna,
(referred to as "the Company")

and provide the results of our audit in the following report:

1. AUDIT CONTRACT AND PERFORMANCE OF THE ENGAGEMENT

The Company, represented by the management board, concluded an audit contract with us to audit the financial statements as of March 31, 2017, including the accounting system pursuant to Sections 269 ff. UGB.

The Company is small sized corporation pursuant to Section 221 UGB.

The audit is a voluntary audit.

The objective of the audit was to examine compliance with legal requirements.

In performing the audit, we adhered to the legal provisions and the relevant professional standards on performing an audit applicable in Austria. We draw attention to the fact that the audit provides reasonable assurance as to whether the financial statements are free from material misstatement. Absolute assurance cannot be achieved, since the possibility of errors is inherent in each accounting and internal control system and since the audit is based on samples, there is an unavoidable risk that material misstatements in the financial statements are not detected. Areas which are generally covered in special engagements were not included in our scope of work.

We performed the audit in April 2017. The audit was concluded by the date of this report.

Responsible for the proper performance of the engagement is Mr. Dr. MMag. Sascha Berkovec, Austrian Certified Public Accountant.

Our audit is based on the audit contract concluded with the Company, an integral part of which are the General Conditions of Contract for the Public Accounting Professions issued by the Austrian Chamber of Public Accountants and Tax Advisors. These General Conditions of Contract do not only apply between the Company and the auditor, but also towards third parties. Section 275 UGB applies with regard to our responsibility and liability as auditor towards the Company and towards third parties.

2. DISCLOSURE OF AND NOTES ON SIGNIFICANT ITEMS IN THE FINANCIAL STATEMENTS

All required disclosures of significant items in the financial statements are included in the attached figures.

3. SUMMARY OF THE RESULTS OF THE AUDIT

3.1. CONCLUSION ON THE COMPLIANCE OF THE ACCOUNTING AND THE FINANCIAL STATEMENTS

In performing our audit procedures, we determined the compliance with statutory provisions and generally accepted accounting principles.

As part of our risk and control oriented audit approach, we included in the audit where we considered it necessary for our audit report the internal controls in parts of the accounting process.

With regard to the legal compliance of the financial statements, we refer to our comments in the auditor's report.

3.2. INFORMATION PROVIDED

All information required was provided by the legal representatives of the Company. A letter of representation signed by the legal representatives has been included in our working papers.

In performing our duties as auditor, we have not determined any facts that might endanger the audited Company's position as a going concern or adversely affect its future development, nor any facts that would constitute a serious breach of the law or of the Company's articles of association by the legal representatives or employees. Material weaknesses in the internal control of the accounting process have not come to our attention. The criteria for assuming a reorganization requirement (Section 22 No. 1 URG (Austrian Reorganization Act)) are not met.

4. AUDITOR'S REPORT

Report on the Financial Statements

We have audited the accompanying financial statements, including the accounting of Larsen & Toubro Infotech Austria GmbH Vienna, for the fiscal year from April 1, 2016 to March 31, 2017. These financial statements comprise the balance sheet as of March 31, 2017, the income statement for the fiscal year ended March 31, 2017.

Our responsibility and liability as auditor is analogously to Section 275 UGB (liability regulations for the audit of small and medium sized companies) limited with a total of 2 million Euro towards the Company and towards third parties.

Management's Responsibility for the Financial Statements and for the Accounting System

The Company's management is responsible for the accounting and for the preparation and fair presentation of the financial statements in accordance with Austrian Generally Accepted Accounting Principles. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; making accounting estimates that are reasonable in the circumstances.

Auditor's Responsibility and Description of Type and Scope of the Statutory Audit

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with laws and regulations applicable in Austria and Austrian Standards on Auditing. Those standards require that we comply with professional guidelines and that we plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a reasonable basis for our audit opinion.

Opinion

Our audit did not give rise to any objections. In our opinion, which is based on the results of our audit, the financial statements comply with legal requirements and give a true and fair view of the financial position of the Company as of March 31, 2017 and of its financial performance for the fiscal year from April 1, 2016 to March 31, 2017 in accordance with Austrian Generally Accepted Accounting Principles.

Vienna, April 20th, 2017

GT-KMU
Wirtschaftsprüfungs- und Steuerberatungs- GmbH

MMag. Dr. Sascha Berkovec
Chartered Auditor

COMPILATION REPORT

We have compiled the financial statements of Larsen & Toubro Infotech Austria GmbH c/o Oberhammer Rechtsanwälte GmbH as of 31.03.2017 consisting of the balance sheet, the profit and loss statement, and the notes on the basis of bookkeeping and inventory and the provisions of the applicable accounting and valuation methods.

The procedures rendered by us (the entire bookkeeping, payroll services and register of assets) and additionally the receipts, books and inventory evidence presented by you as well as other information provided by you, which we did not check regarding regularity or plausibility in accordance with the engagement, form the basis for the preparation of the financial statements. The bookkeeping and the statement of inventory as well as the financial statements prepared in accordance with the Austrian Commercial Code (UGB) and the additional regulations of the articles of association lie within your responsibility.

We have not performed any audit procedures on the financial statements nor any other kind of assurance services or agreed upon procedures and , as a consequence, we do not provide any assurance on these financial statements.

You are responsible for any exhaustiveness of the documentation and the information provided to us, also towards user of the financial statements compiled by us. In this context we refer to the letter of representation signed by you at our request.

The compilation engagement was carried out considering the Expert Opinion KFS/RL 26 “Principles for the Preparation of Financial Statements”. The General Conditions of Contract for the Public Accounting Professions (AAB), issued by the Austrian Chamber of Public Accountants and Tax Advisors (KWT), as of 21 February 2011 shall apply to this compilation engagement.

The disclosure of the financial statements to third parties may only be provided by adding the full compilation report.

If the financial statements compiled by us are distributed to any third parties, the provisions stipulated in section 8. AAB for the Public Accounting Professions of KWT regarding the liability vis-à-vis third parties shall apply.

LEGAL STATUS

Company:	Larsen & Toubro Infotech Austria GmbH Location of the corporate seat: Österreich		
Address:	1010 Wien, Karlsplatz 3/1		
Incorporation:	2015-06-18		
Financial year:	April 1, 2016 - March 31, 2017		
Legal form:	Gesellschaft mit beschränkter Haftung		
Capital stock:	EUR 35,000.00		
	Thereof capital stock neither called nor paid in EUR 0.00.		
Shareholder:	Name	Share in EUR	Share in %
	Larsen & Toubro Infotech Limited	35,000.00	100
Management:	Name	From	To
	Makarand Ghanashyam Deolalkar	2015-06-18	2016-10-20
	Chaturvedi Sudhir	2016-10-21	
Representation:	The company is representated by the manager single handed.		

TAX STATUS

Tax authority:	Finanzamt Wien 1/23
Tax number:	255/7933
VAT number:	ATU71375727
Tax representative:	Grant Thornton Unitreu GmbH Wirtschaftsprüfungs- und
	1200 Wien, Handelskai 92, Gate 2, 7A
Determination of tax income:	Balancing of accounts acc. to § 5 EStG

BALANCE SHEET AS OF 2017-03-31

ASSETS	2017-03-31 EUR	2016-03-31 EUR
A. Current Assets		
I. Receivables and other Assets		
1. Receivables due from affiliated companies	**11,326.71**	*0.00*
there of arising from deliveries and services	*11,326.71*	*0.00*
2. Other receivables and assets	**43,619.55**	*1,038.47*
	54,946.26	*1,038.47*
II. Bank deposits	**68,460.34**	*29,731.63*
	123,406.60	*30,770.10*
B. Prepaid expenses, deferred charges	**0.00**	*1,800.00*
Total assets	**123,406.60**	*32,570.10*

LIABILITIES AND OWNER´S EQUITY	2017-03-31 EUR	2016-03-31 EUR
A. Capital and Reserves		
I. Stated Capital called	**35,000.00**	*35,000.00*
Subscribed Capital	*35,000.00*	*35,000.00*
II. Balance Sheet Profit	**35,272.44**	*-7,361.90*
thereof loss carried forward from the previous years	*-7,361.90*	*0.00*
	70,272.44	*27,638.10*
B. Accruals		
1. Tax accruals	**10,883.00**	*282.00*
2. Other accruals	**42,251.16**	*2,850.00*
	53,134.16	*3,132.00*
C. Liabilities		
1. Liabilities arising from deliveries and services	**0.00**	*1,800.00*
Total Liabilities and Owner´s Equity	**123,406.60**	*32,570.10*

For Larsen & Toubro Infotech Austria GmbH

Sudhir Chaturvedi
Sole Director

PROFIT AND LOSS ACCOUNT 2016-04-01 – 2017-03-31

Profit and Loss Account	**2016 / 17 EUR**	*2015 / 16 EUR*
1. Turnover	**825,922.53**	*0.00*
2. Raw material expense and expenditures for services received		
Expenditures for services received	**-729,172.20**	*0.00*
3. Other operating expenses		
Transaction costs	**-1,971.16**	*-369.54*
Legal and consulting costs	**-30,561.67**	*-5,892.36*
Other operating expense	**-9,946.39**	*0.00*
	-42,479.22	*-6,611.90*
4. Operating result	**54,271.11**	*-6,261.90*
5. Interest and similar expenses	**-628.77**	*0.00*
6. Financial result	**-628.77**	*0.00*
7. Earnings before taxes	**53,642.34**	*-6,261.90*
8. Taxes on income and revenue	**-11,008.00**	*-750.00*
9. Earnings after taxes	**42,634.34**	*-7,011.90*
10. Net income	**42,634.34**	*-7,011.90*
11. Loss carried forward from the previous years	**-7,361.90**	*0.00*
12. Balance sheet profit	**35,272.44**	*-7,361.90*

For Larsen & Toubro Infotech Austria GmbH

Sudhir Chaturvedi
Sole Director

NOTES TO THE BALANCE SHEET

ASSETS	2017-03-31 EUR	2016-03-31 EUR
A. Current Assets		
I. Receivables and other Assets		
1. Receivables due from affiliated companies		
Due To/From Parent Co	**11,331.10**	*0.00*
Due To/From Parent Co - Exchange Difference	**-4.39**	*0.00*
	11,326.71	*0.00*
There of arising from deliveries and services		
Due To/From Parent Co	**11,331.10**	*0.00*
Due To/From Parent Co - Exchange Difference	**-4.39**	*0.00*
	11,326.71	*0.00*
2. Other receivables and assets		
Input Tax a/c	**13,035.64**	*1,038.47*
VAT Refund receivable A/C	**30,583.91**	*0.00*
	43,619.55	*1,038.47*
	54,946.26	*1,038.47*
II. Bank deposits		
Bank Austria- EURO	**68,460.34**	*29,731.63*
	123,406.60	*30,770.10*
B. Prepaid expenses, deferred charges		
Deferred expense items	**0.00**	*1,800.00*
Total assets	**123,406.60**	*32,570.10*

NOTES TO THE BALANCE SHEET (Contd.)

LIABILITIES AND OWNER´S EQUITY	2017-03-31 EUR	*2016-03-31 EUR*
A. Capital and Reserves		
I. Stated Capital called		
Receivables due from affiliated companies		
Share capital not added in the commercial register	**0.00**	*30,000.00*
Share Capital	**35,000.00**	*5,000.00*
	35,000.00	*35,000.00*
Subscribed Capital		
Share capital not added in the commercial register	**0.00**	*30,000.00*
Share Capital	**35,000.00**	*5,000.00*
	35,000.00	*35,000.00*
II. Balance Sheet Profit		
Loss brought forward from previous years	**-7,361.90**	*0.00*
Profit And Loss Account	**42,634.34**	*-7,361.90*
	35,272.44	*-7,361.90*
	70,272.44	*27,638.10*
B. Accruals		
1. Tax accruals		
Provision for IT 2015-16	**0.00**	*282.00*
Provision for IT 2016-17	**10,883.00**	*0.00*
	10,883.00	*282.00*
2. Other accruals		
Trade Tax	**350.00**	*350.00*
Provision for Expenses	**41,904.84**	*2,500.00*
Accounts Pay - exchange difference	**-3.68**	*0.00*
	42,251.16	*2,850.00*
	53,134.16	*3,132.00*
C. Liabilities		
Liabilities arising from deliveries and services		
Trade liabilities domestic	**0.00**	*1,800.00*
Total Liabilities and Owner´s Equity	**123,406.60**	*32,570.10*

NOTES TO THE PROFIT AND LOSS ACCOUNT

		2016 /17 EUR	*2015 /16 EUR*
1.	**Turnover**		
	Net Sales - Subsidiary	**825,922.53**	*0.00*
2.	**Raw material expense and expenditures for services received**		
	Expenditures for services received		
	Overheads Charged To Parent/ Group Com	**-239,228.79**	*0.00*
	Service charges-Onsite	**-263,294.00**	*0.00*
	SG&A O/H chgd to Parent/Subsidiary. FC	**-12,458.16**	*0.00*
	Subcontracting - Onsite Hiring FC	**-214,191.25**	*0.00*
		-729,172.20	*0.00*
3.	**Other operating expenses**		
	Transaction costs		
	Bank Charges FC	**-1,971.16**	*-369.54*
	Legal and consulting costs		
	Professional Fees-FC	**-27,061.67**	*-4,392.36*
	Audit Fees FC	**-3,500.00**	*-1,500.00*
		-30,561.67	*-5,892.36*
	Other operating expense		
	Office Expenses FC	**-9,900.00**	*0.00*
	Exch Diff - Expenses	**-45.68**	*0.00*
	Exch Diff - Expenses Revaluation	**-0.71**	*0.00*
		-9,946.39	0.00
		-42,479.22	-6,611.90
4.	**Operating result**	**54,271.11**	*-6,261.90*
5.	**Interest and similar expenses**		
	Interest received from others - FC	**-628.77**	*0.00*
6.	**Financial result**	**-628.77**	*0.00*
7.	**Earnings before taxes**	**53,642.34**	*-6,261.90*
8.	**Taxes on income and revenue**		
	Corporation Tax Charge	**-11,008.00**	*-750.00*
9.	**Earnings after taxes**	**42,634.34**	*-7,011.90*
10.	**Net income**	**42,634.34**	*-7,011.90*
11.	**Loss carried forward from the previous years**		
	Loss brought forward from previous years	**-7,361.90**	*0.00*
12.	**Balance sheet profit**	**35,272.44**	*-7,361.90*

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	EURO	
	2016-2017	*2015-16*
Total Income	**8,953,565**	-
Profit / (Loss) before Tax	**280,030**	*(12,812)*
Add : Deferred Tax Credit	**(3,203)**	*3,203*
Net Profit / (Loss) after Tax	**212,425**	*(9,609)*
Add: Balance b/f from previous year	**(9,609)**	-
Balance to be carried forward	**210,023**	*(9,609)*

2. STATE OF COMPANY AFFAIRS

With a view to extend its business horizon, on February 1, 2016, Larsen & Toubro Infotech Limited (the parent company) incorporated L&T INFORMATION TECHNOLOGY SPAIN SL as a wholly owned subsidiary. Till end of March 31, 2016, the Company did not commence business operations hence there was no income for the FY 2015-16.

The total income for the FY 2016-17 was EUR 8,953,565 with a profit after tax of EUR 212,425.

3. DIVIDEND

In order to conserve the resources for future business growth, no dividend is recommended for the current year.

4. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

During the year under review, Mr. Sudhir Chaturvedi was appointed as a Director w.e.f. October 13, 2016. Mr. Makarand Deolalkar resigned as a Director w.e.f. October 13, 2016. The Company places on record the valuable contribution made by Mr. Makarand Deolalkar during his tenure as a Director of the Company.

5. AUDITORS

M/s. LUQUEVELASCO Auditors S.L. are the Statutory Auditors of the Company. They have been re-appointed as Statutory Auditors of the Company for the ensuing Financial Year.

6. FINANCIAL STATEMENTS

The Auditors report to the Shareholders does not contain any qualification, observation or adverse comment.

7. DIRECTORS RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

DIRECTORS' REPORT (Contd.)

d) The Director has prepared the Annual Accounts on a going concern basis;

e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. ACKNOWLEDGEMENT

Your Director acknowledge the invaluable support extended by the Government authorities in Spain and take this opportunity to thank them as well as the customers, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Date: April 25, 2017
Place: London, UK

For L&T Information Technology Spain SL

Sudhir Chaturvedi
Sole Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBER OF L&T INFORMATION TECHNOLOGY SPAIN, S.L.:

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T INFORMATION TECHNOLOGY SPAIN, S.L.**, which comprise the statement of financial position as at March 31, 2017, the statement of comprehensive income, statement of changes in equity and a summary of significant accounting policies and other explanatory information.

Sole administrator Responsibility for the Financial Statements

Sole administrator is responsible for the preparation and fair presentation of these financial statements in accordance with Spanish General Accounting Plan, identified on the note 2 from the summary and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with the Spanish Audit Law. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of L&T INFORMATION TECHNOLOGY SPAIN, S.L. as at March 31, 2017, and its financial performance for the year then ended in accordance with Spanish General Accounting Plan.

Madrid, April 25, 2017

LUQUEVELASCO auditores
Nº ROAC: S1144

Pablo Luque Torrecillas
Socio

BALANCE SHEET AS AT MARCH 31,2017

(Expressed in euros)

	2016-2017	*2015-2016*
NON CURRENT ASSETS	**3,000.00**	*3,202.99*
Long Term Financial Investments	**3,000.00**	
Deferred Tax Assets		*3,202.99*
CURRENT ASSETS	**33,25,620.27**	*51,850.51*
Trade Debtor	**27,94,790.79**	*1,850.51*
Customers	**27,95,974.46**	
Other Debtors	**-1,183.67**	*1,850.51*
Prepaid expenses	**60,000.00**	
Cash and cash equivalents	**4,70,829.48**	*50,000.00*
TOTAL ASSETS	**33,28,620.27**	*55,053.50*
NET EQUITY	**2,50,413.62**	*40,391.05*
Net Equity	**2,50,413.62**	*40,391.05*
Share Capital	**50,000.00**	*50,000.00*
Retain earnings	**-9,608.95**	
Income/Expenses	**2,10,022.57**	*-9,608.95*
NON CURRENT LIABILITIES	**0.00**	*0.00*
CURRENT LIABILITIES	**30,78,206.65**	*14,662.45*
Debts with group companies and associates in the short term	**27,98,362.83**	
Commercial debitors and other accounts payable	**5,19,881.70**	*14,662.45*
Other creditors	**5,19,881.70**	*14,662.45*
Short term accruals	**-2,40,037.88**	
TOTAL NET EQUITY AND LIABILITIES	**33,28,620.27**	*55,053.50*

Date: April 25, 2017
Place: London, UK

For L&T Information Technology Spain SL

Sudhir Chaturvedi
Sole Director

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

(Expressed in euros)

	2016-2017	*2015-2016*
Net Turnover	**89,53,564.74**	
Purchases	**-77,90,203.47**	
Other operations income	**-3,999.98**	
Personnel Expenses	**-1,77,966.97**	
External Services	**-7,04,588.40**	*-12,811.94*
OPERATING RESULT	**2,76,805.92**	*-12,811.94*
Financial Income	**118.95**	
Exchange differences	**3,105.21**	
FINANCIAL RESULT	**3,224.16**	*0.00*
RESULT BEFORE TAXES	**2,80,030.08**	*-12,811.94*
Corporate income tax	**-70,007.51**	*3,202.99*
Result from the period	**2,10,022.57**	*-9,608.95*

Date: April 25, 2017
Place: London, UK

For L&T Information Technology Spain SL

Sudhir Chaturvedi
Sole Director

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON MARCH 31,2017

(Expressed in euros)

	Issue premium		Issue premium	Accounting reserves	Shares and equity interests	Retain earnings	Other partner contributions	Income / Expenses	Interim dividend	Grants, donations and heritages received	Total
	Share Capital	Not required									
BALANCE, END OF 2014											0.00
Adjustments due to change of criteria of 2014 and earlier											0.00
Adjustments due to errors of 2014 and earlier											0.00
ADJUSTED BALANCE, BEGINNING OF 2015	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total recognized income and expense								-9,608.95			-9,608.95
Transactions with shareholders or owners	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	50,000.00
Increase in capital	50,000.00										50,000.00
Capital reductions											0.00
Other operations with partners or owners											0.00
Other changes in equity											0.00
BALANCE, END OF 2015	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	-9,608.95	0.00	0.00	40,391.05
Adjustments due to change of criteria of 2015 and earlier											0.00
Adjustments due to errors of 2015 and earlier											0.00
ADJUSTED BALANCE, BEGINNING OF 2016	50,000.00	0.00	0.00	0.00	0.00	0.00	0.00	-9,608.95	0.00	0.00	40,391.05
Total recognized income and expense								2,10,022.57			2,10,022.57
Transactions with shareholders or owners	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Increase in capital											0.00
Capital reductions											0.00
Other operations with partners or owners											0.00
Other changes in equity							-9,608.95	9,608.95			0.00
BALANCE, END OF 2016	50,000.00	0.00	0.00	0.00	0.00	0.00	-9,608.95	2,10,022.57	0.00	0.00	2,50,413.62

Date: April 25, 2017
Place: London, UK

For L&T Information Technology Spain SL

Sudhir Chaturvedi
Sole Director

NOTES TO THE ACCOUNTS

Translation of a report and accounts originally issued in Spanish and prepared in accordance with Spanish generally accepted accounting principles (see note 16).

In the event of a discrepancy, the Spanish-language version prevails

Company: L&T INFORMATION TECHNOLOGY SPAIN, S.L.

Period: 2016-2017

1. Activity of the Company

1.1. The details of the Company are as follows:

VAT number: B87472072
Company Name: L&T INFORMATION TECHNOLOGY SPAIN, S.L.
Address: CL JOSE ABASCAL 56, 2
Post Code: 28003
City: MADRID
Region: MADRID

1.2. The company's social object and main activities are defined as follows:

Corporate Purpose

The corporate purpose of the company is the provision of services for information technology and outsourcing service delivery on everything related to new technologies.

All those activities for which the law requires special requirements that does not meet the Company are excluded. If the laws demand it for the exercise of any of the activities a professional qualification, authorization or registration in special registers, shall be exercised by the person holding that title or may not be initiated until have been met administrative requirements.

2. Basis of presentation of the annual accounts

2.1. True and fair view:

a) The annual accounts, show a true and fair view of the shareholders' funds, of the financial situation, of the results and the changes in net equity during the year. They will be subject to the approval of the Shareholders' Meeting which will most probably approve them without any amendment.

b) There are no reasons why the Company would have not fulfilled all legal accounting requirements so to show the true and fair view.

c) The application of the legal requirements is enough to show the true and fair view so no additional disclosures are necessary to be included in the Notes to the Accounts.

d) These Annual Accounts have been prepared under the going concern principle.

2.2. Non obligatory accounting principles applied:

No Spanish non-obligatory accounting standards have been applied. The annual accounts have been prepared in accordance with Spanish obligatory accounting standards. No Spanish accounting standard, which could have a significant impact, has been omitted.

2.3. Critical aspects for valuations and estimates of uncertainty:

a) There are no changes in any accounting estimate that are significant and could affect the current year or future years.

b) The company is not aware of uncertainties that may bring doubts about the possibility of the company to continue operating normally.

2.4. Comparison of information:

The period closed on 31st March 2017 is comparable to the previous period which was the first year of operations of the company.

2.5. Items reflected in two or more classifications

No items have been observed as being registered in two or more balance sheet classifications.

2.6. Changes in accounting policies

There has not been any change in accounting policies.

2.7. Correction of errors

When the attached annual accounts were prepared no significant errors were detected.

2.8. Going concern

There are no uncertainties with respect to the normal activity of the Company which could imply a breach of the going concern principle.

NOTES TO THE ACCOUNTS (Contd.)

3. Distribution of the result

3.1. The proposed distribution of the result is as follows:

DISTRIBUTION BASE	Current period	Previous period
Result from P&L account	210.022,57	-9.608,95
Remnant	0,00	0,00
Voluntary Reserves	0,00	0,00
Other reserves	0,00	0,00
TOTAL DISTRIBUTION BASE	210.022,57	-9.608,95

APPLICATION	Current period	Previous period
Legal reserve	10.000,00	0,00
Especial reserve	0,00	0,00
Voluntary reserve	190.413,62	0,00
Dividends	0,00	0,00
Carried forward losses	0,00	-9.608,95
Remnant and other applications	9.608,95	0,00
TOTAL DISTRIBUTION BASE	210.022,57	-9.608,95

3.2. Distribution of dividends on account

No dividends on account can be distributed as the result for the period has been a loss. No dividend is proposed to be distributed.

4. Accounting and valuation policies

The main accounting and valuation policies used to prepare the annual accounts are as follows:

4.1. Financial instruments

a) The company has acknowledged a financial instrument on its balance sheet when it has become a part of the contract or legal business in accordance with the provisions of the same. Instruments of equity of other companies or contractual rights to receive cash or another financial asset have been considered as financial assets consisting of cash. Contractual rights to exchange assets or financial liabilities with others in potentially favourable conditions have also been considered.

For valuation purposes, the financial assets of the Company are classified as follows:

- Financial assets at amortized cost: this category of financial assets includes on the one hand, trade receivables, arising from the sale of goods and provision of services for trade operations of the company, and on the other hand, other financial assets not being equity instruments or derivatives, they have no commercial origin and their charges are fixed or determinable amount. Financial assets included in this category are initially valued at cost, which equals the fair value of the consideration paid plus transaction costs.

b) The financial instruments are classified as financial liabilities, when they have been for the company an obligation contractual, direct or indirect, to deliver cash or another financial asset, or of exchanging assets or financial liabilities with others in potentially unfavourable conditions, or that gives the holder the right to demand from the issuer their rescue on a date and for a specified amount.

The financial liabilities, for the purposes of its assessment, been classified in the following categories:

-Financial liabilities at amortized cost: they have been included as such, the amounts owed by commercial operations, which originated in the purchase of goods and services by the company trafficking operations, and debits by non-commercial operations, which not being derivative instruments, do not have sales origin. These financial liabilities have been valued initially at value reasonable, and subsequently, at their amortized cost.

NOTES TO THE ACCOUNTS (Contd.)

4.2. Corporation Tax

In general, it recognized a deferred tax liability for all taxable temporary differences, unless these have arisen from the initial recognition of goodwill, the initial recognition of an asset or liability in a transaction that is not a combination of business and also affects neither the accounting profit nor taxable income or investments in subsidiaries, associates and joint always business and when the investor has been able to control the timing of the reversal of the difference and also have been likely that such difference will not reverse in the foreseeable future.

Deferred tax assets, in accordance with the principle of prudence, have been recognized as such in so far as it has been likely that the company has disposed off future taxable profits that allow the application of these assets. If the above condition is met, generally it has been considered a deferred tax asset if: there have been deductible temporary differences, rights to offset in subsequent years, tax losses and deductions and other tax benefits not used that have been pending fiscally apply.

Assets and deferred tax liabilities are valued at the expected rates of tax at the time of reversal, as the legislation has been in force or approved and pending publication at the close of the year, and according to the form that is planned rationally recover or settle the asset or liability.

4.3. Income and expenses

Revenue is recognized as a result of an increase in the resources of the company, and where the amount has been reliably determined. Expenses have been recognized as a result of dwindling resources of the company, and where the amount has also been able to assess or estimate reliably.

Revenues from services are recognized when the outcome of the transaction can be estimated reliably, considering the percentage of completion at the year-end date. Only being posted income from the provision of services with the following conditions: when the amount of revenue has been reliably measured, provided the company receives profits or income from the transaction, and this transaction has been valued at close exercise reliably, and finally when the costs incurred in the transaction and the remaining to be incurred have been measured reliably.

4.4. Provisions and contingencies

The company has recognized as provisions liabilities that fulfil the definition and criteria for accounting records contained in the conceptual framework of accounting, have been indeterminate with respect to their amount or the date they will be cancelled. Provisions have been determined by a legal, contractual provision or for an obligation implied or tacit.

Provisions have been valued at the date of closure of the exercise by the present value of the best possible estimate of the amount needed to cancel or transfer to a third party the obligation, registering settings that have emerged for the update of the provision as a financial expense as they have been earning. In the case of provisions with maturity exceeding the year not carried out any type of discount.

5. Tangible and Intangible Assets and Real Estate investments

5.1. Changes in tangible, intangible Assets and Real Estate investments

No tangible or intangible assets have been registered by the Company during the financial year 2016-2017 nor in the previous period.

6. Financial Assets

6.1. Changes in Financial assets

The movements in each category of financial assets following the accounting and valuation policies established in point 4 above (except for investments in group companies) can be summarized in the following table:

a) Long Term financial assets except for investment in equity of group and associated entities: no long term financial assets were registered in 2015-2016. For 2016-2017 the detail is as follows:

	Current Period			
	Equity instruments	**Debt Based instruments**	**Credits, derivatives and other**	**TOTAL**
Financial investments- Deposits	0,00	0,00	3.000,00	3.000,00
TOTAL	0,00	0,00	3.000,00	3.000,00

NOTES TO THE ACCOUNTS (Contd.)

b) Short Term financial assets except for investment in equity of group and associated entities:

	Current Period			
	Equity instruments	**Debt Based instruments**	**Credits, derivatives and other**	**TOTAL**
Deferred expenses	0,00	0,00	60.000,00	60.000,00
Receivable accouts	0,00	0,00	2.795.974,46	2.795.974,46
Tax authorities	0,00	0,00	-1.183,67	-1.183,67
TOTAL	**0,00**	**0,00**	**2.854.790,79**	**2.854.790,79**

	Ejercicio Anterior			
	Equity instruments	**Debt Based instruments**	**Credits, derivatives and other**	**TOTAL**
Receivable accouts	0,00	0,00	0,00	0,00
Tax authorities	0,00	0,00	1.850,51	1.850,51
TOTAL	**0,00**	**0,00**	**1.850,51**	**1.850,51**

7. Financial Liabilities

7.1. Changes in Financial Liabilities.

The movements in each of the financial liabilities categories following the accounting and valuation policies described in point 4 of these Notes to the Annual Accounts are summarized as follows:

a) Long Term financial liabilities: no long term financial liabilities have been registered.

b) Short Term financial liabilities

	Current Period			
	Debts with credit entities	**Bonds and others**	**Derivatives and others**	**TOTAL**
Suppliers	0,00	0,00	21.919,66	21.919,66
Accruals	0,00	0,00	180.444,09	180.444,09
Personnel	0,00	0,00	21.725,35	21.725,35
Tax Authorities	0,00	0,00	295.784,44	295.784,44
TOTAL	**0,00**	**0,00**	**519.873,54**	**519.873,54**

	Previous period			
	Debts with credit entities	**Bonds and others**	**Derivatives and others**	**TOTAL**
Suppliers	0,00	0,00	14.662,45	14.662,45
TOTAL	**0,00**	**0,00**	**14.662,45**	**14.662,45**

8. Cash and Cash equivalents.

At the closing of period 2016-207 the balance of cash and cash equivalents amounts to 470.829,48 € from which 10.904,74 € correspond to the bank account with which the company operates and the rest (459.924,74 €) correspond to funds in transit.

NOTES TO THE ACCOUNTS (Contd.)

9. Net Equity and Shareholders' Funds

9.1 Share Capital

At the closing of period 2016-2017 the share capital of the Company amounts to 50.000€ divided in 50.000 shares of 1 Euro face value each. They are correlative numbered from 1 to 50.000 both included; all the shares are fully subscribed and paid.

The sole shareholder at the closing of the period is the Company Larsen and Toubro Infotech Limited.

9.2 Legal Reserve

According to the Companies Act Capital, a figure must be equal to 10% of annual profits to the legal reserve until it reaches at least 20% of the share capital. The legal reserve can be used to increase capital in the part of the balance exceeding 10% of the increased capital. Except as mentioned above, while not exceeding 20% of capital, it can only be used to offset losses, provided that sufficient other reserves are available for this purpose.

10. Tax situation

9.1 Corporation Tax:

a) No adjustments have been registered in the calculation of Corporation tax for the period 2015-2016, so the taxable base correspond to the books result. The full amount of the negative taxable bases from the previous period has been applied.

Concept	**Amount**
Book Result before taxes	280.030,08
Compensation of negative bases	12.812
Taxable Base	267.218,08
CIT Quota	66.804,52

9.2 Other balances with Public Administrations

The information related to the balances with Public Administrations at the closing dates are as follows:

Tax	**Debit Balance**	**Credit Balance**
VAT	1.183,67	216.234,82
Withholdings on rentals		190,00
Withholdings on salaries		1.831,71
Social Security		9.262,75
CIT		66.786,96
Other taxes		1.478,20
TOTAL	1.183,67	295.784,44

11. Income and expenses

The movements during the current and previous periods in the income and expenses accounts are summarised below:

Detail of the profit and loss account	**Current period**	**Previous period**
Turnover for the period	8.953.564,74	0,00
1. Services rendered by other companies	7.790.203,47	0,00
2. Raw materials consumption	0,00	0,00
a) Purchases	0,00	0,00
b) Stock variation	0,00	0,00
3. Other operative expenses	704.588,40	12.811,94
a) Losses and impairments corresponding to trade	0,00	0,00
b) Other expenses	704.588,40	12.811,94
4. Personnel expenses	177.966,97	0,00
5. Other results	3.999,98	0,00

NOTES TO THE ACCOUNTS (Contd.)

12. Operations with related parties

The detail of the transactions with related parties during the period is as follows:

Entity	Services rendered	Amount
Larsen and Toubro Infotech South Africa	Professional services	245.378,81
Larsen and Toubro Limited (India)	Professional services	5.670.532,78
Larsen and Toubro Limited (France)	Professional services	1.392.917,26
TOTAL		**7.308.828,85**

The balances as at 31st March 2107 with related parties is the following:

Entity	Debt Balance	Credit Balance
Larsen and Toubro Infotech South Africa		153.833,94
Larsen and Toubro Limited (India)		2.463.962,91
Larsen and Toubro Limited (France)		184.399,53
TOTAL		**2.802.196,38**

During the period the Sole Director of the company has received a remuneration amounting to 24.223,92 €. No other obligations towards the Sole Director have been accrued.

In compliance with articles 229 of Spanish Corporate Law, passed and approved under Royal Legislative Decree1/2010 on 2 July, 2010, the Company makes full disclosure of the information it has received regarding the direct or indirect holdings of members of the Board of Directors of the controlling company in other companies whose stated activities are related or similar to those of the stated purpose of the Controlling Company or Group. The following list includes names, positions held and name of company.

Passport	Director	Entity	%	Position
801582393	Sudhir Chaturvedi	Larsen & Toubro Infotech Limited, India (Parent Company)	0.0012%	Executive Director

13. Other Information

The average number of employees during the period and divided by category is as follows:

Personnel	Current Period	Previous Period
Qualifed personnel	2,64	0
Average	2,64	0,00

13.1 Environmental and Green House Gas Emissions Rights Information

The Company does not have any responsibilities, expenses, assets nor provisions of environmental nature which could be significant in relation to equity, financial situation and results of the Company. The Board of Directors consider that there are no contingencies related to the protection and improvement of the environment.

NOTES TO THE ACCOUNTS (Contd.)

14. Information related to the deferral of payments to suppliers. Third additional provision of Act 15/2010 of July 5th "Duty of Disclosure of information"

In compliance with the provisions of Law 15/2010 of combating late payment to suppliers, developed by the ICAC, it is reported for commercial operations, the legal maximum payment period is, in each case corresponding to depending on the nature of the good or service received by the company in accordance with the provisions of the law 3/2004 of 29 December, establishing measures to combat late payment in commercial transactions, and amended by law 15/2010 of 6 July.

Average payment period to suppliers:

	2016-2017	2015-2016
Days	30	0

15. Post Balance Sheet Events

The Board of Directors do not consider that any events have taken place in the period comprising between the drawing up of these Annual Accounts and their approval, which could affect them significantly.

16. Additional explanation regarding the English translation

These annual accounts are presented in accordance with accounting principles generally accepted in Spain, which may not conform to generally accepted accounting principles in other countries.

17. Signatures

In Madrid, as at 25/04/2017,

Mr. SUDHIR CHATURVEDI

Id number: Y3650220L

Signing as: Sole Director

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 5th Annual Report and Financial Statements for the year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

Particulars	**2016-2017** ₹	2015-16 ₹
Total Income	**4,91,39,760**	2,40,48,698
Profit / (Loss) before Tax	**(27,82,968)**	26,97,674
Less : Provision for Tax	**(8,94,506)**	12,90,168
Net Profit / (Loss) after Tax	**(18,88,462)**	14,07,506
Add: Balance brought forward from previous year	**97,97,077**	81,97,449
Less: Used for issuing bonus shares before November 30, 2016	**(80,00,000)**	-
Add: Effect of change in Depreciation for previous years	**-**	1,92,122
Balance to be carried forward	**(91,385)**	97,97,077

2. Acquisition by Larsen & Toubro Infotech Limited
On November 30, 2016, Larsen & Toubro Infotech Limited acquired 11,02,419 equity shares of face value of ₹ 10 each of the Company making the Company a wholly owned subsidiary of Larsen & Toubro Infotech Limited.

3. Proposed Amalgamation with Larsen & Toubro Infotech Limited
The Board of your Company in its meeting held on May 3, 2017, approved the Scheme of Amalgamation of the Company with Larsen & Toubro Infotech Limited ('Holding Company') under Sections 230-232 of the Companies Act, 2013. The appointed date for the proposed Scheme of Amalgamation is April 1, 2017.

4. Capital & Finance
During the year under review, the following allotments took place:

1. The Board of Directors of your Company, in their meeting held on April 22, 2016, allotted shares pursuant to Bonus Issue in the proportion of 80 equity shares for every 1 existing equity share held. As a result of which, the Issued, Subscribed and Paid-up Share Capital increased to 8,10,000 equity shares of ₹ 10/- each.
2. Further, the Board of Directors of your Company, in their meeting held on August 5, 2016, offered 3,00,000 equity shares of ₹ 10/- each to the existing shareholders on right basis in the ratio 30 equity shares for every 81 existing equity share held. Out of 3,00,000 equity shares offered 2,92,419 equity shares were allotted on August 27, 2016. Thereafter, the Issued, Subscribed and Paid-up Share Capital increased to 11,02,419 equity shares of ₹ 10/- each.

5. Capital Expenditure
As at March 31, 2017, the gross fixed and intangible assets, stood at ₹ 12,86,315 (previous year ₹ 23,91,571) and the net fixed and intangible assets, at ₹ 6,90,094 (previous year ₹ 19,43,083). Capital Expenditure during the year amounted to ₹ 2,49,119.

6. Deposits
The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

7. Subsidiary Companies
The Company does not have any subsidiary companies under its purview

8. Particulars of Loans given, Investments made, Guarantees given or Security provided by the Company
The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under Section 186 of Companies Act, 2013.

9. Particulars of Contracts or Arrangements with Related Parties

All the related party transactions for the Financial Year 2016-17 were in the ordinary course of business and at arm's length.

Statement containing details of all material transactions/contracts/arrangements is annexed as Annexure 1 to this report.

There are no materially significant related party transactions that may have conflict with the interest of the company.

DIRECTORS' REPORT (Contd.)

10. State of Company Affairs

The gross sales and other income for the Financial Year under review were ₹ 4,91,39,760 as against ₹ 2,40,48,698 for the previous Financial Year registering an increase of 104%. The loss after tax including extraordinary and exceptional items was ₹ 18,88,462 for the Financial Year under review as against profit of ₹ 14,07,506 for the previous Financial Year.

11. Dividend

The Directors have not recommended dividend for the Financial Year 2016-17.

12. Material changes and commitments affecting the financial position of the Company, between the end of the Financial Year and the date of the report

There are no material changes that have taken place from the date of the Balance Sheet and the date of Directors Report other than mentioned in clause 3 of this Report.

13. Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity.

b. There was no technology absorption during the Financial Year 2016-17.

c. During the year, the Company had no foreign exchange earnings and outgo.

14. Details of Directors and Key Managerial Personnel appointed / resigned during the year

Ms. Shweta Mohan resigned as a Director w.e.f. November 30, 2016. The Board places on record the valuable contribution made by Ms. Shweta Mohan during her tenure as Director of the Company.

Mr. Aftab Zaid Ullah and Mr. Ashok Kumar Sonthalia were appointed as Non-Executive Directors of the Company, subject to the approval of the shareholders w.e.f. November 30, 2016.

Mr. Aftab Zaid Ullah and Mr. Ashok Kumar Sonthalia, appointed as Additional Directors, will hold office till the ensuing Annual General Meeting (AGM) and are eligible for appointment.

15. Number of Meetings of the Board Of Directors

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

During the year under review 8 meetings were held on April 5, 2016, April 22, 2016, August 5, 2016, August 13, 2016, August 27, 2016, September 20, 2016, November 30, 2016 and January 20, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

16. Adequacy of Internal Financial Controls

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

17. Directors Responsibility Statement

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed and there have been no material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are

DIRECTORS' REPORT (Contd.)

reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013, for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

18. Auditors

During the year, Mr. Bhushan Murudkar, proprietor of M/s Bhushan P. Murudkar & Co. resigned from the office of Statutory Auditors.

The Board places on record its appreciation for the services rendered by Mr. Bhushan Murudkar, proprietor of M/s Bhushan P. Murudkar & Co. (ICAI Registration No. 131872W) as the Statutory Auditors of the Company.

The Auditors, M/s. Sharp & Tannan, (ICAI Registration No. 109982W) who were appointed in casual vacancy, hold office until the conclusion of the ensuing Annual General Meeting.

It is proposed to appoint M/s B.K. Khare & Co., (ICAI Registration No. 105102W) as Statutory Auditors for a period of five continuous years i.e. from the conclusion of the 5th Annual General Meeting till the conclusion of the 10th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

19. Extract of Annual Return

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 2.

20. Details of Significant and Material Orders passed by the Regulators or Courts or Tribunals:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

21. Statutory Disclosure

The Directors wish to state that during the year under review, there were no cases filed pursuant to the Sexual Harassment of Women at Workplace (Prevention, Prohibition and Redressal) Act, 2013.

22. Acknowledgement

Your Directors take this opportunity to thank the customers, vendors, management of the Holding Company, Financial Institutions, Banks, Central and State Government authorities and all the various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Sachin Vyas Director (DIN: 06373215)	Ashok Kumar Sonthalia Director (DIN: 03259683)

Date: May 3, 2017
Place : Mumbai

ANNEXURE- 1

Form AOC-2

Related Party Transaction Statement

Details of material contracts or arrangement or transactions at arm's length basis for the year ended March 31, 2017 are as follows:

S.N.	Name(s) of the related party and nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any	Amount (₹)
1	Larsen & Toubro Infotech Limited (Holding Company)	Purchase of Services	December 1, 2016- March 31, 2017	As per commercial terms in line with business practices and comparable with unrelated parties	2,21,97,750

For and on behalf of the Board

Sachin Vyas
Director
(DIN: 06373215)

Ashok Kumar Sonthalia
Director
(DIN: 03259683)

Date: May 3, 2017
Place : Mumbai

ANNEXURE 2

Form No. MGT-9
EXTRACT OF ANNUAL RETURN

as on the Financial Year ended on March 31, 2017
[Pursuant to section 92(3) of the Companies Act, 2013 and Rule 12(1)
of the Companies (Management and Administration) Rules, 2014]

I) REGISTRATION AND OTHER DETAILS

S.N.	Particulars	
1	CIN	U72200PN2012PTC145539
2	Registration Date	27th November, 2012
3	Name of the Company	AugmentIQ Data Sciences Private Limited
4	Category/Sub-Category of the Company	Company limited by shares Indian Non-Government Company
5	Address of the Registered office and contact details	Godrej Eternia A, 5th Floor, Mumbai Pune Road, Shivajinagar, Pune - 411 005. Tel. no: +9120 6641 6552
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II) PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the Company shall be stated:

S. N.	Name and Description of main products / services	NIC Code of the product/ service	% to total turnover of the Company
1	Software consultancy and related activities	620	100.00

III) PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. N.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen & Toubro Infotech Limited Add: L&T House, N. M. Marg, Ballard Estate, Mumbai-400001	U72900MH1996PLC104693	Holding Company	100.00	2(46)

MGT-9

(iv) Share Holding Pattern (Equity Share Capital breakup as percentage to Total Equity)

i) Category wise shareholding

Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoter									
(1) Indian									
a) Individual/HUF	-	10,000	10,000	100	-	-	-	-	(100)
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	-	-	-	-	-	11,02,419	11,02,419	100	100
e) Banks / FI									
f) Any Other									
Sub-total (A)(1):-	-	10,000	10,000	100	-	11,02,419	11,02,419	100	-
(2) Foreign									
a) NRIs -Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A)(2):-									
Total shareholding of Promoter (A)=(A)(1)+(A)(2)	-	10,000	10,000	100	-	11,02,419	11,02,419	100	-
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt.									
d) State Govt.(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	-	-	-	-	-	-	-	-	-

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Category of Shareholders	No. of shares held at the beginning of the year				No. of shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1) + (B)(2)	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	-	10,000	10,000	100	-	11,02,419	11,02,419	100	-

Notes:

(1) The total number of shares has increased due to issue of bonus shares in ratio of 80:1 in April 2016 and issue of shares on rights basis in August 2016.

(2) On November 30, 2016, Larsen & Toubro Infotech Limited acquired 11,02,419 equity shares of the Company, making the Company a wholly owned subsidiary of Larsen & Toubro Infotech Limited.

ii) Shareholding of Promoters

S. N.	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in shareholding during the Year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged/ encumbered to Total Shares	No. of Shares[1]	% of Total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Shweta Mohan	5,000	50.00	-	-	-	-	(50)
2	Sachin Ramadhar Vyas	5,000	50.00	-	-	-	-	(50)
3	Larsen & Toubro Infotech Limited	-	-	-	11,02,419	100.00	0.00	100
	Total	10,000	100	0.00	11,02,419	100.00	0.00	-

Notes:

(1) The total number of shares has increased due to issue of bonus shares in ratio of 80:1 in April 2016 and issue of shares on rights basis in August 2016.

(2) On November 30, 2016, Larsen & Toubro Infotech Limited acquired 11,02,419 equity shares of the Company, making the Company a wholly owned subsidiary of Larsen & Toubro Infotech Limited.

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iii) Change in Promoters' Shareholding:

S. N.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of Total Shares of the Company	No. of Shares	% of Total Shares of the Company
1	Sachin Ramadhar Vyas				
	At the beginning of the year	5,000	50.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	April 5, 2016 - 4,999 (transfer of shares)	49.99	9,999	99.99
		April 22, 2016 - 7,99,920 (bonus shares allotted)	98.75	8,09,919	99.99
		November 30, 2016 (8,09,919) (sale of shares)	(73.47)	-	-
	At the end of the year	-	-	-	-
2	Shweta Mohan				
	At the beginning of the year	5,000	50.00	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	April 5, 2016 – (4,999) (transfer of shares)	50.00	1	0.00
		April 22, 2016 - 80 (bonus shares allotted)	0.01	81	0.01
		August 27, 2016 - 94,919 (rights shares allotted)	8.61	95,000	8.62
		November 30, 2016- (95,000) (sale of shares)	(8.62)	-	-
	At the end of the year	-	-	-	-
3	Larsen & Toubro Infotech Limited				
	At the beginning of the year	0	-	-	-
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc)	November 30, 2016 -11,02,419 (purchase of shares)	100.00	11,02,419	100.00
	At the end of the year	-	-	11,02,419	100.00

Note: On November 30, 2016, Larsen & Toubro Infotech Limited acquired 11,02,419 equity shares of the Company, making the Company a wholly owned subsidiary of Larsen & Toubro Infotech Limited.

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iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. N.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the end of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

v) Shareholding of Directors and Key Managerial Personnel:

S. N.	For each of the Directors and KMP	Date of Transaction	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	Sachin Ramadhar Vyas	At the beginning of the year	5,000	50.00	-	-
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc):	April 5, 2016 (transfer of shares)	4,999	49.99	9,999	99.99
		April 22, 2016 (bonus shares allotted)	7,99,920	98.75	8,09,919	99.99
		November 30, 2016 (sale of shares)	(8,09,919)	73.47	-	-
		At the End of the year	0	-	-	-

Note: On November 30, 2016, Larsen & Toubro Infotech Limited acquired 11,02,419 equity shares of the Company, making the Company a wholly owned subsidiary of Larsen & Toubro Infotech Limited.

V) INDEBTEDNESS
Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars	Secured Loans Excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year: i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-
Change in Indebtedness during the financial year: • Addition • Reduction				
Net Change	-	-	-	-
Indebtedness at the end of the financial year: i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due				
Total (i+ii+iii)	-	-	-	-

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VI) REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (DURING THE FINANCIAL YEAR 2016-17)

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager: Not Applicable

S.N.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
1	Gross salary:	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-
2	Stock Option	-	-
3	Sweat Equity	-	-
4	Commission: - as % of profit -others,	-	-
5	Others (please specify):	-	-
	1. Portion of Advisory fees charged by Holding Company	-	-
	2. Contribution to Provident Fund & Superannuation Fund	-	-
	Total (A)	-	-
	Overall Ceiling as per the Act	NIL	

B. Remuneration to other Directors:

(Amount in ₹)

S. N.	Particulars of Remuneration	Fee for attending board / committee Meetings	Commission	Others, please specify	Total Amount
1	**Independent Directors**				
	N.A.	-	-	-	-
	Total (1)				
2	**Other Non-Executive Directors**				
	Mr. Aftab Zaid Ullah[1]	-	-	-	-
	Mr. Ashok Kumar Sonthalia[1]	-	-	-	-
	Mr. Sachin Ramadhar Vyas[2]	-	-	17,29,167	17,29,167
	Total (2)	-	-	**17,29,167**	**17,29,167**
	Total Managerial Remuneration	-	-	**17,29,167**	**17,29,167**
	Overall Ceiling as per the Act	NIL			

Notes:
1. Mr. Ashok Kumar Sonthalia & Mr. Aftab Zaid Ullah were appointed as Directors w.e.f. November 30, 2016.
2. Mr. Sachin Ramadhar Vyas was Key Managerial Personnel till November 30, 2016.

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C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable

S. N.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	CFO	CS	
1	Gross salary:	-	-	-	-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income-tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission - as % of profit - others, specify	-	-	-	-
5	Others, please specify:	-	-	-	-
	Total	-	-	-	-

VII) PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

There were no penalties, punishment or compounding of offences during the year ended March 31, 2017.

INDEPENDENT AUDITOR'S REPORT

To the Members of AugmentIQ Data Sciences Private Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of AugmentIQ Data Sciences Private Ltd ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other Matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transition date opening balance sheet as at 1 April 2015 included in these standalone Ind AS financial statements, are based on the previously issued statutory financial statements prepared in accordance with the Companies Accounting Standards' Rules, 2006 audited by the predecessor auditor whose report for the year ended 31 March 2016 and 31 March 2015 dated 13 August 2016 and 25 September 2015 respectively expressed an unmodified opinion on those standalone financial statements, as adjusted for the differences in the accounting principles adopted by the Company on transition to the Ind AS, which have been audited by us.

Our opinion is not modified in respect of these matters.

INDEPENDENT AUDITOR'S REPORT (Contd.)

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position- refer note 31 to the standalone Ind AS financial statements;

        ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note 30 to the standalone Ind AS financial statements;

        iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company - refer note 34 to the standalone Ind AS financial statements; and

        iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company - refer note 25 to the standalone Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai, 3 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The Company has no immovable properties.

(ii) The Company is a service company, primarily rendering software services. Accordingly, it does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has neither given loan to directors or investment made by the company. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, duty of excise, employees's state insurance and value added tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not paid any managerial remuneration during the year and accordingly paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT (Contd.)

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai, 3 May 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of AugmentIQ Data Sciences Private Ltd ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai, 3 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

	Note No.	**As at 31-03-2017 INR**	*As at 31-03-2016* **INR**	*As at 01-04-2015* **INR**
ASSETS				
Non-current assets				
(a) Property, Plant and Equipment	3	6,13,093	18,54,895	16,73,525
(b) Capital work-in-progress	3	-	-	-
(c) Goodwill				
(d) Other Intangible assets	3	77,001	88,188	25,515
(e) Intangible assets under development	3	-	-	-
(f) Financial Assets				
(i) Other Financial Assets	4	-	4,50,000	50,000
(ii) Trade Receivable		-	-	-
(g) Deferred Tax Assets(Net)	5	8,02,425	-	-
(h) Tax Assets	6	41,32,240	-	8,257
(i) Other non-current assets	7	-	72,44,555	20,34,848
Total Non-Current Assets		**56,24,759**	**96,37,638**	**37,92,145**
Current assets				
(a) Financial Assets				
(i) Trade receivable	8	1,56,79,648	1,74,60,309	51,42,539
(ii) Unbilled Revenue		70,44,573	12,50,000	-
(iii) Cash and Cash Equivalents	9	2,17,34,354	41,68,536	79,40,876
(c) Other current assets	10	1,27,967	6,80,229	82,109
Total Current Assets		4,45,86,542	2,35,59,074	1,31,65,524
TOTAL ASSETS		**5,02,11,301**	**3,31,96,712**	**1,69,57,669**
EQUITY AND LIABILITIES				
Equity				
(a) Equity Share capital	11	1,10,24,190	1,00,000	1,00,000
(b) Other Equity				
(i) Retained Earnings	12	(91,385)	97,97,077	81,97,449
Total Equity		**1,09,32,805**	**98,97,077**	**82,97,449**
Liabilities				
Non-current liabilities				
(a) Financial Liabilities				
(b) Other non current liabilities		-	-	-
(c) Deferred tax liabilities (net)	13	-	92,081	-
(d) Provisions		-	-	-
Total Non-Current Liabilities		-	**92,081**	-
Current liabilities				
(a) Financial Liabilities				
(i) Borrowings	14	-	5,73,196	7,01,380
(ii) Trade Payables	15	3,67,84,555	1,35,29,808	38,11,478
(b) Other Current Liabilities				
(c) Provisions				
(d) Current Tax Liabilities (Net)	16	24,93,941	91,04,550	41,47,362
Total Current Liabilities		**3,92,78,496**	**2,32,07,554**	**86,60,220**
TOTAL EQUITY AND LIABILITIES		**5,02,11,301**	**3,31,96,712**	**1,69,57,669**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332
Mumbai
May 03, 2017

Sachin Vyas
Director
DIN : 06373215

Ashok Kumar Sonthalia
Director
DIN : 03259683

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

	Note No.	April 16 - March 17 INR	April 15 - March 16 INR
Total Income:			
Revenue from Operations	17	4,91,39,760	2,40,48,698
		4,91,39,760	**2,40,48,698**
Expenses:			
Employee Benefit Expense	18	2,18,89,609	1,30,49,617
Operating expenses	19	2,15,47,343	14,02,025
Sales, administration and other expenses	20	81,25,863	62,85,667
Finance costs	21	9,216	65,376
Depreciation on tangible assets	3	3,39,510	5,37,149
Amortisation of intangible assets	3	11,187	11,190
Total Expenses		**5,19,22,728**	**2,13,51,024**
Profit before exceptional items & tax		**(27,82,968)**	**26,97,674**
Exceptional items		-	-
Profit after extraordinary items and before tax		**(27,82,968)**	**26,97,674**
Tax expense			
Current tax (net)	22		11,98,087
Deferred tax	23	(8,94,506)	92,081
		(8,94,506)	**12,90,168**
Profit from continuing operations after tax		**(18,88,462)**	**14,07,506**
Profit from discontinued operations before tax			
Tax expense for discontinuing operations		-	-
Current tax		-	-
Profit from discontinued operations after tax		-	-
NET PROFIT FOR THE YEAR		**(18,88,462)**	**14,07,506**
OTHER COMPREHENSIVE INCOME		-	-
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(18,88,462)**	**14,07,506**
Basic EPS	32	(1.96)	140.75
Diluted EPS	32	(1.96)	140.75

As per our report attached
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Ashok Kumar Sonthalia
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STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

(All amounts in Indian Rupees, unless otherwise stated)

	April 16 - March 17	April 15 - March 16
	INR	INR
Cash flow from operating activities		
Profit after tax	(18,88,462)	14,07,506
Adjustments for:		
Depreciation and amortisation	3,50,697	5,48,339
Interest received	(7,282)	
Interest Paid	9,216	65,376
Taxes paid	-	12,90,168
Operating profit before working capital changes	**(15,35,831)**	**33,11,389**
Changes in working capital		
(Increase)/decrease in trade receivables and unbilled revenue	(40,13,912)	(1,35,67,770)
(Increase)/decrease in other receivables & assets	33,12,152	(9,90,563)
Increase/(decrease) in trade & other payables	1,65,52,057	1,37,02,573
(Increase)/decrease in working capital	**1,58,50,297**	**(8,55,760)**
Cash generated from operations	1,43,14,466	24,55,629
Advance taxes	-	(51,78,179)
Net cash from operating activities	**1,43,14,466**	**(27,22,550)**
Cash flow from investing activities		
Purchase of fixed assets	(2,73,475)	(5,14,347)
Sale of fixed assets	11,75,767	
(Purchase)/sale of current investments	-	
Interest received	7,282	-
Net cash used in investing activities	**9,09,574**	**(5,14,347)**
Cash flow from financing acivities		
Share capital issued (including premium)	29,24,190	
Proceeds from issue of share capital		
Proceeds from/(repayment) of borrowings	(5,73,196)	(4,70,067)
Interest paid	(9,216)	(65,376)
Net cash from financing activities	**23,41,778**	**(5,35,443)**
Net increase in cash and cash equivalents	**1,75,65,818**	**(37,72,340)**
Cash and cash equivalents at 31 March 2016	41,68,536	79,40,876
Cash and cash equivalents at 31 March 2017	**2,17,34,354**	**41,68,536**

Notes: There were no significant reconciliation items between cash flows prepared under iGAAP and those prepared under IndAS

As per our report attached
SHARP & TANNAN
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May 03, 2017

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Ashok Kumar Sonthalia
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STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON MARCH 31, 2016

Particulars	Share Capital	General Reserve	Retained Earnings	Capital Reserve	Total Equity
Balance as on April 1, 2015	1,00,000		81,97,449		82,97,449
Changes in equity for the year ended on March 31,2016					
Net Profit for the year			14,07,506		14,07,506
Other Comprehensive Income					-
Dividends (Including DDT)					-
Other changes			1,92,122		1,92,122
Balance as on March 31, 2016	**1,00,000**	**-**	**97,97,077**	**-**	**98,97,077**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

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Partner
Membership No: 38332
Mumbai
May 03, 2017

Sachin Vyas

Director
DIN : 06373215

Ashok Kumar Sonthalia

Director
DIN : 03259683

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED ON MARCH 31, 2016

Particulars	Share Capital	General Reserve	Retained Earnings	Capital Reserve	Total Equity
Balance as on April 1, 2016	100,000		97,97,077		98,97,077
Changes in equity for the period ended on March 31,2017	1,09,24,190				1,09,24,190
Employee Stock Compensation Expense					(0)
On account of amalgamation					-
Net Profit for the year			(18,88,462)		(18,88,462)
Other Comprehensive Income					(0)
Dividends (Including DDT)					(0)
Other changes/ Trf to general reserve.			(80,00,000)		(80,00,000)
Balance as on March 31, 2017	**1,10,24,190**	**-**	**(91,385)**	**-**	**1,09,32,805**

As per our report attached
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Chartered Accountants
Firm's Registration No. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No: 38332
Mumbai
May 03, 2017

Sachin Vyas

Director
DIN : 06373215

Ashok Kumar Sonthalia

Director
DIN : 03259683

NOTES FORMING PART OF ACCOUNTS

1. **Company Overview**

AugmentIQ Data Sciences Private Limited is a software development company, wholly owned by Larsen & Toubro Infotech Limited having its registered office at Godrej Eternia A, 5th Floor, Mumbai Pune road, Shivajinagar, Pune – 411 005.

2. **Significant accounting policies**

a. **Basis of Preparation**

Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use. Further the guidance notes or announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered wherever applicable.

Preparation of financial statements in conformity with Accounting Standards requires management of the Company to make estimates and assumptions that affect the income and expense reported for the period and assets, liabilities and disclosures reported as of the date of the financial statements. Examples of such estimates include useful lives of tangible and intangible assets, provision for doubtful debts, future obligations in respect of retirement benefit plans, etc. Actual results could vary from these estimates.

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) as prescribed under section 133 of the Companies Act, 2013, read with rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards Amendment) Rules 2016.

The Company has prepared its first Ind AS compliant financial statements as on 1 April 2015 (the date of transition). Refer note 3 “First-time adoption of Ind AS” for an explanation of impact of transition from Generally Accepted Accounting Principles in India (iGAAP) to Ind AS on the Company’s financial statements.

b. **Presentation of financial statements**

The statement of financial position and the statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013. The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 “Cash Flow Statements”. The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

c. **Property, plant and equipment**

Property plant and equipment are stated at cost, less accumulated depreciation. The cost comprises the purchase price and any attributable costs of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price. Capital work-in-progress includes cost of fixed assets that are not ready to be put to use.

Subsequent expenditure related to an item of fixed asset is added to its book value only if it increases the future benefits from the existing asset beyond its previously assessed standard of performance.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred.

Gains or losses arising from disposal of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the Statement of Profit and Loss when the asset is disposed.

d. **Intangible assets**

Assets like customer relationship, computer software, and internally developed software are stated at cost less accumulated depreciation, amortisation and impairment.

e. **Depreciation**

Considering the applicability of Schedule II, the management has re-estimated useful lives and residual values of all its fixed assets. Accordingly, depreciation on tangible and intangible fixed assets is provided on straight line method at estimated useful life.

f. **Impairment of assets**

As at each balance sheet date, assets are tested for impairment so as to determine, the provision for impairment loss, if any, and the reversal of impairment loss recognised in previous periods, if any.

An impairment loss, if any, is recognised for the amount by which the asset’s carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset’s fair value less costs of disposal and value in use.

NOTES FORMING PART OF ACCOUNTS (Contd.)

g. Investments

Investments which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

On initial recognition, all investments are measured at cost. The cost comprises purchase price and directly attributable acquisition charges such as brokerage, fees and duties.

Current investments are carried at lower of cost and fair value, determined on category of investment basis. Long-term investments presented as non-current investments are carried at cost.

h. Current and Non-current classification

An asset or a liability is classified as current when it satisfies any of the following criteria:

i. it is expected to be realized/settled, or is intended for sale or consumption, in the Company's normal operating cycle; or

ii. it is held primarily for the purpose of being traded; or

iii. it is expected to be realized/due to be settled within twelve months after the reporting date; or

iv. it is cash or cash equivalent unless it is restricted from being exchanged or used to settle a liability for at least twelve months after the reporting date; or

v. the Company does not have an unconditional right to defer settlement of the liability for at least twelve months after the reporting date.

All other assets and liabilities are classified as non-current.

i. Income tax

1) Current tax

The current income tax charge is calculated on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act 1961, any amendments / rules that have been enacted by the end of the reporting period. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

2) Deferred tax

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is computed in accordance with the provisions of the Income-tax Act 1961, and any amendments / rules that have been enacted by the end of the reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

3) Current and deferred tax for the year

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

j. Leases

Operating Lease:

Leases in which a significant portion of the risks and rewards of ownership are not transferred to the Company as lessee are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on a straight-line basis over the period of the lease unless the payments are structured to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases.

NOTES FORMING PART OF ACCOUNTS (Contd.)

k. Financial instruments

A Financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

a) Financial assets

Initial recognition and measurement

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

In the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset are added to the fair value of those financial assets.

Subsequent measurement

- Fair value through other comprehensive income (FVOCI): Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through other comprehensive income (FVOCI). Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognised in profit and loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/ (losses). Interest income from these financial assets is included in other income using the effective interest rate method.
- Fair value through profit or loss (FVTPL): Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt investment that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss and presented net in the statement of profit and loss within other gains/(losses) in the period in which it arises. Interest income from these financial assets is included in other income.

b) Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables. These amounts represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are presented as current liabilities on the basis of the operating cycle of the Company.

Subsequent measurement

Fair value through profit or loss (FVTPL): Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognised in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

l. Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balances with banks and fixed deposits having maturity less than one year.

m. Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognized:

Revenue from time and material engagements is recognized on time basis in accordance with the terms of the contracts with customers.

Revenue from services performed on fixed-price basis is recognized over the life of contract using the proportionate completion method.

Revenue from sale of products and licenses is recognized upon delivery when all risks and rewards are transferred.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

NOTES FORMING PART OF ACCOUNTS (Contd.)

n. Other income

I) Interest income is accrued at applicable interest rate.

II) Dividend income is accounted in the period in which the right to receive the same is established.

III) Other items of income are accounted as and when the right to receive arises.

o. Employee benefits

Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

After Acquisition, all employees are transferred to Larsen & Toubro Infotech Limited, and no further costs are booked in company's books of accounts.

p. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

I) the Company has a present obligation as a result of a past event;

II) a probable outflow of resources is expected to settle the obligation; and

III) the amount of the obligation can be reliably estimated

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of,

I) a present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

II) a possible obligation unless the probability of outflow of resources is remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

q. Segment accounting

Operating segments are defined as components of an enterprise for which discrete financial information is used regularly by the Company's Chief Operating Decision Maker in deciding how to allocate resources and assessing performance.

I) Segment revenue is the revenue directly identifiable with or allocable to the segment.

II) Expenses that are directly identifiable with or allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not identifiable with or allocable to segments are included under "unallocable expenses".

III) Other income which relates to the Company as a whole and not identifiable with or allocable to segments is included in "unallocable income".

IV) Assets and liabilities used in the Company's business are not identified to any of the reportable segment as these are used interchangeably.

r. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow is reported using indirect method as per the requirements of Ind AS 7 ("Cash flow statements").

NOTES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 3 - FIXED ASSETS - AS OF 01 APRIL 2015

Fixed and intangible assets	Gross block	Depreciation / Amortisation	Net Block
	As at 1-Apr-15	As at 1-Apr-15	As at 1-Apr-15
Tangible assets			
Leasehold Land			
Buildings			
Leasehold Improvements			
Plant and machinery			
Computers			
a. Owned	1,22,245	-	1,22,245
b. Leased			
Office Equipments	1,02,283		1,02,283
Furniture and fixtures	94,622		94,622
Vehicles	13,54,375		13,54,375
Capital Work in Progress			
Total Of Tangible Assets	**16,73,525**	-	16,73,525
Schedule E2 - Intangible Assets			
Goodwill on acqusition			
Goodwill on consolidation			
Software	1,17,787	92,272	25,515
Customer contracts			
Business Rights			
Capital Work in Progress - Internally Captitalised Softwares			
Total of intangible Assets	**1,17,787**	92,272	25,515

NOTES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 3 - FIXED ASSETS - AS OF 31 MARCH 2016

Fixed and Intangible Assets	**Gross Block**				**Depreciation/Amortisation**					**Net Block**
	As at 1-Apr-15	**Additions**	**Deductions**	**As at 31-Mar-16**	**As at 31-Mar-16**	**For the year**	**On Deductions**	**Adjustment to retained earnings**	**As at 31-Mar-16**	**As at 31-Mar-16**
Schedule E1 - Tangible Assets - Own										
Leasehold Land										
Buildings										
Leasehold Improvements										
Plant and machinery										
Computers										
a. Owned	1,22,245	5,93,277		7,15,522		3,44,442		1,08,021	2,36,421	4,79,101
b. Leased										
Office Equipments	1,02,283	6,982		1,09,265		8,039		8,039	-	1,09,265
Furniture and fixtures	94,622			94,622		10,699		2,200	8,499	86,123
Vehicles	13,54,375			13,54,375		1,73,969		-	1,73,969	11,80,406
Capital Work in Progress										
Total Of Tangible Assets	**16,73,525**	**6,00,259**	**-**	**22,73,784**	**-**	**5,37,149**	**-**	**1,18,260**	**4,18,889**	**18,54,895**
Schedule E2 - Intangible Assets										
Goodwill on acqusition										
Goodwill on consolidation										
Software	1,17,787	-	-	1,17,787	92,272	11,190		73,863	29,599	88,188
Customer contracts										
Business Rights										
Capital Work in Progress - Internally Captitalised Softwares										
Total of intangible Assets	1,17,787	-	-	1,17,787	92,272	11,190	-	73,863	29,599	88,188
Total Of Intangible Assets (Previous Year)										
TOTAL	17,91,312	6,00,259	-	23,91,571	92,272	5,48,339	-	1,92,123	4,48,488	19,43,083

NOTES FORMING PART OF ACCOUNTS (Contd.)

SCHEDULE 3 - FIXED ASSETS - AS OF 31 MARCH 2017

Fixed and Intangible Assets	Gross Block				Depreciation/Amortisation				Net Block
	As at 1-Apr-16	Additions	Deductions	As at 31-Mar-17	As at 1-Apr-16	For the year	On Deductions	As at 31-Mar-17	As at 31-Mar-17
Schedule E1 - Tangible Assets - Own									
Leasehold Land									
Buildings									
Leasehold Improvements									
Plant and machinery									
Computers									
a. Owned	7,15,522	2,36,519		9,52,041	2,36,421	2,91,774		5,28,195	4,23,846
b. Leased									
Office Equipments	1,09,265	12,600		1,21,865	-	8,040		8,040	1,13,825
Furniture and fixtures	94,622			94,622	8,499	10,701		19,200	75,422
Vehicles	13,54,375		13,54,375	-	1,73,969	28,995	2,02,964	-	-
Capital Work in Progress									-
Total Of Tangible Assets	**22,73,784**	**2,49,119**	**13,54,375**	**11,68,528**	**4,18,889**	**3,39,510**	**2,02,964**	**5,55,435**	**6,13,093**
Schedule E2 - Intangible Assets									
Goodwill on acqusition									
Goodwill on consolidation									
Software	1,17,787	-	-	1,17,787	29,599	11,187	-	40,786	77,001
Customer contracts									
Business Rights									
Capital Work in Progress - Internally Captitalised Softwares									
Total of intangible Assets	1,17,787	-	-	1,17,787	29,599	11,187	-	40,786	77,001
Total Of Intangible Assets (Previous Year)									
TOTAL	23,91,571	2,49,119	13,54,375	12,86,315	4,48,488	3,50,697	2,02,964	5,96,221	6,90,094

NOTES FORMING PART OF ACCOUNTS (Contd.)

4 Other Finanacial Assets

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Forward Contract Receivable (NC)	-	-	-
Security Deposits	-	4,50,000	*50,000*
	-	**4,50,000**	50,000

5 Deferred tax Asset

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Deferred tax Asset	8,02,425	-	-
	8,02,425	**-**	**-**

6 Tax Assets

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Advance tax (net off provision)	41,32,240	-	*8,257*
MVAT Payable			
	41,32,240	**-**	8,257

7 Other Non Current assets

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Considered good			
MAT Credit	-		
Advances towards equity commitment			
Capital advances			
Prepaid Rent	-		
Other Prepaid Expenses			
Advance recoverable in cash or kind including Indirect tax recoverable	-	72,44,555	20,34,848
Total	**-**	72,44,555	20,34,848

NOTES FORMING PART OF ACCOUNTS (Contd.)

8 Trade receivables

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Considered Doubtful			
Less : Allowance for bad & doubtful debts			
Unsecured Considered good			
-Due from holding company	-		
- Due from subsidiaries	-		
- Due from fellow subsidiaries	-		
- Others	1,56,79,648	1,74,60,309	51,42,539
(-) Provision for doubtful debts			
	1,56,79,648	1,74,60,309	51,42,539
Debts which are not Due			
	1,56,79,648	1,74,60,309	51,42,539

9 Cash & Cash Equivalent

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Cash on hand	-	905	
Balances with Bank			
- in current accounts			
Overseas	-		
Domestic			
- in Deposit accounts	2,17,34,354	41,67,631	79,40,876
Remittances in transit	-		
Total	**2,17,34,354**	41,68,536	79,40,876

10 Other Current Assets

	As at March 31, 2017	As at March 31, 2016	*As at April 1, 2015*
Advances recoverable in cash or in kind	1,27,967	6,80,229	82,109
-Considered Doubtful			
Less : Allowance for bad & doubtful debts			
Advances to vendors	-		
Prepaid Expenses	-		
Total	**1,27,967**	6,80,229	82,109

NOTES FORMING PART OF ACCOUNTS (Contd.)

11 Equity

a Equity Share Capital

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised :			
20,00,000 Equity shares at ₹ 10 each	2,00,00,000		
10,000 Equity shares at ₹ 10 each		1,00,000	1,00,000
	2,00,00,000	1,00,000	1,00,000
Issued, paid up and subscribed			
11,02,419 Equity shares at ₹ 10 each	1,10,24,190		
10,000 Equity shares at ₹ 10 each		1,00,000	1,00,000
	1,10,24,190	1,00,000	1,00,000

b Terms/Rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

c Shareholders holding more than 5% of equity shares as at the end of the year:

Name of shareholder	Number of shares	Shareholding %
	As at 31-03-2017	
Larsen & Toubro Infotech Limited	11,02,419	100
	As at 31-03-2016	
Sachin Vyas	5,000	50
Shweta Mohan	5,000	50
	As at 01-04-2015	
Sachin Vyas	5,000	50
Shweta Mohan	5,000	50

d Reconciliation of the number of equity shares and share capital

Due to issue of Bonus shares and equity shares there was a movement in the share capital for the year ended 31 March 2017 as given below:

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Issued, subscribed and fully paid up equity shares outstanding at the beginning	10,000	10,000	10,000
Add: Shares Bonus shares issued	8,00,000	-	-
Add: Equity shares issued	2,92,419	-	-
Issued, subscribed and fully paid up equity shares	**11,02,419**	10,000	10,000

NOTES FORMING PART OF ACCOUNTS (Contd.)

12 Other Equity

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Retained Earnings			
Profit and loss account			
Opening balance	97,97,077	81,97,449	2,98,346
Add: profit and (loss) Before amalgamation	(34,64,849)	14,07,506	78,99,103
Add: transfer due to amalgamation			
Add: Profit after amalgamation	15,76,387	-	
Add: Other Comprehensive Income	-	-	
Less: Used for issuing bonus shares before 30 November 2016	80,00,000		
Add: Effect of change in Depreciation for Previous years			
Add : Deferred tax charged against retained earnings	-	1,92,122	
	(91,385)	97,97,077	81,97,449
Less: Appropriation			
(a) General reserve	-		
(b) Interim dividend	-		
(c) Tax on dividend	-		
Balance to be carried forward	**(91,385)**	97,97,077	81,97,449

13 Deferred tax liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred Tax Liability	-	92,081	-
Total	**-**	92,081	-

14 Current Borrowings

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Financial Liabilities			
Secured loans			
Car loan	-	5,73,196	7,01,380
Unsecured Loans			
Other loans			
Total	-	5,73,196	7,01,380

NOTES FORMING PART OF ACCOUNTS (Contd.)

15 Trade Payable

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to holding	2,23,25,418		
Due to subsidiaries			
Due to fellow subsidiaries			
Due to others	39,79,499	63,59,094	20,92,631
Accrued Expenses	1,04,79,638	71,70,714	17,18,847
Total	**3,67,84,555**	1,35,29,808	38,11,478

16 Tax Liabilities

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current Tax liabilities	24,93,941	91,04,550	41,47,362
	24,93,941	91,04,550	41,47,362

17 Revenue from Operations

	April 2016 - March 2017	April 2015 - March 2016
Sale of products		
Sale of Services	4,91,39,760	2,40,48,698
Total	**4,91,39,760**	2,40,48,698

18 Employee Benefit Expense

	April 2016- March 2017	April 2015- March 2016
	INR	INR
Salaries including overseas staff expenses	2,11,12,626	1,29,35,113
Share based payments to employees		
Staff welfare	7,76,983	1,14,504
Contribution to provident and other funds		
Contribution to superannuation fund		-
Contribution to gratuity fund		-
Contribution to SSA & other funds		-
Total	**2,18,89,609**	1,30,49,617

19 Operating expenses

	April 2016- March 2017	April 2015- March 2016
Communication expenses	-	-
Consultancy charges	2,23,08,740	-
Cost of equipment, hardware and software packages	-	-
Warranty expenses	(7,61,397)	14,02,025
Total	**2,15,47,343**	14,02,025

NOTES FORMING PART OF ACCOUNTS (Contd.)

20 Sales, administration and other expenses

	April 2016 - March 2017	April 2015 - March 2016
Travelling and conveyance	2,64,839	5,74,328
Rent and establishment expenses	7,34,090	7,73,286
Telephone charges and postage	11,87,603	9,51,094
Legal and professional charges *	48,50,351	32,17,039
Printing and stationery		
Advertisement		1,58,660
Entertainment		
Recruitment expenses		
Repairs to building		
Repairs to computers		
General repairs and maintenance	1,86,154	1,37,646
Power and fuel	2,36,366	1,28,090
Equipment hire charges		
Insurance charges	42,096	
Rates and taxes	4,98,080	1,86,075
Advances written off		62,022
Bad debts		
Less : Provision written back		
Commission paid		
Office Expenses	1,16,396	93,467
Directors fees		
Commission to director		
Loss on sale of fixed assets		
Miscellaneous expenses	9,889	3,960
Total	**81,25,863**	62,85,667

*** Includes Auditor's remuneration**		
Audit fees	1,10,000	25,000
Tax audit fees	30,000	20,000
Other services	25,000	
	1,65,000	45,000

NOTES FORMING PART OF ACCOUNTS (Contd.)

21 Finance cost

	April 2016 - March 2017	April 2015 - March 2016
Fixed loans		
On others	9,216	65,376
Lease finance charges		
	9,216	65,376

22 Provision for Taxation

Currrent Tax	-	11,98,087
MAT credit entitlement for current year	-	-
Provision for earlier year/excess provision for earlier year written back	-	-
	-	-
Total	-	11,98,087

23 Deffered tax expense

Deffered tax expense	(8,94,506)	92,081
	(8,94,506)	92,081

NOTES FORMING PART OF ACCOUNTS (Contd.)

24. First time adoption of Ind AS

Reconciliation between iGAAP and Ind As is as follows:

Balance sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01-4-2015	Ind AS adjustments	As per Ind AS As at 01-4-2015
ASSETS:			
Non-current Assets			
Property, Plant and Equipment	16,76,525	-	16,76,525
Other Intangible assets	25,515	-	25,515
Financial Assets			
Investments			
Loans			
Other Financial assets	50,000	-	50,000
Tax Assets	8,257	-	8,257
Other Non-current assets	20,34,848	-	20,34,848
TOTAL NON-CURRENT ASSETS	**37,92,145**	**-**	**37,92,145**
Current Assets			
Financial Assets			
Current Investments			
Trade Receivables	51,42,539	-	51,42,539
Cash and cash equivalents	79,40,876	-	79,40,876
Short-term Loans			
Other Current assets	82,109	-	82,109
TOTAL CURRENT ASSETS	**1,31,65,524**	**-**	**1,31,65,524**
TOTAL ASSETS	**1,69,57,669**	**-**	**1,69,57,669**
EQUITY AND LIABILITIES			
Total Equity			
Equity Share Capital	100,000	-	1,00,000
Retained earnings	81,97,449	-	81,97,449
TOTAL EQUITY	**82,97,449**	**-**	**82,97,449**
Borrowings	701,380	-	7,01,380
Trade payables	38,11,478	-	38,11,478
Current tax liabilities	41,47,362	-	41,47,362
TOTAL CURRENT LIABILITIES	**86,60,220**	**-**	**86,60,220**
TOTAL EQUITY AND LIABILITIES	**1,69,57,669**	**-**	**1,69,57,669**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Balance sheet as at March 31, 2016:

Particulars	As per IGAAP As at 01-4-2015	Ind AS adjustments	As per Ind AS As at 01-4-2015
ASSETS:			
Non-current Assets			
Property, Plant and Equipment	18,54,895	-	18,54,895
Other Intangible assets	88,188	-	88,188
Financial Assets			
Investments			
Loans			
Other Financial assets	450,000	-	4,50,000
Tax Assets	-	-	-
Other Non-current assets	72,44,555	-	72,44,555
TOTAL NON-CURRENT ASSETS	**96,37,638**	**-**	**96,37,638**
Current Assets			
Financial Assets			
Current Investments	-	-	-
Trade Receivables	1,74,60,309	-	1,74,60,309
Unbilled revenue	12,50,000		12,50,000
Cash and cash equivalents	41,68,536	-	41,68,536
Other Current assets	680,229	-	6,80,229
TOTAL CURRENT ASSETS	**2,35,59,074**	**-**	**2,35,59,074**
TOTAL ASSETS	**3,31,96,712**	**-**	**3,31,96,712**
EQUITY AND LIABILITIES			
Total Equity			
Equity Share Capital	1,00,000	-	1,00,000
Retained earnings	97,97,077	-	97,97,077
TOTAL EQUITY	**98,97,077**	**-**	**98,97,077**
Deferred tax liabilities (net)	92,081	-	92,081
Borrowings	573,196	-	5,73,196
Trade payables	1,35,29,808	-	1,35,29,808
Current tax liabilities	91,04,550	-	91,04,550
TOTAL CURRENT LIABILITIES	**2,32,07,554**	**-**	**2,32,07,554**
TOTAL EQUITY AND LIABILITIES	**3,31,96,712**	**-**	**3,31,96,712**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Statement of Profit and loss for the year ended March 31, 2016:

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
REVENUE:			
Revenue from operations	2,40,48,698	-	2,40,48,698
Other income	-	-	-
TOTAL REVENUE	**2,40,48,698**	**-**	**2,40,48,698**
EXPENSES:			
Employee Benefit Expense	1,30,49,617	-	1,30,49,617
Operating expenses	14,02,025	-	14,02,025
Sales, administration and other expenses	62,85,667	-	62,85,667
Finance costs	65,376	-	65,376
Depreciation on tangible assets	5,37,149	-	5,37,149
Amortisation of intangible assets	11,190	-	11,190
TOTAL EXPENSES	**2,13,51,024**	**-**	**2,13,51,024**
Profit before tax	**26,97,674**	**-**	**26,97,674**
Current tax	11,98,087	-	11,98,087
Deferred tax	92,081	-	92,081
PROFIT AFTER TAX	**12,90,168**	**-**	**12,90,168**

Total comprehensive income reconciliation

Particulars	**2015-16**
Net Profit under iGAAP	14,07,506
Net Profit for the period under Ind AS	14,07,506
Other comprehensive Income	**-**
Total comprehensive income for the period under Ind AS	**14,07,506**

25. Disclosure of Specified bank notes (SBN)

Particulars	SBN	Other denomination notes	Amount
Closing balance as on 8 November 2016	-	-	-
Add: permitted receipts from 9 November 2016 to 30 December 2016	-	-	-
Less: permitted payments from 9 November 2016 to 30 December 2016	-	-	-
Less: Amounts deposited in banks	**-**	**-**	**-**
Closing balance as on 30 December 2016	**-**	**-**	**-**

NOTES FORMING PART OF ACCOUNTS (Contd.)

26. Dues to micro enterprises and small enterprises:

		As at 31-03-2017	**As at 31-03-2016**
i)	the principal amount and the interest due thereon remaining unpaid to any supplier as at the end of each accounting year;	-	-
ii)	the amount of interest paid by the Company in terms of section 16 of MSMED Act, 2006, along with the amounts of the payment made to the suppliers beyond the appointed day during the year	-	-
iii)	the amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under MSMED Act, 2006	-	-
iv)	the amount of interest accrued and remaining unpaid at the end of each accounting year; and	-	-
v)	the amount of further interest remaining due and payable even in the succeeding years, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23 of the MSMED Act, 2006.	-	-
	# The management has identified micro and small enterprises as defined under Micro, Small and Medium Enterprises Development Act, 2006 (MSMED) on the basis of information made available by the supplier or vendors of the Company. Based on the information available with the Company, as at the year end, there are- no dues to micro and small Enterprises that are reportable under the MSMED Act, 2006.	-	-

27. Related party transactions

Related party disclosures as required by IndAS 24 ‘Related Party Disclosures’.

a) List of related parties

a) Related Parties are classified as:		
1	Holding Company	Larsen & Toubro Infotech Limited
2	Key Management Personnel	Mr. Sachin Vyas

b) There are no provisions for doubtful debts or no amounts have been written off in respect of the debts due to or from the related parties.

c) Following transactions were carried out with the related parties

Particulars	Transaction	Amount ₹ (2016-17)	Amount ₹ (2015-16)
Larsen & Toubro Infotech Limited	Purchases of Services	2,21,97,750	-
Larsen & Toubro Infotech Limited	Overheads Charged to holding	9,82,220	-
Mr. Sachin Vyas	Expense incurred on behalf of Company	7,76,173	5,95,282
Mr. Sachin Vyas	Salary	17,29,167	14,54,170

d) Balance outstanding

Larsen & Toubro Infotech Limited	Trade payable	2,23,25,418	-

NOTES FORMING PART OF ACCOUNTS (Contd.)

28. Deferred Tax Asset/Liability

Income Taxes are accrued at the same period in which the related revenue and expense arise. A provision is made for income tax annually based on the tax liability after considering tax allowances and exemptions. The differences that result between the profit offered for income tax and the profit as per the financial statement are identified and thereafter a deferred tax asset or deferred tax liability is recorded for the timing differences.

Particulars	As at 31st March, 2017	As at 31st March, 2016
Deferred Tax Liability		
On difference in WDV of assets	11,689	92,081
Deferred Tax Asset		
On current year losses	8,86,189	-

29. Financial instruments by category

Carrying value of financial instruments by categories are as follows. The carrying value of financial assets and liabilities classified at amortised cost is considered to be same as their fair value due to short term nature of these assets and liabilities. Hence disclosure of fair value of these assets and liabilitiess have not been provided.

	As at 31 March 2017			As at 31 March 2016			As at 1 April 2015		
	Fair value through P&L (‘FVTPL’)	Fair value through OCI (‘FVTOCI’)	Amortised cost	Fair value through P&L (‘FVTPL’)	Fair value through OCI (‘FVTOCI’)	Amortised cost	Fair value through P&L (‘FVTPL’)	Fair value through OCI (‘FVTOCI’)	Amortised cost
Financial assets									
Trade receivables	-	-	1,56,79,648	-	-	1,74,60,309	-	-	51,42,539
Other Financial assets	-	-	-	-	-	4,50,000	-	-	50,000
Unbilled revenue	-	-	70,44,573	-	-	12,50,000	-	-	-
Cash and cash equivalents	-	-	2,17,34,354	-	-	41,68,536	-	-	79,40,876
Total			**4,44,58,575**			**2,33,28,845**			**1,31,33,415**
Financial liability									
Borrowings	-	-	-	-	-	573,196	-	-	7,01,380
Trade payables	-	-	3,67,84,555	-	-	1,35,29,808	-	-	38,11,478
Total	**-**	**-**	**3,67,84,555**	**-**	**-**	**1,41,03,004**	**-**	**-**	**45,12,858**

NOTES FORMING PART OF ACCOUNTS (Contd.)

30. There has no mentioned foreseeable losses on long term contracts including derivative contracts for which provision is required under the applicable law or accounting standard.

31. Contingent liability / Asset:

As at 31 March 2017	As at 31 March 2016
Nil	Nil

32 . Basic earnings per share (EPS) at face value of Re. 10

	2016-17	**2015-16**
Profit / (Loss) after tax	(18,88,462)	14,07,506
Weighted average number of shares outstanding	9,61,341	10,000
Basic EPS (₹)	**(1.96)**	**140.75**
Weighted average number of shares outstanding	9,61,341	10,000
Add : weighted average number of potential equity shares on account of employee options	-	-
Weighted average number of shares outstanding	9,61,341	10,000
Diluted EPS (₹)	**(1.96)**	**140.75**

33. Events occurring after the reporting period:

The financial statements were approved by the Board of Directors on 03 May 2017 and there are no significant events occurring after Balance sheet date.

34. The Company is not required to transfer any amount to Investor Education and Protection Fund.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

Firdosh D. Buchia
Partner
Membership No: 38332
Mumbai
May 03, 2017

For and on behalf of the Board

Sachin Vyas
Director
DIN : 06373215

Ashok Kumar Sonthalia
Director
DIN : 03259683

BOARD REPORT

Dear Members,

Your Directors have pleasure in presenting the 5th Annual Report along with the Audited Financial Statements of L&T Technology Services Limited for the year ended March 31, 2017.

1. FINANCIAL RESULTS

(₹ million)

	2016-17	2015-16
Profit Before Depreciation, exceptional and extra ordinary items & Tax	6,571	6,135
Less: Depreciation, amortization and obsolescence	575	541
Add: Transfer from Revaluation Reserve	-	-
Profit before exceptional and extraordinary items and tax	5,996	5,594
Add: Exceptional Items	-	-
Profit before extraordinary items and tax	5,996	5,594
Add: Extraordinary items	-	-
Profit / (Loss) before tax	5,996	5,594
Less: Provision for tax	1,506	1,231
Profit for the period carried to the balance sheet	4,490	4,363
Add: Balance brought forward from previous year	270	-458
Balance available for disposal (which directors appropriate as follows)	**4,760**	**3,905**
Proposed dividend (Interim dividend paid and deemed dividend)	**1,022**	**3,020**
Dividend Tax	**184**	**615**
General Reserve	**-**	**-**
Balance to be carried forward	**3,554**	**270**

2. PERFORMANCE OF THE COMPANY

STATE OF COMPANY'S AFFAIRS

Revenue from operations and other income for the financial year under review were ₹ 31,680 million as against ₹ 29,754 million for the previous financial year registering an increase of 6.47%. The profit before tax was ₹ 5,996 million and the profit after tax was ₹ 4,490 million for the financial year under review as against ₹ 5,594 million and ₹ 4,363 million respectively for the previous financial year.

SEGMENTAL PERFORMANCE

The Company has five Business Segments, namely, Transportation, Process Engineering, Industrial Products, Medical Devices and Telecom. During the year, the contribution to the revenue from the various business segments was as follows:-

(₹ million)

	Revenue for 2016-17	Revenue for 2015-16
Transportation	9,382	7,434
Process Engineering	4,962	5,736
Industrial Products	8,524	7,742
Medical Devices	2,196	1,939
Telecom	6,061	6,086

The detailed segmental performance is referred in Note No. 46 of the Notes forming part of the unconsolidated financial statements.

GEOGRAPHICAL PERFORMANCE

The Revenue contribution of the Company from the various Geographies is mentioned herein below:

(₹ million)

S. N.	Geography	2016-17	2015-16
1.	North America	18,983	16,937
2.	Europe	6,057	5,955
3.	India	2,881	2,584
4.	Rest of the World	3,204	3,461
	Total	**31,125**	**28,937**

3. INITIAL PUBLIC OFFERING OF YOUR COMPANY

During the year under review, the Company came out with its maiden 'Initial Public Offering' (IPO) where the Promoters & Holding Company, Larsen & Toubro Limited made an Offer for Sale of 10,400,000 Equity shares of face value of ₹ 2 each for cash at a price of ₹ 860 per equity share aggregating ₹ 8,944 million. The offer constituted 10.23% of the post-offer paid-up equity share capital of the Company. The public issue was open for subscription from September 12, 2016 till September 15, 2016. The issue was oversubscribed by 1.93 times. The Company got listed on September 23, 2016 on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

The shares prices touched a high of ₹ 931 on the date of Listing i.e. on September 23, 2016. Currently the share is being quoted at ₹ 770.90 as on May 2, 2017.

Based on the list released by NSE as of March 31, 2017, your company is ranked at 232nd position in the Top 500 Listed Companies on the basis of market capitalization.

4. CAPITAL & FINANCE

During the year under review, the Company had allotted 26,690,392 Equity Shares of ₹ 2 each at a premium of ₹ 279 per share to the Promoter i.e. Larsen & Toubro Limited on June 3, 2016 by way of rights issue pursuant to a resolution passed by the Board at its meeting held on April 26, 2016. The proceeds of the issue of equity shares were utilized for the purpose of redemption of 750,000,000 Preference Shares of ₹ 10 each in five tranches of 150,000,000 Preference Shares in each tranche, from May 16, 2016 to May 20, 2016, for an aggregate amount of ₹ 7,500 million. As on date, the capital structure of the Company consists of only Equity Shares.

Consequent to the aforesaid issue, the total paid up equity share capital of the company is ₹ 203,380,784 consisting of 10,16,90,392 Equity Shares of ₹ 2 each, fully paid up.

Pursuant to the IPO, Larsen & Toubro Limited continues to be the Holding Company with a stake of 89.77% comprising of 9,12,90,392 Equity Shares and the Public holding is 10.23% comprising of 10,400,000 Equity Shares.

5. CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets stood at ₹ 6,928 million (previous year ₹ 6,435 million) out of which assets amounting to ₹ 592 million (previous year ₹ 920 million) were added during the year.

6. DEPOSITS

During the year ended March 31, 2017, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder and hence no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

7. DEPOSITORY SYSTEM

As the members are aware, the Company's shares are compulsorily tradable in electronic form. As on March 31, 2017, 99.99% of the Company's total paid up capital representing 101,688,765 shares are in dematerialized form. In view of the numerous advantages offered by the Depository system as well as to avoid frauds, members holding shares in physical mode are advised to avail of the facility of dematerialization from either of the depositories.

8. TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts that are due to be transferred to Investor Education and Protection Fund by the Company.

9. SUBSIDIARY/ ASSOCIATE/ JOINT VENTURE COMPANIES

The company has two subsidiaries, namely, L&T Thales Technology Services Private Limited and L&T Technology Services LLC.

The Company has signed Definitive Agreement to acquire Esencia Technologies Inc. USA

The Company has formulated a policy on identification of material subsidiaries in line with Regulation 16(c) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and the same is placed on the website at http://www.lnttechservices.com/investors/. The Company does not have any material subsidiaries.

A) Performance and Financial Position of each subsidiary/associate and joint venture companies:

A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies is annexed to this Report at page no. 1271 of the Annual Report.

10. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided on pages 1179 and 1182 of this Annual Report.

11. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and Board of Directors have approved the Related Party Transaction Policy and the same has been uploaded on the Company's website http://www.lnttechservices.com/investors/ .

The Company has a process in place of periodically reviewing and monitoring Related Party Transactions.

All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the Related Party Transactions for the financial year 2016-17 and estimated transactions for FY 2017-18.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

12. AMOUNT TO BE CARRIED TO RESERVES

The Company has not transferred any amount to the reserves during the current financial year.

13. DIVIDEND

The Board through a Circular Resolution on June 24, 2016, declared an interim dividend of ₹ 4.95 and in its meeting held on November 10, 2016, declared an interim dividend of ₹ 3 per equity share. Further, the Board, in its meeting held on May 3, 2017, has recommended a final dividend of ₹ 4 per equity share for the financial year ended March 31, 2017. The proposal is subject to the approval of shareholders at the ensuing Annual General Meeting to be held on August 23, 2017.

The final dividend on equity shares, if approved by the members would involve a total cash outflow including dividend tax in current year of ₹ 1,579 million as against ₹ 3,635 million in previous year. Dividend (including dividend tax) as a percentage of unconsolidated net profit after tax is 35% as compared to 83% in previous year.

The Board of Directors of the Company has approved the Dividend Distribution Policy on May 3, 2017 in line with regulation 43A of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015. The Policy is provided in Annexure 'G 'of this Board Report and is also uploaded on the Company's website at http://www.lnttechservices.com/investors/.

14. MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of this report.

15. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure "A" forming part of this Board Report .

16. RISK MANAGEMENT POLICY

The Risk Management Committee comprises of Mr. S. N. Subrahmanyan, Dr. Keshab Panda and Mr. P. Ramakrishnan. Mr. S. N. Subrahmanyan is the Chairman of the Committee.

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

A detailed note on risk management is given under financial review section of the Management Discussion and Analysis on pages 1147 and 1148 of this Annual Report.

17. CORPORATE SOCIAL RESPONSIBILITY

The Company has re-constituted the Corporate Social Responsibility (CSR) Committee on January 21, 2017 comprising of Mr. Arjun Gupta, Mr. Sudip Banerjee and Dr. Keshab Panda as its Member Mr. Arjun Gupta is the Chairman of the Committee.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are provided in Annexure 'B' to the Board report.

The details of various projects and programs which can be undertaken by the Company as a part of its CSR Policy framework is available on the its website http://www.lnttechservices.com/media/32150/csr-policy-ltts.pdf.

18. DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

A. Appointment/Re-appointment of Directors:

During the year, the following appointments were made on Board:-

a. Mr. Narayanan Kumar was appointed as an Independent Director of the Company with effect from July 15, 2016 upto and including July 14, 2021, subject to the approval of the shareholders. His appointment was regularised as an Independent Director in the Annual General meeting of the Company held on July 15, 2016.

b. Mr. A. M .Naik, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

c. Mr. Amit Chadha, Director of the Company, retires by rotation and being eligible, offers himself for re-appointment at the ensuing Annual General Meeting of the Company.

d. Mr. S. N. Subrahmanyan, Director of the Company was appointed as Non-Executive Vice-Chairman of the Company with effect from May 3, 2017.

B. Cessation of Directors:

a. Mr. V. K. Magapu ceased to be a Director of the Company w.e.f. July 15, 2016. The Board places on record its appreciation of the immense contribution by Mr. Magapu during his tenure as Director of the Company.

b. Mr. Kumar Prabhas ceased to be COO & Whole-Time Director of the Company w.e.f January 21, 2017. The Board places on record the valuable contribution of Mr. Prabhas during his tenure as COO & Whole-Time Director of the Company.

C. Key Managerial Personnel:

The following were the changes in the Key Managerial Personnel:-

a. Mr. Y. V. S. Sravankumar ceased to be the Company Secretary w.e.f. April 26, 2016.

b. Mr. Kapil Bhalla was appointed as the Company Secretary w.e.f. April 27, 2016.

The notice convening the AGM includes the proposal for appointment / re-appointment of Directors.

The terms and conditions of appointment of the Independent Directors are in compliance with the provisions of the Companies Act, 2013 and are placed on the website of the Company http://www.lnttechservices.com/investors/.

The Company has also disclosed on its website http://www.lnttechservices.com/investors/ details of the familiarization programs formulated to educate the Directors regarding their roles, rights and responsibilities in the Company and the nature of the industry in which the Company operates, the business model of the Company, etc.

19. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

This information is given in Annexure “C” Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 1116 of this Annual Report.

20. AUDIT COMMITTEE

The Company has in place an Audit Committee in terms of the requirements of Section 177 of the Companies Act, 2013 read with rules made thereunder and Regulation 18 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details relating to the same are given in Annexure “C” Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 1117 of this Annual Report.

21. COMPANY POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

The Company has in place a Nomination and Remuneration Committee (NRC) in accordance with the requirements of section 178 of the Companies Act, 2013 read with rules made thereunder and Regulation 19 of SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

The details of the same are given in Annexure “C”- Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 1120 of this Annual Report.

The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a director.

The Committee has formulated a policy on Board diversity.

22. STAKEHOLDERS' RELATIONSHIP COMMITTEE

The Company has in place a Stakeholders' Relationship Committee in terms of the requirements of the Companies Act, 2013 read with the rules made thereunder and Regulation 20 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

The details of the same are given in Annexure "C"- Report on Corporate Governance forming part of this Board Report. Members are requested to refer to page no. 1120 of this Board Report.

23. DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from appointing/continuing as Independent Director. The same are also displayed on the website of the Company http://www.lnttechservices.com/investors/investor-download/.

24. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

25. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a. In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. The Directors have prepared the Annual Accounts on a going concern basis;

e. The Directors have laid down an adequate system of internal financial control to be followed by the Company and such internal financial controls are adequate and operating efficiently;

f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

26. PERFORMANCE EVALUATION OF BOARD/BOARD COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, its effectiveness, its functioning, information availability, etc. These questionaries also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on May 3, 2017, as per Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees, Directors and Chairman was also reviewed by the Nomination and Remuneration Committee and the Board.

27. DISCLOSURE OF REMUNERATION

The details of remuneration as required to be disclosed under the Companies Act, 2013 and the rules made thereunder are given in the Annexure "D" forming part of this Board Report.

The Board of Directors wishes to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information in respect of employees of the Company required pursuant to Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, as amended from time to time, is provided in Annexure "H" forming part of this Board Report.

In terms of Section 136(1) of the Act and the rules made thereunder, the Report and Accounts are being sent to the shareholders excluding the aforesaid Annexure "H". Any Shareholder interested in obtaining copy of the same may write to the Company Secretary. None of the employees listed in the said Annexure is related to any Director of the Company.

28. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

29. PROTECTION OF WOMEN AT WORKPLACE

The Company has constituted an Internal Complaints Committee ('ICC') - created in line with the requirements of The Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013 ('Act'). The ICC has been constituted as per the Act, to redress the complaints received regarding sexual harassment. All employees (permanent, contractual, temporary, trainees) are covered under this policy.

During the year under review, no cases of sexual harassment were received by the ICC.

30. CONSOLIDATED FINANCIAL STATEMENTS

Your Directors have pleasure in attaching the Consolidated Financial Statements pursuant to Section 129(3) of the Companies Act, 2013 and Regulation 34 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 and prepared in accordance with the applicable Accounting Standards prescribed by the Institute of Chartered Accountants of India (ICAI), in this regard.

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

31. STATUTORY AUDITORS

The Company's auditors, Sharp & Tannan, (firm registration number 109982W) Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, Sharp & Tannan are eligible to be appointed for the next financial year 2017-18.

A Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors have confirmed that they have subjected themselves to the peer review process of ICAI and hold valid certificate issued by the Peer Review Board of the ICAI.

The Audit Committee keeps reviews the independence and objectivity of the Auditors and the effectiveness of the Audit process.

The Auditors have also furnished a declaration confirming their independence as well as their arm's length relationship with the Company as well as declaring that they have not taken up any prohibited non-audit assignments for the Company.

32. SECRETARIAL AUDIT REPORT

The Board had appointed Naina Desai, (M. No.1351), Practicing Company Secretary, to carry out Secretarial Audit under the provisions of Section 204 of the Companies Act, 2013 for the financial year 2016-17.

The Secretarial Audit Report issued by Naina Desai, Practicing Company Secretary is attached as Annexure "E" to this Board Report.

The Secretarial Auditor's Report to the shareholders does not contain any qualification.

33. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

34. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in Form MGT -9 is attached as Annexure 'F' to this Board Report.

35. OTHER DISCLOSURES

1. CORPORATE GOVERNANCE REPORT

Pursuant to Regulation 34 read with schedule V of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015, a Report on Corporate Governance and a certificate obtained from the Statutory Auditors confirming compliance, is provided in Annexure "C" forming part of this Board Report.

2. EMPLOYEE STOCK OPTION SCHEME

There has been no material change in the ESOP Scheme - 2016 during the current financial year. The ESOP Scheme -2016 is in compliance with the Securities and Exchange Board of India (Share based Employee Benefit) Regulations, 2014 ("SBEB Regulations").

The disclosure relating to the ESOP Scheme – 2016 required to be made under the Companies Act, 2013 and rules made thereunder and the SBEB Regulations together with a certificate obtained from the Statutory Auditors, confirming compliance, is provided on the website of the Company http://www.lnttechservices.com/investors/.

The Auditors' certificate confirming compliance with the Companies Act, 2013 and the SBEB Regulations obtained from Statutory Auditors is reproduced below:

Independent Auditors' certificate on Employee Stock Option Schemes

1. We have examined Employees Stock Option Schemes ('the Schemes') of L&T Technology Services Limited ('the Company'), books of accounts and other relevant records to determine whether the Schemes are in accordance with the rules specified under the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 (as amended) ('the Regulations') and in accordance with the resolutions passed in the extraordinary general meetings held on, 21 January 2016 ('the General Meetings') and as per postal ballot dated 15 December 2016.

Management's responsibility

2. Management is responsible for maintaining the information and documents that are required to be kept and maintained under the relevant laws and regulations and implementing the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

Auditors' responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring implementation of the Schemes in accordance with the Regulations and the resolutions passed at the General Meetings.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the implementation of the Schemes by the Company in accordance with the Regulations and the resolutions passed at the General Meetings.

5. We have carried out an examination of the schemes, books of accounts and other relevant records of the Company in accordance with the Guidance Note on Reports or Certificates for Special Purpose (Revised 2016) issued by the Institute of Chartered Accountants of India ('the ICAI'), which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and related services engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has implemented the Schemes in accordance with the Regulations and as per the shareholders resolutions of the Company in general meetings held on 21 January 2016 and as per postal ballot dated 15 December 2016.

Restriction on use

8. The certificate is issued solely for the purpose of complying with the Regulations and may not be suitable for any other purpose

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Mumbai, May 3, 2017

3. No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.

4. CREDIT RATING

The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations. The Company has received CRISIL AA+/Stable rating and CRISIL A1+ rating for it's the long term and short term financial instruments of the Company respectively.

5. VIGIL MECHANISM

As per the provisions of Section 177(9) of the Companies Act, 2013 ('Act'), the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a Whistle-blower Policy in place since 2014 to encourage and facilitate employees to report concerns about unethical behaviour, actual/ suspected frauds and violation of Company's Code of Conduct. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the chairperson of the Audit Committee. The Audit Committee of the Company oversees the implementation of the Whistle-Blower Policy.

The Company has disclosed information about the establishment of the Whistle Blower Policy on its website http://www.lnttechservices.com/investors/. During the year, no personnel has been declined access to the Audit Committee, wherever desired.

6. REPORTING OF FRAUDS

The Auditors of the Company have not reported any fraud committed against the Company by its officers or employees as specified under section 143(12) of the Companies Act, 2013.

36. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, vendors, academic institutions, Financial Institutions, Regulatory authorities and stock exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also acknowledge the support and co-operation from the Government of India and the Governments of various countries, the concerned State Governments and other Government Departments and Governmental Agencies. The Directors appreciate and value the contributions made by every member of the LTTS family globally.

For and on behalf of the Board

Dr. Keshab Panda	**S. N. Subrahmanyan**
CEO & Managing Director	Vice Chairman
(DIN: 05296942)	(DIN: 02255382)

Mumbai, May 3, 2017

ANNEXURE-A

a. Conservation of Energy:

The Company being a Technology driven Company, has always adapted new technologies in its office infrastructure setup. Conservation of Energy is one of the most important factors while designing the office infrastructure.

The office zones are created and provided with occupancy sensors to automatically sense presence/ absence of humans. It helps to automatically switch on/off lights in the work area. Air Handling Units (AHUs) are provided with Variable Frequency Drives & Programmable Logic Controllers to vary speed & air flow based on the cooling requirement. Natural light and heat control films on windows are used to reduce light load & AC heat load. The Company in its offices has electrical load systems which re-estimate the maximum demand and changes accordingly thereby saving electricity consumption.

b. Technology absorption:

The Company being a Technology driven and has always adopted the latest technology trends and best practices. Company works on diverse technologies, domain and believes in providing a platform for sharing of the Knowledge and has built iKnowledge platform. This platform helps to share and reuse the knowledge assets in a structured manner, covers all functional areas, context sensitive, complying with protecting Intellectual Property materials. In addition to sharing of the knowledge artefacts, also helps to resolve technical challenges faced by Individual practitioners through helpdesk system, supported by community of Practice (led by practitioners with varying degree of expertise) to help resolve the problem. Scoring system ensures and motivates contribution from SME (subject matter expert) through a reward mechanism based on the scores earned.

Last year we mentioned about SPARK platform created to promote new ideas and innovation. The platform integrated with various functional areas including the reward and recognition system and cross pollination collaboration platform (Tech Expression), Community of practice, Design Automation, iKnowledge & technical helpdesk. The Innovation culture initiative has helped to sustain our innovation culture which has been proved through "The Tech Expressions 2016", which received a whopping 2534 Technical Abstracts this year as against 2215 in 2015, 1045 in 2014, that's a jump of 112 percent in just one year. More than 8000 employees have participated in this event.

In order to promote open innovation and leverage external eco system, new initiative known as TECHgium, an online platform aimed to provide an opportunity to the country's most talented engineering students to solve futuristic & real engineering problems. TECHgium encourages creative thought and unconventional techniques to address industry challenges of tomorrow. We have more than 165 colleges across the nation participated with more than 7000 students submitting innovative concepts. The concepts are screened for best solutions and detailed presentation made by the participants and shortlisted solution are taken to make a proof of concept and finally select the best solution in a grand finale event.

c. Foreign exchange earnings and outgo:

The Company exports engineering and designing services mainly to North America, Europe, Middle East, Japan, Korea and other APAC countries.

The total foreign exchange earned and used for the period under review is as under:

Particulars	(₹ million)
Foreign exchange earned	28,921
Foreign exchange used	14,144

ANNEXURE-B

Annual Report on Corporate Social Responsibility (CSR) Activities

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

The Company is committed to discharge its Social Responsibility in FY 2016-2017 through partnering with NGO and communities involved in the following areas:-

a. Education and skill-building

b. Innovation and Technology

c. Health

d. Water

e. Environment

f. Corporate volunteering program (CVP)

Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

a. Education and Skill building

Educational support was provided to eleven municipal school for setting up science teaching kit/Lab in Mumbai and Baroda in FY 2016-2017. 10610 children and 80 school teachers from eleven municipal schools benefitted from the program. 1200 children from Govt schools in Hyderabad will also benefit from E-Learning centres.

In FY 2016-2017 four skill development centre were established in Chennai, Bangalore, Baroda and Mumbai. Courses such as Beauty and Hair care, automotive technician, tailoring, leather stitching, electrical and home appliances, Tally courses and basic computing courses was imparted to the underprivileged candidates.

1136 skilled workforce were trained and certified through NSDC, (GOI) certificate in FY 16-17. In a special course 60 especially abled candidates were trained in Basic Computing courses.

b. Innovation and Technology

Five year partnership program is signed with Indian Institute of technology (IIT Madras) in 2016-2017 to harness innovation and technology within the community. Projects will address to solve the social needs of assistive devices for differently abled and smart city planning through traffic monitoring.

c. Health

Community mobile eye camps and cataract surgery was organized in partnership with Sankara Nethrayala in the remote villages of Andhra Pradesh and Tamil Nadu. 458 patients were provided free spectacles after the cataract surgery.

d. Water Conservation

Water conservation project started by construction of check dams, gabion structures, nalla plugs, farm ponds, contour structures through participatory watershed approach covering four villages of Kolvadi panchayat in Pune district.

More than 2000 hectares of land around 2000 families will get benefited through watershed project by 2019.

e. Environment

58 families in remote tribal village of MG Halli near Mysore will benefit from individual household solar power project. Swami Vivekananda Youth Movement (SVYM) will implement the project and also monitor the project till 2020

f. Corporate volunteering program (CVP)

Corporate volunteering program at the Company is being carried out under the banner of "SAMARITAN".400+ Samaritans from Mumbai, Baroda, Mysore, Bangalore, Hyderabad and Chennai actively volunteered in social causes such as blood donation camps, tree plantation, imparting soft skills training in NGO's and distribution of education materials. JOY giving week was celebrated at L&TTS office locations with active participation from senior leaders during the entire week. Total 1200 volunteering hours generated which touched the lives of 1500 under privileged though employee volunteering program in FY 2016-2017.

While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural Disasters etc.). CSR Policy of the Company is available on the Company's website: http://www.lnttechservices.com/media/32150/csr-policy-ltts.pdf.

2. The Composition of the CSR Committee

- Mr. Arjun Gupta - Chairman
- Mr. Sudip Banerjee - Member
- Dr. Keshab Panda - Member

3. Average net profit of the Company for last three financial years: ₹ 2,543 million

4. Prescribed CSR Expenditure for FY 2016-17 (two per cent of the amount as in item 3 above): ₹ 51.00 million

5. Details of CSR spent during the financial year:

i. Total amount spent for the financial year: ₹ 36.02 millions

ii. Amount unspent, if any: ₹ 15.00 millions

iii. Manner in which the amount spent during the financial year:

(₹ millions)

Sl. No	CSR Project or Activity Identified	Sector in which the project is covered	Project or programs Local area / the state/ district were program was undertaken	Amount Outlay to project (Budget) project or program wise	Amount spent Direct Expenditure on projects or programs/ Overheads	Cumulative expenditure up to the reporting period	Amount Spent: Direct or through implementing agency
1	Support Technology Incubation to CREATE project at IIT Madras	Innovation & Technology	Chennai	6.00	6.28	6.28	IIT Madras
2	Support Technology Incubation to traffic monitoring project at IIT Madras	Innovation and Technology	Chennai	12.50	4.20	4.20	IIT Madras, one project taken by other Co.
3	Establish Mini Science lab & E-Learning centre	Education	Mumbai, Baroda and Hyderabad	2.40	2.99	2.99	Aarambh, Arch Social Consultant, STEM Learning and Engineers Without Border(EWB)
4	Skill Development in Beauty therapist, automotive technician leather stitching, home appliance repair, Tailoring computer courses	Skill Development	Chennai, Mumbai, Baroda and Bangalore	7.70	8.92	8.92	LabourNet, Aarambh and Arch Social Consultant
5	Mobile eye surgical camps	Health care STEM Cell	Chennai Bangalore	4.00 2.20	3.75	3.75	Sankara Nethralaya Stem cell project dropped
6	Watershed	Water Conservation	Pune	6.00 3.00	7.41	7.41	National Agro Foundation(NAF) Watershed Andhra dropped
7	Renewable Energy project	Environment	Mysore, Andhra	5.50 3.50	2.46	2.46	Swami Vivekananda Youth Movement (SVYM), VJTI is R&D dropped.
	TOTAL SPEND			**52.80**	**36.02**	**36.02**	

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

The objective of our CSR Policy is to create a visible impact in the focus areas for the beneficiaries and not just spending the requisite amount. The Company has made efforts to identify projects in line with its CSR focus areas. In 2016-2017 Company has spent its CSR amount through credible implementing partners such as Indian Institute of Technology (IIT Madras), LabourNet, Aarambh, Arch social consultants, STEM Learning, National Agro Foundation (NAF), Swami Vivekananda Youth Movement (SVYM), Engineers without Borders (EWB) and Sankara Nethralaya. Focus areas such as Innovation and Technology, Education, Skill Development, Health, Water and Environment was given priority as per the CSR Policy of the Company. Many of the project Implementation are long term in nature, so detailed feasibility study on the outcome and impact of the projects have been carried out including in some cases like watershed project in Kolvadi and solar power project in MG Halli village technical feasibility and the social impact and benefit, this has delayed some of the project start date and some of the milestones. The actual spend is lesser than what has been planned for the year FY 2016-17. The details of which are given below:

Excess amount spent:

- Skill development centre at Bangalore, Chennai over achieved the target in terms of training and more schools covered in Mini Science lab kit project at Baroda and Mumbai (Excess ₹ 1.20 million)
- Engineers Without Border (EWB) paid- ₹ 0.60 million

Lesser amount spent:

- Mobile Eye surgery project actual spend was low against original proposal - ₹ 0.25 million
- MG Halli Mysore solar energy project approval from various authorities got delayed- ₹ 3.04 million
- Due diligence process and submission of DPR from National Agro foundation (NAF) got delayed. milestone completed on schedule

Dropped below Projects:

- IITM Research project on Urban infrastructure delivery system-another automotive co has sponsored - ₹ 5.50 million
- IITM Research project on transport service metering project proposal and subsequently milestone got delayed - ₹ 1.80 million
- Stem cell project social impact study conducted its effectiveness was low - ₹ 2.20 million
- The watershed project in Andhra Pradesh, could not get local community support and was dropped - ₹ 3.00 million
- Solar energy project by VJTI was for R&D purpose and could not identify remote village - ₹ 3.50 million
- Total shortfall: ₹ 16.06 million against ₹ 52.80 million. Spent ₹ 36.02 million

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

Keshab Panda	**Arjun Gupta**
Chief Executive Officer & Managing Director	Chairman CSR Committee

ANNEXURE-C

CORPORATE GOVERNANCE REPORT

Corporate Governance

The Company believes that comprehensive Corporate Governance is essential for increasing and retaining investor trust and your Company always strives to ensure that its Performance goals are set with high standards and met accordingly. The Company has systems and processes to keep its Board of Directors informed and prepared for fulfillment of responsibilities and to provide right path to management for achieving strategic goals of the Company for improving the stakeholders' value.

Company's Corporate Governance Philosophy

Corporate Governance is creation and enhancing of the long term sustainable value for the stakeholders through ethically driven business process. Corporate Governance is based on the principles of integrity, fairness, equity, transparency, accountability and commitment to values.

In line with the L&T Group philosophy, your Company firmly believes in adherence to good corporate governance practices and constant efforts are made to improve such practices and to adopt emerging best practices. Your Company is committed to continuously scaling up its corporate governance standards.

Corporate Governance Guidelines

The Management continuously strives to follow the global best practices and timely disclosure of accurate information pertaining to financials & performance in accordance with good governance practices.

Further, in order to strengthen the corporate governance culture within the Company, an online mandatory training and awareness program on Corporate Governance and related policies for employees was initiated in FY17.

BOARD OF DIRECTORS

a. Composition of the Board:

The Board of Directors along with its committees provide leadership and guidance to the Company's management as also direct, supervise and control the performance of the company.

The Company's policy is to have an appropriate mix of Executive, Non-Executive & Independent Directors. As on March 31, 2017, the Board comprises of 9 Directors, of which, 2 are Executive Directors, 2 are Non-Executive Directors and 5 are Independent Directors The Board is chaired by Mr. A. M. Naik, Non-Executive Chairman. The Composition of the Board is in conformity with the provisions of the Companies Act, 2013 and Regulation 17 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

None of the Directors on the Company's Board is a member of more than 10 Committees and chairman of more than 5 Committees across all the Indian Public Limited Companies in which he/she is a Director.

b. Meetings of the Board:

The Board Meetings are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings are held, whenever deemed necessary for the conduct of business. During the year under review, 5 board meetings were held on April 26, 2016, July 15, 2016, July 28, 2016, November 10, 2016 and January 21, 2017.

The Independent Directors met on May 3, 2017 to discuss the performance evaluation of the Board, Committees, Chairman and the individual Directors.

The Company Secretary prepares the agenda and the explanatory notes, in consultation with the Chairman and circulates the same in advance to the Directors. Every Director is free to suggest inclusion of any item(s) on the agenda. The Board meets at least once in every quarter, inter alia, to review the quarterly financial results. Presentations are made on business operations to the Board by the CEO and Managing Director of the Company. Senior management personnel are invited to provide additional inputs for the items being discussed by the Board of Directors as and when necessary.

The Minutes of the proceedings of the Meetings of the Board of Directors are noted and the draft minutes are circulated amongst the Members of the Board for their perusal. Comments, if any, received from the Directors are also incorporated in the Minutes, in consultation with the Chairman. Thereafter the minutes are signed by the Chairman of the Board at the next meeting.

The following is the composition of the Board of Directors as on March 31, 2017. Their attendance at the Meetings during the year and at the last Annual General Meeting is as under:

Name of Director	Category	Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM
Mr. A. M. Naik	Non-Executive Chairman	5	5	YES
Mr. S. N. Subrahmanyan	Non-Executive Vice-Chairman	5	5	NO
Dr. Keshab Panda	Chief Executive Officer & Managing Director	5	5	YES
Mr. Amit Chadha	President – Sales & Business Development and Whole-Time Director	5	5	NO
Mr. Samir T. Desai	Independent Director	5	4	YES
Ms. Renuka Ramnath	Independent Director	5	4	NO
Mr. Arjun Gupta	Independent Director	5	4	NO
Mr. Sudip Banerjee	Independent Director	5	5	NO
Mr. Narayanan Kumar[1]	Independent Director	4	4	NA
Mr. V. K. Magapu[2]	Non-Executive Director	2	2	NO
Mr. Kumar Prabhas[3]	Chief Operating Officer & Whole-Time Director	5	4	NO

Meetings held during the year are expressed as number of meetings eligible to attend.

Notes:
[1]Mr. Narayanan Kumar was appointed as an Independent Director w.e.f July 15, 2016
[2]Mr. V. K. Magapu ceased to be the Director w.e.f. July 15, 2016
[3]Mr. Kumar Prabhas ceased to be the Director w.e.f. January 21, 2017

None of the above Directors are related inter-se.

None of the Directors hold the office of director in more than the permissible number of companies under the Companies Act, 2013 or Regulation 25 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

As on March 31, 2017, the number of other Directorships & Memberships/Chairmanships of Committees of the Board of Directors are as follows:

Name of Director	No of other company Directorships	No. of Committee Membership	No. of Committee Chairmanship
Mr. A. M. Naik	3	0	0
Mr. S. N. Subrahmanyan	3	3	1
Dr. Keshab Panda	0	1	0
Mr. Amit Chadha	0	0	0
Mr. Samir T. Desai	1	2	0
Ms. Renuka Ramnath	8	3	2
Mr. Arjun Gupta	1	0	0
Mr. Sudip Banerjee	2	2	0
Mr. Narayanan Kumar	8	2	4

- Other Company Directorships includes directorships in all entities whose securities are listed, public limited companies (whether listed or not) and excludes private limited companies, foreign companies and Section 8 companies.
- The Committee Chairmanships/Memberships are within the limits laid down in Regulation 26 of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

c. Information to the Board:

The Board of Directors has complete access to the information within the Company, which inter alia includes -

- Annual revenue budgets and capital expenditure plans
- Quarterly results and results of business segments
- Financing plans of the Company
- Minutes of meeting of Board of Directors, Audit Committee, Nomination & Remuneration Committee, Stakeholders Relationship Committee, Corporate Social Responsibility Committee and Risk Management Committee
- Details of any joint venture, acquisitions of companies or collaboration agreement
- Fatal or serious accidents, dangerous occurrences, any material effluent or pollution problems.
- Any materially relevant default, if any, in financial obligations to and by the Company or substantial non-payment for goods sold or services rendered, if any
- Any issue, which involves possible public or product liability claims of substantial nature, including any Judgment or Order, if any, which may have strictures on the conduct of the Company
- Developments in respect of human resources.
- Compliance or Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any

BOARD COMMITTEES

The Board currently has the following six Committees:

1) Audit Committee 2) Nomination and Remuneration Committee; 3) Corporate Social Responsibility Committee 4) Stakeholders' Relationship Committee 5) IPO Committee 6) ESOP Committee.

Your Company has also constituted a Risk Management Committee which is chaired by a member of the Board and also comprises of Senior Executives such as the Chief Financial Officer amongst its members. The terms of reference of the Board Committees are governed by relevant Legislations and / or determined by the Board from time to time. The Board is responsible for constituting, assigning and appointing the members of the Committees. Draft minutes of the committee meetings are circulated to the members of those committee for their comments and thereafter, confirmed in its next meeting. The Board of Directors also takes note of the minutes of the committee meetings held in the previous quarter, at its meetings. The brief description of terms of reference of the Committees, the composition of the Committees including the number of meetings held during the financial year and the related attendance are provided below.

AUDIT COMMITTEE

- **TERMS OF REFERENCE**

  The terms of reference of the Audit Committee include the following:

  1. Oversight of the company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
  2. Recommendation for appointment, re-appointment and replacement, remuneration and terms of appointment of auditors of the company;
  3. Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
  4. Reviewing, with the management, the annual financial statements and auditor's report thereon before submission to the board for approval, with particular reference to:
     a) Matters required to be included in the Directors' Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of section 134 of the Companies Act, 2013;
     b) Changes, if any, in accounting policies and practices and reasons for the same;
     c) Major accounting entries involving estimates based on the exercise of judgment by management;
     d) Significant adjustments made in the financial statements arising out of audit findings;
     e) Compliance with listing and other legal requirements relating to financial statements;
     f) Disclosure of any related party transactions; and
     g) Qualifications in the draft audit report.
  5. Reviewing, with the management, the quarterly financial statements before submission to the board for approval;
  6. Reviewing, with the management, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the

statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;

7. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

8. Approval or any subsequent modification of transactions of the company with related parties;

9. Scrutiny of inter-corporate loans and investments;

10. Valuation of undertakings or assets of the company, wherever it is necessary;

11. Evaluation of internal financial controls and risk management systems;

12. Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;

13. Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;

14. Discussion with internal auditors of any significant findings and follow up there on;

15. Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the board;

16. Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post audit discussion to ascertain any area of concern;

17. To look into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;

18. To establish and review the functioning of the whistle blower mechanism;

19. Approval of appointment of chief financial officer (i.e., the whole-time finance director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate; and

20. Carrying out any other function as is mentioned in the terms of reference of the Audit Committee and any other terms of reference as may be decided by the Board or specified/ provided under the Companies Act, 2013 or Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015("the Listing Regulations") or by any other regulatory authority.

- **COMPOSITION**

During the year, the Audit Committee was reconstituted and as on March 31, 2017 comprised three Independent Directors and one Non- Executive Director as its member The Chairman of the Committee is an Independent Director.

The role, terms of reference, the authority and power of the Audit Committee are in conformity with the requirements of the Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015.

- **MEETINGS**

During the year ended March 31, 2017, the Audit Committee met 4 (Four) times on April 25, 2016, July 28, 2016, November 10, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Narayanan Kumar[2]	Chairman	3	3
Mr. Samir T. Desai	Member	4	3
Ms. Renuka Ramnath	Member	4	2
Mr. S. N. Subrahmanyan[3]	Member	3	2
Mr. Vijay Kumar Magapu[1]	Member	1	1

Meetings held during the year are expressed as number of meetings eligible to attend.

[1]Mr. Vijay Kumar Magapu ceased to be a member w.e.f. July 15, 2016.
[2]Mr. Narayanan Kumar was appointed as a member w.e.f. July 15, 2016.
[3]Mr. S. N. Subrahmanyan was appointed as a member w.e.f. July 15, 2016.

All the members of Audit Committee are financially literate and have accounting and financial matters experience.

The CEO & Managing Director and CFO of the Company are permanent invitees of the Meetings of Audit Committee. Statutory and Internal Auditors or their representatives are permanently invited for the meetings of the Committee. The Company Secretary is the Secretary to the Committee.

- **INTERNAL AUDIT:**
During the financial year, the Internal Corporate Audit Team of Larsen & Toubro Limited carried out the Internal Audit of the Company. Over a period of time, the Corporate Audit department has acquired in-depth knowledge about the Company, its businesses, its systems & procedures. The Internal Auditor is responsible to the Audit Committee. The staff of Corporate Audit department is rotated periodically. From time to time, the Company's systems of internal controls covering financial, operational, compliance, IT applications, etc. are reviewed by external experts. Presentations are made to the Audit Committee on the findings of such reviews.

NOMINATION AND REMUNERATION COMMITTEE

- **TERMS OF REFERENCE**
The terms of reference of the Nomination and Remuneration Committee include the following:

1. To identify, review, assess and recommend to the Board the appointment of executive and non-executive Directors and senior management personnel;
2. To formulate criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy for appointment and remuneration of the directors, key managerial personnel and senior management personnel and other employees;
3. To formulate a criteria for evaluation of performance of independent directors and the Board of Directors;
4. To consider and approve employee stock option schemes and to administer and supervise the same;
5. Devising a policy on Board diversity;
6. Whether to extend or continue the term of appointment of the independent director, on the basis of the report of performance evaluation of independent directors; and
7. Any other terms of reference as may be referred by the Board or as may be provided under the Companies Act, or the Listing Regulations, or by any other regulatory authority.

- **COMPOSITION**
The Nomination and Remuneration Committee ('NRC') has been in place since February 15, 2014. As on March 31, 2017, the NRC comprised of three Members including two Independent Directors and one Non-Executive Chairman of the Board. The Chairman of the Committee is an Independent Director.

The role, terms of reference, the authority and power of the NRC were also amended / modified to be in conformity with the requirements of the Companies Act, 2013 and the Listing Regulations.

- **MEETINGS**
During the year ended March 31, 2017, the NRC committee met 4 (four) times on April 26, 2016, July 15, 2016, July 28, 2016 and November 10, 2016.

The attendance of Members at the NRC Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Samir Desai	Chairman	4	3
Mr. A.M. Naik	Member	4	4
Mr. Arjun Gupta	Member	4	3

Meetings held during the year are expressed as number of meetings eligible to attend.

- **BOARD MEMBERSHIP CRITERIA**
While screening, selecting and recommending to the Board new members, the NRC ensures that the Board is objective, there is absence of conflict of interest, ensures availability of diverse perspectives, business experience, legal, financial & other expertise, integrity, managerial qualities, practical wisdom, ability to read & understand financial statements, commitment to ethical standards and values of the Company and ensure healthy debates & sound decisions.

While evaluating the suitability of a Director for re-appointment, besides the above criteria, the NRC considers the past performance, attendance & participation in and contribution to the activities of the Board by the Director.

The Independent Directors comply with the definition of Independent Directors as given under Section 149(6) of the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 . While appointing/re-appointing any Independent Directors/Non-Executive Directors on the Board, the NRC considers the criteria as laid down in the Companies Act, 2013 and Regulation 16(1)(b) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

All the Independent Directors give a certificate confirming that they meet the "independence criteria" as mentioned in Section 149(6) of the Companies Act, 2013 and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

These certificates have been placed on the website of the Company.

- **REMUNERATION POLICY**

The remuneration of the Board members is based on the Company's size & global presence, its economic & financial position, industrial trends, compensation paid by the peer companies, etc. Compensation reflects each Board member's responsibility and performance. The level of compensation to Executive Directors is designed to be competitive in the market for highly qualified executives.

The Whole Time Directors are paid remuneration by way of salary, perquisites, variable pay and commission, wherever applicable based on recommendation of the NRC, approval of the Board and the shareholders. The commission is based on the performance of the business/ function as well as other qualitative factors. The commission is calculated with reference to net profits of the Company in the financial year subject to overall ceilings stipulated under Section 197 of the Companies Act, 2013.

The Independent Directors are paid remuneration by way of commission & sitting fees. The Company pays sitting fees of ₹ 50,000/- for attending each meeting of the Board and ₹ 25,000/- for attending each Committee Meeting to the Independent Directors. The commission is paid subject to a limit not exceeding 1% p.a. of the profits of the Company as approved by shareholders (computed in accordance with Section 197 of the Companies Act, 2013).

The commission to Independent Directors / Non – Executive Directors is distributed broadly on the basis of their attendance, contribution at the Board, the Committee meetings, Chairmanship of Committees.

As required under the provisions of Regulation 46 of the Listing Regulations, the criteria for payment to Non-Executive Directors is made available on the investor page of our corporate website www.lnttechservices.com.

Performance Evaluation Criteria for IDs:

The performance evaluation questionnaire covers specific criteria with respect to the Board & Committee composition, structure, culture, effectiveness of the Board and Committees, functioning of the Board and Committees, information availability, etc. It also contains specific criteria for evaluating the performance of the Chairman and individual Directors.

- **DETAILS OF REMUNERATION PAID/PAYABLE TO DIRECTORS FOR THE YEAR ENDED MARCH 31, 2017**

(a) Executive Directors:

The details of remuneration paid/payable to the Executive Directors is as follows

(₹ million)

Name of Director	Salary p.a	Variable Pay p.a	Allowances	Profit sharing Commission
Dr. Keshab Panda	40.50	23.40	-	9.00
Mr. Amit Chadha	32.40	10.90	-	-
Mr. Kumar Prabhas*	18.50	-	-	-

*ceased to be a Director with effect from closing of working hours on January 21, 2017.

The above amount does not include gratuity, leave encashment, perquisite on ESOP allotment and tax on ESOPs borne by employer.

Notice period for termination of appointment of Managing Director and other Whole-time Directors is three months on either side.

No severance pay is payable on termination of appointment.

Details of Options granted under Employee Stock Option Scheme are provided on the website of the Company www.lnttechservices.com.

(b) Non-Executive Directors:

The details of remuneration paid/payable to the Non-Executive Directors is as follows:

(₹ million)

Name of Director	Sitting fees for the Board Meeting	Sitting fees for Committee Meeting	Commission	Total
Mr. Samir T Desai	0.20	0.15	4.23	4.58
Mr. Narayanan Kumar	0.20	0.08	1.35	1.63
Ms. Renuka Ramnath	0.20	0.08	1.10	1.38
Mr. Arjun Gupta	0.20	0.12	3.22	3.54
Mr. Sudip Banerjee	0.25	0.08	1.43	1.76

Shares and convertible instruments held by the Independent Directors/Non-Executive Directors as on March 31, 2017 are Nil.

STAKEHOLDERS' RELATIONSHIP COMMITTEE

- **TERMS OF REFERENCE**

The terms of reference of the Stakeholders' Relationship Committee include the following:

1. To redress grievances of shareholders, debenture holders and other security holders;

2. Investigating complaints relating to allotment of shares, approval of transfer or transmission of shares, debentures or any other securities;

3. Issue of duplicate certificates and new certificates on split/consolidation/renewal;

4. To consider and resolve grievances related to non-receipt of declared dividends, annual report of the Company or any other documents or information to be sent by the Company to its shareholders; and

5. Carrying out any other function as may be decided by the Board or specified/provided under the Companies Act, 2013 or the Listing Regulations or by any other regulatory authority.

- **COMPOSITION**

During the year, the Stakeholders' Relationship Committee (SRC) was constituted and as on March 31, 2017, the SRC comprised of two Independent Directors and one Executive Director as its members. The Chairman of the Committee is an Independent Director of the Company.

- **MEETINGS**

During the year ended March 31, 2017, the committee met 2 (Two) times on November 10, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Ms. Renuka Ramnath	Chairman	2	0
Mr. Sudip Banerjee	Member	2	2
Dr. Keshab Panda	Member	2	2

Meetings held during the year are expressed as number of meetings eligible to attend.
Mr. Kapil Bhalla, Company Secretary is the Compliance Officer.

- **NUMBER OF REQUESTS/COMPLAINTS**

During the year, the Company has resolved investor grievances expeditiously.

During the year, the Company/ its Registrar received the following complaints from SEBI/Stock Exchanges and queries from shareholders, which were resolved within the time frames laid down by SEBI.

Particulars	Opening Balance	Received	Resolved	Pending
Complaints:				
SEBI/ Stock Exchange	Nil	Nil	Nil	Nil
Shareholder Queries:	Nil	163	163	Nil
Dividend Related	Nil	16	16	Nil
Transmission / Transfer	Nil	Nil	Nil	Nil
Demat/Remat	Nil	Nil	Nil	Nil

The Board has delegated the powers to approve transfer of shares to a Share Transfer Committee of Executives comprising of two Senior Executives. The Share Transfer Committee meetings were held on November 3, 2016, November 24 and 2016, March 31, 2017

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

- **TERMS OF REFERENCE**

The terms of reference of the CSR Committee are as under:

1. To formulate and recommend to the Board, a Corporate Social Responsibility Policy which shall indicate the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 including any amendments thereto;
2. To recommend the amount of expenditure to be incurred on the CSR activities referred to in the above clause; and
3. To monitor CSR policy of the Company including instituting a transparent monitoring mechanism for implementation of CSR projects or programs or activities undertaken by the Company.

- **COMPOSITION**

During the year, the CSR Committee was reconstituted and as on March 31, 2017 the CSR Committee comprised of two Independent Directors and one Executive Director as its members. The Chairman of the Committee is an Independent Director.

- **MEETINGS**

During the year, the committee met 2 (Two) times on April 26, 2016 and January 21, 2017.

The attendance of Members at the Meetings was as follows:

Name	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. Arjun Gupta	Chairman	2	2
Mr. Sudip Banerjee	Member	2	2
Dr. Keshab Panda[1]	Member	1	1
Mr. Vijay Kumar Magapu[2]	Member	1	1
Mr. Kumar Prabhas[3]	Member	1	1

Meetings held during the year are expressed as number of meetings eligible to attend.
[1]Dr. Keshab Panda appointed as a member w.e.f. January 21,2017
[2]Mr. Vijay Kumar Magapu ceased to be a member w.e.f. July 15, 2016
[2]Mr. Kumar Prabhas ceased to be a member w.e.f. January 21,2017

IPO COMMITTEE

During the year an IPO Committee was constituted in order to comply with the various compliances of the Initial Public Offering (IPO) of the Company which came out in September 2016.

- **TERMS OF REFERENCE**

  The terms of reference of the IPO Committee are as follows:

  1. To make applications in consultation with the Selling Shareholder, where necessary, to such authorities as may be required and accept on behalf of the Board such conditions and modifications as may be prescribed or imposed by any of them while granting such approvals, permissions and sanctions as may be required;

  2. To approve and file in consultation with the Selling Shareholder where applicable, the draft red herring prospectus with Securities and Exchange Board of India and stock exchanges, the red herring prospectus and prospectus with the Registrar of Companies, SEBI and stock exchanges and to make necessary amendments or alterations, therein;

  3. To decide in consultation with the Selling Shareholder on the timing, pricing and all the terms and conditions of the Offer, including the price band, Offer price, Offer size and to accept any amendments, modifications, variations or alterations thereto and to withdraw the offer documents if required;

  4. To appoint and enter into and terminate arrangements in consultation with the Selling Shareholder where applicable, with the BRLMs, underwriters to the Offer, syndicate members to the Offer, brokers to the Offer, escrow collection bankers to the Offer, registrars, legal advisors and any other agencies or persons or intermediaries to the Offer and to negotiate and finalise the terms of their appointment;

  5. To negotiate, finalise and settle and to execute in consultation with the Selling Shareholder where applicable and deliver or arrange the delivery of the draft red herring prospectus, the red herring prospectus, the prospectus, the preliminary and final international wraps, offer agreement, share escrow agreement, syndicate agreement, underwriting agreement, cash escrow agreement, agreements with the registrar and the advertising agency and all other documents, deeds, agreements and instruments and any notices, supplements and corrigenda thereto, as may be required or desirable in relation to the Offer;

  6. To open with the bankers to the Offer such accounts as may be required by the regulations issued by SEBI;

  7. To open and operate bank accounts in terms of the escrow agreement with a scheduled commercial bank to receive applications along with application monies, handling refunds and for the purposes set out in Section 40(3) of the Companies Act, 2013 in respect of the Offer, and to authorise one or more officers of our Company to execute all documents/deeds as may be necessary in this regard;

  8. To approve suitable policies on insider trading, whistle-blowing, risk management, and any other policies as may be required under applicable laws, including the Listing Regulations and the listing agreement to be entered into by our Company with the relevant stock exchanges;

  9. To authorize and approve in consultation with the Selling Shareholder, the incurring of expenditure and payment of fees, commission, remuneration and expenses in connection with the Offer;

  10. To issue allotment letters/confirmation of allotment notes with power to authorise one or more officers of our Company to sign all or any of the aforesaid documents;

  11. To do all such acts, deeds, matters and things and execute all such other documents, etc. in consultation with the Selling Shareholder where applicable, deem necessary or desirable for such purpose, including without limitation, finalising the basis of allocation and to allot the shares to the successful allottees as permissible in law, issue of share certificates in accordance with the relevant rules;

  12. To do all such acts, deeds and things as may be required to dematerialise the Equity Shares and to sign agreements and/or such other documents as may be required with the National Securities Depository Limited, the Central Depository Services (India) Limited and such other agencies, authorities or bodies as may be required in this connection;

  13. To make applications to such authorities as may be required for the Offer;

  14. To make applications for listing of the Equity Shares in one or more stock exchange(s) and to execute

and to deliver or arrange the delivery of necessary documentation to the concerned stock exchange(s); and

15. To settle all questions, difficulties or doubts that may arise in regard to such issues or allotment and matters incidental thereto as it may, in consultation with the Selling Shareholder, where applicable, deem fit and to delegate such of its powers as may be deemed necessary to the officials of our Company.

- **COMPOSITION**
  IPO Committee was constituted during the year and on July 15, 2016 comprised of the Non-Executive Chairman of the Board as the Chairman of the Committee, one Non-Executive Director and one Executive Director as its members.

- **MEETINGS**
  During the year, The Committee met 6 (Six) times on July 15,2016, August 26, 2016, September 9,2016, September 16,2016, September 20,2016 and September 21, 2016 in connection with the IPO of the Company. The attendance of Members at the Meetings was as follows:

Name of Director	Position in the Committee	No. of Meetings held during the year	No. of Meetings Attended
Mr. A. M. Naik	Chairman	6	6
Mr. S. N. Subrahmanyan	Member	6	5
Mr. Kumar Prabhas	Member	6	4

Meetings held during the year are expressed as number of meetings eligible to attend.

RISK MANAGEMENT COMMITTEE

- **TERMS OF REFERENCE**
  The terms of reference of the Risk Management Committee include the following:

1. Framing, implementing, reviewing and monitoring the risk management plan for the Company;
2. Laying down risk assessment and minimization procedures and the procedures to inform Board of the same;
3. Oversight of the risk management policy/ enterprise risk management framework (identification, impact assessment, monitoring, mitigation & reporting);
4. Review key strategic risks at domestic/international, macro-economic & sectoral level (including market, competition, political & reputational issues);
5. Review significant operational risks; and
6. Performing such other activities as may be delegated by the Board of Directors or specified / provided under the Companies Act, 2013 or by the Listing Regulations or statutorily prescribed under any other law or by any other regulatory authority.

- **COMPOSITION**
  The Risk Management Committee as on March 31, 2017 comprised of Mr. S. N. Subrahmanyan, Non-Executive Director as the Chairman, Dr. Keshab Panda, Chief Executive Officer & Managing Director and Mr. P. Ramakrishnan, Chief Financial Officer as its members. The majority of members including the Chairman of the Committee are Board Members.

- **MEETINGS**
  No meeting of the Risk Management Committee was held during the year.

OTHER INFORMATION:

- **Directors' Familiarization Programme**
  All directors are aware and are also updated as and when required of their responsibilities, roles and liabilities.

  The website of the Company is regularly updated with regard to all the business developments, so that they are updated about the operations of the Company.

- **Information to Directors**
  Systems, procedures and resources are in place to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge his / her duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

  Presentations are made regularly to the Board / NRC / Audit Committee (AC) where Directors get an opportunity to interact with senior manage Presentations, inter alia, cover business strategies, management structure, HR policy, succession planning, quarterly and annual results, budgets, review of Internal Audit, Corporate Social Responsibility and risk management framework etc.

  The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Independent Directors have the freedom to interact with the Company's management.

- **RISK MANAGEMENT FRAMEWORK:**
  Please refer page no. 1105 of Board Report

- **VIGIL MECHANISM /WHISTLE BLOWER POLICY**
  Please refer page no. 1110 of the Board Report.

- **STATUTORY AUDITORS**
  Please refer page no. 1108 of the Board Report.

- **CODE OF CONDUCT**
  The Company has laid down a Code of Conduct for all Board members and senior management personnel. The Code of Conduct is available on the website of the Company, www.lnttechservices.com. The declaration of Chief Executive Officer & Managing Director is given below:

To the Shareholders of L&T Technology Services Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board Members and Senior Management Personnel have affirmed compliance with the Code of Conduct as adopted by the Board of Directors

KESHAB PANDA
CEO & MANAGING DIRECTOR

Date: May 3, 2017
Place: Mumbai

- **GENERAL BODY MEETING**
  The last three Annual General Meetings of the Company were held at registered office of the Company at L&T House, Ballard Estate, N. M. Marg, Mumbai – 400 001 as under:

Financial Year	Date	Time
2015-16	July 15, 2016	1.00 PM
2014-15	September 22, 2015	10.00 AM
2013-14	August 18, 2014.	10.30 AM

The following Special Resolutions were passed by the members during the past three Annual General Meetings:

Annual General Meeting held on July 15, 2016:

- To approve the alteration in articles of association of the Company.
- To approve the amendment in the memorandum of association of the Company
- To approve the revision in remuneration of Dr. Keshab Panda, Chief Executive Officer and Managing Director of the Company.
- To approve the revision in remuneration of Mr. Amit Chadha, Chief Sales Officer and Whole-Time Director of the Company.

Annual General Meeting held on September 22, 2015:

- No special resolutions were listed in the agenda for the meeting

Annual General Meeting held on August 18, 2014:

- To approve the amendment in articles of association of the Company.

- **POSTAL BALLOT**
  During the year, following shareholders' approval was transacted through postal ballot:

Pursuant to Clause 12 and other applicable provisions, if any, of the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014, provisions of Section 62 and other applicable provisions, if any, of the Companies Act, 2013, 'L&T Technology Services Limited, Employee Stock Option Scheme 2016' ("ESOP Scheme-2016") formulated and approved prior to the Initial Public Offering ("IPO") of the Company, was ratified by the shareholders of the Company by way of special resolution through a postal ballot on December 15, 2016.

The E-voting facility was made available to the Members. The Board of Directors of the Company, appointed Alwyn D'souza, Practicing Company Secretary, (M. No. FCS 5559) and failing him Vijay Sonone, Practicing Company Secretary, (M. No. FCS 7301), as Scrutinizer for conducting the Postal Ballot in a fair and transparent manner. The Results of the Postal Ballot were announced on December 17, 2016 at the Registered Office of the Company as per the Scrutinizer's Report and the same was uploaded on the website of the Company.

DISCLOSURES:

A. During the year, there were no transactions of material nature with the Directors or the Management or relatives or the subsidiaries or related parties that had potential conflict with the interests of the Company.

B. Details of all related party transactions form a part of the accounts as required under AS 18 / IND AS 24 and the same are given on page 1206 of the Annual Report.

C. The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 while preparing the Financial Statements.

D. The Company makes presentations to Institutional Investors & Equity Analysts on the Company's performance on a quarterly basis. The same is also available on our website www.lnttechservices.com.

E. There were no instances of non-compliance, penalties, strictures imposed on the Company by the Stock Exchanges on any matter related to the capital markets, during the last three years.

F. The policy for determining material subsidiaries and related party transactions is available on our website www.lnttechservices.com.

G. Details of risk management including foreign exchange risk, commodity price risk and hedging activities form a part of the Management Discussion & Analysis. Please refer to page 1147 of the Annual Report.

MEANS OF COMMUNICATION:

Financial Results	Quarterly & Annual Results are published in prominent daily newspaper viz. The Financial Express and Loksatta. The results are also posted on the Company's website www.lnttechservices.com.
News releases	Official news releases are sent to stock exchanges as well as displayed on the Company's website: www.lnttechservices.com.
Website	The Company's website www.lnttechservices.com provides comprehensive information about its portfolio of businesses. Section on "Investors" serves to inform and service the Shareholders allowing them to access information at their convenience. The quarterly shareholding pattern of the Company is available on the website of the Company as well as the stock exchanges. The entire Annual Report and Accounts of the Company and subsidiaries (consolidated) are available in downloadable formats. The entire Annual Report and Accounts of the Company will also be made available on the websites of the Stock Exchanges.
Filing with Stock Exchanges	Information to Stock Exchanges is now being also filed online on NEAPS for NSE and BSE Online for BSE.
Annual Report	Annual Report will be circulated to all the members and all others like auditors, debenture trustee, secretarial auditor, equity analysts, etc.
Management Discussion & Analysis	This will form a part of the Annual Report which is mailed to the shareholders of the Company.
Presentations made to Institutional Investors and Analysts	The schedule of analyst/institutional investor meets and presentations made to them on a quarterly basis are displayed on the website.

COMPLIANCE MONITORING SYSTEM

The statutory compliance has become a catalyst for Corporate Governance. A good statutory compliance system has become vital for effective conduct of business operations. Currently, the compliance system is managed by the Company manually. As a major portion of the Company's business is conducted abroad, apart from ensuring compliance with Indian statutes, the Company also complies with the statutes of the countries where the Company has presence.

With a view to strengthen this system, the Company has taken steps to automate the said manual system and has framed a web based portal which will provide the users a web–based access, controls based on a defined authorization matrix. Besides connecting all the Compliance owners across time zones to a common corporate platform, the portal is expected to serve as a repository of the compliance exercise yielding substantial saving in resources and efforts for tracking compliance. The Company is taking steps to build this Statutory Compliance Monitoring system.

UNCLAIMED SHARES

From the period September 23, 2016, 64 shares were lying under the securities escrow account due to invalid demat account details. During the year under review few shareholders had approached for transfer of 48 shares out of the said shares lying in the escrow account. The Registrar & Transfer Agent (RTA) has validated the said requests and on due diligence transferred 48 shares to the valid shareholder.

As on March 31, 2017, 16 shares are lying under the securities escrow account of the Company. The voting rights on such shares shall remain frozen till the rightful owners of such shares claim the shares.

GENERAL SHAREHOLDER INFORMATION

Annual General Meeting:

The Annual General Meeting of the Company to be convened on Wednesday, August 23, 2017 at St. Andrew's Auditorium, St. Dominic Rd, Bandra West, Mumbai - 400 050, Maharashtra at 3.00 p.m.

Financial calendar:

Annual Results of 2016-17	First week of May 2017
Mailing of Annual Reports	Third week of July, 2017*
First Quarter Results	During the last week of July 2017*
Annual General Meeting	August 23, 2017
Payment of Dividend	August 24, 2017
Second Quarter results	During first week of November 2017 *
Third Quarter results	During last week of January 2017*

*Tentative dates

Book Closure:

The dates of Book Closure are from Thursday, August 17, 2017 to Wednesday, August 23, 2017 (both days inclusive) to determine the members entitled to the final dividend for 2016-2017.

Listing of Equity Shares on Stock Exchanges:
The shares of the Company are listed on the National Stock Exchange of India Limited (NSE) and BSE Limited (BSE).

Listing Fees to Stock Exchanges:
The Company has paid the Listing Fees for the year 2017-2018 to the above Stock Exchanges.

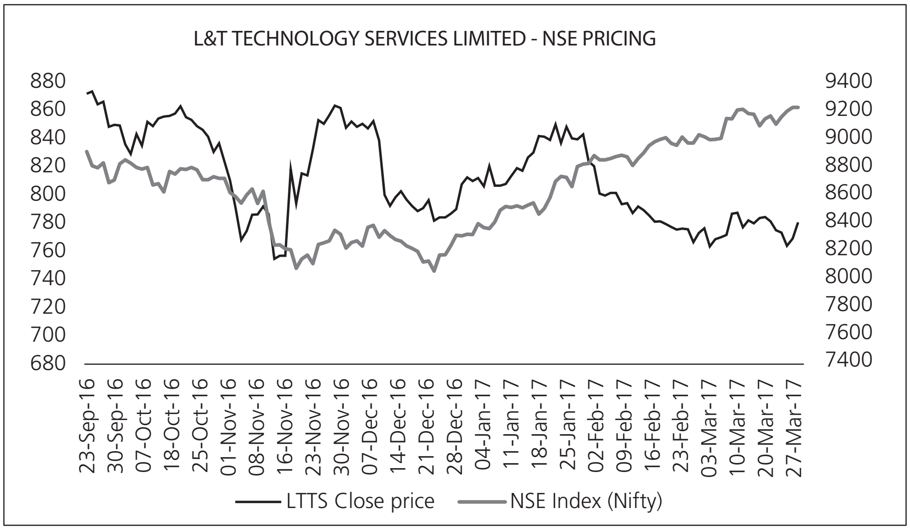
Custodial Fees to Depositories:
The Company has paid custodial fees for the year 2017-2018 to National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL).

Stock Code/Symbol:

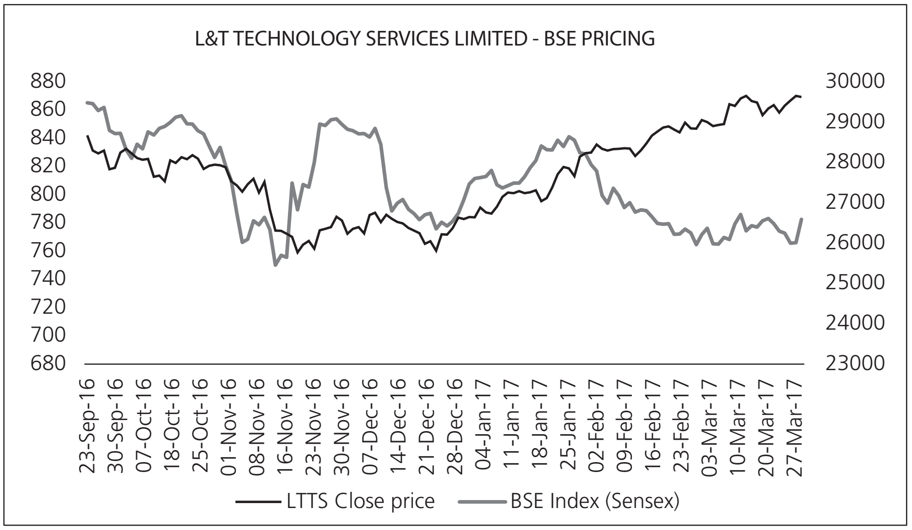
BSE Limited (BSE)	Scrip Code: 540115
National Stock Exchange of India Limited (NSE)	Scrip Code: LTTS
ISIN	INE010V01017

Stock market data for the period September 23, 2016 to March 31, 2017:

Month	LTTS NSE Price (₹)			NIFTY		
	High	Low	Month Close	High	Low	Month Close
2016						
September	931.45	833.55	847.15	8885.20	8555.20	8611.15
October	864.95	823.00	834.30	8604.45	8541.35	8625.70
November	867.00	750.00	860.60	8669.60	7916.40	8224.50
December	861.95	773.00	787.90	8274.95	7903.70	8185.80
2017						
January	872.50	780.10	837.70	8672.70	8133.80	8561.30
February	845.85	773.10	773.50	8951.80	8537.50	8879.60
March	788.60	760.00	778.60	9191.70	8860.10	9173.75



Month	LTTS BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
2016						
September	931.00	833.00	843.40	29,077.28	27,716.78	27,865.96
October	864.95	822.50	833.60	28,477.65	27,488.30	27,930.21
November	863.20	735.00	853.75	28,029.80	25,717.93	26,652.81
December	860.00	773.00	786.95	26,803.76	25,753.74	26,626.46
2017						
January	855.00	781.00	838.70	27,980.39	26,447.06	27,655.96
February	838.10	770.40	772.20	29,065.31	27,590.10	28,743.32
March	789.00	762.00	782.60	29,824.62	28,716.21	29,620.50



Registrar and Share Transfer Agent:

Karvy Computershare Private Limited (Unit: L&T Technology Services Limited)
Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad, Telangana- 500 032
Tel: (91 40) 6716 2222 | Fax: (91 40) 2343 1551 | Email: einward.ris@karvy.com

a) Share Transfer System:

The Company's investor services are handled by Karvy Computershare Private Limited who are the Company's RTA. The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Transfer Committee which comprises of the Chief Financial Officer and the Company Secretary.

Distribution of Shareholding as on March 31, 2017:

No. of shares	Shareholders		Shareholding	
	Number	Percentage	Number	Percentage
Upto 500	1,01,819	99.20	32,54,503	3.20
501- 1000	473	0.46	3,31,622	0.33
1001-2000	185	0.18	2,67,880	0.26
2001-3000	53	0.05	1,33,147	0.14
3001-4000	17	0.02	57,262	0.05
4001-5000	12	0.01	53,286	0.05
5001-10000	30	0.03	2,20,387	0.22
10001 & above	57	0.05	9,73,72,305	95.75
Total	**1,02,646**	**100.00**	**10,16,90,392**	**100.00**

Categories of Shareholders is as under:

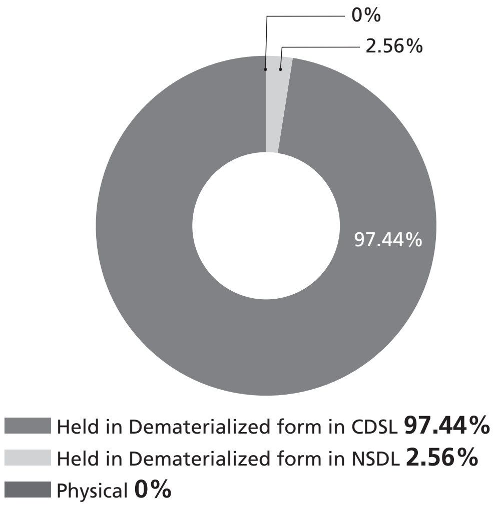
Category	March 31, 2017		September 23, 2016	
	Number	Percentage	Number	Percentage
Banks	3,352	0.00	14,417	0.01
Clearing Members	54,141	0.05	12,13,836	1.20
Foreign Portfolio Investors	34,31,017	3.37	12,86,646	1.27
Foreign Institutional Investors	1,65,867	0.16	18,43,382	1.81
Hindu Undivided Family HUF	1,40,213	0.14	1,71,810	0.17
Indian Financial Institutions	23,155	0.02	14,417	0.01
Bodies Corporates	15,64,145	1.54	10,33,953	1.02
Mutual Funds	10,70,968	1.05	18,23,095	1.80
NBFC	4,026	0.00	75,104	0.07
Non Resident Indians	1,33,106	0.13	32,704	0.03
Non Resident Indian Non repatriation basis	70,532	0.07	3,138	0.00
Promoters - Bodies Corporate	9,12,90,392	89.77	9,12,90,386	89.77
Promoters - Individuals	-	-	6	0.00
Resident Individuals	37,37,776	3.70	28,58,533	2.81
Trusts	1,702	0.00	28,965	0.03
Total	**10,16,90,392**	**100.00**	**10,16,90,392**	**100.00**

b) Dematerialization of Shares:

The Company has dematerialized its Equity Shares with NSDL and CDSL and the Company's ISIN is INE010V01017. The share transfers of dematerialized shares can be made through your Depository Participant.

As on March 31, 2017, the number of shares held in dematerialized and physical mode is as under:

Particulars	Number of shares	% of total capital issued
Held in Dematerialized form in NSDL	26,02,547	2.56
Held in Dematerialized form in CDSL	9,90,86,218	97.44
Physical	1,627	0.00
Total	**10,16,90,392**	**100.00**



Members are requested to convert their physical holdings into electronic holdings which will negate risks associated with physical certificates.

Members holding shares in dematerialized form are requested to intimate all changes viz. pertaining to change of address, change in e-mail id, bank details etc. to their Depository Participants whilst those holding shares in physical form are requested to intimate such changes to the Company's RTA.

c) Address for Correspondence:

Address of the Registrar and Share Transfer Agent (RTA)	Karvy Computershare Private Limited Unit: L&T Technology Services Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com
Address of the Compliance Officer	Kapil Bhalla 5th Floor, West Block-II L&T Knowledge City (IT/ITES) SEZ N.H. No. 8, Ajwa Waghodia Crossing Vadodara 390 019 Tel: (91 265) 670 5000 Fax: (91 265) 670 5955 E-mail: investor@LntTechservices.com

Global Locations:

The Company has a network of offices all around the globe. The sales offices and delivery centers of the Company are located in Canada, USA, UAE, South Korea, Japan, Singapore, UK, Sweden, Poland, Norway, Netherlands, Italy, Germany, France, Finland, Denmark and Belgium.

India Locations:

The Company has delivery centers located at Mumbai, Vadodara, Chennai, Mysore, Bangalore and Hyderabad.

The registered office is located at L&T House, Ballard Estate, N. M. Marg, Mumbai- 400001 and the Corporate office is located at 5th Floor, West Block-II, L&T Knowledge City (IT/ITES) SEZ, N.H. No. 8, Ajwa-Waghodia Crossing, Vadodara 390 019.

d) Shareholder Grievances:

The Company has designated an e-mail id viz. investor@LntTechservices.com to enable shareholders to contact in case of any queries/ complaints. The Company strives to resolve any complaint within 7 working days.

Securities Dealing Code

Pursuant to Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 (SEBI Insider Trading Regulations), the Company has adopted the Securities Dealing Code with effect from September 22, 2016. The code lays down guidelines to the identified employees and create the necessary framework for transacting in the Company's securities, seeking prior clearance for transactions wherever necessary, and a mechanism for periodical reporting of transactions .The objective of the Code is to prevent purchase and/or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons (Directors, Advisors, Officers and other concerned employees/persons) are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and designated employees who buy and sell shares of the

Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Mr. Kapil Bhalla, Company Secretary has been designated as the Compliance Officer. The Company also formulated Code of Practices and Procedures for Fair Disclosure of Unpublished Price Sensitive Information which is available on Company's Website www.lnttechservices.com

Awareness sessions/workshops on Governance practices:

Employees across the Company are being sensitized about the various policies and governance practices of the Company. The Company has in-house training workshops on Corporate Governance with the help of an external faculty covering basics of Corporate Governance as well as internal policies and compliances under Code of Conduct, Whistle Blower Policy, Sexual Harassment of Women at Workplace (Prevention, Prohibition & Redressal) Act, 2013, SEBI Insider Trading Regulations, etc.

Secretarial Audit as per SEBI requirements:

As stipulated by SEBI, a Qualified Practicing Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited (NSDL) and Central Depository Services (India) Limited (CDSL) of the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total Listed and Paid-up capital is in agreement with the aggregate of the total number of shares in dematerialized form and in physical form. Appropriate actions are taken to continuously improve the quality of compliance.

Secretarial Audit as per Companies Act, 2013:

Pursuant to the provisions of section 204(1) of the Companies Act, 2013, Naina Desai, Practicing Company Secretary, conducts the secretarial audit of the compliance of applicable statutory provisions and the adherence of good corporate practices by the Company.

CEO/CFO CERTIFICATE

To the Board of Directors of L&T Technology Services Limited

Dear Sirs,

Sub: CEO/CFO Certificate

(Issued in accordance with provisions of Regulation 17(8) of SEBI (Listing Obligation & Disclosure Requirement), Regulations, 2015

We have reviewed the consolidated financial statements, read with the consolidated cash flow statement of L&T Technology Services Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that;

(a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that may be misleading;

(ii) these statements present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

(b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the year which are fraudulent, illegal or in violation of the Company's code of conduct.

(c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

(d) We have indicated to the Auditors and the Audit Committee:

(i) that there were no significant changes in internal controls over financial reporting during the year; and

(ii) that there were no significant changes in accounting policies made during the year; and

(ii) that there were no instances of significant fraud of which we have become aware.

Yours Sincerely,

P. Ramakrishnan	**Dr. Keshab Panda**
Chief Financial Officer	CEO & Managing Director

Place : Mumbai
Date: May 3, 2017

INDEPENDENT AUDITORS' CERTIFICATE ON CORPORATE GOVERNANCE

To the members of L&T Technology Services Limited

1. We have examined the compliance of conditions of corporate governance by L&T Technology Services Limited ('the Company') for the year ended on 31 March 2017, as stipulated in regulation 17 to 27 and clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of schedule V of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 ('SEBI Listing Regulations').

Management's responsibility

2. The compliance of conditions of corporate governance is the responsibility of management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure compliance with the conditions of corporate governance stipulated in the SEBI Listing Regulations.

Auditors' responsibility

3. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring the compliance of the conditions of corporate governance. It is neither audit nor expression of opinion on the financial statements of the Company.

4. We have examined the books of accounts and other relevant records and documents maintained by the Company for the purpose of providing reasonable assurance on the compliance with corporate governance requirements by the Company.

5. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of Chartered Accountants of India ('the ICAI'), the Standards on Auditing specified under section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purpose issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.

6. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

7. Based on our examination of the relevant records and according to the information and explanation provided to us and representations provided by management, we certify that the Company has complied with the conditions of corporate governance as specified in regulation 17 to 27, clause (b) to (i) of regulation 46(2) and paragraphs C, D and E of schedule V of the SEBI Listing Regulations, as applicable during the year ended 31 March 2017.

8. We state that such compliance is neither an assurance as to future viability of the company nor the efficiency or effectiveness with which the management has conducted the affairs of the Company.

Restriction on use

9. The certificate is issued solely for the purpose of complying with the aforesaid SEBI Listing Regulations and may not be suitable for any other purpose.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Mumbai, May 3, 2017

ANNEXURE-D

A) Ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year 2016-17, the percentage increase in remuneration of each Director & Key Managerial Personnel (KMP) during the financial year 2016-17:

(₹ million)

Name of the Director/ KMP	2016-2017			
	Designation	Total Remuneration	Ratio of Remuneration of Director to the median remuneration[1]	Percentage increase in Remuneration
Mr. A. M. Naik	Non-Executive Chairman	NIL	NA	NA
Mr. S. N. Subrahmanyan	Non-Executive Vice Chairman	NIL	NA	NA
Dr. Keshab Panda	CEO & Managing Director	72.94	92.97	26.01
Mr. Amit Chadha	President- Sales & Business Development and Whole-Time Director	43.34	55.24	23.03
Mr. Samir T Desai	Independent Director	4.58	5.84	124.87
Ms. Renuka Ramnath	Independent Director	1.38	1.75	78.86
Mr. Arjun Gupta	Independent Director	3.54	4.52	#
Mr. Sudip Banerjee	Independent Director	1.76	2.23	##
Mr. Narayanan Kumar	Independent Director	1.63	2.07	###
Mr. Kumar Prabhas	Chief Operating Officer and Whole Time Director	18.94	24.14	@
Mr. V. K. Magapu	Non-Executive Director	NIL	NA	NA@@
Mr. P. Ramakrishnan	Chief Financial Officer	7.99	10.19	$
Mr. Kapil Bhalla	Company Secretary	3.14	4.01	$$

1 Ratio of remuneration of director to the median remuneration calculated on pro ratio basis for those directors who served for only a part of the financial year 2016-17

Details Not given as Mr. Arjun Gupta was a director for only part of the financial year 2015-2016 i.e. w.e.f. October 28, 2015

Details Not given as Mr. Sudip Banerjee was a director for only part of the financial year 2015-2016 i.e. w.e.f. January 21, 2016

Details Not given as Mr. Narayanan Kumar was a director for only part of the financial year 2016-2017 i.e. w.e.f. July 15, 2016

@ Details Not given as Mr. Kumar Prabhas was a director for only part of the financial year 2016-2017 i.e. up to January 21, 2017

@@ Mr. V. K. Magapu resigned as Non-Executive Director w.e.f. July 15, 2016

$ Details Not given as Mr. P. Ramakrishnan, Chief Financial Officer, was appointed w.e.f. January 21, 2016

$$ Details Not given as Mr. Kapil Bhalla, Company Secretary, was appointed w.e.f. April 27, 2016

B) Percentage increase in the median remuneration of all employees in the financial year 2016-17:

The median remuneration of employees of the Company during the financial year was ₹ 7,84,584. In the financial year, there was an increase of 7.42 % in the median remuneration of employees;

C) Number of permanent employees on the rolls of Company as on March 31, 2017:

There were 10,370 permanent employees on the rolls of Company as on March 31, 2017;

D) Average percentile increase already made in the salaries of the employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in managerial remuneration:

Average percentage increase made in the salaries of employees other than the managerial personnel for the year 2016-17 was 6.37% whereas the increase in the managerial remuneration was by 49.17 % because a substantial portion of managerial remuneration is linked to Company performance during the financial year 2016-17. As stated above, the Profit after Tax for the year 2016-17 increased by 2.91% directly impacting the variable component of managerial remuneration.

E) Affirmation that the remuneration is as per the remuneration policy of the Company:

It is hereby affirmed that the remuneration paid is as per the remuneration policy for Directors, Key Managerial Personnel and other Employees.

ANNEXURE-E

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L&T TECHNOLOGY SERVICES LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T TECHNOLOGY SERVICES LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), *as applicable*:-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015**;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014**;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws that are applicable to the Company, **viz**.-

- **The Information Technology Act, 2000**
- **The Special Economic Zone Act, 2005**
- **Policy relating to Software Technology Parks of India and its regulations.**
- **The Indian Copyright Act,1957**
- **The Patents Act, 1970**
- **The Trade Marks Act, 1999**
- **Indian Telegraph Act.**
- **Telecom Regulatory Authority of India (TRAI)/ Department of Telecommunication (DOT) Guidelines.**
- **Other Service Provider Guidelines (Governed by DOT)**

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015** and the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable as follows:-

- **The Equity Shares of the Company were listed on September 23, 2016 on BSE Limited and the National Stock Exchange of India Limited**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, **I was informed** that there are adequate systems and processes in the company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions have taken place having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc.:-

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.-

- **Issue of 2,66,90,392 Equity Shares of ₹ 2/- each at a premium of ₹ 279 per share to the shareholders on Rights basis.**

- **Reclassification of Authorised Share Capital of the Company of ₹ 1050,00,00,000/- (Rupees One Thousand Fifty Crores only) consisting of 150,00,00,000 (One Hundred and Fifty Crore) equity shares of face value of ₹ 2/- each and 75,00,00,000 Preference Shares of ₹ 10/- each into 525,00,00,000 (Five Hundred and Twenty-five Crore) equity shares of face value of ₹ 2/- each,**

- **On September 21, 2016, pursuant to Initial Public Offer of Equity Shares of the Company face value of ₹ 2/- each, by way of Offer for Sale of ₹ 1,04,00,000 Equity Shares by Larsen & Toubro Limited, the Promoter of the Company at an Offer price of ₹ 860/- per equity share were transferred to the respective applicants in various categories, in terms of the basis of allotment approved in consultation with the authorized representatives of the National Stock Exchange of India Limited, the designated Stock Exchange.**

(ii) Redemption / buy-back of securities -
Redemption of 75,00,00,000, 10% Non- Convertible Redeemable Preference Shares of ₹10/- each, in five tranches of 15,00,00,000 Preference Shares each, on May 16, 2016, May 17, 2016, May 18, 2016, May 19, 2016 and May 20, 2016, respectively out of proceeds of fresh issue of 2,66,90,392 Equity Shares of ₹ 2/- each at a premium of ₹ 279 per share ranking pari passu with the existing Equity Shares, to Larsen & Toubro Limited on Right basis.

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 – **NIL**

(iv) Merger / amalgamation / reconstruction, etc. –
Approval by the High Court Order dated April 1, 2016, for the reduction in face value of the Equity Shares of the Company from ₹ 40 per Equity share, (fully paid-up) to ₹ 2 per Equity Share, (fully paid up)

(v) Foreign technical collaborations – **NIL**

(vi) Other Events - **NIL**

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 13, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
L&T TECHNOLOGY SERVICES LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 13, 2017

ANNEXURE-F

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	**CIN**	U72900MH2012PLC232169
ii)	**Registration Date**	June 14,2012
iii)	**Name of the Company**	L&T Technology Services Limited
iv)	**Category**	Public Limited Company
v)	**Sub-Category of the Company**	Company Limited by Shares
vi)	**Address of the Registered office and contact details**	L&T House, N. M. Marg, Ballard Estate, Mumbai-400001 Mr. Kapil Bhalla- 0265-6705975
vii)	**Whether listed company**	Listed
viii)	**Name, Address and Contact details of Registrar and Transfer Agent, if any**	Karvy Computershare Private Limited Karvy Selenium Tower B Plot 31-32, Gachibowli Financial District, Nanakramguda Hyderabad 500 032 Tel: (91 40) 6716 2222 Fax: (91 40) 2343 1551 Email: einward.ris@karvy.com Website: https://karisma.karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	To Provide a range of Engineering Services and related technologies in the areas of Embedded Systems,Mechanical etc and to act as a services provider to companies in India and abroad	711	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/ SUBSIDIARY /ASSOCIATE	% of Shares held	Applicable Section
1	Larsen & Toubro Limited L&T House, N. M. Marg, Ballard Estate, Mumbai - 400001	L99999MH1946PLC004768	Holding Company	89.77	2(46)
2	L&T Thales Technology Services Private Limited RR V Tower,7th Floor,33a, Developed Plots, Sidco Industrial Estate, Guindy, Chennai-600032	U72200TN2006PTC059421	Subsidiary Company	74	2(87)
3	L&T Technology Services LLC 2035, Lincoln Highway, Suite#3002, Edison Square West, Edison,NJ-08817	Not Applicable	Subsidiary Company	100	2(87)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF		0	0	0	0	0	0	0	
b) Central Govt		0	0	0	0	0	0	0	
c) State Govt (s)		0	0	0	0	0	0	0	
d) Bodies Corp.		75,000,000	75,000,000	100	91,290,392	0	91,290,392	89.77	10.23
e) Banks / FI		0	0	0	0	0	0	0	
f) Any Other….		0	0	0	0	0	0	0	
Sub-total (A) (1):-		**75,000,000**	**75,000,000**	**100**	**91,290,392**		**91,290,392**	**89.77**	**10.23**
(2) Foreign									
a) NRIs -Individuals		0	0	0	0	0	0	0	
b) Other –Individuals		0	0	0	0	0	0	0	
c) Bodies Corp.		0	0	0	0	0	0	0	
d) Banks / FI		0	0	0	0	0	0	0	
e) Any Other….		0	0	0	0	0	0	0	
Sub-total (A) (2):-		**0**	**0**	**0**	**0**	**0**	**0**	**0**	
Total shareholding of Promoter									
(A) =(A)(1)+(A)(2)		**75,000,000**	**75,000,000**	**100**	**91,290,392**		**91,290,392**	**89.77**	**10.23**
B Public Shareholding									
1. Institutions									
a) Mutual Funds	0	0	0	0	1,070,968	0	1,070,968	1.05	
b) Banks / FI	0	0	0	0	26,507	0	26,507	0.03	
c) Central Govt	0	0	0	0	0	0	0	0.00	
d) State Govt(s)	0	0	0	0	0	0	0	0.00	
e) Venture Capital Funds	0	0	0	0	0	0	0	0.00	
f) Insurance Companies	0	0	0	0	0	0	0	0.00	
g) FIIs	0	0	0	0	165,867	0	165,867	0.16	
h) Foreign Venture Capital Funds	0	0	0	0	0	0	0	0.00	
Sub-total (B)(1):-	**0**	**0**	**0**	**0**	**1,263,342**	**0**	**1,263,342**	**1.24**	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	0	0	0	0	1,564,145	0	1,564,145	1.54	
ii) Overseas	0	0	0	0	0	0	0	0.00	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	3,876,362	1,627	3,877,989	3.81	
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0.00	
c) Others (specify)									
Foreign Portfolio Investors	0	0	0	0	3,431,017	0	3,431,017	3.37	
Non Resident Indians	0	0	0	0	133,106	0	133,106	0.13	
Non Resident Indian Non Repatriable	0	0	0	0	70,532	0	70,532	0.07	
Clearing Members	0	0	0	0	54,141	0	54,141	0.05	
NBFC	0	0	0	0	4,026	0	4,026	0.00	
Trust	0	0	0	0	1,702	0	1,702	0.00	
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**9,135,031**	**1,627**	**9,136,658**	**8.98**	
Total Public Shareholding (B)=(B)(1) + (B)(2)	**0**	**0**	**0**	**0**	**10,398,373**	**1,627**	**10,400,000**	**10.23**	
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	
Grand Total (A+B+C)		**75,000,000**	**75,000,000**	**100**	**101,688,765**	**1627**	**101,690,392**	**100.00**	

ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the Year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	75,000,000	100	0	91,290,392	**89.77	0	10.23
	Total	**75,000,000**	**100**	**0**	**91,290,392**	**89.77**	**0**	**10.23**

**The Promoter through an Initial Public offer (IPO) had offered 10.23% of its stake in the Company to the public. Post the IPO, the Promoter holds 89.77% stake in the Company.

iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Shareholding at the end of the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	75,000,000	100.00	Equity- 75,000,000	100.00
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	26,690,392* 10,400,000#		101,690,392 91,290,392	100.00 89.77
	At the End of the year	91,290,392	89.77	91,290,392	89.77

***Increase by way of Rights Issue of shares.**

26,690,392 Equity Shares were allotted by our Company to our Promoter on June 3, 2016 by way of rights issue pursuant to a resolution passed by the Board at its meeting held on April 26, 2016. Consequently the promoter shareholding increased to 101,690,392.

Redemption of Preference shares.

750,000,000 Preference Shares were redeemed in five tranches of 150,000,000 Preference Shares each, on May 16, 2016, May 17, 2016, May 18, 2016, May 19, 2016 and May 20, 2016, respectively, for an aggregate amount of ₹ 7,500 million.

#Decrease by way of Offer for Sale.

During the year the Company came out with an IPO, wherein the Promoter of the Company offered 10.23% of its stake comprising of 10,400,000 Equity shares of ₹ 2 each to the public at a price of ₹ 860 per share. Consequently the shareholding of the Promoter in the Company decreased to 89.77% comprising of 91,290,392 equity shares of FV ₹ 2 each with effect from September 23, 2016 i.e the date of listing of shares on the stock exchanges.

iv) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	At the beginning of the year	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	NIL	NIL	16	0
	Date wise increase / decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	NIL	NIL	16	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ million)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	674.80	451.52	-	1,126.33
ii) Interest due but not paid				-
iii) Interest accrued but not due	0.48	-	-	0.48
Total (i+ii+iii)	**675.28**	**451.52**		**1,126.81**
Changes In Indebtness during the financial year				
Addition	-	-	-	-
Reduction	675.28	451.52	-	1,126.81
Net Change	**(675.28)**	**(451.52)**	**-**	**(1,126.81)**
Indebtness at the end of financial year				
i) Principle Amount	-	-	-	-
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total(i+ii+iii)	**-**	**-**	**-**	**-**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹ million)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager			Total Amount
		Dr. Keshab Panda	Mr. Amit Chadha	Mr. Kumar Prabhas	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	63.94	43.34	18.71	125.99
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	-	-	0.23	0.23
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity				
	Commission				
	- as % of profit	9.00	-	-	9.00
	- others, specify				
5	Others, please specify				
	Total (A)	**72.94**	**43.34**	**18.94**	**135.22**
	Ceiling as per the Act				**616.84**

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Director							Total Amount
		Mr. Samir Desai	Ms. Renuka Ramnath	Mr. Arjun Gupta	Mr. Sudip Banerjee	Mr. Narayanan Kumar	Mr A. M. Naik	Mr S. N. Subrahmanyan	
1	Independent Directors								
	• Fee for attending board / committee meetings	0.35	0.28	0.32	0.33	0.28	-	-	1.55
	• Commission	4.23	1.10	3.22	1.43	1.35	-	-	11.33
	• Others, please specify								
	Total (1)	**4.58**	**1.38**	**3.54**	**1.76**	**1.63**	**-**	**-**	**12.88**
2	Other Non-Executive Directors								
	• Fee for attending board / committee meetings								
	• Commission	-	-	-	-	-	-	-	-
	• Others, please specify	-	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
	Total (B)=(1+2)	**4.58**	**1.38**	**3.54**	**1.76**	**1.63**	**-**	**-**	**12.88**
	Total Managerial Remuneration (A + B)								**148.10**
	Overall ceiling as per the Act								**678.52**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD:

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		CS	CFO	Total
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2.95	7.70	10.45
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	0.20	0.29	0.49
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		-	-
2	Stock Option		**-**	**-**
3	Sweat Equity			
4	Commission			
	- as % of profit			
	- others, specify			
5	Others, please specify			
	Total	**3.15**	**7.99**	**10.94**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

ANNEXURE-G

DIVIDEND DISTRIBUTION POLICY

Introduction

As per Regulation 43A of the Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015, prescribed Listed Companies are required to frame a Dividend Distribution Policy.

Purpose

The purpose of this Policy is to regulate the process of dividend declaration and its pay-out by the Company which would ensure a regular dividend income for the shareholders and long term capital appreciation for all stakeholders of the Company.

Authority

This Policy has been adopted by the Board of Directors of L&T Technology Services Limited ('the Company') at its Meeting held on May 3, 2017. The Policy shall also be displayed in the annual reports and also on the website of the Company.

Forms of Dividend

The Companies Act provides for two forms of Dividend:

Final Dividend

The final dividend is paid once for the financial year after the annual accounts are prepared. The Board of Directors of the Company has the power to recommend the payment of final dividend to the shareholders for their approval at the general meeting of the Company. The declaration of final dividend shall be included in the ordinary business items that are required to be transacted at the Annual General Meeting.

Interim Dividend

This form of dividend can be declared by the Board of Directors one or more times in a financial year as may be deemed fit by it. The Board of Directors shall have the absolute power to declare interim dividend during the financial year, as and when they consider it fit, in line with this policy. The Board should consider declaring an interim dividend after finalization of quarterly/ half yearly financial results.

Quantum of dividend and distribution

Dividend payout in a particular year shall be determined after considering the operating and financial performance of the Company and the cash requirement for financing the Company's future growth. In line with the past practice, the payout ratio is expected to grow in accordance with the profitable growth of the Company under normal circumstances.

Declaration of dividend

Dividend shall be declared or paid only out of-

1) Current financial year's profit:
   a) after providing for depreciation in accordance with law;
   b) after transferring to reserves such amount as may be prescribed or as may be otherwise considered appropriate by the Board at its discretion
   c) after appropriating any other item as mandated by prescribed accounting standards

2) The profits for any previous financial year(s) after providing for depreciation in accordance with law and remaining undistributed; or

3) Out of 1) & 2) both.

   The circumstances under which shareholders may not expect dividend/or when the dividend could not be declared by the Company shall include, but are not limited to, the following:

   A. Due to operation of any other law in force;
   B. Due to losses incurred by the Company and the Board considers it appropriate not to declare dividend for any particular year;
   C. Due to any restrictions and covenants contained in any agreement as may be entered with the Lenders and
   D. Because of any default on part of the company.

Factors affecting Dividend declaration

The Dividend pay-out decision of any company, depends upon certain external and internal factors-

External Factors:

- Legal/ Statutory Provisions: The Board should keep in mind the restrictions imposed by Companies Act, any other applicable laws with regard to declaration and distribution of dividend. Further, any restrictions on payment of dividend by virtue of any regulation as may be applicable to the Company may also impact the declaration of dividend.

- State of Business Environment: The Board will endeavor to retain larger part of profits to build up reserves to absorb future shocks in case of uncertain or recessionary economic conditions.

- Nature of Industry: The nature of industry in which a company is operating, influences the dividend decision, like stability of earnings will influence stable dividend.

- Taxation Policy: The tax policy of a country also influences the dividend policy of a company. The rate of tax directly influences the amount of profits available to the company for declaring dividends.

- Capital Markets: In case of unfavorable market conditions, the Board may resort to a conservative dividend pay-out in order to conserve cash outflows and reduce the cost of raising funds through alternate resources.

Internal Factors:

- Apart from the various external factors, the Board shall take into account various internal factors including the financial parameters while declaring dividend, which inter alia will include -

- Magnitude and Stability of Earnings: The extent of stability and magnitude of the company's earnings will directly influence the dividend declaration. Thus, the dividend is directly linked with the availability of the earnings (including accumulated earnings) with the company.

- Liquidity Position: A company's liquidity position also determines the level of dividend. If a company does not have sufficient cash resources to make dividend payment, then it may reduce the amount of dividend pay-out.

- Future Requirements: If a company foresees some profitable investment opportunities in near future including but not limited to Brand/ Business Acquisitions, Expansion of existing businesses, Additional investments in subsidiaries/associates of the Company, Fresh investments into external businesses, then it may go for lower dividend and vice-versa.

- Leverage profile and liabilities of the Company.

- Any other factor as deemed fit by the Board.

Retained Earnings

The portion of profits not distributed among the shareholders but retained and used in business are termed as retained earnings. It is also referred to as ploughing back of profit. The Company should ensure to strike the right balance between the quantum of dividend paid and amount of profits retained in the business for various purposes. These earnings may be utilized for internal financing of its various projects and for fixed as well as working capital. Thus the retained earnings shall be utilized for carrying out the main objectives of the Company and maintaining adequate liquidity levels.

Parameters that shall be adopted with regard to various classes of shares

The Company does not have different classes of shares and follows the 'one share on vote' principle.

Review & Amendment

The Policy shall be reviewed as and when required to ensure that it meets the objectives of the relevant legislation and remains effective. The Board has the right to change/amend the policy as may be expedient taking into account the law for the time being in force.

MANAGEMENT DISCUSSION AND ANALYSIS

I. Company Overview:

L&T Technology Services Limited (LTTS) is a leading global pure-play ER&D services company. We offer design and development solutions throughout the product development chain and provide services and solutions in the areas of mechanical and manufacturing engineering, embedded systems, engineering analytics and process engineering.

A well-defined Digital Engineering strategy helps us deliver differentiated solutions for building Smart Products, Smart Manufacturing and enabling Smart Services. As part of this strategy, we have developed IP led solutions like our IoT platform UBIQWeise™ and smart building framework i-BEMS that has been launched in the global market.

Our key differentiators are our domain expertise and multi-vertical presence in industry segments like Transportation, Industrial Products, Telecom & Hitech, Process Engineering and Medical Devices. We have been recognized as an Expansive and Established player in Zinnov Zones 2016 Product Engineering Services and in the Leadership Zone across 10 major industries due our best in class solutions, capabilities and offerings that combine digital technology with an innovation led orientation.

2014

6

VERTICALS RATED IN LEADERSHIP ZONE

- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Pruducts

2015

8

VERTICALS RATED IN LEADERSHIP ZONE

- Aerospace
- Medical Devices
- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Pruducts

2016

10

VERTICALS RATED IN LEADERSHIP ZONE

- Consumer Electronics
- Semiconductor
- Aerospace
- Medical Devices
- Telecommunication
- Energy
- Construction & Heavy Machinery
- Automotive
- Transport
- Industrial Pruducts

Source: Zinnov Zones

LTTS services more than 50 Fortune 500 companies and over 40 of the world's top ER&D spenders. We are well poised to meet future requirements of our customers by investing in new industry segments and state of the art innovation labs, adopting new technology initiatives, expanding into new geographies, and establishing alliances and partnerships.

Our 10,000 + highly-skilled personnel across 12 delivery centres and 27 sales offices globally enable our clients to achieve a sustainable competitive advantage. We have 34 innovation labs spread across key delivery centres in India.

II. Economic and Industry Overview:

This sections sets out the economic and political outlook globally:

Global Economic & Political Environment:

The victory of Donald Trump in the US presidential election and the UK decision to exit the European Union (Brexit) dominated headlines in 2016. These two events will continue to have an influence on growth strategies in 2017 and beyond. Potential policy changes affecting market access could drive cross-border deals as companies look to protect and sustain their globalized operations. Buying innovation will also be a major theme of 2017, as disruptive start-ups challenge existing business models.

Risks to companies' core business models remain, but with a slightly different complexion. Concerns about rising nationalism have transformed into uncertainty about policy, especially immigration. Previous fears about a slowdown in global trade have translated into uncertainties about new barriers being raised. Government intervention and policies — from diplomacy, trade to the movement of labour — now collectively top the macroeconomic concerns of global executives. Leading companies are more carefully accessing geopolitical risks and seeking expert advice to navigate these issues.

Indian Economic & Political Environment:

The Economic Survey 2015-16 had forecasted that the Indian economy will growing by more than seven per cent for the third successive year 2016-17 and can start growing at eight per cent or more in next two years. According to Fitch Ratings Agency, India's Gross Domestic Product (GDP) was likely to grow by 7.7 per cent in FY 2016-17 and slowly accelerate to 8 per cent by FY 2018-19, driven by the gradual implementation of structural reforms, higher disposable income and improvement in economic activity.

Impact of Recent Rupee Appreciation:

All emerging currencies have seen significant volatility against the US Dollar on account of changing political and economic scenario across the globe. For Indian third party service providers in ER&D segment, any appreciation in Rupee will cause a dip in margins on a sequential basis. Short-term rupee appreciation will not have big impact considering the hedging strategies of companies. However, in case the Indian rupee appreciation continues for a long time, companies may have to offset the margin impact by tighter control on cost, execution and delivery-efficiency measures, etc. towards sustainable growth.

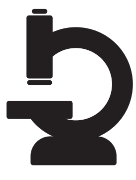
India Shining in the Global ER&D Space:

According to Zinnov, corporations spent a total of USD 1,062 billion on research and development and engineering activities such as product and process development, manufacturing engineering and other allied engineering in 2016. Of this amount, the 500 biggest corporate spenders in ER&D globally (the "G500 ER&D spend") contributed USD 621 billion or nearly 58%.

With respect to the total ER&D offshoring market for product engineering services as addressed by offshore third-party service providers and global in-house centres (the "Global Addressed Market"), the overall revenue was USD 85 billion in 2016, of which offshore in-house R&D centres and third-party service providers contributed USD 34 billion and USD 51 billion, respectively. The total R&D offshoring market revenue generated by both India-based third-party service providers and India-based in-house centres to global clients in 2016 was USD 22.3 billion. Of this, the third-party service providers and in-house ER&D centres contributed USD 8.9 billion and USD 13.4 billion of revenue in 2016, respectively.

"Strong sales in emerging markets are leading to a requirement of products that are tailored to the needs of customers, thereby driving engineering towards these markets. Increased product complexity is translating into a greater need for engineering work that needs to be done. Also, the war for talent, especially engineering talent, is real in many mature markets, and this bottleneck has opened up opportunities for players with a strong, well-qualified talent pipeline. All of these trends catalyzed the ER&D industry in India," comments Dr Wilfried Aulbur, Partner, Roland Berger Strategy Consultants GmbH.

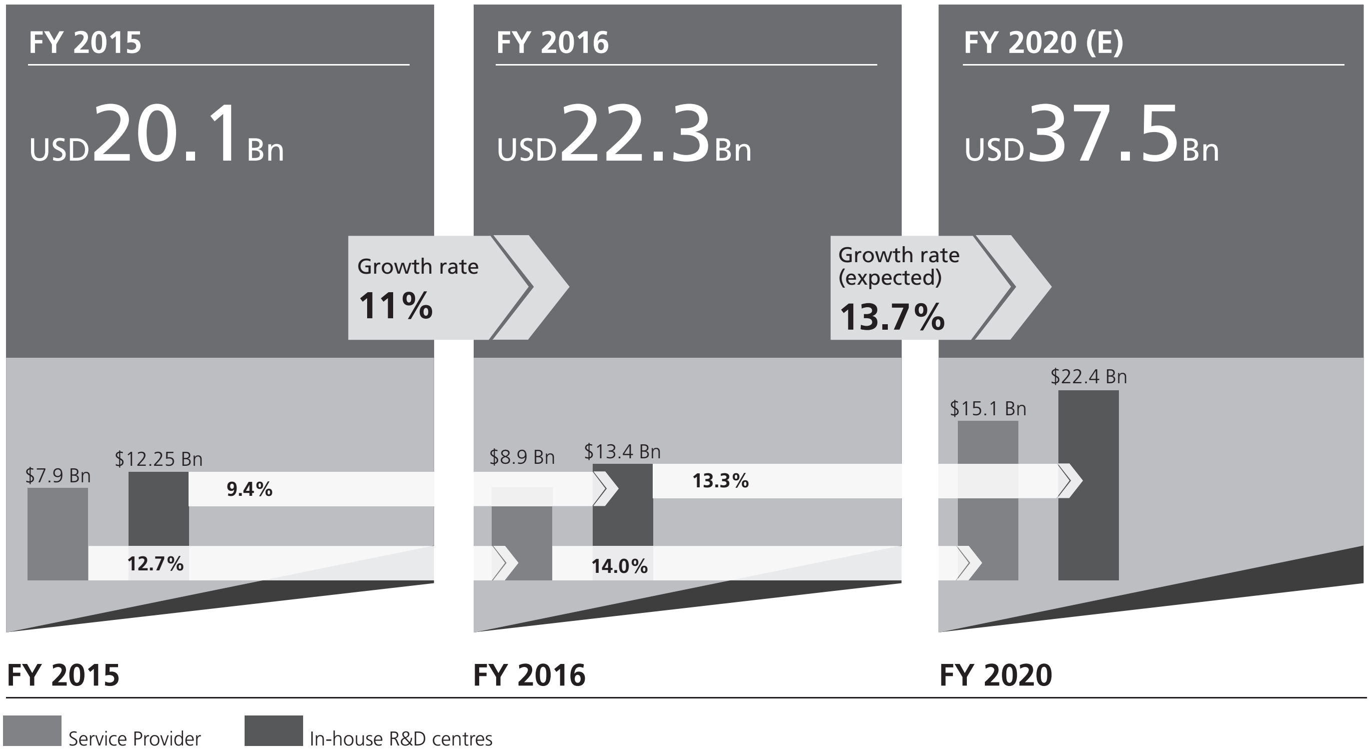
India's ER&D services sector has indeed been on a growth path over the past five years. The market, which is expected to reach USD 35-40 billion by 2020, is creating deep impact in verticals such as automotive, avionics, construction and heavy engineering and telecom.



34 Spread across key delivery centres in India.

Innovation Labs

Engineering Services Growth Rate (In USD Billions)



III. Key differentiators for LTTS operations:

This section lists the key differentiators that our management believes will enable LTTS to continue to be a global leader in ER&D segment:

Account Mining and Farming: As a part of our sales strategy, we decided to focus on top 30 customers, which contribute 65% of our revenues. This strategy has been christened as T-30. Under this strategy, as a client relationship matures and deepens, we seek to maximise our revenues and profitability by expanding the scope of services offered to that client with the objective of winning more business from our clients, particularly in relation to our more substantive and value-added services.

Transformation Initiatives: We have initiated few transformational projects to further strengthen our processes, systems and global delivery models to achieve operational excellence. Identifying Account Delivery Managers (ADMs) and Account Relationship Managers (ARMs) to ensure account level leadership, setting up onshore, nearshore strategic and client-led centres in geographies like Poland, Western Europe(Auto), EU & US(CPG & Chemicals), building processes, governance models and leadership development plans are few initiatives of the transformation project.

Investment in Technologies & Innovation Engine: We are focused on driving innovation and adopting solutions in line with technological trends. Our culture of innovation since our establishment has enabled us to expand the range of our offerings to customers and improve the delivery of our solutions and products. We have initiated Proofs of Concepts ("POCs"), which demonstrate the viability of a design concept and we have also set up labs and developed new centres of excellence, where we have invested in new technologies such as engineering analytics, power electronics, IoT and M2M, which has allowed us to capitalise on key growth areas and trends.

Patents: Over the years, sustained investment in R&D has led to the creation of several unique engineering solutions, which we have patented . As of March 31, 2017, we have contributed to 197 customer owned patents and 57 filed exclusively by LTTS. Our patents cover many aspects of our products as well as the processes for making those products and are focused on developing mature solutions such as UbiqWeise™, i-BEMS in emerging technology areas.

Technology Events: We promote annual technology events such as Tech Panorama, which is an initiative by our Technology Solutions and Innovation Centre team which serves as a platform for our employees to participate in technical events and forums to showcase their skill and demonstrate their ideas. Also our open-innovation initiative, TECHgium™ - co-sponsored by our customers, provides a platform for the nation's talented engineering graduates to solve real-world engineering problems and also get due recognition for it. Students are given an opportunity to use their futuristic ideas to come up with creative solutions.

Awards & Recognition: L&T Technology Services was recognized as the Company of the Year by the Indo American Chamber of Commerce (IACC) in 2016. The IACC also awarded the company as the Best Green Office Space of the year for its eco-friendly campuses. In March 2017, L&T Technology Services was conferred with the Golden Peacock National Quality Award, 2017, as a recognition of the company's consistent focus in enabling new technologies for global businesses. We have also won the Dataquest Vertical Warrior Award in IT/ ITeS for innovative use of digital technology earlier in 2017.

Our delivery centres are ISO 9001:2008-certified. Our Aerospace & Medical Devices practices are AS 9100C and ISO 13485:2003 certified. Also our Embedded Systems & Software activities are assessed at Maturity Level 5 of SEI's CMMi® Development.

Partnerships and Alliances: Our Recent global alliances include a Digital Engineering Transformation partnership with Microsoft Corporation to deliver Microsoft Azure Engineering Solutions for global enterprises across industries. This strategic partnership enables enterprises around the world to leverage our cutting-edge IP-led Digital Engineering solutions hosted on Microsoft's Azure enterprise cloud-first, mobile-first infrastructure.

We have also partnered with UTC Climate, Controls & Security and Otis, units of United Technologies Corp. to create an innovation laboratory focused on integrated buildings, smart homes and cold chain technologies. Other notable alliances and partnerships include AUTOSAR, Tele2, National Instruments, Sierra Wireless & Thing Worx.

IV. Significant Factors affecting our Results of Operations

This section sets out certain key factors that our management believes have historically affected our results of operations during the year under review, or which could affect our results of operations in the future:

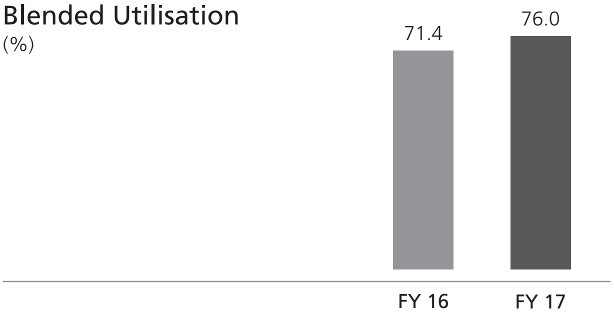
SINCE INCEPTION, WE HAVE FILED FOR 57 PROPRIETARY PATENTS AND HAVE CO-AUTHORED 197 PATENTS WITH OUR CUSTOMERS.

Exchange rate fluctuations: Though our reporting currency is in Rupees, we transact a significant portion of our business in several other currencies. Although we partly benefit from a natural hedge for our foreign currency revenues against our foreign currency expenses, we also have an exposure to foreign exchange rate risk in respect of revenues or expenses entered into in a currency where corresponding expenses or revenues are denominated in different currencies. Such transactions are denominated in currencies such as US Dollar, Euro, Japanese Yen, etc. In addition, the overall competitiveness of the Indian ER&D industry in the global market is also significantly dependent on favourable exchange rates.

Manpower Utilization: Our profitability and the cost of providing our services are affected by the utilization of our employees. We define utilization as total billed hours divided by total available/billable hours.

If we are not able to maintain high employee utilization, our profitability may suffer, arising out of loss or reduction of business from customers. Our ability to forecast demand for our services and thereby maintain an appropriate headcount in each of our geographies and workforces, our overall employee satisfaction and ability to manage attrition also affects our profitable growth.

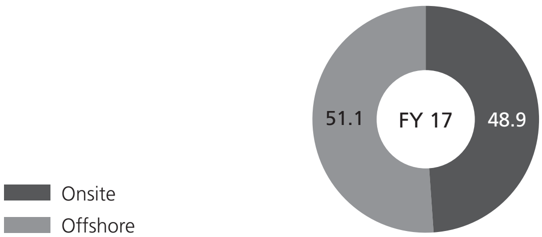
Blended Utilisation
(%)

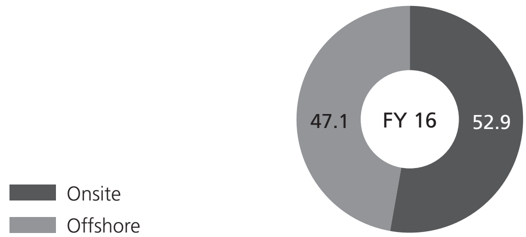


Composition of Revenue portfolio: Our offshore revenues consist of revenues from ER&D services performed at our customers' premises or from our Delivery Centres in India. Our onsite revenues consist of revenues from ER&D services performed at customers' premises or from our Delivery Centres outside India. Our profit margins are typically higher if work is performed offshore as compared to onsite. Accordingly, the mix of ER&D services performed onsite and offshore has an impact on our ability to achieve higher profit margins. The following table shows the proportionate contribution from our onsite and offshore export service revenue on consolidated basis for the periods indicated:

Revenue Mix

(%)

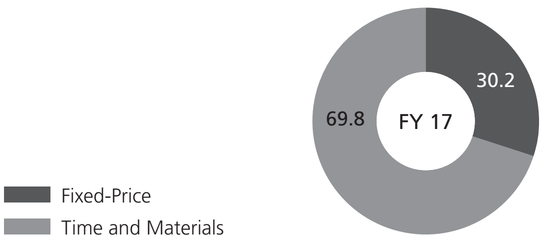


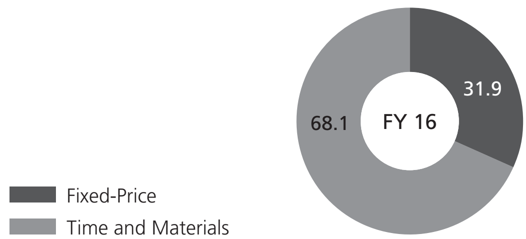


Our revenues are generated principally from services provided on either a time-and- materials or a fixed-price basis. For contracts on a time-and-materials basis, we charge our customers on the basis of the hourly billable rates of our employees. For such contracts, our profits and margins are affected by the utilization rates of our employees (with higher utilization typically driving higher revenues) and the recovery rates of the fees billed to our clients.

Revenue Mix

(%)





V. Financial Conditions Consolidated

Sources of Funds

1. Equity Capital

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Authorised :		
5,250,000,000 equity shares of ₹ 2 each (Previous year 75,000,000 of ₹ 40 each)	10,500	3,000
Issued, subscribed and paid up:		
Preference shares of ₹ 10 each (Previous year 7,50,000,000 of ₹10 each)	-	7,500
101,690,392 equity shares of ₹ 2 each (Previous year 75,000,000 of ₹ 40 each)	203	3,000
	203	**3,000**

Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company.

Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

2. Other Equity

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Equity component of preference share capital	-	7,500
Retained earnings (including OCI)	3,084	57
Hedging reserve	962	119
Securities premium	10,297	-
Foreign currency translation reserve	-	-15
Employee stock options outstanding		
Less: Deferred Compensation	310	-
Reserves & Surplus (excluding minority interest)	**14,653**	**7,661**

During the year, Other equity at the end of March 31, 2017 stood at ₹14,653 million as against ₹7,661 million at the end of at March 31, 2016.

3. Long Term and Short Term Borrowings

(₹ million)

	As at March 31, 2017			As at March 31, 2016		
	Non-current	Current	Total	Non-current	Current	Total
Long-Term Borrowings						
Secured loans	-	-	-	-	-	-
Term loans from bank	-	-	-	-	-	-
Short-Term Borrowings						
Secured loans	-	-	-	-	675	675
Unsecured loans from banks	-	1,019	1,019	-	1,280	1,280
Total Borrowings		**1,019**	**1,019**	**-**	**1,955**	**1,955**

The Company's short-term borrowings stood at ₹1,019 million at March 31, 2017 from ₹1,955 million as at March 31, 2016 on account of net repayment of loans.

4. Current Liabilities

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Trade payables	1,847	2,138
Other financial liabilities	1,822	2,401
Other current liabilities	714	1,010
Short-term provisions	1,271	1,232
Current tax liabilities		31
Total Current Liabilities	**5,654**	**6,812**

Current liabilities consisting of trade payables, other financial liabilities, other current liabilities, short term provisions and current tax liabilities stood at ₹5,654 million as of March 31, 2017 from ₹6,812 million as of March 31, 2016.

5. Property, Plant and Equipment

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Property, plant and equipment	1,190	1,071
Capital work-in-progress	23	143
Goodwill	4,139	4,144
Goodwill on consolidation	76	76
Other intangible assets	733	917
Net Fixed Assets	**6,161**	**6,351**

Additions:

Additions to the gross block in the year ended March 31, 2017 amounted to ₹599 million. The Company has been investing in infrastructure facilities on account of computers, office equipment, expansion of development centres and overseas offices, in line with business growth.

Deductions:

During the year, the company disposed various assets with a gross block of ₹99 million, mainly on vacancy of an office space in Bangalore location in India.

6. Non-current Assets

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Other financial assets	227	250
Other non-current assets	96	112
	323	**362**

The company's non-current assets decreased from ₹362 million as at March 31, 2016 to ₹323 million as at March 31, 2017 primarily on account of decrease in investment in fixed deposit to the extent of ₹23 million.

7 . Deferred Tax Asset (Net)

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Deferred tax asset (Net)	323	1,061

Deferred tax liability or asset is recognised on timing differences between the income accounted in financial statements and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Consequent to the assessment order for financial year 2013-14 where in goodwill was allowed as deductible expenditure in Income Tax, we have readjusted our tax provisions for earlier years considering goodwill as deductible expenditure. Accordingly, we have created deferred tax liability on goodwill which is the major reason for the reduction in deferred tax asset.

8. Trade Receivables

Trade receivables amounted to ₹7,106 million (net of provision for doubful debts amounting to ₹166 million) as at March 31, 2017, compared to ₹7,259 million (net of provision for doubtful debts amounting to ₹349 million) as at March 31, 2016. The day's sales outstanding stood at 78 days as at March 31, 2017 as compared to 81 days as at March 31, 2016.

9. Cash & Bank

The bank balances in India include both rupee accounts and foreign currency accounts. The bank balances in overseas accounts are maintained to meet the expenditure of the overseas operations.

Deposits with banks represent surplus money deployed in form of deposits and collaterals kept against open ended bank guarantees issued to customers. The cash & bank balance stood at ₹674 million as at March 31, 2017 from ₹834 million as at March 31, 2016.

10. Current Assets

(₹ million)

	As at March 31, 2017	As at March 31, 2016
Investments	1,946	555
Loans	1	-
Other financial assets	1,308	518
Other current assets	3,554	2,483
	6,809	**3,556**

The current investments comprises of investments in mutual funds which rose substantially during the year from ₹555 million as at March 31, 2016 to ₹1946 million as at March 31, 2017.

Other financial assets consisting advance to employees, security deposits, forward contract receivables, etc. which increased from ₹518 million as at March 31, 2016 to ₹1308 million as at March 31, 2017 primarily on account of forward contract receivable amounting to ₹933 million as at March 31, 2017.

Other current asset increased mainly due to increase in unbilled revenue by 825 million. Unbilled revenue primarily comprises of costs and earnings in excess of billings to the clients on fixed-price, and time-and-material contracts. Unbilled revenue stood at ₹2,295 million as at March 31, 2017 as against ₹1,470 million at March 31, 2016.

VI. Results of our operations - Consolidated

The following table shows a breakdown of our results of operations and each item as a percentage of total income for the years indicated:

	FY 17		FY 16	
	(₹ million)	% of total income	(₹ million)	% of total income
Income				
Revenue from operations	32,483	98.2%	30,662	97.3%
Other income	591	1.8%	845	2.7%
Total Income	**33,074**	**100.0%**	**31,507**	**100.0%**
Expenses				
Employee benefit expenses	20,958	63.4%	19,681	62.5%
Other Operating expenses	5,678	17.1%	5,787	18.3%
Total Expenses	**26,636**	**80.5%**	**25,468**	**80.8%**
Operating profit	**6,438**	**19.5%**	**6,039**	**19.2%**
Finance costs	21	0.1%	25	0.1%
Depreciation and amortisation expense	625	1.9%	589	1.9%
	646	**2.0%**	**614**	**2.0%**
Profit before extraordinary items and tax	**5,792**	**17.5%**	**5,425**	**17.2%**

	FY 17		FY 16	
	(₹ million)	% of total income	(₹ million)	% of total income
Extraordinary items				
Profit before tax	**5,792**	**17.5%**	**5,425**	**17.2%**
Tax expenses				
- Current tax	1,421	4.3%	1,402	4.4%
- Deferred tax	121	0.4%	-163	-0.5%
	1,542	**4.7%**	**1,239**	**3.9%**
Profit after tax	**4,250**	**12.8%**	**4,186**	**13.3%**
Profit for the year before minority interest	4,250	12.8%	4,186	13.3%
Minority Interest	1	0.0%	-5	-0.0%
Profit for the Year	**4,249**	**12.8%**	**4,191**	**13.3%**

*All figures are rounded to the nearest ₹ million.

** The percentages are calculated on absolute figures.

VII. Financial Year 2017 compared to Financial Year 2016

1. Income

Our total income comprises of revenue from operations and other income.

Our total income increased by 5% to ₹33,074 million for the year ended March 31, 2017 from ₹31,507 million for the year ended March 31, 2016, primarily due to an increase in our revenue from operations partly offset by a decrease in other income.

Revenue from Operations

Our revenue from continuing operations increased by 5.9% to ₹32,483 million for the year ended March 31, 2017 from ₹30,662 million for the year ended March 31, 2016, primarily as a result of growth in our revenues in our Transportation and Industrial product vertical.

Our USD revenue from operations comprise revenues denominated in USD, in addition to amounts in foreign currencies across our operations, that are denominated in INR and then converted into USD using the exchange rates for the relevant period. Such revenues increased by 3.4% to USD 484.4 million for the year ended March 31, 2017 from USD 468.4 million for the year ended March 31, 2016.

Other Income

Our other income primarily consists of income from foreign exchange gains, investments in mutual funds, interest received, net gain on fair value of investment and miscellaneous income. Our other income decreased to ₹591 million for the year ended March 31, 2017 from ₹845 million for the year ended March 31, 2016. This was primarily due to decrease in foreign exchange gain to ₹418 million in the year ended March 31, 2017 as compared to foreign exchange gain of ₹712 million in the year ended March 31, 2016.

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges. The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

2. Expenses

Our expenses include employee benefit expenses, other operating expenses, finance costs, depreciation and amortization and tax expenses. Our total expenses increased by 5.5% to ₹28,824 million for the year ended March 31, 2017 from ₹27,321 million for the year ended March 31, 2016, primarily as a result of an increase in employee benefit expenses, which was attributable to the growth of our operations and annual increase in salaries.

Employee Benefit Expenses

Employee benefit expenses comprise salaries (including overseas staff expenses); share based payment, staff welfare; contributions to provident funds and contributions to gratuity funds.

Our employee benefit expenses increased by 6.5% to ₹20,958 million for the year ended March 31, 2017 (which represented 63.4% of our total income for such year) from ₹19,681 million for the year ended March 31, 2016 (which represented 62.5% of our total income for such year). This is primarily as a result of increase in salaries, including overseas staff expenses, to ₹20,305 million from ₹19,270 million on account of annual increments and increase in the headcount from 9,406 as at March 31, 2016 to 10,463 as at March 31, 2017 and share based payment amounting to ₹193 million for the year ended March 31, 2017.

Other Operating Expenses

Other operating expenses primarily comprises of Subcontracting & Component charges, technical & consultancy charges, cost of computer software, rent & establishment expense, travelling & conveyance, legal & professional charges, overheads charges & miscellaneous expenses.

Our other operating expenses decreased by 1.7% to ₹5,678 million for the year ended March 31, 2017 (which represented 17.1% of our total income for such year) from ₹5,787 million for the year ended March 31, 2016 (which represented 18.3% of our total income for such year).

Finance Costs

Finance costs comprise bank interest paid & interest on bill discounting.

Our finance costs decreased by 16.0 % to ₹21 million for the year ended March 31, 2017 from ₹25 million for the year ended March 31, 2016, due to repayment of loans during the year.

Depreciation and Amortization

Tangible and intangible assets are amortised over periods corresponding to their estimated useful lives.

Our depreciation on tangible assets decreased by 6.5% to ₹347 million for the year ended March 31, 2017 from ₹371 million for the year ended March 31, 2016, and our amortisation of intangible assets increased by 27.6% to ₹278 million for the year ended March 31, 2017 from ₹218 million for the year ended March 31, 2016.

Profit before Extraordinary Items and Tax

As a result of the above mentioned factors, our profit before extraordinary items and tax was ₹5,792 million for the year ended March 31, 2017 (which represented 17.5% of our total income for such year) and ₹5,425 million for the year ended March 31, 2016 (which represented 17.2% of our total income for such year).

Tax Expenses

Tax expenses comprise of current tax and deferred tax. Current income tax is the amount expected to be paid to the tax authorities in accordance with the applicable tax laws in relevant jurisdictions. Deferred income tax reflects the impact of timing differences between taxable income and accounting income.

Our current tax increased by 1.4% to ₹1,421 million for the year ended March 31, 2017 from ₹1,402 million for the year ended March 31, 2016.

Our deferred tax charge for the year ended March 31, 2017 was ₹121 million as against our deferred tax credit for the year ended March 31, 2016 of ₹163 million

Our total tax expense has increased by 24.5% to ₹1,542 million for the year ended March 31, 2017 from ₹1,239 million for the year ended March 31, 2016. The increase is on account of higher effective tax rate and increase in profit before tax. Increase in effective tax rate is on account of lower SEZ exemption as some SEZ units moved from 100% exemption to 50% exemption during the year.

Net Profit after Tax

As a result of the foregoing factors, our net profit was ₹4,250 million for the year ended March 31, 2017 and ₹4,186 million for the year ended March 31, 2016.

Earnings per Share (EPS)

Our Basic EPS before extraordinary items has decreased by 3.9% to ₹42.08 per share in the year ended March 31, 2017 from ₹43.78 per share in the year ended March 31, 2016. However, the diluted EPS has increased by 22.8% to ₹39.64 per share in the year ended March 31, 2017 from ₹32.29 per share in the year ended March 31, 2016. The reduction in basic EPS is on account of fresh issue of 26,690,392 equity shares on June 3, 2016.The weighted average number of potential equity shares on account of employee options are 26,09,438 for the year ended March 31, 2017.

VIII. Segment Reporting

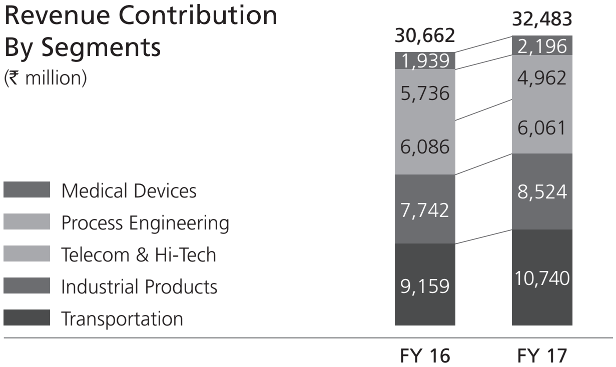
Our segmental reporting comprises of business and geographic segmentation.

Business segmentation

LTTS operates in five industry segments namely Transportation, Industrial products, Telecom & Hitech, Process industry and Medical devices. We also provide two horizontal service offerings – Embedded systems and Mechanical which caters to all the vertical segments.

Revenue Contribution By Segments

(₹ million)



1: Transportation:

Transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

Transportation segment is our largest segment by revenue contributing nearly one third (33.1% in FY17) of the company's total revenue. However the segment has a low operating profit profile due to margins of our subsidiaries L&T Thales Technology Services Private Limited and L&T Technology Services LLC. The segment has seen a 17% revenue growth in FY17 over FY16 majorly on account of growth in the aerospace sector as well as automotive sector which saw key deal wins including a large deal win for design, implementation and management of continuous integration framework for a European Luxury OEM and support in development of an instrument cluster for a leading Japanese Tier-1.

2: Industrial Products:

Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

The Industrial products segment is the second largest segment in terms of revenue contribution (26.2% in FY17) and has grown by 10% in Rupee terms in FY17 over FY16 on account of addition of new logos as well as some significant big wins from the existing customer base. The emergence and development of technologies such as IoT, Edge Analytics, Industry 4.0, Energy Storage, Smart City, and Hybrid Power Generation System has steered a growth in the segment's performance over the year.

3: Telecom & Hi-tech:

Telecom & Hi-tech segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The telecommunication industry continues to seek differentiation through network quality and breadth of service portfolio. The need to keep up with the new technologies has become paramount which has led one of the top clients to face business challenges resulting in a ramp down in this segment due to which the revenue has remained stagnant in the current year as compared to the previous year. However despite of stagnancy in revenue, the segment's operating profits have marginally improved due to higher operational efficiencies in FY17 as compared to FY16.

4: Process Engineering:

Process engineering segment provides end to end engineering services for leading plant operators across the globe. The industry span and services are broadly for chemical, consumer packaged goods (FMCG) and energy and utility sector clients.

The current year has witnessed degrowth (13.5% drop in FY17 as compared to FY16) in the segment's revenue primarily in US and Europe region. The chemical industry has gone into consolidation mode which has resulted in lesser number of Greenfields coming up. Due to drop in oil prices and weak global demand amid concerns over slowing economic growth around the world has affected the capital expenditure spend of energy majors, thereby resulting in degrowth of this segment.

5: Medical Devices:

Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance. The medical device industry is comprised of diagnostic, life sciences, surgical, cardiovascular, home healthcare, general medical and other devices.

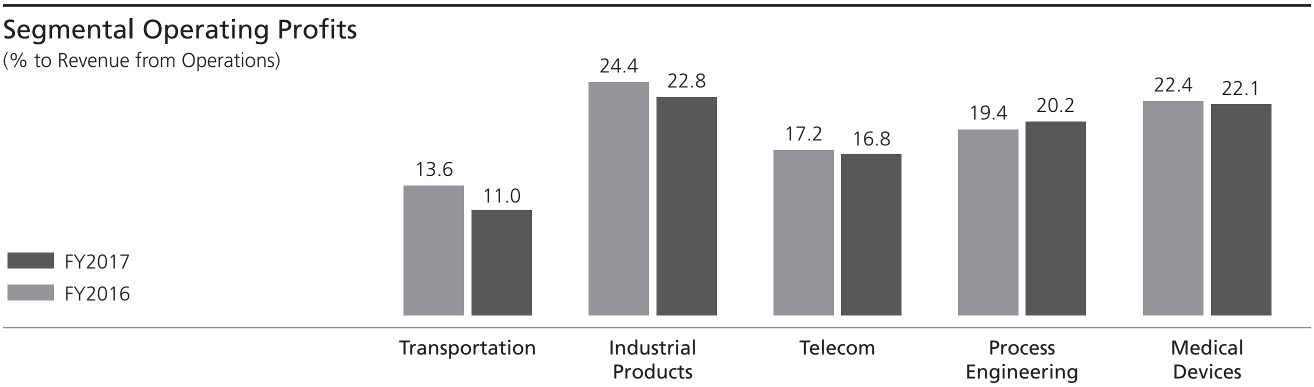
The medical device industry is undergoing strategic change with the focus moving from diagnosis to prevention. There has been unprecedented growth in innovative and improved technologies, which has led to higher number of projects from the existing customer base in North America, Europe and the rest of the world region. The medical devices segment's revenue has thus grown by 13.3% in FY17 over FY16.

The following table shows a breakdown of our revenue by our business segments for the periods indicated:

(₹ million)

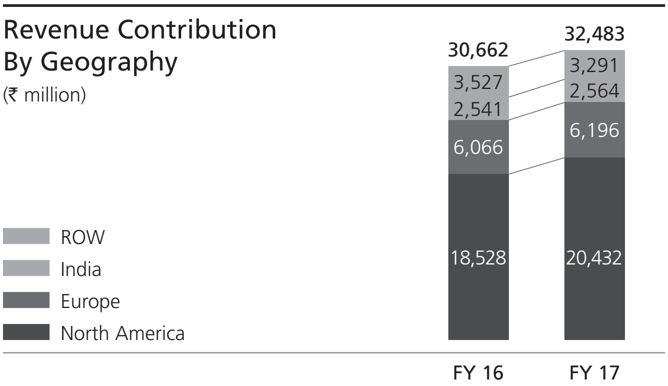
	As at March 31, 2017		As at March 31, 2016	
	(₹ million)	**% to Revenue from operations**	(₹ million)	% to Revenue from operations
Transportation	10,740	33.1%	9,159	29.9%
Process Engineering	4,962	15.3%	5,736	18.7%
Industrial Products	8,524	26.2%	7,742	25.2%
Medical Devices	2,196	6.8%	1,939	6.3%
Telecom & Hi-Tech	6,061	18.7%	6,086	19.8%
Revenue from operations	**32,483**	**100.0%**	**30,662**	**100.0%**

Further, the segment wise operating profits as a percentage to respective segment revenue has been depicted below for the periods indicated:



Geographical segmentation:

The revenues are generated from four main geographic markets: North America, Europe, India and Rest of the world. We present our revenues by client location, irrespective of the location of the headquarters of the client or the location of the delivery Centre where the work is performed.



SHARP & TANNAN
Chartered Accountants
Ravindra Annexe
194, Churchgate Reclamation
Dinshaw Vachha Road
Mumbai 400 020

INDEPENDENT AUDITOR'S REPORT

To the Members of L&T Technology Services Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Technology Services Limited ('the Company'), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone

Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

    e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;

    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and

    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company does not have any pending litigations which would impact its financial position; refer note 35 to the standalone Ind AS financial statements

        ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;

        iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and refer note 49 to the standalone Ind AS financial statements

        iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 40 to the standalone Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, May 3, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans and investments made.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, duty of excise, employees's state insurance and value added tax.

(b) According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory dues were in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Mumbai, May 3, 2017 Membership no. 038332

ANNEXURE 'B'TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Technology Services Limited ('the Company') as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Mumbai, May 3, 2017
Membership no. 038332

BALANCE SHEET AS AT MARCH 31, 2017

(₹ million)

		Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	ASSETS				
I	**Non-current assets**				
	Property, plant and equipment	4	1,177	1,058	828
	Capital work-in-progress		23	143	2
	Goodwill	5	3,891	3,891	3,891
	Other intangible assets	5	521	654	519
	Financial assets				
	Investments	6	61	61	61
	Other financial assets	7	204	219	272
	Deferred tax assets (net)	8	328	1,031	668
	Other non current assets	9	94	109	335
	Total non-current assets		**6,299**	**7,166**	**6,576**
II	**Current assets**				
	Financial assets				
	Investments	10	1,927	555	-
	Trade receivables	11	7,110	7,117	6,581
	Cash and cash equivalents	12	622	807	671
	Other bank balances	13	2	2	451
	Loans	14	1	30	11
	Other financial assets	15	1,328	576	658
	Current tax assets (net)	16	126	-	-
	Other current assets	17	3,287	2,247	2,395
	Total current assets		**14,403**	**11,334**	**10,767**
	TOTAL ASSETS		**20,702**	**18,500**	**17,343**
	EQUITY AND LIABILITIES				
	Shareholders' funds				
	Share capital	18	203	3,000	3,000
	Other equity		15,112	7,894	7,300
	Total equity		**15,315**	**10,894**	**10,300**
I.	**Non-current liabilities**				
	Provisions	19	-	-	7
	Total non-current liabilities		**-**	**-**	**7**
II.	**Current liabilities**				
	Financial liabilities				
	Borrowings	20	-	1,127	1,554
	Trade payables	21	1,689	2,124	1,972
	Other financial liabilities	22	1,784	2,300	1,520
	Other current liabilities	23	689	820	749
	Provisions	24	1,225	1,204	948
	Current tax liabilities (net)	25	-	31	293
	Total current liabilities		**5,387**	**7,606**	**7,036**
	TOTAL EQUITY AND LIABILITIES		**20,702**	**18,500**	**17,343**
	Notes forming part of the financial statements	1-50			

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ million except as stated otherwise)

		Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I.	Revenue from operations	26	31,125	28,937
II.	Other income	27	555	817
III.	**TOTAL INCOME**		**31,680**	**29,754**
IV.	**Expenses:**			
	Employee benefit expenses	28	19,738	18,309
	Other operating expenses	29	5,363	5,294
	Finance cost	30	8	16
	Depreciation and amortisation expenses		575	541
	TOTAL EXPENSES		**25,684**	**24,160**
V.	**PROFIT BEFORE TAX (III-IV)**		**5,996**	**5,594**
VI.	**Tax expense :**			
	(a) Current tax		1,421	1,401
	(b) Deferred tax		85	(170)
	TOTAL TAX EXPENSE	31	**1,506**	**1,231**
VII.	**PROFIT FOR THE YEAR (V-VI)**		**4,490**	**4,363**
VIII.	Other comprehensive income (OCI), net of taxes	32	828	(135)
IX.	**TOTAL COMPREHENSIVE INCOME, NET OF TAXES**		**5,318**	**4,228**
X.	EARNING PER EQUITY SHARE	33		
	Basic - Rupee		44.52	46.14
	Diluted - Rupee		41.94	34.03
	Face value per equity share - Rupee		2.00	40.00
XI.	Notes forming part of the financial statements	1-50		

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

STATEMENT OF CHANGES IN EQUITY

(₹ million)

		Other Equity						Total equity attributable to equity holders of the Company
		Reserves & Surplus				Items of other comprehensive income		
	Equity Share Capital	Equity component of preference share capital	Securities premium account	Retained earnings	Share Options Outstanding Account	Hedging reserve	Other items of other comprehensive income	
Balance as at 01-04-2015	**3,000**	**7,500**	**-**	**(458)**	**-**	**258**	**-**	**10,300**
Profit for the year	-	-	-	4,363	-	-	-	4,363
Other comprehensive income (net of taxes)	-	-	-	-	-	-	5	5
Dividends	-	-	-	(3,020)	-	-	-	(3,020)
Dividend tax	-	-	-	(615)	-	-	-	(615)
Addition/(deduction) during the period	-	-	-	-	-	(139)	-	(139)
Balance as at 31-03-2016	**3,000**	**7,500**	**-**	**270**	**-**	**119**	**5**	**10,894**
Profit for the year	-	-	-	4,490	-	-	-	4,490
Other comprehensive income (net of taxes)	-	-	-	-	-	-	(16)	(16)
Deemed dividend - ESOP	-	-	-	(117)	-	-	-	(117)
Dividends	-	-	-	(905)	-	-	-	(905)
Dividend tax	-	-	-	(184)	-	-	-	(184)
Employees shares options outstanding	-	-	-	-	952	-	-	952
Deferred employee compensation expense	-	-	-	-	(642)	-	-	(642)
Addition/(deduction) during the period	(2,797)	(7,500)	10,297	-	-	843	-	843
Balance as at 31-03-2017	**203**	**-**	**10,297**	**3,554**	**310**	**962**	**(11)**	**15,315**
Notes forming part of the financial statements 1-50								

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
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(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ million)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit before tax	5,996	5,594
	Adjustments for:		
	Depreciation and amortisation	575	541
	Interest received	-	(33)
	Interest paid	8	16
	(Profit)/Loss on sale of fixed assets	9	-
	Employee stock option forming part of staff expenses	193	-
	Dividends received from current investments	(56)	(30)
	Unrealised foreign exchange loss/(gain)	188	(39)
	Operating profit before working capital changes	**6,913**	**6,049**
	Changes in working capital		
	(Increase)/decrease in trade receivables	(81)	(586)
	(Increase)/decrease in other receivables	(1,219)	299
	Increase/(decrease) in trade & other payables	(53)	1,147
	(Increase)/decrease in working capital	**(1,353)**	**860**
	Cash generated from operations	**5,560**	**6,909**
	Direct taxes paid	(1,579)	(1,663)
	Net cash (used in)/from operating activities	**3,981**	**5,246**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(471)	(1,063)
	Sale of fixed assets	20	15
	(Purchase)/Sales of current investments	(1,372)	(555)
	Dividends received from current investments	56	30
	Interest received	-	33
	Net cash (used in)/from investing activities	**(1,767)**	**(1,540)**
C.	**Cash flow from financing activities**		
	Equity share capital issued including share premium	7,500	-
	Preference share capital redeemed	(7,500)	-
	Proceeds from/(repayment of) borrowings	(1,127)	(427)
	Interest paid	(8)	(16)
	Dividend paid	(905)	(3,020)
	Dividend tax	(359)	(556)
	Net cash (used in) / from financing activities	**(2,399)**	**(4,019)**
	Net (decrease) / increase in cash and cash equivalents	**(185)**	**(313)**
	Cash and cash equivalents at beginning of year	**809**	**1,122**
	Cash and cash equivalents at end of year	**624**	**809**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Notes:

1 Cash flow has been prepared under the indirect method as set out in the IndAS - 7.

2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.

3 Bank balances include revaluation loss of ₹ 38 million (Previous year gain of ₹ 19 million)

4 Cash and cash equivalents included in Cash Flow Statement comprise the following :

(₹ million)

		As at March 31, 2017	As at March 31, 2016
a) Cash and cash equivalents		622	807
b) Other bank balances		2	2
		624	**809**
Notes forming part of the financial statements	1-50		

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

NOTES FORMING PART OF THE ACCOUNTS

1. CORPORATE INFORMATION

L&T Technology Services Limited (referred to as "the Company") is a leading global pure-play Engineering, Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a public company incorporated and domiciled in India and has its registered office at L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001. As at March 31, 2017, Larsen & Toubro Limited, the holding company owns 89.77% of the Company's equity share capital.

The unconsolidated financial statements for the year ended March 31, 2017 were approved for issue by the Board of Directors on May 3, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period financials have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

d) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

e) Revenue recognition

Revenue from contracts which are on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on "fixed-price" basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

f) Employee benefits

i. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

ii. Post-employment benefits

a) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised in the statement of profit and loss in the period in which the employee renders the related service.

b) Defined benefit plans:

The provident fund scheme managed by trust, employee's gratuity fund scheme managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past service cost, gains and losses on curtailment and net interest expense or income are recognized in the statement of profit and loss.

iii. Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

g) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

h) Employee stock ownership scheme

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the excess of fair value of the share over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

i) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Asset class	Useful life (years)
Plant and equipment	8
Air-condition and refrigeration	12
Canteen equipment	8
Laboratory equipment	8
Electrical installations	10
Computers	3
Office equipment	4
Furniture and fixtures	10
Cars	7
Leasehold improvements	Lease period

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

j) Intangible assets and amortisation

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised over the useful life as given below:

Asset class	Useful life (years)
Specialised software	6
Technical knowhow	4

k) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised, however tested for impairment at regular interval. Refer note O (b) for accounting policy on impairment of assets.

l) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Non-derivative financial assets:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Non-derivative financial liabilities:

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Derivative financial instrument

Cash flow hedge

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

m) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

n) Leases

(a) Finance leases:

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

o) Impairment of assets

a) Trade receivables

The Company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

b) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

Goodwill is tested for impairment annually and if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the cash generating unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognised, up to a maximum amount of the goodwill related to the cash generating unit.

p) Foreign currencies

The functional currency of the Company is Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

q) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

r) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event;

b) A probable outflow of resources is expected to settle the obligation; and

c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

s) Commitment

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for,

b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

t) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

u) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

3. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These standalone financial statements for the year ended March 31, 2017 are the first the Company has prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in preparation of opening Ind AS balance sheet at April 1, 2015 (the Company's date of transition to Ind AS). In preparing its opening Ind AS balance sheet the company has adjusted amount reported previously in financial statements prepared in accordance with accounting standards notified under Companies(Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP). An explanation of how transition from previous GAAP to Ind AS has affected the Company's financials position, financial performance and cash flow is set out in following tables and notes.

3.1 Exemptions and exceptions availed

a) Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at date of transition to Ind AS, measured as per previous GAAP and use that as deemed cost as at date of transition after making necessary adjustments. Accordingly, company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

3.2 Reconciliation of standalone equity as at April 01, 2015

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		828	-	828
Capital work-in-progress		2	-	2
Goodwill		3,891	-	3,891
Intangible assets		519	-	519
Financial assets		-	-	
Non-current investments		61	-	61
Other financial assets	e)	612	(340)	272
Deferred tax assets (net)	a)	340	328	668
Other non current assets	e)	13	322	335
Current assets		-	-	
Current investments		-	-	-
Trade receivables	c)	6,673	(92)	6,581
Cash and cash equivalent		671	-	671
Other bank balances		451	-	451
Loans	f)	1,648	(1,637)	11
Other financial assets	f)	2	656	658
Other current assets	f)	1,581	814	2,395
TOTAL ASSETS		**17,292**	**51**	**17,343**
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.7	7,567	(267)	7,300
Non-Current liabilities		-	-	
Long-term provisions		7	-	7
Other long term liabilities		-		-
Deferred tax liabilities (Net)		-	-	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Current liabilities				
Short-term borrowings	g)	1,554	0	1,554
Trade payables	g)	3,098	(1,126)	1,972
Other financial liabilities	g)	-	1,520	1,520
Other current liabilities	g)	825	(76)	749
Short-term provisions	h)	1,241	(293)	948
Tax liabilities (net)	h)	-	293	293
TOTAL EQUITY AND LIABILITIES		**17,292**	**51**	**17,343**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note

3.3 Reconciliation of standalone equity as at March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,058	-	1,058
Capital work-in-progress		143	-	143
Goodwill		3,891	-	3,891
Intangible assets		654	-	654
Financial assets				
Non-current investments		61	-	61
Loans	e)			
Other financial assets	e)	244	(25)	219
Deferred tax assets (net)	a)	335	696	1,031
Other non current assets	e)	-	109	109
		-	-	
Current assets		-	-	
Current investments	b)	555	0	555
Trade receivables	c)	7,127	(10)	7,117
Cash and cash equivalent		807	-	807
Other bank balances	d)	33	(31)	2
Loans	f)	2,023	(1,993)	30
Other financial assets	f)	16	560	576
Other current assets	f)	1,304	943	2,247
TOTAL ASSETS		**18,251**	**249**	**18,500**
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.7	8,162	(268)	7,894
Non-Current liabilities		-	-	
Long-term provisions		-	-	
Other long term liabilities		-		-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Current liabilities		-	-	
Short-term borrowings	g)	1,127	0	1,127
Trade payables		3,566	(1,442)	2,124
Other financial liabilities	g)	-	2,300	2,300
Other current liabilities	g)	1,161	(341)	820
Short-term provisions	h)	1,235	(31)	1,204
Tax liabilities (net)	h)	-	31	31
TOTAL EQUITY AND LIABILITIES		**18,251**	**249**	**18,500**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.4 Reconciliation of standalone total comprehensive income for the year ended March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
INCOME:				
Revenue from operations	l)	28,940	(3)	28,937
Other income	i)	753	64	817
Total Revenue		**29,693**	**61**	**29,754**
EXPENSES:				
Employee benefit expenses	g)	18,254	55	18,309
Operating expenses		2,353	-	2,353
Sales, administration and other expenses	k) & c)	3,008	(67)	2,941
OPERATING PROFIT		**6,078**	**73**	**6,151**
Finance cost		16		16
Depreciation, amortisation and obsolescence expenses		541	-	541
PROFIT BEFORE TAX		**5,521**	**73**	**5,594**
Provision for taxation :				
Current tax	m)	1,362	39	1,401
MAT credit	a)	(249)	-	(249)
Deferred tax		64	14	79
PROFIT AFTER TAX		**4,343**	**20**	**4,363**
Other Comprehensive Income	n)	-	(135)	(135)
TOTAL COMPREHENSIVE INCOME		**4,343**	**(115)**	**4,228**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.5 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Net cash (used in) from operating activities	i) & f)	5,305	(28)	5,277
Net cash (used in) from investing activities	b)	(1,571)	(9)	(1,580)
Net cash (used in) from financing activities		(4,017)	7	(4,010)
		-	-	
Net (decrease) / increase in cash and cash equivalents	d)	(282)	(31)	(313)
Cash and cash equivalents at April 01, 2015		1,122	0	1,122
Cash and cash equivalents at March 31, 2016	d)	840	(31)	809

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Analysis of changes in cash and cash equivalents for purpose of standalone statement of cash flow under Ind AS

(₹ million)

Particulars	Note	As at March 31, 2016	As at April 1, 2015
Cash and cash equivalent as per previous GAAP		840	1,122
Regrouping of bank deposits having maturity after 12 months	d)	(31)	-
Cash and cash equivalent as per Ind AS		809	1,122

3.6 Reconciliation of standalone total comprehensive income for the year ended March 31, 2016

(₹ million)

Particulars	Note	As at March 31, 2016
Profit after tax as per previous GAAP		4,343
Adjustments:		-
Provision for expected credit loss	c)	82
Provision for employee benefits based on constructive obligation	g)	(41)
Reclassification of net actuarial (gain)/loss on employee defined benefit obligations to OCI	j)	(6)
Impact of hedge accounting related to premium on forward contracts	i)	49
Gain/(loss) on fair value of investments	b)	0
Others		(11)
Impact of deferred and current tax in respect of above adjustments	a) & m)	(53)
Profit after tax as per Ind AS		**4,363**
Other comprehensive income	n)	(135)
Total comprehensive income		**4,228**

3.7 Reconciliation of standalone equity as at March 31, 2016 and April 1, 2015

(₹ million)

Particulars	Note	As at March 31, 2016	As at April 1, 2015
Total equity (shareholder's fund) as per previous GAAP		11,162	10,567
Provision for expected credit loss	c)	-	(82)
Provision for employee benefits based on constructive obligations	g)	(336)	(295)
Gain/(loss) on fair valuation of investments	b)	0	-
Impact of hedge accounting related to premium on forward contracts	i)	(151)	-
Others		(31)	(21)
Impact of deferred and current taxes in respect of the above adjustments	a) & m)	250	131
Total equity as per Ind AS		**10,894**	**10,300**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

3.8 Notes to first time adoption of Ind AS

a) Deferred tax assets (net)

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS which are mainly gain on fair valuation of investment, expected credit loss allowance & employee benefit provisions. Further, Minimum Alternated Tax (MAT) balance was grouped under short term loans and advances under previous GAAP which has been presented under deferred tax assets as per Ind AS.

b) Current investments

As per Ind AS, investments in liquid mutual funds have been revalued at fair value which was being accounted at cost under previous GAAP. The resulting fair value changes of these investments have been recognised in profit and loss.

c) Trade receivables

Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Company has applied expected credit loss model for recognising allowance for doubtful debt. Expected credit loss model reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and also includes loss for the time value of money.

d) Other bank balances and other financial assets

Fixed deposits were all classified under “Cash & Bank” category under previous GAAP. Under Ind AS, the Company has classified fixed deposits into current and non-current based on maturity duration. Accordingly, fixed deposits having maturity date after 12 months from reporting date have been classified as non-current financial assets.

e) Other financial assets & other non current assets

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, financial assets are required to be recognised at fair value. Accordingly, the Company has measured the security deposits at fair value under Ind AS. The difference between fair value and transaction value of security deposit has been recognised as prepaid rent and is being expensed on straight line basis over term of lease. The Company also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.

f) Short term loans, financial assets and other current assets

Under previous GAAP, the financial guarantee given on behalf of subsidiary was disclosed by way of contingent liability in the standalone financial statements of the Company. As per Ind AS 109, para 5.1.1 the Company has recognised the financial guarantee at fair value at inception. Under previous GAAP, specific classification of various assets under head “financial assets” was not made. Under Ind-AS, assets covered by nature as defined under Ind AS 32 have been regrouped from short term loans to financial asset category. Assets classified as non-financial in nature have been regrouped under other current assets.

g) Other financial liabilities and other current liabilities

Constructive obligation is not defined under previous GAAP due to which certain employee related expenses were recognised as and when they occur. Under Ind AS 37, the same is covered under definition of constructive obligation and all such employee related expenses needs to be provided for. Under previous GAAP, specific classification of various liabilities under head “financial liabilities” was not made and no liability were presented under category “financial liabilities”. Under Ind-AS 32, financial liability has been defined and accordingly, liabilities covered by nature

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

as defined under Ind AS 32 has been regrouped from other current liabilities to financial liabilities category. Liability classified as non-financial in nature has been regrouped under other current liability. Consequent to transition, all employee relevant liabilities has been classified under financial liability as per new disclosure requirements. Interest accrued but no due in respect of short term borrowings regrouped from other current liability to borrowing as per disclosure requirements of Ind AS.

h) Short term provisions and Tax liabilities (net)

Under previous GAAP, current year tax liability/asset was disclosed under category "short term provisions" or "short term advance". However, as per Ind AS disclosure requirements, current year tax liabilities and advances needs to be adjusted and net balance to be disclosed separately.

i) Hedge Accounting impact on other income

Under previous GAAP, the Company was accounting the premia income over the period of the forward contract. However, under Ind AS, the Company does not account the premia incoma. As per Ind-AS109, changes in the fair value of the derivative hedging instrument which are designated as "Cash flow hedges" have been recognized under Other Comprehensive Income and held in Hedging Reserve (net of taxes) to the extent the hedges are effective.

j) Remeasurement of post employment benefit obligations

As per Ind AS, re-measurement of defined benefit plans has been disclosed under "Other Comprehensive Income" (OCI), which was being debited to statement of profit and loss under previous GAAP.

k) Amortisation of prepaid rent & notional interest income on lease deposits

Impact of Ind AS transition on lease deposit has been covered under note (e). Accordingly, lease deposits were fair valued and notional interest income is recognised on lease deposit using internal rate of return over life of deposit.

l) Accounting of cash discount given to customers

Under previous GAAP, cash discounts were accounted as finance cost. Under Ind AS, cash discounts are reduced from the revenue from operations.

m) Current year income tax charge

Consequent to Ind AS adjustments which are mainly on account of post employment benefit obligations and tax impact on premia/exchange gain / loss reversal, respective tax adjustments have been made in the statement of profit and loss for the year ended March 31, 2016.

n) Other Comprehensive Income

As per Ind AS, re-measurement of defined benefit plans and effective portions of gains and losses on cash flow hedges have been disclosed under "Other Comprehensive Income" (OCI). The re-measurement of defined benefit plans was being earlier recognised in the statement of profit and loss under previous GAAP.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

4. PROPERTY, PLANT AND EQUIPMENT

(₹ million)

	Leasehold improvements	Plant and equipment general *	Aircondition and refrigeration	Canteen equipments	Laboratory equipments	Electrical installations	Computers*	Office equipments*	Furniture and fixtures	Cars	Total
Gross carrying value as on 01-04-2015	13	72	31	1	25	24	384	70	123	85	828
Additions during the period	155	1	32	-	43	70	140	56	75	40	612
Deductions during the period	-	1	3	-	-	3	59	2	7	22	97
Gross carrying value as on 31-03-2016	168	72	60	1	68	91	465	124	191	103	1,343
Accumulated depreciation											
As on 01-04-2015											-
For the Year	11	10	6	-	7	10	228	44	32	20	368
On Deductions	-	-	2	-	-	2	58	2	3	16	83
As on 31-03-2016	11	10	4	-	7	8	170	42	29	4	285
Net carrying value as on 31-03-2016	157	62	56	1	61	83	295	82	162	99	1,058
Gross carrying value as on 01-04-2016	168	72	60	1	68	91	452	137	191	103	1,343
Additions during the period	114	2	31	-	13	42	179	42	39	29	491
Deductions during the period	-	-	6	-	-	5	19	16	35	18	99
Gross carrying values as on 31-03-2017	282	74	85	1	81	128	612	163	195	114	1,735
Accumulated depreciation											
Depreciation as on 01-04-2016	11	10	4	-	7	8	159	53	29	4	285
For the Year	26	10	8	-	9	14	177	40	35	22	341
On Deductions	-	-	2	-	-	2	18	15	21	10	68
Depreciation as on 31-03-2017	37	20	10	-	16	20	318	78	43	16	558
Net Carrying value as on 31-03-2017	245	54	75	1	65	108	294	85	152	98	1,177

*Opening balances have been regrouped due to reclassification of assets.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

5. GOODWILL AND OTHER INTANGIBLE ASSETS

(₹ million)

	Other Intangible Assets			Goodwill
	Specialised softwares	Technical knowhow	Total	
Gross carrying values as on 01-04-2015	750	143	893	3,891
Additions during the period	308	-	308	-
Deductions during the period	-	-	-	-
Gross carrying values as on 31-03-2016	1,058	143	1,201	3,891
Accumulated amortisation				
Amortisation as on 01-04-2015	336	38	374	-
For the Year	138	35	173	-
On Deductions	-	-	-	-
Amortisation as on 01-04-2016	474	73	547	-
Net carrying value as on 31-03-2016	584	70	654	3,891
Gross carrying value as on 01-04-2016	1,058	143	1,201	3,891
Additions during the period	101	-	101	-
Deductions during the period	-	-	-	-
Gross carrying value as on 31-03-2017	1,159	143	1,302	3,891
Accumulated amortisation				
Amortisation as on 01-04-2016	474	73	547	-
For the Year	199	35	234	-
On Deductions	-	-	-	-
Ammortisation as on 31-03-2017	673	108	781	-
Net Carrying value as on 31-03-2017	486	35	521	3,891

6. INVESTMENTS

(₹ million)

Non-current	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
1,520,692 equity shares of ₹ 10 each in L&T Thales Technology Services Private Limited	60	60	60
1000 common stock of USD 10 each in L&T Technology Services LLC	1	1	1
	61	**61**	**61**

7. OTHER FINANCIAL ASSETS

(₹ million)

Non-current	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Security deposits	199	188	272
Fixed deposits *	5	31	-
	204	**219**	**272**

*Fixed deposits are margin money deposits against bank guarantees

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

8. DEFERRED TAX ASSETS (NET)

(₹ million)

Description	DTL/(DTA) As at 01.04.2015	Charge/(Credit) to P&L	Charge/(Credit) to OCI	DTL/(DTA) As at 31.03.2016	Charge/(Credit) to P&L	Charge/(Credit) to OCI	**DTL/(DTA) As at March 31, 2017**
Property, plant and equipment, goodwill and other intangible assets	74	(42)	-	32	522	-	554
Branch profit tax	142	78	-	220	59	-	279
Net gain/(loss) on fair valuation of investments		-	-	-	-	-	-
Provision for employee benefits	(313)	(68)	-	(381)	199	-	(182)
Allowances for doubtful debts	(87)	(33)	-	(120)	88	-	(32)
Cash flow hedges	(268)	133	(193)	(328)	-	618	290
Other items giving rise to timing differences	(18)	11	-	(7)	5	-	(2)
MAT credit entitlement	(198)	(249)	-	(447)	(788)	-	(1,235)
Total	**(668)**	**(170)**	**(193)**	**(1,031)**	**85**	**618**	**(328)**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

9. OTHER NON CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	94	109	335
	94	**109**	**335**

10. INVESTMENTS

(₹ million)

Current investment	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
Investment in mutual funds						
Quoted						
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	1,026,624	103	-	-	-	-
Birla Sunlife Saving Fund - Direct Plan - Daily Dividend Reinvestment	506,513	51	-	-	-	-
Birla Sunlife Short Term Fund- Direct Plan - Monthly Dividend Reinvestment	3,007,885	35	-	-	-	-
HDFC Liquid Fund - - Direct Plan - Daily Dividend Reinvestment	100,992	103	-	-	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment	4,049,260	41	-	-	-	-
HDFC Short Term Opportunities Fund - Direct Plan - Fortnightly - Dividend Reinvestment	2,971,373	31	-	-	-	-
ICICI Prudential Flexi Income - Daily Dividend Reinvestment	316,418	33	-	-	-	-
ICICI Prudential Flexi Income - Direct - Daily Dividend Reinvestment	143,949	15	-	-	-	-
ICICI Prudential Ultra Short Term - Direct - Daily Dividend Reinvestment	2,986,030	30	-	-	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment	1,096,612	110	-	-	-	-
L&T Liquid Fund - Daily Dividend Reinvestment	948,104	959	548,909	555	-	-
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	137,764	211	-	-	-	-
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	200,730	205	-	-	-	-
		1,927		**555**		**-**
Aggregate amount of quoted investment at cost		1,925		555		-
Aggregate amount of quoted investment at market value		1,927		555		-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

11. TRADE RECEIVABLES

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good	7,110	7,117	6,581
Considered doubtful	155	348	253
	7,265	**7,465**	**6,834**
Less: Allowance for doubtful debt	(155)	(348)	(253)
	7,110	**7,117**	**6,581**

12. CASH AND CASH EQUIVALENTS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks	424	642	473
Cheques on hand	35	-	42
Remittance in transit	163	165	156
Cash on hand	-	-	-
	622	**807**	**671**

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior periods.

13. OTHER BANK BALANCES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposits with banks *			
More than 3 months and less than 12 months	2	2	451
	2	**2**	**451**

* Fixed deposits are margin money deposits against bank guarantees

14. LOANS

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Intercorporate deposits with related parties	-	30	11
Others	1	-	-
	1	**30**	**11**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

15. OTHER FINANCIAL ASSETS

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to employees	314	455	379
Security deposits	34	16	2
Forward contract receivable	933	-	135
Loans and advances to related parties	36	71	98
Other receivables	-	30	40
Premium receivable on financial guarantee contracts	11	4	4
	1,328	**576**	**658**

16. CURRENT TAX ASSETS (NET)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	(1,356)	-	-
Advance tax installment	1,267	-	-
TDS certificate receivable	215	-	-
	126	**-**	**-**

17. OTHER CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	2,132	1,303	1,593
Retention money not due	10	10	10
	2,142	**1,313**	**1,603**
Advance to suppliers	93	71	13
Prepaid expenses	560	532	394
Service tax recoverable	125	16	60
Other receivables	216	248	325
	994	**867**	**792**
	3,136	**2,180**	**2,395**
Income tax net of previous year provisions	151	67	-
	151	67	-
	3,287	**2,247**	**2,395**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

18. SHARE CAPITAL

18.1

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised :			
5,250,000,000 Equity shares of ₹ 2 each	10,500	3,000	3,000
(March 31, 2016 : 75,000,000 Equity shares of ₹ 40 each)			
(April 01, 2015 : 300,000,000 Equity shares of ₹ 10 each)			
Preference shares of ₹ 10 each - Nil	-	7,500	7,500
(March 31, 2016 : 750,000,000 Preference shares of ₹ 10 each)			
(April 01, 2015 : 750,000,000 Preference shares of ₹ 10 each)			
	10,500	**10,500**	**10,500**

18.2

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Issued, subscribed and paid up			
101,690,392 Equity shares of ₹ 2 each	203	-	-
75,000,000 Equity shares of ₹ 40 each	-	3,000	-
300,000,000 Equity shares of ₹ 10 each	-	-	3,000
Total issued, subscribed and paid up capital	**203**	**3,000**	**3,000**

18.3 The Company consolidated 300,000,000 equity shares of ₹ 10/- each to 75,000,000 equity shares of ₹ 40/-each with effect from January 13, 2016. Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company. Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

18.4 In the period of five years immediately preceding March 31, 2017:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

Aggregate number and class of shares bought back - Nil

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

18.5 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

18.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 39.

18.7 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period (₹ 40 per share)	75,000,000	3,000	-	-
At the beginning of the period (₹ 10 per share)	-	-	300,000,000	3,000
Reduction in number of shares consequent to increase in face value	-	-	225,000,000	-
Reduction in value of shares consequent to decrease in face value	-	2,850	-	-
Issued during the period	26,690,392	53	-	-
Outstanding at the end of the period (₹ 2 per share)	**101,690,392**	**203**	-	-
Outstanding at the end of the period (₹ 40 per share)	-	-	75,000,000	3,000

Preference shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period	750,000,000	7,500	750,000,000	7,500
Issued during the period	-	-	-	-
Reedemed during the period	750,000,000	7,500	-	-
Outstanding at the end of the period	-	-	750,000,000	7,500

18.8 Shares of the Company held by holding/ultimate holding company

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	% Holding	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		**75,000,000**		**300,000,000**	

18.9 Shareholders holding more than 5% of equity shares as at the end of the quarter

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	% Holding	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		**75,000,000**		**300,000,000**	

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

19. PROVISIONS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for interest rate guarantee	-	-	7
	-	**-**	**7**

20. BORROWINGS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:			
From banks *	-	675	910
	-	**675**	**910**
Unsecured:			
Short term unsecured loans from banks	-	452	644
	-	**452**	**644**
	-	**1,127**	**1,554**

* Secured against hypothecation of the accounts receivables.

21. TRADE PAYABLES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to related parties	565	892	1,170
Liability for revenue goods	538	504	308
Supplier ledger - revenue goods/services	586	728	494
	1,689	**2,124**	**1,972**

22. OTHER FINANCIAL LIABILITIES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investor education protection fund	-	-	-
Liability towards employee compensation	1,704	1,825	1,391
Liability - employee car/computer schemes	65	66	52
Other payables	15	13	10
Forward cover payable	-	380	-
Supplier ledger - capital goods/services	-	16	67
	1,784	**2,300**	**1,520**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

23. OTHER CURRENT LIABILITIES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from customer	-	1	1
Other payables	678	815	744
Financial guarantee contract	11	4	4
	689	**820**	**749**

24. PROVISIONS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for employee benefits :			
Leave enchashment	1,151	978	789
Post retirement medical benefits	74	51	42
Provision for interest rate guarantee (PF)	-	-	1
	1,225	**1,029**	**832**
Others			
Tax on interim dividend on preference shares	-	38	37
Tax on interim dividend on equity shares	-	137	79
	-	**175**	**116**
	1,225	**1,204**	**948**

25. CURRENT TAX LIABILITIES (NET)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	-	1,362	960
Advance tax installment	-	(1,094)	(515)
TDS certificate receivable	-	(237)	(152)
	-	**31**	**293**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

26. REVENUE FROM OPERATIONS

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Overseas	28,244	26,353
Domestic	2,881	2,584
	31,125	**28,937**

27. OTHER INCOME

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Foreign exchange gain / (loss)	416	706
Dividend income and gain/(loss) from mutual fund	55	30
Interest received on fixed deposit with banks	-	33
Miscellaneous income	84	48
	555	**817**

28. EMPLOYEE BENEFIT EXPENSES

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Salaries including overseas staff expenses	19,094	17,908
Share based payments to employees	193	-
Staff welfare	206	167
Contribution to provident and other funds	181	171
Contribution to gratuity fund	64	63
	19,738	**18,309**

29. OTHER OPERATING EXPENSES

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Subcontracting and component charges	952	961
Engineering, professional, technical and consultancy fees	1,084	916
Cost of computer software	476	476
Travelling and conveyance	504	444
Rent and establishment expenses	630	569
Telephone, postage and other communication charges	167	164
Legal and professional charges	279	229
Advertisement and sales promotion expenses	114	72
Recruitment expenses	104	83
Repairs to buildings & machineries	214	241
General repairs and maintenance	78	73
Power and fuel	111	100
Equipment hire charges	13	13
Insurance charges	56	62
Rates & taxes	23	26
Allowances for doubtful debts	10	96
Bad Debts	256	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Less : Provision written back	(203)	-
Overheads charged by group companies	229	618
Trademark fees	37	-
Corporate social responsibility expenditure	36	3
Loss/(gain) on sales of fixed asset	9	-
Miscellaneous expenses	184	148
	5,363	**5,294**

30. FINANCE COST

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest paid		
Bank interest paid	5	14
Interest paid/payable - others	1	1
Interest on bill discounting	2	1
	8	**16**

31. PROVISION FOR TAXATION

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax*	1,421	1,401
Deferred tax	85	(170)
	1,506	**1,231**

* Current tax includes ₹ 37 million credit consequent to the completion of income tax assessment for FY 2013-14 in India.

32. OTHER COMPREHENSIVE INCOME

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit plans	(20)	6
Income tax relating to remeasurements of the net defined benefit plans	4	(1)
	(16)	**5**
Items that will be reclassifed to profit or loss		
Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,379	(372)
Income tax relating to effective portion of gains and losses on hedging instruments in a cash flow hedge	(535)	232
	844	**(140)**
Total other comprehensive income, net of tax	**828**	**(135)**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

33. BASIC AND DILUTED EARNING PER EQUITY SHARE

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Profit after tax	4,490	4,363
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,373	3,460
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Basic EPS - Rupees	44.52	46.14
Diluted		
Profit after tax	4,490	4,363
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,373	3,460
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Add - No. of potential equity shares	6,046,283	26,690,392
Weighted average no. of equity shares outstanding	104,299,830	101,690,392
Diluted EPS -Rupees	41.94	34.03

34. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 65 million (previous year: ₹ 177 million)

35. CONTINGENT LIABILITY

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Corporate guarantee	1,018	1,093
	1,018	**1,093**

(Corporate Bank Gurantee of USD 15.7 million outstanding to Bank of America as on 31-03-2017 and USD 16.5 million outstanding to Citibank as on 31-03-2016 for securing borrowings of L&T Technology Services LLC , USA.)

36. DETAILS OF PAYMENT TO AUDITORS

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Payment to auditors		
As auditor:		
Audit fee	0.73	0.66
Taxation matters	0.22	0.20

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Company law matters	0.02	0.02
Other services :		
- Limited review	0.46	0.42
- Other services including certification work	1.36	0.80
Re-imbursement of expenses	0.11	0.01
	2.90	**2.11**

37. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Donation to IIT Chennai	10	-
Healthcare	4	-
Skill development and education	12	3
Water conservation	7	-
Enviroment	3	-
Donation to PM relief fund	-	5
Donation to CM relief fund	-	4
Total	**36**	**12**
Amount required to be spent as per Section 135 of the Act	51	20

38. FAIR VALUE MEASUREMENTS

Financial instrument by category

(₹ million)

Equity shares	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Mutual funds	1,927	-	-	555	-	-	-	-	-
- Bank fixed deposits	-	-	5	-	-	31	-	-	-
Loans	-	-	1	-	-	30	-	-	11
Trade receivables	-	-	7,110	-	-	7,117	-	-	6,581
Cash and cash equivalents	-	-	622	-	-	807	-	-	671
Other bank balances	-	-	2	-	-	2	-	-	451
Derivative financial assets	77	856	-	-	-	-	-	135	-
Security deposits	-	-	233	-	-	204	-	-	274
Premium receivable on financial guarantee contracts	-	-	11	-	-	4	-	-	4
Loans - related parties	-	-	36	-	-	71	-	-	98

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Equity shares	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Advances - to employees	-	-	314	-	-	455	-	-	379
Other receivables	-	-	-	-	-	30	-	-	40
Total financials assets	**2,004**	**856**	**8,334**	**555**	-	**8,751**	-	**135**	**8,509**
Financial liabilities									
Borrowings	-	-	-	-	-	1,127	-	-	1,554
Trade payables	-	-	1,689	-	-	2,124	-	-	1,972
Liability - employee car/ computer schemes	-	-	65	-	-	66			52
Forward cover payable	-	-		-	380	-	-	-	-
Supplier ledger - capital goods/ services	-	-	-	-	-	16	-	-	67
Liability towards employee compensation	-	-	1,704	-	-	1,825	-	-	1,391
Other payables	-	-	15	-	-	13	-	-	10
Total financials liabilities	-	-	**3,473**	-	**380**	**5,171**	-	-	**5,046**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the Company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial investment at FVPL												
Mutual funds	1,927	-	-	1,927	555	-	-	555	-	-	-	-
Financial investment at FVOCI	-	-	-	-	-	-	-	-	-	-	-	-
Derivative financial assets	-	856	-	856	-	-	-	-	-	135	-	135
Total financials assets	**1,927**	**856**	**-**	**2,783**	**555**	-	-	**555**	-	**135**	-	**135**
Financial liabilities												
Forward cover payable	-	-	-	-	-	380	-	380	-	-	-	-
Total financials liabilities	-	-	-	-	-	**380**	-	**380**	-	-	-	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e. Mutual fund. Gain/(loss) on fair valuation is recognised in Profit and Loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receivable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.
- The fair value of premium receivable on financial guarantee contract is derived by discounting premium receivable over the period of contract. Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.

39. SHARE BASED PAYMENTS

(a) Employee stock option plan (ESOP)

The establishment of the ESOP scheme, 2016 was done pursuant to the resolutions passed by the Board and the Shareholders on January 21, 2016 for issue of options to eligible employees which may result in issue of not more than 6,000,000 equity shares. In terms of the ESOP Scheme, 2016, the Company can grant options aggregating to not more than 8.0% of the paid up equity share capital of the Company as on April 1, 2016. The eligible employees include permanent employees (including executive directors and non-executive directors, but excluding the independent directors) of the Company, its subsidiaries, or holding company. However, unless otherwise decided by the Board, in the event the subsidiaries or the holding company have implemented a stock option scheme, the employees of such entities will not be eligible for grant of options under the ESOP Scheme, 2016. Further, the employees (i) holding 10.0% of the outstanding share capital of the Company at any time after the commencement of the ESOP Scheme, 2016, or (ii) who are promoters or persons belonging to promoter group, or directors, who either by themselves or through their relatives or any body corporate, directly or indirectly, hold more than 10.0% of the outstanding equity shares of the Company, will not be eligible for grant of options under the ESOP Scheme, 2016

The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

The vesting of options granted under the ESOP Scheme, 2016 will commence one year after the date of grant of options at the rate of 20.0% of options granted each year, or at such other rates as may be fixed by the Board and may extend up to five years from the date of grant of options, unless otherwise varied in accordance with the employee stock option rules to be framed under the ESOP Scheme, 2016. The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the ESOP Regulations. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

Further, on resignation / termination of the eligible employees, only the vested options would be exercisable. All other grants if unvested for any reason whatsoever shall be deemed lapsed. Such eligible employee is required to exercise the options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation. In the event an eligible employee retires or is permanently incapacitated, all unvested options will vest in the said employee immediately. The eligible employee has to exercise options within a period of three years from the date of retirement or the date of permanent incapacitation, as the case may be, or such other period as may be decided by the Board. In case of voluntary or pre-mature retirement, the eligible employee will exercise only the vested options within 180 days from the last date of employment. All other unvested options will lapse. However, the Board will have the discretion to vest the unvested options in deserving cases and where the employee has crossed the age of 55 years. The retiring age for non-executive directors shall be 75 years or as may be decided by Board and on attainment of which, all the unvested options of the nonexecutive directors shall be vested with them immediately. In event of death of the eligible employee, unvested options shall be vested immediately in the nominees or legal heirs, as the case may be, and in the event of death of any of the nominees, his share shall vest in the surviving nominees or legal heirs, pro-rata.

(₹ million)

	2016-17		2015-16	
	Average exercise price per share option (INR)	**Number of options**	Average exercise price per share option (INR)	Number of options
Opening balance	-	-	-	-
Granted during the year	2	4,145,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	165,000	-	-
Forfeited during the year	-	-	-	-
Closing balance	-	3,980,000	-	-
Vested and exercisable	-	-	-	-

No options expired during the periods covered in the above table

Shares options outstanding at the end of the year have the following expiry date and exercise prices.

(₹ million)

Grant date	Expiry date	Exercise price (INR)	**Share options March 31, 2017**	Share options March 31, 2016	Share options April 1, 2015
July 28, 2016	July 27, 2023	2	2,000,000	-	-
August 27, 2016	August 26, 2023	2	1,980,000	-	-
Total			**3,980,000**	**-**	**-**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Options granted on July 28, 2016 includes 1,500,000 and 500,000 options alloted to non-executive directors and key managerial personel respectively.

Options granted on August 28, 2016 includes 50,000 options alloted to key managerial personnel.

Weighted average remaining contractual life of options outstanding at the end of period.	2.32 Years	-	-

(i) Fair value of options granted

The fair value at grant date of options granted during the year ended 31-03-2017 was INR 281 (31-03-2016 - Nil). The fair value of grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yeild and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended 31-03-2017 included:

a) weighted average exercise price: INR 2 (31-03-2016 - Nil)*

b) grant date : 28-07-2016 and 27-08-2016

c) expiry date: 27-07-2023 & 26-08-2023 (31-03-2016 - Nil)

d) weighted average share price at grant date: INR 281 (31-03-2016 - Nil)#

e) weighted average expected price volatility of company's share: 25.17% (31-03-2016 - Nil)

f) weighted average expected dividend yield over life of option: 18.5% (31-03-2016 - Nil)

g) weighted average risk-free interest: 6.95% (31-03-2016 - Nil)

The expected price volatility is based on the historic volatility (based on the remianing life of the options), ajusted for any expected changes to future volatility due to publicly available information.

* The first vesting is due on 27-07-2017.

As the Company was not listed on the date of grant, price at grant date has been taken as per the valuation done by a category 1 merchant banker.

(b) Expense arising from share based payment transactions

Total expenses arising from share based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

(₹ million)

	March 31, 2017	March 31, 2016
Employee options plan	193	-

40. DISCLOSURE OF SPECIFIED BANK NOTES

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Disclosure pursuant to the said notification is given below:

	SBNs	Other denominations	Total
Closing cash in hand as on November 08, 2016	286,500	83,026	369,526
Permitted receipts	-	300,099	300,099
Permitted payments	-	229,588	229,588
Amount deposited in bank	286,500	-	286,500
Closing cash in hand as on December 30, 2016	**-**	**153,537**	**153,537**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

41. DIVIDENDS

Dividends paid during the year ended March 31, 2017 include an amount of 7.95 per equity share towards interim dividend for the year ended March 31, 2017 and an amount of 0.13 per preference share towards dividend on preference shares. Dividends paid during the year ended March 31, 2016 include an amount of 14.32 per equity share towards interim dividend for the year ended March 31, 2016 and an amount of 1 per preference share towards dividend on preference shares.

The dividends declared by the holding Company are based on the profits available for distribution as reported in the financial statements of the holding Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On May 3, 2017, the Board of Directors of the holding Company have proposed a final dividend of ₹ 4 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 490 Mn inclusive of dividend distribution tax of ₹ 83 Mn.

42. FINANCIAL RISK MANAGEMENT

Market risk management

The Company regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Company follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the balance sheet of the Company. The Company manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Company's financial condition and operating results. Hence, the Company monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Company monitors the risks on net un-hedged exposures.

Price risk

The Company's investment policy and strategy are focused on preservation of capital and supporting the Company's liquidity requirements. The Company uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Company typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Company's investment portfolio, the Company performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- 3 INR Mn. as of March 31, 2017 and +/- 0.9 INR Mn. as of March 31, 2016. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

Foreign currency risk

In general, the Company is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian Rupee, will negatively affect the Company's net sales and gross margins as expressed in Indian Rupees.

The Company may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Company's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Company may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Company may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Company uses a multi-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Company at 95% confidence level is 140.9 INR Mn. as of March 31, 2017 and 69.9 INR Mn. as of March 31, 2016.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Company's actual exposures and position.

Credit/counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was Rupees 155 million as at March 31, 2017 and Rupees 348 million as at March 31, 2016. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows

(₹ million)

	2016-17	2015-16
Opening balance of allowances for doubtful accounts	348	253
Allowances recognized (reversed)	(193)	95
Closing balance of allowances for doubtful accounts	155	348

The percentage of revenue from its top five customers is 24.2% for 2016-17 (24.2% for 2015-16).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments.

The Company invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

Liquidity risk management

The Company manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position.

The Company has no borrowings as on March 31, 2017 but it has credit facilities with banks that will help it to generate funds for the business if required. The contractual maturities of financial assets and financial liabilities is as follows

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Particular	Less than 1 year	More than 1 year	Total
Financial assets			
Investments	1,927	-	1,927
Trade receivables	7,110	-	7,110
Loans	1	-	1
Other financial assets	395	-	395
Total	**9,433**	**-**	**9,433**
Financial liabilities			
Trade payable	1,689	-	1,689
Other financial liabilities	1,784	-	1,784
Total	**3,473**	**-**	**3,473**

43. TAX RECONCILIATION STATEMENT

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit before income taxes	5,996	5,594
Enacted tax rates in India	34.61	34.61
Computed expected tax expense	2,075	1,936
Tax effect of exempt non-operating income	(19)	(10)
Tax effect due to non-taxable income for Indian tax purposes	(788)	(948)
Effect of non-deductible expenses	20	7
Overseas taxes	221	230
Others	(3)	16
Total tax expense as per books of accounts	**1,506**	**1,231**

The applicable Indian statutory tax rate for fiscal 2017 and fiscal 2016 is 34.61%.

The foreign tax expenses are due to income taxes payable overseas, principally in the United States of America. In India, the Company has benefited from certain tax incentives that the Government of India has provided to the export of software for the units registered under the Special Economic Zones Act, 2005(SEZ). SEZ units which began the provision of services on or after April 1, 2005 are eligible for a deduction of 100 percent of profits or gains derived from the export of services for the first five years from the financial year in which the unit commenced the provision of services and 50 percent of such profits or gains for further five years. Upto 50 percent of such profits or gains is also available for a further five years subject to creation of a Special Economic Zone re-investment reserve out of the profit of the eligible SEZ units and utilization of such reserve by the Company for acquiring new plant and machinery for the purpose of its business as per the provisions of the Income tax Act, 1961.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

44. EMPLOYEE BENEFITS

a) The amounts recognised in balance sheet are as follows:

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
A. Present Value of defined benefit obligation									
Wholly funded	388	319	252	-	-	-	2,445	1,970	1,582
Wholly unfunded		-	-	74	51	42	29	27	26
	388	319	252	74	51	42	2,474	1,997	1,608
Less: Fair Value of Plan assets	318	271	147	-	-	-	2,460	2,002	1,610
Amount to be recognised as liability or (asset) (a-b)	70	48	105	74	51	42	14	(5)	(2)
B. Amounts reflected in the Balance Sheet									
Liabilities	70	48	105	74	51	42	(15)	(5)	(2)
Assets	-	-	-	-	-	-	-	-	-
Net liability / (asset)	70	48	105	74	51	42	(15)	(5)	(2)

b) Profit & loss account expense :

(₹ million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
1. Current service cost	62	55	12	12	120	117
2. Interest cost	2	8	4	3	187	151
3. Expected return on plan assets	-	-	-	-	(187)	(151)
4. Actuarial losses / (gains)	-	-	-	-	(15)	(9)
5. Past service cost	-	-	-	-	-	-
6. Acturial Gain/loss not recognized in books	-	-	-	-	15	9
Total expense for the year included in staff cost	**64**	**63**	**16**	**15**	**120**	**117**

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

c) Amount recorded In other comprehensive income :

(₹ million)

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
1. Opening amount recoginzed in OCI outside Profit and Loss Account	-	-	(6)	-
2. Remeasurement during the period due to				
Changes in financial assumptions	27	(1)	17	(1)
Changes in demorgraphic assumptions	-	-	-	-
Experience adjustments	(20)	6	(9)	(5)
Actual return on plan assets less interest on plan assets	4	(5)	-	-
Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside Profit and Loss Account	11	-	2	(6)

d) Reconciliation of net liability/asset:

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening net defined benefit	48	105	9	51	42	6	(5)	(2)	(3)
Expense charged to profit & loss account	63	63	41	15	15	16	109	109	499
Amount recongnized outside profit & loss acount	12	-	64	8	(6)	(16)	-	-	-
Employer Contributions	(53)	(120)	(9)	-	-	-	(119)	(112)	(498)
Impact of Liability assumed or (settled)*	-	-	-	-	-	36	-	-	-
Closing balance of the present value of defined benefit obligation	70	48	105	74	51	42	(15)	(5)	(2)

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Movement in benefit obligations :

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening of Defined Benefit Obligation	319	252	35	51	42	6	1,997	1,608	228
Transfer in/(Out)							57	29	506
Current service cost	62	55	35	11	12	11	120	117	112
Past service cost	-	-	-	-	-	-	-	-	-
Interest on defined benefit obligation	23	18	17	4	3	5	187	151	-
Remeasurements due to :									
Actuarial loss/(gain) arising from change in financial assumptions	27	(1)	55	17	(1)	(16)	-	-	-
Actuarial loss/(gain) arising from change in dem orgaphic assum ptions	-	-	-	-	-	-	-	-	-
Actuarial loss/(gain) arising on account of experience changes	(20)	6	-	(9)	(5)	-	-	-	-
Contribution by Plan Participants**	-	-	-	-	-	-	279	269	844
Benefits paid	(23)	(11)	(12)	-	-	-	(195)	(177)	(82)
Liabilities assumed / (settled)*	-	-	122	-	-	36	-	-	-
Liabilities extinquished on settlements	-	-	-	-	-	-	-	-	-
Closing of Defined Benefit Obligation	388	319	252	74	51	42	2,445	1,997	1,608

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

The company expects to contribute ₹ 70 million towards its gratuity plan in FY 2017-18

Movement in plan assets :

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	271	147	26	-	-	-	2,002	1,610	230
Expected Return on Plan Assets	-	-	11	-	-	-	187	151	112
Add / (Less) : Transfer in/(Out)	-	-	-	-	-	-	58	27	-
Add/(Less) : Actuarial gains/(losses)	-	-	(9)	-	-	-	15	9	26
Employer contributions	53	120	9	-	-	-	119	113	499
Contributions by Plan participants	-	-	-	-	-	-	274	269	825
Interest on plan assets	22	10	-	-	-	-	-	-	-
Administration expenses	-	-	-	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	122	-	-	-	-	-	-
Remeasurements due to :	-	-	-	-	-	-	-	-	-
Actual return on plan assets less interest on plan assets	(5)	5	-	-	-	-	-	-	-
Benefits paid	(23)	(11)	(12)	-	-	-	(195)	(177)	(82)
Liabilities assumed / (settled)*	-	-	-	-	-	-	-	-	-
Liabilities extinquished on settlements	-	-	-	-	-	-	-	-	-
Closing balance of the plan assets	318	271	147	-	-	-	2,460	2,002	1,610

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Sensitivity analysis :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Impact of increase in 50 bps on defined benefit obligation				
Discount rate	-3.04%	-2.87%		
Salary escalation rate	3.17%	3.03%		
Impact of decrease in 50 bps on defined benefit obligation				
Discount rate	3.23%	3.03%		
Salary escalation rate	-3.03%	-2.90%		
Discount rate				
Impact of increase in 50 bps on defined benefit obligation			-10.59%	-9.98%
Impact of decrease in 50 bps on defined benefit obligation			12.26%	11.50%
Healthcare costs rate				
Impact of increase in 50 bps on defined benefit obligation			20.40%	21.26%
Impact of decrease in 50 bps on defined benefit obligation			-15.93%	-16.36%
Life expectancy				
Impact of increase in 50 bps on defined benefit obligation			0.54%	0.45%
Impact of decrease in 50 bps on defined benefit obligation			-0.57%	-0.47%

f) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Government of India securities	Scheme with LIC	Scheme with LIC	20.45%	25.32%
State government securities			21.19%	15.84%
Corporate bonds			14.50%	8.94%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			8.38%	9.32%
Public sector bonds			32.84%	39.25%
Mutual Funds			2.64%	1.33%

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at March 31, 2017	As at March 31, 2016
1. Discount rate		
a) Gratuity plan	6.75%	7.95%
b) Post retirement medical benefit plan	6.75%	7.95%
2. Annual increase in healthcare costs	5.00%	5.00%
3. Salary growth rate	5.00%	5.00%
4. Attrition rate	2% to 18% for various age groups	2% to 18% for various age groups

h) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ in million)

Particulars	As at March 31, 2017	As at March 31, 2016
Post retirement medical benefit plan (non funded)		
1. Defined benefit obligation	74	51
2. Experience Adjustments plan liabilities	-	-
3. Experience Adjustments plan assets	-	-
Gratuity plan		
1. Defined benefit obligation	388	319
2. Plan assets	318	271
3. (Surplus) / deficit	70	48
4. Experience Adjustments plan liabilities	-	-
5. Experience Adjustments plan assets	-	-
Self - managed provident fund plan		
1. Defined benefit obligation	2,445	1,997
2. Plan assets	2,460	2,002
3. (Surplus) / deficit	(15)	(5)

General descriptions of defined benefit plans:

a.) Gratuity plan

The Company makes contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b.) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

c.) Self-managed provident fund plan

The Company's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

45. RELATED PARTY DISCLOSURE

(i) List of related parties over which control exists/exercised:

Name	Relationship
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

(ii) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Holding company

(iii) Key management personnel :

Name	Status
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	President - Sales & Business Development and Whole Time Director
Mr. Kumar Prabhas	Whole Time Director*
Mr. P. Ramakrishnan	Chief Financial Officer
Mr. Kapil Bhalla	Company Secretary**
Mr. Y. V. S. Sravankumar	Company Secretary***

*Ceased to be Whole Time Director w.e.f the close of working hours of January 21, 2017

** Appointed as Company Secretary w.e.f April 27, 2016

***Ceased to be Company Secretary w.e.f the close of working hours of April 26, 2016

(iv) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding company
Larsen & Toubro Infotech Limited	Fellow subsidiary
Larsen & Toubro Infotech Canada Limited	Fellow subsidiary
Larsen & Toubro Infotech GmbH	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Tecnologies INC	Fellow subsidiary
Larsen & Toubro LLC	Fellow subsidiary
Larsed &Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T-MHPS Boilers Private Limited	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited *	Fellow subsidiary
Larsen & Toubro T&D SA (PTY) Limited	Fellow subsidiary

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Name	Relationship
L&T Construction Equipment Limited	Fellow subsidiary
L&T-Valdel Engineering Limited *	Fellow subsidiary
L&T Infocity Limited	Fellow subsidiary
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited	Fellow subsidiary
Larsen & Toubro Electromech LLC	Fellow subsidiary
Kesun Iron & Steel Company Private Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

* L&T-Valdel Engineering Ltd has been amalgamated with L&T Hydrocarbon Engineering Ltd effective April 1, 2016.

(v) Disclosure of related party transactions

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
Sale of services :		
Holding Company	**227**	**295**
- Larsen & Toubro Limited	227	295
Fellow Subsidiaries	**633**	**748**
- L&T Hydrocarbon Engineering Limited *	11	40
- Larsen & Toubro Infotech Limited	598	667
- Larsen & Toubro LLC	-	24
- Larsed &Toubro (East Asia) SDN.BHD	8	10
- L&T Construction Equipment Limited	-	-
- L&T-MHPS Boilers Private Limited	-	6
- Ewac Alloys Limited	-	1
- Larsen & Toubro Infotech GMBH	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
- L&T Metro Rail (Hyderabad) Limited	-	-
- L&T Valves Limited	-	-
- L&T Power Limited	1	-
- L&T Infotech South Africa	15	-
Subsidiaries	**665**	**441**
- L&T Thales Technology Services Private Limited	319	104
- L&T Technology Services LLC	346	337
Purchase of services :		
Holding Company	48	12
- Larsen & Toubro Limited	48	12

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
Fellow Subsidiaries	242	512
- L&T Hydrocarbon Engineering Limited *	126	-
- Larsen & Toubro Infotech Limited	104	79
- Larsen & Toubro Infotech GMBH	9	-
- L&T Metro Rail (Hyderabad) Limited	1	-
- L&T-Valdel Engineering Limited *	-	419
- PT. Tamco Indonesia	2	13
- L&T Infrastructure Engineering Limited	-	1
- L&T-Sargent & Lundy Limited	-	-
- L&T Construction Equipment Limited	-	-
Subsidiaries	166	42
- L&T Thales Technology Services Private Limited	19	6
- L&T Technology Services LLC	147	36
Sale of Assets :		
Holding Company	-	3
- Larsen & Toubro Limited	-	3
Rent paid :		
Holding Company	165	78
- Larsen & Toubro Limited	165	78
Fellow Subsidiaries	36	54
- Larsen & Toubro Infotech Limited	26	51
- L&T-MHPS Boilers Private Limited	-	-
- Larsen & Toubro Infotech GMBH	7	-
- PT. Tamco Indonesia	1	1
- L&T Infocity Limited	1	1
- L&T Infotech Financial Services Tecnologies INC	1	1
Subsidiaries	-	2
- L&T Thales Technology Services Private Limited	-	2
- L&T Technology Services LLC	-	-
Commission paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Fellow Subsidiaries	3	5
- Larsen & Toubro Infotech Limited	3	5

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
Interest paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Interest receivable :		
Holding Company	13	-
- Larsen & Toubro Limited	13	-
Subsidiaries	1	1
- L&T Thales Technology Services Private Limited	1	1
Services availed by company :		
Holding Company	316	1,023
- Larsen & Toubro Limited	316	1,023
Fellow Subsidiaries	108	420
- Larsen & Toubro Infotech Limited	102	375
- L&T Hydrocarbon Engineering Limited *	-	9
- L&T Infocity Limited	6	7
- L&T Information Technology Services (Shanghai) Co. Ltd	-	20
- Larsen & Toubro Infotech Canada Limited	-	1
- Larsen & Toubro LLC	-	1
- PT. Tamco Indonesia	-	5
- Larsen&Toubro (East Asia) SDN.BHD	-	-
- Larsen & Toubro T&D SA (PTY) Limited	-	2
- L&T Construction - Hq International	-	-
- L&T Construction Equipment Limited	-	-
- L&T Ramboll Consulting Eng Ltd	-	-
- L&T-Sargent & Lundy Ltd.	-	-
- Larsen & Toubro Infotech Gmbh	-	-
- Larsen & Toubro Kuwait Construction	-	-
Subsidiaries	38	4
- L&T Thales Technology Services Private Limited	14	4
- L&T Technology Services LLC	24	-
Services rendered by company :		
Holding Company	1	1
- Larsen & Toubro Limited	1	1

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
Fellow Subsidiaries	3	106
- L&T-Valdel Engineering Limited	-	106
- Larsen & Toubro Infotech GmbH	-	-
- Larsen & Toubro Infotech Limited	3	-
- L&T Hydrocarbon Engineering Limited *	-	-
- Servowatch Systems Limited	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	-
Subsidiaries	72	194
- L&T Thales Technology Services Private Limited	28	34
- L&T Technology Services LLC	44	160
Trademark fees :		
Holding Company	37	-
- Larsen & Toubro Limited	37	-
Reimbursement of expense incurred on the Company's behalf :		
Holding Company	6	12
- Larsen & Toubro Limited	6	12
Fellow Subsidiaries	8	1
- L&T Hydrocarbon Engineering Limited	2	-
- Larsen & Toubro Infotech Limited	6	1
- L&T Infocity Limited	-	-
- Larsen Toubro Arabia LLC	-	-
Subsidiaries	4	
- L&T Thales Technology Services Private Limited	1	-
- L&T Technology Services LLC	3	-

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inter corporate deposit to :			
Subsidiaries	**-**	**30**	**11**
- L&T Thales Technology Services Private Limited	-	30	11
Trade receivable :			
Holding Company	71	121	87
- Larsen & Toubro Limited	71	121	87

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fellow Subsidiaries	269	201	263
- Larsen & Toubro Infotech Limited	229	156	201
- L&T-MHPS Boilers Private Limited	-	1	1
- L&T Hydrocarbon Engineering Limited *	-	10	-
- L&T Construction Equipment Limited	-	-	20
- Larsen &Toubro (East Asia) SDN.BHD	23	31	30
- L&T Information Technology Services (Shanghai) Co. Ltd	2	2	-
- Ewac Alloys Limited	-	1	-
- Larsen & Toubro Infotech South Africa (PTY) Limited	15	-	-
- Larsen & Toubro LLC	-	-	11
- L&T Valves Limited	-	-	-
Subsidiaries	340	235	17
- L&T Thales Technology Services Private Limited	**243**	**86**	**1**
- L&T Technology Services LLC	**97**	**149**	**16**
Trade payable :			
Holding Company	455	675	849
- Larsen & Toubro Limited	455	675	849
Fellow Subsidiaries	110	217	313
- Larsen & Toubro Infotech Limited	77	103	239
- Larsen & Toubro Infotech Canada Limited	-	-	1
- L&T Infotech Financial Services Tecnologies INC	1	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	1	-
- L&T-Valdel Engineering Limited *	-	97	61
- L&T Hydrocarbon Engineering Limited *	15	10	3
- Larsed &Toubro (East Asia) SDN.BHD	5	6	5
- Larsen & Toubro Electromech LLC	-	-	-
- L&T-Sargent & Lundy Limited	-	-	1
- Larsen &Toubro Kuwait Construction Company, With Limited Liability	-	-	1
- L&T Infrastructure Engineering Limited	-	-	2
- L&T Infocity Limited	-	-	-
- Larsen & Toubro Infotech GmBH	10	-	-
- Larsen & Toubro Saudi Arabia LLC	2	-	-
- Larsen Toubro Arabia LLC	-	-	-
Subsidiaries	-	-	8
- L&T Thales Technology Services Private Limited	-	-	1
- L&T Technology Services LLC	-	-	7

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Loans and advances recoverable :			
Holding Company	6	5	91
- Larsen & Toubro Limited	6	5	91
Fellow Subsidiaries	4	3	7
- Kesun Iron & Steel Company Private Limited	2	2	2
- Larsen & Toubro Infotech GmbH	-	1	1
- L&T Overseas Projects Nigeria Limited	-	-	-
- Ewac Alloys Limited	-	-	-
- L&T Metro Rail (Hyderabad) Limited	-	-	-
- Larsen & Toubro LLC	-	-	4
- L&T Seawood Limited	-	-	-
- Servowatch Systems Limited	2	-	-
Subsidiaries	26	63	-
- L&T Thales Technology Services Private Limited	24	31	-
- L&T Technology Services LLC	2	32	-

Corporate guarantee outstanding as on respective balance sheet date :

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Subsidiaries	**1,018**	**1,093**	**1,031**
- L&T Technology Services LLC	1,018	1,093	1,031
(Corporate bank guarantee of USD 15.7 million as on 31.03.2017 and USD 16.5 million as on 31.03.2016 and 31.03.2015)			
Equity Share Capital issued :	**54**	**-**	**198**
- Larsen & Toubro Limited **	54	-	198
Preference Share Capital issued :			
Holding Company	**-**	**-**	**350**
- Larsen & Toubro Limited	**-**	**-**	**350**
Preference Share Capital redeemed :			
Holding Company	**7,500**	**-**	**-**
- Larsen & Toubro Limited	7,500	-	-
Interim dividend paid - Equity :			
Holding Company	**777**	**2,270**	**1,568**
- Larsen & Toubro Limited	777	2,270	1,568
Interim dividend paid - Preference :			
Holding Company	**97**	**750**	**582**
- Larsen & Toubro Limited	97	750	582

** Equity shares were issued at premium of ₹ 279 per share

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

Compensation to Key managerial personnel

(₹ million)

Particulars	2016-17	2015-16
Short-term employee benefits	146	98
Post-employment benefits	1	-
Share-based payment *	132	-
Total compensation	**279**	**98**

* During the year ended March 31, 3107, 5,50,000 ESOPs were granted to the key managerial personnel under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 39 for detailed terms of the ESOP Scheme 2016.

Compensation to Non-executive directors

(₹ million)

Particulars	2016-17	2015-16
Sitting fees	2	1
Commission	15	-
Share-based payment*	359	-

During the year ended March 31, 2017, 15,00,000 ESOPs were granted to the Non-executive directors under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 39 for detailed terms of the ESOP Scheme 2016.

Translations with Trust Managed Employees Provident fund

(₹ million)

Particulars	2016-17	2015-16
Towards Employer’s contribution	81	75

Translations with Approved Gratuity Fund

(₹ million)

Particulars	2016-17	2015-16
Towards Employer’s contribution	52	118

46. SEGMENT REPORTING

(a) Description of segments and principal activities

The Company’s management examines the Company’s performance from industry perspective and has identified five reportable segments of its business:

1: Transportation: The transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

2: Process Engineering: Process engineering segment provides end to end engineering services for leading plant operators across the globe. This segment works across the lifecycle of the project covering concept and basic engineering to detail engineering and start-up support.

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

3: Industrial Products: Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

4: Medical Devices: Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance.

5: Telecom: Telecom segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

(i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(₹ million)

Particulars		Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total
Revenue		9,382	4,962	8,524	2,196	6,061	31,125
	% to Total	30.1%	15.9%	27.4%	7.1%	19.5%	100.0%
		7,434	*5,736*	*7,742*	*1,939*	*6,086*	*28,937*
	% to Total	*25.7%*	*19.8%*	*26.8%*	*6.7%*	*21.0%*	*100.0%*
Segment operating profits		**1,632**	**961**	**2,078**	**493**	**1,043**	**6,207**
	% to Revenue	17.4%	19.4%	24.4%	22.4%	17.2%	19.9%
		1,149	*1,160*	*1,762*	*428*	*1,019*	*5,518*
	% to Total	*15.5%*	*20.2%*	*22.8%*	*22.1%*	*16.7%*	*19.1%*
Un-allocable expenses (net)							183
							184
Other income							555
							817
Operating profit							6,579
							6,151
Finance cost							8
							16
Depreciation							575
							541
Profit before extraordinary items and tax							**5,996**
							5,594

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ million)

Particulars	North America	Europe	India	ROW	Total
External revenue by location of customers	18,983	6,057	2,881	3,204	31,125
	16,937	*5,955*	*2,584*	*3,461*	*28,937*

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

47. LEASES

The lease rentals charged during the period is as under

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognised during the period	684	660

The Group avails office space under non-cancellable operating leases. The Company recognises rent expense on a straight-line basis over the non-cancellable lease term. Future minimum lease rentals payable under non-cancellable operating leases as per the rentals stated in the respective agreements are as follows:

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Future minimum lease payable			
Not later than 1 year	529	563	438
Later than 1 year and not later than 5 years	1,944	1,989	1,942
Later than 5 years	1,487	1,951	2,436

The operating lease arrangements, are renewable on a periodic basis and most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

48. MICRO AND SMALL ENTERPRISES

(₹ million)

Particulars	**As at March 31, 2017**	As at March 31, 2016
The principal amount and the interest due thereon remaining unpaid to any supplier as at the end of accounting year;	1	-
The amount of interest paid by the buyer under the Act along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year;	-	-
The amount of interest due and payable for the year (where the principal has been paid but interest under the Act not paid);	-	-
The amount of interest accrued and remaining unpaid at the end of accounting year; and	-	-

NOTES FORMING PART OF THE ACCOUNTS (Contd.)

(₹ million)

Particulars	As at March 31, 2017	As at March 31, 2016
The amount of further interest due and payable even in the succeeding year, until such date when the interest dues as above are actually paid to the small enterprise, for the purpose of disallowance as a deductible expenditure under section 23.	-	-

Dues to Micro and Small Enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006, have been determined to the extent such parties have been identified on the basis of information collected by the Management.

49. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

50. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place: Mumbai
Date: May 03, 2017

For and on behalf of the Board of Directors of
L&T Technology Services Limited

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

SHARP & TANNAN
Chartered Accountants
Ravindra Annexe
194, Churchgate Reclamation
Dinshaw Vachha Road
Mumbai 400 020

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Technology Services Limited

Report on the consolidated Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying consolidated Ind AS financial statements of L&T Technology Services Limited ('the Holding Company') and its subsidiaries (the Holding Company and its subsidiaries together referred to as 'the Group'), which comprise the consolidated balance sheet as at March 31, 2017, the consolidated statement of profit and loss (including consolidated other comprehensive income), the consolidated cash flow statement and the consolidated statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'consolidated Ind AS financial statements').

Management's responsibility for the consolidated Ind AS financial statements

The Holding Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these consolidated Ind AS financial statements that give a true and fair view of the consolidated financial position, consolidated financial performance including consolidated other comprehensive income, consolidated cash flows and consolidated changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

The respective board of directors of the companies included in the Group are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the consolidated Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's responsibility

Our responsibility is to express an opinion on these consolidated Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the consolidated Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the consolidated Ind AS financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us and based on the consideration of reports of other auditor on separate financial statements and on the other financial information of the subsidiary, the aforesaid consolidated Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated financial position of the Group as at March 31, 2017, its consolidated financial performance including consolidated other comprehensive income, its consolidated cash flows and its consolidated changes in equity for the year ended on that date.

Other matters

We did not audit the financial statements of a subsidiary, whose financial statements reflect total assets of ₹ 875 million and net assets of ₹ (450) million as at March 31, 2017 and total revenues of ₹ 1,573 million and net cash inflows of ₹ 48 million for the year ended on that date, as considered in the consolidated financial statements. These financial statements have been audited by other auditor whose reports have been furnished to us by management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and our report in terms of section 143(3) and (11) of the Act, insofar as it relates to the aforesaid subsidiary is based solely on the reports of the other auditor.

This subsidiary is located outside India and its financial statements and other financial information have been prepared in accordance with accounting principles generally accepted in its country and which has been audited by other auditors under generally accepted auditing standards applicable in its country. The Company's management has converted the financial statements of this subsidiary located outside India from accounting principles generally accepted in its country to accounting principles generally accepted in India. We have audited these conversion adjustments made by the Company's management. Our opinion in so far as it relates to the balances and affairs of this subsidiary located outside India is based on the report of other auditors and the conversion adjustments prepared by the management of the Company and audited by us.

Our opinion on the consolidated financial statements, and our report on other legal and regulatory requirements below, is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditor.

Report on other legal and regulatory requirements

1. As required by Section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements;

   b) in our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditor;

   c) the consolidated balance sheet, the consolidated statement of profit and loss, the consolidated cash flow statement and consolidated statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) In our opinion, the aforesaid consolidated Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the board of directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies, incorporated in India is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in 'Annexure A'; and

   g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. the consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group - refer note 34 of the consolidated financial statements;

      ii. the Group did not have any material foreseeable losses on long-term contracts including derivative contracts;

      iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company and its subsidiary company incorporated in India – refer note 47 of the consolidated financial statements; and

      iv. The Company has provided requisite disclosures in its consolidated financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer Note 39 to the consolidated Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, May 3, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE CONSOLIDATED FINANCIAL STATEMENTS OF L&T TECHNOLOGY SERVICES LIMITED

(Referred to in paragraph 1(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Technology Services Limited ('the Holding Company') and its Subsidiaries ('the Holding Company and its Subsidiaries together reffered to as 'the Group') as at March 31, 2017 in conjunction with our audit of the consolidated financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The respective board of directors of the of the Holding company and its subsidiary company which is incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company and its Subsidiary Company incorporated in India has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, May 3, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ million)

		Note No.	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
	ASSETS				
I	**Non-current assets**				
	Property, plant and equipment	4	1,190	1,071	832
	Capital work-in-progress		23	143	4
	Goodwill	5	4,139	4,144	3,952
	Other intangible assets	5	733	917	808
	Goodwill on consolidation	5	76	76	76
	Financial assets				
	Other financial assets	6	227	250	275
	Deferred tax assets (net)	7	323	1,061	720
	Other non current assets	8	96	112	335
	Total non-current assets		**6,807**	**7,774**	**7,002**
II	**Current assets**				
	Financial assets				
	Investments	9	1,946	555	-
	Trade receivables	10	7,106	7,259	6,756
	Cash and cash equivalents	11	672	832	703
	Other bank balances	12	2	2	451
	Loans	13	1	-	-
	Other financial assets	14	1,308	518	694
	Current tax assets (net)	15	129	-	-
	Other current assets	16	3,554	2,483	2,589
	Total current assets		**14,718**	**11,649**	**11,193**
	TOTAL ASSETS		**21,525**	**19,423**	**18,195**
	EQUITY AND LIABILITIES				
	Shareholders' funds				
	Share capital	17	203	3,000	3,000
	Other equity		14,653	7,661	7,254
	Equity attributable to equity holders of the Company		**14,856**	**10,661**	**10,254**
	Non-controlling interest		(4)	(5)	-
	Total equity		**14,852**	**10,656**	**10,254**
I.	**Non-current liabilities**				
	Provisions	18	-	-	7
	Total non-current liabilities		**-**	**-**	**7**
II.	**Current liabilities**				
	Financial liabilities				
	Borrowings	19	1,019	1,955	2,188
	Trade payables	20	1,847	2,138	1,954
	Other financial liabilities	21	1,822	2,401	1,698
	Other current liabilities	22	714	1,010	848
	Provisions	23	1,271	1,232	954
	Current tax liabilities (net)	24	-	31	292
	Total current liabilities		**6,673**	**8,767**	**7,934**
	TOTAL EQUITY AND LIABILITIES		**21,525**	**19,423**	**18,195**
	Notes forming part of the financial statements	1-48			

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ million except as stated otherwise)

		Note No.	Year ended March 31, 2017	Year ended March 31, 2016
I.	Revenue from operations	25	32,483	30,662
II.	Other income	26	591	845
III.	**TOTAL INCOME**		**33,074**	**31,507**
IV.	**Expenses:**			
	Employee benefit expenses	27	20,958	19,681
	Other operating expenses	28	5,678	5,787
	Finance cost	29	21	25
	Depreciation and amortisation expenses		625	589
	TOTAL EXPENSES		**27,282**	**26,082**
V.	**PROFIT BEFORE TAX (III-IV)**		**5,792**	**5,425**
VI.	**Tax expense :**			
	(a) Current tax		1,421	1,402
	(b) Deferred tax		121	(163)
	TOTAL TAX EXPENSE	30	**1,542**	**1,239**
VII.	**PROFIT FOR THE YEAR (V-VI)**		**4,250**	**4,186**
VIII.	Other comprehensive income (OCI), net of taxes	31	843	(150)
IX.	**TOTAL COMPREHENSIVE INCOME, NET OF TAXES**		**5,093**	**4,036**
	Profit/(loss) attributable to :			
	Owners of the company		4,249	4,191
	Non-controlling interest		1	(5)
	Total comprehensive income attributable to :			
	Owners of the company		5,092	4,041
	Non-controlling interest		1	(5)
X.	**EARNING PER EQUITY SHARE**	32		
	Basic - Rupee		42.08	43.78
	Diluted - Rupee		39.64	32.29
	Face value per equity share - Rupee		2.00	40.00
XI.	Notes forming part of the financial statements	1-48		

As per our report attached
SHARP & TANNAN
Chartered Accountants
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For and on behalf of the Board of Directors of
L&T Technology Services Limited

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Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

(₹ million)

			Other Equity								Total equity attributable to equity holders of the Company
			Reserves & Surplus					Items of other comprehensive income			
		Equity Share Capital	Equity component of preference share capital	Securities premium account	Retained earnings	Share options outstanding Account	Non-controlling interest	Foreign currency translation reserve	Hedging reserve	Other items of other comprehensive income	
Balance as at 01-04-2015		**3,000**	**7,500**	**-**	**(504)**	**-**	**-**	**-**	**258**	**-**	**10,254**
Profit for the year		-	-	-	4,191	-	-	-		5	4,191
Other comprehensive income		-	-	-	-	-	-	-	-	-	5
Dividends		-	-	-	(3,020)	-	-	-	-	-	(3,020)
Dividend tax		-	-	-	(615)	-	-	-	-	-	(615)
Addition/(deduction) during the period		-	-	-	-	-	(5)	(15)	(139)	-	(159)
Balance as at 31-03-2016		**3,000**	**7,500**	**-**	**52**	**-**	**5**	**(15)**	**119**	**5**	**10,656**
Profit for the year		-	-	-	4,249	-	-	-	-	-	4,249
Other comprehensive income		-	-	-	-	-	-	-	-	(16)	(16)
Deemed dividend - ESOP		-	-	-	(117)	-	-	-	-	-	(117)
Dividends		-	-	-	(905)	-	-	-	-	-	(905)
Dividend tax		-	-	-	(184)	-	-	-	-	-	(184)
Employees shares options outstanding		-	-	-	-	952	-	-	-	-	952
Deferred employee compensation expense		-	-	-	-	(642)	-	-	-	-	(642)
Addition/(deduction) during the period		(2,797)	(7,500)	10,297	-	-	1	15	843	-	859
Balance as at 31-03-2017		**203**	**-**	**10,297**	**3,095**	**310**	**(4)**	**-**	**962**	**(11)**	**14,852**
Notes forming part of the financial statements	1-48										

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
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(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ million)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit before tax	5,792	5,594
	Adjustments for:		
	Depreciation and amortisation	625	589
	Interest received	(1)	(32)
	Interest paid	21	25
	(Profit)/Loss on sale of fixed assets	9	–
	Employee stock option forming part of staff expenses	193	–
	Dividends received from current investments	(56)	(30)
	Unrealised foreign exchange loss/(gain)	181	(33)
	Operating profit before working capital changes	**6,764**	**5,944**
	Changes in working capital		
	(Increase)/decrease in trade receivables	62	(554)
	(Increase)/decrease in other receivables	(1,295)	353
	Increase/(decrease) in trade & other payables	(109)	1,195
	(Increase)/decrease in working capital	**(1,342)**	**994**
	Cash generated from operations	**5,422**	**6,938**
	Direct taxes paid	(1,581)	(1,663)
	Net cash (used in)/from operating activities	**3,841**	**5,275**
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	(465)	(1,283)
	Sale of fixed assets	20	15
	(Purchase)/Sales of current investments	(1,391)	(555)
	Dividends received from current investments	56	30
	Interest received	1	32
	Net cash (used in)/from investing activities	**(1,779)**	**(1,761)**
C.	**Cash flow from financing activities**		
	Equity share capital issued including share premium	7,500	–
	Preference share capital redeemed	(7,500)	–
	Proceeds from/(repayment of) borrowings	(937)	(233)
	Interest paid	(21)	(25)
	Dividend paid	(905)	(3,020)
	Dividend tax	(359)	(556)
	Net cash (used in) / from financing activities	**(2,222)**	**(3,834)**
	Net (decrease) / increase in cash and cash equivalents	**(160)**	**(320)**
	Cash and cash equivalents at beginning of year	**834**	**1,154**
	Cash and cash equivalents at end of year	**674**	**834**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Notes:

1 Cash flow has been prepared under the indirect method as set out in the IndAS - 7.

2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.

3 Bank balances include revaluation loss of ₹ 38 million (Previous year gain of ₹ 21 million)

4 Cash and cash equivalents included in Cash Flow Statement comprise the following :

(₹ million)

		As at March 31, 2017	As at March 31, 2016
a) Cash and cash equivalents		672	832
b) Other bank balances		2	2
		674	**834**
Notes forming part of the financial statements	1-48		

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer &
Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS

1. CORPORATE INFORMATION

L&T Technology Services Limited, along with its subsidiaries (herein after referred to as the "Group"), is a leading global pure-play Engineering, Research and Development (ER&D) services company. ER&D services are a set of services provided to manufacturing, technology and process engineering companies, to help them develop and build products, processes and infrastructure required to deliver products and services to their end customers.

The Company is a public company incorporated and domiciled in India and has its registered office at L&T House, N.M. Marg, Ballard Estate, Mumbai 400 001. As at March 31, 2017, Larsen & Toubro Limited, the holding company owns 89.77% of the Company's equity share capital.

The consolidated financial statements of the Group for the year ended March 31, 2017 were approved for issue by the Board of Directors on May 3, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Group has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Previous period financials have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Principles of consolidation

i. The financial statements of the Parent Company and its subsidiaries have been consolidated on a line-by-line basis by adding together the book values of the like items of assets, liabilities, income and expense, after eliminating intra-group balances and the unrealised profits/losses on intra-group transactions, and are presented to the extent possible, in the same manner as the Parent Company's independent financial statements.

ii. Goodwill on consolidation represents the difference between the Group's share in the net worth of a subsidiary and the cost of acquisition at each point of time of making the investment in the subsidiary. For this purpose, the Group's share of net worth is determined on the basis of the latest financial statements, prior to the acquisition, after making necessary adjustments for material events between the date of such financial statements and the date of respective acquisition. Goodwill arising on consolidation is not amortised, however, it is tested for impairment. In the event of cessation of operations of a subsidiary, the unimpaired goodwill is written off fully.

iii. Non-controlling interest represents that part of the net profit or loss and net assets of subsidiaries attributable to interests which are not owned, directly or indirectly, by the Group.

d) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Group to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

e) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

f) Revenue recognition

Revenue from contracts which are on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on "fixed-price" basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

g) Employee benefits

i. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

ii. Post-employment benefits

a) Defined contribution plan:

The Company's superannuation fund and state governed provident fund scheme are classified as defined contribution plans. The contribution paid / payable under the schemes is recognised in the statement of profit and loss in the period in which the employee renders the related service.

b) Defined benefit plans:

The provident fund scheme managed by trust, employee's gratuity fund scheme managed by LIC and post-retirement medical benefit scheme are the Company's defined benefit plans. Wherever applicable, the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash-flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government bonds as at the balance sheet date, having maturity periods approximating to the terms of related obligations. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

Actuarial gains and losses are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through OCI in the period in which they occur. Other changes in net defined benefit obligation like current service cost, past service cost, gains and losses on curtailment and net interest expense or income are recognized in the statement of profit and loss.

iii. Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

h) Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

hand, deposits held at call with financial institutions, other short term highly liquid investments with original maturity of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

i) Employee stock ownership scheme

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the excess of fair value of the share over the exercise price is treated as discount and accounted as employee compensation cost over the vesting period. The amount recognised as expense each year is arrived at based on the number of grants expected to vest. If a grant lapses after the vesting period, the cumulative discount recognised as expense in respect of such grant is transferred to general reserve.

j) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation (other than freehold land) and impairment loss, if any.

Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below

Asset class	Useful life (years)
Plant and equipment	8
Air-condition and refrigeration	12
Canteen equipment	8
Laboratory equipment	8
Electrical installations	10
Computers	3
Office equipment	4
Furniture and fixtures	10
Cars	7
Leasehold improvements	Lease period

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

k) Intangible assets and amortisation

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Intangible assets consist of computer software and technical know-how which are amortised over the useful life as given below:

Asset class	Useful life (years)
Specialised software	6
Technical knowhow	4
Customer contracts and relationships	7

l) Goodwill

Goodwill represents the excess of consideration paid over the net value of assets acquired. Goodwill is not amortised, however tested for impairment at regular interval. Refer note O (b) for accounting policy on impairment of assets.

m) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Non-derivative financial assets:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Non-derivative financial liabilities:

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

Derivative financial instrument

Cash flow hedge

The Company designates foreign exchange forward contracts as hedge instruments in respect of foreign exchange risks. These hedges are accounted for as cash flow hedges.

The Company uses hedging instruments that are governed by the policies of the Company which are approved by the Board of Directors, which provide written principles on the use of such financial derivatives consistent with the risk management strategy of the Company.

The hedge instruments are designated and documented as hedges at the inception of the contract.

The effectiveness of hedge instruments to reduce the risk associated with the exposure being hedged is assessed and measured at inception and on an ongoing basis. The ineffective portion of designated hedges are recognised immediately in the statement of profit and loss.

The effective portion of change in the fair value of the designated hedging instrument is recognised in the other comprehensive income and accumulated under the heading cash flow hedge reserve.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated or no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity till that time remains and is recognised in statement of profit and loss when the forecasted transaction ultimately affects the profit or loss. When a forecasted transaction is no longer expected to occur, the cumulative gain or loss accumulated in equity is transferred to the statement of profit and loss.

n) Investment in subsidiaries

Investment in subsidiaries are measured at cost as per Ind AS 27 - Separate Financial Statements.

o) Leases

(a) Finance leases:

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

p) Impairment of assets

a) Trade receivables

The Company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

b) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss

Goodwill is tested for impairment annually and if events or changes in circumstances indicate that an impairment loss may have occurred. In the impairment test, the carrying amount of the cash generating unit, including goodwill, is compared with its fair value. When the carrying amount of the reporting unit exceeds its fair value, a goodwill impairment loss is recognised, up to a maximum amount of the goodwill related to the cash generating unit.

q) Foreign currencies

The functional currency of the Company is Indian rupee.

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

r) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company and its branches in India and overseas. The current tax payable by the Company in India is Indian income tax payable for their worldwide income after taking credit for tax relief available for export operations in Special Economic Zones (SEZs).

Current income tax payable by overseas branches of the Company is computed in accordance with the tax laws applicable in the jurisdiction in which the respective branch operates. The taxes paid are generally available for set off against the Indian income tax liability of the Company's worldwide income.

Advance taxes and provisions for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intends to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilised.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

For operations carried out in SEZs, deferred tax assets or liabilities, if any, have been established for the tax consequences of those temporary differences between the carrying values of assets and liabilities and their respective tax bases that reverse after the tax holiday ends.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realise the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

s) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event;

b) A probable outflow of resources is expected to settle the obligation; and

c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

t) Commitment

Commitments are future liability for contractual expenditure. Commitment are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for,

b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

u) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

v) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

w) The list of subsidiaries included in the consolidated financial statements is as under:

	Name of the subsidiary company	Country of incorporation	Proportion of ownership as at March 31 (%)	
			2017	2016
1	L&T Technology Services LLC	USA	100	100
2	L&T Thales Technology Services Private Limited	India	74	74

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

3. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These financial statements, for the year ended March 31, 2017, are the first the group has prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in preparation of opening Ind AS balance sheet at April 1, 2015 (the group's date of transition to Ind AS). In preparing its opening Ind AS balance sheet the group has adjusted amount reported previously in financial statements prepared in accordance with accounting standards notified under Companies(Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the act (previous GAAP). An explanation of how transition from previous GAAP to Ind AS has affected the group's financials position, financial performance and cash flow is set out in following tables and notes.

3.1 Exemptions and exceptions availed

a) Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at date of transition to Ind AS, measured as per previous GAAP and use that as deemed cost as at date of transition after making necessary adjustments. Accordingly, group has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

b) In respect of business combinations, Ind AS 101 provides the option to apply Ind AS 103 prospectively from transition date or from a specific date prior to transition date. This provides relief from full retrospective application that would require restatement of all business combinations prior to transition date. The group has elected to apply Ind AS 103 prospectively to business combination occurring after its transition date. Business combination occurring prior to transition date have not been restated.

c) Ind AS 101 allows first time adopter not to apply Ind AS 21 Effects of changes in foreign exchange rates retrospectively for business combinations that occurred before the date of transition to Ind AS. In such cases where the entity does not apply Ind AS 21 retrospectively fair value adjustments and goodwill, the entity treats them as assets and liabilities of acquirer and not as acquiree. The group has elected to apply this exemption.

d) Ind AS 110 requires entities to attribute the profit or loss and each component of other comprehensive income to the owners of parent and to the non controlling interests. The requirement needs to be followed even if this results in non controlling interest having a deficit balance. Ind AS 101 requires the above requirement to be followed prospectively from date of transition. Consequently, group has applied above requirement prospectively from date of transition.

3.2 Reconciliation of consolidated equity as at April 01, 2015

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		832	-	832
Intangible assets		808	-	808
Capital work-in-progress		4	-	4
Goodwill		4,028	-	4,028
Financial assets		-	-	-
Non-current investments		-	-	-
Other financial assets	g)	615	(340)	275
Deferred tax assets (net)	c)	392	328	720
Other non current assets	g)	13	322	335
Current assets		-	-	-
Current investments		-	-	-
Trade receivables	e)	6,848	(92)	6,756

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
Cash and cash equivalent		703	-	703
Other bank balances		451	-	451
Other financial assets	h)	1,675	(981)	694
Other current assets	h)	1,776	813	2,589
TOTAL ASSETS		**18,145**	**50**	**18,195**
EQUITY AND LIABILITIES				
Shareholdehrs' funds				
Share capital		3,000	-	3,000
Other equity	3.6	7,521	(267)	7,254
Non-Current liabilities		7	-	7
Long-term provisions		-	-	-
Other long term liabilities		-	-	
Deferred tax liabilities (Net)		-	-	-
Current liabilities		-	-	-
Short-term borrowings	i)	2,188	-	2,188
Trade payables	e)	3,080	(1,126)	1,954
Other financial liabilities	i)	-	1,698	1,698
Other current liabilities	i)	1,103	(255)	848
Short-term provisions	k)	1,247	(293)	954
Tax liabilities (net)	k)	-	292	292
TOTAL EQUITY AND LIABILITIES		**18,145**	**50**	**18,195**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note.

3.3 Reconciliation of consolidated equity as at March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		1,071	-	1,071
Capital work-in-progress		143	-	143
Goodwill		4,220	-	4,220
Intangible assets		917	-	917
Financial assets		-	-	-
Non-current investments		-	-	-
Other financial assets	e)	279	(29)	250
Deferred tax assets (net)	a)	365	696	1,061
Other non current assets	e)	-	112	112
Current assets				
Current investments	b)	555	-	555
Trade receivables	c)	7,270	(11)	7,259
Cash and cash equivalent		832	-	832
Other bank balances	d)	33	(31)	2
Other financial assets	d)	2,009	(1,491)	518
Other current assets	f)	1,481	1,002	2,483
TOTAL ASSETS		**19,175**	**248**	**19,423**

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		3,000	-	3,000
Other equity	3.6	7,925	(264)	7,661
Non-controlling interest	a)	-	(5)	(5)
Non-Current liabilities		-	-	
Long-term provisions		-	-	-
Other long term liabilities		-	-	-
Current liabilities		-	-	
Short-term borrowings		1,955	-	1,955
Trade payables		3,581	(1,443)	2,138
Other financial liabilities	g)	-	2,401	2,401
Other current liabilities	g)	1,451	(441)	1,010
Short-term provisions	h)	1,263	(31)	1,232
Tax liabilities (net)	h)	-	31	31
TOTAL EQUITY AND LIABILITIES		**19,175**	**248**	**19,423**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note

3.4 Reconciliation of consolidated total comprehensive income for the year ended March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
INCOME:				
Revenue from operations	l)	30,665	(3)	28,937
Other income	i)	781	64	817
Total Revenue		**31,446**	**61**	**29,754**
EXPENSES:				
Employee benefit expenses	g)	19,627	54	18,309
Operating expenses		2,675	-	2,353
Sales, administration and other expenses	k) & c)	3,177	(65)	2,941
OPERATING PROFIT			**72**	**6,151**
Finance cost		25	-	25
Depreciation, amortisation and obsolescence expenses		589	-	589
PROFIT BEFORE TAX		**5,353**	**72**	**5,425**
Provision for taxation :				
Current tax	m)	1,364	38	1,402
MAT credit	a)	(178)	15	(163)
PROFIT AFTER TAX		**4,167**	**19**	**4,186**
Other Comprehensive Income	n)	-	(150)	(150)
TOTAL COMPREHENSIVE INCOME		**4,167**	**(131)**	**4,036**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for purpose of this note

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

3.5 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

(₹ million)

Particulars	Note	March 31, 2016
Profit after tax as per previous GAAP		4,167
Adjustments:		-
Provision for expected credit loss	e)	82
Provision for employee benefits based on constructive obligation	i)	(42)
Reclassification of net actuarial (gain)/loss on employee defined benefit obligations to OCI	m)	(6)
Impact of hedge accounting related to premium on forward contracts	l)	49
Gain/(loss) on fair value of investments	d)	-
Others		(11)
Impact of deferred and current tax in respect of above adjustments	c) & p)	(53)
Profit after tax as per Ind AS		**4,186**
Other comprehensive income	q)	(150)
Total comprehensive income		**4,036**

3.6 Reconciliation of consolidated equity as at March 31, 2016 and April 01, 2015

(₹ million)

Particulars	Note	March 31, 2016	March 31, 2015
Total equity (shareholder's fund) as per previous GAAP		10,925	10,521
Provision for expected credit loss	e)	(1)	(82)
Provision for employee benefits based on constructive obligations	i)	(336)	(295)
Gain/(loss) on fair valuation of investments	d)	-	-
Impact of hedge accounting related to premium on forward contracts	l)	(151)	-
Others		(31)	(21)
Impact of deferred and current taxes in respect of the above adjustments	c) & p)	250	131
Total equity as per Ind AS		**10,656**	**10,254**

3.7 Impact of Ind AS adjustment on standalone statement of cash flow for the year ended March 31, 2016

(₹ million)

Particulars	Note	Previous GAAP	Adjustment	Ind AS
Net cash (used in) from operating activities	3.5	5,306	(31)	5,275
Net cash (used in) from investing activities	d)	(1,751)	(10)	(1,761)
Net cash (used in) from financing activities		(3,844)	10	(3,834)
Net (decrease) / increase in cash and cash equivalents		(289)	(31)	(320)
Cash and cash equivalents at April 1, 2015		1,154	-	1,154
Cash and cash equivalents at March 31, 2016		865	(31)	834

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Analysis of changes in cash and cash equivalents for purpose of standalone statement of cash flow under Ind AS

(₹ million)

Particulars	Note	March 31, 2016	March 31, 2015
Cash and cash equivalent as per previous GAAP		865	1,154
Regrouping of bank deposits having maturity after 12 months	f)	(31)	-
Cash and cash equivalent as per Ind AS		834	1,154

3.8 Notes to first time adoption of Ind AS

a) Deferred tax assets (net)

Tax adjustments include deferred tax impact on account of differences between previous GAAP and Ind AS which are mainly gain on fair valuation of investment, expected credit loss allowance & employee benefit provisions. Further, Minimum Alternated Tax (MAT) balance was grouped under short term loans and advances under previous GAAP which has been presented under deferred tax assets as per Ind AS.

b) Current investments

As per Ind AS, investments in liquid mutual funds have been revalued at fair value which was being accounted at cost under previous GAAP. The resulting fair value changes of these investments have been recognised in profit and loss.

c) Trade receivables

Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Group has applied expected credit loss model for recognising allowance for doubtful debt. Expected credit loss model reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and also includes loss for the time value of money.

d) Other bank balances and other financial assets

Fixed deposits were all classified under "Cash & Bank" category under previous GAAP. Under Ind AS, the Group has classified fixed deposits into current and non-current based on maturity duration. Accordingly, fixed deposits having maturity date after 12 months from reporting date have been classified as non-current financial assets.

e) Other financial assets & other non current assets

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, financial assets are required to be recognised at fair value. Accordingly, the Group has measured the security deposits at fair value under Ind AS. The difference between fair value and transaction value of security deposit has been recognised as prepaid rent and is being expensed on straight line basis over term of lease. the Group also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.

f) Short term loans, financial assets and other current assets

Under previous GAAP, the financial guarantee given on behalf of subsidiary was disclosed by way of contingent liability in the standalone financial statements of the Group. As per Ind AS 109, para 5.1.1 the Group has recognised the financial guarantee at fair value at inception. Under previous GAAP, specific classification of various assets under head "financial assets" was not made. Under Ind-AS, assets covered by nature as defined under Ind AS 32 have been regrouped from short term loans to financial asset category. Assets classified as non-financial in nature have been regrouped under other current assets.

g) Other financial liabilities and other current liabilities

Constructive obligation is not defined under previous GAAP due to which certain employee related expenses were recognised as and when they occur. Under Ind AS 37, the same is covered under definition of constructive obligation and all such employee related expenses needs to be provided for. Under previous GAAP, specific classification of various

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

liabilities under head "financial liabilities" was not made and no liability were presented under category "financial liabilities". Under Ind-AS 32, financial liability has been defined and accordingly, liabilities covered by nature as defined under Ind AS 32 has been regrouped from other current liabilities to financial liabilities category. Liability classified as non-financial in nature has been regrouped under other current liability. Consequent to transition, all employee relevant liabilities has been classified under financial liability as per new disclosure requirements. Interest accrued but no due in respect of short term borrowings regrouped from other current liability to borrowing as per disclosure requirements of Ind AS.

h) Short term provisions and Tax liabilities (net)

Under previous GAAP, current year tax liability/asset was disclosed under category "short term provisions" or "short term advance". However, as per Ind AS disclosure requirements, current year tax liabilities and advances needs to be adjusted and net balance to be disclosed separately.

i) Hedge Accounting impact on other income

Under previous GAAP, the Group was accounting the premia income over the period of the forward contract. However, under Ind AS, the Group does not account the premia income. As per Ind-AS109, changes in the fair value of the derivative hedging instrument which are designated as "Cash flow hedges" have been recognized under Other Comprehensive Income and held in Hedging Reserve (net of taxes) to the extent the hedges are effective.

j) Remeasurement of post employment benefit obligations

As per Ind AS, re-measurement of defined benefit plans has been disclosed under "Other Comprehensive Income" (OCI), which was being debited to statement of profit and loss under previous GAAP.

k) Amortisation of prepaid rent & notional interest income on lease deposits

Impact of Ind AS transition on lease deposit has been covered under note (e). Accordingly, lease deposits were fair valued and notional interest income is recognised on lease deposit using internal rate of return over life of deposit.

l) Accounting of cash discount given to customers

Under previous GAAP, cash discounts were accounted as finance cost. Under Ind AS, cash discounts are reduced from the revenue from operations.

m) Current year income tax charge

Consequent to Ind AS adjustments which are mainly on account of post employment benefit obligations and tax impact on premia/exchange gain / loss reversal, respective tax adjustments have been made in the statement of profit and loss for the year ended March 31, 2016.

n) Other Comprehensive Income

As per Ind AS, re-measurement of defined benefit plans, effective portions of gains and losses on cash flow hedges and foreign currency translation reserve have been disclosed under "Other Comprehensive Income" (OCI). The re-measurement of defined benefit plans was being earlier recognised in the statement of profit and loss under previous GAAP.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

4. PROPERTY, PLANT AND EQUIPMENT

(₹ million)

	Leasehold improvements	Plant and equipment general*	Aircondition and refrigeration	Canteen equipments	Laboratory equipments	Electrical installations	Computers *	Office equipments	Furniture and fixtures *	Cars	Total
Gross carrying value as on 01-04-2015	13	72	31	1	25	24	388	69	124	85	832
Additions during the period	155	1	32	-	43	70	150	58	75	40	624
Deductions during the period	-	1	3	-	-	3	59	2	7	22	97
Gross carrying values as on 31-03-2016	168	72	60	1	68	91	479	125	192	103	1,359
Accumulated depreciation											-
As on 01-04-2015	-	-	-	-	-	-	-	-	-	-	-
For the Year	11	10	6	-	7	10	232	44	31	20	371
On Deductions	-	-	2	-	-	2	58	2	3	16	83
As on 31-03-2016	11	10	4	-	7	8	174	42	28	4	288
Net carrying value as on 31-03-2016	157	62	56	1	61	83	305	83	164	99	1,071
Gross carrying value as on 01-04-2016	168	72	60	1	68	91	466	138	192	103	1,359
Additions during the period	114	2	31	-	13	42	183	44	39	29	497
Deductions during the period	-	-	6	-	-	5	19	16	35	18	99
Gross carrying values as on 31-03-2017	282	74	85	1	81	128	630	166	196	114	1,757
Accumulated depreciation											-
Depreciation as on 01-04-2016	11	10	4	-	7	8	163	53	28	4	288
For the Year	26	10	8	-	9	14	182	41	35	22	347
On Deductions	-	-	2	-	-	2	18	15	21	10	68
Depreciation as on 31-03-2017	37	20	10	-	16	20	327	79	42	16	567
Net Carrying values as on 31-03-2017	245	54	75	1	65	108	303	87	154	98	1,190

* Opening balances have been regrouped due to reclassification of assets.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

5. GOODWILL, OTHER INTANGIBLE ASSETS AND GOODWILL ON CONSOLIDATION

	Specialised softwares	Technical knowhow	Customer Contracts & Relationships	Total	Goodwill	Goodwill on consolidation
Gross carrying values as on 01-04-2015	776	143	297	1,216	3,952	76
Additions during the period	313	-	-	313	188	-
Deductions during the period	-	-	-	-	-	-
Gross carrying value as on 31-03-2016	1,089	143	297	1,529	4,140	76
Accumulated amortisation						
Amortisation as on 01-04-2015	358	38	12	408	-	-
For the Year	141	35	42	218	-	-
On Deductions	-	-	-	-	-	-
Amortisation as on 01-04-2016	499	73	54	626	-	-
Foreign currency translation reserve	-	-	14	14	4	-
Net carrying value as on 31-03-2016	590	70	257	917	4,144	76
Gross carrying value as on 01-04-2016	1,089	143	311	1,543	4,144	76
Additions during the period	102	-	-	102	-	-
Deductions during the period	-	-	-	-	-	-
Gross carrying value as on 01-04-2017	1,191	143	311	1,645	4,144	76
Accumulated amortisation						
Amortisation as on 01-04-2016	499	73	54	626	-	-
For the Year	201	35	42	278	-	-
On Deductions	-	-	-	-	-	
Ammortisation as on 01-04-2017	700	108	96	904	-	-
Foreign currency translation reserve	-	-	(8)	(8)	(5)	
Net Carrying value as on 31-03-2017	491	35	207	733	4,139	76

6. OTHER FINANCIAL ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Security deposits	222	219	275
Fixed deposits *	5	31	-
	227	**250**	**275**

*Fixed deposits include margin money deposits against bank guarantees.

7. DEFERRED TAX ASSETS (NET)

(₹ million)

Description	DTL/ (DTA)	Adjustment in Goodwill	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2016	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2017
Property, plant and equipment, goodwill and other intangible assets	72	-	(44)	-	28	516	-	544
Branch profit tax	142	-	78	-	220	59	-	279

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Description	DTL/ (DTA)	Adjustment in Goodwill	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2016	Charge/ (Credit) to P&L	Charge/ (Credit) to OCI	DTL/(DTA) As at March 31, 2017
Net gain/(loss) on fair valuation of investments	-	-	-	-	-	-	-	-
Provision for employee benefits	(328)	2	(81)	-	(407)	204	-	(203)
Allowances for doubtful debts	(87)	-	(34)	-	(121)	89	-	(32)
Cash flow hedges	(268)	-	134	(193)	(327)	-	618	291
Other items giving rise to timing differences	(52)	20	33	(2)	(1)	41	(1)	39
MAT credit entitlement	(199)	-	(249)	-	(453)	(788)	-	(1,241)
Total	**(720)**	**22**	**(163)**	**(195)**	**(1,061)**	**121**	**617**	**(323)**

8. OTHER NON CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	96	112	335
	96	**112**	**335**

9. INVESTMENTS
Current investment

(₹ million)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
Investment in mutual funds						
Quoted						
Birla Sunlife Cash Plus Fund - Direct Plan - Daily Dividend Reinvestment	1,026,624	103	-	-	-	-
Birla Sunlife Saving Fund - Direct Plan - Daily Dividend Reinvestment	506,513	51	-	-	-	-
Birla Sunlife Short Term Fund- - Direct Plan - Monthly Dividend Reinvestment	3,007,885	35	-	-	-	-
HDFC Liquid Fund - - Direct Plan - Daily Dividend Reinvestment	100,992	103	-	-	-	-
HDFC Floating Rate Income Fund - Short Term Plan - Wholesale Option - Direct Plan - Dividend Reinvestment	4,049,260	41	-	-	-	-
HDFC Short Term Opportunities Fund - Direct Plan - Fortnightly - Dividend Reinvestment	2,971,373	31	-	-	-	-
ICICI Prudential Flexi Income - Daily Dividend Reinvestment	316,418	33	-	-	-	-

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Units	Amount	Units	Amount	Units	Amount
ICICI Prudential Flexi Income - Direct - Daily Dividend Reinvestment	143,949	15	-	-	-	-
ICICI Prudential Ultra Short Term - Direct - Daily Dividend Reinvestment	2,986,030	30	-	-	-	-
ICICI Prudential Liquid - Direct Plan - Daily Dividend Reinvestment	1,096,612	110	-	-	-	-
L&T Liquid Fund - Daily Dividend Reinvestment	967,294	979	548,909	555	-	-
Reliance Liquid Fund Treasury Plan - Daily Dividend Reinvestment	137,764	210	-	-	-	-
UTI Liquid Fund - Cash Plan - Daily Dividend Reinvestment	200,730	205	-	-	-	-
		1,946		**555**		**-**
Aggregate amount of quoted investment at cost		1,944		555		
Aggregate amount of quoted investment at market value		1,946		555		

10. TRADE RECEIVABLES

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good	7,106	7,259	6,756
Considered doubtful	166	349	253
	7,272	**7,608**	**7,009**
Less: Allowance for doubtful debt	(166)	(349)	(253)
	7,106	**7,259**	**6,756**

11. CASH AND CASH EQUIVALENTS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks	473	666	504
Cheques on hand	35	-	42
Remittance in transit	164	166	157
Cash on hand	-	-	-
	672	**832**	**703**

There are no repatriation restrictions with regard to cash and cash equivalents at the end of reporting period and prior periods.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

12. OTHER BANK BALANCES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Fixed deposits with banks *			
More than 3 months and less than 12 months	2	2	451
	2	**2**	**451**

* Fixed deposits are margin money deposits against bank guarantees.

13. LOANS

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good			
Others	1	-	-
	1	**-**	**-**

14. LOANS / OTHER FINANCIAL ASSETS

(₹ million)

Current	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advances to employees	315	457	379
Security deposits	39	16	38
Forward contract receivable	933	-	135
Loans and advances to related parties	10	8	97
Other receivables	11	37	45
	1,308	**518**	**694**

15. CURRENT TAX ASSETS (NET)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	(1,356)	-	-
Advance tax installment	1,267	-	-
TDS certificate receivable	218	-	-
	129	**-**	**-**

16. OTHER CURRENT ASSETS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unbilled revenue	2,295	1,470	1,753
Retention money not due	10	11	10
	2,305	1,481	1,763

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance to suppliers	93	72	13
Prepaid expenses	579	555	407
Service tax recoverable	187	36	78
Other receivables	235	270	327
	1,094	933	825
	3,399	**2,414**	**2,588**
Income tax prior years			
Income tax net of previous year provisions	155	69	1
	155	69	1
	3,554	**2,483**	**2,589**

17. SHARE CAPITAL

17.1 Authorised :

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
5,250,000,000 Equity shares of ₹ 2 each	10,500	-	-
(March 31, 2016 : 75,000,000 Equity shares of ₹ 40 each)	-	3,000	-
(April 01, 2015 : 300,000,000 Equity shares of ₹ 10 each)	-	-	3,000
Preference shares of ₹ 10 each - Nil	-	7,500	7,500
(March 31, 2016 : 750,000,000 Preference shares of ₹ 10 each)	-	-	-
(April 01, 2015 : 750,000,000 Preference shares of ₹ 10 each)	-	-	-
	10,500	**10,500**	**10,500**

17.2 Issued, subscribed and paid up

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
101,690,392 Equity shares of ₹ 2 each	203	-	-
75,000,000 Equity shares of ₹ 40 each	-	3,000	-
300,000,000 Equity shares of ₹ 10 each	-	-	3,000
Total issued, subscribed and paid up capital	**203**	**3,000**	**3,000**

17.3 The Company consolidated 300,000,000 equity shares of ₹ 10/- each to 75,000,000 equity shares of ₹ 40/-each with effect from January 13, 2016. Pursuant to the order dated April 1, 2016 of the High Court of Judicature at Bombay sanctioning the Scheme of Arrangement for reduction in the face value of the equity shares of the Company, the Company reduced the face value of its equity shares from ₹ 40 each to ₹ 2 each. Therefore, with effect from April 1, 2016, the cumulative number of equity shares of the Company pursuant to the sub-division was 75,000,000 equity shares of ₹ 2 each.

Consequent to the reduction of the face value of the equity shares of the Company from ₹ 40 to ₹ 2 each, an amount of ₹ 2,850 million was transferred to the securities premium account of the Company.Subsequently, the Company allotted 26,690,392 equity shares of ₹ 2 each on June 3, 2016 to its Promoter, Larsen & Toubro Limited, by way of a rights issue at a premium of ₹ 279 per equity share, for a total consideration of ₹ 7,500 million (the "L&T Allotment"). From the proceeds

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

received for the L&T Allotment, all 750,000,000 preference shares outstanding as at April 1, 2016, of face value of ₹ 10 each were redeemed in May 2016.

Consequently, the issued, subscribed and paid-up equity share capital of the Company aggregates to ₹ 203 million consisting of 101,690,392 equity shares of ₹ 2 each. There are no outstanding preference shares as on date.

17.4 In the period of five years immediately preceding March 31, 2017:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

Aggregate number and class of shares bought back - Nil

17.5 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 2 per share. They entitle the holder to participate in the dividends, and to share in the proceeds of the winding up the company in proportion to the number of and amounts paid on the shares held. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

17.6 Shares reserved for issue under options

Information relating to L&T Technology Services Limited Employee Option Plan, including details of options issued, exercised and lapsed during the financial year and options outstanding at the end of the reporting period, is set out in note 38.

17.7 Reconciliation of the shares outstanding at the beginning and at the end of the year.

Equity shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period (₹ 40 per share)	75,000,000	3,000		
At the beginning of the period (₹ 10 per share)	-	-	300,000,000	3,000
Reduction in number of shares consequent to increase in face value	-	-	225,000,000	-
Reduction in value of shares consequent to decrease in face value	-	2,850	-	-
Issued during the period	26,690,392	53	-	-
			-	-
Outstanding at the end of the period (₹ 2 per share)	101,690,392	203	-	-
Outstanding at the end of the period (₹ 40 per share)	-	-	75,000,000	3,000

Preference shares	2016-17		2015-16	
	No. of shares	Rupees million	No. of shares	Rupees million
At the beginning of the period	75,000,000	750	75,000,000	750
Issued during the period	-	-	-	-
Reedemed during the period	75,000,000	750	-	-
Outstanding at the end of the period	-	-	75,000,000	750

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

17.8 Shares of the company held by holding/ultimate holding company

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

17.9 Shareholders holding more than 5% of equity shares as at the end of the quarter

Equity shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
Larsen & Toubro Limited	91,290,392	89.77%	75,000,000	100%	300,000,000	100%
	91,290,392		75,000,000		300,000,000	

18. PROVISIONS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for interest rate guarantee (PF)	-	-	7
	-	**-**	**7**

19. BORROWINGS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Secured:	-	675	910
From banks *	-	675	910
Unsecured:			
Short term unsecured loans from banks	1,019	1,280	1,278
	1,019	1,280	1,278
	1,019	**1,955**	**2,188**

* Secured against hypothecation of the accounts receivables.

20. TRADE PAYABLES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Due to related parties	565	892	1,162
Liability for revenue goods	635	521	308
Supplier ledger - revenue goods/services	647	725	484
	1,847	**2,138**	**1,954**

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

21. OTHER FINANCIAL LIABILITIES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investor education protection fund	-	-	-
Liability towards employee compensation	1,736	1,921	1,467
Liability - employee car/computer schemes	65	66	52
Other payables	21	18	112
Forward cover payable	-	380	-
Supplier ledger - capital goods/services	-	16	67
	1,822	**2,401**	**1,698**

22. OTHER CURRENT LIABILITIES

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance received from customer	-	-	1
Other payables	714	1,010	847
	714	**1,010**	**848**

23. PROVISIONS

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions for employee benefits :	-	-	-
Leave enchashment	1,197	1,006	795
Post retirement medical benefits	74	51	42
Provision for interest rate guarantee (PF)	-	-	1
	1,271	1,057	838
Others			
Tax on interim dividend on preference shares	-	38	37
Tax on interim dividend on equity shares	-	137	79
	-	175	116
	1,271	**1,232**	**954**

24. CURRENT TAX LIABILITIES (NET)

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax	-	1,362	960
Advance tax installment for the period	-	(1,094)	(514)
TDS certificate receivable for the period	-	(237)	(154)
	-	**31**	**292**

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

25. REVENUE FROM OPERATIONS

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Overseas	29,919	28,121
Domestic	2,564	2,541
	32,483	**30,662**

26. OTHER INCOME

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Foreign exchange gain / (loss)	418	712
Dividend income and gain/(loss) from mutual fund	56	30
Interest received on fixed deposit with banks	1	32
Miscellaneous income	116	71
	591	**845**

27. EMPLOYEE BENEFIT EXPENSES

(₹ million)

Expense	Year ended March 31, 2017	Year ended March 31, 2016
Salaries including overseas staff expenses	20,305	19,270
Share based payments to employees	193	-
Staff welfare	209	171
Contribution to provident and other funds	185	176
Contribution to gratuity fund	66	64
	20,958	**19,681**

28. OTHER OPERATING EXPENSES

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Subcontracting and component charges	920	1,114
Engineering, professional, technical and consultancy fees	1,220	1,064
Cost of computer software	496	497
Travelling and conveyance	517	468
Rent and establishment expenses	676	622
Telephone, postage and other communication charges	178	175
Legal and professional charges	288	239
Advertisement and sales promotion expenses	114	74
Recruitment expenses	105	85
Repairs to buildings & machineries	221	247
General repairs and maintenance	78	73

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Power and fuel	116	106
Equipment hire charges	13	13
Insurance charges	57	63
Rates & taxes	26	33
Allowances for doubtful debts (net)	20	96
Bad Debts	256	-
Less : Provision written back	(203)	-
Overheads charged by group companies	282	651
Trademark fees	37	-
Corporate social responsibility expenditure	36	4
Loss/(gain) on sales of fixed asset	9	-
Miscellaneous expenses	216	163
	5,678	**5,787**

29. FINANCE COST

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest paid		
Bank interest paid	19	23
Interest paid/payable - others	-	1
Interest on bill discounting	2	1
	21	**25**

Depreciation

	Year ended March 31, 2017	Year ended March 31, 2016
Depreciation	348	372
Amortisation	277	217
	625	**589**

30. PROVISION FOR TAXATION

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Current tax *	1,421	1,402
Deferred tax	121	(163)
	1,542	**1,239**

* Current tax includes ₹ 37 million credit consequent to the completion of income tax assessment for prior years.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

31. OTHER COMPREHENSIVE INCOME

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
A. Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit plans	(20)	6
Income tax relating to remeasurements of the net defined benefit plans	4	(1)
	(16)	5
B. Items that will be reclassifed to profit or loss		
Effective portion of gains and losses on hedging instruments in a cash flow hedge	1,379	(372)
Exchange differences on the translation of foreign operation	15	(15)
Income tax relating to effective portion of gains and losses on hedging instruments in a cash flow hedge	(535)	232
	859	(155)
Total other comprehensive income, net of tax	**843**	**(150)**

32. BASIC AND DILUTED EARNING PER EQUITY SHARE

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Basic		
Profit after tax	4,250	4,186
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,133	3,283
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Basic EPS - Rupees	42.08	43.78
Diluted		
Profit after tax	4,250	4,186
Less: Dividend on preference shares	97	750
Less: Tax on dividend	20	153
Profit attributable to equity shareholders	4,133	3,283
Weighted average no. of equity shares outstanding	98,253,547	75,000,000
Add - No. of potential equity shares	6,046,283	26,690,392
Weighted average no. of equity shares outstanding	104,299,830	101,690,392
Diluted EPS - Rupees	39.64	32.29

33. Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for: ₹ 65 million *(previous year: ₹ 177 million)*

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

34. CONTINGENT LIABILITY

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Corporate guarantee	1,018	1,093
	1,018	**1,093**

(Corporate Bank Gurantee of USD 15.7 million outstanding to Bank of America as on March 31, 2017 and USD 16.5 million outstanding to Citibank as on 31-03-2016 for securing borrowings of L&T Technology Services LLC, USA.)

35. DETAILS OF PAYMENT TO AUDITORS

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Payment to auditors		
As auditor:		
Audit fee	1.13	1.06
Taxation matters	0.32	0.30
Company law matters	0.02	0.02
Other services :		
- Limited review	0.51	0.42
- Other services including certification work	1.57	0.89
Re-imbursement of expenses	0.12	0.01
	3.67	**2.70**

36. CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Donation to IIT Chennai	10	-
Healthcare	4	-
Skill development and education	12	3
Water conservation	7	-
Enviroment	3	-
Donation to PM relief fund	-	5
Donation to CM relief fund	-	4
Total	**36**	**12**
Amount required to be spent as per Section 135 of the Act	51	21

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

37. FAIR VALUE MEASUREMENTS

Financial instrument by category

(₹ million)

	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost	FVPL	FVOCI	Amortised Cost
Financial assets									
Investments									
- Equity investment									
- Mutual funds	1,946	-	-	555	-		-	-	-
- Bank fixed deposits	-	-	5	-	-	31	-	-	-
Loans	-	-	1	-	-	-	-	-	-
Trade receivables	-	-	7,106	-	-	7,259	-	-	6,756
Cash and cash equivalents	-	-	672	-	-	832	-	-	703
Other bank balances	-	-	2	-	-	2	-	-	451
Derivative financial assets	77	856		-	-		-	135	
Security deposits	-	-	261	-	-	235	-	-	313
Premium receivable on financial guarantee contracts	-	-	-	-	-	-	-	-	-
Loans - related parties	-	-	10	-	-	8	-	-	97
Advances - to employees	-	-	315	-	-	457	-	-	379
Other receivables	-	-	11	-	-	37	-	-	45
Total financials assets	**2,023**	**856**	**8,383**	**555**	-	**8,861**	**-**	**135**	**8,744**
Financial liabilities									
Borrowings	-	-	1,019	-	-	1,955	-	-	2,188
Trade payables	-	-	1,847	-	-	2,138	-	-	1,954
Liability - employee car/ computer schemes	-	-	65	-	-	66	-	-	52
Forward cover payable	-	-	-	-	380		-	-	
Supplier ledger - capital goods/ services	-	-	-	-	-	16	-	-	67
Liability towards employee compensation	-	-	1,736	-	-	1,921	-	-	1,467
Other payables	-	-	21	-	-	18	-	-	112
	-	-	-	-	-	-	-	-	-
Total financials liabilities	-	-	**4,688**	-	**380**	**6,114**	-	-	**5,840**

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) measured and measured at fair value and (b) measuread at amortised cost and for which fair values are disclosed in the financial statements. To provide and indication about the reliability of the inputs used in determining fair value,

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanantion of each level follows underneath the table.

(₹ million)

Financial assets and liabilities measured at fair value - recurring fair value measurements	As at March 31, 2017				As at March 31, 2016				As at April 1, 2015			
	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total	Level 1	Level 2	Level 3	Total
Financial assets												
Financial investment at FVPL												
Mutual funds	1,946	-	-	1,946	555	-	-	555	-	-	-	-
Financial investment at FVOCI												
Derivative financial assets	-	856	-	856	-	-	-	-	-	135	-	135
Total financials assets	**1,946**	**856**	**-**	**2,802**	**555**	-	-	**555**	-	**135**	-	**135**
Financial liabilities												
Forward cover payable	-	-	-	-	-	380	-	380	-	-	-	-
Total financials liabilities	-	-	-	-	-	**380**	-	**380**	-	-	-	-

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There were transfers between levels 1 and 2 during the year.

The group’s policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

- the use of quoted market prices or dealer quotes for similar instruments
- the fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.
- the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance department of the group includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

- Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuaiton is recognised in Profit and Loss.
- The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receiable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

- The fair value of premuim receivable on financial guarantee contract is derived by discounting premuim receivable over the period of contract.Thereafter, the same is carried at the amount initially recognised less the cumulative amortisation of income over the period of the contract.

38. SHARE BASED PAYMENTS

(a) Employee option plan

The establishment of the ESOP scheme, 2016 was done pursuant to the resolutions passed by the Board and the Shareholders on January 21, 2016 for issue of options to eligible employees which may result in issue of not more than 6,000,000 equity shares. In terms of the ESOP Scheme, 2016, the Company can grant options aggregating to not more than 8.0% of the paid up equity share capital of the Company as on April 1, 2016. The eligible employees include permanent employees (including executive directors and non-executive directors, but excluding the independent directors) of the Company, its subsidiaries, or holding company. However, unless otherwise decided by the Board, in the event the subsidiaries or the holding company have implemented a stock option scheme, the employees of such entities will not be eligible for grant of options under the ESOP Scheme, 2016. Further, the employees (i) holding 10.0% of the outstanding share capital of the Company at any time after the commencement of the ESOP Scheme, 2016, or (ii) who are promoters or persons belonging to promoter group, or directors, who either by themselves or through their relatives or any body corporate, directly or indirectly, hold more than 10.0% of the outstanding equity shares of the Company, will not be eligible for grant of options under the ESOP Scheme, 2016

The objective of the ESOP Scheme, 2016 is to reward those employees who contribute significantly to the Company's profitability and shareholder's value as well as encourage improvement in performance and retention of talent.

The vesting of options granted under the ESOP Scheme, 2016 will commence one year after the date of grant of options at the rate of 20.0% of options granted each year, or at such other rates as may be fixed by the Board and may extend up to five years from the date of grant of options, unless otherwise varied in accordance with the employee stock option rules to be framed under the ESOP Scheme, 2016. The exercise period for the options granted under the ESOP Scheme, 2016 would be seven years (84 months) from the date of grant of options or six years from the date of first vesting or three years (36 months) from the date of retirement/death, whichever is earlier, subject to any change as may be approved by the Board. The exercise price may be decided by the Board, in such manner, during such period, in one or more tranches and on such terms and conditions as it may deem fit, provided that the exercise price per option shall not be less than the par value of the equity share of our Company and shall not be more than the market price as defined in the SEBI ESOP Regulations and shall be subject to compliance with accounting policies under the ESOP Regulations. The number of shares to be allotted on exercise of options should not exceed the total number of unexercised vested options that may be exercised by the employee.

Further, on resignation / termination of the eligible employees, only the vested options would be exercisable. All other grants if unvested for any reason whatsoever shall be deemed lapsed. Such eligible employee is required to exercise the options within a period of 90 days from the last date of employment or such other period as may be decided by the Board at the time of such separation. In the event an eligible employee retires or is permanently incapacitated, all unvested options will vest in the said employee immediately. The eligible employee has to exercise options within a period of three years from the date of retirement or the date of permanent incapacitation, as the case may be, or such other period as may be decided by the Board. In case of voluntary or pre-mature retirement, the eligible employee will exercise only the vested options within 180 days from the last date of employment. All other unvested options will lapse. However, the Board will have the discretion to vest the unvested options in deserving cases and where the employee has crossed the age of 55 years. The retiring age for non-executive directors shall be 75 years or as may be decided by Board and on attainment of which, all the unvested options of the nonexecutive directors shall be vested with them immediately. In event of death of the eligible employee, unvested options shall be vested immediately in the nominees or legal heirs, as the case may be, and in the event of death of any of the nominees, his share shall vest in the surviving nominees or legal heirs, pro-rata

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

	March 31, 2017		March 31, 2016	
	Average exercise price per share option (INR)	Number of options	Average exercise price per share option (INR)	Number of options
Opening balance	-	-	-	-
Granted during the year	2	4,145,000	-	-
Exercised during the year	-	-	-	-
Lapsed during the year	-	165,000	-	
Forfeited during the year	-	-	-	-
Closing balance	-	3,980,000	-	-
Vested and exercisable	-	-	-	-

No options expired during the periods covered in the above table

Shares options outstanding at the end of the year have the following expiry date and exercise prices.

Grant date	Expiry date	Exercise price (INR)	Share options March 31, 2017	Share options March 31, 2016	Share options April 1, 2015
July 28, 2016	July 27, 2023	2	2,000,000	-	-
August 24, 2016	August 26, 2023	2	1,980,000	-	-
Total			**3,980,000**	**-**	**-**

Options granted on July 28, 2016 includes 1,500,000 and 500,000 ESOPs granted to non-executive directors and key managerial personel respectively.

Options granted on August 28, 2016 includes 50,000 ESOPs granted to key managerial personnel.

Weighted average remaining contractual life of options outstanding at the end of period.	2.32 Years	-	-

(i) Fair value of options granted

The fair value at grant date of options granted during the year ended 31-03-2017 was INR 281 (31-03-2016 - Nil). The fair value of grant date is determined using the Black Scholes Model which takes into account the exercise price, term of option, share price at grant date and expected price volatility of the underlying share, the expected dividend yeild and the risk free interest rate for the term of the option.

The model inputs for options granted during the year ended March 31, 2017 included:

a) weighted average exercise price: INR 2 (March 31, 2016 - Nil) *

b) grant date : July 28, 2016 and August 27, 2016

c) expiry date: July 27, 2023 & August 26, 2023 (March 31, 2016 - Nil)

d) weighted average share price at grant date: INR 281 (March 31, 2016 - Nil) #

e) weighted average expected price volatility of company's share: 25.17% (March 31, 2016 - Nil)

f) weighted average expected dividend yield over life of option: 18.5% (March 31, 2016 - Nil)

g) weighted average risk-free interest: 6.95% (March 31, 2016 - Nil)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

The expected price volatility is based on the historic volatility (based on the remianing life of the options), ajusted for any expected changes to future volatility due to publicly available information.

* The first vesting is due on 27-07-2017.

As the Company was not listed on the date of grant, price at grant date has been taken as per the valuation done by a category 1 merchant banker.

(b) Expense arising from share based payment transactions

Totat expenses arising from share based payment transactions recognised in profit or loss as part of employee benefit expense are as follows:

(₹ million)

	March 31, 2017	March 31, 2016
Employee options plan	193	-

39. DISCLOSURE OF SPECIFIED BANK NOTES

During the year, the Company had specified bank notes and other denomination notes as defined in the MCA notification G.S.R. 308(E) dated March 30, 2017. Disclosure pursuant to the said notification is given below

(₹)

	SBNs	Other denominations	Total
Closing cash in hand as on November 08, 2016	286,500	83,026	369,526
Permitted receipts	-	300,099	300,099
Permitted payments	-	229,588	229,588
Amount deposited in bank	286,500	-	286,500
Closing cash in hand as on December 30, 2016	-	153,537	153,537

40. DIVIDENDS

Dividends paid during the year ended March 31, 2017 include an amount of 7.95 per equity share towards interim dividend for the year ended March 31, 2017 and an amount of 0.13 per preference share towards dividend on preference shares. Dividends paid during the year ended March 31, 2016 include an amount of 14.32 per equity share towards interim dividend for the year ended March 31, 2016 and an amount of 1 per preference share towards dividend on preference shares.

The dividends declared by the holding Company are based on the profits available for distribution as reported in the financial statements of the holding Company. Accordingly, the retained earnings reported in these financial statements may not be fully distributable. On May 3, 2017, the Board of Directors of the holding Company have proposed a final dividend of ₹ 4 per share in respect of the year ended March 31, 2017 subject to the approval of shareholders at the Annual General Meeting. If approved, the dividend would result in a cash outflow of ₹ 490 Mn inclusive of dividend distribution tax of ₹ 83 Mn.

41. FINANCIAL RISK MANAGEMENT

Market risk management

The Group regularly reviews its foreign exchange forward and option positions and interest rate swaps, both on a standalone basis and in conjunction with its underlying foreign currency and interest rate related exposures. The Group follows cash flow hedge accounting for highly probable forecasted exposures (HPFE) hence the movement in mark to market (MTM) of the hedge contracts undertaken for such exposures is likely to be offset by contra movements in the underlying exposures values. However, till the point of time that the HPFE becomes an on-balance sheet exposure, the changes in MTM of the hedge contracts will impact the balance sheet of the Group. The Company manages its exposures normally for a period of up to three years based on the estimated exposures over that period. As the period increases, the cash flows hedged as a percentage of the total expected cash flows diminish, as there is increased uncertainty of the total cash flows materializing over a longer period of time. The

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

recognition of the gains and losses related to these instruments may not always coincide with the timing of gains and losses related to the underlying economic exposures and, therefore, may adversely affect the Group's financial condition and operating results. Hence, the Group monitors the potential risk arising out of the market factors like exchange rates, interest rates, price of traded investment products etc. on a regular basis. For on balance sheet exposures, the Group monitors the risks on net un-hedged exposures.

Price risk

The Group's investment policy and strategy are focused on preservation of capital and supporting the Group's liquidity requirements. The Group uses a combination of internal and external management to execute its investment strategy and achieve its investment objectives. The Group typically invests in money market funds, under a limits framework which governs the credit exposure to any one issuer as defined in its investment policy. To provide a meaningful assessment of the price risk associated with the Group's investment portfolio, the Group performed a sensitivity analysis to determine the impact of change in prices of the securities that would have on the value of the investment portfolio assuming a 0.25% move in debt funds and debt securities Based on the investment position a hypothetical 0.25% change in the fair market value of debt securities would result in a value change of +/- 3 INR Mn. as of March 31, 2017 and +/- 0.9 INR Mn. as of March 31, 2016. The investments in money market funds are for the purpose of liquidity management only and are held only overnight and hence not subject to any material price risk.

Foreign currency risk

In general, the Group is a net receiver of foreign currency. Accordingly, changes in exchange rates, and in particular a strengthening of the Indian rupee, will negatively affect the Group's net sales and gross margins as expressed in Indian rupees.

The Group may enter into foreign currency forward contracts with financial institutions to protect against foreign exchange risks associated with certain existing assets and liabilities, certain firmly committed transactions, forecasted future cash flows and net investments in foreign subsidiaries. The Group's practice is to hedge a portion of its material net foreign exchange exposures with tenors in line with the projected exposure based on future business growth. However, the Group may choose not to hedge certain foreign exchange exposures for a variety of reasons, including but not limited to accounting considerations and the prohibitive economic cost of hedging particular exposures. The Group may also not hedge 100% given the uncertainty with business projections and hence the exposure gets hedged progressively in lower amounts.

To provide a meaningful assessment of the foreign currency risk associated with the Group's foreign currency derivative positions against off balance sheet exposures and unhedged portion of on-balance sheet exposures, the Group uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. The overnight VAR for the Group at 95% confidence level is 145.4 INR Mn. as of March 31, 2017 and 72.8 INR Mn. as of March 31, 2016.

Actual future gains and losses associated with the Group's investment portfolio and derivative positions may differ materially from the sensitivity analyses performed as of March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchanges rates and the Group's actual exposures and position.

Credit/counter-party risk

The principal credit risk that the Group is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

The Group reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Group also calculates the expected credit loss (ECL) for non-collection and for delay in collection of receivables. The Group makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Group retains the provision made for doubtful debts without any adjustment.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was Rupees 166 million as at March 31, 2017 and Rupees 349 million as at March 31, 2016. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ million)

	2016-17	2015-16
Opening balance of allowances for doubtful accounts	349	253
Allowances recognized (reversed)	(183)	96
Closing balance of allowances for doubtful accounts	166	349

The percentage of revenue from its top five customers is 23.2% for 2016-17 (22.8% for 2015-16).

The counter-party risk that the Group is exposed to is principally for financial instruments taken to hedge its foreign currency risks. The counter-parties are mainly banks and the Group has entered into contracts with the counterparties for all its hedge instruments.

The Group invests its surplus funds in liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

Liquidity risk management

The Group manages liquidity risk by maintaining sufficient cash and marketable securities and by having access to funding through an adequate amount of committed credit lines.

Management regularly monitors the position of cash and cash equivalents vis-à-vis projections. Assessment of maturity profiles of financial assets and liabilities including debt financing plans and maintenance of balance sheet liquidity ratios are considered while reviewing the liquidity position. The contractual maturities of financial assets and financial liabilities is as follows:

(₹ million)

Particular	Less than 1 year	More than 1 year	Total
Financial Asset			
Investments	1,946	-	1,946
Trade receivables	7,106	-	7,106
Loans	1	-	1
Other financial assets	375	-	375
Total	**9,428**	**-**	**9,428**
Financial Liabilities			
Borrowings	1,018	-	1,018
Trade payables	1,847	-	1,847
Other financial liabilities	1,822	-	1,822
Total	**4,687**	**-**	**4,687**

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

42. EMPLOYEE BENEFITS

a) The amounts recognised in balance sheet are as follows:

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
A. Present Value of defined benefit obligation									
Wholly funded	388	319	252	-	-	-	2,445	1,970	1,582
Wholly unfunded	8	8	7	74	51	42	29	27	26
	397	327	259	74	51	42	2,474	1,997	1,608
Less: Fair Value of Plan assets	318	271	147	-	-	-	2,460	2,002	1,610
Amount to be recognised as liability or (asset) (a-b)	79	56	112	74	51	42	14	(5)	(1)
B. Amounts reflected in the Balance Sheet									
Liabilities	79	56	112	74	51	42	(15)	(5)	(1)
Assets	-	-	-	-	-	-	-	-	-
Net liability / (asset)	79	56	112	74	51	42	(15)	(5)	(1)

b) Profit & loss account expense :

(₹ million)

Particulars	Gratuity plan		Post retirement medical benefit plan		Self-managed provident fund plan	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
1. Current service cost	63	56	12	12	120	117
2. Interest cost	2	9	4	3	187	151
3. Expected return on plan assets	-	-	-	-	(187)	(151)
4. Actuarial losses / (gains)	-	-	-	-	(15)	(9)
5. Past service cost	-	-	-	-	-	-
6. Acturial Gain/loss not recognized in books	-	-	-	-	15	9
Total expense for the year included in staff cost	**65**	**65**	**16**	**15**	**120**	**117**

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

c) Amount recorded In other comprehensive income :

(₹ million)

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	**As at March 31, 2017**	As at March 31, 2016
1. Opening amount recoginzed in OCI outside Profit and Loss Account	-	-	(6)	-
2. Remeasurement during the period due to				
Changes in financial assumptions	28	(1)	17	(1)
Changes in demorgraphic assumptions	-	-	-	-
Experience adjustments	(20)	6	(9)	(5)
Actual return on plan assets less interest on plan assets	4	(5)	-	-
Adjustment to recognize the effect of asset ceiling	-	-	-	-
Closing amount recognized in OCI outside Profit and Loss Account	12	-	2	(6)

d) Reconciliation of net liability/asset:

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening net defined benefit	56	112	17	51	42	6	(5)	(1)	(2)
Expense charged to profit & loss account	66	64	43	15	15	16	109	109	499
Amount recongnized outside profit & loss acount	12	-	61	8	(6)	(16)	-	-	-
Employer Contributions	(55)	(120)	(9)	-	-	-	(119)	(113)	(498)
Impact of Liability assumed or (settled)*	-	-	-	-	-	36	-	-	-
Closing balance of the present value of defined benefit obligation	79	56	112	74	51	42	(15)	(5)	(1)

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Movement in benefit obligations :

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening of Defined Benefit Obligation	327	258	43	51	42	6	1,997	1,608	228
Transfer in/(Out)	-	-	-	-	-	-	57	28	506
Current service cost	63	56	36	11	12	11	120	118	112
Past service cost	-	-	-	-	-	-	-	-	-
Interest on defined benefit obligation	24	19	18	4	3	5	187	151	-
Remeasurements due to :	-	-	-	-	-	-	-	-	-
Actuarial loss/(gain) arising from change in financial assumptions	28	(1)	52	17	(1)	(16)	-	-	-
Actuarial loss/(gain) arising from change in dem orgaphic assumptions	-	-	-	-	-	-	-	-	-
Actuarial loss/(gain) arising on account of experience changes	(20)	6	-	(9)	(5)	-	-	-	-
Contribution by Plan Participants**	-	-	-	-	-	-	279	269	844
Benefits paid	(25)	(11)	(13)	-	-	-	(195)	(177)	(82)
Liabilities assumed / (settled)*	-	-	123	-	-	36	-	-	-
Liabilities extinquished on settlements	-	-	-	-	-	-	-	-	-
Closing of Defined Benefit Obligation	397	327	259	74	51	42	2,445	1,997	1,608

The Group expects to contribute ₹ 70 million towards its gratuity plan in FY 2017-18

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Movement in plan assets :

(₹ million)

Particulars	Gratuity plan			Post retirement medical benefit plan			Self-managed provident fund plan		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015	**As at March 31, 2017**	As at March 31, 2016	As at April 1, 2015
Opening fair value of plan assets	271	147	26	-	-	-	2,002	1,610	230
Expected Return on Plan Assets	-	-	11	-	-	-	188	151	112
Add / (Less) : Transfer in/(Out)	-	-	-	-	-	-	57	28	-
Add/(Less) : Actuarial gains/(losses)	-	-	(9)	-	-	-	15	9	26
Employer contributions	55	120	10	-	-	-	119	113	498
Contributions by Plan participants	-	-	-	-	-	-	274	269	825
Interest on plan assets	21	10	-	-	-	-	-	-	-
Administration expenses	-	-	-	-	-	-	-	-	-
Assets acquired on acquisition / (distributed on divestiture)	-	-	122	-	-	-	-	-	-
Remeasurements due to :									
Actual return on plan assets less interest on plan assets	(4)	5	-	-	-	-	-	-	-
Benefits paid	(25)	(11)	(13)	-	-	-	(195)	(178)	(82)
Liabilities assumed / (settled)*	-	-	-	-	-	-	-	-	-
Liabilities extinquished on settlements	-	-	-	-	-	-	-	-	-
Closing balance of the plan assets	318	271	147	-	-	-	2,460	2,002	1,609

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Sensitivity analysis :

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Impact of increase in 50 bps on defined benefit obligation				
Discount rate	-3.04% to -3.34%	-2.87% to -3.1%		
Salary escalation rate	3.17% to 3.18%	3.03% to 3.16%		
Impact of decrease in 50 bps on defined benefit obligation				
Discount rate	3.23% to 3.56%	3.03% to 3.30%		
Salary escalation rate	-3.03% to -3.15%	-2.90% to -3.06%		
Discount rate				
Impact of increase in 50 bps on defined benefit obligation			-10.59%	-9.98%
Impact of decrease in 50 bps on defined benefit obligation			12.26%	11.50%
Healthcare costs rate				
Impact of increase in 50 bps on defined benefit obligation			20.40%	21.26%
Impact of decrease in 50 bps on defined benefit obligation			-15.93%	-16.36%
Life expectancy				
Impact of increase in 50 bps on defined benefit obligation			0.54%	0.45%
Impact of decrease in 50 bps on defined benefit obligation			-0.57%	-0.47%

f) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Post retirement medical benefit plan	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
Government of India securities			20.45%	25.32%
State government securities			21.19%	15.84%
Corporate bonds	Scheme with LIC	Scheme with LIC	14.50%	8.94%
Fixed deposits under Special Deposit Scheme framed by central government for provident funds			8.38%	9.32%
Public sector bonds			32.84%	39.25%
Mutual Funds			2.64%	1.33%

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

	As at March 31, 2017	As at March 31, 2016
1. Discount rate		
a) Gratuity plan	6.75% to 6.90%	7.95% to 8.05%
b) Post retirement medical benefit plan	6.75%	7.95%
2. Annual increase in healthcare costs	5.00%	5.00%
3. Salary growth rate	5.00%	5.00%
4. Attrition rate	2% to 18% for various age groups	2% to 18% for various age groups

h) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ million)

Particulars	As at March 31, 2017	As at March 31, 2016
Post retirement medical benefit plan (non funded)		
1. Defined benefit obligation	74	51
2. Experience Adjustments plan liabilities	-	-
3. Experience Adjustments plan assets	-	-
Gratuity plan		
1. Defined benefit obligation	397	327
2. Plan assets	318	271
3. (Surplus) / deficit	79	56
4. Experience Adjustments plan liabilities	-	-
5. Experience Adjustments plan assets	-	-
Self - managed provident fund plan		
1. Defined benefit obligation	2,445	1,997
2. Plan assets	2,460	2,002
3. (Surplus) / deficit	(15)	(5)

General descriptions of defined benefit plans:

a.) Gratuity plan

The Company makes contributions to the Employees' Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b.) Post-retirement medical benefit plan

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling limit sanctioned at the time of retirement. The ceiling limits are based on cadre of the employee at the time of retirement.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

c.) Self-managed provident fund plan

The Company's provident fund plan is managed by its holding company through a Trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

43. RELATED PARTY DISCLOSURE

(i) List of related parties over which control exists/exercised:

Name	Relationship
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

(ii) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Holding company

(iii) Key management personnel :

Name	Status
Dr. Keshab Panda	Chief Executive Officer & Managing Director
Mr. Amit Chadha	Whole Time Director
Mr. Kumar Prabhas	Whole Time Director*
Mr. P. Ramakrishnan	Chief Financial Officer
Mr Kapil Bhalla	Company Secretary**
Mr. Y. V. S. Sravankumar	Company Secretary***

*Ceased to be Whole Time Director w.e.f the close of working hours of January 21, 2017

** Appointed as Company Secretary w.e.f April 27, 2016

***Ceased to be Company secretary w.e.f the close of working hours of April 26, 2016

(iv) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen & Toubro Limited	Holding company
Larsen & Toubro Infotech Limited	Fellow subsidiary
Larsen & Toubro Infotech Canada Limited	Fellow subsidiary
Larsen & Toubro Infotech GmbH	Fellow subsidiary
L&T Information Technology Services (Shanghai) Co. Ltd	Fellow subsidiary
L&T Infotech Financial Services Tecnologies INC	Fellow subsidiary
Larsen & Toubro LLC	Fellow subsidiary
Larsed &Toubro (East Asia) SDN.BHD	Fellow subsidiary
L&T-MHPS Boilers Private Limited	Fellow subsidiary
L&T Metro Rail (Hyderabad) Limited	Fellow subsidiary
L&T Hydrocarbon Engineering Limited *	Fellow subsidiary
Larsen & Toubro T&D SA (PTY) Limited	Fellow subsidiary
L&T Construction Equipment Limited	Fellow subsidiary

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Name	Relationship
L&T-Valdel Engineering Limited *	Fellow subsidiary
L&T Infocity Limited	Fellow subsidiary
L&T Infrastructure Engineering Limited	Fellow subsidiary
PT. Tamco Indonesia	Fellow subsidiary
Ewac Alloys Limited	Fellow subsidiary
Larsen & Toubro Electromech LLC	Fellow subsidiary
Kesun Iron & Steel Company Private Limited	Fellow subsidiary
L&T Overseas Projects Nigeria Limited	Fellow subsidiary
Servowatch Systems Limited	Fellow subsidiary
Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
Larsen Toubro Arabia LLC	Fellow subsidiary
L&T Technology Services LLC	Subsidiary
L&T Thales Technology Services Private Limited	Subsidiary

* L&T-Valdel Engineering Ltd has been amalgamated with L&T Hydrocarbon Engineering Ltd effective April 1, 2016.

(v) Disclosure of related party transactions

(₹ million)

Transaction	**As at March 31, 2017**	As at March 31, 2016
Sale of services :		
Holding Company	**227**	**295**
- Larsen & Toubro Limited	227	295
Fellow Subsidiaries	**634**	**748**
- L&T Hydrocarbon Engineering Limited *	11	40
- Larsen & Toubro Infotech Limited	599	667
- Larsen & Toubro LLC	-	24
- Larsed &Toubro (East Asia) SDN.BHD	8	10
- L&T-MHPS Boilers Private Limited	-	6
- Ewac Alloys Limited	-	1
- L&T Power Limited	1	-
- L&T Infotech South Africa	15	-
Purchase of services :		
Holding Company	**48**	**12**
- Larsen & Toubro Limited	48	12
Fellow Subsidiaries	343	635
- L&T Hydrocarbon Engineering Limited *	11	-
- Larsen & Toubro Infotech Limited	206	202
- Larsen & Toubro Infotech GMBH	8	-
- L&T Metro Rail (Hyderabad) Limited	1	-
- L&T-Valdel Engineering Limited *	115	419

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
- PT. Tamco Indonesia	2	13
- L&T Infrastructure Engineering Limited	-	1
Sale of Assets :		
Holding Company	**-**	**3**
- Larsen & Toubro Limited	-	3
Rent paid :		
Holding Company	**165**	**78**
- Larsen & Toubro Limited	165	78
Fellow Subsidiaries	**36**	**54**
- Larsen & Toubro Infotech Limited	26	51
- Larsen & Toubro Infotech GMBH	7	-
- PT. Tamco Indonesia	1	1
- L&T Infocity Limited	1	1
- L&T Infotech Financial Services Tecnologies INC	1	1
Commission paid :		
Holding Company	-	-
- Larsen & Toubro Limited	-	-
Fellow Subsidiaries	**3**	**5**
- Larsen & Toubro Infotech Limited	3	5
Interest paid :		
Holding Company	**-**	**-**
- Larsen & Toubro Limited	-	-
Interest receivable :		
Holding Company	**13**	**-**
- Larsen & Toubro Limited	13	-
Services availed by company :		
Holding Company	**318**	**1,023**
- Larsen & Toubro Limited	318	1,023
Fellow Subsidiaries	**107**	**421**
- Larsen & Toubro Infotech Limited	101	374
- L&T Hydrocarbon Engineering Limited *	-	9
- L&T Infocity Limited	6	7
- L&T Information Technology Services (Shanghai) Co. Ltd	-	20
- Larsen & Toubro Infotech Canada Limited	-	1
- Larsen & Toubro LLC	-	1
- PT. Tamco Indonesia	-	5
- Larsen & Toubro T&D SA (PTY) Limited	-	2
Services rendered by company :		
Holding Company	**1**	**1**
- Larsen & Toubro Limited	1	1
Fellow Subsidiaries	**3**	**107**
- L&T-Valdel Engineering Limited *	-	107
- Larsen & Toubro Infotech Limited	3	-

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016
Trademark fees :		
Holding Company	**37**	**-**
- Larsen & Toubro Limited	37	-
Reimbursement of expense incurred on the Company's behalf :		
Holding Company	**6**	**12**
- Larsen & Toubro Limited	6	12
Fellow Subsidiaries	**9**	**1**
- L&T Hydrocarbon Engineering Limited *	2	-
- Larsen & Toubro Infotech Limited	7	1

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade receivable :			
Holding Company	**71**	**121**	**87**
- Larsen & Toubro Limited	71	121	87
Fellow Subsidiaries	**269**	**201**	**263**
- Larsen & Toubro Infotech Limited	229	156	201
- L&T-MHPS Boilers Private Limited	-	1	1
- L&T Hydrocarbon Engineering Limited *	-	10	-
- L&T Construction Equipment Limited	-	-	20
- Larsen &Toubro (East Asia) SDN.BHD	23	31	30
- L&T Information Technology Services (Shanghai) Co. Ltd	2	2	-
- Ewac Alloys Limited	-	1	-
- Larsen & Toubro Infotech South Africa (PTY) Limited	15	-	-
- Larsen & Toubro LLC	-	-	11
Trade payable :			
Holding Company	**455**	**675**	**849**
- Larsen & Toubro Limited	455	675	849
Fellow Subsidiaries	**110**	**217**	**313**
- Larsen & Toubro Infotech Limited	77	103	239
- Larsen & Toubro Infotech Canada Limited	-	-	1
- L&T Infotech Financial Services Tecnologies INC	1	-	-
- L&T Information Technology Services (Shanghai) Co. Ltd	-	1	-
- L&T-Valdel Engineering Limited *	-	97	61
- L&T Hydrocarbon Engineering Limited *	15	10	3
- Larsed &Toubro (East Asia) SDN.BHD	5	6	6
- L&T-Sargent & Lundy Limited	-	-	1

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Larsen &Toubro Kuwait Construction Company, With Limited Liability"	-	-	1
- L&T Infrastructure Engineering Limited	-	-	2
- Larsen & Toubro Infotech GmBH	10	-	-
- Larsen & Toubro Saudi Arabia LLC	2	-	-
Loans and advances recoverable :			
Holding Company	**6**	**5**	**90**
- Larsen & Toubro Limited	6	5	90
Fellow Subsidiaries	**4**	**3**	**7**
- Kesun Iron & Steel Company Private Limited	2	2	2
- Larsen & Toubro Infotech GmbH	-	1	1
- Larsen & Toubro LLC	-	-	4
- Servowatch Systems Limited	2	-	-

(₹ million)

Transaction	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Equity Share Capital issued :	**54**	**-**	**198**
- Larsen & Toubro Limited **	54	-	198
Preference Share Capital issued :			
Holding Company	**-**	**-**	**350**
- Larsen & Toubro Limited	**-**	**-**	**350**
Preference Share Capital redeemed :			
Holding Company	**7,500**	**-**	**-**
- Larsen & Toubro Limited	7,500	-	-
Interim dividend paid - Equity :			
Holding Company	**777**	**2,270**	**1,568**
- Larsen & Toubro Limited	777	2,270	1,568
Interim dividend paid - Preference :			
Holding Company	**97**	**750**	**582**
- Larsen & Toubro Limited	97	750	582

** Equity shares were issued at premium of ₹ 279 per share

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

Compensation to Key managerial personnel

Particulars	2016-17	2015-16
Short-term employee benefits	146	98
Post-employment benefits	1	-
Share-based payment *	132	-
Total compensation	**278**	**98**

* During the year ended March 31, 2017, 5,50,000 ESOPs were granted to the key managerial personnel under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 38 for detailed terms of the ESOP Scheme 2016.

Compensation to Non-executive directors

Particulars	2016-17	2015-16
Sitting fees	2	1
Commission	15	-
Share-based payment*	359	-

During the year ended March 31, 2017, 15,00,000 ESOPs were granted to the Non-executive directors under the ESOP scheme 2016. The vesting of these options will commence one year after the date of grant of options at the rate of 20.0% of options. The amount disclosed above is the total amount for the period of five years. Refer to note 38 for detailed terms of the ESOP Scheme 2016.

Translations with Trust Managed Employees Provident fund

Particulars	2016-17	2015-16
Towards Employer's contribution	81	75

Translations with Approved Gratuity Fund

(₹ million)

Particulars	2016-17	2015-16
Towards Employer's contribution	52	118

44. SEGMENT REPORTING

(a) Description of segments and principal activities

The Group's management examines the Group's performance from industry perspective and has identified five reportable segments of its business:

1: Transportation: The transportation segment partners with OEMs and Tier 1 suppliers serving aerospace, automotive, rail, commercial vehicles, off-highway and polymer segments. The segment delivers end-to-end services from concept to detailed design through manufacturing and sourcing support and helps OEMs develop cost effective vehicles.

2: Process Engineering: Process engineering segment provides end to end engineering services for leading plant operators across the globe. This segment works across the lifecycle of the project covering concept and basic engineering to detail engineering and start-up support.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

3: Industrial Products: Industrial Products engineering partners with OEM customers across building automation, home and office products, energy, process control and machinery. This segment offers end-to-end product development counsel, leveraging expertise spanning software, electronics, connectivity, mechanical engineering, industrial networking protocols, user interface/user experience (UI/UX), test frameworks and enterprise control solutions.

4: Medical Devices: Medical Devices engineering is a dedicated practice that is revolutionizing delivery of healthcare by providing product development solutions across a variety of Class I, II and III devices, with concept design, embedded systems, hardware and software, mechanical engineering services, application software, value analysis and value engineering, manufacturing engineering and regulatory compliance.

5: Telecom: Telecom segment caters to OEM/ODMs, Chipset vendors, Telecom carriers and ISVs delivering end-to-end embedded software design and development, hardware platform design and development, product maintenance, enhancement & sustenance, Testing & Validation, System Integration for communication and related solutions & systems and field implementation services.

The management primarily uses a measure of earnings before interest, tax, depreciation and amortisation (EBITDA, see below) to assess the performance of the operating segments.

(i) Primary segments are defined based on the industries from which revenues are derived and segmental results are as under:

(₹ million)

Particulars		Transportation	Process Engineering	Industrial Products	Medical Devices	Telecom	Total
Revenue		10,740	4,962	8,524	2,196	6,061	32,483
	% to Total	33.1%	15.3%	26.2%	6.8%	18.7%	100.0%
		9,159	*5,736*	*7,742*	*1,939*	*6,086*	*30,662*
	% to Total	*29.9%*	*18.7%*	*25.2%*	*6.3%*	*19.8%*	*100.0%*
Segment operating profits		**1,455**	**961**	**2,078**	**493**	**1,043**	**6,030**
	% to Revenue	13.5%	19.4%	24.4%	22.4%	17.2%	18.6%
		1,009	*1,160*	*1,762*	*428*	*1,019*	*5,378*
	% to Total	*11.0%*	*20.2%*	*22.8%*	*22.1%*	*16.7%*	*17.5%*
Un-allocable expenses (net)							183
							184
Other income							591
							845
Operating profit							6,438
							6,039
Finance cost							21
							25
Depreciation							625
							589
Profit before extraordinary items and tax							5,792
							5,425

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

(ii) Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

(₹ million)

Particulars	North America	Europe	India	ROW	Total
External revenue by location of customers	20,432	6,196	2,564	3,291	32,483
	18,528	*6,066*	*2,541*	*3,527*	*30,662*

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Group's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

45. LEASES

The lease rentals charged during the period is as under

(₹ million)

	Year ended March 31, 2017	Year ended March 31, 2016
Lease rentals recognised during the period	727	709

The Company avails office space under non-cancellable operating leases. The Company recognises rent expense on a straight-line basis over the non-cancellable lease term. Future minimum lease rentals payable under non-cancellable operating leases as per the rentals stated in the respective agreements are as follows:

(₹ million)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Future minimum lease payable			
Not later than 1 year	567	606	485
Later than 1 year and not later than 5 years	2,045	2,072	2,068
Later than 5 years	1,487	1,951	2,436

The operating lease arrangements, are renewable on a periodic basis and most of the leases extend upto a maximum of ten years from their respective dates of inception and relates to rented premises. Some of these lease agreements have price escalation clauses.

NOTES FORMING PART OF THE CONSOLIDATED ACCOUNTS (Contd.)

46. ADDITIONAL INFORMATION REQUIRED BY SCHEDULE III

Additional disclosure pursuant to schedule III to the Companies Act, 2013 as at March 31, 2017

(₹ million)

Name of the entity	Net assets i.e., total assets minus total liabilities		Share in profit or loss		Share in other comprehensive income		Share in total comprehensive income	
	As % of consolidated net assets	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount	As % of consolidated profit or loss	Amount
Parent								
L & T Technology Services Limited	103%	15,315	106%	4,490	98%	828	104%	5,318
Subsidiaries								
Indian								
L & T Thales Technology Services Private Limited	0%	(28)	0%	5	0%	-	0%	5
Foreign								
L&T Technology Services LLC	(3%)	(450)	(6%)	(245)	2%	15	(4%)	(230)
Subtotal	**100%**	**14,837**	**100%**	**4,250**	**100%**	**843**	**100%**	**5,093**
a. Adjustments arising out of consolidation		19		-		-		-
b. Non-Controlling interests in all subsidiaries		(4)		1	0%	-	0%	1
Total Owner's Share		**14,852**		**4,249**		**843**		**5,092**

47. There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

48. Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Technology Services Limited

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

STATEMENT CONTAINING SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES/ ASSOCIATE COMPANIES/ JOINT VENTURES

(₹ million)

Sr no	Particulars	L&T Technology Services LLC	L & T Thales Technology Services Private Limited
	Financial year ending on	March 31, 2017	March 31, 2017
	Currency	US$	INR
	Exchange rate on the last day of financial year	64.85	1
1	Share capital	1	21
2	Reserves	(451)	(48)
3	Liabilities	1,325	392
4	Total liabilities	875	364
5	Total assets	875	364
6	Investments	-	19
7	Turnover	1,573	615
8	Profit before taxation	(209)	5
9	Provision for taxation	36	(1)
10	Profit after taxation	(245)	6
11	Interim dividend - equity	-	-
12	Interim dividend - preference	-	-
13	Proposed dividend - equity	-	-
14	Proposed dividend - preference	-	-
15	% of share holding	100%	74%

P. RAMAKRISHNAN
Chief Financial Officer

KAPIL BHALLA
Company Secretary
M. No. F3485

A.M. NAIK
Director
(DIN 00001514)

KESHAB PANDA
Chief Executive Officer & Managing Director
(DIN 05296942)

Place: Mumbai
Date: May 03, 2017

Place: Mumbai
Date: May 03, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Ninth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance, both on a consolidated and standalone basis, for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in Lakhs)

Particulars	**Consolidated**		**Standalone**	
	2016-17	**2015-16**	**2016-17**	**2015-16**
Total Income	8,57,231.01	7,47,068.96	31,488.99	42,745.10
Less: Total Expenses	7,49,340.82	6,21,802.43	6,978.26	5,935.81
Profit before Tax	**1,07,890.19**	**1,25,266.53**	**24,510.73**	**36,809.29**
Less: Tax Expense	3,643.67	39,897.72	(355.44)	(994.37)
Profit after Tax	**1,04,246.52**	**85,368.81**	**24,866.17**	**37,803.66**
Add: Share in profit of associate company	574.73	300.45	-	-
Add: Share of minority interest	(602.58)	-	-	-
Profit for the year	**1,04,218.67**	**85,669.26**	**24,866.17**	**37,803.66**
Add: Balance brought forward from previous year	1,18,752.54	1,11,843.49	9,065.58	9,051.95
Balance Available	**2,22,971.21**	**1,97,512.75**	**33,931.75**	**46,855.61**
Appropriations				
Statutory Reserve	8,020.39	22,707.58	4,973.24	7,560.74
Proposed Dividend on Equity Shares	-	14,027.19	-	14,027.19
Dividend paid for previous year	5.78	6.23	5.78	6.23
Dividend Distribution Tax on proposed dividend / dividend paid (including tax on Dividend paid for previous year)	6,713.05	6,238.26	2,104.46	(11.41)
Interim Dividend on Preference Shares	10,677.49	16,708.77	10,338.95	16,207.28
Transfer to/(from) Debenture Redemption Reserve	67.15	6,598.76	-	-
Transfer to Reserve u/s 36(1)(viii) of Income Tax Act, 1961	9,734.72	11,312.62	-	-
Transfer to Reserve u/s 29-C of National Housing Bank	2,729.93	1,160.80	-	-
Unamortised loss on sale of loans	16,252.55	-	-	-
Share in Associates' Reserves	985.12	-	-	-
Surplus in the Statement of Profit and Loss	**1,67,785.03**	**1,18,752.54**	**16,509.32**	**9,065.58**

FINANCIAL PERFORMANCE

Being a Core Investment Company, the Company's standalone revenue is, substantially, dividend from its subsidiaries and hence, it is meaningful to look at the consolidated performance.

Consolidated

- Total income grew by 15% from ₹ 7,47,068.96 Lakhs in FY 2015-16 to ₹ 8,57,231.01 Lakhs in FY 2016-17.
- Profit before taxes was ₹ 1,25,266.53 Lakhs in FY 2015-16 compared to ₹ 1,07,890.19 Lakhs in

FY 2016-17.

- Profit after tax has grown from ₹ 85,669.26 Lakhs in FY 2015-16 to ₹ 1,04,218.67 Lakhs in FY 2016-17.

During the year, the net loan book size grew from ₹ 56,06,538.02 Lakhs to ₹ 61,64,849.99 Lakhs reflecting a growth of 9.96%.

The Average Assets Under Management ("AAUM") of the Mutual Fund business stood at ₹ 39,30,000 Lakhs for the quarter ended March 31, 2017 as against ₹ 25,94,480 Lakhs for the quarter ended March 31, 2016, a growth of 51%.

The Average Assets Under Service ("AAUS") of the Wealth Management business stood at ₹ 13,62,300.83 Lakhs for the quarter ended March 31, 2017 as against ₹ 9,31,583.06 Lakhs for the quarter ended March 31, 2016, a growth of 46%.

Standalone

- Total income was ₹ 42,745.10 Lakhs in FY 2015-16 compared to ₹ 31,488.99 Lakhs in FY 2016-17.
- Profit before tax was ₹ 36,809.29 Lakhs in FY 2015-16 compared to ₹ 24,510.73 Lakhs in FY 2016-17.
- Profit after tax was ₹ 37,803.66 Lakhs in FY 2015-16 compared to ₹ 24,866.17 Lakhs in FY 2016-17.

Appropriations

The Company proposes to transfer ₹ 4,973.24 Lakhs (previous year ₹ 7,560.74 Lakhs) to Special Reserve created u/s 45–IC of the Reserve Bank of India Act, 1934.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The information on the affairs of the Company has been given as part of the Management Discussion & Analysis Report forming part of this Report.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Board of Directors of the Company has approved the Dividend Distribution Policy at its Meeting held on October 25, 2016 in line with the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015 ("Listing Regulations"). The Policy has been uploaded on the Company's website at *http://www.ltfs.com/investors.html*.

The Board of Directors had declared and paid an interim dividend @ 9.00% (one option), 8.40% (one option), 8.50% (one option), 8.35% (two options) and 8.15% (one option) per share as applicable, on the four series of Cumulative Compulsorily Redeemable Non-Convertible Preference Shares ("CCRPS") of face value of ₹ 100/- each of the Company, for FY 2016-17, entailing an outflow of ₹ 10,338.95 Lakhs (excluding Dividend Distribution Tax). No final dividend is proposed on CCRPS.

The Board of Directors are pleased to recommend a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of the Members in ensuing Annual General Meeting ("AGM"). In terms of the revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by the Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556.34 Lakhs and Dividend Distribution Tax (net) thereon is not recognised as liability as on March 31, 2017.

The dividend, if approved at the ensuing AGM, would be paid to those Members whose name appears in the Register of Members/Beneficial Owners as stated in Notice of the ensuing AGM.

CREDIT RATING

During the year under review, Credit Analysis and Research Ltd. ("CARE") has accorded a rating of 'CARE AA+' [Double A Plus] with stable outlook for the issue of CCRPS. The rating indicates that the Preference Shares carry very low credit risk and are considered to have a high degree of safety regarding timely servicing of financial obligations.

SHARE CAPITAL

During the year under review, the Company has issued in total 18,03,810 Equity Shares and 5,19,500 Equity Shares to employees of the Company and its subsidiary companies pursuant to the exercise of stock options under the Employee Stock Option Scheme - 2010 and Employee Stock Option Scheme – 2013 respectively.

Pursuant to the allotment of the Equity Shares, the paid-up share capital of the Company was ₹ 2,96,912.19 Lakhs (including preference share capital of ₹ 1,21,340 Lakhs) as at March 31, 2017 as compared to ₹ 2,96,679.86 Lakhs (including preference share capital of ₹ 1,21,340 Lakhs) as at March 31, 2016.

INVESTMENT IN SUBSIDIARIES

During the year under review, the Company has infused capital in its following subsidiaries by subscribing to the Equity Shares offered by them:

Name of subsidiary company	Amount of capital subscribed (₹ in Lakhs)
L&T Infrastructure Finance Company Limited	22,000
L&T Housing Finance Limited	7,500
L&T Access Distribution Services Limited	1,535
L&T Capital Markets Limited	200

REGISTRATION AS A CORE INVESTMENT COMPANY

The Company is a registered Non-Banking Financial Institution - Core Investment Company ("NBFC-CIC") pursuant to the receipt of Certificate of Registration from the Reserve Bank of India ("RBI") dated September 11, 2013, under Section 45-IA of the Reserve Bank of India Act, 1934.

STATUTORY DISCLAIMER

The Company is having a valid Certificate of Registration dated September 11, 2013 issued by RBI under Section 45-IA of the Reserve Bank of India Act, 1934. However, RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the Company and for repayment of deposits/ discharge of liabilities by the Company.

FIXED DEPOSITS

The Company being a NBFC-CIC has not accepted any deposits from the public during the year under review.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the Listing Regulations, with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, the Company had appointed Mr. Dinanath Dubhashi as a Whole-time Director, designated as Deputy Managing Director of the Company, with effect from April 14, 2016 upto and including July 21, 2016 and as Managing Director for the period July 22, 2016 upto and including April 13, 2021, on the terms and conditions approved by the Members at their Eighth AGM held on August 23, 2016. Mr. Y. M. Deosthalee continued to be the Chairperson of the Company.

Mr. N. Sivaraman, President & Whole-time Director ceased to be a Director on the Board of the Company with effect from close of business hours on April 11, 2016, consequent upon his retirement from the L&T Financial Services Group ("LTFS"). Ms. Kamakshi Rao, an Independent Director of the Company, resigned from the Board of Directors to devote time to other commitments and accordingly ceased to be a Director of the Company with effect from March 21, 2017. Mr. Y. M. Deosthalee will retire from the Chairmanship and the Board effective May 31, 2017 and Mr. S. V. Haribhakti will take over as the Non-Executive Chairman from June 1, 2017. The Board places on record its appreciation of the valuable services rendered by the aforesaid Directors during their tenure as the Directors of the Company.

The complete list of Directors of the Company as of March 31, 2017 has been provided as part of the Corporate Governance Report.

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the independent directors) shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. R. Shankar Raman, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

The terms and conditions of appointment of Independent Directors are available on the website of the Company at <u>http://www.ltfs.com/investors.html</u>.

Declaration by Independent Directors

All Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and Regulation 16(1)(b) of the Listing Regulations and are not disqualified from continuing as Independent Directors.

Familiarization Programme

The Company has familiarized the Independent Directors with the Company, their roles, responsibilities in the Company, nature of industry in which the Company operates, business model of the Company, etc. The details of the familiarization programme is available on the website of the Company at *http://www.ltfs.com/investors.html*.

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, with effect from July 22, 2016, Mr. Dinanath Dubhashi was appointed as the Managing Director of the Company and Mr. Y. M. Deosthalee continued to serve as the Chairperson of the Company.

Further, consequent to resignation of Mr. N. Suryanarayanan as the Company Secretary of the Company with effect from October 26, 2016, Ms. Apurva Rathod was appointed as the Company Secretary of the Company effective the aforesaid date. As at March 31, 2017, the Company had the following Key Managerial Personnel ("KMPs"):

1) Mr. Dinanath Dubhashi – Managing Director
2) Mr. Sachinn Joshi – Chief Financial Officer
3) Ms. Apurva Rathod – Company Secretary

COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

A. Background and Objectives

Section 178 of the Act and Regulation 19 read with Part D of Schedule II of the Listing Regulations, as amended from time to time, requires the Nomination and Remuneration Committee ("NRC") to formulate a policy relating to the remuneration for the Directors, KMPs, Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy is required to be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board's Report is required to include a statement on Company's policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees.

B. Brief Framework of the Policy

The objective of this Policy is

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors and Senior Management;

c) to lay down criteria/evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, KMPs and other employees

C. Appointment of Director(s) – Criteria Identification

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder and Listing Regulations. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act and Listing Regulations, before their appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation criteria of Directors and Senior Management/KMPs/Employees

- **Non-Executive Directors/Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - ➢ Membership & Attendance - Board and Committee meetings;
  - ➢ Contribution during such meetings;
  - ➢ Active participation in strategic decision making;
  - ➢ Inputs to executive management on matters of strategic importance; and
  - ➢ Such other matters, as the NRC/Board may determine from time to time.

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending March 31st. The evaluation is on the basis of Key Performance Indicators ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management/KMPs/Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPI are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other employees ensures that:

- ➢ the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;
- ➢ relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- ➢ remuneration to Directors, KMPs and Senior Management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act and the provisions of the Listing Regulations, the Board has carried out an annual evaluation of its own performance, performance of the Directors individually and the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/Non-Executive Directors/Managing Director and Chairperson of the Company.

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b) Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of the Company and individual feedback provided to each Director.

c) Chairperson/Managing Director Evaluation:

- Evaluation as done by the individual directors is submitted to the Chairperson of the NRC and Chairperson of the NRC provides feedback to the NRC and subsequently to the Board.

EMPLOYEE STOCK OPTION SCHEME

The disclosures required to be made under the SEBI (Share Based Employee Benefits) Regulations, 2014 ("SBEB Regulations") and any amendments thereof is available on the website of the Company at *http://www.ltfs.com/investors.html*.

The certificate from the Statutory Auditors, confirming compliance with the aforesaid provisions has been appended as **Annexure A** to this Report.

BUSINESS RESPONSIBILITY REPORT

In terms of Regulation 34(2)(f) of the Listing Regulations, top 500 listed entities based on their market capitalisation as on March 31, 2017 are required to submit a Business Responsibility Report ("BRR") as a part of the Annual Report. The Company's BRR describing the initiatives taken by the Company has been hosted on the website of the Company at *http://www.ltfs.com/investors.html*. Any Member interested in obtaining a copy of the BRR may write to the Company Secretary of the Company at its Registered Office.

REPORT ON CORPORATE GOVERNANCE

The Report on Corporate Governance for the year under review, is forming part of the Annual Report. The certificate from the Statutory Auditors of the Company confirming compliance with the conditions of Corporate Governance is appended to the Corporate Governance Report.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Eighth AGM held on August 23, 2016, had appointed M/s. B.K. Khare & Co., Chartered Accountants (ICAI Firm's Registration Number 105102W) and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of the Eighth AGM till the conclusion of the Thirteenth AGM.

Further, in terms of Section 139(1) of the Act, the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. B. K. Khare & Co., Chartered Accountants and M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Members at the ensuing Ninth AGM.

With respect to the aforesaid appointment, the Company has received a certificate from the Statutory Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company has been appended as **Annexure B** to this Report.

In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company upto the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary at the Registered Office.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other Employees and none of the employees listed in the said Annexure is related to any Directors of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the Company's activities as a Core Investment Company carrying out its activities through its subsidiaries, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

There were no foreign exchange earnings during the year (previous year ₹ Nil); the foreign exchange outgo by the Company during the year was ₹ 485.89 Lakhs (previous year ₹ 228.06 Lakhs) towards professional fees, Directors' sitting fees and travelling expenses.

DEPOSITORY SYSTEM

The Company's Equity Shares are compulsorily tradable in electronic form. As on March 31, 2017, out of the Company's total equity paid-up share capital comprising of 1,75,57,21,861 Equity Shares, only 2,21,940 Equity Shares were in physical form and the remaining capital is in demat form. In view of the numerous advantages offered by the Depository System, the Members holding shares in physical form are advised to avail the facility of dematerialisation.

SUBSIDIARY COMPANIES

The Company conducts its business through subsidiaries for the various business segments in which it operates. As of March 31, 2017, the Company had 12 subsidiaries (including step down subsidiaries).

MERGER - SUBSIDIARY COMPANIES

During the year under review, following mergers/amalgamations have taken place:

1. Consumer Financial Services Limited (CIN: U67120DL2001PLC199088) was merged with L&T Housing Finance Limited (CIN: U45200MH1994PLC259630), a wholly owned subsidiary of the Company with effect from October 28, 2016.
2. L&T Finance Limited (CIN: U65990MH1994 PLC083147) and L&T FinCorp Limited (CIN: U65910MH1997PLC108179), the two wholly owned subsidiaries of the Company were merged with Family Credit Limited (now known as L&T Finance Limited – CIN: U65910WB1993FLC060810), another wholly owned subsidiary of the Company with effect from February 13, 2017.

MATERIAL SUBSIDIARIES

As required under Regulations 16(1)(c) and 46 of the Listing Regulations, the Board of Directors has approved the Policy for determining Material Subsidiaries ("Policy"). The details of the Policy are available on the website of the Company at *http://www.ltfs.com/investors.html*.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES

As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of each of the subsidiaries and associates of the Company has been appended as **Annexure C** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirm that, to the best of their knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;

3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of LTFS monitors and evaluates the efficacy and adequacy of the internal control system in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee ("AC") from time to time.

MEETINGS

The details of the Board meetings held during FY 2016-17 are disclosed in the Corporate Governance Report appended to this Report.

COMPOSITION OF AUDIT COMMITTEE

The Company has constituted an AC in terms of the requirements of the Act, Regulation 18 of Listing Regulations and RBI Regulations. The details of the same are disclosed in the Corporate Governance Report.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has framed and adopted the Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under this framework, the Company has set up a "Whistle Blower Investigation Committee". The Chairperson of this Whistle Blower Investigation Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the AC on this matter. The Chief Internal Auditor of LTFS is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with the requirements of the Act and Listing Regulations and available on the website of the Company at *http://www.ltfs.com/investors.html*.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy which is available on the website of the Company at *http://www.ltfs.com/csr.html*. An annual report on activities as required under Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure D** to this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act are given in the Notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors has approved the Policy on transactions with related parties ("RPT policy"), pursuant to the recommendation of the AC. In line with the requirements of the Act, RBI Regulations and Listing Regulations, the Company has formulated the RPT Policy which is also available on the Company's website at http://www.ltfs.com/investors.html. The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

➢ All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain RPTs which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

➢ All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.

All RPTs that were entered into during FY 2016-17 were on arm's length basis and were in the ordinary course of business. There were no materially significant RPTs by the Company with Promoters, Directors, KMP or Body Corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Note No. 24.4 to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company and its subsidiaries have a risk management framework and Board members are informed about risk assessment and minimization procedures and periodical review to ensure management controls risk by means of a properly designed framework. The AC is kept apprised of the proceedings of the meetings of the Risk Management Committee and also apprised about the risk management framework at subsidiaries.

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the Secretarial Audit of the Company.

The Secretarial Audit Report is appended as **Annexure E** to this Report.

There is no adverse remark, qualification or reservation in the Secretarial Audit Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity.

During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form No. MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure F** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the year under review.

RBI REGULATIONS

The Company has complied with all the applicable regulations of RBI as on March 31, 2017.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/license/authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company and its subsidiaries across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Y. M. Deosthalee	**Dinanath Dubhashi**
Chairperson	Managing Director & Chief Executive Officer
DIN: 00001698	DIN: 03545900

Place : Mumbai
Date : May 4, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

AUDITORS' CERTIFICATE ON EMPLOYEE STOCK OPTION SCHEMES

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SVP/2016-17/1597 dated October 3, 2016.

2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of **L&T Finance Holdings Limited** ("the Company") are required to certify for the year ended March 31, 2017 that the Employee Stock Option Schemes, L&T Finance Holdings Limited ESOP Scheme -2010 and L&T Finance Holdings Limited ESOP Scheme -2013 (the "Schemes") have been implemented in accordance with the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and amendments there to (the "Regulations").

Managements' Responsibility

3. The Company's Management is solely and entirely responsible for ensuring implementation of the Schemes in accordance with the Regulations. This includes the design, implementation and maintenance of internal controls over the implementation of the Schemes in compliance with the Regulations to ensure that it is free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

4. Our responsibility is to certify the compliance of the Schemes with the Regulations, on the basis of work carried out by us. We conducted our work in accordance with the Guidance Note on Audit Reports and Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India ("ICAI"), in so far as applicable for the purpose of this certificate which include the concepts of test checks and materiality.

5. The criteria against which the compliance was evaluated are:

   a. the Regulations;

   b. the Schemes;

   c. special resolution passed by the Shareholders of the Company at the Extra Ordinary General Meeting held on November 29, 2010 for approval of the L&T Finance Holdings Limited ESOP Scheme 2010.

   d. special resolution passed by the Shareholders of the Company through Postal Ballot on June 14, 2012 for ratification of L&T Finance Holdings Limited ESOP Scheme – 2010 instituted by the Company prior to the Initial Public Offer;

   e. special resolution passed by the Shareholders of the Company through Postal Ballot on April 4, 2014 for approval of the L&T Finance Holdings Limited ESOP Scheme 2013;

6. We conducted our examination in accordance with the Guidance Note on Reports or Certificates for Special Purposes and Standards on Auditing issued by the Institute of Chartered Accountants of India. The Guidance Note requires that we comply with the ethical requirements of the Code of Ethics issued by the Institute of Chartered Accountants of India.

7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on the work that we performed and the information, explanation and representations given to us by the Company's Management we hereby certify to the best of our knowledge and belief that the Schemes have been implemented in accordance with the Regulations.

9. This certificate has been issued at the request of the Company and is intended solely for compliance with Clause 13 of the Regulations. This certificate should not be circulated, copied, used /referred to for any other purpose, without our prior written consent. Accordingly, we do not accept or assume any liability or any duty of care or for any other purpose or to any other party to whom it is shown or into whose hands it may come without our prior consent in writing.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Mukesh Jain
Partner
(Membership No. 108262)

Place: Mumbai
Date: May 4, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

Sr. No.	Particulars	Disclosure	
1	The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.[1]	N.A.[2]	
2	The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.[1]	Mr. Y. M. Deosthalee[3] - 8% Mr. Dinanath Dubhashi - 24% Chief Financial Officer - 10% Company Secretary[4] - 10%	
3	The percentage increase in the median remuneration of employees in the financial year.	5%	
4	The number of permanent employees on the rolls of Company.	3 employees	
5	Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.	Employees other than managerial personnel	Managerial personnel
		6%	Mr. Y.M. Deosthalee – 8% Mr. Dinanath Dubhashi – 24%[5]
6	Affirmation that the remuneration is as per remuneration policy of the Company.	We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.	

[1] *For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.*

[2] *Considering that the Company is a Core Investment Company which carries on its business through its underlying subsidiaries and in view of the fact that the Executive Director(s) are entrusted with group level responsibilities, comparing the ratio of the remuneration of the Director to the median remuneration of the Employees of the Company would not be meaningful.*

[3] *Non-Executive Chairperson as on March 31, 2017.*

[4] *Mr. N. Suryanarayanan ceased to be the Company Secretary effective October 26, 2016 and Ms. Apurva Rathod was appointed as the Company Secretary effective the aforesaid date.*

[5] *Mr. Dinanath Dubhashi, who was the Managing Director & Chief Executive of one of the material subsidiaries of the Company was appointed as the Deputy Managing Director of the Company effective April 14, 2016 and then the Managing Director effective July 22, 2016. Thus, the increase in remuneration is consistent with the substantial enhancement in his role.*

Note: Mr. N. Sivaraman ceased to be the President and Whole-time Director effective close of business hours on April 11, 2016, consequent upon his retirement from the L&T Financial Services Group and therefore disclosures are not applicable.

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

FORM AOC-I

[Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries,associate companies and joint ventures

Part - A: Subsidiaries

(₹ in Lakhs)

Sl. No.	1	2	3	4	5	6	7	8	9	10	11	12
Name of the subsidiary	L&T Infrastructure Finance Company Ltd.	L&T Finance Ltd. (erstwhile known as Family Credit Ltd.)[1]	L&T Housing Finance Ltd.[2]	L&T Access Distribution Services Ltd.	L&T Infra Debt Fund Ltd.	L&T Infra Investment Partners Advisory Pvt. Ltd.	L&T Infra Investment Partners Trustee Pvt. Ltd.	L&T Investment Management Ltd.	L&T Mutual Fund Trustee Ltd.	L&T Capital Markets Ltd.	L&T Financial Consultants Ltd. (erstwhile known as L&T Vrindavan Properties Ltd.)	Mudit Cement Pvt. Ltd.
Date of acquisition	-	December 31, 2012	October 9, 2012	-	-	-	-	-	-	-	-	December 27, 2013
Share capital	89,208.76	1,44,004.73	12,965.08	2,135.00	57,596.67[3]	500.00	10.00	25,182.43	15.00	4,975.00	1,875.00	210.48
Reserves & surplus	1,98,875.66	5,43,934.16	67,563.40	-1,817.74	23,294.89	805.04	-4.66	21,281.35	144.07	-3,417.68	8,809.41	-1,574.11
Total assets	24,86,467.33	35,97,682.84	8,81,624.80	322.12	4,21,311.23	1,519.89	8.28	51,780.14	163.52	2,677.02	51,333.51	3,947.64
Total Liabilities	21,98,382.91	29,09,743.95	8,01,096.32	4.86	3,40,419.67	214.85	2.94	5,316.36	4.45	1,119.70	40,649.10	5,311.27
Investments	2,50,283.59	3,09,696.98	43,549.65	74.70	-	1,335.10	7.45	10,937.14	133.00	512.01	426.10	-
Turnover	2,67,841.71	4,14,497.54	95,389.22	2.24	34,623.58	1,274.69	2.81	35,186.24	14.61	6,216.20	5,230.73	-
Profit before taxation	1,891.65	2,841.74	21,020.76	-89.70	9,410.96	754.21	0.26	-2,581.48	0.97	515.54	-831.12	-480.93
Provision for taxation	-2,329.01	1,237.57	7,379.61	4.22	-	266.77	0.09	-	-1.13	-145.30	-2,481.53	67.81
Profit after taxation	4,220.66	1,604.17	13,641.15	-93.92	9,410.96	487.44	0.17	-2,581.48	2.10	660.84	1,650.41	-548.74
Proposed Dividend	-	-	-	-	-	-	-	-	-	-	-	-
% of shareholding	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

[1] Pursuant to orders of National Company Law Tribunal, Mumbai Bench ("NCLT") dated January 24, 2017 and Hon'ble High Court of Calcutta dated November 28, 2016, the Scheme of Amalgamation for merger of two wholly owned subsidiaries of the Company, L&T Finance Ltd. (CIN:U65990MH1994PLC083147) and L&T Fincorp Ltd. (CIN:U65910MH1997PLC108179) into another wholly owned subsidiary Family Credit Ltd. (now known as L&T Finance Ltd. - CIN:U65910WB1993FLC060810) is effected from April 1, 2016. Accordingly, the said companies cease to exist as subsidiaries of the Company.

[2] On approval of Hon'ble High Court of Bombay vide its order dated July 10, 2015 and of Hon'ble High Court of Delhi vide its order dated August 29, 2016, the merger of Company's wholly owned subsidiary Consumer Financial Services Ltd. (CIN:U67120DL2001PLC199088) into another wholly owned subsidiary, L&T Housing Finance Ltd. (CIN:U45200MH1994PLC259630) is effected from April 1, 2015.

[3] Includes the preference share capital of ₹ 10,530 Lakhs.

Names of subsidiaries which are yet to commence operations **Mudit Cement Private Ltd.**

Names of subsidiaries which have been liquidated or sold during the year **NIL**

Part - B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	Feedback Infra Private Ltd.	Grameen Capital India Pvt. Ltd.
1. Latest audited Balance Sheet Date	March 31, 2017	March 31, 2016
2. Date on which the Associate or Joint Venture was associated or acquired	September 28, 2012	June 5, 2015
3. Shares of associates held by the Company as at March 31, 2017 :		
No.	37,90,000	21,26,000
Amount of investment in Associates (₹ in Lakhs)	3,790.00	212.60
4. Holding %/ Description of significant influence	23.16 % of shareholding	26.00 % of shareholding
5. Reason of non consolidation of the associate/ joint venture	N.A.	N.A.
6. Networth attributable to Shareholding as per latest Audited Balance Sheet (₹ in Lakhs)	2,493.22	N.A.
7. Profit/ Loss for the year :		
i. Considered in Consolidation (₹ in Lakhs)	574.73	N.A.
ii. Not Considered in Consolidation (₹ in Lakhs)	-	N.A.

Names of associates or joint ventures which are yet to commence operations **NIL**

Names of associates or joint ventures which have been liquidated or sold during the year. **NIL**

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")
[Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014]

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at https://www.ltfs.com/csr.html.

2) **Composition of CSR Committee:**

The composition of CSR Committee is disclosed in the Corporate Governance Report.

3) **Average Net Profit of the Company for the last three financial years is ₹ 1,762.74 Lakhs.**

4) **Prescribed CSR expenditure and details of CSR spend:**

Particulars	Amount (₹ in Lakhs)
Prescribed CSR expenditure	35.25
Amount spent as CSR	35.25
Amount unspent	-

5) **Manner in which amount spent during the financial year:**

(₹ in Lakhs)

CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
Rural development through - Watershed Management- drought relief Project	(x) rural development projects	State: Maharashtra District: Beed	35.25	35.25	35.25	Indirect**
Total CSR spend in FY 2016-17			**35.25**	**35.25**	**35.25**	

Note:

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) **Responsibility Statement:**

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For L&T Finance Holdings Limited

Y. M. Deosthalee	**Dinanath Dubhashi**
Chairperson	Managing Director &
CSR Committee	Chief Executive Officer
DIN: 00001698	DIN: 03545900

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

for the financial year ended March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

L&T FINANCE HOLDINGS LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T FINANCE HOLDINGS LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/ statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

(i) The Companies Act, 2013 ('the Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, the Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently, the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws that are applicable to the Company, **viz. -**

➢ **NBFC – CIC – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Regulations, Guidelines, Circulars, Notifications, etc.**

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), applicable as follows:

  a. Equity Shares listed on BSE Limited and National Stock Exchange of India Limited;

  b. The Cumulative Compulsorily Redeemable Non-Convertible Preference Shares (CCRPS) listed on BSE Limited.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, and Independent Directors. **Effective March 21, 2017, the woman director on the Board of the Company has resigned and the process for selection of suitable candidate for the vacancy so created has been initiated by the Company.** The changes in the composition of the Board of Directors or Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place, having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. -

➢ **During the year the Company has issued in total 18,03,810 Equity Shares and 5,19,500 Equity Shares pursuant to the exercise of stock options under the ESOP Scheme - 2010 and ESOP Scheme – 2013, respectively.**

(ii) Redemption / buy-back of securities – **NIL**.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc. – **NIL**.

(v) Foreign technical collaborations – **NIL**.

(vi) Other Events – **NIL**.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

This report is to be read with our letter of even date which is annexed as Annexure-I and forms an integral part of this report.

Annexure-I

To,

The Members
L&T FINANCE HOLDINGS LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Wherever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'F' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	L67120MH2008PLC181833
ii)	**Registration Date**	May 1, 2008
iii)	**Name of the Company**	L&T Finance Holdings Limited
iv)	**Category/Sub-Category of the Company**	Company limited by shares / Indian Non-Government Company
v)	**Address of the Registered Office & contact details** (1)	Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000 Fax: +91 22 6212 5398 E-mail: igrc@ltfs.com Website: www.ltfs.com
vi)	**Whether listed Company**	Yes
vii)	**Name, Address & Contact details of the Registrar and Transfer Agent, if any.**	**M/s. Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli West, Mumbai - 400 083, Maharashtra Phone: +91 22 4918 6270 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sl. No.	Name & Description of main products / services	NIC Code of the product /service	% to total turnover of the Company
1	Non-Banking Financial Institution – Core Investment Company (NBFC-CIC)	64200	88.15%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	**Larsen and Toubro Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001, Maharashtra, India.	L99999MH1946PLC004768	Holding Company	66.62	2(46)
2	**L&T Infrastructure Finance Company Limited** Mount Poonamallee Road, Manapakkam, Chennai - 600 089, Tamil Nadu, India.	U67190TN2006PLC059527	Subsidiary Company	100	2(87)
3	**L&T Investment Management Limited**(1) Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U65991MH1996PLC229572	Subsidiary Company	100	2(87)

Sl. No.	Name & Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
4	**L&T Mutual Fund Trustee Limited** [(1)] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U65993MH1996PLC211198	Subsidiary Company	100	2(87)
5	**L&T Access Distribution Services Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U65100MH2011PLC284632	Subsidiary Company	100	2(87)
6	**L&T Financial Consultants Limited (erstwhile L&T Vrindavan Properties Limited)** Mount Poonamallee Road, Manapakkam, Chennai - 600 089, Tamil Nadu, India.	U65100TN2011PLC081100	Subsidiary Company	100	2(87)
7	**L&T Housing Finance Limited**[(1)] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	U45200MH1994PLC259630	Subsidiary Company	100	2(87)
8	**L&T Finance Limited (erstwhile Family Credit Limited)** Technopolis, 7th Floor, A- Wing, Plot No. - 4, Block - BP, Sector -V, Salt Lake, Kolkata - 700 091, West Bengal, India.	U65910WB1993FLC060810	Subsidiary Company	100	2(87)
9	**L&T Capital Markets Limited** L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001, Maharashtra, India.	U67190MH2013PLC240261	Subsidiary Company	100	2(87)
10	**L&T Infra Investment Partners Advisory Private Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67190MH2011PTC218046	Subsidiary Company	100	2(87)
11	**L&T Infra Investment Partners Trustee Private Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67190MH2011PTC220896	Subsidiary Company	100	2(87)
12	**L&T Infra Debt Fund Limited** Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India.	U67100MH2013PLC241104	Subsidiary Company	100	2(87)
13	**Mudit Cement Private Limited** 5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi - 110 001, Delhi, India.	U26942DL1990PTC041941	Subsidiary Company	100	2(87)
14	**Feedback Infra Private Limited** 311, 3rd Floor, Vardhaman Plaza, Pocket 7, Plot No.6, Sector 12, Dwarka, New Delhi - 110 078, Delhi, India.	U74899DL1990PTC040630	Associate Company	23.16	2(6)
15	**Grameen Capital India Private Limited** 402, 36 Turner Road, Bandra West, Mumbai - 400 050, Maharashtra, India.	U65923MH2007PTC168721	Associate Company	26	2(6)

[(1)] *Change of registered office effective June 15, 2017.*

IV. SHAREHOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS % OF TOTAL EQUITY)

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	-	-	-	-	-	-	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt (s).	-	-	-	-	-	-	-	-	-
d) Bodies Corporate	1,16,97,09,304	-	1,16,97,09,304	66.71	1,16,97,09,304	-	1,16,97,09,304	66.62	-0.09
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
Sub - total (A) (1)	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.71**	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.62**	**-0.09**
(2) Foreign									
a) NRIs- Individuals	-	-	-	-	-	-	-	-	-
b) Other - Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
Sub-total (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.71**	**1,16,97,09,304**	**-**	**1,16,97,09,304**	**66.62**	**-0.09**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	2,20,07,081	-	2,20,07,081	1.26	5,47,53,686	-	5,47,53,686	3.12	1.86
b) Banks/FI	1,01,75,006	-	1,01,75,006	0.58	98,05,606	-	98,05,606	0.56	-0.02
c) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s).	-	-	-	-	-	-	-	-	-
e) Venture Capital Funds	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIs	15,43,83,103	-	15,43,83,103	8.80	19,87,96,449	-	19,87,96,449	11.32	2.52
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
Sub-total (B)(1):	**18,65,65,190**	**-**	**18,65,65,190**	**10.64**	**26,33,55,741**	**-**	**26,33,55,741**	**15.00**	**4.36**
(2) Non-Institutions									
a) Bodies Corporate	5,82,28,933	205	5,82,29,138	3.32	8,67,16,401	-	8,67,16,401	4.94	1.62
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	18,43,62,051	27,891	18,43,89,942	10.52	14,36,02,018	21,940	14,36,23,958	8.18	-2.34
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	5,53,63,630	2,00,000	5,55,63,630	3.17	4,59,63,749	2,00,000	4,61,63,749	2.63	-0.54
c) Others (specify)	-	-	-	-	-	-	-	-	-
i) Non Resident Repatriates	68,33,177	-	68,33,177	0.39	54,77,441	-	54,77,441	0.31	-0.08
ii) Foreign Companies	3,18,36,971	-	3,18,36,971	1.82	3,18,36,971	-	3,18,36,971	1.81	0.00
iii) Foreign Nationals	-	-	-	-	500	-	500	0.00	0.00
iv) Non Resident Non Repatriates	17,09,291	-	17,09,291	0.10	16,71,764	-	16,71,764	0.10	0.00
v) Trusts	23,20,525	-	23,20,525	0.13	37,39,362	-	37,39,362	0.21	0.08
vi) Directors & their Relatives	26,22,474	-	26,22,474	0.15	34,26,670	-	34,26,670	0.20	0.05
vii) Private Equity Funds	5,36,18,909	-	5,36,18,909	3.06	-	-	-	0.00	-3.06
Sub-total (B)(2):	**39,68,95,961**	**2,28,096**	**39,71,24,057**	**22.65**	**32,24,34,876**	**2,21,940**	**32,26,56,816**	**18.38**	**-4.27**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**58,34,61,151**	**2,28,096**	**58,36,89,247**	**33.29**	**58,57,90,617**	**2,21,940**	**58,60,12,557**	**33.38**	**0.09**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**1,75,31,70,455**	**2,28,096**	**1,75,33,98,551**	**100.00**	**1,75,54,99,921**	**2,21,940**	**1,75,57,21,861**	**100.00**	**-**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share-holding during the year
		No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	No. of shares	% of total shares of the Company	% of shares pledged / encumbered to total shares	
1	Larsen and Toubro Limited	1,16,97,09,304	66.71	-	1,16,97,09,304	66.62	-	-0.09
	Total	**1,16,97,09,304**	**66.71**	**-**	**1,16,97,09,304**	**66.62**	**-**	**-0.09**

(iii) Change in Promoters' Shareholding

Sl. No.	Name of the Promoter	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of Shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Larsen and Toubro Limited**					
	At the beginning of the year	April 1, 2016	1,16,97,09,304	66.71	-	-
	At the end of the year	March 31, 2017	-	-	1,16,97,09,304	66.62

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Citigroup Global Markets Mauritius Private Limited**					
	At the beginning of the year	April 1, 2016	9,93,94,992	5.67	-	-
	Purchase	June 3, 2016	15,76,000	0.09	10,09,70,992	5.76
	Purchase	June 24, 2016	9,000	0.00	10,09,79,992	5.76
	Purchase	August 12, 2016	11,79,000	0.07	10,21,58,992	5.82
	Purchase	August 19, 2016	81,000	0.00	10,22,39,992	5.83
	Purchase	September 2, 2016	2,70,000	0.02	10,25,09,992	5.84
	Sale	September 23, 2016	-72,000	0.00	10,24,37,992	5.84
	Sale	October 7, 2016	-27,000	0.00	10,24,10,992	5.84
	Sale	October 21, 2016	-5,13,000	-0.03	10,18,97,992	5.81
	Sale	October 28, 2016	-7,47,000	-0.04	10,11,50,992	5.76
	Sale	November 11, 2016	-9,36,000	-0.05	10,02,14,992	5.71
	Sale	November 25, 2016	-1,17,000	-0.01	10,00,97,992	5.70
	Sale	December 30, 2016	-99,000	-0.01	9,99,98,992	5.70
	Sale	January 13, 2017	-4,23,000	-0.02	9,95,75,992	5.67
	Purchase	February 3, 2017	20,88,000	0.12	10,16,63,992	5.79
	Sale	February 10, 2017	-3,51,000	-0.02	10,13,12,992	5.77
	Sale	March 3, 2017	-18,000	0.00	10,12,94,992	5.77
	Sale	March 31, 2017	-8,73,000	-0.05	10,04,21,992	5.72
	At the end of the year	March 31, 2017	-	-	10,04,21,992	5.72
2	**Birla Sun Life Trustee Company Private Limited Ac Birla Sun Life Balanced 95 Fund**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	August 19, 2016	73,79,000	0.42	73,79,000	0.42
	Purchase	August 26, 2016	25,000	0.00	74,04,000	0.42
	Purchase	September 2, 2016	37,48,000	0.21	1,11,52,000	0.64
	Purchase	September 16, 2016	2,95,161	0.02	1,14,47,161	0.65
	Sale	October 14, 2016	-1,98,000	-0.01	1,12,49,161	0.64
	Purchase	October 21, 2016	66,22,000	0.38	1,78,71,161	1.02
	Purchase	October 28, 2016	32,31,000	0.18	2,11,02,161	1.20
	Purchase	November 4, 2016	7,50,000	0.04	2,18,52,161	1.25
	Purchase	November 11, 2016	6,10,000	0.03	2,24,62,161	1.28
	Sale	November 18, 2016	-1,91,000	-0.01	2,22,71,161	1.27
	Purchase	December 2, 2016	15,80,000	0.09	2,38,51,161	1.36
	Purchase	December 9, 2016	12,44,232	0.07	2,50,95,393	1.43
	Purchase	December 16, 2016	21,83,549	0.12	2,72,78,942	1.55
	Purchase	December 23, 2016	15,34,000	0.09	2,88,12,942	1.64
	Purchase	December 30, 2016	11,68,000	0.07	2,99,80,942	1.71
	Purchase	January 6, 2017	16,00,000	0.09	3,15,80,942	1.80
	Purchase	January 13, 2017	26,25,000	0.15	3,42,05,942	1.95
	Purchase	January 20, 2017	4,68,000	0.03	3,46,73,942	1.98
	Purchase	January 27, 2017	20,79,000	0.12	3,67,52,942	2.09
	Purchase	February 3, 2017	1,53,000	0.01	3,69,05,942	2.10
	Purchase	February 10, 2017	7,15,000	0.04	3,76,20,942	2.14
	Sale	March 3, 2017	-20,00,000	-0.11	3,56,20,942	2.03
	Purchase	March 10, 2017	2,45,000	0.01	3,58,65,942	2.04
	Purchase	March 17, 2017	5,50,000	0.03	3,64,15,942	2.07
	Purchase	March 24, 2017	1,00,000	0.01	3,65,15,942	2.08
	Purchase	March 31, 2017	4,50,000	0.03	3,69,65,942	2.11
	At the end of the year	March 31, 2017	-	-	3,69,65,942	2.11

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
3	**BC Investments VI Limited**					
	At the beginning of the year	April 1, 2016	3,18,36,971	1.82	-	-
	At the end of the year	March 31, 2017	-	-	3,18,36,971	1.81
4	**Prazim Trading and Investment Co. Pvt. Ltd.**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	March 24, 2017	2,54,55,222	1.45	2,54,55,222	1.45
	At the end of the year	March 31, 2017	-	-	2,54,55,222	1.45
5	**HDFC Standard Life Insurance Company Limited**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	October 21, 2016	70,75,060	0.40	70,75,060	0.40
	Purchase	October 28, 2016	9,24,940	0.05	80,00,000	0.46
	Purchase	November 25, 2016	5,00,000	0.03	85,00,000	0.48
	Purchase	December 23, 2016	50,000	0.00	85,50,000	0.49
	Purchase	December 30, 2016	58,049	0.00	86,08,049	0.49
	Purchase	January 13, 2017	24,400	0.00	86,32,449	0.49
	Purchase	January 20, 2017	21,27,173	0.12	1,07,59,622	0.61
	Purchase	January 27, 2017	13,29,478	0.08	1,20,89,100	0.69
	Purchase	February 3, 2017	2,18,350	0.01	1,23,07,450	0.70
	Purchase	February 24, 2017	7,100	0.00	1,23,14,550	0.70
	Purchase	March 10, 2017	25,200	0.00	1,23,39,750	0.70
	Sale	March 17, 2017	-9,07,443	-0.05	1,14,32,307	0.65
	Purchase	March 31, 2017	11,106	0.00	1,14,43,413	0.65
	At the end of the year	March 31, 2017	-	-	1,14,43,413	0.65
6	**Azim Premji Trust**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	March 31, 2017	1,11,78,027	0.64	1,11,78,027	0.64
	At the end of the year	March 31, 2017	-	-	1,11,78,027	0.64
7	**Morgan Stanley Mauritius Company Limited**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	June 3, 2016	4,81,318	0.03	4,81,318	0.03
	Sale	June 30, 2016	-14,275	0.00	4,67,043	0.03
	Purchase	July 8, 2016	1,53,000	0.01	6,20,043	0.04
	Purchase	July 15, 2016	1,89,000	0.01	8,09,043	0.05
	Purchase	July 22, 2016	2,60,177	0.01	10,69,220	0.06
	Purchase	July 29, 2016	90,000	0.01	11,59,220	0.07
	Purchase	August 5, 2016	18,000	0.00	11,77,220	0.07
	Purchase	August 12, 2016	6,42,750	0.04	18,19,970	0.10
	Purchase	August 19, 2016	1,73,627	0.01	19,93,597	0.11
	Sale	August 26, 2016	-9,31,098	-0.05	10,62,499	0.06
	Sale	September 2, 2016	-83,254	0.00	9,79,245	0.06
	Sale	September 16, 2016	-72,000	0.00	9,07,245	0.05
	Sale	September 23, 2016	-36,000	0.00	8,71,245	0.05
	Sale	September 30, 2016	-7,65,000	-0.04	1,06,245	0.01
	Sale	October 7, 2016	-18,000	0.00	88,245	0.01
	Purchase	October 21, 2016	4,68,000	0.03	5,56,245	0.03

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	Sale	October 28, 2016	-5,13,000	-0.03	43,245	0.00
	Sale	November 25, 2016	-27,000	0.00	16,245	0.00
	Purchase	December 2, 2016	85,711	0.00	1,01,956	0.01
	Sale	December 9, 2016	-72,000	0.00	29,956	0.00
	Sale	December 16, 2016	-18,000	0.00	11,956	0.00
	Purchase	January 20, 2017	4,59,000	0.03	4,70,956	0.03
	Purchase	January 27, 2017	2,29,289	0.01	7,00,245	0.04
	Purchase	February 3, 2017	7,46,950	0.04	14,47,195	0.08
	Purchase	February 10, 2017	7,38,050	0.04	21,85,245	0.12
	Purchase	February 17, 2017	3,44,958	0.02	25,30,203	0.14
	Purchase	February 24, 2017	18,23,171	0.10	43,53,374	0.25
	Purchase	March 3, 2017	25,36,267	0.14	68,89,641	0.39
	Purchase	March 10, 2017	5,95,095	0.03	74,84,736	0.43
	Purchase	March 17, 2017	11,15,076	0.06	85,99,812	0.49
	Purchase	March 24, 2017	3,35,944	0.02	89,35,756	0.51
	Purchase	March 31, 2017	21,26,848	0.12	1,10,62,604	0.63
	At the end of the year	March 31, 2017	-	-	1,10,62,604	0.63
8	**Kuwait Investment Authority Fund 223**					
	At the beginning of the year	April 1, 2016	Nil	N.A.	-	-
	Purchase	August 19, 2016	18,00,000	0.10	18,00,000	0.10
	Purchase	August 26, 2016	6,00,000	0.03	24,00,000	0.14
	Purchase	September 30, 2016	6,75,000	0.04	30,75,000	0.18
	Purchase	October 7, 2016	6,00,000	0.03	36,75,000	0.21
	Purchase	November 25, 2016	11,99,300	0.07	48,74,300	0.28
	Purchase	January 13, 2017	3,90,833	0.02	52,65,133	0.30
	Sale	January 20, 2017	-3,38,266	-0.02	49,26,867	0.28
	Purchase	February 3, 2017	12,36,818	0.07	61,63,685	0.35
	Purchase	February 10, 2017	6,32,364	0.04	67,96,049	0.39
	Purchase	February 17, 2017	6,00,044	0.03	73,96,093	0.42
	Sale	March 3, 2017	-3,76,000	-0.02	70,20,093	0.40
	At the end of the year	March 31, 2017	-	-	70,20,093	0.40
9	**Government Pension Fund Global**					
	At the beginning of the year	April 1, 2016	1,90,02,517	1.08	-	-
	Sale	June 17, 2016	-4,44,099	-0.03	1,85,58,418	1.06
	Sale	June 24, 2016	-3,81,155	-0.02	1,81,77,263	1.04
	Sale	June 30, 2016	-32,710	0.00	1,81,44,553	1.03
	Sale	July 15, 2016	-2,06,157	-0.01	1,79,38,396	1.02
	Sale	July 22, 2016	-6,52,053	-0.04	1,72,86,343	0.99
	Sale	August 12, 2016	-32,58,078	-0.19	1,40,28,265	0.80
	Sale	October 14, 2016	-52,000	0.00	1,39,76,265	0.80
	Sale	November 18, 2016	-98,000	-0.01	1,38,78,265	0.79
	Sale	January 13, 2017	-7,80,901	-0.04	1,30,97,364	0.75
	Sale	January 20, 2017	-29,18,905	-0.17	1,01,78,459	0.58
	Sale	January 27, 2017	-31,97,700	-0.18	69,80,759	0.40
	Sale	February 3, 2017	-8,65,865	-0.05	61,14,894	0.35
	At the end of the year	March 31, 2 017	-	-	61,14,894	0.35
10	**Life Insurance Corporation of India**					
	At the beginning of the year	April 1, 2016	60,93,518	0.35	-	-
	At the end of the year	March 31, 2017	-	-	60,93,518	0.35

Sl. No.	Name of the Shareholder	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
11	**Vanguard Total International Stock Index Fund**					
	At the beginning of the year	April 1, 2016	45,32,543	0.26	-	-
	Purchase	September 30, 2016	2,64,485	0.02	47,97,028	0.27
	Purchase	January 13, 2017	2,60,948	0.01	50,57,976	0.29
	At the end of the year	March 31, 2017	-	-	50,57,976	0.29
12	**HDFC Trustee Company Limited - HDFC Top 200 Fund**					
	At the beginning of the year	April 1, 2016	1,05,09,000	0.60	-	-
	Sale	June 30, 2016	-24,000	0.00	1,04,85,000	0.60
	Purchase	July 22, 2016	4,50,000	0.03	1,09,35,000	0.62
	Purchase	August 5, 2016	13,31,000	0.08	1,22,66,000	0.70
	Purchase	September 2, 2016	99,000	0.01	1,23,65,000	0.70
	Sale	October 21, 2016	-5,49,000	-0.03	1,18,16,000	0.67
	Sale	November 11, 2016	-45,000	0.00	1,17,71,000	0.67
	Purchase	December 2, 2016	2,73,000	0.02	1,20,44,000	0.69
	Sale	January 6, 2017	-45,000	0.00	1,19,99,000	0.68
	Sale	January 13, 2017	-18,000	0.00	1,19,81,000	0.68
	Sale	March 10, 2017	-22,90,000	-0.13	96,91,000	0.55
	Sale	March 17, 2017	-4,00,000	-0.02	92,91,000	0.53
	Sale	March 24, 2017	-18,85,000	-0.11	74,06,000	0.42
	Sale	March 31, 2017	-32,29,000	-0.18	41,77,000	0.24
	At the end of the year	March 31, 2017	-	-	41,77,000	0.24
13	**MACE CIPEF Limited**					
	At the beginning of the year	April 1, 2016	5,15,95,484	2.94	-	-
	Sale	August 12, 2016	-16,42,330	-0.09	4,99,53,154	2.85
	Sale	August 19, 2016	-86,76,765	-0.49	4,12,76,389	2.35
	Sale	August 26, 2016	-77,39,323	-0.44	3,35,37,066	1.91
	Sale	October 21, 2016	-1,54,78,646	-0.88	1,80,58,420	1.03
	Sale	January 27, 2017	-24,29,700	-0.14	1,56,28,720	0.89
	Sale	February 3, 2017	-77,68,605	-0.44	78,60,115	0.45
	Sale	February 10, 2017	-65,12,641	-0.37	13,47,474	0.08
	Sale	February 17, 2017	-13,47,474	-0.08	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
14	**Hasham Investment and Trading Company Private Limited**					
	At the beginning of the year	April 1, 2016	2,54,55,222	1.45	-	-
	Sale	March 24, 2017	-2,54,55,222	-1.45	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
15	**M/s Napean Trading and Investment Company Private Limited**					
	At the beginning of the year	April 1, 2016	1,11,38,027	0.64	-	-
	Sale	March 24, 2017	-1,11,38,027	-0.63	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.
16	**Subria CGPE Limited**					
	At the beginning of the year	April 1, 2016	45,00,000	0.26	-	-
	Sale	August 12, 2016	-1,26,000	-0.01	43,74,000	0.25
	Sale	August 19, 2016	-7,74,000	-0.04	36,00,000	0.21
	Sale	August 26, 2017	-6,75,000	-0.04	29,25,000	0.17
	Sale	October 21, 2016	-13,50,000	-0.08	15,75,000	0.09
	Sale	January 27, 2017	-2,18,400	-0.01	13,56,600	0.08
	Sale	February 3, 2017	-6,98,181	-0.04	6,58,419	0.04
	Sale	February 10, 2017	-5,53,960	-0.03	1,04,459	0.01
	Sale	February 17, 2017	-1,04,459	-0.01	Nil	N.A.
	At the end of the year	March 31, 2017	-	-	Nil	N.A.

(v) Shareholding of Directors and Key Managerial Personnel (KMP)

Sl. No.	Name of the Director/KMP	Date	Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
			No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	**Mr. Yeshwant Moreshwar Deosthalee (Chairperson)**					
	At the beginning of the year	April 1, 2016	25,81,091	0.15	-	-
	At the end of the year	March 31, 2017	-	-	25,81,091	0.15
2	**Mr. Dinanath Dubhashi (Managing Director & Chief Executive Officer)**					
	At the beginning of the year	April 1, 2016	1,26,087	0.01	-	-
	ESOP	October 25, 2016	1,45,000	0.01	2,71,087	0.02
	ESOP	January 24, 2017	40,000	0.00	3,11,087	0.02
	At the end of the year	March 31, 2017	-	-	3,11,087	0.02
3	**Mr. Ramamurthy Shankar Raman (Non-Executive Director)**					
	At the beginning of the year	April 1, 2016	24,461	0.00	-	-
	At the end of the year	March 31, 2017	-	-	24,461	0.00
4	**Mr. B. V. Bhargava (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	January 31, 2017	1,000	0.00	1,000	0.00
	At the end of the year	March 31, 2017	-	-	1,000	0.00
5	**Mr. S. V. Haribhakti (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	July 26, 2016	63,243	0.00	63,243	0.00
	Purchase	July 29, 2016	36,757	0.00	1,00,000	0.01
	At the end of the year	March 31, 2017	-	-	1,00,000	0.01
6	**Mr. P. V. Bhide (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	September 22, 2016	4,990	0.00	4,990	0.00
	At the end of the year	March 31, 2017	-	-	4,990	0.00
7	**Mr. Harsh Mariwala (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	Purchase	July 25, 2016	1,00,000	0.01	1,00,000	0.01
	Purchase	July 26, 2016	1,00,000	0.01	2,00,000	0.02
	Purchase	December 22, 2016	1,55,191	0.01	3,55,191	0.03
	Purchase	December 26, 2016	44,809	0.00	4,00,000	0.03
	At the end of the year	March 31, 2017	-	-	4,00,000	0.03
8	**Mr. Thomas Mathew T. (Independent Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
9	**Mr. Amit Chandra (Nominee Director)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
10	**Mr. Sachinn Joshi (Chief Financial Officer)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A
11	**Ms. Apurva Rathod (Company Secretary)**					
	At the beginning of the year	April 1, 2016	Nil	N.A	-	-
	At the end of the year	March 31, 2017	-	-	Nil	N.A

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-	6,04,91,59,009	-	6,04,91,59,009
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	-	-	-
Total (i+ii+iii)	**-**	**6,04,91,59,009**	**-**	**6,04,91,59,009**
Change in Indebtedness during the financial year				
Additions	-	15,29,93,55,301	-	15,29,93,55,301
Reduction	-	11,54,91,59,009	-	11,54,91,59,009
Net Change	**-**	**3,75,01,96,292**	**-**	**3,75,01,96,292**
Indebtedness at the end of the financial year				
i) Principal Amount	-	9,79,93,55,301	-	9,79,93,55,301
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	-	23,02,06,834	-	23,02,06,834
Total (i+ii+iii)	**-**	**10,02,95,62,135**	**-**	**10,02,95,62,135**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Directors (WTD) and/or Manager

(Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount
		Mr. Y. M. Deosthalee[(1)]	Mr. N. Sivaraman[(2)]	Mr. Dinanath Dubhashi	
1	**Gross salary :**				
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	3,45,44,528.67	15,18,807.06	3,82,00,000.00	7,42,63,335.73
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	90,51,350.00	90,51,350.00
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option (Number of options)	-	-	11,00,000	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit	-	-	-	-
	- others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**3,45,44,528.67**	**15,18,807.06**	**4,72,51,350.00**	**8,33,14,685.73**
	Ceiling as per the Act	**As on March 31, 2017, ₹ 12,71,50,924.20 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**			

Note :

(1) Remuneration data till September 5, 2016.

(2) Remuneration data till April 11, 2016.

B. Remuneration to other directors (Amount in ₹)

Particulars of Remuneration	Name of the Directors									Total Amount
	Independent Directors						Non Executive Directors			
	Mr. B. V. Bhargava	Mr. S. V. Haribhakti	Mr. P. V. Bhide	Mr. Harsh Mariwala	Ms. Kamakshi Rao	Mr. Thomas Mathew T.	Mr. R. Shankar Raman	Mr. Amit Chandra	Mr. Y. M. Deosthalee	
(a) Fee for attending Board and Committee meetings	2,20,000	4,40,000	4,00,000	4,20,000	40,000	2,60,000	-	3,00,000	-	20,80,000
(b) Commission	13,00,000	18,70,000	16,35,000	18,45,000	12,00,000	13,00,000	-	12,70,000	28,36,024	1,32,56,024
(c) Others, please specify	-	-	-	-	-	-	-	-	-	-
Total (B)	**15,20,000**	**23,10,000**	**20,35,000**	**22,65,000**	**12,40,000**	**15,60,000**	**-**	**15,70,000**	**28,36,024**	**1,53,36,024**
Total Managerial Remuneration = (A) + (B)										**9,86,50,709.73**
Overall Ceiling as per the Act.	**₹ 27,97,32,033.24 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**									

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (Amount in ₹)

Sl. No.	Particulars of Remuneration	Name of the Key Managerial Personnel				
		CEO	Mr. Sachinn Joshi (CFO)	Mr. N. Suryanarayanan[(1)]	Ms. Apurva Rathod (CS)[(2)]	Total Amount
1	**Gross Salary :**					
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	1,46,88,504.00	66,30,788.40	23,10,288.00	2,36,29,580.40
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	28,800.00	-	-	28,800.00
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option (Number of options)	-	3,00,000	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission					
	- as % of profit	-	-	-	-	-
	- others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**-**	**1,47,17,304.00**	**66,30,788.40**	**23,10,288.00**	**2,36,58,380.40**

Note :
[(1)] Remuneration data till October 25, 2016
[(2)] Remuneration data from October 26, 2016.

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act , 2013): NONE

CORPORATE GOVERNANCE REPORT

[Pursuant to the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015]

A. L&T Finance Holdings Limited ("the Company") Philosophy on Corporate Governance

At L&T Financial Services ("LTFS"), we believe that corporate governance is a continuous journey towards sustainable value creation for all the stakeholders, which is driven by our values. Our Corporate Governance principles are a reflection of our culture, our policies, our relationship with stakeholders and our commitment to values. The Board of Directors ("Board") helps ensure that we have appropriate governance arrangement in place, both to support our operations and protect our Members' interest. As a good corporate citizen, the Company is committed to sound corporate practices based on conscience, openness, fairness, professionalism and accountability in building confidence of its various stakeholders in it thereby paving the way for its long term success.

The Securities and Exchange Board of India ("SEBI") had issued the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("Listing Regulations") with an aim to consolidate and streamline the provisions of listing agreements for different segments of capital markets such as equity shares (including convertible instruments), non-convertible debt securities, etc. and disclosure norms in relation thereto. The Listing Regulations mandated by SEBI have been fully complied with. A Report on compliance with the Listing Regulations as prescribed by SEBI is given below:

B. Board of Directors

The members of the Board of the Company are eminent personalities from various fields and are entrusted with the responsibility of management, general affairs, direction and performance of the Company. The Board is responsible for and committed to sound principles of Corporate Governance in the Company.

1. Composition of Board:

The Company is in compliance with the provisions of Section 149 of the Companies Act, 2013 ("the Act") and Regulation 17 of the Listing Regulations. As on the date of this Report, the Board consists of nine Directors comprising five Independent Directors, one Executive Director, two Non-Executive Directors and one Nominee Director. The Woman Director on the Board of the Company resigned effective March 21, 2017 and the Company is taking steps to fill up the vacancy. Mr. Y. M. Deosthalee will retire from the Chairmanship and the Board effective May 31, 2017 and Mr. S. V. Haribhakti will take over as the Non-Executive Chairman from June 1, 2017. Commensurate with the size of the Company, complexity and nature of various underlying businesses, the composition of the Board represents an optimal mix of professionalism, knowledge and experience and enables the Board to discharge its responsibilities and provide effective leadership to the businesses carried on through its subsidiaries.

All the Independent Directors have confirmed to the Board that they meet the criteria for Independence in terms of the definition of 'Independent Director' stipulated under Regulation 16(1)(b) of the Listing Regulations and Section 149(6) of the Act. These confirmations have been placed before the Board. None of the Independent Directors hold office as an Independent Director in more than seven equity listed companies as stipulated under Regulation 25 of the Listing Regulations. Further, no Whole-time Director of the Company is serving as an Independent Director in any company. None of the Directors of the Company is inter-se related to each other.

Board Procedure:

The Board meets at regular intervals to discuss and decide on Company / business policy and strategy apart from other Board business. The Board meetings (including Committee meetings) of the Company as well as of its subsidiaries are scheduled in advance and a tentative annual calendar of the Board and Committee meetings is circulated to the Directors in advance to facilitate them to plan their schedule and to ensure meaningful participation in the meetings. However, in case of a special and urgent business need, the Board's approval is taken by passing resolution(s) by circulation, as permitted by law, which is noted in the subsequent Board meeting.

The business / department heads communicate with the Company Secretary in advance with regard to matters requiring the approval of the Board to enable inclusion of the same in the agenda for the Board meetings. The detailed agenda together with the relevant attachments is circulated amongst the Directors in advance. All major agenda items are backed by comprehensive background information to enable the Board to take informed decisions.

Where it is not practicable to circulate any document in advance or if the agenda is of a confidential nature, the same is tabled at the meeting. In special and exceptional circumstances, consideration of additional or supplementary items is taken up with the approval of the Chair and majority of Directors (including atleast one Independent Director). Senior Management Personnel are invited to the Board / Committee meeting(s) to provide additional inputs for the items being discussed by the Board / Committee(s) thereof as and when necessary. The Board members interact with the Chief Executive of the various operating subsidiary companies frequently at the Board meetings.

Further, presentations are made on business operations to the Board by the respective Chief Executives of various businesses of LTFS. Additionally, presentations are made on various matters including the financial statements, operations related issues, the regulatory environment or any other issue which the Board wants to be apprised of.

The Company Secretary is responsible for preparation of the agenda and convening of the Board and Committee meetings. The Company Secretary attends all the meetings of the Board and its Committees, advises / assures the Board on compliance and governance principles and ensures appropriate recording of minutes of the meetings.

With a view to leveraging technology and reducing paper consumption, the Company has adopted a web-based application for transmitting Board / Committee agenda and minutes. The Directors of the Company receive the agenda in electronic form through this application, which can be accessed only through i-Pad. The application meets the high standards of security and integrity that is required for storage and transmission of Board / Committee agenda in electronic form.

The draft minutes of the proceedings of the meetings of the Board / Committee(s) are circulated to all the members of the Board or the Committee for their perusal, within fifteen days from the date of the conclusion of the Meeting. Comments, if any, received from the Directors are incorporated in the minutes. The minutes are approved by the members of the Board / Committee(s) and confirmed.

2. Meeting of Independent Directors:

Section 149(8) of the Act read with Schedule IV of the Act requires the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of the management. The Independent Directors of the Company met on April 6, 2016 and October 25, 2016, pursuant to the provisions of the Act and the Listing Regulations.

3. Meetings & Attendance:

During the financial year ended March 31, 2017, seven Board meetings were held on April 7, 2016, April 13, 2016, May 2, 2016, July 22, 2016, October 25, 2016, January 24, 2017 and March 21, 2017. The meetings of the Board are generally held at 8th Floor, Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai – 400 098, Maharashtra, India.

The attendance of the members of the Board at the meetings held during the year and at the last Annual

General Meeting ("AGM") and also the number of other Directorships and Memberships / Chairmanships of Committees held by them as on March 31, 2017 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended	Attendance at last AGM	No. of Directorships in other companies[(1)]	No. of Committee Memberships/Chairmanships (including in Company)[(2)]		No. of Independent Directorships (including in Company)[(3)]
							Member	Chairman	
Mr. Y. M. Deosthalee	00001698	C	7	7	Present	6	2	1	None
Mr. Dinanath Dubhashi[(4)]	03545900	MD	7	5	Present	8	8	2	None
Mr. R. Shankar Raman	00019798	NED	7	6	Present	8	7	–	None
Mr. S. V. Haribhakti	00007347	ID	7	7	Present	18	10	4	7
Mr. B. V. Bhargava	00001823	ID	7	5	Present	5	6	2	5
Mr. P. V. Bhide	03304262	ID	7	7	Present	9	8	2	6
Ms. Kamakshi Rao[(6)]	03631768	ID	7	3[(5)]	Absent	–	–	–	–
Mr. Harsh Mariwala	00210342	ID	7	7	Absent	13	1	0	2
Mr. Thomas Mathew T.	00130282	ID	7	7	Present	4	3	–	2
Mr. Amit Chandra[(7)]	00009797	NED/ND	7	6[(5)]	Present	4	–	–	–

Notes:

(1) *Excludes Directorship in foreign company.*

(2) *Memberships include Chairmanships. Only memberships of Audit Committee and Stakeholders Relationship Committee are considered. This includes memberships in deemed public company.*

(3) *Only equity listed companies are considered.*

(4) *Appointed as a Director with effect from April 14, 2016.*

(5) *Includes meetings attended through Audio Call.*

(6) *Ceased to be a Director with effect from March 21, 2017.*

(7) *Nominee Director of BC Investments VI Limited and BC Asia Growth Investments (Equity investors).*

C – Chairperson MD – Managing Director ND – Nominee Director NED – Non-Executive Director ID – Independent Director

4. Information to the Board:

The Board of Directors has access to the information within the Company, which inter alia includes –

- Annual revenue budgets and capital expenditure plans of the Company and its subsidiaries.
- Quarterly results and results of operations of subsidiaries.
- Minutes of the meetings of the Board of Directors and Committees of the Board.
- Minutes of the Board meetings of subsidiaries.
- Details of potential acquisitions or collaboration agreement, if any.
- Material default, if any, in the financial obligations to and by the Company or substantial non-payment for services rendered, if any.
- Any issue, which involves possible public liability claims of substantial nature, including any judgment or order, if any, which may have strictures on the conduct of the Company.
- Developments in respect of human resources.
- Non-compliance of any regulatory, statutory nature or listing requirements and investor service such as non-payment of dividend, delay in share transfer, etc., if any.

5. Post-meeting internal communication system:

The important decisions taken at the Board / Committee meetings are communicated to the departments / subsidiary companies concerned promptly.

6. Performance Evaluation:

The Nomination and Remuneration Committee has approved a policy for evaluation of the Board, its Committees and Directors and the same has been approved by the Board of the Company. The process for Board Evaluation is given in the Board's Report.

7. Succession Planning:

The Company has a mechanism in place for ensuring orderly succession for appointments to the Board and to Senior Management.

8. Familiarisation programme:

All new Independent Directors inducted on the Board are given an orientation. Presentations are made by

Chief Executives and Senior Management giving an overview of the group structure, its businesses including of its subsidiaries, the environment in which it operates, its various regulators, Board constitution and guidelines and the major risks and risk management strategy.

The details of Director's familiarization programme is available on the Company's website at *http://www.ltfs.com/investors.html*.

C. Board Committees

The structure of a Board and the planning of the Board's work are key elements to effective governance. Establishing Committees is one way of managing the work of the Board, thereby strengthening the Board's governance role. The Board Committees play a crucial role in the governance structure of the Company and have been constituted to deal with specific areas / activities which concern the Company. The business transacted by the Board Committees is placed before the Board for noting.

Pursuant to the provisions of the Act, Listing Regulations and Reserve Bank of India regulations, the Board has currently constituted the following Committees:

- Audit Committee ("AC");
- Stakeholders Relationship Committee ("SRC");
- Nomination and Remuneration Committee ("NRC");
- Corporate Social Responsibility Committee ("CSR");
- Committee of Directors ("COD");
- Asset Liability Management Committee ("ALCO");
- Risk Management Committee ("RMC").

1) Audit Committee ("AC")

Terms of reference:

The role of the AC includes the following:

- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;
- Approval of payment to statutory auditors for any other services rendered by the statutory auditors;
- Reviewing, with the management, the Annual Financial Statements and auditor's report thereon before submission to the Board for approval, with particular reference to:
  a. Matters required to be included in the Director's Responsibility Statement to be included in the Board's report in terms of clause (c) of sub-section 3 of Section 134 of the Act.
  b. Changes, if any, in accounting policies and practices and reasons for the same.
  c. Major accounting entries involving estimates based on the exercise of judgment by management.
  d. Significant adjustments made in the financial statements arising out of audit findings.
  e. Compliance with listing and other legal requirements relating to financial statements.
  f. Disclosure of any related party transactions.
  g. Qualifications in the draft audit report;
- Reviewing, with the management, the quarterly financial statements before submission to the Board for approval;
- Reviewing, with the management, where applicable, the statement of uses / application of funds raised through an issue (public issue, rights issue, preferential issue, etc.), the statement of funds utilized for purposes other than those stated in the offer document / prospectus / notice and the report submitted by the monitoring agency, monitoring the utilisation of proceeds of a public or rights issue, and making appropriate recommendations to the Board to take up steps in this matter;
- Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;
- Approval or any subsequent modification of transactions of the Company with related parties;

- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the Company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Reviewing, with the management, performance of statutory and internal auditors, adequacy of the internal control systems;
- Reviewing the adequacy of internal audit function, if any, including the structure of the internal audit department, staffing and seniority of the official heading the department, reporting structure coverage and frequency of internal audit;
- Discussion with internal auditors of any significant findings and follow up there on;
- Reviewing the findings of any internal investigations by the internal auditors into matters where there is suspected fraud or irregularity or a failure of internal control systems of a material nature and reporting the matter to the Board;
- Discussion with statutory auditors before the audit commences, about the nature and scope of audit as well as post-audit discussion to ascertain any area of concern;
- Looking into the reasons for substantial defaults in the payment to the depositors, debenture holders, shareholders (in case of non-payment of declared dividends) and creditors;
- Reviewing the functioning of the Whistle Blower Mechanism / Vigil Mechanism;
- Approval of appointment of CFO (i.e., the whole-time Finance Director or any other person heading the finance function or discharging that function) after assessing the qualifications, experience and background, etc. of the candidate;
- Carrying out any other function as is mentioned in the terms of reference of the AC;
- Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;
- Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and discuss any related issues with the internal and statutory auditors and the management of the Company;
- Reviewing of information as prescribed under the Listing Regulations (as amended from time to time).

Composition:

The AC as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairperson	ID
Mr. R. Shankar Raman	Member	NED
Mr. B. V. Bhargava	Member	ID
Mr. Thomas Mathew T.	Member	ID

Meetings and Attendance:

The AC met seven times during the year on April 7, 2016, May 2, 2016, July 22, 2016, October 25, 2016, December 7, 2016, January 24, 2017 and March 22, 2017. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	7	7
Mr. R. Shankar Raman	7	6
Mr. B. V. Bhargava	7	6
Mr. Thomas Mathew T.(1)	7	6

(1) *Appointed as a Member with effect from April 7, 2016.*

All the members of the AC are financially literate and have accounting or related financial management expertise. The Company Secretary is the Secretary to the Committee.

2) Stakeholders Relationship Committee ("SRC")

Terms of reference:

The role of the SRC includes the following:

- Reviewing of cases for refusal of transfer / transmission of shares, debentures and other securities, if any;

- Redressal of stakeholders and investor complaints like transfer of shares, non-receipt of balance sheet, non-receipt of declared dividends, non-receipt of interest, etc.;
- Reference to statutory and regulatory authorities regarding security holders' grievances; and
- Ensuring proper and timely attendance and redressal of security holders' queries and grievances.

Composition:

The SRC as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. P. V. Bhide	Chairperson	ID
Mr. Harsh Mariwala	Member	ID
Mr. R. Shankar Raman	Member	NED

Meetings and Attendance:

The SRC met five times during the year on April 7, 2016, May 2, 2016, July 22, 2016, October 25, 2016 and January 24, 2017. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. P. V. Bhide	5	5
Mr. Harsh Mariwala	5	5
Mr. R. Shankar Raman	5	3

Details of Shareholders' requests/complaints:

The Company resolves investor grievances expeditiously. The Company / its Registrar and Share Transfer Agents received the following complaints from SEBI / Stock Exchanges and queries from the shareholders, which were resolved within the time frame laid down by SEBI:

Particulars	Opening	Received	Resolved	Pending
Complaints :				
SEBI/Stock Exchanges	1	15[(1)]	14	2[(2)]
Queries :				
Transmission/ Transfer	Nil	Nil	Nil	Nil
Demat/Remat	Nil	7	7	Nil

[(1)] *SEBI – 6 (2 Pending), Stock Exchange - 9.*

[(2)] *Subsequently resolved.*

The Board has delegated the powers to approve transfer / transmissions of physical shares and to approve remat of shares to a Share Transfer Committee comprising of three Senior Executives. This Committee held six meetings during the year for conducting the business delegated to it. Ms. Apurva Rathod is the Compliance Officer/ Investor Relations Officer, who deals with matters pertaining to Shareholders' grievances.

3) Nomination and Remuneration Committee ("NRC")

Terms of reference:

The role of the NRC includes the following:

- Identifying persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carrying out evaluation of every director's performance;
- Formulating the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees;
- Ensuring that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully.
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks.
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Laying down the evaluation criteria for performance evaluation of Independent Directors and the Board;
- Devising a policy on Board diversity; and
- Formulating the Employee Stock Option Scheme ("ESOS"), decide the terms and conditions,

making appropriate recommendations to the Board and administering and superintending ESOS.

Composition:

The NRC as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. S. V. Haribhakti	Chairperson	ID
Mr. Y. M. Deosthalee	Member	NED
Mr. P. V. Bhide	Member	ID
Mr. Harsh Mariwala	Member	ID
Mr. Amit Chandra	Member	ND

Meetings and Attendance:

The NRC met eight times during the year on April 7, 2016, April 13, 2016, May 2, 2016, July 22, 2016, September 14, 2016, October 25, 2016, January 24, 2017 and March 21, 2017. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. S. V. Haribhakti	8	8
Mr. Y. M. Deosthalee	8	8
Mr. P. V. Bhide	8	8
Mr. Harsh Mariwala	8	8
Mr. Amit Chandra(1)	8	7(1)

(1) Includes one meeting attended through Audio Call.

Remuneration Policy:

The remuneration of the Board members is based on the Company's size, its economic and financial position, industrial trends and compensation paid by peer companies. The compensation reflects each Board member's responsibility and performance. The Directors on the Board who are in the services of Larsen & Toubro Limited / LTFS draw remuneration from Larsen & Toubro Limited / LTFS and are not paid any commission or sitting fees for attending the meetings of the Board and / any Committee of the Company.

While the Company pays remuneration to Executive Director(s) by way of salary, perquisites, retirement benefits (fixed components) and variable remuneration, the Non-Executive Directors ("NEDs") are paid remuneration by way of commission. The said remuneration is based on the recommendations of the NRC and approval of the Board, subject to the limits approved by the Members.

As required under Schedule V of the Listing Regulations, the criteria for payment to NEDs is available on the website of the Company at *https://www.ltfs.com/investors.html*. Further, the performance evaluation criteria for Independent Directors as required under Schedule V of Listing Regulations is contained in the Board's Report.

Details of remuneration paid/payable to Directors for the financial year ended March 31, 2017:

a) Remuneration to Executive Director(s)

As on March 31, 2017, the Executive Director of the Company is Mr. Dinanath Dubhashi who is designated as the Managing Director of the Company. Mr. Dubhashi was paid remuneration during FY 2016-17 in accordance with the terms and conditions of the Agreement entered into by the Company with him. Mr. Y. M. Deosthalee, Chairperson of the Company was paid remuneration till September 5, 2016 on a pro-rata basis in accordance with the terms and conditions of the Agreement entered into by the Company with him.

The details of remuneration paid / payable to the Executive Director(s) are as follows:

(₹ in Lakhs)

Name of the Director	Salary and Perquisites	Variable Remuneration(1) (upto)	Retirement Benefits	Total
Mr. Y. M. Deosthalee	183.69	150.00	11.76	345.45
Mr. Dinanath Dubhashi	316.34	136.00	20.17	472.51

(1) Based on guidelines formulated by the NRC and approved by the Board.

- *Notice period for termination of appointment of Managing Director is six months on either side.*
- *No severance pay is payable on termination of appointment.*
- *Details of options granted under Employees Stock Options Schemes are provided on the website of the Company at https://www.ltfs.com/investors.html.*

b) Remuneration to Non-Executive Directors

The Company follows a transparent process for determining the remuneration of NEDs. Their remuneration is governed by the role assumed, number of meetings of the Board and the Committees thereof attended by them, active participation in strategic decision making and inputs to executive management on matters of strategic importance. Besides these, the Board also takes into consideration the external competitive environment, track record, individual performance of such Directors and performance of the Company as well as the industry standards in determining the remuneration of NEDs including Independent Directors.

In the backdrop of growing complexities and increasing regulatory requirements, the NEDs have contributed significantly and given constructive and useful feedback from time to time. The commission in respect of NEDs for the year is mentioned below. The commission is paid as per limits approved by the Members, subject to the limit not exceeding 1% p.a. of the profits of the Company.

In addition to the commission, the Company pays sitting fees of ₹ 20,000 per meeting to the NEDs for attending the meetings of the Board and Committees.

The details of remuneration to the NEDs are as follows:

(₹ in Lakhs)

Name of the Director	**Sitting Fees for Board Meetings**	**Sitting Fees for Committee Meetings**	**Commission[1]**	**Total**
Mr. Y. M. Deosthalee	Nil	Nil	28.36[2]	28.36
Mr. R. Shankar Raman	Nil	Nil	Nil	Nil
Mr. S. V. Haribhakti	1.40	3.00	18.70	23.10
Mr. B. V. Bhargava	1.00	1.20	13.00	15.20
Mr. P. V. Bhide	1.40	2.60	16.35	20.35
Ms. Kamakshi Rao	0.40	Nil	12.00	12.40
Mr. Harsh Mariwala	1.40	2.80	18.45	22.65
Mr. Thomas Mathew T.	1.40	1.20	13.00	15.60
Mr. Amit Chandra	1.20	1.80	12.70	15.70

[1] *Based on guidelines formulated by the NRC and approved by the Board.*

[2] *With effect from September 6, 2016.*

Details of shares/convertible instruments, if any, held by the NEDs as on March 31, 2017 are as follows:

Name of the Director	**No. of Equity Shares**
Mr. Y. M. Deosthalee	25,81,081
Mr. R. Shankar Raman	24,461
Mr. S. V. Haribhakti	1,00,000
Mr. Harsh Mariwala	4,00,000
Mr. B. V. Bhargava	1,000
Mr. P. V. Bhide	4,990

4) Corporate Social Responsibility Committee ("CSR")

Terms of reference:

The role of CSR is as follows:

- Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board;
- Recommending to the Board the amount to be spent on CSR from time to time; and
- Monitoring the CSR Policy of the Company from time to time.

Composition:

The CSR as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Chairperson	NED
Mr. Dinanath Dubhashi	Member	MD
Mr. R. Shankar Raman	Member	NED
Mr. Harsh Mariwala	Member	ID

Meetings and Attendance:

The Committee met one time during the year on September 14, 2016. The attendance of members at the meeting was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Y. M. Deosthalee	1	1
Mr. Dinanath Dubhashi(1)	1	1
Mr. R. Shankar Raman	1	-
Mr. Harsh Mariwala	1	1

(1) Appointed as a Member of the Committee with effect from May 2, 2016.

5) Committee of Directors ("COD")

Terms of reference:

The COD of the Company was constituted to facilitate the operational decisions within the broad framework laid down by the Board such as day to day operational decisions of the Company in terms of borrowing power, additional investment in subsidiaries, etc.

Composition:

The COD as on March 31, 2017 comprises:

Name of the Director	Designation in the Committee	Nature of Directorship
Mr. Y. M. Deosthalee	Member	NED
Mr. Dinanath Dubhashi	Member	MD
Mr. R. Shankar Raman	Member	NED

Meetings and Attendance:

The Committee met nine times during the year on May 20, 2016, May 23, 2016, June 1, 2016, August 24, 2016, September 12, 2016, September 29, 2016, January 12, 2017, January 24, 2017 and March 29, 2017. The attendance of members at the meetings was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Y. M. Deosthalee	9	7
Mr. Dinanath Dubhashi(1)	9	8
Mr. R. Shankar Raman	9	8

(1) Appointed as a Member of the Committee with effect from May 2, 2016

6) Asset Liability Management Committee ("ALCO")

Terms of reference:

The role of the ALCO includes the following:

- Monitoring market risk management systems, compliance with the asset liability management policy and prudent gaps and tolerance limits and reporting systems set out by the Board and ensuring adherence to the RBI Guidelines issued in this behalf from time to time;
- Monitoring the business strategy of the Company (on the assets and liabilities sides) in line with the Company's budget and decided risk management objectives;
- Reviewing the effects of various possible changes in the market conditions related to the balance sheet and recommend the action needed to adhere to the Company's internal limits; and
- Balance Sheet planning from risk-return perspective including the strategic management of interest rate and liquidity risks.

Composition:

The ALCO as on March 31, 2017 comprises:

Name of the Member	Designation in the Committee
Mr. Dinanath Dubhashi	Member
Mr. R. Govindan	Member
Mr. Soumendra Lahiri	Member
Dr. Rupa Rege Nitsure	Member
Mr. Sachinn Joshi	Member
Mr. Deepak Punjabi	Member

Meetings and Attendance:

The Committee met twelve times during the year on April 19, 2016, May 11, 2016, June 21, 2016, July 30, 2016, August 27, 2016, September 23, 2016, October 27, 2016, November 30, 2016, December 28, 2016, January 30, 2017, February 28, 2017 and March 30, 2017.

7) Risk Management Committee ("RMC")

Terms of reference:

The role of the RMC includes the following:

- Managing the integrated risk which would include Liquidity Risk, Interest Rate Risk, Currency Risk, etc.; and
- Such other functions as the Board may from time to time delegate.

Composition:

The RMC as on March 31, 2017 comprises:

Name of the Member	Designation in the Committee
Mr. R. Shankar Raman	Member
Mr. Dinanath Dubhashi	Member
Mr. Deepak Punjabi	Member
Mr. Amit Chandra	Member

Meetings and Attendance:

The Committee met two times during the year on April 7, 2016 and February 6, 2017.

D. Directors on Boards of Material Subsidiaries

At least one Independent Director of the Company is a Director on the Board of each Material Subsidiary of the Company. As at March 31, 2017, Mr. P. V. Bhide is a Director on the Board of L&T Finance Limited (erstwhile Family Credit Limited) and Mr. Thomas Mathew T. is a Director on the Board of L&T Infrastructure Finance Company Limited.

E. Other Information

Training of Directors:

All Directors of the Company are aware and are also updated as and when required, of their roles, responsibilities and liabilities.

Information to Directors:

The Board of Directors has access to the information within the Company, which inter alia, includes items as mentioned in point no. B4 of the Corporate Governance Report. Presentations are made regularly to the Board and its Committees, where Directors get an opportunity to interact with the management. Independent Directors have the freedom to interact with the Company's management. Interactions happen during Board / Committee meetings, when Senior Management Personnel are asked to make presentations about the performance of the Company to the Board.

Statutory Auditors:

Mr. Sanjiv Pilgaonkar, Partner of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants and Mr. Ravi Kapoor, Partner of M/s. B. K. Khare & Co., Chartered Accountants, Joint Statutory Auditors of the Company have signed the Audit Report for FY 2016-17.

Code of Conduct:

The Company has laid down a Code of Conduct for all the Board members including Independent Directors and Senior Management Personnel. The Code of Conduct is available on the website of the Company at http://www.ltfs.com/investors.html. The declaration of Managing Director is given below:

To the Members of L&T Finance Holdings Limited

Sub: Compliance with Code of Conduct

I hereby declare that all the Board members and Senior Management Personnel have affirmed compliance with the Code of Conduct of the Company as adopted by the Board of Directors.

Dinanath Dubhashi
Managing Director & Chief Executive Officer

Date: May 4, 2017
Place: Mumbai

Vigil Mechanism Framework/Whistle Blower Mechanism:

The Company has Vigil Mechanism Framework for directors and employees to report genuine concern about unethical behavior, actual or suspected fraud or violation of the Company's code of conduct or ethics policy. The details of establishment of such mechanism have been disclosed on the website of the Company at http://www.ltfs.com/investors.html.

As on March 31, 2017, no complaint has been received by the Company from any directors or employees of the Company with respect to any wrongdoings that may have an adverse impact on the Company's image or financials of the Company.

General Body Meetings:

The details of AGM of the Company for the previous three years are as under:

Year	Date	Time	Venue
2013-14	July 24, 2014	3.00 P.M.	Birla Matushri Sabhagar, 19, Marine Lines, Mumbai - 400 020
2014-15	September 08, 2015	3.00 P.M.	RAMA & SUNDRI WATUMULL AUDITORIUM, Vidyasagar, Principal K. M. Kundnani Chowk, 124, Dinshaw Wachha Road, Churchgate, Mumbai – 400 020
2015-16	August 23, 2016	3.00 P.M.	Patkar Hall, SNDT Women's University, New Marine Lines, Churchgate, Mumbai - 400 020

The following Special Resolutions were passed by the Members during the past three AGM:

Year	Date	Resolution
2013-14	July 24, 2014	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2014-15 for an amount not exceeding ₹ 1,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,000 Crore.
2014-15	September 8, 2015	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2015-16 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore. ➢ Alteration of Memorandum of Association of the Company. ➢ Alteration of Articles of Association of the Company.
2015-16	August 23, 2016	➢ Issue of Non-Convertible Debentures/ Bonds on a private placement basis during the FY 2016-17 for an amount not exceeding ₹ 2,000 Crore. ➢ Issue of Cumulative Non-Convertible Redeemable Preference Shares by way of public offer or on a private placement basis for an amount not exceeding ₹ 1,500 Crore.

Postal Ballot:

The Company had not passed any Special Resolution through Postal Ballot during the FY 2016-17.

Disclosures:

- During the year, there were no transactions of material nature with the Directors, Management, their relatives or the subsidiaries, that had potential conflict with the interests of the Company.
- Details of all related party transactions form a part of the accounts as required under AS 18 and the same forms part of the Annual Report.
- The Company has followed all relevant Accounting Standards notified by the Companies (Accounting Standards) Rules, 2006 as amended from time to time while preparing the Financial Statements.
- There were no instances of non-compliance on any matter related to the capital markets, during the last three years nor any penalties, strictures imposed on the Company by the Stock Exchange(s) or SEBI or any Statutory Authority.
- The Company has complied with the Corporate Governance requirements specified in Regulation 17 to 27 and clauses (b) to (i) of sub-regulation (2) of Regulation 46 of the Listing Regulations.
- The web link with respect to the Policy for determining 'material subsidiaries' and Policy on dealing with related party transactions is mentioned in the Board's Report.
- The Company has also substantially complied with the discretionary requirements stipulated under Regulation 27 of the Listing Regulations.

Means of Communication:

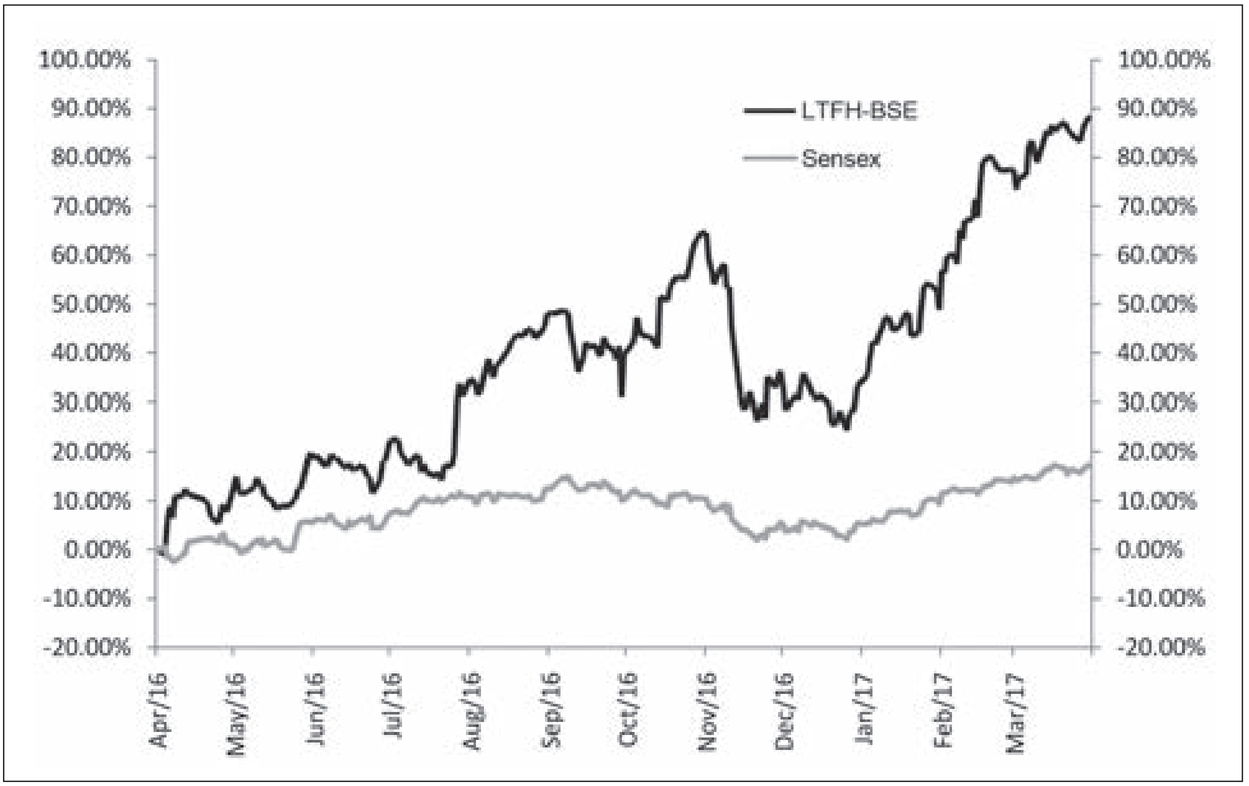
- Quarterly Results are communicated through a Press Release and Newspaper Advertisements in prominent national and regional dailies like Financial Express and Loksatta.
- The financial results, official news releases and presentations are also displayed on the website of the Company at http://www.ltfs.com/investors.html.
- The Annual Report is circulated to all the Members and all others like auditors, equity analysts, etc.
- Management Discussion and Analysis forms a part of the Annual Report which is mailed / dispatched to the Members of the Company.

General Shareholders' Information:

Annual General Meeting	Monday, August 28, 2017 at 3.00 P.M. St. Andrews College, Auditorium St. Dominic Road, Bandra (West), Mumbai – 400 050.
Financial Year	April 1, 2016 to March 31, 2017.
Date of Book Closure	Tuesday, August 22, 2017 to Monday, August 28, 2017 (both days inclusive).
Dividend Payment	The dividend of ₹ 0.80 per Equity share of face value of ₹ 10/- each, if approved by the Members at the ensuing AGM, will be credited / dispatched before Wednesday, September 27, 2017.
Listing on Stock Exchanges (Equity Shares)	1. BSE Limited 2. National Stock Exchange of India Limited The Company has paid the listing fees to the Stock Exchanges.
Listing of Preference Shares	All the series of Cumulative Compulsorily Redeemable Preference Shares ("CCRPS") issued by the Company on a private placement basis till date are listed on BSE Limited.
Stock Code (Equity)	BSE : 533519 NSE : L&TFH
Stock Code (Preference)	BSE : 715001, 715009, 715010, 715011, 715012, 715014
CIN	L67120MH2008PLC181833

Market Price Data and Performance in comparison to broad based indices

Month	LTFH BSE Price (₹)			BSE SENSEX		
	High	Low	Month Close	High	Low	Month Close
Apr-2016	74.75	63.50	71.60	26,100.54	24,523.20	25,606.62
May-2016	79.55	70.35	78.55	26,837.20	25,057.93	26,667.96
Jun-2016	80.75	70.10	78.90	27,105.41	25,911.33	26,999.72
Jul-2016	88.25	73.60	86.00	28,240.20	27,034.14	28,051.86
Aug-2016	97.90	84.10	97.00	28,532.25	27,627.97	28,452.17
Sep-2016	99.00	84.70	91.60	29,077.28	27,716.78	27,865.96
Oct-2016	108.25	90.40	107.80	28,477.65	27,488.30	27,930.21
Nov-2016	109.15	81.50	89.40	28,029.80	25,717.93	26,652.81
Dec-2016	90.20	81.00	87.45	26,803.76	25,753.74	26,626.46
Jan-2017	102.25	87.30	97.55	27,980.39	26,447.06	27,655.96
Feb-2017	119.50	96.90	116.45	29,065.31	27,590.10	28,743.32
Mar-2017	124.10	112.75	123.45	29,824.62	28,716.21	29,620.50



Month	LTFH NSE Price (₹)			CNX-NIFTY		
	High	Low	Month Close	High	Low	Month Close
Apr-2016	74.90	63.55	71.65	7,992.00	7,516.85	7,849.80
May-2016	79.65	70.20	78.80	8,213.60	7,678.35	8,160.10
Jun-2016	80.75	70.10	78.95	8,308.15	7,927.05	8,287.75
Jul-2016	88.40	73.50	86.05	8,674.70	8,287.55	8,638.50
Aug-2016	97.95	84.00	96.95	8,819.20	8,518.15	8,786.20
Sep-2016	99.20	84.45	91.65	8,968.70	8,555.20	8,611.15
Oct-2016	108.30	90.25	107.80	8,806.95	8,506.15	8,625.70
Nov-2016	109.15	81.55	89.35	8,669.60	7,916.40	8,224.50
Dec-2016	90.00	80.95	87.60	8,274.95	7,893.80	8,185.80
Jan-2017	102.20	87.15	97.55	8,672.70	8,133.80	8,561.30
Feb-2017	119.60	97.20	116.45	8,982.15	8,537.50	8,879.60
Mar-2017	125.50	112.30	123.65	9,218.40	8,860.10	9,173.75

In case the securities are suspended from trading, the Directors Report shall explain the reason thereof	Not applicable
Registrar and Share Transfer Agent (RTA)	**Link Intime India Private Limited** C-101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Phone: +91 22 4918 6000 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in
Share Transfer System	The Board has delegated the authority for approving transfer, transmission etc. of the Company's securities to the Share Transfer Committee. The Company ensures that the half yearly Compliance Certificate pursuant to 40(9) and 40(10) of the Listing Regulations are filed with the Stock Exchanges.

Distribution of Shareholdings as on March 31, 2017:

Category (Shares)	Shareholders		Shareholding	
	Number	%	Number	%
Upto 500	3,17,389	84.14%	5,42,26,842	3.09%
501-1000	30,436	8.07%	2,42,43,166	1.38%
1001-2000	16,201	4.30%	2,36,45,152	1.35%
2001-3000	4,887	1.30%	1,25,12,469	0.71%
3001-4000	2,158	0.57%	77,62,724	0.44%
4001-5000	1,709	0.45%	81,02,159	0.46%
5001-10000	2,438	0.65%	1,79,46,760	1.02%
10001 and above	1,984	0.53%	1,60,72,82,589	91.55%
TOTAL	**3,77,202**	**100.00%**	**1,75,57,21,861**	**100.00%**

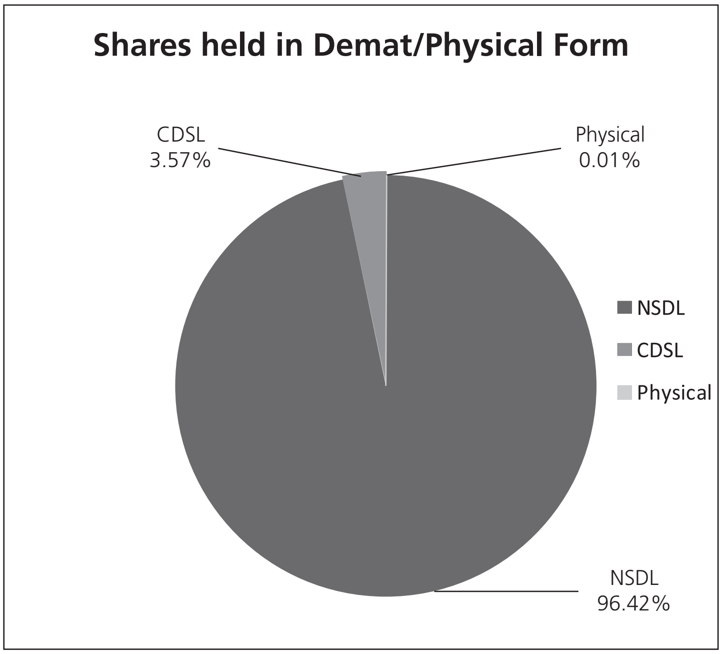
Categories of the Shareholders as on March 31, 2017:

Category	No. of Shares	%
Promoters	1,16,97,09,304	66.62%
Financial Institutions	87,76,918	0.50%
Foreign Institutional Investors & Foreign Portfolio - Corp.	23,06,33,420	13.14%
Mutual Funds	5,47,53,686	3.12%
Bodies Corporate	8,67,16,401	4.94%
Directors & Relatives	34,26,670	0.20%
Resident Individuals & Others	19,35,27,569	11.02%
Banks	10,28,688	0.05%
Non Resident Indians	71,49,205	0.41%
TOTAL	**1,75,57,21,861**	**100.00%**

Dematerialisation of Shares:

The Company's shares are required to be compulsorily traded on the Stock Exchanges in demat form. The number of shares held in demat and physical form are as under:

Particulars	No. of Shares	%
NSDL	1,69,28,09,742	96.42%
CDSL	6,26,90,179	3.57%
Physical	2,21,940	0.01%
TOTAL	**1,75,57,21,861**	**100.00%**



Dematerialisation of shares and liquidity	As on March 31, 2017 almost the entire equity capital was held in the demat form with NSDL and CDSL. Only 2,21,940 shares were held in physical form.
Outstanding GDRs / ADRs/ Warrants or any Convertible instruments, conversion date and likely impact on equity	The Company does not have any outstanding GDRs / ADR Further, 6,38,20,990 Warrants are outstanding as on March 31, 2017.
Commodity price risk or foreign exchange risk and hedging activities	Not Applicable
Plant Locations	As the Company is engaged in the business of Non Banking Financial Services, this section is not applicable.
Address for correspondence	**Link Intime India Private Limited** C 101, 247 Park, L. B. S. Marg, Vikhroli (West), Mumbai - 400 083, Maharashtra, India. Phone: +91 22 4918 6000 Fax:+91 22 4918 6060 E-mail: rnt.helpdesk@linkintime.co.in
Address of the Compliance Officer	**Ms. Apurva Rathod,** **Company Secretary and Compliance Officer** L&T Finance Holdings Limited City - 2, Plot No. 177, CST Road, Vidyanagari Marg, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India. Phone: +91 22 6621 7300/400 Fax: +91 22 6621 7319 E-mail: igrc@ltfs.com

Unclaimed Shares lying in the Suspense Accounts:

In terms of Regulation 34 and Schedule V of the Listing Regulations, the Company reports the following details in respect of equity shares lying in the suspense account which were issued in demat form:

Sr. No.	Particulars	No. of Shareholders	No. of Equity Shares Outstanding
(i)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the beginning of the year April 1, 2016.	6	689
(ii)	Number of shareholders who approached the Company for transfer of shares from suspense account during the year 2016-17.	Nil	Nil
(iii)	Number of shareholders to whom shares were transferred from suspense account during the year 2016-17.	Nil	Nil
(iv)	Aggregate number of shareholders and the outstanding shares in the suspense account lying at the end of the year March 31, 2017.	6	689

- *The voting rights on these shares shall remain frozen till the rightful owner of such shares claims the shares.*

Transfer of Amounts to Investor Education and Protection Fund

Pursuant to the provisions of Section 125 of the Act, the dividend / interest / refund of applications which remains unclaimed / unpaid for a period of seven years from the date of transfer to the unpaid dividend / interest / refund account is required to be transferred to the Investor Education and Protection Fund established by the Central Government. In terms of the provisions of Section 125 of the Act, no claim shall lie against the Company after the said transfer.

Pursuant to the provisions of Investor Education and Protection Fund (Uploading of information regarding unpaid and unclaimed amounts lying with companies) Rules, 2012, the Company has uploaded the details of unpaid and unclaimed amounts lying with the Company as on August 23, 2016 (date of last AGM) on the website of the Company at *http://www.ltfs.com/investors.html*, as also on the Ministry of Corporate Affairs website.

Securities Dealing Code

The Company has framed the Securities Dealing Code in line with the requirements of SEBI (Prohibition of Insider Trading) Regulations, 2015.

The objective of the Code is to prevent purchase and / or sale of shares of the Company by an Insider on the basis of unpublished price sensitive information. Under this Code, Designated Persons are prevented from dealing in the Company's shares during the closure of Trading Window. To deal in securities beyond specified limit, permission of the Compliance Officer is also required. All the Designated Employees are also required to disclose related information periodically as defined in the Code. Directors and Designated Employees who buy and / or sell shares of the Company are prohibited from entering into an opposite transaction i.e. sell or buy any shares of the Company during the next six months following the prior transactions. Directors and designated employees are also prohibited from taking positions in the derivatives segment of the Company's shares.

Ms. Vinda Wagh, Head – Group Regulatory Compliance has been designated as the Compliance Officer for monitoring compliances with this Code. Ms. Apurva Rathod, Company Secretary is appointed as the Chief Investor Relations Officer under the Code to deal with dissemination of information and disclosure of Unpublished Price Sensitive Information.

Secretarial Audit

The Board of Directors of the Company at its meeting held on July 22, 2016 appointed Ms. Naina R. Desai, Practising Company Secretary as the Secretarial Auditor of the Company for FY 2016-17.

As stipulated by the SEBI, a Qualified Practising Company Secretary carries out Reconciliation of Share Capital Audit to reconcile the total admitted capital with National Securities Depository Limited ("NSDL") and Central Depository Services (India) Limited ("CDSL") and the total issued and listed capital. This audit is carried out every quarter and the report thereon is submitted to the Stock Exchanges. The Audit confirms that the total listed and paid up capital is in agreement with the aggregate of the total number of shares in demat form and in physical form.

Chief Executive Officer (CEO) and Chief Financial Officer (CFO) Certification

[Issued in accordance with the provisions of Regulation 17(8) of the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015]

To the Board of Directors of L&T Finance Holdings Limited

Dear Sirs,

We have reviewed the financial statements read with the cash flow statement of L&T Finance Holdings Limited for the year ended March 31, 2017 and that to the best of our knowledge and belief, we state that;

a) (i) these statements do not contain any materially untrue statement or omit any material fact or contain statements that might be misleading;

(ii) these statements together present a true and fair view of the Company's affairs and are in compliance with current accounting standards, applicable laws and regulations.

b) There are, to the best of our knowledge and belief, no transactions entered into by the Company during the period which are fraudulent, illegal or in violation of the Company's code of conduct.

c) We accept responsibility for establishing and maintaining internal controls for financial reporting. We have evaluated the effectiveness of internal control systems of the Company pertaining to financial reporting and have disclosed to the Auditors and the Audit Committee, deficiencies, if any, in the design or operation of such internal controls of which we are aware and steps taken or proposed to be taken for rectifying these deficiencies.

d) We have indicated to the Auditors and the Audit Committee:

(i) There are no significant changes in internal control over financial reporting during the period;

(ii) There are no significant changes in accounting policies made during the period; and

(iii) There have been no instances of significant fraud of which we have become aware.

Yours sincerely,

Dinanath Dubhashi Managing Director & Chief Executive Officer	**Sachinn Joshi** Chief Financial Officer

Place: Mumbai
Date: May 4, 2017

TO THE MEMBERS OF
L&T FINANCE HOLDINGS LIMITED

INDEPENDENT AUDITOR'S CERTIFICATE ON CORPORATE GOVERNANCE

1. This certificate is issued in accordance with the terms of our engagement letter reference no. SVP/2016-17/1597 dated October 3, 2016.
2. We, Deloitte Haskins & Sells LLP, Chartered Accountants, the Statutory Auditors of L&T Finance Holdings Limited ("the Company"), have examined the compliance of conditions of Corporate Governance by the Company, for the year ended on March 31, 2017, as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the SEBI (Listing Obligations and Disclosure Requirements) Regulations, 2015 ("the Listing Regulations").

Managements' Responsibility

3. The compliance of conditions of Corporate Governance is the responsibility of the Management. This responsibility includes the design, implementation and maintenance of internal control and procedures to ensure the compliance with the conditions of the Corporate Governance stipulated in Listing Regulations.

Auditor's Responsibility

4. Our responsibility is limited to examining the procedures and implementation thereof, adopted by the Company for ensuring compliance with the conditions of the Corporate Governance. It is neither an audit nor an expression of opinion on the financial statements of the Company.
5. We have examined the books of account and other relevant records and documents maintained by the Company for the purposes of providing reasonable assurance on the compliance with Corporate Governance requirements by the Company.
6. We have carried out an examination of the relevant records of the Company in accordance with the Guidance Note on Certification of Corporate Governance issued by the Institute of the Chartered Accountants of India ("the ICAI"), the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013, in so far as applicable for the purpose of this certificate and as per the Guidance Note on Reports or Certificates for Special Purposes issued by the ICAI which requires that we comply with the ethical requirements of the Code of Ethics issued by the ICAI.
7. We have complied with the relevant applicable requirements of the Standard on Quality Control (SQC) 1, Quality Control for Firms that Perform Audits and Reviews of Historical Financial Information, and Other Assurance and Related Services Engagements.

Opinion

8. Based on our examination of the relevant records and according to the information and explanations provided to us and the representations provided by the Management, we certify that the Company has complied with the conditions of Corporate Governance as stipulated in regulations 17 to 27 and clauses (b) to (i) of regulation 46(2) and para C and D of Schedule V of the Listing Regulations during the year ended March 31, 2017.
9. We state that such compliance is neither an assurance as to the future viability of the Company nor the efficiency or effectiveness with which the Management has conducted the affairs of the Company.

For **Deloitte Haskins & Sells LLP**
Chartered Accountants
(Firm's Registration No. 117366W / W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Place: Mumbai
Date: May 4, 2017

MANAGEMENT DISCUSSION & ANALYSIS

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. RERA too will cause some turbulence and consolidation in the real estate sector. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time. Also the effect of various loan waivers on credit culture in the rural areas is still to be seen.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

RURAL FINANCE

The Company's strength in Rural Finance makes us one of the fastest growing NBFCs in this sector. Your Company is now a single brand under L&T Financial Services (LTFS) offering through multi channels, multiple financing products like Farm Equipment Finance, Two-Wheeler Finance and Microfinance.

Farm Equipment Finance

The tractor industry grew ~15% in FY17 after two continuous years of market contraction. The positive growth was on account of a normal monsoon cycle which has helped reinvigorate the demand in this sector. With monsoons expected to be normal, this industry is expected to grow at ~18-20% this year.

During the year, your Company gained market share, doubling its share of the pie of farm equipment financing to 9.4% in the second half of FY17, from 4.2% in the first half. However, the business witnessed a YoY contraction by 11% in disbursement, along with a book de-growth of 6%. This trend is expected to reverse in the current year which will help excellent growth in both disbursements and book.

Competitive Advantage

- Proven ability to last through the cycles
- Differentiated value proposition for top dealers
- Analytics driven business mix and channel management
- Technology led sourcing and credit decisioning for superior service proposition

Future Strategy

- Create a right portfolio mix across geographies, Original Equipment Manufacturers (OEMs) and distributors

- Digitise the entire process and provide a differentiated value proposition to the Company partners
- Capture higher counter share at chosen dealers through differentiated value proposition

Two-Wheeler Finance

The two-wheeler industry posted a healthy YoY growth of 8%. The market in FY18 is expected to remain stable with a demand influenced by structural factors like a growing middle class segment and urbanisation.

Technology-led sourcing along with analytics driven channel segmentation enabled the Company to gain market share. The Company's domain expertise and in-depth knowledge in chosen geographies have laid the foundation of its strong business growth. A well-established network and tie-ups with OEMs enabled your Company to retain a strong market position. In FY17, the two-wheeler finance business witnessed a YoY growth of 10% in disbursement, along with a book growth of 20%.

Competitive Advantage

- Technology led sourcing and decisioning
- Analytics driven channel selection and differentiated value proposition for top dealers
- Market depth in chosen geographies

Future Strategy

- Enhance TAT proposition through mobility solutions and automated credit decisioning
- Further increase market penetration in our chosen geographies and develop new locations
- Increase market depth by exploring entry into self-financed segment

Microfinance

The microfinance industry has recorded a 26% YoY growth in FY17. However, there has been a trend of decrease in growth since demonetisation. We believe that the decrease is not entirely attributable to demonetisation as other external factors and vested interests also impacted performance in certain geographies. Industry looks to be cautious and a pause in growth can be expected in the short term.

During FY17, your Company launched mobility solutions, aimed towards improving the operational efficiencies and making the disbursement process simpler. This move enabled your Company to achieve the highest single-month disbursement of ~ ₹ 470 crs. in September, 2016. The Company continued its key initiatives of enhancing customer reach, building scalability, and managing risks effectively, attaining process excellence and cost excellence. Microfinance business witnessed a YoY growth of 39% in disbursement, along with a book growth of 59%.

The post demonetisation period was marked with increased delays in repayments in certain geographies. While the situation has improved significantly from March 2017 onwards, your Company expects stress in some areas to continue for some more time. In line with its conservative polices, your Company has made adequate loan loss provisions in FY17 and will look to continue to do so based on how the situation develops.

Competitive Advantage

- Robust risk management framework
- Best in Industry productivity through differentiated business model
- Proven ability to scale rapidly
- An efficient and technology enabled delivery channel

Future Strategy

- Transform Microfinance into a steady state retail business by moving further towards a technology and analytics-driven platform
- Expand into under penetrated new geographies to further enhance customer reach
- Further strengthen risk management framework, processes and systems

WHOLESALE FINANCE

Your Company is focussed on Infrastructure Project Financing (including Infra Debt Fund), Structured Corporate Finance, Debt Capital Market and Supply Chain Financing. The Company's strength lies in its strong underwriting ability, structuring and syndication capabilities.

Infrastructure Financing

Over the last year, the Government of India introduced several policy changes targeted at speeding up the infrastructure development in the country. The Renewable Energy sector reported a record capacity addition of over 11 gigawatts (GW) in FY17, an increase of around 60% over 7.1 GW reported in FY16. The outlook for the road sector has improved through improvements in dispute resolution framework, focus on EPC contracts and generating financial resources for future road construction.

The infrastructure book in its focus sectors of renewables, roads and transmission showed a healthy growth. The infrastructure lending platform saw its fee income doubling in FY17 through larger underwriting and advisory mandates. This was ably supported by the down-selling desk which doubled its down-sell quantum in this year. The Infrastructure Debt Fund (IDF) also increased its asset base to over ₹ 4,000 crs. Considering the stress in the overall infra sector, the Company proactively made accelerated provisions over and above the regulatory requirements in order to strengthen the balance sheet. Infrastructure Finance business witnessed a YoY growth of 21% in disbursement, along with a book growth of 19%. In FY17, your Company was awarded as the "Best Finance Company in Renewable Energy" at the annual "Central Board of Irrigation & Power Awards".

Competitive Advantage

- In depth sector knowledge, efficient transaction processing and management capabilities
- Superior advice to customers through all stages of the project life cycle
- Minimal turnaround time
- An operational IDF platform

Future Strategy

- Broaden the sectoral expertise and develop framework for new sectors
- Leverage successful PE interface in renewables for entry into new sectors
- Sharper focus on selection and structuring of project parameters

Structured Corporate Finance

In FY17, bank credit slowed down to a 60-year low of 5.1% on the back of lower credit demand and increased reliance on the bond market for debt requirement.

Despite the above trend, your Company's structured corporate finance expanded its asset base in FY17 with persistent focus on both growth and profitability. The growth trajectory has been backed by robust origination ability and detailed appraisal process. The structured corporate finance asset size showed a healthy 28% growth and doubling of disbursement numbers in FY17.

Competitive Advantage

- Robust origination ability and exhaustive appraisal process
- Expanded product suite with introduction of IPO funding in response to conducive market environment

Future Strategy

- Deliver steady state high spreads along with high fee income through superior structuring of financing solutions

Debt & Capital Market (DCM)

Your Company's DCM business invests in select infra project issuances and financial institutions. Additionally DCM entered structured finance segment in FY17.

The DCM desk doubled its disbursements, sell downs and profitability to demonstrate excellent investment and portfolio management philosophy.

Competitive Advantage

- Credit focussed approach to the business
- Large ticket size underwriting capability

Future Strategy

- Aim to take sole / anchor investor positions thereby positioning LTFS as a significant player

Supply Chain Finance

During FY17, your Company tied up with marquee names in the distribution business of information technology and mobility segment. The supply chain business showed consistent disbursements while increasing the profitability through increase in margins and opex control.

Supply Chain Finance business witnessed a YoY growth of 10% in disbursement, however, along with a book degrowth of 7%.

HOUSING FINANCE

Your Company has identified housing finance as one of its core business based on the long term growth prospects of this industry. The Company's products in this sector include Home loans, Loan Against Property and Real Estate Finance.

Home Loans & Loan Against Property (LAP)

The housing finance industry growth slowed to 16% in FY17 from 19% in FY16, with the overall housing credit at ₹14.4 lakh crs. in FY17 (₹12.4 lakh crs. in FY16). While this slowdown was across the industry, the decline was higher for banks because of operational constraints caused by demonetisation. The growth in the sector was also impacted by a slowdown in new project launches with buyers deferring their purchase decisions, with an expectation of a downward revision in prices.

At beginning of FY17, your Company realigned its focus towards disbursing loans to self-employed customers. Despite challenging market situations, your Company's Home Loan and LAP book grew by 21% during the year, touching a new milestone of ₹ 7,500 crs.

Competitive Advantage

- Sharpened proposition to strengthen the product offering to self-employed customers
- Streamlined processes to deliver faster sanctions and disbursement TAT to the customer

Future Strategy

- Achieve best in class TAT through digitisation and automation
- Use of analytics for direct sourcing and cross selling
- Drive operational efficiency through focus on key locations and manpower productivity

Real Estate Finance

Real Estate is transitioning towards a more regulated industry with the introduction of Real Estate (Regulation and Development) Act, 2016 (RERA). Demonetisation also had a temporary negative impact on the sector. Demand in residential, primarily on account of affordable housing segment, is expected to see a revival after a slowdown over the past 2-3 years. In the commercial office segment, major metros have seen strong demand for Grade A office space leading to a higher occupancy and robust rental growth. At the start of FY17, a Real Estate Finance vertical was created to cater to various funding requirements of developers in both residential and commercial spaces. Our objective behind creating this vertical was to establish the LTFS Real Estate business as a key player in the development finance market. Real Estate Finance business achieved loan disbursements of ₹3,841 crs. and a Loan Book of ₹ 4,865 crs.

Competitive Advantage

- Comprehensive product suite to address top developers' funding requirements
- Robust risk management and early warning signal mechanism
- Strong processes to deliver faster TAT

Future Strategy

- Focus on top real estate developers with the aim to build sustainable relationships
- Build a wider product portfolio and focus on Syndication/Sell down for risk distribution
- Leverage L&T ecosystem for business growth and market intelligence

MUTUAL FUNDS

India's mutual fund industry witnessed a 35% growth during the quarter-ended March 2017, taking the Average Assets Under Management (AAUM) to ₹ 1,829,583 crs., as compared to ₹ 1,353,443 crs. AAUM recorded during the quarter-ended March 2016.

During FY17, the Mutual Fund business continued its previous year's growth momentum. With YoY growth of 39%, the business outperformed the industry growth rate, while maintaining a healthy mix of core assets under equities and fixed income. A strong investment performance, supported by strong inflows into the core products could be expected in FY18.

Competitive Advantage

- Robust performance of the Fund's equity schemes
- Diversified and ever-expanding reach across distribution channels

Future Strategy

- Focus on building core assets to achieve the dual purpose of achieving higher profitability while ensuring stability in overall AUM
- Increase SIP book to ensure steady flows
- Presence in key counters to gain a higher share of assets, thereby widening Company's reach

WEALTH MANAGEMENT

With a Gross Domestic Product (GDP) growth hovering over 7-8% and a strong future outlook, India's growth story is making it an increasingly attractive market for wealth management firms. The regulatory environment, too, is evolving, presenting opportunities for established wealth managers to expand their offerings.

FY17 was a turnaround year for the business – from a loss of ₹ 24 crs. in FY16 to a profit of ₹ 5 crs. in FY17. The Average Assets Under Service (AAUS) grew by almost 46% during the year with the Q4-FY17 AAUS being more than ₹ 13,000 crs. Your Company's revenue witnessed a rise of 71% during the year, for FY17 being at ₹ 50 crs.

Competitive Advantage

- Comprehensive services suite including Loan against Shares, Mutual Funds, Real Estate Finance complements the Company's key offerings for High Networth Individuals (HNIs)

- Offerings like Debt Capital Markets significantly strengthen the customer value proposition
- A strong track record of AUS and revenue growth ranks us high amongst the key market players
- Strong partnerships established since inception have enabled Company to service the differing needs of clients across segments, asset classes and markets

Future Strategy

- Focus on Investment advisory and Family office to form new meaningful relationships
- Deepen existing relationships with clients to attain a higher wallet share
- Acquisition of new clients will continue to remain a key area of focus for the business
- Increase sales strength

HUMAN RESOURCES

Your Company has embarked upon the "Transform" journey to LTFH 2.0 with a sharp "Focus" on creating superior shareholder value by "Delivering" top quartile Return on Equity (RoE).

The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of the Company to being the prime driver of the change in culture required for the successful transformation of the Company. All the initiatives in this area have been designed for transforming the old LTFH into LTFH 2.0.

Your Company firmly believes that any transformation journey needs to be sustainable. While the strategy we have embarked upon for delivering a top quartile RoE is a 4-year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.

As on 31st March 2017, your Company had a total workforce of 10,943 employees across all subsidiaries.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

Clarity and Communication of Management Intent

The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

A Well-honed Execution Engine

Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

Culture

A culture of 'ownership' and 'Results not Reasons' is the hallmark of LTFH 2.0. In fact, the endeavour of our HR interventions for creating this culture, is to use Culture as a Competitive Advantage. This is done through a right mix of 'Execution Design and Method' and 'Employee Value Proposition'.

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. Risk Appetite Statement (RAS)

A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. Risk Dashboards & Early Warning Signals (EWS)

Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. Treasury Risk Management

This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. Risk-adjusted Pricing

This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/ portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

DIGITISATION & ANALYTICS

In line with the theme of "Grow Fearlessly", your Company's Digital & Data Analytics roadmap encompasses achieving multi-fold increase in "Scale", "Cost Effectiveness" and "Customer Experience". In order to enable it for achieving the same, your Company has decided on the following design principles: Biometric based data capturing, Paperless On-boarding, Transact with us on any day in the year.

We have relooked at the existing architecture, to revamp it completely to achieve the digital aspiration that it thrives to achieve. The end state architecture will be modular and agile, enabling your Company to keep pace with changing technology. A strong digital and data analytics roadmap touching every aspect of the customer journey will not only improve the customer experience but also substantially enhance efficiency and productivity.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

INDEPENDENT AUDITORS' REPORT

To the Members of L&T Finance Holdings Limited

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **L&T FINANCE HOLDINGS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit,we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from 8th November, 2016 to 30th December, 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

For B.K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T FINANCE HOLDINGS LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

For B.K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situationof fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause (i) (c) of the CARO 2016 Order is not applicable.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the CARO 2016 Order is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) Having regard to the nature of the Company's business / activities, reporting under clause (vi) the CARO 2016 Order is not applicable.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Service Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Employees' State Insurance, Sales Tax, Custom Duty, Excise Duty, Value Added Tax and corresponding cess.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Service Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government. The Company has not issued any debentures.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of initial public offer/ further public offer (including debt instruments) and the term loans have been applied by the Company during the year for the purposes for which they were raised.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

For B.K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakh)

	Note No	As at March 31, 2017		As at March 31, 2016	
EQUITY AND LIABILITIES:					
1 Shareholders' funds					
(a) Share capital	**2**	296,912.19		296,679.86	
(b) Reserves and surplus	**3**	223,653.58		210,247.25	
(c) Money received against share warrants	**4**	11,806.88		11,806.88	
			532,372.65		**518,733.99**
2 Non current liabilities					
(a) Other long-term liabilities	**5**	-		13.58	
(b) Long term provisions	**6**	-		0.96	
			-		**14.54**
3 Current liabilities					
(a) Short term borrowings	**7**	97,390.14		59,759.17	
(b) Other current liabilities	**8**	5,418.80		1,890.48	
(c) Short term-provisions	**9**	2,594.54		15,087.75	
			105,403.48		**76,737.40**
TOTAL			**637,776.13**		**595,485.93**
ASSETS:					
1 Non - Current assets					
(a) Fixed assets	**10**				
(i) Tangible assets		1.00		21.39	
(ii) Intangible assets		2.13		5.79	
		3.13		27.18	
(b) Non-current investments	**11**	537,403.38		506,668.39	
(c) Deferred tax assets (net)	**12**	935.43		903.61	
(d) Long term loans and advances	**13**	4,684.03		3,789.70	
			543,025.97		**511,388.88**
2 Current assets					
(a) Current Investments	**14**	27,013.92		50,432.72	
(b) Cash and bank balances	**15**	221.57		4,027.68	
(c) Short term loans and advances	**16**	58,367.40		29,188.36	
(d) Other current assets	**17**	9,147.27		448.29	
			94,750.16		**84,097.05**
TOTAL			**637,776.13**		**595,485.93**
See accompanying Notes forming part of the financial statements	**1 to 24**				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

	Note No	Year ended March 31, 2017		Year ended March 31, 2016	
REVENUE					
1. Revenue from operations	**18**	27,757.57		34,850.26	
2. Other income	**19**	3,731.42		7,894.84	
3. Total Revenue (1+2)			**31,488.99**		**42,745.10**
EXPENSES					
4. Employee benefits expense	**20**	1,156.99		2,032.63	
5. Finance costs	**21**	4,591.56		2,707.87	
6. Depreciation and amortisation		5.13		13.26	
7. Administration and other expenses	**22**	1,090.33		1,202.37	
8. Provisions and contingencies	**23**	134.25		(20.32)	
9. Total Expenses (4+5+6+7+8)			**6,978.26**		**5,935.81**
10. Profit before tax (3-9)			**24,510.73**		**36,809.29**
11. Tax expense:					
- Current tax		512.25		2,249.12	
- MAT credit entitlement		(835.87)		(2,492.67)	
- Deferred tax		(31.82)		(750.82)	
Total provision for tax			**(355.44)**		**(994.37)**
12. Profit after tax (10-11)			**24,866.17**		**37,803.66**
Earnings Per Equity Share:	**24.5**				
Basic earnings per equity share (₹)			**0.71**		**1.25**
Diluted earnings per equity share (₹)			**0.70**		**1.25**
Face value per equity share (₹)			**10.00**		**10.00**
See accompanying Notes forming part of the financial statements	**1 to 24**				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit/(loss) before tax as per statement of profit and loss	24,510.73	36,809.29
	Adjustment for:		
	Provision on standard assets	115.64	(20.32)
	Provision and MTM loss on Current Investments	18.61	-
	Provision for Leave Encashment	130.62	299.30
	Provision for Gratuity	39.07	415.04
	Provision for Superannuation	65.56	65.56
	Depreciation and amortisation	5.13	13.26
	Profit on sale of Fixed Assets	(2.00)	-
	Profit on sale of Mutual Fund	(1,712.38)	(6,498.55)
	Expense on employee stock option scheme	63.63	36.72
	Operating profit before working capital changes	23,234.61	31,120.30
	Changes in working capital		
	(Increase)/ Decrease in current and non current assets	(37,549.74)	15,542.98
	Increase/ (Decrease) in current and non current liabilities and provisions	2,592.42	449.29
	Cash generated from operations	(11,722.71)	47,112.57
	Direct taxes paid	(890.71)	(1,484.99)
	Net cash generated/ (used) in operating activities (A)	**(12,613.42)**	**45,627.58**
B.	**Cash flows from investing activities**		
	Add : Inflows from investing activities		
	Sale of current investments (net)	398,487.57	11,425,150.66
	Sale of Fixed Assets	21.36	0.07
	Sale of long term investment	500.00	18,175.09
		399,008.93	11,443,325.82
	Less : Outflow for investing activities		
	Investment in subsidiary companies	31,235.00	41,255.46
	Purchase of current investments (net)	373,375.00	11,442,086.00
	Purchases of fixed assets	0.43	0.07
		404,610.43	11,483,341.53
	Net cash from/(used in) investing activities (B)	**(5,601.50)**	**(40,015.71)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
C.	**Cash flows from financing activities**		
	Add : Inflows from financing activities		
	Proceeds from issue of share capital including securities premium	1,149.76	59,246.61
	Proceeds from issue of share warrants	-	11,806.88
	Proceeds from short term borrowings (net)	37,630.97	5,052.34
		38,780.73	76,105.83
	Less : Outflows for financing activities		
	Share/Debenture issue expenses	-	826.21
	Dividend paid (including dividend distribution tax)	24,371.92	29,975.80
	Redemption of Preference Shares	-	50,000.00
		24,371.92	80,802.01
	Net cash generated from/(used in) financing activities (C)	**14,408.81**	**(4,696.18)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(3,806.11)**	**915.69**
	Cash and cash equivalents as at beginning of the year	4,027.68	3,111.99
	Cash and cash equivalents as at end of the year*	**221.57**	**4,027.68**
	See accompanying Notes forming part of the financial statements		

Notes: (₹ in lakh)

1.	Net cash used in operating activities is determined after adjusting the following:		
	Interest received	4,962.68	4,323.31
	Dividend received	22,633.20	30,197.85
	Interest paid	1,533.78	2,861.92
2.	Previous year figures have been regrouped/reclassified wherever applicable.		

* Includes balances in earmarked accounts ₹ 168.68 lakhs (Previous balance ₹ 699.33 lakhs)

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017

Note - 1 Significant accounting policies

1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), to comply with the Accounting Standards prescribed under section 133 of the Companies Act, 2013 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non Banking Finance Company (NBFC) as applicable.The financial statements have been prepared on the accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialize.

1.3 Tangible and Intangible fixed assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

1.4 Revenue recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.
- Interest income on deposits and debentures is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable.
- Profit/loss on sale of investments is recognised at the time of actual sale/redemption.
- Dividend income is recognized when the Company's right to receive dividend is established by the reporting date.

1.5 Depreciation/Amortisation

Depreciation/Amortization on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are lesser than or equal to the useful life of the assets as prescribed in Schedule II of the Companies Act, 2013.

- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of installation.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.6 Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

are classified under two categories i.e. Current and Long Term and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'.

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution, other than temporary.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

1.7 Leases

Where the Company is lessee

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

1.8 Retirement and other employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and estimatedvariable remuneration are recognized in the period in which the employee renders the related service.

Post employmentbenefits:

(a) Defined contribution plans:

The Company's provident fund, pension and superannuation scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognized during the year in which the employee renders the related services.

(b) Defined benefit plan

The Company's gratuity scheme is defined benefit plan.The employee gratuity obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each year of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

1.9 Income taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.10 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

1.11 Employee stock option schemes

In respect of stock options granted pursuant to the Company's Stock Options Scheme, the intrinsic value of the options (excess of the market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation cost over the vesting period.

1.12 Share and Debenture issue expense

Expenses incurred on issue of share/debenture are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.13 Cash flow statements

The Cash Flow Statement is prepared in accordance with indirect method as explained in the Accounting Standard on Cash Flow Statements (AS) 3 prescribed under Section 133 of the Companies Act, 2013.

1.14 Cash and cash equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

1.15 Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.16 Impairment of Assets

Tangible fixed assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

1.17 Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and disclosed as follows:-

a. Estimated amount of contracts remaining to be executed on capital account are not provided for.

b. Other non cancellable commitmentsif any to the extent they are considered material and relevant in the opinion of the management.

1.18 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, anyexternal event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary itemand disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share Capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	(₹ in Lakh)	No. of Shares	(₹ in Lakh)
Authorised				
Equity Shares of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	500,000,000	500,000.00	500,000,000	500,000.00
Issued, Subscribed & Paid up				
Equity Shares of ₹ 10 each fully paid	1,755,721,861	175,572.19	1,753,398,551	175,339.86
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	25,000,000	25,000.00	25,000,000	25,000.00
8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	13,900,000	13,900.00	13,900,000	13,900.00
8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	12,440,000	12,440.00	12,440,000	12,440.00
8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	10,000,000	10,000.00	10,000,000	10,000.00
8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	60,000,000	60,000.00	60,000,000	60,000.00
Total Issued, Subscribed & Paid up capital		**296,912.19**		**296,679.86**

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(III) Terms/rights attached to Cumulative Compulsorily Redeemable Preference Shares (CRPS)

The CRPS will not have voting rights other than in respect of matters directly affecting it. In the event of any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment. On winding or repayment of capital, CRPS holders enjoy preferential rights vis a vis equity shareholders, for repayment of capital paid up and shall include any unpaid dividends and any fixed premium (if applicable).

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share Capital

(IV) Reconciliation of the shares outstanding at the beginning and at the end of the year

Equity Shares	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	1,753,398,551	175,339.86	1,720,285,900	172,028.59
Issued during the year				
- Issued under Preferential basis	-	-	31,836,971	3,183.70
- Issued under Employee Stock Option	2,323,310	232.33	1,275,680	127.57
Outstanding at the end of the year	**1,755,721,861**	**175,572.19**	**1,753,398,551**	**175,339.86**

8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	-	-	75,000,000	75,000.00
Issued/(Redeemed) during the year	-	-	(75,000,000)	(75,000.00)
Outstanding at the end of the year	**-**	**-**	**-**	**-**

9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	25,000,000	25,000.00	25,000,000	25,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**25,000,000**	**25,000.00**	**25,000,000**	**25,000.00**

8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	13,900,000	13,900.00	13,900,000	13,900.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**13,900,000**	**13,900.00**	**13,900,000**	**13,900.00**

8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	12,440,000	12,440.00	12,440,000	12,440.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**12,440,000**	**12,440.00**	**12,440,000**	**12,440.00**

8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
	10,000,000	10,000.00	10,000,000	10,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**10,000,000**	**10,000.00**	**10,000,000**	**10,000.00**

8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
At the beginning of the year	60,000,000	60,000.00	-	-
Issued/(Redeemed) during the year	-	-	60,000,000	60,000.00
Outstanding at the end of the year	**60,000,000**	**60,000.00**	**60,000,000**	**60,000.00**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share Capital

(V) Equity shares in the Company held by the holding company

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
Larsen & Toubro Limited and it's nominee	1,169,709,304	116,970.93	1,169,709,304	116,970.93
	1,169,709,304	**116,970.93**	**1,169,709,304**	**116,970.93**

(VI) Details of shareholders holding more than 5% shares in the company

Equity Shares	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Larsen & Toubro Limited and it's nominee	1,169,709,304	66.62%	1,169,709,304	66.71%
Citigroup Global Markets Mauritius Private Limited	100,421,992	5.72%	99,394,992	5.67%

Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	**As at March 31, 2017**		**As at March 31, 2016**	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Bajaj Allianz General Insurance Company Limited	11,525,000	9.50%	11,525,000	9.50%
Pioneer Independent Trust	10,000,000	8.24%	10,000,000	8.24%

(VII) Details of shares reserved to be issued under ESOP

	As at March 31, 2017		**As at March 31, 2016**	
	No. of Shares	**(₹ in Lakh)**	**No. of Shares**	**(₹ in Lakh)**
Equity Shares of ₹ 10 each	26,611,795	2,661.18	29,658,998	2,965.90
	26,611,795	**2,661.18**	**29,658,998**	**2,965.90**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

3 Reserves & Surplus **(₹ in Lakh)**

		As at March 31, 2017		As at March 31, 2016	
a.	**Securities Premium Account**				
	As per last Balance sheet	176,067.53		155,958.40	
	Add: Premium on issue of equity shares	1,085.99		20,935.34	
	Less: Share issue expenses adjusted during the year	-		826.21	
	Closing Balance		**177,153.52**		**176,067.53**
b.	**Employee Stock Option Outstanding Account**				
	As per last Balance sheet	619.92		637.11	
	Add: Addition during the year	71.92		126.29	
	Less: Allotment of shares	168.56		-	
	Less: Transferred to General Reserve	121.97		143.48	
	Closing Balance		**401.31**		**619.92**
c.	**Reserve u/s 45-IC of Reserve Bank of India Act, 1934**				
	As per last Balance sheet	24,456.00		16,895.26	
	Add: Transferred from surplus in the Statement of Profit and Loss	4,973.24		7,560.74	
	Closing Balance		**29,429.24**		**24,456.00**
d.	**General Reserve**				
	As per last Balance sheet	38.22		18.14	
	Add: Transferred from Employee Stock Option Outstanding	121.97		20.08	
	Closing Balance		**160.19**		**38.22**
e.	**Surplus in the Statement of Profit and Loss**				
	As per last Balance sheet	9,065.58		9,051.95	
	Add: Profit for the year	24,866.17		37,803.66	
	Less: Appropriations				
	Proposed Dividend on equity shares	-		14,027.19	
	Tax on proposed equity dividend	-		(11.41)	
	Dividend paid on Equity Shares for previous year	5.78		6.23	
	Dividend paid on Cumulative Compulsorily Redeemable Preference Shares	10,338.95		16,207.28	
	Tax on Interim dividend paid on Cumulative Compulsorily Redeemable Preference Shares	2,104.46		-	
	Transfer to reserve u/s. 45-IC of Reserve Bank of India Act,1934	4,973.24		7,560.74	
	Closing Balance		**16,509.32**		**9,065.58**
Total Reserves & Surplus			**223,653.58**		**210,247.25**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4 Money received against share warrants

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares Warrants	(₹ in Lakh)	No. of Shares Warrants	(₹ in Lakh)
Money received against share warrants	63,820,990	11,806.88	63,820,990	11,806.88
Total	**63,820,990**	**11,806.88**	**63,820,990**	**11,806.88**

Money received against share warrants represents amounts received towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of ₹ 10 each

During the previous year, the Company issued 6,38,20,990 share warrants at an issue price of ₹ 74 each to BC Asia Growth Investments on a preferential basis, having option to apply for and be allotted an equivalent number of equity shares of a face value of ₹ 10 each at a premium of ₹ 64 each determined in accordance with Regulation 76 of the SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). The holder of the warrants has paid upfront 25% of the price per warrant (i.e. ₹ 18.50 per warrant); the balance can be exercised within 18 months.

5 Other long term liabilities

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Security Deposit	-	13.58
Total other long term liabilities	**-**	**13.58**

6 Long term provision

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
For contingent provisions against standard assets	-	0.96
Total long term provision	**-**	**0.96**

7 Short term borrowings

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
Unsecured				
Commercial Papers				
Face Value	57,500.00		60,000.00	
Less : Unexpired discount	603.41	56,896.59	732.42	59,267.58
Intercorporate borrowings		40,000.00		-
Cash Credit		493.55		491.59
Total short term borrowings		**97,390.14**		**59,759.17**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

8 Other current liabilities

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on borrowings	2,905.48	-
Statutory dues	38.38	49.56
Accrued expenses	629.23	1,129.46
Income received in advance	1,650.98	-
Unclaimed dividend on equity shares	94.71	73.58
Unclaimed redemption proceeds and dividend on preference shares	73.62	625.75
Payable to related party	19.07	10.22
Other liabilities	7.33	1.91
Total other current liabilities	**5,418.80**	**1,890.48**

9 Short-term provisions

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
For employee benefit				
- Gratuity	56.38		206.57	
- Leave Encashment	159.25		678.19	
- Super Annuation Fund	70.50		88.45	
		286.13		973.21
Proposed Dividend on equity shares		-		14,027.19
Dividend Tax on Cumulative Redeemable Preference Shares		2,104.46		-
Contingent provisions against standard assets		203.95		87.35
Total short-term provisions		**2,594.54**		**15,087.75**

10 : Fixed assets (at cost less depreciation)

(₹ in Lakh)

Particulars	Gross Block				Accumulated Depreciation				Net Block
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	Upto March 31, 2016	For the period	Deductions	Upto March 31, 2017	As at March 31, 2017
Tangible Assets									
Motor Car	50.11	-	50.11	-	29.61	1.16	30.77	-	-
	(50.11)	-	-	*(50.11)*	*(22.64)*	*(6.97)*	-	*(29.61)*	*(20.50)*
Computers	8.07	0.44	0.51	8.00	7.46	0.24	0.49	7.21	0.79
	(8.65)	-	*(0.58)*	*(8.07)*	*(5.41)*	*(2.56)*	*(0.51)*	*(7.46)*	*(0.61)*
Office Equipments	1.02	-	-	1.02	0.74	0.07	-	0.81	0.21
	(0.95)	*(0.07)*	-	*(1.02)*	*(0.67)*	*(0.07)*	-	*(0.74)*	*(0.28)*
Total tangible assets (A)	59.20	0.44	50.62	9.02	37.81	1.47	31.26	8.02	1.00
	(59.71)	*(0.07)*	*(0.58)*	*(59.20)*	*(28.72)*	*(9.60)*	*(0.51)*	*(37.81)*	*(21.39)*
Intangible Assets									
Computer Software	15.85	-	-	15.85	10.06	3.66	-	13.72	2.13
	(15.85)	-	-	*(15.85)*	*(6.39)*	*(3.67)*	-	*(10.06)*	*(5.79)*
Total intangible assets (B)	15.85	-	-	15.85	10.06	3.66	-	13.72	2.13
	(15.85)	-	-	*(15.85)*	*(6.39)*	*(3.67)*	-	*(10.06)*	*(5.79)*
Total (A+B)	**75.05**	**0.44**	**50.62**	**24.87**	**47.87**	**5.13**	**31.26**	**21.74**	**3.13**
*Total Previous year**	*(75.56)*	*(0.07)*	*(0.58)*	*(75.05)*	*(35.11)*	*(13.27)*	*(0.51)*	*(47.87)*	*(27.18)*

* Previous year figures are shown in brackets

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

11 Non current investments

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares / Debentures	**(₹ in Lakh)**	**No. of Shares / Debentures**	**(₹ in Lakh)**
Trade Investments (valued at cost unless stated otherwise)				
A. Unquoted equity instruments				
(I) Investment in subsidiaries				
L&T Finance Limited# (Equity Shares of ₹ 10 each fully paid)	-	-	238,422,269	116,598.16
L&T Infrastructure Finance Company Limited (Equity Shares of ₹ 10 each fully paid)	892,087,609	167,509.85	846,254,276	145,509.85
L&T FinCorp Limited# (Equity Shares of ₹ 10 each fully paid)	-	-	272,966,428	65,105.91
L&T Financial Consultants Limited (formerly : L&T Vrindavan Properties Limited) (Equity Shares of ₹ 10 each fully paid)	18,750,000	1,875.00	18,750,000	1,875.00
L&T Access Distribution Services Limited (formerly : L&T Access Financial Advisory Services Limited) (Equity Shares of ₹ 10 each fully paid)	21,350,000	2,135.00	6,000,000	600.00
L&T Housing Finance Limited (Equity Shares of ₹ 10 each fully paid)	129,650,825	54,287.84	121,400,000	46,787.84
L&T Finance Limited (erstwhile known as Family Credit Limited)# (Equity Shares of ₹ 10 each fully paid)	1,440,047,294	206,909.95	204,309,610	25,205.89
L&T Capital Markets Limited (Equity Shares of ₹ 10 each fully paid)	49,750,000	4,975.00	47,750,000	4,775.00
L&T Investment Management Limited (Equity Shares of ₹ 10 each fully paid)	251,824,329	86,755.74	251,824,329	86,755.74
L&T Mutual Fund Trustee Company Limited (Equity Shares of ₹ 10 each fully paid)	150,000	15.00	150,000	15.00
L&T Infra Debt Fund Limited (Equity Shares of ₹ 10 each fully paid)	109,933,333	12,940.00	109,933,333	12,940.00
B. Quoted investment in debentures				
L&T Financial Consultants Limited (formerly : L&T Vrindavan Properties Limited) (Debentures of ₹ 2,500,000 each)	-	-	20	500.00
		537,403.38		**506,668.39**
Aggregate amount of quoted investments (Market value of NIL; Previous Year ₹ 500 lakh)		-		500.00
Aggregate amount of unquoted investments		537,403.38		506,168.39

During the current year, L&T Finance Limited & L&T Fincorp Limited merged into Family Credit Limited w.e.f April 1, 2016. Subsequently Family Credit Limited was renamed as L&T Finance Limited.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

12 Deferred tax assets (net) (₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Deferred tax assets		
For contingent provisions against standard assets	70.58	6.12
Difference between book and tax depreciation	-	0.46
Other item giving rise to timing difference	865.22	897.03
Total	**935.80**	**903.61**
Deferred tax liabilities		
Difference between book and tax depreciation	0.37	-
Total	**0.37**	**-**
Total deferred tax assets (net)	**935.43**	**903.61**

13 Long term loans and advances (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
	Current Maturity	Non Current	Current Maturity	Non Current
Advance taxes (net)	-	1,403.98	-	36.03
MAT Credit Entitlement	-	3,280.05	-	3,433.67
Inter corporate deposits	-	-	-	320.00
Total long term loans and advances	**-**	**4,684.03**	**-**	**3,789.70**

14 Current investments

	As at March 31, 2017		As at March 31, 2016	
	No. of Units	(₹ in Lakh)	No. of Units	(₹ in Lakh)
Non Trade Investments (valued at cost unless stated otherwise)				
Unquoted investments in Mutual Funds				
L&T Floating Rate Fund Direct Plan - Growth	123,663,286	20,000.00	-	-
L&T Banking and PSU Debt Fund Direct Plan - Growth	35,541,308	5,204.00	-	-
L&T Liquid Fund Direct Plan - Growth	-	-	1,053,369	21,830.00
L&T Flexi Bond Fund Direct Plan - Growth	9,887,321	1,828.68	9,887,214	1,593.91
L&T Short Term Opportunities Fund Direct Plan - Growth	-	-	110,797,408	16,157.69
L&T Triple Ace Fund Direct Plan - Growth	-	-	26,895,341	10,536.09
L&T Low Duration Fund Direct Plan - Growth	-	-	2,357,432	315.03
Total Investments in Mutual Funds	**-**	**27,032.53**	**-**	**50,432.72**
Less : Provision and MTM loss on Current Investments		18.61		-
Total current investments		**27,013.92**		**50,432.72**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

15 Cash and bank balances

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balances with Banks:		
In Current Accounts	52.89	1,828.35
In Deposit Accounts (Deposits with original maturity of less than three months)	-	1,500.00
Other balances		
In earmarked accounts		
Unclaimed dividend- For Equity Shares	94.70	73.58
Unclaimed redemption proceeds and dividend- For Preference Shares	73.98	625.75
Total cash and bank balances	**221.57**	**4,027.68**

16 Short term loans and advances

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Unsecured		
Inter corporate deposits	58,270.82	29,082.56
Security deposits	30.88	30.65
Advances recoverable in cash or in kind	65.70	75.15
Total short term loans and advances	**58,367.40**	**29,188.36**

17 Other current assets

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Receivable from group companies	56.48	119.19
Interest accrued but not due on inter corporate deposit	490.79	329.10
Dividend Receivable	8,600.00	-
Total other current assets	**9,147.27**	**448.29**

18 Revenue from operations

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Dividend income:				
From subsidiaries companies	22,633.20		30,197.85	
		22,633.20		30,197.85
Interest income				
Interest income		5,124.37		4,652.41
Total revenue from operations		**27,757.57**		**34,850.26**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

19 Other income

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Profit on sale of investments	1,712.38	6,498.55
Dividend income on current investments	-	10.36
Management fees	1,058.00	1,311.00
Corporate support fees	957.71	-
Profit on sale of fixed asset	2.00	-
Others	1.33	74.93
Total other income	**3,731.42**	**7,894.84**

20 Employee benefits expense

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Salaries		797.61		1,022.84
Contribution to and provision for:				
Provident fund	53.54		86.75	
Gratuity	39.07		415.04	
Leave Encashment	130.62		299.30	
Superannuation Fund	65.56		164.49	
		288.79		965.58
Expenses on Employees Stock Option Plans (refer note 24.1)		63.63		36.72
Staff welfare		6.96		7.49
Total employee benefits expense		**1,156.99**		**2,032.63**

21 Finance costs

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Commercial paper discounting charges	1,660.01	2,666.72
Interest on borrowings	2,908.26	1.62
Interest on CRPS Application Refund / Allotment	-	7.45
Other borrowing costs	23.29	32.08
Total finance costs	**4,591.56**	**2,707.87**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

22 Administration and other expenses **(₹ in Lakh)**

	Year ended March 31, 2017		Year ended March 31, 2016	
Professional fees		410.86		586.36
Rent		85.17		-
Travelling and conveyance		56.84		84.77
Printing and stationery		61.87		122.02
Telephone, postage and telegrams		46.32		56.99
Advertising and publicity		25.87		119.80
Directors' sitting fees		24.50		22.32
Non Executive Directors Commission		169.72		43.61
Auditors remuneration				
Audit fees	9.00		3.50	
Tax Audit Fees	1.00		1.00	
Limited Review Fees	9.83		7.50	
Other Services	7.57	27.40	2.08	14.08
Rates & Taxes		4.41		0.46
Repairs & Maintenance		10.20		15.00
Listing and Custodian fees		87.69		85.19
Corporate social responsibilities		35.25		5.79
Donation		-		0.60
Miscellaneous expenses		44.23		45.38
Total administration and other expenses		**1,090.33**		**1,202.37**

23 Provisions and contingencies **(₹ in Lakh)**

	Year ended March 31, 2017	Year ended March 31, 2016
Provision and MTM loss on Current Investments	18.61	-
Provision for standard assets	115.64	(20.32)
Total provisions and contingencies	**134.25**	**(20.32)**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Note No. 24: Notes on Financial Statements

24.1 Stock option scheme

a) In respect of stock options granted pursuant to Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.

b) The grant of options to the employees under the stock option scheme is on the basis of their performance and other eligibility criteria. The options allotted under scheme 2010 are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under scheme 2013 are vested in a graded manner over a period of four year with15 %, 20%, 30 % and 35 % of grants vesting each year, commencing from the end of 24 month from the date of grant.

c) Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

d) The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 was at market price which was the last closing price on National stock exchange preceding the dates of grant respectively.

e) During the year ended March 31, 2017, 1,803,810 and 519,500 options were allotted under scheme 2010 & 2013 respectively.

f) The details of the grants are summarised below:

Sr. No.	Particulars	2016-17	2015-16
1	Options granted and outstanding at the beginning of the year	29,658,998	33,152,519
2	Options granted during the year	12,290,000	900,000
3	Options cancelled/ lapsed during the year	13,013,893	31,17,841
4	Options exercised during the year	2,323,310	12,75,680
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	3,967,295	40,95,548
	- Options yet to vest	22,644,500	2,55,63,450
6	Weighted average remaining contractual life of options (in years)	6.22	6.47

g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 63.63 lakh (previous year : ₹ 36.72) {net of recovery from its subsidiary companies during the year ₹ 8.29 lakh (previous year : ₹ 95.46 lakh) } towards the stock options granted to their employees, pursuant to the employee stock option schemes.

h) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2017 is ₹ 553.74 lakh (previous year: ₹ 845.97 lakh), including ₹ 232.27 lakh (previous year : ₹ 415.97 lakh) for which the options have vested to employees as on March 31, 2017.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

i) Weighted average fair values of options granted during the year is ₹ 27.24 (previous year: ₹ 32.02) per options.

j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 45.79 lakh (Previous year: ₹ 120.45 lakh) and Earnings per share Basic and diluted would have been ₹ 0.71 & ₹ 0.70 respectively. (Previous year: ₹ 0.88 & ₹ 0.88 respectively).

k) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows:

	Particulars	2016-2017	2015-2016
a)	Weighted average risk-free interest rate	7.49%	7.52%
b)	Weighted average expected life of options	3.98 years	3.68 years
c)	Weighted average expected volatility	32.53%	31.78%
d)	Weighted average expected dividends	₹ 3.19 per option	₹ 2.94 per option
e)	Weighted average share price	₹ 75.53 per option	₹ 65.73 per option
f)	Weighted average exercise price	₹ 73.70 per share	₹ 44.20 per share
g)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

24.2 Disclosure pursuant to Accounting Standard (AS) 15 Revised "Employee Benefits" :

i) Defined Contribution Plans :

The company recognized charges of ₹ 119.10 lakh (previous year ₹ 251.24 lakh) is as an expense for provident fund and super annuation fund and included in employee contribution in the statement of profit and loss.

ii) Defined Benefit Plans :

The company offers the following employee benefit schmeme to its employees; Gratuity expense which included in employee benefit expense in Note 20.

a) The amounts recognised in Balance Sheet are as follows:

(₹ in lakh)

	Particulars	Gratuity Plan	
		As at March 31, 2017	**As at March 31, 2016**
A.	Amount to be recognized in Balance Sheet		
	Present Value of Defined Benefit Obligation		
	- Wholly Funded	132.05	1,063.35
	Less: Fair value of Plan Assets	(75.67)	(856.78)
	Amount not recognised as an assets (limits in para 59(b))	-	-
B.	Amounts reflected in the Balance Sheet		
	- Liability	56.38	206.57
	- Assets	-	-
	Net Liability/(asset)	**56.38**	**206.57**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

b) The amount recognised in the statement of profit and loss account are as follows:

(₹ in lakh)

	Particulars	Gratuity Plan	
		2016-17	**2015-16**
1	Current Service Cost	8.71	43.58
2	Interest on Defined Benefit Obligation	41.79	45.61
3	Expected Return on Plan Assets	(26.76)	(65.52)
4	Actuarial Losses/(Gains)	15.34	488.37
5	Amount not recognised as an assets (limits in para 59(b))	-	(97.00)
6	Total, included in "Employee Benefit Expenses"	39.08	415.04
	Actual Return on Plan Assets	36.47	(29.27)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	**As at March 31, 2016**
Opening balance of the present value of defined benefit obligation	1,063.35	620.70
Add: Current Service Cost	8.71	43.58
Add: Interest Cost	41.79	45.61
Add/(less): Actuarial Losses/(Gain)	25.04	393.58
Add: Liabilities Extinguished on Settlements	33.62	-
Less: Benefits paid	(1,040.46)	(40.12)
Closing balance of the present value of defined benefit obligation	132.05	1,063.35
Expected employer's contribution next year	20	-

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	**As at March 31, 2016**
Opening balance of the fair value of the plan assets	856.78	906.05
Add: Expected Return on plan assets*	26.76	65.52
Add/(less): Actuarial gains/(losses)	9.70	(94.79)
Add: Contributions by Employer	222.89	20.12
Less: Benefits Paid	(1,040.46)	(40.12)
Closing balance of the plan assets	75.67	856.78

* The trust formed by the Company manages the investment of gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

e) The broad categories of plan assets as a percentage of total plan assets, are as follows:

	Particulars	**Gratuity Plan**	
		As at March 31, 2017	**As at March 31, 2016**
1	Government of India Securities	0%	0%
2	Corporate Bonds	0%	0%
3	Special Deposit Scheme	0%	0%
4	Equity Shares of Listed Companies	0%	0%
5	Property	0%	0%
6	Insurer Managed Funds	100%	100%
7	Others	0%	0%

f) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

	Particulars	**As at March 31, 2017**	**As at March 31, 2016**
1.	Discount rate (p.a.)	6.90%	7.60%
2.	Expected return on plan assets (p.a.)	8.00%	8.00%
3.	Salary escalation rate (p.a.)	6.00%	6.00%
4.	Mortality rate	Indian assured lives mortality (2006-08) Ult table	Indian assured lives mortality (2006-08) Ult table

g) **The amounts pertaining to experience adjustments are as follows:**

(₹ in lakh)

	As at March 31				
Particulars	**2017**	**2016**	**2015**	**2014**	**2013**
- Defined Benefit Obligation	(132.05)	(1,063.35)	(620.70)	(545.11)	(706.34)
- Plan Assets	75.67	856.78	906.05	842.31	-
- Surplus /(Deficit)	(56.38)	(206.57)	285.35	297.20	(706.34)
Exp. Adjustment on Plan Liabilities	19.15	392.96	(108.11)	(214.53)	472.07
Exp. Adjustment on Plan Asset	9.70	(94.79)	0.38	48.52	-

24.3 Segment Reporting : Accounting Standard –17

The Company operates mainly in the business segment of investment activity. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

24.4 Related Party Disclosures: Accounting Standard - 18

a. List of Related Parties and Relationships

A. Holding Company

1. Larsen & Toubro Limited

B. Subsidiary Companies

1. L&T Finance Limited *
2. L&T Infrastructure FinanceCompany Limited
3. L&T FinCorp Limited *

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4. L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)
5. L&T Access Distribution Services Limited
6. L&T Investment Management Limited
7. L&T Housing Finance Limited
8. L&T Finance Limited * (erstwhile known as Family Credit Limited)
9. L&T Capital Markets Limited
10. L&T Infra Debt Fund Limited

* During the current year, L&T Finance Limited & L&T Fincorp Limited merged into Family Credit Limited w.e.f April 1, 2016. Subsequently Family Credit Limited was renamed as L&T Finance Limited.

C. Fellow Subsidiary(with whom Company has undertaken transaction during current or previous year)

1. L&T Metro Rail (Hyderabad) Limited
2. L&T General Insurance Company Limited (till September 8, 2016)

D. Key Management Personnel

1. Mr. Dinanath Dubhashi (from April 14, 2016)
2. Mr. Y. M. Deosthalee (till September 5, 2016)
3. Mr. N. Sivaraman (till FY 2015-2016)

Note: The above list contain name of only those related parties with whom the company has undertaken transactions in current or previous year.

b. Related Party Transactions:

(Exclusive of service tax)

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
1	**Subscription to Equity shares of**		
	• L&T Capital Markets Limited	200.00	2,500.00
	• L&T Housing Finance Limited	7,500.00	19,988.46
	• L&T Infra Debt Fund Limited	-	5,840.00
	• L&T Investment Management Limited	-	4,927.00
	• L&T Infrastructure Finance Company Limited	22,000.00	8,000.00
	• L&T Access Distribution Services Limited	1,535.00	-
2	**Inter Corporate Deposits given**		
	• L&T Finance Limited	-	3,60,950.00
	• L&T Infrastructure Finance Company Limited	2,70,135.00	4,77,360.00
	• L&T FinCorp Limited	-	4,31,765.00
	• L&T Access Distribution Services Limited	580.75	1,456.39
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	7,65,606.10	3,28,850.00
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	38,179.82	19,146.17
	• L&T Housing Finance Limited	1,84,325.00	2,29,095.00

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
3	**Professional Fees expense**		
	• Larsen & Toubro Limited	3.58	1.03
4	**Corporate Support Charges recovery**		
	• L&T Finance Limited	-	259.84
	• L&T FinCorp Limited	-	22.56
	• L&T Housing Finance Limited	-	6.08
	• L&T Infrastructure Finance Company Limited	-	93.81
	• L&T Infra Debt Fund Limited	-	4.70
	• L&T Investment Management Limited	-	14.30
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	6.08
5	**Rent and Maintenance expenditure**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	75.30	-
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	7.53	-
6	**Reimbursement of Expense to**		
	• Larsen & Toubro Limited	16.47	9.58
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	8.94	-
7	**Reimbursement of Expense from**		
	• L&T Finance Limited	-	8.06
	• L&T Metro Rail (Hyderabad) Limited	-	1.28
	• L&T Investment Management Limited	-	36.80
	• L&T Housing Finance Limited	-	95.20
8	**ESOP charges recovered**		
	• L&T Finance Limited	-	94.37
	• L&T Infrastructure Finance Company Limited	-	0.85
	• L&T Access Distribution Services Limited	-	0.07
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.01
	• L&T FinCorp Limited	-	0.02
	• L&T Capital Market Limited	-	0.12
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	8.29	0.02

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Sr. No.	Nature of Transactions	2016-17 (₹ in lakh)	2015-16 (₹ in lakh)
9	**Interest Income on Inter Corporate Deposit**		
	• L&T Finance Limited	-	631.57
	• L&T Infrastructure Finance Company Limited	334.31	304.16
	• L&T FinCorp Limited	-	669.09
	• L&T Access Distribution Services Limited	69.51	140.66
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	2,149.46	438.44
	• L&T Housing Finance Limited	597.92	411.31
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	1922.32	1,483.85
10	**Interest Income on NCD**		
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	-	378.12
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	50.86	52.00
	• L&T FinCorp Limited	-	143.20
11	**Management fees income**		
	• L&T Finance Limited	-	478.00
	• L&T Infrastructure Finance Company Limited	434.00	308.75
	• L&T Investment Management Limited	-	185.00
	• L&T Capital Markets Limited	-	154.00
	• L&T FinCorp Limited	-	185.25
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	497.00	-
	• L&T Housing Finance Limited	127.00	-
	• L&T General Insurance Company Limited	102.00	-
12	**Dividend income**		
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	14,033.20	30,197.85
	• L&T Infrastructure Finance Company Limited	8,600.00	-
13	**Deputation cost recovered**		
	• L&T General Insurance Company Limited	165.00	382.22
14	**Managerial remuneration #**		
	• Mr. Dinanath Dubhashi	566.87	-
	• Mr. Y. M. Deosthalee	158.36	308.15
	• Mr. N. Sivaraman	-	819.12

Managerial Remuneration disclosed above is on accrual basis. It excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

c. Amount due to/from related parties: **(₹ in lakh)**

Sr. No.	Nature of Transactions	As at March 31, 2017	As at March 31, 2016
1	**Receivable from/ (Payable to)**		
	• L&T Finance Limited	-	17.03
	• L&T Infrastructure Finance Company Limited	-	(0.99)
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.42
	• L&T General Insurance Company Limited	-	102.73
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	(2.89)	-
	• L&T Housing Finance Limited	33.34	-
	• Larsen & Toubro Limited	6.87	9.57
2	**Interest accrued but not due on Inter Corporate Deposit Given**		
	• L&T Access Distribution Services Limited	-	68.46
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	463.36	260.12
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	27.43	-
3	**Interest accrued but not due on NCD given**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	0.57
4	**Outstanding Balance of Inter-Corporate Deposits**		
	• L&T Finance Limited	-	9,075.00
	• L&T Access Distribution Services Limited	-	1,456.39
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	38,179.82	18,871.17
	• L&T Finance Limited (erstwhile known as Family Credit Limited)	20,091.00	-
5	**Outstanding Balance of NCD**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	-	500.00
6	**Security Deposit given to**		
	• L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	30.63	30.63
7	**Dividend Receivable**		
	• L&T Infrastructure Finance Company Limited	8,600	-

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

24.5 Earnings Per Share: Accounting Standard - 20

Particulars		2016-17	2015-16
Basic			
Profit after tax (₹ lakh)		24,866.17	37,803.66
Less : Dividend on Cumulative Compulsorily Redeemable Preference Shares (including dividend distribution tax of ₹ 2104.46 lakh)		12,443.41	16,207.28
Profit attributable to equity shareholders (₹ lakh)	**A**	12,422.76	21,596.38
Number of equity shares			
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Basic EPS before and after extraordinary items (₹)	**A/B**	0.71	1.25
Diluted			
Profit after tax (after deducting proposed preference dividend) (₹ lakh)	**A**	12,422.76	21,596.38
Add: Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Add: Weighted average no. of potential equity shares on account of employee stock options and share warrants	**C**	24,404,228	1,010,108
Weighted average number of shares outstanding for diluted EPS	**D=B+C**	1,778,890,242	1,731,239,403
Diluted EPS before and after extraordinary items (₹)	**A/D**	0.70	1.25
Face value of shares (₹)		10.00	10.00

24.6 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017. This information is given in respect of such vendors as could be identified as "Micro/Medium/Small Enterprises" on the basis of information available with the company.

24.7 Expenditure in foreign currency:

For Professional and Other Fees (including reimbursement) ₹ 462.50 lakh (previous year ₹ 205.16 lakh)

For Directors Sitting Fees and commission (including reimbursements) ₹ 23.39 lakh (previous year ₹ 22.90 lakh)

24.8 The Company has contingent liability

(a) Claims against the company not acknowledged as debt:

Income Tax matter in dispute:₹ 451.00 lakh (previous year: NIL).

24.9 During the year, the Company has allotted 2,323,310 equity shares of ₹ 10 each fully paid up, on exercise of options by employees, in accordance with the Company's stock option schemes.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

24.10 The Board of Directors have recommended a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of shareholders in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556 lakh and dividend distribution tax (net) thereon is not recognised as liability as on March 31, 2017.

24.11 During the year, the Company has paid interim dividend (incl. Dividend Distribution Tax) of ₹ 12,443.41 lakh on Cumulative Compulsorily Redeemable Preference Shares of ₹ 100/- each fully paid.

24.12 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

24.13 "The Company has obtained the Certificate of Registration from the RBI as a Non-Banking Financial Institution - Core Investment Company (NBFC-CIC) on September 11, 2013 under Section 45-IA of the Reserve Bank of India Act, 1934.

24.14 Disclosures regarded to exposure to real estate sector and maturity pattern of assets and liabilities as required by RBI as per Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

1) Exposure to Real Estate Sector

(₹ in lakh)

	Category	**2016-17**	**2015-16**
a)	**Direct exposure**		
	(i) Residential Mortgages –	Nil	Nil
	Lending secured by mortgages on residential property that is or will be occupied by the borrower or that is rented; (Individual housing loans up to ₹ 15 lakh may be shown separately)		
	(ii) Commercial Real Estate -	Nil	500
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;		
	(iii) Investments in Mortgage Backed Securities (MBS) and other securitized exposures -	Nil	Nil
	a. Residential		
	b. Commercial Real Estate		
b)	**Indirect exposure**		
	Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2) Asset Liability Management:

Maturity pattern of certain items of assets and liabilities

As at March 31, 2017 **(₹ in lakh)**

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	493.55	-	-	-	-	-	-	-	493.55
Market Borrowings	-	57,500.00	-	-	40,000.00	-	-	-	97,500.00
Assets:									
Advances	3,162.00	19,364.31	280.00	2,456.51	33,008.00	-	-	-	58,270.82
Investments	27,013.92	-	-	-	-	-	-	5,37,403.38	564,417.30

As at March 31, 2016 **(₹ in lakh)**

Particulars	1 day to 30/31 days (one month)	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Liabilities:									
Borrowings from banks	491.59	-	-	-	-	-	-	-	491.59
Market Borrowings	11,500.00	30,500.00	18,000.00	-	-	-	-	-	60,000.00
Assets:									
Advances	5.00	658.80	1,058.15	2,596.00	24,764.61	320.00	-	-	29,402.56
Investments	50,432.72	-	-	-	500.00	-	-	506,168.39	557,101.11

24.15 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Companyas required in terms of paragraph 21of Master Direction - Core Investment Companies (Reserve Bank) Directions, 2016 notified on August 25, 2016 vide RBI/DNBR/2016-17/39 & Master Direction DNBR. PD. 003/03.10.119/2016-17.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Liability Side:

1. Loans and advances availed by the NBFCs inclusive of interest accrued thereon but not paid

(₹ in lakh)

	Particular	As at March 31, 2017		As at March 31, 2016	
		Amount Outstanding	Amount Overdue	Amount Outstanding	Amount Overdue
(a)	Debentures :				
	- Secured	-	-	-	-
	- Unsecured (Other than falling within the meaning of Public Deposits)	-	-	-	-
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	-	-	-	-
(d)	Inter-Corporate Loans and borrowings	42,905.48	-	-	-
(e)	Commercial Paper (net of unexpired discount charges)	56,896.59	-	59,267.58	-
(f)	Other Loans (Cash Credit)	493.55	-	491.59	-

Asset Side:

2. Break-up of Loans and Advances including bills receivables [Other than those included in (3) below]

(₹ in lakh)

		As at March 31, 2017	As at March 31, 2016
		Amount Outstanding	Amount Outstanding
(a)	Secured	-	-
(b)	Unsecured	58,270.82	29,402.56

3. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

(₹ in lakh)

		As at March 31, 2017	As at March 31, 2016
		Amount Outstanding	Amount Outstanding
(i)	Lease assets including lease rentals under sundry debtors :		
	(a) Financial Lease		
	(b) Operating Lease	Nil	Nil
(ii)	Stock on hire including hire charges under sundry debtors		
	(a) Assets on Hire		
	(b) Repossessed Assets	Nil	Nil
(iii)	Other loans counting towards AFC activities		
	(a) Loans where assets have been repossessed		
	(b) Loans other than (a) above	Nil	Nil

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Break-up of Investments

(₹ in lakh)

	As at March 31, 2017 Amount Outstanding	As at March 31, 2016 Amount Outstanding
Current Investments		
1. Quoted		
(i) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity		
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	27,013.92	50,432.72
(iv) Government Securities	-	-
(v) Others	-	-
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	500.00
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-
2. Unquoted :		
(i) Shares : (a) Equity	537,403.38	506,168.39
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4. Borrower group-wise classification of assets financed as in (2) and (3) above:

(₹ in lakh)

	As at March 31, 2017			As at March 31, 2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
1. Related Parties						
(a) Subsidiaries	-	58,270.82	58,270.82	-	29,402.56	29,402.56
(b) Companies in the same group	-	-	-	-	-	-
(c) Other related parties	-	-	-	-	-	-
2. Other than related parties	-	-	-	-	-	-
Total	**-**	**58,270.82**	**58,270.82**	**-**	**29,402.56**	**29,402.56**

5. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Category	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**	**Market Value / Break up or fair value or NAV**	**Book Value (Net of Provisions)**
1. Related Parties				
(a) Subsidiaries	537,403.38	537,403.38	506,668.39	506,668.39
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	27,013.92	27,013.92	50,432.72	50,432.72
Total	**564,417.30**	**564,417.30**	**557,101.11**	**557,101.11**

6. Other Information

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Particulars	**Amount**	**Amount**
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	-	-
(ii) Net Non-Performing Assets		
(a) Related parties		
(b) Other than related parties	-	-
(iii) Assets acquired in satisfaction of debt	-	-

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

24.16 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company as required in terms of paragraph 70 of Master Direction - Non-Banking Financial Company - Systemically ImportantNon-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016 notified on September 01, 2016 vide RBI/DNBR/2016-17/45 & Master Direction DNBR. PD. 008/03.10.119/2016-17.

1) Investments :

(₹ in lakh)

Sr No.	Particulars	As at March 31,2017	As at March 31, 2016
1.	**Value of Investments**		
	(i) Gross Value of Investments		
	(a) In India	564,435.91	557,101.11
	(b) Outside India	Nil	Nil
	(ii) Provisions for Depreciation		
	(a) In India	18.61	Nil
	(b) Outside India		
	(iii) Net Value of Investments		
	(a) In India	564,417.30	557,101.11
	(b) Outside India		
2.	**Movement of provisions held towards depreciation on investments**		
	(i) Opening balance	Nil	Nil
	(ii) Add: Provisions made during the year	18.61	Nil
	(iii) Less: Write –off/write back of excess provisions during the year		
	(iv) Closing balance	18.61	Nil

2) Derivatives :

I) Forward Rate Agreement / Interest Rate Swap : The Company has not traded in Forward Rate Agreement/ Interest Rate Derivative during the financial year ended March 31, 2017 (Previous year: Nil)

II) Exchange Traded Interest Rate (IR) Derivatives: The Company has not traded in Exchange Traded Interest Rate (IR) Derivative during the financial year ended March 31, 2017 (Previous year: Nil)

3) Securitization : No securitization deal (including assignment deal) has carried out during the financial year ended March 31, 2017 (Previous year : Nil)

4) Asset Liability Management Maturity Pattern :Refer note no. 24.14 -2) for details of Asset Liability Management Maturity Pattern

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

5) **Exposures :**

I) **Exposures to Real Estate Sector :** Refer note no. 24.14 -1) for details of exposures to Real Estate Sector

II) **Exposures to Capital Markets :** None

III) **Details of financing of parent company products:** None

IV) The particulars of Unsecured Advances net off provision are given below:

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Intercorporate Deposit	58,270.82	29,402.56

6) **Miscellaneous**

I) **Registration obtained from other financial sector regulators :** No registration has been obtained from other financial sector regulators.

II) **Penalties imposed by RBI and other regulators :** No penalties has been imposed by RBI or other regulators during the year. (Previous Year: NIL)

III) **Ratings assigned by credit rating agencies and migration of ratings during the Year**

Instrument	2016-17		2015-16	
	CARE	ICRA	CARE	ICRA
Non-Convertible Debentures	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
CRPS	CARE AA+ (RPS) (Stable)	-	CARE AA+ (RPS) (Stable)	-
Commercial Paper	CARE A1+	-	CARE A1+	-

IV) **Postponements of revenue recognition:** Current year: Nil (Previous year: Nil)

7) **Provisions and Contingencies :**

I) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account:

(₹ in lakh)

Particulars	2016-2017	2015-2016
Provisions for depreciation on Investment	18.61	Nil
Provision towards Non Performing Assets	Nil	Nil
Provision made towards Income tax (shown below Profit before tax)		
Current Tax	512.25	2,249.12
MAT credit entitlement	(835.87)	(2,492.67)
Deferred Tax	(31.82)	(750.82)
Other Provision and Contingencies		
Provision for Standard Assets	115.64	(20.32)

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

8) Concentration of Advances and NPAs :

I) Concentration of Advances :

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Intercorporate deposit to twenty largest borrowers	58,270.82	29,402.56
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	100%	100%

II) Concentration of NPAs :

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to top four NPA accounts	Nil	Nil

9) Disclosure of Customer Complaints

Particulars	2016-17	2015-16
(i) No. of complaints pending at the beginning of the year	Nil	Nil
(ii) No. of complaints received during the year	Nil	Nil
(iii) No. of complaints redressed during the year	Nil	Nil
(iv) No. of complaints pending at the end of the year	Nil	Nil

24.17 The company does not maintain any cash and hence, the disclosure requirement with respect to Specified Bank Notes as per notification dated 30th March, 2017 issued by Ministry of Company Affairs does not apply to the company.

24.18 Previous year figures have been regrouped/ reclassified wherever necessary.

For and on behalf of board of directors of
L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Place : Mumbai
Date : May 4, 2017

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of L&T Finance Holdings Limited

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **L&T FINANCE HOLDINGS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31st March, 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (hereinafter referred to as "the consolidated financial statements").

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 (hereinafter referred to as "the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act. The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of other auditors on separate financial statements of the subsidiaries and associate referred to in the Other Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31st March, 2017, and their consolidated profit and their consolidated cash flows for the year ended on that date.

Other Matters

(a) We did not audit the financial statements of 8 subsidiaries whose financial statements/ financial information reflect total assets of ₹ 111,513.12 lakh as at March 31, 2017, total revenues of ₹ 45,176.86 lakh and net cash inflows amounting to ₹ 3,113.61 lakh for the year ended on that date, as considered in the consolidated financial statements. The consolidated financial statements also include the Group's share of net profit of ₹ 574.64 lakh for the year ended March 31, 2017, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by us. These financial statements have been audited by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries and associate, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries and associate is based solely on the reports of the other auditors.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports of the other auditors.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of the other auditors on separate financial statements of the subsidiaries and associate referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on March 31, 2017 taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies and associate company, none of the directors of the Group companies and its associate company is disqualified as on March 31, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding company, subsidiary companies and associate company. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding company's, subsidiary company's and associate company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

ii. The Group and its associate did not have any material foreseeable losses on long-term contracts including derivative contracts.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Holding Company, and its subsidiary companies and associate company.

iv. To the best of our information and according to the information and explanations given to us, we report that, except where, for reasons explained in note no. 31.17 to the consolidated financial statements, the disclosures by certain subsidiaries of the Group with regard to the Specified Bank Notes ("SBNs") were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts of those entities by their customers for which information relating to SBNs was not available with those entities were classified as "Permitted receipts/ Other Denomination Notes", the Parent Company has provided requisite disclosures in the consolidated financial statements as regards the Group entities' holding and dealings in SBNs , as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained by those entities for the purpose of preparation of the consolidated financial statements, which, as the case may be, were produced before us and the other auditors by the managements of the respective Group entities.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

For B.K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f)under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of the consolidated financial statements of the Company as of and for the year ended March 31, 2017, we have audited the internal financial controls over financial reporting of **L&T FINANCE HOLDINGS LIMITED** (hereinafter referred to as "the Holding Company") and its subsidiary companies and its associate company as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding company, its subsidiary companies and its associate company, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective Companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the internal financial controls over financial reporting of the Holding Company, its subsidiary companies and its associate company based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by other auditors of the subsidiary companies and associate company, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the internal financial controls system over financial reporting of the Holding Company, its subsidiary company and its associate company.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company;

and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us and based on the consideration of the reports of other auditors referred to in the Other Matters paragraph below, the Holding Company, its subsidiary companies and its associate company, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 8 subsidiary companies and an associate company is based solely on the corresponding reports of the auditors of such companies incorporated in India.

Our opinion is not modified in respect of the above matters.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)
Mumbai, May 4, 2017

For B.K. KHARE & CO.
Chartered Accountants
(Firm's Registration No. 105102W)

Ravi Kapoor
Partner
(Membership No. 040404)
Mumbai, May 4, 2017

CONSOLIDATED BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakh)

	Note No	As at March 31, 2017		As at March 31, 2016	
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	2	296,912.20		296,679.86	
Reserves and surplus	3	602,014.70		532,368.43	
Money received against share warrants	4	11,806.88		11,806.88	
			910,733.78		840,855.17
Minority interest			11,856.64		10,030.00
Non-current liabilities					
Long-term borrowings	5	4,323,034.62		3,703,112.74	
Deferred tax liabilities	6	238.87		171.06	
Other long term liabilities	7	73,205.64		58,297.93	
Long-term provisions	8	26,382.84		34,620.05	
			4,422,861.97		3,796,201.78
Current liabilities					
Short-term borrowings	9	1,176,409.93		669,552.90	
Current maturities of long term borrowings	5	481,660.93		788,900.16	
Trade payables:	10				
Total outstanding dues of micro enterprises and small enterprises		-		-	
Total outstanding dues of creditors other than micro enterprises and small enterprises		7,263.62		6,870.97	
Other current liabilities	11	230,278.04		237,838.30	
Short-term provisions	12	10,294.29		29,856.65	
			1,905,906.81		1,733,018.98
TOTAL			**7,251,359.20**		**6,380,105.93**
ASSETS:					
Non-current assets					
Fixed assets	13				
Tangible assets		58,046.39		66,549.66	
Intangible assets		1,049.31		826.30	
Capital work-in-progress		2,596.75		2,218.74	
Intangible assets under development		192.42		23.14	
Goodwill on consolidation		63,891.06		63,891.06	
Non-current investments	14	267,601.95		134,000.64	
Deferred tax assets	15	74,262.65		40,098.74	
Long-term loans and advances	16	58,966.95		57,121.89	
Long-term loans and advances towards financing activities	17	4,933,479.05		4,388,120.40	
Other non-current assets	18	36,435.21		31,970.09	
			5,496,521.74		4,784,820.66
Current assets					
Current investments	19	333,551.16		222,326.72	
Trade receivables	20	7,884.92		2,669.12	
Cash and bank balances	21	59,438.28		40,153.43	
Short-term loans and advances	22	7,631.21		7,506.58	
Short-term loans and advances towards financing activities	23	217,124.52		311,468.07	
Current maturities of long term loans and advances towards financing activities	17	1,014,246.42		906,949.55	
Other current assets	24	114,960.95		104,211.80	
			1,754,837.46		1,595,285.27
TOTAL			**7,251,359.20**		**6,380,105.93**
See accompanying Notes forming part of the financial statements	31				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakh)

	Note No	Year ended March 31, 2017		Year ended March 31, 2016	
INCOME:					
Revenue from operations	**25**	834,058.85		728,878.92	
Other income	**26**	23,172.16		18,190.04	
Total Income			**857,231.01**		**747,068.96**
EXPENSES:					
Finance costs	**27**	462,703.21		412,413.64	
Employee benefits expense	**28**	49,352.16		48,768.77	
Administration and other expenses	**29**	71,565.74		74,236.51	
Allowances and write offs	**30**	158,989.73		78,102.13	
Depreciation and amortisation		6,729.98		8,281.38	
Total expenses			**749,340.82**		**621,802.43**
Profit before exceptional and extraordinary items and taxes			**107,890.19**		**125,266.53**
Exceptional items			-		-
Profit before extraordinary items and taxes			**107,890.19**		**125,266.53**
Extraordinary items			-		-
Profit before tax			**107,890.19**		**125,266.53**
Tax expense:					
Current tax			39,923.15		53,339.24
MAT Credit			(2,183.30)		(2,492.67)
Deferred tax			(34,096.18)		(10,948.85)
Tax expense			**3,643.67**		**39,897.72**
Profit after tax			**104,246.52**		**85,368.81**
Add : Share in profit of associate company			574.73		300.45
Less : Share of minority interest			(602.58)		-
Profit for the year attributable to the shareholder of the Company			**104,218.67**		**85,669.26**
Earnings per equity share:	**31.2**				
Basic earnings per equity share before and after extraordinary items (₹)			5.21		3.79
Diluted earnings per equity share before and after extraordinary items (₹)			5.14		3.79
Face value per equity share (₹)			10.00		10.00
See accompanying Notes forming part of the financial statements	**31**				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit before tax	**107,890.19**	**125,266.53**
	Adjustments for:		
	Depreciation and amortisation	6,729.98	8,281.38
	(Profit)/ Loss on sale of investments (net)	(8,732.88)	(9,360.40)
	(Profit)/ Loss on sale of fixed assets (net)	1,311.89	2,295.99
	Provision for compensated absences/leave encashment	605.79	981.03
	Provision for Gratuity	213.86	310.97
	Cumulative interest on long term NCDs, payable at maturity	10,308.75	10,308.75
	Provision for diminution in value of investments	3,936.41	5,485.43
	Loss on foreclosure of loans and bad debts write offs	40,003.32	51,231.44
	Provision for non-performing assets	76,282.32	11,614.45
	Provision for advances and receivables	85.37	(45.93)
	Provision for standard assets	39,670.86	9,490.49
	Provision for restructured assets	(988.55)	326.25
	Operating profit before working capital changes	**277,317.31**	**216,186.38**
	Changes in working capital		
	(Increase)/ Decrease in trade and other receivables and advances	(41,527.78)	(14,657.67)
	Increase/ (Decrease) in trade and other payables	(17,137.38)	68,860.29
	Cash generated from operations	**218,652.15**	**270,389.00**
	Direct taxes paid	(53,167.17)	(61,078.18)
	Loans disbursed (net of repayments)	(742,098.89)	(1,130,576.05)
	Net cash flow from/(used in) operating activities (A)	**(576,613.91)**	**(921,265.23)**
B.	**Cash flow from investing activities**		
	Add : Inflow from investing activities		
	Proceeds from sale of fixed assets	3,194.83	1,299.84
	Sale of current investments	6,329,472.18	15,942,887.12
	Sale of non current investments	7,060.15	22,665.58
		6,339,727.16	15,966,852.54
	Less : Outflow from investing activities		
	Purchase of fixed assets (including capital work in progress)	3,328.50	9,220.01
	Purchase of non current investments	133,712.84	57,536.59
	Purchase of current investments	6,414,440.18	15,967,557.67
		6,551,481.52	16,034,314.27
	Net cash from/(used in) investing activities (B)	**(211,754.36)**	**(67,461.73)**

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in Lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
C.	**Cash flow from financing activities**		
	Add : Inflow from financing activities		
	Proceeds from issue of share capital including securities premium	1,149.74	9,246.59
	Proceeds from issue of preference share capital (Minority Interest)	500.00	-
	Proceeds from issue of share warrants	-	11,806.88
	Net proceeds from long term borrowings	317,030.37	884,116.56
	Net proceeds from short term borrowings	506,857.03	77,133.33
		825,537.14	**982,303.36**
	Less : Outflow from financing activities		
	Shares / Debenture issue expenses	743.94	2,947.44
	Dividend paid (including dividend distribution tax)	29,583.09	36,715.55
		30,327.03	39,662.99
	Net cash generated from/(used in) financing activities (C)	**795,210.11**	**942,640.37**
	Net cash increase / (decrease) in cash and cash equivalents (A+B+C)	6,841.84	(46,086.59)
	Cash and cash equivalents as at beginning of the year	39,816.74	85,903.33
	Cash and cash equivalents as at end of the year	**46,658.58**	**39,816.74**
	Reconciliation of Cash and Cash Equivalents		
	Closing Balance as per Balance Sheet	59,438.28	40,153.43
	Less : Deposits with original maturity for more than 3 months	12,779.70	336.69
	Cash and cash equivalents as at end of the year*	**46,658.58**	**39,816.74**

Notes:

1. Purchase of fixed assets includes movements of capital work in progress during the year.
2. Net cash used in investing activities excludes investment aggregating ₹ 28,818.97 lakh (previous period ₹ 27,688.76 lakh) acquired against claims.
3. Previous year figures have been regrouped/reclassified wherever applicable.
4. Net cash used in operating activities is determined after adjusting the following:

Interest received	742,366.37	646,921.68
Dividend received	-	766.26
Interest paid	428,915.33	403,018.70

* Includes balances in earmarked accounts ₹ 1,327.29 lakh (Previous period balance ₹ 2,439.73 lakh)

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 4, 2017

In terms of our report attached
For B. K. KHARE & CO.
Chartered Accountants
Firm's registration no. 105102W
by the hand of

Ravi Kapoor
Partner
Membership no. 040404

Place : Mumbai
Date : May 4, 2017

For and on behalf of board of directors of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN :00001698)

Dinanath Dubhashi
Managing Director & Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017

1. Significant accounting policies.

1.1 Basis of Accounting

The financial statements have been prepared in accordance with the Generally Accepted Accounting Principles in India ('Indian GAAP'), to comply with the Accounting Standards prescribed under Accounting Standards under section 133 of the Companies Act, 2013 and along with the applicable guidelines issued by Reserve Bank of India ("RBI") for Core Investment Companies (CIC) and Non Banking Finance Company (NBFC) as applicable. The financial statements have been prepared on the accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

1.2 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialize.

1.3 Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

(d) Dividend is accounted when the right to its receipt is established.

(e) Guarantee fees is recognised on pro-rata basis over the period of the guarantee.

(f) Investment management fees are recognised on an accrual basis in accordance with the Investment Management Agreement and SEBI Regulations, based on average Assets Under Management ("AUM") of L&T Mutual Fund schemes over the period of the agreement in terms of which services are performed.

(g) Portfolio management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

1.4 Tangible and Intangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

cost, related incidental expenses and attributable interest.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as " Intangible assets under development".

1.5 Depreciation and amortisationon Fixed Assets

- Depreciation/amortisation on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are lesser than or equal to the useful life as prescribed in Schedule II of the Companies Act, 2013.
- Leasehold improvements is amortized over the period of lease term.
- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.6 Investments

Investments, which are readily realizable and intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments.

Current investments are valued scrip-wise and depreciation / appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depreciation is provided for. Long-term investments are carried at cost. However, provision for diminution in value is made to recognize a decline other than temporary in the value of the investments.

Investments have been accounted as per Accounting Standard (AS) 13 on "Accounting for Investments".

1.7 Advances

Advances are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

Provision on restructured advances / corporate debt restructure advances is made at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

1.8 Borrowing Costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.9 Leases

Where the company is lessee

Finance leases, which effectively transfer to the company substantially all the risks and benefits incidental to ownership of the leased item, are capitalized at the inception of the lease term at the lower of the fair value of the leased property and present value of minimum lease payments.

Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in the statement of profit and loss.

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases.

Where the company is lessor

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the statement of profit and loss. Initial

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the statement of profit and loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the statement of profit and loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the statement of profit and loss.

1.10 Retirement and Other Employee Benefits

- ***Short Term Employee Benefits:***

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and expected cost of bonus/variable pay are recognized in the period in which the employee renders the related service.

- ***Post-Employment Benefits:***

(a) Defined Contribution Plans:

The Company's superannuation scheme, state governed provident fund scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognized during the period in which the employee renders the related services.

(b) Defined Benefit Plans:

The employee's gratuity fund scheme and provident fund scheme managed by trust are the company's defined benefit plans. Wherever applicable the present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities of a maturity period equivalent to the weighted average maturity profile of the related obligation at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans, to recognize the obligation on net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

- ***Long Term Employee Benefits:***

The obligation for long term employee benefits such as long term compensated absences is recognised as defined benefits plan.

1.11 Earnings Per Share

Basic and diluted earnings per share are computed in accordance with Accounting Standard-20 – Earnings Per Share. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.12 Foreign Currency Transactions, Forward Contracts and Derivatives

Foreign currency transactions are accounted at the exchange rates prevailing on the date of each transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Profit and Loss.

The Company has exercised the option granted under notification F.No.17/33/2008/CL-V dated

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.913(E) (F.No. 17/133/2008-CL.V) dated December 29, 2011 and is accordingly, amortising the foreign currency translation differences on long term foreign currency monetary items over the shorter of their maturity period and the balance period upto March 31, 2020. The unamortised balance as at the period end is presented as “Foreign Currency Monetary Item Translation Difference Account” on the assets side of the Balance Sheet.

Premium in respect of forward contracts is charged to statement of Profit and Loss over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

Currency interest rate swaps

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked to market. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss.

1.13 Principles of Consolidation

The consolidated financial statements relate to L&T Finance Holdings Limited (‘the Company’) and its subsidiary companies. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies are combined on a line-by-line basis by adding together the book values of like items of assets, liabilities, income and expenses, after fully eliminating intra-group balances and intra-group transactions in accordance with Accounting Standard (AS) 21 - “Consolidated Financial Statements”

b) The difference between the cost of investment in the subsidiaries, over the net assets at the time of acquisition of shares in the subsidiaries is recognised in the financial statements as Goodwill or Capital Reserve as the case may be.

c) The difference between the proceeds from disposal of investment in subsidiaries and the carrying amount of its assets less liabilities as of the date of disposal is recognised in the consolidated statement of profit and loss being the profit or loss on disposal of investment in subsidiary.

d) Investment in associate companies has been accounted under the equity method as per Accounting Standard (AS) 23“Accounting for Investments in Associates in Consolidated Financial Statements”.

e) The Company accounts for its share in change in net assets of the associates, post-acquisition, after eliminating unrealised profits and losses resulting from transactions between the Company and its associates to the extent of its share, through its statement of profit and loss account to the extent such change is attributable to the associates’ Profit and Loss account and through its reserves for the balance, based on available information.

f) The difference between the cost of investment in the associates and the share of net assets at the time of acquisition of shares in the associates is identified in the financial statements as Goodwill or Capital Reserve as the case may be.

g) As far as possible, the consolidated financial statements are prepared using uniform accounting policies for like transactions and other events in similar circumstances and are presented in the same manner as the Company’s separate financial statements.

1.14 Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

1.15 Impairment of Assets

Tangible fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

1.16 Provisions and Contingent Liabilitiesand Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

1.17 Employee Stock Compensation Cost

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of L&T Finance Holdings Limited (the holding company) to employees of the subsidiaries. The scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised with in specified period. The holding company follows the intrinsic value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

1.18 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.19 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.20 Share and Debenture issue expense

Expenses incurred on issue of share/debenture are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.21 Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share capital

(I) Share capital authorised, issued and subscribed

	As at March 31, 2017		As at March 31, 2016	
Authorised Shares	**No. of Shares**	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
Equity shares of ₹ 10 each	5,000,000,000	500,000.00	5,000,000,000	500,000.00
Preference Shares of ₹ 100 each	500,000,000	500,000.00	500,000,000	300,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each fully paid up	1,755,721,861	175,572.20	1,753,398,551	175,339.86
9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	25,000,000	25,000.00	25,000,000	25,000.00
8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	13,900,000	13,900.00	13,900,000	13,900.00
8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	12,440,000	12,440.00	12,440,000	12,440.00
8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	10,000,000	10,000.00	10,000,000	10,000.00
8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each fully paid	60,000,000	60,000.00	60,000,000	60,000.00
		296,912.20		**296,679.86**

(II) Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting year

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	1,753,398,551	175,339.86	1,720,285,900	172,028.59
Issued during the year				
- Issued under preferential basis	-	-	31,836,971	3,183.70
- Issued under ESOP	2,323,310	232.33	1,275,680	127.57
Outstanding at the end of the year	**1,755,721,861**	**175,572.20**	**1,753,398,551**	**175,339.86**

8.75% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	-	-	75,000,000	75,000.00
Issued/(Redeemed) during the year	-	-	(75,000,000)	(75,000.00)
Outstanding at the end of the year	-	-	-	-

9.00% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
At the beginning of the year	25,000,000	25,000.00	25,000,000	25,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**25,000,000**	**25,000.00**	**25,000,000**	**25,000.00**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share capital

8.40% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	13,900,000	13,900.00	13,900,000	13,900.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**13,900,000**	**13,900.00**	**13,900,000**	**13,900.00**

8.50% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	12,440,000	12,440.00	12,440,000	12,440.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**12,440,000**	**12,440.00**	**12,440,000**	**12,440.00**

8.35% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	10,000,000	10,000.00	10,000,000	10,000.00
Issued/(Redeemed) during the year	-	-	-	-
Outstanding at the end of the year	**10,000,000**	**10,000.00**	**10,000,000**	**10,000.00**

8.15% Cumulative Compulsorily Redeemable Preference Shares (CRPS) of ₹ 100 each	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	60,000,000	60,000.00	-	-
Issued/(Redeemed) during the year	-	-	60,000,000	60,000.00
Outstanding at the end of the year	**60,000,000**	**60,000.00**	**60,000,000**	**60,000.00**

(III) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(IV) Terms/rights attached to preference shares

The CRPS will not have voting rights other than in respect of matters directly affecting it. In the event any due and payable dividends remain unpaid for aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with their voting rights of the equity shareholders. The CRPS will be redeemed at the end of 3 to 5 years from the date of allotment. Provided that the tenure may be extended by a further period, not exceeding 5 days from the Proposed Tenure, which shall be notified to the Investors at the time of allotment.

(V) Shares held by holding company

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
Larsen & Toubro Limited and it's nominee				
Equity Shares of ₹ 10 each fully paid	1,169,709,304	116,970.93	1,169,709,304	116,970.93

(VI) Details of shareholders holding more than 5% shares in the company

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Larsen & Toubro Limited and it's nominee	1,169,709,304	66.62%	1,169,709,304	66.71%
Citigroup Global Markets Mauritius Private Limited	99,998,992	5.72%	99,394,992	5.67%

Preference Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**% holding**	**No. of Shares**	**% holding**
Bajaj Allianz General Insurance Company Limited	11,525,000	9.50%	11,525,000	9.50%
Pioneer Independent Trust	10,000,000	8.24%	10,000,000	8.24%

(VII) Details of shares reserved to be issued under ESOP

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	**₹ in lakh**	**No. of Shares**	**₹ in lakh**
Equity Shares of ₹ 10 each	26,611,795	2,661.18	29,658,998	2,965.90

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

3 Reserves & Surplus **(₹ in lakh)**

		As at March 31, 2017	As at March 31, 2016
(I)	**Securities premium account**		
	Balance as per last financial statements	164,088.12	146,030.21
	Addition during the year on account of issue of shares	1,085.96	20,935.32
	Less: Share issue expenses adjusted during the year	82.86	893.46
	Less: Debenture issue expenses adjusted during the year (net of tax)	432.28	1,663.03
	Less: Redemption premium on Cumulative Compulsorily Redeemable Prefrence Shares	412.59	320.92
	Closing Balance	**164,246.35**	**164,088.12**
(II)	**Debenture redemption reserve**		
	Balance as per last financial statements	44,218.53	39,407.16
	Add: Transferred from surplus in the statement of Profit and Loss	67.15	6,598.76
	Less: Transferred to General Reserve	1,855.77	1,787.39
	Closing Balance	**42,429.91**	**44,218.53**
(III)	**Reserve u/s 45-IC of RBI Act, 1934**		
	Balance as per last financial statements	114,448.87	91,741.29
	Add: Transferred from surplus in the statement of Profit and Loss	8,020.39	22,707.58
	Closing Balance	**1,22,469.26**	**114,448.87**
(IV)	**General reserves**		
	Balance as per last financial statements	1,825.61	18.14
	Add: Transferred from Debenture redemption reserve	1,855.77	1,787.39
	Add: Transferred from Employee Stock Option Outstanding Account	121.97	20.08
	Closing Balance	**3,803.35**	**1,825.61**
(V)	**Reserve u/s 36(1)(viii) of Income tax Act**		
	Balance as per last financial statements	36,462.62	25,150.00
	Add: Transferred from surplus in the statement of Profit and Loss	9,734.72	11,312.62
	Closing Balance	**46,197.34**	**36,462.62**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

3 Reserves & Surplus (Contd..) **(₹ in lakh)**

		As at March 31, 2017	As at March 31, 2016
(VI)	**Employee Stock Option Outstanding Account**		
	Balance as per last financial statements	619.92	637.11
	Addition during the year	71.92	126.29
	Less: Allotment of shares	168.56	123.40
	Less: Transferred to General Reserve	121.97	20.08
	Closing Balance	**401.31**	**619.92**
(VII)	**Capital reserve on consolidation**	**49,235.93**	**49,235.93**
(VIII)	**Reserve u/s 29C of National Housing Bank**		
	Balance as per last financial statements	2,716.29	1,555.49
	Add: Transferred from surplus in the statement of Profit and Loss	2,729.93	1,160.80
	Closing Balance	**5,446.22**	**2,716.29**
(IX)	**Unamortised loss on sale of loans**		
	Balance as per last financial statements	-	-
	Less: Adjustment during the year	16,252.55	-
	Closing Balance	**(16,252.55)**	**-**
(X)	**Surplus in the statement of Profit and Loss**		
	Balance as per last financial statements	118,752.54	111,843.49
	Add: Net profit for the year	104,218.67	85,669.26
	Less : Appropriations		
	Dividend paid for previous year	5.78	6.23
	Proposed Dividend @ ₹ 0.80 per equity share	-	14,027.19
	Dividend on Cumulative Compulsorily Redeemable Preference Shares	10,338.95	16,207.28
	Interim Dividend on Cumulative Compulsorily Redeemable Preference Shares	338.54	501.49
	Dividend Distribution Tax	6,713.05	6,238.26
	Transfer to/(from) Debenture Redemption Reserve	67.15	6,598.76
	Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	9,734.72	11,312.62
	Transfer to reserve u/s 29-C of National Housing Bank	2,729.93	1,160.80
	Transfer to reserve u/s 45-IC of RBI Act, 1934	8,020.39	22,707.58
	Share in Associates' Reserves	985.12	-
	Net surplus in the statement of profit and loss	**184,037.58**	**118,752.54**
	Total reserves and surplus	**602,014.70**	**532,368.43**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4 Money received against share warrants (₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares Warrants	₹ in lakh	No. of Shares Warrants	₹ in lakh
Money received against share warrants	63,820,990	11,806.88	63,820,990	11,806.88
Closing Balance	**63,820,990**	**11,806.88**	**63,820,990**	**11,806.88**

Money received against share warrants represents amounts received towards warrants which entitles the warrant holders, the option to apply for and be allotted equivalent number of equity shares of the face value of ₹ 10 each

During the previous year, the Company issued 6,38,20,990 share warrants at a price of ₹ 74 each to BC Asia Growth Investments VI on a preferential basis, having option to apply for and be allotted an equivalent number of equity shares of a face value of ₹ 10 each at a premium of ₹ 64 each determined in accordance with Regulation 76 of SEBI (Issue of Capital & Disclosure Requirements) Regulations, 2009 ("SEBI ICDR Regulations"). The holder of the warrants has paid upfront 25% of the price per warrant (i.e ₹ 18.50 per warrant); the balance can be exercised within 18 months.

5 Long term borrowings

	As at March 31, 2017		As at March 31, 2016	
	Non current portion	Current maturities	Non current portion	Current maturities
(I) Secured				
Redeemable non convertible debentures	1,752,940.18	399,581.10	1,376,300.94	468,672.55
Less : Buy Back	(1,890.23)	-	(1,615.64)	-
Term loans				
- From banks	1,213,407.67	58,367.33	1,164,668.00	300,351.11
- Foreign currency loan	-	16,212.50	16,563.75	19,876.50
Demand loan/Line of Credit	192,000.00	-	85.69	-
Total I	**3,156,457.62**	**474,160.93**	**2,556,002.74**	**788,900.16**
(II) Unsecured				
Redeemable non convertible debentures	303,150.00	7,500.00	225,150.00	-
Term loans				
- From banks	-	-	-	-
Perpetual debt	53,000.00	-	58,000.00	-
Cash credit/Line of Credit	810,427.00	-	863,960.00	-
Total II	**1,166,577.00**	**7,500.00**	**1,147,110.00**	**-**
Total Long Term Borrowings (I + II)	**4,323,034.62**	**481,660.93**	**3,703,112.74**	**788,900.16**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

5.(I).(i) Security: The Debentures are secured by way of first/second charge, having pari passu rights, as the case may be, on the company's specified immovable properties and specified Lease/Term Loan receivables.

5. (I).(ii) During the year, the Company has bought back and extinguished ₹ 7,42,307 (Previous year NIL) nos. of debentures of ₹ 1,000 each aggregating to 7,423.07 (Previous year NIL). Apart from this, the Company has bought back and is holding 27,459 nos. (Previous year 45,773 nos.) debentures of ₹ 1000 each aggregating to ₹ 274.59 Lakhs (Previous year ₹ 457.73 Lakhs) as on March 31, 2017, pending extinguishment / re-issue of the same.

5.(I).(iii) Utilisation of Proceeds: The funds raised through the above issues have been utilized for the Company's financing activities, repayment of existing loans and for its business operations including capital expenditure and working capital requirements.

5.(I).(iv) Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

6 Deferred tax liabilities

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax liabilities in the statement of Profit & Loss on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	238.87	171.06
Deferred tax liabilities	**238.87**	**171.06**

7 Other long term liabilities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on debentures	66,405.15	48,594.10
Long term obligations	390.48	1,693.04
Security deposits and margin money received	1,348.50	3,066.77
Deferred income on loan processing and assignments	4,453.20	4,711.07
Construction finance - Debt Service Reserve amount and interest payable thereon	452.78	91.43
Others	155.53	141.52
Total other long term liabilities	**73,205.64**	**58,297.93**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

8 Long term provisions **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
Contingent provision against standard assets		18,680.34		15,675.13
Interest capitalised on restructured assets		7,546.92		17,988.06
For Employee benefits				
- Gratuity	155.58		381.35	
- Leave Encashment	-	155.58	-	381.35
Others		-		575.51
Total long term provisions		**26,382.84**		**34,620.05**

9 Short term borrowings **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
(I) Secured				
Term loans				
- from banks		1,444.47		-
Bank overdraft/ Cash Credit		8,079.11		43,262.11
Working capital demand loan		-		7,900.00
Total I		9,523.58		51,162.11
(II) Unsecured				
Commercial papers	1,136,064.66		617,400.00	
Less : Unexpired discounting charge	20,611.23	1,115,453.43	14,057.80	603,342.20
Loans and advances from related parties (ICDs)		760.00		3,557.00
Bank overdraft/ Cash Credit		10,672.92		11,491.59
Intercorporate Borrowings		40,000.00		-
Total II		**1,166,886.35**		**618,390.79**
Total short term borrowings Total (I + II)		**1,176,409.93**		**669,552.90**

10 Trade payable **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
- Dues to Micro and Small Enterprises	-	-
- Others	7,263.62	6,870.97
Total trade payable	**7,263.62**	**6,870.97**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

11 Other current liabilities **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on borrowings	132,186.88	119,461.05
Deferred income on loan processing and assignments	1,962.10	3,022.58
Security deposits and cash margin money received	1,084.14	1,248.04
Short term obligations	1,319.73	15,846.29
Statutory dues	4,559.48	3,917.03
Advance from customers	29,298.24	14,504.39
Trade payable for capital goods	13.16	11.79
Unclaimed infrastructure bond application money	71.70	73.86
Unclaimed dividend	168.33	699.33
Unclaimed interest on debentures	1,087.26	1,666.54
Bank book credit balance	26,748.44	55,734.97
Accrued expenses	15,878.44	11,042.47
Gratuity contribution payable to fund	319.33	56.67
Other liabilities	15,580.81	10,553.29
Total other current liabilities	**230,278.04**	**237,838.30**

12 Short term provisions **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
Contingent provision against standard assets		4,932.40		7,306.68
For Employee benefits				
- Gratuity	211.65		465.58	
- Leave Encashment	1,907.42		2,646.71	
- Others	70.50	2,189.57	97.91	3,210.20
Provision for tax		1,041.85		5,301.57
Proposed Dividend Nil (Previous Year ₹ 0.80) per equity share (Refer Note 31.12)		-		14,027.19
Proposed Dividend on Cumulative Compulsorily Redeemable Preference Shares		-		-
Dividend Distribution Tax		2,104.46		-
Others		26.01		11.01
Total short term provisions		**10,294.29**		**29,856.65**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Notes 13 : Fixed Assets

(₹ in lakh)

Particulars	Gross Block					Accumulated Depreciation					Net Block
	As at 1-Apr-16	Additions	Consol Adjustments	Sale / Adjustment	As at 31-Mar-17	Upto 1-Apr-16	For the period	Deductions	Consol Adjustments	Upto 31-Mar-17	As at 31-Mar-17
Tangible Assets											
Owned Assets											
Land - freehold	15,880.11	-	-	-	15,880.11	-	-	-	-	-	15,880.11
	(15,880.11)	-	-	-	(15,880.11)	-	-	-	-	-	(15,880.11)
Buildings	24,171.11	1,540.01	(1,083.98)	366.37	24,260.77	983.43	367.45	23.31	-	1,327.57	22,933.20
	(11,190.09)	(12,981.02)	-	-	(24,171.11)	(857.62)	(125.81)	-	-	(983.43)	(23,187.68)
Office Equipment	3,053.73	128.59	-	198.67	2,983.65	1,986.02	312.87	175.64	-	2,123.25	860.40
	(2,310.00)	(757.56)	-	(13.83)	(3,053.73)	(1,715.09)	(281.80)	(10.87)	-	(1,986.02)	(1,067.71)
Plant and Machinery	-	39.05	-	-	39.05	-	0.62	-	-	0.62	38.43
	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	2,749.30	133.58	-	203.88	2,679.00	1,458.68	269.09	166.57	-	1,561.20	1,117.80
	(2,103.24)	(685.19)	-	(39.13)	(2,749.30)	(1,248.43)	(246.22)	(35.97)	-	(1,458.68)	(1,290.62)
Leasehold Renovation	4,001.44	404.15	-	293.66	4,111.93	2,583.69	561.13	237.17	-	2,907.65	1,204.28
	(3,826.32)	(498.17)	-	(323.05)	(4,001.44)	(2,308.71)	(598.03)	(323.05)	-	(2,583.69)	(1,417.75)
Computers	8,614.91	433.77	-	672.18	8,376.50	6,746.44	948.54	673.21	-	7,021.77	1,354.73
	(7,776.18)	(846.24)	-	(7.51)	(8,614.91)	(5,613.61)	(1,138.26)	(5.43)	-	(6,746.44)	(1,868.47)
Motor car	72.15	-	-	34.41	37.74	59.30	1.16	30.77	-	29.69	8.05
	(72.15)	-	-	-	(72.15)	(51.55)	(7.75)	-	-	(59.30)	(12.85)
Electrical and Installation	2,711.11	-	-	-	2,711.11	42.94	257.55	-	-	300.49	2,410.62
	-	(2,711.11)	-	-	(2,711.11)	-	(42.94)	-	-	(42.94)	(2,668.17)
Owned Assets Leased out											
Plant and Machinery	9,938.90	93.00	-	2,349.50	7,682.40	4,582.61	847.51	1,101.11	-	4,329.01	3,353.39
	(9,457.16)	(578.86)	-	(97.12)	(9,938.90)	(3,653.59)	(1,005.11)	(76.09)	-	(4,582.61)	(5,356.29)
Office Equipment	185.70	-	-	3.97	181.73	104.68	35.17	3.57	-	136.28	45.45
	(271.76)	-	-	(86.06)	(185.70)	(80.17)	(43.88)	(19.37)	-	(104.68)	(81.02)
Furniture and fixtures	1,816.78	-	-	44.44	1,772.34	784.54	212.20	19.64	-	977.10	795.24
	(1,854.54)	(392.08)	-	(429.84)	(1,816.78)	(591.33)	(215.91)	(22.70)	-	(784.54)	(1,032.24)
Motor car	16,861.94	182.68	-	6,007.75	11,036.87	6,661.71	1,901.00	3,401.59	-	5,161.12	5,875.75
	(20,471.98)	(2,489.14)	-	(6,099.18)	(16,861.94)	(7,019.16)	(2,648.94)	(3,006.39)	-	(6,661.71)	(10,200.23)
Vehicles	904.80	-	-	891.95	12.85	764.54	50.34	802.03	-	12.85	-
	(904.80)	-	-	-	(904.80)	(636.17)	(128.37)	-	-	(764.54)	(140.26)
Computers	3,628.41	-	-	157.44	3,470.97	3,369.59	69.61	133.41	-	3,305.79	165.18
	(3,436.80)	(191.61)	-	-	(3,628.41)	(2,712.18)	(657.41)	-	-	(3,369.59)	(258.82)
(A)	**94,590.39**	**2,954.83**	**(1,083.98)**	**11,224.22**	**85,237.02**	**30,128.17**	**5,834.24**	**6,768.02**	**-**	**29,194.39**	**56,042.63**
	(79,555.13)	(22,130.98)	-	(7,095.72)	(94,590.39)	(26,487.61)	(7,140.43)	(3,499.87)	-	(30,128.17)	(64,462.22)
Assets held for sale											
Land	81.61	-	-	-	81.61	-	-	-	-	-	81.61
	(81.61)	-	-	-	(81.61)	-	-	-	-	-	(81.61)
Building	2,096.99	-	-	-	2,096.99	91.16	33.24	-	-	124.40	1,972.59
	-	(2,096.99)	-	-	(2,096.99)	-	(91.16)	-	-	(91.16)	(2,005.83)
Less: provision for loss on sale											(50.44)
(B)	**2178.60**	**-**	**-**	**-**	**2,178.60**	**91.16**	**33.24**	**-**	**-**	**124.40**	**2,003.76**
	(81.61)	(2,096.99)	-	-	(2,178.60)	-	(91.16)	-	-	(91.16)	(2,087.44)
Intangible Assets											
Owned Assets											
Specialised software	7,725.52	1,085.51	-	5.38	8,805.65	6,899.22	862.50	5.38	-	7,756.34	1,049.31
	(7,192.39)	(533.13)	-	-	(7,725.52)	(5,849.43)	(1,049.79)	-	-	(6,899.22)	(826.30)
(C)	**7,725.52**	**1,085.51**	**-**	**5.38**	**8,805.65**	**6,899.22**	**862.50**	**5.38**	**-**	**7,756.34**	**1,049.31**
	(7,192.39)	(533.13)	-	-	(7,725.52)	(5,849.43)	(1,049.79)	-	-	(6,899.22)	(826.30)
Total (A) + (B) + (C)	**104,494.51**	**4,040.34**	**(1,083.98)**	**11,229.60**	**96,221.27**	**37,118.55**	**6,729.98**	**6,773.40**	**-**	**37,075.13**	**59,095.70**
Previous year	(86,829.13)	(24,761.10)	-	(7,095.72)	(104,494.51)	(32,337.04)	(8,281.38)	(3,499.87)	-	(37,118.55)	

* Previous year figures are shown in brackets

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

14 Non current investments (₹ in lakh)

		As at March 31, 2017		As at March 31, 2016	
		No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
14.(I)	**Trade Investments (valued at cost unless stated otherwise)**				
	Unquoted equity instruments				
	Investment in Associates				
	Feedback Infra Private Ltd. (see note below)	3,790,000	4,340.73	3,790,000	4,751.12
	(Equity Shares of ₹ 100 each fully paid)				
	Grameen Capital India Limited	2,126,000	212.60	2,126,000	212.60
	(Equity Shares of ₹ 10 each fully paid)				
	Total (A)		**4,553.33**		**4,963.72**

Note: Includes Goodwill on acquisition of ₹ 1,847.51 lakh (previous year: ₹1,847.51 lakh) and post acquisition share of profit of ₹ 550.73 lakh (previous year: ₹ 961.12 lakh)

14.(II)	**Other Investments (valued at cost unless stated otherwise)**				
	A) Quoted instruments				
	Investment in equity				
	Integrated Digital Info Services Limited	383,334	11.73	383,334	11.73
	(Equity Shares of ₹ 10 each fully paid)				
	Elque Polyesters Limited	194,300	19.43	194,300	19.43
	(Equity Shares of ₹ 10 each fully paid)				
	Monnet Industries Limited	5,640	2.26	5,640	2.26
	(Equity Shares of ₹ 10 each fully paid)				
	Monnet Ispat And Energy Limited	3,008	0.75	3,008	0.75
	(Equity Shares of ₹ 10 each fully paid)				
	Monnet Project Developers Limited	11,280	4.51	11,280	4.51
	(Equity Shares of ₹ 10 each fully paid)				
	Jaypee Infratech Limited	3,785,221	1,331.01	3,785,221	1,331.01
	(Equity Shares of ₹ 10 each fully paid)				
	Investment in Debentures				
	IDFC Ltd	-	-	400	4,683.98
	(Debentures of ₹ 1,000,000 each)				
	B) Unquoted instruments				
	Investment in equity				
	Invent Assets Securitisation & Reconstruction Private Limited	7,100,000	1,597.50	7,100,000	1,597.50
	(Equity Shares of ₹ 10 each fully paid)				
	Alpha Micro Finance Consultants Private Limited	200,000	20.00	200,000	20.00
	(Equity Shares of ₹ 10 each fully paid)				

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

14 Non current investments (₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Metropoli Overseas Limited	99,400	14.91	99,400	14.91
(Equity Shares of ₹ 10 each fully paid)				
Anil Chemicals and Industries Limited	40,000	8.00	40,000	8.00
(Equity Shares of ₹ 10 each fully paid)				
Tikona Digital Networks Private Limited	605	17.18	605	17.18
(Equity Shares of ₹ 2840 each fully paid)				
Bhoruka Power Corporation Limited	100	0.85	100	0.85
(Equity Shares of ₹ 100 each fully paid)				
Bhoruka Power India Investments Private Limited	10	0.02	10	0.02
(Equity Shares of ₹ 10 each fully paid)				
The Kalyan Janatha Sahakari Bank Limited (Equity Shares of ₹ 25 each fully paid)	20,000	5.00	20,000	5.00
The Malad Sahakari Bank Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	100	0.01
Mission Holdings Private Limited (Equity Shares of ₹ 10 each fully paid)	100	0.01	100	0.01
Soma Tollways Private Limited (Equity Shares of ₹ 10 each fully paid)	6,413,216	32,910.30	4,449,987	22,855.50
Indian Highways Management Company Limited (Equity Shares of ₹ 10 each fully paid)	1,500,000	150.00	1,500,000	150.00
MF Utilities India Private Limited	500,000	5.00	500,000	5.00
(Equity Shares of ₹ 10 each fully paid)				
Investments in units of fund				
LICHFL Urban Development Fund	10,000	728.74	10,000	784.83
L&T Infra Investments Partner Fund	23,652,361	23,643.36	18,829,428	18,820.43
Investments in Debentures				
Indian Overseas Bank	4,249	42,490.00	-	-
3I Infotech Limited	3,896,954	194.85	-	-
Punjab National Bank	5,000	50,000.00	-	-
Compulsory Convertible Debentures				
Tikona Digital Networks Private Limited (Debentures of ₹ 2,840 each fully paid)	579,772	16,465.52	579,772	16,465.52
Bhoruka Power Corporation Limited (Debentures of ₹ 100,000 each fully paid)	25,771	25,771.00	25,771	25,771.00
Multiple option exchangeable debentures				
Mission Holdings Private Limited (Debentures of ₹ 100,000 each fully paid)	5,500	5,500.00	5,500	5,500.00

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

14 Non current investments **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Investments in Optional Convertible Preference Shares				
Grameen Capital India Limited	3,874,000	387.40	3,874,000	387.40
(Preference Shares of ₹ 10 each fully paid)				
Investments in Cumulative Redeemable Preference Shares				
Anrak Aluminium Limited	-	-	62,500,000	6,250.00
(10% Preference Shares of ₹ 10 each fully paid)				
SKS Ispat Power Limited	9,773,621	922.18	9,773,621	922.18
(Preference Shares of ₹ 10 each fully paid)				
Others				
Investment in Units				
Security receipt				
KKR India debt Opportunities Fund II	8,75,000	8,750.00		-
KKR India debt Opportunities Fund III	1,78,249	1,782.49		2,500.00
Security Receipt				
Phoenix ARC Private Limited	12,50,773	12,000.67		12,093.31
EARC Trust - SC 105 Trust	11,90,000	11,617.55	11,90,000	11,617.55
EARC Trust - SC 132 Trust	8,500	85.00	8,500	85.00
EARC Trust - SC 258 Trust	32,30,000	32,300.00		-
Series I - JMFARC-IRIS December 2016 - Trust	6,885	68.85		-
Sponseror's contribution to trustee		0.10		0.10
Investments in open ended Mutual Funds		1,382.00		1,332.00
LTFL Securitisation Trust 2002		0.01		0.01
12% National Saving Certificate 2002		0.04		0.04
(Deposited as security with sales tax authorities)				
Total (B)		**270,188.23**		**133,257.02**
(A + B)		274,741.56		138,220.75
Less : Provision for diminution in the value of Investments		7,139.61		4,220.11
Total non current investments		**267,601.95**		**134,000.64**
Note:				
Aggregate amount of quoted investments		1,369.69		6,053.67
Aggregate market value of quoted Investments		397.45		4,998.15
Aggregate amount of unquoted investments		273,371.87		132,167.08

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

15 Deferred tax assets **(₹ in lakh)**

In compliance with the Accounting Standard (AS) 22 on 'Accounting for Taxes on Income' the Company has provided for deferred tax assets in the Statement of Profit and Loss on account of timing differences. The major components of deferred tax assets and liabilities arising on account of timing differences are:

	As at March 31, 2017	As at March 31, 2016
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	1,766.21	686.36
Amount transferred to Special Reserve	2,101.57	1,353.26
Other item giving rise to timing difference	1,203.65	-
	5,071.43	**2,039.62**
Deferred tax assets		
Provision for NPA/ interest receivable	63,523.93	33,298.02
Provision on Standard Assets	9,890.74	1,291.99
Difference between book depreciation and tax depreciation	1.09	4,508.83
Provision for leave encashment	461.07	217.80
Unpaid statutory liabilities	-	363.08
Unabsorbed losses	2,731.37	1,011.47
Other item giving rise to timing difference	2,725.88	1,447.17
	79,334.08	**42,138.36**
Net deferred tax assets	**74,262.65**	**40,098.74**

16 Long term loans and advances **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
Unsecured (Considered good)		
Capital Advances	291.03	466.18
Advance taxes (net)	44,035.20	34,801.13
MAT Credit Entitlement	6,922.67	4,760.36
Advances recoverable in cash or in kind or for value to be received	2,385.43	11,567.49
Security Deposit	5,332.62	5,526.73
Total long term loans and advances	**58,966.95**	**57,121.89**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

17 Long term loans and advances towards financing activities **(₹ in lakh)**

	As at March 31, 2017		As at March 31, 2016	
	Non current portion #	**Current maturities**	**Non current portion#**	**Current maturities**
(I) Secured				
Term loans	4,378,426.25	684,510.51	3,802,000.21	756,680.13
Finance Lease	4,436.09	2,513.17	3,245.77	4,547.82
Debentures	462,303.91	33,453.11	403,725.28	12,372.92
Less : Allowances for non-performing assets	131,782.43	-	54,728.48	-
Less: Provision on Restructured Assets	9,746.31	-	12,622.10	-
Less : Allowances for standard assets	44,714.42	-	4,910.83	-
Total I	**4,658,923.09**	**720,476.79**	**4,136,709.85**	**773,600.87**
(II) Unsecured				
Term loans	224,031.75	293,139.63	223,519.12	131,526.17
Debentures	53,500.00	630.00	31,000.00	1,822.51
	277,531.75	**293,769.63**	**254,519.12**	**133,348.68**
Less : Allowances for non-performing assets	2,975.79	-	3,108.57	-
Total II	**274,555.96**	**293,769.63**	**251,410.55**	**133,348.68**
Total long term loans and advances towards financing activities Total (I + II)	**4,933,479.05**	**1,014,246.42**	**4,388,120.40**	**906,949.55**

#Borrower wise loans and advances towards financing activity under the NPA category has been treated as non - current.

18 Other non current assets **(₹ in lakh)**

	As at March 31, 2017	As at March 31, 2016
Unamortised loss on sale of NPAs	10.27	-
Accrued interest/premium on debentures and loans	33,696.60	31,941.55
Others	2,728.34	28.54
Total other non current assets	**36,435.21**	**31,970.09**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

19 Current investments (₹ in lakh)

Non-trade Investments (valued at cost unless stated otherwise)	As at March 31, 2017 No. of units	As at March 31, 2017 ₹ in Lakh	As at March 31, 2016 No. of units	As at March 31, 2016 ₹ in Lakh
Investment in Equity shares				
Quoted instruments				
C&C Construction Limited	-	-	2,578,789	386.82
(Equity Shares of ₹ 10 each fully paid)				
B.L. Kashyap & Sons Limited	-	-	531,910	27.93
(Equity Shares of ₹ 1 each fully paid)				
Shiv-Vani Oil & Gas Exploration Services Limited	3,437,172	701.23	1,940,514	460.87
(Equity Shares of ₹ 10 each fully paid)				
Bhushan Steel Limited	1,023,392	700.00	1,023,392	700.00
(Equity Shares of ₹ 10 each fully paid)				
Glodyne Technoserve Limited	319,262	22.67	319,262	22.67
(Equity Shares of ₹ 6 each fully paid)				
Jaihind Projects Limited	150,000	8.63	-	-
(Equity Shares of ₹ 10 each fully paid)				
Diamond Power Infrastructure Limited	2,889,921	1,192.96	-	-
(Equity Shares of ₹ 10 each fully paid)				
Warasgaon Lakeview Hotels Ltd	63,849	572.00	-	-
(Equity Shares of ₹ 10 each fully paid)				
Sew Vizag Coal Terminal Private Limited	703,833	70.10	-	-
(Equity Shares of ₹ 10 each fully paid)				
Gol Offshore Limited	11,344,315	4,969.94	-	-
(Equity Shares of ₹ 10 each fully paid)				
Government of India securities				
7.50% Government of India Stock 2034	14,000	14.17	14,000	14.17
6.13% Government of India Stock 2028	40,000	38.22	40,000	38.22
Investment in Debenture/Bonds:				
IDFC Bank Limited	400	4,683.98	-	-
IFMR Capital Mosec Azeroth	59,86,64,559	2,920.85	-	-
Zlatan IFMR Capital 2016	1,23,39,58,721	8,345.61	-	-
Bajaj Finance Limited	1,000	10,082.36	-	-
Madhya Pradesh Uday Bond	14,13,000	1,413.00	-	-
Tamil Nadu Uday Bond	1,00,00,000	10,090.16	-	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

19 Current investments (₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Non-trade Investments (valued at cost unless stated otherwise)	**No. of units**	**₹ in Lakh**	**No. of units**	**₹ in Lakh**
Telangana Uday Bond	1,30,19,000	13,032.22	-	-
Piramal Finance Limited	3,900	39,000.00	-	-
TATA AIG General Insurance Co Ltd	1,530	15,300.00	-	-
U. P. Power Corporation Ltd	2,940	29,400.00	-	-
Frey IFMR capital	16,674,322	172.35	-	-
Zion IFMR capital	19,237,467	599.35	-	-
Goldstein IFMR Capital	857,170	384.04	-	-
Libertas IFMR Capital	3,519,752	36.03	-	-
Martell IFMR Capital	35,504,403	725.86	-	-
Mjolnir IFMR Capital	7,330,422	152.26	-	-
Napoleon IFMR Capital	52,118,415	543.53	-	-
Smith IFMR Capital	12,096,782	507.60	-	-
Syme IFMR Capital	14,210,515	148.24	-	-
Fubelt IFMR Capital	80,878,031	842.84	-	-
Moses IFMR Capital	2,250,000	23.77	-	-
Oracle IFMR Capital	261,793	528.81	-	-
Sentinel IFMR capital	887,538	174.79	-	-
Indian Overseas Bank (Perpetual Bond)	-	-	4,249	42,490.00
(Face value of ₹ 1,000,000 each fully paid)				
10% Sew Vizag Coal Terminal Private Limited (CCD)	4,091,423	407.51	-	-
(Debentures of ₹ 1,000,000 each)				
Dewan Housing Finance Limited (Perpetual Bond)	290	2,900.00	-	-
(Debentures of ₹ 1,000,000 each)				
Unquoted instruments				
Investment in Equity shares				
ICOMM Tele Limited	41,667	50.00	41,667	50.00
(Equity Shares of ₹ 10 each fully paid)				
VMC Systems Limited	907,264	1,930.94	907,264	1,930.94
(Equity Shares of ₹ 10 each fully paid)				
Saumya Mining Limited	1,077,986	517.64	1,077,986	517.64
(Equity Shares of ₹ 10 each fully paid)				

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

19 Current investments **(₹ in lakh)**

Non-trade Investments (valued at cost unless stated otherwise)	As at March 31, 2017 No. of units	As at March 31, 2017 ₹ in Lakh	As at March 31, 2016 No. of units	As at March 31, 2016 ₹ in Lakh
Coastal Projects Limited	7,896,884	2,209.58	7,896,884	2,209.58
(Equity Shares of ₹ 10 each fully paid)				
Hanjer Biotech Energies Private Limited	208,716	944.31	208,716	944.31
(Equity Shares of ₹ 10 each fully paid)				
Soma Enterprises Limited	2,946,155	8,450.85	68,159	72.62
(Equity Shares of ₹ 10 each fully paid)				
Unity Infra Project	694,370	191.09	694,370	191.09
(Equity Shares of ₹ 2 each fully paid)				
Mediciti Healthcare Services Private Limited	1,635,003	50.00	1,635,003	50.00
(Equity Shares of ₹ 10 each fully paid)				
Monnet Ispat & Energy Limited	1,798,245	615.00	1,798,245	615.00
(Equity Shares of ₹ 10 each fully paid)				
3I Infotech Limited	3,896,954	242.64	-	-
(Equity Shares of ₹ 10 each fully paid)				
Investment in Debentures				
Jindal Steel & Power Limited	-	-	150	1,483.61
(Debentures of ₹ 1,000,000 each)				
Share Application Money pending allotment				
Shiv-Vani Oil & Gas Exploration Services Limited	-	-	-	3,347.35
NSL Tidong Power Generation Private Limited	-	6,277.23	-	-
Investment in Mutual Funds		169,644.83		174,035.04
		341,829.20		229,587.86
Less : Provision for diminution in the value of Investments		8,278.04		7,261.14
Total current investments		**333,551.16**		**222,326.72**
Note:				
Aggregate amount of quoted investments		8,237.54		1,598.29
Aggregate market value of quoted investments		4,911.65		2,088.02
Aggregate amount of unquoted investments		333,591.66		227,989.57

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

20 Trade receivable

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Secured				
Considered good				
Debts outstanding for a period exceeding six months	9.28		-	
Other	951.21	960.49	593.14	593.14
Unsecured				
Considered good				
Debts outstanding for a period exceeding six months	3,964.17		169.56	
Other	3,097.11		2,008.34	
Less: Allowance for bad and doubtful debts	(136.85)	6,924.43	(101.92)	2,075.98
Total trade receivable		**7,884.92**		**2,669.12**

21 Cash and bank balances

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Cash and cash equivalents		
Balance with Banks		
In Current Account	38,827.44	30,536.23
In Deposit account	369.68	2,549.88
(Deposits with original maturity of less than three months)		
Cash on hand	6,134.17	3,098.87
Cheques on hand	-	1,192.03
Other balances		
In earmarked accounts		
- unclaimed dividend on equity shares	94.71	73.58
- unclaimed redemption proceeds and dividend on preference shares	73.62	625.75
- unclaimed infrastructure bonds application money	71.70	73.86
- unclaimed interest on infrastructure bonds	1,087.26	1,666.54
Deposits with original maturity for more than 3 months but less than 12 months	12,779.25	329.43
Deposits with original maturity for more than 12 months	0.45	7.26
Total cash and bank balances	**59,438.28**	**40,153.43**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

22 Short term loans and advances

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Advances recoverable in cash or in kind or for value to be received (net of provision)	7,595.31	7,358.09
Security deposit	10.79	148.49
Gratuity Deposit	25.11	-
	7,631.21	**7,506.58**

23 Short term loans and advances towards financing activities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
(I) Secured		
Term loans	816.40	5,886.74
Total I	**816.40**	**5,886.74**
(II) Unsecured		
Term loans	216,308.12	305,581.33
Total II	**216,308.12**	**305,581.33**
Total short term loans and advances towards financing activities Total (I + II)	**217,124.52**	**311,468.07**

24 Other current assets

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
Accrued interest and other receivable	91,294.26	86,129.99
Accrual of Fee Income	16.11	170.56
Unamortised loss on sale of NPAs	16,252.55	5,576.92
Less: Provision for unamortised loss on sale of loans to ARC	(16,252.55)	-
Assets acquired in settlement of claims	17,443.34	7,895.24
Others	6,207.24	4,439.09
Total other current assets	**114,960.95**	**104,211.80**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

25 Revenue from operations **(₹ in lakh)**

	Year ended March 31, 2017	Year ended March 31, 2016
Interest on Term Loans and other financing activity (net of reversal)	749,285.69	660,467.18
Lease	6,281.35	8,742.92
Bill Discounting	10,568.76	12,532.05
Dividend Income on Preference Shares	-	362.65
Other Income from Preference Shares	3,015.48	3,300.66
Financial Advisory Fees	21,599.38	9,789.54
Investment Management Fees	34,594.35	24,518.99
Commission and Brokerage	4,108.49	3,201.23
Gain/(Loss) on loan sell down	1,226.71	1,196.50
Other operational income	3,378.64	4,767.20
Total revenue from operations	**834,058.85**	**728,878.92**

26 Other Income **(₹ in lakh)**

	Year ended March 31, 2017		Year ended March 31, 2016	
Income from investments (Trade)				
- Interest and dividend on investments	10,365.83		5,746.43	
- Profit on sale / redemption of investments	8,732.88	19,098.71	9,360.40	15,106.83
Profit on sale of fixed assets		167.67		6.57
Others		3,905.78		3,076.64
Total other Income		**23,172.16**		**18,190.04**

27 Finance cost **(₹ in lakh)**

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expenses	459,452.21	410,164.08
Other borrowing cost	2,851.03	2,249.56
Total finance cost	**462,703.21**	**412,413.64**

28 Employee benefits expense **(₹ in lakh)**

	Year ended March 31, 2017		Year ended March 31, 2016	
Salaries		44,555.70		42,841.16
Contribution to and provision for:				
Provident fund and Pension fund	1,882.88		1,853.21	
Gratuity fund	508.67		953.00	
Superannuation fund	213.86		310.97	
Compensated absences/ leave encashment	605.79	3,211.20	981.03	4,098.21
Expenses on ESOP		72.55		132.61
Welfare and other expenses		1,512.71		1,696.79
Total employee benefits expense		**49,352.16**		**48,768.77**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

29 Administration and other expenses **(₹ in lakh)**

		Year ended March 31, 2017		Year ended March 31, 2016
Travelling and conveyance		2,535.11		3,440.55
Printing and stationery		913.61		1,018.57
Telephone and postage		1,642.61		2,441.61
Directors' Sitting fees		119.97		99.76
Non Executive Directors Remunerations		446.32		217.42
Brokerage and service charges		5,425.76		8,812.93
Stamping charges		2,655.38		168.31
Advertising and publicity		229.63		1,277.83
Repairs and maintenance		5,870.63		4,454.25
Rent		3,799.78		4,662.24
Rates and taxes		922.88		857.78
Electricity charges		586.73		843.63
Property Maintenance		53.48		80.18
Insurance		140.31		139.90
Auditors remuneration				
Audit fees	106.56		131.72	
Tax audit fees	18.37		13.51	
Limited Review	76.08		47.25	
Certification	90.67		24.36	
Expenses reimbursed	8.64	300.32	16.49	233.33
Professional fees		17,768.00		17,435.56
Bank Charges		832.80		928.57
Filling fees		47.64		34.15
Loss on sale of fixed assets		1,479.56		2,302.56
Membership and subscription		353.55		346.70
Brand license fees		1,653.82		3,807.73
Corporate social responsibilities		1,127.14		1,885.53
Mutual fund scheme expenses		19,384.65		12,932.39
PMS business promotion and distribution expenses		1,704.53		910.27
Miscellaneous expenses		1,571.53		4,904.76
Total administration and other expenses		**71,565.74**		**74,236.51**

30 Allowances and written offs **(₹ in lakh)**

	Year ended March 31, 2017	Year ended March 31, 2016
Provision for standard assets	39,670.86	9,490.49
Provision for non-performing assets	76,282.32	11,614.45
Provision for restructured assets	(988.55)	326.25
Provision for diminution in value of investments	3,936.41	5,485.43
Provision for advances and receivables	85.37	(45.93)
Loss on foreclosure of loans (net)	21,622.22	24,030.59
Bad debts written off	18,381.10	27,200.85
Total allowances and written offs	**158,989.73**	**78,102.13**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

NOTE NO. – 31 : Notes on financial statements

31.1 Basis of preparation:

a) The Consolidated Financial Statement (CFS) are prepared in accordance with Accounting Standard (AS) 21 “Consolidated Financial Statement”, Accounting Standard (AS) 23“Accounting for investment in Associates in Consolidated Financial Statement” as notified under 133 of the Companies Act, 2013 read with Rule 7 of the Companies (Accounts) Rules, 2014. The CFS comprises the financial statements of L&T Finance Holdings Limited, its subsidiaries and associates. Reference in these notes to L&T Finance Holdings Limited, Company, Companies or Group shall mean to include L&T Finance Holdings Limited or any of its subsidiaries and associates, unless otherwise stated.

b) The notes and significant policies to the CFS are intended to serve as a guide for better understanding of the Group’s position. In this respect, the Company has disclosed such notes and policies which represent the required disclosure.

31.2 The list of subsidiaries and associates included in the consolidated financial statement are as under:

Sr. No.	Name of subsidiary/ associate company	Country of Incorporation	As at March 31, 2017		As at March 31, 2016	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
1	L& T Finance Limited *	India			100	100
2	L&T Infrastructure Finance Company Limited	India	100	100	100	100
3	L&T Fincorp Limited *	India			100	100
4	L&T Investment Management Limited	India	100	100	100	100
5	L&T Mutual Fund Trustee Limited	India	100	100	100	100
6	L&T Access Distribution Services Limited	India	100	100	100	100
7	L &T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	India	100	100	100	100
8	L & T Infra Investment Partners Advisory Private Limited	India	100	100	100	100
9	L & T Infra Investment Partners Trustee Private Limited	India	100	100	100	100
10	L& T Finance Limited (erstwhile known as Family Credit Limited) *	India	100	100	100	100
11	L&T Housing Finance Limited	India	100	100	100	100
12	Consumer Financial Services Limited #	India			100	100
13	L&T Capital Markets Limited	India	100	100	100	100

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Sr. No.	Name of subsidiary/ associate company	Country of Incorporation	As at March 31, 2017		As at March 31, 2016	
			Proportion of ownership interest (%)	Proportion of voting power held (%)	Proportion of ownership interest (%)	Proportion of voting power held (%)
14	L&T Infra Debt Fund Limited	India	100	100	100	100
15	Mudit Cements Private Limited	India	100	100	100	100
	Name of associate company					
1	Feedback Infra Private Limited (formerly Feedback Infrastructure Services Private Limited)	India	23.16	23.16	23.16	23.16
2	Grameen Capital India Limited	India	26.00	26.00	26.00	26.00

* Pursuant to order of National Company Law Tribunal, Mumbai Bench ("NCLT") dated January 24, 2017 and Hon'ble High Court of Calcutta dated February 6, 2017, the Scheme of Amalgamation for merger of two wholly owned subsidiaries of the Company, L&T Finance Limited and L&T Fincorp Limited into another wholly owned subsidiary Family Credit Limited is effected from April 01, 2016. Accordingly, L&T Finance Limited and L&T Fincorp Limited cease to exist as subsidiaries of the Company. Subsequently, as mentioned in the Scheme of Amalgamation, Family Credit Limited is renamed as L&T Finance Limited.

On approval of Hon'ble High Court of Bombay vide its Order dated July 10, 2015 and of Hon'ble High Court of Delhi vide its Order dated August 29, 2016, Company's wholly owned subsidiary Consumer Financial Services Limited merged into another wholly owned Subsidiary L&T Housing Finance Limited with effect from April 01, 2015.

31.3 Stock option scheme

a) In respect of stock options granted pursuant to Company's stock options scheme, the intrinsic value of the options (excess of market price of the share over the exercise price of the option) is treated as discount and accounted as employee compensation over the vesting period.

b) The grant of options to the employees under the stock option scheme is on the basis of their performance and other eligibility criteria. The options allotted under scheme 2010 are vested over a period of 4 years in ratio of 15%, 20%, 30% and 35% respectively from the date of grant, subject to the discretion of the management and fulfillment of certain conditions. The options granted under scheme 2013 are vest in a graded manner over a period of four year with15 %, 20%, 30 % and 35 % of grants vesting each year, commencing from the end of 24 month from the date of grant.

c) Options allotted under scheme 2010 can be exercised anytime within a period of 7 years from the date of grant and would be settled by way of equity. The option granted under scheme 2013 can be exercised anytime within a period of 8 years from the date of grant. Management has discretion to modify the exercise period.

d) The option granted under scheme 2010 is at exercise price of ₹ 44.20. The option granted under scheme 2013 was at market price which was the last closing price on National stock exchange preceding the dates of grant respectively.

e) During the year ended March 31, 2017, 1,803,810 and 519,500 options were allotted under scheme 2010 and 2013 respectively.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

f) The details of the grants are summarised below:

Sr. No.	Particulars	2016-17	2015-16
1	Options granted and outstanding at the beginning of the year	29,658,998	33,152,519
2	Options granted during the year	12,290,000	900,000
3	Options cancelled/ lapsed during the year	13,013,893	3,117,841
4	Options exercised during the year	2,323,310	1,275,680
5	Options granted and outstanding at the end of the year of which –		
	- Options vested	3,967,295	4,095,548
	- Options yet to vest	22,644,500	25,563,450
6	Weighted average remaining contractual life of options (in years)	6.22	6.47

g) During the year, the Company has debited to the Statement of Profit and Loss ₹ 63.63 lakh (previous year ₹ 36.72) {net of recovery from its subsidiary companies during the year ₹ 8.29 lakh (previous year ₹ 95.46 lakh) } towards the stock options granted to their employees, pursuant to the employee stock option schemes.

h) Total carrying amount of liabilities arising from employee share-based payment plans as on March 31, 2017 is ₹ 553.74 lakh (previous year: ₹ 845.97 lakh), including ₹ 232.27 lakh (previous year : ₹ 415.97 lakh) for which the options have vested to employees as on March 31, 2017.

i) Weighted average fair values of options granted during the year is ₹ 27.24 (previous year: ₹ 32.02) per options.

j) Had the Company opted for accounting of employee compensation cost under 'Fair value Method', Profit after tax would have been lower by ₹ 845.80 lakh (Previous year: ₹ 2,156.85 lakh) and Earnings per share Basic and diluted would have been ₹ 5.16 and 5.09 respectively (Previous year: Basic and Diluted ₹ 3.66)

k) The Fair value has been calculated using the Black-Scholes Option Pricing Model and the significant assumptions and inputs to estimate the fair value of options granted during the year are as follows

Sr. No	Particulars	2016-2017	2015-2016
a)	Weighted average risk-free interest rate	7.49%	7.52%
b)	Weighted average expected life of options	3.98 years	3.68 years
c)	Weighted average expected volatility	32.53%	31.78%
d)	Weighted average expected dividends	₹ 3.19 per option	₹ 2.94 per option
e)	Weighted average share price	₹ 75.53 per option	₹ 65.73 per option
f)	Weighted average exercise price	₹ 73.70 per share	₹ 44.20 per option
g)	Method used to determine expected volatility	Expected volatility is based on the historical volatility of the Company shares price applicable to the expected life of each option.	

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

31.4 Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits":

i) Defined Contribution Plans :

Amount of ₹ 2,096.74 lakh (previous year ₹ 2,164.18 lakh) is recognised as an expense and included in employee benefits expense in the statement of profit and loss.

ii) Defined Benefit Gratuity Plans :

a) The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars		**Gratuity Plan**	
		As at March 31, 2017	**As at March 31, 2016**
A.	**Amount to be recognized in Balance Sheet**		
	Present Value of Defined Benefit Obligation		
	- Wholly Funded	1,581.83	2,568.93
	- Wholly Unfunded	157.71	180.07
	Less: Fair value of Plan Assets	(1,078.10)	(1,845.40)
	Amount to be recognised as liability or (asset)	661.43	903.60
B.	**Amounts reflected in the Balance Sheet**		
	- Liability	686.55	903.60
	- Assets	25.11	-
	Net Liability (asset)	**661.43**	**903.60**

b) The amount recognised in Statement of Profit and Loss are as follows:

(₹ in Lakh)

Particulars		**Gratuity Plan**	
		2016-17	**2015-16**
1	Current Service Cost	479.79	409.70
2	Interest on Defined Benefit Obligation	205.22	187.46
3	Expected Return on Plan Assets	(109.20)	(129.71)
4	Actuarial Losses/(Gains)	(62.53)	582.55
5	Amount not recognized as Assets (Limits in para 59(b))	-	(97.00)
	Net Cost recognised in Statement of Profit and Loss	**513.29**	**953.00**
	Actual Return on Plan Assets	124.54	20.97

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of Defined Benefit Obligation	1,895.52	2,067.84
Add: Current Service Cost	479.80	409.70
Add: Interest Cost	205.22	187.46
Add/(less): Actuarial Losses/(Gain)	(40.52)	473.81
Add: Past service cost	-	-
Add : Liability assume on acquisition/(settlement)	819.34	-
Add: Transferred from holding company	-	-
Add : Actuarial losses / (Gain) due to curtailments	-	(2.07)
Add: Liabilities Extinguished on Settlements	29.03	-
Less: Benefits paid	(1,648.86)	(387.74)
Closing balance of the present value of Defined Benefit Obligation	1,739.54	2,749.00

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	1,845.39	1,658.47
Add: Expected Return on plan assets*	109.20	129.71
Add/(less): Actuarial gains/(losses)	22.00	(108.74)
Add: Assets Distributed on Settlements	-	-
Add: Contributions by Employer	711.34	553.70
Add: Assets Acquired on Acquisition/(Distributed on Divestiture)	-	-
Add: Exchange Difference on Foreign Plans	-	-
Less: Benefits Paid	(1609.84)	(387.74)
Closing balance of the plan assets	1078.09	1,845.40

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

The trust formed by the company manages the investment of provident fund and gratuity fund. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

e) The broad categories of plan assets as a percentage of total plan assets, are as follows:

Particulars		Gratuity Plan	
		As at March 31, 2017	As at March 31, 2016
1	Government of India Securities	17%	11%
2	Corporate Bonds	19%	16%
3	Special Deposit Scheme	3%	1%
4	Equity Shares of Listed Companies	0%	2%
5	Property	0%	0%
6	Insurer Managed Funds	49%	70%
7	Others	11%	0%

f) Principal actuarial assumption at the balance sheet date (expressed as weighted averages):

Particulars		As at March 31, 2017	As at March 31, 2016
1.	Discount rate	6.90% - 8.05%	7.60% - 8.05%
2.	Expected return on plan assets	8.00%	7.50% - 8.00%
3.	Salary growth rate	6.00% - 8.00%	6.00% - 8.00%

g) The amounts pertaining to experience adjustments are as follows:

(₹ in Lakh)

	As at March 31				
Particulars	2017	2016	2015	2014	2013
- *Defined Benefit Obligation*	(1739.53)	(2,749.00)	(2,067.84)	(1,494.02)	(851.76)
- *Plan Assets*	1078.09	1,845.40	1,658.47	1,576.60	542.34
- *Surplus /(Deficit)*	(661.43)	(903.60)	(409.37)	82.58	(309.42)
Exp. Adjustment on Plan Liabilities	195.39	481.81	(58.04)	(289.77)	(214.32)
Exp. Adjustment on Plan Asset	22.00	(108.74)	(5.28)	46.30	5.92

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

iii) Defined Benefit Provident Fund Plan:

a. The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars		Provident Fund Plan	
		As at March 31, 2017	As at March 31, 2016
A.	**Net (Liability) / Asset recognized in the Balance Sheet**		
	Present Value of Funded Obligation	(5,152.11)	(5,311.22)
	Present Value of Unfunded obligation	5,182.87	5,325.47
	Less: Fair value of Plan Assets	-	-
	Amount to be recognised in the Balance Sheet as (liability) or asset	30.76	14.25
B.	**Amounts to be recognised in the Balance Sheet**		
	Liability	-	-
	Assets	30.76	14.25

b. Expenses recognised in the statement of Profit & Loss:

(₹ in Lakh)

Particulars		Provident Fund Plan	
		2016-17	2015-16
1	Current Service Cost	394.97	518.85
2	Provident Fund transfer In	-	-
3	Interest on Defined Benefit Obligation	425.74	376.29
4	Expected Return on Plan Assets	(425.74)	(376.29)
5	Net Actuarial Losses/(Gains)	62.62	(56.13)
6	(Shortfall) in actual return on plan assets over interest payable not to be recognised as expenses to the extent of excess of asset over liabilities	(62.62)	56.13
7	Expenses recognized in the statement of Profit & Loss Account	394.97	518.85
8	Actual Return of Plan Asset	363.12	432.42

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

c. The changes in value of defined benefit Obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	**Provident Fund Plan**	
	As at March 31, 2017	**As at March 31, 2016**
Opening balance of the present value of Defined Benefit Obligation	5,311.22	4,405.27
Transfer in/out	(316.46)	(342.06)
Add: Current Service Cost	394.97	518.85
Add: Interest Cost	425.74	376.29
Add: Contribution by Plan Participants	780.81	962.70
Add: Actuarial Losses / (Gain)	-	-
Less: Benefits paid	(1,444.16)	(609.83)
Closing balance of the present value of Defined Benefit Obligation	**5,152.11**	**5,311.22**

d. Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Lakh)

Particulars	**Provident Fund Plan**	
	As at March 31, 2017	**As at March 31, 2016**
Opening balance of the fair value of the plan assets	5,325.47	4,409.44
Transfer in/out	(316.46)	(342.06)
Add: Expected Return on plan assets	425.74	376.29
Add/(less): Actuarial gains/(losses)	(62.62)	56.13
Add: Contributions by Employer	431.23	497.06
Add: Contribution by Plant participants	823.68	938.44
Less: Benefits Paid	(1,444.16)	(609.83)
Closing balance of the plan assets	**5,182.87**	**5,325.47**

e. The major categories of plan assets as a percentage of total plan assets, are as follows:

Particulars		**Provident Fund Plan**	
		As at March 31, 2017	**As at March 31, 2016**
1	Government of India Securities	20%	25%
2	State Government Scheme	21%	16%
3	Special Deposit Scheme	8%	9%
4	Public Sector Unit Bond	33%	39%
5	Corporate Bonds	15%	9%
6	Others	3%	2%
		100%	100%

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

a) General description of defined benefit plans:

1. Gratuity Plan:

The Company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

2. Provident Fund Plan:

One of the subsidiaries manages Provident Fund Plan through a Provident Fund Trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The Plan envisages contributions by employer and employees and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

31.5 Disclosure pursuant to Accounting Standard (AS) 16 Borrowing Cost

Borrowing costs capitalised during the year are Nil (previous year ₹ 462.02 lakh).

31.6 Disclosure pursuant to Accounting Standard (AS) 17 Segment Reporting

a) Primary Segment (Business Segment)

The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Rural, Housing, Wholesale, Defocused and Other businesses. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocated expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable.

b) Segment composition :

Rural Business comprises of Farm Equipments, Micro Finance and Two Wheeler Finance.

Housing Business comprises of Home Loans, Loan against Property and Real Estate Finance.

Wholesale Business comprises of Infrastructure Finance, Structured Corporate Loans and Supply Chain Finance.

Defocused Business comprises of Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.

Others comprises of Asset Management, Wealth Management, Unallocated etc.

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
I	**Gross segment revenue from continuing operations**		
(a)	Rural Business	1,803.52	1,587.37
(b)	Housing Business	1,466.60	925.40
(c)	Wholesale Business	4,236.61	3,831.90
(d)	Defocused Business	477.33	720.15
(e)	Others	590.86	589.62
	Total	**8,574.92**	**7,654.44**
	Less: Inter Segment revenue	(234.33)	(365.65)
	Net segment revenue from continuing operations	**8,340.59**	**7,288.79**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
II	**Segment Result (Profit/(loss) before tax)**		
(a)	Rural Business	356.22	322.58
(b)	Housing Business	419.60	201.86
(c)	Wholesale Business	453.13	795.29
(d)	Defocused Business	(214.06)	(109.91)
(e)	Others	64.01	42.84
	Profit before tax	**1,078.90**	**1,252.66**
III	**Segment assets**		
(a)	Rural Business	10,261.67	9,030.31
(b)	Housing Business	13,229.27	9,794.28
(c)	Wholesale Business	43,731.63	37,444.28
(d)	Defocused Business	2,489.12	5,042.93
(e)	Others	1,551.01	1,726.83
(f)	Unallocated	1,250.89	762.43
	Total segment assets	**72,513.59**	**63,801.06**
IV	**Segment liabilities**		
(a)	Rural Business	9,080.23	7,902.26
(b)	Housing Business	11,926.84	8,936.17
(c)	Wholesale Business	39,175.94	33,189.98
(d)	Defocused Business	2,202.54	4,412.86
(e)	Others	995.87	898.22
(f)	Unallocated	24.83	53.02
	Total segment liabilities	**63,406.25**	**55,392.51**
V	**Capital Expenditure (tangible and intangible fixed assets)**		
(a)	Rural Business	581.80	3,137.69
(b)	Housing Business	750.05	3,403.14
(c)	Wholesale Business	2,479.43	13,010.47
(d)	Defocused Business	141.12	1,752.23
(e)	Others	87.94	600.01
	Total Capital Expenditure	**4,040.34**	**24,761.10**
VI	**Depreciation & amortisation expenses (included in segment expense)**		
(a)	Rural Business	724.07	1,043
(b)	Housing Business	457.40	377
(c)	Wholesale Business	1,242.46	917
(d)	Defocused Business	3,301.05	5,289
(e)	Others	1,005.00	655
	Total Depreciation & amortization	**6,729.98**	**8,281.38**

Note :

1. Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net)
2. Includes share capital, share warrants and reserves and surplus

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

c) **Secondary Segment (Geographical Segment)**

The company operates only in the domestic market. As a result separate segment information for different geographical segments is not disclosed.

31.7 As per the Accounting Standard (AS) 18 on 'Related Party Disclosures' prescribed under section 133 of the Companies Act, 2013, the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

Disclosure pursuant to Accounting Standard (AS) 18 Related Party Disclosures:

(a) List of related parties (with whom transactions were carried out during current and previous year):

A **Holding Company**

1 Larsen & Toubro Limited

B **Fellow Subsidiary Companies**

1 L&T General Insurance Company Limited (till September 8, 2016)

2 Larsen & Toubro Infotech Limited

3 L&T Sargent & Lundy Limited

4 Larsen & Toubro Electromech LLC

5 L&T Capital Company Limited

6 EWAC Alloys Limited

7 Hyderabad International Trade Expositions Limited

8 L&T Metro Rail (Hyderabad) Limited

9 L&T Hydrocarbon Engineering Limited

10 L&T Construction Equipment Limited

11 L&T Infrastructure Engineering Limited

C **Associate Companies**

1 Feedback Infra Private Limited

(Formerly known as Feedback Infrastructure Services Private Limited)

D **Fellow Joint Ventures**

1 Metro Tunnelling Group

E **Fellow Associates**

1 JSK Electricals Private Limited

2 Magtorq Private Limited

3 Salzer Electronics Limited

F **Key Management Personnel**

1 Mr. Dinanath Dubhashi (from April 14, 2016)

2 Mr. Y. M. Deosthalee (till September 5, 2016)

3 Mr. N. Sivaraman (till FY 2015-2016)

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(b) Disclosure of related party transactions:-

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
1	**Corporate support charges recovered from**		
	• L&T General Insurance Company Limited	102.00	329.74
2	**Corporate support charges recovered by**		
	• Larsen & Toubro Limited	-	1.81
3	**Deputation and other expenses recovered from**		
	• L&T General Insurance Company Limited	176.74	592.68
4	**Income on leases**		
	• Larsen & Toubro Infotech Limited	-	0.55
	• Larsen & Toubro Limited	12.05	13.77
	• L&T General Insurance Company Limited	-	416.35
5	**Interest income on term loan**		
	• EWAC Alloys Limited	-	93.90
	• Hyderabad International Trade Expositions Limited	-	113.87
	• JSK Electricals Private Limited	10.29	-
	• Magtorq Private Limited	2.06	-
	• Salzer Electronics Limited	-	9.94
	• Feedback Infra Private Limited	850.83	-
6	**Rent recovered from**		
	• L&T General Insurance Company Limited	-	281.48
	• Larsen & Toubro Limited	-	3.27
7	**Commission Income**		
	• L&T General Insurance Company Limited	-	345.61
	• Larsen and Toubro Limited	6.34	3.06
	• L&T Construction Equipment Limited	2.22	-
8	**Sitting Fees received**		
	• Feedback Infra Private Limited	1.25	-
9	**Interest Income on Non Convertible Debentures**		
	• Feedback Infra Private Limited	-	288.06

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
10	**Brand License Fees**		
	• Larsen & Toubro Limited	1,535.43	3,539.34
11	**ESOP Charges recovered by**		
	• Larsen & Toubro Limited	-	0.44
12	**Interest expense on inter corporate borrowings**		
	• Metro Tunnelling Group	20.83	272.25
	• L&T Capital Company Limited	55.51	114.98
13	**Data centre charges paid to**		
	• Larsen & Toubro Limited	-	293.51
14	**Professional fees paid to**		
	• Larsen & Toubro Limited	729.22	252.03
	• Larsen & Toubro Infotech Limited	103.19	252.68
	• L&T Sargent & Lundy Limited	1.35	3.00
	• L&T Capital Company Limited	12.20	-
	• Feedback Infra Private Limited	19.25	22.75
	• L&T Infrastructure Engineering Limited	4.50	-
15	**Brokerage paid to**		
	• Larsen & Toubro Limited	-	43.52
16	**Rent recovered by**		
	• Larsen & Toubro Limited	-	335.03
17	**Data processing charges recovered by**		
	• Larsen & Toubro Limited	-	209.31
18	**Other expenses**		
	• Larsen & Toubro Limited	22.58	48.75
	• Larsen & Toubro Infotech Limited	12.64	16.14
19	**Purchase of Fixed Asset**		
	• Larsen & Toubro Infotech Limited	17.37	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(₹ in Lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
20	**Inter Corporate borrowing taken from**		
	• Metro Tunnelling Group	-	3,000.00
	• L&T Capital Company Limited	760.00	820.60
21	**Inter Corporate borrowing repaid**		
	• L&T Capital Company Limited	557.00	-
	• Metro Tunnelling Group	3,000.00	-
22	**Term loan/Operating lease given**		
	• Feedback Infra Private Limited	-	6,000.00
	• L&T General Insurance Company Limited	-	17.24
23	**Interest paid on Non Convertible Debentures**		
	• Larsen & Toubro Limited	-	221.56
24	**Computer Maintenance**		
	• Larsen & Toubro Infotech Limited	-	42.09
	• Larsen & Toubro Limited	41.31	36.02
25	**Reimbursement of expense from**		
	• Larsen & Toubro Limited	308.31	0.21
	• L&T Metro Rail (Hyderabad) Limited	-	1.28
	• L&T General Insurance Company Limited	-	31.44
26	**Reimbursement of expense to**		
	• Larsen & Toubro Limited	-	9.58
27	**Construction charges debited by**		
	• Larsen & Toubro Limited	532.28	195.00
28	**Managerial remuneration #**		
	• Mr. Dinanath Dubhashi	566.87	-
	• Mr. Y.M. Deosthalee	158.36	308.15
	• Mr. N. Sivaraman	-	819.12

Managerial Remuneration disclosed above is on accrual basis. It excludes provision for gratuity, pension and leave encashment, since it is provided on actuarial basis for the company as a whole.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(c) Amount due to/from related parties:- (₹ in Lakh)

Sr. No.	Nature of Transactions	As at March 31, 2017	As at March 31, 2016
1	**Outstanding Balance of ICD taken**		
	• Metro Tunnelling Group	-	3,000.00
	• L&T Capital Company Limited	760.00	557.00
2	**Outstanding Balance of loan given**		
	• Magtorq Private Limited	35.67	-
	• Hyderabad International Trade Expositions Limited	-	539.44
	• Feedback Infra Private Limited	7,500.00	6,000.00
3	**Outstanding balance of security deposit recovered**		
	• L&T General Insurance Company Limited	-	1,533.90
	• Larsen & Toubro Limited	-	6.56
4	**Account Payable**		
	• Larsen & Toubro Electromech LLC	1.50	1.64
	• Larsen & Toubro Limited	827.37	4,136.11
	• Larsen & Toubro Infotech Limited	8.08	91.67
	• L&T Hydrocarbon Engineering Limited	2.01	-
	• L&T General Insurance Company Limited	-	5.87
5	**Account Receivable**		
	• L&T General Insurance Company Limited	4.22	336.53
	• Larsen & Toubro Limited	14.36	13.46
6	**Outstanding balance of Non convertible debentures issued**		
	• Larsen & Toubro Limited	-	2,157.70
7	**Interest accrued but not due on Non Convertible Debenture**		
	• Larsen & Toubro Limited	-	0.61
8	**Interest accrued but not due on Inter Corporate Borrowings taken**		
	• L&T Capital Company Limited	0.02	-
9	**Interest accrued but not due on term loan given**		
	• Hyderabad International Trade Expositions Limited	-	3.23
	• Feedback Infra Private Limited	-	2.14
10	**Advance Premium Deposit**		
	• L&T General Insurance Company Limited	-	81.00
11	**Operating Lease given**		
	• L&T General Insurance Company Limited	-	17.24
12	**Security Deposit repaid to**		
	• Larsen & Toubro Limited	6.56	-
	• L&T General Insurance Company Limited	21.90	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

31.8 Disclosure in respect of leases pursuant to Accounting Standard (AS) 19 "Leases" :

Finance Lease:

a) Where the company is Lessor:

The group companies have given assets on finance lease to its customers with respective underlying assets/equipments as security. The details of gross investments, unearned finance income and present value of rentals as at March 31, 2017 in respect of these assets are as under:

(₹ in Lakh)

Particulars	2016-17	2015-16
Gross Investments :		
- Within one year	2,827.26	5,268.84
- Later than one year and not later than five years	5,039.97	3,507.57
- Later than five years	-	307.64
Total	**7,867.23**	**9,084.05**
Unearned Finance Income :		
- Within one year	649.75	721.03
- Later than one year and not later than five years	864.56	516.77
- Later than five years	-	52.67
Total	**1,514.31**	**1,290.47**
Present Value of Rentals :		
- Within one year	2,177.27	4,547.81
- Later than one year and not later than five years	4,175.32	2,990.80
- Later than five years	-	254.97
Total	**6,352.59**	**7,793.58**

Operating Lease:

a) Where the company is lessee:

The group companies have taken cars, furniture and fixtures and premises on operating leases. Lease Payments recognized in the statement of profit and loss during the year is ₹ 3,799.78 lakh (previous year ₹ 4,153.63 lakh). The future minimum lease payments in respect of which as at March 31, 2017 are as follows:

(₹ in Lakh)

Particulars	2016-17	2015-16
	Lease Payments	
- Within one year	1,322.07	1,377.02
- Later than one year and not later than five years	634.81	3,189.67
- Later than five years	-	200.00
Total	**1,956.68**	**4,766.69**

b) Where the company is lessor:

(₹ in Lakh)

Particulars	2016-17	2015-16
	Minimum Lease	
- Within one year	3,404.30	5,861.57
- Later than one year and not later than five years	4,006.49	7,465.44
- Later than five years	145.43	959.42
Total	**7,556.22**	**14,286.43**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

31.9 Basic and Diluted Earnings Per Share (EPS) computed in accordance with Accounting Standard (AS) 20 "Earnings Per Share"

		2016-17	2015-16
Basic			
Profit after tax as per Statement of Profit and Loss (₹ lakh)		104,218.67	85,669.26
Less:- Dividend on Cumulative Compulsorily Redeemable Preference Shares (₹ lakh)		12,781.95	20,113.57
Less:- Redemption premium on Cumulative Compulsorily Redeemable Preference Shares		-	-
Profit attributable to equity share holders	**A**	91,436.72	65,555.69
Number of equity shares		1,755,721,861	1,753,398,551
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Basic EPS before and after extraordinary items (₹)	**A/B**	5.21	3.79
Diluted			
Profit attributable to equity share holders (₹ lakh)	**A**	91,436.72	65,555.69
Weighted average number of equity shares outstanding	**B**	1,754,486,014	1,730,229,294
Add: Weighted average no. of potential equity shares	**C**	24,404,228	1,010,108
Weighted average number of shares outstanding for diluted EPS	**D=B+C**	1,778,890,242	1,731,239,403
Diluted EPS before and after extraordinary items (₹)	**A/D**	5.14	3.79
Face value of shares (₹)		10.00	10.00

31.10 Contingent liabilities and commitments: Accounting Standard (AS) 29

(₹ in Lakh)

Contingent Liabilities		**As at March 31, 2017**	**As at March 31, 2016**
a)	Claims against the Company not acknowledged as debt:		
•	Income Tax matter in dispute	1,317.15	866.15
•	Service Tax / Sales Tax / VAT matters in dispute	2,859.37	2,325.97
•	Legal matters in dispute	109.09	267.51
b)	Bank Guarantees	7,120.00	490.25
c)	Other money for which the Company is contingently liable; Letter of Credit/ Letter of Comfort	79,516.30	47,682.74
Commitments			
a)	Estimated amount of contracts remaining to be executed on capital account and not provided for	765.83	2,896.96
b)	Other Commitments		
•	Undrawn Commitments* (standby facilities)	99,533.47	1,50,935.18

*This disclosure is given pursuant to the notification no. DNBS.CC.PD.No.252/03.10.01/2011-12 dated December 26, 2011 issued by Reserve Bank of India.

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

31.11 On the basis of replies received by the Group in response to enquiries made, below are the details of dues payable as at the year end to Micro, Small and Medium Enterprises and other particulars that are required to be disclosed under the Companies Act, 2013 or the Micro, Small and Medium Enterprises Development Act, 2006.

(₹ in Lakh)

Sr. No.	Particulars	As at March 31, 2017	As at March 31, 2016
1	The principal amount and the interest due thereon (to be shown separately) remaining unpaid to any supplier as at the end of each accounting year.	-	-
2	The amount of interest paid by the buyer in terms of section 16 of the Micro Small and Medium Enterprise Development Act, 2006, along with the amounts of the payment made to the supplier beyond the appointed day during each accounting year.	-	-
3	The amount of interest due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under Micro Small and Medium Enterprise Development Act, 2006.	-	-
4	The amount of Interest accrued and remaining unpaid at the end of each accounting year.	-	-

31.12 The Board of Directors have recommended a final dividend of ₹ 0.80/- per Equity Share of ₹ 10/- each (previous year ₹ 0.80/- per share) subject to approval of shareholders in ensuing Annual General Meeting. In terms of revised Accounting Standard (AS-4) 'Contingencies and events occurring after Balance Sheet' as notified by Ministry of Corporate Affairs through amendments to Companies (Accounting Standards) Amendments Rules, 2016 dated March 30, 2016, proposed dividend of ₹ 14,556 lakh and dividend distribution tax (net) thereon is not recognised as liability as on March 31, 2017.

31.13 Subsidiaries has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower Name	No. of shares kept as bailee	
	2016-17	2015-16
Hanjer Biotech Energies Private Limited	3,25,096	325,096
VMC Systems Ltd	1,79,608	717,736
Neeraj Singhal	1,426,754	3,426,608
Saumya Mining Limited	513,012	513,012
Sew Vizag Coal Terminal Private Limited	703,833	-
Bhushan Steel Limited	7,189,089	-
Sterling International Enterprises Limited	217,309	-
Tulip Telecom Limited	1,401,762	-

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Borrower Name	No. of shares kept as bailee	
	2016-17	2015-16
PunjLloyed Limited	5	-
Golden Tobacco Limited	10,000	-
Gujurat Highway Corporation Limited	70,000	-
Brij BhushanSinghal	-	1,022,500
KSK Energy Ventures Limited	226,813	226,813

31.14 Subsidiaries have entered into currency swap transactions with a view to convert its USD borrowings into Indian rupee borrowing. Accordingly, the Company has revalued the foreign currency borrowing and currency swap at the balance sheet date.

Particulars	2016-17	2015-16
Liability – External Commercial Borrowings	USD 5,000,000	USD 15,000,000
Liability – FCNR	USD 20,000,000	USD 40,000,000
Assets – Currency Swap	USD 25,000,000	USD 55,000,000

31.15 Appropriation to the Debenture Redemption Reserve has been created in terms of Section 71 of the Companies Act, 2013 is carried out of distributable profits of the Group.

31.16 Investment in Grameen Capital India Limited, an associate of the company is accounted in consolidated financial statements in accordance with Accounting Standard (AS) 13, Accounting for Investments and not under the equity method as per Accounting Standard (AS) 23, Accounting for Investments in Associates in Consolidated Financial Statements, as the associate operates under severe long-term restrictions that significantly impair its ability to transfer funds to the investor.

31.17 Disclosure with regard to Specified Bank Notes to be read with footnote:

(₹ in Lakh)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	6,246.59	20.46	6,267.05
(+) Permitted receipts	4,171.75	36,677.13	40,848.88
(-) Permitted payments	-	(0.29)	(0.29)
(-) Amount deposited in Banks	(10,418.34)	(36,054.79)	(46,473.13)
Closing cash in hand as on December 30, 2016	-	642.51	642.51

The Group has some subsidiaries engaged in the lending business offering a wide range of products such as micro finance, tractor loans, two-wheeler loans, mortgage lending products and other rural lending products to a large number of customers. The operations of these subsidiaries are geographically wide-spread with significant volume of transactions including cash collections. The above information covers cash received at the offices of these subsidiaries as well as direct deposits in Group's bank accounts by the borrowers of these subsidiaries and is based on information and records available with the Group.

The Group took steps not to accept Specified Bank Notes at its offices after November 8, 2016. Amounts directly deposited into the Group's bank account by borrowers of these subsidiaries have been classified as "Permitted receipts" and where details of denomination were not available, the same have been shown as "Other denomination notes".

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

31.18 Additional Information, as required under Schedule III to the Companies Act, 2013, of enterprises consolidated as Subsidiary / Associates / Joint Ventures

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Lakh)	As % of consolidated profit or loss	Amount (₹ Lakh)
Parent				
L&T Finance Holdings Limited	57.70%	532,372.65	23.86%	24,866.17
Subsidiaries				
Indian				
L&T Finance Limited (erstwhile known as Family Credit Limited)	74.57%	687,938.89	1.54%	1,604.17
L&T Access Distribution Services Limited	0.03%	317.26	(0.09%)	(93.92)
L&T Capital Markets Limited	0.17%	1,557.32	0.63%	660.84
L&T Housing Finance Limited	8.73%	80,528.48	13.09%	13,641.15
L&T Infra Debt Fund Limited	8.77%	80,891.56	9.03%	9,410.96
L&T Infra Investment Partners Advisory Private Limited	0.14%	1,305.02	0.47%	487.43
L&T Infra Investment Partners Trustee Private Limited	0.00%	5.34	0.00%	0.16
L&T Infrastructure Finance Company Limited	31.23%	288,084.42	4.05%	4,220.66
L&T Investment Management Limited	5.05%	46,463.78	(2.47%)	(2,581.47)
L&T Mutual Fund Trustee Limited	0.02%	159.07	0.00%	2.10
L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	1.16%	10,684.41	1.58%	1,650.41
Mudit Cement Private Limited	(0.15%)	(1363.63)	(0.53%)	(548.74)
Total Subsidiaries	**129.71%**	**1,196,571.92**	**27.30%**	**28,453.75**

NOTES FORMING PART OF CONSOLIDATED FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Name of the entity	Net Assets, i.e., total assets minus total liabilities		Share in profit or loss	
	As % of consolidated net assets	Amount (₹ Lakh)	As % of consolidated profit or loss	Amount (₹ Lakh)
Minority Interests in all subsidiaries	**(1.29%)**	**(11,856.64)**	**(0.58%)**	**(602.58)**
Associates (Investments as per equity method)				
Indian				
Feedback Infra Private Limited (formerly Feedback Infrastructure Services Private Limited)	0.47%	4,340.43	0.55%	574.73
Total Associates	**0.47%**	**4340.43**	**0.55%**	**574.73**
Inter-Company Elimination & Consolidated Adjustments	(86.59%)	(798,837.94)	48.87%	50,926.58
Total	**100.00%**	**922,590.42**	**100.00%**	**104,218.67**

31.19 Previous year figures have been regrouped/ reclassified wherever necessary.

For and on behalf of board of directors
of L&T Finance Holdings Limited

Y.M. Deosthalee
Chairperson
(DIN : 00001698)

Dinanath Dubhashi
Managing Director &
Chief Executive Officer
(DIN :03545900)

Apurva Rathod
Company Secretary
M. No. A18314

Sachinn Joshi
Chief Financial Officer

Place : Mumbai
Date : May 4, 2017

MANAGEMENT REPORT

Dear Members,

The Management has pleasure in presenting the 4th Annual report and Audited Accounts for the year ended 31st December 2016.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016**	*2015*
	SR Mn	*SR Mn*
Contract revenue	**–**	*–*
Contract cost	**–**	*–*
Gross Profit / (Loss)	**–**	*–*
General and administrative expenses	**(0.27)**	*(0.54)*
Operating Profit / (Loss)	**(0.27)**	*(0.54)*
Add: Other income, net	**0.08**	*0.84*
Less: Finance Costs	**–**	*–*
Profit / (Loss) before Tax	**(0.19)**	*0.30*
Less : Tax	**–**	*–*
Net Profit / (Loss) after Tax	**(0.19)**	*0.30*

2. **CAPITAL & FINANCE:**

During the year under review, the Company neither issued additional share capital nor any long term loan from any sources.

3. **CAPITAL EXPENDITURE:**

As at 31st December 2016 the gross intangible assets, stood at SR 0.28 Mn and the net intangible assets, at SR 0.11 Mn Capital Expenditure during the year amounted Nil.

4. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

During the year under review, the Company does not have any subsidiary, associate, joint venture companies.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not provided any loan, made investment, nor given guarantee or security.

6. **STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review were NIL as against NIL for the previous financial year. The profit / (loss) before tax from continuing operations including extraordinary and exceptional items was SR (0.19) Mn and the profit / (loss) after tax from continuing operations including extraordinary and exceptional items of SR (0.19) Mn for the financial year under review as against SR 0.30 Mn and SR 0.30 Mn respectively for the previous financial year.

7. **DIVIDEND:**

The Management does not propose the payment of any dividend during the year.

8. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

The Company is statutorily not required to have any Directors. There have been no changes in the management during the year.

9. **AUDITORS:**

M/s PKF Al-Bassam & Al-Nemer are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

10. MANAGEMENT RESPONSIBILITY STATEMENT:

The Management of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Management has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Management has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Management has prepared the Annual Accounts on a going concern basis;

e) The Management has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. ACKNOWLEDGEMENT

The Management acknowledges the invaluable support extended by the Government authorities in Kingdom of Saudi Arabia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Company

DILIP KUMAR UPADHYAY **SASI KUMAR BHASKARAN NAIR**

AUDITORS' REPORT

To the shareholders
Larsen & Toubro Hydrocarbon International Limited
Al Khobar, Kingdom of Saudi Arabia

SCOPE OF AUDIT

We have audited the balance sheet of Larsen & Toubro Hydrocarbon International Limited ("the Company"), a Saudi limited liability company, as of December 31, 2016, and the related statements of income, cash flows and changes in shareholders' deficit for the year then ended, and notes 1 to 10 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

UNQUALIFIED OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended, in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

EMPHASIS OF MATTER

Without qualifying our opinion, we draw attention to note 2 to the financial statements, which states that the Company's net working capital was in deficit by SR 0.34 million at December 31, 2016 (2015: SR 0.17 million), the Company has incurred a net loss of SR 0.20 million for the year then ended and the accumulated losses at December 31, 2016 amounted to SR 0.72 million (2015: SR 0.53 million), which exceeded 50% of the Company's share capital of SR 0.50 million. In compliance with Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. Subsequent to year end the shareholders have resolved to support the operations of the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

PKF Al-Bassam & Al-Nemer

Allied Accountants

Ibrahim A. Al-Bassam
License No. 337
26 Jumada' I, 1438

February 23, 2017

BALANCE SHEET AS OF DECEMBER 31, 2016

	Note No.	2016 SR	*2015 SR*
ASSETS			
Current assets			
Cash and cash equivalents	4	8,546	*7,146*
Due from a related party	9	2,979,675	*3,209,608*
Total current assets		2,988,221	*3,216,754*
Non-current assets			
Intangible assets	5	118,169	*144,207*
TOTAL ASSETS		3,106,390	*3,360,961*
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Due to related parties	9	3,269,242	*3,344,644*
Accrued expenses and other liabilities		61,250	*45,000*
Total current liabilities		3,330,492	*3,389,644*
Shareholders' deficit			
Share capital	1	500,000	*500,000*
Accumulated losses		(724,102)	*(528,683)*
Total shareholders' deficit		(224,102)	*(28,683)*
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		3,106,390	*3,360,961*

The accompanying notes form an integral part of these Financial Statements

LARSEN & TOUBRO HYDROCARBON INTERNATIONAL LIMITED
(LIMITED LIABILITY COMPANY)

STATEMENT OF INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	**2016 SR**	*2015 SR*
General and administrative expenses	**8**	**(273,067)**	*(538,975)*
Operating loss		**(273,067)**	*(538,975)*
Other income, net		**77,648**	*835,823*
NET INCOME (LOSS)		**(195,419)**	*296,848*

The accompanying notes form an integral part of these Financial Statements

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 SR	2015 SR
OPERATING ACTIVITIES		
Net (loss) income	**(195,419)**	*296,848*
Adjustments for:		
Depreciation	**–**	*379,777*
Amortization	**26,038**	*16,827*
Changes in operating assets and liabilities:		
Due from related parties	**229,933**	*(3,209,608)*
Prepaid expenses and other receivable	**–**	*2,286,760*
Due to related party	**(75,402)**	*633,623*
Accrued expenses and other liabilities	**16,250**	*(1,373,944)*
Net cash from (used in) operating activities	**1,400**	*(969,717)*
INVESTING ACTIVITIES		
Acquisition of property and equipment	**–**	*(18,375)*
Net cash used in investing activities	**–**	*(18,375)*
Net change in cash and cash equivalents	**1,400**	*(988,092)*
Cash and cash equivalent, beginning balance	**7,146**	*995,238*
CASH AND CASH EQUIVALENTS, DECEMBER 31, 2016	**8,546**	*7,146*
Non - cash transactions:		
Transfer of property and equipment to related parties	**–**	*(17,058,365)*
Transfer of intangibles, net to related parties	**–**	*(50,747)*
Transfer of end of services indemnities to a related party	**–**	*644,338*

The accompanying notes form an integral part of these Financial Statements

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Larsen & Toubro Limited	Larsen & Toubro International FZE	Total
		SR	SR	SR
Share capital				
December 31, 2016 and 2015	1	450,000	50,000	500,000
Accumulated losses				
January 1, 2015		(742,977)	(82,554)	(825,531)
Net income for 2015		267,163	29,685	296,848
December 31, 2015		(475,814)	(52,869)	(528,683)
Net loss for 2016		(175,877)	(19,542)	(195,419)
December 31, 2016		(651,691)	(72,411)	(724,102)
Total shareholders' deficit				
December 31, 2016		(201,691)	(22,411)	(224,102)
December 31, 2015		(25,814)	(2,869)	(28,683)

The accompanying notes form an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. ORGANIZATION AND ACTIVITIES

Larsen & Toubro Hyrdocarbon International Limited ("the Company") is a limited liability company registered on 8 Sha'aban 1434H (June 17, 2013) under commercial registration number 2051053464. The share capital of the Company, amounting to SR 500,000, is divided into 500 shares of SR 1,000 each.

The shareholding of the Company as of December 31, 2016 is as follows:

Name	Shareholding
Larsen & Toubro Limited, incorporated in India	90%
Larsen & Toubro International FZE, incorporated in United Arab Emirates	10%

The principal activities of the Company executing contracts of construction and operating oil and gas plants and refineries, petrochemicals, metal industries, water purification, pipelines, industrial projects, supplying technical support services and training related to that under license of Industrial General Authority No. 1220340529932 dated 1 Jumada I, 1434H (March 13, 2013).

The Company did not get any contract during the year ended December 31, 2016 and remain dormant.

2. GOING CONCERN

The Company's net working capital was in deficit by SR 0.34 million at December 31, 2016 (2015: SR 0.17 million), the Company has incurred a net loss of SR 0.20 million for the year then ended and the accumulated losses at December 31, 2016 amounted to SR 0.72 million (2015: SR 0.53 million), which exceeded 50% of the Company's share capital of SR 0.50 million. In compliance with Article 181 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. Subsequent to year end the shareholders have resolved to support the operations of the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants ("SOCPA"). The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

Use of estimates

The preparation of the financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Although these estimates are based on management's best knowledge of current events and actions, actual results ultimately may differ from those estimates.

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of contracts cost as required under generally accepted accounting principles. Allocations between general and administrative expenses and contracts cost, when required, are made on a consistent basis.

Intangible asset

Intangible asset represents software purchased by the Company. Software is recognized as an intangible asset and amortized over a period of six years.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Provision for obligations

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Taxation

Income tax

The Company is subject to the Regulations of the General Authority for Zakat and Income Tax (“GAZT”) in the Kingdom of Saudi Arabia. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is adjusted.

Deferred tax

Deferred income tax is recognised on all taxable temporary difference at the marginal tax rate for the year where these differences arise and reversed at the marginal rate of tax where these differences will reverse. Deferred income tax assets are recognised for deductible temporary difference to the extent that it is probable that taxable profits will be available while deferred income tax liability is recognised for all taxable temporary differences.

The carrying amount of deferred income tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the assets to be recovered.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. As of December 31, 2016 and 2015, cash and cash equivalents comprised entirely of cash and a bank balance.

5. INTANGIBLES

	2016	*2015*
	SR	*SR*
Cost		
January 1	**281,250**	*315,821*
Transfer to a related party	**–**	*(315,821)*
Transfer from a related party	**–**	*281,250*
December 31	**281,250**	*281,250*
Amortization		
January 1	**137,043**	*104,040*
Charge for the year	**26,038**	*16,827*
Transfer to a related party	**–**	*(120,867)*
Transfer from a related party	**–**	*137,043*
December 31	**163,081**	*137,043*
Net Book Value		
December 31	**118,169**	*144,207*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd..)

6. END-OF-SERVICE INDEMNITIES

	2016 SR	2015 SR
January 1	–	644,338
Transfer to a related party	–	(644,338)
December 31	–	–

7. TAXATION

Income Tax

No provision for income tax has been made as the Company has incurred taxable loss during the year.

Deferred Tax

Deferred income tax has not been recognized on the temporary differences as the amount is not material and there is uncertainty regarding its recoverability.

8. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 SR	2015 SR
Depreciation and amortization	26,038	396,604
Others	247,029	142,371
	273,067	538,975

9. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Larsen & Toubro Limited	Shareholder
Larsen & Toubro International FZE	Shareholder
Larsen Toubro Arabia LLC	Affiliate
Larsen & Toubro ATCO Saudi LLC	Affiliate
Larsen & Toubro Infotech Limited	Affiliate

The significant transactions with related parties and the related approximate amounts are as follows:

	2016 SR	2015 SR
Transfer of property and equipment (to) from a related party	–	(17,058,365)
Transfer of intangibles, net (to) a related party	–	(50,747)
Transfer of end of services indemnities to a related party	–	644,338

As of December 31, due to related parties comprised of the following:

	2016 SR	2015 SR
Larsen & Toubro Hydrocarbon Engineering Limited, U.A.E.	2,032,164	2,109,811
Larsen & Toubro ATCO Saudi LLC	703,806	703,806
Larsen & Toubro Hydrocarbon Engineering Limited, India	531,026	531,026
Larsen & Toubro Hydrocarbon International FZE	2,246	–
	3,269,242	3,344,644

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 *(Contd..)*

As of December 31, due from related parties comprised of the following:

	2016	*2015*
	SR	*SR*
Larsen Toubro Arabia LLC	**2,979,675**	*3,209,608*

The Company's expenses have been paid by the related parties and recorded as part of due to related parties.

10. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 5th Annual report and Audited Accounts for the year / period ended 31st December 2016.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2016	2015
	SR Mn	*SR Mn*
Contract revenue	**346.56**	*453.40*
Contract cost	**(485.91)**	*(453.40)*
Gross Profit	**(139.35)**	–
General and administrative expenses	**(10.78)**	*(27.88)*
Operating Profit / (Loss)	**(150.13)**	*(27.88)*
Add: Other income, net	**1.71**	*1.09*
Less: Finance Costs	**(3.14)**	–
Profit / (Loss) before Tax	**(151.56)**	*(26.79)*
Less : Tax	**–**	–
Net Profit / (Loss) after Tax	**(151.56)**	*(26.79)*

2. **CAPITAL & FINANCE:**

During the year under review, the Company has not issued additional share capital. And obtained a short term loan from a related party of SR 131.95 million.

3. **CAPITAL EXPENDITURE:**

As at 31st December 2016 the gross fixed and intangible assets including lease hold improvements, stood at SR 52.97 Mn. and the net fixed and intangible assets, including lease hold improvements, at SR 22.20 Mn. Capital Expenditure during the year amounted to SR 1.2 Mn.

4. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

During the year under review, the Company does not have any subsidiary, associate, joint venture companies.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the particulars of the loans given (Nil), investments made (Nil) and guarantees given or security provided in Note No 23 of the financial statements.

6. **STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review were SR 346.56 Mn as against SR 453.4 Mn for the previous financial year registering a decrease of 23.56%. The (loss) before tax from continuing operations including extraordinary and exceptional items was SR (156.56 Mn) and the (loss) after tax from continuing operations including extraordinary and exceptional items of SR (156.56 Mn) for the financial year under review as against SR (26.79) Mn and SR (26.79) Mn respectively for the previous financial year, registering negative growth.

7. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year.

8. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

There are no Directors appointed or resigned during the year.

9. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :**

The Meetings of the Board are held at regular intervals. During the year / period under review three meetings were held on 24 May 2016, 18 July 2016.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

10. **AUDITORS:**

M/s PKF Al-Bassam & Al-Nemer are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

11. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. ACKNOWLEDGEMENT

Directors acknowledge the invaluable support extended by the Government authorities in Kingdom of Saudi Arabia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Directors also wish to record their appreciation for the continued co-operation and support received from the partner, Mr. Khalil Abdulkareem Nasser Al Fraih.

For and on behalf of the Board

MOHAMMAD HABIBULLA	**R VENKATESH**
Director	*Director*

Date: January 25, 2017
Place: Saudi Arabia

AUDITORS' REPORT

To the shareholders
Larsen Toubro Arabia
Al-Khobar, Kingdom of Saudi Arabia

Scope of Audit

We have audited the balance sheet of Larsen Toubro Arabia ("the Company"), a Saudi limited liability company, as of December 31, 2016, and the related statements of income, cash flows and changes in shareholders' deficit for the year then ended, and notes 1 to 24 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

Emphasis of Matters

a) We draw your attention to note 2 financial statements which states that the Company's net working capital was in deficit by SR 198.86 million at December 31, 2016 (2015: SR 59.17 million), the Company has incurred a net loss of SR 151.57 million for the year then ended (2015: SR 26.79 million) and the accumulated losses at December 31, 2016 amounted to SR 191.88 million (2015: SR 40.31 million), which exceeded 50% of the Company's share capital of SR 10 million. In compliance with Article 181 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The shareholders have resolved to provide additional financing to the Company to support the continuation of the Company. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

b) We draw attention to note 20 paragraph "Revenue on construction contracts" and "Construction cost estimates" to the financial statements which states that the Company project costs can vary from initial estimates and the reliance on the total project cost estimate which are based on management's best estimate represents an uncertainty inherent in the revenue recognition process. During the year ended December 31, 2016, estimated cost for the project was revised based on management's best estimate as of that date which resulted into a further loss on the project. While management considers the cost estimates to be based on latest accurate information, cost may change in future.

PKF Al-Bassam & Al-Nemer
Allied Accountant

Ibrahim A. Al-Bassam
License No. 337
27 Rabi II, 1438
January 25, 2017

LARSEN TOUBRO ARABIA
(LIMITED LIABILITY COMPANY)

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note No.	2016 SR	2015 SR
ASSETS			
Current Assets			
Cash and cash equivalents	5	25,542,568	41,422,295
Accounts and retentions receivable	6, 19	50,469,110	50,381,251
Revenue recognized in excess of billings	14	79,368,667	33,867,798
Prepaid expenses, advances and other receivable	7	12,904,059	81,522,681
Due from related parties	18	1,576,377	2,372,193
Inventory		4,856,439	5,577,395
Total current assets		174,717,220	215,143,613
Non-current assets			
Property and equipment	9	21,554,816	33,633,113
Intangible assets	10	649,702	894,265
Total non-current assets		22,204,518	34,527,378
TOTAL ASSETS		196,921,738	249,670,991
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Accounts payable and other liabilities	11	110,188,548	161,340,556
Short term loan	13	54,700,226	53,810,473
Due to related parties	18	52,190,715	57,605,010
Loan from a related party	8	131,947,054	–
Advances from a customer	12	24,548,324	1,555,361
Total current liabilities		373,574,867	274,311,400
Non-current liabilities			
End-of-service indemnities	15	5,227,630	5,672,927
Shareholders' deficit			
Share capital	1	10,000,000	10,000,000
Accumulated losses		(191,880,759)	(40,313,336)
Total shareholders' deficit		(181,880,759)	(30,313,336)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		196,921,738	249,670,991

The accompanying notes form an integral part of these financial statements

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note No.	2016 SR	*2015* *SR*
Contract revenue	19	**346,562,769**	*453,397,098*
Contract cost	18	**(485,917,498)**	*(453,397,098)*
Gross margin		**(139,354,729)**	*–*
General and administrative expenses	17	**(10,781,461)**	*(27,878,968)*
Operating loss		**(150,136,190)**	*(27,878,968)*
Finance charges		**(3,143,330)**	*–*
Other income, net		**1,712,097**	*1,091,279*
NET LOSS		**(151,567,423)**	*(26,787,689)*

The accompanying notes form an integral part of these financial statements

LARSEN TOUBRO ARABIA
(LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	*2015*
	SR	*SR*
OPERATING ACTIVITIES		
Net loss	**(151,567,423)**	*(26,787,689)*
Adjustments for:		
Depreciation and amortization	**13,226,673**	*13,650,067*
End-of-service indemnities	**1,617,414**	*3,497,624*
Interest income, net	**–**	*(369,339)*
Finance charges	**3,143,330**	*–*
Loss on disposal of property and equipment	**606,717**	*–*
Changes in operating assets and liabilities:		
Accounts and retentions receivables, prepaid expenses and other receivables	**68,530,763**	*(58,170,885)*
Revenue recognized in excess of billings	**(45,500,869)**	*(33,867,798)*
Due from related parties	**795,816**	*22,367,541*
Accounts payable and other liabilities	**(51,152,008)**	*53,410,117*
Inventory	**720,956**	*(5,527,426)*
Due to related parties	**(4,599,109)**	*21,377,398*
Billing in excess of revenue recognized	**–**	*(14,556,739)*
Advances from a customer	**22,992,963**	*(36,695,487)*
Cash used in operations	**(141,184,777)**	*(61,672,616)*
Finance charges paid	**(3,143,330)**	*–*
End-of-service indemnities paid	**(3,282,525)**	*(434,493)*
Net cash used in operating activities	**(147,610,632)**	*(62,107,109)*
INVESTING ACTIVITIES		
Purchase of property and equipment	**(1,213,114)**	*(4,665,925)*
Purchase of intangible assets	**–**	*(182,848)*
Sale proceeds from property and equipment	**107,212**	*–*
Loan to a related party, net	**–**	*15,500,000*
Net cash (used in) from investing activities	**(1,105,902)**	*10,651,227*
FINANCING ACTIVITIES		
Loan from a related party	**131,947,054**	*–*
Short term loan, net	**889,753**	*48,598,823*
Net cash from financing activities	**132,836,807**	*48,598,823*
Net change in cash and cash equivalents	**(15,879,727)**	*(2,857,059)*
Cash and cash equivalents, January 1	**41,422,295**	*44,279,354*
CASH AND CASH EQUIVALENTS, DECEMBER 31	**25,542,568**	*41,422,295*
Non-cash transactions:		
Interest income from related party	**–**	*369,339*
End-of-service indemnities transferred by a related party	**1,219,814**	*1,467,491*
Transfer of property, plant and equipment, net from the related parties	**(404,628)**	*(17,067,135)*
Intangible asset transferred from a related party	**–**	*(194,954)*
Intangible asset transferred to a related party	**–**	*144,206*

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT FOR THE YEAR ENDED DECEMBER 31, 2016

	Note	Larsen & Toubro Limited	Mr. Khalil Abdulkareem Nasser Al Fraih	Total
		SR	SR	SR
Share capital				
December 31, 2016 and 2015	1	7,500,000	2,500,000	10,000,000
Accumulated losses				
January 1, 2015		(10,110,812)	(3,414,835)	(13,525,647)
Net loss for 2015		(20,090,767)	(6,696,922)	(26,787,689)
December 31, 2015		(30,201,579)	(10,111,757)	(40,313,336)
Net loss for 2016		**(113,675,567)**	**(37,891,856)**	**(151,567,423)**
December 31, 2016		**(143,877,146)**	**(48,003,613)**	**(191,880,759)**
Total shareholders' deficit				
December 31, 2016		**(136,377,146)**	**(45,503,613)**	**(181,880,759)**
December 31, 2015		(22,701,579)	(7,611,757)	(30,313,336)

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. ORGANIZATION AND ACTIVITIES

Larsen Toubro Arabia ("the Company") is a Saudi limited liability company registered on 11 Sha'aban 1433H (July 1, 2012) under commercial registration number 2051049523. The share capital of the Company, amounting to SR 10,000,000, is divided into 10,000 shares of SR 1,000 each.

The shareholding of the Company as of December 31, 2016 is as follows:

Name	Shareholding
Larsen & Toubro Limited, incorporated in India	75%
Mr. Khalil Abdulkareem Nasser Al Fraih, a Saudi National	25%

The principal activities of the Company are management of the construction projects of oil and gas facilities, refineries of petrochemicals, fertilizers and minerals, preparation of detailed engineering designs, the purchase of materials, to carry out projects under its management and to provide services of pipelines installation and maintenance.

The Company's registered office is in Al – Khobar, Kingdom of Saudi Arabia.

2. GOING CONCERN

The Company's net working capital was in deficit by SR 198.86 million at December 31, 2016 (2015: SR 59.17 million), the Company has incurred a net loss of SR 151.57 million for the year then ended (2015: SR 26.79 million) and the accumulated losses at December 31, 2016 amounted to SR 191.88 million (2015: SR 40.31 million), which exceeded 50% of the Company's share capital of SR 10 million. In compliance with Article 181 of the Regulations for Companies, the shareholder are therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The shareholders have resolved to provide additional financing to the Company to support the continuation of the Company. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accompanying financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Revenue on long-term contracts, where the outcome can be estimated reliably, is recognized under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract prepared and approved by the technical estimation department of the Company. When the current estimate of total contract costs and revenues indicate a loss, provision is made for the entire loss on the contract irrespective of the amount of work done. When the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that is probable will be recoverable and contract costs are recognized as an expense in the period in which they are incurred.

Revenue recognized in excess of billings represents the value of work performed but not yet billed as at the yearend. Billing in excess of revenue recognized represents the excess of amounts billed over the value of work performed at the yearend.

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of contract cost as required under generally accepted accounting principles. Allocations between general and administrative expenses and contract cost, when required, are made on a consistent basis.

Accounts receivable

Accounts receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

Inventory

Inventory comprised of construction material and is stated at the lower of cost (weighted average) or net realizable value.

Provision for obligations

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Accounts payable and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Year
Plant and machinery	3-15
Furniture and fixtures	3-12
Computers	3-6
Office equipment	3-6

Intangible asset

Intangible asset represents software purchased by the Company. Software purchased is recognized as an intangible asset and amortized over a period of six years.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

Zakat and income tax

The Company is subject to the Regulations of the General Authority for Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided in the financial statements on an accruals basis and charged to the statement of shareholders' deficit. Zakat is computed on the Saudi shareholder's share of the zakat base, while income tax is calculated on the foreign shareholder's share of adjusted net income. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Deferred tax

Deferred tax is recognized on all taxable temporary differences at the marginal tax rate for the year where these differences arise and reversed at the marginal rate of tax where these differences will reverse. Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to statement of income on a straight-line basis over the term of the operating lease.

Interest in joint operation

A joint arrangement is an arrangement of which two or more parties have joint control.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require the unanimous consent of those sharing control.

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets and obligations for the liabilities relating to the arrangement.

The Company recognizes in these financial statements the assets, liabilities, income and expenses it has within the joint operation by combining these with the equivalent items in the financial statements on a line-by-line basis.

4. JOINTLY CONTROLLED OPERATIONS

On January 23, 2015 (3 Rabi II, 1436H), the Company and EMAS Saudi Arabia Ltd, a Saudi limited liability company entered into a Consortium Agreement to perform installation, testing and hook-up of off-shore facilities and construction of on-shore facilities. The Company's share in consortium is 50%.

A summary of financial position as of December 31, and results of operations of the Consortium are as follows.

Financial Position :

	2016 SR
ASSETS	
Current assets	
Cash and cash equivalents	**12,053,612**
Advances to members	**70,304,742**
Total current assets	**82,358,354**
TOTAL ASSETS	**82,358,354**
LIABILITIES AND MEMBER'S ACCOUNT	
Current liabilities	
Accrued expenses	**50,500**
Advance from a customer	**82,358,354**
Total current liabilities	**82,408,854**
Member's account	
Accumulated losses	**(50,500)**
TOTAL LIABILITIES AND MEMBER'S ACCOUNT	**82,358,354**

Results of operations:

	2016 SR
General and administrative expenses	**(50,500)**
Operating loss	**(50,500)**
NET LOSS	**(50,500)**
The Company's share of loss from the Joint Operations	**(25,250)**

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, demand deposits, and highly liquid investments with original maturities of three months or less. Cash and cash equivalents at December 31, 2016 include cash from joint operations of SR 6.03 million (Note 4). As of December 31, 2016 and 2015, cash and cash equivalents comprises of cash and bank balances.

6. ACCOUNTS AND RETENTIONS RECEIVABLE

	2016 SR	*2015 SR*
Accounts receivable	**87,860**	–
Projects retention receivable	**50,381,250**	*50,381,251*
	50,469,110	*50,381,251*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

7. PREPAID EXPENSES, ADVANCES AND OTHER RECEIVABLE

	2016 SR	*2015* *SR*
Prepayments	**3,876,415**	*2,872,323*
Advances to suppliers	**8,252,693**	*78,356,971*
Others receivables	**774,951**	*293,387*
	12,904,059	*81,522,681*

8. LOAN FROM A RELATED PARTY

During the year, the Company has received a short term loan of USD 35.18 million (SR 131.95 million) from Larsen & Toubro International FZE, a related party of which loan amounting to USD 24 million carries Interest rate of 3.5 % per annum and with maturity date of April 30, 2017 and loan of USD 11.18 million carries interest at the rate of 2.5% per annum and maturity date of March 31, 2017. As at December 31, 2016, the total loan from a related party amounted to USD 35.18 million (SR 131.95 million).

9. PROPERTY AND EQUIPMENT

	Plant and machinery SR	Furniture and fixtures SR	Computers SR	Office equipment SR	CWIP SR	Total SR
Cost						
January 1, 2016	34,316,173	12,240,084	1,547,415	1,819,709	–	49,923,381
Additions	**654,738**	**511,357**	**3,399**	**43,620**	**–**	**1,213,114**
Transfer in (note 18)	**1,315,726**	**11,303**	**81,171**	**52,570**	**320,495**	**1,781,265**
Transfer out (note 18)	**–**	**(391,913)**	**(80,849)**	**(10,575)**	**–**	**(483,337)**
Disposal	**–**	**–**	**(9,326)**	**(12,623)**	**–**	**(21,949)**
Write-off	**(100,000)**	**(631,668)**	**–**	**–**	**–**	**(731,668)**
December 31, 2016	**36,186,637**	**11,739,163**	**1,541,810**	**1,892,701**	**320,495**	**51,680,806**
Depreciation						
January 1, 2016	8,958,412	5,663,053	785,470	883,333	–	16,290,268
Charge for year	**10,458,353**	**1,801,773**	**391,708**	**330,276**	**–**	**12,982,110**
Transfer in (note 18)	**1,075,951**	**7,589**	**61,654**	**33,748**	**–**	**1,178,942**
Transfer out (note 18)	**–**	**(86,636)**	**(42,034)**	**(6,326)**	**–**	**(134,996)**
Disposal	**–**	**–**	**(3,058)**	**(8,482)**	**–**	**(11,540)**
Write-off	**(11,259)**	**(167,535)**	**–**	**–**	**–**	**(178,794)**
December 31, 2016	**20,481,457**	**7,218,244**	**1,193,740**	**1,232,549**	**–**	**30,125,990**
Net book value						
December 31, 2016	**15,705,180**	**4,520,919**	**348,070**	**660,152**	**320,495**	**21,554,816**
December 31, 2015	*25,357,761*	*6,577,031*	*761,945*	*936,376*	–	*33,633,113*

10. INTANGIBLE ASSETS

	2016 SR	*2015* *SR*
Cost		
January 1	**1,297,600**	*1,080,181*
Additions	**–**	*182,848*
Transfer from a related party (note 18)	**–**	*315,821*
Transfer to a related party (note 18)	**–**	*(281,250)*
December 31	**1,297,600**	*1,297,600*
Amortization		
January 1	**(403,335)**	*(155,497)*
Charge for the year	**(244,563)**	*(264,014)*
Transfer from a related party	**–**	*(120,867)*
Transfer to a related party	**–**	*137,043*
December 31	**(647,898)**	*(403,335)*
Net Book Value		
December 31	**649,702**	*894,265*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

11. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2016 SR	2015 SR
Trade accounts payable	**65,579,688**	*101,859,164*
Accrued projects costs	**23,562,526**	*49,910,830*
Accrual for foreseeable expected loss	**9,222,442**	–
Accrued liabilities	**6,444,314**	*4,432,236*
Other payables	**5,379,578**	*5,138,326*
	110,188,548	*161,340,394*

Accrued liabilities include accrued expense of SR 25,250 pertaining to Joint operation. (Refer note 4)

12. ADVANCE FROM CUSTOMER

Advance from customer includes SR 18 million assigned by Consortium to the Company to perform its part of the project assigned and it also includes SR 6.03 million share in the advance from customer pertaining to joint operations. (Refer note 4)

13. BANK FACILITIES

The Company obtained bank facilities from a local bank which comprise of advance payment guarantee, import loan, performance guarantee, bonds etc. These facilities carry finance charges at the prevailing market rate. As at December 31, 2016, the outstanding short term loans were SR 54.7 million (2015: SR 53.8 million) which are payable within 6 months. The facilities are secured by corporate Guarantee from Larsen & Toubro International FZE incorporated in Sharjah, UAE which is a wholly owned subsidiary of Larsen Toubro Limited, India and assignments of proceeds from customers.

14. REVENUE RECOGNIZED IN EXCESS OF BILLINGS

	2016 SR	2015 SR
Value of work performed	**1,090,524,034**	*743,961,265*
Less: Progress billings	**(1,011,155,367)**	*(710,093,467)*
Revenue recognized in excess of billings	**79,368,667**	*33,867,798*

15. END-OF-SERVICE INDEMNITIES

	2016 SR	2015 SR
January 1	**5,672,927**	*1,142,305*
Charge for the year	**1,617,414**	*3,497,624*
Transfer from a related party (note 18)	**1,219,814**	*1,467,491*
Payments during the year	**(3,282,525)**	*(434,493)*
	5,227,630	*5,672,927*

16. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2016 SR	2015 SR
Non-current assets	**22,204,518**	*34,527,378*
Non-current liabilities	**5,227,630**	*5,672,927*
Opening shareholders' deficit	**(30,313,336)**	*(3,525,647)*
Net loss before zakat and income tax	**(151,567,423)**	*(26,787,689)*

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

Income tax

The Company has incurred taxable losses for the year ended December 31, 2016 and 2015, and therefore no provision for income tax was made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Zakat

No provision for zakat has been made for the years 2016 and 2015 as the Company reported losses and the zakat base was negative as of December 31, 2016 and 2015.

The Company has filed its zakat and tax return upto the year ended December 31, 2015 and obtained relevant certificates from the GAZT.

Deferred tax

The deferred tax effect of all the temporary differences, after considering the tax losses available for future adjustments is a contingent asset. No deferred tax asset has been recognized in the financial statements due to uncertainty of future results.

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 SR	2015 SR
Salaries and employee benefits	5,566,001	13,183,085
Affiliate overhead charges	208,578	3,718,099
Rent	725,018	1,670,639
Depreciation and amortization	752,845	767,714
Project proposal costs	–	2,066,613
Others	3,529,019	6,472,818
	10,781,461	27,878,968

General and administrative expenses include expense of SR 25,250 pertaining to Joint operation. (Refer note 4)

18. RELATED PARTY TRANSACTIONS

During the year, the Company transacted with the following related parties:

Name	Relationship
Larsen & Toubro Limited	Shareholder
Larsen & Toubro ATCO Saudi LLC	Affiliate
Larsen & Toubro Hydrocarbon International Limited	Affiliate
Larsen & Toubro Hydrocarbon Engineering Limited	Affiliate
Larsen & Toubro Electrical & Automation International FZE	Affiliate
L&T Electrical & Automation Saudi Arabia Co. Ltd	Affiliate
L&T Valves Limited	Affiliate
Larsen & Toubro Kuwait Construction WLL	Affiliate
L&T Valdel Engineering Limited	Affiliate
Larsen & Toubro Gulf Private Limited	Affiliate
Larsen & Toubro Chiyoda Limited	Affiliate
L&T Electromech LLC	Affiliate

The significant transactions and the related amounts are as follows:

	2016 SR	2015 SR
Loan to a related party	–	30,913,100
Repayment of loan by a related party	–	46,413,100
Interest income	–	369,339
Finance charges	1,456,813	–
Transfer of assets to related parties	197,695	17,117,883
Transfer of assets from related parties	602,323	162,788
Loan from a related party	131,947,054	–
Material purchases	966,473	14,961,396
Overhead charged by affiliate companies	1,311,466	3,697,666
Cost of Software	877,685	3,334,071
Inspection Services	–	4,419
Overhead charged to affiliate companies	66,023	234,750
Hire charges for plant and machinery	6,699,791	5,901,134
Sub-contracting engineering services charges	714,695	17,362,020
Corporate guarantee charges	1,902,296	–

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Due from related parties as of year-end comprised of the following:

	2016 SR	2015 SR
Larsen & Toubro Limited – HED	6,427	–
Larsen & Toubro ATCO Saudi LLC	320	194,152
L&T International FZE	80,925	42,723
Larsen & Toubro Hydrocarbon International- HMD (Domestic)	1,084,983	–
Larsen & Toubro Limited – PAC	78,094	–
Larsen & Toubro Saudi Arabia LLC	–	2,572
L&T-Chiyoda Limited	3,258	–
L&T Hydrocarbon Engineering Limited – Upstream, Hazira	294,297	1,374,105
L & T Technology Services Ltd.	570	–
L&T Valves Limited	22,500	–
L&T Electrical & Automation Saudi Arabia Co. Ltd	–	7,841
L&T Hydrocarbon Engineering Limited - Powai Corporate	5,003	–
L&T Electrical & Automation International FZE, UAE	–	750,800
	1,576,377	2,372,193

Due to related parties as of year-end comprised of the following:

	2016 SR	2015 SR
L&T Electrical & Automation Saudi Arabia Co. Ltd	1,166,035	456,490
L&T Electrical & Automation International FZE, UAE	1,833,912	3,542,463
L&T Hydrocarbon Engineering Limited – HMD (Domestic)	29,506,517	2,517,080
L&T Hydrocarbon Engineering Limited - Powai Corporate	5,343,653	4,775,594
L&T Hydrocarbon Engineering Limited – Upstream, Hazira	218,514	13,693,272
L&T Hydrocarbon Engineering Limited - HMD (International)	–	27,450,168
L&T International- FZE	1,404,871	–
L&T Hydrocarbon Engineering Limited - HCP Domestic	4,782,058	265,307
Larsen & Toubro Limited – PAC	1,939,964	–
L&T Valves Limited	162,440	172,716
L&T Saudi Arabia LLC	5,802	–
Larsen & Toubro Kuwait Construction WLL	–	42,526
L&T Valdel Engineering Limited	47,334	67,443
Larsen & Toubro Hydrocarbon International Limited	2,979,675	3,209,607
Larsen & Toubro Limited – HED	510,720	452,392
Larsen & Toubro Limited – Powai Account Corporate	–	39,854
Larsen & Toubro Atco Saudi LLC	1,651,216	–
Larsen & Toubro Gulf Private Limited	47,890	326,220
Larsen & Toubro Chiyoda Limited	589,724	593,488
L & T Electromech LLC	390	390
	52,190,715	57,605,010

19. MAJOR CUSTOMER

The Company's majority of the revenue is derived from one contract with Saudi Aramco. Included in accounts receivable at December 31, 2016 is an amount due from Saudi Aramco totaling SR 50.46 million (2015: SR 50.38 million) towards progress billing and retention receivable.

20. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if, the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognized in the financial statements.

Allowances for accounts receivable, retentions and revenue recognised in excess of billings

Management has estimated the recoverability of accounts receivable, retentions and revenue recognised in excess of billings and has considered the allowance required. Management has estimated the allowance for accounts receivable, retentions and revenue recognised in excess of billings on the basis of prior experience and the current economic environment on the recovery of long outstanding accounts receivable, retentions and revenue recognised in excess of billings. Estimating the amount of the allowance requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions and contractor/employer-specific factors, all of which may be susceptible to significant change. An allowance is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

Allowance for inventory obsolescence

Management has estimated the recoverability of inventory balances and considered the allowance required for inventory obsolescence based on the current economic environment and best obsolescence history. Estimating the amount of the allowance for inventory obsolescence requires significant judgment. A provision for inventory obsolescence is charged to costs of revenue based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for inventory obsolescence could be required that could adversely affect earnings or financial position in future periods.

Useful lives of property, plant and equipment and intangible assets

As described in note 3, the Company estimates the useful lives of property and equipment at the end of each annual reporting period.

Revenue on construction contracts

The Company uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires the Company to estimate the proportion of work performed as a proportion of contract costs incurred for work performed to date to the estimated total contract costs. Management considers that this is the most appropriate measure of determining the percentage-of-completion to arrive at the profit to be recognized for the year and to defer profits in excess of the overall estimated contract margin. Since project costs can vary from initial estimates, the reliance on the total project cost estimate represents an uncertainty inherent in the revenue recognition process. Individual project budgets are reviewed regularly with project leaders to ensure that cost estimates are based upon up to date and as accurate information as possible, and take into account any relevant historic performance experience.

Contract variations are recognized as revenues to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgment by management based on prior experience, application of contract terms and relationship with the contract owners.

Claims are recorded as revenue when negotiations have reached to an advance stage such that it is probable, the customer will accept the claim and amount can be measured reliably, which requires the exercise of judgment by management based on prior experience.

Construction cost estimates

The Company uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labor costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates.

Provision for zakat and income tax

Management has assessed the zakat and income tax position having regard to the local zakat and income tax legislation, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by GAZT.

21. CONTRACT OBLIGATION

In the ordinary course of business, the Company enters into contracts which may provide for assessment of damages for non-performance or delay in completion. The management believes that no significant liabilities exists in excess of the amount provided in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

22. OPERATING LEASE ARRANGEMENTS

	2016 **SR**	*2015* *SR*
Payments under operating leases recognized as an expense during the year	**30,914,073**	*22,852,462*

Operating lease payments represent lease payments, payable by the company under non-cancellable operating lease agreements for the leasing of equipment, vehicles, office rental and employees' accommodation. These leases are negotiated for an average period of 1 year.

23. COMMITMENTS AND CONTINGENCIES

At December 31, the Company had the following commitments and contingencies:

	2016 **SR**	*2015* *SR*
Bank guarantees	**196,175,946**	*306,117,670*
Letter of credit	**14,832,465**	*42,422,747*

The bank guarantees have been counter guaranteed by Larsen & Toubro International FZE, a subsidiary of Larsen & Toubro Limited, India.

24. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their Second report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS:**

Particulars	**2016-17**	*2015-16 (17.08.2015 – 31.03.2016)*
	Amount in ₹	*Amount in ₹*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**(228,714)**	*(8,54,844)*
Less: Depreciation, amortization and obsolescence	**Nil**	*Nil*
Add: Transfer from Revaluation Reserve	**Nil**	*Nil*
Profit before exceptional and extraordinary items and tax	**(228,714)**	*(8,54,844)*
Add: Exceptional Items	**Nil**	*Nil*
Profit before extraordinary items and tax	**(228,714)**	*(8,54,844)*
Add: Extraordinary items	**Nil**	*Nil*
Profit / (Loss) before tax	**(228,714)**	*(8,54,844)*
Less: Provision for tax	**Nil**	*Nil*
Profit after tax from continuing operations	**(228,714)**	*(8,54,844)*
Profit from discontinued operations	**Nil**	*Nil*
Total expenses on discontinued operations	**Nil**	*Nil*
Profit from discontinued operations (after tax)	**Nil**	*Nil*
Profit for the period carried to the balance sheet	**(228,714)**	*(8,54,844)*
Add: Balance brought forward from previous year	**(8,54,844)**	*Nil*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**Nil**	*Nil*
Balance available for disposal (which directors appropriate as follows)	**Nil**	*Nil*
Debenture Redemption Reserve	**Nil**	*Nil*
Proposed dividend	**Nil**	*Nil*
Dividend Tax	**Nil**	*Nil*
General Reserve	**Nil**	*Nil*
Balance carried to Balance Sheet	**(10,83,558)**	*(8,54,844)*
Dividend	**Nil**	*Nil*

2. **CAPITAL & FINANCE:**

   During the year under review, the Company has not allotted any equity shares. The Total paid up equity share capital of the Company as on 31st March, 2017, was ₹.20 Lakhs.

3. **CAPITAL EXPENDITURE:**

   No appropriation is proposed in view of no commencement of commercial activities and the absence of profits.

4. **DEPOSITS:**

   During the year under review, the Company has not accepted any deposits from the Public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   During the year under review, the Company has not given any loans or made any investments or given any guarantees or provided any security as specified under section 186 of Companies Act, 2013.

6. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   The Board of Directors have approved related party transactions during the year ended March 31, 2017.

   All the related party transactions were in ordinary course of business and at arm's length.

   A disclosure is provided in the Annexure A for material transactions, contracts or arrangements which are at arm's length basis as per Sec 134 of the Act 2013 read with Companies (Audit and Accounts) Rules, 2014.

7. **STATE OF COMPANY AFFAIRS:**

   The Company is at project acquisition stage and progress on the same is satisfactory.

8. AMOUNT TO BE CARRIED TO RESERVE:

The Company has not transferred any amount to Reserve during the year under review.

9. DIVIDEND:

The Board of Directors do not recommend any dividend for the financial year under review.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity.

12. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

13. CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility is not applicable to the Company as per Section 135 of Companies Act, 2013 read with The Companies (Corporate Social Responsibility Policy) Rules, 2014.

14. THE DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTED OR HAVE RESIGNED DURING THE YEAR:

Mr. Mukesh Bhargava, Mr. K L Viswanathan, Mr. Mahesh Ramachandran, Mr. Neelesh Tungar and Mr. S G Murali are the present directors of the Company.

During the year under review the following directors appointed or resigned.

a. Appointed during the year

Name	Position	Date
Mr. K L Viswanathan	Director	28/02/2017

b. Resigned during the year

Name	Position	Date
Mr. U K Kalyanaramudu	Director	28/02/2017

Mr. Mukesh Bhargava and Mr. Mahesh Ramachandran will be retiring by rotation in the forthcoming Annual General Meeting and being eligible, has offered themselves for re-appointment.

Mr. K L Viswanathan was appointed as an Additional Director in the Company on February 28, 2017 upto the conclusion of ensuing Annual General Meeting of the Company.

During the year under review, the Company was not required to appoint Key Managerial Personnel as per the provisions of Companies Act, 2013 and rules made thereunder.

15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review four meetings were held on April 21, 2016, August 2, 2016, November 25, 2016 and February 28, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

16. AUDIT COMMITTEE:

The Company was not required to constitute an Audit Committee in terms of the requirements Sec 177 read with Rule 6, 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions of the Companies Act, 2013 for the year ended March 31, 2017.

17. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company was not required to constitute the Nomination and Remuneration Committee in accordance with the requirements of Sec 178 of the Companies Act, 2013 read with the rules made thereunder for the year ended March 31, 2017.

18. DECLARATION OF INDEPENDENCE:

The Company was not required to appoint Independent Directors on the Board of the Company pursuant to provisions of Section 149(4) of the Companies Act, 2013 and rules made thereunder for the year ended March 31, 2017.

19. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

20. INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls (‘IFC’) within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the period ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company’s operations.

During the year, such controls were tested and no reportable material weaknesses were observed.

21. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Performance Evaluation of the Board, its committees, Chairman and directors was not applicable to the Company during the year under review.

22. MEETING OF THE INDEPENDENT DIRECTORS:

Since, the Company is not required to have Independent Directors on the Board of the Company , requirement of holding meeting of Independent Directors doesn’t arises.

23. AUDITORS’ REPORT:

The Auditors’ report to the shareholders does not contain any qualification, observation or adverse comment.

24. SECRETARIAL AUDIT REPORT:

The Appointment of Secretarial Audit as per provisions of Section 204 of the Companies Act, 2013 read with rules made thereunder was not applicable to the Company for the year ended March 31, 2017.

25. COST AUDITORS:

The Company was not required to appoint of Cost Auditor as per provisions of Section 148 & rules made thereunder for the year ended March 31, 2017.

26. AUDITORS:

The Auditors, VPR & Associates, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, it is proposed to appoint M/s VPR & Associates as Statutory Auditors for the period of five continuous years i.e. from the conclusion of second Annual General Meeting till conclusion of seventh Annual General Meeting of the Company. The Appointment shall be ratified at every Annual General Meeting of the Company.

Certificate from VPR & Associates has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

27. EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure B to this report.

28. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

29. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on ‘Protection of Women’s Rights at Workplace’ which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

30. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

31. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

MUKESH BHARGAVA	**MAHESH RAMACHANDRAN**
Director	*Director*
DIN: 05227143	*DIN: 01327703*

Place: Mumbai
Date: May 18, 2017

ANNEXURE - A

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis	
(a) Name(s) of the related party and nature of relationship	NOT APPLICABLE
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

ANNEXURE - B

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Corporate Identification Number (CIN)	U74999MH2015PTC267502
Registration Date	17/08/2015
Name of the Company	LTH Milcom Private Limited
Category / Sub-Category of the Company	Private Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai- 400001
Whether listed company Yes / No	Unlisted
Name, Address and Contact details of Registrar and Transfer Agent, if any	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the Company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited L&T House, N.M.Marg, Ballard Estate, Mumbai- 400001	L99999MH1946PLC004768	Holding Company	56.67	2 (46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	200000	200000	100	–	200000	200000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**200000**	**200000**	**100**	**–**	**200000**	**200000**	**100**	**–**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A) = (A) (1)+(A)(2)	**–**	**200000**	**200000**	**100**	**–**	**200000**	**200000**	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)= (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**Nil**	**200000**	**200000**	**100**	**–**	**200000**	**200000**	**100**	**Nil**

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe-red to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbe-red to total shares	
1	Larsen & Toubro Limited	113340	56.67%	Nil	113340	56.67%	0.00%	Nil
2	The Tata Power Company Limited	66660	33.33%	Nil	66660	33.33%	0.00%	Nil
3	HCL Infosystems Limited	20000	10.00%	Nil	20000	10.00%	0.00%	Nil
	Total	**200000**	**100.00%**	**Nil**	**200000**	**100.00%**	**0.00%**	**Nil**

(iii) Change in Promoters' Shareholding: There has been no change in the Shareholding of Promoters

Sl. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.)	Nil	Nil	Nil	Nil
	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.)	Nil	Nil	Nil	Nil
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	**Nil**	**Nil**	**Nil**	**Nil**
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year	**Nil**	**Nil**	**Nil**	**Nil**
• Addition				
• Reduction				
Net Change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year	**Nil**	**Nil**	**Nil**	**Nil**
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: Not Applicable

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		---	----	----	-----	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission - as % of profit - others, specify…					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Mr. Mukesh Bhargava	Mr. K L Viswanathan	Mr. Mahesh Ramachandran	Mr. Neelesh Tungar	Mr. S G Murali	
1.	Independent Directors	NIL	NIL	NIL	NIL	NIL	NIL
	• Fee for attending board / committee meetings						
	• Commission						
	• Others, please specify						
	Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2.	Other Non-Executive Directors	NIL	NIL	NIL	NIL	NIL	NIL
	• Fee for attending board / committee meetings						
	• Commission						
	• Others, please specify						
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration						
	Overall Ceiling as per the Act						

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Not Applicable

	Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/Court)	Appeal made, if any (give Details)
A	**Company**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
B	**Directors**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL
C	**Other officers in default**					
	Penalty	NIL	NIL	NIL	NIL	NIL
	Punishment	NIL	NIL	NIL	NIL	NIL
	Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LTH MILCOM PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of **LTH MILCOM PRIVATE LIMITED** (the Company), which comprise the Balance Sheet as at March 31, 2017, the Statement of Income & Expenditure during pre-operational period from April 01,2016 to March 31, 2017, the Statement of Changes in Equity , Cash flow statement for the period then ended and a summary of significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Management is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation and presentation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017 and its loss, and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 (" the Order ") issued by the Central Government of India –Ministry of corporate affairs, in terms of sub-Section (11) of section 143 of the Act, we enclose in the "Annexure – A", a statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
    a. We have obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;
    b. In our opinion, proper books of account as required by law have been kept by the Company so far as appears from our examination of those books.
    c. The Balance Sheet, the Statement of Income & Expenditure, the Statement of Changes in Equity and the Cash Flow Statement dealt with in this Report are in agreement with the books of account.
    d. In our opinion, the aforesaid financial statements comply with Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
    e. On the basis of the written representations received from the directors as on March 31, 2017, taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.
    f. With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"
    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company does not have any pending litigations which would impact its financial position;

i. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

ii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iii. the company has disclosed in its financial statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

For **VPR & ASSOCIATES**
Chartered Accountants
(Firm Registration No.112665W)

CA VIKRANT RAJOPADHYE
Partner
Membership No:113611

Place : Mumbai
Date : May 19, 2017

ANNEXURE 'A' TO THE AUDITORS' REPORT

(Referred to in Paragraph 1 under the heading 'Report on Other Legal and Regulatory Requirements' of our report of even date to the members of the Company for the period ended March 31, 2017 of LTH MILCOM PRIVATE LIMITED)

On the basis of such checks as we considered appropriate and according to the information and explanation given to us during the course of our audit, we report that:

i. According to the information and explanations given to us and on the basis of our examination of the books of account, the Company does not have Fixed assets during the pre-operational period. Hence, the clause (i) (a) (b) and (c) of the order is Not applicable to this Company.

ii. Company has not started its commercial operations during the year. The company does not have any inventory. Hence Clause (ii) of the order is Not applicable.

iii. a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has not granted any loans, secured or unsecured, to companies, firms or other parties listed in the register maintained under Section 189 of the Companies Act, 2013. Consequently, the clauses (iii) (a), (iii)(b) and (iii) (c) of the order are not applicable to the Company

iv. According to the information and explanations given to us and on the basis of our examination of the books of account, the company has not given any loan, guarantee as well as security, neither it has made any investments. Hence, the clause No (iv) of the order is not applicable to the Company

v. The Company has not accepted any deposits from the public covered under section 73 and 76 of the Companies Act, 2013. Hence reporting requirements under clause no (v) are not applicable

vi. The company has not started its commercial operations during this financial year hence requirements of maintenance of cost records as prescribed by the Central Government under sub-section (1) of section 148 of the Act, are not applicable to the company.

vii. a. The company is regular in depositing undisputed statutory dues including Provident Fund, Investor Education and Protection Fund, Employees' State Insurance, Income-tax, Sales-tax, Wealth Tax, Service Tax, Custom Duty, Excise Duty, cess to the extent applicable and any other statutory dues to the appropriate authorities. According to the information and explanations given to us there are no outstanding statutory dues as on the last day of the financial year concerned for a period of more than six months from the date they became payable.

b. According to the information and explanations given to us, there is no amounts payable in respect of income tax, wealth tax, service tax, sales tax, Customs duty and excise duty on account of any disputes.

viii. The Company has not accepted any loan during Pre-operational period hence clause (viii) of the order is not applicable.

ix. The company has not raised any money through public offer, further public offer or term loan. Hence the provisions of clauses (ix) of the order are not applicable to the Company,

x. According to the information and explanations given to us, no fraud has been noticed,

xi. According to the information and explanations furnished by the management, no managerial remuneration has been paid during the year. Accordingly paragraph 3 (xi) of the Order is not applicable to the Company.

xii. The provisions of clauses (xii), which are relating to Nidhi Company, of the order are not applicable to the Company,

xiii. On the basis of our examination of the books of account all transactions with the related parties are in compliance with sections 177 and 188 of Companies Act,2013 wherever applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards,

xiv. The company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, hence this clause in not applicable,

xv. The company has not entered into any non-cash transactions with directors or persons connected with him

xvi. The company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934

For **VPR & ASSOCIATES**
Chartered Accountants
(Firm Registration No.112665W)

CA VIKRANT RAJOPADHYE
Partner
Membership No:113611

Place : Mumbai
Date : May 19, 2017

ANNEXURE 'B' TO THE AUDITORS' REPORT

(Referred to in paragraph 2 (f) under the heading 'Report on other legal and regulatory requirements' of our report on even date on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act") to the members of the Company for the period ended March 31, 2017 of LTH MILCOM PRIVATE LIMITED)

To the Members of LTH MILCOM PRIVATE LIMITED

We have audited the internal financial controls over financial reporting of LTH MILCOM PRIVATE LIMITED ("the Company"), as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing as specified under section 143(10) of the Act to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For **VPR & ASSOCIATES**
Chartered Accountants
(Firm Registration No.112665W)

CA VIKRANT RAJOPADHYE
Partner
Membership No:113611

Place : Mumbai
Date : May 19, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	**Note No.**	**As at 31.03.2017** ₹	₹	*As at 31.03.2016* ₹	₹
ASSETS:					
Current assets					
Financial Assets					
Cash and cash equivalents	**A**		**1,126,127**		*1,999,370*
TOTAL			**1,126,127**		*1,999,370*
EQUITY AND LIABILITIES:					
Shareholders' funds					
Share capital	**B**	**2,000,000**		*2,000,000*	
Other Equity	**C**	**(1,083,558)**		*(854,844)*	
			916,442		*1,145,156*
Current liabilities					
Financial Liabilities					
Other Financial liabilities	**D**		**191,952**		*829,975*
Other current liabilties	**E**		**17,734**		*24,239*
TOTAL			**1,126,127**		*1,999,370*
SIGNIFICANT ACCOUNTING POLICIES	**G**				
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	**H**				

As per our report attached

VPR & ASSOCIATES
Chartered Accountants
ICAI registration no.112665W
By the hand of

CA VIKRANT RAJOPADHYE
Partner
Membership No. 113611

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board

K L VISWANATHAN
Director
DIN: 07734087

NEELESH TUNGAR
Director
DIN: 05229865

Place: Bangalore
Date: May 18, 2017

STATEMENT OF INCOME & EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	For the period 17.08.2015 to 31.03.2016 ₹	For the period 17.08.2015 to 31.03.2016 ₹
INCOME					
Income from operations		–		–	
Other income		–		–	
TOTAL INCOME			–		–
EXPENDITURE					
Administration and Other Expenses	F		228,714		*854,844*
TOTAL EXPENSES			228,714		*854,844*
Excess of expenditure over income during the pre-operational period before tax expense			(228,714)		*(854,844)*
Tax expense					
Current tax			–		–
Deferred tax			–		–
Excess of expenditure over income during the pre-operational period after tax expense			(228,714)		*(854,844)*
Earnings per equity share					
Basic and diluted earnings per equity share	H(vii)		(1.14)		*(97.45)*
Face value per equity share (₹)			10		*10*
SIGNIFICANT ACCOUNTING POLICIES.	G				
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	H				

As per our report attached

VPR & ASSOCIATES
Chartered Accountants
ICAI registration no.112665W
By the hand of

CA VIKRANT RAJOPADHYE
Partner
Membership No. 113611

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board

K L VISWANATHAN
Director
DIN: 07734087

NEELESH TUNGAR
Director
DIN: 05229865

Place: Bangalore
Date: May 18, 2017

STATEMENT OF CHANGES IN EQUITY AS AT MARCH 31, 2017

A) EQUITY SHARE CAPITAL

(in ₹)

Balance as on August 17, 2015	Changes in equity share capital during the period	*Balance as at March 31, 2016*	*Changes in equity share capital during the year*	**Balance as at March 31, 2017**
–	2,000,000	**2,000,000**	–	**2,000,000**

B) OTHER EQUITY

(in ₹)

Particulars	**General Reserve**	**Securities Premium Reserve**	**Retained Earnings**	**Total**
Balance as on August 17, 2015	**–**	**–**	–	–
Profit (Loss) for the period			*(854,844)*	*(854,844)*
Other Comprehensive income for the period, net of income tax			–	–
Total comprehensive income for the period			*(854,844)*	*(854,844)*
Balance as on 31st March 2016	**–**	**–**	***(854,844)***	***(854,844)***
Profit (Loss) for the period			*(228,714)*	*(228,714)*
Other Comprehensive income for the year, net of income tax			–	–
Total comprehensive income for the year			*(228,714)*	*(228,714)*
Balance at the end of 31st March 2017	**–**	**–**	**(1,083,558)**	**(1,083,558)**

As per our report attached

VPR & ASSOCIATES
Chartered Accountants
ICAI registration no.112665W
By the hand of

CA VIKRANT RAJOPADHYE
Partner
Membership No. 113611

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board

K L VISWANATHAN
Director
DIN: 07734087

NEELESH TUNGAR
Director
DIN: 05229865

Place: Bangalore
Date: May 18, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	**2016-17** ₹	*For the period 17.08.2015 to 31.03.2016* ₹
A.	**Cash Flow from operating activities**		
	Excess of expenditure over Income during the pre-operational period before tax	**(228,714)**	*(854,844)*
	Adjustments for :		
	Depreciation (including obsolescence),amortisation and impairment	**–**	–
	Pre-operative excess of expenditure over income before working capital changes	**(228,714)**	*(854,844)*
	Ajustments for :		
	Increase/(Decrease) in other current liabilities and provsions	**(644,528)**	*854,214*
	Cash generated from operations	**(873,242)**	*(630)*
	Direct tax paid	**–**	–
	Net cash (used in) / from pre-operating activities	**(873,242)**	*(630)*
B.	**Cash flow from investing activities:**		
	Net cash (used in)/from investing activites	**–**	–
C.	**Cash flow from financing activities:**		
	Issue of equity shares		*2,000,000*
	Net cash (used in)/from financing activites	**–**	*2,000,000*
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(873,242)**	*1,999,370*
	Cash and cash equivalents at beginning of the year	**1,999,370**	–
	Cash and cash equivalents at end of the year	**1,126,127**	*1,999,370*

Note: 1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7
2. Cash and cash equivalents represent bank balance.

As per our report attached

VPR & ASSOCIATES
Chartered Accountants
ICAI registration no.112665W
By the hand of

CA VIKRANT RAJOPADHYE
Partner
Membership No. 113611

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board

K L VISWANATHAN
Director
DIN: 07734087

NEELESH TUNGAR
Director
DIN: 05229865

Place: Bangalore
Date: May 18, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

	As at 31.03.2017		As at 31.03.2016	
		₹		₹
A) CASH AND CASH EQUIVALENTS				
Balances with banks:				
On Current account		**1,126,127**		*1,999,370*

B) SHARE CAPITAL

The Company has issued Equity Share Capital, the details in respect of which are given below

	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	₹	No. of Shares	₹
B (I) Number, face value and amount of shares authorised, issued, subscribed and paid-up				
Authorised share Capital				
Equity Shares of ₹ 10 each	**4,000,000**	**40,000,000**	*4,000,000*	*40,000,000*
Issued, Subscribed & Paid up share capital				
Equity Shares of ₹ 10 each fully paid	**200,000**	**2,000,000**	*200,000*	*2,000,000*

	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	₹	No. of Shares	₹
B. (II) Reconcilaition of the shares outstnading at the beginning and at the end of the year				
Balance at the beginnig of the year	**200,000**	**2,000,000**	–	–
Issued during the year	**–**	**–**	*200,000*	*2,000,000*
Balance at the end of the year	**200,000**	**2,000,000**	*200,000*	*2,000,000*

B. (III) Rights, preferences and restrictions attached to shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held.

	As at 31.03.2017		As at 31.03.2016	
	No. of Shares	% holding	No. of Shares	% holding
B. (IV) Details of shareholders holding more than 5% shares in the company				
Name of the Shareholder				
Larsen & Toubro Limited	**113,340**	**56.67%**	*113,340*	*56.67%*
TATA Power SED	**66,660**	**33.33%**	*66,660*	*33.33%*
HCL Infosystems	**20,000**	**10.00%**	*20,000*	*10.00%*

B. (V) All the shares were issued by the Company for cash consideration.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (CONTD.)

		As at 31.03.2017 ₹	*As at 31.03.2016 ₹*
C)	**OTHER EQUITY**		
	Excess of expenditure over income during pre-operational period		
	Opening balance	**(854,844)**	–
	Addition during the period	**(228,714)**	*(854,844)*
	Balance at end of the year	**(1,083,558)**	*(854,844)*
D)	**FINANCIAL LIABILITIES**		
	Due to Larsen & Toubro Limited	**186,202**	*824,250*
	Due to Others	**5,750**	*5,725*
	TOTAL	**191,952**	*829,975*
E)	**OTHER CURRENT LIABILITIES**		
	Other payables	**17,734**	*24,239*
	TOTAL	**17,734**	*24,239*

		2016-17 ₹	*For the period 17.08.2015 to 31.03.2016 ₹*
F)	**ADMINISTRATION AND OTHER EXPENSES**		
	Statutory filing fees, stamp duty, rates and taxes and other registration expenses	**7,282**	*525,158*
	Overheads charged by Larsen & Toubro Limited	**177,802**	*277,531*
	Professional fees	**37,170**	*45,800*
	Audit fees	**5,750**	*5,725*
	Bank charges	**711**	*630*
	Total Administration and other expenses	**228,714**	*854,844*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (CONTD.)

G. SIGNIFICANT ACCOUNTING POLICIES

(i) The Company maintains its accounts in accordance with the generally accepted accounting principles (GAAP) in India, including the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

(ii) The preparation of financial statements in conformity with GAAP requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to the contingent liabilities as of the date of the financial statements. Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

(iii) The company has adopted revised schedule III as notified under the Companies Act 2013 for the preparation and presentation of financial statements.

(iv) Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a) the Company has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

b) a present obligation arising from past events, when no reliable estimate is possible; and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

H. NOTES FORMING PART OF ACCOUNTS

(i) The Company was incorporated on August 17, 2015 and accordingly the accounts and financial statements are drawn for the previous period from August 17, 2015 to March 31, 2016.

(ii) The Company would operate in the business segment of Military communication systems.

(iii) The Company has not yet commenced commercial operations. It is awaiting receipt of various regulatory approvals and fulfillment of conditions of the shareholders' agreement prior to commencement of operations.

(iv) Pre-operative expenses incurred prior to commencement of commercial business operations has been charged to the "Statement of Income & Expenditure during Pre-operational Period".

(v) There are no amounts due to Micro and Small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006.

(vi) There are no Contingent Liabilities as at March 31, 2017.

(vii) Basic and Diluted Earnings per share (EPS):

Particulars	**For the year ended 31.03.2017**	*For the period 17.08.2015 to 31.03.2016*
	₹	₹
Excess of expenditure over income as per Statement of Income and Expenditure during pre-operational period	**(2,28,714)**	*(8,54,844)*
Weighted Average number of shares outstanding	**2,00,000**	*8,772*
Basic and Diluted Earnings per share	**(1.14)**	*(97.45)*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (CONTD.)

(viii) Auditor's remuneration (excluding service tax) and expenses charged to the accounts

Particulars	**For the year ended 31.03.2017**	*For the period 17.08.2015 to 31.03.2016*
	₹	₹
Audit fees	**5,000**	*5,000*

(ix) The Company has not recognized deferred tax asset of ₹ 1,74,697 as on 31st March 2017 (P.Y 1,39,757 not recognized) in respect of deduction of preliminary expenses, on grounds of prudence.

(x) Related party disclosures

i. List of related parties which exercise control:

Larsen & Toubro Limited

TATA Power SED

ii. Names of related parties with whom transactions were carried out during the year:

Larsen & Toubro Limited

iii. Disclosure of related party transactions

Particulars	**For the year ended 31.03.2017 (₹)**	*For the period 17.08.2015 to 31.03.2016 (₹)*
a) Subscription to Equity Share Capital		
Larsen & Toubro Limited	–	*11,33,400*
TATA Power SED	–	*6,66,600*
b) Re-imbursement of expenses incurred on behalf of the Company		
Larsen & Toubro Limited	–	*5,70,958*
c) Overheads recovered		
Larsen & Toubro Limited	**1,77,802**	*2,77,531*
d) Professional fees charged		
Larsen & Toubro Limited	**26,134**	–
e) Amount due as at March 31		
Larsen & Toubro Limited	**1,86,202**	*8,24,250*

(xi) Expenditure incurred in foreign currency : Nil

(xii) Estimated amount of contracts remaining to be executed on capital account and not provided for : Nil

As per our report attached

VPR & ASSOCIATES
Chartered Accountants
ICAI registration no.112665W
By the hand of

CA VIKRANT RAJOPADHYE
Partner
Membership No. 113611

Place: Mumbai
Date: May 19, 2017

For and on behalf of the Board

K L VISWANATHAN
Director
DIN: 07734087

NEELESH TUNGAR
Director
DIN: 05229865

Place: Bangalore
Date: May 18, 2017

DIRECTORS' REPORT TO THE MEMBERS

Dear Members,

The Directors are pleased to present the report on the business and operations of the Company together with the Audited Statements of Accounts and the Auditor's Report for the year ended 31st March 2017.

FINANCIALS & PERFORMANCE OF THE COMPANY:

(₹ in Crore)

Particulars	**2016-17**	*2015-16*
Revenue (Net)	**881.70**	*708.32*
Operating Margin	**206.31**	*112.21*
Less: Depreciation	**77.16**	*104.78*
Less: Finance Cost	**109.65**	*105.86*
Profit/ (Loss) Before Tax	**19.50**	*(98.43)*
Provision for Deferred Tax	**25.44**	*(0.31)*
Profit After Tax	**(5.94)**	*(98.12)*
Balance Carried Forward	**(533.32)**	*(527.38)*

The financial year 2016-17 has been yet another challenging year for the Company in the absence of new domestic orders. The constant focus on exports and timely execution of projects has resulted in increased revenue of 24% for the year. The better utilization of capacity along with implementation of various cost reduction initiatives has resulted in bringing down the losses significantly. The Company is hopeful of bagging few domestic projects in the coming year in-spite of increased competition. The Management's continuous focus on product up-gradation & improvements, cost reduction initiatives, improvements in manufacturing processes and added emphasis on supply chain initiatives has resulted in meeting the customer requirements and helped to remain competitive.

During the year, the Company has hived off its Heavy Casting Unit in order to remain asset light and to improve the cash-flow with a view to clear the long term debts.

During the year, the Company has won the Gold award in **India Manufacturing Excellence Awards 2016** by Frost & Sullivan, **BEE 2016–Certificate of Merit** from National Energy Conservation Award 2016 (Ministry of Power) for efficient energy management, **Gold Award** in the Annual Convention on Quality Concepts (ACQC-2016) Vadodara Chapter on the theme "Skill Development - Quality Pathway to Overall Success", **Par Excellence Award** in The National Convention on Quality Concepts-2016, and **Best Exhibitor Stall Award** at NTPC-Khargone Quality Meet.

The Company has further enhanced the skill levels in Turbine & Generator manufacturing. The Company has focused on localization of Ultra Supercritical Steam Turbine and Generator components and achieved significant milestones during the year. As a part of constant up-gradation of the product, the Company is working on high performance Turbine equipment and the most advanced Ultra-Supercritical Steam Turbines.

CAPITAL & FINANCE

The Total Equity Share Capital as on 31st March, 2017, is ₹ 710.60 Crore. The company has made a part repayment of foreign currency loans of US$ 19.70 Million during the year as per schedule.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 1,274.88 crore and the net fixed and intangible assets, including leased assets, at ₹ 806.75 crore. Capital Expenditure during the year amounted to ₹ 9.22 crore.

DEPOSITS

During the year under review, the Company has not accepted any deposit from the Public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loans, guarantees or security. The details of Investments is provided on Notes forming part of Accounts - 14 of the Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions for the Financial Year 2016-17. All the related party transactions were in the ordinary course of business and at arm's length. A detailed summary is disclosed in note no. 49.12 of notes forming part of Accounts.

APPROPRIATIONS

There were no appropriations made during the year 2016-17.

DIVIDEND

The Board of Directors has not recommended any dividend for the financial year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There were no material changes and commitments affecting the financial position during the year.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION & FOREIGN EXCHANGE EARNINGS & OUTGO

A. Conservation of Energy

The operations of the Company are energy intensive. The Company has taken various measures to procure energy efficient equipment's and taken utmost care in building the energy efficient state-of-the-art manufacturing facility. The administrative building is accredited with Gold Category by Indian Green Building Council. The Company is in the process of introducing advance ultra-supercritical turbines which are environment friendly. As an on-going manufacturing facility, the Company continuously adopts new technologies and techniques to make infrastructure more energy efficient.

(a) Energy Conservation measures taken:

1) Improving energy effectiveness / efficiency of equipment and systems-

- Use of LED light fixtures for street lighting / Use of LED & T5 Light fixtures in all the Shop Offices
- The factory building designed to use natural light during the day. This includes use of Sky pipe lights on a pilot basis in Stator Coil Shop with great success.
- Arresting leakages in compressed air system by replacing with premium quality Connectors.
- Reduction in Energy consumption in Blade shop by controlling the Air cooler's operation sequentially.
- Reduction of Fixed load by removing Stabilizers on selected CNC machines, since the power quality had increased significantly.
- Reducing Distribution losses in Plant electrical system.
- Installation of 22 Kwp Roof Top Grid connected solar plant in Administration building and 306 Kwp Ground Mounted Grid Connected Solar Plant which is connected to the plant grid. The Company is able to harness 4% of renewable Energy out of total Consumption during the year.
- Installation of 1,000 Litres Capacity Solar Water heater (Flat Plate Collector) on Canteen.
- The installation of UVGI- Ultra Violet Germicidal Irradiation devices for Admin HVAC leads to Energy saving up to 10 %, Improves air quality and AHU maintenance Expenses.
- Installation of Total Descaler for Stator Coil Shop HVAC System, prevents scaling, rusting and algae formation thereby improving heat transfer and Saving Energy.
- Energy savings by installing real time clocks to control operation of centralized AC plant compressors.
- Descaling of Condenser and Installations of Auto-operations (Timer control) for Ventilation System & Air Conditioning plant at Admin Building.
- Close monitoring of AC plants-setting optimum temperatures, controlled usage, Running of HVAC on Fresh Air during winter in Administrative building, etc.
- Use of energy saving devices like time switches, zone controlled AC, auto hibernation for PC's, etc. to reduce energy consumption
- Installation of energy efficient star rated ACs.
- Use of Variable Frequency Drive (VFD) for various applications such as welding positioner, EOT cranes, cooling water Pumps, etc. to improve the motor efficiency and enhance energy saving.
- Stopping air leakages, installing new air solenoid valves in airline to control air combustion, etc.
- Operating computers in Power saver mode.
- Installation of APFC (automatic power factor controller) panels in the power circuit thus improving its power factor and enabling to claim rebate in energy bills.
- Installation of VVVF Drives in new cranes and Transfer trolleys installed in shops. (VVVF Drives present in Long travel and hoist operation in all EOT cranes and motorized transfer trolley).
- Energy conservation through separate set up for Hydro test.
- Installation of Passive harmonic Filter – to reduce the Harmonics generated by HSB 6 MW Active Front End Drive also reduces the Diesel Consumption, Carbon Foot Print and Maintenance cost.
- Installation of lighting energy saver on Lighting Transformer-2.
- Use of timer in welding machine to avoid continuous idle running.

2) Improving energy effectiveness / efficiency of Manufacturing Processes

- Optimization of the operation of higher Efficiency compressors and inter-connections resulting in energy saving.

- Installation of Magnetic resonator – Double resonance Type & Magnetic memory type improves efficiency of Natural gas Fired furnace by improving Overall Combustion Efficiency and also extending life of burners in addition reduces emissions.
- Centralized on / off control for compressors which will operate the compressors based on air consumption.
- Use of Turbo ventilators to extract heat in the non-air-conditioned areas of factory buildings.
- Laying of new 33Kv Power Cables has resulted in reduced diesel consumption.
- Shifting the Blade manufacturing Process from 5 Axis Machines to 4 Axis Machine.
- Process sequence change- Shifting of work center from high power consuming machines to Low Power Consuming Machines.
- Revising the Parameters and CNC Programme to reduce the Cycle time
- Optimization of the operation of two compressors by connecting them with common header resulting in running one compressor instead of two.
- Reduction in idle time of CNC machines (in power ON mode) to auto sleep mode while not in use.
- Reducing the specific Energy consumption (Million K.cal/Tonne) by improving the capacity utilization of Annealing Furnace.
- Optimization of HVAC running hours in Coil shop.
- Process improvements in Blade shop to reduce the specific energy consumption (kWh/Blade).
- Cycle time reduction in forged blades manufacturing by developing new cutting tool.
- Reduction in Energy consumption during HIP Rotor Balancing by changing the design of heating chamber.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Use of additional Inverter based welding machines for production shops.
- Installation of AIRCO Saver on Split AC to reduce energy Consumption
- Waste heat recovery & insulation improvement in Furnace.
- Commissioning of Chilled water pumps with VFD on closed loop feedback.
- Providing variable air volume (VAV) valves in Admin building

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The measures taken have resulted in savings in cost of production, power consumption, reduction in carbon dioxide emissions & processing time.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries Specified in the Schedule is not applicable.

B. Technology

The Company continues to implement new technologies to meet the market needs. Since the manufacturing of newer design products are in the initial stage, all the efforts are in absorbing the technology from the parent company. Most of the efforts pertain to material development and special process improvements. There are no specific R&D activities during the year. No separate record of the expenditure incurred is maintained by the Company.

Technology Absorption, adaptation and innovation

1) Efforts made towards technology absorption, adaptation and innovation:

- Evaluated imported equipment designs / technologies and implemented the state-of-the-art technology through indigenous developments along with alternative materials/components.
- Interaction with external agencies / internal customers /suppliers for exposure to the latest products / designs.
- Participating in national / international conferences, seminars and exhibitions.
- Valuation, adaptation and / or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components.
- Use of state-of-the-art equipment, instrument and software.
- Analyzing feedback from users to improve processes and services.

2) Benefits derived as a result of the above efforts are not quantifiable.

3) Information regarding technology imported during the last 5 years.

Technology Imported	Year of Import	Status
Knowhow and technical information for design, engineering and manufacturing of Ultra-supercritical Turbine from MHPS, Japan New & high efficiency model of Generators from MELCO, Japan.	July 2015 onwards	Under Absorption

C. Foreign Exchange Earnings and Outgo

The Company is supplying Supercritical Steam Turbines and Generators to mega power plants which are classified as deemed exports.

(₹ in Crore)

Particulars	**2016-17**	*2015-16*
Foreign Exchange Earnings	**497.03**	*54.23*
Foreign Exchange saved/deemed exports	**249.07**	*279.98*
Foreign Exchange Outgo		
Capital Expenditure	**0.00**	*7.62*
Materials & Components	**332.35**	*437.89*
Others	**131.21**	*31.38*

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

CORPORATE SOCIAL RESPONSIBILITY

The Corporate Social Responsibility (CSR) Committee has been reconstituted by the Board of Directors and comprises of Mr. Shekhar Sharda, Mr. Manabu Itani and Mr. Shekar Viswanathan as Members.

Following are some of the major CSR initiatives being undertaken by the Company:

a) Education & Health programs

b) Skill building and development programs

The Company has not made profits during the last three financial years. However, we are part of centrally managed CSR activities of Hazira Manufacturing Complex.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. Shailendra Roy, Mr. Yozaburo Mabuchi, Mr. Masayuki Kubo, Mr. Derek Michael Shah, Mr. Yusuke Kurogi, Mr. Shekhar Sharda, Mr. Manabu Itani, Mrs. Vijaya Sampath and Mr. Shekar Viswanathan are the present Directors of the Company.

During the year under review, Mr. P. S. Kapoor and Mr. Subrat Kumar Das resigned from the Board. The Board placed on record its appreciation for the contributions made by them.

Mr. Derek Michael Shah was appointed as the Director nominated by Larsen & Toubro Limited with effect from May 17, 2016 to fill up the casual vacancy caused by the cessation of Mr. Sunil Pande as Director. Mr. Sunil Pande would have retired by rotation at this Annual General Meeting if he had continued to be a Director. Accordingly, Mr. Derek Michael Shah holds office upto the date of this Annual General Meeting and it was proposed to appoint him as a Director.

Mr. Shekhar Sharda was appointed as an Additional Director with effect from 22nd July, 2016. Mr. Sharda's, being eligible for appointment, was appointed as the Director of the Company at its Annual General Meeting held during the financial year 2016-17.

Mr. Masayuki Kubo retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Raju Iyer is the Company Secretary of the Company and Mr. A. R. Prasad is the Chief Financial Officer of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 4 meetings were held on May 17, 2016, July 21, 2016, October 20, 2016 and January 24, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on May 17, 2016, July 21, 2016, October 20, 2016 and January 24, 2017.

The Audit Committee comprises of Mrs. Vijaya Sampath, Mr. Shekar Viswanathan and Mr. Masayuki Kubo as Members.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The observations and corrective measures are presented to the Audit Committee.

In accordance with the requirements of the Companies Act, 2013, the company has established a vigil mechanism framework for directors and employees to report genuine concerns.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013.

The Committee has formulated the Nomination and Remuneration policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The Independent Directors are paid remuneration by way of sitting fees.

During the year under review, the committee met once on May 17, 2016.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Mr. Yozaburo Mabuchi, Mr. Shekar Viswanathan and Mrs. Vijaya Sampath.

DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as Independent Directors.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. The Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the business operations. The Company has in place the process to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

During the year, such controls were tested and no reportable material weaknesses were observed.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Board has laid down the manner in which the evaluation of the Board, its Committees, Chairman and the Individual Directors shall be carried out. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees and individual directors. The Chairman of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s), Chairman and Directors and the summary of the evaluation shall be shared with the members of the Nomination and Remuneration Committee and the Board.

MEETING OF THE INDEPENDENT DIRECTOR'S

The Meeting of the Independent Director's was held on May 17, 2016, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and accessed the quality, quantity and timeliness of the flow of information between management and the Board.

AUDIT REPORT

The Auditors' Report to the Shareholders does not contain any qualification, observation or adverse comment.

REPORTING OF FRAUDS

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

SECRETARIAL AUDIT REPORT

The Secretarial Auditors' report to the shareholders does not contain any adverse remark or any qualification. The Secretarial Audit Report issued by Ms. Naina Desai, Practicing Company Secretary is attached as Annexure 'A' to this Report.

There is an observation in the Secretarial Auditors' Report with regards to the composition of the Board of Directors. The Board is in the process of selecting a suitable candidate having appropriate skills, experience and knowledge as the Chief Executive of the Company.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

AUDITORS

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. They have completed their tenure of ten years as Statutory Auditors of the Company.

In view of the mandatory rotation of auditor requirement, it is proposed to appoint M/s. B.K.Khare & Co. (Registration No. 105102W) as statutory Auditors for a period of five continuous years i.e. from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company. The Certificate from M/s B.K.Khare & Co. has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Board placed on record its appreciation for the services rendered by Sharp & Tannan as the Statutory Auditors of the Company since inception.

The Board recommends the appointment of M/s B.K.Khare & Co. as Auditors of the Company from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2016-17.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014, as amended from time to time, the Board of Directors had appointed M/s R. Nanabhoy & Co, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2018 at a remuneration of ₹ 1,00,000/- (Rupees One Lac Only). They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the Ministry of Corporate Affairs within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

OCCUPATIONAL HEALTH, SAFETY & ENVIRONMENT

The Company's commitment towards Occupational Health, Safety & Environment is reflected in all its activities, products and services, providing safe and healthy working environment to all stakeholders. As a Safety First Company, we measure and monitor all the parameters to improve the HSE standards through continual improvement through participation and involvement at all levels. We regard safeguarding the occupational health and safety of our employees and of contractors and suppliers working on our company premises and under the supervision of LMTG as one of our core tasks. This entails preventing work-related accidents and occupational illnesses, identifying and assessing potential hazards, maintaining comprehensive risk management and designing a healthy working environment.

We are committed to maintaining and promoting employee health and performance through shaping of the working environment. As part of our occupational health management activities, we offer numerous preventive measures, ranging from ergonomic workplaces and awareness to regular medical checkup and medical guidance.

The improvement of existing STP has resulted in increased capacity for treating our water for horticulture. A detailed sustainability report is in place to reflect our journey towards excellence which we have been doing for the last 3 to 4 years.

The Company has been capturing the Global Reporting Initiative (GRI) parameters in line with our corporate commitment. The company's green journey consists of efforts towards energy conservation, renewable energy usage by harnessing solar energy, Water management, Waste management. 3R Philosophy is in place to reduce the waste generation, further reuse of material which helps in conserving the natural resources. A conscious effort has been there to increase the "Green Cover" over the years. We have put thoughtful efforts to conserve energy by use of efficient applications of green fuel.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-09 is attached as Annexure 'B' to this Report.

ACKNOWLEDGEMENT

The Directors wish to thank the Customers, Vendors and business associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels. Our progress in setting up of world class hi-tech manufacturing facility and meeting challenges of project deliveries was made possible by their hard work, commitment, cooperation and support. The Directors thank the Reserve Bank of India, Financial Institutions, Japan Bank for International Co-operation, Banks, Central & State Governments authorities and the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board of Directors

Place: Faridabad	**SHAILENDRA ROY**	**YUSUKE KUROGI**
Date: May 23, 2017	*Chairman*	*Director*
	DIN: 02144836	*DIN: 07172890*

MANAGEMENT DISCUSSION & ANALYSIS

BUSINESS DEVELOPMENT & OUTLOOK

Last financial year the Coal fired Thermal Power sector had an uneventful stretch of time contrary to the expectation of a partial revival. The lean patch of the power sector is continuing, with excess capacities forcing the players to touch new lows in pricing.

Ministry of Power's directives to scrap power plants above 25 years and replace them with Supercritical units is a silver lining to the otherwise gloomy business environment. Moreover the recent announcement of making it mandatory that only Ultra-supercritical units would be ordered beyond 2020 and would be commissioned beyond 2027 is the good news for the struggling high technology equipment manufacturing sector. The challenge raised by the Solar and Renewable sectors notwithstanding, the above announcements give a much needed respite to coal fired thermal power sector.

However, with the coal prices across the globe mellowing down, it gives a silver line to the sector, since power producers have started making profits. Also the domestic coal production levels have surged in the last couple of years which has added to improved availability. This has rejuvenated the sector with private power producers showing interest and the consolidation happening in the power sector.

The stability in the coal prices and availability of coal have made the operations of power plants lucrative to the power producers, which is expected to bring in more investments in the sector. The improvement in transmission thanks to the UDAY scheme and also the continuing economic growth is expected to spruce up the demand of power, which in turn would result in needs for new power plants. Also, Government's decision to extend the Mega Power status to ongoing projects is helpful to the sector.

The company is in a continuous pursuit to reduce costs, product improvisation of bringing in more-efficient models, indigenization, and optimization of facilities. This has made the company one of the most stable manufacturers in the sector, living up to its reputation of delivering quality material in time.

The global orders through its parent, MHPS has compensated for an otherwise passive domestic market. The customers preference for ultra-super critical plants with unit capacities upto 1,000 MW, gives a competitive edge for the company which has a world class manufacturing facility along with robust technology and relevant capabilities.

The Company is confident of meeting the market requirements to manufacture & deliver the cost competitive products in the coming years. The initiatives undertaken by the management are expected to add significantly to our ability to execute complex jobs.

The year 2017-18 is looking prospective with sporadic but concrete proposals coming up for new power plants.

STRATEGIC INITIATIVES

Exports continue to be the thrust area for the company with the Global customers responding to the company's high quality standards & competitiveness. The prospects for exports are increasingly looking good for the coming years.

Company's look-out for additional revenue streams like Repairs & Services and Spares will help in filling the manufacturing slots and contribute in reducing the losses.

For and on behalf of the Board of Directors

Place: Faridabad	**SHAILENDRA ROY**	**YUSUKE KUROGI**
Date: May 23, 2017	*Chairman*	*Director*
	DIN: 02144836	*DIN: 07172890*

ANNEXURE 'A' TO THE DIRECTOR'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T- MHPS TURBINE GENERATORS PRIVATE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015;
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently (Share Based Employee Benefits) Regulations, 2014;
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws applicable to the company, viz.-

- Gas Cylinder Rules, 2004.
- The Static and Mobile Pressure Vessels (Unfired) Rules, 1981.
- Petroleum Act, 1934.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is not duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors, **as per the Articles of Association of the Company. Selection of suitable candidate is in process**. The changes in the composition of the Board of Directors or Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the following events / actions have taken place, which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. – NIL.

(ii) Redemption / buy-back of securities. - NIL.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 –

- Hive off the Heavy Casting Unit of the Company to L&T-MHPS Boilers Private Limited (a related party) as a going concern on a 'slump sale' basis.

(iv) Merger / amalgamation / reconstruction, etc. – NIL.

(v) Foreign technical collaborations. – NIL.

(vi) Other Events – NIL.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,
The Members
L&T- MHPS TURBINE GENERATORS PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

ANNEXURE 'B' TO THE DIRECTOR'S REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant To Section 92(3) Of The Companies Act, 2013 And Rule 12(1) of the Companies (Management And Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U31101MH2006PTC166541
Registration Date	27/12/2006
Name of the Company	L&T - MHPS Turbine Generators Private Limited
Category / Sub-Category of the Company	Private Limited Company
Address of the Registered Office and Contact Details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.Shetty@Larsentoubro.Com
Whether Listed Company	No
Name, Address and Contact Details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All The Business Activities Contributing 10 % Or More Of The Total Turnover Of The Company Shall Be Stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Manufacturing Of Parts Of Super Critical Steam Turbine And Generators	28110	94%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	51	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

I) Category-Wise Share Holding

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the Year				% Change During The Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
A) Individual/HUF									
B) Central Govt									
C) State Govt (S)									
D) Bodies Corp.	–	36,24,06,000	36,24,06,000	51.00	–	36,24,06,000	36,24,06,000	51.00	NIL
E) Banks / FI									
F) Any Other….									
Sub-Total (A)(1):-	–	36,24,06,000	36,24,06,000	51.00	–	36,24,06,000	36,24,06,000	51.00	NIL
(2) Foreign									
A) NRIs - Individuals									
B) Other-Individuals									
C) Bodies Corp.	–	34,81,94,000	34,81,94,000	49.00	–	34,81,94,000	34,81,94,000	49.00	NIL
D) Banks / FI									
E) Any Other….									
Sub-Total (A)(2):-	–	34,81,94,000	34,81,94,000	49.00	–	34,81,94,000	34,81,94,000	49.00	NIL
Total Shareholding Of Promoter (A) = (A)(1)+(A)(2)	–	71,06,00,000	71,06,00,000	100.00	–	71,06,00,000	71,06,00,000	100.00	NIL

Category of Shareholders	No. of Shares held at the Beginning of the year				No. of Shares held at the end of the Year				% Change During The Year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
A) Mutual Funds									
B) Banks / FI									
C) Central Govt									
D) State Govt(s)									
E) Venture Capital Funds									
F) Insurance Companies									
G) FIIs									
H) Foreign Venture Capital Funds									
I) Others (Specify)									
Sub-Total (B)(1):-									
2. Non-Institutions									
A) Bodies Corp.									
i) Indian					NIL				
Ii) Overseas									
B) Individuals									
I) Individual Shareholders Holding Nominal Share Capital Upto ₹ 1 Lakh									
Ii) Individual Shareholders Holding Nominal Share Capital In Excess Of ₹ 1 Lakh									
C) Others (Specify)									
Sub-Total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares Held by Custodian For GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**71,06,00,000**	**71,06,00,000**	**100.00**	**–**	**71,06,00,000**	**71,06,00,000**	**100.00**	**NIL**

(II) Shareholding Of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	36,24,06,000	51.00	NIL	36,24,06,000	51.00	NIL	NIL
2	Mitsubishi Hitachi Power Systems Limited*	27,71,34,000	39.00	NIL	27,71,34,000	39.00	NIL	NIL
3	Mitsubishi Electric Corporation	7,10,60,000	10.00	NIL	7,10,60,000	10.00	NIL	NIL
	Total	**71,06,00,000**	**100.00**	**NIL**	**71,06,00,000**	**100.00**	**NIL**	**NIL**

(III) Change In Promoters' Shareholding: NIL

Sl. No.	For Each Of The Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	NIL			
2.	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity etc):				
3.	At the end of the year				

(IV) Shareholding Pattern of Top Ten Shareholders (Other Than Directors, Promoters And Holders of GDRs And ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	NIL			
2.	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity etc):				
3.	At the end of the year (or on the date of separation, if separated during the year)				

(V) Shareholding Of Directors And Key Managerial Personnel:

Sl. No.	For Each Of The Directors And KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	At the beginning of the year	NIL			
2.	Date wise increase / decrease in share holding during the year specifying the reasons for increase / decrease (e.g. Allotment / Transfer / Bonus / Sweat Equity etc):				
3.	At the end of the year	NIL			

V. INDEBTEDNESS

Indebtedness of the Company Including Interest Outstanding/Accrued but not Due for Payment

(Amount in Crores)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the Financial Year				
I) Principal Amount	–	1,075.14		1075.14
Ii) Interest Due But Not Paid	–	–		–
Iii) Interest Accrued But Not Due	–	1.46		1.46
Total (i+ii+iii)	**–**	**1076.60**		**1076.60**
Change in Indebtedness during the Financial Year				
Addition	–	–		–
Reduction		(148.95)*		(148.95)
Net Change	–	**(148.95)**		**(148.95)**
Indebtedness at the end of the Financial Year				
I) Principal Amount	–	926.19		926.19
Ii) Interest Due But Not Paid	–	–		–
Iii) Interest Accrued But Not Due	–	2.32		2.32
Total (i+ii+iii)	**–**	**928.51**		**928.51**

*Reduction in unsecured loan (after considering effect of revaluation)

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of the Whole-Time Director		Total Amount
		Mr. Subrat Kumar Das**	Mr. Manabu Itani	
1.	Gross Salary	NIL		
	(A) Salary As Per Provisions Contained In Section 17(1) Of The Income-Tax Act, 1961			
	(B) Value Of Perquisites U/S 17(2) Income-Tax Act, 1961			
	(C) Profits In Lieu Of Salary Under Section 17(3) Income Tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	- As % Of Profit			
	- Others, Specify…			
5.	Others, Please Specify			
	Total (A)			
	Ceiling As Per The Act			

** Resigned with effect from 2nd July, 2016

B. Remuneration to Other Directors:

<table>
<tr><th rowspan="2">Sr. No.</th><th rowspan="2">Particulars of Remuneration</th><th colspan="5">Name of Directors</th><th rowspan="2">Total Amount</th></tr>
<tr><th colspan="2">Ms. Vijaya Sampath</th><th colspan="3">Mr. Shekar Viswanathan</th></tr>
<tr><td>1.</td><td>Independent Directors</td><td colspan="2" rowspan="4">325,000</td><td colspan="3" rowspan="4">250,000</td><td rowspan="4">575,000</td></tr>
<tr><td></td><td>• Fee For Attending Board / Committee Meetings</td></tr>
<tr><td></td><td>• Commission</td></tr>
<tr><td></td><td>• Others, Please Specify</td></tr>
<tr><td></td><td>Total (1)</td><td colspan="2">325,000</td><td colspan="3">250,000</td><td>575,000</td></tr>
<tr><td rowspan="2">Sr. No.</td><td rowspan="2">Particulars of Remuneration</td><td>Mr. Shailendra Roy</td><td colspan="2">Mr. Shekhar Sharda*</td><td>Mr. Derek Michael Shah@</td><td>Mr. Yozaburo Mabuchi</td><td>Total</td></tr>
<tr><td colspan="3">Mr. Masayuki Kubo</td><td colspan="2">Mr. Yusuke Kurogi</td><td></td></tr>
<tr><td>2.</td><td>Other Non-Executive Directors</td><td colspan="6" rowspan="5">NIL</td></tr>
<tr><td></td><td>• Fee For Attending Board / Committee Meetings</td></tr>
<tr><td></td><td>• Commission</td></tr>
<tr><td></td><td>• Others, Please Specify</td></tr>
<tr><td></td><td>Total (2)</td></tr>
<tr><td></td><td>Total (B)=(1+2)</td><td colspan="2">325,000</td><td colspan="3">250,000</td><td>575,000</td></tr>
<tr><td></td><td>Total Managerial Remuneration</td><td colspan="6" rowspan="2">N.A.</td></tr>
<tr><td></td><td>Overall Ceiling As Per The Act</td></tr>
</table>

Note: * Appointed as a Director wef July 22, 2016

@ Appointed as a Director wef May 17, 2016

C. Remuneration To Key Managerial Personnel Other Than MD/ Manager/WTD

Sr. No.	Particulars of Remuneration	Company Secretary – Mr. Raju Iyer	CFO – Mr. A. R. Prasad	Total
1.	Gross Salary	NIL		
	(A) Salary As Per Provisions Contained In Section 17(1) Of The Income-Tax Act, 1961		4,010,644	**4,010,644**
	(B) Value Of Perquisites U/S 17(2) Income-Tax Act, 1961			
	(C) Profits In Lieu Of Salary Under Section 17(3) Income-Tax Act, 1961			
2.	Stock Option		NIL	**NIL**
3.	Sweat Equity			
4.	Commission			
	- As % Of Profit			
	- Others, Specify			
5.	Others, Please Specify			
	Total		4,010,644	**4,010,644**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

To the Members of
L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T-MHPS Turbine Generators Private Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;
   (e) on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(1) the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – (Refer Note 49.6 to the Ind AS financial statements);

(2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(3) there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company; and

(4) the Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management – (Refer Note 49.16 to the Ind AS financial statements).

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 23, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

(i) (a) The Company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification of all the fixed assets over a period of three years, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations give to us, the Company has not granted loans, secured or unsecured to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security are not applicable to the Company.

(v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Act. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under Section 148(1) of the Act in respect of manufacturing of turbine and generators and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. We have, however, not made a detailed examination of these accounts and records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2017 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount Rupees*	Period to which the amount relates	Forum where disputes are pending
Value Added Tax Act, 2003	Penalty	29,28,731	F.Y. 2011-12	Deputy Commissioner of Commercial Tax (Appeals)-I

(*net of pre-deposit paid in getting the stay / appeal admitted)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion according to the information and explanations given to us, the term loans were applied for the purpose for which they were taken.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees have been noticed or reported during the year nor have we been informed of such case by management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the Ind AS financial statements, as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 23, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER SECTION 143(3)(I) OF THE COMPANIES ACT, 2013

We have audited the internal financial controls over financial reporting of **L&T-MHPS Turbine Generators Private Limited** (the 'Company') as of 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Amount in Crores

	Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹	₹	₹	₹	₹	₹
ASSETS							
Non Current Assets							
Property, Plant and Equipment	1	799.70		956.71		1,055.58	
Capital Work-in-Progress	2	–		4.45		2.06	
Other Intangible assets	5	7.04		8.28		9.71	
			806.75		969.44		1,067.35
Financial Assets							
Investments	7	–		–		–	
Loans	8	0.30		0.93		0.87	
			0.30		0.93		0.87
Deferred Tax Assets (Net)	49.04		2.69		28.13		27.82
Other Non Current Assets	12		1.22		2.65		1.94
			810.96		1,001.15		1,097.99
Current Assets							
Inventories	13		40.90		70.68		72.08
Financial Assets							
Investments	14	39.10		–		–	
Trade Receivables	15	543.69		548.30		579.14	
Cash and cash equivalents	16	0.03		0.04		0.04	
Other Bank Balances	17	–		–		0.24	
Loans	18	100.13		0.20		0.42	
Other financial assets	20	43.67		68.27		55.96	
			726.63		616.81		635.81
Current Tax Assets (Net)	21		2.97		1.58		1.09
Other Current Assets	22		1,004.85		955.41		675.99
			1,775.35		1,644.47		1,384.96
TOTAL ASSETS			2,586.32		2,645.62		2,482.95
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	25	710.60		710.60		710.60	
Other Equity	26	(527.74)		(513.93)		(442.32)	
			182.86		196.67		268.28
Liabilities							
Non-Current Liabilities							
Financial Liabilities							
Borrowings	27		691.45		943.13		991.69
Current Liabilities							
Financial Liabilities							
Borrowings	32	219.07		391.17		113.73	
Current maturities of long term borrowings	33	234.78		131.97		22.40	
Trade Payables	34	230.19		152.89		347.70	
Other financial liabilities	35	112.78		63.91		192.49	
			796.83		739.95		676.33

BALANCE SHEET AS AT MARCH 31, 2017 (Contd.)

Amount in Crores

	Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹	₹	₹	₹	₹	₹
Other Current Liabilities	36	890.79		*750.19*		*538.06*	
Provisions	37	24.39		*15.69*		*8.58*	
			915.18		*765.88*		*546.65*
			1,712.01		*1,505.83*		*1,222.98*
TOTAL EQUITY AND LIABILITIES			2,586.32		*2,645.62*		*2,482.95*
Contingent Liabilities & Commitments	49.06						
SIGNIFICANT ACCOUNTING POLICIES	48						
OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENTS	49						

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors of
L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED

MANABU ITANI
Whole Time Director & Chief Operating Officer
DIN : 07320908

SHAILENDRA ROY
Chairman
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

A R PRASAD
Chief Financial Officer

RAJU IYER
Company Secretary
(M. No. A31116)

Place : Faridabad
Date : May 23, 2017

STATEMENT OF PROFIT & LOSS FOR THE PERIOD ENDED MARCH 31, 2017

Amount in Crores

	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME:					
Revenue from Operations (Gross)	**42**		**910.26**		*720.26*
Other Income	**43**		**11.31**		*0.17*
TOTAL INCOME			**921.57**		*720.43*
EXPENSES :					
Manufacturing, Construction and Operating expenses	**44**				
Cost of Raw Materials & Components Consumed		**459.49**		*394.53*	
Excise Duty		**28.56**		*11.94*	
Sub-Contracting Charges		**30.31**		*17.30*	
Stores, Spares & Tools		**49.74**		*37.91*	
Change in inventories of finished goods, work-in-progress, stock-in-trade and property development		**3.91**		*(1.22)*	
Other Manufacturing, Construction and Operating expenses		**56.42**		*53.43*	
			628.44		*513.89*
Employee Benefit Expenses	**45**		**64.42**		*56.91*
Sales, administration and other expenses	**46**		**22.36**		*37.42*
Finance Cost	**47**		**109.65**		*105.86*
Depreciation, Amortisation, Obsolescence & Impairment			**77.20**		*104.78*
TOTAL EXPENSES			**902.07**		*818.86*
Profit/(Loss) before exceptional & extraordinary items & taxes			**19.51**		*(98.43)*
Exceptional Items			**–**		*–*
Profit/(Loss) before extraordinary items & taxes			**19.51**		*(98.43)*
Extra-Ordinary Items			**–**		*–*
Profit /(Loss) Before Tax			**19.51**		*(98.43)*
Tax Expenses					
Current Tax		**–**		*–*	
Deferred Tax	**49.04**	**25.44**		*(0.31)*	
			25.44		*(0.31)*
Profit / (Loss) After Tax			**(5.94)**		*(98.12)*
Other Comprehensive Income					
Items that will not be reclassified subsequently to profit or loss					
– Remeasurement of defined benefit plans			**(0.57)**		*–*
Items that will be reclassified subsequently to profit or loss			**–**		*–*
Total other comprehensive income, net of tax			**(0.57)**		*–*
Total Comprehensive Income / (Loss) for the year			**(6.51)**		*(98.12)*
Earnings per Equity Share (Basic & Diluted) (₹)	**49.14**		**(0.01)**		*(2.98)*
Face value per Equity share (₹)			**10**		*10*
SIGNIFICANT ACCOUNTING POLICIES	**48**				
OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENT	**49**				

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

For and on behalf of the Board of Directors of
L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED

MANABU ITANI
Whole Time Director & Chief Operating Officer
DIN: 07320908

SHAILENDRA ROY
Chairman
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

A R PRASAD
Chief Financial Officer

RAJU IYER
Company Secretary
(M. No. A31116)

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

Amount in Crores

		2016-17 ₹	2015-16 ₹
A.	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) before tax	**19.51**	*(98.43)*
	Adjustment for :		
	Depreciation and Amortisation	**77.20**	*104.78*
	(Profit)/Loss on Sale of Investment	**(2.11)**	*(0.14)*
	(Profit)/Loss on Sale of Fixed Asset	**(9.09)**	*(0.02)*
	Preliminary Expense Written Off	**–**	–
	Pre-Operative Expense Written Off	**–**	–
	Dividend from Investment	**–**	–
	Interest from investments	**–**	–
	Interest Expenses	**51.96**	*42.20*
	Exchange Difference on Items grouped under Financing Activity	**(57.13)**	*78.74*
	Operating Profit before working capital changes	**80.33**	*127.13*
	Adjustments For Changes in Assets & Liabilities :		
	(Increase) / Decrease in Trade and Other Receivables	**(119.51)**	*(261.91)*
	(Increase) / Decrease in Inventories	**29.78**	*1.40*
	Increase / (Decrease) in Trade Payables and Customer Advances	**275.48**	*(104.16)*
	Cash generated from operations	**266.08**	*(237.55)*
	Direct taxes paid (net of refund)	**–**	–
	Net Cash from Operating Activities (A)	**266.08**	*(237.55)*
B.	**Cash Flow from Investing Activities :**		
	Purchase of Fixed Assets and Intangible Assets	**(4.77)**	*(6.95)*
	Sale of Tangible Fixed Assets	**99.35**	*0.10*
	(Purchase)/Sale of current investment (Net)	**(36.99)**	*0.14*
	Pre-operative Expenses	**–**	–
	Dividend Received from Investments	**–**	–
	Interest received from investments	**–**	–
	Net Cash / (used in) from Investing Activities (B)	**57.60**	*(6.71)*
C.	**Cash Flow from Financing Activities :**		
	Proceeds from Issue of Share Capital	**–**	–
	Repayment of Long Term Borrowings	**(124.96)**	*(20.13)*
	Revaluation Gain/(Loss) on Long Term Borrowings	**33.23**	*2.39*
	Proceeds/(Repayment) from Other Short Term Borrowings (Net)	**(172.10)**	*277.44*
	Interest on Borrowings	**(51.96)**	*(42.20)*
	Other Equity	**(7.87)**	*26.50*
	Net cash/ (used in) from Financing Activities (C)	**(323.68)**	*244.01*
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**0.00**	*(0.25)*
	Cash and Cash equivalents as at the beginning of the year	**0.04**	*0.28*
	Cash and Cash equivalents as at the end of the year	**0.03**	*0.04*
	Net (decrease)/ increase in cash and cash equivalents	**(0.00)**	*(0.24)*

Notes:
1. Cash flow statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind As) 7 statement of Cash flows.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

For and on behalf of the Board of Directors of
L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED

MANABU ITANI
Whole Time Director & Chief Operating Officer
DIN: 07320908

SHAILENDRA ROY
Chairman
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

A R PRASAD
Chief Financial Officer

RAJU IYER
Company Secretary
(M. No. A31116)

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

STATEMENT OF CHANGES IN EQUITY

Amount in Crores

Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Equity component of other financial instruments						
As per last Balance Sheet	**11.74**		*9.62*		–	
Add: Additions	**–**		*2.13*		*9.62*	
Less: Deductions	**0.44**		–		–	
		11.31		*11.74*		*9.62*
Hedging Reserve Fund						
As per last Balance Sheet	**1.52**		*(22.86)*		*8.06*	
Add: Additions	**–**		*24.38*		*1.35*	
Less: Deductions	**6.67**		–		*32.27*	
		(5.15)		*1.52*		*(22.86)*
Profit and Loss Account						
Opening Balance	**(527.19)**		*(429.07)*		*(296.81)*	
Profit for the period	**(6.12)***		*(98.12)*		*(132.27)**	
Other comprehensive income	**(0.57)**		–		–	
		(533.89)		*(527.19)*		*(429.07)*
TOTAL		**(527.74)**		*(513.93)*		*(442.32)*

(* Includes 0.19 Crs towards ESOPs granted by Larsen & Toubro Limited)

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

For and on behalf of the Board of Directors of
L&T-MHPS TURBINE GENERATORS PRIVATE LIMITED

MANABU ITANI
Whole Time Director & Chief Operating Officer
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YUSUKE KUROGI
Director
DIN: 07172890

A R PRASAD
Chief Financial Officer

RAJU IYER
Company Secretary
(M. No. A31116)

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

NOTES FORMING PART OF BALANCE SHEET

1 : PROPERTY, PLANT AND EQUIPMENT

2 : CAPITAL WORK IN PROGRESS

Amount in Crores

Tangible Asset	Cost / Valuation				Depreciation				Impairment	Book Value	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	*As at 01.04.2016*	Additions	Deductions	**As at 31.03.2017**	**As at 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*
Buildings	*219.92*	0.33	46.97	**173.28**	*12.07*	9.77	8.10	**13.75**	**–**	**159.54**	*207.85*
Plant & equipment	*781.46*	6.76	55.80	**732.41**	*84.13*	62.38	12.84	**133.67**	**–**	**598.74**	*697.32*
Computers	*1.65*	0.21	0.37	**1.49**	*0.78*	0.69	0.30	**1.17**	**–**	**0.32**	*0.87*
Office equipment	*0.40*	0.04	0.10	**0.35**	*0.20*	0.11	0.08	**0.23**	**–**	**0.12**	*0.21*
Furniture & fixtures	*8.86*	–	1.04	**7.82**	*1.31*	1.26	0.45	**2.11**	**–**	**5.71**	*7.56*
Vehicles	*0.49*	0.38	0.07	**0.80**	*0.10*	0.10	0.04	**0.16**	**–**	**0.64**	*0.39*
Assets taken on Finance Lease	*42.97*	–	7.89	**35.08**	*0.45*	0.41	0.42	**0.44**	**–**	**34.65**	*42.52*
Total	*1,055.75*	7.72	112.23	**951.23**	*99.04*	74.70	22.22	**151.53**	**–**	**799.70**	*956.71*
Capital Work In Progress										**–**	*4.45*
TOTAL	*1,055.75*	7.72	112.23	**951.23**	*99.04*	74.70	22.22	**151.53**	**–**	**799.70**	*961.16*
PREVIOUS YEAR	*1,055.58*	0.25	0.08	*1,055.75*	–	99.04	–	*99.04*	–	*961.16*	

5 : OTHER INTANGIBLE ASSETS

Amount in Crores

Intangible Asset	Cost / Valuation				Amortisation				Impairment	Book Value	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	*As at 01.04.2016*	Additions	Deductions	**As at 31.03.2017**	**As at 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*
Computer Software	*3.26*	0.33	0.84	**2.74**	*2.63*	0.26	0.60	**2.30**	**–**	**0.44**	*0.62*
Engineering & Technical Know-how Fees	*35.01*	1.17	–	**36.19**	*27.36*	2.23	–	**29.59**	**–**	**6.60**	*7.65*
Total	*38.27*	1.50	0.84	**38.93**	*29.99*	2.49	0.60	**31.89**	**–**	**7.04**	*8.28*
Intangible assets under development										**–**	**–**
TOTAL	*38.27*	1.50	0.84	**38.93**	*29.99*	2.49	0.60	**31.89**	**–**	**7.04**	*8.28*
PREVIOUS YEAR	*33.96*	*4.31*	–	*38.27*	*24.25*	*5.74*	–	*29.99*	–	*8.28*	
# Impairment during the year NIL. (Previous year NIL)											

NOTES FORMING PART OF BALANCE SHEET (Contd.)

Amount in Crores

Particulars	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
8 : NON-CURRENT ASSETS - FINANCIAL LOANS						
Security Deposits						
Unsecured Considered Good:						
Deposit Paid		**0.30**		*0.93*		*0.87*
TOTAL		**0.30**		*0.93*		*0.87*
12 : OTHER NON-CURRENT ASSETS						
Capital Advances						
Secured Capital Advances		**–**		–		*0.08*
Unsecured Capital Advances						
CWIP Plant and Equipment Capital Advances		**0.00**		*0.26*		*0.28*
Financial Guarantee Asset		**1.22**		*2.39*		*1.59*
TOTAL		**1.22**		*2.65*		*1.94*
13 : INVENTORIES (AT COST)						
Raw Material (In-Transit - 1.74 Crs P.Y. - Nil)	**10.61**		*11.02*		*25.67*	
Components (In-Transit - Nil, P.Y. - 0.96 Crs)	**26.54**		*38.85*		*29.67*	
Manufacturing Work-in-Progress	**-**		*3.91*		*2.69*	
Stores-Tools, Jigs & Fixtures (In-Transit - Nil, P.Y. - Nil)	**3.75**		*16.90*		*14.05*	
		40.90		*70.68*		*72.08*
TOTAL		**40.90**		*70.68*		*72.08*
14 : CURRENT INVESTMENTS						
Mutual Funds Short Term		**39.10**		–		–
TOTAL		**39.10**		–		–

14(i) PARTICULARS OF INVESTMENT HELD	**Units**	**Amount**
Mutual Funds:		
ICICI Prudential Savings Fund- Growth	*233,025*	*5.70*
ICICI Prudential Liquid Plan- Growth	*1,390,205*	*33.40*
TOTAL		*39.10*

Particulars	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
15 : TRADE RECEIVABLES						
Debts outstanding for more than 6 months						
Other Debts						
Unsecured						
Debts Outstanding for more than 6 months						
Considered Good	**54.37**		*42.03*		*70.11*	
Considered Doubtful	**0.08**		–		*(0.00)*	
Other Debts						
Considered Good	**247.15**		*195.53*		*139.80*	
	301.61		*237.56*		*209.91*	
Less : Allowance for Doubtful Debts- Unsecured	**(0.08)**		*(0.03)*		–	
		301.53		*237.53*		*209.91*

NOTES FORMING PART OF BALANCE SHEET (Contd.)

Amount in Crores

Particulars	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
Retention Money						
Unsecured						
Debts outstanding for more than 6 months						
Considered Good	**205.71**		*310.77*		–	
Other Debts						
Considered Good	**36.45**		–		*369.23*	
		242.16		*310.77*		*369.23*
TOTAL		**543.69**		*548.30*		*579.14*
16 : CASH AND CASH EQUIVALENTS						
Cash and Cash Equivalents						
a) Balance with Banks						
– Current	**0.03**		*0.02*		*0.02*	
b) Cash on Hand	**0.00**		*0.02*		*0.02*	
c) Cheque on Hand	**–**		–		–	
		0.03		*0.04*		*0.04*
TOTAL		**0.03**		*0.04*		*0.04*
17 : CURRENT-OTHER BANK BALANCES						
Fixed Deposit with Banks including interest accrued thereon		**–**		–		*0.24*
TOTAL		**–**		–		*0.24*
18 : CURRENT LOANS						
Security Deposits - unsecured		**100.13**		*0.20*		*0.42*
TOTAL		**100.13**		*0.20*		*0.42*
20 : CURRENT - OTHER FINANCIAL ASSETS						
Advance to Employees		**0.60**		*0.18*		*0.17*
Gratuity Asset		**0.03**		*0.05*		*0.04*
Forward Contract Receivable		**40.69**		*55.73*		*52.30*
Other Receivables		**2.36**		*1.87*		*1.04*
Embedded Derivative Receivable (ED Asset)		**–**		*10.45*		*2.41*
TOTAL		**43.67**		*68.27*		*55.96*
21 : CURRENT TAX ASSETS (NET)						
TDS Certificate Receivables Current Year		**2.97**		*1.58*		*1.09*
TOTAL		**2.97**		*1.58*		*1.09*

NOTES FORMING PART OF BALANCE SHEET (Contd.)

Amount in Crores

Particulars	As at 31.03.2017 ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
22 : OTHER CURRENT ASSETS						
Unbilled Revenue (construction and project related activity)		**790.74**		*769.88*		*504.20*
Contractual Retention Money not Due		**88.94**		*50.09*		*–*
Advances to Suppliers	**51.40**		*58.61*		*61.02*	
Balance with Customs, Central Excise & VAT Authorities etc.	**71.97**		*75.12*		*108.66*	
Prepaid Expenses	**0.95**		*0.53*		*1.05*	
Financial Gurantee Asset	**0.85**		*1.17*		*1.07*	
		125.18		*135.43*		*171.79*
TOTAL		**1,004.85**		*955.41*		*675.99*

	No. Of Shares	₹	*No. Of Shares*	₹	*No. Of Shares*	₹
25 : EQUITY SHARE CAPITAL						
25(i): EQUITY SHARE CAPITAL AUTHORISED, ISSUED, SUBSCRIBED AND PAID UP						
Authorised:						
Equity Shares of ₹ 10 each	**720,000,000**	**720.00**	*720,000,000*	*720.00*	*720,000,000*	*720.00*
Issued, Subscribed & Fully Paid-up:						
Equity Shares of ₹ 10 each	**710,600,000**	**710.60**	*710,600,000*	*710.60*	*710,600,000*	*710.60*
TOTAL	**710,600,000**	**710.60**	*710,600,000*	*710.60*	*710,600,000*	*710.60*
25(ii): RECONCILIATION OF THE NUMBER OF EQUITY SHARES AND SHARE CAPITAL						
Issued, Subscribed and fully paid up equity shares outstanding at beginning of the year	**710,600,000**	**710.60**	*710,600,000*	*710.60*	*380,600,000*	*380.60*
Add: Shares issued during the year		**–**	*–*	*–*	*330,000,000*	*330.00*
Issued, Subscribed and fully paid up equity shares outstanding at the end of the year	**710,600,000**	**710.60**	*710,600,000*	*710.60*	*710,600,000*	*710.60*

	No. Of Shares	Share-holding %	*No. Of Shares*	*Share-holding %*	*No. Of Shares*	*Share-holding %*
25(iii): SHAREHOLDER HOLDING MORE THAN 5% OF EQUITY SHARES AS AT THE END OF THE YEAR						
Larsen & Toubro Ltd.	**362,406,000**	**51**	*362,406,000*	*51*	*362,406,000*	*51*
Mitsubishi Hitachi Power Systems Ltd.	**277,134,000**	**39**	*277,134,000*	*39*	*277,134,000*	*39*
Mitsubishi Electric Corporation	**71,060,000**	**10**	*71,060,000*	*10*	*71,060,000*	*10*
TOTAL	**710,600,000**	**100**	*710,600,000*	*100*	*710,600,000*	*100*

Terms/ Rights attached to equity shares:

The company has only one class of equity shares having par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the company in proportion to their shareholding.

Other disclosures For the period of five years immediately preceding the date at which the balance sheet is prepared:
- there are no shares alloted as fully paid pursuant to contract(s) without payment being received in cash.
- there are no shares alloted as fully paid up by way of bonus shares, and
- there are no shares bought back.

NOTES FORMING PART OF BALANCE SHEET (Contd.)

Amount in Crores

Particulars	As at 31.03.2017 ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
26 : OTHER EQUITY						
Equity component of other financial instruments		**11.31**		*11.74*		*9.62*
Retained Earnings		**(533.89)**		*(527.38)*		*(429.26)*
Hedging Reserve Fund		**(5.15)**		*1.52*		*(22.86)*
ESOP Outstanding		**–**		*0.19*		*0.19*
TOTAL		**(527.74)**		*(513.93)*		*(442.32)*

NON CURRENT LIABILITIES

	Note						
27 : FINANCIAL LIABILITIES - BORROWINGS							
Unsecured							
Long Term Unsecured Loan from Banks	**27(i)**		**691.45**		*943.13*		*991.69*
TOTAL			**691.45**		*943.13*		*991.69*

Note: For the above borrowings, corporate guarantee is given by Larsen & Toubro Ltd. for its 51% shares of any and all amounts that are due and payable by the borrower under this agreement, Mitubishi Heavy Industries Ltd. for 49% share of any and all amounts that are due and payable by the borrower under this agreement.

Particulars	As at 31st March 2017	As at 31st March 2016	*Rate of Interest*	*Terms of repayment of term loan outstanding as on 31st March 2017*
27(i) : TERM LOAN FROM BANK (UNSECURED) - EXTERNAL COMMERCIAL BORROWING (ECBS)				
External Commercial Borrowings from Japan Bank for International Co-Operation	**535.01**	**655.92**	*USD Libor + Spread*	*Repayable in 6 equal Half yearly installments commenced from 15/03/2017 and ending on 15/09/2019*
	32.98	**44.95**	*USD Libor + Spread*	*Repayable in 10 equal Half yearly installments commenced from 15/09/2015 and ending on 15/03/2020*
External Commercial Borrowings from Sumitomo Mitsui Banking Corporation	**343.61**	**349.43**	*JPY Libor + Spread*	*Repayable in 3 equal yearly installments commencing from 15/07/2019 and ending on 15/07/2021*
External Commercial Borrowings from Bank of Tokyo Mitsubishi UFJ Ltd.	**14.59**	**24.85**	*USD Libor + Spread*	*Repayable in 8 equal Half yearly installments commenced from 17/01/2015 and ending on 17/07/2018*
TOTAL	**926.19**	**1,075.14**		

Note: Current maturities of long term borrowings as per Note 33 is forming part of Note 27(i)

Amount in Crores

Particulars	As at 31st March 2017 ₹	₹	*As at 31st March 2016* ₹	₹	*As at 1st April 2015* ₹	₹
32 : CURRENT LIABILITIES - BORROWINGS						
Secured:						
From Banks:						
Loan Repayable on Demand from Banks	**15.80**		*210.18*		*48.47*	
Short Term Loans and Advances from Banks	**2.22**		*90.52*		*65.26*	
		18.02		*300.70*		*113.73*

NOTES FORMING PART OF BALANCE SHEET (Contd.)

Amount in Crores

Particulars	As at 31st March 2017 ₹	₹	*As at 31st March 2016* ₹	₹	*As at 1st April 2015* ₹	₹
Unsecured						
Other Loans and Advances						
From Bank	**201.05**		*90.47*			
		201.05		*90.47*		–
TOTAL		**219.07**		*391.17*		*113.73*
33 : CURRENT MATURITIES OF LONG TERM BORROWINGS						
Unsecured						
Term loans from banks		**234.78**		*131.97*		*22.40*
TOTAL		**234.78**		*131.97*		*22.40*
34 : TRADE PAYABLES						
Due to Related Parties	**24.44**		*31.95*		*18.90*	
Due to Micro and Small Enterprises [Note 49.03]	**0.72**		*0.11*		*0.66*	
Others	**205.03**		*120.83*		*328.14*	
		230.19		*152.89*		*347.70*
TOTAL		**230.19**		*152.89*		*347.70*
35 : CURRENT - OTHER FINANCIAL LIABILITIES						
Embedded Derivative Payables		**29.42**		*24.14*		*52.30*
Due to Others						
Security Deposit Received	**0.29**		*0.19*		*0.20*	
Other Payables	**0.47**		*0.47*		*0.09*	
Forward Contract Payable	**82.60**		*39.11*		*139.90*	
		83.36		*39.77*		*140.19*
TOTAL		**112.78**		*63.91*		*192.49*
36 : OTHER CURRENT LIABILITIES						
Due to customers - Construction Contract						
Provision for foreseeable losses		**27.42**		*27.42*		–
Advances from Customers		**611.02**		*407.88*		*276.95*
Other Payables						
Statutory Dues	**5.72**		*6.80*		*7.06*	
Liability for Other Expenses	**246.63**		*308.08*		*254.05*	
		252.35		*314.89*		*261.11*
TOTAL		**890.79**		*750.19*		*538.06*
37 : PROVISIONS						
Provisions For Employee Benefits:						
Performance Linked Rewards	**4.10**		*4.10*		*4.10*	
Compensated Absences	**7.07**		*4.98*		*4.48*	
		11.17		*9.08*		*8.58*
Other Provision						
Provisions for Product Warranties	**13.22**		*6.61*		–	
		13.22		*6.61*		–
TOTAL		**24.39**		*15.69*		*8.58*

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS

Amount in Crores

	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
42 : REVENUE FROM OPERATIONS				
Sales & Services				
Manufacturing Activity	**208.72**		*13.32*	
Construction and Project Related Activity	**662.03**		*680.83*	
Engineering and Service Fees	**33.71**		*17.98*	
		904.46		*712.13*
Other Operational Income				
Non - Production Scrap Sale	**0.03**		*0.03*	
Miscellaneous Income	**5.35**		*0.00*	
Premium on Forward Contracts	**0.42**		*8.10*	
		5.80		*8.14*
TOTAL		**910.26**		*720.26*
43 : OTHER INCOME				
Net Gain/(Loss) on sale of Current Investments		**2.11**		*0.14*
Profit / (Loss) on sale of Fixed Assets (Net)		**9.09**		*0.02*
Gain/(Loss) on Fair value of Investments through profit & loss		**0.01**		-
Misc. Income	**0.10**		–	
Interest	**–**		*0.00*	
		0.10		*0.00*
TOTAL		**11.31**		*0.17*
44 : MANUFACTURING, CONSTRUCTING AND OPERATING EXPENSES				
Materials Consumed:				
Raw Materials	**28.13**		*42.40*	
Components	**430.80**		*351.87*	
Freight Inward	**8.63**		*6.34*	
	467.56		*400.60*	
Less: Manufacturing Scrap Sales	**8.06**		*6.07*	
		459.49		*394.53*
Excise duty		**28.56**		*11.94*
Changes in Inventories of Finished Goods and Work-in- Progress				
Work-in-progress	**–**		–	
Closing Stock	**–**		*(3.91)*	
Less: Opening Stock	**3.91**		*2.69*	
		3.91		*(1.22)*
Sub Contracting Charges		**30.31**		*17.30*
Stores, Spares & Tools		**49.74**		*37.91*
Other Manufacturing, Construction & Operating Expenses:				
Power and Fuel		**14.52**		*15.98*
Packing & Forwarding Charges		**6.02**		*1.00*
Royalty and Technical Knowhow Fees		**5.67**		*6.18*

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (Contd.)

Amount in Crores

	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Hire charges - Plant Machinery and Others		**0.85**		*0.59*
Engineering, Technical & Consultancy Fees		**12.28**		*15.67*
Repairs to Plant & Equipment		**1.37**		*1.01*
Repairs to Buildings		**–**		*0.09*
General Repairs & Maintanence		**9.74**		*5.58*
Other Expenses		**5.97**		*7.33*
TOTAL		**628.44**		*513.89*
45 : EMPLOYEE BENEFIT EXPENSES				
Salaries, Wages and Bonus		**51.31**		*50.90*
Contribution to and Provision for				
Provident Fund	**1.32**		*1.13*	
Employee's Pension Scheme	**1.38**		*1.29*	
Gratuity Fund [Note 49.07]	**1.04**		*(0.01)*	
Leave Encashment	**2.35**		*0.78*	
Employee Deposit Linked Insurance	**0.05**		*0.04*	
		6.14		*3.23*
Insurance Expenses - Medical and Others		**0.04**		*0.04*
Staff Welfare Expenses		**6.92**		*2.74*
TOTAL		**64.42**		*56.91*
46 : SALES, ADMINISTRATION AND OTHER EXPENSES				
Insurance		**1.35**		*1.63*
Rent		**0.03**		*0.29*
Rates & Taxes		**0.02**		*0.14*
Travelling and Conveyance		**2.38**		*2.22*
General Repairs and Maintenance		**7.55**		*8.76*
Audit Fees [Note 49.02]		**0.05**		*0.05*
Professional Fees		**2.51**		*2.91*
Directors Fees		**0.06**		*0.06*
Commission		**0.31**		*0.31*
Telephone, Postage and Telegrams		**0.57**		*0.47*
Bank Charges		**2.62**		*3.67*
Other Expenses		**4.01**		*4.06*
Foreign Exchange (Gain) / Loss				
Exchange Gain Loss - Others	**25.39**		*(0.94)*	
Exchange Gain Loss - Debtors	**0.68**		*(30.07)*	
Exchange Gain Loss - Creditors	**(11.34)**		*43.87*	
Exchange Gain Loss - Forward Contract - Debtors	**(21.00)**		*16.64*	
Exchange Gain Loss - Forward Contract - Creditors	**0.56**		*(23.25)*	
		(5.70)		*6.24*
Other Provisions AS 29 Related		**6.61**		*6.61*
TOTAL		**22.36**		*37.42*

NOTES FORMING PART OF STATEMENT OF PROFIT AND LOSS (Contd.)

Amount in Crores

	2016-17		*2015-16*	
	₹	₹	₹	₹
47 : FINANCE COST				
Interest Expenses				
Interest paid on Term Loan from Banks		**29.99**		*30.71*
Other Borrowing Cost				
Interest paid on Cash Credit	**4.98**		*4.19*	
Interest paid on Buyers Credit	**0.36**		*0.71*	
Interest paid on Derivatives	**57.68**		*63.63*	
Other Interest paid	**16.64**		*6.59*	
Interest Accrued and due to Supplier Under MSMED [Note 49.03]	**0.01**		*0.02*	
		79.67		*75.15*
TOTAL		**109.65**		*105.86*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS

48. SIGNIFICANT ACCOUNTING POLICIES

48.1 COMPANY OVERVIEW

L&T-MHPS Turbine Generators Private Limited is a joint venture Company between Larsen & Toubro Limited & Mitsubishi Hitachi Power Systems, Japan. The Company is in the business of design, manufacture, supply, project management, operational spares & life cycle services of supercritical & ultra-supercritical steam turbines & generators with ratings ranging from 500 MW to 1,000 MW and steam turbines of 150 MW and 300 MW for combined cycle power plants.

48.2 BASIS OF PREPARATION OF FINANCIAL STATEMENTS

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act, 2013 (`Act'). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) (Amendment) Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition have been summarized in note 49.17.

Accounting policies have been consistently applied except where a newly issued Indian accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

48.3 USE OF ESTIMATES

The preparation of the financial statements in conformity with Ind AS requires management to make estimates, judgments and assumptions. These estimates, judgments and assumptions affect the application of accounting policies and the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Accounting estimates could change from period to period. Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

48.4 REVENUE RECOGNITION

i. Contract revenue from Project related activity is recognized by applying percentage of completion method after providing for foreseeable losses, if any. Percentage of completion is determined as a proportion of the cost incurred up to the reporting date to the total estimated cost of complete. Foreseeable losses, if any, on the contracts is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of contract.

   While determining the amount of foreseeable loss, all elements of cost and related incidental income not included in contract revenue is taken into consideration. Contract is reflected at cost that are expected to be recoverable till such time the outcome of the contract cannot be ascertained reliably and at realizable value thereafter. Claims are accounted as income in the year of acceptance by customer.

ii. Service revenue is recognized as per the terms of the contract with the customers based on stage of completion when the outcome

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

of the transactions involving rendering of services can be estimated reliably. Percentage-of-completion method requires the Company to estimate the services performed to date as a proportion of the total services to be performed.

iii. Revenue from sale of goods is recognized, when all significant risks and rewards are transferred to the buyer, as per the terms of the contracts and no significant uncertainty exists regarding the amount of the consideration that will be derived from the sale of goods. It also includes excise duty and price variations based on the contractual agreements and excludes value added tax / sales tax. It is measured at fair value of consideration received or receivable, net of returns and allowances, trade discounts and volume rebates

iv. Other income is recognized on accrual basis.

v. Dividend income is recognized when the company's right to receive is established, which is generally when shareholders approve the dividend.

48.5 PROPERTY, PLANT AND EQUIPMENT

Property, plant and equipment are stated at cost less depreciation. Cost comprises purchase price (net of discounts and taxes/duties where credits are availed) plus directly attributable costs of bringing the asset to its location and working condition. When significant parts of property, plant and equipment are required to be replaced at intervals, the Company derecognizes the replaced part, and recognizes the new part with its own associated useful life and it is depreciated accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in the statement of profit and loss as incurred. The present value of the expected cost for the decommissioning of the asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

Capital work-in-progress includes cost of property, plant and equipment under installation/under development as at the balance sheet date.

Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in the statement of profit and loss in the year of occurrence.

The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on property, plant and equipment has been provided based on useful life as prescribed in Schedule II of the Companies Act, 2013. Property, plant and equipment which are added / disposed of during the year, depreciation is provided on pro-rata basis with reference to the month of addition / deletion.

Based on technical evaluation, the management believes that the useful lives as given under, best represent the period over which management expects to use these assets. Hence, the useful lives for these assets is different from the useful lives as prescribed under Part C of Schedule II of the Companies Act 2013.

Category of Asset	Useful Life as per Company policy (in years)	As per Schedule II of Companies Act, 2013 (in years)
Air conditioning and refrigeration equipments	12	15
Motor Cars	7	8

Leased assets

Leasehold lands are amortized over the period of lease. Buildings constructed on leasehold land are depreciated based on the useful life specified in Schedule II of the Companies Act, 2013, where the lease period of land is beyond the life of building.

In other cases, building constructed on leasehold lands are amortized over the primary lease period of the lands.

Intangible assets and amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Internally generated intangibles, excluding capitalized development costs, are not capitalized and the related expenditure is reflected in profit and loss in the period in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite. The amortization period and the amortization method for an intangible asset with the finite useful life are reviewed at least at the end of each reporting period. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset are considered to modify the amortization period or method, as appropriate, and are treated as changes in accounting estimates.

Intangible assets are amortized over their useful life as follows:

i. Specialized software over a period of 6 years

ii. Engineering Fees and Lump sum fee for technical know-how over a period of 6 years

Intangible assets with indefinite useful lives, if any are not amortized, but are tested for impairment annually, either individually or at the cash-generating unit level. The assessment of indefinite life is reviewed annually to determine whether the definite life continuous to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from De-recognition of an intangible asset are measured as the difference between the net disposal proceeds and

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

the carrying amount of the asset and are recognized in the statement of profit and loss when the asset is derecognized.

48.6 EMPLOYEE BENEFITS

Short term employee benefit

i. All employee benefits payable within one year like salaries, wages, accumulating short term compensated absences ("leave entitlements"), etc. are recognized in the period in which the employee renders the related service which entitles him to avail such benefits.

ii. The expected cost of profit sharing and bonus payments are recognized when (i) there is a present obligation to make such payments as a result of past events and (ii) a reliable estimate of the liability can be made.

Post-employment benefits

i. Defined contribution plans: State administered pension scheme is classified as defined contribution plan. The contribution paid/ payable under defined contribution plan is recognized during the period in which the employee renders related service.

ii. Defined benefit plans: The Employees' Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India, Provident Fund Scheme managed by Regional Provident Fund Commissioner (RPFC), and the Employee's Superannuation Scheme are the Company's defined benefit plans. Wherever applicable, the present value of obligation under such defined benefit plans are determined based on actuarial valuation. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plan to recognize the obligation on the net basis.

Re-measurements, comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), are recognized immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods. Past service cost is recognized in the statement of profit and loss in the period of plan amendment.

Net interest is calculated by applying the discount rate to the net defined benefit liability or asset.

The Company recognizes the following changes in the net defined benefit obligation under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements,
- Net interest expense or income.

iii. **Long-term employee benefit**

Compensated absences which are not expected to occur within twelve months after the end of the period in which the employee renders the related services are recognized as a liability at the present value of the defined benefit obligation at the balance sheet date.

iv. **Termination benefits**

Termination benefits are recognized as an expense in the period in which they are incurred.

48.7 FOREIGN CURRENCY TRANSACTIONS

i. The functional currency of the Company is Indian Rupee.

ii. Foreign currency transactions are recorded on initial recognition in the functional currency using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Exchange differences arising on subsequent settlement/year end re-statement are recognized in the statement of profit and loss.

iii. Non-monetary items which are carried at historical cost denominated in a foreign currency are reported using the exchange rate at the date of transaction. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items is recognized in line with the gain or loss of the item that gave rise to the translation difference (i.e. translation differences on items whose gain or loss is recognized in other comprehensive income or the statement of profit and loss is also recognized in other comprehensive income or the statement of profit and loss respectively).

48.8 BORROWING COSTS

Borrowing costs that are attributable to the acquisition, construction or production of qualifying asset are capitalized as part of costs of such assets till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

48.9 LEASES

The determination of whether an arrangement is, or contains, a lease is based on substance of the arrangement at the inception date, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lesser are classified as operating lease. Lease rentals are charged to the statement of profit and loss on straight line basis.

48.10 INVENTORIES

Inventories are carried in the balance sheet as follows

i.	Raw Material, Packing Material, Construction Materials, stores & Spares	:	At weighted average cost basis
ii.	Work In Progress & Finished Goods – Manufacturing	:	At cost of material, plus appropriate production overheads

The cost of the inventories have been computed to include all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition.

Slow and non-moving material, obsolescences, defective inventories are duly provided for. Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet. Material and supplies held for use in the production of inventories are not written down, if the finished products in which they will be used are expected to be sold at or above cost.

48.11 TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on expected outcome of assessments / appeals.

Current income tax relating to items recognized directly in equity is recognized in equity and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred Tax

Deferred tax is provided using the balance sheet approach on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for reporting purposes at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside the statement of profit and loss is recognized outside the statement of profit and loss. Deferred tax items are recognized in correlation to the underlying transaction either in other comprehensive income or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current income tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

The break-up of the major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Deferred Tax assets for previous year has been reversed in current year on conservative approach as non-foreseeability of it's adjustment in future against profits.

48.12 PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

i. the Company has a present obligation as a result of a past event;

ii. a probable outflow of resources is expected to settle the obligation; and

iii. the amount of the obligation can be reliably estimated. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. The expense relating to provision is presented in the statement of profit and loss net of any reimbursement.

Contingent liability is disclosed in the case of

i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation or

ii. a present obligation arising from past events, when no reliable estimate is possible

iii. a possible obligation arising from past events where the probability of outflow of resources is remote.

Commitments include the amount of purchase order (net of advances) issued to parties for completion of assets.

Contingent assets are neither recognized nor disclosed.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Provisions, contingent liabilities, contingent assets and commitments are reviewed at each Balance Sheet date.

Warranty provisions

Provisions for warranty-related costs are recognized when the product is sold or service provide to the customer. Initial recognition is based on historical experience. The Initial estimate of warranty- related costs is revised annually.

Liquidated damages

Provision for Liquidated damages are recognized on contracts for which delivery dates are exceeded and computed in reasonable manner.

Other Litigation claims

Provision for litigation related obligation represents liabilities are expected to materialize in respect of matters in appeal.

48.13 EARNINGS PER SHARE

Basic earnings per share are computed by dividing net profit or loss from continuing operations for the year attributable to equity shareholders by the weighted average number of shares outstanding during the year. Diluted earnings per share are computed after adjusting the effects of all dilutive potential equity shares, except where the results are anti-dilutive.

48.14 CURRENT AND NON-CURRENT CLASSIFICATION

The Company presents assets and liabilities in the balance sheet based on current/non-current classification.

An asset is current when it is:

- Expected to be realized or intended to sold or consumed in normal operating cycle,
- Held primarily for the purpose of trading.
- Expected to be realized within twelve months after the reporting period,

Or

- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when :

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period,

Or

- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

Deferred tax assets/liabilities are classified as non-current.

All other liabilities are classified as non-current.

48.15 IMPAIRMENT OF NON-FINANCIAL ASSETS

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognised in previous periods, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

a. In the case of an individual asset, at the higher of fair value less cost to sell and the value in use;

b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less cost to sell and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life discounted at pre tax discounting rate).

In determining fair value less cost of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded companies or other available fair value indicators.

The company bases its impairment calculation on detailed budgets and forecast calculations, which are prepared separately for each of the Company's CGUs to which the individual assets are allocated. These budgets and forecast calculations generally cover a period of five years. For longer periods, a long-term growth rate is calculated and applied to project future cash flows after the fifth year.

Impairment losses of continuing operations, including impairment on inventories, are recognized in statement of profit and loss, except for

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

properties previously revalued with the revaluation taken to Other Comprehensive Income (the 'OCI'). For such properties the impairment is recognized in OCI up to the amount of any previous revaluation.

48.16 CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise cash on hand and demand deposits with banks which are short-term, highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

48.17 EXCEPTIONAL ITEMS

Certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company is such that its disclosure improves the understanding of the performance of the Company, such income or expense is classified as an exceptional item and accordingly, disclosed in the notes accompanying to the financial statements.

48.18 FAIR VALUE MEASUREMENT

The Company measures financial instruments such as derivatives and certain investments, at fair value at each balance sheet date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability,

Or

- In the absence of a principal market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A far value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

For the purpose of fair value of property, plant & equipment and intangible assets, the closing values as on transitiion date has been adopted as its deemed cost under Ind-AS as on allowed under Ind-AS 101: first time adoption.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuable techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuable techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorization (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristic and risks of the asset or liability and the level of the fair value hierarchy as explained above.

48.19 NON-CURRENT ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS:

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to quality for recognition as a completed sale within one year from the data of classification.

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Asset and liabilities classified as held for distribution are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it a component of the Company that either has been disposed of, or is classified as held for sale, and:

- Represents a separate major line of business or geographical area of operations,
- Is part of a single coordinated plan to disposal of a separate major line of business or geographical area of operations,

Or

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

An entity shall not depreciate (or amortize) a non-current asset while it is classified as held for sale or while it is part of a disposal group classified as held for sale.

48.20 FINANCIAL INSTRUMENTS:

i) Financial assets:

Initial recognition and measurement

All financial assets are recognized initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the acquisition of the financial asset.

Financial assets are classified, at initial recognition, as financial assets measured at fair value or as financial assets measured at amortised cost.

Subsequent measurement

For purposes of subsequent measurement financial assets are classified in two broad categories:

- Financial assets at fair value
- Financial assets at amortised cost

Where assets are measured at fair value, gains and losses are either recognised entirely in the statement of profit and loss (i.e. fair value through profit or loss), or recognised in other comprehensive income (i.e. fair value through other comprehensive income).

A financial asset that meets the following two conditions is measured at amortised cost (net of any write down for impairment) unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The objective of the Company's business model is to hold financial asset to collect the contractual cash flows (rather than to sell the instrument prior to its contractual maturity to realize its fair value changes).
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A Financial asset that meets the following two conditions is measured at fair value through other comprehensive income unless the asset is designated at fair value through profit or loss under the fair value option.

- **Business model test:** The financial asset is held within a business model whose objective is achieved by bot collecting contractual cash flow and selling financial assets.
- **Cash flow characteristics test:** The contractual terms of the financial asset give rise on specified dated to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Even if an instrument meets the two requirement to be measured at amortised cost or fair value through other comprehensive income, a financial asset is measured at fair value through profit or loss if doing so eliminates or significantly reduces a measurement or recognition inconsistency (sometimes referred to as 'accounting mismatch') that would otherwise arise from measuring assets or liabilities or recognizing the gains and losses on the on different bases.

All other financial asset is measured at fair value through profit or loss.

All equity investments are measured at fair value in the balance sheet, with value changes recognised in the statement of profit and loss, except for those equity investment for which the entity has elected to present value change in 'other comprehensive income'.

If an equity investment is not held for trading, an irrevocable election is made at initial recognition to measure it at fair value through other comprehensive income with only dividend income recognised in the statement of profit and loss.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (i.e. removed from the Company's statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a 'pass-through' arrangement and either;

(a) The Company has transferred substantially all the risks and rewards of the asset, or

(b) The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company had transferred its rights to received cash flow from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the Company continues to recognize the transferred asset to the extent of the associated liability are measured on a basis that reflects the right and obligations that the Company has retained.

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Impairment of financial assets

The Company assesses impairment based on expected credit losses (ECL) model to the following:

- Financial assets measured at amortised cost:
- Financial assets measured at fair value through other comprehensive income (FVTOCI);

Expected credit losses are measured through a loss allowance at an amount equal to:

- The 12-months expected credit losses (expected credit losses that result from those default events on the financial instrument that are possible within 12 months after the reporting date); or
- Full lifetime expected credit losses (expected credit losses that result from all possible default events over the life of the financial instrument).

The Company follows 'simplified approach' for recognition of impairment loss allowance on:

- Trade receivables or contract revenue receivables; and
- All leave receivables

Under the simplified approach, the Company does not track changes in credit risk. Rather, it recognizes impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically observed default rates over the expected life of the trade receivable and is adjusted for forward looking estimates. At every reporting date, the historical observed default rates are updated and changes in the forward –looking estimates re analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determine that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-months ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the Company reverts to recognizing impairment loss allowance based on 12-months ECL.

For assessing increase in credit risk and impairment loss, the Company financial instrument on the basis of shared credit risk characteristics with the objective of facilitating an analysis that is designed to enable significant increase in credit risk to be identified on a timely basis.

ii) Financial liabilities:

Initial recognition and measurement

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, loans and borrowing including bank overdraft, and derivative financial instruments.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss.

Financial liabilities are classifies as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into the Company that are not designated as hedging instrument in hedge relationship as defined by Ind AS 109. Separated embedded derivatives are also classified as held for trading they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in the statement of profit and loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied.

Loan and borrowings

After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR emortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

Financial guarantee contracts

Financial guarantee contracts issued by the Company are those contracts that require a payment to be made to reimburse the holder for a loss it incurs because the specified debtor fails to make a payment when due in accordance with the terms of a debt instrument.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Financial guarantee contracts are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequently, the liability is measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in the statement of profit and loss.

iii) Offsetting of financial instruments:

Financial assets and financial liabilities are offset and the net amount is reported in the balance sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

iv) Derivative financial instruments and hedge accounting:

The Company enters into derivative contracts to hedge foreign currency / price risk on unexecuted firm commitments and highly probable forecast transactions. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

Any gains or losses arising from changes in the fair value of derivatives are taken directly to statement of profit and loss, except for the effective of cash flow hedges, which is recognised in other comprehensive income and presented as a separate component of equity which is later reclassified to statement of profit and loss when the hedge item affects profit or loss.

48.21 FIRST-TIME ADOPTION OF IND-AS

These financial statements of L&T-MHPS Turbine Generators Private Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS 101 - First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has resulted in changes in the presentation of the financial statements, disclosures in the notes thereto and accounting policies and principles. The accounting policies set out in Note 48 have been applied in preparing the financial statements for the year ended March 31, 2017 and the comparative information. An explanation of how the transition from previous GAAP to Ind AS has affected the Company's Balance Sheet, Statement of Profit and Loss, is set out in note 49.18. Exemptions on first time adoption of Ind AS availed in accordance with Ind AS 101 have been set out in note 48.22.

48.22 EXEMPTIONS AVAILED ON FIRST TIME ADOPTION OF IND-AS 101

Ind-AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS. The Company has accordingly applied the following exemptions.

Designation of previously recognized financial instruments

Under Ind AS 109, at initial recognition of a financial asset, an entity may make an irrevocable election to present subsequent changes in the fair value of an investment in an equity instrument in other comprehensive income. Ind AS 101 allows such designation of previously recognized financial assets, as ' fair value through other comprehensive income' on the basis of the facts and circumstances that existed at the date of transition to Ind AS.

NOTE: 49 OTHER NOTES FORMING PART OF THE FINANCIAL STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

49.01 DISCLOSURE OF CONTRACTS IN PROGRESS

Sr. No.	Particulars	*Amount in Crores*	
		2016-17	*2015-16*
i	Contract revenue recognised for the financial year	**662.03**	*680.83*
ii	Aggregate amount of contract costs incurred and recognized profits (less recognized losses) as at the end of the financial year for all contracts in progress as at that date.	**1,932.34**	*1,328.85*
iii	Amount of customer advances outstanding for contracts in progress as at end of the financial year	**513.82**	*406.43*
iv	Retention amounts by customers for contracts in progress as at end of the financial year	**186.98**	*360.87*

The Company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, wherever required on long-term contracts.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

49.02 AUDITORS REMUNERATION AND EXPENSES CHARGED TO ACCOUNTS

Particulars	*Amount in Crores*	
	2016-17	*2015-16*
Audit fees	**0.03**	*0.03*
Tax audit fees	**0.01**	*0.01*
Other Services	**0.01**	*0.01*
TOTAL	**0.05**	*0.05*

49.03 MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSME) as at March 31, 2017. The disclosure pursuant to the said Act is as under

Particulars	*Amount in Crores*	
	2016-17	*2015-16*
Principal Amount due to suppliers under MSMED Act,2006	**0.72**	*0.09*
Interest accrued, due to suppliers under MSMED Act	**0.01**	*0.01*
Payment made to suppliers (other than interest) beyond the appointed day during the year	**0.12**	*0.86*
Interest paid to suppliers under MSMED Act (other than section 16)	**NIL**	*NIL*
Interest paid to suppliers under MSMED Act (section 16)	**0.02**	*NIL*
Interest due and payable towards suppliers under MSMED Act for payment already made	**NIL**	*0.01*
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	**0.01**	*0.02*

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company. Provision of interest is made based on principle of prudence.

49.04 DISCLOSURE AS REQUIRED BY INDIAN INDIAN ACCOUNTING STANDARD (IND AS) 12 INCOME TAXES

a) The major componets of tax expense for the year ended March 31, 2017

Sr. No.	**Particulars**	*Amount in Crores*	
		2016-17	*2015-16*
	Statement of Profit and Loss:		
(a)	(i) Profit and Loss section		
1	**Current income tax :**		
	Current income tax charge	**Nil**	*Nil*
	Effect of prior period adjustments	**Nil**	*Nil*
2	**Deferred tax:**		
	Relating to origination and reversal of temporary differences	**25.44**	*(0.31)*
	Income tax expense reported in the statement of profit or loss	**25.44**	*(0.31)*
3	**Other comprehensive income (OCI) section:**		
	Current income tax :		
	Net loss/ (gain) on remeasurement of defined benefit plans	**Nil**	*Nil*
	Deferred Tax:	**Nil**	*Nil*
	Net gain / (loss) on cash flow hedges	**Nil**	*Nil*
	Unrealised gain / (loss) on debt securities (FVTOCI)	**Nil**	*Nil*
	Income tax expense reported in the OCI section	**Nil**	*Nil*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

b) Reconciliation of Defered tax expense for the year ended March 31, 2017

Sr. No.	Particulars	*Amount in Crores*	
		2016-17	*2015-16*
1	**Profit before tax**	**19.51**	*(98.43)*
2	Applicable tax rate	**32.45%**	*32.45%*
3	PBT * applicable tax rate (1*2)	**6.33**	*(31.94)*
4	**Items forming part of deferd tax expense:**		
(a)	Set off of previously unadjusted tax losses	**(6.33)**	*31.94*
(b)	Difference in book and Income tax depreciation	**(98.20)**	*(1.43)*
(c)	Provision for compensated absences disallowed u/s 43B	**(0.68)**	*(0.16)*
(d)	Reversal of Defered tax assets	**123.57**	*Nil*
(e)	Others	**0.74**	*1.27*
	Tax expense recognised during the year (Total 1 to 4)	**25.44**	*(0.31)*

c) Components of deferred tax assets and liabilities recognised in the balance sheet and statement of profit & loss

Sr. No.	Particulars	*Amount in Crores*				
		Balance Sheet			**Statement of Profit & Loss**	
		31.3.2017	*31.3.2016*	*01.04.2015*	**2016-17**	*2015-16*
1	Provision for compensated absences disallowed u/s 43B	**(2.29)**	*(1.62)*	*(1.45)*	**(0.68)**	*(0.16)*
2	Difference in book and income tax depreciation	**(0.40)**	*97.80*	*99.23*	**(98.20)**	*(1.43)*
3	Business loss available for offsetting against future taxable income	**Nil**	*(123.57)*	*(123.57)*	**123.57**	*Nil*
4	Statutory liability claimed on payment basis	**Nil**	*(0.74)*	*(2.02)*	**0.74**	*1.27*
	Net deferred tax (assets) / liabilities	**(2.69)**	*(28.13)*	*(27.82)*	**25.44**	*(0.31)*

d) Reconciliation of deferred tax (assets) / liabilities net:

Sr. No.	Particulars	*Amount in Crores*	
		2016-17	*2015-16*
1	Opening balance	**(28.13)**	*(27.82)*
2	Tax income / (expense) during the period recognised in statement of profit and loss	**25.44**	*(0.31)*
	Closing balance	**(2.69)**	*(28.13)*

49.05 INVESTOR EDUCATION AND PROTECTION FUND

There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

49.06 DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 37 PROVISIONS, CONTINGENT LIABILITIES, CONTINGENT ASSETS AND COMMITMENTS

Movement in provisions: product warranties

Particulars	*Amount in Crores*	
	2016-17	*2015-16*
Opening balance	**6.61**	*Nil*
Add:- Additional provision during the year	**6.61**	*6.61*
Less:- Provision used/reversed during the year	**Nil**	*Nil*
Closing balance	**13.22**	*6.61*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at period end represents the amount of the expected cost of meeting such obligations of rectification/replacement.

Contingent liabilities and Commitments (to the extent not provided for)

Nature of liability	*Amount in Crores*	
	31-Mar-17	*31-Mar-16*
Sales tax liability as an outcome of assessment dues which is challanged in first appeal.	**0.36**	*0.36*

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timings of cash outflows, if any, in respect of above pending resolution of the appellate proceedings.

Capital Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 0.05 Cr. (previous year ₹ 1.76 Cr.)

49.07 DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 19 EMPLOYEE BENEFITS

Employee benefits – provision for / contributions to retirement benefit schemes are made in accordance with Ind AS - 19 Employee Benefits as follows –

i. **Defined Contribution Plan** - Company has contributed ₹ 1.38 Cr. towards Employee's Pension Scheme (previous year : 1.29 Cr.) and ₹ 1.32 Cr. towards Provident fund (Previous Year ₹ 1.13 Cr.) , which is recognised as an expense in the Statement of Profit and Loss.

ii. **Defined Benefit Plan :**

General Description Gratuity Plans

The Company makes contributions to the Employees Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at the time of retirement, death while in employment or termination of employment, of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service, subject to a maximum of ₹.10 Lakh.

Table 1 : Amount recognized in Balance Sheet - Gratuity

Particulars	*Amount in Crores*		
	Gratuity plan		
	31-Mar-17	*31-Mar-16*	*1-Apr-15*
Present value of funded defined benefit obligation	**3.54**	*2.03*	*1.95*
Less : Fair value of plan assets	**(3.57)**	*(2.08)*	*(1.99)*
Add : Present value of unfunded defined benefit obligation	**Nil**	*Nil*	*Nil*
Add : Amount not recognized due to asset limit	**Nil**	*Nil*	*Nil*
Net defined benefit liability / (asset) recognized in balance sheet	**(0.03)**	*(0.05)*	*(0.04)*
Net defined benefit liability / (asset) is bifurcated as follows:			
Current	**(0.03)**	*(0.05)*	*(0.04)*
Non-current	**Nil**	*Nil*	*Nil*

Table 2 - Current Year Expense Charged to Statement of Profit & Loss

Particulars	*Amount in Crores*	
	Gratuity plan	
	31-Mar-17	*31-Mar-16*
Current service cost	**0.50**	*0.58*
Interest on defined benefit obligation liability / (asset)	**(0.02)**	*(0.02)*
Past service cost	**Nil**	*Nil*
Administration Expenses	**Nil**	*Nil*
(Gain)/Loss on settlement	**Nil**	*Nil*
Expense charged to Statement of Profit & Loss	**0.47**	*0.56*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Table 3 - Current Year Recognised in Other Comprehensive Income ("OCI")

Particulars	*Amount in Crores*	
	Gratuity plan	
	31-Mar-17	*31-Mar-16*
Opening amount recognised in OCI outside Statement of profit & Loss	**(0.57)**	*Nil*
Remeasurements during the period due to :		
Changes in financial assumptions	**1.21**	*(0.53)*
Changes in demographic assumptions	**Nil**	*Nil*
Experience adjustments	**(0.04)**	*(0.06)*
Actual return of plan assets less interest on plan assets	**(0.03)**	*0.02*
Adjustment to recognize the effect of asset ceiling	**Nil**	*Nil*
Closing amount recognized in OCI outside Statement of Profit & Loss	**0.57**	*(0.57)*

Table 4 - Reconciliation of opening and closing balance of present value of defined benefit obligations

Particulars	*Amount in Crores*		
	Gratuity plan		
	31-Mar-17	*31-Mar-16*	*1-Apr-15*
Opening balance of present value of defined benefit obligations	**2.03**	*1.95*	*1.15*
Add: Current service cost	**0.50**	*0.58*	*0.50*
Add: Interest cost	**0.15**	*0.15*	*0.15*
i) Employer			
ii) Employee			
Add (Less): Actuarial losses/(gains) arising from -			*0.19*
Changes in financial assumptions	**1.21**	*(0.53)*	
Changes in demographic assumptions	**Nil**	*Nil*	
Experience adjustments	**(0.04)**	*(0.06)*	
Less: Benefits paid	**(0.16)**	*(0.06)*	*(0.04)*
Add: Past service cost	**Nil**	*Nil*	*Nil*
Add: Liabilities assumed on transfer of employees	**(0.15)**	*Nil*	*Nil*
Closing balance of present value of defined benefit obligations	**3.54**	*2.03*	*1.95*

Table 5 - Reconciliation of Plan Assets

Particulars	*Amount in Crores*		
	Gratuity plan		
	31-Mar-17	*31-Mar-16*	*1-Apr-15*
Opening fair value of plan assets	**2.08**	*1.99*	*1.45*
Add: Interest income on plan assets	**0.17**	*0.17*	*Nil*
Add: Actual return on plan assets less interest income	**0.03**	*(0.02)*	*0.12*
Add: Contributions by employer	**1.45**	*Nil*	*0.45*
Add: Assets acquired / (settled)*	**Nil**	*Nil*	*Nil*
Less: Benefits paid	**(0.16)**	*(0.06)*	*(0.04)*
Less: Assets distributed on settlements	**Nil**	*Nil*	*Nil*
Closing Balance of plan assets	**3.57**	*2.08*	*1.99*

* On account of business combination or inter group transfer

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Table 6 - The major categories of plan assets as a percentage of total plan assets

Particulars	Gratuity plan
Govt. of India securities	Scheme with Life Insurance Corporation
State Govt. securities	
Corporate bonds	
Public Sector bonds	
Special deposit scheme	

Table 7: Principal Actuarial Assumptions of gratuity

Particulars	31-Mar-17	31-Mar-16	1-Apr-15
Discount rate (p.a.)	**7.05%**	*7.95%*	*8.00%*
Salary escalation rate (p.a.)	**7.00%**	*3.00%*	*6.00%*

Estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Table 8 : Sensitivity Analysis - impact of increase/decrease in actuarial assumptions in gratuity

Particulars	*Amount in Crores*	
	Gratuity plan	
	31-Mar-17	31-Mar-16
Discount rate		
Impact of increase in 50 bps on defined benefit obligations	**-4.86%**	*-3.37%*
Impact of decrease in 50 bps on defined benefit obligations	**5.33%**	*3.61%*
Salary escalation rate		
Impact of increase in 50 bps on defined benefit obligations	**5.27%**	*3.72%*
Impact of decrease in 50 bps on defined benefit obligations	**-4.84%**	*-3.54%*

The Provident Fund is managed by Regional Provident Fund Corporation (RPFC).

49.08 FAIR VALUE MEASUREMENTS

The following methods of assumptions were used to estimate the fair values:

1. Fair value of the cash, short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amount largely due to short term maturities of these instruments.
2. Fixed and variable interest rates are revalued by the company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluations allowance are taken to account for the expected loss on these receivables.

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability

Financial assets by category:

				Amount in Crores
Sr. No.	Particulars	31.03.2017	31.03.2016	01.04.2015
1	**Measured at Fair value thru" Profit & Loss (FVTPL)**			
(a)	Mutual funds	**39.10**	*Nil*	*Nil*
(b)	Embedded derivative	**Nil**	*10.45*	*2.41*
(c)	Derivative Instruments	**40.69**	*55.73*	*52.30*
2	**Measured at amortised cost**			
(a)	Trade Receivables	**632.63**	*598.39*	*579.14*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

				Amount in Crores
Sr. No.	**Particulars**	**31.03.2017**	*31.03.2016*	*01.04.2015*
(b)	Advances recoverable in cash or kind	**2.99**	*2.10*	*1.25*
(c)	Cash and cash equivalents	**0.03**	*0.04*	*0.04*
(d)	Other bank balances	**Nil**	*Nil*	*0.24*
(e)	Security deposits	**100.13**	*0.20*	*0.42*
3	**Measured at Fair value thru" OCI (FVTOCI)**			
(a)	Embedded derivative	**Nil**	*Nil*	*Nil*
(b)	Derivative Instruments	**Nil**	*Nil*	*Nil*
	Total Financial Assets	**815.57**	*666.90*	*635.81*

Financial liabilities by category:

				Amount in Crores
Sr. No.	**Particulars**	**31.03.2017**	*31.03.2016*	*01.04.2015*
1	**Measured at Fair value thru" Profit & Loss (FVTPL)**			
(a)	Embedded derivatives	**29.42**	*24.14*	*52.30*
(b)	Derivative Instruments	**82.60**	*39.11*	*139.90*
2	**Measured at amortised cost**			
(a)	Borrowings (Refer Note 27, 32 & 33)	**1,145.30**	*1,466.27*	*1,127.82*
(b)	Trade payables	**230.19**	*152.89*	*347.70*
(c)	Other financial liabilities	**0.76**	*0.65*	*0.29*
3	**Financial liabilities at fair value thru OCI**			
(a)	Embedded derivatives	**Nil**	*Nil*	*Nil*
(b)	Derivative Instruments	**Nil**	*Nil*	*Nil*
	Total Financial Liabilities	**1,488.27**	*1,683.07*	*1,668.02*

Disclosures in Statement of Profit & Loss

			Amount in Crores
Sr. No.	**Particulars**	**2016-17**	*2015-16*
1	**Net gain / (losses) on financial assets and financial liabilities**	**(0.99)**	*(6.20)*
(a)	Mandatorily measured at fair value thru" P&L		
	Gain/(Loss) on fair valuation or sale of investment in Mutual Fund	**0.01**	*Nil*
(b)	Designated as at fair value thru" P&L		
	(i) Gain/(Loss) on fair valuation or settlement of forward contract	**20.44**	*6.61*
	(ii) Gain/(Loss) on fair valuation or settlement of Embedded derivative contract	**(32.05)**	*1.01*
(c)	Financial assets measured at amortised cost		
	(i) Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	**(0.68)**	*30.07*
	(ii) (Allowances)/reversal of expected credit loss during the year	**(0.05)**	*(0.03)*
(d)	Financial liabilities measured at amortised cost		
	Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	**11.34**	*(43.87)*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Amount in Crores

Sr. No.	Particulars	2016-17	2015-16
(e)	Financial assets measured at FVTOCI:		
(i)	Gains recognized in OCI		
	(a) Gain/(Loss) on fair valuation of settlement of forward contracts	**Nil**	*Nil*
	(b) Gain/(Loss) on fair valuation of settlement of embedded derivatives contracts	**Nil**	*Nil*
(ii)	Gains reclassified to P&L from OCI upon de-recognition		
	(a) on forwards contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities.		
	on embedded derivative contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities.	**Nil**	*Nil*
2	**Interest revenue**		
	Financial assets measured at amortised cost	**Nil**	*Nil*
3	**Interest expense**		
	Financial liabilities that are not measured at FVTPL	**Nil**	*Nil*

Details of outstanding hedge instruments Information as on 31 March 17

Amount in Crores

Particulars	Nominal Amount	Average Rate	Timing	
	₹	₹	Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	**509.32**	**75.37**	**323.60**	**185.72**
EUR including EUR pegged currency	**89.29**	**71.87**	**89.29**	**Nil**
JPY	**614.85**	**0.66**	**436.64**	**178.21**
Receivable hedges				
USD	**463.13**	**69.31**	**328.46**	**134.67**
JPY	**208.30**	**0.60**	**208.30**	**Nil**
Currency Swaps				
USD	**118.20**	**52.63**	**47.63**	**70.57**
JPY	**50.00**	**0.68**	**50.00**	**Nil**
b. Interest rate exposure				
Cash flow hedge				
Foreign currency forward covers				
USD	**5.19**	**67.72**	**5.19**	**Nil**
JPY	**1.28**	**0.68**	**1.28**	**Nil**
Currency Swaps				
USD	**1.42**	**52.63**	**1.42**	**Nil**
JPY	**0.49**	**0.68**	**0.49**	**Nil**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Information as on 31 March 16

Amount in Crores

Particulars	Nominal Amount	Average Rate	Timing	
	₹	₹	Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	**620.76**	**74.66**	**26.42**	**594.34**
EUR including EUR pegged currency	**16.15**	**73.59**	**16.15**	**Nil**
JPY	**334.15**	**0.70**	**17.67**	**316.49**
Receivable hedges				
USD	**334.24**	**69.56**	**175.45**	**158.80**
JPY	**203.54**	**0.60**	**172.27**	**31.27**
Currency Swaps				
USD	**144.13**	**52.64**	**25.93**	**118.20**
JPY	**100.01**	**0.68**	**50.00**	**50.00**
b. Interest rate exposure				
Cash flow hedge				
Foreign currency forward covers				
USD	**7.64**	**70.71**	**Nil**	**7.64**
JPY	**Nil**	**Nil**	**Nil**	**Nil**
Full Currency Swaps				
USD	**1.36**	**52.64**	**1.36**	**Nil**
JPY	**1.02**	**0.68**	**1.02**	**Nil**

Information as on 01 April 15

Amount in Crores

Particulars	Nominal Amount	Average Rate	Timing	
	₹	₹	Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	**829.35**	**70.40**	**Nil**	**829.35**
EUR including EUR pegged currency	**41.48**	**82.54**	**21.90**	**19.58**
JPY	**127.63**	**0.60**	**65.98**	**61.65**
Receivable hedges				
USD	**89.49**	**66.29**	**32.30**	**57.19**
JPY	**7.94**	**0.53**	**7.94**	**Nil**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Amount in Crores

Particulars	Nominal Amount	Average Rate	Timing	
	₹	₹	Up to 12 months	> 12 months
Currency Swaps				
USD	**148.37**	**52.64**	**4.23**	**144.13**
JPY	**100.01**	**0.68**	**–**	**100.01**
b. Interest rate exposure				
Cash flow hedge				
Full Currency Swaps				
USD	**1.02**	**52.66**	**1.02**	**Nil**
JPY	**1.03**	**0.68**	**1.03**	**Nil**

Fair Value Hierarchy

Financial assets and liabilities measured - recurring fair value measurements At 31 March 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Measured at Fair value thru" Profit & Loss (FVTPL)				
Investments in Mutual funds	**39.10**			**39.10**
Embedded derivative		**Nil**		**–**
Derivative Instruments		**40.69**		**40.69**
Measured at amortised cost				
Trade Receivables		**632.63**		**632.63**
Advances recoverable in cash		**2.99**		**2.99**
Cash and cash equivalents		**0.03**		**0.03**
Other bank balances		**Nil**		**–**
Security deposits		**100.13**		**100.13**
Measured at Fair value thru" OCI (FVTOCI)				
Embedded derivative		**Nil**		**–**
Derivative financial instruments designated as cash flow hedges		**Nil**		**–**
Total Financial Assets				**815.57**
Financial Liabilities				
Measured at Fair value thru" Profit & Loss (FVTPL)				
Embedded derivatives		**29.42**		**29.42**
Derivative Instruments		**82.60**		**82.60**
Measured at amortised cost				
Borrowings		**1,145.30**		**1,145.30**
Trade payables		**230.19**		**230.19**
Other financial liabilities		**0.76**		**0.76**
Financial liabilities at fair value thru OCI				
Embedded derivatives		**–**		**–**
Derivative Instruments		**–**		**–**
Total Financial Liabilities				**1,488.27**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

49.09 FINANCIAL RISK MANAGEMENT

The Company is exposed to credit/counter-party risk, liquidity risk, and currency risk and interest rate risk.

The Company's risk management policy (including financial risk) is recommended by the audit committee and approved by the board of directors.

The Company's risk management committee is responsible for the implementation of the risk management policy.

The Company is exposed to credit/counter-party risk, liquidity risk and currency risk and interest rate risk.

a) Credit/counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective major customers by the management team of the Company risk management committee prior to entering into contract and, post receipt of contract through continuous monitoring of collections by the project team and the accounts team.

The Company makes adequate provision for non-collection of trade receivables. Further, the Company has not suffered significant payment defaults by its customers. In addition, for delay in collection of receivables, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables. No provision has been made on trade receivable in not due category. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, private sectors etc.

Expected Credit Loss (ECL) reconciliation on Trade Receivable:

		Amount in Crores
Particulars	**2016-17**	*2015-16*
ECL on Trade receivables		
Opening	**0.03**	*0.00*
Changes in loss allowance (Provision for doubtful debts):		
Add: Loss allowance based on Expected credit loss	**0.05**	*0.03*
Less: Write off as bad debts	**0.00**	*0.00*
Closing	**0.08**	*0.03*

The percentage of revenue from its top two customers is 94% for 2016-17 (94% for 2015-16).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter-party risk where necessary.

The Company invests its surplus funds in bank deposits and liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

b) Liquidity Risk

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds (see counter-party risk above).

The Company has project related borrowings as at 31 March 2017 and has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business.

Maturity profile of Financial liabilities as on 31.03.2017:

				Amount in Crores
Sr. No.	**Particulars**	**Up to 12 months**	**More than 12 months**	**31.03.2017**
1	Borrowings	**453.85**	**691.45**	**1,145.30**
2	Trade payables	**230.19**	**Nil**	**230.19**
3	Other financial liabilities	**0.76**	**Nil**	**0.76**

c) Market Risk

Market Risk is the risk of loss of future earnings, fair value, future cash flows that may result from change in price of financial instrument. The value of the financial instrument may change as a result of change in interest rate scenario and other market changes that affect the market risk sensitive instrument. Market risk is attributable to market risk sensitive instruments viz. investments in mutual funds.

The company has got a treasury team which manages cash resources, implementation of hedging strategies for foreign currency exposures, borrowing strategies and ensuring compliance with market risk limits and policies. This team is guided by the treasury committee. Company manages the market risk through the treasury committee which evaluates and exercises independent control over the entire process of market risk management. The treasury committee recommends the policies & processes for investments. The committee is appraised the implementation of plan & policies on quarterly basis. Board of the Company is also appraised of the proceedings of the treasury committee on quarterly basis.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

– **Foreign Currency Risk**

Foreign exchange risk is a significant financial risk for the Company.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist teams that have the appropriate skills and experience take decisions for risk management purposes.

The Company's operations have exposures in foreign currencies, with US dollars & Japanese Yen being the maximum contributors.

The board of directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The Company's treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure both on cash flow basis as well as on net basis (i.e. net expected outcome of the project).

In addition, the Company has embedded derivatives mainly for projects in India that are won on an international competitive bidding basis. These are quoted in foreign currency and match the exposure that the Company has as liabilities for the project. Since forward contracts taken for embedded derivative projects are considered ineffective, they are charged to the statement of profit and loss. The Company has exposure to loans denominated in foreign currency in US dollars & Japanese Yen. The Company has mitigated the risk of foreign exchange fluctuation by a combination of forward contracts and swaps. The swap is a principal and interest rate (see below) swap in which, for the principal, the Company has fixed its liability in Indian Rupees.

The Company does not enter into hedge transactions for either trading or speculative purposes.

Contracts with maturity not later than twelve months include certain contracts that can be rolled over to subsequent periods in line with underlying exposures.

5% Increase or Decrease in foreign exchange rates will have following impact on profit before tax

		Amount in Crores
Particulars	**Impact on profit before tax Expense / (Income)**	
	31-Mar-17	*31-Mar-16*
USD Sensitivity		
INR/USD -Increase by 5%*	**61.72**	*81.59*
INR/USD -Decrease by 5%*	**(61.72)**	*(81.59)*
JPY Sensitivity		
INR/JPY -Increase by 5%*	**30.46**	*44.65*
INR/JPY -Decrease by 5%*	**(30.46)**	*(44.65)*
EURO Sensitivity		
INR/EURO -Increase by 5%*	**2.22**	*0.36*
INR/EURO -Decrease by 5%*	**(2.22)**	*(0.36)*

* Holding all other variable constant

– **Interest Rate Risk**

The Company has obtained loan in US dollars & Japanese Yen, which has a floating rate of interest at LIBOR plus spread. The Company has swapped part of the interest rate liability and has a fixed exposure in INR.

0.25% Increase or Decrease in interest rates will have following impact on profit before tax

		Amount in Crores
Particulars	**Impact on profit before tax Expense / (Income)**	
	31-Mar-17	*31-Mar-16*
USD		
Interest rates -increase by 0.25%*	**0.00**	*0.00*
Interest rates -decrease by 0.25%*	**(0.00)**	*(0.00)*
JPY		
Interest rates -increase by 0.25%*	**0.00**	*0.00*
Interest rates -decrease by 0.25%*	**(0.00)**	*(0.00)*

* Holding all other variable constant

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

– **Price risk for mutual fund investments**

		Amount in Crores
Particulars	**Impact on profit before tax Expense / (Income)**	
	31-Mar-17	*31-Mar-16*
Liquid funds		
NAV -Increase by 1%*	**0.39**	*Nil*
NAV -Decrease by 1%*	**(0.39)**	*Nil*

* Holding all other variable constant

49.10 DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 108 SEGMENT REPORTING

Primary / Secondary segment reporting format :

a) The company's risk-return profile is not affected by products as the company deals in single product.

b) In respect of secondary segment information, the Company has identified its geographical segments as (i) domestic and (ii) overseas.

The secondary segment information has been disclosed accordingly.

						Amount in Crores
Particulars	**Domestic**		**Overseas**		**Total**	
	For the year ended March 31, 2017	*For the year ended March 31, 2016*	**For the year ended March 31, 2017**	*For the year ended March 31, 2016*	**For the year ended March 31, 2017**	*For the year ended March 31, 2016*
Revenue by location of customers	**587.13**	*562.45*	**323.13**	*157.81*	**910.26**	*720.26*
Trade Receivables*	**631.00**	*567.94*	**1.62**	*30.45*	**632.63**	*598.39*
Advances from Customers	**208.61**	*273.71*	**402.42**	*134.17*	**611.02**	*407.88*

* Refer Note No.15 & 22

49.11 DISCLOSURES AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 105 NON CURRENT ASSET HELD FOR SALE & DISCONTINUED OPERATIONS

Heavy Casting Unit (HCU)	
Description	**Particulars**
Location	Hazira, Surat, Gujarat
Capacity	3,000 MT / Year
Unit Weight	6 MT to 70 MT Single Piece – Single Ladle
Land Area	12 Acres (Lease Hold Land)
Shop Built Up Area	9,600 sq. m (1st phase)
Start of Production	March, 2012
Product	Designed to produce large integrity steel castings
Existing Manpower	24 Nos. (Covenant 8 Nos. / Others 16 Nos.)

On 5th October, 2016, the Company has hived off its Heavy Casting Unit on "Slump Sale basis" to L&T-MHPS Boilers Pvt. Limited (LMB) with effect from 1st October, 2016, in order to remain asset light and to improve the cash-flow with a view to clear the long term debts.

Statement of Profit / (Loss) of the Discontinued Operations:

The Revenues & Profits / (losses) recognized during the year in respect of discontinued operations is as follows:

Particulars	**Amount in Crores**
Revenues	**18.03**
Profits & (Losses) after Tax	**(0.14)**

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

The major classes of Assets & Liabilities of the Discontinued operation, which are transferred are as under:

Asset Description	BTA* Amount (₹)
Fixed Assets#	**99.41**
Inventory	**12.49**
Sundry Debtors	**0.82**
Other Assets	**6.19**
Sundry Creditors	**(1.76)**
Total Consideration	**117.15**

* BTA - Business Transfer Agreement

Includes ₹ 3.36 Crs towards Land, to be received from Larsen & Toubro Ltd.

49.12 RELATED PARTY DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARDS (IND AS) 24

a. List of related parties who exercise control:

Sr. No.	Name of the Related Party	% Equity Interest		
		As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
1	Larsen & Toubro Limited	**51%**	*51%*	*51%*
2	Mitsubishi Hitachi Power Systems Limited	**39%**	*39%*	*39%*
3	Mitsubishi Electric Corporation Limited	**10%**	*10%*	*10%*

b. Key Management Personnel (KMP):

List of Key Management Personnel and payment of salaries, commission and perquisites to KMP

Name	Designation
A R Prasad	Chief Financial Officer

			Amount in Crores
Sr. No.	**Particulars**	**2016-17**	*2015-16*
a	Short term employement benefits	**0.40**	*0.39*
b	Post employement benefits	**0.01**	*0.01*
c	Other long term benefits	**Nil**	*Nil*
d	Termination benefits	**Nil**	*Nil*
e	Share based payment	**Nil**	*Nil*
	TOTAL	**0.41**	*0.40*

c. Payments made to Independent Directors

					Amount in Crores
Fees paid	**Meetings**	**2016-17**		*2015-16*	
		Mr. Shekar Viswanathan	**Mrs. Vijaya Sampath**	*Mr. Shekar Viswanathan*	*Mrs. Vijaya Sampath*
Sitting Fees					
	Audit Committee	**0.01**	**0.01**	*0.01*	*0.01*
	Board Meeting	**0.02**	**0.02**	*0.02*	*0.02*
	Nomination & Remuneration	**0.00**	**0.00**	*0.01*	*0.01*
	Total sitting fees	**0.03**	**0.03**	*0.04*	*0.03*
Commission		**–**	**–**	*–*	*–*
	Total	**0.03**	**0.03**	*0.04*	*0.03*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

d. List of related parties :

Sr. No.	Related Party	Relationship
1	Larsen & Toubro Limited	Joint Venture Partner
2	Mitsubishi Hitachi Power Systems Limited	Joint Venture Partner
3	Mitsubishi Electric Corporation	Joint Venture Partner
4	L&T MHPS Boilers Private Limited	Member of same group
5	L&T Howden Private Limited	Member of same group
6	L&T Hydrocarbon Engineering Limited	Member of same group
7	L&T Special Steels & Heavy Forgings Private Limited	Member of same group
8	Ewac Alloys Limited	Member of same group
9	L&T Cutting Tools Limited	Member of same group
10	Nabha Power Limited	Member of same group
11	L&T Infotech Ltd	Member of same group
12	L&T Sargent & Lundy Private Limited	Member of same group
13	L&T Valdel Engineering Limited	Member of same group

e. Commitment with related parties

			Amount in Crores
Particulars	**31-Mar-17**	*31-Mar-16*	*1-Apr-15*
Purchase commitment - Revenue			
Larsen & Toubro Limited	**0.39**	*0.10*	*0.00*
Mitsubishi Hitachi Power Systems Limited	**0.97**	*0.05*	*–*
L&T MHPS Boilers Private Limited	**12.73**	*–*	*–*
L&T Special Steels & Heavy Forgings Pvt. Ltd.	**0.05**	*0.00*	*–*
L&T Cutting Tools Limited	**0.06**	*0.00*	*0.00*
Mitsubishi Electric Corpration	**28.19**	*10.46*	*–*
TOTAL	**42.38**	*10.61*	*0.00*

Sr. No.	Particulars	2016-17	2015-16
		Amount (₹)	*Amount (₹)*
1	**Purchase of goods & services:**	**44.03**	*60.35*
(i)	Mitsubishi Hitachi Power Systems Limited	**12.11**	*1.78*
(ii)	Larsen & Toubro Limited	**9.89**	*16.33*
(iii)	L&T-MHPS Boilers Private Limited	**7.81**	*0.03*
(iv)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**6.34**	*11.95*
(v)	Mitsubishi Electric Corporation	**6.02**	*27.96*
(vi)	L&T Cutting Tools Ltd.	**1.84**	*2.31*
(vii)	Ewac Alloys Limited	**0.00**	*Nil*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Sr. No.	Particulars	2016-17	*2015-16*
		Amount (₹)	*Amount (₹)*
2	**Sale of goods & services:**	**841.36**	*639.21*
(i)	Larsen & Toubro Limited	**586.79**	*535.69*
(ii)	Mitsubishi Hitachi Power Systems Limited	**234.15**	*100.11*
(iii)	Nabha Power Ltd.	**14.75**	*4.78*
(iv)	L&T-MHPS Boilers Private Limited	**3.86**	*1.85*
(v)	Mitsubishi Electric Corporation	**0.92**	*Nil*
(vi)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**0.89**	*0.97*

Sr. No.	Particulars	2016-17	*2015-16*
		Amount (₹)	*Amount (₹)*
3	**Capital transactions on account of sale of HCU**	**117.15**	*Nil*
(i)	Larsen & Toubro Limited	**3.36**	*Nil*
(ii)	L&T-MHPS Boilers Private Limited	**113.79**	*Nil*

Sr. No.	Particulars	2016-17	*2015-16*
		Amount (₹)	*Amount (₹)*
4	**Interest on Inter Corporate Deposit**	**Nil**	*0.09*
(i)	Larsen & Toubro Limited	**Nil**	*0.09*

Sr. No.	Particulars	2016-17	*2015-16*
		Amount (₹)	*Amount (₹)*
5	**Other Transactions Net Balances:**	**13.68**	*13.59*
	Recovery of Expenses from:		
(i)	Mitsubishi Hitachi Power Systems Limited	**1.29**	*0.24*
(ii)	Mitsubishi Electric Corporation	**0.03**	*0.13*
(iii)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**0.03**	*0.06*
(iv)	Nabha Power Ltd.	**0.00**	*Nil*
	Payables towards expenses incurred by:		
(i)	L&T-MHPS Boilers Private Limited	**0.32**	*0.19*
(ii)	Larsen & Toubro Limited	**14.72**	*13.81*

Amount in Crores

Sr. No.	Particulars	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
		Amount (₹)	*Amount (₹)*	*Amount (₹)*
1	**Amount due to related parties:**	**27.48**	*44.68*	*19.22*
(i)	Larsen & Toubro Limited	**10.91**	*21.27*	*6.57*
(ii)	L&T-MHPS Boilers Private Limited	**12.97**	*6.31*	*6.17*
(iii)	Ewac Alloys Limited	**Nil**	*0.01*	*Nil*
(iv)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**0.00**	*2.96*	*4.83*
(v)	L&T Cutting Tools Limited	**0.56**	*1.40*	*1.32*
(vi)	L&T Fincorp Limited	**Nil**	*Nil*	*Nil*
(vii)	L&T Howden Private Limited	**Nil**	*Nil*	*0.00*
(viii)	L&T Hydrocarbon Engineering Limited	**Nil**	*0.00*	*Nil*
(ix)	Mitsubishi Hitachi Power Systems Limited	**1.65**	*6.42*	*Nil*
(x)	Mitsubishi Electric Corporation	**1.39**	*6.31*	*0.33*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

				Amount in Crores
Sr. No.	**Particulars**	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
		Amount (₹)	*Amount (₹)*	*Amount (₹)*
2	**Amount due to related parties (towards advances) :**	**606.11**	*149.56*	*226.78*
(i)	Larsen & Toubro Limited	**203.53**	*21.27*	*207.23*
(ii)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**Nil**	*0.02*	*0.02*
(iii)	Mitsubishi Heavy Industries Limited	**Nil**	*Nil*	*19.28*
(iv)	L&T-MHPS Boilers Private Limited	**0.17**	*0.24*	*0.24*
(v)	Mitsubishi Hitachi Power Systems Limited	**402.42**	*128.03*	*Nil*

				Amount in Crores
Sr. No.	**Particulars**	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
		Amount (₹)	*Amount (₹)*	*Amount (₹)*
3	**Amount due from related parties:**	**622.00**	*604.25*	*571.82*
(i)	Larsen & Toubro Limited	**606.51**	*570.78*	*547.39*
(ii)	L&T Special Steels & Heavy Forgings Pvt. Ltd.	**0.29**	*0.24*	*3.19*
(iii)	L&T-MHPS Boilers Private Limited	**7.60**	*3.81*	*1.95*
(iv)	Mitsubishi Heavy Industries Limited	**Nil**	*0.14*	*0.34*
(v)	Mitsubishi Electric Corporation	**0.66**	*0.60*	*Nil*
(vi)	Mitsubishi Hitachi Power Systems Limited	**0.87**	*23.54*	*18.95*
(vii)	Nabha Power Ltd.	**6.08**	*5.15*	*Nil*

49.13 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 102 SHARE BASED PAYMENTS - EMPLOYEE STOCK OPTION PLAN

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 12.11 Cr. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 11.90 Cr. (Previous Year ₹ 11.35 Cr.) has been recovered by the holding company upto current year, out of which, ₹ 0.30 Cr. (Previous Year ₹ 0.44 Cr.) was recovered during the year. Balance ₹ 0.21 Cr. will be recovered in future periods.

49.14 DISCLOSURE REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS 33) EARNINGS PER SHARE

Basic and diluted earnings per share (EPS)

		Amount in Crores
Particulars	**2016-17**	*2015-16*
Loss after tax as per accounts	**5.94**	*98.12*
Weighted average number of shares outstanding	**71.06**	*71.06*
Basic EPS (Amount in ₹)	**(0.08)**	*(1.38)*
Diluted EPS (Amount in ₹)	**(0.08)**	*(1.38)*
Face Value per share (Amount in ₹)	**10.00**	*10.00*

49.15 ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for current borrowings are as under:

			Amount in Crores
Particulars	**31.03.2017**	*31.03.2016*	*01.04.2015*
Current:			
Financial assets			
Trade Receivables	**632.63**	*598.43*	*579.15*
Non Financial assets			
Inventories	**831.64**	*840.56*	*603.70*
Total assets pledged as security	**1,464.27**	*1,438.99*	*1,182.84*

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

49.16 SPECIFIED BANK NOTES (SBN)

Details of specified bank notes / other denomination notes

During the year the Company had Specified Bank Notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017. On the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Amount in Rupees

Particulars	Specified Bank Notes(SBN)		Other Denomination Notes	Total
	₹ "500" Denomination	₹ "1000" Denomination		
Closing Cash in Hand as on 08.11.2016	–	72,000	780	72,780
(+) Permitted Receipts	–	–	–	
a) SBN	–	–	–	–
b) Other Denomination	–	–	110,000	110,000
(-) Permitted Payments	–	–	–	
a) Payment towards Various Items Mentioned in Exemption Notification	–	–	–	–
Purchase of Petrol Diesel and Gas	–	–	–	–
Payment on Toll Plaza	–	–	–	–
Payment of any fee, Charges, taxes Or Penalties	–	–	–	–
to Government				
Payment of Utilities Charges	–	–	–	–
Other Payment	–	–	–	–
b) Other Denomination	–	–	(56,404)	(56,404)
(-) Amount Deposited in Bank	–	(72,000)	–	(72,000)
Closing Cash in Hand as on 30.12.2016	–	–	54,376	54,376

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

49.17 FIRST TIME ADOPTION OF IND AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
5. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.
6. The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

Reconciliation of equity as at 1st April, 2015

Amount in Crores

Particulars	Note No	Indian GAAP	Adjustments	Ind-AS
ASSETS				
Non-current assets				
Property, Plant and Equipment		**1,055.58**	**–**	**1,055.58**
Capital work-in-progress		**2.06**	**–**	**2.06**
Other Intangible assets		**9.71**	**–**	**9.71**
Financial Assets				
Loans		**0.87**	**–**	**0.87**
Deferred tax assets (net)		**27.82**	**–**	**27.82**
Other non -current assets	**A**	**0.36**	**1.59**	**1.94**
Total non current assets		**1,096.40**	**1.59**	**1,097.99**
Current Assets				
Inventories		**72.08**		**72.08**
Financial Assets				
Investments		**–**	**–**	**–**
Trade receivables	**B**	**579.15**	**-0.00**	**579.14**
Cash and cash equivalents		**0.04**	**–**	**0.04**
Other Bank Balances		**0.24**	**–**	**0.24**
Loans		**0.42**	**–**	**0.42**
Other financial assets		**53.55**	**–**	**53.55**
Current Tax Assets (Net)		**1.09**	**–**	**1.09**
Other current assets	**C**	**677.33**	**1.07**	**678.40**
Total current assets		**1,383.90**	**1.07**	**1,384.96**
Total Assets		**2,480.30**	**2.65**	**2,482.95**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		**710.60**	**–**	**710.60**
Other Equity	**A,B,C,D,E,F**	**(446.66)**	**4.34**	**(442.32)**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	**D**	**1,013.36**	**(21.68)**	**991.69**
Provisions				
Deferred tax liabilities (net)				
Other non current Liabilities				
Total				
Current liabilities				
Financial Liabilities				
Borrowings		**113.73**	**–**	**113.73**
Current Maturities of Long term Borrowings	**E**	**–**	**22.40**	**22.40**
Trade payables		**347.70**	**–**	**347.70**
Other financial liabilities		**140.19**	**–**	**140.19**
Other current Liabilities	**F**	**592.78**	**-2.42**	**590.36**
Provisions		**8.58**	**–**	**8.58**
Current tax Liabilities (Net)				
Total Equity and Liabilities		**2,480.30**	**2.65**	**2,482.95**

Notes:

A & C) The company's parent companies i.e. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders.

B) As per Ind-AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debt is provided for the financial year ended 31.03.2015.

D) Amortization of Upfront Fees through EIR method under IND-AS and regrouping of interest accured to borrowings.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

E) (i) The company's parent companies i.e. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders. (ii) Regrouping of interest accured to borrowings.

F) Regrouping of interest accured to borrowings.

Reconciliation of equity as at 31st March, 2016

				Amount in Crores
Particulars	**Note No**	**Indian GAAP**	**Adjustments**	**Ind-AS**
ASSETS				
Non-current assets				
Property, Plant and Equipment		**956.71**	**–**	**956.71**
Capital work-in-progress		**4.45**	**–**	**4.45**
Other Intangible assets		**8.28**	**–**	**8.28**
Financial Assets				
Loans		**0.93**	**–**	**0.93**
Deferred tax assets (net)		**28.13**	**–**	**28.13**
Other non -current assets	**A**	**0.26**	**2.39**	**2.65**
Total non current assets		**998.76**	**2.39**	**1,001.15**
Current Assets				
Inventories		**70.68**	**–**	**70.68**
Financial Assets				
Investments				
Trade receivables	**B**	**598.43**	**–50.13**	**548.30**
Cash and cash equivalents		**0.04**	**–**	**0.04**
Other Bank Balances		**–**	**–**	**–**
Loans		**0.20**	**–**	**0.20**
Other financial assets		**57.82**	**–**	**57.82**
Current Tax Assets (Net)		**1.58**	**–**	**1.58**
Other current assets	**C**	**914.60**	**51.26**	**965.86**
Total current assets		**1,643.34**	**1.13**	**1,644.47**
Total Assets		**2,642.10**	**3.52**	**2,645.62**
EQUITY AND LIABILITIES				
Equity				
Equity Share Capital		**710.60**	**–**	**710.60**
Other Equity	**A,B,C,D,E,F,G**	**508.95**	**4.98**	**513.93**
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings	**D**	**944.64**	**1.51**	**943.13**
Provisions		**–**	**–**	
Deferred tax liabilities (net)		**–**	**–**	
Other non current Liabilities		**–**	**–**	
Current liabilities				
Financial Liabilities				
Borrowings	**E**	**391.23**	**-0.05**	**391.17**
Current Maturities of Long term Borrowings	**F**	**130.51**	**1.46**	**131.97**
Trade payables		**152.89**	**–**	**152.89**
Other financial liabilities		**39.77**	**–**	**39.77**
Other current Liabilities	**G**	**765.73**	**8.60**	**774.33**
Provisions		**15.69**	**–**	**15.69**
Current tax Liabilities (Net)				
Total Equity and Liabilities		**2,642.10**	**3.52**	**2,645.62**

Notes:

A) & D) The company's parent companies i.e. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders. It also includes the corresponding impact of Heding Reserve as the same is clubbed under the head of "Other Equity".

B) (i) As per Ind-AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for doubtful debt is provided for the financial year ended 31.03.2016. (ii) Regrouping of retention money not due.

SIGNIFICANT ACCOUNTING POLICIES AND NOTES TO ACCOUNTS (Contd.)

C) (i) The company's parent companies i.e. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders. It also includes the corresponding impact of Heding Reserve as the same is clubbed under the head of "Other Equity". (ii) Regrouping of retention money not due.

D) Amortization of Upfront Fees through EIR method under IND-AS

E) Regrouping of interest on short term borrowings.

F) Regrouping of interest on borrowings.

G) (i) Regrouping of interest on borrowings. (ii) ESOP charge due to change in method of valuation from intrinsic to fair value.

Reconciliation of profit & loss account for the year ended 31st March, 2016

Amount in Crores

Statement of Profit and Loss	**Note No**	**Under IGAAP 2015-16**	**Adjustments**	**Under Ind-AS 2015-16**
INCOME				
Revenue from operations	**A**	**730.21**	**(9.94)**	**720.26**
Other Income		**0.17**	**0.00**	**0.17**
Total Income		**730.38**	**(9.94)**	**720.43**
EXPENSES				
Manufacturing, Construction and Operating expenses				
Cost of raw materials and components consumed		**394.53**	**0.00**	**394.53**
Excise Duty		**11.94**	**0.00**	**11.94**
Stores, spares and tools		**37.91**	**0.00**	**37.91**
Sub-contracting charges		**17.30**	**0.00**	**17.30**
Changes in inventories of finished goods, work-in-progress and stock-in-trade		**(1.22)**	**0.00**	**(1.22)**
Other manufacturing, construction and operating expenses		**53.43**	**0.00**	**53.43**
Total Manufacturing Expense		**513.89**	**0.00**	**513.89**
Employee Benefit expenses	**B**	**56.84**	**0.07**	**56.91**
Sales, administration and other expenses		**37.39**	**0.00**	**37.42**
Finance Costs	**C**	**104.45**	**1.41**	**105.86**
Depreciation, amortisation and obsolescence expenses		**104.78**	**0.00**	**104.78**
Total Expenses		**817.36**	**1.47**	**818.86**
Profit before exceptional items and taxes		**(86.98)**	**(11.45)**	**(98.43)**
Profit before tax		**(86.98)**	**(11.45)**	**(98.43)**
Tax Expense:				
Current Tax				
Provision for Income tax - Earlier Years				
Provision for Deferred Tax		**(0.31)**	**0.00**	**(0.31)**
Total Tax Expense				
Profit after tax		**(86.67)**	**(11.45)**	**(98.12)**
Profit for the period				
Other Comprehensive Income				
Total Comprehensive Income				

Notes:

A) Revenue from Operations:

Under the previous IGAAP, premium on forward contracts towards off Balance sheet item where recognised, under Ind-AS no premium accounting on forward contracts towards off Balance Sheet items to be recognised hence reversed.

B) Employee Benefit Expenses

Change in Valuation of ESOP grants outstanding.

C) Finance Cost

– Debt Guarantee Cost for the guarantees given by parent companies i.e. Larsen & Toubro Limited and Mitsubishi Hitachi Power System to secure the ECB loans.

– Amortization of Upfront Fees through EIR method under IND-AS."

49.18 PREVIOUS YEARS FIGURES HAVE BEEN RE-GROUPED/RECLASSIFIED WHEREVER NECESSARY.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their eleventh report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**	*2015-16**
	(₹ crores)	*(₹ crores)*
Profit Before Depreciation& Tax	**387.94**	*326.85*
Less: Depreciation, amortization and obsolescence	**(55.81)**	*(53.22)*
Profit / (Loss) before tax	**332.13**	*273.63*
Less: Provision for tax	**(110.85)**	*(74.62)*
Profit after tax from continuing operations	**221.28**	*199.01*
Profit for the period carried to the balance sheet	**221.28**	*199.01*
Add: Balance brought forward from previous year	**499.83**	*300.82*
Less:- Depreciation charged against retained earnings	**–**	*–*
Balance available for disposal &carried to Balance Sheet	**721.11**	*499.83*

* Restated as per IND AS

Capital & Finance:

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2017, is ₹ 234.10 crores.

Capital Expenditure:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 640.61 crores and the net fixed and intangible assets, including leased assets, at ₹ 517.50 crores. Capital Expenditure (including capital work in progress) during the year amounted to ₹ 126.22 crores.

During the year company acquired Heavy Casting Unit from L&T MHPS Turbine Generators Private Limited (LMTG) as a going concern for a consideration of ₹ 113.42 crores.

Deposits:

During the year under review, the Company has not accepted any deposits from the Public.

2. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

During the year under review, the Company has not entered into any of the above transaction as specified under section 186 of Companies Act, 2013.

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Audit Committee has approved the Related Party Transactions for the Financial Year 2016-17 as per annexure A.

All the related party transactions were in the ordinary course of business and at arm's length.

4. STATE OF COMPANY AFFAIRS:

The sales and other income for the financial year under review were ₹ 2,566.38 crore as against ₹ 1,812.26 crore for the previous financial year registering a growth of 42%. The profit before tax for the year under review was higher at ₹ 332.13 crore and the profit after tax was ₹ 221.28 crore for the financial year under review as against ₹ 273.60 crore and ₹ 199.01 crore respectively for the previous financial year, registering an increase of 21% and 11% respectively mainly due to higher execution. The previous year's numbers have been restated as per new accounting standards, Ind-AS.

5. APPROPRIATIONS

There were no appropriations made during the year FY 2016-17.

6. DIVIDEND:

Considering the capital requirement for ongoing business requirements, the Board of Directors do not recommend any dividend on its equity shares.

7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

Information as per Rule 8 of the Companies (Accounts) Rules, 2014, relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure "B" forming part of this Report.

9. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

10. CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility Committee has been reconstituted by the Board of Directors and presently comprises of Mr. A. S. Lamba, Mr. Masahiko Hokano, Mr. Shekhar Sharda, and Mr. Shekar Viswanathan as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The detail of the amount to be spent during the current financial year and the manner in which it was spent has been attached as Annexure C.

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. Shailendra Roy, Mr. Yozaburo Mabuchi, Mr. Masayuki Kubo, Mr. Shekhar Sharda,Mr. Derek Michael Shah,Mr. Yusuke Kurogi, Mr. Amarjit Lamba, Mr. Masahiko Hokano, Mrs. Vijaya Sampath and Mr. Shekar Viswanathan are the present Directors of the Company.

Mr. Derek Michael Shah was appointed as the Director nominated by Larsen & Toubro Limited with effect from May 17, 2016 to fill up the casual vacancy caused by the cessation of Mr. Sunil Pande as Director. Mr. Sunil Pande would have retired by rotation at this Annual General Meeting if he had continued to be a Director. Accordingly, Mr. Derek Michael Shah holds office up to the date of this Annual General Meeting and it has been proposed to appoint him as the Director of the Company.

Mr. Shekhar Sharda were appointed as an Additional Director with effect from 22nd July, 2016. Mr. Sharda's, being eligible for appointment, was appointed as the Director of the Company at its Annual General Meeting held during the financial year 2016-17.

During the year under review, Mr. P. S. Kapoor resigned from the Board on 21st July, 2016. The Board of Directors place on record its appreciation for the contributions made by him.

Mr. Amarjit Lamba is the Whole-time Director of the Company. He shall be re-appointed for another term with effect from July 2, 2017 to July 1, 2018. A Resolution proposing his appointment will be placed before the Shareholders for their approval.

Mr.Yozaburo Mabuchi retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Anil Kumar Mehta is the Chief Financial Officer and Company Secretary of the Company.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 4 meetings were held on May 17, 2016, July 21, 2016, October 20, 2016 and January 24, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on May 17, 2016, July 21, 2016, October 20, 2016 and January 24, 2017 respectively.

The Audit Committee has been reconstituted by the Board of Directors and presently the Committee comprises of Ms. Vijaya Sampath, Mr. Shekar Viswanathan and Mr. Shekhar Sharda as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The observations and corrective measures are presented to the Audit Committee.

In accordance with the requirements of the Companies Act, 2013, the company has established a vigil mechanism framework for directors and employees to report genuine concerns.

14. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Committee has formulated the Nomination and Remuneration policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The Independent Directors are paid remuneration by way of sitting fees.

During the year under review, the committee met once on May 17, 2016.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Ms. Vijaya Sampath, Mr. Shekar Viswanathan and Mr. Yozaburo

Mabuchi. The Members elect one amongst themselves as the Chairman of the Meeting.

15. DECLARATION OF INDEPENDENCE:

The Company has received Declarations of Independence from Independent Directors as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as an Independent Director.

16. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

17. INTERNAL FINANCIAL CONTROLS:

The Company has in place adequate internal financial controls with reference to financial statements. The Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the business operations. The Company has in place the process to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

During the year, such controls were tested and no reportable material weaknesses were observed.

M/s Sharp & Tannan, Statutory Auditor has expressed their opinion that the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017 based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

18. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Board of Directors have laid down the manner, specific criteria and grounds in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made by all directors. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees and individual directors. The Chairman of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s), Chairman and Directors and the summary of the evaluation shall be shared with the members of the Nomination and Remuneration Committee and the Board.

19. MEETING OF THE INDEPENDENT DIRECTOR'S:

The Meeting of the Independent Director's was held on May 17, 2016, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and accessed the quality, quantity and timeliness of the flow of information between management and the Board.

20. AUDITOR'S REPORT:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

21. SECRETARIAL AUDIT REPORT:

The Secretarial Audit Report issued by M/s. Naina Desai, Practicing Company Secretary is attached as Annexure 'D' to this Annual Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification.

22. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. They have completed their tenure of ten years as Statutory Auditors of the Company. The Board placed on record its appreciation for the services rendered by M/s Sharp & Tannan as the Statutory Auditors of the Company.

In view of the mandatory rotation of auditor requirement, it is proposed to appoint M/s B. K. Khare & Co., Chartered Accountants, as statutory Auditors for a period of five continuous years i.e. from the conclusion of the 11th Annual General Meeting till the conclusion of the 16th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company. The Certificate from M/s B. K. Khare & Co. has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends the appointment of M/s B. K. Khare & Co. as Auditors of the Company from the conclusion of the 11th Annual General

Meeting till the conclusion of the 16th Annual General Meeting of the Company.

23. EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 'E' to this report.

24. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

25. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during FY 2016-17.

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

27. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014 the Board of Directors had appointed M/s. Manubhai & Associates, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2018 at a remuneration of ₹ 75,000/-.They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the Ministry of Corporate Affairs within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

28. OTHER DISCLOSURES:

- The Company enjoys a good reputation for its sound financial management and the ability to meet its financial obligations;
- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable;
- Reporting of Frauds: The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

29. ACKNOWLEDGEMENT:

The Directors wish to thank the Customers, Vendors and business associates for their continued support and valuable co-operation during the year. The Directors also wish to place on record their appreciation of the contribution made by employees at all levels. Our progress in setting up of world class hi-tech manufacturing facility and meeting challenges of project deliveries was made possible by their hard work, commitment, cooperation and support. The Directors thank the Reserve Bank of India, Financial Institutions, Japan Bank for International Co-operation, Banks, Central & State Governments authorities and the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Faridabad
Date : May 23, 2017

SHAILENDRA ROY
Director
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

ANNEXURE A

FORM AOC-2

Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Part A - Details of contracts or arrangements or transactions not at arm's length basis : NIL

Part B - Details of Material contracts or arrangements or transactions at arm's length basis :

Name of Related Party	Nature of Relationship	Nature of the transaction/ contract / arrangement	Duration	Salient terms	Value (₹)
Company has entered into various transactions for purchase, sales, services and reimbursements with related parties details of which are given in Note No. 44 attached with the Annual Accounts for the period from April'16 to March'17. These transactions are executed as per the terms of the contract with these parties.					

ANNEXURE B

[A] CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:

1) Improving energy effectiveness / efficiency of equipment and systems-

- Magnetic Resonator installed at BHF-2 and RHF to achieve annual NG gas saving of 74,405 SCM amounting to INR 21.53 Lacs.
- Phase wise replacement of existing conventional lamps with LED lamps is in progress. Lamps at various areas like shops, offices, toilets and machines, have been replaced. All initiatives together have resulted in annual saving of electricity 5.62 Lacs kWh amounting to INR 48.05 Lacs.
- Timer based system for switching off lights at admin building, which has resulted in annual saving of 6,107 kWh of electricity amounting to INR 0.52 Lacs.

2) Improving energy effectiveness / efficiency of Manufacturing Processes

- Compressed air based fin shot blasting machine is replaced with airless shot blasting machine. This has annual saving of 1.4 Lac kWh of electricity amounting to INR 12.02 Lacs.
- Initiatives in air-conditioning, viz, optimization of chilled water pumps operation, operation of AHU motor through VFD, locking of split AC temperature at 26^{o}C, installation of a dedicated split AC to avoid HVAC operation after office hours. These initiatives have collectively resulted in annual saving of 40,362 kWh of electricity amounting to INR 3.45 Lacs.
- Initiatives implemented for change in operating sequence of squeezing sizing machine using PLC programme modification, for interlocking Herber make tube bending machine's hydraulic power with main power, for sequential ON-OFF control of MPM machine conveyor. These initiatives have resulted in annual saving of electricity 83,664 kWh and natural gas 3,641 SCM. Total cost saving is INR 8.21 Lacs per annum.
- Installation of VFD for spindle motor at CSEPEL make radial drilling machine and for hydraulic motor at System Bender. Estimated electricity savings is 7,455 kWh amounting to INR 0.6 Lacs per annum.

(b) Additional investments and proposals, if any, being implemented for reduction of consumption of energy:

- Procurement of 520 numbers of LED light fittings for replacing existing shop high bay lamps. An electricity saving of 66% against the conventional metal halide lamps.
- Conceptualization and implementation of compressed air management system to monitor various parameters and utilize the system effectively.
- Procurement of only energy efficient equipment at the time of replacements and new installations.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

- The energy saving measures have resulted in annual savings of about INR 11.12 million. This has also reduced LMB Hazira's carbon footprint by about 984 tonnes of carbon dioxide equivalent

[B] TECHNOLOGY ABSORPTION:

Research & Development (R&D)

The Company continues to introduce new manufacturing techniques to increase indigenization and increase in-house scope of work.

Technology Absorption, adaptation and innovation

1. Efforts in brief made towards technology absorption, adaptation and innovation:

- Evaluated and developed new products in manufacturing facility at Hazira to achieve higher rate of indigenization.
- Develop new techniques in-house to facilitate production of critical components, which are being externally procured currently.
- Interaction with external agencies / internal customers /suppliers for exposure to the latest products / designs.
- Participating in seminars and exhibitions at national / international level.
- Valuation, adaptation and / or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components.
- Use of state-of-the-art equipment, instrument and software.
- Analyzing feedback from users to improve processes and services.
- Carried out development of Heat treatment technology for SA213 T23 material, dissimilar material welding Technology for CC2328-2 and SA213T92 and development of welding technology for flow nozzle.

2. Benefits derived as a result of the above efforts:

Not quantifiable

3. **Information regarding technology imported during the last 5 years**

Technology Imported	Year of Import	Status
Knowhow and technical information for design, engineering and manufacture of Ultra supercritical boilers from MHPS, Japan	Mar 2015 onwards	Under Absorption
Knowhow and technical information for design, engineering, manufacture, installation and commissioning of Selective Catalytic Reduction system from MHPS, Japan	Oct 2016 onwards	Under Absorption

[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

Particulars	2016-17	2015-16
	(₹ crores)	*(₹ crores)*
Earnings:		
Foreign exchange earned/Deemed exports	**821.68**	*525.02*
Outgo:		
Foreign exchange used	**574.20**	*432.19*

ANNEXURE C

CSR ACTIVITIES FOR 2016-17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:**

   The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will primarily focus on the following verticals as a part of its CSR programme viz.

   Water& Sanitation - may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation, purification of water and proper sanitation facilities.

   Education - may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes& nurturing talent at various levels.

   Health - may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programmes, centres for elderly / disabled, support to HIV / AIDS programme.

   Skill Development - may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

   Governance and Technology would be the key drivers across all the CSR initiatives.

2. **Composition of the CSR Committee:**

   The CSR Committee of the Board was re-constituted and it comprises of One Executive Director, Two Non-Executive Directors and one Independent Director as Members. The Company Secretary acts as Secretary to the Committee.

   The present Committee comprises of Mr. A. S. Lamba, Mr. Masahiko Hokano, Mr. Shekhar Sharda, and Mr. Shekar Viswanathan as Members and Mr. Anil Kumar Mehta as the Secretary of the Committee.

3. **Average net profit of the Company for the last three financial years:**

   The average net profit of the Company for the last three financial years is ₹ 233.24 crores.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above):**

   The Company was required to spend an amount of ₹ 4.66 crores as CSR expenditure during the financial year 2016-17.

5. **Details of CSR spent during the financial year 2016-17:**

   a. **Total amount to be spent for the financial year**

Particulars	**Amount (₹ crores)**
Average Net Profit of the Company for the last three financial years	233.24
Amount to be spent as CSR	4.66

   b. **Manner in which the amount was spent in the financial year is detailed below:**

₹ crores

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency
1	Education	Education	Civil Work of Govt. School at Faridabad, Haryana	0.11	0.06	0.06	Direct
2	Education	Education	Educational Item to Govt. School at Faridabad, Haryana	0.02	0.02	0.02	Direct
3	Health	Health	Pickup Van to SHEOWS (Saint Hardayal Educational & Orphans Welfare Society) at Delhi	0.05	–	–	Direct

₹ crores

S. No	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or Other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programme wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure up to the reporting period.	Amount spent: Direct or through implementing agency
4	Health	Health	Various items for Delhi Govt Dispensary, Mahipalpur, Delhi	0.01	–	–	Direct
5	Health	Health	Civil works for Anganwadi at Village Rajgari, Surat, Gujarat	0.26	0.26	0.26	Direct
6	Water & Sanitation	Water & Sanitation	Drinking Water Facility At village Bhatlai, Surat, Gujarat	0.13	0.13	0.13	Direct
7	Education	Education	Civil Work of Govt. School at Primary School at Village LaliyaChapad School, Khargone, M.P.	0.19	–	–	Direct
8	Education	Education	Civil Work of Govt. School at Village Bhurlay, Malwa, M.P.	0.18	0.18	0.18	Direct
9	Education	Education	Educational item to middle schools at Hanumantiya, Bhurlay&Satmohini Village, Malwa, M.P.	0.05	0.05	0.05	Direct
10	Water & Sanitation	Water & Sanitation	Drinking water facility at Primary School, Malwa, M.P.	0.06	0.04	0.04	Direct
11	Education	Education	Renovation of Ausanpur Primary School, Tanda, U.P.	0.09	–	–	Direct
12	Others		Admin expense for CSR	0.23	0.18	0.18	Direct

6. Reasons for not spending the amount during the financial year:

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community.

For this reason, during the year 2016-17, the Company's spent on the CSR activities has been less at ₹ 0.92 crores (as against ₹ 0.42 crores in the last corresponding year).

The CSR activities are scalable which coupled with new initiatives that may be considered in future, moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

The Board and the CSR Committee are committed to CSR and expect that higher amount will be spent in the coming years.

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

SHAILENDRA ROY
Director

MASAHIKO HOKANO
Chairman of the CSR Committee

ANNEXURE D

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T- MHPS BOILERS PRIVATE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T-MHPS BOILERS PRIVATE LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanismin place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable**:-

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015**;

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;presently (Share Based Employee Benefits) Regulations, 2014;

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws applicable to the company, **viz.**-

  - Gas Cylinders Rules, 2004, as amended from time to time.
  - The Static and Mobile Pressure Vessels (Unfired) Rules, 1981, as amended.
  - Indian Boiler Regulations, 1950.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors or Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place, which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. – **NIL**.

(ii) Redemption / buy-back of securities – **NIL**.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc. – **NIL**.

(v) Foreign technical collaborations – **NIL**.

(vi) Other Events –

- **Acquisition of the Heavy Casting Unit of L&T-MHPS Turbine Generators Private Limited (a related party) as a going concern on a 'slump sale' basis, at a fair value of ₹ 122 crores.**

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members
L&T- MHPS BOILERS PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

ANNEXURE E

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

1	CIN	U29119MH2006PTC165102
2	Registration Date	09/10/2006
3	Name of the Company	L&T - MHPS Boilers Private Limited
4	Category/Sub-Category of the Company	Private Limited Company
5	Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: subhodh.shetty@larsentoubro.com
6	Whether listed Company	No
7	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Pressure parts and structure for supercritical boiler	2513	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	51	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	–	119391000	119391000	51.00	–	119391000	119391000	51.00	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**–**	**119391000**	**119391000**	**51.00**	**–**	**119391000**	**119391000**	**51.00**	**NIL**
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.	–	114709000	114709000	49.00	–	114709000	114709000	49.00	NIL
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	**–**	**114709000**	**114709000**	**49.00**	**–**	**114709000**	**114709000**	**49.00**	**NIL**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**–**	**234100000**	**234100000**	**100.00**	**–**	**234100000**	**234100000**	**100.00**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**234100000**	**234100000**	**100.00**	**–**	**234100000**	**234100000**	**100.00**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Limited	119391000	51	NIL	40280000	100	NIL	NIL
2	Mitsubishi Hitachi Power Systems Limited	114709000	49	NIL	114709000	49	NIL	NIL
	Total	**234100000**	**100.00**	**NIL**	**234100000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding: There has been no change in the Shareholding of Promoters

Sl. No.	For each of the Promoter	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc)	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment ₹ crores

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	458.70	NIL	458.70
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	1.22	NIL	1.22
Total (i+ii+iii)	**NIL**	**459.92**	**NIL**	**459.92**
Change in Indebtedness during the financial year				
Addition	62.90	NIL	NIL	62.90
Reduction	NIL	(222.88)	NIL	(222.88)
Net Change	**62.90**	**(222.88)**	**NIL**	**(159.98)**
Indebtedness at the end of the financial year				
i) Principal Amount	62.80	236.48	NIL	299.29
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	0.10	0.56	NIL	0.65
Total (i+ii+iii)	**62.90**	**237.04**	**NIL**	**299.94**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of the Whole-time Director		Total Amount
		Mr. Amarjit Lamba	Mr. Masahiko Hokano	
1.	Gross salary	–	–	–
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act,1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	- as % of profit			
	- others, specify			
5.	Others, please specify	–	–	–
	Total (A)	–	–	–
	Ceiling as per the Act	**NIL**	**NIL**	**NIL**

B. Remuneration to other directors:

(₹)

Sl. no.	Particulars of Remuneration	Name of Directors						Total Amount
		Mrs. Vijaya Sampath			Mr. Shekar Viswanathan			
1.	Independent Directors							
	• Fee for attending board/committee meetings	3,25,000			2,75,000			6,00,000
	• Commission	5,00,000			5,00,000			10,00,000
	• Others, please specify							
	Total (1)	**8,25,000**			**7,75,000**			**16,00,000**
		Mr. Shailendra Roy	**Mr. Derek Michael Shah**	**Mr. Shekhar Sharda**	**Mr. Masayuki Kubo**	**Mr. Yozaburo Mabuchi**	**Mr. Yusuke Kurogi**	
2.	Other Non-Executive Directors							
	• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	–						**16,00,000**
	Total Managerial Remuneration	–						**16,00,000**
	Overall Ceiling as per the Act	–						**48,66,68,548**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THANMD/MANAGER/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel	
		CFO & Company Secretary – Mr. Anil Mehta	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	 49,19,861 2,76,147 –	**51,96,008**
2.	Stock Option	NIL	**NIL**
3.	Sweat Equity	NIL	**NIL**
4.	Commission - as % of profit - others, specify	NIL	**NIL**
5.	Others, please specify	NIL	**NIL**
	Total	**51,96,008**	**51,96,008**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T- MHPS BOILERS PRIVATE LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of L&T- MHPS Boilers Private Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information(herein after referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;selection and application of appropriate accounting policies;making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 45 to the standalone Ind AS financial statements;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer note 32(b) and 41(d) to the standalone Ind AS financial statements;

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in specified bank notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer note 50 to the standalone Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 23, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) In our opinion and according to information and explanations given to us and on the basis of our examination of the records of the Company, the title deeds of immovable properties are held in the name of the Company.

(ii) The inventory, including stocks lying with third parties, have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the books records were not material.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) We have broadly reviewed the books of accounts maintained by the Company as specified under section 148(1) of the Act, for maintenance of cost records in respect of products manufactured by the Company, and are of the opinion that prima facie, the prescribed accounts and records have been maintained. However, we have not made a detailed examination of cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax,service tax, sales-tax, duty of customs, duty of excise, employees's state insurance, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities..

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, sales-tax, duty of customs, duty of excise, employees's state insurance, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company,the particulars of income tax, sales tax, service tax, duty of customs or duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

₹ crore

Name of the statue	Nature of the disputed dues	Amount*	Period to which the amount relates	Forum where dispute is pending
Central Sales Tax Act and Local Sales tax act Gujarat	Dispute of input tax reversal on capital goods & ITC mismatch	0.72	2010-11, 2012-13	Deputy commissioner, Commercial Tax
Service tax under Finance Act, 1994	Disallowance of cenvat credit	0.02	2012-13, 2013-14, 2014-15	Superintendent/ Commissioner (Appeal) Central Excise and Customs, Surat
Central Sales Tax Act and Local Sales tax act, MP	Disallowance of sales in transit	0.67	2013-14, 2014-15	Appellate Authority of Commercial Tax, Bhopal
Central Sales Tax Act and Local Sales tax act	Disallowance of sales in transit and high sea sales	183.05	2012-13	Deputy Commissioner of sales tax, Mumbai

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) According to information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 23, 2017

ANNEXURE 'B'TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 ofsection 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T- MHPS Boilers Private Limited("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to providea basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
ASSETS							
Non–current assets							
(a) Property, plant and equipment	1	**514.31**		*439.84*		*432.69*	
(b) Capital work–in–progress	2	**1.96**		*1.04*		*4.51*	
(c) Intangible assets	3	**1.23**		*3.03*		*10.97*	
(d) Financial assets– others	4	**–**		*16.73*		–	
(e) Deferred tax assets(net)		**7.83**		–		–	
(f) Other non–current assets	5	**9.69**		*12.40*		*12.52*	
			535.02		*473.04*		*460.69*
Current assets							
(a) Inventories	6	**263.86**		*259.68*		*93.43*	
(b) Financial assets							
(i) Investments	7	**687.37**		*478.99*		*643.12*	
(ii) Trade receivables	8	**1,029.91**		*982.37*		*545.52*	
(iii) Cash and cash equivalents	9	**47.69**		*117.03*		*95.88*	
(iv) Bank balances other than (iii) above	10	**248.87**		*254.79*		*336.05*	
(v) Loans	11	**1.03**		*1.04*		*0.95*	
(vi) Others	12	**67.64**		*61.39*		*43.38*	
(c) Current tax assets (net)	13	**–**		–		*0.29*	
(d) Other current assets	14	**941.23**		*768.60*		*772.03*	
			3,287.60		*2,923.89*		*2,530.65*
Total assets			**3,822.62**		*3,396.93*		*2,991.34*
EQUITY AND LIABILITIES							
EQUITY:							
(a) Equity share capital	15	**234.10**		*234.10*		*234.10*	
(b) Other equity		**695.78**		*497.05*		*297.12*	
			929.88		*731.15*		*531.22*
LIABILITIES:							
Non–current liabilities							
(a) Financial liabilities							
(i) Borrowings	16	**118.51**		*242.09*		*428.07*	
(ii) Other financial liabilities	17	**2.35**		*16.76*		*1.48*	
(b) Deferred tax liabilities (net)		**–**		*17.26*		*47.03*	
			120.86		*276.11*		*476.58*

BALANCE SHEET AS AT MARCH 31, 2017 (Contd.)

Particulars	Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
Current liabilities							
(a) Financial liabilities							
(i) Borrowings	**18**	**62.90**		*–*		*–*	
(ii) Current maturities of long term borrowings	**19**	**118.53**		*217.83*		*85.43*	
(iii) Trade payables	**20**	**639.36**		*567.56*		*424.46*	
(iv) Other financial liabilities	**21**	**238.98**		*202.05*		*165.36*	
(b) Other current liabilities	**22**	**1,664.93**		*1,363.72*		*1,218.15*	
(c) Provisions	**23**	**40.94**		*33.26*		*90.14*	
(d) Current tax liabilities (net)	**24**	**6.24**		*5.25*		*–*	
			2,771.88		*2,389.67*		*1,983.54*
Total Equity and Liabilities			**3,822.62**		*3,396.93*		*2,991.34*
CONTINGENT LIABILITIES	**45**						
COMMITMENTS (Capital and others)	**46**						
OTHER NOTES FORMING PART OF THE ACCOUNTS	**32–52**						
SIGNIFICANT ACCOUNTING POLICIES	**53**						

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

ANIL MEHTA
Chief Financial Officer &
Company Secretary
FCS: 3395

A S LAMBA
Whole Time Director
DIN: 05284078

SHAILENDRA ROY
Director
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017

Particulars		**FY 2016-17**		*FY 2015-16*	
	Note No.	₹ crores	₹ crores	₹ crores	₹ crores
INCOME					
Revenue from operations	**25**		**2,490.66**		*1,721.39*
Other income	**26**		**75.72**		*90.88*
Total income			**2,566.38**		*1,812.27*
EXPENSES					
Manufacturing, construction and operating expenses	**27**				
Cost of raw materials and components		**1,512.07**		*936.02*	
Excise duty		**6.86**		*14.58*	
Stores, spares and tools		**7.40**		*6.33*	
Sub-contracting charges		**231.49**		*195.80*	
Change in inventories		**(18.78)**		*0.00*	
Other manufacturing, construction and operating expenses		**202.62**		*146.20*	
			1,941.66		*1,298.93*
Employee benefit expenses	**28**		**140.68**		*123.19*
Sales, administration and other expenses	**29**		**67.38**		*17.07*
Finance costs	**30**		**28.71**		*46.24*
Depreciation, amortisation and obsolescence	**1 & 3**		**55.82**		*53.22*
Total expenses			**2,234.25**		*1,538.65*
Profit before tax			**332.13**		*273.62*
Tax expense:					
Current tax		**124.66**		*115.29*	
Income tax - earlier years		**(0.60)**		-	
Deferred tax		**(13.21)**		*(40.67)*	
			110.85		*74.62*
Profit after tax			**221.28**		*199.01*
Profit for the period			**221.28**		*199.01*

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH 2017 (Contd.)

Particulars	Note No.	FY 2016-17 ₹ crores	FY 2016-17 ₹ crores	FY 2015-16 ₹ crores	FY 2015-16 ₹ crores
Other comprehensive income(OCI)	31				
Items that will not be reclassified to profit or loss		(0.11)		0.07	
- Income tax on above		0.04		(0.02)	
Items that will be reclassified to profit or loss		(34.31)		1.34	
- Income tax on above		11.87		(0.46)	
			(22.51)		0.93
Total comprehensive income			198.77		199.93
Basic earnings per equity shares before extraordinary items			9.45		8.50
Diluted earnings per equity shares before extraordinary items			9.45		8.50
Face value per equity shares			10.00		10.00
OTHER NOTES FORMING PART OF THE ACCOUNTS	32-52				
SIGNIFICANT ACCOUNTING POLICIES	53				

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

ANIL MEHTA
Chief Financial Officer &
Company Secretary
FCS: 3395

A S LAMBA
Whole Time Director
DIN: 05284078

SHAILENDRA ROY
Director
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹ crores	2015-16 ₹ crores
A.	**Cash flow from operating activities:**		
	Profit before tax	**332.13**	*273.62*
	Adjustments for :		
	Depreciation (including obsolescence), amortisation and impairment	**55.82**	*53.22*
	Allowance for doubtful debts	**62.49**	*45.69*
	Exchange difference for investments/financing activity	**5.50**	*(14.63)*
	Finance Cost	**28.71**	*46.24*
	Interest (Income)	**(27.57)**	*(41.42)*
	(Profit)/Loss on sale of fixed assets (net)	**0.72**	*(0.01)*
	(Profit)/Loss on sale of investments (net)	**(11.67)**	*(27.21)*
	Operating profit before changes in operating assets and liabilities	**446.13**	*335.50*
	Adjustments for change in operating assets and liabilities:		
	(Increase)/ Decrease in non-current assets	**19.44**	*(16.61)*
	(Increase)/ Decrease in trade and other receivables	**(128.32)**	*(442.18)*
	(Increase)/ Decrease in inventories	**8.31**	*(166.25)*
	(Increase)/ Decrease in other current assets	**(172.24)**	*(14.67)*
	Increase/ (Decrease) in non current other financial liability	**(36.97)**	*16.21*
	Increase/ (Decrease) in trade payables	**84.58**	*117.38*
	Increase/ (Decrease) in other current liabilities	**326.11**	*136.58*
	Cash generated from operations	**547.05**	*(34.04)*
	Direct taxes refund/(paid)- net	**(116.99)**	*(110.06)*
	Net cash from operating activities	**430.06**	*(144.10)*
B.	**Cash flow from investing activities:**		
	Acquisition of business(refer note no:43)	**(113.42)**	-
	Purchase of fixed assets	**(34.37)**	*(49.03)*
	Sale of fixed assets	**0.30**	*0.09*
	(Purchase)/Sale of investments (net)	**(196.71)**	*191.34*
	Interest received	**27.57**	*41.42*
	Net cash (used in)/ from investing activities	**(316.63)**	*183.82*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

		2016-17 ₹ crores	2015-16 ₹ crores
C.	**Cash flow from financing activities:**		
	Net Proceeds/(Repayment) of borrowings	**(159.97)**	*(53.59)*
	Finance cost	**(28.71)**	*(46.24)*
	Net cash (used in)/ from financing activities	**(188.68)**	*(99.83)*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**(75.26)**	*(60.11)*
	Cash and cash equivalents at beginning of the year	**371.82**	*431.93*
	Cash and cash equivalents at end of the year	**296.56**	*371.82*

Notes:

1. Cash and cash equivalents included in the cash flow statement comprise the following:-

	2016-17	2015-16
Cash and cash equivalents (Note 9)	**47.69**	*117.03*
Other bank balances (Note 10)	**248.87**	*254.79*
Total	**296.56**	*371.82*

2. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind-AS) 7 : Statement of Cash Flows.
3. Purchase of fixed assets includes movement of capital work-in-progress during the year.
4. Amount of corporate social responsibility related expenses spent during the year is ₹ 0.92 crores (previous year ₹ 0.47 crores) [Note (39)b]
5. Cash and cash equivalents includes unrealised exchange (gain)/loss.
6. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

ANIL MEHTA
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A S LAMBA
Whole Time Director
DIN: 05284078

SHAILENDRA ROY
Director
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

STATEMENT OF CHANGES IN EQUITY

₹ crores

Particulars	Equity share capital	Other equity				
		Items of other comprehensive income	Retained earning	Hedge reserve - fair value	Equity component - financial instruments	Total other equity
Balance as at 1 April 2015	**234.10**	**–**	**300.82**	**(8.14)**	**4.44**	**297.12**
Profit for the year	–		199.01	–	–	199.01
Other comprehensive income (loss) for the year						
- Remeasurement gains (loss) on defined benefit plans	–	0.05		–	–	0.05
- Change in fair value of hedging instruments	–		–	0.88	–	0.88
Balance as at 31 March 2016	**234.10**	**0.05**	**499.83**	**(7.26)**	**4.44**	**497.05**
Balance as at 1 April 2016	**234.10**	**0.05**	**499.83**	**(7.26)**	**4.44**	**497.05**
Profit for the year	–		221.28	–	–	221.28
Other comprehensive income (loss) for the year						
- Remeasurement gains (loss) on defined benefit plans	–	(0.07)		–	–	(0.07)
- Change in fair value of hedging instruments	–		–	(22.44)	–	(22.44)
Change in guarantee fees to JV partners	–		–	–	(0.05)	(0.05)
Balance as at 31 March 2017	**234.10**	**(0.02)**	**721.11**	**(29.70)**	**4.39**	**695.78**

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
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Director
DIN: 07172890

Place : Mumbai
Date : May 23, 2017

Place : Faridabad
Date : May 23, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 PROPERTY, PLANT AND EQUIPMENT

2 CAPITAL WORK-IN-PROGRESS

₹ crores

Particulars	Cost				Depreciation				Book value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Leasehold land	18.75	–	–	18.75	–	0.20	–	0.20	18.55	18.75
Building	122.65	32.69	–	155.34	–	6.34	–	6.34	149.00	122.65
Plant and machinery	278.49	13.90	–	292.39	–	34.61	–	34.61	257.78	278.49
Computers	1.01	3.06	0.16	3.91	–	0.61	0.12	0.49	3.42	1.01
Office equipment	1.65	1.01	–	2.66	–	0.79	–	0.79	1.87	1.65
Furniture and fixtures	9.41	1.62	–	11.03	–	2.37	–	2.37	8.66	9.41
Vehicles	0.73	–	0.14	0.59	–	0.13	0.10	0.03	0.56	0.73
Total	**432.69**	**52.28**	**0.30**	**484.67**	**–**	**45.05**	**0.22**	**44.83**	**439.84**	**432.69**
Capital work-in-progress									1.04	4.51
Total tangible assets									**440.88**	**437.20**

1 PROPERTY, PLANT AND EQUIPMENT

2 CAPITAL WORK-IN-PROGRESS

₹ crores

Particulars	Cost				Depreciation				Book value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Leasehold land	18.75	7.65	-	26.40	0.20	0.24	-	0.44	25.96	18.55
Building	155.34	49.63	1.26	203.71	6.34	9.57	1.26	14.65	189.06	149.00
Plant and machinery	292.39	66.59	1.40	357.58	34.61	38.40	0.56	72.45	285.13	257.78
Computers	3.91	2.36	1.16	5.11	0.49	1.46	1.09	0.86	4.25	3.42
Office equipment	2.66	0.35	0.16	2.85	0.79	0.73	0.16	1.36	1.49	1.87
Furniture and fixtures	11.03	1.91	0.02	12.92	2.37	2.68	0.02	5.03	7.89	8.66
Vehicles	0.59	0.20	0.20	0.59	0.03	0.12	0.09	0.06	0.53	0.56
Total	**484.67**	**128.69**	**4.20**	**609.16**	**44.83**	**53.20**	**3.18**	**94.85**	**514.31**	**439.84**
Capital work-in-progress									1.96	1.04
Total tangible assets									**516.27**	**440.88**

3 OTHER INTANGIBLE ASSETS

₹ crores

Particulars	Cost				Amortisation				Book value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Specialised softwares	7.17	0.22	–	7.39	5.34	0.85	–	6.19	1.20	1.83
Lumpsum fees for technical knowhow	21.28	–	–	21.28	12.13	7.32	–	19.45	1.83	9.14
Total	**28.45**	**0.22**	**–**	**28.67**	**17.47**	**8.17**	**–**	**25.64**	**3.03**	**10.97**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

3 OTHER INTANGIBLE ASSETS

₹ crores

Particulars	Cost				Amortisation				Book value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Specialised softwares	7.39	0.82	–	8.21	6.19	0.79	–	6.98	1.23	1.20
Lumpsum fees for technical knowhow	21.28	–	–	21.28	19.45	1.83	–	21.28	–	1.83
Total	**28.67**	**0.82**	**–**	**29.49**	**25.64**	**2.62**	**–**	**28.26**	**1.23**	**3.03**

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹ crores	**₹ crores**	*₹ crores*	₹ crores	₹ crores	₹ crores
4 NON CURRENT-OTHER FINANCIAL ASSETS						
Embedded derivative receivable		–		16.73		–
		–		*16.73*		–
5 OTHER NON-CURRENT ASSETS						
Unsecured, considered good, unless otherwise stated						
(i) Capital advances		**0.41**		*1.57*		*2.01*
(ii) Deposits		**0.01**		*0.01*		*0.01*
(iii) Financial guarantee asset		**0.05**		*0.20*		*0.50*
(iv) Income tax receivable(net of provision)		**9.22**		*10.62*		*10.00*
		9.69		*12.40*		*12.52*
6 INVENTORIES						
(i) Raw materials	**120.06**		*182.07*		*68.41*	
Add: Goods-in-transit	**1.78**		*4.48*		*2.30*	
		121.84		*186.55*		*70.71*
(ii) Components	**109.96**		*61.33*		*16.26*	
Add: Goods-in-transit	**10.43**		*9.87*		*5.03*	
		120.39		*71.20*		*21.29*
(iii) Work-in-progress - manufacturing		**18.78**		-		-
(iv) Stores spares parts	**2.38**		*1.86*		*1.41*	
Add: Goods-in-transit	**0.47**		*0.07*		*0.02*	
		2.85		*1.93*		*1.43*
		263.86		*259.68*		*93.43*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
7 CURRENT FINANCIAL ASSETS - INVESTMENTS						
Unquoted investments						
Mutual funds at fair value through profit & loss		**687.37**		*478.99*		*643.12*
		687.37		*478.99*		*643.12*

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of units	₹ crores	No. of units	₹ crores	No. of units	₹ crores
Birla Sun Life Floating Rate Fund	**198,203**	**4.30**	*198,203*	*4.00*	*569,008*	*10.60*
Birla Sun Life Short Term Fund	**14,085,222**	**88.09**	*14,085,222*	*80.38*	*14,196,224*	*74.46*
Birla Sun Life Savings Fund	**1,083,572**	**34.69**	–	–	–	–
SBI Short Term Debt Fund	**3,354,312**	**6.45**	*3,354,312*	*5.88*	*12,186,226*	*19.68*
UTI Short Term Income Fund Institutional	**34,764,707**	**70.65**	*34,764,707*	*64.07*	*60,104,937*	*102.04*
UTI Treasury Advantage Fund	**217,480**	**49.05**	*217,480*	*45.10*	–	–
Reliance Money Manager Fund	**262,587**	**59.78**	*262,587*	*55.14*	–	–
ICICI Prudential Liquid Fund	**1,115,910**	**26.86**	*1,115,910*	*25.03*	*1,751,480*	*36.27*
Reliance Medium Term Fund	**18,027,658**	**62.54**	–	–	*17,659,065*	*51.42*
ICICI Prudential Flexible Income Plan	**1,137,639**	**35.56**	–	–	–	–
ICICI Prudential Savings Fund	**1,298,626**	**32.70**	–	–	–	–
ICICI Prudential Banking & PSU Fund	**10,645,376**	**20.15**	–	–	–	–
ICICI Prudential Ultra Short Term-Direct Plan	**11,884,742**	**20.34**	–	–	–	–
L&T Ultra Short Term Fund	**20,180,422**	**54.29**	–	–	*4,940,492*	*11.27*
Invesco India Ultra Short Term Fund	**36,831**	**8.42**	–	–	–	–
UTI-Money Market Fund	**82,284**	**15.01**	*254,587*	*43.25*	–	–
Religare Invesco Liquid Fund	**–**	**–**	*7,383*	*1.54*	*26,014*	*5.01*
L&T Liquid Fund	**329,484**	**73.48**	*251,753*	*52.31*	*399,208*	*76.59*
Invesco India Liquid Fund	**44,681**	**10.00**	–	–	–	–
Reliance Liquid Fund-Treasury Plan	**37,835**	**15.01**	*64,951*	*24.00*	–	–
SBI Premier Liquid Fund	**–**	**–**	*68,909*	*16.41*	–	–
Birla Sun Life Cash Plus Plan	**–**	**–**	*1,064,581*	*25.90*	–	–
ICICI Prudential Money Marker Fund	**–**	**–**	*1,717,074*	*35.98*	–	–
Kotak Floater Short Term Plan - Direct Plan (G)	**–**	**–**	–	–	*189,414*	*43.43*
L&T Cash Fund - Direct Plan (G)	**–**	**–**	–	–	*605,669*	*68.63*
Reliance Floating Rate Fund - STP - Direct Plan (G)	**–**	**–**	–	–	*37,012,200*	*82.44*
Sbi Magnum Insta Cash Fund Liquid Floater-Direct Plan (G)	**–**	**–**	–	–	*210,729*	*50.43*
UTI Banking & Psu Debt Fund - Direct Plan (G)	**–**	**–**	–	–	*9,782,085*	*10.85*
		687.37		*478.99*		*643.12*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
8	**TRADE RECEIVABLES**						
	Unsecured:						
	Considered good	1,029.91		982.37		545.52	
	Considered doubtful	110.86		48.36		2.68	
		1,140.77		1,030.73		548.20	
	Less: Allowance for doubtful debts	(110.86)		(48.36)		(2.68)	
			1,029.91		982.37		545.52
			1,029.91		982.37		545.52
9	**CASH AND CASH EQUIVALENTS**						
	Cash and cash equivalents:						
	Balances with banks		1.01		0.62		0.36
	Cash on hand		0.01		0.01		-
	Fixed deposits with banks (maturity less than 3 months)		46.67		116.40		95.52
			47.69		117.03		95.88
10	**OTHER BANK BALANCES**						
	Fixed deposit with banks maturity more than 3 months		248.87		254.79		336.05
			248.87		254.79		336.05
11	**CURRENT FINANCIAL ASSETS - LOANS**						
	Security deposits - unsecured		1.03		1.04		0.95
			1.03		1.04		0.95
12	**CURRENT FINANCIAL ASSETS - OTHERS**						
	Advances to employees		0.07		0.35		0.06
	Forward contract receivable		65.72		43.43		37.73
	Other receivables		1.85		2.86		5.59
	Embedded derivative receivable		–		14.75		–
			67.64		61.39		43.38
13	**CURRENT TAX ASSETS (NET)**						
	Advance tax	–		–		29.35	
	Tax deducted at source	–		–		31.83	
		–		–		61.18	
	Less: Provision for current year tax	–		–		(60.89)	
			–		–		0.29
			–		–		0.29

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
14	**OTHER CURRENT ASSETS**						
	Due from customers (project related activity)		**92.08**		*70.96*		*109.29*
	Interest accrued		**–**		–		-
	Retention money		**609.80**		*448.63*		*543.01*
	Balance with revenue authorities		**112.25**		*96.97*		*63.08*
	Advances to suppliers		**124.42**		*149.20*		*52.64*
	Prepaid expenses		**2.55**		*2.53*		*3.52*
	Financial guarantee asset		**0.13**		*0.31*		*0.49*
			941.23		*768.60*		*772.03*

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		Number of shares	₹ crores	Number of shares	₹ crores	Number of shares	₹ crores
15	**EQUITY SHARE CAPITAL**						
	Authorised share capital						
	Equity share capital of ₹ 10/- each	**235,000,000**	**235.00**	*235,000,000*	*235.00*	*235,000,000*	*235.00*
	Issued,subscribed and paid up:						
	Equity share capital of ₹ 10/- each	**234,100,000**	**234.10**	*234,100,000*	*234.10*	*234,100,000*	*234.10*
15(A)	**RECONCILIATION OF NUMBER OF SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR**						
	Issued,subscribed and paid up share capital						
	Balance at the beginning of the year	**234,100,000**	**234.10**	*234,100,000*	*234.10*	*234,100,000*	*234.10*
	Add/(Less): Change during the year	**–**	**–**	–	–	–	–
	Balance at the end of the year	**234,100,000**	**234.10**	*234,100,000*	*234.10*	*234,100,000*	*234.10*

15(B) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The company has only one class of share capital i.e. equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share.

15(C) SHAREHOLDERS HOLDING MORE THAN 5% OF EQUITY SHARES AS AT THE END OF THE YEAR

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No of Shares	Shareholding %	No of Shares	Shareholding %	No of Shares	Shareholding %
Larsen & Toubro Limited, India	**119,391,000**	**51%**	*119,391,000*	*51%*	*119,391,000*	*51%*
Mitsubishi Hitachi Power Systems Limited, Japan	**114,709,000**	**49%**	*114,709,000*	*49%*	*114,709,000*	*49%*
	234,100,000	**100%**	*234,100,000*	*100%*	*234,100,000*	*100%*

15(D) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediate preceeding five years ended March 31, 2017 are Nil. (previous year- Nil)

15(E) The aggregate number of equity shares issued pursuant to contract without payment being received in cash in immediate preceeding five years ended March 31, 2017 are Nil.(previous year- Nil)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
16	**NON CURRENT - BORROWINGS**						
	Unsecured loans						
	Long term unsecured loan		**118.51**		*242.09*		*428.07*
			118.51		*242.09*		*428.07*

NATURE OF LONG TERM BORROWINGS AND TERMS OF REPAYMENT

Lender	Nature of term loans	₹ crores	Rate of interest	Terms of repayment
Japan Bank for International Cooperation	External commercial borrowings	237.04	USD 6M LIBOR + predetermined margin	Repayable in 6 equal half yearly installments commencing from 15/09/2016 and ending on 15/03/2019

Presentation of term loans in the balance sheet is as follows:

(i) Long term borrowing : ₹ 118.51 crores (Previous year : ₹ 241.61 crores)

(ii) Current portion of long term borrowing ₹ 118.53 crores (Previous year : ₹ 217.16 crores)

Term loans guaranteed by Directors - Nil

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹ crores	₹ crores	₹ crores	₹ crores	₹ crores	₹ crores
17	**NON CURRENT - OTHER FINANCIAL LIABILITIES**						
	Embedded derivatives payable		**2.35**		*16.76*		*1.48*
			2.35		*16.76*		*1.48*
18	**CURRENT BORROWINGS**						
	Secured:						
	Short term loans from bank (under interest equalisation scheme on pre and post shipment rupee export credit)		**62.90**		–		–
			62.90		–		–
19	**CURRENT MATURITIES OF LONG TERM BORROWINGS**						
	Unsecured :						
	Unsecured loan from banks - current portion		**118.53**		*217.83*		*85.43*
			118.53		*217.83*		*85.43*
20	**CURRENT - TRADE PAYABLES**						
	Due to Related Parties						
	Larsen & Toubro Limited and fellow subsidiary companies	**144.78**		*113.72*		*119.94*	
	Mitsubishi Hitachi Power Systems Ltd. and fellow subsidiary	**31.85**		*16.34*		*5.33*	
			176.63		*130.06*		*125.27*
	MSME suppliers		**11.21**		*12.83*		*5.05*
	Due to others		**451.52**		*424.67*		*294.14*
			639.36		*567.56*		*424.46*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹ crores	**₹ crores**	*₹ crores*	₹ crores	₹ crores	₹ crores
21	**CURRENT - OTHER FINANCIAL LIABILITIES**						
	Embedded derivative payable		**88.08**		*42.58*		*17.63*
	Due to others		**150.90**		*159.47*		*147.73*
			238.98		*202.05*		*165.36*
22	**OTHER CURRENT LIABILITIES**						
	Due to customers (project related activity)		**644.67**		*494.87*		*518.79*
	Advance from customers		**1,008.94**		*860.76*		*691.75*
	Other payables		**11.32**		*8.09*		*7.61*
			1,664.93		*1,363.72*		*1,218.15*
23	**CURRENT - PROVISIONS**						
	Provision for employee benefits:						
	Compensated absences	**10.06**		*8.04*		*7.85*	
	Provision for interest rate guarantee	**–**		*-*		*0.56*	
	Gratuity payable	**1.56**		*0.96*		*1.01*	
			11.62		*9.00*		*9.42*
	Others provision		**29.32**		*24.26*		*80.72*
			40.94		*33.26*		*90.14*
24	**CURRENT TAX LIABILITIES (NET)**						
	Provision for current year tax	**124.63**		*115.31*		*–*	
	Less :						
	Advance tax paid	**(103.65)**		*(102.36)*		*–*	
	Tax deducted at source	**(14.74)**		*(7.70)*		*–*	*–*
			6.24		*5.25*		
			6.24		*5.25*		*–*

	Particulars	2016-17		*2015-16*	
		₹ crores	**₹ crores**	*₹ crores*	₹ crores
25	**REVENUE FROM OPERATIONS**				
	Sales & Services				
	Manufacturing and trading activity	**11.36**		*3.14*	
	Construction and project related activity	**2,479.47**		*1,713.54*	
	Sale of services/others	**1.30**		*2.70*	
			2,492.13		*1,719.38*
	Other operational income		**(1.47)**		*2.01*
			2,490.66		*1,721.39*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	2016-17		2015-16	
		₹ crores	₹ crores	₹ crores	₹ crores
26	**OTHER INCOME**				
	Interest income				
	Interest received on bank deposits	27.57		41.42	
	Interest received from others	–		–	
			27.57		41.42
	Gain / loss on investments				
	Gain on sale of investments	11.67		27.21	
	Fair value gain on investments	35.11	46.78	21.66	48.87
	Other non-operating income				
	Gain on sale of fixed assets (net)	(0.72)		0.01	
	Other income	2.09		0.58	
			1.37		0.59
			75.72		90.88
27	**MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES:**				
	Materials consumed				
	Raw material and component	1,518.43		940.62	
	Less: Scrap sale	6.36		4.60	
			1,512.07		936.02
	Excise duty		6.86		14.58
	Stores, spares and tools		7.40		6.33
	Sub-contracting charges		231.49		195.80
	Changes in inventories of finished goods,work-in-progress and stock-in-trade				
	Closing stock - work-in-progress	(18.78)		–	
	Less: Opening stock- work-in-progress	–		–	
			(18.78)		–
	Other manufacturing, construction and operating expenses:				
	Power and fuel	16.41		13.55	
	Royalty and technical know-how fees	39.14		19.35	
	Packing and forwarding	27.16		22.10	
	Hire charges-plant and machinery	10.20		7.83	
	Bank guarantee charges	10.20		2.48	
	Engineering, professional, technical or consultancy fees	32.14		21.02	
	Insurance	7.82		3.32	
	Rent	9.79		9.01	
	Travelling and conveyance	13.15		12.32	
	Repairs & maintenance	7.03		7.34	
	Other expenses	29.58		27.88	
			202.62		146.20
			1,941.66		1,298.93

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

	Particulars	2016-17		2015-16	
		₹ crores	₹ crores	₹ crores	₹ crores
28	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries and wages		**118.42**		*102.08*
	Contribution to and provision for				
	Provident fund and pension fund	**4.46**		*4.08*	
	Gratuity funds	**1.29**		*1.03*	
			5.75		*5.11*
	Expenses on employee stock option scheme		**1.33**		*1.62*
	Employee insurance premium		**1.97**		*1.11*
	Employee welfare expenses		**13.21**		*13.27*
			140.68		*123.19*
29	**SALES, ADMINISTRATION AND OTHER EXPENSES**				
	Rent		**0.23**		*0.51*
	Rates and taxes		**0.91**		*0.10*
	Travelling and conveyance		**0.24**		*0.27*
	Repairs and maintenance		**4.26**		*4.71*
	Professional fees		**0.44**		*0.24*
	Audit fees		**0.08**		*0.05*
	Directors fees		**0.16**		*0.17*
	Telephone and postage		**2.20**		*1.67*
	Advertisement expenses		**0.07**		*0.04*
	Stationery and printing		**0.58**		*0.36*
	Bank charges		**0.82**		*1.49*
	Miscellaneous expenses		**1.40**		*1.04*
	Allowance for doubtful debts		**62.49**		*45.69*
	Exchange (gain)/loss		**(11.56)**		*17.19*
	Other provisions		**5.06**		*(56.46)*
			67.38		*17.07*
30	**FINANCE COST**				
	Interest paid on term loans		**15.62**		*14.17*
	Other interest paid		**13.09**		*27.96*
	Exchange loss (attributable to finance costs)		**–**		*4.11*
			28.71		*46.24*
31	**OTHER COMPREHENSIVE INCOME**				
	Items that will not be reclassified to profit or loss				
	Remeasurements of the net defined benefit Plans	**(0.11)**		*0.07*	
	- Income tax on above	**0.04**		*(0.02)*	
			(0.07)		*0.05*
	Items that will be reclassified to profit or loss				
	Change in fair value of hedging instruments	**(34.31)**		*1.34*	
	- Income tax on above	**11.87**		*(0.46)*	
			(22.44)		*0.88*
			(22.51)		*0.93*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

32 A) DISCLOSURE OF CONTRACTS IN PROGRESS

₹ crores

Sr.	Particulars	2016-17	2015-16
i	Contract revenue recognised for the financial year	**2,479.47**	*1,713.54*
ii	Aggregate amount of contract costs incurred and recognised profits (less recognised losses) as at end of the financial year for all contracts in progress as at that date	**7,515.51**	*7,549.23*
iii	Amount of customer advances outstanding for contracts in progress as at end of the financial year	**801.70**	*686.19*
iv	Retention amounts from customers for contracts in progress as at end of the financial year	**602.94**	*628.31*

B) The company has made provisions, as required under the applicable law or accounting standards, for material foreseeable losses, wherever required on long-term contracts.

C) As part of the periodic review of estimates used in determining the cost of completion of projects, the company revised certain estimates for rectification cost for jobs under execution as on March 31, 2017. As a result, the revenue and profit before tax for the year increased by ₹ 30.21 crore.

33 AUDITORS' REMUNERATION AND OTHER FEES CHARGED TO PROFIT AND LOSS ACCOUNT ₹ crores

Particulars	2016-17	2015-16
Audit fees	**0.04**	*0.04*
Tax audit fees	**0.01**	*0.01*
Transfer pricing	**0.01**	*0.00*
Certification work	**0.03**	*0.01*
Others	**0.01**	*0.01*
Total	**0.10**	**0.07**

34 MICRO, SMALL AND MEDIUM ENTERPRISES

The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2017. Disclosure pursuant to the said Act is as under

₹ crores

Particulars	2016-17	2015-16
Principal amount due to suppliers under MSMED Act	**10.68**	*12.36*
Interest accrued, due to suppliers under MSMED Act	**0.53**	*0.47*
Payment made to suppliers (other than interest) beyond the appointed day during the year	**–**	–
Interest paid to suppliers under MSMED Act (other than section 16)	**–**	–
Interest paid to suppliers under MSMED Act (section 16)	**–**	–
Interest due and payable towards suppliers under MSMED Act for payment already made	**–**	–
Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	**–**	–

The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the company. Provision of interest is made based on principle of prudence.

35 INVESTOR EDUCATION AND PROTECTION FUND

There are no amounts which are required to be credited to the Investor Education and Protection Fund by the company.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

36 INCOME TAX AND DEFERRED TAX

a) Major components of tax expense

₹ crores

Sr.	Particulars	2016-17	2015-16
1	**Current income tax :**		
	Current income tax charge	**124.66**	*115.29*
	Effect of prior period adjustments	**(0.60)**	–
2	**Deferred tax:**		
	Relating to origination and reversal of temporary differences	**(13.21)**	*(40.67)*
	Tax expense reported in the statement of profit or loss	**110.85**	*74.62*
3	**Other comprehensive income (OCI) section:**		
	Income tax on remeasurement of defined benefit plans	**(0.04)**	*0.02*
	Deferred tax on fair value change of hedging instruments	**(11.87)**	*0.46*
	Tax expense reported in the OCI section	**(11.91)**	*0.48*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate

₹ crores

Sr.	Particulars	2016-17	2015-16
1	**Profit before tax**	**332.13**	*273.62*
2	Applicable tax rate	**34.61%**	*34.61%*
3	PBT * applicable tax rate (1*2)	**114.95**	*94.70*
4	**Items of expense not deductible for tax purposes:**		
(a)	CSR expenses	**0.32**	–
(b)	Difference in book and Income tax depreciation	**2.12**	–
(c)	Effect on deferred tax balances due to the change in income tax rate	**–**	*(27.00)*
(d)	Effect of Items taxable at lower rate(viz. long term capital gains)	**(6.88)**	*(20.29)*
(e)	Provision for warranty	**(0.10)**	*27.23*
(f)	Others	**0.44**	*(0.02)*
	Tax expense recognised during the year (Total 1 to 4)	**110.85**	*74.62*
	Effective tax rate	**33.37%**	*27.27%*

c) Components of deferred tax assets and liabilities recognised in the balance sheet and profit & loss account

₹ crores

Sr.	Particulars	Balance sheet			Profit & loss account	
		31-Mar-17	*31-Mar-16*	*01-Apr-15*	**2016-17**	*2015-16*
1	Fair valuation gain on equity securities (FVTPL)	**12.77**	*7.50*	*20.29*	**5.27**	*(12.79)*
2	Provision for compensated absences disallowed u/s 43B	**(3.48)**	*(2.78)*	*(2.85)*	**(0.70)**	*0.07*
3	Difference in book and income tax depreciation	**49.53**	*46.06*	*47.64*	**3.46**	*(1.58)*
4	Fair valuation of derivatives w.r.t. cash flow hedges	**(15.72)**	*(3.84)*	*(4.21)*	**–**	–
5	Ind-AS adjustment of EIR	**–**	*0.03*	*0.14*	**(0.02)**	*(0.11)*
6	Provision for warranty cost	**(10.15)**	*(8.30)*	*0.00*	**(1.85)**	*(8.30)*
7	Ind-AS adjustment for employee cost	**(2.41)**	*(2.98)*	*(2.68)*	**0.57**	*(0.30)*
8	Provision for ECL	**(38.37)**	*(16.74)*	*(0.93)*	**(21.63)**	*(15.81)*
9	Ind-AS adjustment for premium accounting on forward contract exports	**–**	*(1.69)*	–	**1.69**	*(1.69)*
10	Corporte guarantee	**–**	–	*0.16*	**–**	*(0.16)*
11	Unused MAT credit	**–**	–	*(10.53)*	**–**	–
	Net deferred tax (assets) / liabilities	**(7.83)**	*17.26*	*47.03*	**(13.21)**	*(40.67)*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

d) Reconciliation of deferred tax (assets) / liabilities

₹ crores

Sr.	Particulars	2016–17	2015–16
1	Opening balance as on April 1	**17.26**	*47.03*
2	Tax income / (expense) during the period recognised in profit and loss account	**(13.22)**	*(40.67)*
3	Fair valuation of derivatives w.r.t. cash flow hedges	**(11.87)**	*0.37*
4	Unused MAT Credit regrouped	**–**	*10.53*
	Closing balance as on March 31	**(7.83)**	*17.26*

37 MOVEMENT IN PROVISIONS: PRODUCT WARRANTIES

₹ crores

Particulars	2016-17	2015-16
Opening balance	**24.26**	*80.72*
Add:- Additional provision during the year	**12.70**	*23.98*
Less:- Provision used/reversed during the year	**(7.64)**	*(80.44)*
Closing balance	**29.32**	*24.26*

The Company gives warranties on certain products and services and undertakes to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at period end represents the amount of expected cost of meeting such obligations of rectification/replacement.

38 EMPLOYEE BENEFITS

Employee benefits – provision for / contributions to retirement benefit schemes are made in accordance with Ind AS - 19 Employee Benefits as follows –

i. Defined Contribution Plan - The company has contributed ₹ 2.04 crore (Previous Year ₹ 2.24 crore) towards provident fund during the year, which is recognised as an expense in profit and loss account.

ii. Defined Benefit Plan :

a) General description of gratuity plan

The Company makes contributions to the Employees Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at the time of retirement, death while in employment or termination of employment, of an amount equivalent to 15 days of last drawn salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service, subject to a maximum of ₹ 10 Lakh.

Table 1-A : Amount recognized in balance sheet - gratuity

₹ crores

Particulars	Gratuity plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*
Present value of funded defined benefit obligation	**6.14**	*4.51*	*3.43*
Less : Fair value of plan assets	**(4.58)**	*(3.55)*	*(2.42)*
Net defined benefit liability / (asset) recognized in balance sheet under current liabilities	**1.56**	*0.96*	*1.01*

b) General Description of provident fund

The provident fund is managed by the joint venturer – Larsen & Toubro Limited. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

Table 1-B : Amount recognized in balance sheet of provident fund trust

₹ crores

Particulars	Trust managed provident fund plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*
Present value of funded defined benefit obligation	**47.45**	*38.04*	*26.69*
Less : Fair value of plan assets	**(47.72)**	*(38.14)*	*(26.44)*
Net defined benefit liability / (asset)	**(0.27)**	*(0.10)*	*0.25*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Table 2 - Current year expense charged to profit & loss account ₹ crores

Particulars	Gratuity plan		Trust managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	**2015-16**
Current service cost	**1.09**	*1.00*	**2.41**	*2.54*
Interest income on plan assets	**(0.30)**	*(0.21)*	**(3.54)**	*(3.11)*
Interest on defined benefit obligation	**0.35**	*0.26*	**3.54**	*2.81*
Actuarial losses / (gains)	**0.26**	*(0.09)*	**(0.39)**	*(0.23)*
Actuarial gain/(loss) not recognized in books	**–**	–	**0.39**	*0.23*
Business Combination	**–**	–	**(0.36)**	–
Expense charged to profit & loss account	**1.40**	*0.96*	**2.05**	*2.24*
I. Amount included in employee benefits expense	**1.29**	*1.03*	**2.04**	*2.24*
II. Amount included as part of "other comprehensive income"	**0.11**	*(0.07)*	**–**	–
Total expense charged to profit and loss a/c (I + II)	**1.40**	*0.96*	**2.04**	*2.24*

Table 3 - Reconciliation of opening and closing balance of present value of defined benefit obligations ₹ crores

Particulars	Gratuity plan			Trust managed provident fund plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*	**31-Mar-17**	*31-Mar-16*	*01-Apr-15*
Opening balance of present value of defined benefit obligations	**4.51**	*3.43*	*2.36*	**38.04**	*26.69*	*21.98*
Add: Current service cost	**1.09**	*1.00*	*0.66*	**2.41**	*2.54*	*2.52*
Add: Interest cost	**0.35**	*0.26*	*0.21*	**3.54**	*2.81*	*2.12*
Add: Contribution by plan participants	**–**	–	–	**5.63**	*5.30*	*4.55*
Add (Less): Actuarial losses/(gains) arising from -						
Changes in financial assumptions	**0.36**	*(0.11)*	*0.12*	**–**	–	–
Experience adjustments	**(0.09)**	*0.11*	*0.16*	**0.00**	–	–
Less: Benefits paid	**(0.23)**	*(0.18)*	*(0.13)*	**(2.83)**	*(3.08)*	*(4.48)*
Add: Past service cost	**–**	–	–	**–**	–	–
Add: Liabilities assumed on transfer of employees	**–**	–	*0.05*	**0.66**	*3.78*	–
Add: Business combination	**0.15**	–	–	**–**	–	–
Closing balance of present value of defined benefit obligations	**6.14**	*4.51*	*3.43*	**47.45**	*38.04*	*26.69*

Table 4 - Reconciliation of plan assets ₹ crores

Particulars	Gratuity plan			Trust managed provident fund plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*	**31-Mar-17**	*31-Mar-16*	*01-Apr-15*
Opening fair value of plan assets	**3.55**	*2.42*	*2.30*	**38.14**	*26.44*	*21.93*
Add: Interest income on plan assets	**0.30**	*0.21*	*0.23*	**3.54**	*3.11*	*2.12*
Add: Actuarial Gain/(Losses) - Actual return on plan assets less interest income	**0.00**	*0.09*	*(0.03)*	**0.39**	*0.23*	*0.26*
Add: Contributions by employer	**0.96**	*1.01*	–	**2.39**	*2.41*	*2.39*
Add: Assets acquired / (settled)*	**–**	–	*0.05*	**0.66**	*3.78*	–
Add: Contribution by plan participants	**–**	–	–	**5.43**	*5.25*	*4.22*
Less: Benefits paid	**(0.23)**	*(0.18)*	*(0.13)*	**(2.83)**	*(3.08)*	*(4.48)*
Closing balance of plan assets	**4.58**	*3.55*	*2.42*	**47.72**	*38.14*	*26.44*

* On account of business combination or inter group transfer

Company expects to fund ₹ 1.56 crores (Previous year ₹ 0.96 crores) towards its gratuity plan for the next annual reporting period.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Table 5 - Major categories of plan assets as a percentage of total plan assets

Particulars	Gratuity plan			Trust managed provident fund plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*	**31-Mar-17**	*31-Mar-16*	*01-Apr-15*
Govt. of India securities	**–**	–	–	**20.34%**	*25.28%*	*24.70%*
State Govt. securities	**–**	–	–	**20.83%**	*15.59%*	*15.10%*
Corporate bonds	**–**	–	–	**14.33%**	*8.92%*	*7.60%*
Public sector bonds	**–**	–	–	**32.43%**	*38.73%*	*42.30%*
Special deposit scheme	**–**	–	–	**6.36%**	*7.05%*	*10.20%*
Insurer managed fund (LIC)	**100%**	*100%*	*100%*	**–**	–	–
Mutual funds	**–**	–	–	**2.62%**	*1.30%*	*0.10%*
Others	**–**	–	–	**3.09%**	*3.13%*	–

Table 6 : Category wise value of plan assets ₹ crores

Particulars	Gratuity plan			Trust managed provident fund plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*	**31-Mar-17**	*31-Mar-16*	*01-Apr-15*
Category of Assets						
- unquoted						
Govt. of India securities	**–**	–	–	**9.70**	*9.64*	*6.53*
State Govt. securities	**–**	–	–	**9.94**	*5.95*	*3.99*
Corporate bonds	**–**	–	–	**6.84**	*3.40*	*2.01*
Public sector bonds	**–**	–	–	**15.47**	*14.77*	*11.18*
Special deposit scheme	**–**	–	–	**3.03**	*2.69*	*2.70*
Insurer managed fund (LIC)	**4.58**	*3.55*	*2.42*	**–**	–	–
Mutual funds	**–**	–	–	**1.25**	*0.50*	*0.03*
Others	**–**	–	–	**1.49**	*1.19*	*0.00*
Closing balance of plan assets	**4.58**	*3.55*	*2.42*	**47.72**	*38.14*	*26.44*

Table 7: Principal actuarial assumptions used for valuation of gratuity

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Discount rate (p.a.)	**7.55%**	*8.05%*	*7.85%*
Salary escalation rate (p.a.)	**5.00%**	*5.00%*	*5.00%*
Attrition rate	**2% to 4%**	*2% to 4%*	*2% to 4%*

Estimate of future salary increases considered in actuarial valuation takes into account inflation, seniority, promotion and other relevant factors such as supply and demand in the employment market.

Table 8 : Sensitivity analysis - impact of increase/decrease in actuarial assumptions on gratuity valuation

Particulars	Gratuity plan		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*
Discount rate			
Impact of increase in 50 bps on defined benefit obligations	**-5.80%**	*-5.78%*	*-5.95%*
Impact of decrease in 50 bps on defined benefit obligations	**6.41%**	*6.38%*	*6.57%*
Salary escalation rate			
Impact of increase in 50 bps on defined benefit obligations	**6.51%**	*6.50%*	*6.65%*
Impact of decrease in 50 bps on defined benefit obligations	**-5.93%**	*-5.93%*	*-6.08%*

Average duration of defined benefit obligations of gratuity plan for current year is 12.18 years (previous year 12.13 years).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Interest payment obligation of trust-managed provident fund is adequately covered by the interest income of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the profit & loss account.

39 CORPORATE SOCIAL RESPONSIBILITY

a) Amount required to be spent by the company on corporate social responsibility (CSR) related activities during the year is ₹ 4.66 crores (previous year ₹ 3.34 crores)

b) The Company has spent ₹ 0.92 crores (previous year ₹ 0.47 crores) towards corporate social responsibility activities during the financial year.

40 FAIR VALUE MEASUREMENTS

The following methods of assumptions were used to estimate the fair values:

1. Fair value of the cash, short term deposits, trade and other short term receivables, trade payables, other current liabilities, short term loans from banks and other financial institutions approximate their carrying amount largely due to short term maturities of these instruments.
2. Fixed and variable interest rates are revalued by the company based on the parameters such as interest rates and individual credit worthiness of the counterparty. Based on the evaluations allowance are taken to account for the expected loss on these receivables.

The Company uses the following hierarchy for determining and disclosing the fair value of financial instruments:

Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date.

Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly.

Level 3: Unobservable inputs for the asset or liability.”

Financial assets by category ₹ crores

Sr.	Particulars	31-Mar-17	31-Mar-16	01-Apr-15
1	**Measured at fair value thru” profit & loss (FVTPL)**			
	(a) Mutual funds	**687.37**	*478.99*	*643.12*
	(b) Embedded derivative not designated as cash flow hedges	**–**	*14.66*	*–*
	(c) Derivative instruments not designated as cash flow hedges	**50.26**	*39.02*	*35.63*
2	**Measured at amortised cost**			
	(a) Trade receivables	**1,029.91**	*982.37*	*545.52*
	(b) Advances recoverable in cash	**0.07**	*0.35*	*0.06*
	(c) Cash and cash equivalents	**47.69**	*117.03*	*95.88*
	(d) Other bank balances	**248.87**	*254.79*	*336.05*
	(e) Security deposits	**1.03**	*1.04*	*0.95*
	(f) Other receivables	**1.85**	*2.85*	*5.59*
3	**Measured at Fair value thru” OCI (FVTOCI)**			
	(a) Embedded derivative designated as cash flow hedges	**–**	*16.82*	*–*
	(b) Derivative instruments designated as cash flow hedges	**15.46**	*4.42*	*2.10*
	Total financial assets	**2,082.51**	*1,912.34*	*1,664.90*

Financial liabilities by category

₹ crores

Sr.	Particulars	31-Mar-17	31-Mar-16	01-Apr-15
1	**Measured at Fair value thru” Profit & Loss (FVTPL)**			
	(a) Embedded derivatives not designated as cash flow hedges	**35.23**	*28.66*	*7.07*
	(b) Derivative instruments not designated as cash flow hedges	**5.68**	*1.67*	*2.50*
2	**Measured at amortised cost**			
	(a) Borrowings	**299.94**	*459.92*	*513.50*
	(b) Trade payables	**639.36**	*567.56*	*424.46*
	(c) Other financial liabilities	**138.72**	*146.21*	*81.91*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ crores

Sr.	Particulars	31-Mar-17	31-Mar-16	01-Apr-15
3	**Financial liabilities at fair value thru OCI**			
	(a) Embedded derivatives designated as cash flow hedges	**55.20**	*30.67*	*12.04*
	(b) Derivative instruments designated as cash flow hedges	**6.50**	*11.60*	*63.32*
4	**Financial guarantee contracts**	**–**	–	–
	Total financial liabilities	**1,180.63**	*1,246.29*	*1,104.80*

Disclosures in statement of profit & loss account

₹ crores

Sr.	Particulars	2016-17	2015-16
1	Net gain / (losses) on financial assets and financial liabilities		
	(a) Mandatorily measured at fair value thru" P&L		
	(i) Gain/(Loss) on fair valuation or sale of investment in Mutual Fund	**46.78**	*48.87*
	(b) Designated as at fair value thru" P&L		
	(i) Gain/(Loss) on fair valuation or settlement of forward contract not designated cash flow hedges	**48.14**	*8.23*
	(ii) Gain/(Loss) on fair valuation or settlement of embedded derivative contract not designated cash flow hedges	**(32.96)**	*(27.76)*
	(c) Financial assets measured at amortised cost		
	(i) Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	**(14.70)**	*29.90*
	(ii) (Allowances)/reversal of expected credit loss during the year	**(62.49)**	*(45.69)*
	(d) Financial liabilities measured at amortised cost		
	(i) Exchange Gain/(Loss) on revaluation or settlement of items denominated in foreign currency	**11.08**	*(27.57)*
	(e) Financial assets measured at FVTOCI:		
	(i) Gains recognized in OCI		
	(a) Gain/(Loss) on fair valuation of settlement of forward contracts designated as cash flow hedges	**7.03**	*3.15*
	(b) Gain/(Loss) on fair valuation of settlement of embedded derivatives contracts designated as cash flow hedges	**(41.34)**	*(1.82)*
	(ii) Gains reclassified to P&L from OCI upon de-recognition		
	(a) on embedded derivative contracts upon underlying hedged assets affecting the P&L account or related assets or liabilities.	**(6.60)**	*(6.18)*
2	**Interest revenue**		
	Financial assets measured at amortised cost	**27.57**	*41.42*
3	**Interest expense**		
	Financial liabilities that are not measured at FVTPL	**(28.71)**	*(46.24)*

Details of outstanding hedge instruments

Information as on 31 March 17

₹ crores

Particulars	Nominal amount (in foreign currency)	Average rate	Timing (in foreign currency)	
			Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge - Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	0.84	74.62	0.29	0.55
EUR	0.49	70.69	0.49	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ crores

Particulars	Nominal amount (in foreign currency)	Average rate	Timing (in foreign currency)	
			Up to 12 months	> 12 months
JPY	114.80	0.5876	114.80	-
GBP	0.27	84.12	0.27	–
Receivable hedges				
USD including USD pegged currency	7.96	71.60	4.91	3.05
EUR	0.71	73.42	0.57	0.14
JPY	285.38	0.6473	258.03	27.35
b. Interest rate exposure				
Cash flow hedge - Full Currency Swaps				
USD	2.28	58.21	0.46	1.82
JPY	–	–	–	–

Information as on 31 March 16

₹ crores

Particulars	Nominal amount (in foreign currency)	Average rate	Timing (in foreign currency)	
			Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge - Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1.64	74.59	0.55	1.09
EUR	0.09	78.67	0.09	–
JPY	157.51	0.6120	157.51	-
GBP	0.28	99.43	0.28	-
Receivable hedges				
USD including USD pegged currency	7.78	70.25	7.20	0.58
EUR	0.36	73.24	0.36	-
JPY	201.50	0.5967	201.50	-
b. Interest rate exposure				
Cash flow hedge - Full Currency Swaps				
USD	2.74	57.29	0.46	2.28
JPY	40.84	0.5899	40.84	-

Information as on 01 April 15

₹ crores

Particulars	Nominal amount (in foreign currency)	Average rate	Timing (in foreign currency)	
			Up to 12 months	> 12 months
a. Currency exposure				
Cash flow hedge - Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	4.94	70.00	4.94	–
EUR	0.01	81.88	–	0.01
JPY	245.03	0.5568	245.03	–
GBP	0.16	103.05	0.16	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ crores

Particulars	Nominal amount (in foreign currency)	Average rate	Timing (in foreign currency)	
			Up to 12 months	> 12 months
Receivable hedges				
USD including USD pegged currency	4.48	66.17	3.23	1.25
JPY	170.00	0.5826	160.00	10.00
b. Interest rate exposure				
Cash flow hedge - Full Currency Swaps				
USD	2.74	57.29	–	2.74
JPY	81.68	0.5899	40.84	40.84

Carrying amounts of hedge instruments as at 31 March 2017 ₹ crores

Particulars	Currency exposure	Interest rate exposure
(i) Forward contracts		
Current		
Asset - Other financial assets	–	–
Liability - Other financial liabilities	5.68	–
Non current		
Asset - Other financial assets	–	–
Liability - Other financial liabilities	–	–
(ii) Swap contracts		
Current		
Asset - Other financial assets	5.55	0.12
Liability - Other financial liabilities	–	–
Non current		
Asset - Other financial assets	9.58	0.12
Liability - Other financial liabilities	–	0.54
(iii) Embedded derivative		
Current		
Asset - Other financial assets	–	–
Liability - Other financial liabilities	32.89	–
Non current		
Asset - Other financial assets	–	–
Liability - Other financial liabilities	2.35	–

Movement of hedge reserve: ₹ crores

Particulars	2016-17	*2015-16*
Opening balance	**7.26**	*8.14*
Add: Movement in forward contract	**(9.15)**	*(3.43)*
Add: Movement in embedded derivative	**41.34**	*1.82*
Add: Changes in fair value of swaps	**2.12**	*0.27*
Less: Deferred tax related to above	**(11.87)**	*0.46*
Closing balance	**29.70**	*7.26*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Fair Value Hierarchy as at 31 March 2017 ₹ crores

Financial assets and liabilities measured - recurring fair value measurements	Level 1	Level 2	Level 3	Total
FINANCIAL ASSETS				
Measured at fair value thru" profit & loss (FVTPL)				
Mutual funds	687.37	–	–	687.37
Embedded derivative not designated as cash flow hedges	–	–	–	–
Derivative instruments not designated as cash flow hedges	–	50.26	–	50.26
Measured at amortised cost				
Trade receivables	–	1,029.91	–	1,029.91
Advances recoverable in cash	–	0.07	–	0.07
Cash and cash equivalents	–	47.69	–	47.69
Other bank balances	–	248.87	–	248.87
Security deposits	–	1.03	–	1.03
Other receivables	–	1.85	–	1.85
Measured at fair value thru" OCI (FVTOCI)				
Embedded derivative designated as cash flow hedges	–	–	–	–
Derivative financial instruments designated as cash flow hedges	–	15.46	–	15.46
Total financial assets	687.37	1,395.14	–	2,082.51
FINANCIAL LIABILITIES				
Measured at fair value thru" profit & loss (FVTPL)				
Embedded derivatives not designated as cash flow hedges	–	35.23	–	35.23
Derivative instruments not designated as cash flow hedges	–	5.68	–	5.68
Measured at amortised cost				
Borrowings	–	299.94	–	299.94
Trade payables	–	639.36	–	639.36
Other financial liabilities	–	138.72	–	138.72
Financial liabilities at fair value thru OCI (FVOCI)				–
Embedded derivatives designated as cash flow hedges	–	55.20	–	55.20
Derivative Instruments designated as cash flow hedges	–	6.50	–	6.50
Financial guarantee contracts	–	–	–	–
Total financial liabilities	–	1,180.63	–	1,180.63

Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables and cash and cash equivalents and other financial assets and liabilities (measured at amortised cost) are considered to be the same as their fair value due to their short term nature.

41 FINANCIAL RISK MANAGEMENT

The Company is exposed to credit/counter-party risk, liquidity risk, and currency risk and interest rate risk.

The Company's risk management policy (including financial risk) is recommended by the audit committee and approved by the board of directors.

The Company's risk management committee is responsible for the implementation of the risk management policy.

a) Credit/counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective major customers by the management team of the Company risk management committee prior to entering into contract and, post receipt of contract through continuous monitoring of collections by the project team and the accounts team.

The Company makes adequate provision for non-collection of trade receivables. Further, the Company has not suffered significant payment defaults by its customers.

In addition, for delay in collection of receivables, the Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables. These range from 10% for dues outstanding from six months to twelve months and 71% for dues outstanding for more than 36 months for 2016-17 and 2015-16). No provision has been made on trade receivable in not due category. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, private sectors etc.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Expected Credit Loss (ECL) reconciliation on trade receivable ₹ crores

Particulars	2016-17	2015-16
Opening balance	**48.37**	*2.68*
Changes in loss allowance (Provision for doubtful debts):		
Loss allowance based on expected credit loss	**–**	*–*
Additional provision	**62.49**	*45.69*
Write off as bad debts	**–**	*–*
Closing balance	**110.86**	*48.37*

The percentage of revenue from its top two customers is 94.38% for 2016-17 (85.55% for 2015-16).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter-party risk where necessary.

The Company invests its surplus funds in bank deposits and liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating

b) Liquidity Risk

The Company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds (see counter-party risk above).

The Company has project related borrowings as at 31 March 2017 and has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business.

Maturity profile of financial liabilities as at March 31, 2017 ₹ crores

Sr.	Particulars	Up to 12 months	> 12 months	Total
1	**Measured at Fair value thru" profit & loss (FVTPL)**			
	(a) Embedded derivatives not designated as cash flow hedges	32.88	2.35	35.23
	(b) Derivative Instruments not designated as cash flow hedges	5.68	–	5.68
2	**Measured at amortised cost**			
	(a) Borrowings	181.43	118.51	299.94
	(b) Trade payables	479.40	159.96	639.36
	(c) Other financial liabilities	138.72	–	138.72
3	**Financial liabilities at fair value thru OCI (FVOCI)**			
	(a) Embedded derivatives designated as cash flow hedges	55.20	–	55.20
	(b) Derivative Instruments designated as cash flow hedges	6.50	–	6.50
	Total financial liabilities	**899.81**	**280.82**	**1,180.63**

Maturity profile of financial assets as at March 31, 2017 ₹ crores

Sr.	Particulars	Up to 12 months	> 12 months	Total
1	**Measured at fair value thru" profit & loss (FVTPL)**			
	(a) Mutual funds	687.37	–	687.37
	(b) Embedded derivative not designated as cash flow hedges	–	–	–
	(c) Derivative Instruments not designated as cash flow hedges	50.26	–	50.26
2	**Measured at amortised cost**			
	(a) Trade receivables	851.29	178.62	1,029.91
	(b) Advances recoverable in cash	0.07	–	0.07
	(c) Cash and cash equivalents	47.69	–	47.69
	(d) Other bank balances	248.87	–	248.87
	(e) Security deposits	–	1.03	1.03
	(f) Other receivables	1.85	–	1.85
3	**Measured at fair value thru" OCI (FVTOCI)**			
	(a) Embedded derivative designated as cash flow hedges	–	–	–
	(b) Derivative financial instruments designated as cash flow hedges	15.46	–	15.46
	Total financial assets	**1,902.86**	**179.65**	**2,082.51**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

c) Market Risk

Market Risk is the risk of loss of future earnings, fair value and future cash flows that may result from change in price of financial instrument. The value of the financial instrument may change as a result of change in interest rate scenario and other market changes that affect the market risk sensitive instrument. Market risk is attributable to market risk sensitive instruments viz. investments in mutual funds.

The company has got a treasury team which manages cash resources, implementation of hedging strategies for foreign currency exposures, borrowing strategies and ensure compliance with market risk limits and policies. This team is guided by the treasury committee. Company manages the market risk through the treasury committee which evaluates and exercises independent control over the entire process of market risk management. The treasury committee recommends the policies & processes for investments. The committee is appraised the implementation of plan & policies on quarterly basis. Board of the Company is also appraised of the proceedings of the treasury committee on quarterly basis.

(i) Foreign Currency Risk

Foreign exchange risk is a significant financial risk for the Company.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist teams that have the appropriate skills and experience take decisions for risk management purposes.

The Company’s operations are principally in foreign currencies, and the maximum exposure is in US dollars.

The board of directors has approved the Company’s financial risk management policy covering management of foreign currency exposures. The Company’s treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure both on cash flow basis as well as on net basis (i.e. net expected outcome of the project). These hedges are cash flow hedges.

In addition, the Company has embedded derivatives mainly for projects in India that were won on an international competitive bidding basis. These are quoted in foreign currency to match the exposure that the Company has as liabilities for the project. Since embedded derivatives are considered ineffective, they are charged to the statement of profit and loss along with the corresponding hedge instrument taken (if any) to mitigate the foreign exchange risk.

The Company has exposure to loans denominated in foreign currency in US dollars. The Company has mitigated the risk of foreign exchange fluctuation by a combination of forward contracts and swaps and part of the loan is unhedged. The swap is a principal and interest rate (see below) swap in which, for the principal, the Company has fixed its liability in Indian Rupees.

The Company does not enter into hedge transactions for either trading or speculative purposes.

Contracts with maturity not later than twelve months include certain contracts that can be rolled over to subsequent periods in line with underlying exposures.

Exchange rate risk ₹ crores

Particulars	Impact on profit after tax		Impact on other components of equity	
	2016-17	2015-16	2016-17	2015-16
USD sensitivity				
INR/USD -Increase by 5%*	0.39	(1.79)	19.18	13.41
INR/USD -Decrease by 5%*	(0.39)	1.79	(19.18)	(13.41)
EURO sensitivity				
INR/EURO -Increase by 5%*	(0.40)	(0.71)	(1.84)	2.12
INR/EURO -Decrease by 5%*	0.40	0.71	1.84	(2.12)
JPY sensitivity				
INR/JPY -Increase by 5%*	(0.24)	0.18	4.95	0.18
INR/JPY -Decrease by 5%*	0.24	(0.18)	(4.95)	(0.18)
GBP sensitivity				
INR/GBP -Increase by 5%*	(0.05)	(0.03)	(1.13)	(1.39)
INR/GBP -Decrease by 5%*	0.05	0.03	1.13	(1.39)
CNY sensitivity				
INR/CNY -Increase by 5%*	0.00	0.00	0.00	0.00
INR/CNY -Decrease by 5%*	0.00	0.00	0.00	0.00

* Holding all other variable constant

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

(ii) Interest rate risk

The Company has obtained loan in US dollars (see above), which has a floating rate of interest at LIBOR plus spread. The Company has swapped part of the interest rate liability and has a fixed exposure in INR.

Interest rate risk exposure: ₹ crores

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
Variable rate borrowings	**299.94**	*459.92*	*513.50*
Fixed rate borrowings	**–**	*–*	*–*
Total borrowings	**299.94**	*459.92*	*513.50*

Price risk in mutual fund investments ₹ crores

Particulars	Impact on profit after tax	
	2016-17	*2015-16*
Debt oriented mutual funds		
NAV -Increase by 5%*	**17.74**	*8.19*
NAV -Decrease by 5%*	**(17.74)**	*(8.19)*
Liquid funds		
NAV -Increase by 1%*	**0.95**	*1.49*
NAV -Decrease by 1%*	**(0.95)**	*(1.49)*

* Holding all other variable constant

d) The Company has made provisions, as required under the applicable law or accounting standards for material foreseeable losses on derivative contracts, where ever applicable.

42 SEGMENT INFORMATION

The operations of the Company are only in single business segment of “Designing, Engineering, Manufacturing and Commissioning of Super Critical Steam Generators” carried out primarily in India. Hence, requirements of Ind AS 108 on “Operating segments” are not applicable to it. However following customers constitute more than 10% of the revenue.

₹ crores

Customer	Description	2016-17	2015-16
Customer 1	Supercritical boilers & its components	**1,705.31**	*1,256.58*
Customer 2	Supercritical boilers & its components	**645.41**	*216.00*

43 BUSINESS COMBINATION

On 1st October 2016 the company has acquired the heavy casting unit at Hazira manufacturing complex as a going concern in a slump sale on as–is–where–is basis from L&T-MHPS Turbine Generators Pvt. Ltd. at consideration of ₹ 113.42 crores settled in cash.

44 RELATED PARTY TRANSACTIONS

a. List of related parties who exercise control

Sr.	Name of the related Party	Country of incorporation	% equity interest in the company		
			As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
1	Larsen & Toubro Limited	India	**51%**	*51%*	*51%*
2	Mitsubishi Hitachi Power Systems Limited	Japan	**49%**	*49%*	*49%*

b. Key management personnel (KMP)

List of key management personnel

Name	Designation
Anil Kumar Mehta	Chief Financial Officer and Company Secretary

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Payment of salaries, commission and perquisites to KMP ₹ crores

Sr.	Particulars	2016-17	2015-16
a	Short-term employee benefits	**0.51**	*0.50*
b	Other long term benefits	**0.01**	*0.01*
	Total	**0.52**	*0.51*

c. **Payments made to independent directors** ₹ crores

Fees paid	2016-17		*2015-16*	
	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath	Mr. Shekar Viswanathan	Mrs. Vijaya Sampath
Sitting fees for				
Audit committee meeting	0.01	0.01	0.01	0.01
Board meeting	0.02	0.02	0.02	0.02
CSR committee meeting	0.00	-	0.01	-
Nomination & remuneration committee meeting	0.00	0.00	0.00	0.00
Total sitting fees	**0.03**	**0.03**	**0.04**	**0.03**
Commission	0.05	0.05	0.05	0.05
Total payment	**0.08**	**0.08**	**0.09**	**0.08**

d. **Transactions with post employment benefit plans** ₹ crores

Particulars	Name	2016-17	2015-16
Payment to trust managed provident fund	Larsen & Toubro Officers and Supervisory Staff Provident Fund	**2.39**	*2.41*
Payment to approved gratuity fund	L&T MHI Boilers Gratuity Trust	**0.96**	*1.01*

e. **Names of related parties with whom transactions were carried out during the year and description of relationship**

Sr.	Related party	Relationship
1	Larsen & Toubro Limited	Joint venturer
2	Mitsubishi Hitachi Power Systems Limited	Joint venturer
3	L&T-MHPS Turbine Generators Private Limited	Member of same group
4	L&T-Sargent & Lundy Limited	Member of same group
5	L&T Howden Private Limited	Member of same group
6	Nabha Power Limited	Member of same group
7	Larsen & Toubro Infotech Limited	Member of same group
8	L&T Special Steels & Heavy Forgings Private Limited	Member of same group
9	Ewac Alloys Limited	Member of same group
10	L&T Cutting Tools Limited	Member of same group
11	L&T Valves Limited	Member of same group
12	L&T Shipbuilding	Member of same group
13	L&T Technology Services Limited	Member of same group
14	L&T Hydrocarbon Engineering Limited	Member of same group
15	Mitsubishi Hitachi Power Systems India Private Limited	Member of same group

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

f. Disclosure of related party transactions ₹ crores

Particulars	Year	Joint venturer		Member of same group													
		Larsen & Toubro Limited	Mitsubishi Hitachi Power Systems Limited	L&T-MHPS Turbine Generators Private Limited	L&T-Sargent & Lundy Limited	L&T Howden Private Limited	Nabha Power Limited	Larsen & Toubro Infotech Limited	L&T Special Steels & Heavy Forgings Private Limited	Ewac Alloys Limited	L&T Cutting Tools Limited	L&T Valdel Engineering Limited	L&T Valves Limited	L&T Ship building	L&T Technology Services Limited	L&T Hydrocarbon Engineering Limited	Mitsubishi Hitachi Power Systems India Private Limited
Transactions with the related parties:																	
Sale of assets	Current year	–	–	–	–	0.00	–	–	–	–	–	–	–	–	–	0.00	–
	Previous year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Sales	Current year	1,705.31	45.91	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Previous year	1,256.58	96.31	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Other sales	Current year	0.04	0.08	9.39	–	–	1.64	–	0.75	–	–	–	–	–	–	–	–
	Previous year	1.06	0.42	0.03	0.02	0.06	2.97	–	–	–	–	–	–	–	–	–	–
Deputation fees	Current year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	3.48
	Previous year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	4.91
Purchase of business unit / fixed assets	Current year	–	–	113.42	–	–	–	–	–	–	–	–	–	–	–	–	–
	Previous year	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Engineering services, purchase of goods, sub-contracting and other revenue charges	Current year	185.57	0.33	3.21	1.00	112.84	–	0.27	20.15	0.04	0.36	–	32.02	–	0.01	(0.01)	0.35
	Previous year	157.66	–	1.40	1.21	53.24	0.06	–	–	0.07	0.24	–	4.57	–	0.59	0.07	–
Royalty	Current year	–	39.14	–	–	–	–	–	–	–	–	–	–	–	–	–	–
	Previous year	–	18.48	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Year end balances with related parties:																	
Balance due from related parties	31–Mar–17	970.24	(228.02)	6.34	0.06	0.00	0.88	–	0.60	–	–	–	–	–	–	0.00	–
	31–Mar–16	1,045.90	(62.77)	2.74	0.04	–	–	–	–	–	–	–	–	–	–	0.01	–
	01–Apr–15	531.61	(44.86)	4.59	–	–	0.74	–	–	–	–	–	–	–	–	–	–
Balance due to related parties	31–Mar–17	59.44	31.06	0.63	–	50.75	–	0.00	3.66	–	0.09	–	18.01	0.00	–	0.00	0.53
	31–Mar–16	100.41	15.53	–	–	7.51	–	–	–	0.01	0.06	–	4.62	–	0.09	–	0.81
	01–Apr–15	76.30	4.84	0.03	0.17	26.05	–	–	0.00	0.13	0.05	0.00	9.65	–	0.13	0.09	0.48

g. Provision for doubtful debts made for the amount outstanding from related parties during the year is ₹NIL (previous year : ₹ NIL)

h. Amount written off or written back in respect of debts due from or to related parties in ₹ NIL (previous year : ₹ NIL)

i. Commitment with related parties ₹ crores

Particulars	**31-Mar-17**	*31-Mar-16*	*01-Apr-15*
PURCHASE COMMITMENT - REVENUE			
Larsen & Toubro Limited	**414.24**	*352.17*	*126.43*
Mitsubishi Hitachi Power Systems Limited	**0.66**	–	–
L&T-MHPS Turbine Generators Private Limited	**–**	*5.71*	*0.70*
L&T Howden Private Limited	**264.82**	*241.82*	*66.12*
L&T Special Steels & Heavy Forgings Private Limited	**3.79**	*9.63*	*0.02*
L&T Valves Limited	**23.23**	*32.76*	–
L&T Cutting Tools Limited	**0.05**	*0.03*	*0.00*
Ewac Alloys Limited	**0.01**	–	*0.02*
L&T Technology Services Limited	**0.01**	*0.02*	*0.72*
L&T - Sargent & Lundy Ltd.	**2.35**	*2.13*	*2.97*
Larsen & Toubro Infotech Limited	**0.06**	*0.07*	*0.04*
Total	**709.22**	*644.34*	*197.02*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

45 CONTINGENT LIABILITIES

Contingent liabilities as at balance sheet date are as under:- ₹ crores

Nature of liability	Name of statue	Status	31-Mar-17	31-Mar-16
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act Gujarat	Appeal filed with Dy. Commissioner (Appeal)	**0.72**	*0.15*
Disallowance of cenvat credit	Service tax under Finance Act, 1994	Appeal filed with Commissioner (Appeal)	**0.02**	*0.01*
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act, Madhya Pardesh	Appeal filed with Commissioner (Appeal)	**0.67**	–
Sales tax liability	Central Sales Tax Act and Local Sales Tax Act, Maharashtra	Settled in current financial year	**–**	*7.23*

The Company does not expect any reimbursements in respect of the above contingent liabilities. It is not practicable to estimate the timings of cash outflows, if any, in respect of above pending resolution of the appellate proceedings.

46 CAPITAL COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 11.87 crores (previous year ₹ 9.42 crores).

47 SHARE BASED PAYMENTS - EMPLOYEE STOCK OPTIONS PLAN

Pursuant to the Employees Stock Options Scheme established by the joint venturer (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the joint venturer, in respect of the same is ₹ 41.41 crores (previous year ₹ 40.19 crores). The same is being recovered over the period of vesting by the joint venturer. Accordingly, cost of ₹ 40.09 crores (previous year ₹ 38.94 crores) has been recovered by the joint venturer up to current year, out of which, ₹ 1.15 crores (previous year ₹ 1.63 crores) was recovered during the year. Balance ₹ 1.32 crores will be recovered in future periods.

48 EARNINGS PER SHARE

Basic and diluted earnings per share (EPS) ₹ crores

Particulars	2016-17	2015-16
Profit / (loss) after tax	**221.28**	*199.01*
Number of shares outstanding (in crore)	**23.41**	*23.41*
Weighted average number of shares outstanding (in crore)	**23.41**	*23.41*
Basic and diluted earning per share (₹ per share)	**9.45**	*8.50*

49 ASSETS PLEDGED AS SECURITY

Carrying amount of assets pledged as security for current borrowings (including non fund based limits): ₹ crores

Particulars	31-Mar-17	31-Mar-16	01-Apr-15
CURRENT:			
Financial assets			
Trade receivables	**1,029.91**	*982.37*	*545.52*
Non Financial assets			
Inventories	**263.86**	*259.68*	*93.43*
Retention money	**609.80**	*448.63*	*543.01*
Total assets pledged as security	**1,903.57**	*1,690.68*	*1,181.96*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

50 SPECIFIED BANK NOTES (SBN)

Details of specified bank notes / other denomination notes ₹

Particulars	Specified bank notes(SBN)		Other denomination notes	Total
	₹ "500" denomination	₹ "1000" denomination		
Closing cash in hand as on 08.11.2016	15,000	–	45,046	60,046
(+) Permitted receipts				
a) SBN	–	–	–	–
b) Other denomination	–	–	139,063	139,063
(-) Permitted payments				
a) Payment towards various Items mentioned in exemption notification	–	–	–	–
b) Other denomination	–	–	(162,981)	(162,981)
(-) Amount deposited in bank	(15,000)	–	(17,215)	(32,215)
Closing cash in hand as on 30.12.2016	–	–	3,913	3,913

51 FIRST TIME ADOPTION OF IND AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its property, plant and equipments as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
5. The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

Reconciliation of equity as at 1st April, 2015

₹ crores

Particulars	Note No	Indian GAAP	Adjustments	Ind-AS
ASSETS				
Non-current assets				
Property, plant and equipment		432.69	–	432.69
Capital work-in-progress		4.51	–	4.51
Other intangible assets		10.97	–	10.97
Other non -current assets	A	12.02	0.50	12.52
Current assets				
Inventories		93.43	–	93.43
Financial assets				
Investments	B	584.48	58.64	643.12
Trade receivables	C	548.20	(2.68)	545.52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ crores

Particulars	Note No	Indian GAAP	Adjustments	Ind-AS
Cash and cash equivalents		95.88	–	95.88
Other bank balances		336.05	–	336.05
Loans		826.70	(10.05)	816.65
Total assets		**2,944.93**	**46.41**	**2,991.34**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		234.10	–	234.10
Other equity	D	265.97	31.15	297.12
LIABILITIES				
Non-current liabilities				
Financial Liabilities				
Borrowings		427.02	1.05	428.07
Deferred tax liabilities (net)	E	41.59	5.44	47.03
Other non current liabilities		1.48	–	1.48
Current liabilities				
Financial liabilities				
Current maturities of long term borrowings		85.15	0.28	85.43
Trade payables		424.88	(0.42)	424.46
Other financial liabilities		165.36	–	165.36
Other current liabilities		1,217.04	1.11	1,218.15
Provisions		82.34	7.80	90.14
Total equity and liabilities		**2,944.93**	**46.41**	**2,991.34**

Notes:

A) & D) Joint venturer companies viz. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders.

B) Under the previous IGAAP, investments were carried at lower of cost and fair value. Under Ind-AS these investments are required to be measured at fair value. The resulting fair value changes have been recognised in retained earning at the date of transition and subsequently in the profit and loss account.

C) As per Ind-AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, allowance of ₹ 2.68 crores is provided for doubtful debt on date of transition on trade receivables.

E) Deferred tax is recognized on the adjustments made on transition to Ind AS.

Reconciliation of equity as at 31st March, 2016

₹ crores

Particulars	Note No	Indian GAAP	Adjustments	Ind-AS
ASSETS				
Non-current assets				
Property, plant and equipment		439.84	–	439.84
Capital work-in-progress		1.04	–	1.04
Other intangible assets		3.03	–	3.03
Other non-current assets	A	28.82	0.31	29.13
Current Assets				
Inventories		259.68	–	259.68

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

₹ crores

Particulars	Note No	Indian GAAP	Adjustments	Ind-AS
Financial assets				
Investments	B	457.34	21.65	478.99
Trade receivables	C	1,028.05	(45.68)	982.37
Cash and cash equivalents		117.03	–	117.03
Other bank balances		254.79	–	254.79
Loans		1.04	–	1.04
Other financial assets		61.39	–	61.39
Current tax assets (Net)		–	–	–
Other current assets		771.07	(2.47)	768.60
Total assets		**3,423.10**	**(26.17)**	**3,396.93**
EQUITY AND LIABILITIES				
Equity				
Equity share capital		234.10	–	234.10
Other equity		519.98	(22.93)	497.05
Liabilities				
Non-current liabilities				
Financial liabilities				
Borrowings	D	241.61	0.48	242.09
Provisions		–	–	–
Deferred tax liabilities (net)	E	29.65	(12.39)	17.26
Other non current liabilities		16.76	–	16.76
Current liabilities				
Financial Liabilities				
Current maturities of long term borrowings		217.16	0.67	217.83
Trade payables		567.56	–	567.56
Other financial liabilities		159.46	42.59	202.05
Other current liabilities		1,399.28	(35.56)	1,363.72
Provisions		32.30	0.96	33.26
Current tax liabilities (Net)		5.25	–	5.25
Total equity and liabilities		**3,423.10**	**(26.17)**	**3,396.93**

Notes:

A) & D) Joint venturer companies viz. Larsen & Toubro Limited and Mitsubishi Hitachi Power System has given corporate guarantee to the lender. This is towards guarantee fees of corporate guarantee given to the lenders.

B) Under the previous IGAAP, investments were carried at lower of cost and fair value. Under Ind-AS these investments are required to be measured at fair value. Resulting fair value changes have been recognised in retained earning at the date of transition and subsequently in the profit and loss account.

C) As per Ind-AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, allowance of ₹45.69 crores is provided for doubtful debt for the FY 2015-16.

E) Deferred tax is recognized on the adjustments made on transition to Ind AS.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Reconciliation of profit & loss account for the year ended 31st March, 2016 ₹ crores

Particulars	Note No	Under IGAAP 2015-16	Adjustments	Under Ind-AS 2015-16
INCOME				
Revenue from operations	A	1,726.28	(4.89)	1,721.39
Other income	B	127.86	(36.98)	90.88
Total income		1,854.14	(41.87)	1,812.27
EXPENSES				
Manufacturing, construction and operating expenses				
Cost of raw materials and components consumed		936.02	–	936.02
Excise duty		14.58	–	14.58
Stores,spares and tools		6.33	–	6.33
Sub-contracting charges		195.80	–	195.80
Other manufacturing,construction and operating expenses		143.73	2.47	146.20
Total manufacturing expense		**1,296.46**	**2.47**	**1,298.93**
Employee benefit expenses		122.31	0.88	123.19
Sales,administration and other expenses	C	(26.63)	43.70	17.07
Finance costs		45.92	0.32	46.24
Depreciation,amortisation and obsolescence expenses		53.22	–	53.22
Total expenses		**1,491.27**	**47.38**	**1,538.65**
Profit before exceptional items and taxes		362.86	(89.24)	273.62
Profit before tax		362.86	(89.24)	273.62
Tax expense:				
Current tax		115.31	(0.02)	115.29
Provision for deferred tax		(9.98)	(30.69)	(40.67)
Total tax expense		105.33	(30.71)	74.62
Profit after tax		257.53	(58.53)	199.01
Other comprehensive income		–	0.92	0.92
Total comprehensive income		**257.53**	**(57.60)**	**199.93**

Notes

A) **Revenue from operations:**

Under the previous IGAAP, premium on forward contracts towards off Balance sheet item where recognised, under Ind-AS no premium accounting on forward contracts towards off Balance Sheet items to be recognised hence reversed.

B) **Other income:**

Under the previous IGAAP, investments were carried at lower of cost and fair value. Under Ind-AS these investments are required at to be measured at fair value. The resulting fair value changes have been recognised in retain earning at the date of transition and subsequently in the profit and loss account. However, due to sale of units in mutual funds during the year 2015-16 and profit on sale of mutual funds was recognized under IGAAP, hence there is reduction in the income from sale of investments.

C) **Sales, administration and other expenses:**

As per Ind-AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, allowance of ₹ 45.69 crores provided for doubtful debt for the FY 2015-16 is included in the expense.

52 **PREVIOUS YEARS FIGURES HAVE BEEN RE-GROUPED/RECLASSIFIED WHEREVER NECESSARY.**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE NO. 53 SIGNIFICANT ACCOUNTING POLICIES

1. CORPORATE INFORMATION

L&T-MHPS Boilers Private Limited (the 'Company') is a private limited Company incorporated & domiciled in India. The Company is a Joint Venture Company between Larsen & Toubro Limited (L&T), India and Mitsubishi Hitachi Power Systems (MHPS), Japan having it's registered office at L&T House, Ballard Estate, Mumbai. The Company is engaged in the business of design, engineering, manufacturing, selling, maintenance and servicing of Supercritical Boilers, Pulverisers and related products.

2. STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs under section 133 of Companies Act, 2013. Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015. Refer Note 51 for the details of first time adoption exemptions availed by the Company.

3. BASIS OF ACCOUNTING

The Company maintains its accounts on accrual basis following the historical cost convention, except carrying value of property, plant and equipment considered at deemed cost on the date of transition to Ind AS and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are categorized into Level 1, 2 and 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability.

4. PRESENTATION OF FINANCIAL STATEMENTS

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Indian Accounting Standards.

5. OPERATING CYCLE FOR CURRENT AND NON-CURRENT CLASSIFICATION

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period.

6. REVENUE RECOGNITION

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates and other similar allowances.

A. Revenue from operations

a. Sale of goods

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. Escalation and other claims,which are not ascertainable/acknowledged by customers are not taken into account. Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

i. Significant risks and rewards of ownership of the goods are transferred to the buyer under the terms of the contract;

ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;

iii. The amount of revenue can be measured reliably;

iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and

v. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b. Rendering of services

Revenue from rendering services is recognized when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

i. The amount of revenue can be measured reliably;

ii. It is probable that the economic benefits associated with the transaction will flow to the Company;

iii. The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

iv. The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Stage of completion is determined by the proportion of actual costs incurred to date to the estimated total costs of the transaction

c. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment

i. Cost plus contracts: Revenue from cost plus contracts is recognized by reference to the recoverable costs incurred during the period plus the margin as agreed with the customer.

ii. Fixed price contracts: Contract revenue is recognized only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Government grants in the nature of subsidy related to customer contracts are recognized as revenue from operations in the Statement of Profit and Loss, on a prudent basis, in proportion to work completed when there is reasonable assurance that the conditions for the grant of subsidy will be fulfilled.

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue are taken into consideration.

d. Revenue from engineering and service fees is recognized as per the terms of the contract.

B. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

C. Other Income

a. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

b. Dividend income is accounted in the period in which the right to receive the same is established.

c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

7. EXCEPTIONAL ITEMS

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

8. PROPERTY, PLANT AND EQUIPMENT (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to accounting policy on borrowing costs, impairment of assets and foreign currency transactions.)

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013, except in certain assets where the useful life was determined by technical evaluation. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

separate useful life.

In respect of the following asset categories, the depreciation is provided at useful life, based on the technical evaluation, which is different from the useful life prescribed under Schedule II to the Companies Act, 2013:

Asset class	Useful life (Years)
Air Conditioner & Refrigeration Equipment	12
Motor car	7

Depreciation for additions to/deductions from, owned assets is calculated on pro rata basis. Extra shift depreciation is provided on a location basis.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

9. INTANGIBLE ASSETS

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as part of the cost of the intangible assets.

Intangible assets are amortized over a period of six years.

10. IMPAIRMENT OF ASSETS

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognized in previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use; and

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

11. EMPLOYEE BENEFITS

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. Benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

b) Post-employment benefits:

i. Defined contribution plans: The Company's, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders there lated service.

ii. Defined benefit plans: The employees' gratuity fund schemes and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognized in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, long service award etc.is recognized in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) supra.

d) Termination benefits:

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognized as expense and a liability is recognized at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in profit or loss.

a) Financial assets:

All recognized financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Impairment of financial assets: The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables and other contractual rights to receive cash and other financial asset. For the purpose of measuring expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account expected credit loss.

b) Financial liabilities:

Financial liabilities are classified at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortized costs using effective interest rate (EIR).

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

13. INVENTORIES

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realizable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realizable value. Cost includes related overheads and excise duty paid/ payable on such goods.

Assessment of net realizable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

Cost of inventories is computed on a weighted average basis.

14. CASH AND CASH EQUIVALENTS

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents. Bank overdrafts which are repayable on demand are included as part of cash and cash equivalents.

15. BORROWING COSTS

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

16. FOREIGN CURRENCY TRANSACTIONS

a) The functional currency of the Company is Indian rupee.

b) Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value is determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized in profit or loss in the period in which they arise except for:

i. Exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as adjustment to interest costs in a foreign currency not translated; and

ii. Exchange differences on transactions entered into in order to hedge certain foreign currency risks.

17. OPERATING SEGMENTS

The Company has reported segment information as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108).

18. TAXES ON INCOME

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company’s financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head “capital gains” are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Transaction or event which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

19. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Provisions are recognized only when:

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

a) an entity has a present obligation (legal or constructive) as a result of a past event;

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b) a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

20. COMMITMENTS

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed for estimated amount of contracts remaining to be executed on capital account and not provided for.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

21. CASH FLOW STATEMENT

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i. changes during the period in inventories, operating receivables and payables transactions of a non-cash nature;

ii. non-cash items; and

iii. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

22. KEY SOURCES OF ESTIMATION UNCERTAINTY

Examples of such estimates include useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 23, 2017

For and on behalf of the Board

ANIL MEHTA
Chief Financial Officer &
Company Secretary
FCS: 3395

A S LAMBA
Whole Time Director
DIN: 05284078

SHAILENDRA ROY
Director
DIN: 02144836

YUSUKE KUROGI
Director
DIN: 07172890

Place : Faridabad
Date : May 23, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 10th Annual report and Audited Accounts for the year ended 31st December 2016.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016**	*2015*
	SR Mn	*SR Mn*
Contract revenue	**19.71**	*182.91*
Contract cost	**(23.23)**	*(290.33)*
Gross Profit / (Loss)	**(3.52)**	*(107.42)*
General and administrative expenses	**(5.38)**	*(14.99)*
Operating Profit / (Loss)	**(8.9)**	*(122.41)*
Add: Other income, net	**6.07**	*0.03*
Less: Finance Costs	**(7.03)**	*(5.03)*
Profit / (Loss) before Tax	**(9.86)**	*(127.41)*
Less : Tax	**–**	*–*
Net Profit / (Loss) after Tax	**(9.86)**	*(127.41)*

2. CAPITAL & FINANCE:

During the year under review, the Company neither issued additional share capital and obtained a short term loan from related party of SR 136.87 Mn.

3. CAPITAL EXPENDITURE:

As at 31st December 2016 the gross fixed assets including lease hold improvements, stood at SR 0.48 Mn and the net fixed, including lease hold improvements, at SR 0.16 Mn Capital Expenditure during the year amounted to SR 0.01 Mn.

4. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

During the year under review, the Company does not have any subsidiary, associate, joint venture companies.

5. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has disclosed the particulars of the loans given (Nil), investments made (Nil) and guarantees given or security provided in Note No 22 of the financial statements.

6. STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:

The gross sales and other income for the financial year under review were SR 19.71 Mn as against SR 182.91 Mn for the previous financial year registering a decrease of 89.22% due to completion of jobs on hand. The profit / (loss) before tax from continuing operations including extraordinary and exceptional items was SR (9.86) Mn and the profit / (loss) after tax from continuing operations including extraordinary and exceptional items of SR (9.86) Mn for the financial year under review as against SR (127.41) Mn and SR (127.41) Mn respectively for the previous financial year.

7. DIVIDEND:

The Directors do not propose the payment of any dividend during the year.

8. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

There are no Directors appointed or resigned during the year

9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :

There were no Board meetings held during the year of review.

10. AUDITORS:

M/s PKF Al-Bassam & Al-Nemer are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

11. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Kingdom of Saudi Arabia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Date: 30th April 2017	**MOHAMMAD HABIBULLA**	**R. VENKATESH**
Place: Dammam	*Director*	*Director*

AUDITORS' REPORT

To the shareholders
Larsen & Toubro ATCO Saudi
Dammam, Saudi Arabia

SCOPE OF AUDIT

We have audited the balance sheet of Larsen & Toubro ATCO Saudi ("the Company"), a Saudi limited liability company, as of December 31, 2016, and the related statements of income, cash flows and changes in shareholders' deficit for the year then ended, and notes 1 to 23 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

UNQUALIFIED OPINION

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as of December 31, 2016, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

EMPHASIS OF MATTERS

a. We draw attention to note 2 to the financial statements which states that the Company's net working capital was in deficit by SR 256.8 million at December 31, 2016 (2015: SR 245.4 million), the Company has incurred a net loss of SR 9.9 million for the year then ended (2015: SR 127.4 million) and the accumulated losses of SR 257.8 million (2015: SR 247.9 million), which exceeded 50% of the Company's share capital of SR 1 million. In compliance with Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue business and provide support for the Company or liquidate it. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The majority shareholder has resolved to provide financial support to the Company to cover accumulated losses and has disbursed SR 136.9 million during the year ended December 31, 2016 and SR. 121.9 million during the year ended December 31, 2015. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

b. As referred in note 21 to the financial statements, the Company lodged a claim against one of the customers and the customer is in the process of reviewing the claim. As the claim was not approved by the customer till 2015, it has not been included as part of the revenue recognized in 2015, however, the costs relating to the claim had already been incurred and recorded as part of contract costs. During 2016, the Company entered into settlement agreement with the respective customer resulting into net receipt of SR 20.6 million (USD 5.5 million) which was considered as part of contract revenue.

c. We draw attention to note 19 paragraph "Revenue on construction contracts "and "Construction cost estimates "to the financial statements which states that the Company project costs can vary from initial estimates and the reliance on the total project cost estimate which are based on management's best estimate represents an uncertainty inherent in the revenue recognition process. During the year ended December 31, 2016, estimated cost for the project was revised based on management's best estimate as that date which resulted into a further loss on the project. While management considers the estimates to be accurate information, cost may change in future.

PKF Al-Bassam & Al-Nemer

Allied Accountants

Ibrahim A. Al-Bassam
License No. 337
27 Rabi II, 1438

January 25, 2017

LARSEN & TOUBRO ATCO SAUDI
(LIMITED LIABILITY COMPANY)

BALANCE SHEET AS OF DECEMBER 31, 2016

	Note No.	2016 SR	*2015 SR*
ASSETS			
Current assets			
Cash and cash equivalents	4	**2,593,911**	2,318,788
Accounts receivable and other assets	5, 16	**89,722,041**	64,825,063
Prepaid expenses and other receivables		**430,300**	2,649,161
Revenue recognized in excess of billings	6	**235,525**	92,832,642
Total current assets		**92,981,777**	162,625,654
Non-current assets			
Property and equipment	7	**168,326**	754,682
TOTAL ASSETS		**93,150,103**	163,380,336
LIABILITIES AND SHAREHOLDERS' DEFICIT			
Current liabilities			
Accounts payable and other liabilities	8	**61,921,240**	154,017,437
Short term loan	9	**29,144,505**	132,145,678
Loan from a related party	10	**258,750,000**	121,875,000
Total current liabilities		**349,815,745**	408,038,115
Non-current liabilities			
End-of-service indemnities	11	**115,913**	2,262,227
Shareholders' deficit			
Share capital	1	**1,000,000**	1,000,000
Statutory reserve	12	**7,280**	7,280
Accumulated losses		**(257,788,835)**	(247,927,286)
Total shareholders' deficit		**(256,781,555)**	(246,920,006)
TOTAL LIABILITIES AND SHAREHOLDERS' DEFICIT		**93,150,103**	163,380,336

The accompanying notes form an integral part of these financial statements

STATEMENT OF INCOME YEAR ENDED DECEMBER 31, 2016

	Note	2016 SR	*2015 SR*
Contracts revenue	**16**	**19,715,220**	*182,905,526*
Contracts cost	**15, 21**	**(23,236,059)**	*(290,326,102)*
Gross loss		**(3,520,839)**	*(107,420,576)*
General and administrative expenses	**17**	**(5,384,861)**	*(14,992,085)*
Operating loss		**(8,905,700)**	*(122,412,661)*
Finance charges		**(7,035,617)**	*(5,034,080)*
Other income, net	**18**	**6,079,768**	*30,684*
NET LOSS		**(9,861,549)**	*(127,416,057)*

The accompanying notes form an integral part of these financial statements

LARSEN & TOUBRO ATCO SAUDI
(LIMITED LIABILITY COMPANY)

STATEMENT OF CASH FLOWS YEAR ENDED DECEMBER 31, 2016

	2016 SR	*2015 SR*
OPERATING ACTIVITIES		
Net loss	**(9,861,549)**	*(127,416,057)*
Adjustments for:		
Depreciation	**120,088**	*237,500*
Loss on disposal of property and equipment	**59,296**	*31,855*
End-of-service indemnities	**(464,754)**	*511,370*
Finance charges	**7,035,617**	*5,034,080*
Changes in operating assets and liabilities:		
Accounts receivable and other assets	**66,897,697**	*98,698,033*
Prepaid expenses and other receivables	**2,218,861**	*3,975,380*
Accounts payable and other liabilities	**(92,096,197)**	*(61,968,166)*
Cash used in operations	**(26,090,941)**	*(80,896,005)*
Finance charges paid	**(7,035,617)**	*(5,034,080)*
End-of-service indemnities paid	**(461,746)**	*(2,428,137)*
Net cash used in operating activities	**(33,588,304)**	*(88,358,222)*
INVESTING ACTIVITIES		
Purchase of property and equipment	**(10,400)**	*(260,404)*
Net cash used in investing activities	**(10,400)**	*(260,404)*
FINANCING ACTIVITIES		
Short term loan, net	**(103,001,173)**	*(30,100,450)*
Proceeds of loan from related parties, net	**136,875,000**	*106,375,000*
Net cash from financing activities	**33,873,827**	*76,274,550*
Net change in cash and cash equivalents	**275,123**	*(12,344,076)*
Cash and cash equivalents, January 1	**2,318,788**	*14,662,864*
CASH AND CASH EQUIVALENTS, DECEMBER 31	**2,593,911**	*2,318,788*
Non-cash transactions:		
Transfer of end of service benefits to a related party	**(1,219,814)**	*(823,153)*
Transfer of equipment, net to a related party	**417,372**	*6,398*

The accompanying notes form an integral part of these financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT YEAR ENDED DECEMBER 31, 2016

			(Accumulated losses)			
	Share capital SR	**Statutory reserve SR**	**Balance SR**	**Contribution towards losses SR**	**Net SR**	**Total SR**
January 1, 2015	1,000,000	7,280	(126,723,229)	6,212,000	(120,511,229)	(119,503,949)
Net loss for 2015	–	–	(127,416,057)	–	(127,416,057)	(127,416,057)
December 31, 2015	1,000,000	7,280	(254,139,286)	6,212,000	(247,927,286)	(246,920,006)
Net loss for 2016	**–**	**–**	**(9,861,549)**	**–**	**(9,861,549)**	**(9,861,549)**
December 31, 2016	**1,000,000**	**7,280**	**(264,000,835)**	**6,212,000**	**(257,788,835)**	**(256,781,555)**

The accompanying notes form an integral part of these financial statements

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016

1. ORGANIZATION AND ACTIVITIES

Larsen & Toubro ATCO Saudi ("the Company") is a Saudi limited liability company registered on 23 Jumada II, 1428H (July 8, 2007) under commercial registration number 2050055625. The share capital of the Company, amounting to SR 1 million, is divided into 1,000 shares of SR 1,000 each.

The Company's new shareholding structure is as follows:

Name	**Incorporated in**	**2016 %**	*2015 %*
A.A. Turki Contracting & Trading Est.	Saudi Arabia	**25**	*25*
Larsen & Toubro International FZE	United Arab Emirates	**75**	*75*
		100	*100*

The principal activities of the Company are general contracting works including electro-mechanical, construction and civil works in oil, gas, electrical power, water and airport projects, cement, maintenance and cleaning of petroleum facilities.

The Company's principal place of business is in Dammam, Kingdom of Saudi Arabia.

2. GOING CONCERN

The Company's net working capital was in deficit by SR 256.8 million at December 31, 2016 (2015: SR 245.4 million), the Company has incurred a net loss of SR 9.9 million for the year then ended (2015: SR 127.4 million) and the accumulated losses of SR 257.8 million (2015: SR 247.9 million), which exceeded 50% of the Company's share capital of SR 1 million. In compliance with Article 181 of the Regulations for Companies, the shareholders are therefore required to resolve to continue business and provide support for the Company or liquidate it. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The majority shareholder has resolved to provide financial support to the Company to cover accumulated losses and has disbursed SR 136.9 million during the year ended December 31, 2016 and SR. 121.9 million during the year ended December 31, 2015. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants. The following is a summary of significant accounting policies applied by the Company:

Accounting convention

The financial statements are prepared under the historical cost convention.

Revenue recognition

Contract revenue is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of each contract. When current estimates of total contract costs and revenues indicate a loss, the entire loss on the contract is recorded irrespective of the amount of work done.

Where the outcome of a construction contract cannot be estimated reliably during the early stages of construction, contract revenue is recognised to the extent of contract costs incurred that it is probable will be recoverable. Contract costs are recognised as expenses in the period in which they are incurred. Amounts received before the related work is performed are included in the statement of financial position, as a liability, as advances received.

Billing in excess of revenue recognized represents the excess of amounts billed over the value of work performed at the year-end. Revenue recognized in excess of billing represents the value of work performed but not yet billed as at the year-end.

General and administrative expenses

General and administrative expenses include direct and indirect costs not specifically part of contract cost as required under generally accepted accounting principles. Allocations between general and administrative expenses and contract cost, when required, are made on a consistent basis.

Accounts receivable

Accounts receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

Property and equipment

Property and equipment are stated at cost less accumulated depreciation. Depreciation is computed using the straight line method based on the estimated useful lives of the assets. The estimated useful lives of the principal classes of assets are as follows:

	Years
Machinery and equipment	10
Vehicles	4
Furniture and fixtures and office equipment	6.67 – 10
Portable cabins	5

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Accounts payable and accruals

Liabilities are recognized for amounts to be paid in the future for goods when risks and rewards attributable to goods are transferred to the Company or services are received, whether or not billed to the Company.

Provision for obligations

A provision is recognized in the financial statements when the Company has a legal or constructive obligation as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

End-of-service indemnities

End-of-service indemnities, required by Saudi Arabian labour law, are provided in the financial statements based on the employees' length of service.

Deferred tax

Deferred tax is recognized on all taxable temporary differences at the marginal tax rate for the year where these differences arise and reversed at the marginal rate of tax where these differences will reverse. Deferred tax assets are recognized for deductible temporary differences to the extent that it is probable that taxable profits will be available.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Zakat and income tax

The Company is subject to the Regulations of the General Authority for Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis. The zakat charge is computed on the Saudi shareholder's share in the zakat base. Income tax is computed on the foreign shareholder's share in the adjusted net income. Zakat and income tax are charged to retained earnings. Any difference in the estimate is recorded when the final assessment is approved, at which time the provision is cleared.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to the statement of income on a straight-line basis over the term of the operating lease.

4. CASH AND CASH EQUIVALENTS

Cash and cash equivalents include cash and bank balances, short term deposits, and highly liquid investments with original maturities of three months or less. As of December 31, 2016 and 2015, cash and cash equivalents comprised entirely of cash and bank balance.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

5. ACCOUNTS RECEIVABLE AND OTHER ASSETS

	2016 SR	*2015 SR*
Accounts receivable	**20,625,000**	*–*
Retentions receivable	**66,600,144**	*64,065,806*
Due from related parties	**2,496,897**	*759,257*
	89,722,041	*64,825,063*

6. REVENUE RECOGNIZED IN EXCESS OF BILLINGS

	2016 SR	*2015 SR*
Value of work performed	**1,056,400,513**	*1,137,675,630*
Less: progress billings	**(1,056,164,988)**	*(1,044,842,988)*
Revenue recognized in excess of billings	**235,525**	*92,832,642*

7. PROPERTY AND EQUIPMENT

	Machinery and equipment SR	**Vehicles SR**	**Furniture and fixtures and office equipment SR**	**Portable cabins SR**	**Total SR**
Cost					
January 1, 2016	924,329	67,000	470,335	846,455	2,308,119
Additions	**–**	**–**	**10,400**	**–**	**10,400**
Transfer to a related party	**(600,271)**	**–**	**(152,607)**	**(846,455)**	**(1,599,333)**
Write-off	**(119,949)**	**–**	**(115,463)**	**–**	**(235,412)**
December 31, 2016	**204,109**	**67,000**	**212,665**	**–**	**483,774**
Depreciation					
January 1, 2016	453,204	66,998	257,222	776,013	1,553,437
Charge for the year	**50,042**	**–**	**63,178**	**6,868**	**120,088**
Transfer to a related party	**(293,070)**	**–**	**(106,010)**	**(782,881)**	**(1,181,961)**
Write-off	**(85,736)**	**–**	**(90,380)**	**–**	**(176,116)**
December 31, 2016	**124,440**	**66,998**	**124,010**	**–**	**315,448**
Net book value					
December 31, 2016	**79,669**	**2**	**88,655**	**–**	**168,326**
December 31, 2015	471,125	2	213,113	70,442	754,682

8. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2016 SR	*2015 SR*
Accounts payable – trade	**19,462,468**	*100,336,526*
Amounts due to related parties	**38,206,770**	*34,475,194*
Advance from customers	**–**	*100,475*
Accrued expenses	**4,252,002**	*19,105,242*
	61,921,240	*154,017,437*

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

9. BANK FACILITIES

The Company has obtained bank facilities from a local bank and a foreign bank for short term loans, letters of guarantee and credit. These facilities carry finance charges at commercial rates and are secured by a promissory note, off-shore corporate guarantee by the managing shareholder and assignment of contract proceeds.

	2016 SR	2015 SR
Short term loan	6,750,000	6,750,000
Import loan	22,394,505	22,270,678
Short term loan in US Dollar	–	103,125,000
	29,144,505	132,145,678

10. LOAN FROM A RELATED PARTY

The Company has obtained a short term loan from a related party at the commercial rate and at December 31, 2016, the outstanding loan was SR 258.75 million (2015 – SR 121.88 million). During the year, the Company obtained additional loan from Larsen & Toubro International FZE of SR 136.87 million (2015: SR 121.88 million).

11. END-OF-SERVICE INDEMNITIES

	2016 SR	2015 SR
January 1	2,262,227	5,002,147
Reversals / provision for the year	(464,754)	511,370
Utilisation of provision	(461,746)	(2,428,137)
Transfer to a related party	(1,219,814)	(823,153)
December 31	115,913	2,262,227

12. STATUTORY RESERVE

In accordance with Regulations for Companies in Saudi Arabia, the Company has established a statutory reserve by appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution. No appropriation has been made during 2016 as the company reported losses.

13. CONTRIBUTION FROM SHAREHOLDERS

This represents contribution from shareholders made in 2009 amounting to SR 3.5 million to finance the operations of the Company and to absorb the losses. In 2010, the shareholders contributed an additional amount of SR 2.7 million. These contributions are interest free and have no set repayment schedule. The Company has no obligation to repay this contribution.

14. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2016 SR	2015 SR
Non-current assets	168,326	754,682
Non-current liabilities	115,913	2,262,227
Opening shareholders' deficit	(246,920,006)	(119,503,949)
Net loss	(9,861,549)	(127,416,057)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

No provision for zakat and income tax has been made in 2016 and 2015 as the Company zakat base is negative and has reported a loss.

Outstanding assessments

Zakat and income tax returns have been filed for all years through 2015 and the certificates have been received. Assessment for the financial year from 2007 to 2015 are under review by the GAZT. The Company has filed the details to the GAZT in response to their queries related to financial 2007 to 2011 and awaiting their reply.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

15. RELATED PARTY TRANSACTIONS AND BALANCE

During the period, the Company transacted with the following related parties:

Name	Relationship
Larsen & Toubro Group of companies	Shareholder / Affiliates
A.A. Turki Contracting & Trading Est. and group of companies	Shareholder / Affiliates

The significant transactions and the related amounts are as follows:

	2016 SR	*2015 SR*
Equipment hire charges	**589,632**	*2,723,182*
Allocation of employee and administrative cost	**2,998,457**	*10,933,199*
Loan from a related parties, net	**136,875,000**	*106,375,000*
Interest on loan from a related party	**5,082,155**	*1,190,790*
Transfer of material	**2,658,380**	–
Manpower	**6,432**	–
Food/Accommodation	**158,928**	–

Due from related parties as of December 31 are comprised of the following:

	2016 SR	*2015 SR*
L&T Hydrocarbon International. LLC	**703,806**	*703,887*
Larsen & Toubro Limited	**142,202**	*55,370*
Larsen Toubro Arabia LLC	**1,650,889**	–
	2,496,897	*759,257*

Due to related parties as of December 31 are comprised of the following:

	2016 SR	*2015 SR*
Larsen Toubro Arabia LLC	**–**	*194,152*
L&T Hydrocarbon Engineering limited	**28,858,195**	*28,925,952*
L&T International FZE	**6,200,141**	*1,117,985*
A.A Turki Corporation	**3,095,448**	*3,852,966*
L&T Kuwait Construction LLC	**–**	*250,188*
Other Affiliates	**52,986**	*133,951*
	38,206,770	*34,475,194*

16. TRANSACTION WITH MAJOR CUSTOMERS

Revenue from two major customers accounted for approximately 100% of total revenues in 2016 (2015: 98%). Retentions receivable from these customers as of December 31, 2016 accounted for 100% (2015: 100%) of the retentions receivables.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

17. GENERAL AND ADMINISTRATIVE EXPENSES

	2016 SR	2015 SR
Employee costs	**4,188,985**	*10,077,899*
Rent	**–**	*466,646*
Travel & accommodation	**46,071**	*359,251*
Utilities	**14,063**	*334,696*
Depreciation	**47,691**	*95,088*
Professional fees	**584,911**	*356,024*
Others	**503,140**	*3,302,481*
	5,384,861	*14,992,085*

18. OTHER INCOME

	2016 SR	2015 SR
Sale of materials and scrap	**5,391,730**	–
Loss on disposal of property and equipment	**(59,296)**	*(31,855)*
Other Income	**747,334**	*62,539*
	6,079,768	*30,684*

19. CRITICAL ACCOUNTING JUDGMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if, the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognized in the financial statements.

Allowances for accounts receivable, retentions and revenue recognised in excess of billings

Management has estimated the recoverability of accounts receivable, retentions and revenue recognised in excess of billings and has considered the allowance required. Management has estimated the allowance for accounts receivable, retentions and revenue recognised in excess of billings on the basis of prior experience and the current economic environment on the recovery of long outstanding accounts receivable, retentions and revenue recognised in excess of billings. Estimating the amount of the allowance requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions and contractor/employer-specific factors, all of which may be susceptible to significant change. An allowance is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

Useful lives of property, plant and equipment and intangible assets

As described in note 3, the Company estimates the useful lives of property and equipment at the end of each annual reporting period.

Revenue on construction contracts

The Company uses the percentage-of-completion method in accounting for its construction contract revenue. Use of the percentage-of-completion method requires the Company to estimate the proportion of work performed as a proportion of contract costs incurred for work performed to date to the estimated total contract costs. Management considers that this is the most appropriate measure of determining the percentage-of-completion to arrive at the profit to be recognized for the year and to defer profits in excess of the overall estimated contract margin. Since project costs can vary from initial estimates, the reliance on the total project cost estimate represents an uncertainty inherent in the revenue recognition process. Individual project budgets are reviewed regularly with project leaders to ensure that cost estimates are based

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2016 (Contd.)

upon up to date and as accurate information as possible, and take into account any relevant historic performance experience. Furthermore, all completed projects are reviewed to ensure that all relevant costs have been recorded/accrued at the time of project completion in the relevant period and that no further costs will be incurred in addition to the above costs.

Contract variations are recognized as revenues to the extent that it is probable that they will result in revenue which can be reliably measured, which requires the exercise of judgment by management based on prior experience, application of contract terms and relationship with the contract owners.

Claims are recorded as revenue when negotiations have reached to an advance stage such that it is probable, the customer will accept the claim and amount can be measured reliably, which requires the exercise of judgment by management based on prior experience.

Construction cost estimates

The Company uses internal quantity surveyors together with project managers to estimate the costs to complete for construction contracts. Factors such as changes in material prices, labor costs, defects liability costs and other costs are included in the construction cost estimates based on best estimates.

Provision for zakat and income tax

Management has assessed the zakat and income tax position having regard to the local zakat and income tax legislation, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by GAZT.

20. CONTRACT OBLIGATIONS

In the ordinary course of business, the Company enters into contracts which may provide for assessment of damage for non-performance or delay in completion. At the year-end, the Company was working on one on-going contracts which will be completed after the scheduled time table stipulated in the contracts. However, the management believes that no significant liability exists relating to the delay in execution of the projects as the customers agreed for a revised deadline to complete the projects.

21. CLAIM LODGED AGAINST A CUSTOMER

In 2014, the Company lodged a claim against of USD 71 million, equivalent to SR 266.25 million, against one of its customers towards additional costs incurred due to the delay from the customers and other change orders which are not approved by the customer. Furthermore, an additional claim of USD 26 million was lodged during the year ended December 31, 2015 for additional delays making total claim amount of USD 97 million, equivalent to SR. 363.75 million. As the claim is not approved by the customer, it has not been included as part of the revenue recognized in 2015, however, the costs relating to the claim had already been incurred and recorded as part of contract costs. During 2016, the Company entered into settlement agreement with the respective customer resulting into net receipt of USD 5.5 million.

22. CONTINGENCIES

At December 31, the Company had the following contingencies:

	2016 **SR**	*2015* *SR*
Bank guarantees	**184,460,445**	*125,067,891*

The bank guarantees have been counter guaranteed by Larsen & Toubro International FZE, a subsidiary of Larsen & Toubro Limited, India.

23. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 22nd Annual Report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17 ₹ in lakhs**	*2015-16 ₹ in lakhs*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**591.85**	*2507.63*
Less: Depreciation, amortization and obsolescence	**208.59**	*143.50*
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**383.26**	*2364.13*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**383.26**	*2364.13*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**383.26**	*2364.13*
Less: Provision for tax	**105.00**	*755.63*
Profit after tax from continuing operations	**278.26**	*1608.50*
Profit from discontinued operations	**–**	–
Total expenses on discontinued operations	**–**	–
Profit from discontinued operations (after tax)	**–**	–
Profit for the period carried to the balance sheet	**278.26**	*1608.50*
Add: Balance brought forward from previous year	**4330.17**	*6032.50*
Add: Other comprehensive income	**52.07**	–
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	*3310.83*
Balance available for disposal (which directors appropriate as follows)	**4660.50**	**4330.17**

2. **CAPITAL & FINANCE :**

   During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2017, is ₹ 556.54 lakhs.

3. **CAPITAL EXPENDITURE:**

   As at March 31, 2017 the net fixed and intangible assets, stood at ₹ 513.80 lakhs Capital Expenditure during the year amounted to ₹ 174.17 lakhs.

4. **DEPOSITS:**

   The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   Company has not taken or repaid any loan during the year. Company has given Bank guarantees in favour of to its customers. The amount of such bank guarantees outstanding as on 31st March 2017 is ₹ 314.89 lakhs.

   Details of investments made by the Company are shown in note no. 9 to the Balance Sheet.

6. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   All the related party transactions were in the ordinary course of business and at arm's length. The Audit Committee has approved all the related party transactions for the FY 2016-17.

   There are no materially significant related party transactions that may have conflict with the interest of the Company.

7. **STATE OF COMPANY AFFAIRS:**

   The gross sales and other income for the financial year under review were ₹ 11,713.96 lakhs as against ₹ 13,623.40 lakhs for the previous financial year registering an decrease of 14 %. The profit / loss before tax from continuing operations was ₹ 383.26 lakhs and the profit / loss after tax of ₹ 278.26 lakhs for the financial year under review as against ₹ 2364.13 lakhs and ₹ 1608.50 respectively for the previous financial year, registering a decrease of 84 % and 83 % respectively.

8. DIVIDEND:

Considering the capital requirement for ongoing business expansion/internal restructuring, the Board of Directors do not recommend any dividend on its equity shares.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There were no material changes and commitments affecting the financial position of the Company between the end of the financial year and the date of report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 is provided in Annexure A forming part of this Board Report

11. RISK MANAGEMENT POLICY:

The Company has in place a mechanism to identify, assess, monitor and mitigate various risks to key business objectives. Major risks identified by the businesses and functions are systematically addressed through mitigating actions on a continuing basis. The Company has mechanism to inform the Board Members about the risk assessment and minimization procedure and periodical review to ensure that executive management control risk by means of a properly designed framework.

12. CORPORATE SOCIAL RESPONSIBILITY:

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure B to the Board report.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

Currently there are eight directors of the Company. Mr. Shailendra Roy, Mr. B.K. Basu, Mr. Derek Shah, Mr. Timothy S. Laughlin, Mr. Ejaz Shameem, Mr. Kurt Neubauer, Mr. S.C. Gupta and Dr. R.P. Singh are the present Directors of the Company.

During the year under review, Mr. Kurt Neubauer was appointed to fill in the casual vacancy caused due to the resignation of Mr. Kurt Dietzen. The Board of Directors place on record its appreciation for the contributions made by him.

Mr. Vipul G Raval is CFO and Company Secretary of the Company.

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review four meetings were held on April 20, 2016, August 2, 2016, November 15, 2016 and March 14, 2017 (adjourned to and concluded on March 28, 2017).

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. AUDIT COMMITTEE:

The Company has re-constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

The following directors are members of the committee at present:

Mr. S.C. Gupta, Dr. R.P. Singh and Mr. B.K. Basu.

During the year under review, meetings of the Audit committee were held on April 20, 2016.

The Company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies Act, 2013.

16. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

Presently, the following directors are members of the committee:

Mr. Shailendra Roy, Mr. Timothy S. Laughlin, Mr. S.C. Gupta and Dr. R.P. Singh.

The Committee has formulated a policy on director’s appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. The Independent Directors are paid remuneration by way of commission and sitting fees. The commission payable is based upon the basis of their attendance, contribution and participation in the Board and Committee meetings.

During the year under review, the committee met on April 20, 2016, August 2, 2016 and November 15, 2016. All the members were present for the meeting.

17. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as an Independent Directors.

18. MEETING OF THE INDEPENDENT DIRECTOR'S:

The Meeting of the Independent Director's was held on April 19, 2017, without the presence of Executive Directors and Management Personnel. They reviewed the performance of Non-independent Directors and the Board as a whole and accessed the quality, quantity and timeliness of the flow of information between management and the Board.

19. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

20. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

21. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

22. PROTECTION OF WOMEN AT WORKPLACE:

Our joint venture company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2016-17.

23. AUDITORS' REPORT:

The Auditors' Report to the Shareholders for the year ended 31st March, 2017 does not contain any qualifications.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments of Directors.

24. AUDITORS:

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, M/s Sharp & Tannan are eligible to be appointed for the next financial years.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013 and for reappointment under section 139(1) of Companies Act, 2013 and Rule of the Companies (Audit and Auditors) Rules, 2014.

The Board recommends the appointment of M/s Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

25. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

26. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-09 is attached as Annexure C to this Report."

27. OTHER DISCLOSURES:

- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.
- Reporting of Frauds: The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.
- Subsidiary Company: The Company does not have any subsidiary company.

- Human Resources: At the end of the year under review the total engineering strength of the Company was 570 employees compared to 674 employees in previous year.

28. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Joint Venture partners and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board,

Place : Vadodara	**SHAILENDRA ROY**	**B.K. BASU**
Date : April 19, 2017	*Director*	*Director*
	DIN: 02144836	*DIN: 05121423*

ANNEXURE 'A' TO THE DIRECTORS' REPORT

(Additional information given in terms of notification issued by the Department of Company Affairs)

A. CONSERVATION OF ENERGY

(a) The steps take or impact on conservation of energy: (b) The steps taken by the Company for utilizing alternative resources of energy: (c) The capital investment on energy conservation equipments:	The operations of the Company are not energy-intensive. However, adequate measures have been taken to reduce the energy consumption by using energy efficient computers and other equipment, and installation of electronic choke for improved power factor and low energy consumption in tube light fittings, reducing the height of ceiling, usage of CFL lights in many offices, installing power capacitors, replacement of very old air conditioners to reduce power consumption, reduction in daily A.C. running time, switching off lights and air conditioners during lunch breaks. The measures taken have resulted in savings in overheads. Since energy cost comprises a small part of the Company's total expenses, the financial impact of these measures is not material.

B. TECHNOLOGY ABSORPTION

1) The efforts made towards technology absorption: 2) Benefits derived like product improvement, cost reduction, product development or import substitution:	The Company uses state of the art, frontline equipments and methods in engineering designs. The Company has organized / arranged various training programmes for its personnel for exposure to the integrated engineering software, latest designs, technologies and IT practices. The efforts put above have resulted in minimum re-work in addition to increase in the productivity, reliability, customer satisfaction and efficiency. It has helped to reduce cost and time and to earn foreign exchange for the Company.
3) in case of imported technology (imported during the last three years reckoned from the beginning of the financial year)- (a) the details of technology imported; (b) the year of import; (c) whether the technology been fully absorbed; (d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof; and (iv) the expenditure incurred on Research and Development.	The Company has not imported any such technology during last three years. The Company uses many intangible assets like computer softwares which are procured from outside India. These softwares are in the nature of tools and modules which assist in making the engineering designs and drawings, its reviews and other operations like control mechanism, updates, efficiency of the work executed etc. The Company's primary activity is the provision of Engineering Services in field of power generating plants. The services provided fall in the category of Design and Engineering and as such the Company's total operation can be deemed to be R&D.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

Particulars	**2016-17**	*2015-16*
Foreign exchange earned (actual inflows)	**₹ 4016.15 lakhs**	*₹ 5090.06 lakhs*
Foreign exchange used (actual outflows)	**₹ 586.47 lakhs**	*₹ 594.86 lakhs*

ANNEXURE B

CSR ACTIVITIES FOR 2016-17

1. A brief outline of the Company's CSR policy, including overview of projects or programs

The Company's CSR Policy framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

The Company will primarily focus on the following verticals as a part of its CSR programme viz.

Building India's Social Infrastructure - may include to have access to water & adequate sanitation facilities and rural development, education opportunities, better health care and sustainable livelihood, thereby promoting inclusive growth in our operational areas

Water - may include but not limited to support for programmes making clean drinking water available, building check dams, rain water harvesting, facilitating irrigation, conservation and purification of water.

Education - may include but not limited to construction and renovation of schools, libraries, science laboratories, etc., education infrastructure support to educational Institutions, educational programmes & nurturing talent at various levels.

Health - may include but not limited to support for community health centers, mobile medical vans, dialysis centers, general and specialized health camps and outreach programmes, centers for elderly / disabled, support to HIV / AIDS programme.

Skill Development - may include but not limited to creating training centres vocational training, skill building, computer training, women empowerment, support to ITI's and CSTI's, support to specially abled, infrastructure support, providing employability skills at project sites, etc.

Sanitation and Rural Development

Governance and Technology would be the key drivers across all the CSR initiatives.

2. Composition of the CSR Committee.

The CSR Committee of the Board was re-constituted on April 20, 2016. It comprises of Two Non-Executive Director and One Independent Directors as Members. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. S.C. Gupta, Mr. B.K. Basu and Mr. Derek M. Shah as Members and Mr. Vipul Raval as the Secretary of the Committee.

3. Average net profit of the Company for the last three financial years.

The average net profit of the Company for the last three financial years is ₹ 1705.53 lakhs.

4. Prescribed CSR expenditure (two percent of the amount as in item 3 above).

The Company is required to spend an amount of ₹ 34.11 lakhs as CSR expenditure during the financial year 2016-17.

5. Details of CSR spent during the financial year:

a. Total amount to be spent for the financial year

The Company is required to spend ₹ 34.11 lakhs during the financial year 2016-17

b. Amount unspent, if any

The Company has not able to spent prescribed amount during financial year 2016-17 resulting in a shortfall of ₹ 34.11 lakhs as compared to the amount required to be spend during the year.

c. Manner in which the amount was spent in the financial year is detailed below:

S. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise (₹)	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto the reporting period. (₹)	Amount spent: Direct or through implementing agency
	–	–	–	–	–	–	–
	TOTAL	–	–	–	–	–	–

6. Reasons for not spending the amount during the financial year.

The Company's CSR initiatives usually involve setting the foundation of various programs at a small scale to learn from on-ground realities, getting feedback from community and then putting an enhanced sustainable model to ensure maximum benefit to the community. For this reason, during the year, the Company's is in process of development of sustainable CSR activities which are scalable and coupled with new initiatives that may be considered in future. Moving forward the Company will endeavor to spend on CSR activities in accordance with the prescribed limits.

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

SHAILENDRA ROY	**B.K. BASU**
Director	*Chairman of CSR Committee*
DIN: 02144836	*DIN: 05121423*

ANNEXURE C

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN:-	U74210MH1995PLC088099
ii)	Registration Date	05-05-1995
iii)	Name of the Company	L&T-Sargent & Lundy Limited
iv)	Category / Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai – 400001 Tel : 022-67525656/ Fax : 022-67525893 Email : vipul.raval@lntsnl.com
vi)	Whether listed company Yes / No	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	Architecture and engineering activities; technical testing and analysis	711	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	Larsen & Toubro Limited. Address: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	50.0001	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	2782736	2782736	50.0001%	–	2782736	2782736	50.0001%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	2782727	2782727	49.9999%	–	2782727	2782727	49.9999%	–
Sub-total (A) (2):-	**–**	**5565463**	**5565463**	**100%**	**–**	**5565463**	**5565463**	**100%**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**5565463**	**5565463**	**100%**	**–**	**5565463**	**5565463**	**100%**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2. Non- Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**–**	**5565463**	**5565463**	**100%**	**–**	**5565463**	**5565463**	**100%**	**–**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited & others	2782736	50.0001%	–	2782736	50.0001%	–	–
2	Sargent & Lundy LLC	2782727	49.9999%	–	2782727	49.9999%	–	–

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No Change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
2	Date wise Increase / Decrease in Promoters Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
3	At the end of the year	–	–	–	–

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	At the End of the year (or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	----	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	–	–	–	–
	Date wise Increase / Decrease in Share-holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	At the end of the year	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
i) Addition				
ii) Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Srikant Jainapur (Manager & Chief Executive)	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	₹ 90.29 lakhs	₹ 90.29 lakhs
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	₹ 90.20 lakhs	₹ 90.29 lakhs
	Ceiling as per the Act	₹ 120.00 lakhs	₹ 120.00 lakhs

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
		S. C. Gupta			R. P. Singh			
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	₹ 1.30 lakhs ₹ 2.00 lakhs			₹ 1.20 lakhs ₹ 2.00 lakhs			₹ 2.50 lakhs ₹ 4.00 lakhs
	Total (1)							₹ 6.50 lakhs
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify							
	Total (2)	–	–	–	–	–	–	–
	Total (B)=(1+2)						---	₹ 6.50 lakhs
	Total Managerial Remuneration							₹ 6.50 lakhs
	Overall Ceiling as per the Act							₹ 7.45 lakhs

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. no.	Particulars of Remuneration	Vipul G. Raval (Company Secretary)	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	₹ 22.56 lakhs	₹ 22.56 lakhs
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
	- others, specify	–	–
5.	Others, please specify		
	Total	₹ 22.56 lakhs	₹ 22.56 lakhs

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	---	---	----	----	
Punishment	---	---	----	----	
Compounding	---	---	----	----	
B. DIRECTORS					
Penalty	---	---	----	----	
Punishment	---	---	----	----	
Compounding	---	---	----	----	
C. OTHER OFFICERS IN DEFAULT					
Penalty	---	---	----	----	
Punishment	---	---	----	----	
Compounding	---	---	----	----	

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T- SARGENT & LUNDY LIMITED

We have audited the accompanying standalone financial statements of L&T-Sargent & Lundy Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of L&T- Sargent & Lundy Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note 19 to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

Place : Vadodara
Date : April 19, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, employees's state insurance and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

Name of the statue	Nature of the disputed dues	Amount*	Period to which the amount relates	Forum where dispute is pending
Finance Act, 1944	Dispute of service classification	1.06	2007-2009	CESTAT

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

Place : Vadodara
Date : April 19, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T- Sargent & Lundy Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 38332

Place : Vadodara
Date : April 19, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

Particulars	Note No.	As at 31-03-2017 ₹ in lakhs	As at 31-03-2017 ₹ in lakhs	As at 31-03-2016 ₹ in lakhs	As at 31-03-2016 ₹ in lakhs	As at 01-04-2015 ₹ in lakhs	As at 01-04-2015 ₹ in lakhs
ASSETS							
Non-current assets							
Property, plant and equipment	5		375.95		423.69		277.21
Other intangible assets	6		137.85		135.43		68.95
Financial assets							
Loans	7		–		–		0.73
Other non-current assets	8		380.14		505.23		475.67
			893.94		1,064.35		822.56
Current Assets							
Financial Assets							
Investments	9	3,777.94		6,631.26		6,015.18	
Trade receivables	10	2,812.48		3,427.80		2,718.52	
Cash and cash equivalents	11	91.15		1,059.99		252.84	
Others	12	139.78		60.47		16.34	
			6,821.35		11,179.52		9,002.88
Income tax assets (net)	13		682.35		11.47		
Other current assets	14		700.65		849.00		599.91
			8,204.35		12,039.99		9,602.79
Total Assets			9,098.29		13,104.34		10,425.35
EQUITY AND LIABILITIES							
Equity							
Equity share capital	15	556.55		556.55		556.55	
Other equity		4,978.56		4,634.09		6,308.80	
			5,535.11		5,190.64		6,865.35
Liabilities							
Non-current liabilities							
Provisions	16		527.22		504.68		460.12
Deferred tax liabilities (net)			48.18		48.18		37.55
			6,110.51		5,743.50		7,363.02
Current liabilities							
Financial liabilities							
Trade payables	17	1,677.81		2,141.95		1,153.40	
Other financial liabilities	18	319.73		209.01		213.82	
			1,997.54		2,350.96		1,367.22
Other current liabilities	19		388.88		2,825.22		933.27
Provisions	20		601.36		2,184.66		731.40
Income tax liabilities (net)			–		–		30.44
			2,987.78		7,360.84		3,062.33
Total Equity and Liabilities			9,098.29		13,104.34		10,425.35
SIGNIFICANT ACCOUNTING POLICIES	4						

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SRIKANT JAINAPUR
Manager

VIPUL G. RAVAL
Company Secretary
Mem. No. A19721

SHAILENDRA ROY
Director
DIN: 02144836

B. K. BASU
Director
DIN: 05121423

Place : Vadodara
Date : April 19, 2017

Place : Vadodara
Date : April 19, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

Particulars	Note No.		2016-17		2015-16
		₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
INCOME					
Revenue from operations	21		11,250.77		13,134.74
Other income	22		463.19		488.66
Total income			11,713.96		13,623.40
EXPENSES					
Operation and establishment expense	23		3,958.34		3,787.59
Employee benefits expense	24		7,161.79		7,328.17
Finance cost	25		1.98		0.01
Depreciation and amortisation expense	5&6		208.59		143.50
Total expenses			11,330.70		11,259.27
Profit before tax			383.26		2,364.13
Tax expense					
Current tax		(105.00)		(745.00)	
Deferred tax		–		(10.63)	
			(105.00)		(755.63)
Profit for the period			278.26		1,608.50
Other comprehensive income (OCI)					
Items that will not be reclassified to profit and loss					
Measurement of the net defined benefit liability/asset			52.07		–
Items that will be reclassified to profit and loss					
Fair value changes on cash flow hedges net			14.14		27.62
Total other comprehensive income			66.21		27.62
Total comprehensive income for the period			344.47		1,636.12
Basic and diluted earnings per shares (EPS)			5.00		28.90
Face value of shares (a)			10		10
SIGNIFICANT ACCOUNTING POLICIES	4				

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Vadodara
Date : April 19, 2017

SRIKANT JAINAPUR
Manager

VIPUL G. RAVAL
Company Secretary
Mem. No. A19721

SHAILENDRA ROY
Director
DIN: 02144836

B. K. BASU
Director
DIN: 05121423

Place : Vadodara
Date : April 19, 2017

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED 31ST MARCH, 2017

(₹ in lakhs)

(A) EQUITY SHARE CAPITAL

For the year ended 31 March 2017

	Balance as at 01-04-2016	Change in equity share capital during the year	**Balance as at 31-03-2017**
Equity share capital	*556.55*	–	**556.55**

For the year ended 31 March 2016

	Balance as at 01-04-2015	Change in equity share capital during the year	*Balance as at 31-03-2016*
Equity share capital	*556.55*	–	*556.55*

(B) OTHER EQUITY

For the year ended 31 March 2017

	Retained Earnings	Capital redemption reserve	Hedging reserve
Balance as at 1 April 2016	4,330.17	269.09	34.83
Profit for the year	278.26	–	–
Other Comprehensive income for the year			
- Measurements gains on defined benefit plans	52.07	–	–
- Fair value gain on FVOCI financial asset	–	–	14.14
Balance as at 31 March 2017	**4,660.50**	**269.09**	**48.97**

For the year ended 31 March 2016

	Retained Earnings	Capital redemption reserve	Hedging reserve
Balance as at 1 April 2015	6,032.50	269.09	7.21
Profit for the year	1,608.50	–	–
Other Comprehensive income for the year			
- Measurements gains on defined benefit plans	–	–	–
- Fair value loss on FVOCT financial asset	–	–	27.62
Less:			
Dividend (including dividend distribution tax)	(3,310.83)		
Balance as at 31 March 2016	**4,330.17**	**269.09**	**34.83**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SRIKANT JAINAPUR
Manager

VIPUL G. RAVAL
Company Secretary
Mem. No. A19721

SHAILENDRA ROY
Director
DIN: 02144836

B. K. BASU
Director
DIN: 05121423

Place : Vadodara
Date : April 19, 2017

Place : Vadodara
Date : April 19, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED ON 31ST MARCH, 2017

		2016-2017 ₹ in lakhs	2015-2016 ₹ in lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net profit before tax	**383.26**	*2,364.13*
	Depreciation and amortisation expense	**208.59**	*143.50*
	Interest paid	**1.98**	*0.01*
	(Profit)/loss on sale of investment (net)	**(214.27)**	*(121.38)*
	Change in fair value of financial assets	**(24.55)**	*(31.28)*
	(Profit)/loss on sale of fixed assets (net)	**(9.80)**	*(1.04)*
	Dividend received from investment	**(48.13)**	*(233.31)*
	Operating profit before working capital changes	**297.08**	*2,120.63*
	(Increase) / decrease in non current assets	**–**	*0.73*
	(Increase) / decrease in trade and other receivable	**887.13**	*(1,043.53)*
	(Increase) / decrease in non current liabilities	**22.54**	*82.81*
	Increase / (decrease) in trade and other payable	**(2,789.76)**	*2,876.55*
	Increase / (decrease) in short-term provisions	**(1,583.30)**	*1,422.82*
	Cash generated from operations	**(3,463.39)**	*3,339.38*
	Direct taxes refund/(paid) - net	**(787.35)**	*(756.47)*
	Net cash from operating activities	**(3,953.66)**	*4,703.54*
B.	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**(174.19)**	*(359.21)*
	Sale of fixed assets	**20.72**	*3.79*
	Investment in mutual funds (net)	**3,092.14**	*(463.43)*
	Dividend received from investment	**48.13**	*233.31*
	Net cash (used in) / from investing activities	**2,986.80**	*(585.54)*
C.	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Dividend paid	**–**	*(2,750.82)*
	Tax on Dividend paid	**–**	*(560.01)*
	Interest paid	**(1.98)**	*(0.01)*
	Net cash (used in) / from financing activities	**(1.98)**	*(3,310.84)*
	Net increase in cash and cash equivalents (A+B+C)	**(968.84)**	*807.17*
	Cash and cash equivalents at the beginning of the period	**1,059.99**	*252.84*
	Cash and cash equivalents at the end of the period	**91.15**	*1,059.99*

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Vadodara
Date : April 19, 2017

For and on behalf of the Board

SRIKANT JAINAPUR
Manager

VIPUL G. RAVAL
Company Secretary
Mem. No. A19721

SHAILENDRA ROY
Director
DIN: 02144836

B. K. BASU
Director
DIN: 05121423

Place : Vadodara
Date : April 19, 2017

NOTES FORMING PART OF ACCOUNTS

01 STATEMENT OF COMPLIANCE

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

02 BASIS OF ACCOUNTING

The Company maintains its accounts on accrual basis following the historical cost convention and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses data only from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

03 PRESENTATION OF FINANCIAL STATEMENTS

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees in lakhs [1 Lakhs = 0.1 million] rounded off to two decimal places in line with the requirements of Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the business.

04 SIGNIFICANT ACCOUNTING POLICY

4.1 Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

A. Revenue from operations

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

the amount of revenue can be measured reliably;

It is probable that the economic benefits associated with the transaction will flow to the Company;

the stage of completion of the transaction at the end of the reporting period can be measured reliably; and the costs incurred or to be incurred in respect of the transaction can be measured reliably

B. Other Income

Dividend income is accounted in the period in which the right to receive the same is established.

Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

4.2 Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

For transition to Ind AS, the carrying value of PPE under I-GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013.

4.3 Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Computer software recognized as Intangible assets and amortised from the point at which the asset is available for use. Computer software amortised with a finite useful life using straight line method over 6 years. On transition to Ind AS, the Company has elected to continue with the carrying value of all of intangible assets recognised at April 1, 2015 measured as per the provision of GAAP and use that carrying value as the deemed cost of intangible assets.

4.4 Impairment of assets

At each balance sheet date, the carrying amount of assets is tested for impairment so as to determine the provision for impairment loss if any, required or the reversal, if any required of impairment loss recognised in previous periods.

4.5 Employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

Post-employment benefits:

i. **Defined contribution plans:** The Company's superannuation scheme, state governed provident fund scheme, and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. **Defined benefit plans:** The employees' gratuity fund schemes and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in other comprehensive income and reflected in retained earnings and are not reclassified to profit & loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

Long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences, long service award etc., is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in profit or loss.

Gains or losses on the curtailment or settlement of any long term employee benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

Termination benefits:

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost in respect of all defined benefit plans and long term employee benefit plants and the impact of changes in discount rate in respect of long term employee benefit plans, is classified under finance cost.

4.6 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Investment in Mutual funds are classified as at fair value through profit and loss (FVTPL), unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for Mutual fund instruments which are not held for trading.

Impairment of financial assets: The Company applies the expected credit loss model for recognizing impairment loss on trade receivables and other contractual rights to receive cash. For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and forecast of future economic conditions based on reasonable and supportable information which is available at the reporting date.

All financial liabilities are recognised initially at fair value.

In respect of transactions entered after the transition date, the difference, if any, between the fair value and the transaction value of a financial asset or financial liability is amortised in profit or loss to the extent of change in factors which are taken into account when pricing the asset or liability by the market participants.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk as cash flow hedges. The designations made under the previous GAAP are continued in so far as such designations are consistent with the principles mentioned herein. Foreign exchange risk on firm commitments and highly probable forecast transactions are accounted for as cash flow hedges.

Cash flow hedges: The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity under the hedge reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion as described above, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting in respect of cash flow hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

4.7 Foreign currencies

The functional currency of the Company is Indian rupee.

Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at fair value that is denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Exchange differences that arise on settlement of monetary items at each balance sheet date at the closing rate are recognised in profit or loss in the period in which they arise.

4.8 Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

Deferred tax liabilities are recognised for taxable temporary differences, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Any transaction or event which is recognised either in other comprehensive income or in equity is recorded along with the tax as applicable.

4.9 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

4.10 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed when estimated amount of contracts remaining to be executed on capital account and not provided.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

4.11 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of changes during the period in inventories and operating receivables and payables transactions of a non-cash nature, non-cash items such as depreciation, provisions, unrealised foreign currency gains and losses, and undistributed profits of associates; and all other items for which the cash effects are investing or financing cash flows. Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement.

4.12 Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an on-going basis. Examples of such estimates include the useful lives of property plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. Periodic revisions to such accounting estimates are recognised prospectively in the period of change or future periods to which it affects. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

5. PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

	Plant & machinery	Office equipment	Furniture and fixtures	Vehicle	Total	Capital work in progress
Cost:						
As at 01-04-2015	199.41	32.78	18.89	26.13	277.21	–
Additions	259.03	0.94	–	–	259.97	–
Disposals/transfers	2.56	–	–	1.53	4.09	–
As at 31-03-2016	455.88	33.72	18.89	24.60	533.09	–
Additions	129.09	5.82	–	–	134.91	–
Disposals/transfers	12.64	–	–	14.36	27.00	–
As at 31-03-2017	**572.33**	**39.54**	**18.89**	**10.24**	**641.00**	**–**
Accumulated depreciation						
As at 01-04-2015	–	–	–	–	–	
Depreciation charge for the year	97.13	4.69	3.00	5.92	110.74	–
Disposals/transfers	1.16	–	–	0.18	1.34	–
As at 31-03-2016	95.97	4.69	3.00	5.74	109.40	–
Depreciation charge for the year	151.61	12.52	3.00	4.60	171.73	–
Disposals/transfers	10.29	–	–	5.79	16.08	–
As at 31-03-2017	**237.29**	**17.21**	**6.00**	**4.55**	**265.05**	**–**
Net book value						
As at 01-04-2015	199.41	32.78	18.89	26.13	277.21	–
As at 31-03-2016	359.91	29.03	15.89	18.86	423.69	–
As at 31-03-2017	**335.04**	**22.33**	**12.89**	**5.69**	**375.95**	**–**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

6. INTANGIBLE ASSETS

(₹ in lakhs)

	Computer software	Total
Cost:		
As at 01-04-2015	*68.95*	*68.95*
Additions	99.24	99.24
Disposals/transfers		
As at 31-03-2016	*168.19*	*168.19*
Additions	39.28	39.28
Disposals/transfers	–	
As at 31-03-2017	**207.47**	**207.47**
Accumulated depreciation		
As at 01-04-2015		
Depreciation charge for the year	32.76	32.76
Disposals/transfers	–	–
As at 31-03-2016	*32.76*	*32.76*
Depreciation charge for the year	36.86	36.86
Disposals/transfers	–	–
As at 31-03-2017	**69.62**	**69.62**
Net book value		
As at 01-04-2015	*68.95*	*68.95*
As at 31-03-2016	*135.43*	*135.43*
As at 31-03-2017	**137.85**	**137.85**

7. NON CURRENT - LOANS

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Long-term loans and advances			
Loan to employees against mortgage of house property	**–**	–	*0.73*
	–	–	*0.73*

8. OTHER NON CURRENT ASSETS

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Taxes paid	**2,334.35**	*5,131.85*	*4,520.29*
Less: Provision for income tax	**1,954.21**	*4,626.62*	*4,044.62*
	380.14	*505.23*	*475.67*

9. CURRENT FINANCIAL ASSETS - INVESTMENT

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Quoted Investments			
Investments in mutual funds			
Carried at fair value through profit and loss	3,777.94	6,631.26	6,015.18
	3,777.94	6,631.26	6,015.18

Notes:

Quoted Investments			
Book value	3,611.63	6,489.50	5,904.70
Market value	3,777.94	6,631.26	6,015.18

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Details of Investments

(₹ in lakhs)

		NAV per unit as at 31-03-2017	No. of units as at 31-03-2017	*As at 31-03-2017*	*As at 31-03-2016*	*As at 01-04-2015*
Investments in mutual funds						
01.	Birla Sun Life Savings Fund - Growth - Direct Plan	**320.1108**	**467,569**	*1,496.74*	–	–
02.	HDFC Floating Rate Income Fund-STP-Direct Plan Growth	**28.3595**	**1,007,059**	*285.60*	–	–
03.	L&T Liquid Fund Direct plan Growth	**2230.0389**	**11,620**	*259.12*	–	–
04.	L&T Banking And PSU Deb Fund Direct Plan Growth	**14.7213**	**2,013,395**	*296.40*	–	–
05.	Reliance Fixed Horizon Fund - XXVI- Series 12 Growth Plan	**12.7651**	**4,000,000**	*510.60*	*472.78*	*436.10*
06.	Reliance Medium Term Fund - Direct Growth Plan - Growth Option	**34.6897**	**2,679,398**	*929.48*	*853.34*	–
07.	Axis Treasury Advantage Fund-DDR	**–**	**–**	–	–	*459.48*
08.	L&T Ultra STF-Daily Dividend Reinvestment Plan	**–**	**–**	–	*1,754.63*	*1,882.56*
09.	DSP Blackrock Liquidity Fund-Institutional Plan-DDR	**–**	**–**	–	*415.94*	
10.	Birla Sun life Floating Rate Fund Short Term Plan- DDR	**–**	**–**	–	*581.09*	*551.16*
11.	L&T liquid fund - super IP	**–**	**–**	–	*115.95*	*887.25*
12.	L&T liquid fund - Direct Plan-DDR	**–**	**–**	*273.22*	*27.27*	
13.	UTI Banking & PSU Debt Fund-Direct Plan-Growth	**–**	**–**	–	–	*772.54*
14.	L&T liquid fund- Direct plan-DDR	**–**	**–**	–	*1,241.19*	*582.88*
15.	HDFC Liquid Fund -- Direct Plan- Growth Fund	**–**	**–**	–	*515.97*	–
16.	Birla Sun Life Floating Rate Fund - STR-Daily Dividend	**–**	**–**	–	*823.09*	–

10. TRADE RECEIVABLES

	As at 31-03-2017		*As at 31-03-2016*		*As at 01-04-2015*	
Unsecured						
Considered good	**2,812.48**		*3,427.80*		*2,718.52*	
Considered doubtful	**189.02**		*163.80*		*123.87*	
	3,001.50		*3,591.60*		*2,842.39*	
Less: Allowance for doubtful debts	**189.02**		*163.80*		*123.87*	
		2,812.48		*3,427.80*		*2,718.52*
		2,812.48		*3,427.80*		*2,718.52*

11. CASH AND CASH EQUIVALENTS

	As at 31-03-2017		*As at 31-03-2016*		*As at 01-04-2015*	
Cash and cash equivalents:						
Balances with banks:						
In current accounts	**91.15**		*1,059.99*		*252.28*	
Cash on hand	**–**		–		*0.56*	
		91.15		*1,059.99*		*252.84*
		91.15		*1,059.99*		*252.84*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

12. CURRENT FINANCIAL ASSETS -OTHERS

	As at 31-03-2017	As at 31-03-2016		As at 01-04-2015	
Secured considered good					
Loan to employees against mortgage of house property	–	–	0.73	–	0.72
Advance recoverable in cash or in kind or for value to be received	–	–	–	–	–
Considered good	28.94	–	24.92	–	8.41
Derivative instruments	110.84		34.82		7.21
	139.78		60.47		16.34

13. OTHER NON CURRENT ASSETS

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Taxes paid	787.35	756.47	–
Less: Provision for income tax	105.00	745.00	–
	682.35	11.47	–

14. OTHER CURRENT ASSETS

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Due from customer (project related activity)	315.85	262.35	134.38
Advance to supplier	48.88	70.73	79.31
Prepaid expenses	202.73	106.92	115.90
Statutory and other receivables	133.19	409.00	270.32
	700.65	849.00	599.91

15. SHARE CAPITAL

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Share capital			
Authorised:			
150,00,000 equity Shares of ₹ 10 each	1,500.00	1,500.00	1,500.00
Issued, subscribed and paid up			
5,565,463 (P.Y. 5,565,463) Equity shares of ₹ 10 each fully paid	556.55	556.55	556.55

(a) Reconciliation of the number of the shares outstanding at the beginning and at the end of the year:

(₹ in lakhs)

Authorised share capital	As at 31-03-2017		As at 31-03-2016	
	No. of shares	Amount	No. of shares	Amount
Balance at the beginning of the year	150.00	1,500	150.00	1,500.00
Addition/deletion during the year	–	–	–	–
Balance at the end of the year	150.00	1,500	150.00	1,500.00

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Issued, subscribed and paid up	As at 31-03-2017		*As at 31-03-2016*	
	No. of shares	**Amount**	*No. of shares*	*Amount*
Balance at the beginning of the year	**55.65**	**556.55**	*55.65*	*556.55*
Addition/deletion during the year	**–**	**–**	*–*	*–*
Balance at the end of the year	**55.65**	**556.55**	*55.65*	*556.55*

(b) Number of equity shares held by shareholders holding more than 5% of the equity share capital

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Larsen & Toubro Limited	**27.83**	*27.83*	*27.83*
Sargent & Lundy LLC	**27.83**	*27.83*	*27.83*

(c) The Company has bought back 18.18 lakhs equity shares in the last five years

(d) Terms/rights attached to equity shares:

The Company has one class of shares i.e. equity shares having face value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

16. NON -CURRENT PROVISIONS

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Provision for employee benefits:			
Compensated absences	**527.22**	*504.68*	*460.12*
	527.22	*504.68*	*460.12*

17. CURRENT FINANCIAL LIABILITIES - TRADE PAYABLES

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Due to micro and small enterprises	**–**	*–*	*–*
Due to other than micro and small enterprises	**1,677.81**	*2,141.95*	*1,153.40*
	1,677.81	*2,141.95*	*1,153.40*

18. CURRENT -OTHER FINANCIAL LIABILITIES

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Due to employees and others	**319.73**	*209.01*	*213.82*
	319.73	*209.01*	*213.82*

19. OTHER CURRENT LIABILITIES

	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
Advances from customers	**195.60**	*335.76*	*442.45*
Due to customers (Project related activities)	**–**	*250.51*	*142.27*
Other payable	**193.28**	*2,238.95*	*348.55*
	388.88	*2,825.22*	*933.27*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

20. SHORT TERM PROVISIONS

(₹ in lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Provision for employee benefits			
Compensated absences	**98.27**	*94.60*	*86.30*
Other provision	**452.96**	*606.36*	*645.10*
Interim dividend	**–**	*958.00*	–
Provision for tax on interim dividend	**–**	*390.06*	–
Other Provision	**50.13**	*135.64*	–
	601.36	*2,184.66*	*731.40*

21. REVENUE FROM OPERATIONS

	2016-17		2015-16	
Sales (income from engineering services)		**10,946.76**		*13,115.02*
Increase/(decrease) in Work-in-progress (engineering services)				
Add/(Less): closing work-in-progress	**315.85**		*11.84*	
Add/(Less): opening work-in-progress	**(11.84)**	**304.01**	*7.88*	*19.72*
		11,250.77		*13,134.74*

22. OTHER INCOME

	2016-17	2015-16
Income from investments - dividend	**48.13**	*233.31*
Profit on sale/redemption of investments (net)	**214.27**	*121.38*
Gain on fair valuation of financial assets	**24.55**	*31.28*
Profit/(Loss) on sale of fixed assets (net)	**9.80**	*1.04*
Premium on forward covers	**130.65**	–
Miscellaneous income	**35.79**	*35.05*
Exchange gain	**–**	*66.60*
	463.19	*488.66*

23 OPERATION AND ESTABLISHMENT EXPENSES

	2016-17	2015-16
Rent	**644.41**	*637.84*
Insurance	**8.06**	*9.34*
Travelling and conveyance	**500.84**	*501.43*
Establishment expenses	**1,155.74**	*1,131.05*
Telecommunication expenses	**89.88**	*91.16*
Rates and taxes	**272.50**	*0.13*
Power and fuel	**99.17**	*100.64*
Printing and stationery	**43.24**	*65.23*
Technical service and project expenses	**694.39**	*621.20*
Repairs and maintenance -plant and machinery	**362.98**	*396.46*
Repairs and maintenance - others	**10.22**	*8.24*
Director 'fees and commission	**6.50**	*12.20*
Provision for doubtful debts	**27.21**	*39.94*
Other miscellaneous expenses	**23.04**	*158.22*
Exchange loss	**20.16**	–
Premium on forward covers	**–**	*14.51*
	3,958.34	*3,787.59*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

24. EMPLOYEE BENEFITS EXPENSES

(₹ in lakhs)

	2016-17	2015-16
Salaries and allowances	**6,500.65**	*6,697.08*
Provident fund and pension fund	**191.37**	*188.13*
Gratuity fund	**69.53**	*67.11*
Leave encashment (provision ₹ 2,615,670; PY ₹ 5,289,285)	**230.68**	*251.54*
Staff welfare expenses	**169.56**	*124.31*
	7,161.79	*7,328.17*

25. FINANCE COST

	2016-17	2015-16
Interest others	**1.98**	*0.01*
	1.98	*0.01*

25. RECONCILIATION OF EQUITY AS AT 31 MARCH 2016

Particulars	Indian GAAP	Adjustments	Ind AS
ASSETS			
Non-current assets			
Property, Plant and Equipment	423.70	–	423.70
Other Intangible assets	135.43	–	135.43
Other non-current assets			
Income tax assets (net)	11.47	–	11.47
	570.60	–	570.60
Current Assets			
Financial Assets			
Investments	6,489.50	141.76	6,631.26
Trade receivables	3,427.80	–	3,427.80
Cash and cash equivalents	1,059.99	–	1,059.99
Other financial assets	1,152.35	–	1,152.35
Current Tax Assets (Net)	–		
Other current assets	262.35	–	262.35
	12,391.99	141.76	12,533.75
	12,391.99	141.76	12,533.75
Total Assets	**12,962.59**	**141.76**	**13,104.35**
EQUITY AND LIABILITIES			
Equity			
Equity Share Capital	556.55	–	556.55
Other Equity	5,146.85	(512.79)	4,634.06
Liabilities	–	–	
Non-current liabilities	–	–	
Deferred tax liabilities (net)	–	48.19	48.19
	5,703.40	(464.60)	5,238.80
Current liabilities			
Financial Liabilities			
Trade payables	1,725.05	–	1,725.05
Other financial liabilities	973.37	–	973.37
Other current Liabilities	2,613.39	–	2,613.39
Provisions	1,947.38	606.36	2,553.74
	7,259.19	606.36	7,865.55
Total Equity and Liabilities	**12,962.59**	**141.76**	**13,104.35**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

26. RECONCILIATION OF TOTAL COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST MARCH, 2016

(₹ in lakhs)

Particulars	Indian GAAP	Adjustments	Ind AS
INCOME			
Revenue from operations	13,129.48	–	*13,129.48*
Other income	393.73	13.81	407.54
Total income	**13,523.21**	**13.81**	**13,537.02**
EXPENSES			
Operation and establishment expense	3,738.80	(28.40)	3,710.40
Employee benefits expense	7,227.35	91.65	7,319.00
Finance cost	0.01	–	0.01
Depreciation and amortisation expense	143.50	–	143.50
Total Expenses	11,109.66	63.25	11,172.91
Profit before tax	2,413.55	(49.44)	2,364.11
Tax Expense:			
Current Tax	745.00	–	745.00
Deferred Tax	–	10.63	10.63
Profit after tax	1,668.55	(60.07)	1,608.48
Profit for the period	**1,668.55**	**(60.07)**	**1,608.48**

27. OTHER NOTES TO THE FINANCIAL STATEMENTS

1. Auditors remuneration and expenses charged to the accounts:

Particulars	2016-17	*2015-16*
As Auditor:		
Audit fees	**1.20**	*1.20*
Tax audit fees	**0.50**	*0.50*
In other capacities		
Audit of trusts	**0.24**	*0.24*
Taxation matters	**0.24**	*0.24*
Company law matter	**0.20**	–
Certification fees	**0.99**	*0.66*
Reimbursement of expenses	**0.25**	–

2. Earnings in foreign exchange:

Particulars	2016-17	*2015-16*
Engineering services	**3,679.29**	*5,090.06*
Reimbursement of expenses	**48.82**	*96.57*

3. Expenditure in foreign currency:

Particulars	2016-17	*2015-16*
Software license fees	**100.76**	*75.00*
JV administration expenditure	**67.75**	*55.63*
Technical service fees	**189.71**	*76.82*
Other expenses (incl. salary & allowance in foreign currency)	**253.75**	*210.18*

4. Employee benefits:

a) Compensated absence liabilities: The amounts recognised in balance sheet

Particulars	2016-17	*2015-16*
Current liability	**98.27**	*94.60*
Non-current liability	**527.21**	*504.73*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) The amounts recognised in balance sheet are as follows:

(₹ in lakhs)

Particulars		Gratuity plan		Self-managed provident fund plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*
A					
a)	Present value of funded defined benefit obligation as on March 31, 2017				
	- Wholly funded	**440.35**	*431.19*	**2,294.12**	*2,153.90*
b)	Fair value of plan assets as on March 31, 2017	**400.26**	*342.05*	**2,406.21**	*2,233.42*
	Amount to be recognised as liability or (asset) (a-b)	**40.08**	*89.14*	**(112.09)** [(1)]	*(79.52)* [(1)]
B	**Amounts reflected in the balance sheet**				
	Liabilities	**(40.08)**	*(89.14)*	**(25.88)** [(2)]	*(27.28)* [(2)]
	Assets	**–**	–	**–**	–
	Net (liability)/asset	**(40.08)**	*(89.14)*	**(25.88)**	*(27.28)*

(1) Asset is not recognized in balance sheet.

(2) Employer's and employee's contribution for the month of March paid in April.

c) The amounts recognised in statement of profit and loss are as follows: (₹ in lakhs)

Particulars		Gratuity plan		Self-managed provident fund plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*
1	Current service cost	**64.43**	*63.30*	**90.99** [(1)]	*86.13* [(1)]
2	Past service cost	**–**	–	**–**	–
3	Administration expenses	**–**	–	-	-
4	Interest on net defined benefits liability/(assets)	**5.10**	*4.41*	-	-
5	Interest cost	**–**	–	**186.31**	*168.06*
6	Expected return on plan assets	**–**	–	**(203.13)(2)**	*(180.08)(2)*
7	Actuarial losses/(gains)	**–**	–	**(41.64)(2)**	*(3.97)(2)*
8	(Gains)/ losses on settlement	**–**	–	**–**	–
9	Actual return on plan assets over interest payable	**–**	–	**58.46**	*51.70*
	Included in "Employee benefit expenses"	**69.53**	*67.71*	**90.99**	*86.13*

(1) Employer's contribution to provident fund.

(2) The actual return on plan assets is higher than interest cost but no credit is taken to the statement of profit and loss on account of the difference.

d) Amount recorded in other comprehensive income: (₹ in lakhs)

Particulars	Gratuity plan		Self-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening amount recognized in OCI outside profit and loss account	(0.60)	–	–	–
Re-measurements during the period due to				
Changes in financial assumption	17.94	–	–	–
Changes in demographic assumptions	–	–	–	–
Experience adjustments	(62.03)	(9.22)	–	–
Actual return on plan assets less interest on plan assets	**(7.37)**	*8.62*	**–**	–
Adjustment to recognize the effect of assets selling	**–**	–	**–**	–
Closing amount recognized in OCI	**(52.07)**	*(0.60)*	**–**	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

e) Reconciliation of net liability / assets:-

(₹ in lakhs)

Particulars	**Gratuity plan**		**Self-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening net defined benefit liability / (assets)	89.14	80.44	–	–
Expenses charged to profit and loss account	69.53	67.71	–	–
Amount recognized outside profit and loss account	(51.47)	(0.60)	–	–
Employer contribution	(67.11)	(58.42)	–	–
Closing net defined benefit liability / (assets)	40.08	89.14	–	–

(*) On Account of business combination or inter group transfer

f) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ in lakhs)

Particulars	**Gratuity plan**		**Self-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening balance of the present value of defined benefit obligation	**431.19**	*371.38*	**2,153.90**	*1909.80*
Add: current service cost	**64.43**	*63.30*	**–**	–
Add: interest cost	**32.30**	*27.67*	**186.31**	*168.06*
Add: Contribution by plan participants				
i) Employer	**–**	–	**90.99**	*86.13*
ii) Employee (including transferred employees)	**–**	–	**240.60**	*227.21*
Remeasurements due to:				
Actuarial loss/(gain) arising from change in financial assumptions	**17.94**	–	**–**	–
Actuarial loss/(gain) arising on account of experience changes	**(62.03)**	*(9.22)*	**–**	–
Less: benefits paid	**(43.48)**	*(21.93)*	**(377.69)**	*(237.29)*
Closing balance of the present value of defined benefit obligation	**440.35**	*431.19*	**2,294.12**	*2,153.90*

g) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in lakhs)

Particulars	**Gratuity plan**		**Self-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening balance of the fair value of the plan assets	342.05	290.93	2,233.42	1,964.89
Add: Expected return on plan assets	27.20	23.26	203.13	180.08
Add/(less): Actuarial gains/(losses)	7.37	(8.62)	41.64	39.69
Add: Contribution by the employer	67.11	58.42	83.95	78.61
Add: Contribution by plan participants	–	–	221.76	207.45
Less: benefits paid	**(43.48)**	*(21.93)*	**(377.69)**	*(237.29)*
Closing balance of the plan assets	**400.26**	*342.05*	**2,406.21**	*2,233.42*

Note: The fair value of the plan assets under the Trust-Managed Provident Fund Plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

The Company expects to contribute ₹ 50 lakhs *(P.Y. ₹ 50 lakhs)* towards its gratuity plan and ₹ 98.27 lakhs *(P.Y. ₹ 93.02 lakhs)* towards its self-managed provident fund plan in the financial year 2017-18.

h) Movement in assets ceiling: (₹ in lakhs)

Particulars	**Gratuity plan**		**Self-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening value of assets ceiling	**–**	–	**–**	–
Interest on opening balance of assets ceiling	**–**	–	**–**	–
Re-measurements due to :				
Change in surplus/credit	**–**	–	**–**	–
Closing value of assets ceiling	**–**	–	**–**	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

i) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Self-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Government of India securities	**48%**	*47%*	**45%**	*42%*
Corporate bonds	**52%**	*53%*	**55%**	*58%*
Special deposit scheme	**–**	–	**–**	–

j) Disaggregation of plan assets:- (₹ in lakhs)

Particulars	Period Ended 31 Mar 17		
	(Amount in ₹)		
	Quoted Value	Non Quoted Value	Total
Property	–	–	–
Government debt instruments	190.26	–	190.26
Other debt instruments	191.72	–	191.72
Equity's own equity instruments	–	–	–
Insurer managed funds	–	–	–
Others	–	18.28	18.28
Grand Total	**381.99**	**18.28**	**400.26**

The plan does not invest directly in any property occupied by the Company nor in any financial securities issued by the Company.

k) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars		2016-17	2015-16
1	Discount rate as at March 31 for gratuity	**7.40% p.a.**	*7.95% p.a.*
2	Expected return on plan assets as at March 31	**7.50% p.a.**	*7.50% p.a.*
3	Attrition rate	**10% withdrawal rate for all ages**	*10% withdrawal rate for all ages*
4	Salary growth rate	**7.00% p.a.**	*7.00% p.a.*

Gratuity sensitivity:

As of March 31, 2017, every percentage point increase/decrease in discount rate will affect our gratuity benefit obligation by approximately ₹ 0.70 lakhs.

Sensitivity for significant actuarial assumptions is computed by varying actuarial assumption used for valuation of the defined benefit obligation by one percentage, keeping all other actuarial assumption constant.

Discount rate: The discount rate is based on the prevailing market yields of Indian Government securities as at the balance sheet date for the estimated term of the obligations.

Expected rate of return on plan assets: This is based on the Actuary's expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

Salary escalation rate: The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Retirement age: The employees are assumed to retire at the age of 58 years.

Mortality: Published rates under the LIC (1994 - 96) mortality tables.

Disability: Leaving service due to disability is included in the provision made for all causes of leaving service.

Self-managed provident fund plan: The interest payment obligation of self-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognized immediately in the profit and loss account as actuarial losses. The Actuarial Society of India has not issued any guidance note for actuarially valuing the possible shortfall of the interest.

The Company makes annual contributions to the L&T Sargent & Lundy staff gratuity trust, which is funded defined benefit plan for qualifying employees.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

l) The amounts pertaining to defined benefit plans are as follows:

Summary of plan assets and liabilities of Gratuity Fund:

(₹ in lakhs)

	Particulars	**2016-17**	*2015-16*	*2014-15*	*2013-14*	*2012-13*
1	Defined benefit obligation	**440.35**	*431.19*	*371.38*	*316.14*	*295.20*
2	Plan assets	**400.26**	*342.05*	*290.93*	*278.76*	*231.76*
3	Surplus/ (deficit)	**(40.08)**	*(89.14)*	*(80.44)*	*(37.38)*	*(63.43)*

Experience adjustments on plan asset and liabilities of Gratuity Fund: (₹ in lakhs)

	Particulars	**2016-17**	*2015-16*	*2014-15*	*2013-14*	*2012-13*
1	Experience adjustments on plan liabilities	**(62.03)**	*(9.22)*	*(29.03)*	*(5.26)*	*(14.44)*
2	Experience adjustments on plan assets	**(7.37)**	*8.62*	*5.09*	*9.96*	*9.46*

Self-managed provident fund plan: (₹ in lakhs)

	Particulars	**2016-17**	*2015-16*	*2014-15*	*2013-14*	*2012-13*
1	Defined benefit obligation	**2,294.12**	*2,153.90*	*1,909.79*	*1,824.51*	*1,611.26*
2	Plan assets	**2,406.21**	*2,233.42*	*1964.89*	*1867.74*	*1639.05*
3	Surplus/ (deficit)	**112.09**	*79.52*	*55.09*	*43.22*	*27.79*

l) The amounts pertaining to defined benefit plans are as follows:

m) The Company has contributed ₹ 91.90 lakhs (P.Y. ₹ 92.07 lakhs) towards employee pension scheme and ₹ Nil (P.Y. ₹ Nil) towards superannuation scheme (both defined contribution schemes) during the year which are included in employee benefit expenses.

General descriptions of defined benefit plans:

a) Gratuity plan

The Company makes contributions to the group gratuity fund, a funded defined benefit plan for qualifying employees managed by a trust. The scheme provides for lump-sum payment to employees at the time of retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

b) Self-managed provident fund plan

The Company's provident fund plan is managed by a trust permitted under the Provident Fund Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

c) Compensated absence liabilities:

The benefit to employee is allowed at the time of separation form the Company. Maximum leave allowable for encashment on separation is 300 days of salary.

5. The Company has a pending litigation of claim for penalty of ₹ 20 lakhs (P.Y. ₹ 20 lakhs) imposed against stamp duty payable on lease agreement of SEZ unit with L&T SEZ Developer. The Company has reviewed all its pending litigations and proceedings and has adequately provided for where provisions are required and disclosed the contingent liabilities where applicable, in its financial statements. The Company does not expect the outcome of these proceedings to have a materially adverse effect on its financial results.

6. Estimated amounts of contracts remaining to be executed on capital account ₹ 14.33 lakhs (P.Y ₹ 106.56 lakhs)

7. Related party transactions:

I Joint venture partners
- Larsen & Toubro Limited
- Sargent & Lundy LLC

II Fellow subsidiaries
- EWAC Alloys Ltd
- L&T Valdel Engineering Company Ltd
- L&T Infrastructure Finance Company Limited
- L&T Gulf Private Limited
- Nabha Power Limited
- L&T Hydrocarbon Engineering Limited

NOTES FORMING PART OF ACCOUNTS (CONTD.)

- L&T Infra Engineering Limited
- L&T Uttaranchal Hydropowr Ltd
- Larsen & Toubro Electromech LLC

III Other related parties
- L&T-MHI Boilers Pvt. Ltd
- L&T Chiyoda Ltd- Fellow Associate
- L&T - MHPS Boilers Private Limited
- L&T- Howden Private Limited

IV Key Management Personnel
- Srikant Jainapur (Manager)

IV. Disclosure of related party transactions:

(₹ in lakhs)

No.	Nature of transaction	2016-17	*2015-16*
1	**Purchase of goods & services (including Software License Fees, JV Administration Fees, Technical Service Fees, Fixed Assets)**		
	Larsen & Toubro Limited	**–**	*6.44*
	Sargent & Lundy LLC	**324.59**	*213.18*
	L&T - MHPS Boilers Private Limited	**–**	*1.67*
	EWAC Alloys Limited	**–**	*17.14*
	L&T - Valdel Engineering Company Limited	**–**	*10.20*
	L&T Chiyoda Limited	**–**	*235.54*
2	**Purchase of fixed asset**	**–**	*–*
	L&T Chiyoda Limited	**–**	*0.36*
3	**Sale of fixed asset**	**–**	*–*
	Larsen & Toubro Limited	**0.22**	*–*
4	**Sale of goods/power/contract revenue & services**	**–**	*–*
	Larsen & Toubro Limited	5,600.88	6,726.81
	L&T - MHPS Boilers Private Limited	**113.17**	*140.55*
	Nabha Power Limited	**4.49**	*3.32*
	Sargent & Lundy LLC	**1,125.02**	*2,417.10*
	L&T Infrastructure Finance Company Limited	**1.35**	*3.00*
	L&T-Gulf Private Limited	**2.32**	*3.96*
	L&T Hydrocarbon Engineering Limited	**0.45**	*25.23*
	L&T Chiyoda Limited	**6.37**	*–*
4	**Rent paid, including lease rentals under leasing / hire purchase arrangements**		
	Larsen & Toubro Limited	**273.75**	*294.15*
5	**Payment of salaries/ perquisites to Key Managerial Personnel**		
	Mr. Srikant Jainapur	**90.29**	*89.42*
6	**Infrastructure charges & overhead recoveries**	**–**	*–*
	Larsen & Toubro Limited	**1,496.35**	*1,470.07*
	L&T Hydrocarbon Engineering Limited	**–**	*2.52*
	L&T - MHPS Boilers Private Limited	**–**	*19.65*
	L&T Howden Private Limited	**–**	*3.00*
7	Dividend (including interim dividend) paid/proposed	–	*–*
	Larsen & Toubro Limited	**–**	*958.00*
	Sargent & Lundy LLC	**–**	*958.00*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

IV. Amount due to / from related parties:

(₹ in lakhs)

No.	Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
1	**Accounts receivable from related parties**			
	Larsen & Toubro Limited	**1,137.23**	*1,358.86*	*1,412.43*
	L&T - MHPS Boilers Private Limited	**16.65**	*7.24*	*26.10*
	Nabha Power Limited	**0.47**	–	–
	Larsen & Toubro Electromech LLC	–	–	*5.14*
	L&T Uttaranchal Hydropower Ltd	**1.51**	–	–
	L&T-Gulf Private Limited	–	–	*1.62*
	Sargent & Lundy LLC	**101.53**	*251.08*	*360.07*
	L&T Hydrocarbon Engineering Limited	**0.47**	*17.42*	*11.66*
	L&T Technology Services	–	–	*10.53*
2	**Accounts payable to related parties**			
	Larsen & Toubro Limited	**1,484.81**	*1,392.25*	*941.34*
	L&T - MHPS Boilers Private Limited	**22.33**	*11.70*	*9.56*
	Sargent & Lundy LLC	**11.51**	*63.41*	*(6.92)*
	Larsen & Toubro Saudi Arabia LLC	–	–	*13.46*
	L&T Hydrocarbon Engineering Limited	–	*20.06*	*22.75*
	L&T Infra Engineering Limited	–	–	*1.11*
	L&T Chiyoda Limited	–	*24.73*	–
	L&T Howden Private Limited	**0.15**	*0.15*	–
	EWAC Alloys Limited	–	*18.36*	–
3	**Advance received from customer**			
	Larsen & Toubro Limited	**98.08**	*170.06*	*354.04*

8. **Disclosure for financial assets** (₹ in lakhs)

No.	Particulars	31.03.2017	31.03.2016	01.04.2015
01	**Measured at fair value through profit and loss (FVTPL)**			
	Investment in mutual funds	**3,777.94**	*6,631.26*	*6,015.18*
02	**Measured at amortised cost**			
	Trade receivables	**2,812.48**	*3,427.80*	*2,718.52*
	Cash and cash equivalents	**91.15**	*1,059.99*	*252.84*
	Advance recoverable in cash	**28.94**	*25.65*	*9.13*
03	**Measured at fair value through other comprehensive income (FVTOCI)**			
	Derivative financial instruments	**110.84**	*34.82*	*7.21*
	Total financial assets	**6821.35**	*11179,52*	*9002.88*

Disclosure for financial liabilities (₹ in lakhs)

No.	Particulars	31.03.2017	31.03.2016	01.04.2015
01	**Measured at fair value through profit and loss (FVTPL)**			
02	**Measured at amortised cost**			
	Trade payables	**1677.81**	*2141.95*	*1153.40*
	Other financial liabilities (due to employees and others)	**319.73**	*209.09*	*213.82*
03	**Measured at fair value through other comprehensive income (FVTOCI)**			
	Total financial liabilities	**1997.54**	*2350.96*	*1367.22*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Current assets expected to be recovered after 12 months as per Ind As 1

(₹ in lakhs)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Investments	3,777.94		3,777.94	6,631.26		6,631.26	6,015.18		6,015.18
Trade Receivables	2,812.48		2,812.48	3,427.80		3,427.80	2,718.52		2,718.52
Cash and cash equivalents	91.15		91.15	1,059.99		1,059.99	252.84		252.84
Other financial assets	139.78		139.78	60.47		60.47	16.34		16.34
Income tax assets (net)	682.35		682.35	11.47		11.47			
Other current assets	700.65		700.65	849.00		849.00	599.91		599.91
Total	8204.35		8204.35	12039.99		12039.99	9602.79		9602.79

Current liabilities expected to be recovered after 12 months as per Ind As 1 (₹ in lakhs)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	1,677.81		1,677.81	2,141.95		2,141.95	1,153.40		1,153.40
Other financial liabilities	319.73		319.73	209.01		209.01	213.82		213.82
Other current liabilities	3,88.88		3,88.88	2,825.22		2,825.22	933.27		933.27
Provisions	601.36		601.36	2,184.66		2,184.66	731.40		731.40
Income tax liabilities							30.44		30.44
Total	2,987.78		2,987.78	7,360.84		7,360.84	3,062.33		3,062.33

Maturity profit of financial assets: (₹ in lakhs)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Investments	3,777.94		3,777.94	6,631.26		6,631.26	6,015.18		6,015.18
Trade Receivables	2,812.48		2,812.48	3,427.80		3,427.80	2,718.52		2,718.52
Cash and cash equivalents	91.15		91.15	1,059.99		1,059.99	252.84		252.84
Other financial assets	139.78		139.78	60.47		60.47	16.34		16.34
Total	6,821.35		6,821.35	1,1179.52		1,1179.52	9,002.88		9,002.88

Maturity profit of financial liabilities: (₹ in lakhs)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	1,677.81		1,677.81	2,141.95		2,141.95	1,153.40		1,153.40
Other financial liabilities	319.73		319.73	209.01		209.01	213.82		213.82
Total	1,997.54		1,997.54	2,350.95		2,350.95	1,367.22		1,367.22

NOTES FORMING PART OF ACCOUNTS (CONTD.)

9. **Financial Risk Management:**

The Company's activities expose to a variety of financial risks: market risk, credit risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial market and seek to minimum potential adverse effect on its financial performance. The primary market risk to the Company is foreign exchange risk. The Company uses derivative financial instrument to mitigate foreign exchange related risk exposure. All derivative activities for risk management purpose are carried out by treasury committees that have the appropriate skills, experience & supervision. It is the Company's policy that no trading in derivatives for speculative purposes may be undertaken.

A. Market risk:

Market risk is the risk that fair value of future cash flow of financial instruments will fluctuate because of change in market prices. Such change in values of financial instruments may result from changes in the foreign currency exchange rates, interest rates, credit, liquidity and other market changes. The primary market risk to the Company is foreign exchange risk.

B. Credit risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in financial loss. Credit risk arises from cash held with banks, trade receivable, unbilled revenue, other financial assets and investments. The maximum exposure to the credit risk is equal to the carrying value of the financial assets. The maximum exposure to credit risk is ₹ 6,821.35 lakhs, ₹ 11,179.52 lakhs and ₹ 9,002.88 lakhs as on 31st March 2017, 31st March 2016, and 1st April 2015 respectively. The objective of managing counterparty credit risk is to prevent losses in financial assets. Financial instruments that are subject to concentration of credit risk principally consist of trade receivables, unbilled revenue, investments, derivative financial instruments, cash and cash equivalents and other financial assets. Trade receivable and unbilled revenue are typically unsecured.

The following table gives details of in respect of percentage of revenue generated form top customers and amount of revenue generated from top five customers:

(₹ in lakhs)

	2016-17	*2015-16*
Revenue from top five customers	**8123.21**	**10612.25**

On account of adoption of IND AS 109, the Company uses expected credit loss model to assess the impairment loss & gain. The Company uses a provision matrix that takes into account available external and internal credit risk factor such as credit default and historical experience with customers. Currently company makes provision for expected credit loss on trade receivables.

C. Liquidity risk

Liquidity risk is the risk that Company will not be able to meets its financial obligation as they become due. Maximum exposure to liquidity risk of the Company is ₹ 1997.54 lakhs, ₹ 2350.96 lakhs and ₹ 1367.22 lakhs as on 31st March 2017, 31st March 2016 and 1st April 2015. The Company manages its liquidity risk by ensuring as far as possible, that will have sufficient liquidity to meets its liabilities as and when it is due.

D. Foreign currency exposures:

The Company has trade receivables denominated in foreign currency at the balance sheet date aggregating to ₹ 895.61 lakhs (P.Y. ₹ 1,287.31 lakhs).

The Company has trade payables denominated in foreign currency at the balance sheet date aggregating to ₹ 11.51 lakhs (P.Y ₹ 63.41 lakhs).

In line with the Company's risk management policy, the financial risks mainly relating to changes in the exchange rates are hedged by using a of forward contracts. The counterparty for these contracts is a bank.

Details of outstanding foreign currency exchange forward contracts are as under:

(₹ in lakhs)

Currency	**As of 31st March 2017**		*As of 31st March 2016*		*As of 01st April 2015*	
	Amount in USD	**Amount in INR**	*Amount in USD*	*Amount in INR*	*Amount in USD*	*Amount in INR*
USD -INR	**24.41**	**1,758.36**	*19.31*	*1,342.61*	*8.20*	*524.90*

The foreign exchange forward contracts mature maximum within 24 months. The table below analyses the derivative financial instrument in to relevant maturity grouping based on the remaining period as of the balance sheet.

Particulars	**As at 31st March 2017**	*As at 31st March 2016*	*As at 01st April 2015*
In USD			
Not later than twelve months	**1,637.03**	**1,342.61**	**524.90**
Later than twelve months	**121.33**	**–**	**–**
Total	**1,758.36**	**1,342.61**	**524.90**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Foreign currency sensitivity:

1% increase or decrease in foreign exchange rates will have the following impact on profit before tax.

(₹ in lakhs)

Currency	2016-17		*2015-16*	
	1% Increase	1% Decrease	*1% Increase*	*1% Decrease*
Change in exchange rates	**(8.56)**	**8.56**	*(7.79)*	*7.79*

10. **Deferred tax:**

Particulars	Deferred tax (asset)/ liability as at 31 March 2016	Charge (Credit) to profit and loss account	*Deferred tax (asset)/ liability as at 31 March 2017*
Provision for leave encashment	**(205.90)**	(10.57)	**(216.47)**
Provision for doubtful debts	**(41.56)**	(23.85)	**(65.42)**
Deferred tax asset	**(247.46)**	(34.42)	**(281.88)**
Difference between book and tax depreciation	**48.84**	15.00	**63.84**
MTM revaluation of investment in mutual fund	**48.18**	9.38	**57.56**
Deferred tax liability	**97.02**	24.37	**121.40**
Net deferred tax (asset) liability	**(150.44)**	(10.05)	**(160.49)**

Deferred tax asset has not been recognized on grounds of prudence

11. **Reconciliation of Actual tax expenses and effective tax rate:** (₹ in lakhs)

No	Particulars	2016-17	*2015-16*
1	Profit before tax	**383.27**	**2364.11**
2	Applicable tax rate	**33.063%**	*34.608%*
3	PBT * applicable tax rate (1*2)	**126.63**	**818.13**
4	Items leading to difference in effective rate compared to		
(a)	Tax in respect of items exempt from tax	**(34.72)**	*(108.01)*
(b)	Difference in tax for items which are not allowed as deduction	**48.98**	*96.31*
(c)	Difference of tax and accounting depreciation	**(35.89)**	**(61.43)**
	Tax expense recognized during the year (3+4)	**105.00**	*745.00*

12. Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 2,571.64 lakhs (P.Y. ₹ 2,387.90 lakhs). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 2,516.84 lakhs (P.Y. ₹ 2,295.56 lakhs) has been recovered by the holding company up to current year, out of which, ₹ 56.61 lakhs (P.Y. ₹ 86.74 lakhs) was recovered during the year. Balance ₹ 54.80 lakhs (P.Y. ₹ 92.35 lakhs) will be recovered in future periods.

13. **The Company operates in a single segment, namely, providing Engineering Services. Country wise segment is as under:**

(₹ in lakhs)

Revenue by location of customers	**2016-17**	*2014-15*
India	**7,267.47**	*8,024.95*
USA	**1,125.02**	*2,417.10*
Rest of the world	**2,554.7**	*2,672.97*
Total	**10,946.76**	*13,115.02*

Carrying amount of segment assets by location of assets	**2016-17**	*2015-16*
India	**8,247.70**	*11,846.84*
USA	**102.34**	*332.67*
Rest of the world	**748.24**	*924.86*
Total	**9098.28**	*13,104.37*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(₹ in lakhs)

Cost incurred on acquisition of tangible and intangible fixed assets	2016-17	2015-16
India	**174.19**	*75.00*
USA	**–**	–
Rest of the world	**–**	–
Total	**174.19**	*75.00*

14. The cash credit facilities from Bank are secured by hypothecation of book debts. The charge on these assets also extends to outstanding bank guarantees up to ₹ 314.89 lakhs (P.Y. ₹ 257.34 lakhs)

15. Dividend remitted in foreign currency (₹ in lakhs)

Particulars	2016-17	2015-16
The dividend to non-resident shareholder was remitted on April 07, 2016	**958.00**	–
The dividend to non-resident shareholder was remitted on June 29,2015	**–**	*417.41*
Total	**958.00**	*417.41*

16. There were no amounts which were required to be transferred to the investor education and protection fund by the Company.

17. The Company has amounts due to suppliers under The Micro, Small and Medium Enterprise Development Act, 2006 (MSMED Act) as at March 31, 2016. The disclosure pursuant to the said Act is as under:

(₹ in lakhs)

Particulars	2016-17	2015-16
– Principal amount due to suppliers under MSMED Act, 2006	**–**	*6.21*
– Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	**–**	*1.52*
– Payment made to suppliers (other than interest) beyond the appointed day during the year	**–**	*28.94*
– Interest paid to suppliers under MSMED Act (other than Section 16)	**–**	–
– Interest paid to suppliers under MSMED Act (Section 16)	**–**	–
– Interest due and payable towards suppliers under MSMED Act for payments already made	**–**	*1.36*
– Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	**–**	*0.16*

18. Loans and advances include amount due from officers of the Company ₹ Nil (P.Y. ₹ Nil). Maximum amount outstanding at any time during the year ₹ Nil (P.Y. ₹ Nil).

19. Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December 2016:

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil

20. (a) Disclosures pursuant to Ind As 11- Construction Contracts: -

(₹ in lakhs)

No.	Particulars	2016-17	2015-16
1	Contract revenue recognized for the financial year	**10,946.76**	*13,115.02*
2	Aggregate amount of contract costs incurred and recognized profit (less recognized loss) as at end of the financial year for all contracts in progress as at balance sheet date	**(401.36)**	*(6.58)*
3	Amount of customer advances outstanding for contracts in progress as at end of the financial year	**195.60**	*335.76*
4	Retention amount due from the customer for contracts in progress as at end of the financial year	**–**	*13.38*

(b) There were no foreseeable losses on any contract.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

21. The Company has filed an appeal before the CESTAT involving an aggregate amount of ? 1.06 lakhs. in relation to classification of service tax and exemption in relation to the same. The matters are currently pending. Details are as under:

Name of the statute	Nature of the disputed dues	Amount (in lakhs)	Period to which the amount relates	Forum where disputes are pending
Service Tax under Finance Act, 1994	Service classification dispute	1.06*	2007-2009	CESTAT

*net of pre-deposit (₹ 2.49 lacs) paid in getting stay/appeal admitted.

Figures for the previous year have been regrouped / reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Vadodara
Date : April 19, 2017

For and on behalf of the Board

SRIKANT JAINAPUR
Manager

VIPUL G. RAVAL
Company Secretary
Mem. No. A19721

SHAILENDRA ROY
Director
DIN: 02144836

B. K. BASU
Director
DIN: 05121423

Place : Vadodara
Date : April 19, 2017

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ Crore	*₹ Crore*
Profit / (Loss) before depreciation, exceptional and extra ordinary items & tax	**(90.89)**	*(86.72)*
Less: Depreciation, amortization and obsolescence	**16.16**	*14.53*
Profit / (Loss) before tax	**(107.05)**	*(101.25)*
Less: Provision for tax	**–**	*–*
Profit / (Loss) for the period carried to the balance sheet	**(107.05)**	*(101.25)*
Add: Balance brought forward from previous year	**(109.22)**	*(7.96)*
Balance carried to Balance Sheet	**(216.27)**	*(109.22)*

STATE OF COMPANY AFFAIRS

The gross revenue and other income for the financial year under review were ₹ 112.02 crore as against ₹ 111.11 crore of the previous financial year registering an increasing of 0.82%. The loss for the year was ₹ 107.05 crore as against the loss of the previous year of ₹ 101.25 crore.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 22.45% of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹ 4.59 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL & FINANCE

During the year under review, the Company has allotted 6,79,75,780 numbers of 0.01% Optionally Convertible Cumulative Preference Shares of ₹ 10/- each.

The Company at its Extraordinary General Meeting held on March 27, 2017 has altered the terms of issue of 11,34,65,780 numbers 0.01% Optionally Convertible Cumulative Preference Shares of ₹ 10/- each to 0.01% Compulsorily Convertible Preference Shares of ₹ 10/- each.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 1,702 crore and the net fixed and intangible assets, including leased assets, at ₹ 1,670.18 crore. Capital Expenditure during the year amounted to ₹ 1.00 crore.

DEPOSITS

Your Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No.H5 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's - length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 is given in Annexure I to this Report.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserves is not applicable to your Company.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes or commitments adversely affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, technology absorption does not apply.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company had incurred expenditure in foreign currency for an amount of ₹ 10,42,140/- towards payment against annual maintenance services for toll equipment.

RISK MANAGEMENT POLICY

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since the Company does not fulfil the criteria specified under Section 135 of the Act, the provisions of Corporate Social Responsibility are not applicable.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

During the year under review the Board was reconstituted as Mr. Karthikeyan T.V. had resigned as Director with effect from July 15, 2016 and Mr. Arun Kumar Jha had resigned as Director with effect from January 16, 2017.

Mr. T.S.Venkatesan, Director who had retired by rotation at the Annual General Meeting held on September 29, 2016 being eligible was re-appointed as Director at the said meeting.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S.No.	Name of the Director	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Dr. Esther Malini	Woman Director	07124748
3	Mr. K.P.Raghavan	Independent Director	00250991
4	Dr. K.N.Satyanarayana	Independent Director	02460153

Mr. Chandrashekhar N. Doiphode had resigned as Manager of the Company with effect from February 2, 2017.

Mr. Subramanian Elangovan was appointed as Manager of the Company with effect from March 16, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S.No.	Name of the KMP	Designation	Date of Appointment
1	Mr. Subramanian Elangovan	Manager	March 16, 2017
2	Ms. Nandhini M.	Chief Financial Officer (CFO)	July 31, 2015
3	Mr. Sridhar Ramakrishnan	Company Secretary (CS)	October 28, 2015

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 7(Seven) meetings were held on the following dates:

Date	Strength	No. of Directors Present
April 27, 2016	5	4
July 15, 2016	5	3
September 16, 2016	5	3
October 19, 2016	5	4
December 19, 2016	5	3
January 16, 2017	5	4
March 16, 2017	4	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Mr. K.P.Raghavan, Dr. K.N.Satyanarayana and Mr. T.S.Venkatesan

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

Details of the meetings held during the year under review, are given below:

Date	Strength	No. of Members Present
April 27, 2016	3	3
July 15, 2016	3	2
September 16, 2016	3	2
October 19, 2016	3	2
January 16, 2017	3	3
March 16, 2017	3	3

The Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Mr. K.P.Raghavan, Dr. K.N.Satyanarayana and Mr. T.S.Venkatesan

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are given hereunder:

Date	Strength	No. of Members Present
March 16, 2017	3	3

The Committee has formulated a policy on director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Act confirming that he is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 8, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

The Company in the 5th Annual General Meeting held on 22nd September, 2015 for the Financial Year 2015-16 had appointed M/s. Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), New Delhi as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 10th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Gianender & Associates, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed Mr. K. Suryanarayanan, Cost Accountant, as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-17 at a remuneration of ₹.75,000/- per annum. The remuneration payable to the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016. The Cost Auditors report for the financial year 2015-16 was filed with Ministry of Corporate Affairs on August 12, 2016. The report of the Cost Auditors for the financial year 2016- 17 will be filed with Ministry of Corporate Affairs once the same is finalized.

SECRETARIAL AUDITOR

Mr. R.Thamizhvanan (C.O.P. No: 3721), Company Secretary in practice, was appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under Section 204 of the Act and rules made thereunder.

The Secretarial Audit Report issued by Mr. R.Thamizhvanan dated April 21, 2017, is attached as Annexure III to this Report.

The Secretarial Auditor's report to the shareholders is unqualified.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as Annexure II to this Report.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 28, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts / arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under the third proviso thereto

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
Larsen & Toubro Limited	Ultimate Holding company	Construction Work ("EPC")	Up to Sept.16	Construction of Road	–
		Payroll & TEMS Processing , A&M Charges	One year	Processing and Supporting charges	–
L&T Infrastructure Development Projects Limited	Holding Company	Receipt of Operation and Maintenance ("O&M") services	Throughout the Project period	Providing advisory services for O&M of the Project Facilities in accordance with the O&M requirement as stipulated in the Concession agreement	–
		Business Support Services ("BSS")	One year	Operational assistance for project execution, infrastructure support services, accounting and processing of transactions, travel management, employee training and development, dispatch management etc	–
L&T Halol Shamlaji Tollway Limited	Fellow subsidiary	Sale Of assets	–	–	–
		Purchase of assets	–	–	–
L&T Transportation Infrastructure Limited	Fellow subsidiary	Sale Of assets	–	–	–
Ahmedabad - Maliya Tollway Limited	Fellow subsidiary	Sale Of assets	–	–	–
L&T Rajkot - Vadinar Tollway Limited	Fellow subsidiary	Purchase of assets	–	–	–
PNG Tollway Limited	Fellow subsidiary	Purchase of assets	–	–	–
Panipat Elevated Corridor Limited	Fellow subsidiary	Purchase of assets	–	–	–

Date(s) of approval by the Board, if any - April 28, 2017

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 28, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2010PLC074501
Registration Date	05/02/2010
Name of the Company	L&T Samakhiali Gandhidham Tollway Limited
Category / Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
Address of the Registered office and contact details	P B NO.979, Mount Poonamallee Road, Manapakkam Chennai - 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	*NSDL Database Management Limited 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	CIN: U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	80539995	5*	80540000	100%	80539995	5*	80540000	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**80539995**	**5***	**80540000**	**100%**	**80539995**	**5***	**80540000**	**100%**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**80539995**	**5***	**80540000**	**100%**	**80539995**	**5***	**80540000**	**100%**	**–**

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds									
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (B) =(B)(1)+(B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**80539995**	**5***	**80540000**	**100%**	**80539995**	**5***	**80540000**	**100%**	**–**

*Including shares held by nominees of L&T Infrastructure Development Projects Limited.

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with nominees)	80526995	99.98%	50.99%	80526995	99.98%	50.99%	–
2	Larsen & Toubro Ltd.	13000	0.02%	0.01%	13000	0.02%	0.01%	–
	Total	**80539995**	**100%**	**51.00%**	**80539995**	**100%**	**51.00%**	**–**

(iii) Change in Promoters' Shareholding:

During the year there was no change in the Promoters' shareholding.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding / accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 1, 2016			
i) Principal Amount	892,75,64,115	39,92,06,183	932,67,70,298
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	12,90,82,306	12,90,82,306
Total (i+ii+iii)	**892,75,64,115**	**52,82,88,489**	**945,58,52,604**
Changes during the financial year			
Addition	–	5,73,38,124	57,338,124
Reduction	(27,96,66,522)	–	(27,96,66,522)
Net Change	(27,96,66,522)	5,73,38,124	(22,23,28,398)
As on March 31, 2017			
i) Principal Amount	864,78,97,593	22,05,29,465	886,84,27,058
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	25,04,20,900	25,04,20,900
Total (i+ii+iii)	**864,78,97,593**	**47,09,50,365**	**911,88,47,958**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total (Amount in ₹)
		Manager: Mr. S. Elangovan	
1.	Gross salary	28,00,426	28,00,426
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
(b)	Value of perquisites u/s 17(2) Income-tax Act, 1961		
(c)	Profits in lieu of salary under section 17(3) Income Tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission as % of profit	–	–
5.	Others, please specify	–	–
	Total (A)	**28,00,426**	**28,00,426**
	Ceiling as per the Act	1,25,91,547	1,25,91,547

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount in ₹
1.	Independent Directors	**Dr. K.N. Satyanarayana**	**Mr. K.P. Raghavan**	
	Fee for attending Board / Committee Meeting	2,00,000	2,35,000	4,35,000
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,00,000**	**2,35,000**	**4,35,000**
2.	Other Non - Executive Directors 1) Mr. T.S.Venkatesan 2) Dr. Esther Malini			
	No fee for attending Board Meeting / Committee Meeting and no Commission was paid	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**2,00,000**	**2,35,000**	**4,35,000**
	Total Managerial Remuneration	NA		
	Overall Ceiling as per the Act	Sitting fees not more than ₹.1,00,000 per meeting of Board or Committee.		

(c) Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Ms. Nandhini M, CFO and Mr. Sridhar Ramakrishnan, Company Secretary are employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 28, 2017

ANNEXURE III

FORM No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED
P.O. BOX NO. 979, MOUNT POONAMALLEE ROAD
MANAPAKKAM, CHENNAI-600089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED (here-in-after called the 'Company')** for the financial ending **31st March 2017.** Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report :-

That in my opinion, the company has, during the audit period has complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year under the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made there under - **Not Applicable**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed there under - **Not Applicable**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made there under to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable**;

(v) The Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') - **Not Applicable**:-

I have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc. I have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

I/we have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. - **Applicable**

During the audit period the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc.

I further report that:-

The Board of Directors & the Committees of the Company are duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting views by any of the Board members during the year.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs.

R. THAMIZHVANAN
(COMPANYSECRETARYIN PRACTICE)
CP NO. 3721

Place: Chennai
Date: 21.04.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;
   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has not pending litigation which would impact its financial position;

ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures with respect to currency held other than SBNs are in accordance with books of account maintained by the company and as produced to us by the management.

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

MANJU AGRAWAL
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 28, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF L&T SAMAKHIALI GANDHIDHAM TOLLWAY LIMITED FOR THE YEAR ENDED AS ON 31ST MARCH 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification.

c) The title deeds of immoveable properties are held in the name of the company.

ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.

vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has not defaulted in repayment of loans or borrowing to the bank and financial institution .The Company has not taken any loans or borrowings from any Government and not issued any debentures during the year or in any previous years.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The company has not paid any managerial remuneration, hence paragraph 3(xi) of the order is not applicable to the company.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has made preferential allotment of shares during the year under review and complied with the requirement of section 42 of the Act.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

MANJU AGRAWAL
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 28, 2017

ANNEXURE-A

Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Samakhiali Gandhidham Tollway Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

MANJU AGRAWAL
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31-03-2017 ₹	As at 31-03-2016 ₹	As at 01-04-2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**10,450,758**	*4,784,537*	*5,167,083*
b) Intangible assets	2	**16,691,369,813**	*15,551,435,575*	*15,694,746,977*
c) Intangible assets under development	3	**–**	*817,507,421*	*417,801,866*
d) Investment property	4	**1,354,000**	*1,354,000*	*1,354,000*
e) Other non-current assets	5	**10,925,532**	*7,716,117*	*10,760,986*
	A	**16,714,100,103**	*16,382,797,650*	*16,129,830,912*
Current assets				
a) Financial Assets				
i) Investments	6	**–**	*–*	*17,028,863*
ii) Cash and bank balances	7	**14,519,389**	*18,165,333*	*11,689,944*
b) Current Tax Assets (net)	5	**3,367,748**	*3,367,748*	*–*
c) Other current assets	5	**40,547,210**	*13,530,258*	*13,724,683*
	B	**58,434,347**	*35,063,339*	*42,443,490*
TOTAL	A+B	**16,772,534,450**	*16,417,860,989*	*16,172,274,402*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	8	**805,400,000**	*805,400,000*	*805,400,000*
b) Other Equity	9	**(756,028,544)**	*(365,382,053)*	*192,344,842*
	C	**49,371,456**	*440,017,947*	*997,744,842*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	**8,366,097,593**	*9,044,970,294*	*8,548,008,765*
ii) Other financial liabilities	11	**7,213,674,364**	*6,378,504,654*	*5,292,312,874*
b) Provisions	12	**195,304,964**	*96,841,613*	*1,483,049*
c) Other non-current liabilities	13	**–**	*–*	*–*
	D	**15,775,076,921**	*15,520,316,561*	*13,841,804,688*
Current liabilities				
a) Financial liabilities				
i) Borrowings	10	**502,329,465**	*281,800,004*	*688,812,441*
ii) Trade payables	14	**17,186,269**	*5,781,252*	*3,396,191*
iii) Other financial liabilities	11	**–**	*15,889,301*	*–*
b) Other current liabilities	13	**427,756,544**	*153,792,658*	*640,472,934*
c) Provisions	12	**813,795**	*263,266*	*43,306*
	E	**948,086,073**	*457,526,481*	*1,332,724,872*
Total Equity and Liabilities	C+D+E	**16,772,534,450**	*16,417,860,989*	*16,172,274,402*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm's Regn. No. 004661N

MANJU AGRAWAL
Partner
Membership No. 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

SRIDHAR RAMAKRISHNAN	**NANDHINI M.**	**T.S.VENKATESAN**	**ESTHER MALINI**
Company Secretary	*Chief Financial Officer*	*Director*	*Director*
M. No. A8840		*DIN: 01443165*	*DIN: 07124748*

Place: Chennai
Date: April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	15		1,102,341,300		1,106,791,075
Construction contract revenue			480,191,826		399,705,555
Other income	16		17,822,618		4,273,429
Total Revenue			1,600,355,744		1,510,770,059
EXPENSES					
Construction contract expenses			480,191,826		399,705,555
Operating expenses	17		193,225,636		172,019,909
Employee benefit expenses	18		12,038,537		8,936,607
Finance costs	19		1,786,060,977		1,776,185,380
Depreciation and amortisation	1-3		161,597,525		145,304,042
Administration and other expenses	20		37,735,402		21,081,297
Total Expenses			2,670,849,903		2,523,232,790
Profit/(loss) before tax			(1,070,494,159)		(1,012,462,731)
Tax Expense:					
Current tax			–		–
Deferred tax			–		–
Profit/(loss) after tax for the year			(1,070,494,159)		(1,012,462,731)
Profit for the year			(1,070,494,159)		(1,012,462,731)
Other Comprehensive Income					
Nature					
Income-tax effect					
i) Reclassifiable to profit or loss in subsequent periods					
ii) Not reclassifiable to profit or loss in subsequent periods			89,868		(164,164)
Total Comprehensive Income for the year			(1,070,404,291)		(1,012,626,895)
Earnings per equity share (Basic and Diluted)	24		(13.29)		(12.57)
Face value per equity share			10.00		10.00

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm's Regn. No. 004661N

MANJU AGRAWAL
Partner
Membership No. 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

SRIDHAR RAMAKRISHNAN
Company Secretary
M. No. A8840

NANDHINI M.
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 25, 2017

CASH FLOW STATEMENT AS ON MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(1,070,404,291)**	*(1,012,626,895)*
	Adjustment for		
	Depreciation and amortisation expense	**161,597,525**	*145,304,042*
	Interest expense	**1,786,060,977**	*1,776,185,380*
	Interest income	**(8,083,694)**	*(142,800)*
	(Profit)/loss on sale of current investments(net)	**(2,478,220)**	*(3,381,669)*
	(Profit)/loss on sale of fixed assets	**(7,074)**	*13,820*
	Operating profit before working capital changes	**866,685,223**	*905,351,878*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**98,463,351**	*95,358,564*
	Increase / (Decrease) in trade payables	**11,405,017**	*2,385,061*
	Increase / (Decrease) in other current liabilitites	**273,963,886**	*(486,680,276)*
	Increase / (Decrease) in other non-current financial liabilities	**–**	*51,192,810*
	Increase / (Decrease) in short term provisions		*219,960*
	(Increase) / Decrease in loan term loans and advances	**(2,178,128)**	*3,500*
	(Increase) / Decrease in other current assets	**(27,016,952)**	*194,425*
	Net cash generated from/(used in) operating activities	**1,221,322,397**	*568,025,922*
	Direct taxes paid (net of refunds)	**(1,031,287)**	*(326,379)*
	Net Cash(used in)/generated from Operating Activities	**1,220,291,110**	*567,699,543*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(489,690,611)**	*(401,315,654)*
	Sale of fixed assets	**561,771**	*(13,820)*
	(Purchase)/Sale of current investments	**2,478,219**	*20,410,533*
	Interest received	**83,766**	*142,800*
	Net cash (used in)/generated from investing activities	**(486,566,855)**	*(380,776,141)*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**679,757,800**	*454,900,000*
	Proceeds from long term borrowings	**(186,500,000)**	*764,900,008*
	Repayment of long term borrowings	**(281,800,000)**	*(281,800,000)*
	Interest paid	**(948,827,999)**	*(1,118,448,021)*
	Net cash (used in)/generated from financing activities	**(737,370,199)**	*(180,448,013)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(3,645,944)**	*6,475,389*
	Cash and cash equivalents as at the beginning of the year	**18,165,333**	*11,689,944*
	Cash and cash equivalents as at the end of the year	**14,519,389**	*18,165,333*

NOTES

1. Cash flow statement has been prepared under the ‘Indirect Method’ as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm’s Regn. No. 004661N

MANJU AGRAWAL
Partner
Membership No. 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

SRIDHAR RAMAKRISHNAN
Company Secretary
M. No. A8840

NANDHINI M.
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 25, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ **in lakhs**)

NOTE 9 : OTHER EQUITY AS ON 31.03.2017

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus						Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	Retained earnings	
Balance at the beginning of the reporting period	–	726,867,352	–	–	–	–	–	(1,092,249,405)	(365,382,053)
Changes in accounting policy									–
Restated balance as at the beginning of the reporting period									–
Transfer to retained earnings		–							–
Profit for the year								(1,070,494,159)	(1,070,494,159)
Other comprehensive income								89,868	89,868
Issue of share capital		679,757,800		–					679,757,800
Transfer from / (to) debenture redemption reserve							–	–	–
Balance at the end of the reporting period	–	1,406,625,152	–	–	–	–	–	(2,162,653,696)	(756,028,544)

OTHER EQUITY AS ON 31.03.2016

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus						Total
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	Retained earnings	
Balance at the beginning of the reporting period	–	271,967,352	–	–	–		–	(79,622,510)	192,344,842
Changes in accounting policy									–
Restated balance as at the beginning of the reporting period									–
Transfer to retained earnings		454,900,000						–	454,900,000
Profit for the year		–						(1,012,462,731)	(1,012,462,731)
Other comprehensive income		–						(164,164)	(164,164)
Transfer from / (to) debenture redemption reserve							–	–	–
Balance at the end of the reporting period	–	726,867,352	–	–	–	–	–	(1,092,249,405)	(365,382,053)

NOTES FORMING PART OF ACCOUNTS

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Plant and Equipment	749,267	830,070	–	1,579,337	54,736	227,270	–	282,006	1,297,331	694,531
Furniture and fixtures	108,112	1,460,250	–	1,568,362	14,319	143,644	–	157,963	1,410,399	93,793
Vehicles	4,515,609	4,141,053	483,673	8,172,989	1,242,064	2,249,953	–	3,492,017	4,680,972	3,273,545
Office equipment	843,165	59,280	–	902,445	468,704	179,079	–	647,783	254,662	374,461
Air conditioning and Refrigeration	–	3,180,754	–	3,180,754	–	795,189	–	795,189	2,385,565	–
Computers, laptops and printers	468,589	382,075	71,024	779,640	120,382	237,429	–	357,811	421,829	348,207
Total	**6,684,742**	**10,053,482**	**554,697**	**16,183,527**	**1,900,205**	**3,832,564**	**–**	**5,732,769**	**10,450,758**	**4,784,537**
Previous year	*5,167,083*	*1,833,194*	*223,100*	*6,777,177*	*–*	*1,992,640*	*–*	*1,992,640*	*4,784,537*	*5,167,083*

Refer Note H(19) for information on property, plant and equipments pledged as security.

There is no restriction on title of property, plant and equipments.

There is no contractual commitment on acquition of property, plant and equipments.

NOTE 2 : INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Toll Equipments	–	115,236,967	–	115,236,967	–	16,462,470	–	16,462,470	98,774,497	–
Toll collection rights	15,706,167,137	1,182,462,282	–	16,888,629,419	154,731,562	141,302,541	–	296,034,103	16,592,595,316	15,551,435,575
Total	**15,706,167,137**	**1,297,699,249**	**–**	**17,003,866,386**	**154,731,562**	**157,765,011**	**–**	**312,496,573**	**16,691,369,813**	**15,551,435,575**
Previous year	*15,706,167,137*	*–*	*–*	*15,706,167,137*	*11,420,160*	*143,311,402*	*–*	*154,731,562*	*15,551,435,575*	*15,694,746,977*

In amortisation working for the toll collection rights, it is assumed that collection rights will be extended for the 23.263 days against demonetisation period.

Disclosure of Material Intangible Asset

Toll collection rights of widening of existing two-lane of 56 kilometers Road stretch covering Samakhiali to Gandhidham to make it four lane.

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	17.45
As at March 31, 2016	18.45
As at April 01, 2015	19.45

There is no restriction on title of Tolling rights.

There is no contractual commitment on acquition of Tolling rights.

Refer Note H(19) for information on Intangible asset pledged as security.

NOTE 3 : INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Construction cost	730,134,840	440,381,213	1,170,516,053	–				–	–	730,134,840
Pre-operative expenses pending allocation	5,750,872	6,195,357	11,946,229	–				–	–	5,750,872
Capital work-in-progress (Plant & Equipment)	81,621,711	33,615,256	115,236,967							81,621,711
Total	**817,507,423**	**480,191,826**	**1,297,699,249**	**–**	**–**	**–**	**–**	**–**	**–**	**817,507,423**
Previous year	*417,801,866*	*399,705,555*	*–*	*817,507,421*					*817,507,421*	*417,801,866*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Plant and Equipment	139,700	609,567	–	749,267	–	54,736	–	54,736	694,531	139,700
Furniture and fixtures	108,112	–	–	108,112	–	14,319	–	14,319	93,793	108,112
Vehicles	3,890,102	625,507	–	4,515,609	–	1,242,064	–	1,242,064	3,273,545	3,890,102
Office equipment	786,129	57,036	–	843,165	–	468,704	–	468,704	374,461	786,129
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	–	–	–	–	–	–	–	–	–	–
Computers, laptops and printers	243,040	541,084	223,100	561,024	–	212,817	–	212,817	348,207	243,040
Total	**5,167,083**	**1,833,194**	**223,100**	**6,777,177**	**–**	**1,992,640**	**–**	**1,992,640**	**4,784,537**	**5,167,083**
Previous year				*5,167,083*				–	–	–

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	15,706,167,137	–		15,706,167,137	11,420,160	143,311,402	–	154,731,562	15,551,435,575	15,694,746,977
Total	**15,706,167,137**	**–**	**–**	**15,706,167,137**	**11,420,160**	**143,311,402**	**–**	**154,731,562**	**15,551,435,575**	**15,694,746,977**
Previous year	*15,706,167,137*			*15,706,167,137*				*11,420,160*		

NOTE 3 : INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Construction cost	353,174,154	382,711,556		735,885,710				–	735,885,710	353,174,154
Pre-operative expenses pending allocation	–	–		–				–	–	–
Capital work-in-progress (Plant & Equipment)	64,627,712	16,993,999		81,621,711					81,621,711	64,627,712
Total	**417,801,866**	**399,705,555**	**–**	**817,507,421**	**–**	**–**	**–**	**–**	**817,507,421**	**417,801,866**
Previous year										

NOTE 4 : NON-CURRENT INVESTMENT

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Land		**1,354,000**	**1,354,000**		*1,354,000*	*1,354,000*		*1,354,000*	*1,354,000*
	–	**1,354,000**	**1,354,000**	*–*	*1,354,000*	*1,354,000*	*–*	*1,354,000*	*1,354,000*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 5 : OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Advances to related parties	–	1,746,919	1,746,919	–	–	–	–	–	–
Security deposit		1,617,029	1,617,029		1,185,820	1,185,820		1,189,320	1,189,320
Other advances	28,953,995	–	28,953,995	4,001,486	–	4,001,486	9,900,965	–	9,900,965
Advance recoverable other than in cash									
Prepaid Insurance	9,921,565	–	9,921,565	8,245,862	–	8,245,862	2,620,220	–	2,620,220
Prepaid expenses	–	–	–	–	–	–	7,510	–	7,510
Other									
VAT recoverable	1,671,650	–	1,671,650	1,282,910	–	1,282,910	1,195,988	–	1,195,988
	40,547,210	3,363,948	43,911,158	13,530,258	1,185,820	14,716,078	13,724,683	1,189,320	14,914,003
Income tax									
Income tax net of provisions	3,367,748	7,561,584	10,929,332	3,367,748	6,530,297	9,898,045	–	9,571,666	9,571,666
	3,367,748	7,561,584	10,929,332	3,367,748	6,530,297	9,898,045	–	9,571,666	9,571,666

NOTE 6 : INVESTMENTS

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Quantity Units	Current ₹	Quantity Units	Current ₹	Quantity Units	Current ₹
Investments at fair value through Profit and loss						
Investments in mutual funds		–		–		17,028,863
Investment in Commercial paper		–		–		–
Other investments						
		–		–		17,028,863
Aggregate amount of quoted investments						17,000,000
Aggregate amount of market value of above						17,028,863

NOTE 7 : CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
a) Balances with banks	4,680,364	8,289,507	3,791,517
b) Cash on hand	9,839,025	9,875,826	5,674,819
c) Fixed deposits with banks including interest accrued thereon	–	–	2,223,608
	14,519,389	18,165,333	11,689,944

Details of Specified Bank Notes and other denomination notes held and transacted during the period from November 8, 2016 to December 30, 2016:

	SBNs	Other	Total
Closing cash in hand as on 08.11.2016	2,621,500	1,533,000	4,154,500
(+) Permitted receipts	41,833,500	43,109,091	84,942,591
(-) Permitted payments			
(-) Amount deposited in Banks	(44,455,000)	(35,176,616)	(79,631,616)
Closing cash in hand as on 30.12.2016	–	9,465,475	9,465,475

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 8 : SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
Authorised:						
Equity shares of ₹ 10 each	**211,030,000**	**2,110,300,000**	*126,030,000*	*1,260,300,000*	*120,000,000*	*1,200,000,000*
Issued, subscribed and fully paid up	**80,540,000**	**805,400,000**	*80,540,000*	*805,400,000*	*80,540,000*	*805,400,000*
Equity shares of ₹ 10 each	**80,540,000**	**805,400,000**	*80,540,000*	*805,400,000*	*80,540,000*	*805,400,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
At the beginning of the year	**80,540,000**	**805,400,000**	*80,540,000*	*805,400,000*	*80,540,000*	*805,400,000*
Issued during the year as fully paid		**–**		–		–
Others	**–**	**–**		–		–
At the end of the year	**80,540,000**	**805,400,000**	*80,540,000*	*805,400,000*	*80,540,000*	*805,400,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per shares. Each holder of equity shares is entitled to one vote per shares.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any class of shareholder.

No dividend has been declared by Board of Directors during the year ended on 31st March, 2016 (Previous Year - ₹ Nil)

In the event of liquidation of the Company, the holders of equity shares shall be entitiled to receive the residual assets of the Company, after distribution of all preferential amount.

Optionally convertible cumulative Preference shares

The preference shares carry a preferential right vis-a-vis Equity shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carries Non-participating rights in the surplus funds.

Preference share holders would be Paid dividend on a cumulative basis.

Preference share holders carry voting rights.

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par. During the year, the terms of preference shares have been changed by transferring them as Compulsory Convertible Preference Shares, the terms of which are as under.

Compulsory convertible Preference shares

The preference shares carry a preferential right vis-a-vis Equity shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders shall be Non-participating rights in the surplus funds.

Preference share holders shall be Non-participating rights in the surplus assets and profit on winding up which may remain after the entire capital has been repaid

Preference share holders would be Paid dividend on non cumulative basis.

Preference share holder carry voting rights as per provisions of Section 47 (2) of the Act

Since the Company does not have profits, no dividend is accrued or payable.

Preference share will be converted into equity share at the option of the company or at the completion of 10th year from the date of allotment.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	80,527,000	805,270,000	80,527,000	805,270,000	80,527,000	805,270,000
Larsen and Toubro Limited (ultimate holding company)	13,000	130,000	13,000	130,000	13,000	130,000
	80,540,000	805,400,000	80,540,000	805,400,000	80,540,000	805,400,000

(v) Details of Shareholders holding more than 5% shares in the company:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	%	No. of shares	%	No. of shares	%
L&T Infrastructure Development Projects Limited (including nominee holding)	80,527,000	99.98%	80,527,000	99.98%	80,527,000	99.98%

(vi) Shares reserved for issue under options: NIL

(vii) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

NOTE 10 : BORROWINGS

	March 31, 2017			March 31, 2016			April 01, 2015		
Particulars	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Secured borrowings									
a) Term loans									
i) From banks	281,800,000	8,366,097,593	8,647,897,593	281,800,004	8,645,764,111	8,927,564,115	281,800,004	8,210,652,962	8,492,452,966
Unsecured borrowings									
a) Deferred payment liabilities	–		–	–		–	407,012,437		407,012,437
c) Loans from related parties	220,529,465	–	220,529,465	–	399,206,183	399,206,183	–	337,355,803	337,355,803
d) Commercial papers	–	–	–	–	–	–	–	–	–
	502,329,465	8,366,097,593	8,868,427,058	281,800,004	9,044,970,294	9,326,770,298	688,812,441	8,548,008,765	9,236,821,206

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	11.05%	8,647,897,593
Term loans from others		
Loans from related parties	Interest Free	220,529,465

Nature of security for term loans

Secured Indian rupee term loans from banks are secured by a first mortgage and charge on all immovable properties except project assets more particularly the freehold non-agricultural land of Mouje Zaap of Sudhagad Taluka District Raigad, b) a first charge on tangible moveable assets except project assets, c) a charge on the accounts, d) a charge on all intangibles, e)charge on uncalled capital, f) in case of substitution under the Substitution agreement, assignment by way of security of the rights, title and interest , to, under the Project Documents, Government approvals and insurance contracts g)rights, title, interest, benefits, claims and demands in, to, under or in respect of all receivables . The loans are further secured by a pledge of 51% of equity shares upto 2 years from Commercial Operations Date.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	2016-2017	2015-2016	2014-2015
Long term borrowings	8,366,097,593	8,645,764,111	8,210,652,962
Current maturities of long term borrowings	281,800,000	281,800,004	281,800,004

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 11 : OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	*March 31, 2016 Current*	*March 31, 2016 Non-current*	*March 31, 2016 Total*	*April 01, 2015 Current*	*April 01, 2015 Non-current*	*April 01, 2015 Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Interest accrued	**–**	**250,420,900**	**250,420,900**	*15,889,301*	*113,193,005*	*129,082,306*	*–*	*62,000,195*	*62,000,195*
b) Other liabilities									
i) Deffered payment liability		**6,963,253,464**	**6,963,253,464**		*6,265,311,649*	*6,265,311,649*		*5,230,312,679*	*5,230,312,679*
	–	**7,213,674,364**	**7,213,674,364**	*15,889,301*	*6,378,504,654*	*6,394,393,955*	*–*	*5,292,312,874*	*5,292,312,874*

Deferred Payment liability represents total concession fees of ₹ 24,20,18,17,478/- payable to NHAI as per clause 26.2 of the concession agreement, The Present value of differred payment liability is ₹ 696,32,54,974/-

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	*March 31, 2016 Current*	*March 31, 2016 Non-current*	*March 31, 2016 Total*	*April 01, 2015 Current*	*April 01, 2015 Non-current*	*April 01, 2015 Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
NOTE 12 : PROVISIONS									
Provision for employee benefits	**813,795**	**1,673,486**	**2,487,281**	*263,266*	*2,541,613*	*2,804,879*	*43,306*	*1,483,049*	*1,526,355*
Provisions for major maintenance reserve	**–**	**193,631,478**	**193,631,478**	*–*	*94,300,000*	*94,300,000*	*–*	*–*	*–*
	813,795	**195,304,964**	**196,118,759**	*263,266*	*96,841,613*	*97,104,879*	*43,306*	*1,483,049*	*1,526,355*

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	*March 31, 2016 Current*	*March 31, 2016 Non-current*	*March 31, 2016 Total*	*April 01, 2015 Current*	*April 01, 2015 Non-current*	*April 01, 2015 Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
NOTE 13 : OTHER LIABILITIES									
i) Due to related parties :									
(a) Larsen & Toubro Limited	**105,205,526**		**105,205,526**	*107,671,244*		*107,671,244*	*206,896,703*		
ii) Other liabilities	**319,639,629**	**–**	**319,639,629**	*43,204,582*	*–*	*43,204,582*	*416,290,009*	*–*	*416,290,009*
iii) Statutory payables	**2,911,389**	**–**	**2,911,389**	*2,916,832*	*–*	*2,916,832*	*17,286,222*	*–*	*17,286,222*
	427,756,544	**–**	**427,756,544**	*153,792,658*	*–*	*153,792,658*	*640,472,934*	*–*	*433,576,231*

NOTE 14 : TRADE PAYABLES

	March 31, 2017		*March 31, 2016*		*April 01, 2015*	
	₹	₹	₹	₹	₹	₹
Acceptances						
Due to related parties						
Ultimate Holding company		**2,658,903**		*1,316,614*		*148,784*
Holding company		**2,299,793**		*509,594*		*220,660*
Due to others		**12,227,573**		*3,955,044*		*3,026,747*
		17,186,269		*5,781,252*		*3,396,191*

NOTE F : CONTINGENT LIABILITIES

Contingent liabilities as at March. 31, 2017 ₹ Nil (previous year: ₹ Nil)

NOTE G : COMMITMENT

The Company has an estimated amount of ₹ Nil/- (Previous year: ₹ 41,72,58,151/-) contracts remaining to be executed on capital account as at March 31, 2017.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 15 : REVENUE FROM OPERATIONS

	2016-17		2015-16	
	₹	₹	₹	₹
Operating revenue:				
Toll Collections	1,102,341,300		1,106,791,075	
		1,102,341,300		1,106,791,075
		1,102,341,300		1,106,791,075

NOTE 16 : OTHER INCOME

Interest income from:				
Bank deposits	–		142,800	
Inter-corporate deposits	7,999,928		–	
Others	83,766		–	
		8,083,694		142,800
Fair value through profit or loss		2,478,220		3,381,669
Profit/(loss) on disposal of fixed assets		7,074		(13,820)
Insurance receipt		6,734,801		
Other income		518,829		762,780
		17,822,618		4,273,429

NOTE 17 : OPERATING EXPENSES

Toll Management fees		22,556,585		16,030,958
Security services		14,312,179		11,656,653
Insurance		15,213,043		11,540,621
Concession fee		1		1
Repairs and maintenance				
Toll road & bridge	17,837,969		12,599,563	
Plant and machinery	5,385,896		2,940,314	
Periodic major maintenance	89,200,000		94,300,000	
Others	6,761,659		4,615,549	
		119,185,524		114,455,426
Professional fees		6,304,581		8,431,558
Power and fuel		15,653,723		9,904,692
		193,225,636		172,019,909

NOTE 18 : EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus		8,835,021		6,234,953
Contributions to and provisions for:				
Provident fund	519,957		341,479	
Gratuity	444,038		5,161	
Compensated absences	713,447		203,433	
Retention pay	–		976,070	
Others				
		1,677,442		1,526,143
Staff welfare expenses		1,526,074		1,175,511
		12,038,537		8,936,607

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

NOTE 19 : FINANCE COSTS

	2016-17		*2015-16*	
	₹	₹	₹	₹
Interest on borrowings		**893,030,393**		*1,005,078,688*
Interest on holding company		**11,449,116**		
Other borrowing cost (specify nature)		**155,551,491**		*129,258,634*
Unwinding of discount and implicit interest expense on fair value		**726,029,977**		*641,848,058*
		1,786,060,977		*1,776,185,380*

NOTE 21 : ADMINISTRATION AND OTHER EXPENSES

Rent, Rates and taxes	**7,222,614**	*363,898*
Professional fees	**27,342,477**	*17,482,453*
Postage and communication	**194,628**	*221,230*
Printing and stationery	**416,643**	*456,887*
Travelling and conveyance	**1,567,535**	*651,002*
Repairs and Maintenance - Others	**912,565**	*1,009,465*
Miscellaneous expenses	**78,940**	*896,362*
	37,735,402	*21,081,297*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**298,080**	*296,784*
b) For taxation matters	**111,780**	*111,294*
c) For other services	**488,599**	*282,661*
Total	**898,459**	*690,739*

NOTE H : NOTES FORMING PART OF ACCOUNTS

1) **Corporate Information**

L & T Samakhiali Gandhidham Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 15-02-2010 for the purpose of strengthening and widening thereof to six lanes of existing 4-lane of 56.16 kilometers. Road stretch from KM 306 to KM 362.16 on Samakhiali to Gandhidham section on National Highway No. 8A in the state of Gujarat and operation and maintenance thereof under Concession Agreement dated 17th March, 2010 with the National Highways Authority of India (NHAI). The Concession is for a period of 24 years including the construction period. At the end of the 24 years the entire facility will be transferred to National Highways Authority of India (NHAI). Independent Engineer and Project Director of National Highway Authority of India have recommended for issuance of provisional completion certificate on 28th February 2015 to NHAI head quarters.

2) **The Company has taken annual maintanance services for Toll Equipments in foreign currency during the year for ₹ 10,42,140/-** *(previous year ₹ Nil).*

During the year and previous year the Company does not have any earning in foreign currency.

3) **Disclosure pursuant to Ind AS 19 "Employee benefits":**

(i) **Defined contribution plan:**

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 519,957/- (previous year: ₹ 341,479/-) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 18) in the Statement of Profit and loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(ii) Defined benefit plans:

a) Features of its defined benefit plans:

Gratuity:

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

b) The amounts recognised in Balance Sheet are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
		₹	₹	₹	₹
A)	Present value of defined benefit obligation				
	– Wholly funded	**1,142,601**	–	**–**	–
	– Wholly unfunded	**–**	781,412	**908,869**	945,976
		1,142,601	781,412	**908,869**	945,976
	Less : Fair value of plan assets	**797,802**	–	**–**	–
	Net Liability / (asset)	**344,799**	781,412	**908,869**	945,976

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars		Gratuity plan		Compensated absences	
		As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
		₹	₹	₹	₹
1	Current service cost	**234,193**	*221,767*	**188,797**	*152,961*
2	Past service cost and loss/(gain) on curtailments and settlement		*60,763*	**(104,609)**	*56,581*
3	Net Interest Cost	**30,109**	*50,969*	**69,544**	*64,398*
4	Net value of remeasurements on the obligation and plan assets			**(86,167)**	*(70,507)*
5	Adjustment for earlier years				
	Total Charge to Statement of Profit and Loss	**264,302**	*333,499*	**67,565**	*203,433*

d) Other Comprehensive Income for the period

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:				
Due to changes in demographic assumptions	**–**	*25,595*	**–**	*80,086*
Due to changes in financial assumptions	**42,876**	–	**40,515**	
Due to experience adjustments	**25,240**	*(189,759)*	**(126,682)**	*(150,593)*
Return on plan assets excluding amounts included in interest income	**21,752**	–	**–**	–
Amounts recognized in Other Comprehensive Income	**89,868**	*(164,164)*	**(86,167)**	*(70,507)*

e) Reconciliation of Defined Benefit Obligation:

Particulars	Gratuity plan		Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**781,412**	*657,390*	**945,976**	*843,201*
Add: Current service cost	**234,193**	*221,767*	**188,797**	*152,961*
Add: Interest cost	**58,880**	*50,959*	**69,544**	*64,398*
Add: Contribution by plan participants				
i) Employer	**–**	–	**–**	–
ii) Employee	**–**	–	**–**	–
Add/(less): Actuarial losses/(gains)	**68,116**	*(164,164)*	**(86,167)**	*(70,507)*
Less: Benefits paid		*(45,303)*	**(104,672)**	*(100,658)*
Add: Past service cost		*60,763*	**(104,609)**	*56,581*
Closing balance of the present value of defined benefit obligation	**1,142,601**	*781,412*	**908,869**	*945,976*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

f) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	**28,771**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**(21,752)**	–	**–**	–
Contributions by employer	**790,783**	–	**–**	–
Closing value of plan assets	**797,802**	–	**–**	–

g) Reconciliation of Net Defined Benefit Liability:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**781,412**	657,390	**945,976**	843,201
Employee Benefit Expense	**264,302**	333,489	**67,565**	203,433
Amounts recognized in Other Comprehensive Income	**89,868**	(164,164)	**–**	
	1,135,582	826,715	**1,013,541**	1,046,634
Benefits paid by the Company		(45,303)	**(104,672)**	(100,658)
Contributions to plan assets	**(790,783)**	–		
Closing provision in books of accounts	**344,799**	781,412	**908,869**	945,976

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	**6.95%**	*7.80%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Withdrawal rate	**15% at younger ages reducing to 3% at older age**	*15% at younger ages reducing to 3% at older age*

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Change in Assumptions	Impact on Defined Benefit Obligation	
	Increase/(Decrease)	Increase/(Decrease) in Assumptions	
	%	₹	%
Discount Rate	0.50%	1,116,821	–2.30%
	-0.50%	1,170,116	2.40%
Salary Growth Rate	0.50%	1,170,239	2.40%
	-0.50%	1,116,478	–2.30%

j) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹.70,603/-

k) The major categories of plan assets plan assets are as follows :

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	*0%*	*0%*

l) Details of Asset-Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

4) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	Ahmedabad - Maliya Tollway Limited
		L&T Rajkot – Vadinar Tollway Limited
		L&T Halol Shamlaji Tollway Limited
		PNG Tollway Limited
		Panipat Elevated Corridor Limited
		Krishnagiri Thopur Toll Road Limited
		L&T Transportation Infrastructure Limited
Key Managerial Personnel	:	Manager - Mr. Chandrashekhar N Dolpide (Till 02nd Feb 2017)
		CFO- Nandhini M
Key Managerial Personnel of Holding Company	:	Manager - Mr. K.Venkatesh
		CFO- Karthikeyan T.V

b) Disclosure of related party transactions:

Nature of transaction/relationship	**2016 – 17**	*2015 – 16*
	₹	₹
1. Purchase of goods and services incl. taxes		
Holding company, L&T Infrastructure Development Projects Ltd.	21,431,168	17,615,867
Ultimate Holding company, Larsen & Toubro Limited	273,378,637	736,575,850
Fellow subsidiary:		
L&T General Insurance Company Limited		*13,948,646*
2. Fellow subsidiaries, including:		
Ahmedabad - Maliya Tollway Limited		35,831
L&T Rajkot – Vadinar Tollway Limited	390,268	–
L&T Halol Shamlaji Tollway Limited	**1**	*199,393*
PNG Tollway Limited	2,908,132	38,535
Panipat Elevated Corridor Limited	19,879	–
3. Sale of Property Plant & Equipments		
Holding company, L&T Infrastructure Development Projects Ltd.	21,706	–
Fellow subsidiaries:		
Ahmedabad - Maliya Tollway Limited	485,669	66,119
L&T Halol Shamlaji Tollway Limited	30,955	–
Krishnagiri Thopur Toll Road Limited	–	1
L&T Transportation Infrastructure Limited	1	–
4. Interest accrued on Unsecured Loan		
Holding company, L&T Infrastructure Development Projects Ltd.	11,449,116	29,580,435

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Nature of transaction/relationship	2016 – 17	2015 – 16
	₹	₹
5. Reimbursement of expenses charged from		
Holding company, L&T Infrastructure Development Projects Ltd.		147,590
Fellow subsidiaries		
Ahmedabad - Maliya Tollway Limited	21,707	31,433
L&T Halol Shamlaji Tollway Limited	74,805	21,588
Krishnagiri Thopur Toll Road Limited	–	63,000
L&T BPP Tollway Limited	452,223	–
6. Reimbursement of expenses charged to		
Subsidiaries & fellow subsidiaries, including		
Ahmedabad - Maliya Tollway Limited	–	84,731
L&T Rajkot – Vadinar Tollway Limited	381,226	–
L&T Halol Shamlaji Tollway Limited	1,059,335	–
7. Unsecured loans received		
L&T Infrastructure Development Projects Limited	–	680,300,000
Vadodara Bharuch Tollway Limited	88,500,000	–
8. Refundable deposit received for Director's Nomination		
Holding company, L&T Infrastructure Development Projects Ltd.	200,000	100,000
9. Conversion of Unsecured Loan in to Preference Shares		
L&T Infrastructure Development Projects Limited		
0.01% Optionally Convertible Cumulative Preference Shares	485,257,800	454,900,000
Conversion of 0.01% Optionally Convertible Cumulative Preference Shares to 0.01% Compulsory Convertible Preference Shares	940,157,800	–

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	Amounts due (to) / from	Amounts due (to) / from
	As at March 31, 2017	As at March 31, 2016
Ultimate Holding Company		
Larsen & Toubro Limited	**(107,864,429)**	*(108,987,858)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(2,299,793)**	*(291,398,895)*
Fellow Subsidiaries		
PNG Tollway Limited	**1,746,919**	–

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. Here have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) Compensation of Key Management personnel of the group (Amount in ₹)

(Amount in ₹)

Particulars	As at March 31, 2017	As at March 31, 2016
Short term employee benefits	**3,168,652**	*3,046,777*
Post employment gratuity and medical benefits		
Other long term benefits		
Termination benefits		
Share based payment transactions		

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

8) Disclosure pursuant to Ind AS 12 - "Income taxes"

The Company has not recognised any deferred tax liability in the books of accounts as the timing difference arising on account of differences in tax liability as per Income tax act,1961 and books of accounts falls within the tax holiday period under Section 80 IA of the Income Tax, 1961.

9) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(1,070,494,159)	(1,012,462,731)
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	80,540,000	80,540,000
Basic earnings per equity share (₹)	A / B	(13.29)	(12.57)

Potential equity shares that will arise on conversion of Compulsary Convertible Cumulative Preference Shares are resulting into anti dilution of EPS in the current year. Hence they have not been considered in the computation of diluted EPS in accordance with Ind AS 33 "Earnings Per Share."

10) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

11) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

b) Movement in provisions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 01 April 2015
Opening balance	**94,300,000**		
Additional provision	**89,200,000**	94,300,000	–
Utilised			
Unused amounts reversed			
Unwinding of discount and changes in discount rate	**10,131,478**	–	
Closing balance	**193,631,478**	94,300,000	–

c) Contingent liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. (q) to the Balance Sheet.

12) Disclosure pursuant to Ind AS 11 - "Construction Contracts"

Amount of contract revenue recognised in the year : ₹ 48,01,91,826/-

Method used to recognise the constructions revenue - Work excuted during the year and remaining to be excuted

13) Disclosure pursuant to Ind AS 38 - " Intangible Assets"

Intangible asset	Useful Life	Amortisation method used	Internally generated or Acquired
Toll Equipments	07 Years	Straight Line Method	
Toll collection rights	20 Years	Revenue Based	

14) Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

15) First time adoption of Ind AS

First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

The financial statements were approved for issue by the board of directors on 28th April, 2017

Transitional Details

(i) Borrowings

Under previous Indian GAAP, transaction costs incurred in connection with borrowings are capitalise and amortised accordingly. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹. 1,83,47,038/- Consequently an amount of ₹. 1,85,03,778/- has been derecognised from toll collection rights with an effect of ₹. 1,56,740/- to retained earnings.

(ii) Provisions

Under previous Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹. Nil Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹. Nil

(iii) Negative Grant/Additional Concession fee payable

Under Indian GAAP, the amount of Negative Grant / Additional Concession fee payable over the concession period is capitalized as part of Toll Collection Rights on the "Commercial Operations Date", on an undiscounted basis by recognising a Deferred payment liability to the extent of the amount of Negative Grant/Additional Concession fee payable. For transition to IndAS, the Deferred payment liability is restated to its present value by using a discount rate that matches with the tenor of the liability and that reflects market assessments of the interest payable on such liabilities. Consequently, the toll collection rights is reduced by ₹.18,61,48,30,895/-

(iv) Interest free Mezzanine Debt from the Holding Company

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full hence were classifed as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to not deliver cash or other financial asset to settled the obligation, the interest-free Mezzanine debt is fair valued on initial recogntion. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹. 27,19,67,352/- by a corresponding adjustment to "Equity Component of Other Financial Instruments".

(v) Current investments

Under previous Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹.14,28,863/- with a corresponding increase in the reserves.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

16) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			*31.03.2016*			*01.04.2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	5	–	–	1,617,029	–	–	1,185,820	–	–	1,189,320
Advance to Related Parties	5			1,746,919						
Investments	6	–	–	–	–	–	–	17,028,863	–	
Cash and cash equivalents	7	–	–	14,519,389	–	–	18,165,333	–	–	11,689,944
Other Current Financial Asset		–	–	–	–	–	–	–	–	–
Total Financial Asset		–	–	17,883,337	–	–	19,351,153	17,028,863	–	12,879,264
Financial liability										
Term Loan from Banks	10	–	–	8,647,897,593	–	–	8,927,564,115	–	–	8,210,652,962
Loans from related parties	10	–	–	220,529,465	–	–	399,206,183	–	–	337,355,803
Revenue Share Payable to NHAI (Including Interest)	11	–	–	7,213,674,364	–	–	6,394,393,955	–	–	5,292,312,874
Other Current Financial Liabilities	11		–				15,889,301			
Trade Payables	14	–	–	17,186,269		–	5,781,252		–	3,396,191
Total Financial Liabilities		–	–	16,099,287,691	–	–	15,742,834,806	–	–	13,843,717,830

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

17) Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	5	1,617,029	1,617,029	1,185,820	1,185,820	1,189,320	1,189,320
Cash and cash equivalents	7	14,519,389	14,519,389	18,165,333	18,165,333	11,689,944	11,689,944
Advance to Related Parties	5	1,746,919	1,746,919				
Total Financial Assets		17,883,337	17,883,337	19,351,153	19,351,153	12,879,264	12,879,264
Financial liability							
Term Loan from Banks	10	8,647,897,593	8,647,897,593	8,927,564,115	8,927,564,115	8,210,652,962	8,210,652,962
Loans from related parties	10	220,529,465	220,529,465	399,206,183	399,206,183	337,355,803	337,355,803
Revenue Share Payable to NHAI (Including Interest)	11	7,213,674,364	7,213,674,364	6,394,393,955	6,394,393,955	5,292,312,874	5,292,312,874
Other Current Financial Liabilities	11	–	–	15,889,301	15,889,301	–	–
Trade Payables	14	17,186,269	17,186,269	5,781,252	5,781,252	3,396,191	3,396,191
Total Financial Liabilities		16,099,287,691	16,099,287,691	15,742,834,806	15,742,834,806	13,843,717,830	13,843,717,830

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Revenue Share Payable to NHAI(Including Interest) reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

Refer Note H(23) for information on Financial Asset pledged as security

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

18) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	–	–	–	–
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	5	–	1,617,029	–	1,617,029
Cash and cash equivalents	7	–	14,519,389	–	14,519,389
Advance to Related Parties	5	–	1,746,919	–	1,746,919
Total of Financial Assets		**–**	**17,883,337**	**–**	**17,883,337**
Financial Liabilities					
Term Loan from Banks	10	–	8,647,897,593	–	8,647,897,593
Loans from related parties	10	–	220,529,465	–	220,529,465
Revenue Share Payable to NHAI (Including Interest)	11	–	7,213,674,364	–	7,213,674,364
Other Current Financial Liabilities	11	–	–	–	–
Trade Payables	14	–	17,186,269	–	17,186,269
Total Financial liabilties		**–**	**16,099,287,691**	**–**	**16,099,287,691**

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM	Level 1	Level 2	Level 3	Total	
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Level 1**	**Level 2**	**Level 3**	**Total**	**Total**
Financial Assets					
Security Deposits	5	–	1,185,820	–	1,185,820
Cash and cash equivalents	7	–	18,165,333	–	18,165,333
Total Financial Assets		**–**	**19,351,153**	**–**	**19,351,153**
Financial Liabilities					
Term Loan from Banks	10	–	8,927,564,115	–	8,927,564,115
Loans from related parties	10	–	399,206,183	–	399,206,183
Revenue Share Payable to GSRDC (Including Interest)	11	–	6,394,393,955	–	6,394,393,955
Other Current Financial Liabilities	11	–	15,889,301		15,889,301
Trade Payables	14	–	5,781,252		5,781,252
Total Financial Liabilities		–	15,742,834,806	–	15,742,834,806

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

As at April 1, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM		Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	17,028,863	–	–	17,028,863
Total of Financial Assets		17,028,863	–	–	17,028,863
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	5	–	1,189,320	–	1,189,320
Cash and cash equivalents	7	–	11,689,944	–	11,689,944
Total of Financial Assets		**–**	**12,879,264**	**–**	**12,879,264**
Financial Liabilities					
Term Loan from Banks	10	–	8,210,652,962	–	8,210,652,962
Loans from related parties	10	–	337,355,803	–	337,355,803
Revenue Share Payable to GSRDC (Including Interest)	11	–	5,292,312,874	–	5,292,312,874
Trade Payables	14	–	3,396,191	–	3,396,191
Total of Financial Liabilities		–	13,843,717,830	–	13,843,717,830

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Revenue Share Payable toNHAI (Including Interest)	Income	Cash flow

19) Asset pledged as security

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	**10,450,758**	*4,784,537*	*5,167,083*
Other Financial Asset	5	**17,883,337**	*19,351,153*	*12,879,264*
Financial Asset				
Cash and Cash Equivalents	7	**14,519,389**	*18,165,333*	*11,689,944*
Investments In Mutual Fund	6	**–**	–	*17,028,863*
Other Financial Asset	5	**28,953,995**	*4,001,486*	*9,900,965*
TOTAL		**71,807,479**	*46,302,509*	*56,666,119*

20) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**31.03.2017**	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**8,647,897,593**	*8,927,564,115*	*8,492,452,966*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	FY 2015-16
Increase or decrease in interest rate by 25 base point	21,969,327	21,775,021

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	**31.03.2016**	**01.04.2015**
Investments in Mutual Funds			–	17,028,863

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	31.03.2016
Increase or decrease in NAV by 2%	–	–

Note - In case of decrease in NAV profit will reduce and vice versa.

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	8,647,897,593	281,800,000	563,700,000	2,818,400,000	4,983,997,593
Trade Payables	17,186,269	17,186,269			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

As at March 31, 2016	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	8,927,564,115	281,800,004	281,800,000	2,348,700,000	6,015,264,111
Trade Payables	5,781,252	5,781,252			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

As at April 01, 2015	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	8,492,452,966	281,800,000	281,800,000	1,691,000,000	6,237,852,966
Trade Payables	3,396,191	3,396,191			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

v **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. . Hence, the management believes that the company is not exposed to any credit risk.

21 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

i Description and classification of the arrangment

L & T Samakhiali Gandhidham Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 15-02-2010 for the purpose of strengthening and widening thereof to six lanes of existing 4-lane of 56.16 kilometers. Road stretch from KM 306 to KM 362.16 on Samakhiali to Gandhidham section on National Highway No. 8A in the state of Gujarat and operation and maintenance thereof under Concession Agreement dated 17th March, 2010 with the National Highways Authority of India (NHAI). The Concession is for a period of 24 years including the construction period. At the end of the 24 years the entire facility will be transferred to National Highways Authority of India (NHAI). Independent Engineer and Project Director of National Highway Authority of India have recommended for issuance of provisional completion certificate on 28th February 2015 to NHAI head quarters.

ii Significant Terms of the arrangements

(a) Revision of Fees:

Fees shall be revised annually on April 01 as per Schedule R of the Concession Agreement dated March 17, 2010.

(b) Concession Fee & Additional Concession Fees:

As per Article 26 of the Concession Agreement, the company is liable to pay Concession Fee ₹ 1 every year. The company is also liable of payment of Premium ₹ 58.41 Crs on the appointed date and 5% increase in each year.

iii Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

iv Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Schedule K of the CA.

v Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

vi Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under article 37 of the CA.

vii Significant Changes in the terms Original Concession Agreement till 31st March 2017.

In view of Shortfall on toll collection, NHAI vide letter dated 10th November 2015 has given in principle approval for deferment of premium payment and interest outstanding on premium as on 31st March 2017 and for premium relating to the future years till 2020-21.

NOTE I : SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer H(15) for an explanation on how the transition from previous IGAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	**Measurement basis**
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

c) License fees for way-side amenities are accounted on accrual basis.

e) Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

f) Project facilitation and advisory fees are recognised using proportionate completion method based on the agreement / arrangement with customers.

g) Revenue from windmill operations is recognised based on contractual agreements with the holding company and the state electricity board.

h) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

i) Fair value gains on current investments carried at fair value are included in Other income.

j) Dividend income is recognised when the right to receive the same is established by the reporting date.

k) Other items of income are recognised as and when the right to receive arises.

4 Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Project work-in-progress is carried at cost net of incidental income.

5 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

8 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

9 Property, plant and equipment (PPE)

A. Domestic Companies

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

B. Foreign Companies

Depreciation has been provided on methods and at the rates required/permissible by the local laws so as to depreciate the assets over their useful life.

10 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous Indian GAAP.

12 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

13 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

14 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted

ii) Revenues and expenses at yearly average rates prevailing during the year

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

(b) recognised as income or expense in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

d) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

e) Financial statements of foreign operations are translated into Indian Rupees as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(iv) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (FCTR) and the same is subsequently reclassified to profit or loss on disposal of a foreign operation.

f) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

g) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

15 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

16 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

17 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

18 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

19 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108) read with SEBI’s circular dated 05 July 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under ‘unallocated revenue / expenses / assets / liabilities’.

20 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

21 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

22 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

23 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

24 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

25 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

28 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

29 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

30 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

31 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

32 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in loss of control in accordance with Ind AS 110, prospectively from the date of transition.
3. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
4. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
5. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 01 April 2015.
6. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
7. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
8. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.
9. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
10. The Company has not elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.
11. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm's Regn. No. 004661N

MANJU AGRAWAL
Partner
Membership No. 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

SRIDHAR RAMAKRISHNAN
Company Secretary
M. No. A8840

NANDHINI M.
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 25, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

RECONCILATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	5,167,083	–	5,167,083
b) Intangible assets	2	34,314,692,970	(18,619,945,993)	15,694,746,977
c) Intangible assets under development	3	417,801,866	–	417,801,866
d) Non Current Investment	4	1,354,000		1,354,000
e) Financial assets		–		–
i) Loans	5	–	–	–
f) Deferred tax assets (net)		–		–
g) Other non-current assets	6	10,760,986		10,760,986
	A	**34,749,776,905**	**(18,619,945,993)**	**16,129,830,912**
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	17,000,000	28,863	17,028,863
ii) Trade receivables	8	–		–
iii) Cash and bank balances	9	11,689,944	–	11,689,944
iv) Loans	5	–		–
c) Current tax assets (net)	6	–	–	–
d) Other current assets	6	13,724,683	–	13,724,683
	B	**42,414,627**	**28,863**	**42,443,490**
TOTAL	**A+B**	**34,792,191,532**	**(18,619,917,130)**	**16,172,274,402**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	805,400,000		805,400,000
b) Other equity	11	(35,921,626)	228,266,468	192,344,842
	C	**769,478,374**	**228,266,468**	**997,744,842**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	27,396,192,363	(18,848,183,598)	8,548,008,765
ii) Other financial liabilities	13	5,292,312,874		5,292,312,874
b) Provisions	14	1,483,049		1,483,049
c) Deferred tax liabilities (net)		–		–
d) Other non-current liabilities	15	–		–
	D	**32,689,988,286**	**(18,848,183,598)**	**13,841,804,688**
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	688,812,441		688,812,441
ii) Trade payables	16	3,396,191		3,396,191
iii) Other financial liabilities	13	–		–
b) Other current liabilities	15	640,472,934		640,472,934
c) Provisions	14	43,306		43,306
d) Current tax liabilities (net)	17	–		–
	E	**1,332,724,872**	**–**	**1,332,724,872**
Total Equity and Liabilities	**C+D+E**	**34,792,191,532**	**(18,619,917,130)**	**16,172,274,402**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

RECONCILATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	4,784,537		4,784,537
b) Capital work-in-progress	2	–		–
c) Intangible assets	3	34,003,376,912	(18,451,941,337)	15,551,435,575
d) Intangible assets under development	4	817,507,421		817,507,421
e) Investment Property		1,354,000		1,354,000
f) Deferred tax assets (net)		–		–
g) Other non-current assets	6	7,716,117		7,716,117
	A	**34,834,738,987**	**(18,451,941,337)**	**16,382,797,650**
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	–		–
ii) Trade receivables	8	–		–
iii) Cash and bank balances	9	18,165,333		18,165,333
iv) Loans	5	–		–
c) Current tax assets (net)	6	3,367,748		3,367,748
d) Other current assets	6	13,530,258		13,530,258
	B	**35,063,339**	**–**	**35,063,339**
TOTAL	A+B	**34,869,802,326**	**(18,451,941,337)**	**16,417,860,989**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	1,260,300,000	(454,900,000)	805,400,000
b) Other equity	11	(622,276,256)	256,894,203	(365,382,053)
	C	**638,023,744**	**(198,005,797)**	**440,017,947**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	27,251,305,833	(18,206,335,539)	9,044,970,294
ii) Other financial liabilities	13	6,378,504,654		6,378,504,654
b) Provisions	14	144,441,613	(47,600,000)	96,841,613
c) Deferred tax liabilities (net)				–
d) Other non-current liabilities	15	–		–
	D	**33,774,252,100**	**(18,253,935,539)**	**15,520,316,561**
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	281,800,004		281,800,004
ii) Trade payables	16	5,781,252		5,781,252
iii) Other financial liabilities	13	15,889,301		15,889,301
b) Other current liabilities	15	153,792,658		153,792,658
c) Provisions	14	263,266		263,266
d) Current tax liabilities (net)	17	–		–
	E	**457,526,481**	**–**	**457,526,481**
Total Equity and Liabilities	C+D+E	**34,869,802,326**	**(18,451,941,337)**	**16,417,860,989**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	18	1,106,791,075		1,106,791,075
Other income	19	4,302,292	(28,863)	4,273,429
Total income		**1,111,093,367**	**(28,863)**	**1,111,064,504**
EXPENSES				
Cost of materials consumed		–		
Operating expenses	20	219,619,909	(47,600,000)	172,019,909
Employee benefits expense	21	8,936,607		8,936,607
Finance costs	22	1,134,337,322	641,848,058	1,776,185,380
Depreciation, amortisation and obsolescence		313,308,698	(168,004,656)	145,304,042
Administration and other expenses	23	21,081,297		21,081,297
Total expenses		**1,697,283,833**	**426,243,402**	**2,123,527,235**
Profit/(loss) before exceptional items and tax		**(586,190,466)**	**(426,272,265)**	**(1,012,462,731)**
Exceptional items (EIP code 90004)		–		
Profit/(loss) before tax		**(586,190,466)**	**(426,272,265)**	**(1,012,462,731)**
Tax Expense:				
Current tax		–	–	–
		–	–	–
Profit/(loss) for the year		**(586,190,466)**	**(426,272,265)**	**(1,012,462,731)**
Other comprehensive income:		–		
i) Items that will not be reclassified to profit or loss (net of tax)				
ii) Items that will be reclassified to profit or loss (net of tax)				
Total comprehensive income for the year		**(586,190,466)**	**(426,272,265)**	**(1,012,462,731)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Earnings per equity share (basic and diluted)	24	(7.44)		
Face value per equity share		10.00		

As per our report attached

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm's Regn. No. 004661N

MANJU AGRAWAL
Partner
Membership No. 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

SRIDHAR RAMAKRISHNAN
Company Secretary
M. No. A8840

NANDHINI M.
Chief Financial Officer

T. S. VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 25, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their twentieth Annual report and Audited Accounts for the year ended 31st March, 2017

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

₹ Crs.

Particulars	**2016-17**	*2015-16*
Profit Before Depreciation, exceptional and extra-ordinary items & Tax	**4.73**	*9.72*
Less: Depreciation, amortization and obsolescence	**9.89**	*7.64*
Add: Transfer from Revaluation Reserve	**–**	–
Profit / (Loss) before tax	**-5.16**	*2.08*
Less: Provision for tax	**1.72**	*-1.04*
Profit for the period carried to the balance sheet	**-6.87**	*3.12*
Add: Balance brought forward from previous year	**82.04**	*79.45*
Add : Other Comprehensive Income	**0.35**	*-0.53*
Less : Depreciation charge against retained earnings	**–**	–
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**75.52**	*82.04*
Proposed dividend	**–**	–
Dividend Tax	**–**	–
General Reserve	**–**	–
Balance carried to Balance Sheet	**75.52**	*82.04*
Dividend	**–**	–

2. CAPITAL & FINANCE

There were no repayments of long term or foreign currency loans during the year.

3. CAPITAL EXPENDITURE:

As at March 31, 2017, the gross fixed and intangible assets including leased Assets stood at ₹ 171.27 crore and the net fixed and intangible assets, including leased assets, at ₹ 148.99 crore. Capital Expenditure including capital work in progress during the year amounted to ₹ 1.50 crore.

4. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in Note 3 of the Annual Accounts.

5. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Audit Committee has approved the Related Party Transactions for the year 2016-17. All transactions are in the ordinary course of business and at arm's length. The details of the related party transactions have been given in Note 35 of the Annual Accounts.

6. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were ₹ 531.48 crore as against ₹ 578.97 crore for the previous financial year registering decrease of 8.20 %. The profit / loss before tax from continuing operations including extraordinary and exceptional items was ₹ -5.15 crore and the profit / loss after tax from continuing operations including extraordinary and exceptional items of ₹ -6.87 Crore for the financial year under review as against ₹ 2.08 crore and ₹ 3.12 crore respectively for the previous financial year, registering an decrease of >100 % (320.3%) and 84.9% respectively.

The Company has stabilized its operations at the new location of Doddaballapur on the outskirts of the city during the year. The Hydraulic equipment factory and the Machinery Works factory have commenced operations at this location. The Company has launched new products during the year. These products have received good response from the customers.

The operational result of the manufacturing and realty businesses are given under Note 33 "Segment Reporting" in the notes accompanying the financial results.

7. AMOUNT TO BE CARRIED TO RESERVE:

The Company does not propose to transfer any amount to the reserves in the current financial year.

8. DIVIDEND:

Considering the losses of the Company during the current financial year under review, the Directors do not recommend the payment of dividend for the current financial year.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes affecting the financial position of the company between the end of the financial year and the date of the report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The details are attached as Annexure 1 to the Board report.

11. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

12. CORPORATE SOCIAL RESPONSIBILITY:

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure 2 to the Board report.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

There was no change in the Directors / Key Managerial Personnel during the current financial year.

The current Directors of the Company are Mr. S. R. Subramanian, Mr. N. V. Venkatasubramanian, Mr. Arvind K. Garg, Ms. Revathy Ashok (Independent Woman Director) and Mr. K. P. Raghavan (Independent Director).

Mr. D. Keshava Kumar is the Manager (designated as Chief Executive) of the Company. Mr. L. Srivathsan has been designated as the Chief Financial Officer of the Company and Mr. Prasad Shanbhag is the Company Secretary of the Company.

The terms and conditions of appointment of the Independent Directors is in compliance with the provisions of the Companies Act, 2013.

The notice convening the AGM includes the proposal for appointment / re-appointment of Directors.

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 5 meetings were held on 26th April 2016, 12th July 2016, 14th October 2016, 12th January 2017 and 17th March 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of Section 177 of the Companies Act, 2013. The Committee comprises of two Independent Directors and one Non-Executive Director. The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Audit Committee are Mr. S. R. Subramanian as the Chairman and Ms. Revathy Ashok and Mr. K. P. Raghavan as the Members of the Committee.

During the year under review, 5 meetings were held on 26th April 2016, 12th July 2016, 14th October 2016, 12th January 2017 and 17th March 2017.

The Company has in place a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies Act, 2013.

16. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013 read with the Rules made thereunder. The Committee currently comprises of two Independent Directors and two Non-Executive Directors. The terms of reference of the Nomination & Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Nomination & Remuneration Committee are Mr. K. P. Raghavan as the Chairman and Ms. Revathy Ashok, Mr. S. R. Subramanian and Mr. Arvind Garg as the Members of the Committee.

During the year under review, no meetings were held. However, a meeting of the Committee was held on 18th April 2017 to discuss the performance evaluation of the Board, Committee and the individual Directors.

17. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence from Ms. Revathy Ashok and Mr. K. P. Raghavan as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as an Independent Director.

18. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

19. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

20. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of online questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on 18th April 2017, as required under Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors at their respective meetings held on 18th April 2017.

21. COMPLIANCE WITH SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

22. PROTECTION OF WOMEN AT WORKPLACE:

The parent company, Larsen & Toubro Limited (L&T), has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

23. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting (AGM). As per the provisions of the Companies Act, 2013, S&T have completed their statutory period as Auditors of the Company. The Company is in the process of identifying the new statutory auditors and the same would be put up before the shareholders for approval once the same is finalized.

24. SECRETARIAL AUDIT REPORT UNDER SECTION 204 OF THE COMPANIES ACT, 2013:

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by Mrs. Naina R. Desai, Practicing Company Secretary is attached as Annexure 3 to this Annual Report.

25. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 the Board of Directors had appointed M/s Rao, Murthy & Associates, Cost Accountants (Regn. No. 000065) as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2017 at a remuneration of ₹ 1,80,000/- plus applicable taxes and out of pocket expenses. The appointment has been approved by the Central Government. The shareholders have ratified the remuneration payable to the Cost Auditors at the last Annual General Meeting held on 26th August 2016.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

26. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

27. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 4 to this Report.

28. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Doddaballapur, Bengaluru	**S. R. SUBRAMANIAN**	**ARVIND K. GARG**
Date : April 18, 2017	*Director* *DIN: 03278824*	*Director* *DIN: 06903297*

ANNEXURE 1 TO THE DIRECTORS' REPORT

Information under clause (m) of sub-section (3) of Section 134 of the Companies Act, 2013 read with Rules 8(3) of the Companies (Accounts) Rules, 2014, and forming part of the Directors' Report for the financial year ended 31st March 2017.

A. CONSERVATION OF ENERGY

(a) Various energy conservation measures taken during 2016-17 are :

Machinery works:

- Installation of 120 watts LED street light fitting for Machinery Works (MW). Total quantity fitted 34 no's with achieving energy conservation of 17,840 units per annum resulting in cost savings of ₹ 1,24,880/- per annum.
- Installation of 36/ 18 / 15/ 6 w LED tube lights for shop floor cabins, canteen, office block & mezzanine floor area etc. resulting in savings of 9,400 units and savings of ₹ 65,800/- per annum.
- Installation of 250w induction lamps for shop floor area. Conservation of 96,750 units with annual cost savings of ₹ 6,77,250/-
- Programmed automatic switching of MW shop roof lights and compressors using programmable timers resulting in annual savings of 39,300 units and ₹ 2,75,100/-
- Earth hour -2017 celebrated on Tuesday, 28th March between 8.30 p.m. to 9.30 p.m. to bring in awareness on energy conservation to all. Contribution during Earth hour celebration is savings of 540 units
- Use of 3 numbers of occupancy sensors at Apex block wash rooms with lights switching on only during occupancy period.
- Time of day tariff is implemented and got a benefit of ₹ 1,52,232/-
- Water conservation by reuse of ETP/STP treated water for gardens.

Hydraulics works:

- Programmable timer introduced at Hydraulics Works (HW) to switch off shop floor lighting during break time and night. Savings achieved 4,870 units and annual cost savings of ₹ 34,200/-
- Programmable timer introduced to switch of assembly blower during idle time running for all 4 blower units. Savings achieved 40,500 units with cost savings at ₹ 2,80,000/-
- Automated paint booth -VFD introduced for painting booth blower fans and RPM set at optimum level to achieve energy saving of 3500 units and cost savings at ₹ 26,000/-
- Cooling water pump running eliminated by installation of screw compressor. Energy savings achieved 36,000 units with cost savings of ₹ 2,52,000/-
- Replacement of aluminium fan blades by FRP blades for cooling tower. Energy savings achieved 5,625 units and cost savings achieved ₹ 40,000/-
- Water conservation by reuse of ETP/STP treated water for gardens at HW estate.

(b) Steps taken by the company for utilising alternate source of energy:

- Procured 9,60,000 units of wheeling energy (Wind power) and there by achieved a cost savings of ₹ 8,29,017/-
- The PEB (Pre-engineered building) is provided with sky lights at the ceiling and walls & Turbo ventilators to eliminate day time switching of shop floor lights. Turbo ventilators pump in cool and fresh air into shop floor buildings to keep low temperature inside shop.

(c) Capital investment on energy conservation equipment:

- Proposed investment for Solar Open Access system – wheeling energy for both MW and HW for total 36,00,000 units and there by estimated to achieve cost savings of ₹ 42,00,000/- per annum.
- Use of Solar based emergency lighting for shop floor and use of renewable energy with a possible energy conservation of 8000 Kwh / Annum.
- Use of VFD (Variable feed Drive) for Paint booth ASU (Air Supply Unit), paint booth blower and roll bending machine. Energy conservation of 54,000 Kwh / Annum.
- Timer for office block A/C units for auto operation. Energy conservation of 8000 Kwh / Annum.

B. TECHNOLOGY ABSORPTION

1. Efforts made in technology absorption: Specific areas in which R&D is carried on by the company:

- Designed and developed a premium 60T class hydraulic excavator. This model is designed with the latest variable flow hydraulic system and with higher speeds and forces for improved productivity.
- Designed and Developed a 4.5m Screed suitable for fitting on a Hydraulic Paver.
- Introduced a 4T Mini Tandem compactor.

- Introduced the Premium version of 3.5T payload wheel loader, 9020SX. This model is with enhanced torque for better gradeability and is provided with an ergonomically designed cabin and improved machine aesthetics.
- Designed and developed optional features such as ROPS (Roll Over Protective Structure) Cabin, Emergency braking system, VHMS (Vehicle health monitoring system) and Payload monitoring system on wheel loader.
- Designed and developed optional features such as Pad Foot drum, VHMS (Vehicle health monitoring system) and ICS (Intelligent Compaction System) to monitor the compaction density on compactors.
- Designed and developed IBM (Injection Bank Monitoring) system for monitoring clogging of Injectors on L&T hydraulic excavator.
- Various product improvements carried out are as below.
    - Productivity improvement of Crusher bucket by increasing the operating speed of the Crusher bucket and by minimising the shaft imbalance.
    - Improvement in the break-out force on Wheel loader by modification of the linkages.
    - Improved reliability and cooling efficiency of wheel loader by adapting aluminium core cooling package.
    - Improved travel circuit on compactors by reducing the case drain pressure.
    - Modified the dozer blade profile for improving the dozing efficiency by reducing the dozing forces.
- Designed and developed 825cc-G3 motor by generating own Cam profile equation.
- Developed drill head drives.
- Developed 700 bar rotor lock cylinder for wind mill.
- Designed and developed 67 types of hydraulic cylinders for various applications such as Rubber Processing Machinery, Construction Machinery, Bore well Drill Rigs, Material Handling, Defence, Gas Booster, Wind energy.
- Developed in house high pressure impulse testing facility for cylinder.
- Designed and developed various swivel joints like 5 ports, 8 ports, 14 ports, and 10 ports Swivel Joints for earthmoving and material handling machinery.
- Developed in-house capability to design industrial power packs like 750T press, 36’’ Hydraulic tyre curing presses.
- Developed power pack for 2700 Ton - Barge lifting application.
- Fabricated & assembled 2 sets of Personnel Mine Plough System for defence application.

2. Benefits derived as a result of the above R&D

- Speedy introduction of new products, viz; Wheel Loader 9020 SX, 4T mini compactor.
- Development cost saving by utilising in house test facility.
- Various value engineering projects for cost reduction.
- Speedy counter measures for field and shop problems.
- Resource conservation.

3. Details of imported technology:

Nil

4. Expenditure on R&D

The information on R&D expenditure is contained in Note no 32 accompanying the financial statements.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

The information on foreign exchange earnings and outgo is contained in Note No. 30 of the notes to accounts.

ANNEXURE 2 TO THE DIRECTORS' REPORT - CSR ACTIVITIES FOR 2016-2017

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company's CSR Policy framework details the mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will focus on various CSR activities as stipulated under the Companies Act 2013 which will include, amongst others, the following;

   - Water – may include but not limited to support for programs making clean drinking water available, conservation and purification of water.
   - Education - may include but not limited to education infrastructure support to educational Institutions, educational programs & nurturing talent at various levels.
   - Health - may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programs, centres for elderly / disabled, support to HIV / AIDS program.
   - Skill Development - may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled (infrastructure support & vocational training), CSTI's, providing employability skills at project sites, creating training centres, etc.

   Governance would be the Key drivers across all the CSR initiatives.

   Based on the recommendations of the CSR Committee, the Board has approved the CSR Policy framework for the Company.

2. **Composition of the CSR Committee.**

   The CSR Committee of the Board was constituted on July 15, 2014. It comprises of two Non-Executive Directors and one Independent Director. The Company Secretary acts as Secretary to the Committee.

   The present Committee comprises of Mr. S. R. Subramanian as Chairman, Mr. A. K. Garg and Ms. Revathy Ashok as members and Mr. Prasad Shanbhag as the Secretary of the Committee.

3. **Average net profit of the Company for the last three financial years.**

   The average net profit of the Company for the last three financial years is ₹ 1643 lakhs.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

   The Company is required to spend an amount of ₹ 32.87 lakhs as CSR expenditure during the financial year 2016-17.

5. **Details of CSR spent during the financial year:**

   a. **Total amount to be spent for the financial year**

      The Company is required to spend ₹ 32.87 lakhs during the financial year 2016-17

   b. **Amount unspent, if any**

      The Company has not spent any amount during the financial year 2016-17.

   c. **Manner in which the amount was spent In the financial year is detailed below:**

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1				₹ NIL	₹ NIL	₹ NIL	₹ NIL
	TOTAL			₹ **NIL**	₹ **NIL**	₹ **NIL**	₹ **NIL**

6. **Reasons for not spending the amount during the financial year.**

   The Company had shifted its manufacturing operations in stages from Byatarayanapura to Doddaballapur since the last quarter of 2015-16. During the year, it was important for the Company to stabilize its manufacturing operations especially in view of the fact that the Company has introduced various new products in the market and considering the prevalent competitive market conditions. In addition, the Company has also incurred losses during the financial year 2016-17.

   In view of the above, the Company has not been able to meet its CSR commitment during the year.

7. **CSR Committee Responsibility Statement:**

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;

- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

D. KESHAVA KUMAR	**S. R. SUBRAMANIAN**
Chief Executive Officer	*Chairman - CSR Committee* *DIN: 03278824*

Place: Doddaballapur, Bengaluru
Date: April 18, 2017

ANNEXURE 3 TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T CONSTRUCTION EQUIPMENT LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Construction Equipment Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) No other specific business/industry related laws are applicable to the company.

I have also examined compliance with the applicable clauses of the following:-

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc., mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company no events / actions have taken place having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.- **NIL**.

(ii) Redemption / buy-back of securities – **NIL**.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc., - **NIL**.

(v) Foreign technical collaborations – **NIL**.

(vi) Other Events, if any – **NIL**.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 10, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,
The Members
L&T CONSTRUCTION EQUIPMENT LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 10, 2017

ANNEXURE 4 TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U29119MH1997PLC109700
ii)	Registration Date	29 July 1997
iii)	Name of the Company	L&T Construction Equipment Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	
vi)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai, Maharashtra, Pin Code: 400001. Ph.: 022-67525656, E-mail: prasad.shanbhag@larsentoubro.com
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sr. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Real estate business	NA	26%
2	Hydraulic excavators	84295200	23%
3	Wheel loaders	84295100	12%
4	Compactors	84294200	11%
5	Hydraulic pneumatic parts	84122100	29%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sr. No.	Name & Address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited, L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001	L99999MH1946PLC004768	Holding	100%	2(87)(ii)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	119,999,399	601	120,000,000	100	119,999,399	601	120,000,000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**119,999,399**	**601**	**120,000,000**	**100**	**119,999,399**	**601**	**120,000,000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	
Total shareholding of Promoter (A) = (A)(1) + (A)(2)	119,999,399	601	120,000,000	100	119,999,399	601	120,000,000	100	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	
C. Shares held byCustodian for GDRs & ADRs	–	–	–	–	–	–	–	–	
Grand Total (A+B+C)	119,999,399	601	120,000,000	100	119,999,399	601	120,000,000	100	

(ii) Shareholding of Promoters

Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
Larsen & Toubro Limited	120,000,000	100	NIL	120,000,000	100	NIL	NIL
Total	**120,000,000**	**100**	**NIL**	**120,000,000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	120,000,000	100	120,000,000	100
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL		NIL	
3	At the End of the year	120,000,000	100	120,000,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL		
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL	NIL		
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL		
2	Date wise Increase / Decrease in Promoters Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL		
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount		500,000,000		500,000,000
ii) Interest due but not paid				
iii) Interest accrued but not due		2,123,286		2,123,286
Total (i+ii+iii)		**502,123,286**		**502,123,286**
Changes In Indebtness during the financial year				
Addition		150,000,000		150,000,000
Reduction				
Net Change		**150,000,000**		**150,000,000**
Indebtness at the end of financial year				
i) Principal Amount		650,000,000		650,000,000
ii) Interest due but not paid				
iii) Interest accrued but not due		3,003,738		3,003,738
Total (i+ii+iii)		**653,003,738**		**653,003,738**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. D. Keshava Kumar-Manager	
1	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	5,074,866	5,074,866
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	135,876	135,876
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–
2	Stock Option	–	–
3	Sweat Equity	–	–
4	Commission		
	– as % of profit		
	– others, specify	–	–
5	Others, please specify	–	–
	Total (A)	**5,210,742**	**5,210,742**
	Ceiling as per the Act		

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
1	Independent Directors	Ms. Revathy Ashok		Mr. K. P. Raghavan		
	• Fee for attending Board / Committee meetings • Commission • Others, please specify	230,000		200,000		430,000 - -
	Total (1)	230,000		200,000		430,000
2	Other Non-Executive Directors	Mr. S. R. Subramanian	Mr. N. V. Venkatasub-ramanian	Mr. A. K. Garg	Mr. C. V. Alavandi (till 16.10.2015)	
	• Fee for attending Board / Committee meetings • Commission • Others, please specify					
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)					**430,000**
	Total Managerial Remuneration					**5,640,742**
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		CEO	**Company Secretary**	**Total**
		Mr. L. Srivathsan	**Mr. Prasad Shanbhag**	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	2,545,792	–	2,545,792
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	–	21,600
	(c) Profits in lieu of salary under section 17(3) Income Tax Act, 1961		–	
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission (- as % of profit, - others, specify..)	–	–	–
5	Others, please specify	–	–	–
	Total	**2,567,392**		**2,567,392**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL				
Punishment					
Compounding					
B. DIRECTORS					
Penalty	NIL				
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL				
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CONSTRUCTION EQUIPMENT LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of L&T Construction Equipment Limited (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss including other comprehensive income, cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure 'A' to this Report, a Statement on the matters specified in para 3 and 4 of the said Order, to the extent applicable.

2) As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards notified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

(e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

(1) the Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 39 to the Financial Statements);

(2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(3) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(4) the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note 8 to the Financial Statements);

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 27, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

With reference to the Annexure referred to in paragraph 1 under the heading "Report on other legal and regulatory requirements" of the Independent Auditor's report to the members of L&T Construction Equipment Limited on the financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) We are informed that the Company has formulated a regular programme of physical verification of all its fixed assets in a phased manner over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of land, building, air conditioning equipments, electrical equipments and office equipments has been carried out by management during the year. The discrepancies noticed on such verification were not material.

(c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories except goods-in-transit, have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stock and the book records were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to the parties covered under section 185 and 186 of the Companies Act, 2013. Accordingly reporting on clause (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting on clause (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the manufacturing operations of the Company. We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of hydraulic excavators, hydraulic and pneumatic equipments, wheel loaders, soil compactors, attachments and spare parts and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues applicable to the Company with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax and value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of disputed dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹)	Amount disputed and not paid (₹)
Service Tax under the Finance Act, 1994	Denial of service tax credit on payment of commission to Sole Selling Agent	September 2005 to March 2015	CESTAT	1,29,89,52,500	1,29,69,95,003
	Denial of CENVAT Credit on Input Services	July 2008 to March 2015	CESTAT	1,64,92,347	1,52,55,405
The Karnataka CST Act, 1956	CST levied on freight charges, non submission of C forms and interest	2010-11	JCCT, Bengaluru	2,45,72,074	91,93,202
The Karnataka VAT Act, 2003	Disallowance of carry forward VAT credit and interest	2010-11	JCCT, Bengaluru	21,75,830	15,22,646

Name of the statute	Nature of disputed dues	Period to which the amount relates	Forum where dispute is pending	Amount involved (₹)	Amount disputed and not paid (₹)
The West Bengal VAT Act 2003	Tax on additional turnover, differential rate of tax, including interest and penalty	2008-09	West Bengal Taxation Tribunal	3,05,40,760	3,05,40,760
		2009-10		3,11,73,799	3,11,73,799
		2010-11		6,81,61,919	6,81,61,919
The Jharkhand VAT Act, 2005	Tax on additional turnover considering Profit element on stock transfer value	2010-11	JCCT Appeals, Jharkhand	61,07,089	61,07,089
The Income-tax Act, 1961	CENVAT credit treated as income	2004-05	ITAT	1,52,33,190	56,99,905
		2005-06		37,14,504	9,83,480
		2007-08		3,07,05,517	1,32,81,523
		2008-09		8,95,99,514	5,40,85,086
		2009-10	DCIT	1,98,346	15,779

Note 1: The amount disputed and not paid is net of pre-deposit paid in getting the stay/ appeal admitted.

Note 2: The above amounts do not include penalty of ₹ 93,07,17,710/- stayed by the Honorable Customs, Excise and Service Tax Appellate Tribunal (CESTAT) and VAT authorities.

According to the information and explanations given to us and the records of the Company examined by us, there are no dues of duty of excise and value added tax as at 31 March 2017 which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks. The Company did not have any loans or borrowing from financial institution or government or dues to debenture holders.

(ix) The Company has neither taken any term loans during the year nor has raised any money by way of initial public offer or further public offer (including debt instruments) and accordingly reporting on clause (ix) of the Order does not arise.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company and according to the information and explanations given to us, no instances of fraud by the Company, and no instances of material frauds on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid / provided for, managerial remuneration to its Manager during the year. However, requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013 were not required since the total managerial remuneration paid / payable for the financial year ended 31 March 2017 has not exceeded the limits computed in the manner laid down in section 198 read with schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Accordingly, reporting on clause (xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with section 177 of Companies Act, 2013 where applicable and the details have been disclosed in the financial statements, as required by the Indian Accounting Standards. As explained to us, all transactions entered into by the Company with the related parties in its ordinary course of business are on arm's length basis. Accordingly, reporting on compliance of section 188 of Companies Act, 2013 does not arise.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly reporting on clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly reporting on clause (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting on clause (xvi) of the Order does not arise.

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 27, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T Construction Equipment Limited (the 'Company) as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that:

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 27, 2017

BALANCE SHEET AS AT 31 MARCH 2017

Particulars	Note No.	As at 31 March 2017		*As at 31 March 2016*		*As at 1 April 2015*	
		₹	₹	₹	₹	₹	₹
I ASSETS							
Non-current assets							
Property, Plant and Equipment	2(a)	1,468,695,966		1,185,083,960		1,161,633,271	
Capital work-in-progress	2(a)	14,986,383		270,183,246		144,812,555	
Other Intangible assets	2(b)	21,198,709		10,744,039		–	
Financial Assets							
Loans	3	10,343,965		10,368,965		8,459,265	
Other non-current Assets	4	12,069,968	1,527,294,991	7,004,498	1,483,384,708	31,096,916	1,346,002,007
Current assets							
Inventories	5	2,644,431,362		1,734,154,807		1,329,516,409	
Financial Assets							
Investments	6	89,566,508		355,527,663		–	
Trade receivables	7	1,044,267,869		1,172,938,538		394,911,307	
Cash and cash equivalents	8	85,184,078		119,247,123		2,222,004	
Loans	3	4,371,163		2,875,977		452,028,890	
Others	9	18,235,273		53,977,982		35,463,231	
Current tax assets (Net)	10	6,529,447		8,944,549		7,099,457	
Other current assets	11	399,484,793	4,292,070,493	360,488,944	3,808,155,583	547,739,030	2,768,980,328
Total Assets			5,819,365,484		5,291,540,291		4,114,982,335
II EQUITY & LIABILITIES							
Equity							
Equity Share capital	12	1,200,000,000		1,200,000,000		1,200,000,000	
Other Equity	13	1,101,434,974	2,301,434,974	1,166,678,873	2,366,678,873	1,138,659,905	2,338,659,905
Non-current liabilities							
Provisions	14	81,269,898		73,353,148		74,109,415	
Deferred tax liabilities (Net)	15	23,702,206	104,972,104	6,444,630	79,797,778	25,784,946	99,894,361
Current liabilities							
Financial Liabilities							
Borrowings	16	653,003,738		502,123,286		451,555,069	
Trade payables	17	1,156,270,163		1,287,912,078		781,286,288	
Other financial liabilities	18	440,841,602		138,623,161		263,837,289	
Other current liabilities	19	1,142,135,889		876,276,173		145,739,803	
Provisions	14	20,707,014	3,412,958,406	40,128,942	2,845,063,640	34,009,620	1,676,428,069
Total Equity and Liabilities			5,819,365,484		5,291,540,291		4,114,982,335

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No.003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : 27 April, 2017

For and on behalf of the Board

S. R. SUBRAMANIAN
Director
DIN: 03278824

ARVIND K. GARG
Director
DIN: 06903297

PRASAD SHANBHAG
Company Secretary
M. No. A30254

D. KESHAVA KUMAR
Chief Executive

L. SRIVATHSAN
Chief Financial Officer

Place : Bengaluru
Date : 18 April 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
	INCOME					
	Revenue from operations	20		5,217,400,367		5,706,453,845
	Other income	21		97,445,376		83,271,068
I	**Total Income**			5,314,845,743		5,789,724,913
	EXPENSES					
	Manufacturing Construction and operating expenses	22				
	Cost of materials consumed	22 (a)	2,462,764,901		2,932,457,458	
	Excise Duty		659,047,718		1,101,386,560	
	Cost of construction and property development	22 (b)	1,847,167,108		788,377,616	
	Changes in inventories of finished goods, manufacturing and property development related work-in-progress	22 (c)	(920,021,877)		(358,525,491)	
	Other manufacturing and operating expenses	22 (d)	175,124,142		202,152,560	
	Employee benefits expense	23	556,240,406		591,814,488	
	Finance costs	24	52,671,861		53,075,109	
	Depreciation and amortisation expense	25	98,896,232		76,416,313	
	Other expenses	26	434,513,805		381,761,286	
II	**Total expenses**			5,366,404,296		5,768,915,899
III	**Profit / (Loss) before tax**			(51,558,553)		20,809,014
	Tax expense:					
	Current tax		–		5,668,603	
	Tax in respect of earlier years		(80,686)		3,283,322	
	Deferred tax	15	17,257,578	17,176,892	(19,340,316)	(10,388,391)
IV	**Profit / (Loss) for the year**			(68,735,445)		31,197,405
V	**Other Comprehensive Income**	27				
	A (i) Items that will not be reclassified to profit or loss					
	- Remeasurements of the defined benefit plans		3,491,546		(8,063,342)	
	(ii) Income tax relating to items that will not be reclassified to profit or loss		–	3,491,546	(2,790,561)	(5,272,781)
	B (i) Items that will be reclassified to profit or loss					
	-Effective portion of gains and losses on hedging instruments in a cash flow hedge		–		2,094,344	
	(ii) Income tax relating to items that will be reclassified to profit or loss		–	–	–	2,094,344
				3,491,546		(3,178,437)
VI	**Total Comprehensive Income for the year (IV+V)**			(65,243,899)		28,018,968
	Earnings per equity share	37				
	– Basic and diluted			(0.57)		0.26
	Face value of an equity share			10.00		10.00
	Contingent Liabilities	39				
	Commitments	40				

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No.003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : 27 April, 2017

For and on behalf of the Board

S. R. SUBRAMANIAN
Director
DIN: 03278824

ARVIND K. GARG
Director
DIN: 06903297

PRASAD SHANBHAG
Company Secretary
M. No. A30254

D. KESHAVA KUMAR
Chief Executive

L. SRIVATHSAN
Chief Financial Officer

Place : Bengaluru
Date : 18 April 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

Particulars			2016-17 ₹	2015-16 ₹
A.	**Cash flow from operating activities:**			
	Net profit (loss) before tax		**(51,558,553)**	*20,809,014*
	Adjustments for :			
	Depreciation and amortisation expense		**98,896,232**	*76,416,313*
	Items under other comprehensive income		**3,491,546**	*(5,272,781)*
	Unclaimed credit balance written back		**(4,579,137)**	*(3,921,794)*
	Profit on sale from current investments		**(25,115,334)**	*(623,124)*
	Net change in fair value of financial asset at FVTPL		**618,167**	*(2,527,663)*
	Provision no longer required written back		**(14,312)**	–
	Net (gain) / loss on foreign currency transactions		**(6,996,650)**	*(2,033,667)*
	Provision for doubtful debts		**13,623,410**	*3,472,395*
	Bad debts written off		**–**	*17,015*
	EMD provision no longer required		**(738,000)**	–
	(Profit) / loss on sale of fixed assets		**(21,829,486)**	*(8,777,898)*
	Interest expense		**52,671,861**	*53,075,109*
	Interest income		**(557,190)**	*(21,170,954)*
	Operating profit before working capital changes		**57,912,554**	*109,461,965*
	Adjustments for :			
	(Increase)/decrease in inventories		**(910,276,555)**	*(403,954,113)*
	(Increase)/decrease in trade receivables		**115,240,186**	*(778,023,385)*
	(Increase)/decrease in current financial loans		**(1,495,186)**	*(847,087)*
	(Increase)/decrease in other financial assets		**36,480,709**	*(41,248,511)*
	(Increase)/decrease in non current loans		**25,000**	*(1,909,700)*
	(Increase)/decrease in other current assets		**(20,915,048)**	*145,337,143*
	Increase/(decrease) in non current provisions		**7,916,750**	*(756,267)*
	Increase/(decrease) in trade payables		**(120,244,745)**	*512,021,755*
	Increase/(decrease) in other financial liabilities		**311,598,395**	*19,164,098*
	Increase/(decrease) in other current liabilities		**265,859,716**	*730,536,370*
	Increase/(decrease) in current provisions		**(19,421,928)**	*6,119,322*
	Cash generated from / (used in) operations		**(277,320,152)**	*295,901,590*
	Direct taxes paid		**(15,585,013)**	*33,210,270*
	Net cash flow (used in) / from operating activities	**(A)**	**(292,905,165)**	*329,111,860*
B.	**Cash flow from investing activities:**			
	Purchase of property, plant and equipment		**(224,146,873)**	*(434,432,929)*
	Sale of property, plant and equipment		**93,764,890**	*214,372,490*
	Deposit (given to) / repaid by Holding Company		**–**	*450,000,000*
	Purchase of current investments		**(887,900,000)**	*(575,123,124)*
	Sales of current investments		**1,178,358,322**	*222,746,248*
	Interest received		**557,190**	*21,170,954*
	Net cash flow (used in) / from investing activities	**(B)**	**160,633,529**	*(101,266,361)*
C.	**Cash flow from financing activities:**			
	Repayment of current maturities of non current borrowings		**–**	*(105,200,000)*
	Proceeds from current borrowings (net)		**150,000,000**	*50,000,000*
	Interest paid		**(51,791,409)**	*(55,620,380)*
	Net cash flow (used in) / from financing activities	**(C)**	**98,208,591**	*(110,820,380)*
	Net (decrease)/increase in cash and cash equivalents	**(A+B+C)**	**(34,063,045)**	*117,025,119*
	Cash and cash equivalents at the beginning of the year		**119,247,123**	*2,222,004*
	Cash and cash equivalents at the end of the year		**85,184,078**	*119,247,123*

Note:
1) Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (AS) 7 "Statement of Cash Flows"
2) Purchase of property, plant and equipment includes movement of capital work-in-progress, capital advance and liability for capital goods during the year.
3) Payment of non current and other borrowings are shown net of additional drawings, availment and utilisation of buyers credit.
4) Previous year figures have been regrouped / reclassified wherever necessary.
5) Refer Note 8 for the components of cash and cash equivalents

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No.003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : 27 April, 2017

For and on behalf of the Board

S. R. SUBRAMANIAN
Director
DIN: 03278824

ARVIND K. GARG
Director
DIN: 06903297

PRASAD SHANBHAG
Company Secretary
M. No. A30254

D. KESHAVA KUMAR
Chief Executive

L. SRIVATHSAN
Chief Financial Officer

Place : Bengaluru
Date : 18 April 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A EQUITY SHARE CAPITAL

Particulars	Notes	₹
Balance as at 1 April 2015		**1,200,000,000**
Changes in equity share capital during the year	12	–
Balance as at 31 March 2016		**1,200,000,000**
Changes in equity share capital during the year	12	–
Balance as at 31 March 2017		**1,200,000,000**

B OTHER EQUITY

For the year ended 31 March 2016

₹

Particulars	*Reserves and Surplus*			*Total*
	Retained earnings	*General Reserves*	*Hedging Reserve*	
Balance as at 1 April 2015	*794,483,896*	*346,270,353*	*(2,094,344)*	*1,138,659,905*
Profit for the year	*31,197,405*	–	–	*31,197,405*
Other Comprehensive Income [Refer Note 27]	*(5,272,781)*	–	*2,094,344*	*(3,178,437)*
Total Comprehensive Income for the year	*25,924,624*	–	*2,094,344*	*28,018,968*
Balance as at 31 March 2016	*820,408,520*	*346,270,353*	–	*1,166,678,873*

For the year ended 31 March 2017

Particulars	**Reserves and Surplus**			**Total**
	Retained Earnings	**General Reserves**	**Hedging Reserve**	
Balance as at 1 April 2016	**820,408,520**	**346,270,353**	**–**	**1,166,678,873**
Profit / (Loss) for the year	**(68,735,445)**	**–**	**–**	**(68,735,445)**
Other Comprehensive Income [Refer Note 27]	**3,491,546**	**–**	**–**	**3,491,546**
Total Comprehensive Income for the year	**(65,243,899)**	**–**	**–**	**(65,243,899)**
Deferred hedging gains / (losses)	**–**	**–**	**–**	**–**
Balance as at 31 March 2017	**755,164,621**	**346,270,353**	**–**	**1,101,434,974**

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No.003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : 27 April, 2017

For and on behalf of the Board

S. R. SUBRAMANIAN
Director
DIN: 03278824

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PRASAD SHANBHAG
Company Secretary
M. No. A30254

D. KESHAVA KUMAR
Chief Executive

L. SRIVATHSAN
Chief Financial Officer

Place : Bengaluru
Date : 18 April 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES AND OTHER INFORMATION

(a) Corporate information

L&T Construction Equipment Limited is an unlisted public limited company incorporated in India, having its registered office at L&T House, Ballard Estate, Mumbai – 400001. It is a wholly owned subsidiary of Larsen & Toubro Limited. The manufacturing facility of the Company, located at Doddaballapur is engaged in manufacturing and sale of construction equipments such as hydraulic excavators, hydraulic and pneumatic equipments, wheel loaders, soil compactors, attachments and spare parts. The realty division of the Company is engaged in the property development under the name 'Raintree Boulevard' at its land located in Byatarayanapura.

(b) Statement of compliance with Indian Accounting Standards (Ind ASs)

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 (the Act) and the Ind ASs notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs (MCA) in respect of section 133 of the Act.

Upto the year ended 31 March 2016, the financial statements were prepared in accordance with the requirements of previous generally accepted accounting principles (GAAP), which includes Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 issued by MCA in respect of section 133 of the Act.

These financial statements are the first Ind AS financial Statements of the Company. The date of transition to Ind AS is 1 April 2015. Refer Note 41 for explanation of how the transition to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements were authorized for issued by the Company's Board of Directors on April 18, 2017.

(c) Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention except for:

i. certain financial assets and liabilities that are measured at fair values in accordance with Ind AS.

ii. Assets held for sale that are measured at fair value less cost to sell, and;

iii. Defined benefit plans that are plan assets measured at fair value

Further, the guidance notes / announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

(d) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Ind AS compliant Schedule III to the Act. The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Ind AS compliant Schedule III to the Act, are presented by way of notes accompanying the financial statements along with the other notes required to be disclosed under the notified Ind ASs.

The amounts in the financial statements are presented in Indian Rupees. Per share data are presented in Indian Rupees.

(e) Operating cycle for current and non-current classification

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification in accordance with the criteria specified in Ind AS compliant Schedule III to the Act. Deferred tax assets and liabilities are classified as non-current asset and liabilities.

Operating cycle for the business activities of the Company covers the duration of the specific project / contract / product line / service and extends up to the realisation of receivables in cash or cash equivalents within the agreed credit period normally applicable or twelve months, wherever applicable.

(f) Revenue

Revenue is measured at the fair value of the consideration received or receivable taking into account the amount of any trade discounts and volume rebates, if any, allowed by the Company. Revenue is recognised only when it is probable that the economic benefits associated with the transaction will flow to the Company and when these benefits can be measured reliably.

A. Revenue from operations

i. Sale of goods

Revenue includes excise duty, adjustments made towards liquidated damages and price variation based on contractual arrangements wherever applicable and is net of sale returns and value added taxes.

Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

a. Significant risks and rewards of ownership of the goods are transferred to the buyer under terms of the contract;

b. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;

c. The amount of revenue can be measured reliably;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

d. It is probable that the economic benefits associated with the transaction will flow to the Company; and

e. the costs incurred or to be incurred in respect of the transaction can be measured reliably

B. Revenue from property development

Revenue from property development which is in substance similar to delivery of goods is recognised when all significant risks and rewards of ownership in the land and/or building are transferred to the customer as per the terms of the contracts entered into with buyers, and the amount of revenue can be measured reliably.

Revenue from those property development activities is recognised based on the 'Percentage of completion method' (POC) when the outcome of the real estate project can be estimated reliably upon fulfilment of all the following conditions:

i. All critical approvals necessary for commencement of the project have been obtained;

ii. When the stage of completion of the project reaches a reasonable level of development i.e., project costs for work performed bears a reasonable proportion to the estimated total project costs. For this purpose, a reasonable level of development is treated as achieved only if the cost incurred (excluding cost of land and borrowing cost) on construction and development costs is at least 25% of the total of such costs;

iii. Atleast 25% of the saleable project area is secured by contracts or agreements with buyers;

iv. Atleast 10 % of the total revenue as per the agreements of sale or any other legally enforceable documents are realised at the reporting date in respect of each of the contracts and it is reasonable to expect that the parties to such contracts will comply with the payment terms as defined in the contracts.

The costs incurred on property development activities are carried as "Inventories – property development related work in progress" till such time the outcome of the project cannot be estimated reliably and all the aforesaid conditions are fulfilled. When the outcome of the project can be ascertained reliably and all the aforesaid conditions are fulfilled, revenue from property development activity is recognised at cost incurred plus proportionate margin, using percentage of completion method. Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost.

Expected loss, if any, on the project is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the project.

C. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

i. The amount of revenue can be measured reliably;

ii. It is probable that the economic benefits associated with the transaction will flow to the Company; and

iii. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

iv. the costs incurred or to be incurred in respect of the transaction can be measured reliably

Stage of completion is determined by the proportion of actual costs incurred to date to the estimated total costs of the transaction.

D. Other operational revenues

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

E. Other Income

i. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

ii. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

(g) Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost of acquisition less accumulated depreciation and accumulated impairment loss. Freehold land is carried at cost. PPE acquired on hire purchase basis are stated at their cash values.

The cost of an item of PPE comprises of its purchase price, including import duties and non-refundable purchase taxes net of tax / duty credit availed, trade discounts and rebates. It includes all costs directly attributable to acquisition of PPE and to bringing the PPE to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Company. For qualifying assets, cost includes borrowing costs capitalised in accordance with the Company's accounting policy.

Subsequent costs are recognised as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliable. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

PPE not ready for the intended use on the reporting date is disclosed as “capital work-in-progress”.

Depreciation is provided on straight-line method on the basis of the useful lives specified in Schedule II to the Act, except in respect of certain assets wherein the useful lives were determined by technical evaluation. The justification for adopting different useful lives compared to the useful lives of assets provided in Schedule II is based on the consumption pattern of the assets, past performance of similar assets and peer industry comparison duly supported by technical assessment by internal technical team.

Asset Category	Sub Category	Useful life as per Schedule II – years	Revised useful life adopted based on technical evaluation – Years
Buildings	Real estate project office building	30	3
	Factory Building	30	30
	Factory Building - Roads	61	10
Computers and data processing units	Computer	6	3
	Computer Server & Network	6	6
Electrical Installations and Equipment	Electrical Installations and Equipment	21	10
Furniture and fittings	Furniture and fittings	16	10
Laboratory Equipment	Laboratory Equipment	10	8
Motor Vehicles	Motor Cycle	11	10
	Truck	9	7
Office Equipment	Office	21	5
	Office - MFD	21	4
Plant & Machinery	General	21	15
	Air Conditioner	21	12
	Canteen	21	8
Specialised Software	Specialised Software	NA	3

Where cost of a part of the asset (“asset component”) is significant in relation to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation for additions to / deductions from, owned assets is calculated pro rata from / to month of additions / deletions. Extra shift depreciation is provided on a location basis.

PPE individually costing less than ₹ 5,000/- are depreciated 100% in the year of acquisition.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis, to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

On transition to Ind AS, the Company has elected to continue with carrying value of all of its PPE recognised as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as at the transition date. The carrying value was original cost less accumulated depreciation and cumulative impairment.

(h) Intangible assets

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost of acquisition less cumulative amortization and accumulated impairment loss.

A. Intangible assets acquired separately

Intangible assets acquired separately are measured on initial recognition at cost. Intangible assets acquired separately, having finite useful lives, are subsequently measured at cost less cumulative amortisation and accumulated impairment loss. Intangible assets acquired separately, having indefinite useful lives, are subsequently measured at cost less accumulated impairment losses.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

B. Internally-generated intangible assets – Expenditure on Research and development

Expenditure on research activities is recognised as expense in the period in which it is incurred.

Expenditure on development of new products is recognised as an intangible asset, if all of the following criteria can be demonstrated:

i. The technical feasibility of completing the intangible asset so that it will be available for use or sale.

ii. The Company has intention to complete the intangible asset and use or sell it.

iii. The Company has ability to use or sell the intangible asset.

iv. The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets.

v. The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi. The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

Expenditure on development of new products that does not meet the criteria listed above is recognised as expense in the period in which it is incurred.

The internally-generated intangible asset is initially recognized at the sum of expenditure incurred from the date when the intangible asset first meets the recognition criteria as listed above. Subsequent to initial recognition, internally-generated intangible assets are carried at cost less cumulative amortization and accumulated impairment losses.

Intangible assets are derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in statement of profit or loss when the asset is derecognized.

Intangible assets not ready for the intended use on the reporting date are disclosed as “intangible assets under development”.

<u>Amortization</u>

Intangible assets with finite useful lives are amortised using straight-line method over their useful life as follows:

a. Specialised software: Three years;

b. Development expenditure of new products: Five years

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

(i) Impairment of non-financial assets

As at each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss when the carrying value of an asset exceeds its recoverable amount.

As at each reporting date, the Company also assesses whether there is an indication that an impairment loss recognized in previous periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset and reverses the impairment loss recognized in previous period such that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized for the asset in previous periods.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value in use.

Value in use is estimated as the present value of future cash flows expected to be derived from an asset / cash generating unit.

(j) Employee benefits

A. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service after the end of the reporting period are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

B. Post-employment benefits:

i. Defined contribution plans: The contribution to state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees’ gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the reporting date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

C. Long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences, long service award etc. , is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in profit or loss.

Gains or losses on the curtailment or settlement of any long-term employee benefit plan are recognized when the curtailment or settlement occurs.

D. Termination benefits:

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the company recognises any related restructuring costs.

(k) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception. Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

A. Operating leases

Lease rentals are recognised as expense in the statement of profit or loss on straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

Contingent rentals are recognized as expense in the period in which they are incurred.

(l) Earnings Per Share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

(m) Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However, in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with

- The Company has transferred substantially all the risks and rewards of the asset, or
- The Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets

The Company assesses and recognises a loss allowance for expected credit loss model on trade receivables.

For the purpose of measuring expected credit loss allowance for trade receivables, the Company uses a provision matrix / model to determine the impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical credit risk characteristics such as default and delay rates over the expected life of the trade receivables and is adjusted for forward looking information considering the type of customers and a judgemental evaluation of the collectability of the receivables as permitted under Ind AS 109 'Financial Instruments'. The matrix has been developed based on the past data after considering the following:

i. Level of provisioning which has been carried in books against the age-wise profile of the trade receivables after they have become past due and;

ii. The expected delays in the payment as is evident from the age-wise profile of trade receivables.

At every reporting date, the historical observed default and delay rates are updated and changes in the forward-looking estimates are reviewed.

Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss or financial liabilities measured at amortized.

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of sort-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluation on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the consolidated Balance Sheet if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(n) Fair value measurement

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses only data from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs, which are not observable, are used but are accorded lowest priority.

(o) Inventories

Inventories are valued after providing for obsolescence, as under:

Raw materials, components and consumables at lower of weighted average cost of materials and net realisable value.

Materials and other supplies held for use in the production of inventories are not written down below cost if the finished products in which they will be incorporated are expected to be sold at or above cost. However, when a decline in the price of materials indicates that the cost of the finished products exceeds net realisable value, the materials are written down to net realisable value.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

Manufacturing work-in-progress at lower of weighted average cost including related overheads and net realisable value.

Manufacturing - Finished goods at lower of weighted average cost and net realisable value. Cost includes raw material components and overheads including excise duty paid / payable on such goods.

Completed property/work-in-progress (including land) in respect of property development activity at lower of specifically identifiable cost and net realisable value.

(p) Cash and cash equivalents

Cash and bank balances include cash on hand, balances with banks and highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase.

(q) Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalisation.

All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

(r) Foreign currency transactions

The functional currency of the Company is Indian rupee.

Foreign currency transactions are recorded on initial recognition using the exchange rate, using the spot exchange rate between the functional currency and foreign currency at the date of the transaction.

At each reporting date, foreign currency monetary items are reported using the closing rate i.e, the spot exchange rate at the reporting date. Non-monetary items, carried at fair value that is denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each reporting date at the closing rate are recognised in the statement of profit or loss in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks.

(s) Operating Segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The following specific accounting policies have been followed for segment reporting.

i. Segment revenue includes revenue from operations and other income directly identifiable with / allocable to the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under “Unallocable corporate expenditure”.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

iii. Income that relates to the Company as a whole and not allocable to segments is included in "Unallocable corporate income".

iv. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before taxes of the Company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment

(t) Income Taxes

A. Current tax

Current Tax for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments / appeals.

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

The management of the Company periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

B. Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward and unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised when there are sufficient taxable temporary differences relating to the same taxation authority, and the carry forward of unused tax credits and unused tax losses can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

C. Tax expense / (income) for the year

Tax expense (income) comprises of current tax expense (income) and deferred tax expense (income). Current and deferred tax are recognized in statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, as the case may be.

(u) Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

i. the Company has a present obligation (legal or constructive) as a result of a past event

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

The amounts recognised as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Reimbursement expected in respect of expenditure required to settle a provision is recognised when it is virtually certain that the reimbursement will be received if the company settles the obligation.

Contingent liability is disclosed in case of

i. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

ii. a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and Contingent assets are reviewed at each Balance Sheet date.

(v) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

i. Estimated amount of contracts remaining to be executed on capital account and not provided for;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

ii. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management of the Company.

Other commitments related to sales / procurements made in the normal course of business are not disclosed to avoid excessive details.

(w) Statement of Cash Flows

Cash flow statement is prepared classifying the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit / loss before taxes is adjusted for the effects of:

i. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

ii. Transaction of the nature non-cash such as depreciation, items under other comprehensive income, provisions and deferred taxes etc.

iii. items of income or expenses for which the cash effects are investing or financing cash flows.

Cash and cash equivalents are reflected in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of reporting date are also included under this category with a specific disclosure.

(x) Significant accounting judgements, estimates and assumptions

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised.

Examples of such estimates include the useful lives of PPE, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc. Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

2(a). PROPERTY, PLANT AND EQUIPMENT AND CAPITAL WORK IN PROGRESS

(Amount in ₹)

Particulars	Freehold land	Freehold buildings	Plant and Equipment	Office Equipment	Furniture and Fixtures	Vehicles	Total
Year Ended 31 March 2016							
Deemed cost as at 1 April 2015	661,787,420	241,024,543	244,502,187	5,894,439	8,323,988	100,694	1,161,633,271
Additions	4,044,960	242,974,700	27,651,568	7,946,561	15,762,172	129,053	298,509,014
Disposals	–	–	551,534	31	–	–	551,565
Transfers to project development	119,694,151	85,341,639	–	–	–	–	205,035,790
Gross carrying amount as at 31 March 2016	546,138,229	398,657,604	271,602,221	13,840,969	24,086,160	229,747	1,254,554,930
Accumulated Depreciation as at 1 April 2015							
Depreciation for the year	–	15,143,761	53,241,212	2,819,491	3,089,815	20,704	74,314,983
Disposals	–	–	78,353	–	–	–	78,353
Transfers to project development	–	4,765,660	–	–	–	–	4,765,660
Accumulated Depreciation as at 31 March 2016	–	10,378,101	53,162,859	2,819,491	3,089,815	20,704	69,470,970
Carrying value as at 31 March 2016	546,138,229	388,279,503	218,439,362	11,021,478	20,996,345	209,043	1,185,083,960
Year Ended 31 March 2017							
Gross carrying amount as at 1 April 2016	546,138,229	398,657,604	271,602,221	13,840,969	24,086,160	229,747	1,254,554,930
Additions	–	346,778,701	69,685,080	22,902,505	12,028,837	–	451,395,123
Disposals	–	–	18,613,283	87	698,516	34,296	19,346,182
Transfers to project development	36,195,512	27,104,881	–	–	–	–	63,300,393
Gross carrying amount as at 31 March 2017	509,942,717	718,331,424	322,674,018	36,743,388	35,416,481	195,451	1,623,303,479
Accumulated Depreciation as at 1 April 2016	–	10,378,101	53,162,859	2,819,491	3,089,815	20,704	69,470,970
Depreciation for the year	–	28,011,033	56,219,636	6,807,258	4,784,802	21,856	95,844,585
Disposals	–	–	6,786,584	–	177,663	7,288	6,971,536
Transfers to project development	–	3,736,507	–	–	–	–	3,736,507
Accumulated Depreciation as at 31 March 2017	–	34,652,627	102,595,911	9,626,749	7,696,954	35,272	154,607,513
Carrying value as at 31 March 2017	509,942,717	683,678,796	220,078,107	27,116,638	27,719,527	160,180	1,468,695,966

(i) Transfer to project development represents the land and buildings of the Company located at Byatrayanapura which has been utilised for property development by the Company.

(ii) The Company has reviewed the future cash flows on the basis of value in use of its Property, Plant and Equipment, Capital work-in-progress

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

and other intangible assets and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

(iii) Refer Note 39 for disclosure of contractual commitments for the acquisition of property, plant and equipment

(iv) Capital work in progress as at 31 March 2017 is ₹ 14,986,383/- (31 March 2016: ₹ 270,183,246/-, 1 April 2015; ₹ 144,812,555/-) and mainly comprises items of Plant and Equipment

(v) There are no restrictions on the title of property, plant and equipment and no plant and equipment have been pledged as security for the liabilities of the Company.

(vi) Borrowing cost capitalized during the year is ₹ NIL (Previous year NIL)

2(b) OTHER INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Specialised Softwares	Product development expenses	Total
Year Ended 31 March 2016			
Gross carrying amount as at 1 April 2015	48,618,766	–	48,618,766
Additions	597,628	12,932,024	13,529,652
Gross carrying amount as at 31 March 2016	49,216,394	12,932,024	62,148,418
Accumulated Amortisation upto 31 March 2015	48,618,766	–	48,618,766
Amortisation for the year	199,209	2,586,405	2,785,614
Accumulated Amortisation as at 31 March 2016	48,817,975	2,586,405	51,404,380
Net carrying amount as at 31 March 2016	398,419	10,345,619	10,744,038
Year Ended 31 March 2017			
Gross carrying amount as at 1 April 2016	49,216,394	12,932,024	62,148,418
Additions	1,500,000	–	1,500,000
Additions - Internal development	–	15,300,353	15,300,353
Gross carrying amount as at 31 March 2017	50,716,394	28,232,377	78,948,771
Accumulated Amortisation as at 1 April 2016	48,817,975	2,586,405	51,404,380
Amortisation for the year	699,208	5,646,475	6,345,683
Accumulated Amortisation as at 31 March 2017	49,517,183	8,232,880	57,750,063
Carrying value as at 31 March 2017	1,199,211	19,999,497	21,198,708

i) Contractual obligations :

Refer Note 39 for disclosure of contractual commitments for the acquisition of intangible assets

ii) Intangible assets pledged as security

There are no restrictions on the title of intangible assets and no intangible asset have been pledged as security for the liabilities of the Company.

3 LOANS

a) Non Current

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Unsecured, considered good						
Security deposits	**10,343,965**	**10,343,965**	*10,333,965*	*10,333,965*	*8,378,165*	*8,378,165*
Other loans						
Loan to employees		**–**		*35,000*		*81,100*
TOTAL		**10,343,965**		*10,368,965*		*8,459,265*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
b) Current						
Unsecured, considered good						
Security deposits		**4,336,163**		*2,829,877*		*1,883,690*
Loans and advances to related party						
Inter corporate deposit (ICD) with holding company		**–**		–		*450,000,000*
Other loans						
Employees personal recoveries		**35,000**		*46,100*		*145,200*
TOTAL		**4,371,163**		*2,875,977*		*452,028,890*

c) Based on the information available with the Company, there are no loans due from directors or other officers of the Company, either severally or jointly with any other person, or from firms or private companies in which director is a partner, a director or a member.

4 OTHER NON CURRENT ASSETS

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Capital advances	**12,069,968**	*7,004,498*	*31,096,916*
TOTAL	**12,069,968**	*7,004,498*	*31,096,916*

Based on the information available with the Company, there are no advances due from directors or other officers of the Company, either severally or jointly with any other person, or from firms or private companies in which director is a partner, a director or a member.

5 INVENTORIES

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Raw materials and components						
In stock	**428,102,033**		*446,427,446*		*415,703,450*	
In transit	**42,136,988**		*32,606,668*		*17,132,169*	
		470,239,021		*479,034,114*		*432,835,619*
Consumables						
In stock	**13,703,911**		*12,815,879*		*13,411,558*	
In transit	**–**		*1,838,263*		*1,328,171*	
		13,703,911		*14,654,142*		*14,739,729*
Manufacturing work-in-progress		**229,844,234**		*276,928,347*		*492,589,631*
Finished goods		**178,856,149**		*175,160,588*		*389,351,430*
Property development related work-in-progress		**1,751,788,047**		*788,377,616*		–
TOTAL		**2,644,431,362**		*1,734,154,807*		*1,329,516,409*

a) During the year ended 31 March 2017, ₹ 30,821,740/- (31 March 2016 - ₹ 25,389,605/-) was recognized as an expense for inventories written down to net realizable value.

b) No inventories have been pledged as security for the liabilities of the Company.

c) Refer Note 1(o) for mode of valuation.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

6 INVESTMENTS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Investment in Mutual funds - Quoted	89,566,508		355,527,663		–	
Less: Provision for diminution in value	–		–		–	
		89,566,508		355,527,663		–
TOTAL		89,566,508		355,527,663		–

Other particulars regarding the current investments are as follows:

Particulars	As at 31.03.2017	As at 31.03.2016	As at 1.03.2015
	₹	₹	₹
Market value of quoted investment	89,566,508	355,527,663	–
Aggregate amount of unquoted investments	–	–	–
Aggregate amount of impairment in value of investments	–	–	–

7 TRADE RECEIVABLES

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Secured, considered good	–		–		–	
Unsecured, considered good	1,044,267,869		1,172,938,538		394,911,307	
Unsecured, considered Doubtful	17,449,963		3,840,865		3,302,230	
		1,061,717,832		1,176,779,403		398,213,537
Less: Impairment allowance		(17,449,963)		(3,840,865)		(3,302,230)
TOTAL		1,044,267,869		1,172,938,538		394,911,307

a) Based on the information available with the Company, there are no amounts due from directors or other officers of the Company, either severally or jointly with any other person .

b) Trade receivables includes ₹ 209,022,918/- (31 March 2016: ₹ 400,386,225/-, 1 April 2015: ₹ 67,946,863/-) due from related parties.

c) Trade Receivables includes debt due from M/s L&T Kobelco Machinery Private Limited to the extent of ₹ 994,124/- (31 March 2016: ₹ 622,075/-), in which company's directors are shareholders.

8 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Balances with banks in current accounts	80,840,777	119,102,054	2,073,394
Cheques, drafts on hand	4,310,287	–	–
Cash on hand	33,014	145,069	148,610
TOTAL	85,184,078	119,247,123	2,222,004

a) Disclosure, pursuant to Ministry of Corporate Affairs Notification G.S.R. 308(E) dated 30 March 2017, of details on Specified Bank Notes (SBN) and other denomination notes is as follows:

Particulars	SBNs	Other Denomination Notes	Total
Closing cash in hand as on 8 November 2016	58,500	5,174	63,674
Add : Permitted receipts	–	110,000	110,000
Less : Permitted payments	–	91,920	91,920
Less : Amount deposited in banks	58,500	–	58,500
Closing cash in hand as on 30 December 2016	–	23,254	23,254

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

9 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Unsecured, considered good						
Earnest money deposits		**7,857,358**		*5,690,000*		*9,601,800*
Advance to staffs		**1,610,000**		*1,931,000*		*1,431,200*
Receivable under forward contract		**–**		–		*17,705,656*
Other receivables		**8,767,915**		*46,356,982*		*6,724,575*
Unsecured, considered doubtful						
Earnest money deposits	**2,195,760**		*2,933,760*		–	
Less: Allowance for impairment	**(2,195,760)**		*(2,933,760)*		–	
		–		–		–
TOTAL		**18,235,273**		*53,977,982*		*35,463,231*

10 CURRENT TAX ASSETS (NET)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Advance tax, TDS receivable (current year)	**6,529,447**		*11,822,591*		*127,776,265*	
Less: Provision for Current tax	**–**		*(2,878,042)*		*(120,676,808)*	
		6,529,447		*8,944,549*		*7,099,457*
TOTAL		**6,529,447**		*8,944,549*		*7,099,457*

11 OTHER CURRENT ASSETS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Unsecured, considered good						
Balances with Income Tax authorities	**154,931,577**		*165,686,386*		*134,321,208*	
Balances with Customs, Excise etc.	**216,645,043**		*187,811,560*		*404,505,444*	
Prepaid expenses	**7,144,582**		*5,061,002*		*5,080,126*	
Advance to Suppliers	**20,763,591**		*1,929,996*		*3,832,252*	
		399,484,793		*360,488,944*		*547,739,030*
TOTAL		**399,484,793**		*360,488,944*		*547,739,030*

12 EQUITY SHARE CAPITAL

a) Authorized, issued, subscribed and paid up share capital

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Nos.	₹	Nos.	₹	Nos.	₹
Authorised:						
Equity shares of ₹ 10/- each	120,000,000	1,200,000,000	120,000,000	1,200,000,000	120,000,000	1,200,000,000
Issued, subscribed and fully paid up:						
Equity shares of ₹ 10/- each	120,000,000	1,200,000,000	120,000,000	1,200,000,000	120,000,000	1,200,000,000
	120,000,000	1,200,000,000	120,000,000	1,200,000,000	120,000,000	1,200,000,000

b) There was no movement in the number of equity shares during the current year and in the previous year.

c) Terms / rights / restrictions attached to equity shares

i) The Company has only class of equity shares having a par value of ₹ 10/- per share. Each holder of equity share is entitled to one vote per share.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

ii) All shares issued carry equal rights for dividend declared by the Company. There are no restrictions attached to any specific shareholder.

iii) The Company has not issued any securities with right / option to convert the same into equity shares at a later date.

iv) In the event of liquidation of the Company, the equity shareholders will be entitled to the remaining assets of the Company, after distribution to all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

d) Details of shareholders holding more than 5% of share capital as at the end of the year

Name of shareholder	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	Nos.	**%**	*Nos.*	*%*	*Nos.*	*%*
Equity share capital						
Larsen & Toubro Limited and its nominees	**120,000,000**	**100%**	*120,000,000*	*100%*	*120,000,000*	*100%*
Total	**120,000,000**	**100%**	*120,000,000*	*100%*	*120,000,000*	*100%*

e) Details of shares held by holding company

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 1.03.2015*	
	Nos.	**%**	*Nos.*	*%*	*Nos.*	*%*
Larsen & Toubro Limited, the holding company and its nominees	**120,000,000**	**100%**	*120,000,000*	*100%*	*120,000,000*	*100%*

f) The Company has not bought back any shares or issued shares pursuant to contracts without payment being received in cash or issued bonus shares during the five years immediately preceding 31 March 2017 (during the five years immediately preceding 31 March 2016, Nil)

g) The Company has not reserved any shares for issue under options and contracts / commitments for the sale of shares / disinvestment.

h) Calls unpaid : Nil , Forfeited shares : Nil

13 OTHER EQUITY

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
General Reserve	**346,270,353**	*346,270,353*	*346,270,353*
Hedging Reserve	**–**	–	*(2,094,344)*
Surplus in statement of profit and loss	**755,164,621**	*820,408,520*	*794,483,896*
	1,101,434,974	*1,166,678,873*	*1,138,659,905*

a) General Reserve

Particulars	**2016-17**	*2015-16*
	₹	₹
Balance at the beginning of the year	**346,270,353**	*346,270,353*
Add: Additions during the year	**–**	–
Balance at the end of the year	**346,270,353**	*346,270,353*

The general reserve is used from time to time to transfer profits from surplus in statement of profit and loss for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another component of equity and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

b) Hedging reserve

Particulars	**2016-17**	*2015-16*
	₹	₹
Balance at the beginning of the year	**–**	*(2,094,344)*
Less: Reclassified to profit or loss during the year	**–**	*2,094,344*
Balance at the end of the year	**–**	–

The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which are designated as cash flow hedges.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

To the extent these hedges are effective, the change in fair value of hedging instrument is recognised in the cash flow hedging reserve. The amount recognised in the cash flow hedging reserve is adjusted against the carrying amount of the financial assets/liabilities.

c) Surplus in statement of profit and loss

Particulars	**2016-17**	*2015-16*
	₹	₹
Balance at the beginning of the year	**820,408,520**	*794,483,896*
Add: Profit / (Loss) for the year	**(68,735,445)**	*31,197,405*
Add: Other comprehensive income	**3,491,546**	*(5,272,781)*
Balance at the end of the year	**755,164,621**	*820,408,520*

The surplus in statement of profit and loss represents the accumulated profits of the Company which are available for distribution to the equity shareholders of the Company.

14 PROVISIONS

a) Non-current Provisions

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Provision for employee benefits						
Compensated absences	**64,954,680**		*56,391,625*		*59,109,454*	
Post retirement medical benefit plans [Refer Note 34]	**16,315,218**		*16,961,523*		*14,999,961*	
		81,269,898		*73,353,148*		*74,109,415*
TOTAL		**81,269,898**		*73,353,148*		*74,109,415*

b) Current Provisions

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Provision for employee benefits						
Gratuity [Refer Note 34]	**1,359,402**		*18,316,858*		*17,040,355*	
Post-retirement medical benefits plan [Refer Note 34]	**2,224,801**		*2,312,935*		*1,858,501*	
Compensated absences	**14,730,811**		*17,284,149*		*13,600,764*	
		18,315,014		*37,913,942*		*32,499,620*
Other provisions						
Provision for warranty [Refer Note (c) and (d) below]	**2,392,000**		*2,215,000*		*1,510,000*	
		2,392,000		*2,215,000*		*1,510,000*
TOTAL		**20,707,014**		*40,128,942*		*34,009,620*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

c) Disclosure pursuant to Indian Accounting Standard 37 “Provisions, Contingent Liabilities and Contingent Assets”

Particulars	2016-17	2015-16
	₹	₹
Carrying amount as at the beginning of the year	2,215,000	1,510,000
Add: Additional provision made during the year	2,711,385	7,495,220
Less: Provision used during the year	2,534,385	6,790,220
Less: Unused amounts reversed during the year	–	–
Carrying amount as at the end of the year	2,392,000	2,215,000

d) Nature of the obligation

The company gives warranties for its products, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision made as at 31 March 2017 represents the amount of expected cost of meeting such obligations on account of rectification / replacement. The timing of outflow is expected to be within a period of one year from the end of the reporting period.

The company generally offers 12 months warranties for its products. Management estimates the related provision for future warranty claims based on historical warranty claim information as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are consistent with those in the prior year. If the claim costs is higher by 10% as compared to estimates, the warranty provisions would be higher by ₹ 239,200 and vice versa (31 March 2016 ₹ 221,500/- and 1 April 2015 ₹ 151,000/-).

15 DEFERRED TAX LIABILITIES (NET)

a) Major components of deferred tax

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Deferred tax liabilities			
(i) Property, plant and equipment and intangible assets	**43,694,149**	*30,635,135*	*50,224,137*
Total - (i)	**43,694,149**	*30,635,135*	*50,224,137*
Deferred tax assets			
(i) Expenses allowance on payment basis (net)	**10,286,187**	*12,838,280*	*14,239,711*
(ii) Provision for doubtful debts and advances	**9,705,756**	*4,413,751*	*3,267,654*
(iii) Other items of deductible temporary differences	**–**	*6,938,474*	*6,931,826*
Total - (ii)	**19,991,943**	*24,190,505*	*24,439,191*
Net deferred tax liabilities	**23,702,206**	*6,444,630*	*25,784,946*

b) Movement in deferred tax

Particulars	**Opening Balance**	**Recognized in profit or loss**	**Recognized in OCI**	**Recognized in equity**	**Closing Balance**
	₹	₹	₹	₹	₹
2015-16					
(i) Property, plant and equipment and intangible assets	50,224,137	(19,589,002)	–	–	30,635,135
(ii) Expenses allowance on payment basis (net)	(14,239,711)	1,401,431	–	–	(12,838,280)
(iii) Provision for doubtful debts and advances	(3,267,654)	(1,146,097)	–	–	(4,413,751)
TOTAL	32,716,772	(19,333,668)	–	–	13,383,104

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	**Opening Balance**	**Recognized in profit or loss**	**Recognized in OCI**	**Recognized in equity**	**Closing Balance**
	₹	₹	₹	₹	₹
2016-17					
(i) Property, plant and equipment and intangible assets	30,635,135	13,059,014	–	–	43,694,149
(ii) Expenses allowance on payment basis (net)	(12,838,280)	2,552,093	–	–	(10,286,187)
(iii) Provision for doubtful debts and advances	(4,413,751)	(5,292,005)	–	–	(9,705,756)
TOTAL	13,383,104	10,319,102	–	–	23,702,206

c) Deferred tax assets not recognized

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
(i) Unused tax losses (Business loss carried forward)	**45,852,084**	*7,208,594*	–
(ii) MAT credit entitlement	**968,109**	*968,109*	–
TOTAL	**46,820,193**	*8,176,703*	–

a) Deferred tax asset on unused tax losses and MAT credit has not been recognized based on the performance of the Company and the management estimates of the future profits as at the end of the respective reporting periods.

d) Amount of deductible temporary difference and unused tax credits for which deferred tax asset is not recognized

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	Amount	**Deferred tax**	*Amount*	*Deferred tax*
	₹	₹	₹	₹
(i) Unused tax losses (Business loss carried forward)				
AY 2016-17 (expires by AY 2024-25)	**20,829,270**	**7,208,594**	*20,829,270*	*7,208,594*
AY 2017-18 (expires by AY 2025-26)	**111,660,570**	**38,643,490**	–	–
(ii) MAT credit entitlement (expires by AY 2025-26)	**2,797,356**	**968,109**	*2,797,356*	*968,109*
TOTAL	**135,287,196**	**46,820,193**	*23,626,626*	*8,176,703*

e) Major components of income tax expenses

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
A Income tax recognized in profit or loss				
(i) Current tax :				
1) Current income tax charge	**–**		*5,668,603*	
2) Adjustment in respect of previous years	**(80,686)**		*3,283,322*	
		(80,686)		*8,951,925*
(ii) Deferred tax :				
1) Relating to origination and reversal of temporary differences		**17,257,578**		*(19,340,316)*
B Income tax recognized in other comprehensive income				
(i) Current tax :				
1) Remeasurements of the defined benefit plans		**–**		*(2,790,561)*
C Income tax directly recognized in equity		**–**		–
TOTAL		**17,176,892**		*(13,178,952)*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

f) The income tax expense for the year can be reconciled to the accounting profit as follows:

Particulars	**2016-17** ₹	*2015-16* ₹
Profit before tax	**(51,558,553)**	*20,809,014*
Other comprehensive income	**3,491,546**	*(8,063,342)*
	(48,067,007)	*12,745,672*
1) Income tax expense calculated at Indian Income Tax Rate [Refer Note (i) below]	**–**	*4,411,022*
2) Impact of accelerated allowance of expenditure on research and development	**–**	*(12,284,178)*
Current tax before MAT provisions [Refer Note (i) below]	**–**	*(7,873,156)*
3) Effect of tax recognized under section 115 JB of Income Tax Act, 1961 [Minimum Alternate Tax (MAT)] [Refer Note (ii) below]	**–**	*2,878,042*
4) Adjustment recognized in the current year in relation to the current tax of prior years	**(80,686)**	*3,283,322*
5) Deferred tax recognized on origination and reversal of temporary differences. [Refer Note (iii) below]	**17,257,578**	*(19,340,316)*
Tax expense [3+4+5]	**17,176,892**	*(13,178,952)*

(i) The tax rate applied for the financial year 2015-16 is 34.608%. However the Company does not have taxable profits computed under the normal provisions of Income Tax Act, 1961.

(ii) The Company is liable to pay tax under provision of section 115JB of Income Tax Act, 1961 (MAT) for the financial year 2015-16 and accordingly current tax expense is recognized in accordance with section 115JB of Income Tax Act, 1961. For the financial year 2016-17 the Company has a book loss computed under the provisions of section 115JB and accordingly no current tax expense is recognized.

(ii) These represents the tax impact on temporary differences for which deferred tax is recognizing but the corresponding impact on current tax is not recognized since the Company does not have a taxable profit under the normal provisions of the Income Tax Act, 1961.

16 BORROWINGS

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Unsecured			
Loans repayable on demand from bank			
Working capital loan	**653,003,738**	*502,123,286*	*451,555,069*
TOTAL	**653,003,738**	*502,123,286*	*451,555,069*

17 TRADE PAYABLES

Particulars	**As at 31.03.2017** ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
Dues of micro enterprises and small enterprises		**49,035,977**		*43,864,555*		*60,587,574*
Dues of related parties		**475,212,926**		*497,840,627*		*53,203,553*
Dues of others		**632,021,260**		*746,206,896*		*667,495,161*
TOTAL		**1,156,270,163**		*1,287,912,078*		*781,286,288*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

a) The disclosure pursuant to The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) is as under :

Particulars	**2016-17** ₹	*2015-16* ₹	*2014-15* ₹
Principal amount due to suppliers under MSMED Act, 2006	**49,035,977**	*43,864,555*	*60,587,574*
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	**438,399**	*433,462*	*433,462*
Payment made to the suppliers (other than interest) beyond the appointed day during the year	**–**	–	–
Interest paid to the suppliers under MSMED Act (other than Section 16)	**–**	–	–
Interest paid to the suppliers under MSMED Act (Section 16)	**–**	–	–
Interest due and payable towards suppliers under MSMED Act for payments already made	**438,399**	*433,462*	*433,462*
Interest accrued and remaining unpaid at the end of year to suppliers under MSMED Act	**438,399**	*433,462*	*433,462*
Amount of further interest due and payable even in the succeeding year until such date when the interest dues, as above, are actually paid to the small enterprise.	**–**	–	–

18 OTHER FINANCIAL LIABILITIES

Particulars	**As at 31.03.2017** ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
Current maturities of long term borrowings						
Term loan from bank	**–**		–		*128,113,488*	
		–		–		*128,113,488*
Others						
Employee dues	**9,713,724**		*13,820,729*		*19,111,713*	
Liability - Closed Car / Motor Cycle Scheme	**7,760,164**		*8,708,764*		*8,684,314*	
Liability - Computer Scheme	**334,025**		*329,305*		*395,699*	
Security deposits received	**917,893**		*530,337*		*548,059*	
Liability for Capital Goods	**15,204,643**		*24,584,597*		*40,849,335*	
Liability for expenses	**406,911,153**		*90,629,959*		*66,079,521*	
Others	**–**		*19,470*		*55,160*	
		440,841,602		*138,623,161*		*135,723,801*
TOTAL		**440,841,602**		*138,623,161*		*263,837,289*

19 OTHER CURRENT LIABILITIES

Particulars	**As at 31.03.2017** ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
Advance Received from customers:						
Construction Equipment	**27,368,577**		*22,510,413*		*22,552,841*	
Property Development	**89,176,326**		*4,500,000*		–	
Progress bills raised	**925,367,159**		*750,418,191*		–	
Statutory liabilities	**96,180,622**		*97,384,037*		*122,215,471*	
Other payables	**4,043,205**		*1,463,532*		*971,491*	
		1,142,135,889		*876,276,173*		*145,739,803*
TOTAL		**1,142,135,889**		*876,276,173*		*145,739,803*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

20 REVENUE FROM OPERATIONS

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Sale of products				
Earth moving machineries	2,125,107,600		4,068,485,847	
Hydraulic and pneumatic equipment Parts	1,908,750,400		1,596,006,646	
Attachments	3,841,743		23,147,923	
		4,037,699,743		5,687,640,416
Revenue from property development [Refer Note 31]		1,164,388,248		–
Other Operational Revenue				
Service Income	10,962,656		18,813,429	
Booking Cancellation Charges	4,349,720		–	
		15,312,376		18,813,429
TOTAL		5,217,400,367		5,706,453,845

Sale of goods includes Excise Duty collected from customers of ₹ 659,047,718/- (Previous year ₹ 1,101,386,560/-)

21 OTHER INCOME

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest income:				
Interest income from others	630,954		21,170,954	
		630,954		21,170,954
Other non-operating income:				
Net gain on sale of investments	25,115,334		623,124	
Net Change in Fair value of financial asset at FVTPL	–		2,527,663	
Profit on sale of fixed assets (net)	21,829,486		8,777,898	
Provision no longer required written back	752,312		–	
Unclaimed credit balances written back	4,579,137		3,921,794	
Net gain / (loss) on foreign currency transactions and translations	6,996,650		2,033,667	
Miscellaneous income	37,541,503		44,215,968	
		96,814,422		62,100,114
TOTAL		97,445,376		83,271,068

22 MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES

a) COST OF MATERIALS CONSUMED

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Opening stock	493,688,256		447,575,349	
Add: Purchases	2,481,057,919		2,999,058,279	
Less: Closing stock	483,942,932		493,688,256	
		2,490,803,243		2,952,945,372
Less: Sale of manufacturing scrap		28,038,342		20,487,914
TOTAL		2,462,764,901		2,932,457,458

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

i) Raw material, components and consumables

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Steel plates	**268,220,284**		*571,972,914*	
Components for earth-moving machinery	**2,222,582,959**	**2,490,803,243**	*2,380,972,458*	*2,952,945,372*
TOTAL		**2,490,803,243**		*2,952,945,372*

ii) Classification of raw material, components and consumables

Particulars	2016-17 ₹	2016-17 % to total consumption	2015-16 ₹	2015-16 % to total consumption
Imported	**172,842,271**	**6.94**	*90,770,821*	*3.07*
Indigenous	**2,317,960,972**	**93.06**	*2,862,174,551*	*96.93*
TOTAL	**2,490,803,243**	**100.00**	*2,952,945,372*	*100.00*

b) COST OF CONSTRUCTION AND PROPERTY DEVELOPMENT

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Cost of property development land	**36,195,512**		*119,694,151*	
Development and infrastructure expenditure	**105,978,047**		*173,718,454*	
Approval and clearances related expenses	**71,281,209**		*223,211,165*	
Professional and consultancy fees	**49,973,117**		*146,593,153*	
Construction costs	**1,120,254,252**		*47,657,856*	
Cost of managerial services	**83,003,487**		*42,364,836*	
Development management fees	**281,668,999**		*10,000,000*	
Future Development CWIP	**17,344,988**		–	
Other expenses	**78,170,335**		*24,453,716*	
Depreciation [Refer Note 25]	**3,297,162**		*684,285*	
		1,847,167,108		*788,377,616*
TOTAL		**1,847,167,108**		*788,377,616*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

c) CHANGES IN INVENTORIES OF FINISHED GOODS, MANUFACTURING AND PROPERTY DEVELOPMENT RELATED WORK-IN-PROGRESS

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Opening stock				
Finished goods	**175,160,588**		*389,351,430*	
Manufacturing Work in progress	**276,928,349**		*492,589,630*	
Property development related work-in-progress	**788,377,616**		–	
		1,240,466,553		*881,941,060*
Less: Closing stock				
Finished goods	**178,856,149**		*175,160,588*	
Manufacturing Work in progress	**229,844,234**		*276,928,347*	
Property development related work-in-progress	**1,751,788,047**		*788,377,616*	
		2,160,488,430		*1,240,466,551*
TOTAL		**(920,021,877)**		*(358,525,491)*

(i) Details of Work-in-progress

Particulars	As at 31.03.2017		As at 31.03.2016	
	₹	₹	₹	₹
Earth moving machinery	**91,787,927**		*156,037,800*	
Hydraulic & Pneumatic Equipment	**138,056,307**		*120,890,547*	
Property development related work-in-progress	**1,751,788,047**		*788,377,616*	
		1,981,632,281		*1,065,305,963*
TOTAL		**1,981,632,281**		*1,065,305,963*

(ii) Details of finished goods

Particulars	As at 31.03.2017		As at 31.03.2016	
	₹	₹	₹	₹
Earth moving machinery	**115,522,471**		*140,745,022*	
Hydraulic & Pneumatic Equipment	**60,077,268**		*31,042,294*	
Attachments & Parts	**3,256,410**		*3,373,272*	
		178,856,149		*175,160,588*
TOTAL		**178,856,149**		*175,160,588*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

d) OTHER MANUFACTURING AND OPERATING EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Subcontract processing charges	**17,756,970**		*23,146,899*	
Stores and spares consumed	**51,100,434**		*64,296,635*	
Excise duty	**25,898,573**		*34,819,323*	
Power and fuel	**42,611,252**		*33,423,429*	
Hire charges of plant and machinery	**3,812,787**		*8,143,945*	
Repairs to plant and machinery	**32,744,637**		*37,233,191*	
Repairs to buildings	**1,199,489**		*1,089,138*	
		175,124,142		*202,152,560*
TOTAL		**175,124,142**		*202,152,560*

23 EMPLOYEE BENEFITS EXPENSE

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Salaries and wages		**446,057,621**		*472,740,565*
Contribution to and provision for [Refer Note 34]				
Provident fund and pension scheme	**23,495,477**		*24,841,345*	
Gratuity	**6,743,440**		*7,817,662*	
		30,238,917		*32,659,007*
Staff welfare expenses		**79,943,868**		*86,414,916*
TOTAL		**556,240,406**		*591,814,488*

24 FINANCE COSTS

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest on				
- borrowings	**50,748,451**		*52,887,547*	
- others	**1,923,410**		*187,562*	
TOTAL		**52,671,861**		*53,075,109*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

25 DEPRECIATION, AMORTISATION AND OBSOLESCENCE EXPENSE

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Depreciation of property, plant and equipment	**95,844,583**		*74,314,984*	
Amortisation of intangible assets	**6,345,683**		*2,785,614*	
Obsolescence	**3,128**		–	
		102,193,394		*77,100,598*
Less: Transfer to Property development related work-in-progress [Refer Note 22(b)]		**(3,297,162)**		*(684,285)*
TOTAL		**98,896,232**		*76,416,313*

26 OTHER EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Rent	**6,931,133**		*8,914,770*	
Rates and taxes	23,371,619		26,441,980	
Insurance	2,757,757		2,500,350	
Travelling and conveyance	59,807,962		61,354,017	
Commission to others	58,168,584		48,432,404	
Marketing & advertisement expenses	68,083,968		26,297,629	
Printing and stationary	3,877,646		4,380,153	
General repairs and maintenance	25,293,410		32,934,177	
Communication expenses	5,142,543		5,955,292	
Bank charges	509,022		658,366	
Packing and forwarding	14,371,680		6,562,161	
Power & Fuel	1,834,343		2,669	
Administration & Management fees	88,877,317		83,013,302	
Net Change in fair value of financial asset at FVTPL	618,167		-	
Professional fees	46,955,108		58,432,321	
Directors' fees	430,000		490,000	
Auditors' remuneration [Refer Note (a)]	3,359,417		2,528,838	
Expenditure on CSR activities [Refer Note (b)]	–		2,465,548	
Provision for bad and doubtful debts	13,623,410		3,472,395	
Bad debts written off	–		17,015	
Miscellaneous expenses	10,500,719		6,907,901	
		434,513,805		*381,761,288*
TOTAL		**434,513,805**		*381,761,288*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

a) Payments to the Auditor

Particulars	2016-17 ₹	2015-16 ₹
as Auditor	**1,900,000**	*1,600,000*
for taxation matters	**114,000**	*150,000*
for other services	**959,275**	*433,191*
for reimbursement of expenses	**386,142**	*345,647*
TOTAL	**3,359,417**	*2,528,838*

b) Expenditure incurred on Corporate social responsibility activities

Particulars	2016-17		
	In cash	**Yet to be paid in cash**	**Total**
a) Gross amount required to be spent by the company during the year	–	–	–
b) Amount spent during the year on:			
(i) Construction / acquisition of any asset	–	–	–
(ii) On purposes other than (i)	–	–	–
Total	–	–	–

Particulars	*2015-16*		
	In cash	*Yet to be paid in cash*	*Total*
a) Gross amount required to be spent by the company during the year.	–	–	*3,077,256*
b) Amount spent during the year on:			
(i) Construction / acquisition of any asset	–	–	–
(ii) On purposes other than (i)	*1,406,768*	*1,058,780*	*2,465,548*
TOTAL	*1,406,768*	*1,058,780*	*2,465,548*

Particulars	2016-17 ₹	₹	2015-16 ₹	₹
27 OTHER COMPREHENSIVE INCOME				
a) Items that will not be reclassified to profit or loss				
Remeasurements of the net defined benefit Plans				
Gratuity Actuarial gain /(losses)	**3,300,747**		*(6,932,305)*	
Post-retirement Medical Benefit Actuarial gain / (losses)	**190,799**		*(1,131,037)*	
	3,491,546		*(8,063,342)*	
Less : Income tax relating to Remeasurements of the net defined benefit Plans	–	**3,491,546**	*(2,790,561)*	*(5,272,781)*
		3,491,546		*(5,272,781)*
b) Items that will be reclassified to profit or loss				
Effective portion of gains and losses on hedging instruments in a cash flow hedge	–		*2,094,344*	
Less : Income tax relating to Remeasurements of the net defined benefit Plans	–	–		*2,094,344*
		–		*2,094,344*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
28	**VALUE OF IMPORTS ON C.I.F. BASIS**				
	Raw materials	**98,472,994**		*45,114,217*	
	Components	**96,939,904**		*140,184,370*	
	Capital goods	**2,530,214**		–	
	Spares	**7,484,917**	**205,428,029**	*15,061,753*	*200,360,340*
			205,428,029		*200,360,340*
29	**EXPENDITURE IN FOREIGN CURRENCY**				
	Foreign travel		**705,647**		*1,141,528*
			705,647		*1,141,528*
30	**EARNINGS IN FOREIGN EXCHANGE**				
	Export of goods calculated on F.O.B basis		**17,753,787**		*29,543,336*
			17,753,787		*29,543,336*

31 Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions (for entities to whom Ind AS is applicable) issued by the Institute of Chartered Accountants of India

The Realty division of the Company follows Percentage of Completion method (POC), based on stage of completion at the Balance Sheet Date, taking into account the contractual price and revision thereto by estimating total cost till completion of the contract and the profit so determined has been accounted proportionate to the percentage of the actual work done.

Particulars	**2016-17** ₹	*2015-16* ₹
Amount of project revenue recognised for the financial year	**1,164,388,248**	–
Aggregate amount of costs incurred and profits recognised as at the end of the financial year	**1,164,388,248**	–
Advance received from customers	**89,176,325**	*4,500,000*
Amount of work-in-progress and the value of inventories	**1,751,788,047**	*788,377,616*
Excess of revenue recognised over actual bills raised (unbilled revenue)	**–**	–

32 Expenditure on Research & Development

Expenditure on research and development activities during the year is ₹.29,055,651/- (Previous year ₹ 28,192,353/-) [Including capital expenditure of ₹ 15,300,353/- during the year (Previous year ₹.12,932,024/-)]

33 Disclosures pursuant to Indian Accounting Standard 108 : "Operating Segments"

The Company has following business segments, which are its reportable segments. These segments offer different products and services, and are managed separately.

Reportable segment	Products / Service
Construction equipment	Manufacturing and sale of construction equipments such as hydraulic excavators, hydraulic and pneumatic equipments, wheel loaders, soil compactors, attachments and spare parts.
Property Development	Property development under the name 'Raintree Boulevard' at its land located in Byatarayanapura, Bengaluru

No operating segments have been aggregated to form the above reportable segments.

The management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on profit or loss and is measured constantly with profit or loss in the consolidated financial statement.

The measurement principles of segments are consistent with those used in Significant Accounting Policies. Inter segment transactions are at cost.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

a) Segment Information

	Particulars	2016-17			*2015-16*		
		Construction Equipment	**Property Development**	**Total**	*Construction Equipment*	*Property Development*	*Total*
		₹	₹	₹	₹	₹	₹
A	**Segment Revenue**						
	External Customers	**4,048,662,399**	**1,168,737,968**	**5,217,400,367**	*5,706,453,845*	–	*5,706,453,845*
	Inter-segment	**–**	**–**	**–**	–	–	–
	Total Revenue	**4,048,662,399**	**1,168,737,968**	**5,217,400,367**	*5,706,453,845*	–	*5,706,453,845*
B	**Segment results**	**(259,150,289)**	**203,732,147**	**(55,418,142)**	*36,913,394*	*(21,588,766)*	*15,324,628*
C	**Specified amounts included in segment results**						
	Interest income	**630,954**	**–**	**630,954**	*21,170,954*	–	*21,170,954*
	Interest expense	**50,833,342**	**1,838,519**	**52,671,861**	*53,075,109*	–	*53,075,109*
	Depreciation and Amortisation	**97,690,249**	**1,205,983**	**98,896,232**	*76,313,415*	*102,898*	*76,416,313*
	Write down of inventory to its net realisable value	**30,821,740**	**–**	**30,821,740**	*25,389,605*	–	*25,389,605*
	Profit on sale of property, plant and equipment	**21,829,486**	**–**	**21,829,486**	*8,777,898*	–	*8,777,898*
	Profit on sale of investment	**–**	**25,115,334**	**25,115,334**	–	*623,124*	*623,124*
D	**Reconciliation of segment results with profit after tax**						
	Segment Results	**(259,150,289)**	**203,732,147**	**(55,418,142)**	*36,913,394*	*(21,588,766)*	*15,324,628*
	Unallocated corporate expenses	**–**	**–**	**3,859,587**	–	–	*5,484,386*
	Tax expenses	**–**	**–**	**(17,176,892)**	–	–	*10,388,391*
	Profit / (Loss) after tax	**–**	**–**	**(68,735,447)**	–	–	*31,197,405*

b) Segment assets and Liabilities.

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Construction Equipment	**Property Development**	**Total**	*Construction Equipment*	*Property Development*	*Total*	*Construction Equipment*	*Property Development*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Segment Assets	**3,668,838,763**	**2,150,526,721**	**5,819,365,484**	*3,852,029,559*	*1,439,495,732*	*5,291,525,291*	*4,114,982,335*	–	*4,114,982,335*
Unallocable Corporate Assets			**–**			*15,000*	–	–	–
Total Assets	**3,668,838,763**	**2,150,526,721**	**5,819,365,484**	*3,852,029,559*	*1,439,495,732*	*5,291,540,291*	*4,114,982,335*	–	*4,114,982,335*
Segment Liabilities	**1,692,806,209**	**1,823,224,301**	**3,516,030,510**	*1,723,827,246*	*1,195,347,350*	*2,919,174,596*	*1,776,322,429*		*1,776,322,429*
Unallocable Corporate Liabilities			**1,900,000**			*5,686,822*	–	–	–
Total Liabilities	**1,692,806,209**	**1,823,224,301**	**3,517,930,510**	*1,723,827,246*	*1,195,347,350*	*2,924,861,418*	*1,776,322,429*	–	*1,776,322,429*
Cost Incurred on acquisition of Non Current Assets	**208,169,287**	**9,894,796**	**218,064,083**	*405,798,921*	*7,518,018*	*413,316,939*	*361,394,715*	–	*361,394,715*

c) Geographical Information

(i) Revenue from external customers

Particulars	**2016-17**	*2015-16*
	₹	₹
India	**5,183,128,925**	*5,679,459,994*
Outside India	**34,271,442**	*26,993,851*
Total	**5,217,400,367**	*5,706,453,845*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The Company is domiciled in India. The amount of its revenues from external customers attributed to individual foreign countries are as below:

Particulars	**2016-17**	*2015-16*
	₹	₹
Bangladesh	**10,500,000**	–
United States of America	**6,661,294**	*9,994,558*
Bhutan	**6,342,178**	–
Japan	**6,290,000**	–
Myanmar	**4,314,384**	–
Israel	**163,586**	–
Democratic Republic of the Congo	**–**	*8,775,000*
Oman	**–**	*3,877,795*
Qatar	**–**	*3,160,742*
Morocco	**–**	*947,623*
United Arab Emirates	**–**	*238,133*
Total	**34,271,442**	*26,993,851*

(ii) All the non-current assets of the Company are located in India

(iii) Customer information

The Company has earned more than 10% of its revenue from one single external customer in 2016-17. Revenue earned from such customer is ₹ 1,977,146,964/- in year 2016-17 and ₹ 4,421,098,859 in year 2015-16.

The Company has earned more than 10% of its revenue from two single external customers in 2015-16. Revenue earned from such customers is ₹ 3,677,609,499/- in year 2016-17 and ₹ 743,489,360/- in year 2015-16.

These revenues are attributable to the Construction Equipment Division of the Company

34 Disclosures as required by Indian Accounting Standard (Ind AS) 19 ''Employee benefits''

A Defined Contribution Plan :

The Company's contribution to employee provident fund and superannuation fund are defined contribution plans. An amount of ₹ 23,495,477/- (Previous year ₹ 24,841,345/-) is recognised as an expense and is included in employee benefit expense under Note 23 in the Statement of Profit and Loss.

B Defined Benefit Plans :

(i) Gratuity

The Company provides for gratuity, a defined retirement benefit plan covering eligible employees. The Gratuity Plan Provides a lump sum payment to vested employees at retirement, death incapacitation or termination of employment, of an amount equivalent to 15 days' salary for each completed year of service subject to a maximum of ₹ 1,000,000/-. Vesting occurs upon completion of five continuous years of service in accordance with Indian Law. The Company makes annual contribution to the Life Insurance Corporation of India (LIC), which is funded defined benefit plan for qualifying employees.

(ii) Post-retirement Medical Benefit Plan

The post-retirement medical benefit plan provides for reimbursement of domiciliary expenses incurred by the employees and his/her spouse. The reimbursement is subject to an overall ceiling sanctioned at the time of retirement. The ceiling is based on the cadre of the employee at the time of retirement. This coverage does not form part of essential terms and condition of employment, and is a benefit extended by the company as a part of its social benefit policies.

(iii) Trust Managed Provident Fund Plan

The Company manages Provident Fund plan through a Provident Fund Trust for its employees which is permitted under the Employees Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employee and guarantees interest at the rate notified by the Provident Fund Authority. The contribution by employer and employee, together with interest, are payable at the time of separation from service or retirement, whichever is earlier. The benefit under this plan vests immediately on rendering of service.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

a) The amounts recognised in Balance Sheet are as follows:

(₹)

Particulars		Gratuity plan			Post-retirement Medical Benefit Plan			Trust Managed Provident Fund Plan		
		As at 31 Mar 2017	*As at 31 Mar 2016*	*As at 1 Apr 2015*	**As at 31 Mar 2017**	*As at 31 Mar 2016*	*As at 1 Apr 2015*	**As at 31 Mar 2017**	*As at 31 Mar 2016*	*As at 1 Apr 2015*
A.	Amount to be recognised in Balance Sheet									
	Present value of Defined Benefit Obligation									
	– Wholly Funded	**190,465,586**	*199,951,225*	*169,054,119*	**–**	–	–	**718,565,493**	*717,615,053*	*611,440,118*
	– Wholly Unfunded	**–**	–	–	**18,540,019**	*19,274,458*	*16,858,462*	**–**	–	–
		190,465,586	*199,951,225*	*169,054,119*	**18,540,019**	*19,274,458*	*16,858,462*	**718,565,493**	*717,615,053*	*611,440,118*
	Less : Fair value of Plan Assets	**199,908,518**	*193,239,431*	*160,051,937*	**–**	–	–	**828,518,493**	*815,122,053*	*700,322,118*
	"Add: Amount not recognised as an asset (limit in para 64(b)"	**10,802,335**	*11,605,065*	*8,038,173*	**–**	–	–	**–**	–	–
	Amount to be recognised as liability or (asset)	**1,359,403**	*18,316,859*	*17,040,355*	**18,540,019**	*19,274,458*	*16,858,462*	**(109,953,000)**	*(97,507,000)*	*(88,882,000)*
B.	Amounts reflected in the Balance Sheet									
	Liabilities	**1,359,402**	*18,316,859*	*17,040,355*	**18,540,019**	*19,274,458*	*16,858,462*	**6,636,533**	*7,333,374*	*6,707,771*
	Assets	**–**	–	–	**–**	–	–	**–**	–	–
	Net liability/(asset)	**1,359,402**	*18,316,859*	*17,040,355*	**18,540,019**	*19,274,458*	*16,858,462*	**6,636,533**	*7,333,374*	*6,707,771*
	Current / Non current classification of obligation									
	Net (Asset) / Liability - Current	**1,359,402**	*18,316,859*	*17,040,355*	**2,224,801**	*2,312,934*	*1,858,501*	**6,636,533**	*7,333,374*	*6,707,771*
	Net (Asset) / Liability - Non-Current	**–**	–	–	**16,315,218**	*16,961,524*	*14,999,961*	**–**	–	–

b) The amounts recognised in statement of profit and loss are as follows:

Particulars		Gratuity plan		Post-retirement Medical Benefit Plan		Trust Managed Provident Fund Plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
		₹	₹	₹	₹	₹	₹
1	Current Service Cost	**7,584,203**	*8,314,115*	**2,103,456**	*2,410,081*	**15,414,927**	*15,463,331*
2	Interest Cost	**14,257,357**	*12,651,974*	**1,363,618**	*1,205,244*	**55,566,740**	*54,164,817*
3	Interest income on Plan Assets	**(15,098,120)**	*(13,148,427)*	**–**	–	**(55,566,740)**	*(54,164,817)*
4	Actuarial Losses/(Gains)	**(3,300,747)**	*6,932,305*	**(190,799)**	*1,131,037*	**(12,416,260)**	*(9,496,602)*
5	Actuarial Gain not recognised in books	**–**	–	**–**	–	**12,416,260**	*9,496,602*
	Sub - total	**3,442,693**	*14,749,967*	**3,276,275**	*4,746,362*	**15,414,927**	*15,463,331*
I	Amount included in employee benefit expense	**6,743,440**	*7,817,662*	**3,467,064**	*3,615,325*	**15,414,927**	*15,463,331*
II	Amount included as part of Other Comprehensive Income	**(3,300,747)**	*6,932,305*	**(190,799)**	*1,131,037*	**–**	–
	Total expenses recognized in statement of profit and loss	**3,442,693**	*14,749,967*	**3,276,265**	*4,746,362*	**15,414,927**	*15,463,331*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹)

Particulars	Gratuity plan		Post-retirement Medical Benefit Plan		Trust Managed Provident Fund Plan	
	As at 31 Mar 2017	*As at 31 Mar 2016*	**As at 31 Mar 2017**	*As at 31 Mar 2016*	**As at 31 Mar 2017**	*As at 31 Mar 2016*
Opening balance of the present value of						
Defined Benefit Obligation	**199,951,225**	*169,054,119*	**19,274,458**	*16,858,462*	**717,615,053**	*611,440,118*
Add : Current Service Cost	**7,584,203**	*8,314,115*	**2,103,456**	*2,410,081*	**–**	*–*
Add : Interest Cost	**14,257,357**	*12,651,974*	**1,363,618**	*1,205,244*	**55,566,740**	*54,164,817*
Add : Contribution by plan participants						
i) Employer	**–**	*–*	**–**	*–*	**15,414,927**	*15,463,331*
ii) Employee	**–**	*–*	**–**	*–*	**15,650,925**	*99,336,604*
Add/(Less): Actuarial losses / (gains)						
Actuarial (gains)/losses arising from changes in demographic assumption	**647,167**	*–*	**839,624**	*–*	**–**	*–*
Actuarial (gains)/losses arising from changes in financial assumption	**1,039,810**	*(7,218,151)*	**258,192**	*(1,254,413)*	**–**	*–*
Actuarial (gains)/losses arising from changes in experience adjustments	**(4,397,066)**	*25,778,914*	**(1,288,615)**	*2,385,450*	**–**	*–*
Less: Benefits paid	**(28,617,110)**	*(8,629,746)*	**(4,010,714)**	*(2,330,366)*	**(85,682,152)**	*-62,789,817*
Closing balance of the present value of Defined Benefit Obligation	**190,465,586**	*199,951,225*	**18,540,019**	*19,274,458*	**718,565,493**	*717,615,053*

1 In respect of Trust managed provident fund plan, asset is not recognized in the Balance Sheet.

2 In respect of Trust managed provident fund plan, employer and employees' contribution (Net) for the month of March 2017 paid in April 2017.

3 In respect of Trust managed provident fund plan, the amount of ₹.15,414,927/- (previous year ₹ 1,54,63,331/-) represents employer's contribution to provident fund.

4 The details of Trust Managed provident fund plan are based on Management Certified information

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹)

Particulars	Gratuity plan		Trust Managed Provident Fund Plan	
	As at 31 Mar 2017	*As at 31 Mar 2016*	**As at 31 Mar 2017**	*As at 31 Mar 2016*
Opening balance of the fair value of the plan assets	**193,239,431**	*160,051,937*	**815,122,053**	*700,322,118*
Add : Interest income on plan assets	**15,098,120**	*13,148,427*	**55,566,740**	*54,164,817*
Add/(Less): Actuarial gains/(losses)				
a) Difference between actual return on plan asset & interest income	**590,658**	*11,628,458*	**–**	*–*
b) others	**–**	*–*	**12,416,260**	*9,496,602*
Add: Contribution by the employer	**19,597,419**	*17,040,355*	**15,414,927**	*15,463,331*
Add: Contribution by plan participants	**–**	*–*	**15,650,925**	*99,336,604*
Less: Benefits paid	**(28,617,110)**	*(8,629,746)*	**-85,682,152**	*-62,789,817*
Add: Adjustment for earlier years	**–**	*–*	**29,740**	*-871,602*
Closing balance of the plan assets	**199,908,518**	*193,239,431*	**828,518,493**	*815,122,053*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

e) The Fair value of major categories of plan assets are as follows :

(₹)

Particulars	Trust Managed Provident Fund Plan								
	As at 31 Mar 2017			*As at 31 Mar 2016*			*As at 1 Apr 2015*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
Cash and cash Equivalents	**–**	**884,918**	**884,918**	*–*	*706,310*	*706,310*	*–*	*2,092,803*	*2,092,803*
Debt Instruments - Corporate Bonds	**110,696,050**	**–**	**110,696,050**	*76,182,550*	*–*	*76,182,550*	*–*	*–*	*–*
Debt Instruments - Central Government Bonds	**157,015,360**	**–**	**157,015,360**	*160,692,460*	*–*	*160,692,460*	*163,249,960*	*–*	*163,249,960*
Debt Instruments - State Government Bonds	**218,211,382**	**–**	**218,211,382**	*199,355,430*	*–*	*199,355,430*	*141,346,390*	*–*	*141,346,390*
Debt Instruments - PSU Bonds	**230,198,400**	**–**	**230,198,400**	*273,200,900*	*–*	*273,200,900*	*269,997,750*	*–*	*269,997,750*
Mutual Funds - Equity	**12,714,454**	**–**	**12,714,454**	*8,102,257*	*–*	*8,102,257*	*–*	*–*	*–*
Fixed Deposits	**–**	**1,500,000**	**1,500,000**	*–*	*3,500,000*	*3,500,000*	*–*	*–*	*–*
Special Deposit Scheme	**–**	**34,103,768**	**34,103,768**	*–*	*34,103,768*	*34,103,768*		*34,103,768*	*34,103,768*
Others	**–**	**63,194,161**	**63,194,161**	*–*	*59,278,378*	*59,278,378*	*–*	*89,531,447*	*89,531,447*
Closing Balance of the plan assets	**728,835,646**	**99,682,847**	**828,518,493**	*717,533,597*	*97,588,456*	*815,122,053*	*574,594,100*	*125,728,018*	*700,322,118*

f) The Company proposes to meet its defined benefit obligations from operating cash flows in the regular course of business, thus there is no impact on future contributions due to any funding arrangements or funding policy. The weighted average duration of the defined benefit plan obligations at the end of the reporting period is as follows :

Particulars		**As at 31 Mar 2017**	*As at 31 Mar 2016*	*As at 1 Apr 2015*
1)	Gratuity plan	**9.16**	*8.65*	*8.65*
2)	Post-retirement Medical Benefit Plan	**9.99**	*8.75*	*8.75*

g) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages)

Particulars		**As at 31 Mar 2017**	*As at 31 Mar 2016*	*As at 1 Apr 2015*
1	Discount rate:			
	Gratuity plan	**6.85%**	*7.68%*	*8.00%*
	Post-retirement Medical Benefit Plan	**6.85%**	*7.68%*	*8.00%*
2	Annual increase in healthcare costs (see note below)	**7.00%**	*7.00%*	*7.00%*
3	Salary Growth rate:			
	Gratuity plan	**4.00%**	*5.00%*	*6.00%*
4	Employee Turnover rate	**6.00%**	*5.00%*	*5.00%*
5	Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table		

6 Attrition Rate :

a) For post-retirement medical benefit plan, the attrition rate is at 6% (previous year: 5%) for various age groups

b) For gratuity plan the attrition rate is at 6% (previous year: 5%) for various age groups

7 The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand the employment market

8 The interest payment obligation of trust managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of Profit and loss

9 The obligation of the company under the post retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

h) Sensitivity analysis

A sensitivity analysis is given below to highlight the impact of change in significant actuarial valuation assumptions would have the following effects on the defined obligation of Gratuity plan.

a) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars		**Effect of 1% increase**		**Effect of 1% decrease**	
		2016-17	*2015-16*	**2016-17**	*2015-16*
1)	Impact of change in salary growth rate	**6,437,737**	*8,957,815*	**(10,570,840)**	*(13,136,795)*
2)	Impact of change in discount rate	**(10,589,887)**	*(13,276,761)*	**6,628,202**	*9,977,566*

b) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of Post-retirement Medical Benefit Plan:

Particulars		**Effect of 1% increase**		**Effect of 1% decrease**	
		2016-17	*2015-16*	**2016-17**	*2015-16*
1)	Impact of change in salary growth rate	**1,267,038**	*1,443,220*	**(1,859,431)**	*(2,522,217)*
2)	Impact of change in discount rate	**(1,849,343)**	*(2,574,071)*	**1,941,200**	*1,566,715*

Methods and assumptions used in preparing the sensitivity analysis & the limitations of these methods

We have used P.U.C method. If an employee's service in later years will lead to a materially higher level of benefit than in earlier years, these benefits are attributed on a straight-line basis. The limitations are that in assessing the change other parameters are kept constant. (para 145b)

There is no change from the previous period in the methods and assumption's used in the preparation of above analysis, except that the base rates have changed.

i) Maturity profile of defined benefit obligation

Particulars		**Gratuity**		**Post Retirement Medical Benefit Plan**	
		2016-17	*2015-16*	**2016-17**	*2015-16*
		(Funded)	*(Funded)*	**(Non funded)**	*(Non funded)*
1	Within the next 12 months (next annual reporting period)	**30,785,619**	*11,991,831*	**6,480,303**	*13,078,721*
2	Between 2 and 5 years	**83,844,545**	*76,878,853*	**12,073,671**	*21,369,400*
3	Between 6 and 10 years	**50,186,211**	*67,156,065*	**7,659,381**	*8,803,163*

j) Expected contribution

Particulars	**Gratuity**		**Trust Managed Provident Fund Plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Expected contribution for the next annual reporting period	**4,537,718**	*5,423,939*	**15,260,315**	*15,310,040*

35. Disclosures as required by Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures''

(a) Related Parties where control exists

Sr. No.	**Name of the related party**	**Relationship**
1	Larsen & Toubro Limited	Holding Company

(b) Related Parties with whom transactions were carried out during the reporting periods

Sr. No.	**Name of the related party**	**Relationship**
1	Larsen & Toubro Limited	Holding Company
2	L&T Cutting Tools Limited	Fellow Subsidiary
3	L&T Valves Limited	Fellow Subsidiary
4	Larsen & Toubro Infotech Limited	Fellow Subsidiary
5	L&T General Insurance Company Limited	Fellow Subsidiary (Sold on 9 September 2016)
6	L&T Technology Services Limited	Fellow Subsidiary
7	L&T Realty Limited	Fellow Subsidiary

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Sr. No.	Name of the related party	Relationship
8	L&T Parel Project LLP	Fellow Subsidiary
9	L&T Capital Markets Limited	Fellow Subsidiary
10	EWAC Alloys Limited	Fellow Subsidiary
11	Nabha Power Limited	Fellow Subsidiary
12	DAEWOO and L&T Joint Venture	Joint Operation
13	Magtorq Private Limited	Associate
14	Rishi Consfab Private Limited	Associate (Sold during FY 2015-16)
15	D Keshava Kumar (Chief Executive)	Key Management Personnel
16	L Srivathsan (Chief Financial Officer)	Key Management Personnel
17	K P Raghavan (Independent director)	Key Management Personnel
18	Revathy Ashok (Independent director)	Key Management Personnel
19	L&T Construction Equipment Employees PF Trust	PF Trust for employees of L&T Construction Equipment Employees

(c) Related party transactions:

The following transactions were carried out with related parties in the ordinary course of business (inclusive of service tax and other statutory levies).

Sr. No.	Nature of transaction / relationship	2016-17	2015-16	2014-15
		₹	₹	₹
1	Purchase of goods			
	a) Holding Company			
	Larsen & Toubro Limited	**136,788**	*31,003,280*	*33,060,215*
		136,788	*31,003,280*	*33,060,215*
	b) Fellow Subsidiaries			
	L&T Cutting Tools Limited	**5,432,606**	*2,697,272*	*9,506,627*
		5,432,606	*2,697,272*	*9,506,627*
	c) Other related parties			
	Rishi Consfab Private Limited	**–**	*46,995,553*	*102,700,827*
	Magtorq Private Limited	**29,403,583**	*68,348,487*	*11,080,000*
		29,403,583	*115,344,040*	*113,780,827*
	Total	**34,972,977**	*149,044,592*	*156,347,669*
2	Sale of goods			
	a) Holding Company			
	Larsen & Toubro Limited	**400,505,930**	*727,515,858*	*234,190,431*
		400,505,930	*727,515,858*	*234,190,431*
	b) Fellow Subsidiaries			
	Nabha Power Limited	**487,224**	*–*	*351,000*
		487,224	*–*	*351,000*
	c) Other related parties			
	DAEWOO and L&T Joint Venture	**2,896,875**	*–*	*–*
	Rishi Consfab Private Limited	**–**	*23,034,505*	*32,983,959*
		2,896,875	*23,034,505*	*32,983,959*
	Total	**403,890,029**	*750,550,363*	*267,525,390*
3	Purchase of fixed assets			
	a) Holding Company			
	Larsen & Toubro Limited	**–**	*2,125,664*	*3,286,100*
		–	*2,125,664*	*3,286,100*
	b) Fellow Subsidiaries			
	EWAC Alloys Limited	**247,034**	*1,486,173*	*2,762,444*
		247,034	*1,486,173*	*2,762,444*
	Total	**247,034**	*3,611,837*	*6,048,544*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16	2014-15
		₹	₹	₹
4	Sale of fixed assets			
	a) Holding Company			
	Larsen & Toubro Limited	–	350,123	233,292
	Total	–	350,123	233,292
5	Services received			
	a) Holding Company			
	Larsen & Toubro Limited	**12,281,640**	23,667,886	7,886,917
		12,281,640	23,667,886	7,886,917
	b) Fellow Subsidiaries			
	L&T General Insurance Company Limited	**195,989**	3,249,665	2,405,189
	L&T Technology Services Limited	**377,850**	455,414	345,645
		573,839	3,705,079	2,750,834
	Total	**12,855,479**	27,372,965	10,637,751
6	Services rendered			
	a) Holding Company			
	Larsen & Toubro Limited	**799,814,713**	60,268,862	13,299,838
		799,814,713	60,268,862	13,299,838
	b) Fellow Subsidiaries			
	L&T Valves Limited	**57,035**	209,266	365,416
	EWAC Alloys Limited	–	–	17,410
		57,035	209,266	382,826
	Total	**799,871,748**	60,478,128	13,682,664
7	Inter Corporate Deposit (ICD) given			
	a) Holding Company			
	Larsen & Toubro Limited	–	–	500,000,000
	Total	–	–	500,000,000
8	Interest received on ICD			
	a) Holding Company			
	Larsen & Toubro Limited	–	19,825,411	41,114,384
	Total	–	19,825,411	41,114,384
9	Commission paid			
	a) Holding Company			
	Larsen & Toubro Limited	**66,032,060**	54,714,592	14,884,620
	Total	**66,032,060**	54,714,592	14,884,620
10	Management contracts including for deputation of employees			
	a) Holding Company			
	Larsen & Toubro Limited	**133,675,891**	11,932,915	9,817,726
	Total	**133,675,891**	11,932,915	9,817,726
11	Warranty claims settled			
	a) Holding Company			
	Larsen & Toubro Limited	**85,330**	5,998,680	4,067,361
	Total	**85,330**	5,998,680	4,067,361
12	Administration and management fees			
	a) Holding Company			
	Larsen & Toubro Limited	**90,511,396**	93,244,645	39,116,907
	Total	**90,511,396**	93,244,645	39,116,907

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Sr. No.	Nature of transaction / relationship	2016-17 ₹	2015-16 ₹	2014-15 ₹
13	Professional fees paid			
	a) Fellow subsidiaries			
	Larsen & Toubro Infotech Limited	**13,507,551**	*18,030,299*	*18,053,966*
	Total	**13,507,551**	*18,030,299*	*18,053,966*
14	Payment of Salaries/Perquisites (Key Management Personnel)			
	L. Srivathsan (Chief Financial Officer)	**2,894,431**	*2,753,279*	*2,517,180*
	i) Short term Employee benefits	**2,831,989**	*2,693,609*	*2,460,246*
	ii) Post Employment benefits	**62,442**	*59,670*	*56,934*
	Total	**2,894,431**	*2,753,279*	*2,517,180*
15	Lease deposit received (Key Management Personnel)			
	L. Srivathsan (Chief Financial Officer)	**–**	*–*	*179,200*
	Total	**–**	*–*	*179,200*
16	Development Management Fees			
	a) Fellow subsidiaries			
	L&T Realty Limited	**321,385,132**	*11,450,000*	*–*
	Total	**321,385,132**	*11,450,000*	*–*
17	Demolition Proceeds (Sale of Scrap)			
	a) Fellow subsidiaries			
	L&T Realty Limited	**–**	*11,469,194*	*–*
	Total	**–**	*11,469,194*	*–*
18	Marketing Expenses			
	a) Holding Company			
	Larsen & Toubro Limited	**5,062,253**	*98,127*	*–*
		5,062,253	*98,127*	*–*
	b) Fellow Subsidiaries			
	L&T Parel Project LLP	**–**	*650,360*	*–*
		–	*650,360*	*–*
	Total	**5,062,253**	*748,487*	*–*
19	Deposits Paid			
	a) Holding Company			
	Larsen & Toubro Limited	**–**	*550,800*	*–*
	Total	**–**	*550,800*	*–*
20	Brokerage paid			
	a) Fellow Subsidiaries			
	L&T Capital Markets Limited	**254,985**	*–*	*–*
	Total	**254,985**	*–*	*–*
21	Transfer of Construction work in progress			
	a) Holding Company			
	Larsen & Toubro Limited	**6,742,000**	*442,303,868*	*–*
	Total	**6,742,000**	*442,303,868*	*–*
22	Fees paid to (Key Management Personnel)			
	Revathi Ashok (Independent Director)	**230,000**	*260,000*	*–*
	K P Raghavan (Independent Director)	**200,000**	*245,000*	*–*
	Total	**430,000**	*505,000*	*–*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Sr. No.	Nature of transaction / relationship	2016-17	2015-16	2014-15
		₹	₹	₹
23	Retirement benefits contribution			
	a) Other related parties			
	L&T Construction Equipment Employees PF Trust			
	PF Employee's contribution	**56,393,747**	*61,639,546*	*49,119,560*
	PF Employer's contribution	**15,414,927**	*15,463,331*	*14,746,507*
	Total	**71,808,674**	*77,102,877*	*63,866,067*

d) Amounts payable to or receivable from related parties

	Particulars	Amounts payable to related parties			Amounts receivable related parties		
		As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
		₹	₹	₹	₹	₹	₹
i)	Holding Company						
	Larsen & Toubro Limited	**260,121,386**	*432,050,286*	*30,560,407*	**217,425,282**	*442,345,830*	*520,846,975*
ii)	Fellow Subsidiaries						
	L&T Cutting Tools Limited	**616,027**	*1,016,832*	*5,552,690*	**–**	–	–
	L&T Valves Limited	**–**	–	–	**11,542**	–	–
	Larsen & Toubro Infotech Limited	**3,092,763**	*7,321,938*	–	**–**	–	–
	L&T Kobelco Machinery Private Limited	**–**	–	–	**–**	–	–
	L&T General Insurance Company Limited	**–**	–	–	**–**	*135,582*	*60,639*
	L&T Technology Services Limited	**321,226**	*417,752*	–	**–**	–	–
	L&T Realty Limited	**188,936,817**	*10,450,000*	–	**–**	–	–
	L&T Parel Project LLP	**–**	–	–	**–**	–	–
	L&T Capital Markets Limited	**–**	–	–	**–**	–	–
	EWAC Alloys Limited	**247,034**	*433,360*	*3,132,252*	**–**	–	–
	Nabha Power Limited	**184,000**	–	–	**–**	–	–
		193,397,867	*19,639,882*	*8,684,942*	**11,542**	*135,582*	*60,639*
iii)	Key management personnel						
	Mr. L. Srivathsan (Chief Financial Officer)	**348,639**	*179,200*	*179,200*	**–**	–	–
iv)	Other related parties						
	DAEWOO and L&T Joint Venture	**–**	–	–	**3,192,815**	–	–
	Magtorq Private Limited	**20,836,534**	*46,101,705*	*6,916,335*	**–**	–	–
	Rishi Consfab Private Limited	**–**	–	*7,012,322*	**–**	–	–
	L&T Construction Equipment Employees PF Trust	**5,870,440**	*6,536,861*	*6,004,412*	**–**	–	–
		26,706,974	*52,638,566*	*19,933,069*	**3,192,815**	–	–
	TOTAL	**480,574,866**	*504,507,934*	*59,357,618*	**220,629,639**	*442,481,412*	*520,907,614*

All receivables and payables are unsecured and the settlement is expected in cash

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(e) Commitments with related parties

Revenue Commitments		**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
		₹	₹	₹
i)	Holding Company			
	Larsen & Toubro Limited	**1,010,400,000**	–	–
ii)	Fellow subsidiaries			
	L&T Realty Limited	**268,800,000**	–	–
	Larsen & Toubro Infotech Limited	**5,880,892**	*4,459,229*	*4,426,865*
	L&T Technology Services Limited	**–**	*330,000*	
	L&T Cutting Tools Limited	**8,453,816**	*151,535*	*1,348,517*
iii)	Other related parties			
	Magtorq Private Limited	**–**	*4,500,000*	–

iv) The Company has entered into a Memorandum of Understanding (MOU) dated 15 September 2014 with the holding company as per which the expenses incurred by the holding company towards development of the Company's realty project such as approval, consultant, architect, including employee cost and related overheads will be reimbursed by the Company. The amount of commitment is not quantified since it is event driven.

v) The Company has entered into an Agreement dated 25 November 2015 with L&T Realty Limited (LTR), a fellow subsidiary, as per which LTR renders various services connected with the development of the Company's realty project for which LTR is entitled for a development management fee at an agreed percentage of the net revenue generated from residential units / commercial premises constructed. The amount of commitment is not quantified since it is event driven.

f) Expenses recognized (net) during the year in respect of bad and doubtful debts due from related parties

Particulars	**2016-17**	*2015-16*
	₹	₹
Bad debts	**Nil**	*Nil*
Allowance for expected credit loss		
a) Holding company	**7,121,806**	*628,887*

g) Provision for doubtful debts related to the amount of outstanding receivables from related parties

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Allowance for expected credit loss			
a) Holding company	**7,790,506**	*668,700*	*39,814*

36 Disclosures pursuant to Ind AS 17: "Leases"

a) The Company has leasing arrangements for the following:

(i) Residential accommodation: Residential accommodation is taken on cancellable operating lease for use by the senior executives of the Company. These lease agreements are normally renewed on expiry. There are no exceptional / restrictive covenants in these lease agreements.

(ii) Motor Cars: Motor cars are taken on lease for use by the senior executives of the company. These leases are for a maximum period of five years and are non-cancellable operating leases.

(iii) Personal Computers: Computers are taken on lease for use by the senior executives of the Company. These leases are for a maximum period of three years and are non-cancellable operating leases.

(iv) Desktop Computers: Desktop Computers are taken on operating lease by the Company. These leases are for a maximum period of three years and are non-cancellable operating leases.

(v) Photocopiers: Photocopiers are hired and installed at various locations in the factory. These are cancellable operating leases. The contingent rent payments are determined based on the number of copies taken.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

b) The total of future minimum lease payments under non-cancellable operating leases are as follows:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2016
	₹	₹	₹
Not later than one year	6,256,722	7,787,952	6,389,700
Later than one year and not later than five years	12,333,046	13,687,997	10,223,075
Later than five years	–	–	–
Total	18,589,768	21,475,949	16,612,775

c) Lease payment recognised in the statement of profit and loss for the year is ₹ 11,627,443/- (Previous year ₹ 19,733,275/-) including contingent rent/sublease payment of ₹ Nil (Previous year ₹ Nil).

37 Basic and diluted earnings per share [EPS] computed in accordance with IND AS 33 "Earnings per Share"

Particulars			2016-17	2015-16
Profit after tax as per statement of Profit and Loss before Other Comprehensive Income available to equity shareholders	₹	A	(68,735,445)	31,197,405
Number of equity shares outstanding	Numbers		120,000,000	120,000,000
Weighted average number of equity shares	Numbers	B	120,000,000	120,000,000
Earnings per share (Basic and Diluted)	₹	C = A / B	(0.57)	0.26
Face value of an equity share	₹		10.00	10.00

38 CONTINGENT LIABILITIES

Particulars		As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
		₹	₹	₹
i.	Service tax liability that may arise in respect of matters in appeal / challenged by the company	1,315,444,847	1,313,671,085	1,305,484,990
ii.	Excise duty liability that may arise in respect of matters in appeal / challenged by the company	–	119,761,791	119,761,791
iii.	Income tax liability that may arise in respect of matters in appeal / challenged by the company	139,451,071	139,451,071	148,911,089
iv.	VAT/Sales tax liability that may arise in respect of matters in appeal / challenged by the company	162,731,471	148,183,625	95,800,403
v.	Claims against the Company not acknowledged as debts [Refer Note (c) below]	463,187,698	463,187,698	–

a. The company does not expect any reimbursements in respect of the above contingent liabilities.

b. It is not practical to estimate the timing of cash outflows, if any, in respect of matters above pending resolution of appeal proceedings.

c. During the year ended 31 March 2016, the Company received a demand of ₹ 46,31,87,698/- towards Metro Cess from Bangalore Development Authority (BDA). It had represented to BDA questioning the validity of the demand since the project land is not covered under the relevant circular. Further, the levy of Metro Cess itself has been challenged by various Builders in the Karnataka High Court and is pending for decision. In view of this, the said demand is considered as Contingent Liability.

39 COMMITMENTS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	₹	₹	₹
Estimated amount of contracts remaining to be executed on capital account and not provided for (net off advances paid, if any)			
Property, Plant and Equipment	48,527,159	116,604,948	46,259,504
Intangible Assets	–	–	–
TOTAL	48,527,159	116,604,948	46,259,504

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

40 FINANCIAL RISK MANAGEMENT

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks.

The Risk Management Policy of the Company approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

a) Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, currency risk and other price risk. Financial instruments affected by market risk includes investments, borrowings, trade payables and trade receivables.

i) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company has not hedged its receivables and payables in foreign currency

The carrying amounts of the Company's foreign currency denominated monetary items are as follows:

Currency	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Assets (Receivables)			
USD	**–**	*821,629*	*–*
Liabilities (Payables)			
USD	**1,278,797**	*1,719,838*	*6,718,587*
YEN	**5,811,348**	*10,710,352*	*9,096,089*
EURO	**21,071,032**	*17,419,947*	*7,612,586*
GBP	**–**	*–*	*614,269*

The below table demonstrates the sensitivity to a 5% increase or decrease in the exchange rate with all other variables held constant. The sensitivity analysis is prepared on the exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

Change in exchange rate	**2016-17**	*2015-16*
	₹*	₹*
USD		
Increase in exchange rate by 5%	**63,940**	*44,911*
Decrease in exchange rate by 5%	**(63,940)**	*(44,911)*
YEN		
Increase in exchange rate by 5%	**290,567**	*535,518*
Decrease in exchange rate by 5%	**(290,567)**	*(535,518)*
EURO		
Increase in exchange rate by 5%	**1,053,552**	*870,997*
Decrease in exchange rate by 5%	**(1,053,552)**	*(870,997)*

* Positive amount represents expenses and negative amount represents income.

ii) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company's borrowings bear fixed interest rate and hence is not significantly exposed to interest rate risk. The Company has not used any interest rate derivatives.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

iii) Other price risk

Other price risk is the risk that the fair value of a financial instrument will fluctuate due to changes in market traded price. The Company is exposed to other price risks due to its investments in mutual funds. Investment in mutual funds as at the end of the reporting period is as follows

Particulars	Note	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
		₹	₹	₹
Investments in mutual funds	6	**89,566,508**	*355,527,663*	–

The below table demonstrates the sensitivity to a 5% increase or decrease in the NAV of mutual funds with all other variables held constant. The sensitivity analysis is prepared on the exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in NAV.

Change in NAV	**2016-17**	*2015-16*
	₹	₹
Increase in NAV by 5%	**4,478,325**	*17,776,383*
Decrease in NAV by 5%	**(4,478,325)**	*(17,776,383)*

b) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix takes into account historical observed credit loss experience and is adjusted for forward-looking estimates. Trade receivables from group company are not subject to expected credit loss allowance as their collectability is certain, however expected credit loss on account of expected delay is recognized. The provision matrix at the end of the reporting period with respect to delay and default in payment by customers is as follows:

Ageing	% of expected credit loss	
	Delay	Default
Due for 0 - 6 months	Nil	Nil
Due for 6 - 12 months	7%	3%
Due for 12 - 24 months	13%	15%
Due for 24 - 36 months	21%	30%
Due for more than 36 months	28%	60%

i) Movement in allowance for expected credit loss

Particulars	**2016-17**	*2015-16*
	₹	₹
Balance as at the beginning of the year	**6,774,625**	*3,302,230*
Add: Allowance for expected credit loss measured at an amount equity to life time expected credit loss - Trade receivables	**13,623,410**	*538,635*
Add: Allowance for expected credit loss of other financial assets	**–**	*2,933,760*
Less: Allowance for credit loss no longer required reversed during the year	**752,312**	–
Balance as at the end of the year	**19,645,723**	*6,774,625*

c) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

In general, the Company uses its realization from receivables on an on-going basis to settle its financial liabilities and uses its cash credit limits for supplementing its cash requirements.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

i) As at 31 March 2017

Particulars	**Less than 1 year**	**Over 1 year**	**Total**	**Carrying value**
	₹	₹	₹	₹
Non- Derivative financial liabilities				
Borrowings	**653,003,738**	**–**	**653,003,738**	**653,003,738**
Trade payables	**1,156,270,163**	**–**	**1,156,270,163**	**1,156,270,163**
Other financial liabilities	**440,841,602**	**–**	**440,841,602**	**440,841,602**
Total	**2,250,115,503**	**–**	**2,250,115,503**	**2,250,115,503**
Derivative financial liabilities	**Nil**	**Nil**	**Nil**	**Nil**

ii) As at 31 March 2016

Particulars	Less than 1 year	Over 1 year	Total	Carrying value
	₹	₹	₹	₹
Non- Derivative financial liabilities				
Borrowings	*502,123,286*	–	*502,123,286*	*502,123,286*
Trade payables	*1,287,912,078*	–	*1,287,912,078*	*1,287,912,078*
Other financial liabilities	*138,623,161*	–	*138,623,161*	*138,623,161*
Total	*1,928,658,525*	–	*1,928,658,525*	*1,928,658,525*
Derivative financial liabilities	*Nil*	*Nil*	*Nil*	*Nil*

iii) As at 1 April 2015

Particulars	Less than 1 year	Over 1 year	Total	Carrying value
	₹	₹	₹	₹
Non- Derivative financial liabilities				
Borrowings	*451,555,069*	–	*451,555,069*	*451,555,069*
Trade payables	*781,286,288*	–	*781,286,288*	*781,286,288*
Other financial liabilities	*263,837,289*	–	*263,837,289*	*263,837,289*
Total	*1,496,678,646*	–	*1,496,678,646*	*1,496,678,646*
Derivative financial liabilities	*Nil*	*Nil*	*Nil*	*Nil*

41. FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in Note 1 have been applied in preparing the financial statements for the year ended 31 March 2017, the comparative information presented in these financial statements for the year ended 31 March 2016 and in the preparation of an Ind AS opening balance sheet at 1 April 2015. In preparing its Ind AS opening balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

a) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exemptions applied in the transition from previous GAAP to Ind AS.

A Optional exemptions availed

i) Deemed cost of property, plant and equipment

As per Ind AS 101 an entity may elect to use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 1 April 2015 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail this exemption.

B Mandatory exemptions

i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period present in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence what those estimates were in error.

As per Ind AS 101, where an application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in the preparation of the financial statements that were not required under the previous GAAP are listed below

- Fair valuation of financial instruments carried at FVTPL

- Impairment of financial assets based on the expected credit loss model

ii) Hedge accounting

As per Ind AS 101, an entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship of a type that does not qualify for hedging relationship in accordance with Ind AS 109. On date of transition to Ind AS the Company has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the company continues to apply hedge accounting on and after the date of transition to Ind AS.

b) Effect on Ind AS adoption on the Balance Sheet as at 1 April 2015 and 31 March 2016

Particulars	Note	*As at 01.04.2015*			*As at 31.03.2016*		
		*Previous IGAAP**	*Ind AS Adjustment*	*Ind AS*	*Previous IGAAP**	*Ind AS Adjustment*	*Ind AS*
		₹	₹	₹	₹	₹	₹
ASSETS							
Non-current assets							
Property, Plant and Equipment		*1,161,633,271*	–	*1,161,633,271*	*1,185,083,960*	–	*1,185,083,960*
Capital work-in-progress		*144,812,555*	–	*144,812,555*	*270,183,246*	–	*270,183,246*
Other Intangible assets		–	–	–	*10,744,039*	–	*10,744,039*
Financial Assets							
Loans		*8,459,265*	–	*8,459,265*	*10,368,965*	–	*10,368,965*
Other non-current Assets		*31,096,916*	–	*31,096,916*	*7,004,498*	–	*7,004,498*
Current assets						–	
Inventories		*1,329,516,409*	–	*1,329,516,409*	*1,734,154,807*	–	*1,734,154,807*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	Note	As at 01.04.2015			As at 31.03.2016		
		Previous IGAAP*	Ind AS Adjustment	Ind AS	Previous IGAAP*	Ind AS Adjustment	Ind AS
		₹	₹	₹	₹	₹	₹
Financial Assets						–	
Investments	(g)	–	–	–	353,000,000	2,527,663	355,527,663
Trade receivables		394,911,307	–	394,911,307	1,172,938,538	–	1,172,938,538
Cash and cash equivalents		2,222,004	–	2,222,004	119,247,123	–	119,247,123
Loans		452,028,890	–	452,028,890	2,875,977	–	2,875,977
Others		35,463,231	–	35,463,231	53,977,982	–	53,977,982
Current tax assets (Net)		7,099,457	–	7,099,457	8,944,549	–	8,944,549
Other current assets		547,739,030	–	547,739,030	360,488,944	–	360,488,944
Total Assets		4,114,982,335	–	4,114,982,335	5,289,012,628	2,527,663	5,291,540,291
EQUITY & LIABILITIES							
Equity							
Equity Share capital		1,200,000,000	–	1,200,000,000	1,200,000,000	–	1,200,000,000
Other Equity	(e)	1,150,839,333	(12,179,428)	1,138,659,905	1,158,831,546	7,847,327	1,166,678,873
Non-current liabilities							
Provisions		74,109,415	–	74,109,415	73,353,148	–	73,353,148
Deferred tax liabilities (Net)	(k)	33,635,066	(7,850,120)	25,784,946	31,813,052	(25,368,422)	6,444,630
Current liabilities							
Financial Liabilities							
Borrowings		451,555,069	–	451,555,069	502,123,286	–	502,123,286
Trade payables	(i)	781,256,740	29,548	781,286,288	1,287,863,320	48,758	1,287,912,078
Other financial liabilities		263,837,289	–	263,837,289	138,623,161	–	138,623,161
Other current liabilities	(j)	125,739,803	20,000,000	145,739,803	856,276,173	20,000,000	876,276,173
Provisions		34,009,620	–	34,009,620	40,128,942	–	40,128,942
Total Equity and Liabilities		4,114,982,335	–	4,114,982,335	5,289,012,628	2,527,663	5,291,540,291

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

c) Effect on Ind AS adoption on the Statement of Profit and Loss for the year ended 31 March 2016

Particulars	**Notes**	**Previous IGAAP***	**Ind AS Adjustments**	**Ind AS**
		₹	₹	₹
INCOME				
Revenue from operations		5,706,453,845	–	5,706,453,845
Less: Excise duty	(m)	(1,101,386,560)	1,101,386,560	–
Other income	(g)	80,743,405	2,527,663	83,271,068
Total Income		4,685,810,690	1,103,914,223	5,789,724,913
EXPENSES				
Manufacturing Construction and operating expenses				
Cost of materials consumed		2,932,457,458	–	2,932,457,458
Excise Duty	(m)	–	1,101,386,560	1,101,386,560
Cost of construction and property development		788,377,616	–	788,377,616
Changes in inventories of finished goods, manufacturing and property development related work-in-progress		(358,525,491)	–	(358,525,491)
Other manufacturing and operating expenses		202,152,560	–	202,152,560
Employee benefits expense	(i),(h)	599,858,620	(8,044,132)	591,814,488
Finance costs		53,075,109	–	53,075,109
Depreciation and amortisation expense		76,416,313	–	76,416,313
Other expenses		381,761,286	–	381,761,286
Total expenses		4,675,573,471	1,093,342,428	5,768,915,899

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	Notes	Previous IGAAP*	Ind AS Adjustments	Ind AS
		₹	₹	₹
Profit / (Loss) before tax		10,237,219	10,571,795	20,809,014
Tax expense:			–	
Current tax	(h)	2,878,042	2,790,561	5,668,603
Tax in respect of earlier years		3,283,322	–	3,283,322
Deferred tax	(k)	(1,822,013)	(17,518,303)	(19,340,316)
Profit / (Loss) for the year		5,897,868	25,299,537	31,197,405
Other Comprehensive Income				
(i) Items that will not be reclassified to profit or loss			–	–
- Re-measurements of the defined benefit plans			(8,063,342)	(8,063,342)
(ii) Income tax relating to items that will not be reclassified to profit or loss”			2,790,561	2,790,561
(iii) Effective portion of gains and losses on hedging instruments in a cash flow hedge”			2,094,344	2,094,344
OCI Total		–	(3,178,437)	(3,178,437)
Total Comprehensive Income for the year (IV+V)		5,897,868	22,121,100	28,018,968

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

d) Reconciliation of Cash flow for the year ended 31 March 2016

Particulars	Note	Previous IGAAP	Ind AS Adjustments	Ind AS
		₹	₹	₹
Net increase/(decrease) in cash and cash equivalents		117,025,119	–	117,025,119
Cash and cash equivalents as on 1 April 2015		2,222,004	–	2,222,004
Cash and cash equivalents as on 31 March 2016		119,247,123	–	119,247,123

e) Reconciliation of total equity as at 31 March 2016 and as at 1 April 2015

Particulars	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹
Total Equity under previous GAAP	*2,358,831,546*	*2,350,839,333*
1) Fair valuation of investments under Ind AS	*2,527,663*	–
2) Employee benefits expense based on constructive obligation as required by Ind AS 19	*(20,000,000)*	*(20,000,000)*
3) Share based payments as per Ind AS 102	*(48,758)*	*(29,548)*
4) Impact of recognition of deferred tax on temporary differences as per Ind AS 12	*25,368,422*	*7,850,120*
Total Equity under previous Ind AS	*2,366,678,873*	*2,338,659,905*

f) Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	*2015-16*	
	₹	₹
Profit as per previous GAAP		*5,897,868*
1) Fair valuation of investments under Ind AS	*2,527,663*	
2) Share based payments as per Ind AS 102	*(19,210)*	
3) Re-measurements of defined benefit obligation recognized in other comprehensive income under Ind AS	*8,063,342*	
Total effect of Transition to Ind AS		*10,571,795*
		16,469,663
4) Tax impact of items recognized in Other Comprehensive Income under Ind AS	*(2,790,561)*	
5) Impact of recognition of deferred tax on temporary differences as per Ind AS 12	*17,518,303*	*14,727,742*
Profit for the year as per Ind AS		*31,197,405*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Particulars	*2015-16*	
	₹	₹
Other comprehensive income for the year		
6) Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS (net of tax)	*(5,272,781)*	
7) Effective portion of gains and losses on hedging instruments in a cash flow hedge	*2,094,344*	*(3,178,437)*
Total comprehensive income as per Ind AS		*28,018,968*

g) Investments in mutual funds

Under previous GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. Under Ind AS, investments in mutual fund are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). These are subsequently measured at fair value at the reporting date and gain or loss on fair value measurement is recognized in profit or loss.

The Company has measured the investments in mutual funds as at 31 March 2016 at fair value and recognized a gain of ₹ 2,527,663/-. The equity as at 31 March 2016 has increased by ₹ 2,527,663/- and profit for the year 2015-16 has increased by ₹ 2,527,663/- on account of this adjustment.

h) Remeasurement s of defined benefit obligation

Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit or loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised in other comprehensive income. The remeasurement loss on defined benefit obligations for the year 2015-16 is ₹ 8,063,342/- and the tax impact on the same is ₹ 2,790,561/-.There is no change in the total equity on account of this, however, the profit for the year 2015-16 has increased by ₹ 5,272,781/-

i) Share based payments under Ind AS 102

The Holding company provides certain employee stock options to the employees of the Company. These options are valued as per Ind AS 102 and an additional cost of ₹ 29,548/- is recognized in equity as at 1 April 2015. Further ₹ 19,210/- is recognized as expenses during the year 2015-16 on account valuation of the options as per Ind AS 102 as at 31 March 2016. On account of this adjustment there is a decrease in equity by ₹ 29,548/- and ₹ 48,758/- as at 1 April 2015 and 31 March 2016 respectively and a decrease in profit for the year 2015-16 by ₹ 19,210/-.

j) Provision for construction obligation under Ind AS 19

Under previous GAAP provision is created for all legal and contractual obligation of the employer towards employee benefits expenses. Under Ind AS 19, in addition to the legal and contractual obligation, constructive obligation needs to be recognized. The Company has recognized constructive obligation to employees amounting to ₹ 20,000,000/- as at 1 April 2015 and ₹ 20,000,000/- as at 31 March 2016. On account of the above adjustments there is a decrease in equity by ₹ 20,000,000/- as at 1 April 2015 and ₹ 20,000,000/- as at 31 March 2016 and the there is not impact in profit for the year 2015-16.

k) Deferred tax

Under previous GAAP, deferred tax was recognized for the timing differences between the taxable profit and accounting profit. Under Ind AS, deferred tax is recognized for temporary differences as required in Ind AS 12. The Company has recognized deferred tax asset of ₹ 7,850,120/- and ₹ 25,368,422/- (including impact of Ind AS adjustments) as at 1 April 2015 and 31 March 2016 respectively. On account of this adjustment there is an increase in equity by ₹ 7,850,120/- and ₹ 25,368,422/- as at 1 April 2015 and 31 March 2016 respectively and an increase in profit for the year 2015-16 by ₹ 17,518,303/-.

l) Derivative instruments

Under previous GAAP the changes in the market value of forward contracts which qualify for hedge accounting were recognized directly in equity and the cumulative gain or loss is recognized as profit or loss on maturity of the forward contract. Under Ind AS, the effective portion of gains and losses on hedging instruments of a cash flow hedge is recognized in other comprehensive income. Further on maturity of the hedging instrument, the accumulated gains and losses is recognized in profit or loss by way of a reclassification from other comprehensive income to statement of profit or loss. The Company has recognized reclassification of loss of ₹ 2,094,344/- from other comprehensive income to statement of profit or loss during the year 2015-16. There is no impact in total equity on account of the adjustment. However the total comprehensive income for the year is higher by ₹ 2,094,344/- on account of this adjustment.

m) Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as an expense. This change has resulted in an increase in total revenue and total expenses for the year 2015-16 by ₹ 1,101,386,560/-. There is no impact on the total equity and profit.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

42. FAIR VALUE MEASUREMENTS

a) Financial instruments by category

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	FVPL	FVOCI	Amortized Cost	*FVPL*	*FVOCI*	*Amortized Cost*	*FVPL*	*FVOCI*	*Amortized Cost*
Investments									
– Mutual funds	89,566,508			*355,527,663*			–		
Trade receivables			1,044,267,869			*1,172,938,538*			*394,911,307*
Cash and cash equivalents			85,184,078			*119,247,123*			*2,222,004*
Loans			4,371,163			*2,875,977*			*452,028,890*
Others			18,235,273			*53,977,982*			*17,757,575*
Receivable under Forward Contract		–			–			*17,705,656*	
Total financial assets	**89,566,508**	**–**	**1,152,058,383**	*355,527,663*	–	*1,349,039,620*	–	*17,705,656*	*866,919,776*
Borrowings			653,003,738			*502,123,286*			*451,555,069*
Trade payables			1,156,270,163			*1,287,912,078*			*781,286,288*
Other financial liabilities			440,841,602			*138,623,161*			*263,837,289*
Total financial liabilities	**–**	**–**	**2,250,115,503**	–	–	*1,928,658,525*	–	–	*1,496,678,646*

Note : Carrying amount of items shown against amortized cost are considered to be same as their fair values due to their short term nature.

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

	Level 1	Level 2	Level 3	Total
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2017				
Financial Investments at FVPL				
Mutual funds - Growth plan	89,566,508	–	–	89,566,508
Derivatives designated as hedges				
Foreign exchange forward contracts	–	–	–	–
Total financial assets	**89,566,508**	**–**	**–**	**89,566,508**
Derivatives designated as hedges	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
Total financial liabilities	**–**	**–**	**–**	**–**
Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2017				
Trade receivables	–	–	1,044,267,869	1,044,267,869
Cash and cash equivalents	–	–	85,184,078	85,184,078
Loans	–	–	4,371,163	4,371,163
Others	–	–	18,235,273	18,235,273
Receivable under Forward Contract	–	–	–	–
Total financial assets	**–**	**–**	**1,152,058,383**	**1,152,058,383**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	Level 1	Level 2	Level 3	Total
Borrowings	**–**	**–**	**653,003,738**	**653,003,738**
Trade payables	**–**	**–**	**1,156,270,163**	**1,156,270,163**
Other financial liabilities	**–**	**–**	**440,841,602**	**440,841,602**
Total financial liabilities	**–**	**–**	**2,250,115,503**	**2,250,115,503**
Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2016				
Financial Investments at FVPL				
Mutual funds - Growth plan	*355,527,663*	–	–	*355,527,663*
Derivatives designated as hedges				–
Foreign exchange forward contracts	–	–	–	–
Total financial assets	*355,527,663*	–	–	*355,527,663*
Derivatives designated as hedges	–	–	–	–
Foreign exchange forward contracts	–	–	–	–
Total financial liabilities	–	–	–	–
Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2016				
Trade receivables	–	–	*1,172,938,538*	*1,172,938,538*
Cash and cash equivalents	–	–	*119,247,123*	*119,247,123*
Loans	–	–	*2,875,977*	*2,875,977*
Others	–	–	*53,977,982*	*53,977,982*
Receivable under Forward Contract	–	–	–	–
Total financial assets	–	–	*1,349,039,620*	*1,349,039,620*
Borrowings	–	–	*502,123,286*	*502,123,286*
Trade payables	–	–	*1,287,912,078*	*1,287,912,078*
Other financial liabilities	–	–	*138,623,161*	*138,623,161*
Total financial liabilities	–	–	*1,928,658,525*	*1,928,658,525*
Financial assets and liabilities measured at fair value - recurring fair value measurements as at April 1, 2015				
Financial Investments at FVPL				
Mutual funds - Growth plan	–			–
Derivatives designated as hedges				–
Foreign exchange forward contracts		*17,705,656*		*17,705,656*
Total financial assets	–	*17,705,656*	–	*17,705,656*
Derivatives designated as hedges				–
Foreign exchange forward contracts		–		–
Total financial liabilities	–	–	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

	Level 1	Level 2	Level 3	Total
Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at April 1, 2015				
Trade receivables	–	–	*394,911,307*	*394,911,307*
Cash and cash equivalents	–	–	*2,222,004*	*2,222,004*
Loans	–	–	*452,028,890*	*452,028,890*
Others	–	–	*17,757,575*	*17,757,575*
Receivable under Forward Contract	–	–	*17,705,656*	*17,705,656*
Total financial assets	–	–	*884,625,432*	*884,625,432*
Borrowings	–	–	*451,555,069*	*451,555,069*
Trade payables	–	–	*781,286,288*	*781,286,288*
Other financial liabilities	–	–	*263,837,289*	*263,837,289*
Total financial liabilities	–	–	*1,496,678,646*	*1,496,678,646*

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices(unadjusted) in active markets. for identical assets or liabilities that the entity can access at the measurement date. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This includes valuation of derivative instruments i.e.., forward contracts based on valuation model using observable market data.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

(ii) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(a) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

(b) Fair valuation of Mutual fund units based on published NAV.

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No.003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : 27 April, 2017

For and on behalf of the Board

S. R. SUBRAMANIAN
Director
DIN: 03278824

ARVIND K. GARG
Director
DIN: 06903297

PRASAD SHANBHAG
Company Secretary
M. No. A30254

D. KESHAVA KUMAR
Chief Executive

L. SRIVATHSAN
Chief Financial Officer

Place : Bengaluru
Date : 18 April 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their 55th Board report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17 ₹ in Crore**	*2015-16 ₹ in Crore*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**58.01**	*58.11*
Less: Depreciation, amortization and obsolescence	**5.68**	*6.01*
Profit / (Loss) before tax	**52.34**	**52.09**
Less: Provision for tax	**17.35**	*17.90*
Profit for the period carried to the balance sheet	**34.94**	*34.47*
Add: Balance brought forward from previous year	**33.58**	*29.26*
Less: Depreciation Charge – Transitional Provision (Net of Deferred tax)	**0.00**	*0.00*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**33.94**	*30.15*
Balance available for disposal (which directors appropriate as follows)	**34.58**	**33.58**
Transfer to general reserve	**0.00**	**0.00**
Balance carried to Balance Sheet	**34.58**	**33.58**

Capital Expenditure:

As at March 31, 2017, the gross fixed and intangible assets including leased Assets, stood at ₹ 82.12 crore and the net fixed and intangible assets, including leased assets, at ₹ 74.01 crore. Capital Expenditure during the year amounted to ₹ 1.23 crore.

2. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given any loans or guarantees or provided any security during the year under review. Investments made during the year are disclosed in Schedule 5 to the Financial Statements

3. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

The Audit Committee has approved the Related Party Transactions for the financial year 2016-17 and estimated transactions for 2017-18.

All the related party transactions were in the ordinary course of business and at arm's length.

4. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were ₹ 210.38 crore as against ₹ 237.23 crore for the previous financial year registering a decrease of 11.31%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 52.34 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 34.98 crore for the financial year under review as against ₹ 52.09 crore and ₹ 34.20 crore respectively for the previous financial year, registering a decrease of 0.48% and an increase of 2.28% respectively.

5. **AMOUNT TO BE CARRIED TO RESERVE:**

The Company does not propose to transfer any amount to General Reserve.

6. **DIVIDEND:**

The Directors have declared and paid during the year quarterly interim dividends aggregating to ₹ 340 per share on 829,440 equity shares of ₹ 100 each. The Directors do not recommend any further dividend for the year.

7. **MATERIAL CHANGES AND COMMITMENT AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT**

There are no material changes and commitments affecting the financial position of the company between the end of the financial year and the date of the report

8. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The Disclosures are attached as Annexure A to this Report.

9. **CORPORATE SOCIAL RESPONSIBILITY:**

The Company has constituted a CSR Committee comprising of following as members -

Mr. P.R. Kothari

Mr. Anil Parab and

Mr. Arnob Mondal

The details of the amount to be spent during the current financial year and the manner in which it was spent is given below:

a) Amount to be spent on CSR:

Particulars	**₹ in Crore**
Average Net Profit of the Company for the last three financial years	56.36
Amount to be spent as CSR	1.13

b) Manner in which amount spent during the financial year:

The Company could not spend any amount in the year as the committee is still in the process of identifying those activities which can be supported as part of CSR activities on long term and sustainable basis. The Committee expects to finalise on the theme and projects that aligns with overall CSR Objectives of its Parent Company and start spending on the identified project in the year 2017-18.

10. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The present Directors of the Company are Mr. P.R Kothari, Mr. S.R. Subramanian, Mr. Anil Parab and Mr. Arnob Mondal

Mr. A. Shivkumar ceased to be the Chief Executive and Manager of the Company with effect from June 6, 2016 and Mr. M. Nachimuthu was appointed as Chief Executive and Manager of the Company under Companies Act, 2013. Mr. Subhodh Shetty is the Company Secretary of the Company.

Mr. P.R Kothari and Mr. Anil Parab are liable to retire by rotation and being eligible offer themselves for re-appointment. The notice convening the AGM includes the proposal for re-appointment of Directors.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 6 meetings were held on April 22, 2016, June 4, 2016, July 15, 2016, October 18, 2016, January 16, 2017 and March 16, 2017

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. AUDIT COMMITTEE:

The Company has constituted an Audit Committee comprising of following as members -

Mr. P.R. Kothari

Mr. Anil Parab

Mr. Arnob Mondal

The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013.

During the year under review the Committee met once on April 22, 2016.

14. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted a Nomination and Remuneration Committee comprising of following as members -

Mr. P.R. Kothari

Mr. Anil Parab

Mr. Arnob Mondal

The Committee has formulated a policy on directors' appointment and remuneration, including recommendation of the remuneration of key managerial personnel and other employees.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

15. DECLARATION OF INDEPENDENCE:

The Company has not appointed any Independent Directors. The Company is in the process of finding suitable candidates.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

17. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

18. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, S&T are eligible for re appointment. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 55th Annual General Meeting until the conclusion of the 60th Annual General Meeting subject to ratification of their appointment at every Annual General Meeting.

19. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

20. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no complaints of sexual harassment received by the Company during 2016-17.

21. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material or significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in the future.

22. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return as prescribed in Form MGT 9, is attached as Annexure 'B' to this Report

23. ACKNOWLEDGEMENT

The Board of Directors thank:

1. Bankers
2. Vendors
3. Suppliers
4. Customers

For their continued co-operation and support to the Company. The Directors are pleased to place on record their appreciation for the valuable contribution made by the employees of the Company.

For and on behalf of the Board

P. R. KOTHARI	**S. R. SUBRAMANIAN**	**A. V. PARAB**	**A. K. MONDAL**
Director	*Director*	*Director*	*Director*
DIN: 01773291	*DIN: 03278824*	*DIN: 06913351*	*DIN: 01797683*

Place: Mumbai
Date: April 24, 2017

ANNEXURE 'A'

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

(i) The steps taken or impact on Conservation of energy:

1. Programmable timers to put off Cooling Fans for Electrode baking oven after completion of baking cycle.
2. On line Data logger for on line monitoring of oven baking cycles leading to energy control
3. Installation of TFT screen for office computers leading to energy conservation.
4. Administrative Control on Continual basis.
5. Replacement of conventional Tube lights with T-5/CFL/ LED'S lamps on continual basis.
6. Modification of oven panels for precise control of Heater energy
7. Remote on/off control for ease of Air Compressor operation towards energy Saving
8. T-5, energy saving tube light fitting for offices area.
9. Modification of conveyor of shrink packing machines of packing line to reduce heat loss and Energy saving
10. Inverter type welding power sources for wear plate manufacturing.
11. Astronomical timer for street lighting
12. Modification of vacuum dryer (Thermic fluid) insulation to avoid Heat loss.
13. Occupancy sensors to control lighting at various places in plant & offices.
14. LED lighting at 2nd floor office
15. Plant energy audit by outside consultants has been carried out & also in-house audits/ surveys are conducted periodically.
16. Converted 70 watts Metal Halides street lights fixtures into 30 watts LED'S Light fixtures to save Energy.
17. Installation of Inverter (VSD) Base Screw type air compressors instead of reciprocation air Compressors to save energy
18. Installed 65 watts LED's Lights for shop floors instead of 250 watts metal halides light fixtures
19. Installed VFD's for cooling towers Fans, water Pumps, Wire feeders, Hydraulic power packs, Fume exhausters
20. 26 watts LED's light fixtures for R& D instead of T-5 light fixtures.

Impact of the measure at (a) above for reduction of energy consumption and consequent impact on the cost of production of Goods

- The measures taken have resulted in energy conservation with consequent reduction in energy cost per Kg of production.

(ii) The steps taken by the company for utilizing alternate sources of energy:

a. Installed 20 Kwp On-Grid solar panels System for office lighting

b. Installed 5 Kwp Off- Grid solar panels System for street lighting

c. Vermicomposting generation from garden waste and reuse for landscaping instead of chemical fertilizers

(iii) The Capital investment on Energy Conservation Equipment:

Sr.no	Details of the Equipment	Financial Year	Total Investment in Lakhs
1	Inverter type welding power sources of wear plate weld depositions, Occupancy sensors, astronomical timers	2013-14	30
2	LED's Lighting for plant street lighting, Programmable timers of Exhaust system, cooling towers, Air conditioners, AC Inverter Type Air compressors, Energy audit, AC inverters for motors	2014-15	27
3	A. 20 Kwp On-Grid solar panels for office lighting B. Kwp Off- Grid solar panels for street lighting	2015-16	22
4	A. VFD'S for Cooling tower, water pumps, Hydraulic wire feeders, Hydraulic power packs & Fume Exhausters B. LED lights Fixtures for shop floor lighting instead of Metal halide lighting C. LED'S Lights Fixture for R&D	2016-17	23
5	Electromechanical wire feeder, Modification of WP Robot welding bed, VFD'S, Inverter welding power sources and LED'S Light fixtures . **(PROPOSED)**	2017-18	22

B. TECHNOLOGY ABSORPTION

a) Efforts made in technology absorption as per Form B

Details are furnished in Form B attached

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

- Activities relating to exports initiatives taken to increase exports, development of new export market for products and services.

  Total foreign exchange used and earned in 2016-17

	₹ (Lakhs)
Used	513
Earned	633

FORM – B

a) The efforts made toward technology absorption

- Initiated Collaborative projects with Indian Institute of Technology, Madras for development of high performance alloys for steel mill rolls, erosion resistance, high load-high wear and replacement of expensive cobalt based alloys with new concept alloys.
- Initiated In-house process development for manufacturing of smooth surface wear plate.
- Initiated In-house process development for manufacturing of Nickel-alloy powder for use in electrodes and flux-cored wires.
- Initiated process development for manufacturing of wear resistance tiles by powder fusion/sintering process.
- In-house product development for import substitution of Arc Spray wire.
- In-house process development for cladding of different types of Steel mill rolls.

New Process / Technology:

- ‘First in India’ a new technology based precipitation hardening alloy in the form of electrode is developed and successfully established for repair of tools & dies in aluminum die casting and light metal processing industries.
- ‘First in India’ a new technology based tubular surfacing alloy with 1.5 -2 times superior performance than that of the best known conventional alloy is developed and successfully introduced for surface protection of industrial components against severe abrasive wear at elevated temperature.
- Several new products, applications & technical recommendations offered to customers to enhance service life of critical components in core industries and thereby reduce production downtime.
- EWAC R&D continuously engaged in assisting Marketing and ERF teams for establishment of new alloys, processes & industrial applications for business growth and improve market share.

Product Development:

- Series of New products developed & introduced in electrodes, wires and wear plates category.
- Special emphasis given during development on critical applications especially tools and dies used for manufacturing of automotive components, where conventional alloys & competition products did not meet the customer expectations.
- Range of submerged arc welding wires developed for wear and corrosion protection of steel mill rolls such as Mould rolls, Segment rolls, Pinch rolls etc.
- Special focus on forging industries with development of drop and press forging gas shielded FCAW wires and technology based electrodes for trimming applications.

b) Benefits derived as a result of above R & D

- Technology leader in the field of M&R through introduction of ‘First in India’ new technology based alloys in different forms.
- 3 Patents filed in the Indian Patent Office.
- Technical paper presentations and Awards in conferences and seminars.
- Universities willing to engage with EWA R&D for collaborative projects. Two projects carried out with MSU Baroda.
- ‘Make in India’ products which benefits EWAC for business growth and benefit customers as import substitution products with superior performance and overall reduction in maintenance cost and production downtime.
- High-tech electrode to tap unexplored potentials in OEM, Forging & Light metal industries.

c) Imported Technology – Not Applicable

d) Expenditure on R & D

Nature of Expenditure	**₹ (Lakhs)**
Capital	14.61
Recurring	143.35
Total	**157.96**
Total R & D expenditure as a percentage of total turnover	0.75%

ANNNEXURE 'B'

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74999MH1962PLC012315
ii)	Registration Date	04/04/1962
iii)	Name of the Company	EWAC ALLOYS LIMITED
iv)	Category of the Company	Public Limited Company
v)	Sub-category of the Company	Company having share capital
vi)	Address of the Registered office and Contact details	L&T House, Ballard Estate, Mumbai Telephone - 022-67525656, Fax Number - 022-67525893 Email Address: Subhodh.shetty@larsentoubro.com
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any:	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Welding Products	259	65.38%
2	Welding Equipment	279	1.21%
3	Welding Repair & Maint Services & others	3312	33.41%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares Held	Applicable Section
1	LARSEN AND TOUBRO LIMITED	L99999MH1946PLC004768	HOLDING	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	829440	829440	100	–	829440	829440	100	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**829440**	**829440**	**100**	**–**	**829440**	**829440**	**100**	**NIL**
(2) Foreign	–	–	–	–	–	–	–	–	–
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other–Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**829440**	**829440**	**100**	**–**	**829440**	**829440**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non- Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**829440**	**829440**	**100**	**NIL**	**829440**	**829440**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	LARSEN AND TOUBRO LIMITED	829440	100	NIL	829440	100	NIL	NIL
	Total	**829440**	**100**	**NIL**	**829440**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
3	At the End of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year		**16,00,00,000**		**16,00,00,000**
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)		**16,00,00,000**		**16,00,00,000**
Change in Indebtedness during the financial year				
• Addition				
• Reduction		(16,00,00,000)		(16,00,00,000)
Net Change				
Indebtedness at the end of the financial year		**NIL**		**NIL**
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

Sl. no.	Particulars of Remuneration	Name of ~~MD/WTD~~/Manager		Total Amount
		A. Shivkumar (upto June 6, 2016)	M. Nachimuthu (w.e.f June 6, 2016)	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	17,43,918/-	37,08,860/-	54,52,778/-
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	3,58,019/-	4,03,120/-	7,61,139/-
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission			
	– as % of profit			
	– others, specify…			
5.	Others, please specify			
	Total (A)	**21,01,937/-**	**41,11,980/-**	**62,13,917/-**
	Ceiling as per the Act			

B. Remuneration to other directors: (₹)

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		P. R. Kothari	Arnob Mondal	Anil Parab	S.R. Subramanian	
1.	Independent Directors	NIL	NIL	NIL	NIL	NIL
	Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (1)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2.	Other Non-Executive Directors	NIL	NIL	NIL	NIL	NIL
	Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL
	Commission	NIL	NIL	NIL	NIL	NIL
	Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
			Subhodh Shetty		
1.	Gross salary	NIL	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	– as % of profit				
	– others, specify				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**NIL**	**NIL**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	**Section of the Companies Act**	**Brief Description**	**Details of Penalty / Punishment/ Compounding fees imposed**	**Authority [RD / NCLT / COURT]**	**Appeal made, if any (give Details)**
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF EWAC ALLOYS LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of EWAC Alloys Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that gives a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its profit (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;

(d) in our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act;

(e) on the basis of the written representations received from the directors as at 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as at 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(1) the Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 25 to the Ind AS financial statements;

(2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

(3) there has been no delay in transferring amounts, required to be transferred, to Investor Education and Protection Fund by the Company; and

(4) the Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation, we report that the disclosures are in accordance with the books of account maintained by the Company and as produced to us by the management - Refer Note 49 to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : April 24, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

(i) (a) The Company has maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations give to us, the Company has not granted loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3(iii) of the Order is not applicable to the Company.

(iv) According to the information and explanations given to us, the provisions of Sections 185 and 186 of the Act in respect of loans, investments, guarantees and security are not applicable to the Company.

(v) The Company has not accepted any deposits from the public during the year to which the directives issued by the Reserve Bank of India and the provisions of Sections 73 to 76 and other relevant provisions of the Act and the rules framed thereunder apply.

(vi) We have broadly reviewed the books of account and records maintained by the Company specified by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of manufacture of welding consumables and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2017 which have not been deposited on account of a dispute pending, are as under:

Name of the Statute	Nature of the disputed dues	Amount Rupees*	Period to which the amount relates	Forum where disputes are pending
The Income Tax Act, 1961	Disallowance of expenses	3,914,836	AY. 2007-08 and 2012-13	Commissioner of Income Tax (Appeals)
The Central Sales Tax Act, 1956, Local Sales Tax Acts and Works Contract Tax Act	Disallowances of high sea sales and other related matter	748,380	2003-04	Joint Commissioner of Sales Tax (Appeals) – I
	Disallowances CST sales, Export sales, non-submission of Forms and ITC disallowance	126,723,541	2006-07, 2007-08, 2010-11 and 2011-12	Joint Commissioner of Sales Tax (Appeals) - II
	Disallowances of Form N 14B sale by Appellate Authority which was earlier allowed by assessing authority.	1,083,330	2001-02	Sales Tax Tribunal
	Difference in sales tax rates and ITC mismatch	1,998,520	2011-12	Joint Commissioner of Sales Tax (Appeals) – I
The Central Excise Act, 1944, the Customs Act, 1962 and Service Tax under the Finance Act, 1994	Demand for duty on the sales through inter-connected units	502,455,226	2006-07 to 2010-11	CESTAT
	Demand for duty for availing Cenvat credit on the basis of supplementary invoice	49,12,846	2008-09	CESTAT

(*net of pre-deposit paid in getting the stay / appeal admitted)

(viii) According to the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to financial institutions and banks. The Company has not taken any loans or borrowings from government. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees have been noticed or reported during the year nor have we been informed of such case by management.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act, where applicable and the details of such transactions have been disclosed in the Ind AS financial statements, etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, the Paragraph 3 (xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : April 24, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Section 143(3)(i) of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of EWAC Alloys Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

EDWIN P. AUGUSTINE
Partner
Membership No. 043385

Place : Mumbai
Date : April 24, 2017

BALANCE SHEET AS AT 31ST MARCH, 2017

	Note No.	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		₹	₹	₹	₹	₹	₹
ASSETS							
1 Non-current assets							
(a) Property, plant and equipment	3	731,682,601		782,942,825		776,964,260	
(b) Capital work-in-progress	3	5,351,000		4,771,093		6,130,621	
(c) Investment property	3	–		–		9,213,718	
(d) Other intangible assets	3	3,069,628		2,591,765		3,491,381	
(e) Financial assets							
(i) Trade receivables		–		–		–	
(ii) Loans	4	121,256,185		116,699,079		107,943,365	
(f) Other non-current assets	5	–		–		5,036,513	
			861,359,414		907,004,762		908,779,858
2 Current assets							
(a) Inventories	6	187,767,447		204,241,422		243,673,930	
(b) Financial assets							
(i) Investments	7	25,000,000		–		–	
(ii) Trade receivables	8	318,214,639		416,799,270		445,415,773	
(iii) Cash and Cash equivalents	9	36,318,864		36,720,044		48,706,213	
(iv) Loans	10	512,707		917,963		1,171,025	
(v) Others	11	8,040,000		4,709,422		5,941,015	
		575,853,657		663,388,121		744,907,956	
(c) Current tax assets (net)	12	–		20,500,344		774,112	
(d) Other current assets	13	127,817,372		115,723,857		73,359,106	
			703,671,029		799,612,322		819,041,174
TOTAL ASSETS			1,565,030,443		1,706,617,084		1,727,821,032
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share capital	14	82,944,000		82,944,000		82,944,000	
(b) Other Equity	15	873,931,030		863,933,153		820,677,540	
			956,875,030		946,877,153		903,621,540
Liabilities							
1 Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	16	–		–		160,000,000	
(ii) Trade payables		–		–		–	
(b) Provisions	17	53,888,508		50,696,666		52,665,279	
(c) Deferred tax liabilities (net)	18	46,141,859		35,692,850		30,266,470	
			100,030,367		86,389,516		242,931,749
2 Current liabilities							
(a) Financial liabilities							
(i) Borrowings	19	–		160,000,000		–	
(ii) Trade payables	20	347,118,871		352,266,292		351,403,618	
(iii) Other financial liabilities	21	38,288,311		34,945,144		98,541,038	
(b) Other current liabilities	22	74,099,950		88,074,814		103,730,256	
(c) Provisions	23	38,829,660		38,064,165		27,592,831	
(d) Current tax liabilities (net)	24	9,788,254		–		–	
			508,125,046		673,350,415		581,267,743
TOTAL EQUITY AND LIABILITIES			1,565,030,443		1,706,617,084		1,727,821,032
CONTINGENT LIABILITIES AND COMMITMENTS	25						
SIGNIFICANT ACCOUNTING POLICIES	2						
NOTES TO THE FINANCIAL STATEMENTS							

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board of Directors

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No.043385

M. NACHIMUTHU
Chief Executive

SUBHODH SHETTY
Company Secretary
M. No. A13722

P. R. KOTHARI
Director
DIN: 01773291

S. R. SUBRAMANIAN
Director
DIN: 03278824

A. V. PARAB
Director
DIN: 06913351

A. K. MONDAL
Director
DIN: 01797683

Place: Mumbai
Date : April 24, 2017

Place: Mumbai
Date : April 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31ST MARCH, 2017

	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
INCOME					
Revenue from operations (gross)	26		2,103,805,472		2,372,383,687
Other income	27		8,199,036		5,078,769
TOTAL INCOME			2,112,004,508		2,377,462,456
EXPENSES					
Cost of materials consumed	28		434,632,526		453,314,751
Excise duty	28		160,739,934		172,338,303
Purchases of Stock-in-trade	28		36,790,226		96,416,845
Store, spares and tools consumed	28		10,271,015		11,559,848
Sub-contracting charges	28		349,710,017		453,307,610
Changes in inventories of finished goods, stock-in-trade and work-in-progress	28		(2,335,791)		37,217,574
Other manufacturing and operating expenses	28		46,194,209		47,839,797
Employee benefits expense	29		263,330,907		260,861,875
Sales, administration and other expenses	30		218,140,602		242,648,493
Finance costs			14,347,217		20,799,344
Depreciation, amortisation and obsolescence expense	3		56,790,369		60,175,736
TOTAL EXPENSES			1,588,611,231		1,856,480,176
Profit before tax			523,393,277		520,982,280
Tax expense:					
(1) Current tax		169,700,000		173,551,474	
(2) Deferred tax		10,449,006		5,426,383	
(3) Income tax of earlier years		(6,602,273)		–	
			173,546,733		178,977,857
Profit for the year			349,846,544		342,004,423
Other Comprehensive Income					
A (i) Items that will not be reclassified to profit or loss					
Acturial gain/(losses) on defined benefit plans		(427,550)		4,185,525	
Income tax relating to other comprehensive income		–		(1,448,526)	
(ii) Income tax relating to items that will not be reclassified to profit or loss		–		–	
B (i) Items that will be reclassified to profit or loss		–		–	
(ii) Income tax relating to items that will be reclassified to profit or loss		–		–	
Other comprehensive income/(loss) for the year			(427,550)		2,736,999
Total comprehensive income for the year			349,418,994		344,741,422
Earnings Per Equity Share - (Basic and Diluted)			421.79		412.33
Face value per equity share (₹)			100.00		100.00

SIGNIFICANT ACCOUNTING POLICIES

NOTES TO THE FINANCIAL STATEMENTS

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board of Directors

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
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Place: Mumbai
Date : April 24, 2017

Place: Mumbai
Date : April 24, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST MARCH, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash flows from operating activities**		
	Profit before tax	**523,393,277**	*520,982,280*
	Adjustments for:		
	Depreciation, amortisation and obsolescence expnese	**56,790,369**	*60,175,736*
	Interest income	**(1,797,670)**	*(1,420,482)*
	Income from investments	**(4,405,986)**	*(2,718,999)*
	Interest paid	**14,347,217**	*20,799,344*
	Loss on sale of property, plant and equipment (net)	**1,108,378**	*1,238,771*
	Profit on sale of investments	**(79,954)**	*(2,360)*
	Operating profit before working capital changes	**589,355,631**	*599,054,290*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	**99,509,032**	*(35,709,026)*
	(Increase)/decrease in inventories	**16,473,975**	*39,432,508*
	Increase/(decrease) in trade and other payables	**(16,813,953)**	*524,471*
	Cash (used in)/ generated from operations	**688,524,685**	*603,302,243*
	Direct taxes (paid)/refunds	**(163,097,727)**	*(173,551,474)*
	Net cash (used in)/ generated from operating activities	**525,426,958**	*429,750,769*
B.	**Cash flows from investing activities**		
	Add: Inflow from investing activities		
	Sale of property, plant and equipment	**4,680,573**	*7,319,788*
	Sale of investments	**604,485,941**	*502,721,359*
	Interest income	**1,797,670**	*1,420,482*
	Income from investments	**–**	*–*
	Less: Outflow from investing activities		
	Purchase of property, plant and equipment	**(12,376,868)**	*(63,239,999)*
	Purchase of investments	**(625,000,000)**	*(500,000,000)*
	Net cash (used in)/from investing activities	**(26,412,684)**	*(51,778,370)*
C.	**Cash flows from financing activities**		
	Add: Inflow from financing activities		
	Proceeds from short-term borrowings	**–**	*160,000,000*
	Less: Outflows from financing activities		
	Repayment of long-term borrowings	**–**	*(240,000,000)*
	Repayment of short-term borrowings	**(160,000,000)**	*–*
	Dividend paid	**(282,009,600)**	*(250,490,880)*
	Additional tax paid on dividend	**(43,058,637)**	*(38,668,344)*
	Interest paid	**(14,347,217)**	*(20,799,344)*
	Net cash (used in)/from financing activities	**(499,415,454)**	*(389,958,568)*
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(401,180)**	*(11,986,169)*
	Cash and cash equivalents at the beginning of the year	**36,720,044**	*48,706,213*
	Cash and cash equivalents at the end of the year	**36,318,864**	*36,720,044*

Notes:

1. Statement of Cash Flows has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.
2. Additions to property, plant and equipment and intangible assets includes movement of Capital work-in-progress during the year.
3. Cash and cash equivalents at the end of the year represent cash and bank balances.
4. Previous year figures have been regrouped wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
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Director
DIN: 01797683

Place: Mumbai
Date : April 24, 2017

Place: Mumbai
Date : April 24, 2017

STATEMENT OF CHANGES IN EQUITY

A EQUITY SHARE CAPITAL

For the year ended 31st March, 2017

	Balance as at 1st April, 2016 (₹)	Change in equity share capital during the year (₹)	Balance as at 31st March, 2017 (₹)
	82,944,000	**–**	**82,944,000**

For the year ended 31st March, 2016

	Balance as at 1st April, 2015 (₹)	*Change in equity share capital during the year (₹)*	*Balance as at 31st March, 2016 (₹)*
	82,944,000	*–*	*82,944,000*

B OTHER EQUITY

For the year ended 31st March, 2017

Particulars	Retained earnings (₹)	General reserve (₹)	Capital redemption reserve (₹)	Total Equity (₹)
Balance as at 1st April, 2016	**335,898,939**	**463,522,213**	**64,512,000**	**863,933,152**
Profit for the year	**349,846,544**	**–**	**–**	**349,846,544**
Other comprehensive income/(loss) for the year	**(427,550)**	**–**	**–**	**(427,550)**
Dividend (including additional tax on dividend)	**(339,421,116)**	**–**	**–**	**(339,421,116)**
Balance as at 31st March, 2017	**345,896,817**	**463,522,213**	**64,512,000**	**873,931,030**

For the year ended 31st March, 2016

Particulars	*Retained earnings (₹)*	*General reserve (₹)*	*Capital redemption reserve (₹)*	*Total Equity (₹)*
Balance as at 1st April, 2015	*292,643,328*	*463,522,214*	*64,512,000*	*820,677,542*
Profit for the year	*342,004,426*	*–*	*–*	*342,004,426*
Other comprehensive income/(loss) for the year	*2,736,999*	*–*	*–*	*2,736,999*
Dividend (including additional tax on dividend)	*(301,485,814)*	*–*	*–*	*(301,485,814)*
Balance as at 31st March, 2016	*335,898,939*	*463,522,214*	*64,512,000*	*863,933,153*

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No.043385

Place: Mumbai
Date : April 24, 2017

For and on behalf of the Board of Directors

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A. K. MONDAL
Director
DIN: 01797683

Place: Mumbai
Date : April 24, 2017

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017

1. COMPANY OVERVIEW

EWAC Alloys (the 'Company'), wholly owned subsidiary of Larsen & Toubro Limited, is a market leader in maintenance and repair welding, with a factory in Ankleshwar. Our products and services include consumables, specification grade electronics and flux-cored welding wires.

With more than 50 years of experience in preventive maintenance and repair of industrial machinery, the company offer an unrivalled range of cost effective solutions to wear-related problems.

The Company have demonstrated a unique capability to reduce scrap and cut manufacturing costs, by combating the effects of wear with Preventive Maintenance and Repair Welding. Our success is built on an ever-growing knowledge of metallurgy and wear phenomena, total dedication to increasing our customers' productivity and profitability, and prompt service through a network of Engineers & Stockiest nationwide and around the world.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013) and sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). Upto the year ended 31st March, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is 1st April, 2015.

b. First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of 1st April, 2015 (transition date) by recognising all assets and liabilities whose recognistion is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.

The estimates as at 1st April, 2015 and at 31st March, 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

c. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date

Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and

Level 3 inputs are unobservable inputs for the asset or liability

d. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified IndAS.

Amounts in the financial statements are presented in Indian Rupees.

e. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific contract/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable.

f. Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates and other similar allowances.

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

A. Revenue from operations

i. Sale of goods

Revenue includes excise duty and adjustments made towards liquidated damages, Discount and price variation wherever applicable. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

- Significant risks and rewards of ownership of the goods are transferred to the buyer;
- The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

ii. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

The amount of revenue can be measured reliably;

- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably

B. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognized when the right to receive the income is established as per the terms of the contract.

C. Other Income

i) Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

ii) Dividend income is accounted in the period in which the right to receive the same is established.

iii) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

g. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on 1st April, 2015 is regarded as its cost. The carrying value was original cost/values less accumulated depreciation.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013, except in respect of certain assets where the useful life was determined by technical evaluation.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets

h. Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised as follows:

Specialised software: over a period of six years.

i. Research and development expenditure

i) Revenue expenditure on research is expensed under respective heads of account in the period in which it is incurred.

ii) Development expenditure on new products is capitalised as intangible asset, if all of the following can be demonstrated:

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

The technical feasibility of completing the intangible asset so that it will be available for use or sale.

The Company has intention to complete the intangible asset and use or sell it.

iii) The Company has ability to use or sell the intangible asset.

iv) The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets.

v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

vi) The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

Development expenditure that does not meet the criteria listed above is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortised over their useful life as follows:

j. Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

k. Employee benefits

a) Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b) Post-employment benefits:

i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) supra.

d) Termination benefits:

Termination benefits are recognized as expense in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

l. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

i. Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Such assets are capitalised at the commencement of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

i) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

ii) Assets leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

m. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets:

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However, in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

the rights to receive cash flows from the asset have expired, or

ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which considers historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires.

n. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases,

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

manufacturing work-in-progress are valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

c) Finished goods and stock-in-trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/ payable on such goods.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

Cost of inventories is computed as follow:

Raw Material and Trading goods are computed at Moving Average

Semi-finished and Finised goods at Standard Price

o. Cash and bank balances

Cash and bank balances also include, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents. Bank overdrafts which are repayable on demand are included as part of cash and cash equivalents.

p. Borrowing Costs

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

q. Foreign currency transactions

a) The functional currency of the Company is Indian rupee.

b) Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated.

r. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for taxable temporary differences.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

s. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a) an entity has a present obligation (legal or constructive) as a result of a past event

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b) a present obligation arising from past events, when no reliable estimate is possible

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and Contingent assets are reviewed at each Balance Sheet date.

t. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

u. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement.

v. Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

Examples of such estimates include the useful lives of property plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

3. PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

	GROSS BLOCK (AT COST)				DEPRECIATION/AMORTISATION/OBSOLESCENCE				NET BLOCK	
PARTICULARS	*As at 01.04.2016*	Additions	Deductions	**As at 31.03.2017**	Upto 01.04.2016	For the year	Deductions	**Upto 31.03.2017**	**As at 31.03.2017**	*As at 31.03.2016*
(1) Tangible Assets										
Leasehold land	*694,631*	–	–	**694,631**	10,292	10,292	–	**20,584**	**674,047**	*684,339*
Buidings	*509,533,491*			**509,533,491**	8,883	24,153,584		**24,162,467**	**485,371,024**	*509,524,608*
Plant and equipment	*266,211,542*	8,847,628	1,615,500	**273,443,670**	21,139,288	26,593,721	765,741	**46,967,268**	**226,476,402**	*245,072,254*
Furniture and fixtures	*15,841,591*		3,250	**15,838,341**	2,365,575	2,070,052	3,250	**4,432,377**	**11,405,964**	*13,476,016*
Office equipment	*6,545,699*	409,312	544,814	**6,410,197**	1,200,614	1,510,243	544,814	**2,166,043**	**4,244,154**	*5,345,085*
Vehicles	*10,641,055*	894,521	6,836,062	**4,699,514**	1,800,533	1,284,840	1,896,869	**1,188,504**	**3,511,010**	*8,840,522*
Sub-total	*809,468,009*	10,151,461	8,999,626	**810,619,844**	26,525,185	55,622,732	3,210,674	**78,937,243**	**731,682,601**	*782,942,824*
(2) Intangible assets										
Specialised softwares	*3,675,491*	1,645,500	–	**5,320,991**	1,083,726	1,167,637	–	**2,251,363**	**3,069,628**	*2,591,765*
(3) Capital work-in-progress	*4,771,093*	579,907		**5,351,000**					**5,351,000**	*4,771,093*
TOTAL	*817,914,593*	12,376,868	8,999,626	**821,291,835**	27,608,911	56,790,369	3,210,674	**81,188,606**	**740,103,229**	*790,305,682*
Previous year	*1,105,624,934*	*64,599,527*	*41,125,385*	*1,129,099,076*	*315,955,576*	*58,578,078*	*30,969,167*	*343,564,487*	*790,305,682*	*795,799,979*

Note: Depreciation for the year include obsolescence ₹.Nil; *(Previous year ₹ 1,597,658)*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	₹	₹	₹	₹	₹	₹
NON-CURRENT ASSETS						
FINANCIAL ASSETS						
4. LOANS						
Unsecured						
Considered good						
Security deposits	**108,915,854**		*101,270,835*		*88,329,482*	
Earnest money deposit	**11,755,423**		*15,255,760*		*19,248,723*	
Others	**584,908**	**121,256,185**	*172,484*	*116,699,079*	*365,160*	*107,943,365*
		121,256,185		*116,699,079*		*107,943,365*
5. OTHER NON-CURRENT ASSETS						
Capital advances		**–**		–		*5,036,513*
		–		–		*5,036,513*
CURRENT ASSETS						
6. INVENTORIES						
(at lower of cost and net realisable value)						
Materials	**41,423,777**		*57,636,796*		*68,871,617*	
[including in transit ₹ 1,417,812; (Previous year ₹ 16,479,874)]						
Work-in-progress	**27,227,016**		*30,629,375*		*35,650,304*	
Finished goods	**103,482,021**		*94,572,525*		*96,444,074*	
[including in transit ₹ Nil; (Previous year ₹ 425,320)]						
Stock-in-trade	**4,777,080**		*7,948,426*		*38,273,522*	
[including in transit ₹ Nil; (Previous year ₹ 138,054)]						
Consumables, stores and spare parts	**10,857,553**		*13,454,300*		*4,434,413*	
		187,767,447		*204,241,422*		*243,673,930*
FINANCIAL ASSETS						
7. INVESTMENTS						
Mutual funds						
L&T Ultra STF Direct Plan -Daily Dividend Reinvestment Plan	**25,000,000**		–		–	
		25,000,000		–		–
Note:						
Unquoted investments						
Book value	**25,000,000**		–		–	
8. TRADE RECEIVABLES						
Unsecured, outstanding for more than six months from due date						
Considered good	**87,187,040**		*111,665,452*		*101,580,053*	
Considered doubtful	**45,366,159**		*42,587,088*		*40,144,729*	
Other debts, considered good	**231,027,599**		*305,133,818*		*343,835,720*	
	363,580,798		*459,386,358*		*485,560,502*	
Less: Allowance for bad and doubtful debts	**45,366,159**		*42,587,088*		*40,144,729*	
		318,214,639		*416,799,270*		*445,415,773*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	₹	₹	₹	₹	₹	₹
9. CASH AND CASH EQUIVALENTS						
Balances with banks	36,272,544		36,709,697		48,671,007	
Cash on hand (Refer Note)	46,320		10,347		35206	
		36,318,864		36,720,044		48,706,213
10. LOANS						
Others		512,707		917,963		1,171,025
		512,707		917,963		1,171,025
11. OTHERS						
Advances - others	3,822,770		2,297,280		2,274,699	
Gratuity - net assets	4,217,230		2,412,142		3,666,316	
		8,040,000		4,709,422		5,941,015
12. CURRENT TAX ASSETS (NET)						
Advance payment of taxes (net of provisions)		–		20,500,344		774,112
		–		20,500,344		774,112
13. OTHER CURRENT ASSETS						
Advance recoverable other than in cash						
Advances to suppliers						
Considered good	30,988,216		30,780,157		27,150,249	
Considered doubtful	1,646,289		1,646,289		2,023,239	
	32,634,505		32,426,446		29,173,488	
Less: Allowance for bad and doubtful advances	1,646,289		1,646,289		2,023,239	
	30,988,216		30,780,157		27,150,249	
Statutory and other receivables	96,829,156		84,943,700		46,208,857	
		127,817,372		115,723,857		73,359,106

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
14. EQUITY SHARE CAPITAL						
Authorised:						
Equity Shares of ₹ 100 each	1,500,000	150,000,000	1,500,000	150,000,000	1,500,000	150,000,000
Issued and subscribed and fully paid up:						
Equity Shares of ₹ 100 each	829,440	82,944,000	829,440	82,944,000	829,440	82,944,000

(1) There were no movements in the number of equity shares outstanding at the beginning and at the end of the year.
(2) The Company has only one class of share capital, i.e. equity shares having face value of ₹ 100 per share. Each holder of equity share is entitled to one vote per share.
(3) All the equity shares are held by Larsen & Toubro Limited, the holding company and its nominees.
(4) The shares in the Company held by each shareholder holding more than 5% shares - (Please see note (3) above).
(5) There are no shares reserved for issue under options and contracts or commitments for the sale of shares or disinvestment, including the terms and amounts.
(6) For the period of five years immediately preceeding the date as at which the balance sheet is prepared:
- No shares were alloted as fully paid-up pursuant to contract(s) without payment being received in cash.
- No shares were alloted as fully paid-up by way of bonus shares.
- No shares were bought back.

(7) There are no securities convertible into equity/preference shares at a later date.
(8) There are no calls unpaid on issued share capital.
(9) There are no forfieted shares.

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	₹	₹	₹	₹	₹	₹
15. OTHER EQUITY						
(a) General reserve						
As per last balance sheet	**463,522,214**		*463,522,214*		*420,322,214*	
Add: Transferred from Statement of profit and loss	**–**		*–*		*43,200,000*	
		463,522,214		*463,522,214*		*463,522,214*
(b) Other reserves						
(i) Capital redemption reserve						
As per last balance sheet		**64,512,000**		*64,512,000*		*64,512,000*
(ii) Retained earnings						
Surplus, i.e., balance in Statement of profit and loss						
As per last balance sheet	**335,898,938**		*292,643,328*		*291,984,438*	
Less: Transitional provision for:			*–*			
Depreciation charge	**–**		*–*		*15,623,048*	
Deferred tax on above	**–**		*–*		*(5,310,274)*	
	335,898,938		*292,643,328*		*281,671,664*	
Profit for the year	**349,846,544**		*342,004,426*		*425,750,195*	
Other comprehensive income	**(427,550)**		*2,736,999*		*–*	
	685,317,932		*637,384,753*		*707,421,859*	
Less: Appropriations:						
Interim dividend paid	**282,009,600**		*250,490,880*		*–*	
Additional tax paid on Interim dividend	**57,411,516**		*50,994,934*		*–*	
Dividend paid	**–**		*–*		*311,869,440*	
Additional tax paid on dividend	**–**		*–*		*59,709,093*	
Transfer to General reserve	**–**		*–*		*43,200,000*	
		345,896,816		*335,898,939*		*292,643,326*
		873,931,030		*863,933,153*		*820,677,540*
NON-CURRENT LIABILITIES						
16. BORROWINGS						
Unsecured						
Term loan from a related party		**–**		*–*		*160,000,000*
17. PROVISIONS						
Post retirement medical benefits plan	**20,691,038**		*15,531,166*		*15,632,380*	
Compensated absences/leave encashment	**33,197,470**		*35,165,500*		*37,032,899*	
		53,888,508		*50,696,666*		*52,665,279*
18. DEFERRED TAX LIABILITIES (NET)						
Deferred tax liabilities	**66,950,039**		*66,950,039*		*66,950,039*	
Less: Deferred tax assets	**20,808,180**		*31,257,189*		*36,683,569*	
		46,141,859		*35,692,850*		*30,266,470*
		100,030,367		*86,389,516*		*242,931,749*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	As at 31-03-2017 ₹	₹	As at 31-03-2016 ₹	₹	As at 01-04-2015 ₹	₹
CURRENT LIABILITIES						
19. BORROWINGS						
Loan repayable on demand from banks	–	–	–	–	–	–
(Secured by hypothecation of stock, book debts and receivables)						
Loan from a related party	–	–	160,000,000		–	–
		–		160,000,000		–
20. TRADE PAYABLES						
Due to micro and small enterprises	29,212,790		25,552,696		19,740,586	
Due to other than micro and small enterprises	317,906,081		326,713,596		331,663,032	
		347,118,871		352,266,292		351,403,618
21. OTHER FINANCIAL LIABILITIES						
Current maturities of long-term borrowings						
Term loan from a related party	–		–		80,000,000	
Due to others						
Employees dues	2,676,508		4,603,811		3,811,336	
Other payables	35,611,803		30,341,333		14,729,702	
		38,288,311		34,945,144		98,541,038
22. OTHER CURRENT LIABILITIES						
Advances from customers	18,302,486		20,485,872		37,098,402	
Other payables	55,797,464		67,588,942		66,631,854	
		74,099,950		88,074,814		103,730,256
23. PROVISIONS						
Provision for employee benefits						
Post retirement medical benefits plan	917,296		693,860		1,205,820	
Compensated absences/leave encashment	5,569,490		7,053,715		6,378,721	
	6,486,786		7,747,575		7,584,541	
Others						
Additional tax paid on dividend	14,352,879		12,326,590		–	
Other provisions	17,989,995		17,990,000		20,008,290	
	32,342,874		30,316,590		20,008,290	
		38,829,660		38,064,165		27,592,831
24. CURRENT TAX LIABILITIES (NET)						
Current taxes (net of prepayments)		9,788,254		–		
		508,125,046		673,350,415		581,267,743

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	₹	₹	₹	₹	₹	₹
25. CONTINGENT LIABILITIES AND COMMITMENTS (to the extent not provided for)						
(a) Contingent liabilities						
Sales tax liabilty that may arise in respect of matters in appeals		**233,001,554**		*144,106,036*		*31,981,103*
Excise duty liability that may arise in respect of matters in appeals		**39,337,222**		*39,337,222*		*39,337,222*
Income tax liability that may arise in respect of matters in appeals		**3,914,836**		*3,914,836*		*3,914,836*
1. It is not practicable to estimate the timing of cash outflows, if any, in respect of above matter pending appellate procedings.						
2. The Company does not expect any reimbursements in respect of above contingent liabilities.						
(b) Commitments						
Estimated amounts of contracts remaining to be executed on capital accounts and not provided for (net of advances)		**–**		*–*		*1,052,487*

	2016-17		2015-16	
	₹	₹	₹	₹
26. REVENUE FROM OPERATIONS				
Sale of products		**1,460,029,454**		*1,599,345,522*
Sale of services		**643,611,818**		*772,052,547*
Other operational revenues:				
Commission	**–**		*–*	
Other operating income	**164,200**		*985,618*	
		164,200		*985,618*
		2,103,805,472		*2,372,383,687*
27. OTHER INCOME				
Interest		**1,797,670**		*1,420,482*
Income from investments		**4,405,986**		*2,718,999*
Profit on sale of investments (net)		**79,954**		*2,360*
Other non-operating income		**1,915,426**		*936,928*
		8,199,036		*5,078,769*
28. MANUFACTURING AND OPERATING EXPENSES				
(1) Cost of materials consumed				
Opening stock	**71,091,096**		*73,306,030*	
Add: Purchases	**421,403,628**		*458,307,094*	
Less: Closing stock	**52,281,330**		*71,091,096*	
	440,213,394		*460,522,028*	
Less: Scrap sales	**5,580,868**		*7,207,277*	
		434,632,526		*453,314,751*
(2) Excise duty		**160,739,934**		*172,338,303*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	2016-17		2015-16	
	₹	₹	₹	₹
(3) Purchases of stock-in-trade		**36,790,226**		*96,416,845*
(4) Stores, spares and tools consumed		**10,271,015**		*11,559,848*
(5) Sub-contracting charges		**349,710,017**		*453,307,610*
(6) Changes in inventories of finished goods, work-in-progress .and stock-in-trade				
Closing stock				
Finished goods	**103,482,021**		*94,572,525*	
Work-in-progress	**27,227,016**		*30,629,375*	
Stock-in-trade	**4,777,080**		*7,948,426*	
	135,486,117		*133,150,326*	
Less: Opening stock				
Finished goods	**94,572,525**		*96,444,074*	
Work-in-progress	**30,629,375**		*35,650,304*	
Stock-in-trade	**7,948,426**		*38,273,522*	
	133,150,326		*170,367,900*	
		(2,335,791)		*37,217,574*
(7) Other manufacturing and operating expenses				
Excise duty on finished goods (net)	**3,840,995**		*288,587*	
Power and fuel	**24,772,388**		*28,444,348*	
Royalty	**6,831,263**		*9,460,495*	
Repairs to :				
Buildings	**5,618,988**		*2,428,471*	
Plant and equipment	**5,130,575**		*7,217,896*	
		46,194,209		*47,839,797*
		1,036,002,136		*1,271,994,728*

29. EMPLOYEE BENEFITS EXPENSE

	2016-17		2015-16	
(1) Salaries, wages and bonus		**224,977,356**		*225,825,680*
(2) Contribution to / Provisions for				
Provident funds and pension scheme	**6,742,165**		*6,828,935*	
Gratuity fund	**1,537,103**		*3,024,455*	
Compensated absences/Leave encashment	**(3,452,255)**		*(1,192,405)*	
		4,827,013		*8,660,985*
(3) Staff welfare expenses		**33,526,538**		*26,375,210*
		263,330,907		*260,861,875*

30. SALES, ADMINISTRATION AND OTHER EXPENSES

	2016-17	2015-16
Rent	**9,530,370**	*5,154,865*
Rates and taxes	**23,563,234**	*26,027,562*
Repairs and maintenance - others	**7,110,497**	*8,571,706*
Insurance	**2,190,986**	*878,829*
Travelling and conveyance	**42,701,210**	*45,910,545*
Postage, telephone and courier	**5,190,606**	*5,679,868*
Printing and stationery	**1,659,098**	*2,119,481*
Loss on sale of property, plant and equipment (net)	**1,108,378**	*1,238,771*
Legal and professional charges	**23,312,120**	*25,371,779*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

	2016-17		2015-16	
	₹	₹	₹	₹
Auditors remuneration		**1,213,236**		*799,429*
Service charges		**41,113,343**		*51,607,248*
Analysis and testing expenses		**3,098,135**		*5,518,986*
Software expenses		**6,367,316**		*4,570,736*
Security service charges		**3,460,043**		*3,277,147*
Selling agency commission		**(899,214)**		*(777,786)*
After sales services including warranties		**–**		*1,448,484*
Advertising and publicity		**11,749,064**		*782,944*
Packing and forwarding		**19,927,355**		*26,581,577*
Bank charges		**2,774,106**		*1,796,475*
Bad debts written-off	**–**		*17,961,164*	
Less: Allowance for bad and doubtful debts written-back	**–**		*17,181,978*	
		–		*779,186*
Allowance for bad and doubtful debts and advances		**2,779,071**		*19,624,337*
Corporate social responsibilty expenses		**–**		*436,012*
Miscellaneous expenses		**10,191,648**		*5,250,312*
		218,140,602		*242,648,493*

31. The Company had obtained Inter Company Deposit (ICD) of ₹ 160,000,000 from Larsen & Toubro Limited, the holding company (‘L&T’) in the year 2015-16. The rate of interest was 9% p.a. The Company has since repaid the entire ICD during the year.

32. Pursuant to the Employees Stock Options Scheme established by L&T, the stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹.13,053,560 and is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 13,053,560; (Previous year ₹.13,038,734) has been recovered by the holding company upto current year and out of which, ₹.14,826 (Previous year ₹.357,735) was recovered during the year and the balance Nil; (Previous year ₹ 20,369) will be recovered in future periods.

33. Auditors’ remuneration and expenses charged to accounts:

Particulars	**2016-17** ₹	*2015-16* ₹
Audit fees	**400,000**	*400,000*
Tax audit fees	**95,000**	*95,000*
Certification fees	**25,033**	*104,633*
Other services	**669,120**	*167,000*
Reimbursement of expenses	**24,083**	*32,796*
TOTAL	**1,213,236**	*799,429*

34. The Company has amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 (the ‘Act’) as at 31st March, 2016. The disclosure pursuant to the said Act is as under:

Particulars	**2016-17** ₹	*2015-16* ₹	*2014-15* ₹
Principal amount due to suppliers under the Act, 2006	**28,015,005**	*23,059,198*	*17,472,554*
Interest accrued and due to suppliers under the Act, on the above matters	**469,818**	*36,702*	–
Payment made to the suppliers (other than interest) beyond the appointed day, during the year	**61,139,200**	*11,515,886*	*51,881,253*
Interest paid to suppliers under the Act, (other than Section 16)	**–**	–	–
Interest paid to suppliers under the Act, (Section 16)	**–**	–	–
Interest due and payable to suppliers under the Act, for payment already made	**727,967**	*1,88,764*	*1,356,267*
Interest accrued and remaining unpaid at the end of the year to suppliers under the Act.	**469,818**	*36,702*	–
Amount of further interest remaining due and payable even in the succeeding years	**–**	–	–

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Note: The information has been given in respect of such vendors to the extent they could be identified as 'Micro and Small enterprises' based on the information available with the Company. This has been relied upon by the auditors.

35. Disclosures as required by Indian Accounting Standard (Ind AS) 2 Inventories:

a. Amount of write-down (cost less net realisable value) of inventories:

Particulars	**As at 31st March, 2017 ₹**	*As at 31st March, 2016 ₹*
Raw materials including in transit	**3,894,842**	*1,837,649*
Stock in trade (in respect of goods acquired for trading) including in-transit	**28,750,474**	*25,069,938*
Finished goods other than acquired for trading including in-transit	**3,994,991**	*2,592,318*
Manufacturing work-in-progress	**2,483,971**	*1,496,875*
TOTAL	**39,124,278**	*30,996,779*

b. The Company had not made any reversal of write-down (due to subsequent increase in net realised value) of inventories.

c. Carrying amount of inventories pledged as security for liabilities:

Particulars	**As at 31st March, 2017 ₹**	*As at 31st March, 2016 ₹*	*As at 1st April, 2015 ₹*
Raw materials including in transit	**38,661,835**	*40,217,378*	*57,703,177*
Stock-in-trade (in respect of goods acquired for trading) including in-transit	**400,497**	*356,667*	*1,642,203*
Finished goods other than acquired for trading including in-transit	**43,629,040**	*30,789,209*	*28,083,594*
Manufacturing work-in-progress	**23,937,748**	*27,377,769*	*30,728,783*
TOTAL	**106,629,121**	*98,741,023*	*118,157,757*

36. An amount of ₹ 180,277; (Previous year ₹ 2,275,799) – (net gain) has been accounted under respective revenue heads in the Statement of profit and loss towards exchange differences arising on foreign currency transactions and forward contracts covered under Indian Accounting Standard (Ind AS) 21 The Effects of Changes in Foreign Exchange Rates.

37. Disclosures as required by Indian Accounting Standard (Ind AS) 12 Income Taxes:

The major components of tax expense for the year are as under:

Sr. No.	Particulars	**2016-17 ₹**	*2015-16 ₹*
	Statement of profit and loss:		
(a)	(i) Profit and loss section		
	Current income tax:		
	Current income tax charge	**1,697,00,000**	*173,551,474*
	Effect of prior period adjustments	**-6,602,273**	–
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**104,49,006**	*5,426,383*
	Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	**–**	–
	Effect on deferred tax balances due to the change in income tax rate	**–**	–
	Income tax expense reported in the Statement of profit or loss	**173,546,733**	*178,977,857*
(b)	**Other comprehensive income (OCI) Section:**		
	Current income tax :		–
	Net loss/ (gain) on remeasurement of defined benefit plans	**–**	*1,448,526*
	Deferred tax:		
	Net gain / (loss) on cash flow hedges	**–**	–
	Unrealised gain / (loss) on debt securities (FVTOCI)	**–**	–
	Income tax expense reported in the OCI section	**–**	–

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended 31st March, 2017 and 31st March, 2016:

Sr. No.	Particulars		2016-17 ₹	2015-16 ₹
1	**Profit before tax**		**523,393,277**	*520,982,280*
2	Applicable tax rate		**34.608%**	*34.608%*
3	PBT * applicable tax rate (1*2)		**181,135,945**	*180,301,547*
4	**(a)**	**Items of income exempt from tax :**		
	(i)	Dividend income	**-1,524,824**	*-940,991*
	(b)	**Items of expense not deductible for tax purposes:**		
	(i)	Expenses in relation to exempt income	**244,165**	–
	(ii)	Items disallowed u/s 43B	**500,273**	*2,472,454*
	(iii)	Allowance for doubtful debts and advances	**338,595**	*594,643*
	(iv)	Difference in Book and Income tax depreciation	**-1,589,405**	*428,470*
	(c)	Weighted deductions on R&D expenditure	**-5,279,215**	*-4,508,389*
	(d)	Effect of prior period adjustments	**-6,602,273**	–
	(e)	Other items	**6,323,543**	*630,122*
5	**Tax expense recognised during the year (Total 1 to 4)**		**173,546,804**	*178,977,857*
6	Effective tax rate		**33.158%**	*34.354%*

Components of Deferred tax assets and liabilities recognised in the Balance sheet and Statement of profit and loss

Sr. No.	Particulars	Balance sheet			Statement of profit and loss	
		31st March, 2017 ₹	*31st March, 2016 ₹*	*1st April, 2015 ₹*	**2016-17 ₹**	*2015-16 ₹*
(a)	Allowance for doubtful debts and advances	**-13,570,794**	*-13,447,881*	*-12,226,518*	**-122,913**	*-1,221,363*
(b)	Difference in book and income tax depreciation	**70,235,115**	*66,950,039*	*57,779,268*	**3,285,076**	*9,170,771*
(c)	Provision bonus and leave encashment	**-367,999**	*-1,612,299*	*-4,830,772*	**1,244,300**	*3,218,473*
(d)	Other items	**-10,154,462**	*-16,197,006*	*-10,455,508*	**6,042,544**	*-5,741,498*
Deferred tax expense / (income)		**10,449,007**	*5,426,383*	–	**10,449,007**	*5,426,383*
Net deferred tax (assets) / liabilities		**46,141,860**	*35,692,853*	*30,266,470*	**–**	–

Reconciliation of deferred tax (assets) / liabilities

Sr. No.	Particulars	2016-17 ₹	2015-16 ₹
(a)	Opening balance as on 1st April	**35,692,853**	*36,965,613*
(b)	Tax income / (expense) during the period recognised in Statement of profit and loss in Profit and loss section	**10,449,006**	*5,426,383*
(c)	Tax income / (expense) during the period recognised in Statement of profit and loss under OCI section	**–**	–
(d)	Ind AS Adjustment		*-6,699,143*
	Closing balance as on 31st March	**461,41,859**	*35,692,853*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

38. Disclosures under Indian Accounting Standard (Ind AS) 16 Property, Plant and Equipment:

Useful life of assets:

PPE Category	As at 31st March, 2017
	Useful life (in years)
Leasehold land	**99**
Plant and equipment	**15**
Computer	**3**
Office equipment	**5**
Vehicle	**10**
Intangible assets	**6**
Furniture and fixtures	**10**
Building electricals	**10**
Air conditioning	**15**
Laboratory equipment	**8**

Note: The Company has not pledged any PPE as security for liabilities.

39. Disclosures as required by Indian Accounting Standard (Ind AS) 19 Employee Benefits:

The disclosure of Employee benefits as defined in the accounting standards are given below:

Defined Contribution Plan

Particulars	**2016-17** ₹	*2015-16* ₹
Employers contribution to provident fund	**3,079,985**	*3,016,159*
Employers contribution to pension fund	**3,662,180**	*3,812,776*
TOTAL	**6,742,165**	*6,828,935*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH, 2017

a) The amounts recognised in Balance sheet are as follows: in ₹

	Particulars	**Gratuity plan**			**Post-retirement medical benefit plan**		
		As at 31st March, 2017	*As at 31st March 2016*	*As at 1st April, 2015*	**As at 31st March, 2017**	*As at 31st March, 2016*	*As at 1st April, 2015*
	Present value of defined benefit obligation						
A)	– Wholly funded	**20,475,269**	*20,313,917*	*20,222,913*	**–**	–	
	– Wholly unfunded	**–**	–	–	**21,608,334**	*16,225,026*	*16,838,200*
	Less: Fair value of plan assets	**25,049,306**	*22,726,059*	*24,135,276*	**–**	–	–
	Add: Amount not recognised as an asset (limit in para 64(b))	**356,807**	–	*246,047*	**–**	**–**	–
	Amount to be recognised as liability or (asset)	**-4,217,230**	*-2,412,142*	*-3,666,316*	**21,608,334**	*16,225,026*	*16,838,200*
B)	Amounts reflected in the Balance sheet						
	Liabilities	**–**	–	–	**21,608,334**	*16,225,026*	*16,838,200*
	Assets	**-4,217,230**	*-2,412,142*		**–**	–	
	Net liability/(asset)	**–**	–	–	**–**	–	–
	Net liability/(asset) - current	**–**	–	–	**917,296**	*520,327*	*1,205,820*
	Net liability/(asset) - Non-current	**-4,217,230**	*-2,412,142*	*-3,666,316*	**20,691,038**	*15,704,699*	*15,632,380*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

b) The amounts recognised in Statement of profit and loss are as follows: in ₹

Particulars		Gratuity plan		Post-retirement medical benefit plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*
1	Current service cost	**1,728,868**	*1,777,854*	**1,059,828**	*1,158,381*
2	Interest cost	**-191,765**	*-405,246*	**1,269,207**	*1,274,470*
3	Interest income on plan assets	**–**	–	**–**	–
4	Actuarial losses/(gains)	**–**	–	**–**	–
5	Past service cost	**–**	–	**–**	–
6	Effect of any curtailment or settlement	**–**	–	**–**	–
7	Actuarial gain/(loss) not recognised in books	**–**	–	**–**	–
8	Adjustment for earlier years	**–**	–	**–**	–
9	Effect of the limit in para 64(b)	**–**	–	**–**	–
10	Business combination	**–**	–	**–**	–
11	Translation adjustments	**–**	–	**–**	–
12	Amount capitalised out of the above	**–**	–	**–**	–
	Total (1 to 12)	**1,537,103**	*1,372,608*	**2,329,035**	*2,432,851*
I	Amount included in Employee benefits expense	**–**	–	**–**	–
II	Amount included as part of Manufacturing and operating expenses	**–**	–	**–**	–
III	Amount included as part of Finance costs	**–**	–	**–**	–
IV	Amount included as part of Other comprehensive income	**-3,342,191**	*-118,434*	**3,769,741**	*-2,415,243*
V	Amount capitalised on new product development	**–**	–	**–**	–
	Total (I+II+III+IV+V)	**-3,342,191**	-118,434	**3,769,741**	-2,415,243

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

in ₹

Particulars	Gratuity plan		Post-retirement medical benefit plan	
	As at 31st March, 2017	*As at 31st March, 2016*	**As at 31st March, 2017**	*As at 31st March, 2016*
Opening balance of the present value of defined benefit obligation	**20,313,917**	*20,222,913*	**16,225,026**	*16,838,200*
Add: Current service cost	**1,728,868**	*1,777,854*	**1,059,828**	*1,158,381*
Add: Interest cost	**1,449,552**	*1,492,647*	**1,269,207**	*1,274,470*
Add: Contribution by plan participants	**–**	–	**–**	–
i) Employer	**–**	–	**–**	–
ii) Employee	**–**	–	**–**	–
iii) Transfer-in/(out)	**–**	–	**–**	–
Add/(less): Actuarial losses/(gains)	**–**	–	**–**	–
i) Actuarial (gains)/losses arising from changes in demographic assumptions	**–**	–	**–**	–
ii) Actuarial (gains)/losses arising from changes in financial assumptions	**1,255,448**	*-183,675*	**2,034,861**	*-238,981*
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**-789,567**	*-782,088*	**1,734,880**	*-2,176,262*
Less: Benefits paid	**-3,482,949**	*-2,213,734*	**-715,468**	*-630,782*
Add: Past service cost	**–**	–	**–**	–
Add: Liabilities assumed on transfer of employees	**–**	–	**–**	–
Add: Business combination/acquisition	**–**	–	**–**	–
Add: Adjustment for earlier years	**–**	–	**–**	–
Add/(less): Translation adjustments	**–**	–	**–**	–
Closing balance of the present value of defined benefit obligation	**20,475,269**	*20,313,917*	**21,608,334**	*16,225,026*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

in ₹

Particulars	Gratuity plan		Post-retirement medical benefit plan	
	As at 31st March, 2017	*As at 31st March, 2016*	**As at 31st March, 2017**	*As at 31st March, 2016*
Opening balance of the fair value of the plan assets	**22,726,059**	*24,135,276*	**–**	–
Add: Interest income on plan assets*	**1,641,317**	*1,897,893*	**–**	–
Add/(Less): Actuarial gains/(losses)				
(a) Difference between actual return on plan assets and interest income	**4,164,879**	*-1,093,376*	**–**	–
(b) Others	**–**	–	**–**	–
Add: Contribution by the employer	**–**	–	**715,468**	*630,782*
Add/(less) : Transfer in/(out)	**–**	–	**–**	–
Add: Contribution by plan participants	**–**	–	**–**	–
Add: Liabilities assumed on transfer of employees	**–**	–	**–**	–
Add: Business combination/disposal (net)	**–**	–	**–**	–
Less: Benefits paid	**-3,482,949**	*-2,213,734*	**-715,468**	*-630,782*
Add: Adjustment for earlier years	**–**	–	**–**	–
Less: Settlements	**–**	–	**–**	–
Closing balance of the plan assets	**25,049,306**	*22,726,059*	**–**	–

*Basis used to determine the overall expected return:

The investments of Gratuity Fund are managed by a Trust. Expected rate of return on investment is determined based on the assessment made by the Company at the beginning of the year on the return expected on its existing portfolio, along with the estimated incremental investments to be made during the year. Yield on the portfolio is calculated based on suitable mark-up over the benchmark Government securities of similar maturities.

e) The fair value of major categories of plan assets are as follows:

in ₹

Particulars	Gratuity plan			Gratuity plan			Gratuity plan		
	Quoted	Unquoted	Total	Quoted	Unquoted	Total	Quoted	Unquoted	Total
	As at 31st March, 2017	**As at 31st March, 2017**	**As at 31st March, 2017**	*As at 31st March, 2016*	*As at 31st March, 2016*	*As at 31st March, 2016*	*As at 1st April, 2015*	*As at 1st April, 2015*	*As at 1st April, 2015*
Cash and cash equivalents	**–**	**–**	**–**	–	–	–	–	–	–
Equity instruments	**5,426,465**	**–**	**5,426,465**	*4,283,390*	–	*4,283,390*	*4,487,534*	–	*4,487,534*
Debt instruments - Corporate Bonds	**–**	**–**	**–**	–	–	–	–	–	–
Debt instruments - Central government Bonds	**2,813,308**	**–**	**2,813,308**	*9,275,427*	–	*9,275,427*	*9,441,225*	–	*9,441,225*
Debt instruments - State government Bonds	**–**	**–**	**–**	–	–	–	–	–	–
Debt instruments - PSU Bonds	**15,341,120**	**–**	**15,341,120**	*15,650,895*	–	*15,650,895*	*12,829,906*	–	*12,829,906*
Mutual funds – Equity	**–**	**–**	**–**	–	–	–	–	–	–
Mutual funds – Debt	**–**	**–**	**–**	–	–	–	–	–	–
Mutual funds – Others	**–**	**–**	**–**	–	–	–	–	–	–
Fixed deposits	**–**	**–**	**–**	–	–	–	–	–	–
Special Deposit Scheme	**–**	**–**	**–**	–	–	–	*2,410,871*	–	*2,410,871*
Others	**–**	**1,468,413**	**1,468,413**	–	*-6,483,653*	*-6,483,653*	–	*-5,034,260*	*-5,034,260*
Closing balance of the plan assets	**23,580,893**	**1,468,413**	**25,049,306**	*29,209,712*	*-6,483,653*	*22,726,059*	*29,169,536*	*-5,034,260*	*24,135,276*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

f. Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

1.	Discount rate as at 31.03.2017	**7.25%**
2.	Annual increase in healthcare costs (see note below)	**5.00%**
3.	Salary growth rate:	
	- Gratuity scheme	**5.00%**

g. Attrition rate:

1. For post-retirement, medical benefits, the attrition rate varies from 1% to 2%; (Previous year 1% to 2%) for various age groups.
2. For gratuity scheme, the attrition rate varies from 1% to 2%; (Previous year 1% to 2%) for various age groups.

h. The estimates for future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

i. The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund.

Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and Loss as actuarial loss.

j. The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.

k. Sensitivity Analysis:

	Period ended 31st March, 2017	
Particulars	**Discount Rate**	**Salary Escalation Rate**
Impact of increase in 50 bps on DBO	**-4.45%**	**4.89%**
Impact of decrease in 50 bps on DBO	**4.81**	**-4.56%**

l. General description of Defined benefit plans:

i. Gratuity plan:

The Company operates gratuity plan through a separate trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favorable compared to the obligation under the Payment of Gratuity Act, 1972.

ii. Post-retirement medical benefit plan:

The Post-retirement medical benefits plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned at the time of retirement. The ceiling is based on cadre of the employee at the time of retirement.

40. Disclosures as required by Indian Accounting Standard (Ind AS) 24 Related Party Disclosures:

1. List of related parties having direct control:

Holding Company:

Larsen & Toubro Limited

2. Names of the related parties with whom transactions were carried out during the year and description of relationship:

Holding Company:

Larsen & Toubro Limited

Fellow Subsidiaries:

1. L&T Hydrocarbon Engineering Limited
2. Nabha Power Limited
3. L&T Geostructure LLP
4. L&T - MHPS Boilers Private Limited
5. L&T Shipbuilding Limited
6. L&T Kobelco Machinery Private Limited
7. L&T Construction Equipment Limited
8. L&T Cutting Tools Limited
9. L&T Saudi Arabia LLC
10. L&T Finance Limited
11. L&T Power Development Limited

Key Managerial Personnel

1. Mr. A. Shivkumar – Manager (Retired – 20.06.2016)
2. Mr. M.Nachimuthu – Manager (appointed w.e.f., 06.06.2016)
3. Mr. Subhodh Shetty – Company Secretary

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

3. Terms and conditions of transactions with related party:

   The transactions with related party are at arm's length price and in the ordinary course of business. All outstanding amounts at the year-end are unsecured balances.

4. Commitments with related parties:

Particulars	31st March, 2017 ₹	31st March, 2016 ₹	1st April, 2015 ₹
Revenue commitments			
L&T Cutting Tool Limited	**28,590**	*1,500*	*1,500*

5. Disclosure of related party transactions:

Sr. No.	Nature of relationship / Transactions	Holding Company ₹	Key Management Personnel ₹	Fellow Subsidiary ₹	Total ₹
1	Purchase of goods and services including commission	**Nil**	**Nil**	**89,887**	**89,887**
		(Nil)	*(Nil)*	*(140,000)*	*(140,000)*
2	Sale of goods and service (excluding excise duty and taxes)	**111,887,960**	**Nil**	**93,054,055**	**204,942,015**
		(109,763,161)	*(Nil)*	*(108,357,280)*	*(218,120,441)*
3	Purchase of Property, plant and equipment	**41,746**	**Nil**	**59,556**	**101,302**
		(916,546)	*(Nil)*	*(Nil)*	*(916,546)*
4	Sale of Property, plant and equipment	**2,451,044**	**Nil**	**Nil**	**2,451,044**
		(68,799)	*(Nil)*	*(Nil)*	*(68,799)*
5	Receiving of services and overhead charges	**50,247,727**	**Nil**	**Nil**	**50,247,727**
		(50,071,760)	*(Nil)*	*(748,999)*	*(50,820,759)*
6	Charges for deputation of employees	**3,860,880**	**Nil**	**Nil**	**3,860,880**
		(14,322,401)	*(Nil)*	*(2,156,404)*	*(16,478,805)*
7	Payment of Salary/Perquisites (KMP)	**Nil**	**6,329,600**	**Nil**	**6,329,600**
		(Nil)	*(6,047,026)*	*(Nil)*	*(6,047,026)*
8	Inter corporate deposit	**Nil**	**Nil**	**Nil**	**Nil**
		(160,000,000)	*(Nil)*	*(Nil)*	*(160,00,000)*
9	Interest paid	**10,967,670**	**Nil**	**Nil**	**10,967,670**
		(9,192,329)	*(Nil)*	*(9,389,560)*	*(18,581,889)*
10	Amounts due to/from related parties	**-77,149,229**	**Nil**	**4,258,910**	**-72,890,319**
		(-188,859,668)	*(49,472,200)*	*(-139,387,468)*	*(-278,774,936)*

6. Transactions with Key Management Personnel:

Particulars	2016-17 ₹	2015-16 ₹
Salaries	**5,452,777**	*5,736,950*
Perquisites	**761,139**	*129,309*
Retirement benefits	**115,684**	*180,767*
TOTAL	**6,329,600**	*6,047,026*

7. Transaction with Post-employment benefit plans

Particulars	2016-17 ₹	2015-16 ₹
Transaction with Trust managed Employees Provident Fund		
Towards Employer's contribution	**3,079,985**	*3,016,159*
Transaction with approved Gratuity Fund		
Towards Employer's contribution	**Nil**	*Nil*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

41. Disclosures as required by Indian Accounting Standard (Ind AS) 33 Earnings Per Share:

Basic and Diluted	**2016-17** ₹	*2015-16* ₹
Profit after taxes as per Statement of profit and loss	**349,846,544**	*342,004,423*
Equity shares outstanding	**829,440**	*829,440*
Earnings Per Share	**421.79**	*412.33*
Nominal value of equity share	**100.00**	*100.00*

42. Disclosures as required by Indian Accounting Standard (Ind AS) 36 Impairment of Assets:

The Company has reviewed potential generation of economic benefits from fixed assets and concluded that the fixed assets employed in the business will generate adequate economic returns over their useful lives. Consequently, no provision of impairment loss is required.

43. Foreign Currency transactions, Forward contracts and Derivatives:

The Company uses delivery based forward contracts to mitigate its risks associated with foreign currency fluctuations. The Company does not enter into any forward contracts which are intended for trading or speculative purposes.

Unhedged foreign currency exposures as at 31st March, 2017 are as under:

Particulars	**31st March, 2017** ₹	*31st March, 2016* ₹
Receivables, including firm commitments	**9,926,507**	*17,740,895*
Payables, including firm commitments	**7,912,031**	*5,276,953*

44. Disclosures as required by Indian Accounting Standard (Ind AS) 37 Provisions, Contingent liabilities and Contingent assets:

a. Movement in provisions

Particulars	**Product warranties** ₹	**VAT/Sales tax** ₹
Balance at the beginning	**–** **(2,018,290)**	**17,990,000** **(17,990,000)**
Additional provisions during the year	**–** **(Nil)**	**–** **(Nil)**
Provisions used during the year	**–** **(Nil)**	**5** **(Nil)**
Provisions reversed during the year	**–** **(2,018,290)**	**–** **(Nil)**
Balance at close	**–** **(Nil)**	**17,989,995** **(17,990,000)**

b. Nature of Provisions:

Provision for VAT/sales tax mainly represents the differential sales tax liability on account of non-collection of declaration forms for the period prior to five years.

c. Disclosure is respect of Contingent liabilities: (Refer Note 25)

45. a. Amount required to be spent by the Company on Corporate Social Responsibility (CSR) related activities during the year - ₹ 11,253,527; *(Previous year ₹ 13,546,391)*

b. Amount recognised as expenses in the Statement of profit and loss as CSR related activities is ₹ Nil (Previous year - ₹.436,012) which comprises of:

Sr. No.	**Particulars**	**In cash** ₹	**Yet to be paid in cash**	**Total** ₹
i)	Construction/acquisition of assets charges to the Statement of profit and loss	**–**	**–**	**–**
ii)	For purpose other than (i) above	**–** *(436,012)*	**–**	**–** *(436,012)*
	TOTAL	**–** *(436,012)*	**–**	**–** *(436,012)*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

46. Disclosures as required by Indian Accounting Standard (Ind AS) 101 First-Time Adoption of Indian Accounting Standards:

Balance Sheet as at 1st April, 2015	*As per IGAAP*	*Ind AS adjustments*	*As per Ind AS*
	As at 1st April, 2015 ₹	₹	*As at 1st April, 2015* ₹
ASSETS:			
Non-current assets			
Property, plant and equipment	786,177,977	-9,213,717	776,964,260
Capital work-in-progress	6,130,621	–	6,130,621
Investment property	–	9,213,717	9,213,718
Other intangible assets	3,491,381	–	3,491,381
Financial Assets			
Long term loans and advances	93,731,155	14,212,210	107,943,365
Other financial assets	–	5,036,513	5,036,513
Deferred tax assets (net)	–	–	–
Non current assets for current tax (net)	–	–	–
Other non-current assets	19,248,723	-19,248,723	–
Current assets			
Inventories	243,673,930	–	243,673,930
Financial Assets			
Current investments	–	–	–
Trade and other receivables	447,480,922	-2,065,149	445,415,773
Cash and cash equivalents	48,706,213	–	48,706,213
Short-term loans	81,267,759	-80,096,734	1,171,025
Other financial assets	–	5,941,015	5,941,015
Assets for current tax (net)	–	774,112	774,112
Other current assets	–	73,359,106	73,359,106
TOTAL	1,729,908,681	-2,087,650	1,727,821,032
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	82,944,000	–	82,944,000
Other Equity	833,335,608	-12,658,069	820,677,540
Non-current liabilities			
Financial Liabilities			
Borrowings	160,000,000	–	160,000,000
Trade payables	–	–	–
Other financial liabilities	–	–	–
Provisions	15,632,380	–	15,632,380
Deferred tax liabilities	36,965,613	-6,699,143	30,266,470
Other non current Liabilities			
Current liabilities			
Financial Liabilities			
Borrowings	–	–	–
Current maturities of long term borrowings	80,000,000	–	80,000,000
Trade payables	416,052,973	-64,649,355	351,403,618
Other financial liabilities		18,541,038	18,541,038
Other current liabilities	40,352,377	63,377,879	103,730,256
Provisions	64,625,730	–	64,625,730
TOTAL	1,729,908,681	-2,087,650	1,727,821,032

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Balance Sheet as at 31st March, 2016	*As per IGAAP*	*Ind AS adjustments*	*As per Ind AS*
	As at 31st March, 2016		*As at 31st March, 2016*
	₹	₹	₹
ASSETS:			
Non-current assets			
Property, plant and equipment	*782,942,825*	–	*782,942,825*
Capital work-in-progress	*4,771,093*	–	*4,771,093*
Other intangible assets	*2,591,765*	–	*2,591,765*
Financial Assets			
Long term loans and advances	*101,443,319*	*15,255,760*	*116,699,079*
Other financial assets	*15,255,760*	*-15,255,760*	–
Deferred tax assets (net)	–	–	–
Non current assets for current tax (net)	–	–	–
Other non-current assets	–	–	–
Current assets			
Inventories	*204,241,422*	–	*204,241,422*
Financial assets			
Current investments	–	–	–
Trade and other receivables	*417,777,642*	*-978,372*	*416,799,270*
Cash and cash equivalents	*36,720,044*	–	*36,720,044*
Short-term loans	–	*917,963*	*917,963*
Other financial assets	–	*4,709,422*	*4,709,422*
Assets for current tax (net)	*20,500,344*	–	*20,500,344*
Other current assets	*121,351,242*	*-5,627,385*	*115,723,857*
TOTAL	*1,707,595,456*	*-978,372*	*1,706,617,084*
EQUITY AND LIABILITIES:			
Total Equity			
Equity Share Capital	*82,944,000*	–	*82,944,000*
Other Equity	*875,885,998*	*-11,952,848*	*863,933,150*
Non-current liabilities			
Financial Liabilities			
Borrowings	–	–	–
Trade payables	–	–	–
Other financial liabilities	–	–	–
Provisions	*15,531,166*	–	*15,531,166*
Deferred tax liabilities	*42,018,766*	*-6,325,913*	*35,692,853*
Other non current Liabilities			
Current liabilities			
Financial Liabilities			
Borrowings	*160,000,000*	–	*160,000,000*
Current maturities of long term borrowings	–	–	–
Trade payables	*406,769,347*	*-54,503,055*	*352,266,292*
Other financial liabilities	–	*34,945,144*	*34,945,144*
Other current liabilities	*51,216,514*	*36,858,300*	*88,074,814*
Provisions	*73,229,665*	–	*73,229,665*
TOTAL	*1,707,595,456*	*-978,372*	*1,706,617,084*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Statement of profit and loss for the year ended 31st March, 2016			
Particulars	*As per IGAAP*	*Ind AS adjustments*	*As per Ind AS*
	2015-16		*2015-16*
	₹	₹	₹
REVENUE:			
Revenue from operations	2,378,735,687	-6,352,000	2,372,383,687
Other income	5,078,769	–	5,078,769
Total revenue	2,383,814,456	-6,352,000	2,377,462,456
EXPENSES:			
Cost of raw materials, components consumed	453,314,751	–	453,314,751
Excise duty	172,338,303	–	172,338,303
Purchases of stock-in-trade	96,416,845	–	96,416,845
Stores, spares and tools consumed	11,559,848	–	11,559,848
Sub-contracting charges	453,307,610	–	453,307,610
Changes in inventories of finished goods, stock-in-trade and work-in-progress	37,217,574	–	37,217,574
Other manufacturing and operating expenses	47,839,797	–	47,839,797
Employee benefits expense	256,668,023	4,193,852	260,861,875
Sales, administration and other expenses	250,087,270	-7,438,777	242,648,493
Finance costs	20,799,344	–	20,799,344
Depreciation, amortisation and obsolescence expense	60,175,736	–	60,175,736
Total expenses	1,859,725,101	-3,244,925	1,856,480,176
Profit before tax	524,089,355	-3,107,075	520,982,280
Tax expense:			
Current tax	175,000,000	-1,448,526	173,551,474
Deferred tax (net)	5,053,153	373,230	5,426,383
Profit after tax	344,036,202	-2,031,779	342,004,423
Other Comprehensive Income			
Other comprehensive income not to be reclassified to profit or loss in subsequent periods:			
Remeasurements of the net defined benefit Plans	–	4,185,525	4,185,525
Other comprehensive income to be reclassified to profit or loss in subsequent periods:	–	–	–
Total Other Comprehensive Income	–	4,185,525	4,185,525
TOTAL COMPREHENSIVE INCOME FOR THE YEAR (NET OF TAX)	–	2,736,999	2,736,999

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Statement of Cash Flows for the year ended 31st March, 2016			
Particulars	*As per IGAAP* *2015-16* ₹	*Ind AS adjustments* ₹	*As per Ind AS* *2015-16* ₹
Net cash flow from operating activities	*429,750,769*	–	*429,750,769*
Net cash flow from investing activities	*-51,778,370*	–	*-51,778,370*
Net cash flow from financing activities	*-389,958,568*	–	*-389,958,568*
Net increase/(decrease) in cash and cash equivalents	*-11,986,169*	–	*-11,986,169*
Cash and cash equivalents as on 01st April, 2015	*48,706,213*	–	*48,706,213*
Effects of exchane rate changes on Cash and cash equivalents			
Cash and cash equivalents as on 31st March, 2016	*36,720,044*	–	*36,720,044*

47. Disclosure requirement under Indian Accounting Standard (Ind AS) 107 Financial Instruments: Disclosures:

Financial Asset Classification:

Particulars	**As at 31st March, 2017** ₹	*As at 31st March, 2016* ₹	*As at 1st April, 2015* ₹
Measured at amortised cost			
Cash and bank balances	**36,318,864**	*36,720,044*	*48,706,213*
Loans	**110,013,470**	*102,361,283*	*89,865,668*
Others	**1,097,615**	*1,090,447*	*1,536,185*
Security deposit	**108,915,854**	*101,270,835*	*88,329,482*
Other financial assets	**15,578,193**	*17,553,040*	*21,523,422*
Earnest money deposits	**11,755,423**	*15,255,760*	*19,248,723*
Advances recoverable in cash	**3,822,770**	*2,297,280*	*2,274,699*
Trade receivable	**318,214,639**	*416,799,270*	*445,415,773*
Measured at FVTPL	**–**	–	–
Investments (Mutual funds)	**25,000,000**	–	–

Financial Liabilities Classification:

Particulars	**As at 31st March, 2017** ₹	*As at 31st March, 2016* ₹	*As at 1st April, 2015* ₹
Measured at amortised cost			
Borrowings	**–**	*160,000,000*	*240,000,000*
Borrowings	**–**	–	*160,000,000*
Current maturity of long term borrowings	**–**	–	*80,000,000*
Short-term borrowings	**–**	*160,000,000*	–
Other financial liability	**38,288,311**	*34,945,144*	*18,541,038*
Trade payable	**347,118,871**	*352,266,292*	*351,403,618*

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Disclosure in Statement of Profit and Loss:

Particulars	2016-17 ₹	2015-16 ₹
Net gain/(losses) on financial assets and financial liabilities		
Dividend income from investment measured at FVTPL	4,405,986	2,718,999
Financial assets measured at amortised cost		
Allowance/ (reversal) for expected credit loss during the year	2,779,071	2,442,359
Allowance for doubtful debts (other than expected credit loss) (net)	–	–
Bad debts written off (net)	–	779,186
Financial liabilities measured at amortised cost		
Exchange differences (gain) / loss on revaluation or settlement of items denominated in foreign currency (creditors, borrowing availed etc.)	-180,277	-2,275,799
Mandatorily measured at fair value through P&L		
(Gain) / loss on fair valuation or sale of investment in mutual fund units/equity	-79,954	-2,360
Interest revenue		
Financial assets that are measured at amortised cost	1,797,670	1,420,482
Interest expenses		
Financial liabilities that are not measured at FVTPL	14,347,217	20,799,344

Collateral given (carrying amount)

Particulars	As at 31st March, 2017	As at 31st March, 2016	As at 1st April, 2015
Current:			
Financial assets			
Trade receivables	151,177,342	167,601,550	166,460,113
Inventory	106,629,121	98,741,023	118,157,763
Total current financial assets pledged as security	257,806,463	266,342,573	284,617,876
Total non-current financial assets pledged as security	–	–	–

Maturity profile of financial assets (Amount at undiscounted value)

Particulars	2016-17 ₹			2015-16 ₹			2014-15 ₹		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Long term loan and advances Ind AS	–	121,256,185	121,256,185	–	116,699,079	116,699,079	–	107,943,365	107,943,365
Deposits paid (NC)	–	108,915,854	108,915,854	–	101,270,835	101,270,835	–	88,329,482	88,329,482
Earnest money deposits (NC)	–	11,755,423	11,755,423	–	15,255,760	15,255,760	–	19,248,723	19,248,723
Other Loan	–	584,908	584,908	–	172,484	172,484	–	365,160	365,160
Other non-current assets	–	–	–	–	–	–	–	5,036,513	5,036,513
Total non-current financial assets	–	121,256,185	121,256,185	–	116,699,079	116,699,079	–	112,979,878	112,979,878
Current investments	25,000,000	–	25,000,000	–	–	–	–	–	–
Mutual funds short term	25,000,000	–	25,000,000	–	–	–	–	–	–
Short term loans	512,707	–	512,707	917,963	–	917,963	1,171,025	–	1,171,025
Housing loan	231,265	–	231,265	719,768	–	719,768	896,159	–	896,159
Education loan	281,442	–	281,442	198,195	–	198,195	274,866	–	274,866

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Particulars	2016-17 ₹			2015-16 ₹			2014-15 ₹		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Other current financial assets	**3,822,770**	**–**	**3,822,770**	2,297,280	–	2,297,280	2,274,699	–	2,274,699
Advances to employees							50,000	–	50,000
(Recoverable in cash) -non-statutory	**3,664,133**	**–**	**3,664,133**	2,297,280	–	2,297,280	2,224,699	–	2,224,699
Other receivables (Recoverable in cash) -non-statutory	**158,637**	**–**	**158,637**	–	–	–	–	–	–
Non-derivative other current financial assets		**–**	**3,822,770**	2,297,280	–	2,297,280	2,274,699	–	2,274,699
Total current financial assets	**29,335,478**	**–**	**29,335,478**	3,215,243	–	3,215,243	3,445,725	–	3,445,725

Maturity profile of financial liabilities (Amount at undiscounted value)

Particulars	2016-17 ₹			2015-16 ₹			2014-15 ₹		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Long-term borrowings	**–**	**–**	**–**	–	–	–	–	160,000,000	160,000,000
Short term loans/Inter-corporate borrowings from parent company/ ICO	**–**	**–**	**–**	–	–	–	–	160,000,000	160,000,000
Non-derivative other non-current financial liabilities	**–**	**–**	**–**	–	–	–	–	–	–
Total non-current financial liability	**–**	**–**	**–**	–	–	–	–	160,000,000	160,000,000
Short-term borrowings	**–**	**–**	**–**	160,000,000	–	160,000,000	–	–	–
Short term loans/Inter-corporate borrowings from parent company/ ICO	**–**	**–**	**–**	160,000,000	–	160,000,000	–	–	–
Current maturities of long-term borrowings	**–**	**–**	**–**	–	–	–	80,000,000	–	80,000,000
Loans from related parties	**–**	**–**	**–**	–	–	–	80,000,000	–	80,000,000
Trade payables	**347,118,871**	**–**	**347,118,871**	352,266,292	–	352,266,292	351,403,618	–	351,403,618
Other current liabilities	**38,288,311**	**–**	**38,288,311**	34,945,144	–	34,945,144	18,541,038	–	18,541,038
Personal ledger balance	**2,676,508**	**–**	**2,676,508**	4,603,811	–	4,603,811	3,811,336	–	3,811,336
Other payables (ICO)	**35,611,803**	**–**	**35,611,803**	30,341,333	–	30,341,333	14,729,702	–	14,729,702
Total current financial liability	**385,407,182**	**–**	**385,407,182**	547,211,436	–	547,211,436	449,944,656	–	449,944,656

Financial Instruments – Liabilities

Particulars	2016-17 ₹				2015-16 ₹				2014-15 ₹			
Account	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Total Fair Value**	*Level 1 fair value*	*Level 2 fair value*	*Level 3 fair value*	*Total Fair Value*	*Level 1 fair value*	*Level 2 fair value*	*Level 3 fair value*	*Total Fair Value*
Short term loans/Inter-corporate borrowings from parent company/ ICO	**–**	**–**	**–**	**–**	–	–	–	–	–	–	160,000,000	160,000,000

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Financial Assets measured at fair value

Particulars	2016-17 ₹				*2015-16 ₹*				*2014-15 ₹*			
	Level 1 fair value	**Level 2 fair value**	**Level 3 fair value**	**Total fair value**	*Level 1 fair value*	*Level 2 fair value*	*Level 3 fair value*	*Total fair value*	*Level 1 fair value*	*Level 2 fair value*	*Level 3 fair value*	*Total fair value*
Mutual funds short term	**25,000,000**	**–**	**–**	**25,000,000**	–	–	–	–	–	–	–	–

ECL reconciliation on Trade Receivable

Particulars	2016-17					
	Opening	**Loss allowance based on Expected credit loss**	**Additional provision**	**Write off as bad debts**	**Changes in loss allowance (Allowance for doubtful debts)**	**Closing Balance**
Allowance for doubtful debts - Unsecured	**-42,587,088**	**–**	**-2,779,071**	**–**	**-2,779,071**	**-45,366,159**
Total allowance for doubtful debts	**-42,587,088**	**–**	**-2,779,071**	**–**	**-2,779,071**	**-45,366,159**

Particulars	*2015-16*					
	Opening	*Loss allowance based on Expected credit loss*	*Additional provision*	*Write off as bad debts*	*Changes in loss allowance (Allowance for doubtful debts)*	*Closing Balance*
Allowance for doubtful debts - Unsecured	*-40,144,729*	*–*	*-2,442,359*	*–*	*-2,442,359*	*-42,587,088*
Total allowance for doubtful debts	*-40,144,729*	*–*	*-2,442,359*	*–*	*-2,442,359*	*-42,587,088*

48. Disclosures as required by Indian Accounting Standard (IND AS) 108 Segment Reporting:

The Company's business activities falls within a single segment. Accordingly, disclosure requirements under Ind AS 108 Segment Reporting is not applicable.

49. Disclosures on Specified Bank Notes:

Particulars	SBNs		Other Denomination notes		Total	
	Denomination	**Amount ₹**	**Denomination**	**Amount ₹**	**Denomination**	**Amount ₹**
Closing cash in hand as on 8th November, 2016 (duly tallied with accounts)	**500**	**3,000**		**50**		**3,050**
	1000	**9,000**				**9,000**
Transactions between 9th November, 2016 and 30th December, 2016						
Add: Withdrawal from bank accounts	–	–	–	*1,76,000*	–	*1,76,000*
Add: Receipts for permitted transactions	–	–	–	–	–	–
Add: Receipts for non-permitted transactions (if any) [Refer reporting scenario 6]	–	–	–	–	–	–
	–	–	–	–	–	–

NOTES TO THE FINANCIAL STATEMENTS: 31ST MARCH 2017 (Contd.)

Particulars	SBNs		Other Denomination notes		Total	
	Denomination	Amount ₹	Denomination	Amount ₹	Denomination	Amount ₹
Less: Paid for Permitted transactions	–	–	–	*1,15,218*	–	*1,15,218*
Less: Paid for non-permitted transactions (if any) [Refer reporting scenario 6]	–	–	–	–	–	–
Less: Deposited in bank accounts	*500*	*3,000*	–	*50*	–	*12,050*
	1000	*9,000*				
Closing balance as at 31st December, 2016	–	–	–	*60,782*	–	*60,782*

50. Figures for the previous year have been regrouped/reclassified wherever necessary.

51. Figures in brackets are in respect of previous year.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

EDWIN P. AUGUSTINE
Partner
Membership No.043385

Place: Mumbai
Date : April 24, 2017

For and on behalf of the Board of Directors

M. NACHIMUTHU
Chief Executive

SUBHODH SHETTY
Company Secretary
M. No. A13722

P. R. KOTHARI
Director
DIN: 01773291

S. R. SUBRAMANIAN
Director
DIN: 03278824

A. V. PARAB
Director
DIN: 06913351

A. K. MONDAL
Director
DIN: 01797683

Place: Mumbai
Date : April 24, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Eleventh Annual Report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Sr. No	Particulars	2016-17	2015-16
		₹	₹
1	Income for the year	**–**	*–*
2	Less: Expenditure	**1,51,965**	*1,50,489*
3	Profit Before Depreciation & Tax (PBDT)	**(1,51,965)**	*(1,50,489)*
4	Less: Depreciation	**–**	*–*
5	Profit / (Loss) before tax (PBT)	**(1,51,965)**	*(1,50,489)*
6	Less: Provision for tax	**–**	*–*
7	Profit / (Loss) after tax (PAT)	**(1,51,965)**	*(1,50,489)*
8	Balance brought forward from previous year	**(4,65,15,423)**	*(4,63,64,934)*
9	**Balance carried to Balance Sheet**	**(4,66,67,388)**	*(4,65,15,423)*

2. **CAPITAL EXPENDITURE**

During the period under review, the Company did not incur any capital expenditure.

3. **DEPOSITS**

During the year under review, the Company did not accept any deposits from the public.

4. **SUBSIDIARY COMPANY**

Your Company does not have any subsidiary company under its purview.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY**

During the year under review, the Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

6. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES**

The Board has approved the Related Party Transactions for 2016-17. All the related party transactions were in ordinary course of business and at arm's length.

The details of the Related party Transactions are given in Note 10 of the Annual Accounts.

7. **STATE OF COMPANY AFFAIRS**

During the period under review, the Company did not carry out any commercial operations.

The loss before and after tax was ₹ 151,965 for the financial year under review as against ₹ 150,489 for the previous financial year, registering an increase of 0.97%.

8. **DIVIDEND**

As the Company has not commenced its commercial operations, your Directors express their inability to recommend any dividend for the year ended 2016-17.

9. **MATERIAL CHANGES, IF ANY, BETWEEN THE DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTOR'S REPORT**

There are no material changes that have taken place in the Company between the date of the Balance Sheet and the date of the Director's Report.

10. **DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO**

- **CONSERVATION OF ENERGY**

  As there were no commercial operations in the Company, there are no particulars required to be disclosed under this head.

- **TECHNOLOGY ABSORPTION**

  There was no technology absorption during the year 2016-17.

- **FOREIGN EXCHANGE**

  There was no earning in any foreign currency in the course of transactions during the year 2016-17.

11. RISK MANAGEMENT POLICY

The Company does not have operations and hence the Board has not adopted a Risk Management Policy.

12. DETAILS OF DIRECTORS AND/OR KMP APPOINTED/RESIGNED DURING THE YEAR

At present the Board comprises of Mr. U. C. Rath and Mr. K. Shankar, Mr. B. Lakhsmi Prabaakar and Mr. P. Ravi Shankar.

The notice convening the AGM includes the proposal for appointment / re-appointment of Directors.

13. NUMBER OF MEETINGS OF THE BOARD

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, four meetings were held on 5th May 2016, 29th August 2016, 19th November 2016 and on 1st February 2017 respectively.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

15. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the profit/loss of the Company for the year ended on that date;

c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. That the annual accounts have been prepared on a going concern basis.

e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

16. COMPLIANCE WITH SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA;

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

17. PROTECTION OF WOMEN AT WORKPLACE

The ultimate parent company, Larsen & Toubro Limited (L&T), has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

18. AUDITORS

The Auditors, M/s Sharp & Tannan have hold office for a period of five years from the conclusion of the 9th Annual General Meeting till the conclusion of the 14th Annual General Meeting. Certificate from the M/s Sharp & Tannan has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013. A proposal for the ratification of their appointment by the shareholders of the Company will be taken up at the forthcoming AGM as per the requirements of Section 139 of the Companies Act, 2013.

19. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

20. AUDITORS' REPORT

The Auditors' report does not contain any qualifications. The notes to accounts referred in the Auditors' report are self-explanatory and do not call for any further comments of the Directors.

21. ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return in form MGT-9 is attached as Annexure I to this Report.

22. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Financial Institutions, Bankers, employees as well as management of the Parent Company.

For and on behalf of the Board

L&T VISION VENTURES LIMITED

Place: Hyderabad	**P. RAVI SHANKAR**	**K. SHANKAR**
Date: May 15, 2017	*Director*	*Director*
	DIN: 02614680	*DIN: 06391998*

ANNEXURE I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74210TN2006PLC061845
ii)	Registration Date	22/12/2006
iii)	Name of the Company	L&T Vision Ventures Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	–
vi)	Address of the Registered office and contact details	Post Box No.979, Mount Poonamallee Road, Manapakkam, Chennai - 600089, Tamil Nadu. Tel. No. - 044-22526000 Fax No. - 044-22528688
vii)	Whether listed company	NO
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/associate	% of Shares held	Applicable Section
1	L&T Realty Limited	U74200MH2007PLC176358	Holding	68	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	34000	16000	50000	100	34000	16000	50000	100	NIL
e) Banks / FI									
f) Any Other....									
Sub-total (1):-	34000	16000	50000	100	34000	16000	50000	100	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other....									
Sub-total (2):-	0	0	0	0	0	0	0	0	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	34000	16000	50000	100	34000	16000	50000	100	

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	0
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	0
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**34000**	**16000**	**50000**	**100**	**34000**	**16000**	**50000**	**100**	

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Realty Limited	34000	68	NIL	34000	68	NIL	NIL
2	Vision Ventures Limited	16000	32	NIL	16000	32	NIL	NIL
	Total	**50000**	**100**	**NIL**	**50000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3.	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		NA	NA	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
2.	Stock Option			
3.	Sweat Equity			
4.	Commission - as % of profit			
	- others, specify…			
5.	Others, please specify			
	Total (A)			
	Ceiling as per the Act			

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		NA	NA			
1.	Independent Directors • Fee for attending board/committee meetings • Commission • Others, please specify					
	Total (1)	NIL	NIL	NIL	NIL	NIL
		Mr. U. C. Rath	**Mr. K. Shankar**	**Mr. B. Lakshmi Prabaakar**	**Mr. P. Ravi Shankar**	
2.	Other Non-Executive Directors					
	• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL	
	• Commission					
	• Others, please specify					
	Total (2)					
	Total (B)=(1+2)	NIL	NIL	NIL	NIL	
	Total Managerial Remuneration	NIL	NIL	NIL	NIL	
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
		NA	NA	NA	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option				
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T VISION VENTURES LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **L&T Vision Ventures Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss including Other Comprehensive Income, the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for theInd AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position,financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards(Ind AS) prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud and error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to usthe aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

We draw attention to Note 9 accompanying the Ind AS financial statements on preparation of these Ind AS financial statements on going concern basis. Our opinion is not modified in respect of this matter.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2017 ("the Order") issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure 'A', a statement on the matters specified in para 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of accounts as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

(e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on

31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in “Annexure B”

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014,amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements. Refer Note 2 to the Ind AS financial statements.

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. the Company did not have any holdings or dealings in cash during the financial year and accordingly disclosure requirement as envisaged in Notification G.S.R 308 (E) dated

30 March 2017 is not applicable to the Company.

For SHARP & TANNAN
Chartered Accountants
Firm’s registration no. 109982W

P. RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : 8 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Vision Ventures Limited on the Ind AS financial statements for the year ended 31 March 2017 we report that:

i. The Company does not have any fixed assets. Accordingly, reportingon clause (i) (a), (b) and (c) of the Order does not arise.

ii. The Company does not have any inventory in its books of account. Accordingly, reporting on clause (ii) of the Order does not arise.

iii. According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to Companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

iv. According to the information and explanations given to us, the company has not advanced any loan, made any investment, given any guarantee or provided any security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly reporting on clause (iv) of the Order does not arise.

v. According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting on clause (v) of the Order does not arise.

vi. According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company for the current financial year. Accordingly, reporting on clause (vi) of the Order does not arise.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing undisputed statutory dues including income-tax and other material statutory dues applicable to the Company with appropriate authorities.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are nodues of income tax, sales tax, service tax, duty of customs, duty of excise and value added tax as at 31 March 2017 which have not been deposited on account of a dispute.

viii. The Company did not have any loans or borrowing from any bank, government or financial institutionor dues to debenture holders during the year. Accordingly, reporting on any default in repayment of loans / borrowing / dues does not arise.

ix. The Company has neither taken any term loans during the year nor has raised any money by way of initial public offer or further public offer (including debt instruments) and accordingly, reporting on clause (ix) of the Order does not arise.

x. To the best of our knowledge and during the course of our examination of the books and records of the Company, and according to the information and explanations given to us, no instances of fraud by the Company, and no material instances of frauds on the Company by its officers or employees have been noticed or reported during the year.

xi. According to the information and explanations given to us, the Company has not paid or provided for, managerial remuneration during the year. Accordingly reporting on clause (xi) of the Order does not arise.

xii. The Company is not a Nidhi Company. Accordingly reporting on clause (xii) of the Order does not arise.

xiii. According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with section 177 of Companies Act, 2013 where applicable and the details have been disclosed in the Ind AS financial statements etc., as required by the Indian Accounting Standards.As explained to us, the management is of the opinion that the company maintains the necessary documents to prove that these transactions are in its ordinary course of business and are at arm's length. Accordingly, reporting on compliance of section 188 of Companies Act, 2013 does not arise.

xiv. According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly reporting on clause (xiv) of the Order does not arise.

xv. According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly reporting on clause (xv) of the Order does not arise.

xvi. The Company is not engaged in the business of non-banking financial institution and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting on clause (xvi) of the Order does not arise.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

P. RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : 8 May 2017

ANNEXURE 'B'TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013

We have audited the internal financial controls over financial reporting of L&T Vision Ventures Limited("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing,issued by ICAI and deemed to be prescribed under section 143(10) of the Act,to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operate effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects , an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

P. RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : 8 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars		Note No.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
			₹	₹	₹	₹	₹	₹
I	**ASSETS**							
	Current assets							
	Other current assets	2		**62,400,000**		*62,400,000*		*62,400,000*
	TOTAL			**62,400,000**		*62,400,000*		*62,400,000*
II	**EQUITY AND LIABILITIES**							
	Equity							
	Equity share capital	3	**500,000**		*500,000*		*500,000*	
	Other Equity	4	**(46,667,388)**		*(46,515,423)*		*(46,364,934)*	
				(46,167,388)		*(46,015,423)*		*(45,864,934)*
	Current liabilities							
	Financial Liabilities							
	Other Financial Laibilites	5		**108,555,688**		*108,405,423*		*108,254,934*
	Other Current Laibilites	6		**11,700**		*10,000*		*10,000*
	TOTAL			**62,400,000**		*62,400,000*		*62,400,000*
	Contingent liabilities and commitments	7						
	Significant accounting policies	1						

The accompanying notes form an integral part of the financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P RAJESH KUMAR
Partner
Membership No: 225366

Place: Chennai
Date : 15 May 2017

For and on behalf of the board

KUNA SHANKAR
Director
DIN: 06391998

P. RAVI SHANKAR
Director
DIN: 02614680

Place : Hyderabad
Date : 15 May 2017

Statement of Profit and Loss for the year ended March 31, 2017

		Note No.	2016-17 ₹	*2015-16* ₹
	INCOME:			
I	**Total Income**			
	EXPENSES:			
	Other expenses	**8**	**151,965**	*150,489*
II	**Total expenses**		**151,965**	*150,489*
III	**Profit / (Loss) before tax**		**(151,965)**	*(150,489)*
	Tax expenses:		**–**	*–*
IV	**Profit / (Loss) for the year**		**(151,965)**	*(150,489)*
	Earnings per equity share:			
	- Basic and diluted		**(3.04)**	*(3.01)*
	Face value of an equity share		**10.00**	*10.00*
	Significant accounting policies	**1**		

The accompanying notes form an integral part of the financial statements.

As per our report attached

For and on behalf of the board

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P RAJESH KUMAR
Partner
Membership No: 225366

KUNA SHANKAR
Director
DIN: 06391998

P. RAVI SHANKAR
Director
DIN: 02614680

Place: Chennai
Date : 15 May 2017

Place : Hyderabad
Date : 15 May 2017

Cash Flow Statement for the year ended March 31, 2017

		2016-17 ₹	*2015-16* ₹
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Profit / (loss) before tax	**(151,965)**	*(150,489)*
	Operating profit / (loss) before working capital changes	**(151,965)**	*(150,489)*
	Adjustments for :		
	Increase / (decrease) in current liabilities	**151,965**	*150,489*
	Cash generated from/(used in) operations	**–**	–
	Direct taxes paid (net of refund)	**–**	–
	Net cash (used in) / from operating activities (A)	**–**	–
B	**CASH FLOW FROM INVESTING ACTIVITIES :**		
		–	–
	Net cash (used in) / from investing activities (B)	**–**	–
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	Net cash (used in) / from financing activities (C)	**–**	–
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**–**	–
	Cash and cash equivalents at the beginning of the year	**–**	–
	Cash and cash equivalents at end of the year	**–**	–

Notes:

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Ind AS 7: Statement of cash flows as specified in the Companies (Indian Accounting Standard) Rules, 2015. (as amended)
2. Cash and cash equivalents represent cash and bank balances.
3. Figures for the previous year have been regrouped/reclassified wherever necessary.

The accompanying notes form an integral part of the financial statements.

As per our report attached

For and on behalf of the board

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P RAJESH KUMAR	**KUNA SHANKAR**	**P. RAVI SHANKAR**
Partner	*Director*	*Director*
Membership No: 225366	*DIN: 06391998*	*DIN: 02614680*

Place: Chennai
Date : 15 May 2017

Place : Hyderabad
Date : 15 May 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

b) Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (`Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

c) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amount in the financial statements are presented in Indian Rupees rounded off to the nearest Rupee. Per Share data are presented in Indian Rupees to two decimals places.

d) Use of estimates

The preparation of financial statements in conformity with Indian Accounting Standard requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, allowances for doubtful debts / advances, etc., Differences, if any, between the actual results and estimates is recognized in the period in which the results are known.

e) Inventories

Inventories are valued at lower of cost and net realizable value.

f) Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

g) Taxes on income

i) Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments / appeals.

ii) Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

iii) Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

iv) Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

v) Oher deferred tax assets are recognised and carried forward to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

vi) Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

h) Operating cycle for current / non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

i) Provisions, contingent liabilities and contingent assets

1) Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if:
   i) the Company has a present obligation (legal or constructive) as a result of a past event;
   ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
   iii) the amount of the obligation can be reliably estimated.
2) Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that reimbursement will be received.
3) Contingent liability is disclosed in the case of:
   i) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;
   ii) a present obligation, arising from the past events when no reliable estimate is possible;
4) Contingent assets are neither recognised nor disclosed.
5) Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

j) Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under indirect method, the net profit is adjusted for the effects of:

i. Transactions of non-cash nature;

ii. Any deferrals or accruals of past or future operating cash receipts or payments; and

iii. Items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

2 CURRENT - OTHER CURRENT ASSETS

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹	₹	₹	₹
Unsecured:				
Advances				
Considered good				
Performance security		**62,400,000**		*62,400,000*
[Refer Note (a) below]				
Considered doubtful				
Others [Refer Note (a) below]	**22,516,100**		*22,516,100*	
Less: Provision for doubtful advances	**22,516,100**		*22,516,100*	
		–		*–*
		62,400,000		*62,400,000*

(a) The Company had won a bid for development of an integrated residential township at Vepagunta village, Pendurthi Mandal, Vishakhapatnam in the year 2006 and had entered into a Development Agreement with Visakhapatnam Urban Development Authority (“VUDA”) in the year 2007. According to the Agreement, the Company has paid a sum of ₹ 62,400,000/-, as the first installment (10%) of the total minimum guaranteed amount payable to VUDA, treated as Performance security, towards performance of its obligations by the Company and for allotment of suitable land admeasuring 55.15 acres by VUDA.

However VUDA has not been able to allot suitable unencumbered land as stipulated in the agreement and has not refunded the amount paid by the Company. After repeated attempts to obtain the refund and requests for allotment of suitable land, the Company has initiated arbitration proceedings vide letter dated October 3, 2012 claiming refund, inter-alia, of the amount paid to VUDA and expenses incurred on

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

the project as per Article 22 of the Development Agreement and appointed an arbitrator. However, VUDA had not appointed an arbitrator from their end and hence the Company filed an application with Honorable High Court of Judicature at Andhra Pradesh on February 12, 2013. The Honorable High Court of Judicature at Andhra Pradesh has appointed a sole arbitrator vide Order dated July 12, 2013.

Taking into consideration the Company's stand for obtaining a refund and not to proceed with the development, the expenses incurred on the project till date of ₹ 22,516,100/- had been reclassified from Inventory to Other advances and had been provided as a measure of prudence.

As per Article 8.2 of the Development agreement and the confirmation obtained from Company's legal counsel, the Company is entitled to claim refund of the said Performance security. Accordingly the management is confident of obtaining a favorable outcome in the arbitration proceedings and hence the Performance security of ₹ 62,400,000/- has been classified as good and recoverable.

Without prejudice to the arbitration proceedings, the Company pursued with VUDA for allotment of alternative land as per G.O. MS. No 729 dated October 24, 2008 in Kommadi Village admeasuring 49.33 acres. VUDA vide its letter dated January 6, 2014 has requested the Company to take possession of 31.30 acres of unencumberred land out of the 49.33 acres on outright purchase basis. The Company has examined the proposal and has given consent to take possession of the land of 31.30 acres (excluding 6.22 acres of land subject to clearance by Forest Department). In the meanwhile, VUDA has requested the Company to pay the balance amount as per the rates mutually agreed, after adjusting performance security of ₹ 62,400,000/- for outright purchase of the said land. The Company has requested for the survey maps / sketches, draft sale agreement and all external infrastructure facilities from VUDA and has also undertaken to withdraw all the claims subject to handing over the available land by VUDA. The Company is looking forward for response from VUDA in this regard.

3 EQUITY SHARE CAPITAL

(a) Authorised, issued, subscribed and paid-up

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹	₹	₹	₹
<u>Authorised:</u>				
Equity Share Capital of ₹ 10/- each	**10,000,000**	**100,000,000**	*10,000,000*	*100,000,000*
<u>Issued, subscribed and paid up:</u>				
Equity Share Capital of ₹ 10/- each	**50,000**	**500,000**	*50,000*	*500,000*
	50,000	**500,000**	*50,000*	*500,000*

(b) Reconciliation of equity shares outstanding at the beginning and end of the year

There is no movement in share capital during the current and previous year.

(c) Terms / rights and restrictions attached to equity shares

(i) The Company has only one class of equity share having a par value of ₹ 10/- per share. Each holder of equity shares is entitled to one vote per share.

(ii) The Company decclares and pays dividend in Indian Rupees. All shares issued carry equal rights of dividend declared by the company and there are no restrictions attached to any specific shareholder.

(d) Details of shares held by holding company / ultimate holding company / subsidiaries and associates of holding company or ultimate holding company:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	No. of shares	₹	*No. of shares*	₹
L&T Realty Limited (including shares held along with nominee's) (Equity shares of ₹ 10/- each fully paid up)	**34,000**	**340,000**	*34,000*	*340,000*

(e) Details of equity shareholders holding more than 5% shares in the company:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	No. of shares	**%**	*No. of shares*	*%*
L&T Realty Limited (including shares held along with nominee's)	**34,000**	**68.00**	*34,000*	*68.00*
Vision Ventures Limited	**16,000**	**32.00**	*16,000*	*32.00*
	50,000	**100.00**	*50,000*	*100.00*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(f) The Company has not issued any security with the right / option to convert the same into equity shares at a later date. The Company has not reserved any shares for issue under options and contracts / commitments for the sale of shares / divestments.

(g) The Company has not bought back any shares or issued shares for consideration other than cash or issued bonus shares during the five years immediately preceding the balance sheet date.

(h) Calls unpaid: NIL; Forfeited shares: NIL

(i) The holding company, L&T Realty Limited has entered into a Share Purchase Agreement (SPA) with M/s Vision Brindavan Technocrafts Private Limited (VBTPL) on March 21, 2014, supplemental agreement dated March 30, 2015 read together with the extension letters issued thereafter, whereby it has agreed to sell its shareholding in the Company to VBTPL, upon registration of such extent of land as may be agreed by VBTPL and Vishakhapatnam Urban Development Authority (VUDA) or December 31, 2017 whichever is earlier.

4 OTHER EQUITY

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Statement of Profit and Loss	**(46,667,388)**	*(46,515,423)*
General Reserve	**–**	*–*
	(46,667,388)	*(46,515,423)*

Statement of changes in equity

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Statement of Profit and Loss		
Opening Balance	**(46,515,423)**	*(46,364,934)*
Profit / (Loss) for the period	**(151,965)**	*(150,489)*
	(46,667,388)	*(46,515,423)*

5 CURRENT - OTHER FINANCIAL LIABILITIES

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Due to Related Parties		
- Ultimate holding company	**8,127,342**	*8,103,481*
- Holding company	**4,111,766**	*3,975,362*
Due to others		
Others [Refer Note (b) below]	**96,316,580**	*96,326,580*
	108,555,688	*108,405,423*

(a) The Company has not entered into transactions during the year with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 based on information available with the Company. Hence, reporting details of overdue principal and interest thereon does not arise.

(b) Due to others includes share application money received of ₹ 96,222,080/- (Previous year ₹ 96,222,080/-) from shareholders, in the proportion of their shareholding, which is refundable.

6 OTHER CURRENT LIABILITIES

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Due to others		
Other Payables	**11,700**	*10,000*
	11,700	*10,000*

7 CONTINGENT LIABILITIES AND COMMITMENTS:

(a) Contingent liabilities as at March 31, 2017 is ₹ Nil. (Previous year ₹ Nil)

(b) Commitments as at March 31, 2017 is ₹ Nil. (Previous year ₹ Nil)

NOTES FORMING PART OF ACCOUNTS (Contd.)

8 OTHER EXPENSES

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Rates & Taxes	–	19,155
Professional charges	37,634	–
Printing & Stationery	–	3,080
Audit fees [Refer note 8(a) below]	111,250	114,500
Certification Fees	3,047	13,751
Other interest expenes	34	3
Total	**151,965**	150,489

(a) Auditor's remuneration is as follows -

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
(a) Statutory audit fees	111,250	114,500
(b) Certification fees	11,500	11,450
(c) Reimbursement of expenses	–	1,166
Total	**122,750**	127,116

(b) The Company does not have any employees in its payroll and hence the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972 are not applicable to the Company for the year.

9 The financial statements have been prepared on going concern basis based on the financial support letters received from the holding company and M/s Vision Brindavan Technocrafts Private Limited ("VBTPL"), referred in note 2(i) above. The holding company has undertaken to provide such financial and other support as necessary to enable the Company to continue to carry on its operations to meet its financial obligations as and when they fall due for at least the next twelve months or till the date of transfer of shares as per the SPA (referred in note 2(i) above) entered dated March 21, 2014, supplemental agreement dated March 30, 2015 read together with the extension letters issued thereafter, whichever is earlier. The purchaser has undertaken to provide such financial and other support as necessary, to enable the Company to continue to carry on its operations and to meet its financial obligations as and when they fall due for a period from the date of purchase of shares from L&T Realty Limited till March 31, 2018.

10 DISCLOSURE OF RELATED PARTIES/ RELATED PARTY TRANSACTIONS

(i) Names of related parties and related party relationship

Ultimate Holding Company:	Larsen & Toubro Limited
Holding company:	L&T Realty Limited
Other Shareholders' exercising significant influence	Vision Ventures Limited

(ii) Disclosure of related party transactions:

The following transactions were carried out with the related parties in the ordinary course of business:

Name and Nature of transaction	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Larsen & Toubro Limited		
(a) Reimbursement of expenses charged from		-
(b) Purchase of services from	23,861	17,175
(c) Services rendered to		-
Total	**23,861**	17,175
L&T Realty Limited		
(a) Reimbursement of expenses charged from	136,404	131,904
Total	**136,404**	131,904

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Amounts due to / due from related parties

Name of related party / Nature of transaction	As at 31.03.2017		*As at 31.03.2016*	
	Due to	**Due from**	*Due to*	*Due from*
1) Larsen & Toubro Limited	**8,127,342**	**–**	*8,103,481*	*–*
2) L&T Realty Limited	**68,475,926**	**–**	*68,339,522*	*–*
3) Vision Ventures Limited	**31,857,920**	**–**	*31,857,920*	*–*

(iv) No amount due from or due to related parties has been written off or written back during the current year and previous year.

11 **EARNINGS PER SHARE**

Basic and diluted earnings per share (EPS) computed in accordance with Indian Account Standard (Ind AS) 33 "Earnings per share"

Particulars		**2016-17**	*2015-16*
Profit / (loss) after tax available to equity shareholders (₹)	**A**	**(151,965)**	*(150,489)*
Weighted average number of equity shares (Numbers)	**B**	**50,000**	*50,000*
Basic and diluted earnings per share	**A/B**	**(3.04)**	*(3.01)*
Face value per equity share (₹)		**10.00**	*10.00*

12 (a) Expenditure in foreign currency ₹ Nil (Previous Year ₹ Nil)

(b) Earnings in foreign currency ₹ Nil (Previous Year ₹ Nil)

13 The Company does not have taxable income as per the provisions of the Income Tax Act, 1961 and hence no provision has beem made for current tax in these financial statements.

14 The Company does not have any holdings or dealings in cash during the year and hence disclosure requirement as envisaged in Notification G.S.R 308 (E) dated 30 March 2017 is not applicable to the Company

15 The Company does not have any temporary differences giving rise to deferred tax liabilities. Deferred tax assets pertaining to business losses of ₹ 23,399,479 /- pertaining to year from AY 2010-11 - ₹ 2,869,208/-, AY 2011-12 -₹ 18,993,991/- , AY 2012-13 - ₹ 637,829/-, AY 2013-14 - ₹ 144,732/-, AY 2014-15 - ₹ 288,523/- , AY 2015-16 - ₹ 162,742/-, AY 2016-17 - ₹ 150,489/- and AY 2017-18 - ₹ 151,965/- to AY 2015-16 which expires 8 years from the year of incurrence have not been recognised.

16 The Company was solely enganged in the business of infrastructure development in India and hence furnishing details of primary and secondary segment does not arise.

17 **PREVIOUS YEAR FIGURES**

Figures for the previous year have been regrouped / reclassified wherever necessary.

The accompanying notes form an integral part of the financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P RAJESH KUMAR
Partner
Membership No: 225366

Place: Chennai
Date : 15 May 2017

For and on behalf of the board

KUNA SHANKAR
Director
DIN: 06391998

P. RAVI SHANKAR
Director
DIN: 02614680

Place : Hyderabad
Date : 15 May 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17**	*2015-16*
	₹ in Lakhs	*₹ in Lakhs*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**764.79**	*333.00*
Less: Depreciation, amortization and obsolescence	–	–
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**764.79**	*333.00*
Add: Exceptional Items	–	–
Profit before extraordinary items and tax	**764.79**	*333.00*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**764.79**	*333.00*
Less: Provision for tax	**275.89**	*126.73*
Profit after tax from continuing operations	**488.90**	*206.27*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	**488.90**	*206.27*
Add: Balance brought forward from previous year	**427.17**	*220.90*
Less: Dividend paid for the previous year (Including dividend distribution tax)		
Balance available for disposal (which directors appropriate as follows)	**916.07**	*427.17*
Debenture Redemption Reserve		
Proposed dividend		
Dividend Tax		
General Reserve		
Balance carried to Balance Sheet	**916.07**	*427.17*

DIVIDEND

Capital Expenditure:
The Company does not carry any fixed assets in the books.

Deposits:
The Company has not accepted any deposits from the public.

2. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES: (IF APPLICABLE)**
The Company does not have any Subsidiary/Associate/Joint Venture Companies.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**
Not Applicable.

4. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**
All the related party transactions were in the ordinary course of business and at arm's length. Details of material transactions with related parties are given in **Annexure I**.

5. **STATE OF COMPANY AFFAIRS:**
The gross sales and other income for the financial year under review were ₹16,972.92 lakhs as against ₹14,587.40 lakhs for the previous financial year registering an increase of 16.35%. The profit before tax from continuing operations was ₹ 764.79 lakhs and the profit after tax from continuing operations of ₹ 488.90 lakhs for the financial year under review as against ₹ 333 lakhs and ₹206.27 lakhs respectively for the

previous financial year, registering an increase of 129.67% and 137.01% respectively.

6. AMOUNT TO BE CARRIED TO RESERVE:

The whole amount of current year's profit after tax has been transferred to reserve.

7. DIVIDEND:

The Directors of your Company do not recommend any dividend to be paid to the Shareholders of the Company for the year 2016-17.

8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes or commitments affecting the financial position of the Company between the end of the financial year and the date of the report.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

- **CONSERVATION OF ENERGY**

  Hi-Tech Rock Products & Aggregates Limited continuous to work on reducing carbon foot print in all its areas of operation through initiatives like:

  a) Reduction in fuel consumption by deploying fuel efficient plant & machinery and their proper maintenance in quarrying operation.

  b) Controlling wastages of fuel by minimizing idle running of mining Equipment

  c) Proper mine planning and designing of haul roads with lower gradient between Mines to crushing plants to reduce fuel consumption

  d) Reduction in explosive consumption through proper blast design, use of cartridged explosives and Nonel initiation system

  e) 50% Reduction in secondary breaking by strata mapping and deck charging of blast holes

- **TECHNOLOGY ABSORPTION**

  There was no Technology Absorption during the year.

- **FOREIGN EXCHANGE EARNINGS AND OUTGO**

  The Company has not earned any foreign exchange during the year since it operates within India only. Foreign Exchange spending for meeting expenses of Representative Office in China amounted to ₹ 1.03 crore.

10. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 meetings were held on 20th May 2016, 13th September 2016, 5th December 2016, and 07th February 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

12. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

The Committee comprises of 3 Non-Executive Directors.

The current members of the Audit Committee are:

a) Mr. K.V. Praveen

b) Mr. S. Kanappan

c) Mr. K. Kannan

During the year under review, three meetings were held on 13th September 2016, 05th December 2016, and 07th February 2017.

13. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company is in the process of identifying suitable persons for appointment as Independent Director and the same will be done shortly.

14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

15. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively (only for equity listed companies); and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

16. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

17. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17 under this policy.

18. AUDITORS:

The Auditors, M/s Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, M/s Sharp & Tannan, Chartered Accountants are eligible to be appointed for the next one year. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sharp & Tannan, Chartered Accountants, as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

19. COST AUDITORS: (IF APPLICABLE)

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 the Board of Directors had appointed M/s. R. Nanabhoy & Co, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2017 at a remuneration of ₹70,000/-. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

20. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

21. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure II to this Report.

22. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the parent company.

For and on behalf of the Board

Place : Mumbai	**K.V.PRAVEEN**	**S.KANAPPAN**
Date : May 15, 2017	*Director*	*Director*
	(DIN: 06643306)	*(DIN: 03084042)*

ANNEXURE I

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis:** Hi-Tech Rock Products & Aggregates Limited has not entered into any contract or arrangement or transaction with its related parties which is not at arm's length during financial year 2016-17.

2. **Details of material contracts or arrangement or transactions at arm's length basis:**

   (a) Name of the related party and nature of relationship: Larsen & Toubro Limited (Holding Company -100%) (L&T)

   (b) Nature of contracts/arrangements/transactions: Sale of Boulders & Aggregates, provision of services at china office, Hiring of Plant & Machinery, Manpower, availing of miscellaneous services at site.

   (c) Duration of the contracts / arrangements/transactions : Ongoing till completion of concerned construction projects of L&T

   (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Hi-Tech (i) supplies boulders and aggregates to construction projects of L&T across India and hire Plant & machinery equipment, manpower and avail other miscellaneous services at project sites from L&T. (ii) diligently perform the contract in timely manner and supply boulders/aggregates in accordance with the terms & conditions as per the purchase order issued by L&T, (iii) submit invoices on monthly basis for the sales made to each project as per the terms of contract and L&T shall promptly pay the same,(iv) be responsible for all the expenses incurred in connection with production & supply of boulders/aggregates and providing its services and (v) comply with the local, state and federal laws and regulations applicable while performing its business operations.

   (e) Date of approval by the Board, if any: Not applicable, since the contract was entered into in the ordinary course of business and on arm's length basis

   (f) Amount paid as advances, if any: NIL

For and on behalf of the Board

Place : Mumbai
Date : May 15, 2017

K.V.PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U14290TN2008PLC065900
ii)	Registration Date	January 01, 2008
iii)	Name of the Company	HI-TECH ROCK PRODUCTS & AGGREGATES LIMITED
iv)	Category	Company Limited by shares
v)	Sub-Category of the Company	Indian Non-Government Company
vi)	Address of the Registered office and contact details	Mount Poonamallee Road, Manapakkam, P.B. No. 979, Chennai- 600089 • Tel: 044 – 22526214 Mail ID: htrpa2008@gmail.com
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NIL

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Quarrying of stone, sand and clay	81	99.94%
2			
3			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares Held	Applicable Section
1	LARSEN & TOUBRO LIMITED L&T House, Ballard Estate P. O. Box: 278, Mumbai 400 001	L99999MH1946PLC004768	HOLDING	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50,000	50,000	100%	–	50,000	50,000	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**50,000**	**50,000**	**100%**	**–**	**50,000**	**50,000**	**100%**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
(2) Foreign									
a) NRIs -Individuals	–	–	–	–	–	–	–	–	–
b) Other –Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**–**	**50,000**	**50,000**	**100%**	**–**	**50,000**	**50,000**	**100%**	**–**
B. Public Shareholding									
1. Institutions									
a) MutualFunds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held byCustodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**50,000**	**50,000**	**1**	**–**	**50,000**	**50,000**	**1**	**–**

(ii) Shareholding of Promoters

Sl. No.	Shareholder's Name	Shareholding at the beginning of the year			Share holding at the end of the year			% change in share holding durin g the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	50,000	100%	–	50000	100%	–	NIL
2								
3								
4								
	Total							

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50,000	100%	50,000	100%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	50,000	100%	50,000	100%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NOT APPLICABLE			
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year				

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NOT APPLICABLE			
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change				
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)				

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
		----	---	---	----	
1.	Gross salary	NOT APPLICABLE				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income- tax Act, 1961					
2.	Stock Option					
3.	Sweat Equity					
4.	Commission					
	- as % of profit					
	- others, specify…					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors: (₹)

S l . no.	Particulars of Remuneration	Name of Directors				Total Amount
		-----	----	----	---	
3.	Independent Directors					
	• Fee for attending board committee meetings					
	• Commission					
	• Others, please specify					
	Total (1)					
4.	Other Non-Executive Directors					
	• Fee for attending board committee meetings			NIL		
	• Commission					
	• Others, please specify					
	Total (2)					
	Total (B)=(1+2)					
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option			NIL	
3.	Sweat Equity				
4.	Commission				
	- as % of profit				
	- others, specify…				
5.	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority (RD/ NCLT/COURT)	Appeal made,if any(give details)
A. COMPANY					
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment			NIL		
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF HI-TECH ROCK PRODUCTS AND AGGREGATES LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Hi-Tech Rock Products and Aggregates Limited ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of Section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer note 28 to the Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses. Refer note 32 to the Ind AS financial statements;

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 31 to the Ind AS financial statements; and

iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note 27 to the Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : May 15, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not hold any fixed assets. Accordingly, paragraph 3(i)(a), (b) and (c) of the Order are not applicable to the Company.

(ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has prescribed the maintenance of cost records under section 148(1) of the Act for the products of the Company and such accounts and records have been so made and maintained. We have not, however, made a detailed examination of the accounts and records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including sales tax, income tax, service tax, value added tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of provident fund, duty of customs, duty of excise and employees's state insurance.

According to the information and explanations given to us, no undisputed amounts payable in respect of sales tax, income tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, the particulars of income tax, value added tax, sales tax, service tax, duty of excise and duty of custom which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

₹ In Lakhs

Name of the Statute	**Nature of the disputed dues**	**Amount* in ₹**	**Period to which the amount relates**	**Forum where the dispute is pending**
Income tax Act, 1961	Certain disallowance	111.23	2009-10	Commissioner of Income tax (Appeals), Chennai
Income tax Act, 1961	Certain disallowance	20.08	2010-11	Commissioner of Income tax (Appeals), Chennai
Income tax Act, 1961	Certain disallowance	0.81	2011-12	Income tax officer, Chennai
Income tax Act, 1961	Certain disallowance	77.30	2012-13	Commissioner of Income tax (Appeals), Mumbai

* Net of pre-deposit paid in getting the stay/ appeal admitted.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid / provided managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : May 15, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Hi-Tech Rock Products and Aggregates Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W

R. P. ACHARYA
Partner
Membership no. 039920

Place : Mumbai
Date : May 15, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹ in Lakhs	**₹ in Lakhs**	*₹ in Lakhs*	*₹ in Lakhs*	*₹ in Lakhs*	*₹ in Lakhs*
ASSETS							
Non-current assets							
(a) Other financial assets	2		**1.46**		*0.64*		*0.58*
(b) Income tax assets (net)	3		**65.54**		*78.33*		*26.92*
Current assets							
(a) Financial Assets							
(i) Trade receivables	4	**5,282.84**		*3,948.67*		*1,524.60*	
(ii) Cash and cash equivalents	5	**30.05**		*77.42*		*6.64*	
(iii) Loans	6	**1,501.93**		*682.69*		*680.62*	
			6,814.82		*4,708.78*		*2,211.86*
(b) Current tax assets (net)	7		**–**		*29.33*		*62.14*
TOTAL ASSETS			**6,881.82**		*4,817.08*		*2,301.50*
EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share capital	8		**5.00**		*5.00*		*5.00*
(b) Other Equity	9		**916.08**		*427.18*		*220.91*
			921.08		*432.18*		*225.91*
LIABILITIES							
Current liabilities							
(a) Financial Liabilities							
(i) Trade Payables	10		**5,755.67**		*4,264.50*		*1,962.21*
(b) Other current liabilities	11		**138.38**		*120.40*		*113.38*
(c) Current Tax Liabiities (Net)	12		**66.69**		-		-
TOTAL EQUITY AND LIABILITIES			**6,881.82**		*4,817.08*		*2,301.50*
SIGNIFICANT ACCOUNTING POLICIES	1						

The accompanying notes form an integral part of the financial statements.

As per our report of even date

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No.039920

Place : Mumbai
Date : May 15, 2017

For and on behalf of the Board

K. V. PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

Place : Mumbai
Date : May 15, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

		Note	2016-17 ₹ in Lakhs	*2015-16 ₹ in Lakhs*
I	**Revenue from operations (Net)**	13	**16,972.92**	*14,587.40*
II	**Other Income**	14	**2.84**	*0.10*
III	**Total Income (I+II)**		**16,975.76**	*14,587.50*
IV	**Expenses**			
	Operating expenses	15	**15,524.42**	*13,562.09*
	Administration and other expenses	16	**677.63**	*683.22*
	Finance costs	17	**8.92**	*9.19*
	Total expenses (IV)		**16,210.97**	*14,254.50*
V	**Profit before tax (III-IV)**		**764.79**	*333.00*
VI	Tax expense			
	Current tax (including ₹ 20.08 Lakhs pertaining to earlier years, previous year ₹ 10.73 lakhs)		**275.89**	*126.73*
VII	**Profit after tax for the year (V-VI)**		**488.90**	*206.27*
VIII	Other comprehensive income		**–**	*–*
IX	Earnings per share (Basic and Diluted) in ₹	21	**977.80**	*412.54*
X	Face value of an equity Share in ₹		**10.00**	*10.00*
	SIGNIFICANT ACCOUNTING POLICIES	1		

The accompanying notes form an integral part of the financial statements.

As per our report of even date

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No.039920

Place : Mumbai
Date : May 15, 2017

For and on behalf of the Board

K. V. PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

Place : Mumbai
Date : May 15, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		As at 31.03.2017 ₹ in Lakhs	*As at 31.03.2016* *₹ in Lakhs*
A)	**Cash flow from operating activities**		
	Net profit before tax	**764.79**	*333.00*
	Adjustments for		
	Add: Interest expense	**8.92**	*9.19*
	Less: Interest income	**(2.84)**	*(0.10)*
	Operating Profit Before Working Capital Changes	**770.87**	*342.09*
	Adjustments for		
	(Increase)/ decrease in trade receivables	**(1,334.17)**	*(2,424.07)*
	(Increase)/ decrease in loans and advances	**(819.24)**	*(2.07)*
	Increase/ (decrease) in trade and other payables	**1,509.15**	*2,309.31*
	Cash generated from / (used in) operations	**126.61**	*225.26*
	Income tax paid	**(167.09)**	*(145.33)*
	Net cash from / (used in) operating activities (A)	**(40.48)**	*79.93*
B)	**Cash flow from investing activities**		
	Fixed Deposits	**(0.75)**	–
	Interest received	**2.78**	*0.04*
	Net cash from / (used in) investing activities (B)	**2.03**	*0.04*
C)	**Cash flow from financing activities**		
	Interest Paid	**(8.92)**	*(9.19)*
	Net cash from / (used in) financing activities (C)	**(8.92)**	*(9.19)*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**(47.37)**	*70.78*
	Cash and cash equivalents at the beginning of the year	**77.42**	*6.64*
	Cash and cash equivalents at the end of the year	**30.05**	*77.42*

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in InsAS 7: "Statement of Cash Flows" as specified under Section 133 of the Companies Act, 2013 read with rule 7 of Companies (Accounts) Rules, 2014.
2. Refer Note 5 for components of Cash and cash equivalents.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No.039920

Place : Mumbai
Date : May 15, 2017

For and on behalf of the Board

K. V. PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

Place : Mumbai
Date : May 15, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. EQUITY SHARE CAPITAL

For the year ended March 31, 2017 ₹ in Lakhs

Balance at the beginning of the reporting period	**Changes in equity share capital during the year**	**Balance at the end of the reporting period**
5.00	NIL	5.00

For the year ended March 31, 2016 ₹ in Lakhs

Balance at the beginning of the reporting period	*Changes in equity share capital during the year*	*Balance at the end of the reporting period*
5.00	*NIL*	*5.00*

B OTHER EQUITY

For the year ended March 31, 2017 ₹ in Lakhs

Particulars	**Retained Earnings**	**Total**
Balance at the beginning of the reporting period	**427.18**	**427.18**
Add: Profit for the period	**488.90**	**488.90**
Balance at the end of the reporting period	**916.08**	**916.08**

For the year ended March 31, 2016 ₹ in Lakhs

Particulars	**Retained Earnings**	**Total**
Balance at the beginning of the reporting period	*220.91*	*220.91*
Add: Profit for the period	*206.27*	*206.27*
Balance at the end of the reporting period	*427.18*	*427.18*

As per our report of even date

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No.039920

Place : Mumbai
Date : May 15, 2017

For and on behalf of the Board

K. V. PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

Place : Mumbai
Date : May 15, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 SIGNIFICANT ACCOUNTING POLICIES

a) Statement of Compliance:

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

b) Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention & investments are measured at fair value. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses data only from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

c) Presentation of financial statements

The Balance Sheet, Statement of Changes in Equity and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet, Statement of Changes in Equity and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

d) Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reliably measured and there exists reasonable certainty of its recovery.

(i) Revenue from sale of products is recognized when all the significant risks and rewards of ownership of the products are passed on to the customers, which is generally on dispatch of goods and acceptance, when the amount of revenue and the costs incurred in respect of the transaction can be measured reliably and it is probable that the economic benefit associated with the transaction will flow to the Company.

(ii) Interest income is accrued at applicable interest rate.

e) Extraordinary and exceptional Items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

f) Cash and Cash Equivalents

Cash and cash equivalents also include fixed deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

g) Accounting for taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961 and based on the expected outcome of assessments/appeals.

h) Leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

i) Provisions, contingent liabilities and contingent assets

(i) Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if:

1) the Company has a present obligation as a result of a past event;

2) a probable outflow of resources is expected to settle the obligation ; and

3) the amount of the obligation can be reliably estimated.

(ii) Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

(iii) Contingent liability is disclosed in case of :

1) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

2) a present obligation arising from past events, when no reliable estimate is possible; and

3) a possible obligation arising from past events, where the probability of outflow of resources is not remote.

(iv) Contingent assets are neither recognized nor disclosed.

(v) Provisions, contingent liabilities and contingent assets are reviewed at each Balance sheet date.

j) Foreign Currency transactions:

(i) The reporting currency of the Company is Indian Rupees.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each balance sheet date, foreign currency monetary items are reported using the closing rate.

Non-monetary items, carried at historical cost denominated in a foreign currency, are reported using the exchange rate at the date of the transactions.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate, are recognized as income or expense in the period in which they arise.

(iii) Financial statements of foreign operations treated as integral operations, are translated in the same manner as foreign currency transactions, as described above. Exchange differences arising on such translation are recognized as income or expense of the period in which they arise.

k) Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

(i) transactions of a non-cash nature;

(ii) any deferrals or accruals of past or future operating cash receipts or payments; and

(iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

l) Earnings per share

Basic and diluted earnings per share are computed in accordance with Ind AS-33 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

	Particulars	**As at 31.03.2017 ₹ in Lakhs**	*As at 31.03.2016 ₹ in Lakhs*	*As at 01.04.2015 ₹ in Lakhs*
2	**OTHER NON-CURRENT ASSETS**			
	Other bank balances:			
	a) Fixed deposits with banks including interest accrued thereon with more than 12 months maturity	**1.46**	*0.64*	*0.58*
	[Amount of Fixed Deposit is ₹1.27 (previous year- ₹0.52) and interest accrued thereon is ₹0.19 (previous year- ₹ 0.12)			

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

	Particulars	As at 31.03.2017 ₹ in Lakhs	As at 31.03.2016 ₹ in Lakhs	As at 01.04.2015 ₹ in Lakhs
3	**INCOME TAX ASSETS (NET)**			
	b) Income Tax receivable previous year (net of provisions)	65.54	78.33	26.92
		65.54	78.33	26.92
4	**TRADE RECEIVABLES**			
	Unsecured, Considered good	5,282.84	3,948.67	1,524.60
		5,282.84	3,948.67	1,524.60
5	**CASH AND CASH EQUIVALENTS**			
	Cash and cash equivalents:			
	Balance with banks	28.06	74.94	4.36
	Cash on hand	1.99	2.48	2.28
		30.05	77.42	6.64
6	**LOANS**			
	Unsecured, considered good			
	Advances Recoverable in Cash or in kind			
	Security deposits	161.71	–	–
	Advances to suppliers	27.50	36.43	53.70
	Prepaid Expenses	1,296.63	626.85	616.04
	Prepaid Rent	1.06	0.25	6.28
	Advances Others	0.54	1.03	1.01
	Rent deposits	3.67	3.05	3.00
	VAT Input Tax Credit	10.82	15.08	0.59
		1,501.93	682.69	680.62
7	**CURRENT TAX ASSETS (NET)**			
	b) Income Tax receivable of current year (net of provisions)	–	29.33	62.14
		–	29.33	62.14

		As on 31.03.2017		As on 31.03.2016		As on 01.04.2015	
		Numbers	₹	Numbers	₹	Numbers	₹
8	**SHARE CAPITAL**						
	Authorised capital :						
	Equity shares of ₹ 10/- each	10,000,000	1,000.00	10,000,000	1,000.00	10,000,000	1,000.00
	Issued, subscribed and paid up:						
	Equity shares of ₹ 10/- each fully paid up	50,000	5.00	50,000	5.00	50,000	5.00
		50,000	5.00	50,000	5.00	50,000	5.00

a) **Reconciliation of equity shares outstanding at the beginning and at the end of the year**

There is no movement in share capital during the financial years 2016-17 and 2015-16.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

b) Terms / rights attached to equity shares

(i) The Company has only one class of equity shares having a par value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

(ii) All shares issued carry equal rights for dividend declared by the Company.

(iii) There are no restrictions attached for any specific shareholder.

c) Equity shares held by holding company

	As on 31.03.2017		*As on 31.03.2016*		*As on 01.04.2015*	
	Numbers	₹	*Numbers*	₹	*Numbers*	₹
Larsen & Toubro Limited, along with nominees	**50,000**	**5.00**	*50,000*	*5.00*	*50,000*	*5.00*

d) Details of Shareholders holding more than 5% of equity shares in the company

₹ in Lakhs

	As on 31.03.2017		*As on 31.03.2016*		*As on 01.04.2015*	
	Numbers	**% holding**	*Numbers*	*% holding*	*Numbers*	*% holding*
Larsen & Toubro Limited, along with nominees	**50,000**	**100.00%**	*50,000*	*100.00%*	*50,000*	*100.00%*

e) No shares have been reserved for issue under options and contracts/commitments for the sale of shares / disinvestment. No securities have been issued with a right/option to convert the same into equity shares at a later date.

f) The Company has not bought back any shares or issued shares for consideration other than cash or issued bonus shares during the five years immediately preceding the date of Balance Sheet.

g) Calls unpaid ₹ Nil (Previous Year ₹ Nil);

Fofeited Shares ₹ Nil (Pevious Year ₹ Nil)

	Particulars	**As at 31.03.2017 ₹ in Lakhs**	*As at 31.03.2016 ₹ in Lakhs*	*As at 01.04.2015 ₹ in Lakhs*
9	**OTHER EQUITY**			
	Profit and Loss Account			
	Opening Balance	**427.18**	*220.91*	*197.55*
	Add: Profit for the period	**488.90**	*206.27*	*23.36*
		916.08	*427.18*	*220.91*
10	**TRADE PAYABLES**			
	Due to -			
	Trade payables [Refer Note (a) below]	**5,755.67**	*4,264.50*	*1,962.21*
		5,755.67	*4,264.50*	*1,962.21*

(a) There have been no transactions during the year with Micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Accordingly, disclosing details of overdue principal and interest thereon does not arise.

	Particulars	**As at 31.03.2017 ₹ in Lakhs**	*As at 31.03.2016 ₹ in Lakhs*	*As at 01.04.2015 ₹ in Lakhs*
11	**OTHER CURRENT LIABILITIES**			
	Other Payables:			
	– VAT Payable	**77.08**	*60.56*	*64.88*
	– Service Tax Payable	**0.41**	*(0.30)*	*1.07*
	– TDS Payable	**60.89**	*60.14*	*47.43*
		138.38	*120.40*	*113.38*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

	Particulars	As at 31.03.2017 ₹ in Lakhs	*As at 31.03.2016 ₹ in Lakhs*	*As at 01.04.2015 ₹ in Lakhs*
12	**CURRENT TAX LIABIITIES (NET)**			
	Income tax payable of current year (net of advance tax)	**66.69**	–	–
		66.69	–	–

	Particulars	2016-17 ₹ in Lakhs	*2015-16 ₹ in Lakhs*
13	**REVENUE FROM OPERATIONS**		
	Sale of products	**16,965.91**	*14,579.25*
	Other Operating revenue:		
	Income from services to the Group companies	**7.01**	*8.15*
		16,972.92	*14,587.40*
	Details of sale of products		
	Aggregates	**2,532.50**	*434.22*
	Boulders	**14,433.41**	*14,145.03*
	TOTAL	**16,965.91**	*14,579.25*
14	**OTHER INCOME**		
	Interest from Fixed deposit with bank	**0.06**	*0.06*
	Other Interest	**2.78**	*0.04*
		2.84	*0.10*
15	**OPERATING EXPENSES**		
	Contracting expenses	**10,775.80**	*9,841.52*
	Construction Materials, Spares and consumables	**366.87**	*884.62*
	Royalty	**3,609.69**	*2,675.04*
	Rates & Taxes- Quarry related	**772.06**	*160.91*
		15,524.42	*13,562.09*
16	**ADMINISTRATION AND OTHER EXPENSES**		
	Rates and taxes	**0.29**	*0.18*
	Software Maintenance Charges	**60.42**	*34.50*
	Cost of services	**422.18**	*433.78*
	Legal and Professional charges (Refer note (b) below)	**10.52**	*8.93*
	Printing and Stationery	**0.32**	*0.35*
	Travelling and Conveyance	**137.24**	*141.55*
	Miscellaneous expenses	**0.35**	*14.03*
	Lease rentals	**42.75**	*48.63*
	Exchange loss (net)	**3.56**	*1.27*
		677.63	*683.22*

(a) The Company does not have any employees on its payroll. Accordingly, the provisions of the Employees Provident Fund and Miscellaneous Provisions Act, 1952 and the Payment of Gratuity Act, 1972 are not applicable to the Company for the year.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

(b) Legal and Professional charges includes Auditors' remuneration (excluding service tax) as below:

Particulars	**2016-17** **₹ in Lakhs**	*2015-16* *₹ in Lakhs*
As auditor		
-Statutory Audit	**2.00**	*2.00*
-Tax Audit	**0.75**	*0.75*
-Transfer pricing audit	**0.50**	*0.50*
Certification fees	**0.27**	*0.31*
	3.52	*3.56*

(c) Prior period items

Particulars	**2016-17** **₹ in Lakhs**	*2015-16* *₹ in Lakhs*
Thefollowing expenditures are including amounts pertainig to earlier years:		
- Contracting Expenses	**–**	*0.49*
	–	*0.49*

17 FINANCE COSTS

Interest - others	**8.92**	*9.19*
	8.92	*9.19*

18. OPERATING SEGMENTS AS PER INDIAN ACCOUNTING STANDARD (IND AS) 108

a) The Company operates in the single segment of mining and quarrying operations and accordingly no primary segment reporting has been made.

b) The Company derives its entire income from India and accordingly, no geographical segment reporting has been made.

c) Major Customer: Revenue from one customer of the Company is more than 10% amounting to ₹ 16,837.86 Lakhs (Previous year ₹ 14,263.71 Lakhs).

19. DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS:

a) List of related parties

Holding company : Larsen & Toubro Limited (100%)

b) Transactions with related parties:-

Holding company : Larsen & Toubro Limited

(₹ in Lakhs)

Nature of transaction	**Transaction Amount**	**Amount due from**
1) Sales of Boulders and Aggregates	16,837.86 (14,263.71)	5,011.89 (3,720.46)
2) Cost of services paid	422.18 (433.78)	
3) Re-imbursement of expenses	4,558.94 (3,047.15)	
4) Income from services	7.01 (8.15)	

(Figures in bracket pertain to those of the previous year)

c) No amount due from or due to related parties has been written off or written back during the year.

20. The Company has not entered into any finance lease as specified Indian Accounting Standard (Ind AS)-17 'Leases'. The Company has, however taken certain land/properties under cancellable operating lease. These agreements are normally renewed on expiry, when required.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

Lease rentals in respect of operating leases ₹ 42.75 Lakhs /- (previous year ₹ 48.63 Lakhs/-)

Contingent rent recognized in the statement of profit and loss is ₹ Nil (Previous year ₹ Nil)

21. EARNINGS PER SHARE (EPS) COMPUTED IN ACCORDANCE WITH IND AS 33:

Particulars	₹/Nos.	**2016-17**	*2015-16*
Profit after tax for the year attributable to shareholders	₹ in Lakhs	**488.90**	*206.27*
Number of equity shares outstanding	Nos.	**50,000**	*50,000*
Weighted average number of equity shares outstanding	Nos.	**50,000**	*50,000*
Earnings per Share – Basic and Diluted	₹	**977.80**	*412.54*
Face value of an equity share	₹	**10.00**	*10.00*

22. CURRENT ASSETS EXPECTED TO BE RECOVERED AFTER 12 MONTHS AS PER IND AS 1 (61):

(₹ in Lakhs)

Particulars	**As at 31.03.2017**			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Trade receivables	**5,282.84**		**5,282.84**	*3,948.67*		*3,948.67*	*1,524.60*		*1,524.60*
Cash and cash equivalent	**30.05**	**–**	**30.05**	*77.42*	*–*	*77.42*	*6.64*	*–*	*6.64*
Loans	**1,501.93**	**–**	**1,501.93**	*682.69*	*–*	*682.69*	*680.62*	*–*	*680.62*
Total	**6,814.82**	**–**	**6,814.82**	*4,708.78*		*4,708.78*	*2,211.86*	*–*	*2,211.86*

23. CURRENT LIABILITIES EXPECTED TO BE SETTLED AFTER 12 MONTHS AS PER IND AS 1 (61):

(₹ in lakhs)

Particulars	**As at 31.03.2017**			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Trade payables	**5,755.67**		**5,755.67**	*4,264.50*		*4,264.50*	*1,962.21*		*1,962.21*
Other current liabilities	**138.38**	**–**	**138.38**	*120.40*	*–*	*120.40*	*113.38*	*–*	*113.38*
Total	**5,894.05**		**5,894.05**	*4,384.90*		*4,384.90*	*2,075.59*		*2,075.59*

24. MATURITY PROFILE OF FINANCIAL ASSETS

(₹ in lakhs)

Particulars	**As at 31.03.2017**			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Total non-current financial assets	**–**	**1.46**	**1.46**	*–*	*0.64*	*0.64*	*–*	*0.58*	*0.58*
Trade receivables	5,282.84		5,282.84	3,948.67		3,948.67	1,524.60		1,524.60
Cash and cash equivalent	30.05	**–**	30.05	77.42	–	77.42	6.64	–	6.64
Loans	1,501.93	**–**	1,501.93	682.69	–	682.69	680.62	–	680.62
Total	**6,814.82**	**1.46**	**6,816.28**	*4,708.78*	*0.64*	*4709.42*	*2,211.86*	*0.58*	*2212.44*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

25. MATURITY PROFILE OF FINANCIAL LIABILITIES

(₹ in lakhs)

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Trade Payables	**5,755.67**	**–**	**5,755.67**	*4,264.50*	–	*4,264.50*	*1,962.21*	–	*1,962.21*
Other current liabilities	**138.38**	**–**	**138.38**	*120.40*	–	*120.40*	*113.38*	–	*113.38*
Total	**5,894.05**	**–**	**5,894.05**	*4384.90*	–	*4384.90*	*2075.59*	–	*2075.59*

26. FINANCIAL ASSETS AND FINANCIAL LIABILITIES CLASSIFICATION

Financial Assets Classification

(₹ in lakhs)

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Measured at Amortised Cost			
Cash and Cash Equivalent	**30.05**	*77.42*	*6.64*
Loans	**1,501.93**	*682.69*	*680.62*
Trade receivables	**5,282.84**	*3,948.67*	*1,524.60*
Total Financial Assets	**6,814.82**	*4,708.78*	*2,211.86*

Financial Liabilities Classification

(₹ in lakhs)

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Measured at Amortised Cost			
Trade payable	**5,755.67**	*4,264.50*	*1,962.21*
Total Financial Assets	**5,755.67**	*4,264.50*	*1,962.21*

27. Specified Bank Notes - The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

(₹ in lakhs)

Particulars	SBN	Other denomination Notes	Total
Closing cash in hand as on 08.11.2016	–	–	Nil
(+) Permitted receipts	–	–	Nil
(-) Permitted payments	–	–	Nil
(-)Amount deposited in Banks	–	–	Nil
Closing cash in hand as on 30.12.2016	–	–	Nil

28. CONTINGENT LIABILITIES

(₹ in lakhs)

Particulars	As at 31.03.2017	*As at 31.03.2016*
Income tax liability in respect of various matters	**209.42**	*187.90*
	209.42	*187.90*

29. FIRST TIME ADOPTION OF IND-AS

These financial statements of Hi-Tech Rock Products & Aggregates Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in IndAS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to Ind AS has not resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

Reconciliation of equity as previously reported under IGAAP to Ind AS

₹ in Lakhs

Particulars	Note	Balance Sheet as at 31.03.2016			Opening Balance Sheet as at 01.04.2015		
		IGAAP	Effects of transition to Ind-AS	Ind AS	IGAAP	Effects of transition to Ind-AS	Ind AS
ASSETS							
Non-current assets							
(a) Other financial assets	2	0.64	–	0.64	0.58	–	0.58
(b) Income tax assets (net)	3	78.33	–	78.33	26.92	–	26.92
Current assets							
(a) Financial Assets							
(i) Trade receivables	4	3,948.67	–	3,948.67	1,524.60	–	1,524.60
(ii) Cash and cash equivalents	5	77.42	–	77.42	6.64	–	6.64
(iii) Loans	6	682.69	–	682.69	680.62	–	680.62
(b) Current tax assets (net)	7	29.33	–	29.33	62.14	–	62.14
TOTAL ASSETS		4,817.08		4,817.08	2,301.50		2,301.50
EQUITY AND LIABILITIES							
EQUITY							
(a) Equity Share capital	8	5.00	–	5.00	5.00	–	5.00
(b) Other Equity	9	427.18	–	427.18	220.91	–	220.91
LIABILITIES							
Current liabilities							
(a) Financial Liabilities							
(i) Trade Payables	10	4,264.50	–	4,264.50	1,962.21	–	1,962.21
(b) Other current liabilities	11	120.40	–	120.40	113.38	–	113.38
(c) Current Tax Liabiities (Net)	12	–	–	–	–	–	–
TOTAL EQUITY AND LIABILITIES		4,817.08		4,817.08	2,301.50		2,301.50

Reconciliation Statement of Profit and Loss as previously reported under IGAAP to Ind AS

₹ in Lakhs

Particulars	Note	Year ended March 31 2016		
		IGAAP	Effects of transition to Ind–AS	Ind AS
Revenue from operations (Net)	13	14,587.40	–	14,587.40
Other Income	14	0.10	–	0.10
Total Income (I+II)		14,587.50	–	14,587.50
Expenses				
Operating expenses	15	13,562.09	–	13,562.09
Administration and other expenses	16	683.22	–	683.22
Finance costs	17	9.19	–	9.19
Total expenses (IV)		14,254.50		14,254.50
Profit before tax (III-IV)		333.00	–	333.00
Tax expense				
Current tax (including ₹ 20.08 Lakhs pertaining to earlier years, previous year ₹ 10.73 lakhs)		126.73	–	126.73
Profit after tax for the year (V-VI)		206.27		206.27
Other comprehensive income		–	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (contd.)

30 (a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016.

(₹ in lakhs)

Sr.	Particulars	2016-2017	2015-2016
(a)	(i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	**255.81**	*116.00*
	Earlier year Tax	**20.08**	*10.73*
	Income tax expense reported in the statement of profit or loss	**275.89**	*126.73*

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016.

(₹ in lakhs)

Sr.	Particulars	2016-2017	2015-2016
1	Profit before tax	**764.79**	*333.00*
2	Applicable tax rate	**33.06%**	*32.45%*
3	PBT * applicable tax rate (1*2)	**252.86**	*108.04*
4	Tax effect of differences		
	(a) Provision for taxation pertaining to earlier years	**20.08**	*10.73*
	(b) Effect of non-allowable expenses	**2.95**	*3.30*
	(c) Others		*4.66*
5	Tax expense recognised during the year (Total 3+4)	**275.89**	*126.73*
6	Effective tax Rate	**36.07%**	*38.06%*

31. The Company did not have any amount which needs to be transferred to the Investor Education and Protection Fund.

32. The Company did not have any long term contracts including derivative contracts, for which any material foreseeable losses are expected.

33. Figures for the previous year have been regrouped / reclassified, wherever necessary.

As per our report of even date

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 109982W

R. P. ACHARYA
Partner
Membership No.039920

Place : Mumbai
Date : May 15, 2017

For and on behalf of the Board

K. V. PRAVEEN
Director
(DIN: 06643306)

S.KANAPPAN
Director
(DIN: 03084042)

Place : Mumbai
Date : May 15, 2017

S-1870

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their First report and Audited Accounts as at 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**14-07-2016 to 31-03-2017**
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**(69,838)**
Less: Depreciation, amortization and obsolescence	–
Add: Transfer from Revaluation Reserve	–
Profit before exceptional and extraordinary items and tax	**(69,838)**
Add: Exceptional Items	–
Profit before extraordinary items and tax	**(69,838)**
Add: Extraordinary items	–
Profit / (Loss) before tax	**(69,838)**
Less: Provision for tax	–
Profit for the period carried to the balance sheet	**(69,838)**
Add: Balance brought forward from previous year	–
Less: adjustments to opening reserve	–
Balance available for disposal (which directors appropriate as follows)	**(69,838)**
Balance carried to Balance Sheet	**(69,838)**

2. **CAPITAL EXPENDITURE:**

The Company has not incurred any capital expenditure for the period ended March 31, 2017

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given any loans, made any investments or given guarantees or provided any security during the period ended March 31, 2017 as specified under Section 186 of the Companies Act, 2013.

4. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions for the period ended March 31, 2017 were in the ordinary course of business and at arm’s length.

The Company has not entered into any material related party transactions for the period ended March 31, 2017.

5. **STATE OF COMPANY AFFAIRS:**

The Company is yet to commence commercial operations.

6. **RISK MANAGEMENT FRAMEWORK:**

The Company has not commenced commercial operations. Hence, the Board has not adopted a Risk Management Framework.

7. **DIVIDEND:**

The Directors do no recommend any dividend for the period ended March 31, 2017.

8. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes between Balance Sheet date and date of Directors report.

9. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

The present Directors of the Company are Mr. Ramaswamy Govindan and Mr. Vipul Chandra.

Mr. R. Govindan retires by rotation at this Annual General Meeting and being eligible offers himself for re-appointment. The notice convening the meeting will include a resolution for his appointment.

The Company is not required to appoint any Key Managerial Personnel.

10. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review three meetings were held on 18th July, 2016, 27th October, 2016 and 16th February, 2017.

11. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

13. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

14. PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received during the period ended March 31, 2017.

15. ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(s) (e) of the Companies Act, 2013. For the period ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

16. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

a. There are no specific initiative for energy conservations. The operations of the Company are not highly energy intensive.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year, the Company had no foreign exchange earnings.

17. AUDITORS:

The Auditors, Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company till the conclusion of the 1st Annual General Meeting of the Company.

18. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure A to this Report.

19. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Mumbai
Date : May 26, 2017

RAMASWAMY GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

ANNEXURE I

Form No. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2016

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45309MH2016PTC283661
Registration Date	14/07/2016
Name of the Company	SAHIBGANJ GANGES BRIDGE-COMPANY PRIVATE LIMITED
Category	Private Company
Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai - 400001. Tel:- 022-67525656. Email:Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / Service	% to total turnover of the company
1	NA	NA	NA

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares Held	Applicable Section
1	L&T Capital Company Limited Add: L&T House, N.M.Marg, Ballard Estate Mumbai - 400001	U45309MH2016PTC283661	HOLDING	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF	–	–	–	–	–	–	–	–	–
b) Central Govt.	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	10,000	10,000	100	–	10,000	10,000	100	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**NIL**	**NIL**	**NIL**	**–**	**NIL**	**NIL**	**NIL**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**NIL**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2. Non- Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital up to ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	**–**	**10,000**	**10,000**	**100**	**–**	**10,000**	**10,000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Capital Company Limited	10000	100	NIL	10000	100	NIL	NIL
	Total	**10000**	**100**	**NIL**	**10000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change): No Change

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
2	Date wise Increase / Decrease in Promoters Share holding during the year Specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
3	At the End of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the top 10 shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	----	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
i) Addition				
ii) Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	–	–
	Ceiling as per the Act	–	–

B. Remuneration to other directors:

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify			
	Total (1)			
		Ramaswamy Govindan	**Vipul Chandra**	
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify			
	Total (2)	–	–	
	Total (B)=(1+2)	–	–	
	Total Managerial Remuneration	–	–	
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD / MANAGER / WTD

Sl. no.	Particulars of Remuneration	Company Secretary	Chief Financial Officer	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit	–	–	–
	- others, specify	–	–	–
5.	Others, please specify			
	Total	–	–	–

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF SAHIBGANJ GANGES BRIDGE-COMPANY PRIVATE LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of Sahibganj Ganges Bridge-Company Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : 26th May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) The Company is incorporated during the current year and still planning to own fixed assets. Thus, paragraph 3(i) of the Order is not applicable to the Company.

(ii) According to the information and explanations given to us, the paragraph 3(ii) of the Order concerning inventories is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has neither given loan to directors or investment made by the company. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) The Company is incorporate in current year. Accordingly, paragraph 3(vii) of the Order is not applicable to the Company.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not paid any managerial remuneration during the year and accordingly paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : 26th May 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Sahibganj Ganges Bridge-Company Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's registration no.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership no. 038332

Place : Mumbai
Date : 26th May 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at March 31, 2017 ₹	₹
ASSETS:			
Current assets			
Financial Assets	A		
Cash and cash equivalents			70,862
TOTAL			70,862
EQUITY AND LIABILITIES:			
Equity			
Share capital	B	100,000	
Other Equity	C	-69,838	
			30,162
Current liabilities			
Financial Liabilities			
Trade payables	D		11,950
Other current liabilties	E		28,750
TOTAL			70,862
SIGNIFICANT ACCOUNTING POLICIES	G		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	H		

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

R. GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

Place : Mumbai
Date : May 26, 2017

STATEMENT OF INCOME AND EXPENDITURE FOR THE PERIOD JULY 14, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

Particulars	Note No.		2016-17
		₹	₹
INCOME:			
Income from operations		–	
Other income		–	–
Total Income			–
EXPENSES			
Administration and Other Expenses	F	69,838	
Total expenses			69,838
Loss before exceptional and extraordinary items and taxes			(69,838)
Exceptional items			–
Loss before extraordinary items and taxes			(69,838)
Extraordinary Items			–
Loss before tax			(69,838)
Tax expense:			
Current tax			–
Deferred tax			–
Loss after Tax			(69,838)
Earnings per equity share:			
Basic earnings per equity share			(6.98)
Diluted earnings per equity share			(6.98)
Face value per equity share (₹)			10
Refer note H (8)			
SIGNIFICANT ACCOUNTING POLICIES	G		
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	H		

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

R. GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

Place : Mumbai
Date : May 26, 2017

CASH FLOW STATEMENT FOR THE FOR THE PERIOD JULY 14, 2016 (DATE OF INCORPORATION) TO MARCH 31, 2017

		2016-2017 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES**	
	Loss before tax as per statement of profit and loss	**(69,838)**
	Add:	
	Depreciation	**–**
	Operating Loss before working capital changes	**(69,838)**
	Add/(Less):	
	(Increase)/Decrease in loans and advances	
	Increase/(Decrease) in provisions & other current liabilities	**40,700**
	Cash generated from operations	**(29,138)**
	Direct tax paid	**–**
	Net cash from operating activities	**(29,138)**
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**	
	Net cash (used in)/from investing activites	**–**
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**	
	Issue of equity shares	**100,000**
	Net cash (used in)/from financing activites	**100,000**
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**70,862**
	Cash and cash equivalents at beginning of the year	**–**
	Cash and cash equivalents at end of the year	**70,862**

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in the “Indian Accounting Standard” (AS) - 7 Cash Flow Statements.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped wherever applicable.

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Firm’s Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

R. GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

Place : Mumbai
Date : May 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) EQUITY SHARE CAPITAL

For the year ended March 31, 2017 (₹)

	Balance as at March 31, 2016	Changes in equity share capital during the year	**Balance as at March 31, 2017**
	–	100,000	**100,000**

(B) OTHER EQUITY

For the year ended March 31, 2017 (₹)

	Equity component of preference share capital	Reserves & Surplus		Total
		General reserves	Retained earnings	
Balance as at March 31, 2016	–	–	–	–
Income/(Expenditure) for the year	–	–	(69,838)	(69,838)
Other Comprehensive expense	–	–	–	–
Balance as at March 31, 2017	**–**	**–**	**(69,838)**	**(69,838)**

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

R. GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

Place : Mumbai
Date : May 26, 2017

NOTES FORMING PART OF ACCOUNTS

A) CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017 ₹	₹
Balances with banks:		
On Current acconts		**70,862**
Total Cash and cash equivalents		**70,862**

Statement of changes in equity for the period ended March 31, 2017

B) SHARE CAPITAL

The Company has issued Equity Share Capital, the details in respect of which are given below

B.(I) Number, face value and amount of shares authorised, issued, subscribed and paid-up

Particulars	As at March 31, 2017 No. of Shares	₹
Authorised Shares		
Equity Shares of ₹ 10 each	**10,000**	**100,000**
Issued, Subscribed & Paid up share capital		
Equity Shares of ₹ 10 each fully paid	**10,000**	**100,000**
All the equity shares are held by L&T Capital Company Limited, the holding company and its nominees		
Total Issued, Subscribed & Paid up share capital		**100,000**

B.(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferntial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. (III) Equity Shares

Particulars	As at March 31, 2017 No. of Shares	₹
Balance as at April 1, 2016	–	–
Issued during the year	**10,000**	**100,000**
Balance as at March 31, 2017	**10,000**	**100,000**

B. (IV) Shares held by holding company

Particulars	As at March 31, 2017 No. of Shares	₹
L&T Capital Company Limited (Equity Shares of ₹ 10 each fully paid)	**10,000**	**100,000**

B. (V) Details of shareholders holding more than 5% shares in the company

Particulars	As at March 31, 2017 No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid		
* Held by L&T Capital Company Limited (Holding Company) and it's nominee.	**10,000**	**100%**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

C) OTHER EQUITY

Particulars	As at March 31, 2017 ₹	₹
Balance as at 31 March 2016	–	
Add: Income/(Expenditure) for the year	(69,838)	
		(69,838)
Total Other Equity		**(69,838)**

D) FINANCIAL LIABILITIES

Particulars	As at March 31, 2017 ₹	₹
Trade payables		
Payable to related parties		11,950
Total Trade payables		**11,950**

E) OTHER CURRENT LIABILITIES

Particulars	As at March 31, 2017 ₹	₹
Payable to others		28,750
Total Other current liabilities		**28,750**

F) ADMINISTRATION AND OTHER EXPENSES

Particulars	As at March 31, 2017 ₹	₹
Audit Fees		28,750
Filing fees, stamp duty and other registration expenses		17,927
Professional Charges		23,000
Bank charges		161
Total Administration and other expenses		**69,838**

G) SIGNIFICANT ACCOUNTING POLICIES

Brief Description of the Company:

Sahibganj Ganges Bridge-Company Private Limited (the 'Company) was incorporated in India on July 14, 2016. The Company is a subsidiary of L&T Capital Company Limited holding 100% ownership interest in the Company as at March 31, 2017. The main objective of this company is to plan, promote, organize, undertake, co-ordinate, finance, establish, develop, operate, maintain and engage in the business of setting up a bridge and road in the State of Jharkand.

The Company is yet to be made operational.

1. **Statement of compliance:**

   The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. These are the Company's first Ind AS financial statements.

2. **Basis of Accounting:**

   The Company maintains its accounts on accrual basis following the historical cost convention & investments are measured at fair value. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

3. **Presentation of financial statements:**

   The Balance Sheet and the Statement of Income and Expenditure are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Income and Expenditure, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

4. **Provisions, Contingent liabilities and Contingent assets:**

   Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

   a. the Company has a present obligation as a result of a past event;

   b. a probable outflow of resources is expected to settle the obligation; and

   c. the amount of the obligation can be reliably estimated.

   Contingent liability is disclosed in case of

   a. a present obligation arising from past events, when it is possible that an outflow of resources will be required to settle the obligation.

   b. a present obligation arising from past events when no reliable estimate is possible; and

   c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

   Contingent assets are neither recognised nor disclosed.

   Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

5. **Taxes on income:**

   a. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on expected outcome of assessments / appeals.

   b. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

   c. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head 'capital gains' are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

   d. Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

6. **Cash and Cash equivalents:**

   Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

7. **Earnings per share:**

   Basic and diluted earnings per share are computed in accordance with Ind AS-33 - Earnings per share.

   Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

(H) NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

1. The Company is yet to commence its activities and does not have any fixed assets and has no employees.
2. Contingent liabilities ₹ Nil
3. Related party disclosures: Ind AS 24

   (a) Names of the related parties with whom transactions were carried out during the year and description of relationship

Sr. No.	Name of the Related Party	Relationship
(i)	L&T Capital Company Limited	Holding Company
(ii)	Larsen & Toubro Limited	Ultimate Holding Company

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(b) Disclosure of related party transactions

Sr. No.	Nature of transaction/relationship	2016-17 ₹
(i)	**Reimbursement of expenses**	
	Ultimate Holding Company:	
	Larsen & Toubro Limited	**11,950**
	Total	**11,950**
(ii)	**Shard Capital received from**	
	Holding Company:	
	L&T Capital Company Limited	**1,00,000**
	Total	**1,00,000**
(iii)	**Amount due to related party**	
	Ultimate Holding Company:	
	Larsen & Toubro Limited	**11,950**
	Total	**11,950**

4. The Company has the following financial assets and liabilities:

Categories of financial assets		As at March 31, 2017 ₹
Measured at amortised cost		
a.	Non-current investment - others	**–**
b.	Loans	
	ICD	
	Security Deposit	**–**
c.	Cash and bank balances	**70,862**
d.	Other financial assets	**–**
e.	Trade receivable	**–**
Total Financial Assets		**70,862**

Categories of financial liabilities		As at March 31, 2017 ₹
Measured at amortised cost		
a.	Borrowings	**–**
b.	Other financial liabilities	**–**
c.	Trade payables	**11,950**
Total Financial Liabilities		**11,950**

5. Current assets expected to be recovered after 12 months as Per IND AS 1 (61)

PARTICULARS	As at March 31, 2017 ₹		
	Less than twelve months	**More than twelve months**	**Total**
Cash and Bank balances	**70,862**	**–**	**70,862**
Current Investments	**–**	**–**	**–**
Total	**70,862**	**–**	**70,862**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

6. Current liabilities expected to be settled after 12 months as Per IND AS 1 (61)

PARTICULARS	As at March 31, 2017 ₹		
	Less than twelve months	**More than twelve months**	**Total**
Trade payables	**11,950**	**–**	**11,950**
Other current liabilities	**28,750**	**–**	**28,750**
Total	**40,700**	**–**	**40,700**

7. Maturity profile of financial liabilities

PARTICULARS	As at March 31, 2017 ₹		
	Less than twelve months	**More than twelve months**	**Total**
Due to Parent ICO	**11,950**	**–**	**11,950**
Total	**11,950**	**–**	**11,950**

8. Earnings Per Share: Ind AS 33

	Particulars	**2016-17**
a)	Profit after tax as per statement of income and expenditure	**(69,838)**
b)	Number of equity shares outstanding	**10,000**
c)	Earnings Per Share (Basic and Diluted)	**(6.98)**
d)	Nominal value per equity share	**₹ 10**

9. Specified Bank Notes - The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

Particulars	₹ "500" notes	₹ "1000" notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	–	–	–	Nil
Permitted receipts	–	–	–	Nil
Permitted payments	–	–	–	Nil
Amount deposited in Banks	–	–	–	Nil
Closing cash in hand as on 30.12.2016	–	–	–	Nil

10. The Company has no dues payable to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017.

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Firm's Registration no. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

R. GOVINDAN
Director
DIN: 05148785

VIPUL CHANDRA
Director
DIN: 06692474

Place : Mumbai
Date : May 26, 2017

BOARD REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Eighth Annual report together with the audited Financial Statements for the Financial year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**	*2015-16*
	₹	₹
Profit Before Depreciation & Tax	**(43,384)**	*(25,128)*
Less: Depreciation, amortization and obsolescence	**–**	–
Profit before tax	**(43,384)**	*(25,128)*
Less: Provision for tax	**–**	–
Profit after tax	**(43,384)**	*(25,128)*
Add: Balance brought forward from previous year	**(1,11,034)**	*(85,906)*
Balance carried to Balance Sheet	**(1,54,418)**	*(1,11,034)*

2. CAPITAL EXPENDITURE:

During the year under review, the Company did not incur any capital expenditure.

3. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loan, guarantees, security or made any investment for the financial year 2016-17 as specified under Section 186 of Companies Act, 2013.

4. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length.

There are no material related party transactions/Contracts/Agreements entered by the Company.

5. STATE OF COMPANY AFFAIRS:

There were no operations in the Company during the year under review.

6. DIVIDEND:

The Directors do not recommend any dividend during the year under review..

7. FIXED DEPOSIT:

The Company has not accepted or invited any deposits from public within the ambit of Section 73 of the Companies Act, 2013 and The Companies (Acceptance of Deposits) Rules, 2014, during the year under review.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. The Company has not commenced commercial operations and hence has no information to be published as per Rule 8 of Companies (Accounts) Rules, 2014.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year, the Company has had "nil" foreign exchange earnings and outgo.

9. DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES:

The Company is a wholly-owned subsidiary of L&T Capital Company Limited. It has no subsidiary, joint venture or associate company.

The Company does not have any subsidiary, joint venture and associate company, accordingly disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

10. DETAILS OF DIRECTORS APPOINTED/RESIGNED DURING THE YEAR:

During the year under review three Directors were appointed with effect from May 23, 2017. The present Directors of the Company are Ms. Raji Vishwanathan, Mr. N. Suryanarayanan, Mr. Raju Dodti, Mr. Sachinn Joshi and Mr. Sunil Prabhune.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review four meetings were held on April 26, 2016, July 27, 2016, November 19, 2016, and January 25, 2017.

Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

12. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

13. AUDITORS:

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

14. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure I.

15. LOAN TO PURCHASE SHARES OF THE COMPANY

During the year under review, the Company has not given loan to any person in its employment to purchase shares of the Company. Accordingly, disclosures required to be made under Section 67(3) of the Act are not applicable to the Company.

16. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

17. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the Shareholders, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Mumbai
Date : May 23, 2017

RAJU DODTI
Director
DIN: 06550896

SACHINN JOSHI
Director
DIN: 00040876

ANNEXURE I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U74990MH2009PTC193936
Registration Date	09/07/2009
Name of the Company	L&T Trustee Company Private Limited
Category	Private Company
Sub-Category of the Company	Company Having Share Capital
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email:Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares Held	Applicable Section
1	L&T Capital Company Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	U67190MH2000PLC125653	Holding	100	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	NIL	10000	10000	100	NIL	10000	10000	100	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	**NIL**	**10000**	**10000**	**100**	**NIL**	**10000**	**10000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
(2) Foreign a) NRIs - Individuals b) Other – Individuals c) Bodies Corp. d) Banks / FI e) Any Other….									
Sub-total (A) (2):-									
Total shareholdin g of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**10000**	**10000**	**100**	**NIL**	**10000**	**10000**	**100**	**NIL**
B. Public Shareholding **1. Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(1):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Sub-total (B)(2):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Grand Total (A+B+C)	**NIL**	**10000**	**10000**	**100**	**NIL**	**10000**	**10000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	L&T CAPITAL COMPANY LIMITED	10000	100	NIL	10000	100	NIL	NIL
	Total	**10000**	**100**	**NIL**	**10000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –There is no change in Promoters' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**
Change in Indebtedness during the financial year				
• Addition				
• Reduction	NIL	NIL	NIL	NIL
Net Change	**NIL**	**NIL**	**NIL**	**NIL**
Indebtedness at the end of the financial year				
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**NIL**	**NIL**	**NIL**	**NIL**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager				Total Amount
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	N.A	N.A	N.A	N.A	N.A
2.	Stock Option	N.A	N.A	N.A	N.A	N.A
3.	Sweat Equity	N.A	N.A	N.A	N.A	N.A
4.	Commission					
	- as % of profit					
	- others, specify…	N.A	N.A	N.A	N.A	N.A
5.	Others, please specify	N.A	N.A	N.A	N.A	N.A
	Total (A)	**N.A**	**N.A**	**N.A**	**N.A**	**N.A**
	Ceiling as per the Act					

B. Remuneration to other directors:

Sl. no.	**Particulars of Remuneration**	**Name of Directors**		**Total Amount**
1.	Independent Directors			
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify	N.A	N.A	
	Total (1)	**N.A**	**N.A**	

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
2.	Other Non-Executive Directors	**Raji Vishwanathan**	**Suryanarayanan Neelakantan**	
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (2)	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**NIL**	**NIL**	**NIL**
	Total Managerial Remuneration	**NIL**	**NIL**	**NIL**
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	**Company Secretary**	**CFO**	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	N.A	N.A	N.A	N.A
2.	Stock Option	N.A	N.A	N.A	N.A
3.	Sweat Equity	N.A	N.A	N.A	N.A
4.	Commission				
	- as % of profit				
	- others, specify	N.A	N.A	N.A	N.A
5.	Others, please Specify	N.A	N.A	N.A	N.A
	Total	**N.A**	**N.A**	**N.A**	**N.A**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T TRUSTEE COMPANY PRIVATE LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Trustee Company Private Limited("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are inagreement with the books of account;
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company did not have any pending litigations on its financial position in its Ind AS financial statements. Refer Note H (2) to the Ind AS financial statements;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses. Refer Note H (12) to the Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer Note H (11) to the Ind AS financial statements; and

   iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer Note H (5) to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 23, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

(i) The Company does not hold any fixed assets. Accordingly, paragraph 3(i)(a), (b) and (c) of the Order is not applicable to the Company.

(ii) The Company does not hold any physical inventories. Accordingly, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii)(a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company does not have any dues on account of provident fund, sales-tax, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, employee's state insurance, cess and other material statutory dues.

(b) According to the information and explanations given to us, there are no dues which have not been deposited of income tax, service tax, duty of customs, duty of excise and value added tax or cess that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowing from a financial institution, bank guarantee or dues to debentures holder during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instruments) and term loan during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid/provided managerial remuneration. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 23, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of L&T Trustee Company Private Limited("the company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at March 31, 2017 ₹	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at March 31, 2016 ₹	As at April 1, 2015 ₹	As at April 1, 2015 ₹
ASSETS:							
Current assets							
Financial Assets							
Cash and cash equivalents	A		**28,723**		28,723		*36,566*
TOTAL			**28,723**		28,723		*36,566*
EQUITY AND LIABILITIES:							
Equity							
Share capital	B	**100,000**		100,000		*100,000*	
Other Equity	C	**(154,418)**		(111,034)		*(85,906)*	
			(54,418)		(11,034)		*14,094*
Current liabilities							
Financial Liabilities							
Trade payables	D		**60,163**		34,029		*16,854*
Other current liabilties	E		**22,978**		5,728		*5,618*
TOTAL			**28,723**		28,723		*36,566*
SIGNIFICANT ACCOUNTING POLICIES.	G						
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	H						

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration number : 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place: Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

RAJU FRANCIS DODTI
Director
DIN: 06550896

SACHINN ROOPNARAYAN JOSHI
Director
DIN: 00040876

Place: Mumbai
Date : May 23, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	NOTES NO.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME:					
Income from operations		–		-	
Other income		–		-	
TOTAL INCOME			–		–
EXPENSES:					
Administration and Other Expenses	F	**43,384**		*25,128*	
TOTAL EXPENSES			**43,384**		*25,128*
Loss before exceptional and extraordinary items and taxes			**(43,384)**		*(25,128)*
Exceptional items			–		–
Loss before extraordinary items and taxes			**(43,384)**		*(25,128)*
Extraordinary Items			–		-
Loss before tax			**(43,384)**		*(25,128)*
Tax expense:					
Current tax			–		–
Deferred tax			–		–
Loss after Tax			**(43,384)**		*(25,128)*
Earnings per equity share:					
Basic earnings per equity share			**(4.34)**		*(2.51)*
Diluted earnings per equity share			**(4.34)**		*(2.51)*
Face value per equity share (₹)			**10**		*10*
Refer note H (10)					
SIGNIFICANT ACCOUNTING POLICIES.	G				
NOTES FORMING PART OF THE FINANCIAL STATEMENTS	H				

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration number : 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place: Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

RAJU FRANCIS DODTI
Director
DIN: 06550896

SACHINN ROOPNARAYAN JOSHI
Director
DIN: 00040876

Place: Mumbai
Date : May 23, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash Flow from operating activities**		
	Loss before tax as per statement of profit and loss	**(43,384)**	*(25,128)*
	Add:		
	Depreciation	–	–
	Operating Loss before working capital changes	**(43,384)**	*(25,128)*
	Add/(Less):		
	Increase/(Decrease) in provisions & other current liabilities	**43,384**	*17,285*
	Cash generated from operations	–	*(7,843)*
	Direct tax paid	–	–
	Net cash from operating activities	–	*(7,843)*
B.	**Cash flow from investing activities:**		
	Net cash (used in)/from investing activites	–	–
C.	**Cash flow from financing activities:**		
	Net cash (used in)/from financing activites	–	–
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	–	*(7,843)*
	Cash and cash equivalents at beginning of the year	**28,723**	*36,566*
	Cash and cash equivalents at end of the year	**28,723**	*28,723*

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard" (AS) - 7 Cash Flow Statements.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped wherever applicable.

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration number : 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place: Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

RAJU FRANCIS DODTI
Director
DIN: 06550896

SACHINN ROOPNARAYAN JOSHI
Director
DIN: 00040876

Place: Mumbai
Date : May 23, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) Equity share capital

For the year ended March 31, 2017 ₹

Balance as at March 31, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
100,000	–	100,000

For the year ended March 31, 2016 ₹

Balance as at March 31, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
100,000	–	100,000

(B) Other Equity

For the year ended March 31, 2017 ₹

	Retained earnings	Total
Balance as at March 31, 2016	(111,034)	(111,034)
Profit/(Loss) for the year	(43,384)	(43,384)
Balance as at March 31, 2017	(154,418)	(154,418)

For the year ended March 31, 2016 ₹

	Retained earnings	Total
Balance as at March 31, 2015	(85,906)	(85,906)
Profit/(Loss) for the year	(25,128)	(25,128)
Balance as at March 31, 2016	(111,034)	(111,034)

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration number : 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place: Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

RAJU FRANCIS DODTI
Director
DIN: 06550896

SACHINN ROOPNARAYAN JOSHI
Director
DIN: 00040876

Place: Mumbai
Date : May 23, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

A) CASH AND CASH EQUIVALENTS

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Balances with banks:			
On Current acconts - Refer note H (6)	**28,723**	28,723	*36,566*
Total Cash and cash equivalents	**28,723**	28,723	*36,566*

B) SHARE CAPITAL

The Company has issued Equity Share Capital, the details in respect of which are given below

B.(I) Number, face value and amount of shares authorised, issued, subscribed and paid-up

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
Authorised Shares						
Equity Shares of ₹ 10 each	**10,000**	**100,000**	10,000	100,000	*10,000*	*100,000*
Issued, Subscribed & Paid up share capital						
Equity Shares of ₹ 10 each fully paid	**10,000**	**100,000**	10,000	100,000	*10,000*	*100,000*
All the equity shares are held by L&T Capital Company Limited, the holding company and its nominees						
Total Issued, Subscribed & Paid up share capital		**100,000**		100,000		*100,000*

B.(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferntial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

B. (III) Reconcilaition of the shares outstnading at the beginning and at the end of the year

Equity Shares	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	₹	Number of shares	₹	Number of shares	₹
Balance at the beginnig of the year	**10,000**	**100,000**	10,000	100,000	*10,000*	*100,000*
Issued during the year	**–**	**–**	–	–	–	–
Balance at the end of the year	**10,000**	**100,000**	10,000	100,000	*10,000*	*100,000*

B. (IV) Shares held by holding company

L&T Capital Company Limited (Equity Shares of ₹10 each fully paid)	**10,000**	**100,000**	10,000	100,000	*10,000*	*100,000*

B. (V) Details of shareholders holding more than 5% shares in the company

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	Number of shares	% holding	Number of shares	% holding	Number of shares	% holding
Equity Shares of ₹10 each fully paid						
* Held by L&T Capital Company Limited (Holding Company) and it's nominee.	**10,000**	**100%**	10,000	100%	*10,000*	*100%*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

C) OTHER EQUITY

	As at 31.03.2017		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
a. Statement of Profit and Loss						
Balance as per last financial statements	**(111,034)**		(85,906)		*(56,488)*	
Add: (Net Loss) for the year	**(43,384)**		(25,128)		*(29,418)*	
		(154,418)		(111,034)		*(85,906)*
Total Other Equity		**(154,418)**		(111,034)		*(85,906)*

	As at 31.03.2017	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹
D) FINANCIAL LIABILITIES			
Trade payables			
Payable to related parties - Refer note H (7)	**60,163**	34,029	*16,854*
Total Trade payables	**60,163**	34,029	*16,854*
E) OTHER CURRENT LIABILITIES			
Payable to others - Refer note H (7)	**22,978**	5,728	*5,618*
Total Other current liabilities	**22,978**	5,728	*5,618*

F) ADMINISTRATION AND OTHER EXPENSES

	2016-17	2015-16
	₹	₹
Audit Fees	**17,250**	*5,728*
Filing fees, stamp duty and other registration expenses	**26,134**	*19,398*
Bank charges	**–**	*2*
Total Administration and other expenses	**43,384**	*25,128*

G) SIGNIFICANT ACCOUNTING POLICIES

Brief Description of the Company:

L&T Trustee Company Private Limited (the 'Company) was incorporated in India on July 9, 2009. The Company is a subsidiary of L&T Capital Company Limited holding 100% (March 31, 2016 – 100%) ownership interest in the Company as at March 31, 2017.

The Company is yet to be made operational.

1. Statement of compliance:

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

2. First time adoption of Ind AS:

These financial statements of L&T Trustee Company Private Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

3. Basis of Accounting:

The Company maintains its accounts on accrual basis following the historical cost convention & investments are measured at fair value. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses data only from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

4. Use of Estimates:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

5. Provisions, Contingent liabilities and Contingent assets:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of a past event;

b. a probable outflow of resources is expected to settle the obligation; and

c. the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is possible that an outflow of resources will be required to settle the obligation.

b. a present obligation arising from past events when no reliable estimate is possible; and

c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

6. Taxes on income:

a. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on expected outcome of assessments/appeals.

b. Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date.

c. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head ‘capital gains’ are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

d. Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

7. Cash and Cash equivalents:

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

8. Earnings per share:

Basic and diluted earnings per share are computed in accordance with Ind AS-33 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

H) NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

1. The Company is yet to commence its activities and does not have any fixed assets and has no employees.
2. Contingent liabilities ₹ Nil
3. Related party disclosures: Ind AS 24

(a) Names of the related parties with whom transactions were carried out during the year and description of relationship

Sr. No.	Name of the Related Party	Relationship
(i)	L&T Capital Company Limited	Holding Company
(ii)	Larsen & Toubro Limited	Ultimate Holding Company

(b) Disclosure of related party transactions

Sr. No.	Nature of transaction/relationship	2016-17 ₹	2015-16 ₹
(i)	Reimbursement of expenses		
	Ultimate Holding Company:		
	Larsen & Toubro Limited	26,134	19,398
	TOTAL	26,134	19,398
(ii)	Deposit received from		
	Holding Company:		
	L&T Capital Company Limited	–	1,00,000
	TOTAL	–	1,00,000
(iii)	Amount due to related party		
	Ultimate Holding Company:		
	Larsen & Toubro Limited	60,163	34,029
	TOTAL	60,163	34,029
(iv)	Deposit repaid to		
	Holding Company:		
	L&T Capital Company Limited	–	1,00,000
	TOTAL	–	1,00,000

4. The Company has the following financial assets and liabilities:

Categories of financial assets	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Measured at amortised cost			
a. Non-current investment – others	–	–	–
b. Loans			
ICD	–	–	–
Security Deposit	–	–	–
c. Cash and bank balances	28,723	28,723	36,566
d. Other financial assets	–	–	–
e. Trade receivable	–	–	-
Total Financial Assets	28,723	28,723	36,566

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Categories of financial liabilities	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Measured at amortised cost			
a. Borrowings	–	–	–
b. Other financial liabilities	–	–	–
c. Trade payables	**60,163**	34,029	*16,854*
Total Financial Liabilities	**60,163**	34,029	*16,854*

5. Reconciliation between IGAAP and Ind AS is as follows:

Balance Sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01.04.2015	Ind AS adjustments	As per Ind AS As at 01.04.2015
ASSETS:			
Non-current assets			
Property, plant and equipment	–	–	–
Non-current investments	–	–	–
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	36,566	–	36,566
b) Other current assets	–	–	–
TOTAL	**36,566**	**–**	**36,566**
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	1,00,000	–	1,00,000
Other equity	(85,906)	–	(85,906)
Other non-current liabilities	–	–	–
Trade payables	16,854	–	16,854
Other current liabilities	5,618	–	5,618
TOTAL	**36,566**	**–**	**36,566**

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As at 31.03.2016	Ind AS adjustments	As per Ind AS As at 31.03.2016
ASSETS:			
Non-current assets			
Property, plant and equipment	–	–	–
Non-current investments	–	–	–
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	28,723	–	28,723
b) Other current assets	–	–	–
TOTAL	**28,723**	**–**	**28,723**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Particulars	As per IGAAP As at 31.03.2016	Ind AS adjustments	As per Ind AS As at 31.03.2016
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	1,00,000	–	1,00,000
Other equity	(1,11,034)	–	(1,11,034)
Other non-current liabilities	–	–	–
Trade payables	34,029	–	34,029
Other current liabilities	5,728	–	5,728
TOTAL	**28,723**	**–**	**28,723**

Statement of Profit and Loss for the year ended March 31, 2016

Particulars	As per IGAAP 2015–16	Ind AS adjustments	As per Ind AS 2015–16
REVENUE:			
Revenue from operations	–	–	–
Other income	–	–	–
TOTAL REVENUE	**–**	**–**	**–**
EXPENSES:			
Sales, administration and other expenses	25,128	–	25,128
Employee Benefits Expense	–	–	–
Depreciation and Amortisation	–	–	–
Finance costs	–	–	–
TOTAL EXPENSES	–	–	–
Profit before extraordinary items & tax	(25,128)	–	(25,128)
Extraordinary items	–	–	–
Profit before tax	(25,128)	–	(25,128)
Tax expense:			
Current tax	–	–	–
Deferred tax	–	–	–
PROFIT AFTER TAX	**(25,128)**	**–**	**(25,128)**

Cash flow Statement for the year ended March 31, 2016:

Particulars	As per IGAAP 2015–16	Ind AS adjustments	As per Ind AS 2015–16
Net cash flow from operating activities	(7,843)	–	(7,843)
Net cash flow from investing activities	–	–	–
Net cash flow from financing activities	–	–	–
Net increase/(decrease) in cash and cash equivalents	**(7,843)**	**–**	**(7,843)**
Cash and cash equivalents as on 01.04.2015	36,566	–	36,566
Effects of exchane rate changes on Cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	**28,723**	**–**	**28,723**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

6. Current assets expected to be recovered after 12 months as Per IND AS 1 (61) ₹

PARTICULARS	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Cash and Bank balances	28,723	–	28,723	28,723	–	28,723	36,566	–	36,566
Current Investments	–	–	–	–	–	–	–	–	–
TOTAL	28,723	–	28,723	28,723	–	28,723	36,566	–	36,566

7. Current liabilities expected to be settled after 12 months as Per IND AS 1 (61) ₹

PARTICULARS	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	60,163	–	60,163	34,029	–	34,029	16,854	–	16,854
Other current liabilities	22,978	–	22,978	5,728	–	5,728	5,618	–	5,618
TOTAL	83,141	–	83,141	39,757	–	39,757	22,472	–	22,472

8. Maturity profile of financial assets ₹

PARTICULARS	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Total non–current financial assets	–	–	–	–	–	–	–	–	–
Current Investments	–	–	–	–	–	–	–	–	–
TOTAL	–	–	–	–	–	–	–	–	–

9. Maturity profile of financial liabilities ₹

PARTICULARS	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Due to Parent ICO	60,163	–	60,163	34,029	–	34,029	16,854	–	16,854
TOTAL	60,163	–	60,163	34,029	–	34,029	16,854	–	16,854

10. Earnings Per Share: Ind AS 33

	Particulars	2016-17	2015-16
a)	Profit after tax as per statement of profit and loss account	(43,384)	(25,128)
b)	Number of equity shares outstanding	10,000	10,000
c)	Earnings Per Share (Basic and Diluted)	(4.34)	(2.51)
d)	Nominal value per equity share	₹10	₹10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

11. Specified Bank Notes - The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

Particulars	SBNs	Other denomination notes		Total
Closing cash in hand as on 08.11.2016	-	-	-	Nil
+ Permitted receipts	-	-	-	Nil
- Permitted payments	-	-	-	Nil
- Amount deposited in Banks	-	-	-	Nil
Closing cash in hand as on 30.12.2016	-	-	-	Nil

12. The Company has no dues payable to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017.
13. The Company did not have any amount which needs to be transferred to the Investor Education and Protection Fund.
14. The Company did not have any long term contracts including derivative contracts, for which any material foreseeable losses are expected.
15. Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration number : 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place: Mumbai
Date : May 23, 2017

For and on behalf of the Board of Directors

RAJU FRANCIS DODTI
Director
DIN: 06550896

SACHINN ROOPNARAYAN JOSHI
Director
DIN: 00040876

Place: Mumbai
Date : May 23, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Ninth Report and Financial Statements for the year ended March 31, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	2016-17	2015-16
	₹	₹
Income for the year	–	–
Less: Expenditure	79,319	46,553
Profit/Loss Before Depreciation & Tax	(79,319)	(46,553)
Less: Depreciation, amortization and obsolescence	–	–
Profit/Loss before tax	(79,319)	(46,553)
Less: Provision for tax	–	–
Profit after tax	(79,319)	(46,553)
Add: Balance brought forward from previous year	(26,10,472)	(25,63,919)
Balance carried to Balance Sheet	(26,89,791)	(26,10,472)

2. CAPITAL EXPENDITURE:

During the year under review, the Company did not incur any capital expenditure.

3. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loans, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

4. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Company has not entered into any related party transactions.

5. STATE OF COMPANY AFFAIRS:

During the year under review, the Company did not carry out any commercial operations.

6. DIVIDEND:

The Directors do not recommend any dividend during the current period.

7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company between the end of the Financial year and the date of the Report.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

a. Since the Company has not commenced any commercial operations there is no information to be provided as per Rule 8 of Companies (Accounts) Rules, 2014.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year, the Company has "nil" foreign exchange earnings and outgo.

9. RISK MANAGEMENT POLICY:

The Company has not commenced commercial operations. Hence, the Board has not adopted a Risk Management Policy.

10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The present Directors of the Company are Mr. N. Hariharan and Mr. Ajit Kumar Samal

Mr. Ajit Kumar Samal retires by rotation and being eligible offers himself for re-appointment.

The notice convening the meeting will include a resolution for his appointment.

The Company is not required to appoint any Key Managerial Personnel.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 meetings were held on May 19, 2016, July 30, 2016, October 27, 2016, and February 14, 2017.

12. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the Company and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

13. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

14. PROTECTION OF WOMEN AT WORKPLACE:

The parent company, Larsen & Toubro Limited (L&T), has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The Company does not have any employees and hence there were no cases of sexual harassment reported to the Company during 2016-17.

15. AUDITORS:

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 9th AGM until the conclusion of the 14th AGM.

16. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

17. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure I.

18. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

19. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the Shareholders, Regulatory authorities and all various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place:	**XXXXXXXXX**	**XXXXXXXXXX**
Date:	*Director*	*Director*
	DIN: xxxxxxxx	*DIN: xxxxxxxxx*

ANNEXURE I

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U27100GJ2009PTC055901
Registration Date	16/01/2009
Name of the Company	Kesun Iron And Steel Company Private Limited
Category / Sub-Category of the Company	Private Company
Address of the Registered office and contact details	L&T Energy Centre, Near Chhani Jakat Naka, Vadodara-390002, Gujarat. Tel:- 022-67525656. Email: Subhodh.Shetty@Larsentoubro.Com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
NIL	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of the company	CIN/GLN	Holding/Subsidiary/associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	95.00	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	10000	NIL	10000	100	10000	NIL	10000	100	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (1):-	10000	NIL	10000	100	10000	NIL	10000	100	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B Public Shareholding **1. Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify) **Sub-total (B)(1):-** **2. Non-Institutions** a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify) **Sub-total (B)(2):-** **Total Public Shareholding (B)=(B)(1)+(B)(2)**	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**10000**	**NIL**	**10000**	**100**	**10000**	**NIL**	**10000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	9500	95.00	NIL	9500	95.00	NIL	NIL
	Essar Investments Limited	500	5.00	NIL	500	5.00	NIL	NIL
	Total	**10000**	**100.00**	**NIL**	**10000**	**100.00**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –There is no change in the Promoter' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	NIL	NIL	NIL	NIL
2.	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3.	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of the Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission - as % of profit	NIL	NIL
	- others, specify…	NIL	NIL
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act	NIL	NIL

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Total Amount	
1.	Independent Directors		
	• Fee for attending board/committee meetings		
	• Commission		
	• Others, please specify		
	Total (1)		
2.	Other Non-Executive Directors	**Mr. Ajit Kumar Samal**	**Mr. N. Hariharan**
	• Fee for attending board/committee meetings	NIL	NIL
	• Commission	NIL	NIL
	• Others, please specify	NIL	NIL
	Total (2)	NIL	NIL
	Total (B)=(1+2)	NIL	NIL
	Total Managerial Remuneration	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit	NIL	NIL	NIL	NIL
	- others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KESUN IRON & STEEL COMPANY PRIVATE LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **Kesun Iron & Steel Company Private Limited** ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities;selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of Section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its Ind AS financial statements. Refer note H(2) to the Ind AS financial statements;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses. Refer note H(14) to the Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note H(13) to the Ind AS financial statements; and

   iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note H(11) to the Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 26, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The company does not hold any fixed assets. Thus, paragraph 3(i) (a), (b) and (c) of the order is not applicable to the company.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company does not have any dues on account of provident fund, sales-tax, income tax, service tax, duty of customs, duty of excise, value added tax, employee's state insurance, cess and other material statutory dues..

(b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of custom or duty of excise or value added tax or cess that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, provisions of Section 197 of Act is not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the records of the Company examined by us and the information and the explanations given to us,all transactions with the related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 26, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Kesun Iron & Steel Company Private Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹	*As at 01.04.2015* ₹
ASSETS:							
Current assets							
Financial Assets							
Cash and cash equivalents	**A**		**244,174**		*144,175*		*44,175*
TOTAL			**244,174**		*144,175*		*44,175*
EQUITY AND LIABILITIES:							
Equity							
Share capital	**B (I)**	**100,000**		*100,000*		*100,000*	
Other Equity	**C**	**(2,689,792)**		*(2,610,473)*		*(2,563,919)*	
			(2,589,792)		*(2,510,473)*		*(2,463,919)*
Current liabilities							
Financial Liabilities							
Trade payables	**D**		**2,598,062**		*2,536,828*		*2,496,858*
Other financial liabilities	**E**		**200,000**		*100,000*		–
Other current liabilties	**F**		**35,904**		*17,820*		*11,236*
TOTAL			**244,174**		*144,175*		*44,175*
Significant Accounting Policies.	**I**						
Notes forming part of the financial statements	**H**						

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No: 39920

Place: Mumbai
Date: May 26, 2017

For and on behalf of the board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

KESUN IRON AND STEEL COMPANY PRIVATE LIMITED
(Formerly known as L&T Engserve Private Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME:					
Income from operations		–		–	
Other income		–		–	
Total Income			–		–
EXPENSES:					
Administration and Other Expenses	G	79,319		*46,554*	
Total expenses			79,319		*46,554*
Loss before exceptional and extraordinary items and taxes			(79,319)		*(46,554)*
Exceptional items			–		–
Loss before extraordinary items and taxes			(79,319)		*(46,554)*
Extraordinary Items			–		–
Loss before tax			(79,319)		*(46,554)*
Tax expense:					
Current tax			–		–
Deferred tax			–		–
Loss after Tax			(79,319)		*(46,554)*
Earnings per equity share:	H(10)				
Basic earnings per equity share			(7.93)		*(4.66)*
Diluted earnings per equity share			(7.93)		*(4.66)*
Face value per equity share (₹)			10		*10*

Significant Accounting Policies.	I
Notes forming part of the financial statements	H

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No: 39920

Place: Mumbai
Date: May 26, 2017

For and on behalf of the board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Loss before tax as per statement of profit and loss	**(79,319)**	*(46,554)*
	Add:		
	Depreciation	–	–
	Operating Loss before working capital changes	**(79,319)**	*(46,554)*
	Adjustment for :		
	Increase/(Decrease) in Financial liabilities	**161,234**	*139,970*
	Increase/(Decrease) other current liabilities	**18,084**	*6,584*
	Cash generated from operations	**100,000**	*99,999*
	Direct tax paid	–	–
	Net cash from operating activities	**100,000**	*99,999*
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Net cash (used in)/from investing activites	–	–
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Net cash (used in)/from financing activites	–	–
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**100,000**	*99,999*
	Cash and cash equivalents at beginning of the year	**144,175**	*44,175*
	Cash and cash equivalents at end of the year	**244,174**	*144,175*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard" (Ind AS) - 7 Cash Flow Statements.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped wherever applicable.

The notes referred to above form an integral part of financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No: 39920

Place: Mumbai
Date: May 26, 2017

For and on behalf of the board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) EQUITY SHARE CAPITAL

For the year ended March 31, 2017

Balance as at March 31, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
100,000	–	100,000

For the year ended March 31, 2016

Balance as at March 31, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
100,000	–	100,000

(B) OTHER EQUITY

For the year ended March 31, 2017

	Retained earnings	Total
Balance as at March 31, 2016	(2,610,473)	(2,610,473)
Profit/(Loss) for the year	(79,319)	(79,319)
Balance as at March 31, 2017	(2,689,792)	(2,689,792)

For the year ended March 31, 2016

	Retained earnings	Total
Balance as at March 31, 2015	(2,563,919)	(2,563,919)
Profit/(Loss) for the year	(46,554)	(46,554)
Balance as at March 31, 2016	(2,610,473)	(2,610,473)

The notes referred to above form an integral part of financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No: 39920

Place: Mumbai
Date: May 26, 2017

For and on behalf of the board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹	₹	₹	₹	₹	₹
A) CASH AND CASH EQUIVALENTS						
Balances with banks:	244,174		144,175		44,175	
On Current acconts - Refer note H (4)		244,174		144,175		44,175
Total Cash and cash equivalents		244,174		144,175		44,175

B) SHARE CAPITAL

The Company has issued Equity Share Capital, the details in respect of which are given below

B. (I) Number, face value and amount of shares authorised, issued, subscribed and paid-up

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Authorised Shares						
Equity Shares of ₹ 10 each	10,000	100,000	10,000	100,000	10,000	100,000
Issued, Subscribed & Paid up share capital						
Equity Shares of ₹ 10 each fully paid	10,000	100,000	10,000	100,000	10,000	100,000
Subscribed & paid up:						
Equity Shares of ₹ 10 each fully paid up	10,000	100,000	10,000	100,000	10,000	100,000
(out of the above, 9500 equity shares are held by Larsen & Toubro Limited, the holding company)						
Total Issued, Subscribed & Paid up share capital		100,000		100,000		100,000

B.(II) TERMS/RIGHTS ATTACHED TO EQUITY SHARES

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferntial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity Shares	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
B.(III) RECONCILAITION OF THE SHARES OUTSTANDING AT THE BEGINNING AND AT THE END OF THE YEAR						
Balance at the beginnig of the year	10,000	100,000	10,000	100,000	10,000	100,000
Issued during the year	–	–	–	–	–	–
Balance at the end of the year	10,000	100,000	10,000	100,000	10,000	100,000
B.(IV) SHARES HELD BY HOLDING COMPANY						
Larsen & Toubro Limited (Equity Shares of ₹10 each fully paid)	9,500	95,000	9,500	95,000	9,500	95,000
B.(V) DETAILS OF SHAREHOLDERS HOLDING MORE THAN 5% SHARES IN THE COMPANY						
Equity Shares of ₹10 each fully paid						
* Held by Larsen & Toubro Limited (Holding Company)	9,500	95%	9,500	95%	9,500	95%
Essar Investments Limited	500	5%	500	5%	500	5%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		₹	₹	₹	₹	₹	₹
C	**OTHER EQUITY**						
	Statement of Profit and Loss						
	Balance as per last financial statements	**(2,610,473)**		*(2,563,919)*		*(2,522,746)*	
	Add: (Net Loss) for the year	**(79,319)**		*(46,554)*		*(41,173)*	
			(2,689,792)		*(2,610,473)*		*(2,563,919)*
	Total Other Equity		**(2,689,792)**		*(2,610,473)*		*(2,563,919)*
D	**FINANCIAL LIABILITIES**						
	Trade payables						
	Payable to related parties - Refer note H (7)		**2,598,062**		*2,536,828*		*2,496,859*
	Total Trade payables		**2,598,062**		*2,536,828*		*2,496,859*
E	**CURRENT - OTHER FINANCIAL LIABILITIES**						
	Deposit Received - Refer note H (7)		**200,000**		*100,000*		–
	Total Other financial liabilities		**200,000**		*100,000*		–
F	**OTHER CURRENT LIABILITIES**						
	Payable to others - Refer note H (7)		**35,904**		*17,820*		*11,236*
	Total Other current liabilities		**35,904**		*17,820*		*11,236*
G	**ADMINISTRATION AND OTHER EXPENSES**						
	Rates & Taxes		**10196**		*6,492*		*4234*
	Audit Fees		**15,000**		*5,000*		*5,000*
	Certification Fees		**4,010**		*5,750*		*5,000*
	Professional charges		**23,378**		*20,266*		*20,940*
	Miscellaneous expenses		**26,735**		*9,046*		*5,999*
	Total Administration and other expenses		**79,319**		*46,554*		*41,173*

(H) NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

1. **The Company is yet to commence its activities and does not have any fixed assets and has no employees.**
2. **Contingent liabilities ₹ Nil**
3. **Related party disclosures: Ind AS 24 - Related party disclosures**

(a) Names of the related parties with whom transactions were carried out during the year and description of relationship

Sr. No.	Name of the Related Party	Relationship
(i)	Larsen & Toubro Limited	Holding Company
(ii)	L&T Technology Services Limited	Fellow Subsidiary Company

(b) Disclosure of related party transactions

	2016-17	2015-16
Reimbursement of pre-operative expenses by:		
Larsen & Toubro Limited	**61,235**	*39,969*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(c) Amount due to related party

	2016-17	*2015-16*
Due to Holding Company:		
Larsen & Toubro Limited	**7,02,987**	*6,41,753*
Due to Subsidiary Company:		
L&T Technology Services Limited	**18,95,075**	*18,95,075*

4. The Company has the following financial assets and liabilities:

Categories of financial assets	**As at 31-03-17**	*As at 31-03-16*	*As at 01-04-15*
Measured at amortised cost			
a. Non-current investment – others	**–**	–	–
b. Loans			
ICD	**–**	–	–
Security Deposit	**–**	–	–
c. Cash and bank balances	**2,44,174**	*1,44,175*	*44,175*
d. Other financial assets	**–**	–	–
e. Trade receivable	**–**	–	–
Total Financial Assets	**2,44,174**	*1,44,175*	*44,175*

Categories of financial assets	**As at 31-03-17**	*As at 31-03-16*	*As at 01-04-15*
Measured at amortised cost			
a. Borrowings	**–**	–	–
b. Other financial liabilities	**2,00,000**	*1,00,000*	–
c. Trade payables	25,98,062	25,36,828	24,96,858
Total Financial Assets	**27,98,062**	*26,36,828*	*24,96,858*

5. Reconciliation between IGAAP and Ind AS is as follows

Balance Sheet as at April 1, 2015:

Particulars	**As per IGAAP As at 01-04-2015**	**Ind AS adjustments**	**As per Ind AS As at 01-04-2015**
ASSETS:			
Non-current assets			
Property, plant and equipment	–	–	–
Non-current investments	–	–	–
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	44,175	–	44,175
b) Other current assets	–	–	–
TOTAL	**44,175**	**–**	**44,175**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Particulars	As per IGAAP As at 01-04-2015	Ind AS adjustments	As per Ind AS As at 01-04-2015
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	1,00,000	–	1,00,000
Other equity	(25,63,919)	–	(25,63,919)
Other non-current liabilities	–	–	–
Trade payables	24,96,859	–	24,96,859
Other current liabilities	11,236	–	11,236
TOTAL	**44,175**	**–**	**44,175**

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As at 31-03-2016	Ind AS adjustments	As per Ind AS As at 31-03-2016
ASSETS:			
Non-current assets			
Property, plant and equipment	–	–	–
Non-current investments	–	–	–
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	1,44,175	–	1,44,175
b) Other current assets	–	–	–
TOTAL	**1,44,175**	**–**	**1,44,175**
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	1,00,000	–	1,00,000
Other equity	(26,10,473)	–	(26,10,473)
Other non-current liabilities	–	–	–
Trade payables	25,36,828	–	25,36,828
Other Financial Liabilities	1,00,000		1,00,000
Other current liabilities	17,820	–	17,820
TOTAL	**1,44,175**	**–**	**1,44,175**

Statement of Profit and Loss for the year ended March 31, 2016:

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
REVENUE:			
Revenue from operations	–	–	–
Other income	–	–	–
TOTAL REVENUE	**–**	**–**	**–**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
EXPENSES:			
Sales, administration and other expenses	46,554	–	46,554
Employee Benefits Expense	–	–	–
Depreciation and Amortisation	–	–	–
Finance costs	–	–	–
TOTAL EXPENSES	**–**	**–**	**–**
Profit(/Loss) before extraordinary items & tax	**(46,554)**	**–**	**(46,554)**
Extraordinary items	–	–	–
Loss before tax	**(46,554)**	**–**	**(46,554)**
Tax expense:			
Current tax	–	–	–
Deferred tax	–	–	–
PROFIT/(LOSS) AFTER TAX	**(46,554)**	**–**	**(46,554)**

6. **Current assets expected to be recovered after 12 months as Per IND AS 1 (61) - Presentation of Financial Statements**

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Cash and Bank balances	**–**	**2,44,174**	**2,44,174**	–	*1,44,175*	*1,44,175*	–	*44,175*	*44,175*
Current Investments	**–**	**–**	**–**	–	–	–	–	–	–
Total	**–**	**2,44,174**	**2,44,174**	–	*1,44,175*	*1,44,175*	–	*44,175*	*44,175*

7. **Current liabilities expected to be settled after 12 months as Per IND AS 1 (61) - Presentation of Financial Statements**

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	**–**	**25,98,062**	**25,98,062**	–	*25,36,828*	*25,36,828*	–	*24,96,858*	*24,96,858*
Other financial liabilities	**–**	**2,00,000**	**2,00,000**	–	*1,00,000*	*1,00,000*	–	–	–
Other current liabilities	**35,904**	**–**	**35,904**	*17,820*	–	*17,820*	*11,236*	–	*11,236*
Total	**35,904**	**27,98,062**	**28,33,966**	*17,820*	*26,36,828*	*26,54,648*	*11,236*	*24,96,858*	*25,08,094*

8. **Maturity profile of financial assets**

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Total non-current financial assets	**–**	**–**	**–**	–	–	–	–	–	–
Current Investments									
Cash and cash equivalents	**–**	**2,44,174**	**2,44,174**	–	*1,44,175*	*1,44,175*	–	*44,175*	*44,175*
Total	**–**	**2,44,174**	**2,44,174**	–	*1,44,175*	*1,44,175*	–	*44,175*	*44,175*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

9. Maturity profile of financial liabilities

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Due to Fellow Subsidiaries	**–**	**18,95,075**	**18,95,075**	–	*18,95,075*	*18,95,075*	–	*18,95,075*	*18,95,075*
Due to Parent	**–**	**7,02,987**	**7,02,987**	–	*6,41,753*	*6,41,753*	–	*6,01,783*	*6,01,783*
Other Financial Liabilities	**–**	**2,00,000**	**2,00,000**	–	*1,00,000*	*1,00,000*	–	–	–
Total	**–**	**27,98,062**	**27,98,062**	–	*26,36,828*	*26,36,828*	–	*24,96,858*	*24,96,858*

10. Earnings Per Share: Ind AS 33 - Earnings per Share

	Particulars	2016-17	*2015-16*
a)	Profit after tax as per statement of profit and loss account	**(79,319)**	*(46,554)*
b)	Number of equity shares outstanding	**10,000**	*10,000*
c)	Earnings Per Share (Basic and Diluted)	**(7.93)**	*(4.66)*
d)	Nominal value per equity share	**₹10**	*₹10*

11. Specified Bank Notes - The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

Particulars	₹ "500" notes	₹ "1000" notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	–	–	–	**Nil**
(+) Permitted receipts	–	–	–	**Nil**
(-) Permitted payments	–	–	–	**Nil**
(-) Amount deposited in Banks	–	–	–	**Nil**
Closing cash in hand as on 30.12.2016	–	–	–	**Nil**

12. The Company has no dues payable to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017.

13. The Company did not have any amount which needs to be transferred to the Investor Education and Protection Fund.

14. The Company did not have any long term contracts including derivative contracts, for which any material foreseeable losses are expected.

15. Figures for the previous year have been regrouped/reclassified wherever necessary.

16. Auditor's remuneration (excluding service tax) charged to the accounts:

Particulars	2016-17 (₹)	*2015-16 (₹)*
Audit fees	**15,000**	*5,000*
Certification fees	**4,010**	*5,750*

(I) SIGNIFICANT ACCOUNTING POLICIES

Brief Description of the Company:

Kesun Iron and Steel Company Private Limited (the 'Company) was incorporated in India on January 16, 2009. The Company is a subsidiary of Larsen & Toubro Limited holding 95% (March 31, 2017 – 95%) ownership interest in the Company as at March 31, 2017.

The Company is yet to be made operational.

1. STATEMENT OF COMPLIANCE:

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

2. FIRST TIME ADOPTION OF IND AS:

These financial statements of Kesun Iron and Steel Company Private Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

3. BASIS OF ACCOUNTING:

The Company maintains its accounts on accrual basis following the historical cost convention. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

4. USE OF ESTIMATES:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

5. PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS:

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of a past event;
b. a probable outflow of resources is expected to settle the obligation; and
c. the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is possible that an outflow of resources will be required to settle the obligation.
b. a present obligation arising from past events when no reliable estimate is possible; and
c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

6. TAXES ON INCOME:

a. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on expected outcome of assessments / appeals.

7. CASH AND CASH EQUIVALENTS:

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

8. EARNINGS PER SHARE:

Basic and diluted earnings per share are computed in accordance with Ind AS-33 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

The notes referred to above form an integral part of financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No: 39920

Place: Mumbai
Date: May 26, 2017

For and on behalf of the board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 18th report and Audited Accounts for the year ended 31st December, 2016.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	**2016**	*2015*
	SAR	*SAR*
Total Income	**1,471,021,590**	*949,548,606*
Total Expenditure	**1,251,951,387**	*933,863,379*
Operating Profit / (Loss)	**219,070,203**	*15,685,227*
Add: Interest Income		
Less: Finance Costs	**6,149,146**	*8,794,260*
Profit / (Loss) before Tax	**212,921,057**	*6,890,967*
Less : Income Tax Provision	**32,195,071**	*1,618,751*
Less : Deferred Tax Liability/(Asset)	**(8,650,024)**	
Net Profit / (Loss) after Tax	**189,376,010**	*5,272,216*
Add: Balance b/f from previous year	**(85,378,669)**	*(90,650,885)*
Balance available for disposal which directors appropriate as follows:	**103,997,341**	*(85,378,669)*
Less :Dividend		
Less: Transfer to Reserves	**7,085,400**	*–*
Balance to be carried forward	**96,911,941**	*(85,378,669)*

2. CAPITAL & FINANCE

During the year under review, the Company has not allotted equity shares. Previous year, the company has allotted equity share valuing Saudi Riyal 10.375 Million.

The Company has not raised any amount through debentures / long term loans / any other mechanism. Also, The Company has not refinanced its foreign currency loans in order to reduce its interest cost.

During the year, the Company has paid SAR 21.33 Million of its long term loans.

3. CAPITAL EXPENDITURE

As at 31st December, 2016 the gross fixed assets stood at SAR 18,680,621 (Dec’2015 - SAR 16,038,780) and the net fixed assets at SAR 4,040,224 (Dec’2015 - SAR 2,962,162). Capital Expenditure during the year amounted to SAR 2,641,841 (Dec’2015 -SAR 1,637,062).

4. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

During the year under review, the Company has not subscribed to/acquired equity/preference shares in any subsidiary/associate/joint venture companies.

5. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan or made investments. It has given performance guarantee of SAR MN 291.90(Dec’15 –SAR MN 170.42) and advance payment guarantee of SAR MN 273.09 (Dec’15 –SAR MN 179.05).

6. STATE OF COMPANY AFFAIRS

The order inflow for the current financial year was SAR MN 1226.55 as against SAR MN 2604.6 for the previous year registering a decrease of 52.91%.

The gross sales and other income for the financial year under review were SAR MN 1471.02 as against SAR MN 949.55 for the previous financial year registering an increase of 54.92%. The Profit before tax from continuing operations including extraordinary and exceptional items was SAR MN 212.92 for the financial year under review as against profit of SAR MN 6.89 for the previous financial year, registering an increase of 2990.28%.

7. AMOUNT TO BE CARRIED TO RESERVE

In accordance with Saudi Arabian regulations for Companies, the Company has transferred profit to statutory reserve so as to reach the statutory requirement of KSA wherein statutory reserve has to be 50% of Share capital.

8. DIVIDEND

The Directors do not propose the payment of any dividend during the year.

9. RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL REPLACED DURING THE YEAR

During the year under review, Mr. Athimuthu Ravindran has replaced Mr. Balasubramaniam Ramakrishnan.

11. MEETINGS OF THE BOARD OF DIRECTORS

The meeting of the Board is held at regular intervals. The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal Financial Statements

12. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

13. AUDITORS

M/s Ernst & Young & Co. is the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

14. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the accounting standards prescribed by Saudi Organization for Certified Public Accountants (SOCPA) have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

15. ACKNOWLEDGEMENT

Directors acknowledge the invaluable support extended by the Government authorities in Kingdom of Saudi Arabiaand take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Tharayil Madhava Das	**Athimuthu Ravindran**
Director	*Director*

Date: 05.04.2017

Place: Riyadh

AUDITORS' REPORT

TO THE PARTNERS OF
LARSEN & TOUBRO SAUDI ARABIA
(A LIMITED LIABILITY COMPANY)

Scope of Audit

We have audited the accompanying balance sheet of Larsen & Toubro Saudi Arabia ("the Company") as at 31 December 2016 and the related statements of income, cash flows and changes in partners' equity/(deficit in partners equity) for the year then ended. These financial statements are the responsibility of the Company's management and have been prepared by them in accordance with the provisions of Article 175 of the Regulations for Companies and submitted to us together with all the information and explanations which we required. Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable degree of assurance to enable us to express an opinion on the financial statements.

Unqualified Opinion:

In our opinion, the financial statements taken as a whole:

i) present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and the results of its operations and its cash flows for the year then ended in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia.

ii) comply with the requirements of the Regulations for Companies and the Company's articles of association in so far as they affect the preparation and presentation of the financial statements.

for **ERNST & YOUNG**

ABDULAZIZ SAUD ALSHUBAIBI
Certified Public Accountant
Registration No. 339

1 Jumada II 1438H
28 February 2017
Alkhobar

BALANCE SHEET AS AT 31 DECEMBER 2016

	Note No.	2016 SR	*2015 SR*
ASSETS			
CURRENT ASSETS			
Bank balances and cash		**59,137,059**	*2,329,120*
Accounts receivable and prepayments	**4**	**672,515,762**	*349,184,648*
Amounts due from related parties	**5**	**10,325,524**	*20,311,298*
Value of work executed in excess of billings	**6**	**273,335,884**	*86,774,360*
Inventories	**7**	**14,123,275**	*10,124,710*
TOTAL CURRENT ASSETS		**1,029,437,504**	*468,724,136*
NON CURRENT ASSETS			
Furniture, equipment and vehicles	**8**	**4,040,224**	*2,962,162*
Deferred tax assets	**12**	**8,650,024**	*–*
TOTAL NON CURRENT ASSETS		**12,690,248**	*2,962,162*
TOTAL ASSETS		**1,042,127,752**	*471,686,298*
LIABILITIES AND PARTNERS' EQUITY (DEFICIT IN PARTNERS' EQUITY)			
CURRENT LIABILITIES			
Accounts payable and accruals	**9**	**508,497,470**	*151,424,106*
Amounts due to related parties	**5**	**60,014,388**	*104,679,968*
Advance from customers		**144,549,291**	*99,744,189*
Billings in excess of value of work executed	**10**	**80,052,503**	*27,544,653*
Bank overdrafts	**11**	**–**	*62,611,413*
Short term loans	**11**	**14,136,531**	*–*
Loan from a related party current portion	**5**	**54,438,100**	*21,328,092*
Income tax provision	**12**	**32,195,071**	*1,618,751*
TOTAL CURRENT LIABILITIES		**893,883,354**	*468,951,172*
NON CURRENT LIABILITIES			
Loans from a related party non current portion	**5**	**21,328,092**	*75,766,192*
Employees' terminal benefits		**6,882,333**	*4,874,819*
TOTAL NON CURRENT LIABILITIES		**28,210,425**	*80,641,011*
TOTAL LIABILITIES		**922,093,779**	*549,592,183*
PARTNERS' EQUITY (DEFICIT IN PARTNERS' EQUITY)			
Capital	**13**	**14,375,000**	*14,375,000*
Statutory reserve		**7,187,500**	*102,100*
Retained earnings/(accumulated losses)		**96,911,941**	*(85,378,669)*
Cumulative changes in fair values of cash flow hedges	**14**	**1,559,532**	*(7,004,316)*
TOTAL PARTNERS' EQUITY (DEFICIT IN PARTNERS' EQUITY)		**120,033,973**	*(77,905,885)*
TOTAL LIABILITIES AND PARTNERS' EQUITY (DEFICIT IN PARTNERS' EQUITY)		**1,042,127,752**	*471,686,298*

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Note No.	2016 SR	*2015 SR*
Contract revenues		**1,468,968,479**	*947,749,553*
Contract costs	**5**	**(1,220,293,297)**	*(909,295,164)*
GROSS PROFIT		**248,675,182**	*38,454,389*
EXPENSES			
Selling and tendering	**15**	**(1,330,025)**	*(1,610,608)*
General and administration	**16**	**(30,328,065)**	*(22,957,607)*
INCOME FROM MAIN OPERATIONS		**217,017,092**	*13,886,174*
Financial charges	**5**	**(6,149,146)**	*(8,794,260)*
Other income		**2,053,111**	*1,799,053*
INCOME BEFORE INCOME TAX		**212,921,057**	*6,890,967*
Income tax	**12**	**(23,545,047)**	*(1,618,751)*
NET INCOME FOR THE YEAR		**189,376,010**	*5,272,216*

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016 SR	*2015 SR*
OPERATING ACTIVITIES		
Income before income tax	**212,921,057**	*6,890,967*
Adjustments for:		
Depreciation	**1,563,779**	*2,814,176*
Employees' terminal benefits, net	**2,007,514**	*2,210,590*
Financial charges	**6,149,146**	*8,794,260*
	222,641,496	*20,709,993*
Changes in operating assets and liabilities:		
Receivables	**(313,345,340)**	*(197,645,317)*
Value of work executed in excess of billings	**(186,561,524)**	*(7,829,896)*
Inventories	**(3,998,565)**	*73,121,228*
Advance from customers	**44,805,102**	*38,944,924*
Accounts payable and accruals	**320,971,632**	*186,513,942*
Billings in excess of value of work executed	**52,507,850**	*17,458,629*
Cash from operations	**137,020,651**	*131,273,503*
Financial charges paid	**(6,149,146)**	*(8,794,260)*
Income tax paid	**(1,618,751)**	*–*
Net cash from operating activities	**129,252,754**	*122,479,243*
INVESTING ACTIVITY		
Purchase of furniture, equipment and vehicles	**(2,641,841)**	*(1,637,062)*
Net cash used in investing activity	**(2,641,841)**	*(1,637,062)*
FINANCING ACTIVITIES		
Repayment of loan from a related party	**(21,328,092)**	*–*
Movements in bank overdrafts, net	**(62,611,413)**	*(7,318,440)*
Movements in short term loans, net	**14,136,531**	*(115,823,984)*
Increase of capital	**–**	*1,875,000*
Net cash used in financing activities	**(69,802,974)**	*(121,267,424)*
INCREASE (DECREASE) IN BANK BALANCES AND CASH	**56,807,939**	*(425,243)*
Bank balances and cash at the beginning of the year	**2,329,120**	*2,754,363*
BANK BALANCES AND CASH AT THE END OF THE YEAR	**59,137,059**	*2,329,120*
Additional non cash information:		
Net changes in fair value of cash flow hedges	**8,563,848**	*(6,919,194)*

The attached notes 1 to 20 form part of these financial statements.

STATEMENT OF CHANGES IN PARTNERS' EQUITY (DEFICIT IN PARTNERS' EQUITY) FOR THE YEAR ENDED 31 DECEMBER 2016

	Capital	Proposed increase in capital	Statutory reserve	Retained earnings/ (accumulated losses)	Cumulative changes in fair values of cash flow hedges	Total
	SR	SR	SR	SR	SR	SR
Balance at 31 December 2014	4,000,000	8,500,000	102,100	(90,650,885)	(85,122)	(78,133,907)
Net income for the year	–	–	–	5,272,216	–	5,272,216
Net movement during the year	–	–	–	–	(6,919,194)	(6,919,194)
Increase of capital (note 13)	8,500,000	(8,500,000)	–	–	–	–
Contribution for increase in capital (note 13)	1,875,000	–	–	–	–	1,875,000
Balance at 31 December 2015	**14,375,000**	–	**102,100**	**(85,378,669)**	**(7,004,316)**	**(77,905,885)**
Net income for the year	–	–	–	189,376,010	–	189,376,010
Net movement during the year	–	–	–	–	8,563,848	8,563,848
Transfer to statutory reserve	–	–	7,085,400	(7,085,400)	–	–
Balance at 31 December 2016	**14,375,000**	–	**7,187,500**	**96,911,941**	**1,559,532**	**120,033,973**

The attached notes 1 to 20 form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016

1 ACTIVITIES

Larsen & Toubro Saudi Arabia ("the Company") is a limited liability Company registered in the Kingdom of Saudi Arabia under commercial registration number 1010154437 dated 8 Rabi Al Awal 1420H, corresponding to 22 June 1999, with a branch in Alkhobar operating under commercial registration number 2060024849. It is engaged in the construction of general buildings, medical facilities, the construction and installation of power plants and related transmission and distribution networks, piping works and other special mechanical works associated with industrial and petrochemical facilities, oil refineries and related works. It is owned 100% by non Saudi partners.

2 BASIS OF PREPARATION

The Ministry of Commerce and Investment commenced the implementation of the new Companies Regulations effective 25 Rajab1437H corresponding to 2 May 2016 ("the effective date"). The new regulations shall replace the Companies Regulations promulgated by Royal Decree No. M/6 dated 22 Rabi'I 1385H and it shall supersede all provisions that are inconsistent therewith. Companies existing as at the effective date of the regulations shall make all necessary amendments to their Article of Association to comply with the requirements of the provisions of the new companies regulations within a period of one year of the effective date of the companies' regulations.

The Company is in the process to make the necessary amendments to the Company's Article of Association as required by the new regulations. Management intends to complete all formalities within the grace period granted by the new regulations (24 Rajab 1438H corresponding to 21 April 2017). Accordingly, these financial statements have been prepared in accordance with the old Companies Regulations.

3 SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with accounting standards generally accepted in the Kingdom of Saudi Arabia. The significant accounting policies adopted are as follows:

Accounting convention

The financial statements are prepared under the historical cost convention modified to include the measurement at fair value of derivative financial instruments.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

Contract operations

Revenue from long term contracts, where the outcome can be estimated reliably, is recognised under the percentage of completion method by reference to the stage of completion of the contract activity. The stage of completion is measured by calculating the proportion that costs incurred to date bear to the estimated total costs of a contract. Profit is not recognised on a contract until the management believes that the outcome of that contract can be assessed with reasonable certainty. In the case of loss making contracts, full provision is made for estimated future losses.

The value of work executed in excess of the amounts billed is classified as "value of work executed in excess of billings" under current assets. Billings in excess of the value of work executed is classified as "billings in excess of the value of work executed" under current liabilities.

Accounts receivable

Accounts receivable are stated at original invoice amount less a provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off as incurred.

Inventories

Inventories are stated at the lower of cost and net realisable value. Costs are those expenses incurred in bringing each item to its present location and condition. Net realisable value is based on estimated selling price less any further costs expected to be incurred on disposal.

Furniture, equipment and vehicles/depreciation

Furniture, equipment and vehicles are stated at cost less accumulated depreciation and any impairment in value. Furniture, equipment and vehicles is depreciated on a straight line basis over the estimated useful lives of the assets.

The carrying values of furniture, equipment and vehicles are reviewed for impairment when events or changes in circumstances indicate the carrying value may not be recoverable. If any such indication exists and where the carrying values exceed the estimated recoverable amounts, the assets are written down to their recoverable amounts.

Expenditure for repair and maintenance are charged to income. Improvements that increase the value or materially extend the life of the related assets are capitalised.

Accounts payable and accruals

Liabilities are recognised for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event, and the costs to settle the obligation are both probable and may be measured reliably.

Income tax

Income tax are provided for in accordance with Saudi Arabian fiscal regulations. The provision is charged to the statement of income. Additional amounts, if any, that may become due on the finalisation of an assessment are accounted for in the year in which the assessment is finalised.

Deferred tax liabilities and assets are recognized for all temporary differences at current rates of taxation. The carrying amount of any deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available in the near future to allow all or part of the deferred tax asset to be utilised. The deferred tax is charged to the statement of income.

Employees' terminal benefits

Provision is made for amounts payable in accordance with the employees' contracts of employment applicable to their accumulated periods of service at the balance sheet date.

Statutory reserve

In accordance with Saudi Arabian Regulations for Companies, the Company must set aside 10% of its income after deducting losses brought forward in each year until it has built up a reserve equal to one half of the capital. This having being achieved, the Company has resolved to discontinue such transfer. The reserve is not available for distribution.

Foreign currencies

Transactions in foreign currencies are recorded in Saudi Riyals at the rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies are retranslated at the rate of exchange ruling at the balance sheet date. All differences are taken to the statement of income.

Derivative financial instruments and hedge accounting

The Company uses derivative financial instruments such as forward currency contracts and forward commodity contracts to hedge its foreign currency risks and commodity price risks, respectively. Such derivative financial instruments are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently remeasured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

The effective portion of the gain or loss on the hedging instrument from a cash flow hedge is recognised directly in equity, while any ineffective portion is recognised immediately in the statement of income.

Operating lease

Payments under operating lease are recognised as an expense in the statement of income on straight line basis over the term of lease.

Expenses

Selling and tendering expenses are those that specifically relate to tendering. All operational expenses other than contract costs and selling and tendering expenses are classified as general and administration expenses.

Fair values

The fair value of forward commodity contracts and forward foreign currency contracts are determined by reference to market values for similar instruments.

4 ACCOUNTS RECEIVABLE AND PREPAYMENTS

	2016	*2015*
	SR	*SR*
Contracts receivable	**547,963,973**	*216,332,216*
Retentions receivable	**108,751,882**	*120,625,139*
Prepaid expenses	**1,804,820**	*1,667,135*
Advances to suppliers and subcontractors	**4,694,091**	*8,626,202*
Other deposits	**9,300,996**	*1,933,956*
	672,515,762	*349,184,648*

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

5 RELATED PARTY TRANSACTIONS AND BALANCES

Related parties include partners and entities controlled, jointly controlled or significantly influenced by such parties. The following are the details of major related party transactions during the year:

Related party	Nature of relationship	Expenses charged by the Company	Expenses charged to the Company	Interest cost charged to the Company	Material purchased	Derivative transactions made through related parties	Contract costs charged to the Company	Admin and management fee charged to the company
		SR	SR	SR	SR	SR	SR	SR
Year ended 31 December 2016:								
Larsen & Toubro Limited, Sharjah	Affiliate	**27,001,705**	–	–	–	–	–	–
Saudi Arabian Branch of Larsen & Toubro Limited	Affiliate	–	–	–	–	–	**105,954,025**	–
Larsen & Toubro Powai Limited	Affiliate	–	**2,359,011**	–	–	–	–	–
Larson & Toubro Limited, India	A partner	–	**2,256,268**	–	**13,297,886**	–	–	**10,096,570**
Larsen & Toubro International FZE, Sharjah	A partner	–	–	**2,527,217**	–	–	–	–
		27,001,705	**4,615,279**	**2,527,217**	**13,297,886**	–	**105,954,025**	**10,096,570**
Year ended 31 December 2015:								
Larsen & Toubro Limited, Sharjah	*Affiliate*	*18,629,117*	–	–	–	–	–	–
Saudi Arabian Branch of Larsen & Toubro Limited	*Affiliate*	*2,178,104*	–	–	–	–	*430,541,160*	–
Larsen & Toubro Valves Limited	*Affiliate*	*550,135*	–	–	–	–	–	–
Larson & Toubro Limited, India	*A partner*	–	*303,305*	–	*15,194,140*	–	–	*5,105,556*
Larsen & Toubro International FZE, Sharjah	*A partner*	–	–	*2,797,861*	–	–	–	–
Larsen & Toubro Oman LLC	*Affiliate*	–	–	–	–	*12,360,380*	–	–
Others	*Affiliates*	*127,934*	*1,396,149*	–	–	–	–	–
		21,485,290	*1,699,454*	*2,797,861*	*15,194,140*	*12,360,380*	*430,541,160*	*5,105,556*

In addition to above, the compensation for the key management personnel during the year amounted to SR 0.9 million (2015: SR 0.82 million).

Pricing policies and terms of payments of transactions with related parties are approved by the Company's management.

Balances at the year end arising from transaction with related parties are as follows:

a) Amounts due from related parties under current assets

	2016	2015
	SR	SR
Larsen & Toubro, Sharjah	**9,723,088**	*19,460,335*
Saudi Arabian Branch of Larsen & Toubro Limited	–	*512,815*
Larsen & Toubro Valves Limited	**335,511**	*192,760*
Larsen & Toubro EWAC Alloys	**184,871**	*61,283*
Larson & Toubro Arabia	**5,801**	–
L&T ATCO, Saudi Arabia	**76,253**	–
Civil Work Joint Venture	–	*75,772*
Larsen & Toubro Electrical & Automation Limited	–	*8,333*
	10,325,524	*20,311,298*

b) Amounts due to related parties under current liabilities

	2016	2015
	SR	SR
Saudi Arabian Branch of Larsen & Toubro Limited	**35,744,471**	*66,859,888*
Larsen & Toubro Limited, India	**20,244,516**	*21,265,690*
Larsen & Toubro Oman L.L.C	–	*12,360,380*
Larsen & Toubro International FZE, Sharjah	**589,920**	*2,797,861*
Larsen & Toubro Powai Limited	**3,435,481**	*1,393,577*
Others	–	*2,572*
	60,014,388	*104,679,968*

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

c) Loans from a partner

	2016	*2015*
	SR	*SR*
Non current portion of the loan	**21,328,092**	*75,766,192*
Current portion of the loan	**54,438,100**	*21,328,092*
	75,766,192	*97,094,284*

During 2013, the Company signed a loan agreement with one of its partners to finance its operations. Under the loan agreement, the Company received loan proceeds of SR 85.3 million from the partner. The loan proceeds, carry an interest at 3% per annum and repayable in five years from the date of disbursement with grace period of two years. Accordingly, 25% of the loan was repaid in 2016, 50% of the loan is repayable in 2017 and the remaining 25% in 2018. The installment due in 2017 is presented under current liabilities in the balance sheet.

The Company also received another SR 11.8 million interest free loan prior to 2013 from the same partner. The loan is repayable on demand, accordingly, presented under current liabilities in the balance sheet.

6 VALUE OF WORK EXECUTED IN EXCESS OF BILLINGS

	2016	*2015*
	SR	*SR*
Value of work executed	**2,811,469,379**	*1,851,222,802*
Less: progress billings received and receivable	**(2,538,133,495)**	*(1,764,448,442)*
	273,335,884	*86,774,360*

7 INVENTORIES

Inventories comprise materials procured specifically for a contract and are expected to be used in the related projects after the balance sheet date.

8 FURNITURE, EQUIPMENT AND VEHICLES

The estimated useful lives of the assets for the calculation of depreciation are as follows:

Furniture, fixture and office equipment	4 years
Vehicles	4 years

	Furniture, fixture and office equipment	**Vehicles**	**Total 2016**	*Total 2015*
	SR	**SR**	**SR**	*SR*
Cost:				
At the beginning of the year	12,194,123	3,844,657	**16,038,780**	*14,401,718*
Additions	2,641,841	–	**2,641,841**	*1,637,062*
At the end of the year	14,835,964	3,844,657	**18,680,621**	*16,038,780*
Accumulated depreciation:				
At the beginning of the year	9,997,050	3,079,568	**13,076,618**	*10,262,442*
Charge for the year	1,060,337	503,442	**1,563,779**	*2,814,176*
At the end of the year	11,057,387	3,583,010	**14,640,397**	*13,076,618*
At 31 December 2016	3,778,577	261,647	**4,040,224**	
At 31 December 2015	2,197,073	765,089		*2,962,162*

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

9 ACCOUNTS PAYABLE AND ACCRUALS

	2016 **SR**	*2015* *SR*
Accounts payable	**218,872,649**	*48,905,560*
Accrued expenses	**289,624,821**	*97,599,643*
Other liabilities	**–**	*4,918,903*
	508,497,470	*151,424,106*

10 BILLINGS IN EXCESS OF VALUE OF WORK EXECUTED

	2016 **SR**	*2015* *SR*
Progress billings received and receivable	**694,561,443**	*133,331,528*
Less: value of work executed	**(614,508,940)**	*(105,786,875)*
	80,052,503	*27,544,653*

11 BANK OVERDRAFT AND SHORT TERM LOANS

Bank overdraft and short term loans have been obtained from local commercial banks for the working capital requirements. These are secured by corporate guarantee issued by a partner and promissory note issued by the Company and carry commission at commercial rates.

12 INCOME TAX

Charge for the year

Income tax charge consists of:

	2016 **SR**	*2015* *SR*
Provision for the year	**32,195,071**	*1,618,751*
Deferred tax credit	**(8,650,024)**	*–*
Charge for the year	**23,545,047**	*1,618,751*

Income tax has been provided for based on the estimated taxable income at the rate of 20% (2015: same).

Movements in provision

The movement in the current and deferred tax provisions is as follows:

	2016 **SR**	*2015* *SR*	**2016** **SR**	*2015* *SR*
	Current tax		**Deferred tax**	
At the beginning of the year	**1,618,751**	*–*	**–**	*–*
Provided during the year	**32,195,071**	*1,618,751*	**8,650,024**	*–*
Payment during the year	**(1,618,751)**	*–*	**–**	*–*
At the end of the year	**32,195,071**	*1,618,751*	**8,650,024**	*–*

Status of assessments

Zakat and income tax assessments have been agreed with the General Authority for Zakat and Tax (GAZT) up to 2002. The GAZT has issued the final assessment for the years 2003 through 2012 with additional income tax, zakat, withholding tax, capital gain tax and delay fine liability of SR 13.9 million. The Company has filed an appeal against the assessments raised. The assessment for the years 2013 and 2015 have not yet been raised by the GAZT. No provision has been made in these financial statements for the additional liabilities assessed by GAZT, as the management believe that, the outcome of the appeal will be in favour of the Company.

Income tax has been computed based on the Company's understanding and interpretation of the income tax regulations enforced in the Kingdom of Saudi Arabia. The GAZT continues to issue circulars to clarify certain tax regulations which are usually enforced on all open years. The taxable income and tax liability as computed by the Company could be different from taxable income and tax liability as assessed by the GAZT for years for which assessments have not yet been raised by the GAZT.

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

13 CAPITAL

Capital is divided into 14,375 shares (2015: 14,375 shares) of SR 1,000 each.

During 2013, the partners of the Company decided to increase the Company's capital from SR 4 million to SR 12.5 million by injecting SR 8.5 million which have been contributed by the partners. During 2015, the partners resolved to further increase the capital by SR 1.875 million. The legal formalities in this respect have been completed during 2015.

14 DERIVATIVE FINANCIAL INSTRUMENTS

Forward commodity contracts

The Company purchases aluminium and copper on an ongoing basis as its construction activities require continuous supply of these materials. Due to the increased volatility in these material prices, the Company has entered into commodity forward contracts. These contracts are expected to reduce the volatility of cash flows in respect of highly probable forecast material purchases and therefore, designated as cash flow hedges. The notional value of these contracts at 31 December 2016 amounted SR 49 million (2015: SR 69.14 million). All the forward commodity contracts will be expired in 2017.

Forward foreign currency contracts

The Company uses forward currency contracts to manage certain of its currency exposures related to purchase of inventories from foreign suppliers for which the Company has firm commitments mainly denominated in Euros. These forward foreign exchange contracts are designated as cash flow hedges and are entered into for periods consistent with currency transaction exposures until the forecasted transaction occurs. The terms of the foreign exchange contracts have been negotiated to match the terms of the firm commitments. As at 31 December 2016, the notional amount of forward foreign exchange contracts amounted to SR 159 million (2015: 118.6 million) and all these contracts will mature within one year.

The fair value of the above derivative financial instruments have been recognised directly in equity and related assets/liability are accounted under receivables/payables.

15 SELLING AND TENDERING

	2016 SR	*2015 SR*
Tendering	**121,502**	*453,582*
Employee costs	**1,022,996**	*651,899*
Traveling and accommodation	**6,413**	*241,155*
Others	**179,114**	*263,972*
	1,330,025	*1,610,608*

16 GENERAL AND ADMINISTRATION EXPENSES

	2016 SR	*2015 SR*
Employee costs	**6,764,900**	*5,946,916*
Professional fee	**745,871**	*176,000*
Admin and management fee (note 5)	**10,096,570**	*5,105,556*
Rental and government fees	**3,287,375**	*3,515,194*
Travelling	**448,168**	*1,034,718*
Car expenses	**788,135**	*389,958*
Telephone and stationary	**807,156**	*962,483*
Depreciation	**767,125**	*485,925*
Bank charges	**4,836,338**	*2,937,953*
Maintenance	**275,850**	*247,686*
Others	**1,510,577**	*2,155,218*
	30,328,065	*22,957,607*

NOTES TO THE FINANCIAL STATEMENTS 31 DECEMBER 2016 (Contd.)

17 CONTINGENT LIABILITIES

The Company's bankers have issued letter of credit and guarantees to various third parties, on behalf of the Company, amounting to SR 535.4 million (2015: SR 385.4 million) for performance of certain contracts. Also, the Company is contingently liable for additional income tax, zakat, withholding tax, capital gain tax and delay fine liability of SR 13.9 million (2015: SR 13.9 million) (also refer note 12).

18 RISK MANAGEMENT

Interest rate risk

Interest rate risk is the risk that the value of financial statements will fluctuate due to changes in the market interest rates. The Company is exposed to interest rate risk on its interest bearing liabilities including short term loans. The interest on the loans from a partner is fixed throughout the period.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company's majority transactions are in Saudi Riyals, US Dollars, Euros and Indian Rupees. As Saudi Riyal is pegged to the US Dollar, balances in US Dollars are not considered to represent significant currency risk. The Company uses forward foreign exchange contracts to hedge anticipated payable in Euros in result of purchases of raw materials and therefore the balances in Euros are not subject to significant currency risk. The Company is subject to currency risk on payable balances in Indian Rupees. However, as at the balance sheet date, the Company does not have significant balances in Indian Rupees.

Credit risk

Credit risk is the risk that one party will fail to discharge an obligation and will cause the other party to incur a financial loss. The Company seeks to limit its credit risk with respect to customers by monitoring outstanding receivables. The entire contracts receivable and retentions receivable at the balance sheet date are from two customers. The Company's bank balances are maintained with reputable commercial banks.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company limits its liquidity risk by ensuring that bank facilities and funds from a partner are available. The Company's terms of contracts require amounts to be paid normally within 30 to 45 days of the date of invoice. Accounts payable are normally settled within 60 days of the date of purchase.

19 FAIR VALUES OF FINANCIAL INSTRUMENTS

Fair value is the amount for which an asset could be exchanged, or a liability settled between knowledgeable willing parties in an arm's length transaction. Financial instruments comprise of financial assets, financial liabilities and derivative financial instruments.

The Company's financial assets consist of cash and bank balances, receivables and amounts due from related parties. Its financial liabilities consist of payables, amounts due to related parties, short term loans and loan from a related party. Its derivative financial instruments consists of forward commodity contracts and forward foreign currency contracts.

The fair values of financial instruments are not materially different from their carrying values at the balance sheet date.

20 COMPARATIVE FIGURES

Certain of the prior year amounts have been reclassified to conform with the presentation in the current year.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Eleventh Annual Report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS:**

Particulars	**2016-17** ₹	*2015-16* ₹
Profit Before Depreciation & Tax	**20,09,382**	*21,34,026*
Less: Depreciation, amortization and obsolescence	**–**	–
Profit before tax	**20,09,382**	*21,34,026*
Less: Provision for tax	**–**	–
Profit after tax	**20,09,382**	*21,34,026*
Add: Balance brought forward from previous year	**4,59,13,773**	*4,37,79,747*
Balance carried to Balance Sheet	**4,79,23,155**	*4,59,13,773*

2. **CAPITAL EXPENDITURE:**

   During the year under review, the Company has not incurred any Capital Expenditure.

3. **DEPOSITS:**

   The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

4. **SUBSIDIARY COMPANIES:**

   The Company does not have any subsidiary companies under its purview.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

6. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   All the related party transactions for the Financial Year 2016-17 were in the ordinary course of business and at arm's length. The statement containing details of all material transactions/contracts/arrangements is attached as Annexure I.

   There are no materially significant related party transactions that may have conflict with the interest of the Company.

7. **STATE OF COMPANY AFFAIRS:**

   During the year, the Company was not having any operations. The Company has received dividend of ₹ 22,28,553 from investment in Mutual Funds.

8. **DIVIDEND:**

   The Board of Directors have not recommended any dividend on its equity shares for the financial year 2016-17.

9. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

   There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

10. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:**

    a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

    b. No technology has been developed and/or imported by way of foreign collaboration.

    c. During the year, the Company has "nil" foreign exchange earnings and outgo.

11. **RISK MANAGEMENT FRAMEWORK:**

    The Company has not commenced any commercial operations and is not exposed to any risk. Hence, the Board has not adopted a Risk Management Policy.

12. COMPLIANCE WITH SECRETARIAL STANDARDS:

The Company has complied with the Secretarial Standards issued by the Institute of Company Secretaries of India on Board and Annual General Meetings, as applicable.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. Shailendra Roy, Mr. Derek Michael Shah and Mr. Shekhar Sharda are the present Directors of the Company. During the year, Mr. Pramod Sushila Kapoor and Mr. Ashwani Kumar have resigned as Directors of the Company. The Board of Directors place on record their appreciation for the contributions made by them.

Mr. Shekhar Sharda (DIN: 00348214) has been appointed as an Additional Director of the Company on 16th November, 2016. Mr. Sharda's, being eligible for appointment, shall be appointed as the Director of the Company at its ensuing Annual General Meeting.

Mr. Derek Michael Shah retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 meetings were held on May 5, 2016, July 21, 2016, November 16, 2016 and January 11, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

15. ADEQUACY OF INTERNAL FINANCIAL CONTROL:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

16. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

17. AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company for a period of five years from the conclusion of the 11th Annual General Meeting until the conclusion of the 16th Annual General Meeting.

18. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material or significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in the future.

19. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure II.

20. AUDITOR'S REPORT:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

21. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

22. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2017-18.

23. REPORTING OF FRAUDS:

The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.

24. ACKNOWLEDGEMENT:

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN: 00348214)

Place: Vadodara
Date : April 25, 2017

ANNEXURE I

FORM AOC–2

Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Part A – Details of contracts or arrangements or transactions not at arm's length basis

Part B – Details of Material contracts or arrangements or transactions at arm's length basis

Name of Related Party	Nature of Relationship	Nature of the transaction/ contract/arrangement	Duration	Salient terms	Value (₹)
Larsen and Toubro Limited	**Holding company**	Secretarial services	2016-17	**Cost**	177,801

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

As on the Financial Year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U40100MH2006PLC160413
Registration Date	09/03/2006
Name of the Company	L&T Power Limited
Category/Sub-Category of the Company	Public Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel: 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	% to total turnover of the Company
	NIL	

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary/ Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	99.99	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF									
b) Central Govt.									
c) State Govt (s)									
d) Bodies Corp.	–	51164	51164	100.00	–	51164	51164	100.00	Nil
e) Banks/FI									
f) Any Other									
Sub-total (A) (1)	**–**	**51164**	**51164**	**100.00**	**–**	**51164**	**51164**	**100.00**	**Nil**
2) Foreign									
a) NRIs – Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other									
Sub-total (A) (2)									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**51164**	**51164**	**100.00**	**–**	**51164**	**51164**	**100.00**	**Nil**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)	**–**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
2. Non-Institutions	**–**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2)	**–**	**Nil**	**Nil**	**Nil**	**–**	**Nil**	**Nil**	**Nil**	**Nil**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**Nil**	**Nil**	**Nil**	**–**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	**–**	**Nil**	**Nil**	**Nil**	**–**	**Nil**	**Nil**	**Nil**	**Nil**
GRAND TOTAL (A+B+C)	**–**	**51164**	**51164**	**100.00**	**–**	**51164**	**51164**	**100.00**	**Nil**

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Limited	51157	99.99	Nil	51157	99.99	Nil	Nil
2	Clarity Advertising Agency Private Limited	7	0.01	Nil	7	0.01	Nil	Nil
	Total	**51164**	**100.00**	Nil	**51164**	**100.00**	Nil	Nil

(iii) Change in Promoters' Shareholding – There is no change in the Promoter' Shareholding

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
3	At the End of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
3	At the end of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc.)	Nil	Nil	Nil	Nil
	At the end of the year	**Nil**	**Nil**	**Nil**	**Nil**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**
Change in Indebtedness during the financial year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Change	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year				
i) Principal Amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

Sl. No.	Particulars of Remuneration	Managing Director	Total Amount
		Mr. Shailendra Roy	
1.	**Gross Salary** (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil
2.	**Stock Option**	Nil	Nil
3.	**Sweat Equity**	Nil	Nil
4.	**Commission** – as % of profit – others, specify	Nil	Nil
5.	**Others, please specify**	Nil	Nil
	Total (A)	**Nil**	**Nil**
	Ceiling as per the Act	Nil	Nil

B. Remuneration to other Directors:

(₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	**Independent Directors**					
	• Fee for attending board/committee meetings	NA		NA		NA
	• Commission	NA		NA		NA
	• Others, please specify	NA		NA		NA
	Total (1)	**NA**		**NA**		**NA**
2.	**Other Non-Executive Directors**	**Mr. Abhijit Dhar $ (upto April 26, 2016)**	**Mr. Pramod Sushila Kapoor** (upto November 11, 2016)**	**Mr. Ashwani Kumar* (upto March 22, 2017)**	**Mr. Shekhar Sharda# (with effect from November 16, 2016)**	
	• Fee for attending board/committee meetings	Nil	Nil	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Total Managerial Remuneration	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**

Notes: ** Mr. Pramod Sushila Kapoor resigned as Director with effect from 30th August, 2016

$ Mr. Abhijit Dhar has resigned with effect from April 26, 2016

Mr. Shekhar Sharda was appointed with effect from November 16,2016

* Mr. Ashwani Kumar resigned as Director with effect from March 22, 2017

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
1.	**Gross salary**	Nil	Nil	Nil
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary	CFO	Total
2.	**Stock Option**	Nil	Nil	Nil
3.	**Sweat Equity**	Nil	Nil	Nil
4.	**Commission**	Nil	Nil	Nil
	– as % of profit			
	– others, specify			
5.	**Others, please specify**	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. Company					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. Directors					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. Other Officers in Default					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T POWER LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Power Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at March 31, 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on March 31, 2017 taken on record by the board of directors, none of the directors is disqualified as on March 31, 2017 from being appointed as a director in terms of section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position. Refer note B.15 to the Ind AS financial statements;

   ii. The Company does not have material foreseeable losses on long-term contracts including derivative contracts. Refer note B.16 to the Ind AS financial statements

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note B.17 to the Ind AS financial statements; and

   iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 – Refer note B.13 to the Ind AS financial statements.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 25, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) The Company does not hold any fixed asset. Accordingly, paragraph 3(i) (a), (b) and (c) of the Order is not applicable to the Company.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us, the Company does not have any dues on account of provident fund, sales-tax, income tax, service tax, duty of customs, duty of excise, value added tax, employee's state insurance, cess and other material statutory dues.

(b) According to the information and explanations given to us, there are no dues of income tax or sales tax or service tax or duty of custom or duty of excise or value added tax or cess that have not been deposited with the appropriate authorities on account of any dispute.

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly, paragraphs 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 25, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Power Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For Sharp & Tannan
Chartered Accountants
Firm's registration No.109982W

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : April 25, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017 ₹	₹	*As at 31.03.2016* ₹	₹	*As at 01.04.2015* ₹	₹
ASSETS:							
Current Assets							
(a) Financial Assets							
(i) Investments	**1**	**48,401,455**		46,881,148		*44,467,916*	
(ii) Cash and Cash Equivalents	**2**	**915,369**		207,123		*264,333*	
			49,316,824		47,088,271		*44,732,249*
TOTAL ASSETS			**49,316,824**		47,088,271		*44,732,249*
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	**3**	**511,640**		511,640		*511,640*	
Other Equity	**4**	**47,923,154**	**48,434,794**	45,913,773	46,425,413	*43,779,741*	*44,291,381*
Liabilities							
Current Liabilities							
(a) Financial Liablities							
(i) Trade payables	**5 (a)**		**856,793**		652,858		*401,514*
(ii) Other current liabilities	**5 (b)**		**25,237**		10,000		*39,354*
TOTAL EQUITY AND LIABILITIES			**49,316,824**		47,088,271		*44,732,249*

The notes referred to above form an integral part of financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN:00348214)

Place : Vadodara
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	**Notes**	**2016-17** ₹	*2015-16* ₹
INCOME:			
Other Income	**6**	**2,228,553**	*2,413,226*
TOTAL INCOME		**2,228,553**	*2,413,226*
EXPENSES :			
			–
Sales, Administration and other expenses	**7**	**219,172**	*279,200*
TOTAL EXPENSES		**219,172**	*279,200*
Profit before tax		**2,009,381**	*2,134,026*
Tax expenses:			
Current tax		**–**	–
Profit after tax		**2,009,381**	*2,134,026*
Profit for the period carried to balance sheet		**2,009,381**	*2,134,026*
Basic and Diluted Earnings Per Share	**11**	**39.27**	*41.71*
Face Value of Share		**10**	*10*

The notes referred to above form an integral part of financial statements.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN:00348214)

Place : Vadodara
Date : April 25, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash Flow from Operating Activities**		
	Net Profit/(Loss) before tax & extraordinary items	**2,009,382**	*2,134,026*
	Adjustment for :		
	Dividend received	**(2,228,553)**	*(2,413,226)*
	Operating Profit before working capital changes	**(219,171)**	*(279,200)*
	Adjustments For :		
	Increase/(Decrease) in trade payables	**203,935**	*251,344*
	Increase/(Decrease) in other current liabilities	**15,236**	*(29,354)*
	Cash generated from operations	**–**	*(57,210)*
	Direct taxes refund/(paid)/(short provision)	**–**	
	Net Cash from/(used in) Operating Activities (A)	**–**	*(57,210)*
B.	**Cash Flow from Investing Activities :**		
	(Purchase)/Sale of current investments (net)	**(1,520,307)**	*(2,413,226)*
	Dividend received from other investments	**2,228,553**	*2,413,226*
	Net Cash from/(used in) Investing Activities (B)	**708,246**	*–*
C.	**Cash Flow from Financing Activities :**		
	Interest Paid	**–**	*–*
	Net cash from/(used in) Financing Activities (C)	**–**	*–*
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**708,246**	*(57,210)*
	Cash and Cash equivalents as at the beginning of the year	**207,123**	*264,333*
	Cash and Cash equivalents as at the end of the year	**915,369**	*207,123*

Notes :

1. Cash Flow Statements has been prepared under the indirect method as set out in the INDAS 7 "Cash Flow Statements" specified in section 133 of the Act, read with rule 7 of Companies (Accounts Rules), 2015
2. Cash and cash equivalents represent cash and bank balances.
3. Cash and cash equivalent are reflected in the balance sheet as follows

Cash and cash equivalents disclosed under current assets	**915,369**	*207,123*
Cash and cash equivalents disclosed under non current assets	**–**	*–*
Total cash and cash equivalents as per cash flow statement	**915,369**	*207,123*

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN:00348214)

Place : Vadodara
Date : April 25, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1 - INVESTMENTS

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Investments:			
Investments in Mutual Funds	**48,401,455**	46,881,148	*44,467,916*
No. of units	**47,837.953**	46,337.232	*43,956.493*
NAV	**1,011.7794**	1,011.7382	*1,011.6349*
TOTAL	**48,401,455**	46,881,148	*44,467,916*
Details of quoted / unquoted current investments :			
Aggregate amount of Unquoted investments			
L&T Mutual Fund	**48,401,455**	46,881,148	*44,467,916*

NOTE 2 - CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Cash And Bank Balances						
a) Balances with scheduled banks on current account	**915,369**		207,123		*264,333*	
		915,369		207,123		*264,333*
TOTAL		**915,369**		207,123		*264,333*

NOTE 3 - SHARE CAPITAL

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
Authorised			
15,40,00,000 Equity Shares of ₹ 10 each	**1,540,000,000**	1,540,000,000	*1,540,000,000*
(Previous Year 15,40,00,000 equity shares of ₹10 each)			
	1,540,000,000	1,540,000,000	*1,540,000,000*
Issued			
51,164 Equity shares of ₹ 10 paid up each fully paid up	**511,640**	511,640	*511,640*
(Previous year 51,164 equity shares of ₹ 10 each fully paid up)			
Subscribed & Paid up			
51,164 Equity shares of ₹ 10 paid up each fully paid up	**511,640**	511,640	*511,640*
(Previous year 51,164 equity shares of ₹ 10 each fully paid up)			
TOTAL	**511,640**	511,640	*511,640*

NOTES FORMING PART OF ACCOUNTS (Contd..)

3(i) Reconciliation of Equity Share Capital:

	As at 31.03.2017		As at 31.03.2016		*As at 01.04.2015*	
	Number of Shares	**Amount (₹)**	Number of Shares	Amount (₹)	*Number of Shares*	*Amount (₹)*
Subscribed and fully paid at beginning of the year	**51,164**	**511,640**	51,164	511,640	*51,164*	*511,640*
Shares issued during the year	**–**	**–**	–	–	–	–
Shares bought back during the year	**–**	**–**	–	–	–	–
Subscribed and fully paid at the end of the year	**51,164**	**511,640**	51,164	511,640	*51,164*	*511,640*

	As at 31.03.2017	As at 31.03.2016	*As at 01.04.2015*
3(ii) No. of shares held by Holding Company (Larsen & Toubro Limited): (Including Jointly Held with Directors)			
No. of Equity Shares	**51,157**	51,157	*51,157*
Share holding percentage	**99.99%**	99.99%	*99.99%*
3(iii) Number of equity shares held by shareholders holding more than 5% of the equity share capital:			
Holding company - Larsen & Toubro Limited	**51,157**	51,157	*51,157*
Share holding percentage	**99.99%**	99.99%	*99.99%*

3(iv) Terms/rights attached to equity shares:-

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

3(v) All the equity shares have been issued for cash consideration.

3(vi) No bonus shares have been issued during the immediately preceeding 5 years ended March 31, 2017.

NOTE 4 - OTHER EQUITY

	As at 31.03.2017	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹
Profit & Loss Account			
Opening Balance	**45,913,773**	43,779,747	*41,785,216*
Profit for the year	**2,009,381**	2,134,026	*1,994,525*
Closing balance	**47,923,154**	45,913,773	*43,779,741*

NOTE 5(A) - CURRENT LIABILITIES

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Trade Payables						
Due to Larsen & Toubro Limited (holding company)	**856,793**		652,858		*401,514*	
		856,793		652,858		*401,514*
TOTAL		**856,793**		652,858		*401,514*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

NOTE 5(B) - CURRENT LIABILITIES

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Trade Payables						
Other current Liabilities	**25,237**		10,000		*39,354*	
		25,237		10,000		*39,354*
TOTAL		**25,237**		10,000		*39,354*

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
NOTE 6 - OTHER INCOME				
Dividend Income :				
From current investments	**2,228,553**		*2,413,226*	
		2,228,553		*2,413,226*
TOTAL		**2,228,553**		*2,413,226*
NOTE 7 - SALES,ADMINISTRATION AND OTHER EXPENSES				
Auditor's remuneration:				
Audit Fees	**10,000**		*10,000*	
Certification Fees	**–**	**10,000**	*–*	*10,000*
Other Certification Matters		**3,250**		*8,625*
Rates & Taxes		**25,178**		*32,967*
Miscellaneous Expenses		**180,744**		*227,608*
TOTAL		**219,172**		*279,200*

STATEMENT OF CHANGE IN EQUITY

Particulars		Reserve & Surplus	
	Equity Share Capital	Retained Earning	Total
Balance as at 01.04.2015	511,640	43,779,747	44,291,387
Total Comprehensive Income for the year	–	–	–
Transfer to retained earnings	–	2,134,026	2,134,026
Any other change (to be specify)	–	–	–
Balance as at 31.03.2016	511,640	45,913,773	46,425,413

Particulars		Reserve & Surplus	
	Equity Share Capital	Retained Earning	Total
Balance as at 01.04.2016	511,640	45,913,773	46,425,413
Total Comprehensive Income for the year	–	–	–
Transfer to retained earnings	–	2,009,382	2,009,382
Any other change (to be specify)	–	–	–
Balance as at 31.03.2017	511,640	47,923,154	48,434,794

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN:00348214)

Place : Vadodara
Date : April 25, 2017

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

NOTE A - SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of section 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014, which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

2. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention and investments are measured at fair value. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

Fair value measurements are arrived at by giving highest priority to quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date. If quoted prices in active markets for identical assets and liabilities are not available, fair value measurements are based on a valuation technique that uses data only from observable markets. In the absence of quoted prices or data from observable markets, appropriate inputs which are not observable are used but are accorded lowest priority.

3. Presentation and disclosure of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of IND AS 7 "Cash flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards

Operating cycle for Current and non-current classification:

Operating cycle for the business activities of the company covers the duration of the specific project/contract/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the business.

4. Significant Accounting policy

4.1 Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

Dividend income is accounted in the period in which the right to receive the same is established.

4.2 Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement

Investment in Mutual funds are classified as at fair value through profit and loss (FVTPL), unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for Mutual fund instruments which are not held for trading.

4.3 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

- an entity has a present obligation (legal or constructive) as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

Contingent liability is disclosed in case of

- a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and
- a present obligation arising from past events, when no reliable estimate is possible.

4.4 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed when estimated amount of contracts remaining to be executed on capital account and not provided.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

4.5 Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

- transactions of a non-cash nature.
- any deferrals or accruals of past or future operating cash receipts or payments and
- items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

NOTE B – NOTES FORMING PART OF ACCOUNTS

1. Financial Assets Classification

Particulars	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
Measured at Amortised Cost			
Cash and bank balances	**9,15,369**	2,07,123	*2,64,333*
Loans	**–**	–	–
Measured at FVTPL			
Investments			
Mutual Fund	**4,84,01,455**	4,68,81,148	*4,44,67,916*

2. Financial Liabilities Classification

Particulars	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
Measured at Amortised Cost			
Trade payable	**8,56,793**	6,52,858	*4,01,514*
Others Current Liability	**25,237**	10,000	*39,354*

3. Mapping of Income - Expense

Particulars	**2016-17**	*2015-16*
Net gain/(losses) on financial assets and financial liabilities		
Dividend Income from Investment measured at FVTPL		
Mutual Fund	**22,28,553**	*24,13,226*

4. Current assets expected to be recovered after 12 months as Per IND AS 1 (61)

Particulars	**As at 31.03.2017**			As at 31.03.2016			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	Less than twelve months	More than twelve months	Total	*Less than twelve months*	*More than twelve months*	*Total*
Cash and cash equivalents	**9,15,369**	**–**	**9,15,369**	2,07,123	–	2,07,123	*2,64,333*	–	*2,64,333*
Current Investments	**4,84,01,455**	**–**	**4,84,01,455**	4,68,81,148	–	4,68,81,148	4,44,67,916	–	4,44,67,916
TOTAL	**4,93,16,824**	**–**	**4,93,16,824**	4,70,88,271	–	4,70,88,271	*4,47,32,249*	–	*4,47,32,249*

5. Current liabilities expected to be settled after 12 months as Per IND AS 1 (61)

Particulars	**As at 31.03.2017**			As at 31.03.2016			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	Less than twelve months	More than twelve months	Total	*Less than twelve months*	*More than twelve months*	*Total*
Trade payables	**8,56,793**	**–**	**8,56,793**	6,52,858	–	6,52,858	*4,01,514*	–	*4,01,514*
Other financial liabilities	**25,237**	**–**	**25,237**	10,000	–	10,000	39,354	–	39,354
TOTAL	**8,82,030**	**–**	**8,82,030**	6,62,858	–	6,62,858	*4,40,868*	–	*4,40,868*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

6. Maturity profile of financial assets

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Total non-current financial assets									
Current Investments									
Mutual Fund - Liquid Funds	**4,84,01,455**	**–**	**4,84,01,455**	*4,68,81,148*	*–*	*4,68,81,148*	*4,44,67,916*	*–*	*4,44,67,916*
TOTAL	**4,84,01,455**	**–**	**4,84,01,455**	*4,68,81,148*	*–*	*4,68,81,148*	*4,44,67,916*	*–*	*4,44,67,916*

7. Maturity profile of financial liabilities

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Trade Payables									
Due to Parent ICO	**8,56,793**	**–**	**8,56,793**	*6,52,858*	*–*	*6,52,858*	*4,01,514*	*–*	*4,01,514*
Other current liabilities									
Other Payables	**25,237**	**–**	**25,237**	*10,000*	*–*	*10,000*	*39,354*	*–*	*39,354*
TOTAL	**8,82,030**	**–**	**8,82,030**	*6,62,858*	*–*	*6,62,858*	*4,40,868*	*–*	*4,40,868*

8. Financial Assets measured at fair value

Particulars	2016-17			*2015-16*			*2014-15*		
Account	**Level 1 fair value**	**Level 2 fair value**	**Total Fair Value**	*Level 1 fair value*	*Level 2 fair value*	*Total Fair Value*	*Level 1 fair value*	*Level 2 fair value*	*Total Fair Value*
Mutual Fund - Liquid Funds	**4,84,01,455**	**–**	**4,84,01,455**	*4,68,81,148*	*–*	*4,68,81,148*	*4,44,67,916*	*–*	*4,44,67,916*
TOTAL	**4,84,01,455**	**–**	**4,84,01,455**	*4,68,81,148*	*–*	*4,68,81,148*	*4,44,67,916*	*–*	*4,44,67,916*

9. Auditors' Remuneration

Particulars	2016-17	*2015-16*
Auditor Remuneration:		
Statutory Audit	**10,000**	*10,000*
Certification Fees	**–**	*–*
Other Matters	**–**	*–*
TOTAL	**10,000**	*10,000*

10. There are no amounts due to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006.

11. Disclosure of related parties/related party transactions:

11.1 List of related parties over which control exists and who exercise control:

Sl No.	Nature of the related party	Relationship
1.	Larsen & Toubro Limited	Holding Company

11.2 Names of related parties with whom transactions were carried out during the year and Description of relationship:

Sl No.	Nature of the related party	Relationship
1.	Larsen & Toubro Limited	Holding Company

11.3 Disclosure of related party transactions

Sl No.	Nature of the transaction/relationship/major parties	2016-17	*2015-16*
1	Larsen & Toubro Limited		
	- Overheads charged by	**1,77,801**	*2,34,025*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

11.4 Amount due to/from related parties

Sl No.	Nature of the transaction/relationship/major parties	2016-17	*2015-16*
1	Due to holding company:		
	Larsen & Toubro Limited	**8,56,793**	*6,52,858*

12. Basic and Diluted Earnings per share ["EPS"] computed in accordance with IND AS 33 "Earnings per Share "

Particulars	2016-17	*2015-16*
Basic		
Profit/(Loss) after tax as per accounts A	20,09,382	21,34,026
Weighted average number of shares outstanding B	51,164	51,164
Basic EPS (Rupees) A/B	39.28	41.71
Diluted		
Profit/(Loss) after tax as per accounts A	20,09,382	21,34,026
Weighted average number of shares outstanding B	51,164	51,164
Add: Weighted Average number of potential equity Shares arising out of advance against equity C	–	–
Weighted average number of shares outstanding for Diluted EPS D (B + C)	51,164	51,164
Diluted EPS (Rupees) A/D	39.28	41.71

13. Disclosure of cash in hand as on 30.12.2016

Particulars	₹ "500" notes	₹ "1000" notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	Nil	Nil	Nil	Nil
Permitted receipts	Nil	Nil	Nil	Nil
Permitted payments	Nil	Nil	Nil	Nil
Amount deposited in Banks	Nil	Nil	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil	Nil	Nil

14. Estimated amount of contracts remaining to be executed on capital account (net of advances): - NIL.

15. There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

16. The Company has no material foreseeable losses for which provision is required under the applicable law or accounting standard.

17. There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

18. During the year, the Company has not entered into any finance or operating lease as defined in IND AS 17.

19. There are no contingent liabilities as on March 31, 2017.

20. Value of imports (on C.I.F basis): NIL

21. During the year the Company has not paid any remuneration to its Directors.

22. The Company had no foreign currency exposures as at March 31, 2017.

23. Figures of the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : April 25, 2017

For and on behalf of the Board

SHAILENDRA ROY
Chief Executive Officer & Managing Director
(DIN: 02144836)

SHEKHAR SHARDA
Director
(DIN:00348214)

Place : Vadodara
Date : April 25, 2017

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their Seventh report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS:

Particulars	**2016-17**	*2015-16**
	₹ Mn	*₹ Mn*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**69.9**	*102.8*
Less: Depreciation, amortization and obsolescence	**66.7**	*66.9*
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**3.2**	*35.9*
Add: Exceptional Items	–	–
Profit before extraordinary items and tax	**3.2**	*35.9*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**3.2**	*35.9*
Less: Provision for tax	**(3.1)**	*0.1*
Profit after tax from continuing operations	**6.3**	*35.8*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	**6.3**	*35.8*
Add: Balance brought forward from previous year	–	–
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Particulars	**2016-17**	*2015-16*
Balance available for disposal (which directors appropriate as follows)	**6.3**	*35.8*
Debenture Redemption Reserve	–	*N.A.*
Proposed dividend	–	*NIL*
Dividend Tax	–	*NIL*
General Reserve	–	–
Balance carried to Balance Sheet	**6.3**	*35.8*
Dividend	–	*Nil*

* The previous year figures are changed/re-grouped as per IND-AS.

2. CAPITAL & FINANCE:

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2017, is ₹ 50 Crore.

3. CAPITAL EXPENDITURE:

As at March 31, 2017 the net fixed and intangible assets including leased Assets, stood at ₹ 513 Mn(Previous Year ₹ 543 Mn). Capital Expenditure (Additions to Property, plant and equipment) during the year amounted to₹ 37 Mn.

4. DEPOSITS:

The Company has not accepted any deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

5. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

During the year under review the Company has not given any loans or made any investments or given any guarantees or provided any security as specified under section 186 of Companies Act, 2013.

6. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Audit Committee has approved the Related Party Transactions for the Financial Year 2016-17.

All the related party transactions were in the ordinary course of business and at arm's length.

A disclosure is provided in the Annexure A for material transactions, contracts or arrangements which are at arm's length basis as per Sec 134 of the Act 2013 read with Companies (Audit and Accounts) Rules, 2014.

7. STATE OF COMPANY AFFAIRS:

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the Act) and Companies (Indian Accounting Standards) Rules, 2015 and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements are the first financial statement of the company under Ind AS.

The total income for the financial year under review were ₹ 486 Mn as against ₹ 1086 Mn. The Profit before tax from continuing operations including extraordinary and exceptional items was ₹ 3.2 Mn (Previous year ₹ 36.0 Mn)and the Profit after tax from continuing operations including extraordinary and exceptional items is ₹ 6.3 mn (Previous year ₹ 35.8 Mn).

(a) Business Environment

The year 2016-17 opened with a very low order book of ₹ 253 Mn, since most of the tyre industries did not make any investment decision in the year 2015-16. Consequent to this, the company had a much reduced sale in 2016-17 compared to the earlier year.

The Company focused on getting orders from new customers and segments, due to which orders were secured from a green field project in Bangladesh.

The company was also successful in getting orders for packaged solution, including Motor, Gear box and Drive Panels along with the Mixer, thus improving the offerings being made to the customers.

In the Indian scenario, the automobile is expected to grow at 8% for the next 5 years. Consequently the Indian tyre market is expected to grow at a rate of 4% to 6% in the next 2 years.

The Indian tyre companies had a good year in 2016-17 as the raw material prices eased, allowing them to make better profits. However the cheap imports from China deterred their investment plan. In the last few months of the year, the imports from China reduced giving hopes for better sales for the domestic companies. This is expected to make way for further investment by the tyre companies.

(b) Products

The company successfully concluded order with a customer in Bangladesh for the supply of Mixers along with Motor and Gear Box.

The Mixer supplied to Europe in the previous year had provided satisfactory service to the customer and the customer has expressed his interest to order further Mixers from the company.

Reconditioning of Mixer is expected to be a significant revenue stream for the Company and hence lot of focus is given to this area. The Company carried out reconditioning of Mixers to one of the Major tyre Company in India.

(c) Competition and Challenges

The Company ensures that the Customer is able to get the best output from our products and in this endeavor it deputes its process engineers to customer's site and works with them to ensure that the product supplied by the Company provides best performance in the Customer's factory.

The Company also conducted training program for the Customers on Rubber Compounding and also on the maintenance and operations of the equipment.

As an added contribution the Company also does health check on the older equipment so that the Customer is apprised on the health of the equipment and can plan for preventive action.

(d) Outlook

As Compared to last year, the Company is opening the year 2017-18 with a better order Book and hence expect the year to be much better. In addition there are several green & brown field projects announced by the Indian tyre companies which will result in more orders coming in the first half the year 2017-18. Hence the Company is looking forward to a much better 2017-18.

8. AMOUNT TO BE CARRIED TO RESERVE:

The Company has not transferred any amount to Reserves during the year under review.

9. DIVIDEND:

Considering the Capital requirement for ongoing business expansion, the Board of Directors do not recommend any dividend on equity shares.

10. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report.

11. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

The Report on conservation of Energy, Technology Absorption, Foreign Exchange earnings and outgo are attached in Annexure B of this report.

12. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

13. CORPORATE SOCIAL RESPONSIBILITY:

The Corporate Social Responsibility is not applicable to the Company as per Section 135 of Companies Act, 2013 read with, The Companies (Corporate Social Responsibility Policy) Rules, 2014.

14. THE DETAILS OF DIRECTORS OR KEY MANAGERIAL PERSONNEL APPOINTED OR HAVE RESIGNED DURING THE YEAR:

Mr. S R Subramanian, Mr. N V Venkatasubramanian, Mr. S Srinivasan, Mr. Atsushi Shigeno, Mr. Tetsuya Yoshikawa, Mr. Masamichi Takeuchi, Mr. K P Raghavan & Ms. Revathy Ashok are the present directors of the Company.

Mr. Masamichi Takeuchi was appointed as the Director nominated by Kobe Steel, Ltd. with effect from August 4, 2016 to fill up the casual vacancy caused by the cessation of Mr. Mitsugu Yamaguchi as Director with effect from May 13, 2016.

Mr. Atsushi K Shigeno and Mr. Tetsuya Yoshikawa will be retiring by rotation in the forthcoming Annual General Meeting and being eligible, has offered themselves for re-appointment.

Mr. S Arul, the Manager as per the former Companies Act, 1956 is designated as Chief Executive of the Company. Mr. Muthukrishnan G is the Company Secretary and Chief Financial Officer of the Company.

15. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review four meetings were held on April 12, 2016, August 4, 2016, November 8, 2016 and March 2, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

16. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements Sec 177 of the Companies Act, 2013 read with Rule 6, 7 of The Companies (Meetings of Board and its Powers) Rules, 2014 and other applicable provisions of the Companies Act, 2013.

The Audit Committee comprises of one Non – Executive director and two Independent Directors.

The terms of reference of Audit Committee are in line with the provisions of the Companies Act, 2013 read with the rules made thereunder.

The current members of Audit Committee are Mr. S Srinivasan, Mr. K P Raghavan and Ms. Revathy Ashok. The Members elect one amongst themselves as the Chairman of the Meeting.

During the year under review five meetings were held on April 2, 2016, April 12, 2016, August 4, 2016, November 8, 2016 and February 28, 2017.

The Internal Auditor monitors and evaluates the efficiency and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The suggestions and corrective measures are presented to the Audit Committee.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Audit Committee are circulated amongst the Members of the Audit Committee for their perusal. Vigil Mechanism is not applicable to the Company.

17. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of Section 178 of the Companies Act, 2013 read with the rules made thereunder.

The Committee comprises of one Non – Executive director and two Independent Directors.

The terms of reference of Nomination & Remuneration Committee are in line with the provisions of the Companies Act, 2013 read with the rules made thereunder.

The current members of Nomination and Remuneration Committee are Mr. N V Venkatasubramanian, Ms. Revathy Ashok and Mr. K P Raghavan. The Members elect one amongst themselves as the Chairman of the Meeting.

During the year under review, two meetings of the committee were held on April 12, 2016 and August 4, 2016.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Nomination & Remuneration Committee are circulated amongst the Members of the Committee for their perusal.

18. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

19. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit and loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Control ('IFC') within the meaning of explanation to Section 134(5) (e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

21. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability etc. These questionnaires' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held in accordance with Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

22. AUDITOR'S REPORT:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

23. SECRETARIAL AUDIT REPORT:

The Secretarial Audit Report issued by Ms. Naina Desai, Practicing Company Secretary is attached as Annexure C to this Report.

The Secretarial Auditors' report to the shareholders does not contain any qualification.

24. AUDITORS:

The Auditors, PKF SRIDHAR & SANTHANAM LLP, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, PKF SRIDHAR & SANTHANAM are eligible to be appointed for the next four years.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

25. COST AUDITORS:

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed Mr. K Suryanarayanan, Partner, SBK Associates, Practicing Cost Accountants as Cost Auditor of the Company for audit of cost accounting records for the financial year 2017-18 at a remuneration of ₹ 40,000/-. They have confirmed their independent status and that they are free from any disqualifications under Section 141 of the Companies Act, 2013.

The appointment has been intimated to the Central Government.

The Cost Auditors' report to the Board does not contain any qualification.

A proposal for ratification of remuneration of Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

26. EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure D to this report.

27. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

28. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

29. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

30. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

S R SUBRAMANIAN
Chairman
DIN: 03278824

Place : Karai Kanchipuram
Date : April 11, 2017

ANNEXURE A

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies(Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis**

(a) Name(s) of the related party and nature of relationship	NOT APPLICABLE
(b) Nature of contracts/arrangements/transactions	
(c) Duration of the contracts / arrangements/transactions	
(d) Salient terms of the contracts or arrangements or transactions including the value, if any	
(e) Justification for entering into such contracts or arrangements or transactions	
(f) date(s) of approval by the Board	
(g) Amount paid as advances, if any:	
(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188	

2. **Details of Material contracts or arrangements or transactions are at arm's length basis**

(a)	Name(s) of the related party and nature of relationship	**Larsen & Toubro Limited (Holding Company)**
(b)	Nature of contracts/arrangements/transactions	• Purchase of materials • Sale of products and services • Receiving services (Marketing of products, Business support Services, Job work) • Providing Services (Deputation, jobwork)
(c)	Duration of the contracts / arrangements/transactions	30 to 90 days from the date of invoice
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Purchase of materials- ₹ 7.6 mn • Corporate IT and other services & Jobwork- ₹ 9.1 mn • Selling Commission- ₹ 7.2 mn • Sale of goods and services- ₹ 40.9 mn
(e)	Date of approval by Board if any	
(f)	Amount paid as advances, if any:	Nil

(a)	Name(s) of the related party and nature of relationship	**Kobe Steel, Ltd., Japan (Joint Venture Partner)**
(b)	Nature of contracts/arrangements/transactions	• Purchase of materials • Sale of products • Receiving services (Marketing of products, Technology Know-how)
(c)	Duration of the contracts / arrangements/transactions	30 to 120 days from the date of invoice
(d)	Salient terms of the contracts or arrangements or transactions including the value, if any	• Purchase of materials- ₹ 66.9 mn • Royalty- ₹ 7.5 mn • Sale of product - ₹ 44.4 mn
(e)	Date of approval by Board if any	
(f)	Amount paid as advances, if any:	Nil

ANNEXURE B

REPORT ON CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(i) CONSERVATION OF ENERGY :

1. **Energy consumption reduction in Non-Productive Load**

   We switched off mezzanine office lighting, AC during lunch time,after office hours (6:00 PM) and shutdown on Saturday(2nd, 4th).Shop floor lightning switched off during dinner.

2. **Energy consumption reduction by timer control and occupancy sensor**

   In the Shop floor Air circulators switched off automatically during lunch/dinner time.(1st, 2nd& 3rd shift). Occupancy sensors fixed in office toilet lighting to switch off when there is no man movement observed more than 10 minutes

3. **Reduction in Electricity power Bill by surrender of 250 KVA excess Demand. The power cost reduction achieved from May-2016 bill.**

   Fixed Demand charges of ₹ 3,15,000 @ 90% of 1000 KVA allotted demand by the Electricity Department earlier which was not used by the company fully. Hence, the company surrendered the Demand from 900 KVA to 675 KVA resulting in saving of ₹ 9.45 lakhs per annum on demand charges.

4. **Existing CFL light fitting replaced by LED light at canteen walkway**

   LED Street light provided for walkway as power saver.

5. **New HBM machine fixed with 12W LED lights 5 No's instead of 50W halogen lamps resulted Less power consumption and more lux.**

(ii) TECHNOLOGY ABSORPTION :

Technology transfer agreement has been signed with KOBE STEEL, LTD, Japan for technology of 4 models of Internal Mixers and 2 models of Twin Screw Roller Extruders. Technical Drawings of 4 models of mixers and 2 models of extruders received from KSL.

The Company fully absorbed the Technology for BB 270, BB-310 & BB-430 Mixers and TSR 330, TSR 330 (20" roll) & TSR-450 extruders.

Critical Component developed during the current financial year 2016-17.

Local source for gear reducer for BB-430 mixer for 2250 kW developed with Siemens, India. Local source for 2250 kW motor and VFD developed with ABB, India for BB-430 mixer. Local source developed for coupling for TSR-450 developed with Esco, India. Local source developed for BB-270 mixer ram cylinders with L&T hydraulics.

During the year, localization of wear rings for mixer are under testing at KSL for performance evaluation.

Other significant developments

BB-430 mixer modified to suit existing Chinese 400 liter mixer foundation. Software for semi-auto control developed by KSL converted to Siemens TIA portal from Mitsubishi. Constant temperature mixing software developed by KSL migrated from Simatic manager to Siemens TIA Portal.

(iii) FOREIGN EXCHANGE EARNINGS AND OUTGO :

Foreign Exchange Earnings ₹ 100 Mn (Previous year ₹ 338 Mn)

Foreign Exchange outgo ₹ 8 Mn (Previous year ₹ 20 Mn)

ANNEXURE C

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial year ended March 31, 2017

(Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014)

To,
The Members,
L&T Kobelco Machinery Private Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Kobelco Machinery Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable**:-

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) No other specific business/industry related laws are applicable to the company.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India.

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has **no** instances of any events / actions having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. – **NIL**.

(ii) Redemption / buy-back of securities – **NIL**.

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 – **NIL**.

(iv) Merger / amalgamation / reconstruction, etc. – **NIL**.

(v) Foreign technical collaborations – **NIL**.

(vi) Other Events – **NIL**.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 5, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,

The Members

L&T Kobelco Machinery Private Limited

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 5, 2017

ANNEXURE D

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U29253MH2010PTC210325
ii)	Registration Date	25-11-10
iii)	Name of the Company	L&T KOBELCO MACHINERY PRIVATE LIMITED
iv)	Category	PRIVATE LIMITED
v)	Sub-Category of the Company	PRIVATE LIMITED
vi)	Address of the Registered office and contact details	L&T KOBELCO MACHINERY PRIVATE LIMITED L&T HOUSE, Ballard Estate, N M Marg, Mumbai - 400 001
vii)	Whether listed company	NO
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	MIXER	282	63%
2	EXTRUDER	282	0%
3	PARTS OF MIXER & EXTRUDER	282	37%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of Shares held	Applicable Section
1	LARSEN AND TOUBRO LTD	L99999MH1946PLC004768	HOLDING	51%	Sec 2 (87)
2	KOBE STEEL LTD	–	HOLDING	49%	Sec 2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	0	0	0	0	0	0	0	0	0
b) Central Govt	0	0	0	0	0	0	0	0	0
c) State Govt (s)									
d) Bodies Corp.	0	50000000	50000000	100%	0	50,000,000	50,000,000	100%	0
e) Banks / FI	0	0	0	0	0	0	0	0	0
f) Any Other….	0	0	0	0	0	0	0	0	0
Sub-total (A) (1):-									
(2) Foreign									
a) NRIs -Individuals	0	0	0	0	0	0	0	0	0
b) Other –Individuals									
c) Bodies Corp.	0	0	0	0	0	0	0	0	0
d) Banks / FI	0	0	0	0	0	0	0	0	0
e) Any Other….									
Sub-total (A) (2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**0**	**50000000**	**50000000**	**100%**	**0**	**50,000,000**	**50,000,000**	**100%**	**0**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	0	0	0	0	0	0	0	0	0
i) Indian	0	0	0	0	0	0	0	0	0
ii) Overseas	0	0	0	0	0	0	0	0	0
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	0	0	0	0	0	0	0	0	0
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	0	0	0	0	0	0	0	0	0
c) Others (specify)	0	0	0	0	0	0	0	0	0
Sub-total (B)(2):-	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**	**0**
C. Shares held byCustodian for GDRs & ADRs	0	0	0	0	0	0	0	0	0
Grand Total (A+B+C)	**0**	**50000000**	**50000000**	**100%**	**0**	**50,000,000**	**50,000,000**	**100%**	**0**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	LARSEN & TOUBRO LTD	25,500,000	51%	0	25,500,000	51%	0	0
2	KOBE STEEL,LTD	24,500,000	49%	0	24,500,000	49%	0	0
3								
	Total	**50,000,000**			**50,000,000**			

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	50,000,000	100	50,000,000	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	50,000,000	100	50,000,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the top 10 shareholders	No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):				
	At the End of the year(or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	185,469,796	0	0	185,469,796
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**185,469,796**	**0**	**0**	**185,469,796**
Changes In Indebtness during the financial year				
Additioin	146,825,107	0	0	146,825,107
Reduction	79,682,222	0	0	79,682,222
Net Change	**67,142,885**	**0**	**0**	**67,142,885**

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the end of financal year				
i) Principle Amount	252,504,092	0	0	252,504,092
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	108589	0	0	108,589
Total(i+ii+iii)	**252,612,681**	**0**	**0**	**252,612,681**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹)

Sl No	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		---	---	
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	NIL	NIL	NIL
2	Stock Option	NIL	NIL	NIL
3	Sweat Equity	NIL	NIL	NIL
4	Commission			
	- as % of profit			
	- others, specify…	NIL	NIL	NIL
5	Others, please specify			
	Total (A)			
	Ceiling as per the Act			

B. Remuneration to other directors: (₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. K P Raghavan	**Ms. Revathy Ashok**	
1	Independent Directors			
	• Fee for attending board / committee meetings	100,000	120,000	220,000
	• Commission			
	• Others, please specify			
	Total (1)	**100,000**	**120,000**	**220,000**
2	Other Non-Executive Directors	NIL	NIL	NIL
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (2)	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**100,000**	**120,000**	**220,000**
	Total Managerial Remuneration			
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total
		CEO	Company Secretary/CFO	
1	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	4,103,675	2,131,570	6,235,245
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	154,203	149,527	303,730
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–	–
2	Stock Option	–	–	–
3	Sweat Equity	–	–	–
4	Commission	–	–	–
	- as % of profit	–	–	–
	- others, specify…	–	–	–
5	Others, please specify	–	–	–
	Total	**4,257,878**	**2,281,097**	**6,538,975**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T KOBELCO MACHINERY PRIVATE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of L&T Kobelco Machinery Private Limited, which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss including other comprehensive income, the Cash Flow Statement for the year then ended, Statement of changes in equity and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in the equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the "Annexure A", a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, Cash Flow Statement and statement of changes in equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".
   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company does not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There are no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company

iv. Based on the information and explanations provided to us, the company has provided the requisite disclosures in its financial statements as to the holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company.

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm's Registration No. 003990S/S200018

RAJESHWARI S
Partner
Membership No. 24105

Place : Karai, Chennai
Date : April 11, 2017

ANNEXURE A

Referred to in paragraph 1 on 'Report on Other Legal and Regulatory Requirements' of our report of even date

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets.

(b) The Company has a regular program of verifying fixed assets which, in our opinion, is reasonable having regard to the size of the company and nature of its assets. Fixed assets have been physically verified by the management during the year as per the said program. As informed, there were no discrepancies on such verification.

(c) Title deeds of immovable properties are held in the name of the Company.

(ii) The Company has conducted physical verification of inventories at reasonable intervals. As informed, discrepancies noticed on such verification were not material. Or certain material discrepancies were noticed and these have been properly dealt with in the books of account.

(iii) The company has not granted any loans, secured or unsecured to parties covered in the register maintained under section 189 of the Act and hence clause iii is not applicable.

(iv) Based on our audit procedures and according to the information and explanation given to us, in respect of loans, investments, guarantees and security, provisions of section 185 and 186 of the Act have been complied with.

(v) Based on our audit procedures and according to the information and explanation given to us, the Company has not accepted any deposits from the public within the meaning of the Act and the rules made there under and hence clause (v) is not applicable.

(vi) We have broadly reviewed the accounts and records maintained by the Company pursuant to the Rules made by the Central Government for the maintenance of cost records under sub-section (1) of section 148 of the Act and we are of the opinion that prima facie the prescribed accounts and records have been made and maintained. We have not, however, made detailed examination of the records with a view to determine whether they are accurate and complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, the Company has generally been regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities. According to the information and explanation given to us and the records of the Company examined by us, no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues were in arrears, as at 31st March 2017 for a period of more than six months from the date they became payable.

(b) There are no Dues relating to income tax / sales tax / service tax / duty of customs / duty of excise / value added tax, which have not been deposited on account of any dispute.

(viii) Based on our audit procedures and as per the information and explanations given by the management, the Company has not defaulted in repayment of loans or borrowings to financial institutions, banks, Government or dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, moneys raised by way term loans during the year were applied for the purposes for which those were raised.

(x) To the best of our knowledge and belief and according to the information and explanations given to us, we report that no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) Based on our audit procedures and as per the information and explanations given to us, Managerial remuneration paid or provided during the year is in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) The Company is not a Nidhi company in accordance with Nidhi Rules 2014. Accordingly, the provisions of clause (xii) of the Order are not applicable.

(xiii) Based on our audit procedures and according to the information and explanations given to us, all the transactions entered into with the related parties during the year are in compliance with Section 177 and Section 188 of the Act where applicable and the details have been disclosed in the Financial statements etc. as required by the applicable accounting standards

(xiv) Based on our audit procedures and according to the information and explanations given to us, the Company has not made any preferential allotment/private placement of shares/ fully or partly convertible debentures during the year under review.

(xv) Based on our audit procedures and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

(xvi) Based on our audit procedures and according to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of Reserve Bank of India Act, 1934.

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

RAJESHWARI S
Partner
Membership No. 24105

Place : Karai, Chennai
Date : April 11, 2017

ANNEXURE B

Referred to in paragraph 2(f) on 'Report on Other Legal and Regulatory Requirements' of our report of even date

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of L&T Kobelco Machinery Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has maintained, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm's Registration No.003990S/S200018

S RAJESHWARI
Partner
Membership No. 24105

Place : Karai, Chennai
Date : April 11, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
ASSETS				
Non-current Assets				
Property, plant and equipment	3	**463,725,602**	*472,490,157*	*508,954,594*
Capital work-in-progress	3	**–**	–	*3,234,181*
Other Intangible assets	4	**49,180,117**	*70,021,113*	*91,823,860*
Financial assets	5			
Loans	5(a)	**1,348,050**	*1,119,700*	*961,590*
Others	5(b)	**975,902**	–	–
Other non-current assets	6	**–**	*2,977,750*	*98,876*
Total non-current assets		**515,229,671**	*546,608,720*	*605,073,101*
Current Assets				
Inventories	7	**311,869,861**	*109,819,264*	*266,067,350*
Financial assets	5			
Current investments	5(c)	**–**	*20,000,000*	–
Trade receivables	5(d)	**57,142,209**	*158,721,486*	*224,978,604*
Cash and cash equivalents	5(e)	**7,929,923**	*17,077,586*	*28,516,176*
Bank balances other than above	5(f)	**–**	*1,609,623*	*1,505,919*
Loans	5(a)	**758,000**	*710,000*	*880,000*
Others	5(b)	**16,235,583**	*2,387,574*	*10,293,814*
Current tax assets (net)	8	**69,718**	*760,931*	*991,204*
Other current assets	9	**49,359,556**	*60,305,325*	*85,714,514*
Total current assets		**443,364,850**	*371,391,789*	*618,947,581*
TOTAL ASSETS		**958,594,521**	*918,000,509*	*1,224,020,682*
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	10	**500,000,000**	*500,000,000*	*500,000,000*
Other equity	11			
Reserves and Surplus	11(a)	**(160,853,863)**	*(167,000,196)*	*(202,898,030)*
Other reserves	11(b)	**22,280,128**	*(858,515)*	*(1,639,209)*
Total equity		**361,426,265**	*332,141,289*	*295,462,761*
LIABILITIES				
Non-current liabilities				
Financial libilities				
Borrowings	12	**50,464,437**	*103,687,518*	*212,796,312*
Other financial liabilities	14	**2,422,345**	–	–
Total non-current liabilities		**52,886,782**	*103,687,518*	*212,796,312*

BALANCE SHEET AS AT MARCH 31, 2017 (Contd.)

	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
Current liabilities				
Financial liabilities				
Borrowings	**12**	**122,879,898**	–	–
Trade payables	**13**	**212,376,165**	*217,150,480*	*300,061,275*
Other financial liabilities	**14**	**140,028,850**	*186,746,914*	*199,606,563*
Provisions	**15**	**13,641,165**	*16,984,966*	*13,874,484*
Other current liabilities	**16**	**55,355,396**	*61,289,342*	*202,219,287*
Total current liabilities		**544,281,474**	*482,171,702*	*715,761,609*
Total liabilities		**597,168,256**	*585,859,220*	*928,557,921*
TOTAL EQUITY AND LIABILITIES		**958,594,521**	*918,000,509*	*1,224,020,682*
SIGNIFICANT ACCOUNTING POLICIES	**2**			

The accompanying notes are an integral part of the financial statements

As per our report of even date attached

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm registration no. 003990S/S200018

S. RAJESHWARI
Partner
Membership No. 24105

Place : Chennai
Date : April 11, 2017

For and on behalf of the Board

G. MUTHUKRISHNAN
Chief Financial Officer &
Company Secretary
M. No. A30618

S. ARUL
Chief Executive

Place : Chennai
Date : April 11, 2017

S. R. SUBRAMANIAN
Director
DIN: 03278824

MASAMICHI TAKEUCHI
Director
DIN: 07560555

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	*2015-16 ₹*
INCOME			
Revenue from Operations	**17**	**441,017,128**	*1,076,800,064*
Other income	**18**	**45,467,347**	*9,116,582*
Total income		**486,484,475**	*1,085,916,646*
EXPENSES			
Cost of raw materials and components consumed	**19**	**319,241,884**	*581,425,755*
Changes in inventories of finished goods and work-in-progress	**20**	**(152,809,703)**	*38,448,398*
Sub-contracting charges		**26,630,600**	*50,339,446*
Excise duty		**29,984,393**	*75,972,922*
Other manufacturing and operating expenses	**21**	**39,187,425**	*52,122,231*
Employee benefits expense	**22**	**68,407,300**	*67,297,447*
Depreciation and amortization expense	**23**	**66,747,026**	*66,927,083*
Other expenses	**24**	**66,268,443**	*86,718,292*
Finance costs	**25**	**19,581,436**	*30,693,914*
Total expenses		**483,238,804**	*1,049,945,488*
Profit /(loss) before tax for the year		**3,245,671**	*35,971,158*
Tax expense	**26**		
Current tax		**–**	*–*
Deferred tax		**–**	*–*
Adjustment of tax relating to earlier periods		**(3,058,420)**	*134,526*
Total tax expense		**(3,058,420)**	*134,526*
Profit /(loss) after tax for the year		**6,304,091**	*35,836,632*
OTHER COMPREHENSIVE INCOME			
Items that will not be reclassified to profit or loss			
Remeasurements of defined benefit obligations		**(157,758)**	*61,202*
Items that will be reclassified to profit or loss			
Effective portion of gains and losses on cash flow hedge	**11**	**23,138,643**	*780,694*
Total other comprehensive income net of tax		**22,980,885**	*841,896*
Total comprehensive income for the year		**29,284,976**	*36,678,528*
EARNINGS PER EQUITY SHARE (BASIC AND DILUTED)	**28**	**0.13**	*0.72*
SIGNIFICANT ACCOUNTING POLICIES	**2**		

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm registration no. 003990S/S200018

G. MUTHUKRISHNAN
Chief Financial Officer &
Company Secretary
M. No. A30618

S. RAJESHWARI
Partner
Membership No. 24105

S. ARUL
Chief Executive

S. R. SUBRAMANIAN
Director
DIN: 03278824

MASAMICHI TAKEUCHI
Director
DIN: 07560555

Place : Chennai
Date : April 11, 2017

Place : Chennai
Date : April 11, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2015-16 ₹
CASH FLOW FROM OPERATING ACTIVITIES			
Profit / (loss) before tax		**3,245,671**	*35,971,158*
Adjustments for:			
Depreciation and amortization expense	23	**66,747,026**	*66,927,083*
Net gain on disposal of property, plant and equipment	18	**(47,847)**	*(63,568)*
Net gain on sale of current investments	18	**(2,839,258)**	*(6,226,702)*
Changes in fair value of financial instruments		**(9,950,951)**	*9,286,737*
Unrealized foreign exchange differences		**(4,360,129)**	*8,109,344*
Other non cash items		**185,175**	*219,806*
Finance income	18	**(142,098)**	*(224,256)*
Finance costs	25	**18,908,788**	*29,650,317*
Cash flows from operating activities before changes in assets and liabilities		**71,746,377**	*143,649,919*
Working Capital adjustments:			
(Increase)/Decrease in inventories		**(202,050,597)**	*156,248,086*
(Increase)/Decrease in trade receivable and other financial assets		**104,398,314**	*63,653,709*
(Increase)/Decrease in other current and non-current assets		**10,945,769**	*25,409,189*
Increase/(Decrease) in trade payables		**(2,385,525)**	*(89,840,683)*
Increase/(Decrease) in provisions		**(3,501,559)**	*3,171,684*
(Increase)/Decrease in derivatives		**23,138,643**	*780,694*
Increase/(Decrease) in other financial liabilities		**(51,178,238)**	*10,518,186*
Increase/(Decrease) in other current liabilities		**(5,933,946)**	*(140,929,945)*
Cash used in / generated from operating activities		**(54,820,762)**	*172,660,839*
Income taxes refund/(paid)-net		**3,749,633**	*95,747*
Net cash flows from operating activities		**(51,071,129)**	*172,756,586*
CASH FLOWS FROM INVESTING ACTIVITIES			
Payments for property, plant and equipment		**(31,393,527)**	*(12,661,768)*
Payments for purchase of current investments		**(253,800,000)**	*(1,035,346,058)*
Proceeds from sale of investments		**276,639,258**	*1,021,572,760*
Proceeds from sale of property, plant and equipment		**52,160**	*97,646*
Interest received (finance income)	18	**142,098**	*224,256*
Net cash flows from investing activities		**(8,360,011)**	*(26,113,164)*
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings		**118,596,000**	-
Repayment of borrowings		**(81,979,545)**	*(128,778,030)*
Interest paid	25	**(18,602,876)**	*(29,303,982)*
Net cash flows from financing activities		**18,013,579**	*(158,082,012)*
Net increase /(decrease) in cash and cash equivalents		**(41,417,561)**	*(11,438,590)*
Cash and cash equivalents at the begnning of the year	5(e)	**17,077,586**	*28,516,176*
Cash and cash equivalents at the end of the year	5(e)	**(24,339,975)**	*17,077,586*

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm registration no. 003990S/S200018

G. MUTHUKRISHNAN
Chief Financial Officer & Company Secretary
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Director
DIN: 07560555

Place : Chennai
Date : April 11, 2017

Place : Chennai
Date : April 11, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A. EQUITY SHARE CAPITAL

Particulars	Note No.	Rupees
As at April 1, 2015		*500,000,000*
As at March 31, 2016		*500,000,000*
As at March 31, 2017	**10**	**500,000,000**

B. OTHER EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(in ₹)

	Note No.	Reserves and Surplus	Items of OCI	Total
		Retained earnings	Cash flow hedge reserve	
As at April 01, 2016		**(167,000,196)**	**(858,515)**	**(167,858,711)**
Profit for the year		**6,304,091**	**–**	**6,304,091**
Other comprehensive income for the year		**(157,758)**	**23,138,643**	**22,980,885**
Total Comprehensive income for the year		**6,146,333**	**23,138,643**	**29,284,976**
As at March 31, 2017	**11**	**(160,853,863)**	**22,280,128**	**(138,573,735)**

OTHER EQUITY FOR THE YEAR ENDED MARCH 31, 2016

(in ₹)

	Note No.	Reserves and Surplus	Items of OCI	Total
		Retained earnings	Cash flow hedge reserve	
As at April 01, 2015		*(202,898,030)*	*(1,639,209)*	*(204,537,239)*
Profit for the year		*35,836,632*	*–*	*35,836,632*
Other comprehensive income for the year		*61,202*	*780,694*	*841,896*
Total Comprehensive income for the year		*35,897,834*	*780,694*	*36,678,528*
As at March 31, 2016	11	*(167,000,196)*	*(858,515)*	*(167,858,711)*

The accompanying notes are an integral part of the financial statements.

As per our report of even date attached

For and on behalf of the Board

For PKF SRIDHAR & SANTHANAM LLP
Chartered Accountants
Firm registration no. 003990S/S200018

G. MUTHUKRISHNAN
Chief Financial Officer &
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Director
DIN: 07560555

Place : Chennai
Date : April 11, 2017

Place : Chennai
Date : April 11, 2017

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. BACKGROUND

These standalone financial statements comprise financial statements of L&T Kobelco Machinery Private Limited (the company) for the year ended March 31, 2017.

The company is a company limited by shares, incorporated under the Indian Companies Act and domiciled in India. The company has a manufacturing facility at 121 Paranthur Road, Karai Village, Kanchipuram Taluk and District, Tamil Nadu, India and registered office at L&T House, NM Marg, Ballard estate, Mumbai, India.

The company is engaged in the business designing, engineering, manufacturing and sale of rubber processing machinery (Mixers and Twin screw roller head extruders) and spares. The Company is a 51:49 Joint Venture Company between Larsen & Toubro Limited, India (L&T) and M/s Kobe Steel, Ltd., Japan (KSL).

2. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these standalone financial statements.

2.1 BASIS OF PREPARATION

The financial statements comply in all material aspects with Indian Accounting Standards (Ind AS) notified under Section 133 of the Companies Act, 2013 (the act)[Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

For all periods up to and including the year ended 31 March 2016, the company prepared its financial statements in accordance accounting standards notified under the section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP). These financial statements are the first financial statement of the company under Ind AS. Refer Note 39 for information on how the company adopted Ind AS.

These financial statements have been presented in Indian Rupees and all values are rounded off to the nearest rupee, except when otherwise indicated.

The financial statements have been prepared prepared on a historical cost basis, except for the following assets and liabilities which have been measured at fair value:

a. Derivative financial instruments.

b. Certain financial assets and liabilities measured at fair value (refer accounting policy regarding financial instruments).

c. Defined benefit plan assets.

2.2 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.2.1 Current versus non-current classification

The company presents assets and liabilities in the balance sheet based on current/ non-current classification. An asset is treated as current when it is:

- Expected to be realised or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realised within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

All other liabilities are classified as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realisation in cash and cash equivalents. The company has identified twelve months as its operating cycle.

2.2.2 Foreign currency translation

a. Functional and presentation currency

These financial statements are presented in INR, which is also the company's functional currency. Items included in the financial statements of are measured using the functional currency.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b. Transactions and balances

Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction.

Monetary assets and liabilities denominated in foreign currencies are translated at the functional currency spot rates of exchange at the reporting date.

Foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at year end exchange rates are generally recognised in profit or loss. They are deferred in equity if they relate to qualifying cash flow hedges.

Foreign exchange differences regarded as an adjustment to borrowing costs are presented in the statement of profit and loss, within finance costs. All other foreign exchange gains and losses are presented in the statement of profit and loss on a net basis.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value is determined. The gain or loss arising on translation of non-monetary items measured at fair value is treated in line with the recognition of the gain or loss on the change in fair value of the item (i.e., translation differences on items whose fair value gain or loss is recognised in other comprehensive income (OCI) or profit or loss are also recognised in OCI or profit or loss, respectively).

2.2.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of excise duty and net of returns, trade allowances, rebates, value added taxes and amounts collected on behalf of third parties.

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the entity and the revenue can be reliably measured.

The specific recognition criteria described below must also be met before revenue is recognised:

Sale of goods

Revenue from the sale of goods is recognised when the significant risks and rewards of ownership of the goods have passed to the buyer under the terms of the contract, usually on delivery of the goods. Revenue from the sale of goods is measured at the fair value of the consideration received or receivable, net of returns and allowances, trade discounts and liquidated damages.

Rendering of services

Revenue from services is recognised in the accounting period in which the services are rendered.

Interest

Interest income from debt instruments is recognised using the effective interest rate method (EIR). EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the gross carrying amount of the financial asset or to the amortised cost of a financial liability. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) but does not consider the expected credit losses. Interest income is included in finance income in the statement of profit and loss.

Others

Revenue from export licenses is measured at fair value as and when the licenses are received from the authorities and when the conditions, if any attached to the grant of license are complied with. Other items of income are accounted as and when the right to receive arises.

2.2.4 Property, plant and equipment

Freehold land is carried at historical cost. All other items of property, plant and equipment are stated at historical cost less depreciation. Historical cost includes expenditure that is directly attributable to the acquisition of the items. Cost may also include transfers from equity of any gains or losses on qualifying cash flow hedges of foreign currency purchases of property, plant and equipment.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

Transition to Ind AS

On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1 April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Depreciation methods, estimated useful lives and residual value

Depreciation is calculated using the straight-line method to allocate their cost, net of their residual values, over their estimated useful lives mandated by Schedule II of the Companies Act, 2013 for all the assets except for the following assets for which useful lives have

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

been determined based on technical evaluation done by the management/ L&T group level which are higher than those specified by Schedule II to the Companies Act; 2013, in order to reflect the actual usage of the assets:

Category of the asset	Useful life prescribed under Schedule II of the Companies Act, 2013	Useful life considered for computing depreciation
Canteen equipment	15 years	8 years
Employee Car Scheme Assets	8 years	7 years
Ambulance	8 years	7 years
Multifunctional devices, printers, network devices, switches and projectors	5 years	4 years

The residual values are not more than 5% of the original cost of the asset.

The range of useful lives considered for depreciation for various categories of assets is as under:

	Useful life in years as at:		
	31-Mar-17	*31-Mar-16*	*01-Apr-15*
Buildings	**5-30**	*5-30*	*5-30*
Plant and Equipment	**8-10**	*8-10*	*8-10*
Furniture and Fixtures and electrical installations	**10**	*10*	*10*
Office Equipment	**3-10**	*3-10*	*3-10*
Vehicles	**7**	*7*	*7*

An item of property, plant and equipment and any significant part initially recognised is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in profit of loss.

2.2.5 Intangible assets

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less any accumulated amortisation and accumulated impairment losses.

Technical know-how

Acquired technical know-how from KSL are initially recognized at historical cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Computer Software

Cost incurred in acquiring specialized software programmes are initially measured at cost. They have a finite useful life and are subsequently carried at cost less accumulated amortization and impairment losses.

Intangible assets with finite lives are amortised over the useful economic life and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the end of each reporting period. The amortisation for intangible assets with finite useful lives is reviewed at least at each year-end. Changes in expected useful lives are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the statement of profit and loss.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in the statement of profit or loss when the asset is derecognised.

Useful life and amortization

Intangible assets are amortised as follows:

a) Lump sum fees for technical know-how: Over a period of six years from the date know-how is available for use.

b) Computer Software: Over the period of license or six years whichever is lower.

2.2.6 Impairment of non-financial assets

The company assesses, at each reporting date, whether there is an indication that an asset may be impaired. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs of disposal and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transactions are taken into account. If no such transactions can be identified, an appropriate valuation model is used. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows which are largely independent of the cash inflows from other assets or groups of assets (cash-generating units).

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

2.2.7 Leases (as lessee)

At the inception of a lease, the lease arrangement is classified as either a finance lease or an operating lease, based on the terms and substance of the lease arrangement.

Operating leases

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

Finance leases

A lease that transfers substantially all the risks and rewards incidental to ownership to the company is classified as a finance lease. Finance leases are capitalised at the commencement of the lease at the inception date at fair value of the leased property or, if lower, at the present value of the minimum lease payments. Lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss. A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

2.2.8 Borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of an asset that necessarily takes a substantial period of time to get ready for its intended use or sale are capitalised as part of the cost of the asset. All other borrowing costs are expensed in the period in which they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds. Borrowing cost also includes exchange differences to the extent regarded as an adjustment to the borrowing costs.

2.2.9 Income tax

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted, at the reporting date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are re-assessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity. In this case, the tax is also recognised in other comprehensive income or directly in equity, respectively.

2.2.10 Inventories

Raw materials, components, stores, spares and loose tools, work in progress and finished goods are stated at the lower of cost and net realisable value. Cost of raw materials & components, stores, spares and loose tools comprises cost of purchases. Cost of work-in-progress and finished goods comprises direct materials, direct labour and an appropriate proportion of variable and fixed overhead expenditure, the latter being allocated on the basis of normal operating capacity. Cost of inventories also include all other costs incurred in bringing the inventories to their present location and condition.

Cost includes the reclassification from equity of any gains or losses on qualifying cash flow hedges relating to purchases of raw material but excludes borrowing costs. Costs are assigned to individual items of inventory on weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

2.2.11 Financial instruments

Non- derivative financial instruments

Non derivative financial instruments consist of:

- financial assets, which include cash and cash equivalents, trade receivables, employee and other advances, security deposits, investments in mutual funds and eligible current and non-current assets;
- financial liabilities, which include long and short-term loans and borrowings, bank overdrafts, trade payables, eligible current and non-current liabilities.

Non-derivative financial assets

The company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income, or through profit or loss)

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- those measured at amortised cost.

The classification depends on the entity's business model for managing the financial assets and the contractual terms of the cash flows.

Initial recognition

At initial recognition, the company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Subsequent measurement

Subsequent to initial recognition, non-derivative financial instruments are measured as described below:

- **Financial assets measured at amortized cost**

  Assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. They are presented as current assets, except for those maturing later than 12 months after the reporting date which are presented as non-current assets. They are subsequently measured at amortized cost using the effective interest method, less any impairment losses.

  This category generally applies to trade and other receivables.

- **Financial assets measured at fair value through OCI (FVTOCI)**

  Instruments included within the FVTOCI category are measured initially as well as at each reporting date at fair value. Fair value movements are recognized in the other comprehensive income (OCI) and impairment gains or losses, interest revenue and foreign exchange gains and losses are recognised in profit and loss. Interest income from these financial assets is included in other income using the effective interest rate method.

  The company does not have any financial asset under this category.

- **Financial assets measured at fair value through profit or loss (FVTPL)**

  Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. These are measured at fair value with all changes recognized in the P&L.

  The Company has classified investments in liquid mutual funds under this category.

Impairment of financial assets

In accordance with Ind AS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss on the following financial assets and credit risk exposure:

- Financial assets that are debt instruments, and are measured at amortised cost e.g., security deposits, employee and other advances and cash and cash equivalents.
- Trade receivables and retention money
- Lease receivables under Ind AS 17
- Loans
- Financial guarantee contracts which are not measured as at FVTPL

The company follows 'simplified approach' for recognition of impairment loss allowance on trade receivables, retention money and lease receivables.

The application of simplified approach does not require the company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

For recognition of impairment loss on other financial assets and risk exposure, the company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the company reverts to recognising impairment loss allowance based on 12-month ECL.

As a practical expedient, to measure ECL on trade receivables, a provision matrix is used by the company. The historical credit loss experience and forward looking information for trade receivables is used to estimate expected credit losses considering the type of customers and a judgemental evaluation of the collectability of the receivables based on the ageing of the receivables.

In balance sheet, ECL is presented as an allowance with the respective asset represented at gross. ECL impairment loss allowance (or reversal) is recognized as expense in the statement of profit and loss under the head 'other expenses'.

Non-derivative financial liabilities

Initial recognition

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, etc. as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

- **Financial liabilities at fair value through profit or loss**

  Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the company that are not designated as hedging instruments in hedge relationships as defined by Ind AS 109. Gains or losses on liabilities held for trading are recognised in the profit or loss.

  The company has not designated any financial liability as at fair value through profit and loss.

- **Financial liabilities measured at amortized cost**

  This is the category most relevant to the company. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

  Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit and loss.

  This category generally applies to borrowings and trade payables.

Derivative instruments and hedging

The Company is exposed to foreign currency fluctuations on foreign currency assets, liabilities, firm commitments and highly probable forecasted transactions denominated in foreign currency.

The Company limits the effect of foreign exchange rate fluctuations by following established risk management policies including the use of derivatives. The Company enters into derivative financial instruments where the counterparty is primarily a bank.

Initial recognition

Derivatives are recognized and measured at fair value. Attributable transaction costs are recognized in statement of income as cost.

Subsequent measurement

The accounting for subsequent changes in fair value depends on whether the derivative is designated as a hedging instrument, and if so, the nature of the item being hedged and the type of hedge relationship designated.

The company documents its risk management objective and strategy for undertaking various hedge transactions at the inception of each hedge relationship. The documentation includes company's risk management objective and strategy for undertaking hedge, the hedging/ economic relationship, the hedged item or transaction, the nature of the risk being hedged and the hedge ratio.

The full fair value of a hedging derivative is classified as a non-current asset or liability when the remaining maturity of the hedged item is more than 12 months; it is classified as a current asset or liability when the remaining maturity of the hedged item is less than 12 months.

- **Cash flow hedges**

  The company uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments.

  The effective portion of the gain or loss on the hedging instrument is recognised in OCI in the cash flow hedge reserve, while any ineffective portion is recognised immediately in the statement of profit and loss.

  The company designates the full change in fair value of the forward contract (including forward points) as the hedging instrument. In such cases, the gains and losses relating to the effective portion of the change in fair value of the entire forward contract are recognised in the cash flow hedging reserve within equity.

  Amounts recognised as OCI are transferred to profit or loss when the hedged transaction affects profit or loss (for example, when the forecast sale that is hedged takes place). When the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as OCI are transferred to the initial carrying amount of the non-financial asset or liability.

  If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover (as part of the hedging strategy), or if its designation as a hedge is revoked, or when the hedge no longer meets the criteria for hedge accounting, any cumulative gain or loss previously recognised in OCI remains separately in equity until the forecast transaction occurs or the foreign currency firm commitment is met. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred costs of hedging that were reported in equity are immediately reclassified to profit or loss.

- **Fair value hedges**

  The change in the fair value of a hedging instrument is recognised in the statement of profit and loss. For fair value hedges relating to items carried at amortised cost, any adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the EIR method. EIR amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The company enters into certain derivative contracts to hedge risks which are not designated as hedges. Such contracts are accounted for at fair value through profit or loss and are included in other gains/(losses).

Offsetting financial instruments

Financial assets and liabilities are offset and the net amount is reported in the balance sheet where there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis or realise the asset and settle the liability simultaneously. The legally enforceable right must not be contingent on future events and must be enforceable in the normal course of business and in the event of default, insolvency or bankruptcy of the company or the counterparty.

2.2.12 Cash and cash equivalents

For the purpose of presentation in the statement of cash flows, cash and cash equivalents includes cash on hand, balance with banks and bank deposits with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value, and bank overdrafts. Bank overdrafts are shown within borrowings in current liabilities in the balance sheet.

2.2.13 Employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like Salaries, wages, short term compensated absences, etc., and the expected cost of bonus, ex-gratia, are recognized in the period in which the employee renders the related service.

The company's state governed provident fund scheme and insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service. The above benefits are classified as Defined Contribution Schemes as the company has no further obligations beyond the periodic contributions.

The employees' gratuity fund scheme is the Company's defined benefit plan. The cost of providing benefits under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method

Remeasurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the period in which they occur, directly in other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet. Remeasurements are not reclassified to profit or loss in subsequent periods.

Changes in the present value of the defined benefit obligation resulting from plan amendments or curtailments are recognised immediately in profit or loss as past service cost.

The obligation for long term employee benefits such as long term compensated absences is recognised in the similar manner as in the case of defined benefit plans.

2.2.14 Provisions

Provisions are recognised when the company has a present legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation and the amount can be reliably estimated. Provisions are not recognised for future operating losses. Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received. The expense relating to a provision is presented in the statement of profit and loss net of any reimbursement.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Warranty provisions

Provisions for warranty-related costs are recognised when the product is sold or service provided to the customer. Initial recognition is based on historical experience. The initial estimate of warranty-related costs is revised annually.

2.2.15 Fair value measurement

The company measures financial instruments, such as, derivatives at fair value at each balance sheet date. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability The principal or the most advantageous market must be accessible by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- Level 1 – Quoted (unadjusted) market prices in active markets for identical assets or liabilities
- Level 2 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
- Level 3 – Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

Valuation process

The finance department of the company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. This team reports directly to the chief financial officer (CFO). Discussions of valuation processes and results are held between the CFO, AC and the valuation team regularly.

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

This note summarises accounting policy for fair value. Other fair value related disclosures are given in the relevant notes.

2.2.16 Earnings per share

Basic earnings per share are calculated by dividing the net profit or loss for the period attributable to ordinary equity holders by the weighted average number of ordinary shares outstanding during the period.

For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to ordinary equity holders and the weighted average number of shares outstanding during the period are adjusted for the effects of all dilutive potential ordinary shares.

3. PROPERTY, PLANT AND EQUIPMENT

Year ended 31-Mar-17 (in ₹)

Particulars	Cost				Accumulated depreciation				Net book value as at end of the year	Net book value as at beginning of the year
	At beginning of the year	Additions	Disposals	At the end of the year	At beginning of the year	For the year	Disposals	As at of the year		
Land	**60,568,691**	**–**	**–**	**60,568,691**	**–**	**–**	**–**	**–**	**60,568,691**	**60,568,691**
Buildings	**201,232,740**	**–**	**–**	**201,232,740**	**8,177,050**	**8,177,050**	**–**	**16,354,100**	**184,878,640**	**193,055,690**
Plant and Equipment	**207,850,992**	**35,063,312**	**–**	**242,914,304**	**29,005,591**	**30,390,075**	**–**	**59,395,666**	**183,518,638**	**178,845,401**
Electrical Installations	**25,463,638**	**–**	**–**	**25,463,638**	**3,314,121**	**3,314,120**	**–**	**6,628,241**	**18,835,397**	**22,149,517**
Furniture and Fixtures	**13,560,564**	**1,950**	**–**	**13,562,514**	**1,819,392**	**1,822,018**	**–**	**3,641,410**	**9,921,104**	**11,741,172**
Office Equipment	**7,234,011**	**553,934**	**132,821**	**7,655,124**	**2,589,089**	**1,756,008**	**128,508**	**4,216,589**	**3,438,535**	**4,644,922**
Vehicles	**1,687,590**	**1,526,592**	**–**	**3,214,182**	**202,826**	**446,759**	**–**	**649,585**	**2,564,597**	**1,484,764**
Total	**517,598,226**	**37,145,788**	**132,821**	**554,611,193**	**45,108,069**	**45,906,030**	**128,508**	**90,885,591**	**463,725,602**	**472,490,157**
Add: Capital work-in-progress									**–**	**–**
									463,725,602	**472,490,157**

Year ended 31-Mar-16 (in ₹)

Particulars	Cost				Accumulated depreciation				Net book value as at end of the year	Net book value as at beginning of the year
	At beginning of the year	Additions	Disposals	At the end of the year	At beginning of the year	For the year	Disposals	As at of the year		
Land	*60,568,691*	*–*	*–*	*60,568,691*	*–*	*–*	*–*	*–*	*60,568,691*	*60,568,691*
Buildings	*201,232,740*	*–*	*–*	*201,232,740*	*–*	*8,177,050*	*–*	*8,177,050*	*193,055,690*	*201,232,740*
Plant and Equipment	*200,610,972*	*7,240,020*	*–*	*207,850,992*	*–*	*29,005,591*	*–*	*29,005,591*	*178,845,401*	*200,610,972*
Electrical Installations	*25,463,638*	*–*	*–*	*25,463,638*	*–*	*3,314,121*	*–*	*3,314,121*	*22,149,517*	*25,463,638*
Furniture and Fixtures	*13,510,014*	*50,550*	*–*	*13,560,564*	*–*	*1,819,392*	*–*	*1,819,392*	*11,741,172*	*13,510,014*
Office Equipment	*6,798,022*	*450,285*	*14,296*	*7,234,011*	*–*	*2,603,385*	*14,296*	*2,589,089*	*4,644,922*	*6,798,022*
Vehicles	*770,517*	*953,122*	*36,049*	*1,687,590*	*–*	*204,797*	*1,971*	*202,826*	*1,484,764*	*770,517*
Total	*508,954,594*	*8,693,977*	*50,345*	*517,598,226*	*–*	*45,124,336*	*16,267*	*45,108,069*	*472,490,157*	*508,954,594*
Add: Capital work-in-progress									*–*	*3,234,181*
									472,490,157	*512,188,775*

- On transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1-Apr-2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.
- The above assets are subject to charge with the bank as security for the loan facilities availed by the company.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- All the above tangible assets are owned by the company.
- Capital work-in-progress comprise expenditure for plant and machinery in the course of commissioning.

4. OTHER INTANGIBLE ASSETS

Year ended 31-Mar-17 (in ₹)

Particulars	Cost				Accumulated amortisation				Net book value as at end of the year	Net book value as at beginning of the year
	At beginning of the year	Additions	Disposals	At the end of the year	At beginning of the year	For the year	Disposals	As at of the year		
Technical Know-how	**114,796,027**	–	–	**114,796,027**	**46,580,731**	**19,136,498**	–	**65,717,229**	**49,078,798**	**68,215,296**
Computer Software	**9,506,775**	–	–	**9,506,775**	**7,700,958**	**1,704,498**	–	**9,405,456**	**101,319**	**1,805,817**
Total	**124,302,802**	–	–	**124,302,802**	**54,281,689**	**20,840,996**	–	**75,122,685**	**49,180,117**	**70,021,113**

Year ended 31-Mar-16 (in ₹)

Particulars	Cost				Accumulated amortisation				Net book value as at end of the year	Net book value as at beginning of the year
	At beginning of the year	Additions	Disposals	At the end of the year	At beginning of the year	For the year	Disposals	As at of the year		
Technical Know-how	*114,796,027*	–	–	*114,796,027*	*27,444,233*	*19,136,498*	–	*46,580,731*	*68,215,296*	*87,351,794*
Computer Software	*9,506,775*	–	–	*9,506,775*	*5,034,709*	*2,666,249*	–	*7,700,958*	*1,805,817*	*4,472,066*
Total	*124,302,802*	–	–	*124,302,802*	*32,478,942*	*21,802,747*	–	*54,281,689*	*70,021,113*	*91,823,860*

5. FINANCIAL ASSETS

5(a) Loans

(in ₹)

Unsecured, considered good unless otherwise stated	**As at 31.03.2017 ₹**	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
Non- current			
Security deposits	**1,348,050**	*1,119,700*	*961,590*
Total non-current	**1,348,050**	*1,119,700*	*961,590*
Current			
Security deposits	**758,000**	*710,000*	*880,000*
Total current	**758,000**	*710,000*	*880,000*
Total	**2,106,050**	*1,829,700*	*1,841,590*
Bifurcation of the above			
-- to related party	**–**	–	–
-- to others	**2,106,050**	*1,829,700*	*1,841,590*

5(b) Other financial assets

(in ₹)

	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
Non- current			
Derivatives- foreign exchange forward contracts	**975,902**	–	–
Total non-current	**975,902**	–	–
Current			
Derivatives- foreign exchange forward contracts	**16,235,583**	*638,594*	*9,657,167*
Advances to employees	**–**	*665,437*	*199,591*
Advances to others	**–**	*1,083,543*	*437,056*
Total current	**16,235,583**	*2,387,574*	*10,293,814*
Total	**17,211,485**	*2,387,574*	*10,293,814*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

5(c) Investments

(in ₹ unless otherwise stated)

Mutual funds (Quoted)	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Current			
L&T Liquid Fund Direct Plan - Growth	–	20,000,000	–
– Number of units	Nil units	9633.642 units	Nil units
	–	20,000,000	–
Market value of quoted investments	–	20,000,000	–

5(d) Trade Receivables

(in ₹)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Current			
Trade receivables	48,211,020	55,080,398	208,683,896
Receivables from related parties (refer note 29)	9,271,890	103,796,614	17,591,222
Less: Allowance for doubtful debts	(129,891)	(128,751)	(1,246,073)
Less: Allowance for expected credit losses	(210,810)	(26,775)	(50,441)
Total	57,142,209	158,721,486	224,978,604
Break-up of security details			
-- Secured, considered good	–	–	–
-- Unsecured, considered good	57,142,209	158,721,486	224,978,604
-- Doubtful	129,891	128,751	1,246,073
Total	57,272,100	158,850,237	226,224,677
Less: Allowance for doubtful debts	(129,891)	(128,751)	(1,246,073)
Total trade receivables	57,142,209	158,721,486	224,978,604

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

5(e) Cash and cash equivalents

(in ₹)

Mutual funds (Quoted)	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Balances with banks on current account	3,795,916	17,077,586	28,516,176
Cheques/ drafts on hand	4,134,007	–	–
	7,929,923	17,077,586	28,516,176

- For the purpose of the statement of cash flows, cash and cash equivalents comprise the following balances: (in ₹)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Balances with banks on current account	3,795,916	17,077,586	28,516,176
Cheques/ drafts on hand	4,134,007	–	–
	7,929,923	17,077,586	28,516,176
Less: Cash credit (note 12)	(32,269,898)	–	–
	(24,339,975)	17,077,586	28,516,176

- The entire cash and bank balances are available for use by the entity.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

- Additional information relating to specified bank notes (SBN) held and transacted between 08-Nov-16 to 30-Dec-16:

(in ₹)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08-Nov-2016	Nil	Nil	Nil
(+) Permitted receipts	Nil	Nil	Nil
(-) Permitted payments	Nil	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil	Nil
Closing cash in hand as on 30-Dec-2016	Nil	Nil	Nil

5(f) Other bank balances

(in ₹)

	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Bank deposits with original maturity between 3 to 12 months	–	*1,609,623*	*1,505,919*
	–	*1,609,623*	*1,505,919*

5(g) Break-up of financial assets by category

(in ₹)

	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Financial assets measured at fair value through profit and loss			
Investments	–	*20,000,000*	–
Derivatives- foreign exchange forward contracts			
– Not designated as hedges	–	–	–
– Designated as hedges	–	*638,594*	*9,657,167*
Total	–	*20,638,594*	*9,657,167*
Financial assets measured at fair value through OCI			
Derivatives- foreign exchange forward contracts			
– Designated as hedges	**17,211,485**	–	–
Total	**17,211,485**	–	–
Financial assets carried at amortized cost			
Loans	**2,106,050**	*1,829,700*	*1,841,590*
Trade receivables	**57,142,209**	*158,721,486*	*224,978,604*
Cash and cash equivalents	**7,929,923**	*17,077,586*	*28,516,176*
Other bank balances	–	*1,609,623*	*1,505,919*
Other financial assets (except derivatives)	–	*1,748,980*	*636,647*
Total	**67,178,182**	*180,987,375*	*257,478,936*

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge foreign currency risk of firm commitments and highly probable forecast sales and purchase transactions in US dollars (USD), Japanese yen (JPY) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the positive change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for the principal portion of the foreign currency loan and those designated as fair value hedges for recognized trade receivables and trade payables. Also included in this category are foreign exchange forward contracts entered for hedge of firm commitments having economic relationship with the hedged item, but which failed to satisfy retrospective hedge effectiveness under accounting standard 30 (erstwhile GAAP) not restrospectively designated as hedges under Ind AS.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

6. OTHER NON-CURRENT ASSETS

(in ₹)

Unsecured, considered good unless otherwise stated	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Capital advances	–	2,977,750	98,876
Others	–	–	–
Total	–	2,977,750	98,876

7. INVENTORIES

(in ₹)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Raw materials and components	115,995,071	67,394,826	184,277,912
Work-in-progress	19,335,308	16,172,446	57,234,849
Finished goods	152,260,846	2,614,005	–
Stores, spares and loose Tools	24,278,636	23,637,987	24,554,589
Total	311,869,861	109,819,264	266,067,350
Goods-in-transit included above			
– Raw material and components	47,501,553	922,401	10,513,511
– Stores, spares and loose tools	–	–	–
– Finished goods	–	–	–

Amounts recognised in profit or loss:

	2016-17 ₹	2015-16 ₹
Write-downs of inventories to net realisable value recognised as an expense and included in ‘Consumption of stores, spares and tools’ in statement of profit and loss:	–	2,337,630

8. NET CURRENT TAX ASSETS /(LIABILITIES)

(in ₹)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Advance tax and TDS	69,718	3,819,351	4,049,624
Less: cumulative tax provisions	–	(3,058,420)	(3,058,420)
Net current tax assets	69,718	760,931	991,204

9. OTHER CURRENT ASSETS

(in ₹)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Balance with customs, excise, VAT, etc			
Balance with customs, excise authorities	27,673,892	7,493,201	15,953,889
Balances with VAT and sales tax authorities	3,618,030	5,675,371	2,003,404
Rebate/Refund recoverable from Government authorities	7,409,385	11,830,120	35,451,165
Advance recoverable other than in cash			
Advances to suppliers	–	509,829	1,645,907
Advances to others	–	51,505	46,255
Others			
Contractual retention money not due	9,390,000	33,640,000	29,640,000
Prepaid expenses	1,268,249	1,105,299	973,894
Total	49,359,556	60,305,325	85,714,514

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10. EQUITY SHARE CAPITAL

(in ₹)

	Authorised		Issued, subscribed and fully paid	
	No. of shares	**Rupees**	**No. of shares**	**Rupees**
As at April 1, 2015	*50,000,000*	*500,000,000*	*50,000,000*	*500,000,000*
Increase/ (decrease) during the year	–	–	–	–
As at March 31, 2016	*50,000,000*	*500,000,000*	*50,000,000*	*500,000,000*
Increase/ (decrease) during the year	–	–	–	–
As at March 31, 2017	**50,000,000**	**500,000,000**	**50,000,000**	**500,000,000**

- Terms/rights attached to equity shares:

  The Company has only one class of equity share having par value of ₹ 10 per share. Each holder of equity share is entitled to one vote per share. Each shareholder is entitled to dividend as proposed by the Board of Directors and approved by Shareholders.

- Number of shares held by holding company:

(in ₹)

	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Larsen & Toubro Limited, India	**25,500,000**	*25,500,000*	*25,500,000*

- Details of shareholders holding more than 5% of equity shares as at the end of the year:

(in ₹)

	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Larsen & Toubro Limited, India	**255,000,000**	*255,000,000*	*255,000,000*
Kobe Steel Limited, Japan	**245,000,000**	*245,000,000*	*245,000,000*
	500,000,000	*500,000,000*	*500,000,000*

11. OTHER EQUITY

11(a) Reserves and Surplus

Retained earnings	**2016-17** ₹	*2015-16* ₹
Opening balance	**(167,000,196)**	*(202,898,030)*
Net profit for the period	**6,304,091**	*35,836,632*
Items of other comprehensive income recognised directly in retained earnings		
– Remeasurements of defined benefit obligation, net of tax	**(157,758)**	*61,202*
Closing balance	**(160,853,863)**	*(167,000,196)*

11(b) Other reserves

Cash flow hedge reserve	**2016-17** ₹	*2015-16* ₹
Opening balance	**(858,515)**	*(1,639,209)*
Changes in fair value of currency forward contracts	**21,668,294**	*(676,171)*
Reclassification to profit or loss when hedged item becomes on-balance sheet	**1,470,349**	*1,456,865*
Closing balance	**22,280,128**	*(858,515)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

12. BORROWINGS

(in ₹)

Secured, unless otherwise stated	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non- current borrowings			
Term loans			
Indian rupee term loan from bank	**105,787,574**	*185,469,796*	*313,901,491*
Capex buyers credit from bank in foreign currency	**23,945,209**	-	-
Total	**129,732,783**	*185,469,796*	*313,901,491*
Less: current portion of long-term borrowings (grouped under other current financial liabilities)	**(79,268,346)**	*(81,782,278)*	*(101,105,179)*
Total	**50,464,437**	*103,687,518*	*212,796,312*
Current			
Loans repayable on demand			
Cash credit facility	**32,269,898**	–	–
Other short term borrowings			
Pre/Post shipment credit in foreign currency	**90,610,000**	–	–
Total current	**122,879,898**	–	–
Total	**173,344,335**	*103,687,518*	*212,796,312*

- The company has term loan and working capital facilities (both fund-based and non-fund based) with RBL Bank Ltd. (formerly the Ratnakar Bank Ltd).
- **Rate of Interest and terms of repayment**

	Terms of Repayment	Rate of Interest
Indian rupee term loan from bank	16 quarterly instalments post applicable moratorium ending Jul-2017 to Jul-2019 based on draw-down date.	Base rate + applicable spread, monthly interest payment
Capex buyers credit from bank in foreign currency	Single payment at the end of the term (26-Sep-19)	EUR LIBOR plus applicable spread payable annually
Cash credit facility	Payable on demand	Base rate + applicable spread
Pre/Post shipment credit in foreign currency	Different dates, term ranging upto 12 months	LIBOR + applicable spread

- **Assets pledged as security**

  Bank loans are secured by:

  – exclusive charge on all fixed assets of the company (present fixed assets only) including factory land and building at Karai Village, Kanchipuram.

  – an exclusive charge on all current assets of the company both present and future.

  – Mortgage of immovable properties to be executed in favour of RBL Bank Ltd for the loan sanctioned.

  Also refer note 34 for breakup of financial assets pledged as security for the borrowings.
- Loans guaranteed by directors or others ₹ Nil (for all years presented).

13. TRADE PAYABLES

(in ₹)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current			
Micro and small enterprises	**13,482,745**	*4,437,229*	*5,925,756*
	13,482,745	*4,437,229*	*5,925,756*
Other than micro and small enterprises			
Related parties (refer note 29)	**74,020,186**	*141,773,681*	*157,765,737*
Others	**124,873,234**	*70,939,570*	*136,369,782*
	198,893,420	*212,713,251*	*294,135,519*
Total	**212,376,165**	*217,150,480*	*300,061,275*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

14. OTHER FINANCIAL LIABILITIES

(in ₹)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Non-current			
Derivatives- foreign exchange forward contracts	**2,422,345**	–	–
Total non-current	**2,422,345**	–	–
Current			
Current portion of long term borrowings	**79,268,346**	*81,782,278*	*101,105,179*
Derivatives- foreign exchange forward contracts	**4,467,759**	*268,164*	-
Payable for capital goods	**8,633,684**	*5,859,173*	*10,182,271*
Unbilled liability towards royalty	**5,396,076**	*19,377,735*	*12,697,472*
Provision for performance reward to employees	**4,000,000**	*4,000,000*	*4,000,000*
Others	**38,262,985**	*75,459,564*	*71,621,641*
Total current	**140,028,850**	*186,746,914*	*199,606,563*
Total	**142,451,195**	*186,746,914*	*199,606,563*

Included in other current financial liabilities are deposits received from employees towards personal computer and car scheme. These are classified as current as the company does not have unconditional right to defer payment in case of resignation of the employee. Based on the terms of the scheme, the amount expected to be settled more than twelve months after reporting period is ₹ 23,598 (31-Mar-16: ₹ 773,606, 01-Apr-15: ₹ 458,817).

14(a) Break-up of financial liabilities by category

(in ₹)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Financial liabilities at fair value through profit or loss			
Derivatives- foreign exchange forward contracts			
– Not designated as hedges	**2,422,345**	–	–
– Designated as hedges	**4,467,759**	–	–
Total	**6,890,104**	–	–
Fair value through OCI			
Derivatives- foreign exchange forward contracts			
– Designated as hedges	**–**	*268,164*	–
Total	**–**	*268,164*	–
Financial liabilities at amortized cost			
Trade payables	**212,376,165**	*217,150,480*	*300,061,275*
Borrowings, including current portion	**252,612,681**	*185,469,796*	*313,901,491*
Payable for capital goods	**8,633,684**	*5,859,173*	*10,182,271*
Unbilled liability towards royalty	**5,396,076**	*19,377,735*	*12,697,472*
Provision for performance reward to employees	**4,000,000**	*4,000,000*	*4,000,000*
Others	**38,262,985**	*75,459,564*	*71,621,641*
Total	**521,281,591**	*507,316,748*	*712,464,150*
Total financial liabilities	**528,171,695**	*507,584,912*	*712,464,150*

Derivative instruments at fair value through OCI reflect the change in fair value of foreign exchange forward contracts, designated as cash flow hedges to hedge foreign currency risk of firm commitments and highly probable forecast sales and purchase transactions in US dollars (USD), Japanese yen (JPY) and Euro (EUR).

Derivative instruments at fair value through profit or loss reflect the negative change in fair value of those foreign exchange forward contracts that are not designated in hedge relationships, but are, nevertheless, intended to reduce the level of foreign currency risk for the principal portion of the foreign currency loan and those designated as fair value hedges for recognized trade receivables and trade payables. Also included in this category are foreign exchange forward contracts entered for hedge of firm commitments having

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

economic relationship with the hedged item, but which failed to satisfy retrospective hedge effectiveness under accounting standard 30 (erstwhile GAAP) not restrospectively designated as hedges under Ind AS.

15. PROVISIONS

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Current			
Provision for employee benefits			
Gratuity (refer note 27)	**1,247,374**	*1,065,540*	*(114,601)*
Compensated absences	**3,322,862**	*1,813,212*	*1,537,172*
Bonus provision	**–**	*–*	*35,725*
Total	**4,570,236**	*2,878,752*	*1,458,296*
Other Provisions			
Provision for warranty	**9,070,929**	*9,330,001*	*8,243,035*
Provision for custom duty deposit	**–**	*4,776,213*	*4,173,153*
Total	**9,070,929**	*14,106,214*	*12,416,188*
Total	**13,641,165**	*16,984,966*	*13,874,484*

- **Provision for compensated absences:**

  This covers the company's liability for earned leave. The amount of the provision is presented as current, since the company does not have an unconditional right to defer settlement for any of these obligations.

- **Provision for warranty:**

  The Company gives warranty on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. The provision represents the expected cost of meeting such obligations of rectification / replacement.

  The company generally offers 12 to 30 months warranties for its equipment. Management estimates the related provision for future warranty claims based on historical warranty claim information, as well as recent trends that might suggest that past cost information may differ from future claims. The assumptions made in relation to the current period are lower than the current year considering more relevant historical data, past experience and improvement in quality. Factors that could impact the estimated claim information include the success of the company's productivity and quality initiatives. As at 31-Mar-2017, this particular provision had a carrying amount of ₹ 9,070,929 (31-Mar-2016 – ₹ 9,330,001, 1-Apr-2015 – ₹ 8,243,035). Were claims costs to differ by 10% from management's estimates, the warranty provisions would be an estimated ₹ 245,090 higher or lower (31-Mar-2016 – ₹ 800,085 higher or lower, 1-Apr-2015 – ₹ 760,837 higher or lower).

- **Provision for custom duty deposit:**

  This represents provision for differential customs duty liability (to the extent of deposits made with customs) against provisional assessment by special valuation branch of customs for the imports made from related parties. During the financial year 2016-17, the company received the final assessment order. Accordingly, the deposit earlier made is now likely to be refunded and the company has reversed the cumulative provision made till the date of order. This reversal is shown under other income in statement of profit and loss.

- **Movement in provisions:**

	Warranty	**Custom Duty Deposit**	**Total**
Opening Balance	9,330,001	4,776,213	14,106,214
Additional provisions	2,450,898	–	2,450,898
Provisions (used / reversed) during the year	(2,709,970)	(4,776,213)	(7,486,183)
Closing Balance	9,070,929	–	9,070,929

16. OTHER CURRENT LIABILITIES

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Advances from customers	**53,824,171**	*59,963,607*	*199,763,181*
TDS payable	**1,058,520**	*942,820*	*2,180,199*
Other statutory dues payable	**472,705**	*382,915*	*275,907*
Total	**55,355,396**	*61,289,342*	*202,219,287*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

17. REVENUE FROM OPERATIONS

(in ₹)

	2016-17	2015-16
Sale and Services		
Sale of products (including excise duty)	429,000,223	1,073,486,804
Sale of services	1,196,400	3,313,260
	430,196,623	1,076,800,064
Other operating revenue		
Export incentives	10,820,505	–
	10,820,505	–
Total	441,017,128	1,076,800,064

18. OTHER INCOME

(in ₹)

	2016-17	2015-16
Interest income on deposits measured at amortized cost	142,098	224,256
Net valuation gain on investments measured at fair value through profit or loss	–	–
Net gain on sale of current investments	2,839,258	6,226,702
Net gain on derivatives measured at fair value	–	1,400,252
Net gain on foreign exchange	–	–
Change in carrying amount of other financial liabilities	41,725,356	1,111,548
Net gain on disposal of property, plant and equipment	47,847	63,568
Interest on income tax refund	712,788	–
Other items	–	90,256
Total	45,467,347	9,116,582

19. COST OF RAW MATERIALS AND COMPONENTS CONSUMED

(in ₹)

	2016-17	2015-16
Inventory at the beginning of the year	67,394,826	184,277,912
Add: Purchases	367,842,129	464,542,669
Less: Inventory at the end of the year	(115,995,071)	(67,394,826)
Total	319,241,884	581,425,755

20. CHANGES IN INVENTORIES OF FINISHED GOODS AND WORK-IN-PROGRESS

(in ₹)

	2016-17	2015-16
Closing Stock:		
Finished goods	152,260,846	2,614,005
Work-in-progress	19,335,308	16,172,446
	171,596,154	18,786,451
Opening Stock:		
Finished goods	2,614,005	–
Work-in-progress	16,172,446	57,234,849
	18,786,451	57,234,849
Net Decrease / (Increase)	(152,809,703)	38,448,398

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

21. OTHER MANUFACTURING AND OPERATING EXPENSES

(in ₹)

	2016-17	2015-16
Consumption of stores, spares and tools	**22,734,977**	*19,696,060*
Power & fuel	**8,309,565**	*9,452,698*
Royalty	**7,456,342**	*19,616,195*
Equipment hire charges	**–**	*79,000*
Other manufacturing and operating expenses	**686,541**	*3,278,278*
Total	**39,187,425**	*52,122,231*

22. EMPLOYEE BENEFITS EXPENSE

(in ₹)

	2016-17	2015-16
Salaries, wages and bonus	**58,856,903**	*57,499,207*
Contribution to provident and other funds	**2,133,352**	*2,488,297*
Gratuity (refer note 27)	**585,676**	*1,000,378*
Compensated absences \ Leave encashment	**1,656,131**	*415,134*
Staff welfare expenses *	**5,175,238**	*5,894,431*
Total	**68,407,300**	*67,297,447*

* Includes ₹ 350,229 (2015-16: ₹ 274,366) debited by Larsen & Toubro Limited (holding company) for its stock options issued to the employees of the company.

23. DEPRECIATION AND AMORTIZATION EXPENSE

(in ₹)

	2016-17	2015-16
Depreciation of property, plant and equipment (refer note 3)	**45,906,030**	*45,124,336*
Amortization of intangible assets (refer note 4)	**20,840,996**	*21,802,747*
Total	**66,747,026**	*66,927,083*

24. OTHER EXPENSES

(in ₹)

	2016-17	2015-16
Professional charges	**9,080,282**	*10,322,414*
Payment to auditor (refer details below)	**379,000**	*347,700*
Directors sitting fees	**220,000**	*354,524*
Selling Commission	**7,150,067**	*26,441,061*
Rent	**1,171,511**	*636,090*
Rates and taxes	**1,756,239**	*3,073,308*
Travelling and conveyance	**8,520,284**	*9,202,844*
Repair and Maintenance - Building	**–**	*164,676*
Repair and Maintenance - Machinery	**1,594,779**	*2,259,203*
General repairs and mainteance incl software license renewals	**8,351,691**	*9,609,131*
Telephone, postage and telegrams	**868,541**	*703,214*
Printing and stationery	**290,834**	*217,812*
Estate maintenance expenses	**3,201,154**	*3,109,677*
Allowance for doubtful debts	**1,140**	*128,751*
Bad Debts written off	**–**	*114,721*
Allowance / (reversal) of expected credit losses	**184,035**	*(23,666)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

	2016-17	2015-16
Advertisement and sales promotion expenses	**1,571,734**	*400,000*
Insurance	**1,273,106**	*473,226*
Freight outwards	**1,072,060**	*5,796,833*
Warranty expenses	**2,450,898**	*8,008,855*
Legal Expenses	**–**	–
Miscellaneous expenses	**82,488**	*10,998*
Bank Charges	**533,977**	*848,950*
Loss or gain on foreign exchange	**8,291,856**	*4,517,970*
Net loss on derivatives measured at fair value	**8,222,767**	–
Total	**66,268,443**	*86,718,292*

- **Payment to auditors (excluding service tax):**

(in ₹)

	2016-17	2015-16
As auditor:		
– Audit fee	**180,000**	**150,000**
– Tax audit fee	**50,000**	**50,000**
In other capacity:		
– Taxation matters	**50,000**	**50,000**
– Company law matters	**42,500**	**40,000**
– Other services (certification fees)	**56,500**	**57,700**
	379,000	**347,700**

25. FINANCE COSTS

(in ₹)

	2016-17	2015-16
Interest on debts and borrowings measured at amortized cost	**18,317,759**	*29,509,355*
Interest accrued/ paid to suppliers under MSMED Act	**379,168**	*797,591*
Interest explicit on fair value and unwinding of interest	**287,516**	*240,965*
Other interest paid	**5,964**	*5,041*
Other borrowing costs and charges	**591,029**	*140,962*
Exchange differences regarded as an adjustment to borrowing costs	**–**	–
Total	**19,581,436**	*30,693,914*

26. INCOME TAX

26(a) Income tax expense

The major components of income tax expense for the years ended 31 March 2016 and 31 March 2015 are:

(in ₹)

Income tax expense / (credit)	2016-17	2015-16
Current tax	**–**	–
Deferred tax	**–**	–
Adjustments in respect of current tax of previous year	**(3,058,420)**	*134,526*
Income tax expense reported in the statement of profit or loss	**(3,058,420)**	*134,526*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

26(b) Reconciliation of actual tax expense and effective tax rate

(in ₹)

Income tax expense / (credit)	**2016-17**	*2015-16*
Profit before tax (PBT)	**3,245,671**	*35,971,158*
Effecive tax rate	**34.608%**	*34.608%*
Tax at effective tax rate (PBT x effective tax rate)	**1,123,262**	*12,448,898*
Items leading to difference in effective rate compared to statutory tax rate:		
Difference in tax for items which are not allowed as deduction	**333,913**	*728,351*
Adjustment of tax relating to earlier years	**(3,058,420)**	*134,526*
Utilisation of previously unrecognised tax losses and tax offsets during the current year to reduce current tax and deferred tax expense	**(1,457,175)**	*(13,177,249)*
Income tax expense reported in the statement of profit or loss	**(3,058,420)**	*134,526*

26(c) Components of deferred tax assets / (liabilities)

The major components of deferred tax assets and (liabilities) are as under:

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Difference between book and income tax depreciation	**(37,162,466)**	*(39,837,178)*	*(40,871,706)*
Tax losses and unsborbed depreciation	**77,031,659**	*81,855,961*	*94,569,093*
Others	**1,286,484**	*594,068*	*2,092,713*
Net deferred tax asset/ (liability)	**41,155,677**	*42,612,851*	*55,790,100*

- The deferred tax assets and liabilities relate to Indian Income taxes and the company has legally enforceable right to set off the deferred tax liabilities with the assets.
- Net deferred tax assets that have not been recognised as there are no convincing evidence of other tax planning opportunities or of recoverability in the near future. Had the company recognized all its deferred tax assets, the profit for the financial year 2016-17 would approximately be ₹ 41.1 mn higher (2015-16: ₹ 42.6 mn higher).

26(d) Items of unused tax losses for which no deferred tax asset is recognised

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Tax Losses (business) for which no DTA recognized			
AY 2012-13 (Expiry 31.03.2020)	**–**	*563,597*	*6,790,300*
AY 2013-14 (Expiry 31.03.2021)	**35,194,356**	*46,294,944*	*76,802,905*
AY 2014-15 (Expiry 31.03.2022)	**25,061,136**	*25,061,136*	*25,061,136*
Tax Losses (Depreciation) for which no DTA recognized			
AY 2013-14 (Expiry Not determinable)	**96,232,827**	*98,508,488*	*98,508,488*
AY 2014-15 (Expiry Not determinable)	**66,095,069**	*66,095,069*	*66,095,069*
	222,583,389	*236,523,234*	*273,257,897*
Potential tax benefit @ effective indian tax rate	**77,031,659**	*81,855,961*	*94,569,093*

27. EMPLOYEE BENEFIT OBLIGATIONS

27(a) Defined contribution plan

Retirement benefit in the form of provident fund is a defined contribution scheme. The company contributes to the state owned provident fund plan. The plan envisages contribution by employer and employee. The contribution by employer and employee together with interest are payable to the employee at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service. The obligation of the company is limited to the amount contributed and it has no further contractual nor any constructive obligation.

The company recognised charges of ₹ 2,119,783 (2015-16: ₹ 2,448,919) for provident fund contribution in the statement of profit or loss.

27(b) Defined benefit plans

The company operates gratuity plan through a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

vest after five years of continuous service. The gratuity plan is governed by the Payment of Gratuity Act, 1972. The fund has the form of a trust and it is governed by Life Insurance Corporation of India (LIC) which is responsible for the administration of the plan assets and for the definition of the investment strategy.

The Company has employees transferred from the other units of L&T group. Funds for the transferred employees for the period prior to their service in the company will be transferred directly to the company's trust when the scheme is approved by the Income Tax authorities. Pending the transfer, the company has recognized liability only to the extent of accretion in liability attributable to their service in the company.

The following tables summarize the components of net benefit expense recognized in the financial statements and the extimates and sensitivity analysis for the company's gratuity plan:

Changes in the present value of the obligation (PVO)

(in ₹)

	2016-17	*2015-16*
PVO as at the beginning of the year	**4,823,151**	*4,188,602*
Interest Cost	**486,028**	*335,088*
Current service cost	**585,676**	*454,786*
Past service cost	**–**	–
Benefits paid	**(45,743)**	–
Actuarial loss/(gain) on obligation (balancing figure)	**116,878**	*(155,325)*
Gross PVO as at the end of the year	**5,965,990**	*4,823,151*
Reimbursable from Larsen & Toubro Ltd. (Holding Company)	**(2,198,684)**	*(2,198,684)*
PVO as at the end of the year reflected in the financial statements	**3,767,306**	*2,624,467*

Change in the fair value of plan assets

(in ₹)

	2016-17	*2015-16*
Fair value of plan assets at the beginning of the year	**1,558,927**	*1,558,927*
Expected return on plan assets	**198,512**	*94,123*
Contributions	**849,116**	–
Benefits paid	**(45,743)**	–
Actuarial gain/(loss) on plan assets [balancing figure]	**(40,880)**	*(94,123)*
Fair value of plan assets as at the end of the year	**2,519,932**	*1,558,927*

Actual return on plan assets

(in ₹)

	2016-17	*2015-16*
Expected return on plan assets	**198,512**	*94,123*
Actuarial gain/(loss) on plan assets	**(40,880)**	*(94,123)*
Actual Return on plan assets	**157,632**	–

Amount recognized in the balance sheet

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Present value of the obligation	**3,767,306**	*2,624,467*	*1,444,326*
Fair value of plan assets	**2,519,932**	*1,558,927*	*1,558,927*
Net Defined Benefit Liability recognized in the balance sheet	**1,247,374**	*1,065,540*	*(114,601)*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Amount recognized in the statement of profit or loss

(in ₹)

	2016-17	2015-16
Current service cost	585,676	454,786
Net Interest on net defined benefit obligations	287,516	240,965
Recoverable on transfer of employees	–	545,592
Expenses recognized in the statement of profit and loss	873,192	1,241,343
Amount included in "Employee benefits expense"	585,676	1,000,378
Amount included as part of "Interest"	287,516	240,965

Amount recognized in OCI - loss/(gain)

(in ₹)

	2016-17	2015-16
Actuarial (gain)/loss on plan obligations	116,878	(155,325)
Difference between actual return and interest income on plan assets- (gain)/loss	40,880	94,123
Amount recognized in OCI for the current period	157,758	(61,202)

Movement in liability recorded in the balance sheet

(in ₹)

	2016-17	2015-16
Opening net liability adjusted for effect of balance sheet limit	1,065,540	(114,601)
Amount recognised in profit or loss	873,192	1,241,343
Amount recognised in OCI	157,758	(61,202)
Contribution paid	(849,116)	–
	1,247,374	1,065,540

Major categories of plan assets as a percentage of total plan assets

	As at 31.03.2017	As at 31.03.2016
Insurer managed funds	100%	100%

Principal actuarial assumptions at the balance sheet date (Expressed as weighted averages)

(in ₹)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Discount rate	7.4%	8.1%	8.0%
Rate of increase in compensation levels	6.0%	6.0%	6.0%
Attrition rate	3.0%	3.0%	3.0%
Expected rate of return on plan assets	7.4%	8.1%	7.5%

Funding and maturity profile

The trust formed by the Company manages the investments of gratuity fund in the insurer managed scheme. The company expects to fund ₹ 1,000,000 towards its gratuity plan during the year 2017-18.

The average duration of the company's defined benefit obligation of the gratuity plan is 9.9 years.

Expected Benefit Payments in Following Years	₹
Year 1	231,757
Year 2	243,479
Year 3	257,279
Year 4	1,124,240
Year 5	1,018,574
Year 6 onwards for next 5 Years	3,188,293

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Sensitivity analysis

The sensitivity of the defined benefit obligation to changes in the weighted principal assumptions is as shown below:

	Discount rate		Salary escalation rate	
Increase / (decrease)	**50bp increase**	**50bp decrease**	**50bp increase**	**50bp decrease**
Impact on defined benefit obligation	(258,534)	279,819	259,336	(240,254)

28. EARNINGS PER SHARE

(in ₹)

	2016-17	*2015-16*
Profit after tax attributable to the equity holders of the company	**6,304,091**	*35,836,632*
Weighted average equity shares outstanding	**50,000,000**	*50,000,000*
Earnings per share (basic and diluted)	**0.13**	*0.72*

29. RELATED PARTY DISCLOSURES

29(a) Parent entities

The company is controlled by the following entity:

Immediate and ultimate parent entity	**Ownership interest**		
	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Larsen & Toubro Limited, India	**51%**	*51%*	*51%*

29(b) Key managerial personnel compensation

(in ₹)

	2016-17	*2015-16*
Short-term employee benefits	**6,538,975**	*5,777,406*
Post-employment benefits	**126,714**	*120,018*
Sitting fees to independent directors	**220,000**	*354,524*
Total	**6,885,689**	*6,251,948*

29(c) Transactions with related parties

(in ₹)

Name of the related party and nature of transaction	**Relationship**	**2016-17**	*2015-16*
Purchase of Goods & Services		**106,331,021**	*155,791,992*
Larsen & Toubro Limited, India	Parent	**16,780,171**	*21,396,004*
Kobe Steel, Ltd., Japan	Entity with significant influence	**66,906,514**	*114,739,774*
L&T Construction Equipment Ltd, India	Other related parties	**6,769,598**	*3,887,374*
Ewac Alloys Limited, India	Other related parties	**24,305**	*5,857*
L&T Cutting Tools Limited, India	Other related parties	**4,708,807**	*2,298,952*
Kobelco Stewart Bolling Inc, USA	Other related parties	**11,141,626**	*13,464,031*
Sale of Goods and Services			
Larsen & Toubro Limited, India	Parent	**40,881,862**	*59,313,319*
L&T Valves Ltd., India	Other related parties	**78,400**	*344,008*
Kobe Steel, Ltd., Japan	Entity with significant influence	**44,383,559**	*320,128,688*
Kobelco Stewart Bolling Inc, USA	Other related parties	**47,700,561**	*–*
Selling commission			
Larsen & Toubro Limited, India	Parent	**7,150,067**	*26,441,061*
Deputation charges recovered			
Larsen & Toubro Limited, India	Parent	**–**	*489,041*
Royalty / Technical know-how fees			
Kobe Steel, Ltd., Japan	Entity with significant influence	**7,456,342**	*19,616,195*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

29(d) Transactions with gratuity fund

(in ₹)

Name of the fund	Transaction	2016-17	2015-16
L&T Kobelco employees group gratuity cum life assurance scheme	Towards employer's contribution	**849,116**	–

29(e) Outstanding balances arising from sales/ purchases of goods and services

(in ₹)

Name of the related party and relationship	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Trade Payables	**74,020,186**	*141,773,681*	*157,765,737*
Larsen & Toubro Limited, India (Parent)	**8,506,855**	*29,776,918*	*28,637,789*
L&T Construction Equipment Ltd, India (Other related parties)	**994,124**	*622,075*	–
L&T Cutting Tools Limited, India (Other related parties)	**334,972**	*1,023,981*	*3,914,489*
Ewac Alloys Limited, India (Other related parties)	**6,783**	*74,496*	*131,906*
Kobe Steel, Ltd., Japan (Entity with significant influence)	**61,512,441**	*109,983,537*	*125,081,553*
Kobelco Stewart Bolling Inc, USA (Other related parties)	**2,665,011**	*292,674*	–
Other Current liabilities	**511,436**	*1,281,193*	*1,895,574*
Larsen & Toubro Limited, India (Parent)	**511,436**	*1,281,193*	*1,895,574*
Trade Receivables	**9,271,890**	*103,796,614*	*17,591,222*
Larsen & Toubro Limited, India (Parent)	**–**	*56,332,940*	*41,710*
L&T Valves Ltd., India (Other related parties)	**–**	*338,696*	–
Kobe Steel, Ltd., Japan (Entity with significant influence)	**11,310**	*42,747,693*	*7,414,512*
Kobelco Stewart Bolling Inc, USA (Other related parties)	**9,260,580**	*4,377,285*	*10,135,000*
Advances from customers	**15,504,577**	*28,136,594*	*28,136,594*
Kobe Steel, Ltd., Japan (Entity with significant influence)	**9,216,408**	*28,136,594*	*28,136,594*
Kobelco Stewart Bolling Inc, USA (Other related parties)	**6,288,169**	–	–

All outstanding balances are unsecured and are repayable in cash and cash equivalents.

29(f) Commitment with related parties

(in ₹)

Name of the related party and relationship	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Revenue commitments			
Larsen & Toubro Limited, India (Parent)	**126,847**	*1,163*	*3,277,718*
L&T Cutting Tools Limited, India (Other related parties)	**828,100**	*46,505*	–
L&T Construction Equipment Ltd, India (Other related parties)	**718,895**	*364,030*	–
Ewac Alloys Limited, India (Other related parties)	**6,650**	–	–
Kobe Steel, Ltd., Japan (Entity with significant influence)	**25,455,073**	*28,765,081*	*62,153,615*
Kobelco Stewart Bolling Inc, USA (Other related parties)	**2,758,719**	*229,574*	*8,149,453*
Total	**29,894,284**	*29,406,353*	*73,580,786*

30. SEGMENT INFORMATION

The company's senior management consisting of the chief executive, the chief financial officer and the directors, examines the company's performance on the basis of single segment namely rubber processing machinery and spares. The company has only one reportable segment under INDAS 108 namely manufacture and sale of rubber processing machinery and spares.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

30(a) Segment revenues, profits, assets and liabilities

(in ₹)

Rubber processing machinery segment	**2016-17**	*2015-16*
Revenues from external customers (sale and services)	**430,196,623**	*1,076,800,064*
Depreciation and amortization	**66,747,026**	*66,927,083*
Profit before interest and tax	**22,827,107**	*66,665,072*
Profit before tax	**3,245,671**	*35,971,158*

As there was only one reportable segment, the segment revenue reported above represents revenue generated from external customers.

As there was only one reportable segment, assets and liablities reported in the financial statements relates to the manufacture and sale of rubber processing machinery and spares.

The following table provides details of addition to non-current assets:

(in ₹)

Addition to non-current assets	**2016-17**	*2015-16*
Property, plant and equipment (refer note 3)	**37,145,788**	*8,693,977*
Intangible assets (refer note 4)	**–**	*–*
Other non-current financial assets	**1,204,252**	*158,110*

30(b) Geographical information

The company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

(in ₹)

Revenue from external customers (sale and services)	**2016-17**	*2015-16*
India	**330,380,450**	*740,587,036*
Japan	**44,383,559**	*320,128,688*
All other countries	**55,432,614**	*16,084,340*
Total revenue as per statement of profit or loss	**430,196,623**	*1,076,800,064*

The total of non-current assets other than financial instruments, and deferred tax assets, broken down by location of the assets, is shown below:

(in ₹)

Location of the asset	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
India	**514,253,769**	*546,608,720*	*605,073,101*
Outside India	**–**	*–*	*–*
Total	**514,253,769**	*546,608,720*	*605,073,101*

30(c) Revenue from major customers

Revenues from 5 customers individually accounted for more than 10% of the company's revenue from operations from the company's only segment. The aggregate revenue derived from these customers (₹ 358.4 mn) is approximately 83% of the total revenue from external customers. The amount of revenue from each such customer is ₹ 55.4mn, ₹ 71.4mn, ₹ 92mn, ₹ 47.8 mn and ₹ 91.6 mn respectively.

31. COMMITMENTS

31(a) Capital commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) is given below:

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Capital expenditure commitments	**6,000**	*26,748,724*	*5,983,060*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

31(b) Leases

The Company has taken two residental properties under cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. The operating lease rentals charged to the statement of profit or loss is as under:

(in ₹)

	2016-17	*2015-16*
Rental expense relating to cancellable operating leases	**1,171,511**	*636,090*

32. GAIN/(LOSS) ON FINANCIAL ASSETS AND LIABILITIES

(in ₹)

	2016-17	*2015-16*
Net gain/(loss) on financial assets and financial liabilities		
(a) Mandatorily measured at fair value through profit or loss		
Gain/ (loss) on fair valuation/sale of investment in mutual funds	**2,839,258**	*6,226,702*
(b) Designated as fair value through profit or loss		
Gain/ (loss) on derivatives other than effective cash flow hedges	**(8,222,767)**	*1,400,252*
(c) Financial assets measured at amortized cost		
Exchange gain/loss on revaluation or settlement of foreign currency assets	**(8,593,651)**	*4,607,478*
Allowance / reversal of expected credit loss allowance	**(184,035)**	*23,666*
Provision for doubtful debts (other than expected credit losses)	**(1,140)**	*(128,751)*
Bad debts written off (net)	**–**	*(114,721)*
(d) Financial liabilities measured at amortized cost		
Exchange gain/loss on revaluation or settlement of foreign currency liabilities	**301,795**	*(9,125,448)*
Change in carrying amount of other financial liabilities	**41,725,356**	*1,111,548*
(e) Financial instruments measured at FVTOCI		
(i) Gains recognized in OCI		
Gain/ (loss) on derivatives which are effective cash flow hedges	**21,668,294**	*(676,171)*
(ii) Gains /losses reclassified to profit and loss from OCI		
On forward contracts upon underlying hedged item effecting profit or loss	**1,470,349**	*1,456,865*
Interest revenue		
(a) Financial assets measured at amortized cost	**142,098**	*224,256*
Interest expense		
(b) Financial liabilities that are not measured at fair value through profit or loss.	**(18,696,927)**	*(30,306,946)*
Total	**32,448,630**	*(25,301,270)*

33. DISCLOSURE PURSUANT TO THE MICRO, SMALL AND MEDIUM ENTERPRISES DEVELOPMENT ACT, 2006

(in ₹)

	2016-17	*2015-16*
Principal amount due to suppliers under MSMED Act, 2006	**13,482,745**	*3,639,638*
Interest accrued, due to suppliers under MSMED Act on the above amount, and unpaid	**–**	*37,409*
Payment made to suppliers (other than interest) beyond the appointed day during the year	**22,154,351**	*45,945,122*
Interest paid to suppliers under MSMED Act (Section 16)	**1,176,759**	*1,202,899*
Interest due and payable towards suppliers under MSMED Act for payments already made	**–**	*760,182*
Interest accrued and remaining unpaid at the end of the year to suppliers under the Act	**–**	*797,591*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

34. FINANCIAL ASSETS PLEDGED AS SECURITY

The carrying amounts of financial assets pledged as security for current and non-current borrowings are:

(in ₹)

Exclusive charge, both present and future on current assets	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current financial assets			
Current investments	–	20,000,000	–
Trade receivables	57,142,209	158,721,486	224,978,604
Cash and cash equivalents	7,929,923	17,077,586	28,516,176
Bank balances other than above	–	1,609,623	1,505,919
Loans	758,000	710,000	880,000
Others	16,235,583	2,387,574	10,293,814
Total	82,065,715	200,506,269	266,174,513

35. FINANCIAL RISK MANAGEMENT

The company's activities expose it to market risk, liquidity risk and credit risk. The company's senior management oversees the management of these risks. The company's senior management is supported by a financial risk committee that provides assurance to the company's senior management that the company's financial risk activities are governed by appropriate policies and procedures and that financial risks are identified, measured and managed in accordance with the company's policies and risk objectives. All derivative activities for risk management purposes are carried out by specialist teams that have the appropriate skills, experience and supervision. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments. The Board of Directors reviews and agrees policies for managing each of these risks.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk:

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, mutual funds, trade receivables, derivative financial instruments, financial assets measured at amortized cost	Ageing analysis Credit ratings	Diversification of bank deposits, credit limits and letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities
Market risk	Future commercial transactions, recognised financial assets and liabilities not denominated in Indian rupee	Sensitivity analysis	"Forward foreign exchange contracts"

Credit risk

Credit risk is the risk that counterparty will not meet its obligations under a financial instrument or customer contract, leading to a financial loss. The company is exposed to credit risk from its operating activities (primarily trade receivables) and from its financing activities, including deposits with banks and financial institutions, foreign exchange transactions and other financial instruments.

Trade receivables

Customer credit risk is managed subject to the company's established policy, procedures and control relating to customer credit risk management. Credit quality of a customer is assessed based on an extensive credit rating scorecard and individual credit limits are defined in accordance with this assessment. Outstanding customer receivables are regularly monitored and any shipments to major customers are generally covered by letters of credit or other forms of credit insurance.

The company evaluates the concentration of risk with respect to trade receivables as low, as its customers are located in several jurisdictions and industries and operate in largely independent markets.

As a practical expedient, to measure ECL on trade receivables, a provision matrix is used by the company. The historical credit loss experience and forward looking information for trade receivables is used to estimate expected credit losses considering the type of customers and a judgemental evaluation of the collectability of the receivables based on the ageing of the receivables. . At every reporting date, the historical observed default rates are updated and changes in the forward-looking estimates are analysed. On that basis, the company estimates the following provision matrix at the reporting date:

Expected credit losses

	6-12 months	12-24 months	24-36 months	Beyond 36 months
Default rate for non payment	3%	15%	30%	60%
Default rate due to delay in payment	7%	13%	21%	28%

Refer note 24 for details of allowance for expected credit losses charged to the statement of profit or loss.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Financial instruments and cash deposits

Credit risk from balances with banks and financial institutions is managed by the company's treasury in accordance with the company's risk management policy. Investments of surplus funds are made only with high rated banks/ institutions. Credit exposures are monitored and reviewed by the company's senior management on periodic basis, and may be updated throughout the year. For other financial assets, the company assesses and manages credit risk based on internal evalution. The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period based on available information.

The maximum exposure to credit risk at the reporting date is the carrying value of each class of financial assets disclosed in note 5.

Movement in the expected credit loss allowance

(in ₹)

	2016-17	*2015-16*
Opening balance	**26,775**	*50,441*
Changes in loss allowance based on expected credit loss:		
Additional provision / (reversal)	**184,035**	*(23,666)*
Closing balance	**210,810**	*26,775*

The provision for expected credit loss is based on assumptions about risk of default and expected loss rates. The company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due and to close out market positions. The company maintains flexibility in funding by maintaining availability under committed credit lines.

The company maintains rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows.This involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external requirements.

Maturity profile of financial liabilities

The table below summarises the maturity profile of the company's financial liabilities based on contractual undiscounted cash flows. The balances shown approximate their carrying balances wherever discounting is not significant.

As at 31.03.2017 (in ₹)

	Upto 12 months	**More than 12 months**	**Total**
Non-derivative liabilities			
Trade payables	**212,376,165**	**–**	**212,376,165**
Borrowings	**202,148,244**	**50,464,437**	**252,612,681**
Payable for capital goods	**8,633,684**	**–**	**8,633,684**
Unbilled liability towards royalty	**5,396,076**	**–**	**5,396,076**
Provision for performance reward to employees	**4,000,000**	**–**	**4,000,000**
Other financial liabilities	**38,262,985**	**–**	**38,262,985**
Total non-derivative liabilities	**470,817,154**	**50,464,437**	**521,281,591**
Derivative liabilities			
Foreign exchange forward contracts	**4,467,759**	**2,422,345**	**6,890,104**
Total derivative liabilities	**4,467,759**	**2,422,345**	**6,890,104**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31.03.2016 (in ₹)

	Upto 12 months	More than 12 months	Total
Non-derivative liabilities			
Trade payables	217,150,480	–	217,150,480
Borrowings	81,782,278	103,687,518	185,469,796
Payable for capital goods	5,859,173	–	5,859,173
Unbilled liability towards royalty	19,377,735	–	19,377,735
Provision for performance reward to employees	4,000,000	–	4,000,000
Other financial liabilities	75,459,564	–	75,459,564
Total non-derivative liabilities	403,629,230	103,687,518	507,316,748
Derivative liabilities			
Foreign exchange forward contracts	268,164	–	268,164
Total derivative liabilities	268,164	–	268,164

As at 01.04.2015 (in ₹)

	Upto 12 months	More than 12 months	Total
Non-derivative liabilities			
Trade payables	300,061,275	–	300,061,275
Borrowings	101,105,179	212,796,312	313,901,491
Payable for capital goods	10,182,271	–	10,182,271
Unbilled liability towards royalty	12,697,472	–	12,697,472
Provision for performance reward to employees	4,000,000	–	4,000,000
Other financial liabilities	71,621,641	–	71,621,641
Total non-derivative liabilities	499,667,838	212,796,312	712,464,150
Derivative liabilities			
Foreign exchange forward contracts	–	–	–
Total derivative liabilities	–	–	–

Maturity profile of financial assets

As at 31.03.2017 (in ₹)

	Upto 12 months	More than 12 months	Total
Investment in mutual funds	**–**	**–**	**–**
Trade receivables	**57,142,209**	**–**	**57,142,209**
Cash and cash equivalents	**7,929,923**	**–**	**7,929,923**
Bank balances other than above	**–**	**–**	**–**
Loans	**758,000**	**1,348,050**	**2,106,050**
Others	**16,235,583**	**975,902**	**17,211,485**
	82,065,715	**2,323,952**	**84,389,667**

As at 31.03.2016 (in ₹)

	Upto 12 months	More than 12 months	Total
Investment in mutual funds	20,000,000	–	20,000,000
Trade receivables	158,721,486	–	158,721,486
Cash and cash equivalents	17,077,586	–	17,077,586
Bank balances other than above	1,609,623	–	1,609,623
Loans	710,000	1,119,700	1,829,700
Others	2,387,574	–	2,387,574
	200,506,269	1,119,700	201,625,969

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 01.04.2015 **(in ₹)**

	Upto 12 months	More than 12 months	Total
Investment in mutual funds	–	–	–
Trade receivables	224,978,604	–	224,978,604
Cash and cash equivalents	28,516,176	–	28,516,176
Bank balances other than above	1,505,919	–	1,505,919
Loans	880,000	961,590	1,841,590
Others	10,293,814	–	10,293,814
	266,174,513	961,590	267,136,103

Market risk

Foreign exchange risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The company manages its foreign currency risk by hedging significant exposures through foreign currency forward contracts. When undertaking a hedge, the company negotiates the terms of those derivatives to match the terms of the hedged exposure. For hedges of firm commitment and forecast transactions the derivatives cover the period of exposure from the point the cash flows of the transactions are forecasted up to the point of settlement of the resulting receivable or payable that is denominated in the foreign currency. The hedge ratio is determined on a case to case basis by the company's treasury committee and overall hedged and unhedged exposures are monitored on a periodic basis.

Foreign currency risk exposure

The company's exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows :

As at 31.03.2017 (in ₹)

	USD	EUR	JPY
Financial assets			
Trade receivable	**12,089,207**	**–**	**11,310**
Derivatives taken to hedge on-balance sheet assets	**(9,879,573)**	**–**	**–**
Net exposure to foreign currency risk - assets	**2,209,634**	**–**	**11,310**
Financial liabilities			
Trade payable	**(23,017,498)**	**–**	**(43,422,959)**
Payable for capital goods	**–**	**(2,979,578)**	**–**
Borrowings	**(90,610,000)**	**(23,945,209)**	**–**
Derivatives taken to hedge on-balance sheet liabilities	**1,974,683**	**23,836,620**	**28,969,475**
Net exposure to foreign currency risk - (liabilities)	**(111,652,815)**	**(3,088,167)**	**(14,453,484)**
Derivatives not designated as hedges			
Foreign exchange forward contracts	**–**	**(2,422,345)**	**–**
Net derivative exposure to foreign currency risk - asset / (liabilities)	**–**	**(2,422,345)**	**–**
Net exposure to foreign currency risk assets /(liabilities)	**(109,443,181)**	**(5,510,512)**	**(14,442,174)**

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31.03.2016 (in ₹)

	USD	EUR	JPY
Financial assets			
Trade receivable	*4,377,285*	–	*42,747,693*
Derivatives taken to hedge on-balance sheet assets	–	–	*(42,626,150)*
Net exposure to foreign currency risk - assets	*4,377,285*	–	*121,543*
Financial liabilities			
Trade payable	*(10,433,393)*	–	*(102,095,699)*
Derivatives taken to hedge on-balance sheet liabilities	–	–	*58,398,423*
Net exposure to foreign currency risk - (liabilities)	*(10,433,393)*	–	*(43,697,276)*
Net exposure to foreign currency risk assets /(liabilities)	*(6,056,108)*	–	*(43,575,733)*

As at 01.04.2015 (in ₹)

	USD	EUR	JPY
Financial assets			
Trade receivable	*10,135,000*	–	*7,543,000*
Derivatives taken to hedge on-balance sheet assets	–	–	*(4,124,853)*
Net exposure to foreign currency risk - assets	*10,135,000*	–	*3,418,147*
Financial liabilities			
Trade payable	*(7,422,750)*	–	*(123,697,141)*
Derivatives taken to hedge on-balance sheet liabilities	*4,035,500*	–	*52,733,143*
Net exposure to foreign currency risk - (liabilities)	*(3,387,250)*	–	*(70,963,998)*
Net exposure to foreign currency risk assets /(liabilities)	*6,747,750*	–	*(67,545,851)*

Sensitivity for exchange rate

The sensitivity of profit or loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flow hedges.

(in ₹)

	Impact on profit after tax		Impact on other components of equity		Total Impact on equity (networth)	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
USD Sensitivity						
INR / USD - Increase by 5% (31-Mar-16: 5%) *	**(5,440,426)**	*(302,805)*	**(12,681,290)**	*(1,440,868)*	**(18,121,716)**	*(1,743,673)*
INR / USD - Decrease by 5% (31-Mar-16: 5%) *	**5,440,426**	*302,805*	**12,681,290**	*1,440,868*	**18,121,716**	*1,743,673*
EUR Sensitivity						
INR / EUR - Increase by 5% (31-Mar-16: 5%) *	**(168,250)**	–	**41,900**	–	**(126,350)**	–
INR / EUR - Decrease by 5% (31-Mar-16: 5%) *	**168,250**	–	**(41,900)**	–	**126,350**	–
JPY Sensitivity						
INR / JPY - Increase by 5% (31-Mar-16: 5%) *	**(542,303)**	*(3,273,175)*	**(3,441,846)**	*1,191,072*	**(3,984,149)**	*(2,082,103)*
INR / JPY - Decrease by 5% (31-Mar-16: 5%) *	**542,303**	*3,273,175*	**3,441,846**	*(1,191,072)*	**3,984,149**	*2,082,103*

* Holding all other variables constant.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Interest risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The company's exposure to the risk of changes in market interest rates relates primarily to the company's long-term borrowings with floating interest rates.

The company manages its interest rate risk by having a balanced portfolio of loans and borrowings. During 31-Mar-17 and 31-Mar-16, the company's borrowings at variable rate were mainly denominated in INR and USD.

Interest rate risk exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

(in ₹)

	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Variable rate borrowings	**252,612,681**	*185,469,796*	*313,901,491*
Fixed rate borrowings	**–**	–	–
Total	**252,612,681**	*185,469,796*	*313,901,491*

Sensitivity to interest rate

Profit or loss is sensitive to higher/lower interest expense from borrowings as a result of changes in interest rates.

(in ₹)

	Impact on profit after tax		**Impact on other components of equity**		**Total Impact on equity (networth)**	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
INR interest rate						
Increase by 25 bps (31-Mar-16: 25 bps) *	**(264,606)**	*(464,305)*	**–**	–	**(264,606)**	*(464,305)*
Decrease by 25 bps (31-Mar-16: 25 bps) *	**264,606**	*464,305*	**–**	–	**264,606**	*464,305*
EUR interest rates						
Increase by 25 bps (31-Mar-16: 25 bps) *	**(59,863)**	–	**–**	–	**(59,863)**	–
Decrease by 25 bps (31-Mar-16: 25 bps) *	**59,863**	–	**–**	–	**59,863**	–
USD interest rates						
Increase by 25 bps (31-Mar-16: 25 bps) *	**(226,525)**	–	**–**	–	**(226,525)**	–
Decrease by 25 bps (31-Mar-16: 25 bps) *	**226,525**	–	**–**	–	**226,525**	–

* Holding all other variables constant.

Impact of hedging activities

Details of carrying amounts of hedging instruments (currency exposure)

(in ₹)

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Cash flow hedge	**Others**	*Cash flow hedge*	*Others*	*Cash flow hedge*	*Others*
Forward contracts						
Current						
Asset - other financial assets	**16,235,583**	**–**	–	*638,594*	–	*9,657,167*
Liability -other financial liabilities	**–**	**4,467,759**	*268,164*	–	–	–
Non-current						
Asset - other financial assets	**975,902**	**–**	–	–	–	–
Liability -other financial liabilities	**–**	**–**	–	–	–	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Details of outstanding hedging instruments (foreign currency exposure)

As at 31.03.2017 (in ₹)

	Nominal amount	Average rate	Timing upto 12 months	Timing > 12 months
Payable hedges				
EUR	**12,100**	**70.5500**	**12,100**	**–**
JPY	**92,507,156**	**0.6358**	**92,507,156**	**–**
USD	**50,750**	**69.2500**	**50,750**	**–**
Receivable hedges				
JPY	**155,359,973**	**0.6104**	**155,359,973**	**–**
USD	**4,087,944**	**69.9435**	**3,838,844**	**249,100**

As at 31.03.2016 (in ₹)

	Nominal amount	Average rate	Timing upto 12 months	Timing > 12 months
Payable hedges				
JPY	*114,575,125*	*0.5934*	*114,575,125*	–
USD	*26,450*	*70.0719*	*26,450*	–
Receivable hedges				
JPY	*83,980,310*	*0.5908*	*83,980,310*	–
USD	*463,345*	*69.1428*	*463,345*	–

As at 01.04.2015 (in ₹)

	Nominal amount	Average rate	Timing upto 12 months	Timing > 12 months
Payable hedges				
JPY	*149,435,246*	*0.5726*	*149,435,246*	–
USD	*215,012*	*63.9608*	*215,012*	–
Receivable hedges				
JPY	*367,354,697*	*0.5835*	*367,354,697*	–
USD	*690,770*	*64.9334*	*690,770*	–

Breakup of hedge reserve balance

(in ₹)

Cash flow hedge reserve	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
Balance towards continuing hedges	**22,280,128**	*(858,515)*	*(1,639,209)*
Portion for which no hedge accounting followed	**–**	–	–
Total	**22,280,128**	*(858,515)*	*(1,639,209)*

Reclassification of hedge reserve to profit and loss [gain/(loss)]

(in ₹)

	2016-17	*2015-16*
Revenue	**(787,737)**	*(1,456,865)*
Cost of goods sold	**(682,612)**	–

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

36. CAPITAL MANAGEMENT

The key objective of the company's capital management is to ensure that it maintains a stable capital structure with the focus on total equity to uphold investor, creditor, and customer confidence and to ensure future development of its business.

The company sets the amount of capital required on the basis of annual business and long-term operating plans which include capital and other strategic investments. The funding requirement is met through a mixture of equity, internal accruals and other long-term and short-term borrowings. The company monitors the capital structure using a gearing ratio, being the ratio of net debt as a percentage of total capital. The following table summarizes the capital of the Company and the gearing ratios:

(in ₹)

	Note	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Total equity as per balance sheet		**361,426,265**	*332,141,289*	*295,462,761*
Non- current borrowings	12	**50,464,437**	*103,687,518*	*212,796,312*
Current borrowings	12	**122,879,898**	-	-
Current portion of long term borrowings	14	**79,268,346**	*81,782,278*	*101,105,179*
Total debt		**252,612,681**	*185,469,796*	*313,901,491*
Total capital (debt + equity)		**614,038,946**	*517,611,085*	*609,364,252*
Gearing		**41.1%**	*35.8%*	*51.5%*

37. CRITICAL JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the company's consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the accompanying disclosures. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. This note provides an overview of the areas that involved a higher degree of judgement or complexity, and of items which are more likely to be materially adjusted due to estimates and assumptions turning out to be different than those originally assessed. Detailed information about each of these estimates and judgements is included in relevant notes together with information about the basis of calculation for each affected line item in the financial statements.

Critical estimates and judgements

The areas involving critical estimates or judgements are:

	Note no.
Estimation of provision for warranty claims	15
Estimation of defined benefit obligation	27
Non- recognition of deferred tax assets for carried forward tax losses	26
Provision for expected credit loss on trade receivables	35

Estimates and judgements are continually evaluated. They are based on historical experience and other factors, including expectations of future events that may have a financial impact on the company and that are believed to be reasonable under the circumstances.

38. FAIR VALUE HIERARCHY

This note explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard.

The explanation of each level is provided in note 2.2.15.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

38(a) Financial assets and liabilities measured at fair value- recurring fair value measurements

As at 31.03.2017

(in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL					
Mutual fund units	**5(c)**	**–**	**–**	**–**	**–**
Derivatives not designated as cash flow hedges	**5(g)**	**–**	**–**	**–**	**–**
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	**5(g)**	**–**	**17,211,485**	**–**	**17,211,485**
		–	**17,211,485**	**–**	**17,211,485**
Financial liabilities					
Financial liabilities at FVTPL					
Derivatives not designated as cash flow hedges	**14(a)**	**–**	**6,890,104**	**–**	**6,890,104**
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	**14(a)**	**–**	**–**	**–**	**–**
		–	**6,890,104**	**–**	**6,890,104**

There are no transfers between levels 1 and 2 during the year.

As at 31.03.2016

(in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL					
Mutual fund units	*5(c)*	*20,000,000*	*–*	*–*	*20,000,000*
Derivatives not designated as cash flow hedges	*5(g)*	*–*	*638,594*	*–*	*638,594*
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	*5(g)*	*–*	*–*	*–*	*–*
		20,000,000	*638,594*	*-*	*20,638,594*
Financial liabilities					
Financial liabilities at FVTPL					
Derivatives not designated as cash flow hedges	*14(a)*	*–*	*–*	*–*	*–*
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	*14(a)*	*–*	*268,164*	*–*	*268,164*
		–	*268,164*	*–*	*268,164*

As at 01.04.2015

(in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial assets at FVTPL					
Mutual fund units	*5(c)*	*–*	*–*	*–*	*–*
Derivatives not designated as cash flow hedges	*5(g)*	*–*	*9,657,167*	*–*	*9,657,167*
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	*5(g)*	*–*	*–*	*–*	*–*
		–	*9,657,167*	*–*	*9,657,167*
Financial liabilities					
Financial liabilities at FVTPL					
Derivatives not designated as cash flow hedges	*14(a)*	*–*	*–*	*–*	*–*
Financial assets at FVTOCI					
Derivatives designated as cash flow hedges	*14(a)*	*–*	*–*	*–*	*–*
		–	*–*	*–*	*–*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

38(b) Fair value of financial assets and liabilities measured at amortized cost

(in ₹)

Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	Carrying amount	**Fair Value**	*Carrying amount*	*Fair Value*	*Carrying amount*	*Fair Value*
Financial assets						
Security deposits	**2,106,050**	**2,106,050**	*1,829,700*	*1,829,700*	*1,841,590*	*1,841,590*
Other financial assets	**–**	**–**	*1,748,980*	*1,748,980*	*636,647*	*636,647*
	2,106,050	**2,106,050**	*3,578,680*	*3,578,680*	*2,478,237*	*2,478,237*
Financial liabilities						
Borrowings	**252,612,681**	**252,612,681**	*185,469,796*	*185,469,796*	*313,901,491*	*313,901,491*
Others	**38,262,985**	**38,262,985**	*75,459,564*	*75,459,564*	*71,621,641*	*71,621,641*
	290,875,666	**290,875,666**	*260,929,360*	*260,929,360*	*385,523,132*	*385,523,132*

The carrying amounts of trade receivables, trade payables, payable for capital goods, unbilled royalty payable, payable for performance reward and cash and cash equivalents are considered to be the same as their fair values, due to their short-term nature.

Other financial assets mainly represent short term security deposits, advances to employees and others. The carrying amount approximates fair value for these assets due to their nature.

The borrowings of the company are all variable interest bearing. The fair values of these borrowings and loans are determined by using DCF method using discount rate that reflects the issuer's borrowing rate as at the end of the reporting period. The carrying value approximates fair values as calculated above.

Other financial liabilities are short term in nature due to which their fair values approximate their carrying amount.

38(c) Assets and liabilities which are measured at amortised cost for which fair values are disclosed

As at 31.03.2017 (in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	**5(a)**	**–**	**–**	**2,106,050**	**2,106,050**
Other financial assets	**5(b)**	**–**	**–**	**–**	**–**
		–	**–**	**2,106,050**	**2,106,050**
Financial liabilities					
Borrowings	**14(a)**	**–**	**–**	**252,612,681**	**252,612,681**
Others	**14(a)**	**–**	**–**	**38,262,985**	**38,262,985**
		–	**–**	**290,875,666**	**290,875,666**

As at 31.03.2016 (in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	**5(a)**	–	–	*1,829,700*	*1,829,700*
Other financial assets	**5(b)**	–	–	*1,748,980*	*1,748,980*
		–	–	*3,578,680*	*3,578,680*
Financial liabilities					
Borrowings	**14(a)**	–	–	*185,469,796*	*185,469,796*
Others	**14(a)**	–	–	*75,459,564*	*75,459,564*
		–	–	*260,929,360*	*260,929,360*

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 01.04.2015 (in ₹)

	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Security deposits	**5(a)**	–	–	*1,841,590*	*1,841,590*
Other financial assets	**5(b)**	–	–	*636,647*	*636,647*
		–	–	*2,478,237*	*2,478,237*
Financial liabilities					
Borrowings	**14(a)**	–	–	*313,901,491*	*313,901,491*
Others	**14(a)**	–	–	*71,621,641*	*71,621,641*
		–	–	*385,523,132*	*385,523,132*

38(d) Valuation technique and inputs

Specific valuation techniques used to value financial instruments include:

Financial instrument	Valuation technique
Mutual funds	Quoted market prices (closing NAV) declared by the mutual fund.
Foreign exchange forward contracts	Determined using valuation models using observable market data (premium rates)
All other financial instruments	Determined using discounted cash flow analysis.

39. FIRST–TIME ADOPTION OF IND AS

These are the company's first financial statements prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet as at April 1, 2015 (the Group's date of transition). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

39(a) Exemptions and exceptions availed

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exceptions applied in the transition from previous GAAP to Ind AS.

Deemed cost

Ind AS 101 permits a first-time adopter to elect to continue with the carrying value for all of its property, plant and equipment as recognised in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as its deemed cost as at the date of transition.

Accordingly, the company has elected to continue with the carrying value of all of its property, plant and equipment recognised as at 1-Apr-2015 measured as per the previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

Leases

Appendix C to Ind AS 17 requires an entity to assess whether a contract or arrangement contains a lease. In accordance with Ind AS 17, this assessment should be carried out at the inception of the contract or arrangement. Ind AS 101 provides an option to make this assessment on the basis of facts and circumstances existing at the date of transition to Ind AS, except where the effect is expected to be not material.

The company has elected to apply this exemption for such contracts/ arrangements.

Hedge accounting

Hedge accounting can only be applied prospectively from the transition date to transactions that satisfy the hedge accounting criteria in Ind AS 109, at that date. Hedging relationships cannot be designated retrospectively, and the supporting documentation cannot be created retrospectively. As a result, only hedging relationships that satisfied the hedge accounting criteria on transition are reflected as hedges in the company's results under Ind AS.

The company had designated various hedging relationships as cash flow hedges under the previous GAAP. On date of transition to Ind AS, the company had assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the company continues to apply hedge accounting after transition to Ind AS.

Estimates

The estimates as at 01-Apr-15 and at 31-Mar-16 are consistent with those made for the same dates in accordance with Indian GAAP (after adjustments to reflect any differences in accounting policies) apart from impairment of financial assets based on expected credit loss model where application of Indian GAAP did not require estimation.

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The estimates used by the company to present these amounts in accordance with Ind AS reflect conditions at 01-Apr-15, the date of transition to Ind AS and as of 31-Mar-16.

39(b) Reconciliations between previous GAAP and Ind AS

Ind AS 101 requires an entity to reconcile equity, total comprehensive income and cash flows for prior periods. The following tables represent the reconciliations from previous GAAP to Ind AS.

Reconciliation of equity as at date of transition (April 1, 2015)

(in ₹)

Particulars	As per IGAAP as at 01-04-2015	Ind AS adjustments	As per Ind AS as at 01-04-2015	Remarks
ASSETS				
Non-current Assets				
Property, plant and equipment	508,954,594	–	508,954,594	
Capital work-in-progress	3,234,181	–	3,234,181	
Other Intangible assets	91,823,860	–	91,823,860	
Financial assets				
Loans	961,590	–	961,590	
Other non-current assets	98,876	–	98,876	
Total non-current assets	605,073,101	–	605,073,101	
Current Assets				
Inventories	266,067,350	–	266,067,350	
Financial assets				
Current investments	–	–	–	Note A
Trade receivables	225,029,045	(50,441)	224,978,604	Note B
Cash and cash equivalents	28,516,176	–	28,516,176	
Bank balances other than above	1,505,919	–	1,505,919	
Loans	880,000	–	880,000	
Others	10,293,814	–	10,293,814	
Current tax assets (net)	991,204	–	991,204	
Other current assets	85,714,514	–	85,714,514	
Total current assets	618,998,022	(50,441)	618,947,581	
TOTAL ASSETS	1,224,071,123	(50,441)	1,224,020,682	
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	500,000,000	–	500,000,000	
Other equity				
Reserves and Surplus	(203,348,429)	450,399	(202,898,030)	Note B
Other reserves	(1,639,209)	–	(1,639,209)	
Total equity	295,012,362	450,399	295,462,761	
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	213,048,485	(252,173)	212,796,312	Note C
Total non-current liabilities	213,048,485	(252,173)	212,796,312	
Current liabilities				
Financial liabilities				
Current maturities of long term borrowings	101,451,515	(346,336)	101,105,179	Note C
Trade payables	300,061,275	–	300,061,275	
Other financial liabilities	98,403,715	97,669	98,501,384	Note D
Provisions	13,874,484	–	13,874,484	
Other current liabilities	202,219,287	–	202,219,287	
Total current liabilities	716,010,276	(248,667)	715,761,609	
Total liabilities	929,058,761	(500,840)	928,557,921	
TOTAL EQUITY AND LIABILITIES	1,224,071,123	(50,441)	1,224,020,682	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Reconciliation of equity as at March 31, 2016

(in ₹)

Particulars	*As per IGAAP as at 01-04-2015*	*Ind AS adjustments*	*As per Ind AS as at 01-04-2015*	*Remarks*
ASSETS				
Non-current Assets				
Property, plant and equipment	472,490,157	–	472,490,157	
Capital work-in-progress	–	–	–	
Other Intangible assets	70,021,113	–	70,021,113	
Financial assets				
Loans	1,119,700	–	1,119,700	
Other non-current assets	2,977,750	–	2,977,750	
Total non-current assets	546,608,720	–	546,608,720	
Current Assets				
Inventories	109,819,264	–	109,819,264	
Financial assets				
Current investments	20,000,000	–	20,000,000	Note A
Trade receivables	158,748,261	(26,775)	158,721,486	Note B
Cash and cash equivalents	17,077,586	–	17,077,586	
Bank balances other than above	1,609,623	–	1,609,623	
Loans	710,000	–	710,000	
Others	2,387,574	–	2,387,574	
Current tax assets (net)	760,931	–	760,931	
Other current assets	60,305,325	–	60,305,325	
Total current assets	371,418,564	(26,775)	371,391,789	
TOTAL ASSETS	918,027,284	(26,775)	918,000,509	
EQUITY AND LIABILITIES				
EQUITY				
Equity share capital	500,000,000	–	500,000,000	
Other equity				
Reserves and Surplus	(167,064,375)	64,179	(167,000,196)	
Other reserves	(858,515)	–	(858,515)	
Total equity	332,077,110	64,179	332,141,289	
LIABILITIES				
Non-current liabilities				
Financial liabilities				
Borrowings	103,742,425	(54,907)	103,687,518	Note C
Total non-current liabilities	103,742,425	(54,907)	103,687,518	
Current liabilities				
Financial liabilities				
Current maturities of long term borrowings	81,979,545	(197,267)	81,782,278	Note C
Trade payables	217,150,480	–	217,150,480	
Other financial liabilities	104,803,416	161,220	104,964,636	Note D
Provisions	16,984,966	–	16,984,966	
Other current liabilities	61,289,342	–	61,289,342	
Total current liabilities	482,207,749	(36,047)	482,171,702	
Total liabilities	585,950,174	(90,954)	585,859,220	
TOTAL EQUITY AND LIABILITIES	918,027,284	(26,775)	918,000,509	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Reconciliation of total comprehensive income for the year ended 31 March 2016

(in ₹)

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16	Remarks
INCOME				
Revenue from Operations	1,000,827,142	75,972,922	1,076,800,064	Note F
Other income	9,116,582	–	9,116,582	
Total income	1,009,943,724	75,972,922	1,085,916,646	
EXPENSES				
Cost of raw materials and components consumed	581,425,755	–	581,425,755	
Changes in inventories of finished goods and work-in-progress	38,448,398	–	38,448,398	
Sub-contracting charges	50,339,446	–	50,339,446	
Excise duty	–	75,972,922	75,972,922	Note F
Other manufacturing and operating expenses	52,122,231	–	52,122,231	
Employee benefits expense	67,172,694	124,753	67,297,447	Note D, E
Depreciation and amortization expense	66,927,083	–	66,927,083	
Other expenses	86,741,958	(23,666)	86,718,292	Note B
Finance costs	30,347,579	346,335	30,693,914	Note C
Total expenses	973,525,144	76,420,344	1,049,945,488	
Profit /(loss) before tax for the year	36,418,580	(447,422)	35,971,158	
Tax expense				
Adjustment of tax relating to earlier periods	134,526	–	134,526	
Total tax expense	134,526	–	134,526	
Profit /(loss) after tax for the year	36,284,054	(447,422)	35,836,632	
OTHER COMPREHENSIVE INCOME				
Items that will not be reclassified to profit or loss				
Remeasurements of defined benefit obligations	–	61,202	61,202	Note G
Income tax relating to items that will not be reclassified to profit or loss				
Items that will be reclassified to profit or loss				
Effective portion of gains and losses on cash flow hedge	–	780,694	780,694	Note G
Income tax relating to items that will be reclassified to profit or loss				
Total other comprehensive income net of tax	–	841,896	841,896	
Total comprehensive income for the year	36,284,054	394,474	36,678,528	

Cash flow

(in ₹)

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16	Remarks
Net increase/(decrease) in cash and cash equivalents	(11,438,590)	–	(11,438,590)	Note H
Cash and cash equivalents as on 01-Apr-15	28,516,176	–	28,516,176	
Cash and cash equivalents as on 31-Mar-16	17,077,586	–	17,077,586	

NOTES TO FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

NOTES TO FIRST-TIME ADOPTION

A Fair valuation of investments

Under the previous GAAP, investments in current mutual fund investments were carried at lower of cost and fair value. Under Ind AS, these investments are required to be measured at fair value. The resulting fair value changes of these investments have been recognised in retained earnings as at the date of transition and subsequently in the profit or loss for the year ended 31-Mar-16. There was no impact on transition date as there were no investments. The impact for FY 2015-16 was ₹ Nil.

B Trade receivables

Under IGAAP, the company made impairment provision on trade receivables only in respect of specific amount of incurred losses. As per Ind AS 109, the company is required to apply expected credit loss model for recognising the allowance for doubtful debts. As a result, the allowance for expected credit loss was recognized for ₹ 26,775 as at 31-Mar-16 (01-Apr-15 : ₹ 50,441). Consequently, the total equity as at 31-Mar-16 decreased by ₹ 26,775 (01-Apr-15 : ₹ 50,441) and profit for the year ended 31-Mar-16 increased by ₹ 23,666.

C Borrowings

Under IGAAP, transaction costs incurred in connection with borrowings are amortised upfront and charged to profit or loss for the period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method.

Accordingly, borrowings as at 31-Mar-16 have been reduced by ₹ 252,174 (01-Apr-15 : ₹ 598,509) with a corresponding adjustment to retained earnings. The total equity increased by an equivalent amount. The profit for the year 2015-16 reduced by ₹ 346,335 as a result of the additional interest expense.

D Stock option granted by the parent

The company gets debit for stock options granted by the parent company to the employees of the company. Under the previous GAAP, the cost of equity-settled employee share-based plan were recognised using the intrinsic value method. Under Ind AS, the cost of equity settled share-based plan is recognised based on the fair value of the options as at the grant date. Consequently, the amount recognised in share option outstanding account reimbursible to the parent company increased and equity decreased by ₹ 161,220 as at 31-Mar-16 (01-Apr-15-₹ 97,669). The profit for the year 2015-16 decreased by ₹ 63,551.

E Remeasurements of post-employment benefit obligations

Under Ind AS, remeasurements i.e. actuarial gains and losses and the return on plan assets, excluding amounts included in the net interest expense on the net defined benefit liability are recognised in other comprehensive income instead of profit or loss. Under the previous GAAP, these remeasurements were forming part of the profit or loss for the year. As a result of this change, the profit for the year ended March 31, 2016 decreased by ₹ 61,202. There is no impact on the total equity as at 31-Mar-16.

F Excise duty

Under the previous GAAP, revenue from sale of products was presented exclusive of excise duty. Under Ind AS, revenue from sale of goods is presented inclusive of excise duty. The excise duty paid is presented on the face of the statement of profit and loss as part of expenses. This change has resulted in an increase in total revenue and total expenses for the year 2015-16 by INR 75,972,922. There is no impact on the total equity and profit.

G Other comprehensive income

Under Ind AS, all items of income and expense recognised in a period should be included in profit or loss for the period, unless a standard requires or permits otherwise. Items of income and expense that are not recognised in profit or loss but are shown in the statement of profit and loss as 'other comprehensive income' includes remeasurements of defined benefit plans and effective portion of gains and losses on cash flow hedging instruments. The concept of other comprehensive income did not exist under previous GAAP.

H Cash flow

The transition from Indian GAAP to Ind AS has not had a material impact on the statement of cash flows.

I General

The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Third report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17**	*2015-16*
	USD	*USD*
Total Income	**23,886,841**	*28,242,628*
Total Expenditure	**26,762,197**	*30,544,972*
Operating Profit / (Loss)	**(2,875,356)**	*(2,302,344)*
Add: Interest Income	**–**	*–*
Less: Finance Costs	**199,856**	*132,053*
Profit / (Loss) before Tax	**(3,075,212)**	*(2,434,397)*
Less : Tax	**538,369**	*123,270*
Net Profit / (Loss) after Tax	**(3,613,581)**	*(2,557,667)*
Add: Balance b/f from previous year	**(3,340,728)**	*(783,061)*
Balance available for disposal which directors appropriate as follows:	**(6,954,309)**	*(3,340,728)*
Dividend	**–**	*–*
Transfer to Reserves	**(6,954,309)**	*(3,340,728)*
Balance to be carried forward	**(6,954,309)**	*(3,340,728)*

2. **CAPITAL & FINANCE:**

During the year under review, the Company has not allotted any further stock.

3. **CAPITAL EXPENDITURE:**

As at March 31, 2016 and 2017, the gross fixed and intangible assets including leased Assets, stood at USD 8,680,949 and USD 8,809,116 respectively and the net fixed and intangible assets, including leased assets, at USD 7,784,019 and USD 7,140,875 respectively. Capital Expenditure during the year ended March 2016 & March 2017 amounted to USD 2,872,735 and USD 36,989

4. **STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review were USD 23,886,841 as against USD 28,242,628 for the previous financial year registering a decrease of 15.42 %. The profit / (loss) before tax from continuing operations including extraordinary and exceptional items was _USD (3,075,212) and the profit / (loss) after tax from continuing operations including extraordinary and exceptional items of USD (3,613,581) for the financial year under review as against USD (2,434,397) and USD (2,557,667) respectively for the previous financial year, registering a decrease of 26 % and 41 % respectively.

5. **AMOUNT TO BE CARRIED TO RESERVE:**

March 31, 2016 – USD (3,340,728)

March 31, 2017 – USD (6,954,309)

6. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year / period.

7. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

There are no material changes affecting the financial position of the Company between the end of the financial year and the date of the Report.

8. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Dr. Keshab Panda was appointed as the Manager to look after the affairs of the Company.

9. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

10. AUDITORS:

M/s KNAV P.A. are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

11. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. ACKNOWLEDGEMENT

Your Members acknowledge the invaluable support extended by the Government authorities in United States of America and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Company

KESHAB PANDA
Manager

Date: April 14, 2017
Place: USA

INDEPENDENT AUDITOR'S REPORT

Board of Directors

L&T Technology Services LLC

We have audited the accompanying financial statements of L&T Technology Services LLC ('the Company') a state of Illinois limited liability company, which comprise the balance sheets as of March 31, 2017 and March 31, 2016, and the related statements of income, member's equity and cash flows for the years then ended, and the related notes to the financial statements..

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2017, and March 31, 2016 and the results of its operations and cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

KNAV P.A.

Atlanta, Georgia
April 14, 2017

BALANCE SHEETS

(All amounts in United States Dollars, unless otherwise stated)

	As at March 31, 2017	*As at March 31, 2016*
ASSETS		
Current assets		
Cash and cash equivalents	**747,014**	*889*
Accounts receivables, net	**3,709,215**	*4,877,911*
Other current assets	**1,891,695**	*2,198,993*
Deferred tax assets	**–**	*136,917*
Total current assets	**6,347,924**	*7,214,710*
Property & equipment, net	**53,573**	*43,332*
Goodwill and intangible assets	**7,087,302**	*7,785,153*
Non-current deferred tax assets	**–**	*326,617*
Other assets	**36,031**	*27,648*
Total assets	**13,524,830**	*15,397,460*
LIABILITIES AND MEMBER'S DEFICIT		
Current liabilities		
Borrowings under short term line of credit	**15,700,000**	*12,500,000*
Accounts payable	**39,046**	*248,263*
Due to related party	**2,061,989**	*2,805,079*
Other current liabilities	**2,488,756**	*3,066,668*
Total current liabilities	**20,289,791**	*18,620,010*
Non-current deferred tax liability	**179,348**	*108,178*
Total liabilities	**20,469,139**	*18,728,188*
Member's deficit		
Member equity	**10,000**	*10,000*
Accumulated deficit	**(6,954,309)**	*(3,340,728)*
Total member's deficit	**(6,944,309)**	*(3,330,728)*
Total liabilities and member's deficit	**13,524,830**	*15,397,460*

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME

(All amounts in United States Dollars, unless otherwise stated)

	For the year ended March 31, 2017	*For the year ended March 31, 2016*
Revenues	**23,886,841**	*28,242,628*
Total revenues	**23,886,841**	*28,242,628*
Operating expenses		
Cost of revenues	**22,391,020**	*25,303,696*
Selling, general and administrative	**3,646,578**	*4,508,541*
Depreciation and amortization	**724,599**	*732,735*
Interest expense	**199,856**	*132,053*
Total operating expenses	**26,962,053**	*30,677,025*
Loss before income tax	**(3,075,212)**	*(2,434,397)*
Current tax expense	**3,667**	*18,522*
Deferred tax expense	**534,702**	*104,748*
Net loss	**(3,613,581)**	*(2,557,667)*

(The accompanying notes are an integral part of these financial statements)

STATEMENT OF MEMBER'S DEFICIT

(All amounts in United States Dollars, unless otherwise stated)

	Member's equity	Accumulated deficit	Total member's deficit
Balance as at April 01, 2015	**10,000**	**(783,061)**	**(773,061)**
Net loss for the year	**–**	**(2,557,667)**	**(2,557,667)**
Balance as at March 31, 2016	**10,000**	**(3,340,728)**	**(3,330,728)**
Balance as at April 01, 2016	**10,000**	**(3,340,728)**	**(3,330,728)**
Net loss for the year	**–**	**(3,613,581)**	**(3,613,581)**
Balance as at March 31, 2017	**10,000**	**(6,954,309)**	**(6,944,309)**

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

(All amounts in United State Dollars, unless otherwise stated)

	For the year ended March 31, 2017	*For the year ended March 31, 2016*
Cash flow from operating activities		
Net loss	**(3,613,581)**	*(2,557,667)*
Adjustments to reconcile net loss to net cash used in operating activities		
Depreciation	**26,748**	*31,940*
Amortization expenses	**697,851**	*700,794*
Deferred tax expense	**534,702**	*104,748*
Allowance for doubtful debts	**155,841**	-
Changes in current assets and liabilities		
Accounts receivables, net	**1,012,855**	*(2,320,171)*
Other current assets	**307,298**	398,665
Other assets	**(8,383)**	*6,727*
Accounts payable	**(209,217)**	*21,493*
Related party balances	**(743,090)**	*2,575,508*
Other current liabilities	**(577,912)**	*797,528*
Net cash used in operating activities	**(2,416,888)**	*(240,435)*
Cash flow from investing activities		
Property and equipment	**(36,987)**	*(60,900)*
Purchase consideration for acquisition (Refer Note D)	**-**	*(2,487,552)*
Net cash used in investing activities	**(36,987)**	*(2,548,452)*
Cash flow from financing activities		
Borrowings from line of credit	**3,200,000**	*2,356,244*
Net cash provided by financing activities	**3,200,000**	*2,356,244*
Net increase (decrease) in cash and cash equivalents	**746,125**	*(432,643)*
Cash and cash equivalents at the beginning of the year	**889**	*433,532*
Cash and cash equivalents at the end of the year	**747,014**	*889*
Supplemental cash flow information		
Income taxes paid	**3,849**	*802*
Interest paid	**204,945**	*119,480*

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016

(All amounts in United State Dollars, unless otherwise stated)

NOTE A - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

1. **Organization and nature of operations**

   L&T Technology Services LLC ("the Company") is a wholly owned subsidiary of L&T Technology Services Limited ("parent company" or "LTTS"), an India incorporated company. The Company was incorporated on June 26, 2014 as a limited liability company under the laws of the State of Illinois. The Company is engaged in providing engineering services which includes Mechanical Design & Analysis, Embedded Engineering, Applied Engineering, and Manufacturing Consulting.

   On November 21, 2014 the Company acquired the business of Dell Product and Process Innovation Services Corp, a Delaware corporation incorporated in Illinois in 1999.

2. **Basis of preparation**

   a) The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company.

   b) All amounts are stated in United States Dollars, except otherwise specified.

   c) The financial statements presented are for the years ended March 31, 2017 and March 31, 2016.

   d) Certain reclassifications, regroupings and reworking have been made in the financial statements of prior year to conform to the classifications used in the current year. These changes had no impact on previously reported net loss or member's deficit.

   e) Going concern issue

      The management has reviewed the Company's budget and outline projections including working capital requirements. Following the review and at the time of approving these financial statements, the management considers that the Company has sufficient resources available from projected internal accruals and financial support from its parent company to continue operating for the foreseeable future. The line of credit availed by the Company is secured by a guarantee from the parent company. For these reasons the management continues to prepare the financial statements on a going concern basis.

3. **Estimates and assumptions**

   In preparing the Company's financial statements in conformity with accounting principles generally accepted in the United States, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting periods. The important estimates made by the Company in preparing these financial statements include those on the valuation of identified intangibles and goodwill, useful life of intangibles and property and equipment, allowance for doubtful debts, revenue recognition, accrued liabilities, deferred taxes., estimation relating to unsettled transactions and events at the balance sheet date Actual results could differ from those estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. **Cash and cash equivalents**

   Cash and cash equivalents includes current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less. The Company believes it is not exposed to any significant risk on cash and cash equivalents.

5. **Accounts receivable & allowance for doubtful debts**

   The allowance for doubtful accounts is the Company's best estimate of probable credit losses related to trade receivables and notes receivable based upon the aging of the receivables, historical collection data, internal assessments of credit quality and the economic conditions in the industry, as well as in the economy as a whole. Allowance for doubtful accounts is included in marketing and selling expenses in the statements of income. The Company charges off uncollectable amounts against the reserve in the period in which it determines they are uncollectable.

6. **Revenue recognition**

   Revenue from contracts priced on time and material basis are recognized when services are rendered. Revenue from services performed on "fixed price" basis is recognized using the proportionate completion method. Unbilled revenue represents value of services performed in accordance with the contract terms but not billed. Deferred revenue on the accompanying balance sheets represents amounts collected or billed prior to satisfying the above revenue recognition criteria.

   The Company recognizes revenue from handling services when the services are provided by an affiliated delivery entity on behalf of the Company. The handling services are charged as a fixed percentage of the contract amount charged to customer.

7. **Property and equipment**

   Property and equipment are stated at cost less accumulated depreciation and impairment. Cost of items of property and equipment comprises cost of purchase and other costs necessarily incurred to bring it to the condition and location necessary for its intended use.

   The Company depreciates property and equipment over the estimated useful life using the straight-line method. Expenditures for maintenance

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 *(Contd..)*

and repairs are charged to expense. Upon retirement or disposal of assets, the cost and accumulated depreciation are eliminated from the accounts and the resulting gain or loss is credited to statement of income. The estimated useful lives used to determine depreciation are:

Nature of assets	Estimated useful life of assets
Furniture and fixtures	7 years
IT equipment	2 years and 6 months to 4 years

8. Impairment of long-lived assets

Long-lived assets, including certain identifiable intangible assets, to be held and used are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of such assets may not be recoverable. Such assets are considered to be impaired if the carrying amount of the assets is higher than the future undiscounted net cash flows expected to be generated from the assets. The impairment amount to be recognized is measured by the amount by which the carrying value of the assets exceeds its fair value.

9. Business combinations, goodwill and intangible assets

In accordance with ASC 805, Business Combinations, the Company uses the purchase method of accounting for all business combinations. Intangible assets acquired in a business combination are recognized and reported apart from goodwill if they meet the criteria specified in ASC 805. Any purchase price allocated to an assembled workforce is not accounted separately.

In accordance with ASC 350, Goodwill and Other Intangible Assets, all assets and liabilities of the acquired business including goodwill are assigned to reporting units. The Company does not amortize goodwill but instead tests goodwill for impairment at least annually. The fair value of the reporting unit is first compared to its carrying value. The fair value of the reporting unit is determined using the guidance provided in ASC 350 and ASC 820. If the fair value of the reporting unit exceeds the carrying value of the net assets assigned to that unit, goodwill is not impaired. If the carrying value of the net assets assigned to the reporting unit exceeds the fair value of the reporting unit, then the implied fair value of the reporting unit's goodwill is compared with the carrying value of the reporting unit's goodwill. The implied fair value of goodwill is determined in the same manner as the amount of goodwill recognized in a business combination. If the carrying value of a reporting unit's goodwill exceeds its implied fair value, then an impairment loss equal to the difference is recorded.

The Company amortizes intangible assets over their estimated useful lives unless such lives are determined to be indefinite. Amortizable intangible assets are amortized over their estimated useful lives in proportion to the economic benefits consumed in each period. Intangible assets with indefinite lives are tested at least annually for impairment and written down to fair value as required. The estimated useful lives of the amortizable intangible assets are as follows:

Customer relationship	7 years
Specialized software	6 years

10. Operating leases

Lease agreements are classified as either capital or operating leases.

Rent expense on operating leases is recognized on a straight-line basis over the term of the lease including renewal terms if, at inception of the lease, renewal is reasonably assured.

11. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

12. Income taxes

Income taxes are accounted for under the asset and liability method. Deferred tax assets and liabilities are recognized for the future tax consequences attributable to differences between the financial statements carrying amounts of existing assets and liabilities and their respective tax bases and operating loss and tax credit carry- forwards. Deferred tax assets and liabilities are measured using enacted tax rates expected to apply to taxable income in the years in which those temporary differences are expected to be recovered or settled. The effect on deferred tax assets and liabilities of a change in tax rates is recognized in income in the period that includes the enactment date. A valuation allowance is recorded for deferred tax assets if it is more likely than not that some portion or all of the deferred tax assets will not be realized. Accounting Standard Codification ('ASC") 740 also clarifies the accounting for uncertainty in income taxes recognized in the financial statements. The effect of a change in the beginning-of-the-year balance of a valuation allowance as a result of a change in judgment about the realizability of the related deferred tax asset in future years shall not be apportioned among interim periods through an adjustment of the effective tax rate but shall be recognized in the interim period in which the change occurs. ASC 740 provides that a tax benefit from an uncertain tax position may be recognized when it is more likely than not that the position will be sustained upon audit, including resolutions of any related appeals or litigation processes, based on the technical merits of the position. ASC 740 also provides guidance on measurement, de-recognition, classification, interest and penalties, accounting in interim periods, disclosure and transition.

The Company recognizes liabilities for uncertain tax positions based on a two-step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 *(Contd..)*

13. Fair value measurements and financial instruments

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.

Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.

Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

NOTE B - RISKS AND UNCERTAINTIES

The Company's future results of operations involve a number of risks and uncertainties. Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, but are not limited to: deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in sales; competitive factors, including but not limited to pricing pressures; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

NOTE C - CONCENTRATION OF CREDIT RISK

The Company concentrates its service revenues primarily with two customers which account for approximately 30% and 17% and 33% and 28% of total revenues for the year ended March 31, 2017 and year ended March 31, 2016, respectively. The Company's two customers accounted for 30% and 17% and 45% and 14% of the accounts receivables as at March 31, 2017 and March 31, 2016, respectively.

NOTE D - ACQUISITION

Effective November 21, 2014, the Company acquired the business of Dell Product and Process Innovation Services Corp for an initial purchase consideration of $9,735,270, with an obligation to make an additional payment of $2,487,552 on the assignment of a customer.

The Company accounted for the acquisition by following the purchase method of accounting wherein total purchase consideration was allocated to all acquired assets and assumed liabilities. The purchase price paid was allocated as follows:

Particulars	Amounts ($)
Tangible assets	
Cash and cash equivalents	**108,380**
Accounts receivable, net	**4,459,648**
Prepaid expense and other current assets	**9,850**
Property and equipment, net	**67,318**
Deferred tax assets	**350,554**
Other assets	**34,374**
Liabilities assumed	
Accounts payable	**931,942**
Other current liabilities	**100,820**
Identified intangibles	
Customer relationship	**4,751,000**
Net favorable lease	**2,518**
Fair value of identifiable assets	**8,750,880**
Less: Purchase consideration paid	**9,735,270**
Goodwill at the time of acquisition	**984,390**
Add: Measurement period adjustments*	**2,840,624**
Goodwill after measurement period adjustments	**3,825,014**

* The preliminary allocation of the purchase price in November 2014 was based on provisional valuations performed to estimate the fair value of the assets as of the acquisition date. The Company deducted $2,487,552 from the purchase price on account of non-assignment of Caterpillar Inc. as a customer. The Company had an obligation to pay back the amount when assignment takes place or new Master Service Agreement is executed with Caterpillar Inc. within one year of from the date of acquisition.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 (Contd..)

The assignment of customer was updated and completed within a year from the date of acquisition and as per the terms of agreement the Company paid an additional consideration resulting in increase in goodwill by $2,487,552. Goodwill was further adjusted to $3,825,014 based on return to provision amendments to acquisition accounting deferred tax calculations.

NOTE E - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise the following:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Bank balance	**747,014**	*889*
Total	**747,014**	*889*

Cash balances on checking accounts and payroll accounts with the bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $250,000 per depositor at each financial institution. The Company's non-interest bearing cash balances may exceed federal insured limits.

NOTE F - ACCOUNTS RECEIVABLE

Accounts receivables as at March 31, 2017 represent dues from customers of $3,341,725 (as at March 31, 2016: $4,877,911) and due from Parent Company amounting to $523,331 (as at March 31, 2016: $Nil). The Company maintains an allowance for doubtful debts on all accounts receivables, based on present and prospective financial condition of the customer and aging of accounts receivable after considering historical experience and the current economic environment.

The movement in allowance for doubtful debts during the year is as under:

Particulars	**For the year ended March 31, 2017**	*For the year ended March 31, 2016*
Beginning balance	**–**	–
Add: During the year provision	**155,841**	–
Less : During the year write off	**–**	–
Closing balance	**155,841**	–

NOTE G - OTHER CURRENT ASSETS

Other current assets consist of the following:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Unbilled revenue	**1,602,336**	*1,929,305*
Prepaid expense	**289,359**	269,688
Total	**1,891,695**	*2,198,993*

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

NOTE H - PROPERTY AND EQUIPMENT

Property and equipment comprise the following:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
IT equipment	**88,751**	*83,631*
Office equipment, furniture and fixtures	**39,416**	*11,378*
	128,167	*95,009*
Less: Accumulated depreciation	**(74,594)**	*(51,677)*
Property and equipment, net	**53,573**	*43,332*

Depreciation for the year ended March 31, 2017 is $26,748 (year ended March 31, 2016 $31,941).

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 (Contd..)

NOTE I - GOODWILL AND OTHER INTANGIBLES, NET

The following table provides information related to the carrying value of all intangible assets:

Particulars	As at March 31, 2017	As at March 31, 2016
Goodwill (refer Note D)	3,825,014	3,825,014
Customer relationships	4,751,000	4,751,000
Computer software	104,935	104,935
	8,680,949	8,680,949
Less: Accumulated amortization	(1,593,647)	(895,796)
Goodwill and other intangibles, net	**7,087,302**	7,785,153

Amortization expense for the year ended March 31, 2017 is $697,851 (year ended March 31, 2016 $700,794).

The estimated future amortization expenses related to customer relationships and computer software are as follows:

Year ended March 31	Customer relationship	Computer Software
2018	678,715	22,368
2019	678,715	21,685
2020	678,715	9,794
2021	678,715	3,778
2020 and onwards	489,803	–

NOTE J - OTHER ASSETS

Other assets consist of the following:

Particulars	As at March 31, 2017	As at March 31, 2016
Deposits	36,031	27,648
Total	**36,031**	27,648

NOTE K - BORROWINGS UNDER SHORT TERM LINE OF CREDIT

Total short term borrowings consisted of following:

Particulars	As at March 31, 2017	As at March 31, 2016
Line of credit	15,700,000	12,500,000
Total	**15,700,000**	12,500,000

The Company has borrowings under short term line of credit with Bank of America, N.A., with a maximum permissible limit of $15,700,000. As at March 31, 2017 the Company has made withdrawals to the tune of $15,700,000. The line of credit is guaranteed by L&T Technology Services Limited and is valid up to December 18, 2018. (As at March 31, 2016 the Company had borrowings under short term line of credit with Citibank, N.A. with a maximum permissible limit of $16,500,000, wherein the Company had made withdrawals to the tune of $12,500,000 which was repaid before November 19, 2016.)

Interest on the line of credit is payable at LIBOR plus 90 basis points per annum, payable monthly. As of March 31, 2017 the applicable rate of interest on the outstanding line of credit is 1.87% (March 31, 2016: 1.23%). Total interest expense on the line of credit for the year ended March 31, 2017 is $199,856 (year ended March 31, 2016: $132,053).

NOTE L - OTHER CURRENT LIABILITIES

Other current liabilities comprise the following:

Particulars	As at March 31, 2017	As at March 31, 2016
Employee Benefits	1,327,882	1,724,342
Statutory Liabilities	18,152	19,082
Deferred Revenue	83,937	8,586
Other payables	1,058,785	1,314,658
Total	**2,488,756**	3,066,668

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 (Contd..)

NOTE M - EMPLOYEE BENEFIT PLAN

The Company has set up a 401(k) retirement plan (the Plan) for its employees. The Plan is a defined contribution plan covering all eligible employees. The Company may make a discretionary matching contribution in accordance with the provisions contained in the plan document. No such discretionary matching contributions were made by the Company for the years ended March 31, 2017 and March 31, 2016. Employee contributions to the Plan is $806,480 and $909,590 for the years ended March 31, 2017 and March 31, 2016, respectively.

NOTE N - COMMITMENTS AND CONTINGENCIES

Operating lease

The Company leases office space under non-cancelable operating leases. The Company recognizes rent expense on a straight-line basis over the non-cancellable lease term. Rental expense for the year ended March 31, 2017 is $467,222 (March 31, 2016 $516,451).

Future minimum payments under non-cancelable operating leases for the fiscal years ending March 31 are as follows:

Year ended March 31	Amount ($)
2018	447,663
2019	427,317
2020	437,036
2021 and onwards	538,822

NOTE O - INCOME TAX

The Company files federal and state tax returns as per regulations applicable to Chapter C corporations in the United States.

The components of the provision for income taxes are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Current taxes		
State	**3,667**	*18,522*
Deferred taxes		
Federal	**473,307**	*98,690*
State	**61,395**	*6,058*
	538,369	*123,270*

The items accounting for the difference between income taxes computed at the federal statutory rate and the provision for income taxes are as follows:

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Income tax at federal rate	**(1,223,223)**	*(827,541)*
State tax, net of federal effect	**61,393**	*(90,897)*
Return to provision	**(3,363)**	*(339,365)*
Permanent differences	**177,902**	*5,033*
Change in net operating losses	**33,810**	*302,867*
Franchise tax	**(10)**	*(45)*
Change in valuation allowance	**1,491,860**	*1,073,218*
Total	**538,369**	*123,270*

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 (Contd..)

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's net deferred income taxes are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
Current deferred tax liability		
Deferred rent	–	(696)
	–	*(696)*
Non-current deferred tax liabilities		
Property and equipment	**(7,236)**	*(7,817)*
Acquired goodwill	**(179,348)**	*(108,178)*
	(186,584)	*(115,995)*
Current deferred tax assets		
Provision for rebate	**18,199**	*18,119*
Provision for doubtful debts	**61,186**	-
Accrued expenses	**267,512**	*434,791*
Total	**346,897**	*452,910*
Less: Valuation allowance	**(346,897)**	*(315,297)*
	–	*137,613*
Non-current deferred tax assets		
Identified intangibles	**316,957**	*169,194*
Deferred rent	**13,219**	-
Net operating losses	**2,111,457**	*923,161*
Total	**2,441,633**	*1,092,355*
Less: Valuation allowance	**(2,434,397)**	*(757,921)*
	7,236	*334,434*
Components of net deferred taxes		
Net current portion	**2,781,294**	*136,917*
Net non-current portion	**(2,781,294)**	*326,617*
Deferred tax liability - Goodwill	**(179,348)**	*(108,178)*
Total	**(179,348)**	*355,356*

Realization of net deferred tax assets is dependent upon generation of sufficient taxable income in future years, benefit from the reversal of taxable temporary differences and tax planning strategies. Management assesses the available positive and negative evidence to estimate whether sufficient future taxable income will be generated to permit use of the existing deferred tax assets. The amount of net deferred tax assets considered realizable is subject to adjustment in future periods if estimates of future taxable income change. Based on the history of losses for current and prior years, the management believes it is more likely than not that the deferred tax assets may not be realized in the foreseeable future and accordingly a valuation allowance of $2,781,294 and $1,073,218 has been created as at March 31, 2017 and March 31, 2016, respectively. The Company has recognized deferred tax liability of $179,348 and $108,178 as at March 31, 2017 and March 31, 2016, respectively on account of temporary differences arising out of goodwill amortization for tax purposes. Such deferred tax liability may not be offset against deferred tax assets and hence has been recognized while preparing the financial statements. The Company has federal net operating losses of $5,404,882 and $2,238,298 as at March 31, 2017 and March 31, 2016, respectively, which if unutilized will begin to expire from the year 2034.

The Company has state net operating loss carryforwards of approximately $15,748,069 and $ 6,052,946 as at March 31, 2017 and March 31, 2016, respectively, which if unutilized will expire based on the statutes of various states.

Accounting for uncertain tax position

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. The Company has no unrecognized tax positions as at March 31, 2017 and March 31, 2016.

The tax years 2014 and 2015 remain subject to examination by the taxing authorities.

NOTES TO FINANCIAL STATEMENTS MARCH 31, 2017 AND MARCH 31, 2016 *(Contd..)*

NOTE P - RELATED PARTY TRANSACTIONS

Where control exists

No.	Name of the party	Nature of relationship
1	L&T Technology Services Limited	Holding Company
2	Larsen & Toubro Limited	Ultimate Holding Company
3	L&T Infotech Limited	Group Company

The Company had transactions in the ordinary course of business with the following related parties:

Particulars	March 31, 2017	March 31, 2016
L&T Technology Services Limited		
Transaction during the year		
- Guarantee charges	**102,775**	*107,544*
- Medical expenses	**75,589**	*64,988*
- Leadership support charges	**248,019**	*167,512*
- Sub-contracting charges	**5,161,662**	*5,954,171*
- Sub-contracting revenue	**2,198,554**	*6,283,617*
- Services availed by the Company	**298,826**	*198,413*
- Services rendered by the Company	**353,529**	*273,545*
Payable as at	**2,052,820**	*2,724,312*
Receivables as at	**523,331**	*–*
Larsen & Toubro Limited		
Transaction during the year		
- Performance guarantee charges	**36,213**	*38,405*
Payable as at	**9,652**	*48,069*
L&T Infotech Limited		
Transaction during the		
- Expenses incurred on behalf of the Company	**483**	*32,698*
Payable as at	**483**	*32,698*

NOTE Q - FAIR VALUE MEASUREMENT

The Company's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable, line of credit and accrued liabilities. The estimated fair value of cash, accounts receivable, accounts payable, line of credit and accrued liabilities approximate their carrying amounts due to the short-term nature of these instruments. None of these instruments are held for trading purposes.

Current assets and liabilities

The fair value of the Company's current assets and liabilities approximate their carrying values because of their short-term maturity. Such financial instruments are classified as current and are expected to be liquidated within the next twelve months.

NOTE R - SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2017 up through April 14, 2017, the date the financial statements are issued. Based on the evaluation, there are no material effects of the same on the financial statements as on April 14, 2017, that would require recognition or disclosure.

DIRECTORS' REPORT

Dear Members,

The Directors have pleasure in presenting their 7th Annual Report and Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS**

Summary of Financial Results of the Company is as follows:

₹ Lakhs

PARTICULARS	2016-17	2015-16
Turnover	**13,877**	*19,910*
Profit/(loss) before Depreciation, Interest, Taxes	**8,898**	*12,072*
Less: Depreciation, amortization and obsolescence	**5,280**	*5,713*
Profit before interest & Tax	**3,618**	*6,359*
Less: Interest	**1,004**	*1,078*
Profit before tax	**2,614**	*5,281*
Less: Provision for tax	**58**	*52*
Profit after tax from continuing operations	**2,555**	*5,229*
Profit for the period carried to the balance sheet	**2,555**	*5,229*
Add: Balance brought forward from previous year	**17,364**	*12,582*
Balance available for disposal (which directors appropriate as follows)	**19,919**	*17,811*
Tonnage Tax Reserve	**523**	*447*
Balance carried to Balance Sheet	**19,396**	*17,364*

2. **YEAR IN RETROSPECT & STATE OF AFFAIRS:**

The Company has registered a profit in the current year of ₹ 2,555 Lakhs as against profit of ₹ 5,229 lakhs in the previous year. The impact of exchange loss is ₹ 86Lakhs in current year. Drop in the profit is mainly on account of lower utilisation of vessel.

The gross sales and other income for the financial year under review were ₹ 139 crore as against ₹ 199 crore for the previous financial year registering decrease of 30%. The profit after tax from continuing operations including extraordinary and exceptional items was ₹ 26 crore for the financial year under review as against ₹ 53 crore and ₹ 52 crore respectively for the previous financial year, registering a decrease of almost 50 %.

During the year the Company has adopted Indian Accounting Standards and identified USD as its functional currency and INR as its presentation currency. Company has prepared accounts in USD and presented the financials in INR.

3. **CAPITAL & FINANCE:**

Shareholding of the company as on March 31, 2017 stood as follows:

Sr. No.	Name of the Shareholders	No. of Shares	Percentage
1.	L&T Hydrocarbon Engineering Limited	95,311,850	60
2.	Nautical Power Pte. Ltd.	63,541,233	40
	TOTAL	**158,853,083**	**100**

During the year, the Company has paid the loan installment due during the period, amounting to ₹ 8,650 lakhs. Term loan from bank outstanding as on March 31, 2017 is ₹ 30,278 Lakhs.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed assets stood at ₹ 1,05,064 Lakhs and the net fixed at ₹ 69,093 Lakhs. There is a Capital Expenditure of ₹ 15 lakhs during the year.

DEPOSITS

The Company has not accepted any deposits from public during the financial year ended March 31, 2017. There are no deposits outstanding as of March 31, 2017.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loan, guarantees or security & has not made any investment during the year.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions during the year were in the ordinary course of business and at arm's length. Audit committee has approved all the related party transactions for the Financial Year ended March 31, 2017.

The details of material contracts/transactions are as below:

Sr. No	Name of Related Party	Relationship	Contract / Arrangement / Transactions					(₹ Lakh)
			Nature	Duration	Value	Terms	Amt. paid as advance	For FY 16-17
1	Sapuracrest Deepwater Pte Ltd.	Fellow Subsidiary	Lump sum Charter hire Agreement	2016-17	19,200	Payment monthly in equal 12 installments	NIL	13,516
2	L&T Hydrocarbon Engineering Limited	Holding Company	Deputation cost	2016-17	680	Monthly invoice based on no. of employees deputed.	NA	562
3	Larsen and Toubro Limited	Ultimate Holding Company	Rent of office premises	2016-17	200	Monthly invoicing	NA	158
4	TL Offshore SdnBhd	Fellow Subsidiary	Deputation cost	2016-17	500	Annual invoice	NA	No actual invoice received for April 16 to June 16
5	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary	IT Support charges	2016-17	100	Monthly Invoice	NA	41
6	Larsen and Toubro Limited	Ultimate Holding Company	Reimbursement of Expenses	2016-17	20	Based on actual expense incurred	NA	2
7	L&T Hydrocarbon Engineering Limited	Holding Company	Reimbursement of Expenses	2016-17	50	Based on actual expense incurred	NA	5
8	L&T Infotech	Fellow Subsidiary	SAP Development	2016-17	15	Invoice after work completion	NA	11

AMOUNT TO BE CARRIED TO RESERVE:

The Company is not required to create any reserve other than tonnage tax reserve, as Company is under Tonnage Tax Scheme of the Income Tax Act.

In line with the requirement of Tonnage Tax Scheme, the Company has transferred ₹ 523 Lakhs (PY ₹ 447 Lakhs) to tonnage tax reserve.

DIVIDEND:

Your Directors do not recommend any dividend for the year ended March 31, 2017.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There is no material change and commitment affecting the financial position of the company, between the end of the financial year and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

	As at 31.03.2017
FOREIGN CURRENCY EARNINGS:	
Charter hire income	1,35,15,55,708
Sale of scrap	Nil
Other	3,61,62,408
Total foreign currency earnings	**1,98,48,28,474**
FOREIGN CURRENCY EXPENDITURE:	
Stores, spares and consumables	
Operating expenses	27,46,41,608
Interest	9,97,30,696
Others	14,50,32,685
Total foreign currency expenditure	**51,94,04,990**

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and mitigation procedures.

CORPORATE SOCIAL RESPONSIBILITY:

The Company has validly constituted a CSR committee as per the provisions of Companies Act, 2013 and rules thereunder. The CSR Committee comprises of Ms.Savitrii Dadhich, Mr. Vivek Arora and Mr. Satish N. Palekar as Members.

The Corporate Social Responsibility Committee met twice in financial year 2016-17 on May 13, 2016 and January 17, 2017.

The company had Average Net profit of ₹ 196,017,390 of the last three financial years. The Company is committed to corporate social responsibility and during the year under review had identified the areas and organizations where the CSR amount was required to be spent. Detailed report on CSR is enclosed as Annexure C.

LIST OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. Directors of the Company for the period under review –

1. Mr. Reza Bin Abdul Rahim
2. Mr. Ravindranath Kundurti
3. Mr. Satish N. Palekar
4. Mr. Srivatsan Rajagopalan
5. Mr. Venkatesh Ramanujam
6. Mr. Vivek Madan Mohan Arora
7. Ms. Savitrii M. Dadhich
8. Mr. Ungku Suleiman Bin Ungku Abdul Aziz

B. Directors appointed/resigned during the year:

There were no appointments/ resignations during the year.

Mr. Reza Bin Abdul Rahimand Mr. Satish Palekar retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company.

C. Key Managerial Personnel:

The following are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

a) Mr. Bidyut Protap Dutta, Chief Executive Officer

b) Ms. Neelu Chowdhary, Chief Financial Officer

c) Mr. Rahul N. Sinnarkar, Company Secretary

The following Key Managerial Personnel were appointed/resigned during the year.

d) Ms. Alpana Khale, Chief Financial Officer resigned on May 14, 2016.

e) Ms. Neelu Chowdhary was appointed as Chief Financial Officer in place of Ms. Alpana Khale on May 14, 2017

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. During the year under review four Board meetings were held which were on May 13, 2016, July 21, 2016, October 19, 2016 and January 17, 2017.

The Agendas of the Meetings were circulated to the Directors in advance. Minutes of Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal and comments.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.It comprises of two Independent Directors and one Non-Executive Director as under:

1. Ms. Savitrii M Dadhich (Independent Director- Chairperson)
2. Mr. Ungku Suleiman Bin Ungku Abdul Aziz (Independent Director- Member)
3. Mr. Venkatesh Ramanujam (Director- Member)

The Audit Committee met four times in financial year 2016-17 on May 13, 2016, July 21, 2016, October 19, 2016 and January 17, 2017. In accordance with the requirements of the Companies Act, 2013, the company has established a vigil mechanism framework for directors and employees to report genuine concerns.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee comprises of two Independent Directors and two Non- Executive Directors as under:

1. Ms. Savitrii M Dadhich (Independent Woman Director-Chairperson)
2. Mr. Ungku Suleiman Bin Ungku Abdul Aziz (Independent Director- Member)
3. Mr. Vivek Madan Mohan Arora (Director- Member)
4. Mr. Ravindranath Kundurti (Director- Member)

The Nomination and Remuneration Committee met one time in financial year 2016-17 on May 13, 2016. The Company has adopted policy on director's appointment and remuneration and the criteria for determining qualifications, positive attributes and independence of a Director in line with Larsen and Toubro Policy.

DECLARATION OF INDEPENDENCE:

The Company has received declarations of Independence as stipulated under section 149(7) of the Companies Act, 2013, confirming that they are not disqualified from continuing as Independent Directors.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

i) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

ii) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

iii) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

iv) The Directors have prepared the Annual Accounts on a going concern basis; and

v) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee has laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made. It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs on the evaluation process given by all the directors were discussed in the meeting of the Independent Directors held on March 28, 2017; as per schedule IV of the Companies Act, 2013. Further, company has also referred to guidelines recently issued by SEBI vide its circular dated January 5, 2017 as it constantly strives to improve and adopt better practices of Corporate Governance.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has duly complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during FY 2016-17.

AUDITORS' REPORT:

The Auditors' Report to the Shareholders does not contain any qualification.

SECRETARIAL AUDIT REPORT:

The Board had appointed Ms. Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of The Companies Act, 2013 for the Financial Year ended March 31, 2016.

The Secretarial Audit Report in Form MR-3 is attached as Annexure A to this Report. The same does not contain any qualification.

AUDITORS:

The Auditors, M/s. Sharp & Tannan (S&T), Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, S&T are eligible to be re-appointed. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company for a period of three continuous years i.e. from the conclusion of the 7th Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company. Their appointment shall be subject to ratification by Shareholders at every Annual General Meeting of the Company.

EXTRACT OF ANNUAL RETURN:

As per provision of Section 92(3) of the Companies Act, 2013, an extract of the annual return is attached as Annexure B to this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners.

For and on behalf of the Board

Place : Mumbai
Date : April 27, 2017

S. N. PALEKAR
Director
DIN: 07152099

VIVEK ARORA
Director
DIN: 07143258

ANNEXURE 'A'

Form No. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T SAPURA SHIPPING PRIVATE LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Sapura Shipping Private Limited** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable**:-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015**;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

   d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014**;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws are applicable to the company, **viz.-**

   - **The Merchant Shipping Act, 1958.**
   - **The Foreign Exchange Management Act, 1999.**
   - **The Foreign Trade (Development & Regulation) Act, 1992.**

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements have been entered into by the Company with Stock Exchange(s), if applicable. This is not applicable.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors or committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting. Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, in my opinion, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company the following events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc. – **NIL.**

(ii) Redemption / buy-back of securities – **NIL.**

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013 -

- **Borrowings aggregating USD 110 Million or ₹ 750 Crore, pursuant to Section 180(1) (c) and Creation of Charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**

(iv) Merger / amalgamation / reconstruction, etc.-**NIL.**

(v) Foreign technical collaborations -**NIL.**

(vi) Any other Events – **NIL.**

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members
L&T SAPURA SHIPPING PRIVATE LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 10, 2017

ANNEXURE 'B'

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN	U61100TN2010PTC077217
ii) Registration Date	2nd September, 2010
iii) Name of the Company	L&T SAPURA SHIPPING PVT LTD
iv) Category	PRIVATE LIMITED
v) Sub-Category of the Company	JOINT VENTURE
vi) Address of the Registered office and contact details	MOUNT POONAMALLEE ROAD P.O. BOX 979, MANAPAKKAM, CHENNAI, TAMIL NADU INDIA 600089. TEL: 022-6705 3461 EMAIL rahul.sinnarkar@larsentoubro.com
vii) Whether listed company	NO
viii) Name, Address and Contact details of Registrar andTransfer Agent, if any	NSDL DATABASE MANAGEMENT LIMITED 4TH FLOOR, A WING, TRADE WORLD, KAMALA MILLS COMPOUND, SENAPATI BAPAT MARG, LOWER PAREL, MUMBAI -400 013

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Ship Owner and Charterer of Vessel	61100	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. N.	Name And Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	L&T Hydrocarbon Engineering Limited* L&T House, Ballard Estate, Walchand Hirchand Marg, Mumbai 400001	U11200MH2009PLC191426	HOLDING COMPANY	60%	2(46)

* Note: Whole of Equity shares held by Larsen & Toubro Limited were transferred to L&T Hydrocarbon Engineering Limited on March 31, 2016.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Total	% of Total Shares	Demat	Total	% of Total Shares	
A. Promoters							
(1) Indian							
a) Individual/HUF							
b) Central Govt							
c) State Govt (s)							
d) Bodies Corp.	95311850	95311850	60%	95311850	95311850	60%	NIL
e) Banks / FI							
f) Any Other….							
Sub-total (A) (1):-	**95311850**	**95311850**	**60%**	**95311850**	**95311850**	**60%**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year			No. of Shares held at the end of the year			% Change during the year
	Demat	Total	% of Total Shares	Demat	Total	% of Total Shares	
(2) Foreign							
a) NRIs -Individuals							
b) Other –Individuals							
c) Bodies Corp.	63541233	63541233	40%	63541233	63541233	40%	NIL
d) Banks / FI							
e) Any Other….							
Sub-total (A) (2):-	**63541233**	**63541233**	**40%**	**63541233**	**63541233**	**40%**	**NIL**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**158853083**	**158853083**	**100%**	**158853083**	**158853083**	**100%**	**NIL**
B Public Shareholding							
1. Institutions							
a) MutualFunds							
b) Banks / FI							
c) Central Govt							
d) State Govt(s)							
e) Venture Capital Funds							
f) Insurance Companies							
g) FIIs							
h) Foreign Venture Capital Funds							
Sub-total (B)(1):-	–	–	–		–	–	–
2. Non-Institutions							
a) Bodies Corp.							
i) Indian							
ii) Overseas							
b) Individuals							
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh							
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh							
c) Others (specify)							
Sub-total (B)(2):-	–	–	–		–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–		–	–	–
C. Shares held by Custodian for GDRs & ADRs							
Grand Total (A+B+C)	**158853083**	**158853083**	**100%**	**158853083**	**158853083**	**100%**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	L&T Hydrocarbon Engineering Limited	95,311,850	60%	–	95,311,850	60%	–	NIL
2	Nautical Power Pte Ltd	63,541,233	40%	–	63,541,233	40%	–	NIL
	Total	**158,853,083**	**100%**	**–**	**158,853,083**	**100%**	**–**	**NIL**

* Note: Whole of Equity shares held by Larsen & Toubro Limited were transferred to L&T Hydrocarbon Engineering Limited on March 31, 2016.

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

There is no change in shareholding during the year.

(iv) Shareholding Pattern of top ten Shareholders (Other than Directors, Promoters and Holders of GDRs and ADRs):

NOT APPLICABLE

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year		-	-	**-**
i) Principal Amount	3,97,68,37,425			**3,97,68,37,425**
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**3,97,68,37,425**			**3,97,68,37,425**
Changes In Indebtness during the financial year				
Addition				
Reduction	9,48,99,0925			**9,48,99,0925**
Net Change	**9,48,99,0925**			**9,48,99,0925**
Indebtnes at the end of financal year				
i) Principle Amount	3,02,78,46,500			**3,02,78,46,500**
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total(I + ii +iii)	**3,02,78,46,500**			**3,02,78,46,500**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager					Total Amount
1	Gross salary						
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961						
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961						
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961						
2	Stock Option						
3	Sweat Equity						
4	Commission						
	- as % of profit						
	- others, specify…						
5	Others, please specify						
	Total (A)						
	Ceiling as per the Act						

B. Remuneration to other directors:

(Amt. in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Savitrii Dadhich	Ungku Suleiman	
1	Independent Directors			
	• Fee for attending board / committee meetings	1,70,000		1,70,000
	• Commission			
	• Others, please specify			
	Total (1)			
2	Other Non-Executive Directors	NA		NA
	• Fee for attending board / committee meetings			
	• Commission			
	• Others, please specify			
	Total (2)			
	Total (B)=(1+2)	**1,70,000**		**1,70,000**
	Total Managerial Remuneration	**NA**		**NA**
	Overall Ceiling as per the Act			

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961				
2	Stock Option	NIL			
3	Sweat Equity				
4	Commission				
	- as % of profit	NIL			
	- others, specify…				
5	Others, please specify				
	Total				

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY	NIL				
Penalty					
Punishment					
Compounding					
B. DIRECTORS					
Penalty					
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty					
Punishment					
Compounding					

ANNEXURE 'C'

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

   The Company is committed to discharging its Social Responsibility through:

   a. Promotion of social equity and partner with communities in Health care, education and skill-building

   b. Provide corporate sponsorship in support of Innovative and caring community programmes and service for deprived community groups.

   Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

   a. Education

   b. Skill building

   c. Health & Sanitation

   While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.). CSR Policy of the Company is available on the Company's website- www.lntsapura.com

2. The Composition of the CSR Committee:

   Ms. Savitrii M. Dadhich

   Mr. Satish N. Palekar

   Mr. Vivek Arora

3. CSR Spend for FY 16-17:

Particulars	**₹ in lakhs**
Average Net Profit of the Company for the last three financial years	19,60,17,390
Amount to be spent as CSR	39,20,348
Amount Actually spent	36,13,596
Amount not spent	3,06,752

4. Manner in which the amount spent during the financial year:

Sl/ no	**CSR Project / activities Identified**	**Sector in which the project is covered**	**Projects/ Programs 1)Local Area or other 2)Specify the state and District where Project were undertaken**	**Amount Outlay of Budget / Project wise**	**Amount Spent on the Project / Programme wise**	**Cumulative Spend upto the reporting period**	**Amount Spent (Direct / Implementing Agency)**
1.	Funding for procurement of medical equipment	Health	Maharashtra State / Dabhol / Anjanvel hospital	9,40,094	9,64,590	9,64,590	9,64,590
2.	Girl / Women - Community health workers training	Skill Development / Education	Maharashtra State / Ramakrishna mission - Sakhwar Thane (Vasai Taluka)	9,40,000	9,40,000	9,40,000	9,40,000
3.	Funding for 6 students for higher studies(from economically backward communities)	Skill Development / Education	Local (Modern Education - (MESCO trust) – Mahim), Mumbai	3,00,000	3,00,000	3,00,000	3,00,000

Sl/ no	CSR Project / activities Identified	Sector in which the project is covered	Projects/ Programs 1)Local Area or other 2)Specify the state and District where Project were undertaken	Amount Outlay of Budget / Project wise	Amount Spent on the Project / Programme wise	Cumulative Spend upto the reporting period	Amount Spent (Direct / Implementing Agency)
4.	Udaan India Foundation – Powai, Mumbai	Education	Kinder garden	6,00,000	4,75,210**	4,75,210**	4,75,210**
			Mentorship program	1,56,000	0.00*	0.00*	0.00*
5.	Contribution to Prime Minister's national relief fund (PMNRF) - The fund is recognized as a Trust under the Income Tax Act and the same is managed by Prime Minister or multiple delegates for national causes			9,84,254	11,09,006	11,09,006	11,09,006
	CUMULATIVE			**39,20,348**	**37,88,806**	**37,88,806**	**37,88,806**

Note: -

* Amount not dispersed as fund program was cancelled.

** Amount of ₹ 1,75,210 was spent in FY 17-18. Hence not considered in spent amount for FY 16-17

5. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

The Company is committed to the corporate social responsibility and had identified the areas and organizations where the CSR amount was required to be spent. Also, analysis of best fit project and negotiations with the implementing institutions were carried out. An amount of ₹ 3.06 lakhs could not be spent as a Fund program (₹ 1.31 lakh) was cancelled in March 2017 and an amount of ₹ 1.75 lakh relating to a project/ activity was spent in FY 17-18. The Company believes in creating value through CSR programs and activities which are in line with CSR Policy of the Company, Schedule VII of Companies Act, 2013 and shall continue to do so in spirit.

6. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

SAVITRII M. DADHICH	**SATISH PALEKAR**
Independent Director – Member	*Director – Member*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T SAPURA SHIPPING PRIVATE LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **L&T Sapura Shipping Private Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether theInd AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of theInd AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on theInd AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A"a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act;
   d) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
   e) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and
   f) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      i. The Company does not have any pending litigations which would impact its financial position- refer note 2.10 to the Ind AS financial statements.
      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses
      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note 2.9 of the Ind AS financial statements
      iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 6 to the Ind AS financial statements.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : 27 April 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) The Company has no immovable properties.

2 According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

3 According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

4 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service-tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of the disputed dues	Amount (₹)*	Period to which the amount relates	Forum where dispute is pending
Income tax Act, 1961	Dispute regarding applicability of Tonnage Tax provisions	5,22,44,950	2011-2012	ITAT

* Net of pre-deposit paid in getting the stay/appeal admitted

5 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, and government or debenture holdersas at the balance sheet date.

6 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud on or by the Company, noticed or reported during the year, nor have we been informed of such case by management.

7 According to the records of the Company examined by us and the information and explanations given to us, the Company has not paid any managerial remuneration during the year and accordingly paragraph 3(xi) of the Order is not applicable.

8 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in theInd AS financial statements as required by the applicable accounting standards.

9 According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

10 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

11 Paragraphs 3 (iv), (v), (vi), (ix), (xii) and (xiv) are not applicable to the Company.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : 27 April 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF L&T SAPURA SHIPPING PRIVATE LIMITED

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION (3) OF SECTION 143 OF THE COMPANIES ACT, 2013 ('THE ACT')

We have audited the internal financial controls over financial reporting of L&T Sapura Shipping Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : 27 April 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹	As at 01.04.2015 ₹	₹
ASSETS:							
Non- current assets							
Property, plant and equipment	1		6,908,341,116		7,579,094,857		7,695,836,813
Intangible assets	1.1		965,422		–		–
Financial Assets							
Other financial assets	2	–		214,074,093		184,813,750	
			–		214,074,093		184,813,750
Other non-current assets	3		132,022,334		92,749,746		–
			7,041,328,872		7,885,918,696		7,880,650,563
Current assets							
Inventories	4		226,940,771		247,316,227		255,875,063
Financial Assets							
Trade receivables	5	577,442,547		965,071,917		431,627,250	
Cash and cash equivalent	6	666,290,658		175,897,116		335,668,313	
Security Deposit	7	6,265,937		6,606,532		6,607,250	
Other financial assets	8	23,922,322		22,062,074		23,673,188	
			1,273,921,464		1,169,637,639		797,576,000
Other current assets	9		31,134,507		82,574,660		107,685,813
			1,531,996,742		1,499,528,526		1,161,136,876
TOTAL ASSETS			8,573,325,615		9,385,447,221		9,041,787,438
EQUITY AND LIABILITIES:							
EQUITY:							
Equity	10	1,588,530,830		1,588,530,830		1,588,530,830	
Other equity	11	3,038,814,990		2,885,703,690		2,133,297,795	
			4,627,345,820		4,474,234,520		3,721,828,625
LIABILITIES:							
Non- current liabilities							
Financial liabilities							
Borrowings	12	–		3,093,095,775		3,751,875,000	
			–		3,093,095,775		3,751,875,000
			–		3,093,095,775		3,751,875,000
Current liabilities							
Financial liabilities							
Current maturities of long term borrowings	13	3,027,846,500		883,741,650		833,750,000	
Trade payables	14	914,730,449		925,202,052		721,923,375	
			3,942,576,949		1,808,943,702		1,555,673,375
Other current liabilities	15		3,402,846		9,173,225		12,410,438
			3,945,979,795		1,818,116,926		1,568,083,813
TOTAL EQUITY AND LIABILITIES			8,573,325,615		9,385,447,221		9,041,787,438

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

NEELU CHOWDHARY
Chief Financial Officer

RAHUL SINNARKAR
Company Secretary
M. No. A39709

S. N. PALEKAR
Director
DIN : 07152099

VIVEK ARORA
Director
DIN : 07143258

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	01-04-2016 to 31-03-2017 ₹	₹	01-04 -2015 to 31-3-2016 ₹	₹
REVENUE:					
Revenue from operations	**16**		**1,387,718,116**		*1,990,967,028*
Other income	**17**		**15,773,670**		*13,641,171*
Total Income			**1,403,491,786**		*2,004,608,199*
EXPENSES:					
Manufacturing ,construction and operating expenses:	**18**				
Stores, spares and tools consumed		**77,280,799**		*129,801,239*	
Other manufacturing, construction and operating expenses		**385,026,548**		*601,025,672*	
			462,307,347		*730,826,911*
Sales, administration and other expenses	**19**		**51,362,953**		*66,616,222*
Finance costs	**20**		**100,429,210**		*107,780,087*
Depreciation, amortisation and obsolescence expenses			**528,042,128**		*571,265,800*
Total expenses			**1,142,141,639**		*1,476,489,020*
Profit / (loss) before tax			**261,350,148**		*528,119,179*
Tax expenses:					
Current tax		**5,811,800**		*5,207,060*	
			5,811,800		*5,207,060*
Profit for the period			**255,538,348**		*522,912,119*
Other Comprehensive Income					
Items that may be reclassified to Profit & loss					
Foreign currency transalation reserves			**(100,780,173)**		*229,084,789*
Total Comprehensive Income			**154,758,175**		*751,996,908*
Basic & diluted earnings per equity share (in ₹)			**1.61**		*3.29*

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

NEELU CHOWDHARY
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M. No. A39709

S. N. PALEKAR
Director
DIN : 07152099

VIVEK ARORA
Director
DIN : 07143258

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

			01-04-2016 to 31-03-2017 ₹	01-04-2015 to 31-03-2016 ₹
I	**CASH FLOW FROM OPERATING ACTIVITIES**			
	Profit/(loss) before tax		**261,350,148**	528,119,179
	Adjustments for:			
	Depreciation		**528,042,128**	571,265,800
	Unrealised Gain / (Loss) on foreign currency translation		**(24,661,292)**	13,251,460
	Exchange difference on items grouped under financing activity		**–**	–
	Interest paid on term loan		**100,429,210**	107,780,087
	Interest received		**(15,773,670)**	(13,641,171)
	Operating profit before working capital changes		**849,386,525**	1,206,775,355
	(Increase) / decrease in trade receivable		**367,271,047**	(507,564,297)
	(Increase) / decrease in short term loans and advances		**48,403,087**	43,433,004
	(Increase) / decrease in inventory		**15,158,285**	23,901,105
	(Increase) / decrease in long term loans and advances		**(41,619,280)**	(84,477,289)
	Increase / (decrease) trade payables		**3,468,793**	156,010,810
	Cash (used in) / generated from operations		**1,242,068,458**	838,078,688
	Direct taxes refund/ (paid) net		**(6,250,956)**	(21,917,080)
	Net cash (used in) / from operations activities	**[A]**	**1,235,817,503**	816,161,608
II	**CASH FLOW FROM INVESTING ACTIVITIES**			
	Purchase of fixed assets		**(1,517,018)**	–
	Interest received		**15,773,670**	13,641,171
	Net cash flow (used in) / from investing activities	**[B]**	**14,256,652**	13,641,171
III	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Repayment of long term borrowing		**(865,099,000)**	(883,741,650)
	Interest paid on term loan		**(100,429,210)**	(107,780,087)
	Net cash flow (used in) /from financing activities	**[C]**	**(965,528,210)**	(991,521,737)
	Net (decrease)/Increase in cash & cash equivalents	**[A+B+C]**	**284,545,944**	(161,718,958)
	Cash & cash equivalents at beginning of the year		**389,971,209**	520,482,063
	Unrealised gain/(loss) on cash and cash equivalents		**(8,226,495)**	31,208,104
	Cash & cash equivalents at end of the year		**666,290,658**	389,971,209

Notes:

1 Cash & cash equivalents are reflected in the balance sheet as follows:

	2016-17	2015-16
a) Cash & cash equivalents disclosed under current assets [Note no. 6]	**666,290,658**	175,897,116
b) Cash & cash equivalents disclosed under non current assets [Note no.2]	**–**	214,074,093
Total cash & cash equivalents as per Cash Flow Statement	**666,290,658**	389,971,209

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

NEELU CHOWDHARY
Chief Financial Officer

RAHUL SINNARKAR
Company Secretary
M. No. A39709

S. N. PALEKAR
Director
DIN : 07152099

VIVEK ARORA
Director
DIN : 07143258

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

NOTES FORMING PART OF ACCOUNTS

1 **Property, Plant and Equipment**

Particulars	Gross Block			Accumulated Depreciation				Net Block	
	As at 01-04-2016	Additions during the year	As at 31-03-2017	As at 01-04-2016	Depreciation charge for the year	Adjustments for conversion	As at 31-03-2017	As at 31-03-2017	As at 31-03-2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Vessel LTS 3000	10,095,422,186	–	10,095,422,186	2,692,841,906	521,173,737	(16,402,647)	3,197,612,996	6,897,809,190	7,562,103,951
Equipments on Board	406,578,567	496,427	407,074,993	390,677,343	6,710,640	(211,217)	397,176,765	9,898,228	16,243,847
Computers	1,846,020		1,846,020	1,396,786	8,437	(266)	1,404,957	441,063	458,892
Furniture & Fixtures	470,292	–	470,292	406,451	25,377	(799)	431,029	39,263	65,245
Office Equipment's	321,202	–	321,202	196,822	51,289	(1,614)	246,497	74,705	127,063
Electrical Installations	250,191	–	250,191	156,348	15,668	(493)	171,523	78,669	95,860
Total	**10,504,888,458**	**496,427**	**10,505,384,885**	**3,085,675,656**	**527,985,148**	**(16,617,035)**	**3,597,043,768**	**6,908,341,116**	**7,579,094,857**

		As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
2	**NON CURRENT ASSETS-OTHER FINANCIAL ASSETS**			
	"Restricted Cash and cash equivalent (Fixed Deposit placed with bank as a deposit against Term Loan)"	**–**	–	–
	Other receivables	**–**	*214,074,093*	*184,813,750*
		–	*214,074,093*	*184,813,750*
3	**OTHER NON CURRENT ASSETS**			
	Long term advances receivable			
	Other receivables	**6,341,524**	–	
	Service Tax Recoverable (NC)	**132,022,334**	*92,749,746*	–
		138,363,858	*92,749,746*	–
4	**INVENTORIES:(AT COST OR NET REALISABLE VALUE WHICHEVER IS LOWER)**			
	Stock Intrade			
	Inventory	**226,940,771**	*247,316,227*	*255,875,063*
	Total	**226,940,771**	*247,316,227*	*255,875,063*
5	**TRADE RECEIVABLES**			
	Unsecured			
	Considered Good			
	Outstanding for more than six months	**453,483,041**	*115,683,759*	*58,713,636*
	Other Debts	**123,959,506**	*849,388,158*	*372,913,614*
	Total	**577,442,547**	*965,071,917*	*431,627,250*

NOTES FORMING PART OF ACCOUNTS (Contd.)

		As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
6	**CASH AND BANK BALANCES**			
	Cash & Cash equivalents			
	Balances with Bank Current Accounts	**289,867,300**	*175,695,459*	*335,509,375*
	Cash on hand	**199,025**	*201,657*	*158,938*
	Fixed Deposit	**376,224,333**		
	Total	**666,290,658**	*175,897,116*	*335,668,313*

* Fixed Deposit of ₹ 21,40,98,333 is pledged as collateral with BNP Paribas against the Term Loan

** 1. Details of Specified Bank Notes (SBNs) held and transacted during the period from 8th November, 2016 to 30th December 2016:

Particulars	**SBNs**	**Other denomination notes**
Closing cash in hand as on 08.11.2016	Nil	Nil
(+) Permitted receipts	Nil	Nil
(-) Permitted payments	Nil	Nil
(-) Amount deposited in Banks	Nil	Nil
Closing cash in hand as on 30.12.2016	Nil	Nil

		As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
7	**CURRENT - LOANS, SECURITY DEPOSIT**			
	Security deposits			
	Security deposits - unsecured	**6,265,937**	*6,606,532*	*6,607,250*
	Total	**6,265,937**	*6,606,532*	*6,607,250*

		As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
8	**CURRENT - OTHER FINANCIAL ASSETS**						
	Interest Receivables Others	**1,823,387**				*1,608,598*	
	Other Receivables	**22,098,935**	**23,922,322**	*22,062,074*	*22,062,074*	*22,064,590*	*23,673,188*
	Total		**23,922,322**		*22,062,074*		*23,673,188*
9	**OTHER CURRENT ASSETS**						
	Advances to Suppliers	**4,758,628**		*1,219,219*		*1,192,182*	
	Prepaid Insurance	**8,498,657**		*10,409,536*		*9,960,386*	
	Prepaid Expenses	**746,942**		*990,798*		*800,431*	
	Income Tax Deposit	**13,440,956**		*13,440,956*			
	Service Tax Recoverable	**–**		*–*		*42,477,565*	
	Customs duty deposit	**–**	**27,445,183**	*53,263,983*	*79,324,492*	*50,000,000*	*104,430,563*
	IncomeTax Prior Years		**3,103,137**				
	Income Tax current year		**586,187**		*3,250,169*		*3,255,250*
	Total		**31,134,507**		*82,574,660*		*107,685,813*

NOTES FORMING PART OF ACCOUNTS (Contd.)

		As at 31.03.2017		As at 31.03.2016	
10	**EQUITY SHARE CAPITAL**				
	Authorised				
	Equity Share Capital				
	Issued:				
	Subscribed and Paid up Equity Share Capital	**635,412,330**		*635,412,330*	
	Subscribed and Paid up Equity Share Capital ICO	**953,118,500**		*953,118,500*	
			1,588,530,830		*1,588,530,830*
	Subscribed and paid up:				
	Subscribed and Paid up Equity Share Capital	**635,412,330**		*635,412,330*	
	Subscribed and Paid up Equity Share Capital ICO	**953,118,500**		*953,118,500*	
			1,588,530,830		*1,588,530,830*

Particulars	01.04.2016 to 31.03.2017 Numbers of shares	₹	01.04.2015 to 31.03.2016 Numbers of shares	₹
Reconciliation of equity shares:				
Subscribed and fully paid up at the beginning of the year	**158,853,083**	**1,588,530,830**	*158,853,083*	*1,588,530,830*
Add:				
Equity shares issued during the year	**–**	**–**	–	–
Subscribed & fully paid up at the end of the year	**158,853,083**	**1,588,530,830**	*158,853,083*	*1,588,530,830*

Shareholders holding more than 5% of equity shares as at the end of the year

Name of the shareholder	As at 31.03.2017 Numbers of shares	Shareholding %	As at 31.03.2016 Numbers of shares	Shareholding %
L&T Hydrocarbon Engineering Ltd (Holding Company)	**95,311,850**	**60%**	*95,311,850*	*60%*
Nautical Power Pte Ltd (100% subsidiary of Sapura Kencana Petroleum Berhad)"	**63,541,233**	**40%**	*63,541,233*	*40%*
	158,853,083		*158,853,083*	

*(i) for the period of five years immediately preceding the date at which the Balance Sheet is prepared there are no shares allotted as fully paid up pursuant to contract without payment being received in cash, no shares allotted as fully paid up by way of bonus shares; and no shares bought back by the Company.

11 OTHER EQUITY

Particulars	Tonnage Tax Reserve	Profit & Loss Account	Foreign Currency Transalation Reserve	Total
Balance as at 01-04-2015	**117,520,374**	**1,258,245,424**	**757,531,997**	**2,133,297,795**
Profit for the year		522,912,119		522,912,120
Other Comprehensive Income			229,493,775	229,493,775
Appropriations	45,131,282	(44,722,297)	(408,985)	
Balance as at 31-03-2016	**162,651,656**	**1,736,435,246**	**986,616,787**	**2,885,703,690**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Tonnage Tax Reserve	Profit & Loss Account	Foreign Currency Transalation Reserve	Total
Profit for the year		255,538,348		255,538,348
Other Comprehensive Income			(102,427,047)	(102,427,047)
Appropriations	50,680,510	(52,327,384)	1646874	
Balance as at 31-03-2017	**213,332,166**	**1,939,646,210**	**885,836,614**	**3,038,814,990**

12 NON CURRENT - BORROWINGS

12 SECURED LOANS

Particulars	**As At 31.03.2017**	*As at 31.03.2016*
Long Term Secured Term Loans		
Term loans		
From BNP Paribas, Singapore		*3,093,095,775*
Total	**–**	*3,093,095,775*

12 DETAILS OF TERM LOAN (SECURED)

Nature of Term Loan	**Amount** USD	**Rate of interest**	**Terms of repayment of term loan**
Foreign Currency Borrowings from BNP Paribus, Singapore	–	**Tranche A :** USD LIBOR+ Spread **Tranche B:** USD LIBOR + Spread	Repayable in final installment of USD 46.69 Mn due in June 2017

13 CURRENT MATURITIES OF LONG TERM BORROWINGS

Particulars	**As At 31.03.2017**	*As at 31.03.2016*
Secured Loans from Banks - Current portion	**3,027,846,500**	*883,741,650.00*
	3,027,846,500	*883,741,650.00*

Term loan is secured by following:

- Mortgage of vessel to the bank.
- Employment undertaking of the vessel by Larsen & Toubro Limited and SapuraKencana Petroleum Berhad
- Assignment of insurance
- Fixed deposit placed with bank (refer Note 6) of ₹ 21,40,98,333/-
- Assignment of charter hire and earnings arising from LTS 3000
- Assignment of earnings account

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
			₹		₹		₹
	FINANCIAL LIABILITIES						
14	**CURRENT - TRADE PAYABLES**						
	Due to related parties						
	Larsen & Toubro Limited	**5,781,248**		*22,322,554*		*37,201,418*	
	L&T Hydrocarbon Engineering Limited	**308,777,633**		*261,149,817*		*167,444,068*	
	TL Offshore Sdn Bhd	**312,640,695**	**627,199,576**	*273,422,828*	*556,895,198*	*259,629,602*	*464,275,088*
	Due to Others						
	Liability for Revenue Goods	**4,232,561**		*18,564,404*			
	Suppliers Ledger - Revenue goods / services	**46,103,424**		*42,695,621*			
	Liability for Services	**237,194,888**	**287,530,873**	*307,046,828*	*368,306,853*		*257,648,287*
			914,730,449		*925,202,052*		*721,923,375*
15	**OTHER CURRENT LIABILITIES**						
	Other Payables						
	Other Payables		**3,402,846**		*9,173,225*		*12,410,438*
	Total		**3,402,846**		*9,173,225*		*12,410,438*

	Particulars	01-04-2016 to 31-03-2017		01-04-2015 to 31-03-2016	
			₹		₹
16	**REVENUE FROM OPERATIONS**				
	Sale & Services:				
	Charter hire income incl ICO		**1,351,555,708**		*1,963,643,776*
	Other Operational Revenue				
	Miscellaneous Income	**36,162,408**	**36,162,408**	*27,323,252*	*27,323,252*
	Total		**1,387,718,116**		*1,990,967,028*
17	**OTHER INCOME**				
	Interest on Fixed Deposit		**15,773,670**		*13,641,171*
	Total		**15,773,670**		*13,641,171*

NOTES FORMING PART OF ACCOUNTS (Contd.)

		01-04-2016 to 31-03-2017 ₹	*01-04-2015 to 31-03-2016 ₹*
18	**OPERATING EXPENSES**		
	Stores and Spares & Consumables	**77,280,799**	*129,801,239*
	Fuel Cost	**27,085,975**	*(4,959,837)*
	Equipment Hire Charges	**-**	*31,615*
	Engineering, Technical & inspection charges	**25,476,388**	*42,204,596*
	Insurance - LTS 3000	**32,473,628**	*34,263,686*
	General Repairs & Maintenance	**-**	*6,381,057*
	Crew Wages & Related Expenses	**234,205,310**	*449,273,580*
	Weather Forecast, Communication, Survey Cost	**2,046,550**	*3,202,310*
	Deputation Cost	**56,329,716**	*67,329,811*
	Catering, House Keeping & Disposal Cost	**3,272,338**	*18,196*
	Books & Periodicals	**731,576**	*393,252*
	Other Rates and Taxes	**460,666**	*74,422*
	Other Expenses	**2,944,401**	*3,206,238*
	Total	**462,307,347**	*731,220,163*
19	**SALES, ADMINISTRATION & OTHER EXPENSES**		
	Audit Fees	**405,226**	*704,948*
	Corporate Social Responsibility Expenses	**3,663,101**	*-*
	Bank Charges	**1,133,788**	*1,607,046*
	Computer Software	**7,566**	*5,760*
	Subscription & Membership Fees	**1,329,036**	*2,691,501*
	Overhead Charges by Parent Company	**500,573**	*3,026,826*
	Other Expenses	**1,743,416**	*16,803,423*
	Printing & Stationary	**103,717**	*148,648*
	Telephone Postage & Telegrams	**595,585**	*521,937*
	Repair & maintenance	**140,276**	*1,159,597*
	Travelling & Conveyance	**13,325**	*123,513*
	Rates & Taxes	**1,004**	*57,993*
	Rent - Office Premises	**18,706,133**	*17,354,684*
	Professional & Consultancy Charges	**14,412,892**	*15,477,113*
	Exchange Gain & loss Others	**8,607,315**	*6,539,981*
	Total	**51,362,953**	*66,222,970*
20	**FINANCE COST**		
	Interest Paid on Term Loans from Banks	**98,290,929**	*103,905,818*
	Interest Others	**173,352**	*1,989,891*
	Borrowing Cost Ancillary	**1,964,929**	*1,884,378*
	Total	**100,429,210**	*107,780,087*

NOTES FORMING PART OF ACCOUNTS (Contd.)

1) SIGNIFICANT ACCOUNTING POLICIES

A) COMPANY OVERVIEW

L&T Sapura Shipping Private Limited (LTSSPL) is a joint venture between L&T Hydrocarbon Engineering Limited and SapuraKencana Petroluem Bhd, Malaysia (Sapura) who has invested through its wholly owned subsidiary Nautical Power Pte Limited, Singapore (Nautical). L&T Hydrocarbon Engineering Limited holds 60% of the share capital and Nautical holds 40%. The Company owns and operates a Heavy Lift cum Pipe Lay Vessel (HLPV) which is used for installation of offshore platforms and laying of pipes and cables under the sea for the Hydrocarbon Upstream Industry.

B) SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (`Act') (to the extent notified).The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Reconciliations and descriptions of the effect of the transition has been summarized in note 2.1. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

2. Revenue recognition

- Time charter

  Revenue under time charter is recognized based on the terms of the time charter agreement.
- Interest income is recognized at applicable rates on the fixed deposit with banks on accrual basis.
- Other items of income are accounted as and when the right to receive arises.

3. Foreign currency

Functional Currency

The functional currency of the Company is United States Dollar. The company is in business of operating a specialised vessel internationally. Its sales and major items of costs are denominated in United States Dollars. Accordingly, the company uses United States Dollar as its functional currency.

The presentation currency of the company is Indian Rupee. The presentation currency is Indian Rupee as the company is an Indian Company and has compliance requirements in India.

Company converts the balance sheet items from functional currency to presentation currency at the rate prevailing on the balance sheet date except for Share Capital and Statutory Reserves. Items of profit and loss account are converted to presentation currency at the average rates.

Transactions and translations

The balances in foreign currency are translated into functional currency at the rate prevailing on the transaction date.

Transaction gains or losses realized upon settlement of foreign currency transactions are accounted in the statement of profit & loss account.

4. Property, Plant & Equipment:

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment, if any. Costs directly attributable to acquisition are capitalized until the property, plant and equipment are ready for use, as intended by management. The company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows:

Ship	20 Years
Equipment on Board	5 Years
Office Equipment	4-5 Years
Computers	3 Years
Furniture Fixture	10 Years
Electrical Installations	10 Years
Intangible Assets	6 Years

NOTES FORMING PART OF ACCOUNTS (Contd.)

Depreciation is provided in the accounts based on useful life of assets as per schedule II of the Companies Act, 2013.

Depreciation for additions to /deductions is calculated pro rata from / to the month of additions / deductions.

Assets with acquisition value less than ₹ 5,000 will be depreciated fully during the financial year.

5. Financial instruments

5.1 Initial recognition

The Company recognizes financial assets and financial liabilities when it becomes a party to the contractual provisions of the instrument. All financial assets and liabilities are recognized at fair value on initial recognition, except for trade receivables which are initially measured at transaction price. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities,that are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are accounted for at trade date.

5.2 Subsequent Measurement:

i) Financial assets carried at amortised cost

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cashflows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii) Financial Liabilities

Financial liabilities are subsequently carried at amortized cost using the effective interest method, except for contingent consideration recognized in a business combination which is subsequently measured at fair value through profit and loss. For trade and other payables maturing within one year from the Balance Sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

5.3 Derecognition of financial instruments

The company derecognizes a financial asset when the contractual rights to the cashflows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under IndAS109. A financial liability (or a part of a financial liability) is derecognized from the Company's Balance Sheet when the obligation specified in the contract is discharged or cancelled or expires.

6. Inventories

Inventories of stores, spares and consumables are valued after providing for obsolescence, at the lower of weighted average cost or net realizable value.

7. Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

A) the provision for impairment loss, if any, required ; or

B) the reversal of impairment loss recognized in previous periods.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determinedin the case of an individual asset, at the higher of the net selling price and the value in use;

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

8. Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income - tax Act 1961, and based on the expected outcome of assessments / appeals.

9. Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

A) the Company has a present obligation as a result of a past event,

B) a probable outflow of resources is expected to settle the obligation and

C) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

A) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

NOTES FORMING PART OF ACCOUNTS (Contd.)

B) a present obligation arising from past events when no reliable estimate is possible;

C) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

10. Cash flow statement

Cash flows are reported using the indirect method, where by profit for the period is adjusted for the effects of transactions of a noncash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

2) NOTES TO THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

2.1 First time adoption of Ind-AS

These financial statements of L&T Sapura Shipping Private Limited for the year ended March 31, 2017 have been prepared in accordance with IndAS. For the purposes of transition to IndAS, the Company has followed the guidance prescribed in IndAS101-FirstTimeadoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IndAS has resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles. The major reason because of such change is change in functional currency from INR to USD.

2.2 Financial Instruments by category:

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Measured at Ammortised Cost			
Financial Assets			
Trade receivables	**57,74,42,547**	*96,50,71,917*	*43,16,27,250*
Cash and cash equivalent	**66,62,90,658**	*38,99,71,209*	*52,04,82,063*
Security Deposit	**62,65,937**	*66,06,532*	*66,07,250*
Other financial assets	**2,39,22,322**	*2,20,62,074*	*2,36,73,188*
Total financial Assets	**1,27,39,21,464**	*138,37,11,732*	*98,23,89,749*
Financial Liabilities			
Borrowings	**3,02,78,46,500**	*3,97,68,37,425*	*4,58,56,25,000*
Trade payables	**91,47,30,449**	*92,52,02,052*	*72,19,23,375*
Total Financial Liabilities	**3,94,25,76,949**	*4,90,20,39,477*	*5,30,75,48,375*

Financial Risk Management

Financial Risk Factors

In the course of its business, the Company is exposed primarily to fluctuations in foreign currency exchange rates, interest rates, liquidity and credit risk.

(i) Foreign Currency Risk

The Company operates internationally and a major portion of the business is transacted in USD which is the functional currency of the company. There is very minimal foreign exchange risk to which company is exposed.

The following table analyzes foreign currency risk with respect to INR from financial instruments as of March 31, 2017 and March 31,2016:

Particulars	As at 31-03-2017	As at 31-03-2016
Financial Assets		
Cash and cash equivalent (only INR portion)	**25,87,07,844**	*22,88,62,621*
Security Deposit	**62,65,937**	*66,06,532*
Other financial assets- current	**1,75,80,798**	*2,20,62,074*
Total Financial Assets	**28,25,54,579**	*25,75,31,227*
Financial Liabilities		
Trade Payables	**41,64,94,917**	*38,22,16,624*

NOTES FORMING PART OF ACCOUNTS (Contd.)

5% appreciation/depreciation of INR with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately ₹ 66,97,017 million for the year ended March 31, 2017.

5% appreciation/depreciation of INR with respect to functional currency of the Company would result in decrease/increase in the Company's net income before tax by approximately ₹ 62,32,107/- million for the year ended March 31, 2016.

(i) (b) Interest Rate Risk

Interest rate risk is measured by using the cash flow sensitivity for changes in variable interest rates. Any movement in the reference rates could have an impact on the Company's cash flows as well as costs. The Company is subject to variable interest rates on its interest bearing liabilities. The Company's interest rate exposure is mainly related to debt obligations which have interest bearings on LIBOR plus spreads. As at March 31, 2017 and 2016, financial liability of ₹ 302,78,46,500/- and ₹ 397,68,37,425/- respectively, was subject to variable interest rates. Increase/decrease of 100 basis points in interest rates at the balance sheet date would result in an impact (decrease/increase in case of net income) of ₹ 3,02,78,465/- and ₹ 3,97,68,374/-on income for the year ended March 31, 2017 and 2016 respectively. This calculation assumes that the change occurs at the balance sheet date and has been calculated based on risk exposures outstanding as at that date. The period end balances are not necessarily representative of the average debt outstanding during the period. This analysis assumes that all other variables, in particular foreign currency rates, remain constant.

(ii) Credit Risk

Credit risk refers to the risk of default on its obligation by the counterparty resulting in a financial loss. However, Company has limited counter party risk as entire trade receivable is from fellow subsidiaries.

The company has only one customer which is a fellow subsidiary.

Credit risk on cash and cash equivalents is limited as we generally invest in deposits with banks and financial institutions with high credit ratings assigned by international and domestic credit rating agencies.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Company cannot meet its financial obligations. The objective of liquidity risk management is to maintain sufficient liquidity and ensure that funds are available for use as per requirements.

The Company has obtained debt for purchase of vessel. As on balance sheet date, there seems to liquidity risk to the company as major portion of debt obligation is due within a year and company's cash & cash equivalents as well as cash flow from operations are not sufficient to meet debt obligations. However, Company has been issued Employment undertaking and Top-undertaking by Ultimate Holding Companies for funding of any shortfall to meet debt obligations.

The table below provides details regarding the contractual maturities of significant financial Liabilities as of March 31, 2017:

Particulars	Less than 1 year	More than 1 year
Borrowings	302,78,46,500	–
Trade Payables	91,47,30,449	–
Total	**394,25,76,949**	**–**

The table below provides details regarding the contractual maturities of significant financial assets as of March 31, 2017:

Particulars	Less than 1 year	More than 1 year
Trade Receivable	57,74,42,547	–
Cash and cash equivalent	66,62,90,658	–
Other financial assets	18,23,387	1,57,57,411
Total	**124,55,56,592**	**1,57,57,411**

The table below provides details regarding the contractual maturities of significant financial liabilities as of March 31, 2016:

Particulars	Less than 1 year	More than 1 year
Borrowings	88,37,41,650	3,09,30,95,775
Trade Payables	92,52,02,052	-
Total	**180,89,43,702**	**3,09,30,95,775**

NOTES FORMING PART OF ACCOUNTS (Contd.)

The table below provides details regarding the contractual maturities of significant financial assets as of March 31, 2016:

Particulars	**Less than 1 year**	**More than 1 year**
Trade Receivable	96,50,71,917	–
Cash and cash equivalent	17,58,97,116	21,40,74,093
Other financial assets	–	2,20,62,074
Total	**114,09,69,033**	**23,61,36,167**

2.3 Company operates only in one segment and hence operating segment disclosure is not applicable. Additionally, Company has income from international operations only, hence even geographical segment disclosures are not applicable.

2.4 Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 ''Income Taxes'':

Company is registered under Tonnage Tax Scheme which is a presumptive tax based scheme and hence the reconciliation of income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is not applicable.

2.5 Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures''

2.5.1 Names of the related parties with whom transactions were carried out during the year and description of relationship:

Larsen & Toubro Limited	Ultimate Holding Company
L&T Hydrocarbon Engineering Limited	Holding Company
SapuraKenchana TL Offshore Sdn Bhd	Fellow Subsidiary
SapuraCrest Deepwater Pte Ltd.	Fellow Subsidiary
Larsen &Toubro Infotech Limited	Fellow Subsidiary

2.5.2 Disclosure of related party transactions:

Particulars	**2016-17**	*2015-16*
Deputation charges, rent and overhead recoveries		
L&T Hydrocarbon Engineering Limited	**6,09,67,137**	*8,43,12,030*
Larsen & Toubro Limited	**1,92,76,155**	*1,87,35,206*
L&T Valdel Engineering Ltd	**–**	*3,219*
SapuraKenchana TL Offshore Sdn Bhd	**14,09,56,139**	*4,55,26,998*

Sale of services	**2016-17**	*2015-16*
Sapura Crest Deepwater Pte Ltd.	**–**	*1,95,71,68,750*
SapuraKenchana TL Offshore Sdn Bhd	**38,88,14,868**	*2,76,59,724*

Purchase of Fixed Assets	**2016-17**	*2015-16*
Larsen &Toubro Infotech Limited	**10,66,000**	–

2.5.3 Amount Due to/from related parties

	As at 31.03.2017	*As at 31.03.2016*
Accounts receivable		
SapuraCrest Deepwater Pte Ltd.	**45,34,83,041**	82,83,48,676
Sapurakenchana TL Offshore Sdn Bhd	**12,39,59,506**	13,70,08,128
Accounts payable		
L&T Hydrocarbon Engineering Limited	**30,87,77,633**	26,11,49,817
Larsen & Toubro Ltd.	**57,81,248**	2,23,22,554
Sapurakenchana TL Offshore Sdn Bhd.	**31,26,40,683**	27,34,22,828

NOTES FORMING PART OF ACCOUNTS (Contd.)

2.5.4 During the year, the Company has not paid any remuneration to its directors.

2.6 Auditor's remuneration and expenses charged to accounts:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*
Statutory audit	**80,000**	80,000
Tax audit	**40,000**	40,000
Certification	**2,79,761**	5,85,785
Reimbursement of expenses	**–**	–
Total	**3,99,761**	7,05,785

2.7 Basic and diluted earnings per share (EPS) calculated in accordance with Accounting Standard 20- "Earning per share"

Particulars	**2016-17**	*2015-16*
Basic and diluted:		
Profit after tax	**25,55,35,348**	52,29,12,119
Weighted average number of shares outstanding	**15,88,53,083**	15,88,53,083
Basic and diluted EPS. (in ₹)	**1.61**	3.29

2.8 There have been no transactions during the period with Micro, Small and Medium enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006.

Note: The information has been given in respect of such vendors to the extent they could be identified as "Micro and Small" enterprises on the basis of information available with the Company.

2.9 There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

2.10 There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

2.11 Figures for the previous year have been regrouped/reclassified wherever necessary.

The above Balance Sheet should be read in conjuction with the accompanying notes.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

NEELU CHOWDHARY
Chief Financial Officer

RAHUL SINNARKAR
Company Secretary
M. No. A39709

S. N. PALEKAR
Director
DIN : 07152099

VIVEK ARORA
Director
DIN : 07143258

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their 10th report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:

Particulars	**2016-17**	*2015-16*
	₹	₹
Profit/(Loss) Before Depreciation, exceptional and extra ordinary items & Tax	**259,49,91,091**	*328,53,02,348*
Less: Depreciation, amortization and obsolescence	**(33,26,679)**	*(35,53,900)*
Profit/(Loss) before exceptional and extraordinary items and tax	**259,16,64,412**	*328,17,48,448*
Add: Exceptional Items	**–**	–
Profit/(Loss) before extraordinary items and tax	**259,16,64,412**	*328,17,48,448*
Add: Extraordinary items	**–**	–
Profit/(Loss) before tax	**259,16,64,412**	*328,17,48,448*
Less: Provision for tax	**(27,60,90,700)**	*(46,11,25,000)*
Less: MAT Credit Entitlement	**66,44,03,447**	–
Less: Deferred tax (net)	**20,69,25,746**	–
Profit/(Loss) after tax from continuing operations	**318,69,02,905**	*282,06,23,448*
Profit/(Loss)for the period carried to the balance sheet	**318,69,02,905**	*282,06,23,448*
Add: Balance brought forward from previous year	**11,59,15,942**	*(270,47,07,507)*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal	**330,28,18,846**	*11,59,15,941*
Balance carried to Balance Sheet	**330,28,18,846**	*11,59,15,941*

2. CAPITAL & FINANCE

There were no repayments of long term or foreign currency loans during the year.

3. CAPITAL EXPENDITURE:

As at March 31, 2017, the gross fixed and intangible assets including leased Assets stood at ₹ 44.52 lacs and the net fixed and intangible assets, including leased assets, at ₹ 34.79 lacs. Capital Expenditure including capital work in progress during the year amounted to NIL.

4. DEPOSITS:

The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

5. SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

During the year under review, the Company sold its stake in L&T South City Projects Private Limited with effect from 22nd March, 2017.

A) Equity shares sold/transferred during the year:

Name of the Company	**Number of shares**
L&T South City Projects Private Limited	2,88,02,880

B) Performance and Financial Position of each subsidiary/associate and joint venture companies:

A statement containing the salient features of the financial statement of subsidiaries/associate/joint venture companies is provided as Annexure I to this Report. (Form AOC-1)

6. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in Note 3of the Annual Accounts.

7. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Audit Committee has approved the Related Party Transactions for the year 2016-17. All transactions are in the ordinary course of business and at arm's length. The details of the related party transactions have been given in Note 24(iii)(b) of the Annual Accounts.

8. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were ₹ 314.76 crore as against ₹ 406.94 crore for the previous financial year registering a decrease of 22.65%. The profit/loss before tax from continuing operations including extraordinary and exceptional items was ₹ 259.17 crore and the profit / loss after tax from continuing operations including extraordinary and exceptional items of ₹ 318.69 crore for the financial year under review as against ₹ 328.17 crore and ₹ 282.06 respectively for the previous financial year, registering an increase/ decrease of -21.03% and 12.99% respectively.

9. AMOUNT TO BE CARRIED TO RESERVE:

The Company does not propose to transfer any amount to the reserves in the current financial year.

10. DIVIDEND:

The Directors do not recommend the payment of dividend for the current financial year.

11. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of this Report.

12. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

A. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and hence reporting under this does not arise.

B. No technology has been developed and/or imported by way of foreign collaboration.

C. Foreign exchange inflows are ₹ 69,26,466 (AED 3,89,920) and outflows ₹ 95,91,044 (AED 5,34,659) and ₹ 19,50,927 (SGD 40,795) during the year.

13. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures. Also Company periodically reviews executive management controls for minimizing risks by means of a properly designed framework.

14. CORPORATE SOCIAL RESPONSIBILITY:

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure II to the Board report.

15. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. A. M. Naik, Mr. R. Shankar Raman, Mr. Shrikant Joshi, Ms. Savitri Dadhich (Independent Director),Mr. Durgesh Mehta (Independent Director) and Mr. Balaji Rao (Independent Director)are the present Directors of the Company.

Mr. Balaji Rao has been appointed Independent Director of the Company, not liable to retire by rotation, for a period of five years with effect from October 27, 2016.

The terms and conditions of appointment of the Independent Directors in compliance with the provisions of the Companies Act, 2013.

The notice convening the AGM includes the proposal for appointment/re-appointment of Directors.

The present KMP of the Company are as follows:

Mr. Shrikant Joshi – CEO& MD

Mr. U. C. Rath – CFO

Ms. Sharmila Tirodkar – Company Secretary

16. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review five meetings were held on 9th May 2016, 16th July 2016, 27th October 2016, 17th January 2017 and 10th March 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

17. AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of Section 177 of the Companies Act, 2013. The Committee comprises of one Non-Executive director and two Independent Directors. The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Audit Committee are Mr. R. Shankar Raman, Ms. Savitri Dadhich and Mr. Durgesh Mehta.

During the year under review, four Meetings of the Audit Committee were held on 7thMay 2016, 16th July 2016, 27th October 2016 and 17th January 2017 respectively.

18. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder

The Committee comprises of the one Non-Executive Director, CEO & MD and two Independent Directors.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Nomination & Remuneration Committee are Mr. R. Shankar Raman, Mr. Shrikant Joshi, Ms. Savitri Dadhich and Mr. Durgesh Mehta.

During the year under review, two meetingsof Nomination & Remuneration Committee was held on 21st April 2016 and 27th October 2016.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

19. DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Ms. Savitri Dadhich,Mr. Durgesh Mehta and Mr. Balaji Rao confirming that they are not disqualified from continuing as an Independent Director.

20. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

21. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

22. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on 6th May 2017as required under Schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

23. COMPLIANCE WITH SECRETARIAL STANDARDS ISSUED BY INSTITUTE OF COMPANY SECRETARIES OF INDIA:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

24. PROTECTION OF WOMEN AT WORKPLACE:

The parent company, Larsen & Toubro Limited (L&T), has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during F.Y. 2016-17.

25. AUDITORS:

The Company's Auditors M/s Sharp & Tannan have already completed ten years as Statutory Auditors of the Company. In view of the mandatory rotation of auditor and in accordance with the provisions of the Companies Act, 2013, it is proposed to appoint M/s M. P. Chitale& Co. as statutory Auditors for a period of five continuous years i.e. from the conclusion of the 10th Annual General Meeting till the conclusion of the 15th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

The Board places on record its appreciation for the services rendered by M/s Sharp & Tannan as the Statutory Auditors of the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

26. SECRETARIAL AUDIT REPORT UNDER SECTION 204 OF THE COMPANIES ACT, 2013:

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by Always Jay & Co., Practicing Company Secretaries is attached as Annexure III to this Annual Report.

27. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

28. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure IV to this Report.

29. ACKNOWLEDGEMENT:

Your Directors take this opportunity to thank the customers, supply chain partners, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

L&T REALTY LIMITED

	SHRIKANT JOSHI	**R. SHANKAR RAMAN**
Date : May 6, 2017	*CEO & Managing Director*	*Director*
Place : Mumbai	*DIN : 02278471*	*DIN : 00019798*

ANNEXURE I TO THE BOARD REPORT FOR THE FINANCIAL YEAR 2016-17

FORM AOC-I

Statement containing salient features of the financial statement of subsidiaries/associate companies/joint ventues

(Pursuant to first proviso to sub-section (3) of section 129 read with rule 5 of the Companies (Accounts) Rules 2014)

PART "A" : Subsidiaries

₹ crore

Sl. No.	Particulars	L&T Vision Ventures Limited	Chennai Vision Developers Private Limited	L&T Realty FZE
	Financial year ending on	**31.03.2017**	**31.03.2017**	**31.03.2017**
	Reporting currency	**₹ crore**	**₹ crore**	**AED.crore**
	Exchange rate (in case of foreign subsidiaries)	NA	NA	NA
1	Share Capital (including Share Application money pending allotment)	0.05	0.01	0.90
2	Other Equity	(4.67)	(0.01)	(0.34)
3	Total Assets	6.24	0.00	0.57
4	Total Liabilities	6.24	0.00	0.57
5	Investments	–	0.00	–
6	Turnover	–	–	–
7	Profit before taxation	(0.02)	0.01	0.01
8	Provision for taxation	–	–	–
9	Profit after taxation	(0.02)	0.01	0.01
10	Proposed dividend - Equity	–	–	–
11	Proposed dividend - Equity - %	–	–	–
12	Proposed dividend - Preference	NA	NA	NA
13	Proposed dividend - Preference - %	–	–	–
14	% of Shareholding	68	100	100

Subsidiaries which are yet to commence operations: NA

For and on behalf of the Board

L&T REALTY LIMITED

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Date : May 6, 2017
Place : Mumbai

SHARMILA TIRODKAR
Company Secretary
M.No. A20045

ANNEXURE II

CSR ACTIVITIES FOR 2016-2017

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company's CSR Policy framework details the mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will focus on various CSR activities as stipulated under the Companies Act 2013 which will include, amongst others, the following;

   - Water – may include but not limited to support for programs making clean drinking water available, conservation and purification of water.
   - Education - may include but not limited to education infrastructure support to educational Institutions, educational programs & nurturing talent at various levels.
   - Health - may include but not limited to support for community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programs, centres for elderly/disabled, support to HIV/AIDS program.
   - Skill Development - may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITI's, support to specially abled (infrastructure support & vocational training), CSTI's, providing employability skills at project sites, creating training centres, etc.

   Governance would be the Key drivers across all the CSR initiatives.

   Based on the recommendations of the CSR Committee, the Board has approved the CSR Policy framework for the Company.

2. **Composition of the CSR Committee.**

   The CSR Committee of the Board was constituted on October 27, 2016. It comprises of one Non-Executive Director, CEO & MD and one Independent Director. The Company Secretary acts as Secretary to the Committee.

   The present Committee comprises of Mr. R. Shankar Raman, Mr. Shrikant Joshi and Ms. Savitri Dadhich as members.

3. **Average net profit of the Company for the last three financial years.**

   The average net profit of the Company for the last three financial years is ₹ 89.70 crores.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above).**

   The Company is required to spend an amount of ₹ 1.80 crores as CSR expenditure during the financial year 2017.

5. **Details of CSR spent during the financial year:**

   a. **Total amount to be spent for the financial year**

      The Company is required to spend ₹ 1.80 crores during the financial year 2016-17

   b. **Amount unspent, if any**

      Not applicable.

   c. **Manner in which the amount was spent In the financial year is detailed below:**

Sr. No.	CSR Project or activity identified	Sector in which the project is covered	Projects or programs (1) Local area or other (2) Specify the State and district where projects or programs was undertaken	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2) Overheads:	Cumulative expenditure upto to the reporting period.	Amount spent: Direct or through implementing agency
1	Contribution to Prime Minister's National Relief Fund	NA	NA	–	₹ 1.80 crores	–	₹ 1.80 crores
	TOTAL			**–**	**₹ 1.80 crores**	**–**	**₹ 1.80 crores**

6. Reasons for not spending the amount during the financial year.

Not applicable.

7. CSR Committee Responsibility Statement:

The CSR Committee hereby affirms that:

- The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
- The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
- The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

	SHRIKANT JOSHI	**R. SHANKAR RAMAN**
Date : May 6, 2017	*CEO & Managing Director*	*Director*
Place : Mumbai	*DIN : 02278471*	*DIN : 00019798*

ANNEXURE III

ALWYN JAY & CO.

COMPANY SECRETARIES

Annex-103, Dimple Arcade, Asha Nagar, Kandivali (East), Mumbai 400101.

Branch Office:B-002, Gr. Floor, Shreepati-2, Royal Complex, Behind Olympia Tower, Mira Road (E),Thane-401107 ;
Tel:022-28125781; Mob: 09820465195;09819334743; Email : alwyn.co@gmail.com Website:www.alwynjay.com

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

L&T REALTY LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Realty Limited (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - Not applicable to the Company ;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not applicable to the Company ;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not applicable to the Company) ;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - (Not applicable to the Company);

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not applicable to the Company;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not applicable to the Company ;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not applicable to the Company and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not applicable to the Company.

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the Real Estate (Regulation & Development) Act,2016, Development Control Regulations for Greater Mumbai, 1991 and the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India

(ii) Listing Agreements entered into by the Company with the Stock Exchanges -Not applicable to the Company

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance and shorter notice with consent of all the directors and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory/regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, the company has obtained shareholders' approval for payment of commission to Independent Directors of the Company.

For ALWYN JAY & CO.,
Company Secretaries

Jay D'Souza
Partner
FCS No. 3058
Certificate of Practice No. 6915

Place : Mumbai
Date : 20th April, 2017

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74200MH2007PLC176358
ii)	Registration Date	30th November 2007
iii)	Name of the Company	L&T Realty Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	–
vi)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai – 400001 Ph : 022-67525656 Email id : sharmila.tirodkar@larsentoubro.com
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company
1	Real estate activities on a fee or contract basis	L682	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name And Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited. Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	100	2(46)
2	Chennai Vision Developers Private Limited. Add: Mount Ponamallee Road, Manapakkam, P.B.No.979, Chennai, Tamil Nadu, 600089	U70101TN2008PTC068877	Subsidiary	100	2(87)(ii)
3	L&T Vision Ventures Limited. Add: Mount Ponamallee Road, Manapakkam, P.B.No.979, Chennai, Tamil Nadu, 600089	U74210TN2006PLC061845	Subsidiary	68	2(87)(ii)
4	L&T Realty FZE. Add: Sharjah Airport International Free Zone, Sharjah, U.A.E.	NA	Subsidiary	100	2(87)(ii)

IV. SHARE HOLDING PATTERN

i) Category-wise Share Holding (Equity Share Capital Breakup as percentage of Total Equity)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	0	47160700	47160700	100	0	47160700	47160700	100	
e) Banks/FI									
f) Any Other….									
Sub-total (A)(1):-	0	47160700	47160700	100	0	47160700	47160700	100	
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks/FI									
e) Any Other….									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	47160700	47160700	100	0	47160700	47160700	100	
B Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks/FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	
Total Public Shareholding (B)=(B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**0**	**47160700**	**47160700**	**100**	**0**	**47160700**	**47160700**	**100**	

Category-wise Share Holding (Preference Share Capital Breakup)

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change During the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual / HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	0	64,83,00,000	64,83,00,000	100	0	64,83,00,000	64,83,00,000	100	0
e) Banks / FI									
f) Any Other….									
Sub-total (A)(1):-	0	64,83,00,000	64,83,00,000	100	0	64,83,00,000	64,83,00,000	100	0
(2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (A)(2):-	0	0	0	0	0	0	0	0	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	0	64,83,00,000	64,83,00,000	100	0	64,83,00,000	64,83,00,000	100	0
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	0	0	0	0	0	0	0	0	
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	0	0	0	0	0	0	0	0	
Total Public Shareholding (B)=(B)(1) + (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**0**	**64,83,00,000**	**64,83,00,000**	**100**	**0**	**64,83,00,000**	**64,83,00,000**	**100**	**0**

(ii) Shareholding of Promoters - Equity Shares

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Limited	47160700	100	0	47160700	100	0	NIL
	Total	**47160700**	**100**	**0**	**47160700**	**100**	**0**	**NIL**

Shareholding of Promoters - Preference Shares

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the Company	% of Shares Pledged/ encumbered to total shares	
1	Larsen & Toubro Limited	64,83,00,000	100	0	64,83,00,000	100	0	NIL
	Total	**64,83,00,000**	**100**	**0**	**64,83,00,000**	**100**	**0**	**NIL**

(iii) Change in Promoters' Shareholding - Equity Shares (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	47160700	100	47160700	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No change			
	At the End of the year	47160700	100	47160700	100

Change in Promoters' Shareholding - Preference Shares

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	0	0	0	0
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	64,83,00,000	100	64,83,00,000	100
	At the End of the year	64,83,00,000	100	64,83,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Inter Corporate Borrowings	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount			185,24,32,688	185,24,32,688
ii) Interest due but not paid			84,73,24,944	84,73,24,944
iii) Interest accrued but not due				
Total (i+ii+iii)			**269,97,57,632**	**269,97,57,632**
Change in Indebtedness during the financial year				
Addition				
Principal			232,50,00,000	232,50,00,000
Interest			16,08,76,867	16,08,76,867
Reduction				
Principal			406,63,39,910	406,63,39,910
Interest			95,36,60,090	95,36,60,090
Net Change			**-253,41,23,133**	**-253,41,23,133**
Indebtedness at the end of the financial year				
i) Principal Amount			11,10,92,778	11,10,92,778
ii) Interest due but not paid			5,45,41,721	5,45,41,721
iii) Interest accrued but not due				
Total (i+ii+iii)			**16,56,34,499**	**16,56,34,499**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of Manager/MD/WTD	Total Amount
		Mr. Shrikant Joshi (CEO & MD)	
1.	Gross salary		
	(a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961	11400000	11400000
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961	NIL	NIL
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission		
	- as % of profit	NIL	NIL
	- others, specify…		
5.	Others, please specify	NIL	NIL
	Total (A)	NIL	NIL
	Ceiling as per the Act		**88147000**

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		Ms. Savitri Dadhich	Mr. Durgesh Mehta	Mr. Balaji Rao	
1.	Independent Directors				
	• Fee for attending board/committee meetings	190000	215000	75000	480000
	• Commission	500000	500000	208333	1208333
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	**690000**	**715000**	**283333**	**1688333**
		Mr. A. M. Naik	**Mr. R. Shankar Raman**		
2.	Other Non-Executive Directors				
	• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	**690000**	**715000**	**283333**	**1688333**
	Total Managerial Remuneration				
	Overall Ceiling as per the Act				**17629485**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		CFO	Company Secretary	Total
		Mr. U. C. Rath	Ms. Sharmila Tirodkar	Total
1.	Gross salary			
	(a) Salary as per Provisions contained in Section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL
	(c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission			
	- as % of profit	NIL	NIL	NIL
	- others, specify			
5.	Others, please Specify	NIL	NIL	NIL
	Total	**NIL**	**NIL**	**NIL**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty					
Punishment			NIL		
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T REALTY LIMITED

Report on the standalone Ind AS financial statements

We have audited the accompanying Ind AS financial statements of **L&T Realty Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act;
   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B"; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements- refer note 36 to the Ind AS financial statements.

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses - refer note 37 to the Ind AS financial statements.

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company- refer note 39 to the Ind AS financial statements and

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company- refer note 28 to the Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : May 06, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

i. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, immovable property are in the name of the Company.

ii. According to the information and explanation given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

iii. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Act have been complied with.

iv. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of the disputed dues	Amount *	Period to which the amount relates	Forum where disputes are pending
Income Tax Act, 1961	Dispute regarding disallowance.	7,22,120	2012-13	Commissioner of Income Tax (Appeals)

*Net of pre-deposit paid in getting the stay/appeal admitted

v. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officer or employees, noticed or reported during the year, nor have we been informed of such case by management.

vi. According to the records of the Company examined by us and the information and explanations given to us, the managerial remuneration has been provided in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Companies Act.

vii. According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

viii. According to the records of the Company examined by us and information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

ix. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

x. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

xi. Clauses 3(ii), 3(v), 3(vi), 3(viii), 3(ix) and 3(xii) of the Order are not applicable to the Company.

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : May 06, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Realty Limited ("the company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Place : Mumbai
Date : May 06, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
ASSETS:							
Non-current assets							
Property, Plant and Equipment	2		3,479,193		3,940,538		4,202,360
Other Intangible assets			7,568,370		10,428,982		13,289,612
Financial Assets							
Non Current investments	3	8,537,385,910		96,892,390		802,134,215	
Long term loans	4	87,126		87,126		87,126	
Other financial assets	5	223,451,401		223,451,401		–	
			8,760,924,437		320,430,917		802,221,341
Deferred tax assets (net)			871,329,193		–		–
Other non-current assets	6		283,852,758		367,231,477		275,413,356
Current assets							
Financial Assets							
Inventories	7	–		246,713,000		246,713,000	
Current Investments	8	148,602,660		705,621,825		2,402,427,417	
Cash and cash equivalents	9	103,403,798		8,087,706		41,256,162	
Short-term loans	10	–		8,440,493,519		9,782,537,781	
Other financial assets	11	778,039,766		282,248,624		166,538,238	
Assets for current tax (net)	12	–		9,128,410		73,828,069	
Other current assets	13	17,160,935		55,989,105		29,362,069	
			1,047,207,159		9,748,282,189		12,742,662,736
Assets Held for sale	27		340,000		–		–
TOTAL ASSETS			10,974,701,109		10,450,314,103		13,837,789,405
EQUITY AND LIABILITIES:							
Total Equity							
Equity share capital	14		471,607,000		471,607,000		471,607,000
Other Equity	15		10,187,972,543		7,001,069,639		(2,302,553,810)
Share application money pending allotment							6,482,927,543
			10,659,579,543		7,472,676,639		4,651,980,734
Financial Liabilities							
Borrowings	16	165,634,499		2,699,757,632		7,233,465,101	
Trade payables	17	21,916,155		32,016,544		8,783,805	
Other financial liabilities	18	119,899,106		238,251,588		1,938,351,623	
			307,449,760		2,970,025,764		9,180,600,529
Other current liabilities	19		4,465,826		7,611,700		5,208,142
Liabilities for current tax	20		3,205,980		–		–
TOTAL EQUITY AND LIABILITIES			10,974,701,109		10,450,314,103		13,837,789,405
SIGNIFICANT ACCOUNTING POLICIES	1						

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SHARMILA TIRODKAR
Company Secretary
M. No. A20045

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from operations	**21**		**3,136,819,885**		*2,948,467,884*
Other income	**22**		**10,772,917**		*1,120,832,251*
TOTAL REVENUE			**3,147,592,802**		*4,069,300,135*
EXPENSES					
Manufacturing, construction and operating expense	**23**		**246,713,000**		–
Sales, administration and other expenses	**24**		**127,253,469**		*53,116,974*
Finance costs	**25**		**178,635,242**		*730,880,813*
Depreciation, amortisation, impairment and obsolescence	**2(i)(b)**		**3,326,679**		*3,553,900*
TOTAL EXPENSES			**555,928,390**		*787,551,687*
Profit before exceptional items and tax			**2,591,664,412**		*3,281,748,448*
Exceptional items			**–**		
Profit before tax			**2,591,664,412**		*3,281,748,448*
Tax expense:					
Current tax		**276,090,700**		*461,125,000*	
MAT Credit Entitlement related to previous years		**(391,713,047)**		–	
MAT Credit Entitlement for current year		**(272,690,400)**		–	
Deferred tax (net)		**(206,925,746)**		–	
			(595,238,493)		*461,125,000*
Profit after tax			**3,186,902,905**		*2,820,623,448*
Other Comprehensive Income			**–**		–
Total Other Comprehensive Income			**–**		–
Total Comprehensive income for the period, net of tax			**3,186,902,905**		*2,820,623,448*
Basic earnings per equity share (₹)			**67.58**		*59.81*
Diluted earnings per equity share (₹)			**67.58**		*59.81*
Face value per equity share (₹)			**10.00**		*10.00*

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SHARMILA TIRODKAR
Company Secretary
M. No. A20045

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A.	**Cash flow from operating activities**		
	Profit/(Loss) before tax (excluding exceptional items)	**2,591,664,412**	*3,281,748,448*
	Adjustments for:		
	Depreciation and amortisation	**3,326,679**	*3,553,900*
	(Profit)/Loss on sale of Investments	**(1,170,718,175)**	*(1,728,588,884)*
	Interest income	**(92,055)**	*(1,082,471,846)*
	Interest expenditure	**178,635,242**	*730,880,813*
	Fair Value of investments in mutual funds (net)	**(811,741)**	–
	(Profit)/loss on sale of investments in mutual funds (net)	**(3,855,085)**	*(16,442,401)*
	Operating profit before working capital changes	**1,598,149,277**	*1,188,680,030*
	Adjustments for:		
	(Increase)/decrease in Inventories	**246,713,000**	–
	(Increase)/decrease in loans and advances	**(187,661,566)**	*431,132,764*
	Increase/(decrease) in liabilities and provisions	**(141,598,745)**	*(1,674,463,738)*
	Cash generated from operations	**1,515,601,966**	*(54,650,944)*
	Direct taxes paid	**(272,884,720)**	*(470,253,410)*
	Net cash generated from/(used in) operating activities (A)	**1,242,717,246**	*(524,904,354)*
B.	**Cash flow from investing activities**		
	Purchase/Sale of fixed assets (net of CWIP)	**17,907,901**	*(431,447)*
	Loans/Deposits made with subsidiaries, associates companies and third parties (net)	**(195,046,901)**	*1,232,374,448*
	Divestment of stake in subsidiaries, associates and joint Ventures	**1,886,340,000**	*3,425,394,476*
	Purchase of Mutual funds	**(749,900,000)**	*(1,910,000,000)*
	Sale of Mutual funds	**605,964,166**	*1,926,442,401*
	Interest received	**92,055**	*1,082,471,846*
	Net cash generated from/(used in) investing activities (B)	**1,565,357,222**	*5,756,251,724*
C.	**Cash flow from financing activities**		
	Proceeds from fresh issue of shares	**–**	*6,483,000,000*
	Receipt/(Repayment) of advance towards equity commitment	**–**	*(6,482,927,543)*
	Proceeds from short term borrowings	**2,325,000,000**	*522,500,000*
	Repayment of short term borrowings	**(4,859,123,133)**	*(5,056,207,469)*
	Interest paid	**(178,635,243)**	*(730,880,813)*
	Net cash from/(used in) financing activities (C)	**(2,712,758,376)**	*(5,264,515,825)*
	Net increase/(decrease) in cash & cash equivalents (A+B+C)	**95,316,091**	*(33,168,455)*
	Cash and cash equivalents at the beginning of the year	**8,087,707**	*41,256,162*
	Cash and cash equivalents at the end of the year	**103,403,798**	*8,087,707*

Notes:
1. Cash flow statement has been prepared under the indirect method as set out in the Ind AS 7 : "Statement of Cash Flows".
2. Cash & cash equivalent represent fixed deposits, cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SHARMILA TIRODKAR
Company Secretary
M. No. A20045

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

(A) Equity share capital

For the year ended 31 March 2017

Balance as at 31 March 2016	Changes in equity share capital during the year	Balance as at 31 March 2017
471,607,000	–	471,607,000

For the year ended 31 March 2016

Balance as at 31 March 15	Changes in equity share capital during the year	Balance as at 31 March 2016
471,607,000	–	471,607,000

(B) Other Equity

For the year ended 31 March 2017

	Equity component of preference share capital	Reserves & Surplus		Total
		Securities Premium	Retained earnings	
Balance as at 31 March 2016	6,483,000,000	402,153,697	115,915,942	7,001,069,639
Profit/(Loss) for the year			3,186,902,905	3,186,902,905
Issued during the period	–			–
Balance as at 31 March 2017	6,483,000,000	402,153,697	3,302,818,846	10,187,972,543

For the year ended 31 March 2016

	Equity component of preference share capital	Reserves & Surplus		Total
		Securities Premium	Retained earnings	
Balance as at 31 March 2015	–	402,153,697	(2,704,707,507)	(2,302,553,810)
Profit/(Loss) for the year			2,820,623,448	2,820,623,448
Issued during the period	6,483,000,000			6,483,000,000
Balance as at 31 March 2016	6,483,000,000	402,153,697	115,915,942	7,001,069,639

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : May 6, 2017

SHARMILA TIRODKAR
Company Secretary
M. No. A20045

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1. SIGNIFICANT ACCOUNTING POLICIES

1 Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

2 Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (`Act') (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

3 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

4 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

5 Revenue recognition:

Revenue from operations

(i) Income from project management and advisory services is accounted on time proportionate basis/proportionate completion method based on the agreements/arrangements with customers. However, certain claims, which are not ascertainable/acknowledged by customers,are not taken into account.

(ii) Other operating revenue, other than Dividend income, is accounted based on the agreements/arrangements with customers.

(iii) Dividend income is accounted when the right to receive the same is established.

Other income

(i) Interest income is accrued at applicable interest rate on time proportionate basis.

(ii) Other items of income are accounted as and when the right to receive arises.

6 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

7 Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under i-GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions stated below.)

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013, except in certain assets where the useful life was determined by technical evaluation. Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is materially different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

8 Intangible assets and amortisation

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised over their estimated useful life. Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset's revised carrying amount over its remaining useful life.

9 Impairment of assets

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine :

a) the provision for impairment loss, if any; and

b) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount

Recoverable amount is determined:

a) In the case of individual asset, at higher of the net selling price and value in use.

b) In the case of a cash generating asset, (a group of assets that generates identifiable independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of the estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

10 Employee benefits

The following are the accounting policies of the Company with respect to Employee benefits:

Short term employee benefits

All employee benefits payable wholly within twelve months of rendering the services are classified as short term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and the expected cost of bonus, exgratia are recognized in the period in which the employee renders the related service.

11 Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

Financial assets are subsequently measured either at amortised cost or fair value.

(a) Investments in debt Instruments that meet the following conditions are subsequently measured at amortised cost :

   1) the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and

   2) The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other debt instruments are recognised in profit or loss.

(b) Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in Other Comprehensive Income for equity instruments which are not held for trading.

(c) All other financial assets are measured at amortised cost.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs except for government loans which are concessional or interest free) existing on the date of transition to Ind AS which are carried at their existing carrying value as per the previous Indian GAAP.

12 Inventories

Inventories representing project related work-in-progress, are valued after providing for obsolescence, at lower of cost or net realisable value.

13 Foreign currencies

(i) The reporting currency of the Company is the Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at historical cost denominated in a foreign currency, are reported using the exchange rate on the date of the transaction.

(iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

14 Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

15 Taxes on income

Tax on income for the current year is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961, and based on expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are recognised for taxable temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent it is probable that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

16 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

17 Cash and Bank Balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

18 Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if :

i) the Company has a present obligation (legal or constructive) as a result of a past event.

ii) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in the case of :

i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

ii) a present obligation, arising from the past events when no reliable estimate is possible;

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

19 Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified as and disclosed as follows:

i) Estimated amount of contracts remaining to be executed on capital account and not provided for.

ii) Uncalled liability on shares and other investments partly paid.

iii) Funding related commitment to Subsidiary, Associate and Joint Venture Companies.

iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of the management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

20 Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

21 Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

(i) transactions of a non-cash nature

(ii) any deferrals or accruals of past or future operating cash receipts or payments; and

(iii) items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

2. PROPERTY, PLANT AND EQUIPMENT

2 (I) ASSET-WISE DETAILS OF TANGIBLE ASSETS

Particulars	COST				DEPRECIATION				BOOK VALUE		
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	Upto 31.03.2016	For the Year	Deductions	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned											
Freehold Land (Refer note 2(i)(a) below)	325,255	–	–	**325,255**	–	–	–	**–**	**325,255**	325,255	*325,255*
Buildings	2,660,761	–	–	**2,660,761**	60,702	60,702		**121,404**	**2,539,357**	2,600,059	*2,660,761*
Computers	182,731	4,722	–	**187,453**	109,460	59,120	–	**168,580**	**18,873**	73,271	*182,731*
Office Equipments	829,690	–	–	**829,690**	194,965	252,088	–	**447,053**	**382,637**	634,725	*473,494*
Furniture and Fixtures	106,852	–	–	**106,852**	63,810	7,729	–	**71,539**	**35,313**	43,042	*274,717*
Electrical Installations	77,692	–	–	**77,692**	4,356	7,456	–	**11,812**	**65,880**	73,336	*15,575*
Vehicles	269,823	–	–	**269,823**	78,973	78,972	–	**157,945**	**111,878**	190,850	*269,823*
Total	**4,452,804**	**4,722**	–	**4,457,526**	**512,266**	**466,067**	**–**	**978,333**	**3,479,193**	**3,940,538**	**4,202,356**

2 (II) ASSET-WISE DETAILS OF OTHER INTANGIBLE ASSETS

Particulars	COST				AMORTISATION				BOOK VALUE		
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	Upto 31.03.2016	For the Year	Deductions	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned											
Computer software	17,171,879	-	-	**17,171,879**	6,742,897	2,860,612	-	**9,603,509**	**7,568,370**	10,428,982	*13,289,612*
Total	**17,171,879**	**-**	**-**	**17,171,879**	**6,742,897**	**2,860,612**	**-**	**9,603,509**	**7,568,370**	**10,428,982**	**13,289,612**

Notes :

2(i) (a) Land represents 855 sq. ft. of undivided portion of land pertaining to the apartment owned by the Company at Green Park Apartments, Coimbatore.

(b) Depreciation charged to the Statement of profit and loss

Particulars	**2016-17**	*2015-16*
	₹	₹
Depreciation for the year	**466,067**	*693,288*
Less: Transferred to Project work in Progress	**–**	–
Depreciation charged to Statement of Profit and loss (A)	**466,067**	*693,288*
Obsolescence for the period (B)	**–**	–
Amortisation for the period (B)	**2,860,612**	*2,860,612*
Total charged to Statement of Profit and loss (A+B)	**3,326,679**	*3,553,900*

Previous year's figures have been regrouped wherever necessary.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

3. NON-CURRENT INVESTMENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹	As at 01.04.2015 ₹
Trade Investments						
Investment in equity instruments:						
Subsidiary Companies (unquoted)						
Fully paid equity shares	**96,702,400**		96,702,400		*801,984,225*	
Less: Provision for diminution in value	**–**	**96,702,400**	–	96,702,400	*–*	*801,984,225*
Other Investments :						
Investment in LLP						
Capital contribution to :						
L&T Asian Realty Project LLP	**8,440,583,520**		90,000		*50,000*	
L&T Parel Project LLP	**99,990**	**8,440,683,510**	99,990	189,990	*99,990*	*149,990*
Total		**8,537,385,910**		96,892,390		*802,134,215*
Notes						
Aggregate amount of unquoted investments		**8,537,385,910**		96,892,390		*802,134,215*

Details of Investments in equity shares (At cost unless otherwise specified)

Particulars	Face Value ₹	Number of shares As at 01.04.2016	Purchased/ Subscribed during the year	Sold during the year	Adjustments	As at 31.03.2017	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Trade Investments								
Subsidiary Companies (unquoted)								
Fully paid equity instruments :								
Chennai Vision Developers Private Limited	10	**100,000**	**–**	**–**	**–**	**100,000**	**100,000**	*100,000*
L&T Realty FZE, Sharjah, UAE	1610040	**96,602,400**	**–**	**–**	**–**	**96,602,400**	**96,602,400**	*96,602,400*
TOTAL							**96,702,400**	*96,702,400*

NOTE 3(A)

INVESTMENT IN L&T ASIAN REALTY PROJECT LLP

Name of the partners & share in profits (%)	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
L&T Realty Limited	**8,440,583,520**	90,000	*50,000*
Chennai Vision Developers Pvt Limited	**10,000**	10,000	*50,000*
Total Capital of the LLP	**8,440,593,520**	100,000	*100,000*

NOTE (a) : The Board of Directors of the Company during their meeting held on March 23, 2016 have approved a further contribution of ₹ 844,04,93,520 as Capital in L&T Asian Realty Project LLP. Accordingly, the company has infused the additional capital of ₹ 844,04,93,520 on April 27, 2016.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

INVESTMENT IN L&T PAREL PROJECT LLP

Name of the partners & share in profits (%)	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	₹
L&T Realty Limited (99.99%)	99,990	99,990	*99,990*
Chennai Vision Developers Private Limited (0.01%)	10	10	*10*
Total Capital of the LLP	**100,000**	100,000	*100,000*

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
NOTE 4						
LOANS						
Security Deposits:						
Unsecured Considered Good	**87,126**		87,126		*87,126*	
		87,126		87,126		*87,126*
Total		**87,126**		**87,126**		**87,126**
NOTE 5						
OTHER FINANCIAL ASSETS						
Other loans and advances						
Unsecured, considered good:						
Other Receivables	**223,451,401**		223,451,401		–	
		223,451,401		223,451,401		–
Total		**223,451,401**		223,451,401		–
NOTE 6						
OTHER NON-CURRENT ASSETS						
Long Term Advances recoverable :						
VAT Recoverable	**92,763**		92,763			
Sales Tax Deposits	**50,000**		50,000		*25,000*	
		142,763		142,763		*25,000*
Income Tax Prior Years (NC)						
Income Tax Balances prior year	**283,709,995**		349,176,091		*275,388,356*	
		283,709,995		349,176,091		*275,388,356*
Other non current assets		**–**		17,912,623		
Total		**283,852,758**		367,231,477		*275,413,356*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
NOTE 7						
INVENTORIES (At cost or NRV whichever is lower)						
Property Development Projects - Work in progress		**–**		246,713,000		*246,713,000*
Total		**–**		246,713,000		*246,713,000*
NOTE 8						
CURRENT INVESTMENTS						
Investment Other Equity Shares Short Term (Note 8(i))		**–**		705,621,825		*2,402,427,417*
Investment in Mutual Funds (Carried at fair value through Profit and Loss) (Note 8(ii))	**148,602,660**		–		–	
		148,602,660		–		–
Total		**148,602,660**		705,621,825		*2,402,427,417*

NOTE 8(i) The Company has divested its investment in L&T Southcity Projects Limited vide its agreement dated March 14, 2017 and CSJ Infrastructure Private Limited vide its share sale agreement dated September 28 ,2015. The transaction resulted in to a Net gain of ₹ 117,07,18,175 from divestment of L&T Southcity Projects Limited and ₹ 172,85,88,884 crores from divestment of CSJ Infrastructure Private Limited which was reported in Note 21.

NOTE 8(ii) DETAILS OF INVESTMENT

Particulars	No. of Units	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
L&T Liquid Fund - Regular Growth	66795	148,602,660	–	–

NOTE 9

CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
Cash on hand		**1,279**		38,822		*14,784*
Balance with banks						
Current accounts	**102,519,769**		7,147,009		*14,635,772*	
Bank Deposit (including interest thereon) with original maturity of less than 3 months					*26,605,606*	
Other Bank balances						
Margin Money Deposit with bank	**882,750**	**103,402,519**	901,875	8,048,884	–	*41,241,378*
Total		**103,403,798**		8,087,706		*41,256,162*

NOTE 10

SHORT TERM LOANS

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Loans given to related parties:			
Intercorporate Deposit including interest accrued Note 9(i)	**–**	8,440,493,519	*9,782,537,781*
Total	**–**	8,440,493,519	*9,782,537,781*

NOTE 10.1: During the year L&T Asian Realty Project LLP repaid loan amounting to ₹ 5,922,582,860 along with interest of ₹ 2,517,910,659 on April 27, 2016

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 11

OTHER CURRENT FINANCIAL ASSETS

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Intercorporate Deposit Others Including Interest Accrued (Note 10(i))		**200,103,561**		-		-
Subsidiary/Parent Cos Current Account Balance		**213,261,500**		18,214,600		*5,552,388*
Unsecured, considered good						
Advances to Gratuity fund					*559,378*	
Advances recoverable in cash or kind	**64,364,160**		64,364,160		*70,426,472*	
Advance towards Development rights (Note 10(ii))	**90,000,000**		90,000,000		*90,000,000*	
Other Receivables	**210,310,545**		109,669,864		-	
		364,674,705		264,034,024		*160,985,850*
Total		**778,039,766**		282,248,624		*166,538,238*

NOTE 11(i) The Company has advanced inter corporate deposit amounting to ₹ 20,00,00,000 on 29th March 2017 to L&T Southcity Projects Limited.

NOTE 11(ii) The Management has reviewed the viability of the project at Sriperambudur and has decided to surrender its development rights for the project. The Company is assisting the land owner M/s City Lubricants Pvt Ltd (CLPL) to find an alternative developer for development of the land. The advance of ₹ 9,00,00,000 paid to CLPL in Mar & Aug 2007 will be recovered once the project is taken over by alternative developer. The advance is secured by way of registration of charge on the land.

NOTE 12

CURRENT TAX ASSETS (NET)

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
Advance tax installment current year			453,275,000		–	
TDS certificates received in current year	**–**		–		*68,585,888*	
TDS certificates receivables current year	**–**		16,978,410		*5,242,181*	
		–		470,253,410		*73,828,069*
Less : Provision for Taxation		**–**		(461,125,000)		–
Total		**–**		9,128,410		*73,828,069*

NOTE 13

OTHER CURRENT ASSETS

Advance recoverable other than in cash						
Prepaid Expenses	**7,515**		–		*67,667*	
VAT recoverable	**–**		–		*92,763*	
Service Tax Recoverable	**17,153,418**		55,989,104		*29,201,638*	
		17,160,933		55,989,104		*29,362,068*
Total		**17,160,933**		55,989,104		*29,362,068*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

14 EQUITY SHARE CAPITAL

14 (i) Authorised, issued and subscribed	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	*₹*
Authorised :			
40,00,00,000 equity shares of ₹ 10 each (Previous year 80,00,00,000 equity shares of ₹ 10 each)	**4,000,000,000**	4,000,000,000	*8,000,000,000*
Issued :			
4,71,60,700 equity shares of ₹ 10 each	**471,607,000**	471,607,000	*471,607,000*
Subscribed :			
4,71,60,700 equity shares of ₹ 10 each	**471,607,000**	471,607,000	*471,607,000*
Total	**471,607,000**	471,607,000	*471,607,000*

14 (ii) Reconciliation of equity shares outstanding at the beginning and at the end of the year

Particulars	**2016-17**		2015-16		*2014-15*	
	Number of shares	**₹**	Number of shares	₹	*Number of shares*	*₹*
At the beginning of the year	**47,160,700**	**471,607,000**	47,160,700	471,607,000	*47,160,700*	*471,607,000*
Issued during the year			–	–	–	–
At the end of the year	**47,160,700**	**471,607,000**	47,160,700	471,607,000	*47,160,700*	*471,607,000*

14 (iii) Shareholders holding more than 5% of Equity shares as at the end of the year

Name of the shareholder	**As at 31.03.2017**		*As at 31.03.2016*	
	Number of shares	**Shareholding %**	**Number of shares**	**Shareholding %**
Larsen & Toubro Limited	47,160,700	100	47,160,700	100

14 (vi). The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31, 2017 are Nil (previous period of five years ended March 31, 2016: Nil).

14 (v). Terms/rights attached to equity shares :
The Company has only one class of equity shares having par value of ₹ 10/- per share. Each share is entitled to one vote per share.

14 (vi). The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding last five years ended on March 31, 2017 – Nil (previous period of five years ended March 31, 2016: Nil).

14 (vii). The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

NOTE 15

OTHER EQUITY

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	**₹**	₹	₹	*₹*	*₹*
Equity component of preference share capital (64,83,00,000 Preference shares of ₹ 10 each)		**6,483,000,000**		6,483,000,000		
Securities premium account						
As per last Balance Sheet		**402,153,697**		402,153,697		*402,153,697*
Surplus statement of profit and loss						
As per last Balance Sheet	**115,915,942**		(2,704,707,507)		*(2,689,842,115)*	
Profit/(Loss) for the year					*(14,865,392)*	
Opening Balance						
Profit for the period	**3,186,902,905**	**3,302,818,846**	2,820,623,448	115,915,942		*(2,704,707,507)*
Total		**10,187,972,543**		7,001,069,639		*(2,302,553,810)*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(i) Authorised, issued and subscribed	**As at 31.03.2017**	As at 31.03.2016	*As at 01.04.2015*
	₹	₹	*₹*
Authorised :			
80,00,00,000 preference shares of ₹ 10 each (Previous year 40,00,00,000 preference shares of ₹ 10 each)	**8,000,000,000**	8,000,000,000	*4,000,000,000*
Issued :			
64,83,00,000 Preference shares of ₹ 10 each	**6,483,000,000**	6,483,000,000	–
Subscribed :			
64,83,00,000 Preference shares of ₹ 10 each	**6,483,000,000**	6,483,000,000	–

(iii) Reconciliation of Preference shares outstanding at the beginning and at the end of the year

Particulars	**2016-17**		2015-16		*2014-15*	
	Number of shares	**₹**	Number of shares	₹	*Number of shares*	*₹*
At the beginning of the year	**648,300,000**	**6,483,000,000**	–	–	–	–
Issued during the year			648,300,000	6,483,000,000	–	–
At the end of the year	**648,300,000**	**6,483,000,000**	648,300,000	6,483,000,000	–	–

Terms/rights attached to preference shares :. During the year, the company has allotted 64,83,00,000, 12% Non-Cumulative, Redeemable preference shares of ₹ 10 each convertible at the option of the issuer to its holding company Larsen & Toubro Limited. The tenure of this Preference shares is 10 years.

NOTE 16

SHORT - TERM BORROWINGS

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	**₹**	₹	₹	*₹*	*₹*
Unsecured						
Inter-corporate borrowings from related parties						
Related parties						
Holding Company		**165,634,499**		2,699,757,632	*7,101,965,101*	
Subsidiary Company/LLP		**–**		–	*131,500,000*	*7,233,465,101*
Total		**165,634,499**		2,699,757,632		*7,233,465,101*

Terms of Repayment : The lender and borrower reserve the right to call back or repay the same prior to maturity date by giving notice of 3 working days.

NOTE 17

TRADE PAYABLES

Particulars	**As at 31.03.2017**		As at 31.03.2016		*As at 01.04.2015*	
	₹	**₹**	₹	₹	*₹*	*₹*
Due to related parties		**6,358,866**		15,632,061		*8,729,644*
Due to others		**15,557,289**		16,384,483		*54,161*
Total		**21,916,155**		32,016,544		*8,783,805*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
NOTE 18						
OTHER FINANCIAL LIABILITIES						
Unclaimed cheques	28,846		28,846		22,472	
Other Payables	119,870,260		238,222,742		1,938,329,151	
		119,899,106		238,251,588		1,938,351,623
Total		119,899,106		238,251,588		1,938,351,623
NOTE 19						
OTHER CURRENT LIABILITIES						
Other Payables	4,465,826		7,611,700		5,208,142	
		4,465,826		7,611,700		5,208,142
Total		4,465,826		7,611,700		5,208,142
NOTE 20						
LIABILITIES FOR CURRENT TAX (NET)						
Provision for Current year tax	276,090,700		–		–	
Less :						
Advance Tax Installment Current year	240,040,000		–		–	
TDS Certificate Receivables Current Year	32,844,720		–		–	
		3,205,980		–		–
Total		3,205,980		–		–

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 21				
REVENUE FROM OPERATIONS				
Operating revenue:				
Profit on sale of Investment	1,170,718,175		1,728,588,884	
Property development activity	375,000,000		–	
Share of Profit from JV	1,309,869,000		1,209,879,000	
Development Management Fees	281,232,710	3,136,819,885	10,000,000	2,948,467,884
Total		3,136,819,885		2,948,467,884
NOTE 22				
OTHER INCOME				
Interest Income on -				
Bank Deposits	–		1,517,330	
Subsidiaries	92,055		1,082,471,846	
Others	6,014,036	6,106,091	–	1,083,989,176
Net gain/(loss) on sale of investments:				
Current investments (net)				
Gain/(Loss) on sale of Investments	3,855,085		16,442,401	
		3,855,085		16,442,401
Gain/(Loss) on Fair Value of Investment		811,741		–
Miscellaneous Income		–		20,400,674
Total		10,772,917		1,120,832,251

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	2016-17 ₹	₹	2015-16 ₹	₹
NOTE 23				
MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSE				
Change in inventories of finished goods, work-in-progress and stock-in-trade:				
Closing stock of Property development Land			*(246,713,000)*	
Less :				
Opening stock of Property development Land	**246,713,000**	**246,713,000**	*246,713,000*	–
Total		**246,713,000**		–
NOTE 24				
SALES, ADMINISTRATION AND OTHER EXPENSES				
Power and Fuel		**525,439**		*897,105*
Rent				
Lease rent - Office Equipment	**15,165**		–	
Lease rent - Office Space	**1,993,838**	**2,009,003**	*3,386,681*	*3,386,681*
Rates and Taxes				
Property Tax	**1,818,091**		*1,815,000*	
Others	**7,129,145**	**8,947,236**	*6,749,319*	*8,564,319*
Travelling and conveyance		**133,175**		*528,548*
General repairs and maintenance		**38,975**		*22,367*
Professional fees		**6,003,713**		*8,875,326*
Auditor's Remuneration (Refer Note 30)		**1,377,180**		*793,000*
Directors Fees - sitting fees		**1,688,333**		*1,335,000*
Telephone, postage and telegrams		**89,424**		*107,371*
Advertising and publicity	**–**	**–**	–	*7,576*
Corporate Social Responsibility (Note No. 31)		**18,000,000**		–
Overheads Charged by Parent/Subsidiaries		**10,563,910**		*1,002,571*
Deputation charges by Parent		**59,895,642**		*25,297,774*
Provision for Doubtful debts		**1,878,357**		–
Exchange (gain)/loss		**332,159**		*(79,277)*
Security charges		**780,214**		*745,896*
Bank charges		**120,201**		*344,293*
Miscellaneous expenditure		**14,870,508**		*1,288,424*
Total		**127,253,469**		*53,116,974*
NOTE 25				
FINANCE COSTS				
Interest expense on borrowings	**178,752,077**		*730,757,121*	
Interest-Others	**(116,835)**	**178,635,242**	*123,692*	*730,880,813*
Total		**178,635,242**		*730,880,813*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

26(i) The Company has been formed to carry out construction, development, purchase, sale, leasing, financing, valuation and management of residential, commercial, industrial and retail property, and property management and project management.

26(ii) The Company operates in only one segment and from one geographical location i.e. India. Accordingly, no segment reporting is required.

26(iii) (a) Disclosure of related party/related parties transactions pursuant to Ind AS 24 "Related Party Disclosures"

A. List of related parties and status of transactions entered during the year:

Sr No	Name of the Related Party	Relationship	Transaction entered during the Year (Yes/No)
1	Larsen & Toubro Limited*	Holding Company	Yes
2	L&T Asian Realty Project LLP**	Wholly owned subsidiary	Yes
3	L&T Parel Project LLP**	Wholly owned subsidiary	Yes
4	Chennai Vision Developers Private Limited	Wholly owned subsidiary	Yes
5	L&T Vision Venture Limited	Subsidiary	Yes
6	L&T South City Projects Limited	Subsidiary (Upto 19th March 2017)	Yes
7	L&T Realty FZE	Wholly owned subsidiary	Yes
8	Hyderabad International Trade Expositions Limited	Fellow Subsidiary	No
9	L&T Infocity Limited	Fellow Subsidiary	No
10	L&T Infrastructure Development Projects Limited	Fellow Subsidiary	No
11	L&T Infotech Limited	Fellow Subsidiary	No
12	L&T Seawoods Private Limited	Fellow Subsidiary	Yes
13	L&T Hitech City Limited	Fellow Subsidiary	No
14	L&T Electrical & Automation FZE	Fellow Subsidiary	No
15	L&T Construction Equipment Limited (Realty Division)	Fellow Subsidiary	Yes

* Larsen & Toubro Limited together with its nominees holds the full nominal value of the equity share capital of the Company

** The Company along with its subsidiary Chennai Vision Developers Private Limited, holds 100% of the LLP.

B. List of Key Managerail personnel

1	Anilkumar Manibhai Naik	Director
2	Ramamurthi Shankar Raman	Director
3	Shrikant Prabhakar Joshi	CEO and Managing Director
4	Balaji Rao	Non Executive Director
5	Durgesh Mehta	Non Executive Director
6	Savitri Mahavir Dadhich	Non Executive Director
7	Uma Rath Charan	Chief Financial Officer
8	Sharmila Pranav Tirodkar	Company Secretary

26(iii) (b) Disclosure of related party transactions (excluding service tax)

Particulars		**2016-2017**	*2015-2016*
		₹	₹
1	**Holding Company**		
	Larsen & Toubro Limited		
	- Receipts/(Repayment) of Advance Towards Equity Commitment	**–**	*(6,482,927,543)*
	- Rent expense	**1,862,266**	*2,958,000*
	- Deputation charges	**59,895,640**	*25,363,589*
	- Expenses incurred by L&T Realty Limited on behalf of Holding company	**8,853,801**	*1,550,247*
	- Expenses incurred on behalf of L&T Realty Limited	**517,679**	*170,963*
	- Overheads charged to L&T Realty Limited	**11,054,356**	*2,393,585*
	- Inter corporate deposit availed	**2,325,000,000**	*120,000,000*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars		2016-2017	2015-2016
		₹	₹
	- Inter corporate deposit repaid	**5,020,000,000**	*3,901,620,255*
	- Interest expense on inter corporate deposit	**178,752,077**	*699,439,423*
	- IT support services income	**–**	*7,500,000*
2	**Subsidiaries**		
	L&T Asian Realty Project LLP		
	- Secured Loan given	**–**	*13,282,860*
	- Secured Loan given (Repaid)	**8,440,493,519**	*–*
	- Interest income on secured loan	**–**	*949,251,200*
	- IT support services income	**–**	*1,100,000*
	- Expenses incurred by L&T Realty Limited on behalf of subsidiaries	**12,012,327**	*1,078,345*
	L&T Parel Project LLP		
	- Inter corporate deposit availed	**–**	*402,500,000*
	- Inter corporate deposit given	**210,000,000**	*–*
	- Inter corporate deposit repayment received	**210,000,000**	*–*
	- Inter corporate deposit repaid	**–**	*534,000,000*
	- Interest income on inter corporate deposit	**92,055**	*–*
	- Interest expense on inter corporate deposit	**–**	*31,317,698*
	- IT support services income	**–**	*4,300,000*
	- Expenses incurred by L&T Realty Limited on behalf of subsidiaries	**2,500**	*1,660,400*
	- Expenses incurred on behalf of L&T Realty Limited	**115**	*2,500*
	CSJ Infrastructure Private Limited		
	- Interest income on shareholders' loan	**–**	*77,433,249*
	- Repayment of Shareholders' Loan	**–**	*1,625,719,650*
	- Inter corporate deposit given	**–**	*687,500,000*
	- Inter corporate deposit repayment received	**–**	*850,000,000*
	- Interest income on inter corporate deposit	**–**	*55,787,396*
	- Expenses incurred on behalf of L&T Realty Limited	**–**	*12,000*
	L&T South City Projects Limited		
	- IT support services income	**–**	*3,200,000*
	L&T Vision Ventures Limited		
	- Expenses incurred by L&T Realty Limited on behalf of subsidiaries	**136,404**	*131,904*
	Chennai Vision Developers Private Limited		
	- Expenses incurred by L&T Realty Limited on behalf of subsidiaries	**17,507**	*31,235*
	L&T Construction Equipment Limited		
	- Development Management Fee Income	**281,232,711**	*10,000,000*
	L&T Seawoods Limited		
	- Purchase of fixed assets	**4,647,200**	*11,850,361*
	- Cancellation of Agreement to Purchase Fixed Asset	**21,791,267**	*–*
	- IT support services income	**–**	*4,300,000*
	L&T Infotech Limited		
	- Business support services expense	**29,790**	*–*
	L&T REALTY FZE		
	- Unsecured shareholder loan	**2,007,630**	*–*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

26(iii) (c) Payment of managerial remuneration

Particulars	2016-2017	2015-2016
	₹	₹
Shrikant Prabhakar Joshi	**11,400,000**	-

Payment of Sitting fees and Commission

Particulars	2016-2017	2015-2016
	₹	₹
Sitting Fees		
Durgesh Mehta	**215,000**	*135,000*
Savitri Mahavir Dadhich	**190,000**	*200,000*
Balaji Rao	**75,000**	
Commission		
Durgesh Mehta	**500,000**	*500,000*
Savitri Mahavir Dadhich	**500,000**	*500,000*
Balaji Rao	**208,333**	–

26(iii) (d) Amount due to / due from related parties :

Particulars		As at March 31, 2017		*As at March 31, 2016*	
		Due to	Due from	*Due to*	*Due from*
1	**Holding company**				
	Larsen & Toubro Limited				
	Unsecured Inter-corporate Borrowings	**111,092,778**	–	*1,852,432,688*	–
	Interest accrued and due on Unsecured Inter-corporate Borrowings	**54,541,721**	–	*847,324,944*	–
	Accounts payable	**6,332,055**	–	*15,632,062*	–
2	**Subsidiaries**				
	L&T Asian Realty Project LLP				
	Secured Loan	–	–	–	*5,922,582,860*
	Interest accrued and due on secured Loan	–	–	–	*2,517,910,659*
	Accounts receivable	–	**15,688,631**	–	*3,640,691*
	L&T Parel Projects LLP				
	Accounts receivable		**115**	–	*2,142*
	L&T Vision Ventures Limited				
	Advance towards Equity commitment		**64,364,160**	–	*64,364,160*
	Accounts receivable		**4,111,766**	–	*3,975,362*
	Chennai Vision Developers Private Ltd				
	Accounts receivable		**15,507**	–	*146,406*
	L&T Construction Equipment Limited				
	Accounts receivable		**191,229,041**	–	*10,450,000*
	L&T Seawoods Limited				
	Accounts receivable		**208,811**	–	–
	Larsen & Toubro Infotech Ltd				
	Accounts Payable	**26,811**	–		
	L&T Realty FZE				
	Unsecured Inter-corporate Loan		**2,007,630**		

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 27

The following assets were reclassified as held for sale

	As at 31-3-2017	As at 31-3-2016	*As at 31-3-2015*
	₹	₹	₹
Investments	**340,000**	–	–
	340,000	–	–

NOTE 28

Details of specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016

Particulars	**₹ 500 notes**	**₹ 1000 notes**	**Other Notes**	**Total**
Closing cash in hand as on 08.11.2016	–	–	1,279	1,279
Add: Permitted deposits	–	–	–	–
Less: Permitted payments	–	–	–	–
Less: Amount deposited in Banks	–	–		
Closing cash in hand as on 30.12.2016	**–**	**–**	**1,279**	**1,279**

NOTE 29

Details of restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

Category	**As on 31.03.2017**			As on 31.03.2016			*As on 31.03.2015*		
	Minimum Life	**Maximum Life**	**Value ***	Minimum Life	Maximum Life	Value *	*Minimum Life*	*Maximum Life*	*Value **
Freehold Land	**–**	**–**	**325,255**	–	–	325,255	–	–	*325,255*
Owned Buildings	**50**	**50**	**2,660,761**	50	50	2,660,761	*50*	*50*	*2,660,761*
Owned Plant and Equipment	**10**	**10**	**77,692**	10	10	77,692	*10*	*10*	*15,579*
Computer	**3**	**3**	**187,453**	3	3	182,731	*3*	*3*	*182,731*
Office Equipment	**3**	**5**	**829,690**	3	5	829,690	*3*	*5*	*473,494*
Furniture and Fixture	**10**	**10**	**106,852**	10	10	106,852	*10*	*10*	*274,717*
Owned Vehicles	**7**	**7**	**269,823**	7	7	269,823	*7*	*7*	*269,823*
Specialised Softwares	**6**	**6**	**17,171,879**	6	6	17,171,879	*6*	*6*	*21,444,743*

* There is no restriction of title and the assets are not pledged and hypothecated for the year ended on 31 March 2017, 31 March 2016 and 31 March 2015.

NOTE 30

Auditors' remuneration (excluding tax) and expenses charged to the accounts

Particulars	**2016 - 2017**	*2015 - 2016*
Audit fees	**700,000**	*500,000*
Certification work	**371,180**	*113,000*
Tax audit fees	**90,000**	*75,000*
Other services	**216,000**	*105,000*
	1,377,180	*793,000*

NOTE 31

Corporate Social Responsibility

The particulars of CSR expenditure are as follows :

Amount spent during the year on :

Particulars	**In cash**	**Yet to be paid in cash**	**Total**
Construction/acquisition of asset	–	–	–
On purposes other than (i) above	18,000,000	–	18,000,000

The entire contribution of ₹ 1.8 crore is made for Prime minister national relief fund.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 32(a)

Current assets expected to be recovered after 12 months As Per IND AS 1 (Para 61)

S. No.	Particulars	As at 31.3.2017			As at 31.3.2016			As at 31.3.2015		
		Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
1	Cash and cash equivalents	103,403,798	–	103,403,798	8,087,706	–	8,087,706	41,256,162	–	41,256,162
2	Short term loans	–	–	–	8,440,493,519	–	8,440,493,519	9,782,537,781	–	9,782,537,781
3	Other financial assets	778,039,766	–	778,039,766	282,248,624	–	282,248,624	166,538,238	–	166,538,238
4	Assets classified as held for sale	340,000	–	340,000	246,713,000	–	246,713,000	246,713,000	–	246,713,000
5	Current Investments	148,602,660	–	148,602,660	705,621,825	–	705,621,825	2,402,427,417	–	2,402,427,417
6	Other current assets	17,160,934	–	17,160,934	55,989,104	–	55,989,104	29,362,068	–	29,362,068
	Total	1,047,547,158	–	1,047,547,158	9,739,153,778	–	9,739,153,778	12,668,834,666	–	12,668,834,666

NOTE 32(b)

Current liabilities expected to be settled after 12 months As Per IND AS 1 (Para 61)

S. No.	Particulars	As at 31.3.2017			As at 31.3.2016			As at 31.3.2015		
		Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
1	Borrowings	165,634,499	–	165,634,499	2,699,757,632	–	2,699,757,632	7,233,465,101	–	7,233,465,101
2	Trade payables	21,916,155	–	21,916,155	32,016,544	–	32,016,544	8,783,805	–	8,783,805
3	Other financial liabilities	119,899,106	–	119,899,106	238,251,588	–	238,251,588	1,938,351,623	–	1,938,351,623
4	Other current liabilities	4,465,826	–	4,465,826	7,611,700	–	7,611,700	5,208,142	–	5,208,142
	Total	311,915,586	–	311,915,586	2,977,637,464	–	2,977,637,464	9,185,808,671	–	9,185,808,671

NOTE 33 (a)

Financial Assets Classification

Particulars	2016-2017	2015-2016	2014-2015
Measured at Amortised Cost			
Cash and bank balances	103,403,798	8,087,706	41,256,162
Loans			
ICD	200,103,561	54,600,191	271,650,849
JV & Associates	–	–	95,943
Others	–	8,440,493,519	7,477,959,459
Security Deposit	87,126	87,126	87,126
Advances recoverable in cash	367,625,660	172,578,810	166,442,295
Other receivable	433,761,946	333,121,215	–
Measured at FVTPL			
Investments			
Equity shares	–	705,621,825	2,402,427,417
Mutual funds	148,602,660	–	–
Total Financial Assets	1,253,584,751	9,714,590,392	10,359,919,251

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 33 (b)

Financial Liabilities Classification

Particulars	2016-2017	2015-2016	2014-2015
Measured at Amortised Cost			
Borrowings			
Short term borrowings	**165,634,499**	2,699,757,632	*7,233,465,101*
Other financial liabilities			
Others	**119,899,106**	238,251,588	*1,938,351,623*
Trade payable	**21,916,155**	32,016,544	*8,783,805*
Total Financial Liability	**307,449,760**	2,970,025,764	*9,180,600,529*

NOTE 33(c)

Maturity profile of financial assets

Particulars	2016-2017			2015-2016			2014-2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Long term Loan and Advances	–	**87,126**	**87,126**	87,126	–	87,126	*87,126*	–	*87,126*
Other non current assets	–	**223,451,401**	**223,451,401**	223,451,401	–	223,451,401	–	–	–
Total Non current financial assets	–	**223,538,527**	**223,538,527**	223,538,527	–	223,538,527	*87,126*	–	*87,126*
Current Investments	**148,602,660**	–	**148,602,660**	705,621,825	–	705,621,825	*2,402,427,417*	–	*2,402,427,417*
Short term Loans	–	–	–	8,440,493,519	–	8,440,493,519	*7,953,537,781*	–	*7,953,537,781*
Other current financial assets	**778,039,766**	–	**778,039,766**	282,248,624	–	282,248,624	*166,538,238*	–	*166,538,238*
Total current financial assets	**926,642,426**	–	**926,642,426**	9,428,363,968	–	9,428,363,968	*10,522,503,436*	–	*10,522,503,436*

NOTE 33(d)

Maturity profile of financial liabilities

Particulars	2016-2017			2015-2016			2014-2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Short-term borrowings	**165,634,499**	–	**165,634,499**	2,699,757,632	–	2,699,757,632	*7,233,465,101*	–	*7,233,465,101*
Trade Payables	**21,916,154**	–	**21,916,154**	32,016,544	–	32,016,544	8,783,805	–	8,783,805
Other Current Liabilities	**119,899,106**	–	**119,899,106**	238,251,588	–	238,251,588	*1,938,351,623*	–	*1,938,351,623*
Total current financial liability	**307,449,759**	–	**307,449,759**	2,970,025,764	–	2,970,025,764	*9,180,600,529*	–	*9,180,600,529*

NOTE 34(a)

Fair Value Hierarchy

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

Financial Instruments-Assets

Particulars	2016-2017				2015-2016				2014-2015			
Account	**Level 1 fair value**	**Level 2 fair value**	**Level 3 fair value**	**Total Fair Value**	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	*Level 1 fair value*	*Level 2 fair value*	*Level 3 fair value*	*Total Fair Value*
Loans Including Interest Accrued	–	–	–	–	8,440,493,519	–	–	8,440,493,519	*9,782,537,781*	–	–	*9,782,537,781*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 34(b)

Financial assets measure at amortised cost

Particulars	2016-2017				2015-2016				2014-2015			
Account	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value
Other Receivables	223,451,401	–	–	223,451,401	223,451,401	–	–	223,451,401	–	–	–	–

NOTE 34(c)

Financial Assets measured at fair value

Particulars	2016-2017				2015-2016				2014-2015			
Account	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value	Level 1 fair value	Level 2 fair value	Level 3 fair value	Total Fair Value
Investment Other Equity Shares Short Term	–	–	–	–	–	705,621,825	–	705,621,825	–	2,402,427,417	–	2,402,427,417
Mutual Funds Short Term	148,602,660	–	–	148,602,660	–	–	–	–	–	–	–	–

NOTE 35(a)

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

Sr.	Particulars	2016-2017	2015-2016
(a)	(i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	**276,090,699**	*461,124,845*
	Deferred Tax:		
	Effect on deferred tax on carried forward losses, changes in WDV and fair valuation	**(206,925,746)**	–
	MAT Credit entitlement		
	MAT Credit entitlement recognised during the period related to previous years	**(391,713,047)**	–
	MAT Credit entitlement recognised during the period	**(272,690,400)**	
	Income tax expense reported in the statement of profit or loss	**(595,238,494)**	*461,124,845*

NOTE 35(b)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Sr.	Particulars	2016-2017	2015-2016
1	Profit before tax	**2,591,664,412**	*3,281,748,448*
2	Applicable tax rate	**34.61%**	*34.61%*
3	PBT * applicable tax rate (1*2)	**896,923,220**	*1,135,747,503*
4	Tax effect of differences		
(a)	Effect of Income exempt from tax under section 10	**(453,319,464)**	*(418,714,924)*
(b)	Expenses in relation to exempt income	**–**	*3,466,922*
(c)	Utilisation of previously unrecognised tax losses and tax offsets used during the current year to reduce current tax expense (Unabsorbed depreciation tax impact)	**–**	*(7,256,714)*
(d)	Effect of different tax rates for the purposes of MAT @ 21.3416% on book profits	**(171,623,937)**	*(286,645,188)*
(e)	Effect due to Provision for doubtful debt and advance	**650,062**	–
(f)	Effect due to Provisions for future contingencies made not allowed for income tax purpose	**3,460,800**	*34,527,269*
(g)	Effect on deferred tax balances	**(206,925,746)**	
(h)	MAT Credit entitlement recognised during the period related to previous years	**(391,713,047)**	
	MAT Credit entitlement recognised during the period	**(272,690,400)**	
4	Tax expense recognised during the year (Total 1 to 4)	**(595,238,511)**	*461,124,867*
5	Effective tax Rate	**(22.97%)**	*14.05%*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 35(c)

Items for which no deferred tax asset is recognised in the balance sheet

Sr.	Particulars	31-3-2017			31-3-2016			1/4/2015		
		Base Amount	**Deferred Tax**	**Year of Loss**	Base Amount	Deferred Tax	Year of Loss	*Base Amount*	*Deferred Tax*	*Year of Loss*
(a)	Tax losses (revenue in nature) (business loss on which no tax asset is created) (Expiry year)									
	AY 2019-20	–	–		–	–	–	*50,019,153*	*17,310,628*	*AY 2011-12*
	AY 2021-22	–	–		–	–	–	*219,285,907*	*75,890,467*	*AY 2013-14*
	AY 2022-23	–	–		383,528,282	132,731,468	AY 2014-15	*449,527,452*	*155,572,461*	*AY 2014-15*
	AY 2023-24	–	–		206,976,568	71,630,451	AY 2015-16	*206,976,568*	*71,630,451*	*AY 2015-16*
	Tax losses (revenue in nature) (business loss on which no tax asset is created)	–	–		590,504,850	204,361,918		*925,809,080*	*320,404,006*	
(b)	Tax losses (capital in nature) (capital loss on which no tax asset is created) (Expiry year)									
	AY 2020-21	–	–		82,106,361	16,913,910	AY 2012-13	*82,106,361*	*16,913,910*	*AY 2012-13*
	AY 2021-22	–	–		199,711,131	41,140,493	AY 2013-14	*199,711,131*	*41,140,493*	*AY 2013-14*
	AY 2022-23	**1,569,531,205**	**323,323,428**	**AY 2014-15**	2,208,036,135	454,855,444	AY 2014-15	*2,208,036,135*	*454,855,444*	*AY 2014-15*
	AY 2024-25	**81,440,065**	**16,776,653**	**AY 2016-17**	81,440,065	16,776,653	AY 2016-17	–	–	
	Tax losses (capital in nature) (Capital loss on which no tax asset is created)	**1,650,971,270**	**442,317,282**		2,571,293,692	529,686,501		*2,489,853,627*	*512,909,847*	
(c)	Unused tax credits (MAT credit not recognised in books)									
	AY 2026-27	–	–		391,713,047	–		–	–	
	Unused tax credits (MAT credit not recognised in books)	–	–		391,713,047	–		–	–	

NOTE 35(d)

Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

Sr.	Particulars	Balance Sheet			Statement of Profit and Loss	
		31-3-2017	31-3-2016	*31-3-2015*	**2016-2017**	*2015-2016*
(a)	Difference in Book and Income tax depreciation	**270,510**	–	–	**270,510**	–
(b)	Deferred tax on derivative transactions	**–**	–	–	**–**	–
(c)	Loss available for offsetting against future taxable income	**206,936,163**	–	–	**206,936,163**	–
(d)	Other items	**(280,927)**	–	–	**(280,927)**	–
(e)	MAT credit entitlement	**664,403,447**	–	–	**664,403,447**	–
	Deferred tax expense/(income)	**871,329,193**			**871,329,193**	–
	Net deferred tax assets/ (liabilities)	**871,329,193**	–	–		

NOTE 35(e)

Reconciliation of deferred tax assets/(liabilities)

Sr.	Particulars	2016-2017	2015-2016
(a)	Opening Balance as on April 1	**-**	-
(b)	Tax income/(expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	**871,329,193**	-
(c)	Tax income/(expense) during the period recognised in statement of Profit and Loss under OCI section	**-**	-
(d)	Deferred tax assets acquired under business combination	**-**	-
	Closing Balance as on March 31	**871,329,193**	-

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 36

Contingent Liabilities

The Company has received a notice of demand under section 156 of the Income Tax Act, 1961 on March 31, 2015 for ₹ 7,22,120/- in respect of Assessment year 2012-13 . The Company has filed an appeal with Commissioner of Income Tax (Appeals) on April 30,2015.

NOTE 37

The Company has no material foreseeable losses on long term contracts including derivative contracts for which provision is required under applicable law or accounting standard.

NOTE 38

There have been no transactions during the year with Micro and Small Enterprises as defined under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006 as per the information available with the management of the Company.

NOTE 39

There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company

NOTE 40

Sensitivity Analysis

Currency Risk

The company is having a foreign currency bank account in AED on which it is monitoring exchange risk at regular intervals. The Company is not exposed to significant currency rate risk as at the respective reporting dates.

Particulars	Total AED 2016-17	Impact on PAT 2016-17	Total AED 2015-16	Impact on PAT 2015-16
AED Sensitivity	103,796		99,875	
INR/AED increase by 5%		59,916		57,653
INR/AED decrease by 5%		(59,916)		(57,653)
Interest Rate Sensitivity				
Increase 1%		3,715,066		
Decrease 1%		(3,715,066)		

Interest Rate Risk

Interest Rate Risk is the risk that the fair value or future cash flow of a financial instrument will fluctuate because of the changes in the market interest rates. In order to optimize the Company's position with regard to interest income and interest expense and to manage the interest rate risk, management performs a comprehensive interest rate risk management. The Company is not exposed to significant interest rate risk as at the respective reporting dates.

Particulars	Impact on PAT 2016-17	*Impact on PAT 2015-16*
Interest Rate Sensitivity		
Increase 1%	**2,429,356**	–
Decrease 1%	**(2,429,356)**	–

NOTE 41

Disclosure as required under IND AS 33 (Earning per share)

Particulars	2016-17	*2015-16*
Face value per share	**10**	*10*
Profit/(loss) as per Profit and Loss (A)	**3,186,902,905**	*2,820,623,448*
Weighted average number of equity shares outstanding (B)	**47,160,700**	*47,160,700*
Basic EPS (₹) (A/B)	**67.58**	*59.81*
Diluted		
Profit/(loss) as per Profit and Loss (A)	**3,186,902,905**	*2,820,623,448*
Weighted average number of equity shares outstanding (B)	**47,160,700**	*47,160,700*
Weighted average number of potential equity shares (Ç)	**–**	–
Weighted average number of equity after conversion (D) = (B) + (Ç)	**47,160,700**	*47,160,700*
Diluted EPS (₹) (A/D)	**67.58**	*59.81*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 42

Disclosures pursuant to Guidance Note on Accounting for Real Estate Transactions issued by the Institute of Chartered Accountants of India, adopted by Company

Particulars	2016- 2017	2015- 2016	*2014- 2015*
Amount of project revenue recognised for the financial year (Note)	**375,000,000**		
Amount of work in progress and the value of inventories		246,713,000	*246,713,000*

NOTE 43

First time adoption of Ind-As

These financial statements of L&T Realty Limited for the year ended March 31, 2017 have been prepared in accordance with IndAS. For the purposes of transition to IndAS, the Company has followed the guidance prescribed in IndAS101-First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

The transition to IndAS has not resulted in changes in the presentation of the financial statements, disclosures in the notes there to and accounting policies and principles.

Ind AS Opening Retained earning reconciliation as on 01.04.2016

Particulars	Amount
Retained Earnings as per IGAAP as at 01 April 2016	115,915,942
Add/(less): Ind AS adjustment entries	–
Fair valuation of Mutual fund as per Ind ASs	–
Deferred tax impact of the above adjustments	–
Add/(less): Separately considered under other comprehensive income	–
Deferred tax impact of the above	–
Retained Earnings as per Ind AS as at 01 April 2016	**115,915,942**

Ind AS Opening Retained earning reconciliation as on 01.04.2015

Particulars	Amount
Retained Earnings as per IGAAP as at 01 April 2015	(2,704,707,507)
Add/(less): Ind AS adjustment entries	-
Fair valuation of Mutual fund as per Ind AS	-
Deferred tax impact of the above adjustments	-
Add/(less): Separately considered under other comprehensive income	-
Deferred tax impact of the above	-
Retained Earnings as per Ind AS as at 01 April 2015	**(2,704,707,507)**

NOTE 44

Figures for the previous period have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
by the hand of

For and on behalf of the Board

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

SHARMILA TIRODKAR
Company Secretary
M. No. A20045

U. C. RATH
Chief Financial Officer

SHRIKANT JOSHI
CEO & Managing Director
DIN: 02278471

R. SHANKAR RAMAN
Director
DIN: 00019798

Place : Mumbai
Date : May 6, 2017

Place : Mumbai
Date : May 6, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their annual report and Audited Accounts for the year ended 31 March 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	2016-17	2015-16
	Saudi Riyal	*Saudi Riyal*
Total Income	**35,295,961**	*42,037,475*
Total Expenditure	**39,196,902**	*53,212,057*
Operating Profit / (Loss)	**(3,900,941)**	*(11,174,582)*
Add: Interest Income	**–**	–
Less: Finance Costs	**973,911**	*995,075*
Profit / (Loss) before Tax	**(4,874,852)**	*(12,169,657)*
Less : Tax	**97,525**	–
Net Profit / (Loss) after Tax	**(4,972,377)**	*(12,169,657)*
Add: Balance b/f from previous year	**(14,971,808)**	*(2,802,151)*
Balance available for disposal which directors appropriate as follows:	**–**	–
Dividend	**–**	–
Transfer to Reserves	**–**	–
Balance to be carried forward	**(19,944,185)**	*(14,971,808)*

2. CAPITAL & FINANCE:

During the year, the Company repaid the balance part of long term loan for SAR 1,450,000 taken from financial institution. The loan stand fully repaid and all the mortgage on assets released.

3. CAPITAL EXPENDITURE:

As at March 2017 the gross fixed and intangible assets including leased Assets, stood at SAR 32,099,324 and the net fixed and intangible assets, including leased assets, at SAR 20,609,331. The company has not done any major capital expenditure during the year except for purchase of some office equipment for SAR 17,200.

4. STATE OF COMPANY AFFAIRS:

The gross sales and other income for the financial year under review were SAR 35,295,961 as against SAR 42,037,475 for the previous financial year registering a decrease of 16%. The losses before tax from continuing operations including extraordinary and exceptional items was SAR 4,874,852 for the financial year under review as against a losses before tax of 12,169,657 in previous financial year.

BUSINESS OUTLOOK FOR FY 2017-18

A snapshot giving projected expenditure in various sectors is given below:

SECTOR FORECAST	in Mill USD		
Sector	**2018**	**2019**	**2020**
Oil & Gas, Petrochemicals & Industrial	15,315	16,540	17,863
Infrastructure & water	147,343	159,130	171,861
Power & Transmission	28,340	30,607	33,056
Transport	122,956	132,792	143,416
Total Value of Projects Award Forecasted	**313,954**	**339,070**	**366,196**

The government is focusing their spend on Infra & Transport sector (University, Hospitals, Haj Development Projects, Metro & Airport Projects).

Some key factors which will have impact on LTEASA performance are

- Sustained upswing in Oil prices may lead to revival of projects in O&G/ Power.
- Solar projects taking off
- Steady movement in Riyadh Metro project
- Movement in Airport projects
- VAT across GCC likely to be introduced from Jan'18. Will have an impact on buying decisions in GCC. Customs duty may also go up. Full clarity to emerge.

5. AMOUNT TO BE CARRIED TO RESERVE:

As the Company has accumulated losses, no amount from profit is transferred to statutory reserve which as of 31 Mar 2017 is at SAR 272,921

6. DIVIDEND:

The Directors do not propose the payment of any dividend during the year / period.

7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes between the end of the financial year and the date of the report.

8. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

(The following persons were the Directors of the Company as on Mar 31, 2017:

Mr. Sharat Chandra Bhargava, Chairman

Mr. Rajendra Kumar Malhotra, Director

Mr. Umesh Bharadwaj, Director

Mr Sandeep Bhatl Director

During the year Mr Adil A Abukhlif has resigned as Chief Executive officer and Mr Ramesh PM was appointed as Chief Executive officer for the company effective from 07 Dec 2016.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals. During the year under review one meetings were held and apart from that resolution were passed thru circulation.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

11. FINANCIAL STATEMENTS:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

12. AUDITORS:

M/s PKF Al-Bassam & Al-Nemer Allied Accountants are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

13. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively (if applicable);

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

14. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Kingdom of Saudi Arabia and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

R K MALHOTRA	**S C BHARGAVA**
Director	*Director*

AUDITORS' REPORT

To the shareholders
L&T Electricals & Automation Saudi Arabia Company Limited
Dammam, Kingdom of Saudi Arabia

Scope of Audit

We have audited the balance sheet of L&TElectricals & Automation Saudi Arabia Company Limited ("the Company"), a Saudi limited liability company, as of March 31, 2017, and the related statements of income, cash flows and changes in shareholders' deficit for the year then ended, and notes 1 to 24 which form an integral part of these financial statements as prepared by the Company in accordance with Article 175 of the Regulations for Companies and presented to us with all the necessary information and explanations. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the Kingdom of Saudi Arabia. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statements presentation. We believe that our audit provides a reasonable basis for our opinion.

Unqualified Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2017, and the results of its operations and its cash flows for the year then ended in conformity with generally accepted accounting standards in the Kingdom of Saudi Arabia appropriate to the nature of the Company, and comply with the relevant provisions of the Regulations for Companies and the articles of the Company as these relate to the preparation and presentation of these financial statements.

Emphasis of Matters

a) We draw your attention to note 2 financial statements which states that the Company's net working capital was in deficit by SR 1.25 million at March 31, 2017, the Company has incurred a net loss of SR 4.87 million for the year then ended (2016: SR 12.17 million) and the accumulated losses at March 31, 2017 amounted to SR 19.94 million (2016: SR 14.97 million), which exceeded 50% of the Company's share capital of SR 18 million. In compliance with Article 181 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The shareholders have resolved to provide additional financing to the Company to support the continuation of the Company. The accompanying financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

PKF Al-Bassam & Al-Nemer
Allied Accountants

Ibrahim A. Al-Bassam
License No. 337
20 Shaaban, 1438
May 16, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note	2017 SR	*2016 SR*
ASSETS			
Current assets			
Cash and cash equivalents	5	**2,967,232**	*1,857,934*
Trade receivables, net	6	**19,415,847**	*20,111,759*
Due from related parties	7	**7,213,067**	*15,705,352*
Prepayments and other current assets	8	**799,798**	*2,414,774*
Inventories, net	9	**17,960,568**	*12,019,614*
Total current assets		**48,356,512**	*52,109,433*
Non-current assets			
Property, plant and equipment	10	**20,472,017**	*22,727,240*
Intangible assets		**137,314**	*174,766*
Total non-current assets		**20,609,331**	*22,902,006*
TOTAL ASSETS		**68,965,843**	*75,011,439*
LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY			
Current liabilities			
Due to bank	11	**3,488,692**	*2,000,000*
Due to related parties	7	**37,046,046**	*39,293,109*
Accounts payable and other liabilities	12	**9,075,937**	*8,224,297*
Long-term loan – current portion	13	**–**	*1,402,384*
Total current liabilities		**49,610,675**	*50,919,790*
Non-current liabilities			
Loan from shareholders	7,14	**19,437,502**	*19,437,502*
End of service indemnities	15	**1,588,930**	*1,353,034*
Total non-current liabilities		**21,026,432**	*20,790,536*
Shareholders' (deficit) equity			
Share capital	1	**18,000,000**	*18,000,000*
Statutory reserve	16	**272,921**	*272,921*
Accumulated losses		**(19,944,185)**	*(14,971,808)*
Total shareholders' (deficit) equity		**(1,671,264)**	*3,301,113*
TOTAL LIABILITIES AND SHAREHOLDERS' (DEFICIT) EQUITY		**68,965,843**	*75,011,439*

The accompanying notes form an integral part of these condensed financial statements

STATEMENT OF INCOME FOR THE YEAR ENDED MARCH 31, 2017

	Note	2017 SR	*2016 SR*
Revenues	7	**35,008,220**	*41,394,535*
Cost of revenues	7	**(30,268,316)**	*(43,033,073)*
Gross profit (loss)		**4,739,904**	*(1,638,538)*
Selling and distribution expenses	7,18	**(4,362,196)**	*(5,778,024)*
General and administrative expenses	7,19	**(4,566,390)**	*(4,400,960)*
Operating loss		**(4,188,682)**	*(11,817,522)*
Other income		**287,741**	*642,940*
Finance charges	7	**(973,911)**	*(995,075)*
NET LOSS		**(4,874,852)**	*(12,169,657)*

The accompanying notes form an integral part of these condensed financial statements

STATEMENT OF CASH FLOWS YEAR ENDED MARCH 31, 2017

	2016 SR	*2015 SR*
OPERATING ACTIVITIES		
Net loss before zakat and income tax	**(4,874,852)**	*(12,169,657)*
Adjustments for:		
Depreciation	**2,272,423**	*1,616,371*
Provision for doubtful debt	**171,903**	*646,830*
Provision for obsolete inventory	**645,087**	*1,354,913*
Amortization of intangibles asset	**37,452**	*12,483*
Amortization of upfront fee on loan	**47,616**	*183,483*
End of service indemnities	**468,626**	*487,513*
Finance charges	**973,911**	*995,075*
Changes in operating assets and liabilities:		
Trade receivables	**524,009**	*21,885,108*
Due from related parties	**8,492,285**	*(2,588,438)*
Prepaid expenses, advances and other current assets	**1,614,976**	*(673,347)*
Inventories	**(6,586,041)**	*(58,182)*
Accounts payable and other liabilities	**851,640**	*(6,864,377)*
Due to related parties	**(2,247,063)**	*3,950,201*
Cash from operations	**2,391,972**	*8,777,976*
End of service indemnities paid	**(232,730)**	*(18,792)*
Zakat and income tax paid	**(97,525)**	*(501,009)*
Finance charges paid	**(973,911)**	*(995,075)*
Net cash flow from operating activities	**1,087,806**	*7,263,100*
INVESTING ACTIVITIES		
Purchase of property, plant and equipment	**(17,200)**	*(1,283,257)*
Intangibles	**–**	*(187,249)*
Net cash used in investing activities	**(17,200)**	*(1,470,506)*
FINANCING ACTIVITIES		
Due to a bank	**1,488,692**	*(6,377,695)*
Repayment of long-term loan	**(1,450,000)**	*(2,610,000)*
Proceeds of loan from shareholder	**–**	*5,000,000*
Net cash from (used in) financing activities	**38,692**	*(3,987,695)*
Net change in cash and cash equivalents	**1,109,298**	*1,804,899*
Cash and cash equivalents, April 1	**1,857,934**	*53,035*
CASH AND CASH EQUIVALENTS, MARCH 31	**2,967,232**	*1,857,934*

The accompanying notes form an integral part of these condensed financial statements

STATEMENT OF CHANGES IN SHAREHOLDERS' DEFICIT YEAR ENDED MARCH 31, 2017

	Note	Share capital	Statutory Reserve	Accumulated losses	Total
		SR	**SR**	**SR**	**SR**
April 1, 2015	1	**18,000,000**	**272,921**	**(2,802,151)**	**15,470,770**
Net loss for the year		**–**	**–**	**(12,169,657)**	**(12,169,657)**
March 31, 2016		**18,000,000**	**272,921**	**(14,971,808)**	**3,301,113**
Net loss for the year		**–**	**–**	**(4,874,852)**	**(4,874,852)**
Zakat and income tax for the year		**–**	**–**	**(97,525)**	**(97,525)**
March 31, 2017		**18,000,000**	**272,921**	**(19,944,185)**	**(1,671,264)**

The accompanying notes form an integral part of these condensed financial statements

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017

1. ORGANIZATION AND ACTIVITIES

L&TElectricals & AutomationSaudi Arabia Co. Ltd ("the Company") is a limited liability company registered on 28Rajab 1427H (August22, 2006) under commercial registration number 2050051859. The share capital of the Company, amounting to SR 18 million, is divided into 18,000 shares of SR 1,000 each.

As of the year end, the Company's shareholders are as follows:

	Shareholding	
Name	**31.03.2017 %**	*31.03.2016 %*
Larsen & Toubro International FZE, U.A.E	**75%**	*75%*
TAMCO Switch gear, Malaysia	**25%**	*25%*
	100%	*100%*

In 2016, one of the shareholders. Yusuf Bin Ahmed Kanoo entered into an agreement for the sale of their 25% shareholding to M/S TAMCO Switch Gear (Malaysia) SDN, BHD, a Company registered in Malaysia and a related party to the major shareholder.

In 2016, the shareholders have changed the financial year of the Company to be from April 1 to March 31, to be in line with the financial year of the shareholders Companies and article of association has been amended accordingly.

The principal activities of the Company are to manufacture various switchgear/control/PLC panels, various switch gears and control gear, part assembled switchboards and AC/DC drives including designing, installation, maintenance and operating of the above products in accordance with Saudi Arabian General Investment Authority ("SAGIA") license number 1031067998-01 dated 22 Jumada II, 1427 (July 19, 2006).

The Company obtained two additional commercial registrations as braches of the Company on 2 Rajab 1429 (July 5, 2008) and 29 Jumada'II 1432 (June 1, 2011) under commercial registration numbers 2050061138 and 2050076513 respectively. The principal activities of these branches are performing contract of electro mechanical works and maintenance of electrical installations, buildings and industrial entities. The results, assets and liabilities of these branches are included in these financial statements.

The Company's registered office is in Dammam, Kingdom of Saudi Arabia.

2. GOING CONCERN

The Company's net working capital was in deficit by SR 1.25 million at March 31, 2017, the Company has incurred a net loss of SR 4.87 million for the year then ended (2016: SR 12.17 million) and the accumulated losses at March 31, 2017 amounted to SR 19.94 million (2016: SR 14.97 million), which exceeded 50% of the Company's share capital of SR 18 million. In compliance with Article 181 of the Regulations for Companies, the shareholder is therefore required to resolve to continue in business and provide support for the Company or liquidate the Company. The ability of the Company to continue as a going concern is dependent upon the shareholders' continued adequate financing and profitable future operations. The shareholders have resolved to provide additional financing to the Company to support the continuation of the Company. The financial statements have been prepared on the assumption that the Company will continue as a going concern and accordingly, do not include any adjustments that might result should the Company not be able to continue as a going concern.

3. SIGNIFICANT ACCOUNTING POLICIES

Basis of compliance

The accompanying financial statements have been prepared in accordance with the generally accepted accounting standards in the Kingdom of Saudi Arabia issued by the Saudi Organization for Certified Public Accountants.

The Ministry of Commerce and Investment commenced the implementation of the new Companies Regulations effective 25 Rajab1437H corresponding to 2 May 2016 ("the effective date") promulgated by Royal Decree No. M/3 dated 28 Muharram 1437H. The new regulations shall replace the Companies Regulations promulgated by Royal Decree No. M/6 dated 22 Rabi'I 1385H and it shall supersede all provisions that are inconsistent therewith. Companies existing as at the effective date of the regulations shall make all necessary amendments to their bylaws to comply with the requirements of the provisions of the new companies' regulations within a period of one year of the effective date of the companies' regulations.

Management intends to complete all formalities with respect to the new regulations. Accordingly, these financial statements have been prepared in accordance with the old Companies Regulations.

The following is a summary of significant accounting policies applied by the Company:

Basis of preparation

These financial statements have been prepared under the historical cost convention.

Revenue recognition

Revenue is recognized upon the delivery of goods on customers under the terms of the contracts. Revenue

Revenue from customers is recognized as and when services are rendered.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Expenses

Selling and distribution expenses principally comprise of costs incurred in the sale of the company's services. All the expenses are classified as general and administration expenses.

General and administrative expenses include direct and indirect costs not specifically part of contracts cost as required under generally accepted accounting principles. Allocations between general and administrative expenses and cost of revenues, when required, are made on a consistent basis.

Cash and cash equivalents

Cash and cash equivalents include cash, demand deposits, and highly liquid investments with original maturities of three months or less from the date of acquisition.

Accounts receivables

Accounts receivable are carried at original invoice amount less any allowance for doubtful accounts, if any. Any allowance for doubtful accounts is established when there is a significant doubt as to whether the Company will be able to collect all amounts due according to the original terms of accounts receivable.

Inventories

Inventories are stated at the lower of cost or net realizable value. Cost is determined, for work-in-process and finished goods, on a weighted average cost basis and includes cost of materials, labors and an appropriate portion of direct overheads. All other inventories are valued on a weighted average cost basis.

Property,plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation. Expenditure on maintenance and repairs is expensed, while expenditure for betterment is capitalized. Depreciation is provided over the estimated useful lives of the applicable assets using the straight-line method. Leasehold improvements are amortized over the shorter of the estimated useful life or the remaining term of the lease. The estimated rates of depreciation of the principal classes of assets are as follows:

	Years
Building	**20**
Plant and machinery	**10**
Furniture, fixtures and office equipment	**6**

An item of property, plant and equipment is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal or retirement of an items of property, plant and equipment is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in profit or loss.

Intangible asset

Intangible asset represents software purchased by the Company. Software purchased is recognized as an intangible asset and amortized over a period of five years.

Impairment

At each balance sheet date, the Company reviews the carrying amounts of its non-current assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. Impairment losses are recognized as an expense immediately.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior period. A reversal of an impairment loss is recognized as income immediately.

Foreign currency translation

Foreign currency transactions are translated into Saudi Riyals at the rates of exchange prevailing at the time of the transactions. Monetary assets and liabilities denominated in foreign currencies at the balance sheet date are translated at the exchange rates prevailing at that date. Gains and losses from settlement and translation of foreign currency transactions are included in the statement of income.

Accounts payable and other liabilities

Liabilities are recognized for amounts to be paid for goods and services received, whether or not billed to the Company.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Provisions for obligations

A provision is recognized in the balance sheet when the Company has a legal or constructive obligation as a result of a past event and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Borrowing cost

Borrowing costs directly attributable to the acquisition, construction or production of the qualifying assets which are assets that necessarily take a substantial period of time to get ready for their intended use or sale, are added to the cost of those assets, until such time as the assets are substantially ready for their intended use or sale.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

End-of-service indemnities

End-of-service indemnities, required for eligible employees by Saudi Arabian labor law, are provided in the financial statements based on the employees' length of service.

Zakat and income tax

The Company is subject to the General Authority of Zakat and Income Tax ("GAZT") in the Kingdom of Saudi Arabia. Zakat and income tax are provided on an accruals basis and charged to the statement of income in accordance with Saudi Arabian Fiscal Resolution. The zakat charge is computed on the Saudi shareholder's share in the zakat base. Income tax is computed on the foreign shareholder's share in the adjusted net income.

Leasing

Leases are classified as capital leases whenever the terms of the lease transfer substantially all of the risks and rewards of ownership to the lessee. All other leases are classified as operating leases. Rentals payable under operating leases are charged to statement of income on a straight-line basis over the term of the operating lease.

Assets held under finance lease are initially recognized as an asset of the company at their fair value at the inception of the lease or, if lower, at present value of the minimum lease payments. The corresponding liability of lease to the lessor is included in the balance sheet as a finance lease obligation.

Lease payments are apportioned between finance expenses and reduction of the lease obligation so as to achieve a constant rate of interest on the remaining balance of the liability. Finance expenses are recognized immediately in profit or loss, unless they are directly attributable to qualifying assets, in which case they are capitalized in accordance with Company's general policy on borrowing rate.

Operating lease payments are recognized as an expense on straight line basis over the period of lease term.

4. CRITICAL ACCOUNTING JUDGEMENT AND KEY SOURCES OF ESTIMATION OF UNCERTAINITY

In the application of the Company's accounting policies, which are described in note 3, the Directors are required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if, the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

Critical judgments in applying the Company's accounting policies

The following are the critical judgments, apart from those involving estimations described below, that the management have made in the process of applying the Company's accounting policies and have the most significant effect on the amounts recognized in the financial statements.

Allowances for accounts receivable

Management has estimated the recoverability of accounts receivable and has considered the allowance required. Management has estimated the allowance for accounts receivable on the basis of prior experience and the current economic environment on the recovery of long outstanding accounts receivable. Estimating the amount of the allowance requires significant judgment and the use of estimates related to the amount and timing of estimated losses based on historical loss experience, current disputes, consideration of current economic trends and conditions and contractor/employer-specific factors, all of which may be susceptible to significant change. An allowance is charged to operations based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional allowance for doubtful debts or reversal of excess provisions could be made that could adversely or positively affect earnings or the financial position in future periods.

Allowance for inventory obsolescence

Management has estimated the recoverability of inventory balances and considered the allowance required for inventory obsolescence based on the current economic environment and best obsolescence history. Estimating the amount of the allowance for inventory obsolescence requires significant judgment. A provision for inventory obsolescence is charged to costs of revenue based on management's periodic evaluation of the factors previously mentioned, as well as other pertinent factors. To the extent actual outcomes differ from management estimates, additional provision for inventory obsolescence could be required that could adversely affect earnings or financial position in future periods.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Useful lives of property, plant and equipment and intangible assets

As described in note 3, the Company estimates the useful lives of property and equipment at the end of each annual reporting period.

Provision for income tax

Management has assessed the income tax position having regard to the local zakat and income tax legislation, decrees issued periodically and conventions. Interpretation of such legislation, decrees, and conventions is not always clear and entails completion of assessment by GAZT.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31 comprise of the following:

	2017 SR	2016 SR
Cash in hand	**38,928**	*41,066*
Cash at bank in current accounts	**2,928,304**	*1,816,868*
	2,967,232	*1,857,934*

6. TRADE RECEIVABLES, NET

Trade receivables at March 31 comprise of the following:

	2017 SR	2016 SR
Trade receivables	**20,410,090**	*20,934,099*
Provision for doubtful debts	**(994,243)**	*(822,340)*
	19,415,847	*20,111,759*

a) Summarized movement in provision for doubtful debts is as follows:

	2017 SR	2016 SR
Balance at beginning of the year	**822,340**	*175,510*
Charge for the year	**171,903**	*646,830*
Balance at end of the year	**994,243**	*822,340*

7. RELATED PARTY TRANSACTIONS AND BALANCES

During the year, the Company transacted with the following related parties:

Name	Relationship
Larsen & Toubro Group of Companies	Shareholding/Affiliates

The significant transactions and the related amounts are as follows:

	2017 SR	2016 SR
Services	**(2,098,220)**	*(3,272,512)*
Purchases of inventory	**6,265,383**	*6,973,083*
Sales	**(3,844,384)**	*(17,337,110)*
Expenses	**436,052**	*2,663,828*
Medium term loan obtained from a related party	**–**	*5,000,000*
Finance charges	**628,125**	*469,271*

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Due from related parties as of year end comprise of the following:

	2017 SR	2016 SR
Larsen Toubro Saudi Arabia LLC	–	96,578
Larsen and Toubro Atco Saudi LLC	44,954	–
Larsen Toubro Arabia LLC	345,411	45,267
L&T Electrical & Automation FZE	2,356,160	7,856,801
Larsen & Toubro Limited– EAIC	1,239,828	4,538,320
Tamco Switchgear Malaysia SDN BHD	3,184,583	3,168,386
Tamco Switchgear Indonesia	42,131	–
	7,213,067	15,705,352

Due to related parties as of year end comprise of the following:

	2017 SR	2016 SR
L&T Electrical & Automation FZE	–	359,571
Larsen Toubro Limited– EAIC	22,012,602	27,969,726
Tamco Switchgear Malaysia SDN BHD	14,494,732	10,598,187
Larsen & Toubro International FZE	492,458	365,625
Larsen & Toubro Limited– Corporate	44,554	–
Larsen Toubro Saudi Arabia LLC	1,700	–
	37,046,046	39,293,109

8. PREPAYMENTS AND OTHER CURRENT ASSETS

Prepayments and other current assets at March 31 comprise of the following:

	2017 SR	2016 SR
Prepayments	245,802	373,491
Advances to suppliers	520,458	1,856,260
Employee advances	33,538	185,023
	799,798	2,414,774

9. INVENTORIES, NET

a) Inventories at March 31 comprise of the following:

	2017 SR	2016 SR
Raw materials	13,344,442	13,109,764
Work-in-process	5,111,948	17,197
Goods in transit	1,504,178	247,570
	19,960,568	13,374,531
Provisions for obsolescence and slow moving items	(2,000,000)	(1,354,917)
	17,960,568	12,019,614

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Work in process represents the cost of materials issued to ongoing job orders along with the cost of labor and allocated overheads.

b) Summarized movement in provision for slow moving items is as follows:

	2017 SR	*2016 SR*
Balance at beginning of year	**1,354,913**	–
Provision for the year	**645,087**	*1,354,913*
Balance at end of the year	**2,000,000**	*1,354,913*

10. PROPERTY, PLANT AND EQUIPMENT

	Building	**Plant and machinery**	**Furniture, fixtures and office equipment**	**Total**
	SR	**SR**	**SR**	**SR**
Cost				
April 1, 2016	23,663,618	7,776,290	454,967	31,894,875
Additions	–	–	17,200	17,200
March 31, 2017	**23,663,618**	**7,776,290**	**472,167**	**31,912,075**
Depreciation				
April 1, 2016	6,374,906	2,513,935	278,794	9,167,635
Charge for year	**1,327,097**	**892,400**	**52,926**	**2,272,423**
March 31, 2017	**7,702,003**	**3,406,335**	**331,720**	**11,440,058**
Net book value				
March 31, 2017	15,961,615	4,369,955	140,447	20,472,017
March 31, 2016	**17,288,712**	**5,262,355**	**176,173**	**22,727,240**

The Company has leased land from the Government with an option for renewal. The term of the lease is for 20 years effective from 2 Jumada 'I, 1428 (May 19, 2007).

11. DUE TO BANK

The Company obtained short term borrowing facilities from a local bank for working capital requirements,performance and advance guarantees. These are required to be repaid within a maximum period of fourto six months from the drawdown date. These facilities are secured by corporate guarantees of the shareholders and assignment of contract proceeds. Interest charged on this facility is SIBOR plus a margin.

12. ACCOUNTS PAYABLE AND OTHER LIABILITIES

	2017 SR	*2016 SR*
Accounts payables	**4,763,137**	*4,037,733*
Accrued expenses	**711,331**	*560,246*
Advances from customers	**1,205,289**	*1,266,857*
Other payables and accrued expenses	**2,396,180**	*2,359,461*
	9,075,937	*8,224,297*

13. LONG TERM LOAN

	2017 SR	*2016 SR*
Loan from Saudi Industrial Development Fund	**–**	*1,450,000*
Less: current portion	**–**	*(1,402,384)*
Less: un-amortized front end fees	**–**	*(47,616)*
	–	–

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

In 2010, the Company obtained a loan of SR 10.7 million from Saudi Industrial Development Fund ("SIDF") to finance the production of electrical control and distribution panels, and entire loan has been drawn down as at December 31, 2013. The loan was repayable in twelve unequal half yearly installments commencing from 15 Rabi' II 1432 (April 19, 2011). The front end fee charged by SIDF amounting to SR 0.85 million was being amortized over the period of the loan and the un-amortized portion is presented net-off outstanding loan. During the year, the loan was repaid in full as per the payment scheduled.

14. LOAN FROM SHAREHOLDERS

	2017 SR	2016 SR
TAMCO Switchgear (Malaysia) SND BHD	17,187,500	17,187,500
Larsen & Toubro International FZE, U.A.E	2,250,002	2,250,002
	19,437,502	19,437,502

The company has taken loan from TAMCO Switchgear (Malaysia) SDN BHD, a shareholder for extension of its factory building and working capital requirements. Interest charged on this loan is 6 months USD LIBOR plus margin.

Medium term loan includes interest bearing short-term loans of SR 2.25 million (2016: SR 2.25 million) from Larsen & Toubro International FZE, U.A.E, (shareholder) for working capital requirements.Interest charged on this loan is 5% per annum.

15. END OF SERVICE INDEMNITIES

Movements summary for the year ended March 31 are as follows:

	2017 SR	2016 SR
April 1	1,353,034	884,313
Provision for the year	468,626	487,513
Utilization of provision	(232,730)	(18,792)
March 31	1,588,930	1,353,034

16. STATUTORY RESERVE

In accordance with the Regulations for Companies in Saudi Arabia and the Company's articles of association, the Company has established a statutory reserve by the appropriation of 10% of net income until the reserve equals 50% of the share capital. This reserve is not available for dividend distribution.

17. ZAKAT AND INCOME TAX

The principal elements of the zakat base are as follows:

	2017 SR	2016 SR
Non-current assets	20,609,331	22,902,006
Non-current liabilities	21,026,432	20,790,536
Opening shareholders' equity	3,301,113	15,470,770
Net loss for the year	(4,874,852)	(12,169,657)

Some of these amounts have been adjusted in arriving at the zakat charge for the year.

The movement in the zakat and income tax provision is as follows:

	2017 SR	2016 SR
Zakat		
January 1	–	64,349
Under provision for previous year	56,640	–
Payment during the year	(56,640)	(64,349)
December 31	–	–

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

	2017 SR	2016 SR
Income tax		
January 1	–	436,660
Under provision for previous year	40,885	
Payment during the year	(40,885)	(436,660)
December 31	–	–

The charge for the year for zakat and income tax is as follows:

	2017 SR	2016 SR
Under provision for zakat in previous year	56,640	–
Under provision for income tax in previous year	40,885	–
Charge to retained earnings	97,525	–

The Company has submitted its zakat and tax return up to year ended March 31, 2016 and obtained the required certificates. The zakat and tax return since inception are under review by the GAZT.

No provision for tax was made for the year ended March 31, 2017 as the Company has incurred losses.

18. SELLING AND DISTRIBUTION EXPENSES

	2017 SR	2016 SR
Employee related costs	2,431,034	3,578,420
Travelling	496,121	234,785
Utilities	243,052	210,511
Others	1,191,989	1,754,308
	4,362,196	5,778,024

19. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 SR	2016 SR
Employee related costs	2,267,190	2,457,874
Traveling	237,633	254,882
Professional services	504,458	369,965
Utilities	495,720	279,718
Depreciation	334,933	336,611
Amortization	75,705	195,966
Rent	57,287	84,151
Others	593,464	421,793
	4,566,390	4,400,960

20. OPERATING LEASE ARRANGEMENTS

	2017 SR	2016 SR
Payments under operating leases recognized as an expense during the year	549,626	424,340

Operating lease payments represent rentals payable by the Company for leased land, employee accommodation and vehicles. Except land, all other leases are negotiated for an average term of one year and rentals are fixed over lease term. The land lease is negotiated for a period of 20 years.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

As at March 31, the Company had outstanding commitments under non-cancelable operating leases for rental of land, which fall due as follows:

	2017 SR	*2016 SR*
Not later than one year	**60,000**	*30,000*
Later than one year and not later than five years	**240,000**	*150,000*
Later than five years	**300,000**	*195,123*
	600,000	*375,123*

21. CONTINGENCIES

	2017 SR	*2016 SR*
Letters of guarantee and performance bonds	**10,355,364**	*9,675,961*

22. RISK MANAGEMENT

Financial Instruments

Financial instruments carried on the balance sheet principally include cash and cash equivalents, trade and other receivables and other assets, trade payables and other liabilities, short term loan and long term loan.

Financial risk management

The Company's management monitors and manages the financial risks relating to the operations of the Company. These risks include market risk (including currency risk), credit risk and liquidity risk.

Market risk

The Company's activities expose it primarily to the financial risks of changes in foreign currency exchange rates. There has been no change to the Company's exposure to market risks or the manner in which these risks are managed and measured.

Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. Management monitors the fluctuations in currency exchange rates and manages its effect on the financial statements accordingly.

Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in the market interest rates. The Company has no significant interest bearing long term assets, but has interest bearing liabilities at March 31, 2017 and 2016. The Company monitors the fluctuations in the rates and manages its effect on the financial statements accordingly.

Credit risk

Financial assets which potentially subject the Company to concentrations of credit risk consist principally of trade receivables and cash at bank.

The Company assesses the credit quality of its customers by taking into account their financial standing, past experience and other factors. Management considers the credit quality of these financial assets as being acceptable. These financial assets do not include any material balances with past default experience.

Cash at bank is placed with reliable financial institutions

The carrying amount of financial assets recorded in the financial statements, which is net of impairment losses, represents the Company's maximum exposure to credit risk.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments. Liquidity risk may result from an inability to sell a financial asset quickly at an amount close to its fair value. Liquidity risk is managed by monitoring on a regular basis that sufficient funds are available to meet any future commitments.

Fair value of financial instruments

Fair value of financial instruments is the amount for which an asset could be exchanged or a liability settled between knowledgeable willing parties in an arm's length transaction. As the Company's financial instruments are compiled under the historical cost convention, differences can arise between the book values and fair value estimates.

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED MARCH 31, 2017 (Contd.)

Capital management

The Company manages its capital to ensure that the Company will be able to continue as going concerns while maximizing the return to stakeholders through the optimization of the debt and equity balance. The Company's overall strategy remains unchanged from 2016.

The capital structure of the Company consists of equity of the Company (comprising capital and retained earnings).

The Company is not subject to any externally imposed capital requirements.

23. FAIR VALUES

The fair values of the Company's financial assets and liabilities approximate their carrying amounts.

24. COMPARATIVE FIGURES

Certain figures for 2016 have been reclassified to conform to the presentation in the current year.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Audit report and Audited Accounts for the year / period ended 31 December 2016.

1. **FINANCIAL RESULTS/ FINANCIAL HIGHLIGHTS:**

Particulars	**2016**	*2015*
	KWD	*KWD*
Total Income	**0**	*0*
Total Expenditure	**22,142**	*311,829*
Operating Profit / (Loss)	**(22,142)**	*(311,829)*
Add: Interest Income		
Less: Finance Costs		
Profit / (Loss) before Tax	**(22,142)**	*(311,829)*
Less : Tax		
Net Profit / (Loss) after Tax	**(22,142)**	*(311,829)*
Add: Balance b/f from previous year	**(2,016,572)**	*(1,704,743)*
Balance available for disposal which directors appropriate as follows:		
Dividend		
Transfer to Reserves		
Balance to be carried forward	**(2,038,714)**	*(2,016,572)*

2. **CAPITAL EXPENDITURE:**

As at 31-Dec-2016 the gross fixed and intangible assets including leased Assets, stood at KD 434,303 (as on 31-Dec-2015-KD 434,303) and the net fixed and intangible assets, including leased assets, at KD 10,291 (as on 31-Dec-2015 - KD 39,411). Capital Expenditure during the year amounted to Nil.

3. **STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review was “Nil” as against “Nil” for the previous financial year. The loss before tax from continuing operations including extraordinary and exceptional items was KD 22,142 and loss after tax from continuing operations including extraordinary and exceptional items of KD 22,142 for the financial year under review as against loss KD 311,829 and KD 311,829 respectively for the previous financial year, registering reduction of loss 93 % and 93 % respectively.

4. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year / period.

5. **RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

6. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

The current Directors of the company are

1. Mr. A. Radharaman
2. Mr. Venkatesh Ramanujam
3. Mr. Ala Ali

Key Management Personnel

Mr. Kishore Kumar Jha

Head F&A

Mr.Rakshith Bhat

7. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :**

During the year / period under review no meetings were held.

8. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

9. AUDITORS:

M/s Deloitte & Touche Al-Wazzan & Co, are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

10. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

11. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Kuwait and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

A RADHARAMAN	**VENKATESH RAMANUJAM**
Director	*Director*

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of Larsen & Toubro Kuwait Construction General Contracting Company W.L.L. ("the Company"), which comprise the statement of financial position as at 31 December 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2016 and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standard Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note 2 to these financial statements, which indicate that the Company did not have any revenue in 2016 and as of 31 December 2016 the Company's accumulated losses have exceeded the issued share capital. This condition indicates the existence of a material uncertainty, which may cast significant doubt about the Company's ability to continue as a going concern. Under Article 273 of Companies Law No. 1 of 2016, if a Company loses more than 75% of its capital, the Members are required to convene a meeting to determine the future of the Company. Members in the meeting dated 19 April 2017 have committed subsequently and resolved to continue to provide required financial support. Our opinion is not qualified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Furthermore, in our opinion, proper books of accounts have been kept by the Company. We further report that we obtained all the information and explanations that we required for the purpose of our audit and that the financial statements incorporate all the information that is required by the Companies Law No. 1 of 2016 and the Executive Regulations and by the Company's Articles of Association, that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016 and the Executive Regulations or of the Articles of Association, have occurred during the financial year ended 31 December 2016 that might have had a material effect on the business of the Company or on its financial position.

Talal Y. Al-Muzaini
License No. 209A
Deloitte & Touche
Al-Wazzan & Co.

Kuwait
12 June 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

			Kuwaiti Dinars
	Notes	**2016**	*2015*
ASSETS			
Current assets			
Cash and bank balances	**3**	**31,187**	*304,155*
Trade and other receivables	**4**	**1,046,165**	*1,053,170*
Due from related parties	**5**	**99,582**	*154,963*
		1,176,934	*1,512,288*
Non-current assets			
Equipment	**6**	**10,291**	*39,411*
Total assets		**1,187,225**	*1,551,699*
LIABILITIES AND MEMBERS' EQUITY			
Current liabilities			
Bank overdraft		**–**	*246,031*
Trade and other payables	**7**	**345,350**	*557,404*
Due to related parties	**8**	**853,816**	*734,668*
		1,199,166	*1,538,103*
Non current liabilities			
Post employment benefits		**22,363**	*25,758*
Members' equity			
Share capital	**9**	**2,000,000**	*2,000,000*
Legal reserve		**2,205**	*2,205*
General reserve		**2,205**	*2,205*
Accumulated losses		**(2,038,714)**	*(2,016,572)*
Members' equity		**(34,304)**	*(12,162)*
Total liabilities and members' equity		**1,187,225**	*1,551,699*

The notes on pages 2153 to 2162 form an integral part of these financial statements.

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

Kuwaiti Dinars

	Notes	2016	2015
Cost of sales	10	–	(49,381)
Gross Loss		–	(49,381)
Other income	11	92,094	89,529
General and administrative expenses	12	(114,236)	(351,977)
Loss for the year		(22,142)	(311,829)
Other comprehensive income for the year			
Total comprehensive expense for the year		(22,142)	(311,829)

The notes on pages 2153 to 2162 form an integral part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

Kuwaiti Dinars

	Share capital	**Legal reserve**	**General reserve**	**Retained earnings/ (Accumulated losses)**	**Total**
Balance at 31 December 2015	2,000,000	2,205	2,205	(2,016,572)	(12,162)
Total comprehensive expense for the year	–	–	–	(22,142)	(22,142)
Balance at 31 December 2016	2,000,000	2,205	2,205	(2,038,714)	(34,304)
Balance at 31 December 2014	2,000,000	2,205	2,205	(1,704,743)	299,667
Total comprehensive expense for the year	–	–	–	(311,829)	(311,829)
Balance at 31 December 2015	2,000,000	2,205	2,205	(2,016,572)	(12,162)

The notes on pages 2153 to 2162 form an integral part of these financial statements.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

			Kuwaiti Dinars
	Notes	**2016**	*2015*
Cash flows - operating activities			
Loss for the year		**(22,142)**	*(311,829)*
Adjustments:			
Depreciation	**6**	**29,120**	*73,837*
Gain/(loss) from operations before working capital changes		**6,978**	*(237,992)*
Decrease/(increase) in trade and other receivables		**7,005**	*(248,771)*
Decrease in due from related parties		**55,381**	*918,781*
Decrease in projects in progress-due from customers		**-**	*398,430*
Decrease in trade and other payables		**(212,054)**	*(773,974)*
Increase/(decrease) in due to related parties		**119,148**	*(220,902)*
Decrease in post-employment benefits		**(3,395)**	*(60,810)*
Net cash used in operating activities		**(26,937)**	*(225,238)*
Cash flows – investing activity			
Purchase of equipment	**6**	**–**	*(335)*
Net cash used in investing activities		**–**	*(335)*
Cash flows – financing activity			
Decrease in bank overdraft		**(246,031)**	*(40,766)*
Net cash used in investing activities		**(246,031)**	*(40,766)*
Net decrease in cash and cash equivalents		**(272,968)**	*(266,339)*
Cash and cash equivalents			
at beginning of year		**304,155**	*570,494*
at end of year	**3**	**31,187**	*304,155*

The notes on pages 2153 to 2162 form an integral part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016

1. CONSTITUTION AND ACTIVITIES

Larsen & Toubro Kuwait Construction General Contracting Company W.L.L. (the Company), is a limited liability company registered in Kuwait and is engaged in operating in general contracting business.

The registered office of the Company is at Plot No 3, Building No, 1, Sharq, State of Kuwait.

The new Companies Law No. 1 of 2016 issued on 24 January 2016 and published in the Official Gazette on 1 February 2016 cancelled the Companies Law No. 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 of November 2012. The new Executive Regulations of Law No. 1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the Executive Regulations of Law No. 25 of 2012.

These financial statements were approved for issue by Members on 12 June 2017.

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These financial statements have been prepared on the historical cost basis and in accordance with International Financial Reporting Standards. These financial statements are presented in Kuwait Dinars ("KD"), which is the Company's functional and presentation currency.

The company did not have any gain in 2016 and as at 31 December 2016 the Company's accumulated losses of KD 2,038,714 (2015: KD 2,016,572) exceeded its issued share capital. These conditions indicate the existence of a material uncertainty regarding the Company's ability to continue as a going concern. However, Management believes financial support from Member will enable the Company to meet its financial obligations maturing within the foreseeable future.

Furthermore as required under Article 304 of the Companies Law no. 01 of 2016, since the accumulated losses exceeds three fourth of its issued capital, the Member's held a meeting on 19 April 2017 and resolved to continue to provide the required financial support to assist the Company in meeting its financial liabilities as and when they fall due. Accordingly, the financial statements have been prepared on a going concern basis.

2.2 New and revised IFRSs applied with no material effect on the financial statements

The following new and revised IFRSs, which became effective for annual periods beginning on or after 1 January 2016, have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

- IFRS 14 Regulatory Deferral Accounts
- Amendments to IAS 1 Presentation of Financial Statements relating to Disclosure initiative
- Amendments to IAS 16 Property, Plant and Equipment and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 Property, Plant and Equipment and IAS 41 Agriculture: Bearer Plants
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

Other amendments to IFRSs which are effective for annual accounting period starting from 1 January 2016 did not have any material impact on the accounting policies, financial position or performance of the Company.

2.3 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after 1 January 2018, the amendment to IFRS 12 for annual periods beginning on or after 1 January 2017
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses	1 January 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	1 January 2017
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency;	

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

New and revised IFRSs	Effective for annual periods beginning on or after
• the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and	
• the prepayment asset or deferred income liability is non-monetary.	1 January 2018
Amendments to IFRS 2 Share Based Payment regarding classification and measurement of share based payment transactions	1 January 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9	When IFRS 9 is first applied
IFRS 7 Financial Instruments: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9	When IFRS 9 is first applied
IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014)	
IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments.	1 January 2018
A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. The standard contains requirements in the following areas:	
• Classification and measurement: Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk.	
• Impairment: The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised	
• Hedge accounting: Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	
Derecognition: The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39	
IFRS 15 Revenue from Contracts with Customers	
In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective.	
The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition:	
• Step 1: Identify the contract(s) with a customer.	
• Step 2: Identify the performance obligations in the contract.	
• Step 3: Determine the transaction price.	
• Step 4: Allocate the transaction price to the performance obligations in the contract.	
• Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation.	

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

New and revised IFRSs	**Effective for annual periods beginning on or after**
Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	1 January 2018
Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	1 January 2018
IFRS 16 Leases	
IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	1 January 2019

Management anticipates that IFRS 15 and IFRS 9 will be adopted in the Company's financial statements for the annual period beginning 1 January 2018 and that IFRS 16 will be adopted in the Company's financial statements for the annual period beginning 1 January 2019. The application of IFRS 15 and IFRS 9 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of revenue from contracts with customers and the Company's financial assets and financial liabilities and the application of IFRS 16 may have significant impact on amounts reported and disclosures made in the Company's financial statements in respect of its leases.

The Company is in the process of quantifying the impact of this standard on the Company's financial statements, when adopted.

2.4 Financial Instruments

Classification

The Company classifies its financial instruments as "loans and receivables" and "financial liabilities other than at fair value through profit or loss". Management determines the appropriate classification at the time of acquisition.

Recognition and de-recognition

The Company recognizes financial assets and financial liabilities on the date it becomes a party to the contractual provisions of the instruments. A financial asset (in whole or in part) is de-recognised when the rights to the cash flow from the financial asset expires or, when the Company transfers substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharged, cancelled or expired.

A regular way purchase and sale of financial assets are recognized using settlement date accounting. Changes in fair value between the trade date and settlement date are recognised in statement of income in accordance with the policy applicable to the related instrument. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

Financial assets and liabilities are measured initially at fair value. Transaction costs are added only for those financial instruments not measured at fair value through profit or loss.

Loans and receivables

These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured at amortized cost using the effective yield method. The amount of provision is recognised in the statement of profit or loss.

Cash and bank balances, trade and other receivables and due from related parties, are classified as loans and receivables.

Financial liabilities other than at fair value through profit or loss

Financial liabilities other than at fair value through profit or loss are subsequently measured at amortized cost using the effective yield method.

Bank overdraft, trade and other payables and due to related parties are classified as financial liabilities other than at fair value through profit or loss.

Fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, i.e. an exit price. The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

- In the principal market for the asset or liability; or
- In the absence of a principal market, in the most advantageous market for the asset or liability

The principal or the most advantageous market must be accessible to by the company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

Level 1 - Quoted (unadjusted) market prices in active markets for identical assets or liabilities

Level 2 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 - Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For the purpose of fair value disclosures, the company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

The fair value of financial instruments other than short term financial instruments carried at amortised cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar financial instruments.

Impairment

A financial asset is impaired if its carrying amount is greater than its estimated recoverable amount. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specified asset, or a group of similar assets, may be impaired. If such evidence exists any impairment loss is recognised in the statement of income.

2.5 Cash and cash equivalents

Cash and cash equivalents comprise cash and bank balances and short-term deposits with original maturity of three months or less.

2.6 Equipment

Equipment is stated at historical cost less accumulated depreciation and accumulated impairment losses. Cost of an item of equipment comprises its acquisitions cost and all directly attributable costs of bringing the asset to working condition for its intended use. Depreciation is computed on straight-line method based on estimated useful lives ranging from 3 to 7 years.

The carrying amount of each item of equipment is reviewed annually. When there is an indication that it may be impaired, it is written down to its recoverable amount and the resultant impairment loss is taken to the statement of income. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units). Gains and losses on disposals are determined by comparing proceeds with carrying amount. These are included in the statement of comprehensive income.

2.7 Impairment of non-financial assets

An asset is impaired if its carrying amount exceeds its estimated recoverable amount. The recoverable amount of an asset is the higher of an asset's fair value less cost to sell and value in use. Fair value less cost to sell is the amount obtainable from the sale of an asset in an arm's length transaction. Value in use is the present value of estimated future cash flows expected to arise from the continuing use of an asset and from its disposal at the end of its useful life. An assessment is made at each statement of financial position date to determine whether there is objective evidence that a specific asset, or a group of similar assets, may be impaired. If such evidence exists, an impairment loss is recognised in the statement of income.

2.8 Post employment benefits

The Company is liable under Kuwait Labour Law to make payments under defined benefit plans payable to employees on cessation of employment.

The defined benefit plan is unfunded and is based on the liability that would arise on involuntary termination of all employees on the financial position date. This basis is considered to be a reliable approximation of the present value of this liability.

2.9 Revenue recognition

Revenue from construction contracts is recognized in accordance with the percentage of completion method measured by reference to percentage that actual costs incurred to date bear to total estimated costs for each contract. Claims, variation orders and incentive payments are included in the determination of contract profit when approved by contract owners. Anticipated losses on contracts are recognized in full as soon as they become apparent.

When the outcome of construction contract cannot be estimated reliably, contract revenue is recognized to the extent of contract costs incurred that is probable will be recoverable. Contract costs are recognized as expenses in the period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

Revenue from maintenance contracts is recognized when services is rendered.

Interest income is recognized based on effective yield method. Other income is recognised when the right to receive such income is established.

2.10 Provisions for liabilities

Provisions are recognised, when, as a result of past events it is probable that an outflow of economic resources will be required to settle a present legal or constructive obligation and the amount can be reliably estimated.

2.11 Accounting for leases

Where Company is the lessee

Leases of assets under which all the risks and benefits of ownership are effectively retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the statement of comprehensive income on a straight-line basis over the period of the lease.

2.12 Foreign currency transactions

The functional currency of the Company is the Kuwaiti Dinar. Foreign currency transactions are recorded in Kuwaiti Dinars at the rate of exchange prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Kuwaiti Dinars at the rates of exchange ruling at the financial position date. Resultant gains/losses are taken to the statement of comprehensive income.

2.13 Critical accounting judgements and estimates

The preparation of financial statements in conformity with IFRS requires Company's management to make estimates and assumptions that may affect amounts reported in these financial statements, as actual results could differ from those estimates. It also requires management to exercise its judgement in the process of applying the company's accounting policies. Judgements and estimates that are significant to the financial statements are:

Judgments

In the process of applying the Company's accounting policies which are described in note 2, management has made the following judgments that have the most significant effect on the amounts recognized in the financial statements.

(i) Revenue recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the company and the revenue can be reliably measured. The determination of whether the revenue recognition criteria as specified under IAS 18 are met requires significant judgment.

(ii) Determination of contract cost

Determination of costs which are directly related to the specific contract or attributable to the contract activity in general requires significant judgment. The determination of contract costs has a significant impact upon revenue recognition in respect of long term contracts.

Estimates and assumptions.

The key assumptions concerning the future and the other key sources of estimation uncertainty at the balance sheet date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

(i) Long term contracts

Revenue from long term contracts is recognized in accordance with the percentage of completion method measured by the reference to the percentage that actual costs incurred to date bear to total estimated costs for each contract. The revenue recognition as per above criteria should correspond to the actual work completed. The determination of estimated costs and application of percentage of completion method involve estimation. Further, the budgeted costs and revenue should consider the claims and variations pertaining to the contract.

(ii) Provision for doubtful debts and inventory.

The extent of provision for doubtful debts and inventories involves estimation process. Provision for doubtful debts is made when there is an objective evidence that the company will not be able to collect the debts. Bad debts are written off when identified. The carrying

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

cost of inventories is written down to their net realizable value when inventories are damaged or become wholly or partly obsolete. The benchmarks for determining the amount of provision or written down include ageing analysis, technical assessment and subsequent events.

(iii) *Useful lives of equipment.*

The Company's management determines the estimated useful lives and related depreciation charge for its equipment. The estimate is based on product life cycle of its equipment. Management will increase the depreciation charge where useful lives are less than previously estimated lives.

3. CASH AND BANK BALANCES

	Kuwaiti Dinars	
	2016	*2015*
Cash in hand	**20**	*491*
Call and current accounts	**31,167**	*3,664*
Deposits with original maturity less than three months	**–**	*300,000*
	31,187	*304,155*

4. TRADE AND OTHER RECEIVABLES

	Kuwaiti Dinars	
	2016	*2015*
Trade receivables	**1,040,930**	*1,040,930*
Interest receivable	**–**	*5,526*
Deposits and prepayments	**5,235**	*6,714*
	1,046,165	*1,053,170*

Subsequent to the year end, the Company has signed an agreement with AlKhorayef Group Company, KSA for recovery of trade receivable of KD 1.04 million. As per the terms of agreement, AlKhorayef will pay the balance amount of KD 1.04 million in 4 equal installments of KD 260,500 starting from June 2017.

5. DUE FROM RELATED PARTIES

These represent amounts receivable from related parties towards contract work completed and expenses incurred on their behalf.

6. EQUIPMENT

					Kuwaiti Dinars
	Machinery	**Furniture & fixtures**	**Office equipment**	**Motor Vehicles**	**Total**
2016					
Cost					
At 31 December 2015	**180,158**	**91,543**	**29,187**	**133,415**	**434,303**
At 31 December 2016	**180,158**	**91,543**	**29,187**	**133,415**	**434,303**
Depreciation					
At 31 December 2015	**154,458**	**81,418**	**27,237**	**131,779**	**394,892**
Charge for the year	**22,916**	**2,997**	**1,571**	**1,636**	**29,120**
At 31 December 2016	**177,374**	**84,415**	**28,808**	**133,415**	**424,012**
Net book value					
At 31 December 2016	**2,784**	**7,128**	**379**	**-**	**10,291**

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

Kuwaiti Dinars

	Machinery	Furniture & fixtures	Office equipment	Motor Vehicles	Total
2015					
Cost					
At 31 December 2014	*180,158*	*91,543*	*29,692*	*133,415*	*434,808*
Addition	–	–	*335*	–	*335*
Disposal	–	–	*(840)*	–	*(840)*
At 31 December 2015	*180,158*	*91,543*	*29,187*	*133,415*	*434,303*
Depreciation					
At 31 December 2014	*116,567*	*69,897*	*26,000*	*109,431*	*321,895*
Charge for the year	*37,891*	*11,521*	*2,077*	*22,348*	*73,837*
Related to disposal	–	–	*(840)*	–	*(840)*
At 31 December 2015	*154,458*	*81,418*	*27,237*	*131,779*	*394,892*
Net book value					
At 31 December 2015	*25,700*	*10,125*	*1,950*	*1,636*	*39,411*

7. TRADE AND OTHER PAYABLES

Kuwaiti Dinars

	2016	*2015*
Trade payables	**287,501**	*423,210*
Accruals	**44,094**	*115,176*
Staff payables	**13,755**	*19,018*
	345,350	*557,404*

8. DUE TO RELATED PARTIES

This represents contract and other expenses payable to related parties.

9. MEMBERS' EQUITY

Share Capital

The share capital of the Company comprises of 2,000 shares of KD 1,000 each fully paid up (2015: 2,000 shares of KD 1000 each). The details of shareholding are as follows:

	2016		*2015*	
	No. of shares	**Amount (KD)**	*No. of shares*	*Amount (KD)*
Bader Al Mulla and Brothers Company W.L.L	**1,020**	**1,020,000**	*1,020*	*1,020,000*
Larsen & Toubro International FZE	**980**	**980,000**	*980*	*980,000*
	2,000	**2,000,000**	*2,000*	*2,000,000*

Legal and general reserve

In accordance with the Commercial Companies Law No.1 of 2016 and the Company's Articles of Association, 10% each of the net profit for the year is transferred to legal reserve and voluntary reserve. Legal reserve can be utilized for the distribution of a maximum dividend of up to 5% of the share capital in years retained earnings are insufficient for the purpose. There is no restriction on the distribution of voluntary reserve. No transfers have been made to legal and general reserve in the current year as the Company has incurred losses.

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

10. COSTS OF SALES

	Kuwaiti Dinars	
	2016	*2015*
Materials consumed	**–**	*14,502*
Staff costs	**–**	*17,983*
Others	**–**	*16,896*
	–	*49,381*

11. OTHER INCOME

	Kuwaiti Dinars	
	2016	*2015*
Reversal of excess accruals	**69,884**	–
Agency fees	**22,210**	–
	92,094	–

12. GENERAL AND ADMINISTRATIVE EXPENSES

	Kuwaiti Dinars	
	2016	*2015*
Staff costs	**31,621**	*211,468*
Rent	**820**	*9,163*
Travelling and conveyance	**1,094**	*10,200*
Telephone and postage	**1,419**	*8,522*
Repairs and maintenance	**150**	*13,474*
Depreciation	**29,120**	*73,837*
Legal and professional fees	**23,815**	–
Other expenses	**26,197**	*25,313*
	114,236	*351,977*

13. CONTINGENT LIABILITIES

The Company was contingently liable for KD 568,500 (31 December 2015: KD 857,740) in respect of outstanding letters of guarantee.

14. RELATED PARTY TRANSACTIONS

The Company enters into transactions with related parties (i.e. key management personnel and companies under the same management) on terms and conditions approved by management. Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the other party in making financial or operational decisions. In the course of business, the Company has entered into certain significant transactions with related parties on terms approved by members.

	Kuwaiti Dinars	
	2016	*2015*
Other income	**22,210**	*29,253*

Balances with related parties included in the financial statements are as follows:

	Kuwaiti Dinars	
	2016	*2015*
Due from related parties	**99,582**	*154,963*
Due to related parties	**853,816**	*729,585*

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

Key management compensation

	Kuwaiti Dinars	
	2016	*2015*
Short term employee benefits	**16,940**	*39,200*
	16,940	*39,200*

15. FINANCIAL INSTRUMENTS – FAIR VALUE AND RISK MANAGEMENT

The Company's assets and liabilities include the following financial instruments:

Cash and bank balances

Trade and other receivables

Due from related parties

Trade and other payables

Due to related parties

Financial instruments measured at amortized cost

For financial assets and financial liabilities that are liquid or having a short-term contractual maturity (less than three months), it is assumed that the carrying amounts approximate to their fair value.

As at 31 December 2016, the Company does not have any financial instruments carried at fair value.

For financial instruments carried at amortized cost and fair values are not materially different from their carrying values and is used only for disclosure purpose. Fair value of such financial instruments are classified under level 3 determined based on discounted cash flow basis, with most significant inputs being the discount rate that reflects the credit risk of counterparties.

Financial risk factors

The Company's use of financial instruments exposes it to a variety of financial risks such as market risk, credit risk and liquidity risk. The Company continuously reviews its risk exposures and take measures to limit it to acceptable levels. The Company's management has overall responsibility for the establishment and oversight of the Company's risk management framework. Company's management identifies and evaluates financial risks in close co-operation with the Company's operating units. The Company's management provides principles for overall risk management, as well as written policies covering specific areas such as credit risk, market risk, and liquidity risk. The significant risks that the Company is exposed to are discussed below:

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation causing the other party to incur a financial loss. Financial assets, which potentially subject the Company to credit risk, consist principally of fixed and short notice bank deposits and trade and other receivables, due from related parties, project in progress-due from customers The Company manages this risk by placing fixed and short term bank deposits with high credit rating financial institutions. Credit risk with respect to receivables, projects in progress - due from customers and due from related parties are limited as these are mainly with corporate customers of high repute and there has been no history of defaults.

The average credit period for trade receivables is three months. The Company management has established a credit policy under which each new customer is analyzed individually for creditworthiness before the Company's standard payment and delivery terms and conditions are offered. Credit exposure is controlled by counter party limits that are reviewed and approved by the Company's management.

The maximum exposure of the Company to credit risk is as follows:

	Kuwaiti Dinars	
	2016	*2015*
Bank balances	**31,168**	*303,664*
Trade and other receivables	**1,046,165**	*1,053,170*
Due from related party	**99,582**	*154,963*
TOTAL	**1,176,915**	*1,511,797*

NOTES TO THE FINANCIAL STATEMENTS - DECEMBER 31, 2016 (Contd.)

Of the above assets KD 135,985 (31 December 2015: KD 459,070) are neither past due nor impaired, and KD 1,040,930 (31 December 2015: KD 1,040,930) are past due but not impaired.

The ageing analysis of assets which are past due and but not impaired is as follows:

	Kuwaiti Dinars	
	2016	*2015*
3-6 months	**–**	*382,042*
More than 12 months	**1,040,930**	*658,888*
	1,040,930	*1,040,930*

The Company does not hold any collateral as security.

100% of trade receivables is due from one customer (2015: 100% from one customers).

Market risks

Market risk, comprising of foreign currency risk, interest rate risk and equity price risk arises due to movements in foreign currency rates, interest rates and equity prices respectively.

(i) Interest rate risk

Interest rate risk arises from the risk that future cash flows or fair values of a financial instrument will fluctuate because of changes in market interest rates.

The Company had the following interest bearing assets:

	Kuwaiti Dinars	
	2016	*2015*
Deposits with banks	**–**	*300,000*

At 31 December 2016, if the interest rate increased/ decreased by 50 bps with all other variables held constant, profit for the year would have been KD Nil (2015: KD 1,500) lower/ higher.

(ii) Foreign currency risk

Foreign currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchanges rates. The Company does not have significant assets or liabilities denominated in foreign currencies. It is therefore not exposed to currency risk.

(iii) Equity price risk

The Company is not exposed to equity price risk as the Company does not have any equity investments as at 31 December 2016 and 2015.

Liquidity risks

Liquidity risk is the risk that the Company may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company maintains flexibility in funding by maintaining availability under committed credit lines.

The Company's financial liabilities contractually mature within one month.

The liquidity risk management process, as carried out by the Company and monitored by management includes the following:

1. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.

The Company may also arrange for short-term finance to meet maturing commitments.

16. CAPITAL MANAGEMENT

The Company defines capital as total shareholders' equity as shown in the statement of financial position. The Company's objectives when managing capital are to safeguard its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

There were no changes in the Company's approach to capital management during the year and the Company is not subject to externally imposed capital requirements.

As mentioned in Note 2.1, the accumulated loss of the Company exceeds the share capital and the Members of the Company held a meeting under Article 273 of Commercial Companies Law of 1 of 2016 and resolved to continue the business and to provide adequate financial support. As at 31 December 2016, the Company does not have any external borrowings.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their 17th Report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17** ₹	*2015-16* ₹
Income for the Year	**3,39,28,877**	*6,37,79,868*
Less: Expenditure	**34,13,221**	*63,20,211*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**3,05,15,656**	*5,74,59,657*
Less: Depreciation, amortization and obsolescence	**94,129**	*3,43,264*
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**3,04,21,527**	*5,71,16,393*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**3,04,21,527**	*5,71,16,393*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**3,04,21,527**	*5,71,16,393*
Less: Provision for tax	**69,43,611**	*92,07,077*
Profit for the period carried to the balance sheet	**2,34,77,916**	*4,79,09,316*
Add: Balance brought forward from previous year	**3,75,98,378**	*5,32,99,592*
Add: Addition due to Amalgamation	**–**	*(6,36,10,530)*
Less: Other Comprehensive expense	**(59,265)**	–
Less: Interim equity dividend paid (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**–**	–
Balance carried to Balance Sheet	**6,10,17,029**	*3,75,98,378*

2. **CAPITAL EXPENDITURE:**

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹.37,03,123/- and the net fixed and intangible assets, including leased assets, at ₹.65,730/-. No Capital Expenditure was incurred during the year.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has placed inter-corporate deposits with its fellow subsidiaries.

Shareholders are requested to refer to Note 7(b)(j) of the financial statements for Information.

4. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions for the financial year 2016-17 were in the ordinary course of business and at arm's length.

Statement containing details of all material transactions/ /contracts/arrangements is annexed to this report as Annexure I.

5. **PERFORMANCE AND FINANCIAL POSITION OF SUBSIDIARY COMPANY:**

During the year under review, the Company subscribed to equity shares in one subsidiary company, Sahibganj Ganges Bridge Company Private Limited (incorporated for the purpose of constructing and bridge and road in the state of Jharkhand) The details of investments in subsidiary company during the year are as under:

A) **Shares acquired during the year:**

Name of the Company	**Type of Shares**	**No. of shares**
Sahibganj Ganges Bridge Company Private Limited	Equity shares	10000 (Ten Thousand)

B) **Equity shares sold/transferred during the year:**

Name of the Company	**Number of shares**
Nil	Nil

C) Performance and Financial Position of each subsidiary/associate and joint venture companies:

A statement containing the salient features of the financial statement of subsidiaries companies is attached as Annexure II.

6. STATE OF COMPANY AFFAIRS:

The income for the financial year 2016-17 was ₹.3,39,28,877/- as against ₹.6,37,79,868/- for the previous financial year registering a decrease by 46.80%. The profit after tax of ₹.2,34,77,916/- for the financial year under review as against profit after tax of ₹.4,79,09,316/- for the previous financial year.

This reduction in the income is due to lower syndication fees. The profit on sale of investment in the previous year is mainly from Mutual Fund transaction between L&T and LTCC and the same was not carried out during F.Y. 2016-17.

7. DIVIDEND:

The Directors do not recommend any dividend for the financial year 2016-17.

8. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

9. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

a. The operations of the Company are not energy intensive and thus, the Company has not provided the details required to be furnished as per Rule 8 of the Companies (Accounts) Rules, 2014.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year, the total foreign exchange earnings is ₹.NIL. The total foreign exchange outgo is ₹.NIL.

10. RISK MANAGEMENT FRAMEWORK:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The present Directors of the Company are Mr. N Hariharan, Mr. R. Govindan and Mr. A.K. Mondal.

Mr. A.K. Mondal is liable to retire by rotation and being eligible offers himself for re-appointment. The notice convening the AGM will include a proposal for re-appointment.

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review five meetings were held on 24th May, 2016, 18th July, 2016, 27th October, 2016, 3rd December,2016 and 14th February, 2017.

13. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

14. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

15. AUDITORS:

The Auditors, Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 17th AGM until the conclusion of the 22nd AGM.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

17. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The Company doesn't have any women employees and hence there were no cases of sexual harassment reported to the Company during 2016-17

18. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

19. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure III to this Report.

20. ACKNOWLEDGEMENT

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

Place : Mumbai *Date : May 26, 2017*	**N. HARIHARAN** *Director* *DIN: 00001668*	**ARNOB MONDAL** *Director* *DIN: 01797683*	**R. GOVINDAN** *Director* *DIN: 05148785*

ANNEXURE I

FORM AOC-2

Pursuant to Clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014

Part A - Details of contracts or arrangements or transactions not at arm's length basis - NIL
Part B - Details of Material contracts or arrangements or transactions at arm's length basis

Family Credit Limited	**Fellow Subsidiary**	**Interest income on ICD**	**5,551,497.00**	**Interest @ 8%**
		Total	**5,551,497.00**	

Inter Corporate Deposits outstanding as on 31st March 2017 - Family Credit Limited

Date of Investment/ reinvestment	Name of the Related Party	Nature of Relationship	Amount in ₹	Rate of Int	Tenor
29-Mar-17	Family Credit Limited	Fellow Subsidiary	4,300,000	7.50%	1 year
27-Jan-17	Family Credit Limited	Fellow Subsidiary	20,000,000	7.50%	1 year
17-Mar-17	Family Credit Limited	Fellow Subsidiary	4,000,000	7.50%	1 year
17-Jun-16	Family Credit Limited	Fellow Subsidiary	16,200,000	8.75%	1 year
17-Nov-16	Family Credit Limited	Fellow Subsidiary	10,000,000	8.00%	1 year
23-Aug-16	Family Credit Limited	Fellow Subsidiary	12,000,000	8.75%	1 year
17-Feb-17	Family Credit Limited	Fellow Subsidiary	9,500,000	7.50%	1 year
31-Mar-17	Interest accrued		1,050,855		
			77,050,855		

Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount in ₹	Salient Features
Family Credit Limited	Fellow Subsidiary	Interest income on ICD	361,932.00	Interest @ 7.50%
Family Credit Limited	Fellow Subsidiary	Interest income on ICD	295,890.00	Interest @ 8.00%
Family Credit Limited	Fellow Subsidiary	Interest income on ICD	459,465.00	Interest @ 8.50%
Family Credit Limited	Fellow Subsidiary	Interest income on ICD	2,604,621.00	Interest @ 8.75%
Family Credit Limited	Fellow Subsidiary	Interest income on ICD	1,829,589.00	Interest @ 9%
		Total	**5,551,497.00**	

Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount in ₹	Salient Features
Larsen & Toubro Limited	Holding Company	Professional charges paid	932,222.00	At cost
Larsen & Toubro Limited	Holding Company	Expenditure reimbursed	10,279.00	At cost
Larsen & Toubro Limited	Holding Company	Receivables	-	At cost
Larsen & Toubro Limited	Holding Company	Payables	65,191,928.00	At cost
Larsen & Toubro Limited	Holding Company	Advances	50,000.00	At cost

Name of the Related Party	Nature of Relationship	Nature of Transactions	Amount in ₹
Sahibganj Ganges Bridge-Company Private Limited	Subsidiary Company	Equity share capital given	100,000.00

ANNEXURE II

FORM AOC-I

Statement containing salient features of the financial statements of the subsidiary companies

Information on Subsidiary Companies (for the financial year or as on, as the case may be)

Sr. no.	Particulars	L&T Trustee Company Private Limited	Sahibganj Ganges Bridge-Company Private Limited
	Financial year ending on	**31.03.2017**	**31.03.2017**
	Currency	**INR**	**INR**
1	Share capital	100,000	100,000
2	Reserves	(154,418)	(69,838)
3	Liabilities	83,141	40,700
4	**Total liabilities**	**28,723**	**70,862**
5	**Total assets**	**28,723**	**70,862**
6	Investments		
7	Turnover	–	–
8	Profit before taxation	(43,384)	(69,838)
9	Provision for taxation	–	–
10	Profit after taxation	(43,384)	(69,838)
11	Interim dividend - equity	–	–
12	Interim dividend - Preference	–	–
13	Proposed dividend - equity	–	–
14	Proposed dividend - preference	–	–

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U67190MH2000PLC125653
Registration Date	06/04/2000
Name of the Company	L&T CAPITAL COMPANY LIMITED
Category	Public Company
Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Syndication services	9971	32.63%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of Shares held	Applicable Section
1	LARSEN AND TOUBRO LIMITED Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	HOLDING	100	2(46)
2	L&T TRUSTEE COMPANY PRIVATE LIMITED Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	U74990MH2009PTC193936	SUBSIDIARY	100	2(87)
3	SAHIBGANJ GANGES BRIDGE COMPANY PRIVATE LIMITED Add: L&T HOUSE, N.M MARG, BALLARD ESTATE, MUMBAI – 400001	U45309MH2016PTC283661	SUBSIDIARY	100	2(87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	49994	6	50000	100	49994	6	50000	100	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (A) (1):-	**49994**	**6**	**50000**	**100**	**49994**	**6**	**50000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign a) NRIs - Individuals b) Other - Individuals c) Bodies Corp. d) Banks / FI e) Any Other….									
Sub-total (A) (2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**49994**	**6**	**50000**	**100**	**49994**	**6**	**50000**	**100**	**NIL**
B. Public Shareholding **1. Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)									
Sub-total (B)(2):-	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Total Public Shareholding (B)=(B)(1)+ (B)(2)	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**49994**	**6**	**50000**	**100**	**49994**	**6**	**50000***	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	LARSEN AND TOUBRO LIMITED	50000	100	NIL	50000	100	NIL	NIL
	Total	**50000**	**100**	**NIL**	**50000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition				
• Reduction				
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year	NIL	NIL	NIL	NIL
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹)

Sl No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL
4.	Commission	NIL	NIL
	- as % of profit		
	- others, specify…		
5.	Others, please specify	NIL	NIL
	Total (A)	**NIL**	**NIL**
	Ceiling as per the Act	**N.A**	**N.A**

B. Remuneration to other directors: (₹)

Sl No	Particulars of Remuneration	Name of Directors			Total Amount
		–	–	–	
1.	**Independent Directors** • Fee for attending board / committee meetings • Commission • Others, please specify	N.A	N.A	NA	NA
	Total (1)	**NIL**	**NIL**	**NIL**	
		N. HARIHARAN	**A. K. MONDAL**	**R. GOVINDAN**	
2.	**Other Non-Executive Directors** • Fee for attending board / committee meetings • Commission • Others, please specify				NIL NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL	NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹)

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	CS	CFO	Total
1.	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	**Stock Option**	NIL	NIL	NIL	NIL
3.	**Sweat Equity**	NIL	NIL	NIL	NIL
4.	**Commission** - as % of profit - others, specify	NIL	NIL	NIL	NIL
5.	**Others, please specify**	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CAPITAL COMPANY LIMITED

REPORT ON THE STANDALONE INDIAN ACCOUNTING STANDARDS (IND AS) FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **L&T Capital Company Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company does not have any pending litigations which would impact its financial position;

   ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The Company has provided requisite disclosures in its standalone financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 and are in accordance with the books of accounts maintained by the Company.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 26, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) As explained to us, these fixed assets have been physical verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and the nature of its assets; and

(c) The Company has no immovable properties. Accordingly, paragraphs 3(i)(c) of the Order is not applicable to the Company.

(ii) The Company does not hold any Inventories. Accordingly, the paragraph 3(ii) of the Order concerning inventories is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, the company has neither given loan to directors or investment made by the company. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, sales-tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales-tax, service tax, cess and other material statutory dues as applicable with the appropriate authorities were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the Statue	Name of the disputed dues	Rupees*	Period to which the amount relates	Forum where disputes are pending
The Income tax Act, 1961	Tax, Interest, Penalty	2,82,048	A.Y. 2006-07	ITAT, Mumbai

(*net of pre-deposit paid in getting the stay/appeal admitted)

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the records of the Company examined by us and the information and explanations given to us, the Company has not paid any managerial remuneration during the year and accordingly paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with section 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 26, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of L&T capital company limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and

operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31 March, 2017 ₹	₹	As at 31 March, 2016 ₹	₹	As at 1 April, 2015 ₹	₹
ASSETS:							
Non-current assets							
Fixed assets							
Tangible assets	1	65,730		159,859		477,510	
			65,730		159,859		477,510
Financial Assets							
Non-current investments	2	145,587		100,005		100,005	
Loans	3	–		–		2,484,000	
			145,587		100,005		2,584,005
Other non -current assets	4		6,889,610		6,383,967		4,416,687
			7,100,927		6,643,831		7,478,202
Current assets							
Financial Assets							
Current investments	5	77,280,206		70,725,416		65,986,219	
Trade receivables	6	1,500,000		3,000,000		13,243,749	
Cash and bank balances	7	5,604,924		8,132,766		6,983,065	
Loans	8	77,050,855		55,700,000		222,960,000	
Other financial assets	9	50,002		50,002		50,002	
			161,485,987		137,608,184		309,223,035
Current Tax Assets (Net)	10		–		505,643		–
Other current assets	11		–		–		3,567
TOTAL			168,586,914		144,757,658		316,704,804
EQUITY AND LIABILITIES:							
Shareholders' fund							
Share capital	12	500,000		500,000		220,000,000	
Other Equity	13	100,017,029		76,598,378		92,299,592	
			100,517,029		77,098,378		312,299,592
Non-current liabilities							
Deferred tax liabilities (net)	14	1,374,012		1,848,654		3,300,577	
Long-term provisions	15	20,475		279,762		215,036	
			1,394,487		2,128,416		3,515,613
Current liabilities							
Financial Liabilities							
Trade payables	16	65,192,024		64,572,422		–	
Other financial liabilities	17	400,000		400,000		–	
			65,592,024		64,972,422		–
Other current Liabilities	18		844,247		538,589		518,136
Provisions	19		1,701		19,853		15,443
Tax Liabilities (Net)	20		237,426		–		356,020
TOTAL			168,586,914		144,757,658		316,704,804
SIGNIFICANT ACCOUNTING POLICIES	25						
NOTES TO THE FINANCIAL STATEMENTS	26						

As per our report of even date

For and on behalf of board of directors

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

N. HARIHARAN
Director
DIN: 00001668

ARNOB K. MONDAL
Director
DIN: 01797683

R. GOVINDAN
Director
DIN: 05148785

Place : Mumbai
Date : May 26, 2017

Place : Mumbai
Date : May 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME:					
Revenue from operations	**21**	**21,664,955**		*29,709,190*	
Other income	**22**	**12,263,922**		*34,070,678*	
Total Income			**33,928,877**		*63,779,868*
EXPENSES:					
Employee Benefits Expense	**23**	**1,083,404**		*1,493,932*	
Administration and Other Expenses	**24**	**2,329,817**		*4,643,696*	
Interest and Finance Charges		**–**		*182,583*	
Depreciation and Amortisation		**94,129**		*343,264*	
Total Expenses			**3,507,350**		*6,663,475*
Profit before exceptional items and taxes			**30,421,527**		*57,116,393*
Exceptional items			**–**		*–*
Profit before tax			**30,421,527**		*57,116,393*
Tax expense:					
Current tax		**7,887,856**		*12,131,598*	
Short provision for earlier years		**–**		*–*	
Deferred tax	**14**	**(474,642)**		*(1,451,923)*	
MAT credit entitlement		**(469,603)**		*(1,472,598)*	
			6,943,611		*9,207,077*
Profit after Tax			**23,477,916**		*47,909,316*
Other Comprehensive income/ expense					
a. Items that will not be reclassified to profit or loss					
Gain/(Loss) on remeasurements of the net defined benefit Plans			**(59,265)**		*–*
b. Items that will be reclassified to profit or loss			**–**		*–*
Total Comprehensive income/ expense			**23,418,651**		*47,909,316*
Earnings per equity share:					
Basic earnings per equity share			**469.56**		*958.19*
Diluted earnings per equity share			**469.56**		*958.19*
Face value per equity share (₹)			**10**		*10*
SIGNIFICANT ACCOUNTING POLICIES	**25**				
NOTES TO THE FINANCIAL STATEMENTS	**26**				

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 26, 2017

For and on behalf of board of directors

N. HARIHARAN
Director
DIN: 00001668

ARNOB K. MONDAL
Director
DIN: 01797683

R. GOVINDAN
Director
DIN: 05148785

Place : Mumbai
Date : May 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash Flow from operating activities**		
	Profit before tax as per statement of profit and loss	**30,421,527**	*57,116,393*
	Add:		
	Depreciation	**94,129**	*343,264*
	Provision for leave encashment	**52,005**	*36,767*
	Provision for gratuity	**26,865**	*32,369*
	Other comprehensive income/expense	**(59,265)**	–
	Interest	**–**	*182,583*
	FV - Gain/(Loss) on Investments	**–**	*(17,675,813)*
	Operating Profit before working capital changes	**30,535,261**	*40,035,563*
	Add/(Less):		
	(Increase)/Decrease in trade receivables	**1,500,000**	*10,243,749*
	(Increase)/Decrease in short term & long term loans and advances	**(14,170,027)**	*178,439,287*
	(Increase)/Decrease in deposit with bank with maturity of more than 3 months	**(131,943)**	*(142,993)*
	Increase/(Decrease) in current & non-current liabilities and provisions	**(6,611,877)**	*(10,119,345)*
	Cash generated from operations	**11,121,414**	*218,456,261*
	Direct tax paid	**(7,180,827)**	*(11,164,644)*
	Net cash from operating activities	**3,940,587**	*207,291,617*
B.	**Cash flow from investing activities:**		
	Sale of fixed assets	**–**	–
	Purchase of fixed assets	**–**	–
	Sale of investments	**–**	*42,336,447,218*
	Purchase of investments	**(6,600,372)**	*(42,325,010,603)*
	Net cash (used in)/from investing activities	**(6,600,372)**	*11,436,615*
C.	**Cash flow from financing activities:**		
	Repayment of Share Capital	**–**	*(219,500,000)*
	Interest paid	**–**	*(182,583)*
	Net cash (used in)/from financing activities	**–**	*(219,682,583)*
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**(2,659,785)**	*(954,351)*
	Cash and cash equivalents at beginning of the year	**6,148,949**	*7,103,300*
	Cash and cash equivalents at end of the year	**3,489,164**	*6,148,949*

Notes :

1. Cash flow statement has been prepared under the indirect method as set out in the “Indian Accounting Standard” (AS) - 7 Cash Flow Statements.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped wherever applicable.

As per our report of even date

For and on behalf of board of directors

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

N. HARIHARAN
Director
DIN: 00001668

ARNOB K. MONDAL
Director
DIN: 01797683

R. GOVINDAN
Director
DIN: 05148785

Place : Mumbai
Date : May 26, 2017

Place : Mumbai
Date : May 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) EQUITY SHARE CAPITAL

For the year ended March 31, 2017

	Balance as at March 31, 2016 (₹)	Changes in equity share capital during the year (₹)	Balance as at March 31, 2017 (₹)
	500,000	**–**	**500,000**

For the year ended March 31, 2016

	Balance as at March 31, 2015 (₹)	*Changes in equity share capital during the year (₹)*	*Balance as at March 31, 2016 (₹)*
	220,000,000	*(219,500,000)*	*500,000*

(B) OTHER EQUITY

For the year ended March 31, 2017

	Equity component of preference share capital (₹)	Reserves & Surplus		Total (₹)
		General reserves (₹)	Retained earnings (₹)	
Balance as at March 31, 2016	–	**39,000,000**	**37,598,378**	**76,598,378**
Profit/(Loss) for the year	–	–	**23,477,916**	**23,477,916**
Other Comprehensive expense	–	–	**(59,265)**	**(59,265)**
Balance as at March 31, 2017	–	**39,000,000**	**61,017,029**	**100,017,029**

For the year ended March 31, 2016

	Equity component of preference share capital (₹)	*Reserves & Surplus*		*Total (₹)*
		General reserves (₹)	*Retained earnings (₹)*	
Balance as at March 31, 2015	–	*39,000,000*	*53,299,592*	*92,299,592*
Profit/(Loss) for the year	–	–	*47,909,316*	*47,909,316*
Addition due to Amalgamation	–	–	*(63,610,530)*	*(63,610,530)*
Balance as at March 31, 2016	–	*39,000,000*	*37,598,378*	*76,598,378*

As per our report of even date

For and on behalf of board of directors

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

N. HARIHARAN
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DIN: 00001668

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Director
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R. GOVINDAN
Director
DIN: 05148785

Place : Mumbai
Date : May 26, 2017

Place : Mumbai
Date : May 26, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE: 1 NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2016

FIXED ASSETS

	GROSS BLOCK (AT COST)					DEPRECIATION/AMORTISATION						NET BLOCK	
	As at 1.04.2015	Additions on Amalgamation as at 1.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.15	Accumulated Depreciation on Amalgamation upto 31.03.15	For the period	Transfer to Retained Earnings	Deductions	Upto 31.03.2016	As at 31.03.2016	As at 31.3.2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
TANGIBLE ASSETS													
Office equipment	281,831	2,547	–	–	284,378	–	–	145,159	–	–	145,159	139,219	281,831
Plant and Machinery	–	23,053	–	–	23,053	–	–	2,452	–	–	2,452	20,601	–
Computers and peripherals	195,679	13	–	–	195,692	–	–	195,653	–	–	195,653	39	195,679
(A)	477,510	25,613	–	–	503,123	–	–	343,264	–	–	343,264	159,859	477,510
INTANGIBLE ASSETS													
Computer Software	3,200,000		–	–	3,200,000	3,200,000	–	–		–	3,200,000	–	–
(B)	3,200,000	–	–	–	3,200,000	3,200,000	–	–	–	–	3,200,000	–	–
Total (A+B)	3,677,510	25,613	–	–	3,703,123	3,200,000	–	343,264	–	–	3,543,264	159,859	477,510
Previous year	477,510	–	–	–	477,510	–	–	–	–	–	–	477,510	

NOTE: 1 NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

FIXED ASSETS

	GROSS BLOCK (AT COST)					DEPRECIATION/AMORTISATION						NET BLOCK	
	As at 1.04.2016	Additions on Amalgamation as at 1.04.2016	Additions	Deductions	**As at 31.03.2017**	Upto 31.03.16	Accumulated Depreciation on Amalgamation upto 31.03.16	For the period	Transfer to Retained Earnings	Deductions	**Upto 31.03.2017**	**As at 31.03.2017**	As at 31.3.2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
TANGIBLE ASSETS													
Office equipment	284,378	–	–	–	**284,378**	145,159	–	91,684	–	–	**236,843**	**47,535**	139,219
Plant and Machinery	23,053	–	–	–	**23,053**	2,452	–	2,445	–	–	**4,897**	**18,156**	20,601
Computers and peripherals	195,692	–	–	–	**195,692**	195,653	–	–	–	–	**195,653**	**39**	39
(A)	503,123	–	–	–	**503,123**	343,264	–	94,129	–	–	**437,393**	**65,730**	159,859
INTANGIBLE ASSETS													
Computer Software	3,200,000		–	–	**3,200,000**	3,200,000	–	–		–	**3,200,000**	**–**	–
(B)	3,200,000	–	–	–	**3,200,000**	3,200,000	–	–	–	–	**3,200,000**	**–**	–
Total (A+B)	3,703,123	–	–	–	**3,703,123**	3,543,264	–	94,129	–	–	**3,637,393**	**65,730**	159,859
Previous year	3,677,510	25,613	–	–	**3,703,123**	3,200,000	–	343,264	–	–	**3,543,264**	**159,859**	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

	Face Value (Fully paid up) ₹/$ per share/ units	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of shares/units	₹	No. of shares/ units	₹	No. of shares/ units	₹
2. NON CURRENT INVESTMENTS							
Trade Investments (valued at cost unless stated otherwise)							
Investment in equity instruments							
Subsidiary companies							
L&T Trustee Company Private Limited	10	10,000	100,000	10,000	100,000	10,000	100,000
Sahibganj Ganges Bridge-Company Private Limited	10	10,000	100,000	–	–	–	–
L&T Asset Management Company Limited	$1	32,965	1,685,062	32,965	1,685,062	32,965	1,685,062
L&T Diversified India Equity Fund (Formerly known as L&T Real Estate India Fund)	$1	41,535	2,116,886	41,535	2,116,886	41,535	2,116,886
Mango Investments Limited	$1	35,150	1,743,643	35,150	1,743,643	35,150	1,743,643
Peacock Investments Limited	$1	35,395	1,757,180	35,395	1,757,180	35,395	1,757,180
Lotus Infrastructure Investment Limited	$1	35,250	1,748,130	35,250	1,748,130	35,250	1,748,130
TOTAL (A)			9,250,901		9,150,901		9,150,901
Grand Total (A)			9,250,901		9,150,901		9,150,901
Less : Provision for dimunition in the value of Investments			9,105,314		9,050,896		9,050,896
GRAND TOTAL			145,587		100,005		100,005

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹	₹	₹	₹	₹	₹
3. NON CURRENT - LOANS						
Security Deposit		–		–		2,484,000
Total Non Current - Loans		–		–		2,484,000
4. OTHER NON-CURRENT ASSETS						
Loans and advances to related parties (Unsecured, considered good)		5		5		5
Income Tax Balance Net of Previous Year Provisions		6,889,605		6,383,962		4,416,682
Total Other Non-current Assets		6,889,610		6,383,967		4,416,687

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of units	₹	No. of units	₹	No. of units	₹
5. CURRENT INVESTMENTS						
Trade Investments (valued at cost unless stated otherwise)						
Quoted investments						
Investments in units of Mutual Fund						
Kotak Floater Short Term - Growth	1,604.9561	4,275,290	1,604.9561	3,984,111	1,604.9561	3,679,801
Kotak Floater Short Term - Direct Plan-Growth	11,934.1141	31,856,667	11,934.1141	29,672,141	11,934.1141	27,392,770
Kotak Bond Scheme Plan A - Direct Plan-Growth	861620.738	41,148,249	861620.738	37,069,164	861620.738	34,913,648
Total Current investments		77,280,206		70,725,416		65,986,219

* The fairvalue of liquid mutual funds is based on quoted price.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		₹	₹	₹	₹	₹	₹
6.	**TRADE RECEIVABLES**						
	Others (Unsecured, Considered good)	**1,500,000**	**1,500,000**	*3,000,000*	*3,000,000*	*1,500,000*	*1,500,000*
	Due from related parties		**–**	–	–	*11,743,749*	*11,743,749*
	Total Trade receivables		**1,500,000**		*3,000,000*		*13,243,749*
7.	**CASH AND BANK BALANCES**						
	Cash and cash equivalents						
	Balances with banks:						
	On Current accounts	**3,489,156**		*6,148,730*		*5,141,307*	
	Cash on hand	**8**		*219*		*934*	
			3,489,164		*6,148,949*		*5,142,241*
	Other bank balances						
	Deposits with maturity more than 3 months but less than 12 months		**2,115,760**		*1,983,817*		*1,840,824*
	Total Cash and bank balances		**5,604,924**		*8,132,766*		*6,983,065*
8.	**CURRENT - LOANS**						
	Loans to related parties						
	Inter corporate Deposits (Unsecured, considered good)		**77,050,855**		*55,700,000*		*222,960,000*
	Total Loans		**77,050,855**		*55,700,000*		*222,960,000*
9.	**CURRENT - OTHER FINANCIAL ASSETS**						
	Advances to related parties (Unsecured, considered good)		**50,000**		*50,000*		*50,000*
	Advance recoverable in cash or kind		**2**		*2*		*2*
	Total Other financial assets		**50,002**		*50,002*		*50,002*
10.	**CURRENT TAX ASSETS (NET)**						
	For Income taxes		**–**		*505,643*		–
	Total Current Tax Assets (Net)		**–**		*505,643*		–
11.	**OTHER CURRENT ASSETS**						
	Advance recoverable other than in cash						
	Prepaid Expenses		**–**		–		*3,567*
	Total Current Tax Assets (Net)		**–**		–		*3,567*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

	As at March 31, 2017 No. of Shares	₹	As at March 31, 2016 No. of Shares	₹	As at April 1, 2015 No. of Shares	₹
12) SHARE CAPITAL						
The Company has issued Equity Share Capital, the details in respect of which are given below						
12. (I) Number, face value and amount of shares authorised, issued, subscribed and paid-up						
Authorised						
Equity Shares of ₹ 4,400 each	**–**	**–**	–	–	68,181	299,996,400
Equity Shares of ₹ 10 each	**30,150,000**	**301,500,000**	30,150,000	301,500,000	360	3,600
Issued, Subscribed & Paid up						
Equity Shares of ₹ 4,400 each	**–**	**–**	–	–	50,000	220,000,000
Equity Shares of ₹ 10 each	**50,000**	**500,000**	50,000	500,000	–	–
Total Issued, Subscribed & Paid up share capital		**500,000**		500,000		220,000,000

12. (II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.
In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferntial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

	As at March 31, 2017 No. of Shares	₹	As at March 31, 2016 No. of Shares	₹	As at April 1, 2015 No. of Shares	₹
12. (III) Reconcilaition of the shares outstanding at the begining and at the end of the year						
Equity Shares						
Balance at the beginnig of the year	**50,000**	**500,000**	50,000	220,000,000	22,000,000	220,000,000
Less: Share capital reduction	**–**	**–**		219,500,000		
Less: Consolidation of share capital of ₹ 10 each into ₹ 4,400 each.	**–**	**–**	–	–	21,950,000	–
	50,000	**500,000**	50,000	500,000	50,000	220,000,000
Issued during the year	**–**	**–**	–	–	–	–
Balance at the end of the year	**50,000**	**500,000**	50,000	500,000	50,000	220,000,000
12. (IV) Shares held by holding company						
Larsen & Toubro Limited (Equity Shares of ₹ 10 each fully paid)	**50,000**	**500,000**	50,000	500,000	50,000	220,000,000

12. (V) Details of shareholders holding more than 5% shares in the company

	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
Equity Shares of ₹ 10 each fully paid						
* Held by Larsen & Toubro Limited (Holding Company) and it's nominee.	**50,000**	**100%**	50,000	100%	50,000	100%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

	As at March 31, 2017 ₹	₹	As at March 31, 2016 ₹	₹	As at April 1, 2015 ₹	₹
13. OTHER EQUITY						
13. (I) General reserves						
Balance as per last financial statements	39,000,000		39,000,000		39,000,000	
Add : Transferred from surplus in the statement of Profit and Loss	–		–		–	
Closing Balance		39,000,000		39,000,000		39,000,000
13. (II) Surplus in the statement of Profit and Loss						
Balance as per last financial statements	37,598,378		53,299,592		25,176,594	
Add: Addition due to Amalgamation	–		(63,610,530)		–	
Add: Net Profit for the year	23,477,916		47,909,316		56,017,580	
Less : Depreciation charge against retained earnings	–		–		(88,232)	
Less: Other Comprehensive expense	(59,265)					
Add : Investment Fair Valuation charge against retained earnings	–		–		10,495,431	
Less : Provision for PLR charged against retained earnings	–		–		(260,000)	
Less : Deferred tax charged against retained earnings	–		–		(3,320,886)	
Less : Appropriations						
Interim equity dividend	–		–		28,820,000	
Tax on interim equity dividend	–		–		5,900,895	
Net surplus in the statement of profit and loss		61,017,029		37,598,378		53,299,592
Total Reserves & Surplus		100,017,029		76,598,378		92,299,592

14. DEFFERED TAX ASSET / LIABILITIES

Particulars	Deferred tax liabilities/(assets) As at March 31, 2017	Deferred tax liabilities/(assets) As at March 31, 2016	Deferred tax liabilities/(assets) As at April 1, 2015
Deferred tax liabilities			
Difference between book and tax depreciation	(95,086)	(142,358)	54,470
Fair valuation of Investments through profit or loss	1,517,349	2,142,975	3,405,243
TOTAL	1,422,263	2,000,617	3,459,713
Deferred tax (assets):			
Unpaid statutory liabilities/provision for compensated absences	4,164	48,240	35,409
Unpaid statutory liabilities/provision for gratuity	3,168	50,822	39,370
Unpaid statutory liabilities/provision for incentive	40,919	52,901	84,357
TOTAL	48,251	151,963	159,136
Net deferred tax liability/(assets)	1,374,012	1,848,654	3,300,577
Charged to statement of profit and loss	(474,642)	(1,451,923)	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	₹	₹	₹	₹	₹	₹
15. LONG-TERM PROVISIONS						
For Employee benefits						
– Gratuity	**9,561**		*148,603*		*117,230*	
– Leave Encashment	**10,914**		*131,159*		*97,806*	
		20,475		*279,762*		*215,036*
Total Long-term provisions		**20,475**		*279,762*		*215,036*
16. CURRENT - TRADE PAYABLES						
Payable to related parties		**65,192,024**		*64,572,422*		–
Total Trade payables		**65,192,024**		*64,572,422*		–
17. CURRENT - OTHER FINANCIAL LIABILITIES						
Deposit Received		**400,000**		*400,000*		–
Total Other financial liabilities		**400,000**		*400,000*		–
18. OTHER CURRENT LIABILITIES						
Accrued Expenses		**360,328**		*382,690*		*518,136*
Other Payables		**430,356**		–		–
Statutory Liabilities		**53,563**		*155,899*		–
Total Other current liabilities		**844,247**		*538,589*		*518,136*
19. PROVISIONS						
Provision for employee benefits						
– Gratuity	**22**		*5,110*		*4,114*	
– Leave Encashment	**1,679**		*14,743*		*11,329*	
		1,701		*19,853*		*15,443*
Total Provisions		**1,701**		*19,853*		*15,443*
20. CURRENT - TAX LIABILITIES (NET)						
For Income taxes		**237,426**		–		*356,020*
		237,426		–		*356,020*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

	2016-17		2015-16	
	₹	₹	₹	₹
21. REVENUE FROM OPERATIONS				
Syndication Fees		21,664,955		29,709,190
Total Revenue from operations		21,664,955		29,709,190
22. OTHER INCOME				
Interest on:				
Inter corporate deposits	5,551,497		11,496,785	
Deposit account with banks	146,603		158,882	
		5,698,100		11,655,667
FV - Gain/(Loss) on Investments		6,554,790		22,415,011
Others		11,032		–
Total Other Income		12,263,922		34,070,678
23. EMPLOYEE BENEFITS EXPENSE				
Salaries		964,248		1,364,911
Contribution to and provision for:				
Provident fund and Pension fund	34,812		54,132	
Gratuity fund	26,865		32,369	
Interest Cost- Providend Fund	–		–	
Compensated absences/ leave encashment	52,005		36,767	
		113,682		123,268
Employee medical & other insurance premium expenses		5,474		5,753
Total Employee Benefit Expenses		1,083,404		1,493,932
24. ADMINISTRATION AND OTHER EXPENSES				
Repairs and maintenance				
Others	285,807		261,406	
		285,807		261,406
Printing and stationery		2,881		–
Telephone, postage and courier		2,825		33,923
Travelling and conveyance		50,211		66,215
Rates & Taxes		–		1,584,976
Professional charges		1,452,541		2,483,062
Auditors' remuneration:				
Audit fees	172,500		143,750	
Tax audit fee	28,750		28,750	
		201,250		172,500
Provision for dimunition in the value of Investments		54,418		–
Miscellaneous expenses		279,884		41,614
Total Administration and other expenses		2,329,817		4,643,696

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(25) SIGNIFICANT ACCOUNTING POLICIES TO THE FINANCIAL STATEMENTS: 31ST MARCH, 2017

SIGNIFICANT ACCOUNTING POLICIES

Brief Description of the Company:

L&T Capital Company Limited (the 'Company) was incorporated in India on April 6, 2000. The Company is 100% subsidiary of Larsen & Toubro Limited.

The Company is a registered intermediary for distribution of mutual fund products and is very active in the market. Under this, the company tracks the performances of all mutual funds and suggests investments to its clients.

1. Statement of compliance:

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. These financial statements comprising of balance sheet, statement of profit and loss, statement of changes in equity and statement of cash flows as at March 31, 2017 have been prepared in accordance with Indian Accounting Standards ('Ind AS') as prescribed under Section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016. Previous period numbers in the financial statements have been restated to Ind AS.

2. Presentation of financial statements:

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

3. Basis of Preparation:

The Company maintains its accounts on accrual basis following the historical cost convention (except for the revaluation of certain fixed assets).

In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

Previous period comparative numbers in the financial statements are presented for opening balance sheet as at April 1, 2015 along with March 31, 2016 and have been restated to Ind AS.

The financial results and financial information for the year ended March 31, 2016 have been compiled by the management after making the necessary adjustments to give a true and fair view of the results in accordance with Ind AS. These have neither been audited nor reviewed. The Ind As financial results and other financial information as of and for the year ended March 31, 2016 has been audited.

4. Summary of significant accounting policies:

The significant accounting policies adopted by the Company, in respect of the financial statements are set out as below:

(a) Current versus non- current classification:

The Company presents assets and liabilities in the balance sheet based on current / non-current classification. An asset is treated as current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle
- Held primarily for the purpose of trading
- Expected to be realized within twelve months after the reporting period, or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle
- It is held primarily for the purpose of trading
- It is due to be settled within twelve months after the reporting period, or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

The operating cycle is the time between the acquisition of assets for processing and their realization in cash and cash equivalents.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(b) Property, plant and equipment and intangible assets:

Property, plant and equipment and Capital work in progress, are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Such cost includes the cost of replacing part of the plant and equipment. When significant parts of plant and equipment are required to be replaced at intervals, the Company depreciates them separately based on their specific useful lives. All other repair and maintenance costs are recognized in the statement of profit or loss as incurred. The present value of the expected cost for the decommissioning of an asset after its use is included in the cost of the respective asset if the recognition criteria for a provision are met.

In accordance with Ind AS 101 provisions related to first time adoption, the Company has elected to consider historical cost as per Indian GAAP as their deemed cost as at the opening balance sheet as at April 1, 2015 under IndAS. All additions during the reported year are considered at Cost.

Depreciation and amortization are computed as per the straight-line method using the rates arrived at based on the useful lives estimated by the management. The estimated useful life considered for depreciation of fixed assets is as follows:

Sr. No.	Category of Assets	Assets life (in years)
1.	Computers & Laptops	3 years
2.	Office Equipments	5 years
3.	Plant & Machinery	15 years

The residual values, useful lives and methods of depreciation of property, plant and equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

(c) Revenue Recognition

Revenue from operations

i. Fees are recognised as income on successful completion of assignments.

ii. Other Income

- Interest income is accrued at applicable interest rate.
- Other items of income are accounted as and when the right to receive arises.

(d) Taxes on income

i. Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on expected outcome of assessments / appeals.

Current income tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity. Current tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

ii. Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date.

iii. Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head 'capital gains' are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

iv. Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

v. Deferred tax liabilities are recognized for all taxable temporary differences, except:

- When the deferred tax liability arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss
- In respect of taxable temporary differences associated with investments in subsidiaries and associates, when the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognized outside profit or loss is recognized either in other comprehensive income or in equity as applicable. Deferred tax items are recognized in correlation to the underlying transaction either in OCI or directly in equity.

Deferred tax assets and deferred tax liabilities are offset if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority. Current tax assets and tax liabilities are offset where the entity has a legally enforceable right to offset and intends either to settle on a net basis, or to realize the asset and settle the liability simultaneously.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(e) Fair value measurement

The Company has measured the financial instruments at fair value at the balance sheet date.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and,
- Level 3 inputs are unobservable inputs for the asset or liability

(f) Financial instruments – initial recognition and subsequent measurement

Financial assets

Initial recognition and measurement:

The Company classifies its investments and financial assets in the following measurement categories:

- those to be measured at cost (investment in subsidiaries)
- those to be measured subsequently at fair value through other comprehensive income, and
- those to be measured subsequently at fair value through profit and loss

Subsequent measurement:

- Financial assets at fair value through profit or loss: Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss.

Financial liabilities

Initial recognition and measurement:

Financial liabilities are classified, at initial recognition, as financial liabilities at amortized cost or financial liabilities at fair value through profit or loss, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade payables, accrued expenses and advance from customers.

Subsequent measurement:

- Fair value through profit or loss: Financial liabilities designated upon initial recognition at fair value through profit or loss are designated as such at the initial date of recognition, and only if the criteria in Ind AS 109 are satisfied. All changes in fair value of such liability are recognized in the statement of profit or loss. The Company has not designated any financial liability as at fair value through profit and loss.

(g) Leases

The determination of whether an arrangement is (or contains) a lease is based on the substance of the arrangement at the inception of the lease. The arrangement is, or contains, a lease if fulfilment of the arrangement is dependent on the use of a specific asset or assets and the arrangement conveys a right to use the asset or assets, even if that right is not explicitly specified in an arrangement.

For arrangements entered into prior to April 1, 2015, the company has examined and determined that there are no arrangements that contain lease on the basis of facts and circumstances existing on the date of transition.

(h) Provisions, Contingent liabilities and Contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

- the Company has a present obligation as a result of a past event;
- a probable outflow of resources is expected to settle the obligation; and
- the amount of the obligation can be reliably estimated.

Contingent liability is disclosed in case of

- present obligation arising from past events, when it is possible that an outflow of resources will be required to settle the obligation.
- a present obligation arising from past events when no reliable estimate is possible; and
- a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(i) Employee Benefits

- Short-term employee benefits

  All employee benefits payable wholly within twelve months of rendering the service are classified as short-term employee benefits. Benefits such as, salaries, short-term compensated absences, etc., and expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

- Post-employment benefits

  (a) Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

  (b) Defined benefit plans: The employees' gratuity fund scheme is wholly funded. The present value of the obligation under defined benefit plan is based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

  The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on government securities as at the balance sheet date, having maturity periods approximating to the terms of related obligations.

  Actuarial gains and losses are recognised immediately in the statement of profit and loss.

  (c) Long-term employee benefits: The obligation for long term employee benefits such as long-term compensated absences is recognised as defined benefits plans.

(j) Cash and Cash equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

(k) Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

i. transactions of a non-cash nature.

ii. any deferrals or accruals of past or future operating cash receipts or payments and

iii. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

(l) Earnings per share

Basic and diluted earnings per share are computed in accordance with Ind AS-33 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

NOTE : 26 NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

(1) Contingent liabilities and Commitments: Ind AS 37

Particulars	**As at March 31, 2017 (₹)**	*As at March 31, 2016 (₹)*	*As at April 1, 2015 (₹)*
Income –tax liability (including interest and penalty) that may rise in respect of which the Company is in appeal.	**2,82,048**	*2,82,048*	*2,82,048*
TOTAL	**2,82,048**	*2,82,048*	*2,82,048*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(2) The Manager's salary and perquisites charged to accounts:

	2016-17 (₹)	*2015-16 (₹)*
Salary	**–**	–
Contribution to provident fund	**–**	–
Contribution to superannuation fund	**–**	–
Perquisites	**–**	–
Total	**–**	–

(3) Provision for income tax is ₹ 74,18,253/- for the year ended March 31,2017 after providing minimum alternate tax credit of ₹ 4,69,603/-. The future minimum alternate tax credit entitlement is ₹ Nil.

(4) The Company has no dues payable to suppliers under the Micro, Small and Medium Enterprises Development Act,2006 as at March 31, 2017.

(5) Employee Benefits:

(a) Defined Contribution Plans:

An amount of ₹ 34,812/- is recognised as an expense and included in 'Employee Benefits Expense' in the statement of profit and loss.

(b) Defined Benefit Plans: Ind AS 19

The amounts recognised in Balance Sheet are as follows:

Sr. No.	**Particulars**	**Gratuity Plan As at March 31, 2017**	*Gratuity Plan As at March 31, 2016*
		₹	₹
A.	Amount to be recognised in balance sheet		
	Present Value of Defined Benefit Obligation		
	- Wholly funded	**–**	–
	- Wholly unfunded	**9,583**	*1,53,713*
	Less: Fair value of plan assets	**–**	–
	Unrecognised past service costs	**–**	–
	Amount to be recognised as liability or (asset)	**9,583**	*1,53,713*
B.	Amounts reflected in the balance sheet		
	Liability	**9,583**	*1,53,713*
	Assets	**–**	–
	Net liability / (asset)	**9,583**	*1,53,713*
	Current	**22**	*5,110*
	Non-Current	**9,561**	*1,48,603*

The amount recognised in statement of profit and loss as follows:

Sr. No.	**Particulars**	**Gratuity Plan 2016-17**	*Gratuity Plan 2015-16*
		₹	₹
1	Current service cost	**14,860**	*13,026*
2	Interest on Defined Benefit Obligation	**12,005**	*9,586*
3	Expected return on plan assets	**–**	–
4	Past service cost (non-vested benefit) recognised	**–**	–
5	Past service cost (vested benefit) recognised	**–**	–
6	Recognition of transition liability	**–**	–
7	Actuarial losses/(gains) on Obligation for the period	**–**	*9,757*
8	Expenses recognised in statement of profit and loss	**26,865**	*32,369*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

The amount recognised in the Other Comprehensive Income as follows:

Sr. No.	Particulars	**Gratuity Plan 2016-17**	*Gratuity Plan 2015-16*
		₹	₹
1	Acturial (Gains)/Losses on Obligation for the period	**59,265**	–
2	Return on Plan Assets, Excluding Interest income	**–**	–
3	Change in Asset Ceiling	**–**	–
8	Net (Income)/Expenses recognised in the Other Comprehensive Income	**59,265**	–

(c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

Particulars	**Gratuity Plan As at March 31, 2017**	*Gratuity Plan As at March 31, 2016*
	₹	₹
Balance of the present value of		
Defined Benefit Obligation as at April 1 , 2016	**1,53,713**	*1,21,344*
Add: Current service cost	**14,860**	*13,026*
Add: Interest cost	**12,005**	*9,586*
Add: Liability transferred in	**7,652**	–
Less: Liability transferred out	**(2,37,912)**	–
Add/(Less): Actuarial losses/(gain) – Due to change in Financial Assumptions	**121**	*1,246*
Add/(Less): Actuarial losses/(gain) – Due to Experience	**59,144**	*8,511*
Amount recognised in balance sheet as at March 31, 2017	**9,583**	*1,53,713*

(d) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

i. Discount rate as on 31.03.2016 7.81%

ii. Salary escalation on 31.03.2016 4.00%

iii. Discount rate as on 31.03.2017 7.74%

iv. Salary escalation on 31.03.2017 4.00%

(e) The estimates for future salary increased, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such, as supply and demand in the employment market.

The amounts pertaining to defined benefit plans are as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹
1. Gratuity Plan		
Defined Benefit Obligation	**9,583**	*1,53,713*
Plan assets		–
Surplus/(Deficit)	**(9,583)**	*(1,53,713)*
2. Leave encashment	**12,593**	*1,45,902*

(f) General description of defined benefit plans:

Gratuity plan: The Company operates gratuity plan wherein every employee is entitled to the benefit equivalent to fifteen days' salary last drawn for each completed year of service. The same is payable on termination of service or retirement, whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable compared to the obligation under the Payment of Gratuity Act, 1972.

Provident Fund: During the year the company has revised the interest rate guarantee on provident fund of ₹ Nil. (Previous year ₹ Nil)

(6) Segment Reporting: Ind AS 108

The Company's business activities fall within a single segment. Viz, Mutual Fund Distribution and predominantly operates in domestic market. Hence reporting of operating segments does not arise. The company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(7) Related party disclosures: Ind AS 24

(a) Names of the related parties and description of relationship:

Sr. No.	Name of the Related Party	Relationship
1.	Larsen & Toubro Limited	Holding Company
2.	L&T Trustee Company Private Limited	Subsidiary Company
3.	Sahibganj Ganges Bridge-Company Private Limited	Subsidiary Company
4.	Family Credit Limited (Merged L&T Finance Limited and L&T Fincorp Limited)	Fellow Subsidiary

(b) Disclosure of related party transactions:

Sl. No.	Name/Relationship/Nature of transaction	2016-17	2015-16	2014-15
		₹	₹	₹
	Fellow Subsidiary Company			
a)	**Family Credit Limited** (Merged L&T Finance Limited and L&T Fincorp Limited)			
	Interest income on ICD	**55,51,497**	*1,14,96,785*	*1,95,20,685*
	Holding Company			
b)	**Larsen & Toubro Limited**			
	Professional charges paid	**9,32,222**	*18,07,535*	*1,17,176*
	Holding Company			
c)	**Larsen & Toubro Limited**			
	Expenditure reimbursed	**10,279**	*4,057*	*32,729*
	Subsidiary Company			
d)	**L&T Trustee Company Private Limited**			
	Deposit paid to	**–**	*1,00,000*	*–*
	Subsidiary Company			
e)	**Sahibganj Ganges Bridge-Company Private Limited**			
	Equity share capital given	**1,00,000**	*–*	*–*
	Holding Company			
f)	**Larsen & Toubro Limited**			
	Investments transferred to	**–**	*42,33,64,47,218*	*42,80,65,78,720*
	Holding Company			
g)	**Larsen & Toubro Limited**			
	Investments transferred from	**–**	*42,31,87,71,405*	*42,77,55,67,055*
	Holding Company			
h)	**Larsen & Toubro Limited**			
	Receivable from	**–**	*–*	*1,22,42,631*
	Holding Company			
i)	**Larsen & Toubro Limited**			
	Payable to	**6,51,91,928**	*6,45,72,326*	*5,54,015*
	Fellow Subsidiary Company			
j)	**Family Credit Limited** (Merged L&T Finance Limited and L&T Fincorp Limited)			
	Intercompany deposits	**7,70,50,855**	*5,57,00,000*	*22,29,60,000*
	Holding Company			
k)	**Larsen & Toubro Limited**			
	Loans and Advances	**50,000**	*50,000*	*50,000*
	Subsidiary Company			
l)	**L&T Trustee Company Private Limited**			
	Deposit received from	**–**	*1,00,000*	*–*
	Holding Company			
m)	**Larsen & Toubro Limited**			
	Deposit received from	**–**	*4,00,000*	*–*
	Holding Company			
n)	**Larsen & Toubro Limited**			
	Dividend paid	**–**	*–*	*2,88,20,000*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(8) Reconciliation between IGAAP and Ind AS is as follows: ₹

BALANCE SHEET AS AT APRIL 1, 2015:			
Particulars	*As per IGAAP As at 01-04-2015*	*Ind AS adjustments*	*As per Ind AS As at 01-04-2015*
ASSETS:			
Non-current assets			
Property, plant and equipment	4,77,510	–	4,77,510
Capital work-in-progress	–	–	–
Non-current investments	1,00,005	–	1,00,005
Loans	24,84,000	–	24,84,000
Other non-current assets	44,36,996	(20,309)	44,16,687
Current assets			
a) Financial Assets			
Current Investments	5,54,90,787	1,04,95,432	6,59,86,219
Trade receivables	1,32,93,749	(50,000)	1,32,43,749
Cash and bank balances	69,28,735	54,330	69,83,065
Loans	22,29,60,000	–	22,29,60,000
Other financial assets	–	50,000	50,000
b) Other current assets	57,897	(54,328)	3,569
TOTAL	30,62,29,679	1,04,75,125	31,67,04,804
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	22,00,00,000	–	22,00,00,000
Other equity	8,53,85,045	69,14,547	9,22,99,592
Other non-current liabilities	2,15,036	33,00,577	35,15,613
Trade payables	–	–	–
Other current liabilities	2,58,135	2,60,001	5,18,136
Provisions	15,443	–	15,443
Tax Liabilities (Net)	3,56,020	–	3,56,020
TOTAL	30,62,29,679	1,04,75,125	31,67,04,804

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

₹

BALANCE SHEET AS AT MARCH 31, 2016:			
Particulars	*As per IGAAP As at 31-03-2016*	*Ind AS adjustments*	*As per Ind AS As at 31-03-2016*
ASSETS:			
Non-current assets			
Property, plant and equipment	1,59,859	–	1,59,859
Capital work-in-progress	–	–	–
Non-current investments	1,00,005	–	1,00,005
Loans	–	–	–
Other non-current assets	65,13,025	(1,29,058)	63,83,967
Current assets			
a) Financial Assets			
Current Investments	5,54,90,787	1,52,34,629	7,07,25,416
Trade receivables	30,50,000	(50,000)	30,00,000
Cash and bank balances	80,86,589	46,177	81,32,766
Loans	5,57,00,000	–	5,57,00,000
Other financial assets	–	50,000	50,000
b) Current Tax Assets (Net)	5,05,643	–	5,05,643
c) Other current assets	46,178	(46,176)	2
TOTAL	12,96,52,086	1,51,05,572	14,47,57,658
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	5,00,000	–	5,00,000
Other equity	6,35,01,460	1,30,96,918	7,65,98,378
Other non-current liabilities	2,79,762	18,48,654	21,28,416
Trade payables	6,45,72,422	–	6,45,72,422
Other financial liabilities	4,00,000	–	4,00,000
Other current liabilities	3,78,589	1,60,000	5,38,589
Provisions	19,853	–	19,853
Tax Liabilities (Net)	–	–	–
TOTAL	12,96,52,086	1,51,05,572	14,47,57,658

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

₹

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2016			
Particulars	*As per IGAAP 2015-16*	*Ind AS adjustments*	*As per Ind AS 2015-16*
REVENUE:			
Revenue from operations	2,97,09,190	–	2,97,09,190
Other income	2,93,31,480	47,39,198	3,40,70,678
TOTAL REVENUE	5,90,40,670	47,39,198	6,37,79,868
EXPENSES:			
Sales, administration and other expenses	46,49,448	(5,752)	46,43,696
Employee Benefits Expense	15,88,179	(94,247)	14,93,932
Depreciation and Amortisation	3,43,264	–	3,43,264
Finance costs	1,82,583	–	1,82,583
TOTAL EXPENSES	67,63,474	(99,999)	66,63,475
Profit before extraordinary items & tax	5,22,77,196	48,39,197	5,71,16,393
Extraordinary items	–	–	–
Profit before tax	5,22,77,196	48,39,197	5,71,16,393
Tax expense:			
Current tax	1,21,31,598	–	1,21,31,598
Deferred tax	(1,08,749)	(13,43,174)	(14,51,923)
MAT credit entitlement	(14,72,598)	–	(14,72,598)
PROFIT AFTER TAX	4,17,26,945	61,82,371	4,79,09,316

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2016:			
Particulars	*As per IGAAP 2015-16*	*Ind AS adjustments*	*As per Ind AS 2015-16*
Net cash flow from operating activities	20,25,52,419	47,39,198	20,72,91,617
Net cash flow from investing activities	1,61,75,813	(47,39,198)	1,14,36,615
Net cash flow from financing activities	(21,96,82,583)	–	(21,96,82,583)
Net increase/(decrease) in cash and cash equivalents	(9,54,351)	–	(9,54,351)
Cash and cash equivalents as on 01.04.2015	71,03,300	–	71,03,300
Effects of exchane rate changes on Cash and cash equivalents	–	–	–
Cash and cash equivalents as on 31.03.2016	61,48,949	–	61,48,949

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(9) Income Taxes

a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016 are: ₹

Particulars	2016-17	2015-16
Current Income tax :		
Current income tax charge	**78,87,856**	*1,21,31,598*
MAT credit entitlement	**(4,69,603)**	*(14,72,598)*
Deferred Tax:		
Relating to origination and reversal of temporary differences	**(4,74,642)**	*(14,51,923)*
Income tax expense reported in the statement of profit or loss	**69,43,611**	*92,07,077*

b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016 is as follows:

₹

Sr. No.	Particulars	2016-17	2015-16
1	**Profit before tax**	**3,04,50,277**	*5,71,16,393*
2	Applicable tax rate	**33.063%**	*33.063%*
3	**PBT * applicable tax rate (1*2)**	**1,00,58,270**	*1,88,84,393*
4	**Items of Income exempt from tax :**		
	a) Ind AS gain/loss on fair value of Investment under Ind AS 109	**(21,67,210)**	*(15,66,921)*
	b) Income exempted under section 47(v)	**–**	*(58,44,154)*
5	**Items of expense not deductible for tax purposes:**		
	a) Amount debited to P&L A/c. and considered separately	**31,122**	*6,63,410*
	b) Amount debited to P&L A/c. and considered separately	**17,992**	*–*
6	**Disallowances:**		
	Under Section 40A (7)	**8,882**	*10,703*
	Under Section 43B	**17,195**	*12,156*
7	**Allowances:** Depreciation admissible under Section 32(1)(ii) of the Income tax Act.	**(78,395)**	*(27,989)*
8	**Tax Expense:**		
	Current income tax charge	**78,87,856**	*1,21,31,598*
	MAT credit entitlement	**(4,69,603)**	*(14,72,598)*
	Deferred Tax	**(4,74,642)**	*(14,51,923)*
	Income tax expense during the year	**69,43,611**	*92,07,077*
9	**Effective tax Rate**	**22.80%**	*16.12%*

(10) The Company has the following financial assets and liabilities:

₹

Categories of financial assets	As at 31-03-17	As at 31-03-16	As at 01-04-15
Measured at fair value through profit & loss (FVTPL)			
a. Mandatorily measured:			
Investments – Level 1	**7,72,80,206**	*7,07,25,416*	*6,59,86,219*
Investment in preference shares of group companies	**–**	*–*	*–*
Derivative instruments in designated hedge accounting relationships	**–**	*–*	*–*
Loans at fair value	**–**	*–*	*–*
b. Designated as at FVTPL:	**–**	*–*	*–*
Sub-total (A)	**7,72,80,206**	*7,07,25,416*	*6,59,86,219*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

₹

Categories of financial assets		As at 31-03-17	As at 31-03-16	As at 01-04-15
Measured at amortised cost				
a.	Non-current investment – others	–	–	–
b.	Loans			
	ICD	**7,70,50,855**	*5,57,00,000*	*22,29,60,000*
	Security Deposit	–	–	*24,84,000*
c.	Cash and bank balances	**56,04,924**	*81,32,766*	*69,83,065*
d.	Other financial assets	**50,002**	*50,002*	*50,002*
e.	Trade receivable	**15,00,000**	*30,00,000*	*1,32,43,749*
Sub-total (B)		**8,42,05,781**	*6,68,82,768*	*24,57,20,816*
Measured at FVTOCI				
a.	Debt instruments	–	–	–
b.	Investment in equity instrument (Designated as FVTOCI upon initial recognition)	–	–	–
Sub-total (C)		–	–	–
Financial Assets (A + B + C)		**16,14,85,987**	*13,76,08,184*	*31,17,07,035*
Add: Non-current investments in group companies		**1,45,587**	*1,00,005*	*1,00,005*
Total Financial Assets		**16,16,31,574**	*13,77,08,189*	*31,18,07,040*
As per Financial Statements		**16,16,31,574**	*13,77,08,189*	*31,18,07,040*
Difference		–	–	–

₹

Categories of financial liabilities		As at 31-03-17	As at 31-03-16	As at 01-04-15
Measured at fair value through profit & loss (FVTPL)				
a.	Held for trading	–	–	–
b.	Designated as at FVTPL upon initial recognition	–	–	–
c.	Derivative instruments in designated hedge accounting relationships	–	–	–
d.	Other financial liabilities	–	–	–
Sub-total (A)		–	–	–
Measured at amortised cost				
a.	Borrowings	–	–	–
b.	Other financial liabilities	**4,00,000**	*4,00,000*	–
c.	Trade payables	**6,51,92,024**	*6,45,72,422*	–
Sub-total (B)		**6,55,92,024**	*6,49,72,422*	–
Financial Liabilities (A + B)		**6,55,92,024**	*6,49,72,422*	–
Add: Financial guarantee contracts		–	–	–
Total Financial Liabilities		**6,55,92,024**	*6,49,72,422*	–
As per Financial Statements		**6,55,92,024**	*6,49,72,422*	–
Difference		–	–	–

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(11) Current assets expected to be recovered after 12 months as Per IND AS 1 (61)

₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Cash and Bank balances	**56,04,924**	**–**	**56,04,924**	*81,32,766*	*–*	*81,32,766*	*69,83,065*	*–*	*69,83,065*
Loans to related parties	**7,70,50,855**	**–**	**7,70,50,855**	*5,57,00,000*	*–*	*5,57,00,000*	*22,29,60,000*	*–*	*22,29,60,000*
Trade receivables	**15,00,000**	**–**	**15,00,000**	*30,00,000*	*–*	*30,00,000*	*1,32,43,749*	*–*	*1,32,43,749*
Other financial assets	**50,002**	**–**	**50,002**	*50,002*	*–*	*50,002*	*50,002*	*–*	*50,002*
Current Investments	**7,72,80,206**	**–**	**7,72,80,206**	*7,07,25,416*	*–*	*7,07,25,416*	*6,59,86,219*	*–*	*6,59,86,219*
Other Current Assets	**–**	**–**	**–**	*–*	*–*	*–*	*3,567*	*–*	*3,567*
TOTAL	**16,14,85,987**	**–**	**16,14,85,987**	*13,76,08,184*	*–*	*13,76,08,184*	*30,92,26,602*	*–*	*30,92,26,602*

(12) Current liabilities expected to be settled after 12 months as Per IND AS 1 (61)

₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Due to related parties	**6,51,92,024**	**–**	**6,51,92,024**	*6,45,72,422*	*–*	*6,45,72,422*	*–*	*–*	*–*
Other financial liabilities	**4,00,000**	**–**	**4,00,000**	*4,00,000*	*–*	*4,00,000*	*–*	*–*	*–*
Other current liabilities	**8,44,247**	**–**	**8,44,247**	*5,38,589*	*–*	*5,38,589*	*5,18,136*	*–*	*5,18,136*
Provisions	**1,701**	**–**	**1,701**	*19,853*	*–*	*19,853*	*15,443*	*–*	*15,443*
TOTAL	**6,64,37,972**	**–**	**6,64,37,972**	*6,55,30,864*	*–*	*6,55,30,864*	*5,33,579*	*–*	*5,33,579*

(13) Maturity profile of financial liabilities

₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Due to Parent ICO	**6,51,91,928**	**–**	**6,51,91,928**	*6,45,72,326*	*–*	*6,45,72,326*	*–*	*–*	*–*
Other payables ICO	**96**	**–**	**96**	*96*	*–*	*96*	*–*	*–*	*–*
Other financial liabilities	**4,00,000**	**–**	**4,00,000**	*4,00,000*	*–*	*4,00,000*	*–*	*–*	*–*
TOTAL	**6,55,92,024**	**–**	**6,55,92,024**	*6,49,72,422*	*–*	*6,49,72,422*	*–*	*–*	*–*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

(14) Specified Bank Notes: Following are the Specified Bank Notes held during the period November 8, 2016 to December 30, 2016

Particulars	₹ "500" notes	₹ "1000" notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	–	–	78	78
Permitted receipts	–	–	10,500	10,500
Permitted payments	–	–	10,551	10,551
Amount deposited in Banks	–	–	–	–
Closing cash in hand as on 30.12.2016	–	–	27	27

(15) Leases

Operating Leases: Ind AS 17

a) Lease rental expenses in respect of operating leases for the year is ₹ Nil. (Previous year ₹ Nil.)

b) Contingent rents recognised as income/expense during the year is ₹ Nil.

(16) Earnings Per Share: Ind AS 33

	Particulars	2016-17	*2015-16*
a)	Profit after taxes as per statement of profit and loss	**₹ 2,34,77,916**	*₹ 4,79,09,316*
b)	Number of equity shares	**50,000**	*50,000*
c)	Nominal value per equity share	**₹ 10**	*₹ 10*
d)	Earnings Per Share (Basic and Diluted)	**₹ 469.56**	*₹ 958.19*

(17) Previous year figures have been regrouped/reclassified wherever required.

As per our report of even date

SHARP & TANNAN
Chartered Accountants
Registration No. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 26, 2017

For and on behalf of board of directors

N. HARIHARAN
Director
DIN: 00001668

ARNOB K. MONDAL
Director
DIN: 01797683

R. GOVINDAN
Director
DIN: 05148785

Place : Mumbai
Date : May 26, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Tenth Annual Report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	**2016-17 ₹ in Lakhs**	*2015-16 ₹ in Lakhs*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**379.64**	*338.66*
Less: Depreciation, amortization and obsolescence	**31.43**	*34.48*
Add: Transfer from Revaluation Reserve	**0.00**	*0.00*
Profit before exceptional and extraordinary items and tax	**348.21**	*304.18*
Add: Exceptional Items	**0.00**	*0.00*
Profit before extraordinary items and tax	**348.21**	*304.18*
Add: Extraordinary items	**0.00**	*0.00*
Profit / (Loss) before tax	**348.21**	*304.18*
Less: Provision for tax	**134.00**	*105.00*
Provision for Deferred Tax / (write back)	**5.75**	*0.00*
Profit after tax from continuing operations	**208.46**	*199.18*
Add: Balance brought forward from previous year	**1347.44**	*1269.28*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**0.00**	*0.00*
Balance carried to Balance Sheet	**1555.25**	*1468.46*

2. CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets, stood at ₹ **216.59** Lakhs and the net fixed and intangible assets, stood at ₹ **57.81** Lakhs. Capital Expenditure during the year amounted to ₹ **22.76** Lakhs.

3. DEPOSITS:

The Company has not accepted any deposits from the public during the financial year ended 31st March 2017.

4. SUBSIDIARY:

The Company does not have any subsidiary company.

5. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length. The particulars of material contracts or arrangements with Related Parties are provided in are mentioned under Note No. 22 of the financial Statements.

6. STATE OF COMPANY AFFAIRS:

LTG has completed nine years of operations, starting from building up of the team, establishing the Systems & Procedures including essential certifications, amidst Business Development and execution of orders.

Successfully penetrating into the international market, it has become a well sought for company for engineering expertise in its field. The Company has successfully completed Detailed Engineering Services for several major pipeline projects in Domestic & International arena in the past 1 year which includes Detailed Engineering for New Gathering Centre GC-30 Effluent Pipeline for KOC, Kuwait, Midyan Gas Field Development off plot Pipeline for Saudi Aramco in Saudi Arabia and 475 Km long Ethane Pipeline, EWPL connectivity and Sughad-Naroda Pipeline for Reliance. The Company is currently carrying out Detailed Engineering for Hasbah Offshore Gas Facilities Instrument – II Project – Onshore Pipeline, Anjar- Mundra Gas Pipeline of GSPL, Pali-Palanpur Gas Pipeline and Barmer- Palanpur Gas Pipeline of GIGL.

The gross sales and other income for the financial year under review was ₹ **2153.19** Lakhs as against ₹ **2009.61** Lakhs for the previous financial year. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ **348.21** Lakhs and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ **208.47** Lakhs for the financial year under review as against ₹ **304.18** Lakhs and ₹ **199.18** Lakhs respectively for the previous financial year.

7. AMOUNT TO BE CARRIED TO RESERVE:

The Company does not propose to transfer any amount to reserve.

8. DIVIDEND:

The Directors do not recommend any dividend for the financial year 2016-2017

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes between the Balance Sheet date and date of Directors report

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO (ATTACH ANNEXURE 'A')

11. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 'B' to this Report.

12. CORPORATE SOCIAL RESPONSIBILITY:

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure "C" to the Board report.

13. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The present Board members are Mr. Harold Douglas Evans, Mr. William Crissman Shipman, Mr. Rick Alan Barnard, Mr. K. Ravindranath, Mr. D.R. Saxena and Mr. C. Chokkalingam.

Mr. Harold Douglas Evans and Mr. D.R.Saxena are liable to retire by rotation in the forthcoming Annual General Meeting and being eligible, have offered themselves for re-appointment.

Mr. K.B. Krishnan, Chief Executive has retired on 07th October 2016 and Mr. Nitish Chaube appointed as a Chief Executive with effect from 08th October 2016 and Directors were not appointed during the year

14. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held when necessary. During the year under review 1 Extra Ordinary General Meeting (EGM) were held on 30th November 2016 and 4 Board Meetings were held on 20th April 2016, 17th August 2016, 24th October 2016 and 07th February 2017

The Agenda of the Meetings were circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

15. REMUNERATION COMMITTEE

The Company has constituted a Remuneration Committee on 18th August 2012. The Remuneration Committee is empowered to take decisions regarding payment of managerial remuneration. The Composition of the Committee is as under:

Name	Designation
Mr. K. Ravindranath	Chairman
Mr. Harold Douglas Evans	Member
Mr. William Crissman Shipman	Member
Mr. D. R. Saxena	Member

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations

17. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The selected accounting policies were applied consistently, made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017, and of the profit or loss of the Company for that financial year ended on that date

c) proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Annual Accounts have been prepared on a going concern basis and

e) Proper systems are in place to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

18. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during F.Y. 2016-17.

19. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

20. FINANCIAL STATEMENTS:

Directors have pleasure in attaching the Financial Statements pursuant to Section 129(1) of the Companies Act, 2013 and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard.

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

21. AUDITORS:

The Auditors, M/s Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013, Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company for the Five (5) years from the conclusion of the ensuing AGM until the conclusion of the 15th AGM. Their appointment shall be ratified at every Annual General Meeting of the Company.

22. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners

For and on behalf of the Board

Place : Vadodara	**K. RAVINDRANATH**	**WILLIAM CRISSMAN SHIPMAN**
Date : April 25, 2017	*Chairman & Director*	*Director*
	DIN: 00262462	*DIN: 01912184*

ANNEXURE 'A' TO THE BOARD REPORT

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken (b) Additional investments & proposals, if any, being implemented for reduction of consumption of energy (c) Impact of measures at (a) & (b) above for reduction of energy consumption and consequent impact on the cost of production of goods	The Company provides Engineering services from an Engineering office. All computers and electrical appliances used in the office have built-in energy Saving features. Overall power conservation measures are undertaken by common administration of the campus.

B. TECHNOLOGY ABSORPTION

FORM B

(Disclosure of particulars with respect to Technology Absorption)

RESEARCH & DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company 2. Benefits derived as a result of the above R&D 3. Future plan of action (a) Capital (b) Recurring (c) Total R&D expenditure as a percentage of total turnover	The Company's primary activity is the provision of Engineering services in the field of pipelines and Field Development projects. The services provided fall under the category of design and Engineering. We are continuously upgrading our track record of detailed engineering to higher sizes of the pipelines. The Company successfully carried out Detailed engineering for a Pipeline Project for Transporting Ethane in Dense phase for Reliance, ,Effluent water pipeline with HDPE Liner for Kuwait Oil Company, etc. involving Technological Challenges.

TECHNOLOGY ABSORPTION, ADAPTATION & INNOVATION

1. Efforts in brief, made towards technology absorption, adaptation & innovation 2. Benefits derived as a result of the above efforts, e.g. product improvement cost-reduction, product improvement etc.	Any technology absorption in the way of our business requirement is carried out through knowledge received from the parent companies and also the same can be derived through association with academic institutions like IIT's where the specific specialization is at its best. The Company undertook hydraulic simulation studies using advanced software like Olga, Pipesim besides working on 3D software like SP3D, PDMS, Microstation etc. The company also undertook Seismic studies in association with IITs.

C. FOREIGN EXCHANGE EARNINGS & OUTGO

(1) Activities relating to exports; initiatives taken to increase exports; development of new export markets for product and services; and export plans	We are executing international engineering assignments with worldwide EPC companies and direct end users. The Company is making continuous efforts to secure more export orders on the basis of the sound proven track record and customer relationships already built abroad.
(2) Total Foreign Exchange used and earned:	
Foreign Exchange earned	₹ **1200.64** Lakhs
Foreign Exchange used	₹ **15.22** Lakhs

ANNEXURE 'B' TO THE BOARD REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74140MH2008PTC177765
ii)	Registration Date	11/01/2008
iii)	Name of the Company	L&T-GULF Private Limited
iv)	Category	Company Limited by Shares
v)	Address of the Registered office and contact details	L&T HOUSE, N. M. MARG, BALLARD ESTATE MUMBAI MAHARASHTRA – 400001 Phone - 022-67525656
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main services	NIC Code of the service	% to total turnover of the company
1	Engineering Consultancy Services	71100	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	NAME AND ADDRESS OF THE COMPANY	CIN/GLN	HOLDING/SUBSIDIARY /ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Hydrocarbon Engineering Limited L&T House, Ballard Estate, N. M. Marg, Mumbai - 400001.	U11200MH2009PLC191426	Holding	50.0002%	Section 2(46)
2	Gulf Interstate Engineering Company Gulf Plaza, 16010 Barkers Point Lane, Suite 600, Houston, Texas 77079-9000, USA	NA	JV Partner	49.9998%	

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
(a) L&T Hydrocarbon Engineering Limited	NA	40,00,016	40,00,016	50.0002%	NA	40,00,016	40,00,016	50.0002%	0%
Sub-total (A) (1):-	**NA**	**40,00,016**	**40,00,016**	**50.0002%**	**NA**	**40,00,016**	**40,00,016**	**50.0002%**	**0%**
(2) Foreign									
a) GULF Interstate Engineering	NA	39,99,984	39,99,984	49.9998%	NA	39,99,984	39,99,984	49.9998%	0%
Sub-total (A) (2):-	**NA**	**39,99,984**	**39,99,984**	**49.9998%**	**NA**	**39,99,984**	**39,99,984**	**49.9998%**	**0%**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**NA**	**8,000,000**	**8,000,000**	**100%**	**NA**	**8,000,000**	**8,000,000**	**100%**	**0%**
Grand Total (A+B+C)	**NA**	**8,00,0000**	**8,00,0000**	**100%**	**NA**	**8,00,0000**	**8,00,0000**	**100%**	**0%**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T HYDROCARBON ENGINEERING LIMITED	40,00,016	50.0002%	NA	40,00,016	50.0002%	NA	No Change
2	GULF INTERSTATE ENGINEERING COMPANY	39,99,984	49.9998%	NA	39,99,984	49.9998%	NA	No Change
	Total	**8,00,0000**	**100%**	**NA**	**8,00,0000**	**100%**	**NA**	

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	At the beginning of the year	(1) 40,00,016 (2) 39,99,984	(1) 50.0002% (2) 49.9998%	(1) 40,00,016 (2) 39,99,984	(1) 50.0002% (2) 49.9998%
3	At the End of the year	(1) 40,00,016 (2) 39,99,984	(1) 50.0002% (2) 49.9998%	(1) 40,00,016 (2) 39,99,984	(1) 50.0002% (2) 49.9998%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs) : Not Applicable

(v) Shareholding of Directors and Key Managerial Personnel : Directors & key Managerial Personnel do not hold any share in the Company

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment : Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

Not Applicable

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES

NIL

ANNEXURE 'C' TO THE BOARD REPORT

1. **A BRIEF OUTLINE OF THE COMPANY'S CSR POLICY, INCLUDING OVERVIEW OF PROJECTS OR PROGRAMS PROPOSED TO BE UNDERTAKEN AND A REFERENCE TO THE WEB-LINK TO THE CSR POLICY AND PROJECTS OR PROGRAMS.**

   L&T- GULF Private Limited CSR Objective is to provide maximum benefits to the community and position its image as a contributor to the social as well economic infrastructure. LTG's objective through this policy will be to focus on building social infrastructure so that the community can have better access to education, health and sustainable livelihood opportunities thereby enhancing their growth. The LTG CSR Policy is listed on company website http://www.lntgulf.com/about-us-csr.html

   The policy shall apply to all CSR initiatives and activities to be undertaken by the LTG at various locations, within India, for the benefit of targeted segments of the society.

   The Company will primarily focus on 'Building India's Social Infrastructure' as part of its CSR program which will include, amongst others, the following areas, viz

   - **Water & Sanitation**
   - **Education**
   - **Health**
   - **Skill Development**

2. **COMPOSITION OF THE CSR COMMITTEE**

   The CSR Committee of the Board was constituted on 19.06.2014 .It comprises of Mr. K. Ravindranath, Mr. Harold Douglas Evans, Mr. William Crissman Shipman and Mr. C. Chokkalingam as the Members. Mr. Nitish Chaube was appointed as a CSR Coordinator w.e.f. 24th October 2016. The Company Secretary acts as Secretary to the Committee. The same committee is in existence

3. **AVERAGE NET PROFIT OF THE COMPANY FOR THE LAST THREE FINANCIAL YEARS**

   The average net profit of the Company for the last three financial years was ₹ 4,65,08,966.67

4. **PRESCRIBED CSR EXPENDITURE (TWO PERCENT OF THE AMOUNT AS ABOVE).**

   The Company was required to spend an amount of ₹ 9,30,179/- as CSR expenditure during the financial year 2016-2017 but as per revised approval company spent ₹ 9,66,000/- as a CSR Contribution for the financial year 2016-17.

5. **DETAILS OF CSR SPENT DURING THE FINANCIAL YEAR:**

   a) **Total amount to be spent for the financial year**

   The Company is required to spend ₹ 9,66,000/- during the financial year 2016-2017.

   b) **Amount unspent :- Nil**

   c) **Manner in which the amount was spent in the financial year is detailed below:**

CSR project/activity identified	Sector in which the Project is covered	Projects/Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project / program wise	Amount spent on the project / programs Sub-heads: 1) Direct expenditure on projects or programs	Cumulative spend upto the reporting period	Amount spent (Direct)
Contribution towards Orphan Child, Medical Aid, Poverty Empowerment	Promoting health care, Poverty Empowerment	Family Strengthening Programme	9,66,000/-	9,66,000/-	9,66,000/-	9,66,000/-

6. **REASONS FOR NOT SPENDING THE AMOUNT DURING THE FINANCIAL YEAR:**

   The Company has spent a full amount of ₹ 9,66,000/- during the financial year 2016-17. Hence there is not unspent amount as a CSR Contribution

7. **CSR COMMITTEE RESPONSIBILITY STATEMENT:**

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
   - The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

MR. NITISH CHAUBE
Chief Executive

MR. K.RAVINDRANATH
Chairman
CSR Committee
DIN No. 00262462

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T - GULF PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T - GULF Private Limited** (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss, the Statement of Changes in Equity, and the Cash Flows Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the State of Affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the **Annexure 'A'**, a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of change in Equity and the Cash Flow Statement dealt with by this report are in agreement with the books of account;
   (d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014;
   (e) on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and
   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in **Annexure 'B'**;
   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
      (1) the Company does not have any pending litigations which would impact its financial position in its financial statements;
      (2) the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses; and
      (3) the Company is not required to transfer any amount to Investor Education and Protection Fund.
      (4) The Company had provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

SHARP & TANNAN
Chartered Accountants
ICAI Registration No. 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 092507

Place: New Delhi
Date: April 25, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us, the Company does not have any immovable properties.

(ii) The Company did not have any inventory during the year except the engineering man hours spent on various jobs which could not be invoiced to the clients and treated as Work in Progress.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3 (iii) (a) and (b) of the Order are not applicable.

(iv) According to the information and explanations given to us, the Company has not given any loans, made any investments, given any guarantees and security. Accordingly, the Paragraph 3 (iv) of the Order are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year and hence reporting under clause (v) of CARO 2016 is not applicable to the Company.

(vi) To the best of our knowledge and as explained, the Central Government has not prescribed maintenance of cost records under Section 148(1) of the Act.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, service tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there is no case of dispute pending pertaining to the income-tax, service tax or cess as at 31st March, 2017.

(viii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any financial institution. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid and provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
ICAI Registration No.000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.092507

Place: New Delhi
Date: April 25, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

We have audited the internal financial controls over financial reporting of L&T- GULF Private Limited (the 'Company') as of 31st March, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
ICAI Registration No.000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.092507

Place: New Delhi
Date: April 25, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	₹	As at 31.03.2016 ₹	₹
ASSETS					
Non Current Assets	1				
Property, Plant and Equipment			**1,265,870**		*3,049,717*
Capital Work in Progress			**945,000**		–
Other Intangible Assets			**3,570,873**		*3,887,638*
Current Year Income Tax (Net)					–
TOTAL NON CURRENT ASSETS			**5,781,743**		*6,937,355*
Current Assets	2				
Financial Assets					
– Investments		**6,980,529**		*4,135,489*	
– Trade Receivables		**68,888,166**		*44,315,807*	
– Cash and cash equivalents		**53,558,001**		*36,296,403*	
– Other Bank Balances		**75,613,226**		*109,761,825*	
– Loans		**–**	**205,039,922**	*127,702*	*194,637,226*
Current Tax Assets (Net)			**–**		*9,429,590*
Other current assets			**107,568,782**		*77,244,152*
TOTAL CURRENT ASSET			**312,608,704**		*281,310,968*
TOTAL ASSETS			**318,390,447**		*288,248,323*
EQUITY & LIABILITIES					
Equity					
Equity Share Capital	3	**80,000,000**		*80,000,000*	
Other Equity	4	**155,525,043**	**235,525,043**	*134,744,779*	*214,744,779*
TOTAL EQUITY					
Liabilities					
Non Current Liabilities	5				
Financial Liabilities					
– Other financial liabilities		**576,727**	**576,727**	*584,747*	*584,747*
Deferred tax liabilities (Net)		**–**		*126,133*	
Other non current liabilities		**11,839,498**		*7,429,902*	
			11,839,498		*7,556,035*
Current Liabilities	6				
Financial Liabilities					
– Trade Payables		**27,743,415**		*24,774,619*	
– Other financial liabilities		**40,200**	**27,783,615**	*40,200*	*24,814,819*
Other current liabilities		**39,494,027**		*38,835,061*	
Short term provisions		**3,171,537**	**42,665,564**	*1,712,882*	*40,547,943*
TOTAL CURRENT LIABILITIES			**70,449,179**		*65,362,762*
TOTAL EQUITY AND LIABILITIES			**318,390,447**		*288,248,323*
CONTINGENT LIABILITIES & COMMITMENTS					
SIGNIFICANT ACCOUNTING POLICIES	**Refer Note 11**				

The notes referred to above form an integral part of the financial statements.

As per our Report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 92507

Place : New Delhi
Date : April 25, 2017

For and on behalf of the Board

NITISH CHAUBE
Manager

ABHISHEK DHUPAD
Company Secretary
M. No. A 31239

K. RAVINDRANATH
Director
DIN: 00262462

WILLIAM CRISSMAN SHIPMAN
Director
DIN: 01912184

Place : Vadodara
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
INCOME :					
Revenue from operations	**7**		**206,069,310**		*193,291,069*
Other Income	**8**		**9,250,619**		*7,645,536*
Total Revenue			**215,319,929**		*200,936,605*
EXPENSES :					
Change in Inventories of Finished Goods, work-in-progress, stock-in-trade and property development		**638,369**	**638,369**	*2,299,459*	*2,299,459*
Employee Benefit expenses	**9**	**122,407,858**		*109,028,298*	
Sales ,administration and other expenses	**10**	**54,308,897**		*57,760,119*	
Depreciation & Amortisation		**3,143,449**		*3,448,021*	
Total Expenses			**180,498,574**		*172,535,897*
Profit before exceptional Items and Tax			**34,821,355**		*28,400,708*
Profit before tax			**34,821,355**		*28,400,708*
Tax expense					
Current tax		**13,400,000**		*10,500,000*	
Provision for Deferred Tax		**–**	**13,400,000**	*53,080*	*10,553,080*
Provision for tax earlier years			**700,720**		–
Provision for deferred tax/(write back)			**(126,133)**		–
Profit after tax			**20,846,768**		*17,847,628*
Profit for the period			**20,846,768**		*17,847,628*
Other comprehensive income			**–**		–
Total comprehensive income			**20,846,768**		*17,847,628*
Earning per equity share					
Before extraordinary items					
Basic & Diluted Earning Per Share (EPS)			**2.61**		*2.23*
After extraordinary items					
Basic & Diluted Earning Per Share (EPS)			**2.61**		*2.23*
No of shares for calculating EPS			**8,000,000**		*8,000,000*
Face value of share			**10**		*10*
SIGNIFICANT ACCOUNTING POLICIES	**Refer Note 11**				

The notes referred to above form an integral part of the financial statements.

As per our Report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 92507

Place : New Delhi
Date : April 25, 2017

For and on behalf of the Board

NITISH CHAUBE
Manager

ABHISHEK DHUPAD
Company Secretary
M. No. A 31239

K. RAVINDRANATH
Director
DIN: 00262462

WILLIAM CRISSMAN SHIPMAN
Director
DIN: 01912184

Place : Vadodara
Date : April 25, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit/ (Loss) before tax	**34,821,355**	*28,400,708*
	Depreciation	**3,143,449**	*3,448,021*
	Misc balance written off	**–**	*118*
	(Profit) /Loss on sale of asset	**140,800**	*(122,315)*
	Unrealized forex (gain) /loss	**1,819,400**	*(2,103,434)*
	Interest (Net)	**(7,409,881)**	*(7,283,601)*
	Dividend Income	**(69,521)**	*(264,106)*
	Operating profit / (Loss) before working capital changes	**32,445,602**	*22,075,391*
	Adjustment for:		
	(Increase) / decrease in trade receivables	**(26,391,759)**	*48,504,101*
	(Increase) / decrease in loans and advances	**127,702**	*(9,547,882)*
	(Increase) / decrease in other current assets	**(20,895,039)**	*(1,823,481)*
	(Increase) / decrease in inventories	**–**	*22,083,145*
	Increase / (decrease) in Provision	**2,117,621**	*(869,747)*
	Increase / (decrease) in trade payables	**7,252,259**	*(19,240,760)*
	Cash flow from operating activities (A)	**(5,343,615)**	*63,197,823*
	Direct Taxes Refund / (Paid) - Net	**(14,093,266)**	
	Net cash from operating activities	**(19,436,881)**	*63,197,823*
B	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of investments	**(2,845,041)**	*–*
	Purchase of fixed assets	**(3,203,336)**	*(3,462,390)*
	Sale of fixed Assets	**1,118,853**	*122,315*
	Interest received	**7,409,881**	*7,283,601*
	Dividend Income	**69,521**	*264,106*
	Net cash flow (used in) /from investing activities (B)	**2,549,879**	*4,207,632*
C	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Share capital	**–**	*–*
	Share Application Money	**–**	*–*
	Advance Against Equity Commitment	**–**	*–*
	Net cash flow / (used in) from financing activities (C)	**–**	*–*
	Net increase in cash and cash equivalents (A+B+C)	**(16,887,002)**	*67,405,455*
	Cash and cash equivalents at beginning of the period	**146,058,228**	*78,652,772*
	Cash and cash equivalents at end of the period	**129,171,227**	*146,058,228*

Note: 1) Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS) 7 - Cash Flow Statements.

2) Additions to property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year.

3) Cash & Cash equivalent at the end of the year includes other bank balances.

As per our Report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 92507

Place : New Delhi
Date : April 25, 2017

For and on behalf of the Board

NITISH CHAUBE
Manager

ABHISHEK DHUPAD
Company Secretary
M. No. A 31239

K. RAVINDRANATH
Director
DIN: 00262462

WILLIAM CRISSMAN SHIPMAN
Director
DIN: 01912184

Place : Vadodara
Date : April 25, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A) EQUITY SHARE CAPITAL

	Balance as at 01.04.2016	Changes in equity share capital during the year	**Balance as at 31.03.2017**
	₹	₹	₹
Equity Share Capital	*80,000,000*	–	**8,000,000**
Total	*80,000,000*	–	**8,000,000**

	Balance as at 01.04.2015	Changes in equity share capital during the year	*Balance as at 31.03.2016*
	₹	₹	₹
Equity Share Capital	*80,000,000*	–	*8,000,000*
Total	*80,000,000*	–	*8,000,000*

B) OTHER EQUITY

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Profit and Loss Account				
Opening Balance	**134,678,275**		*116,897,151*	
Depreciation Charge against Retained Earnings	**–**		–	
Profit for the period	**20,846,768**		*17,847,628*	
Other Comprehensive Income	**–**	**155,525,043**	–	134,744,779

As per our Report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 92507

Place : New Delhi
Date : April 25, 2017

For and on behalf of the Board

NITISH CHAUBE
Manager

ABHISHEK DHUPAD
Company Secretary
M. No. A 31239

K. RAVINDRANATH
Director
DIN: 00262462

WILLIAM CRISSMAN SHIPMAN
Director
DIN: 01912184

Place : Vadodara
Date : April 25, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE–1 NON CURRENT ASSETS

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Property, Plant and Equipment : Also refer Note 1 (i)				
Tangible Assets				
Gross Block	**4,745,342**		*5,235,285*	
Less: Depreciation and impairment	**(3,479,472)**		*(2,185,569)*	
Net Block	**1,265,870**		*3,049,717*	
Add: Capital work in progress	**–**		*–*	
		1,265,870		*3,049,717*
Intangible Assets				
Gross Block	**15,968,842**		*14,975,439*	
Less: Depreciation and impairment	**(12,397,969)**		*(11,087,801)*	
Net Block	**3,570,873**		*3,887,638*	
Add: Capital work in progress	**945,000**		*–*	
		4,515,873		*3,887,638*
Total fixed Assets		**5,781,743**		*6,937,355*
Total non current assets		**5,781,743**		*6,937,355*

NOTE–2 CURRENT ASSETS

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Current Investments	**6,980,529**	**6,980,529**	*4,135,489*	*4,135,489*
Trade receivables				
Unsecured, considered good				
– Debts outstanding for more than 6 months from the due date	**8,709,868**		*18,173,691*	
– Other debts	**60,178,298**	**68,888,166**	*26,142,116*	*44,315,807*
Cash & Bank balances				
Balances with Schedule banks current account	**14,319,219**		*11,153,630*	
Balances with scheduled banks fixed deposits with maturity less than 3 months (excluding interest accrued)	**39,237,618**		*21,010,397*	
Cheques on hand/transit	**–**		*4,121,591*	
Cash in hand	**1,164**	**53,558,001**	*10,785*	*36,296,403*
Balances with scheduled banks fixed deposits with maturity more than 3 months (excluding interest accrued)	**75,613,226**	**75,613,226**	*109,761,825*	*109,761,825*
Short term loans & advances				
Secured		**–**		*–*
Unsecured, considered good		**–**		*–*
– Loans & advances to related parties	**–**		*–*	
– Advance taxes previous years	**51,598,178**		*40,865,769*	
– Others	**3,000,000**	**54,598,178**	*–*	*40,865,769*
– Security Deposit		**–**		*66,502*
– Earnest money Deposit		**–**		*61,200*
Other current assets				
CENVAT credit and Prepaid expenses	**13,889,515**		*7,209,304*	
Work-in-progress	**39,081,088**	**52,970,603**	*29,169,080*	*36,378,384*
		107,568,782		*77,244,152*
Current Tax Assets (Net)				
– TDS Certificate Receivables Current Year	**–**		*19,929,590*	
Provision for tax current year	**–**	**–**	*(10,500,000)*	*9,429,590*
Total current assets		**312,608,704**		*271,881,378*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE- 1 (i) PROPERTY, PLANT AND EQUIPMENT

Particulars	COST				DEPRECIATION				BOOK VALUE	
	As at 01.04.2016	Additions	Deductions	**As at 31.03.2017**	As at 01.04.2016	For the Year	Deductions	**As at 31.03.2017**	**As at 31.03.2017**	As at 31.03.2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Tangible Fixed Assets										
Owned Assets										
Computers	14,684,329	663,216	11,278,451	**4,069,094**	12,038,139	1,706,611	10,514,990	**3,467,207**	**601,887**	2,646,190
Office Equipment	3,079,346	601,717	2,989,509	**691,554**	3,054,428	9,356	2,774,913	**288,871**	**402,683**	24,918
Vehicles	732,080		559,512	**172,568**	671,392	60,692	559,518	**172,565**	**3**	60,688
Furniture & Fittings	571,630		196,547	**375,083**	253,710	56,623	196,547	**113,786**	**261,297**	317,920
Total (A)	19,067,385	1,264,933	15,024,019	**5,308,299**	16,017,668	1,833,282	14,045,967	**4,042,429**	**1,265,870**	3,049,717
Previous Year	*19,001,666*	*1,152,390*	*1,086,671*	***19,067,385***	*14,739,518*	*2,315,390*	*1,037,240*	***16,017,668***	***3,049,717***	*4,262,147*
Intangible Fixed Assets										
Owned Assets										
Specialised Software	14,975,439	993,403	–	**15,968,842**	11,087,801	1,310,167	–	**12,397,967**	**3,570,873**	3,887,638
Total (B)	14,975,439	993,403	–	**15,968,832**	11,087,801	1,310,167	–	**12,397,967**	**3,570,873**	3,887,638
Previous Year	*12,665,439*	*2,310,000*	*–*	***14,975,429***	*9,955,171*	*1,132,631*	*–*	***11,087,801***	***3,887,638***	*2,710,279*
Capital work in progress (C)	–	945,000	–	**945,000**	–	–	–	–	**945,000**	–
Previous Year	*–*	*1,821,600*	*1,425,600*	***396,000***	*–*	*–*	*–*	*–*	*–*	*396,000*
Current Year Total (A+B+C)	**34,042,824**	**3,203,336**	**15,024,019**	**22,222,131**	**27,105,469**	**3,143,449**	**14,045,967**	**16,440,397**	**5,781,743**	**6,937,355**
Previous Year Total	*31,667,105*	*3,462,390*	*1,086,671*	***34,042,814***	*24,694,689*	*3,448,021*	*1,037,240*	***27,105,469***	***6,937,355***	*6,972,426*

NOTE–3(i) SHARE CAPITAL

(in ₹)

Share capital Authorised, Issued and Subscribed:	As at 31.03.2017		*As at 31.03.2016*	
	No. of shares	**Amount**	*No. of shares*	*Amount*
Authorised				
Equity shares of ₹ 10 each	**10,000,000**	**100,000,000**	*10,000,000*	*100,000,000*
Issued				
Equity shares of ₹ 10 each	**8,000,000**	**80,000,000**	*8,000,000*	*80,000,000*
Subscribed and fully paid up				
Equity shares of ₹ 10 each	**8,000,000**	**80,000,000**	*8,000,000*	*80,000,000*
Total		**80,000,000**		*80,000,000*

NOTE–3(ii)

(in ₹)

Reconciliation of equity shares:	As at 31.03.2017		*As at 31.03.2016*	
	No. of shares	**Amount**	*No. of shares*	*Amount*
Subscribed and fully paid at the beginning of the year	**8,000,000**	**80,000,000**	*8,000,000*	*80,000,000*
Add: Exercise of grants under Employee Stock Ownership Schemes	**–**	**–**	*–*	*–*
Subscribed and fully paid at the end of the year	**8,000,000**	**80,000,000**	*8,000,000*	*80,000,000*

NOTE–3(iii)

(in ₹)

Shareholders holding more than 5% of equity shares as at the end of the year	As at 31.03.2017		*As at 31.03.2016*	
	No. of shares	**Shareholding %**	*No. of shares*	*Shareholding %*
L&T Hydrocarbon Engineering Limited (Holding Company)	**4,000,016**	**50.0002%**	*4,000,016*	*50.0002%*
GULF Interstate Engineering Company,USA	**3,999,984**	**49.9998%**	*3,999,984*	*49.9998%*
	8,000,000	**100.0000%**	*8,000,000*	*100.0000%*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE–4 OTHER EQUITY

(in ₹)

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Profit and Loss Account				
– As per last Balance Sheet	**134,744,779**		*116,897,151*	
– Profit for the year	**20,846,768**		*17,847,628*	
Other adjustment	**(66,504)**		–	
		155,525,043		*134,744,779*

NOTE–5 NON CURRENT LIABILITIES

(in ₹)

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Deferred Tax Liabilities	**–**	**–**	*126,133*	*126,133*
Other long term liabilities				
– Others				
Security Deposits received	**576,727**	**576,727**	*584,747*	*584,747*
Long term provisions				
– Provison for employee benefit	**11,839,498**		*7,429,902*	
– Others	**–**	**11,839,498**	–	*7,429,902*
Total Non Current Liabilities		**12,416,225**		*8,140,782*

NOTE–6 CURRENT LIABILITIES

(in ₹)

	As at 31.03.2017		*As at 31.03.2016*	
	₹	₹	₹	₹
Trade & other payables				
Due to small & micro enterprises	**–**		–	
Due to parent company	**24,156,790**		*20,552,979*	
Due to fellow subsidiary	**–**		–	
Due to others	**–**		–	
– Liability for Other Expenses	**3,586,625**		*4,221,640*	
Total trade & other payables		**27,743,415**		*24,774,619*
Other Financial Liabilities		**40,200**		*40,200*
Other current liabilities				
-Others	**26,004,524**		*25,963,224*	
Income received in advance	**–**		*226,658*	
Advances to employees	**238,856**		*42,193*	
Advances from customers	**182,297**		*987,127*	
Provision for gratuity	**2,500,188**		*411,201*	
PLR provision	**9,000,000**		*8,000,000*	
Provision for Doubtful Debts as per ECL	**1,568,162**		*3,204,658*	
		39,494,027		*38,835,061*
Short term provisions				
– Current Tax Provision (net of TDS)	**1,222,550**		–	
– Provision for employee benefits	**1,948,987**		*1,712,882*	
– Others	**–**	**3,171,537**	–	*1,712,882*
Total Current Liabilities		**70,449,179**		*65,362,762*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE–7 SALES & SERVICES

	2016-17		2015-16	
	₹	₹	₹	₹
Sales from Engineering Consultancy Services				
(Includes expenses reimbursed ₹ 1,61,70,374 /-)		**196,040,264**		*215,267,111*
Increase/ (Decrease) in Contracts-in-Progress				
Closing Contracts-in-Progress	**39,081,088**		*29,169,080*	
Less: Opening Contracts-in-Progress	**29,169,080**	**9,912,008**	*51,252,225*	*(22,083,145)*
Other operational income		**117,038**		*107,103*
		206,069,310		*193,291,069*

NOTE–8 OTHER INCOME

	2016-17	2015-16
	₹	₹
Interest on Fixed Deposit		
(Tax deducted at source ₹ 7,40,988/-, previous year ₹ 7,28,360/-)	**7,409,881**	*7,283,601*
Profit /(Loss) on sale of fixed assets	**(140,800)**	*122,315*
Misc. Income	**–**	*150*
Dividend Income	**69,521**	*264,106*
Growth Income	**275,520**	*(24,636)*
Reversal of ECL provision	**1,636,496**	*–*
	9,250,619	*7,645,536*

NOTE–9 EMPLOYEE BENEFIT EXPENSES

	2016-17	2015-16
	₹	₹
Salaries and allowances	**108,666,919**	*101,249,722*
Employer's contribution to PF and EPS	**2,824,575**	*2,670,420*
Employer's contribution to ESI & other funds	**24,332**	*41,235*
Expenses on ESOP	**632,108**	*1,315,749*
Contribution and Provision for Gratuity	**2,500,188**	*511,153*
Leave encashment	**5,663,718**	*922,455*
Insurance Expenses (Group Insurance)	**–**	*48,075*
Staff welfare and other expenses	**2,096,018**	*2,269,489*
	122,407,858	*109,028,298*

NOTE–10 SALES, ADMINISTRATION & OTHER EXPENSES

	2016-17	2015-16
	₹	₹
Professional charges	**15,289,562**	*23,333,776*
Computer expenses	**998,403**	*2,688,228*
Foreign exchange fluctuation (net)	**1,819,400**	*(2,103,434)*
Utilities & services	**14,797,320**	*14,721,000*
Communication expenses	**1,303,007**	*1,610,858*
Entertainment expenses	**65,313**	*133,137*
Travelling and Conveyance	**11,766,550**	*7,205,556*
Insurance Premium	**73,959**	*76,620*
Repair & Maint.	**4,353**	*71,887*
Corporate infra. Cost	**5,547,836**	*5,970,629*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2016-17 ₹	2015-16 ₹
Printing and stationery	**367,822**	*535,749*
Rates and taxes	**520,207**	*327,970*
Other misc expenses	**507,781**	*709,326*
Audit Fees	**209,880**	*125,320*
Bank charges	**71,503**	*98,565*
Employers Contribution to Chennai Flood Relief	–	*87,343*
Employer Contribution to Earthquake Relief Nepal	–	*101,038*
CSR Expense	**966,000**	*404,217*
Provision for doubtful debts -ECL provision	–	*1,662,334*
	54,308,897	*57,760,119*

NOTE 11

SIGNIFICANT ACCOUNTING POLICIES

I. General Information:

L&T-GULF Private Limited (“the Company”) is a private limited company incorporated in India. Its parent and ultimate holding company is L&T Hydrocarbon Engineering Limited. The registered office of the company is located at L&T House, N. M. Marg, Ballard Estate, Mumbai – 400 001.

L&T-GULF Private Limited (LTG) is an internationally reputed Design and Engineering Consultancy Organization catering to the integrated engineering for Hydrocarbon onshore cross country pipelines, LTG was established in 2008 as a joint venture between L&T Hydrocarbon Engineering Limited, India and GULF Interstate Engineering, USA. LTG has engineering office in Faridabad, India.

LTG provides the complete gambit of engineering and consultancy services for onshore cross country Pipelines and Oil & Gas Field development Projects including Feasibility Studies, Front End Engineering & Design, Basic Engineering, Detailed Engineering, Project Management & Procurement Assistance.

II. Significant accounting policies

1. Basis of preparation:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company’s first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. Refer Note 3.28 for the details of first-time adoption exemptions availed by the Company.

The Company maintains its accounts on accrual basis following the historical cost convention,except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purposes in these financial statements is determined on such a basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value in Ind AS 2 or value in use in Ind AS 36.

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

2. Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the schedule III to the Companies Act, 2013(“the Act”). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7“Statement of Cash Flows”.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind AS.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of schedule III. Per share data are presented in Indian Rupees to two decimals places.

3. Revenue Recognition

Revenue from services provided is recognized using proportionate completion method when no significant uncertainty exists regarding the amount of consideration that will be derived from rendering the service.

Revenue recognized under proportionate completion method is determined on the basis of time spent, cost incurred and/or milestone achieved depending on the terms of the specific contracts.

The Company's revenue recognition policy is as follows:

a)	In respect of Lump sum/Fixed Price Contracts	:	Proportionate completion method
b)	In respect of contracts having both fixed price		
	Component and reimbursable price component		
	In respect of Fixed price component	:	Proportionate completion method
	In respect of reimbursable component	:	On accrual basis
c)	Income from deputation of personnel	:	On accrual basis
d)	Any other income	:	On accrual basis

In respect of (a) and (b) above, the stage of completion of contract in progress is determined on an appropriate basis having regard to the nature and terms of each contract.

4. Employee benefits

a. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service.

b. Post-employment benefits:

i. **Defined contribution plans:** The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii. **Defined benefit plans:** The employees' gratuity fund schemes managed by trust is the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method. The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognized immediately in the statement of profit and loss.

Re-measurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognized in other comprehensive income in the period in which they occur. Re-measurement recognized in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Past service cost is recognized in profit or loss in the period of a plan amendment. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs. Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

c. Long term employee benefits: The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognized in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

d. Termination benefits: Termination benefits such as compensation under voluntary retirement cum pension scheme are recognized as expense in the period in which they are incurred.

5. Employee stock ownership schemes

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of Larsen & Toubro Limited (the holding company) to employees of the company. The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within specified period. The holding company follows the fair value method to

NOTES FORMING PART OF ACCOUNTS (Contd.)

account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

6. Taxes on income

Current tax

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilized.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realized, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognized in profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity respectively.

7. Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the consolidated balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognized impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

All other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognized so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method as follows:

Category of Assets	Life	Rate of depreciation
Furniture and Fixtures	10 Years	10.00%
Multifunctional devices (fax machine/scanner/printers), inkjet/ laser jet printers, switches (audio/ video), polycom and projectors	4 Years	25.00%
Office Equipment like Refrigerator, Air Conditioner and other related equipment	4 Years	25.00%
Desktops and laptops given to employees under the Company's scheme	3 Years	33.33%
Other laptops	3 Years	33.33%
Motor cars	7 Years	14.28 %
Hardware & Computers	3 Years	33.33 %

The company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in Schedule II to the Companies Act, 2013. The management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

NOTES FORMING PART OF ACCOUNTS (Contd.)

For transition to Ind AS, the company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

8. Intangible assets and amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortized as follows:

a. Specialized software: over a period of six years.

b. Technical know-how: over a period of six years in case of foreign technology and three years in the case of indigenous technology.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as“Intangible assets underdevelopment”.

Amortization on impaired assets is provided by adjusting the amortization charges in the remaining periods so as to allocate the asset’s revised carrying amount over its remaining useful life.

An intangible asset is derecognized on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from de-recognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, and arerecognized in profit or loss when the asset is derecognized.

9. Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. The provision for impairment loss, if any; and

b. The reversal of impairment loss recognized in previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. In the case of an individual asset, at the higher of the net selling price and the value in use;

b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit’s net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

10. Inventories

Work in progress (Engineering services) is the difference in the realizable value of completed part and billed part of the job, (where the job is for a lump sum consideration) if major portion of the job is complete, and at cost in other cases.

11. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a. The Company has a present obligation as a result of a past event

b. A probable outflow of resources is expected to settle the obligation and

c. The amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a. A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b. A present obligation arising from past events, when no reliable estimate is possible

c. A possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognized, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

i. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortized cost and FVTPL, the exchange differences are recognized in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognized in other comprehensive income.

NOTES FORMING PART OF ACCOUNTS (Contd.)

- For the purposes of recognizing foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortized cost. Thus, the exchange differences on the amortized cost are recognized in profit or loss and other changes in the fair value of FVTOCI financial assets are recognized in other comprehensive income.

a. **Foreign exchange gains and losses**

For financial liabilities that are denominated in a foreign currency and are measured at amortized cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortized cost of the instruments and are recognized in 'Sales, Administration and Other expenses'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognized in profit or loss.

12. **Impairment of financial assets**

The company applies the expected credit loss model for recognizing impairment loss on trade receivables.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the company in accordance with the contract and all the cash flows that the company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets).

13. **First-time adoption – mandatory exceptions, optional exemptions**

i. **Overall principle**

The company has prepared the opening balance sheet as per Ind-AS as of April 1, 2015 (the transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, derecognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind-AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities. However, this principle is subject to the certain exception and certain optional exemptions availed by the company as detailed below.

ii. **De-recognition of financial assets and financial liabilities**

The company has applied the de-recognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

iii. **Impairment of financial assets**

The company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognized in order to compare it with the credit risk at the transition date. Further, the company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

iv. **Past business combinations**

The company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date of April 1, 2015. Consequently,

- The company has kept the same classification for the past business combinations as in its previous GAAP financial statements;
- The company has not recognized assets and liabilities that were not recognized in accordance with previous GAAP in the consolidated balance sheet of the acquirer and would also not qualify for recognition in accordance with Ind AS in the separate balance sheet of the acquire;
- The company has excluded from its opening balance sheet those items recognized in accordance with previous GAAP that do not qualify for recognition as an asset or liability under Ind AS;
- The company has tested the goodwill for impairment at the transition date based on the conditions as of the transition date;
- The effects of the above adjustments have been given to the measurement of non-controlling interests and deferred tax.

The above exemption in respect of business combinations has also been applied to past acquisitions of investments in associates, interests in joint ventures and interests in joint operations in which the activity of the joint operation constitutes a business, as defined in Ind AS 103.

v. **Deemed cost for property, plant and equipment, investment property, and intangible assets**

The company has elected to continue with the carrying value of all of its plant and equipment, investment property, and intangible assets recognized as of April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

vi. **Determining whether an arrangement contains a lease**

The company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

14. Extraordinary and exceptional Items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company,is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

15. Cash and bank balances

Cash and bank balances include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

16. Segment accounting policies

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i. Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue.

ii. Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under “unallocable corporate expenditure”.

iii. Income which relates to the Company as a whole and not allocable to segments is included in “unallocable corporate income”.

iv. Segment result includes margins on inter-segment capital jobs, which are reduced in arriving at the profit before tax of the Company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

17. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for

b. Uncalled liability on shares and other investments partly paid

c. Funding related commitment to subsidiary, associate and joint venture companies and

d. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

18. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

19. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

I. transactions of a non-cash nature

II. any deferrals or accruals of past or future operating cash receipts or payments and

III. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

NOTES FORMING PART OF ACCOUNTS (Contd.)

20. Employee benefits recognized in the balance sheet are as follows:

a) Defined Benefit Plans

i) The amounts recognized in the Balance Sheet in respect of Gratuity Fund are as follows –

Particulars	Gratuity Plan		Trust managed Provident Fund Plan	
	2016-17 (₹)	2015-16 (₹)	2016-17 (₹)	2015-16 (₹)
A. Present value of funded obligation	**5,933,593**	*39,97,343*	**4,33,16,601**	*3,33,50,862*
Liability towards unpaid contribution (as at March end)	–	–	**(4,41,210)**	*4,47,277*
Fair value of plan assets	**(34,33,405)**	*(35,86,142)*	**4,37,03,570.34**	*(3,33,01,516)*
Present value of unfunded obligations	–	–	–	–
Unrecognized past service cost	–	–	–	–
Amount not recognized as an asset	–	–	–	–
Net Liability/(Asset)	**2,500,188**	*4,11,201*	**3,86,969.34**	*49,348*
B. Amounts reflected in the balance sheet				
Liability	**2,500,188**	*4,11,201*	**-441210**	*4,47,277*
Assets	–	–	–	–
Net Liability	**2,500,188**	*4,11,201*	**-441210**	*4,47,277*

ii) Expense to be recognized in statement of profit and Loss Account:

Particulars	Gratuity Plan		Trust managed Provident Fund Plan	
	2016-17	2015-16	2016-17	2015-16
Current service cost	**6,97,804**	*8,20,796*	**14,31,541$**	*17,10,224$*
Interest on defined benefit obligation	**3,65,341**	*3,13,212*	**33,75,512**	*25,22,093*
Expected return on plan assets	**(3,46,173)**	*(1,94,943)*	**(33,75,512)**	*(25,22,093)*
Net Actuarial (gain)/loss recognized in year	**17,83,216**	*(5,27,864)*	**(9,21,942.77)**	*(34,268)*
Past service cost	–	–	–	–
Losses/ (gains) on “curtailment and settlements”	–	–	–	–
Losses/ (gains) on “Acquisition or divestiture”	–	–	–	–
Actuarial (gain) /loss not recognized in books	–	–	**(9,21,942.77)**	–
Total included in staff expenses	**25,00,188**	*4,11,201*	**14,31,541**	*17,10,224*
Total included in “Interest” (Shortfall in actual return on plan assets over interest payable recognized as expenses)	–	–	–	–
Expenses recognized in the statement of Profit & Loss Account	–	–	**14,31,541**	*17,10,224*
Actual return on plan assets	**97,675**	*3,15,362*	**42,97,454.77**	*25,56,361*

$ Employer’s contribution to Provident Fund.

iii) Reconciliation of defined benefit obligation and plan assets for the period :

Particulars	Gratuity Plan		Trust managed Provident Fund Plan	
	2016-17 (₹)	2015-16 (₹)	2016-17 (₹)	2015-16 (₹)
Opening defined benefit obligation	**39,97,343**	*33,70,732*	**3,33,50,862.05**	*2,34,98,112*
Transfer In/(Out)	–	–	**4,85,9022**	*43,06,107*
Current service cost	**6,97,804**	*8,20,796*	**14,31,541**	*17,10,224*
Interest Cost	**3,65,341**	*3,13,212*	**3,375,512**	*25,22,093*
Actuarial Losses/(Gain)	**1,534,718**	*(4,07,445)*	–	–
Past service cost	–	–	–	–
Actuarial Losses/(Gain) due to curtailment	–	–	–	–
Liabilities extinguished on settlement	–	–	–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Gratuity Plan		Trust managed Provident Fund Plan	
	2016-17 (₹)	2015-16 (₹)	2016-17 (₹)	2015-16 (₹)
Liabilities assumed on acquisition/ settled on divestiture -	–	–	–	–
Contribution by Plan Participants	–	–	45,91,322.95	43,48,310
Benefits paid	(6,61,613)	(99,952	(42,91,659)	(30,33,984)
Closing defined benefit obligation	59,33,593	39,97,343	43,31,601	3,33,50,862
Change in fair value of plan assets				
Opening fair value of plan assets	35,86,142	18,67,598	33,301,515.57	2,35,37070
Add/(Less) : Transfer In/(Out)	–	–	48,59,022	43,06,107
Expected return on plan assets	3,46,173	1,94,943	3,375,512	25,22,093
Actuarial (Losses)/Gain	(2,48,498)	1,20,419	9,21,942.77	34,268
Assets distributed on settlement	–	–	–	–
Contribution by employer	4,11,201	15,03,134	1,428,191	16,15,208
Contributions by Plan participants	–	–	4,109,046	43,20,754
Assets acquired on acquisition / distributed on divestiture	–	–	–	–
Exchange difference on foreign plan	–	–	–	–
Benefits paid	(6,61,613)	(99,952)	(4291659)	(30,33,984)
Closing Fair value of plan assets	34,33,405	35,86,142	43,703,570.34	3,33,01,515

$ Employer's contribution to Provident Fund.

Note: The fair value of the plan assets under the trust managed provident fund plan has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity.

The funds are managed by LIC of India. Hence broad category of plan assets as a percentage of total plan assets is not furnished.

Major category of plan assets for Trust managed provident Fund Plan.

Particulars	2016-17	2015-16
Government of India Securities	20.45%	25.32%
State Government Securities	21.19%	15.84%
Special Deposit Scheme	8.38%	9.32%
Public Sector Unit Bond	32.84%	39.25%
Corporate Bonds	14.50%	8.94%
Mutual Funds	2.64%	1.33%
Others (to specify)	0%	0%

Principal valuation assumptions at the balance sheet date for Gratuity Plan:

Particulars	2016-17	2015-16
Discount Rate p.a.	7.40%	8.20%
Salary Escalation p.a.	7.50%	9.00%
Expected rate of return on assets p.a.	6.00%	6.00%

Discount Rate: The discount rate is based on the prevailing market yields of Indian Government Securities as at the 31st March, 2017 for the estimated term of the obligations.

Salary Escalation Rate: The estimates of the future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

Expected rate of return on plan assets: This is based on the actuary's expectation of the average long term rate of return expected on investments of the fund during the estimated term of the obligations.

Retirement Age: The employees are assumed to retire at the age of 58 years.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Mortality: Published rates under the Indian Assured Lives Mortality (2006-08) Ulttable .

Disability: Leaving service due to disability is included in the provision made for all causes of leaving service.

Attrition rate: Rates of leaving service at specimen ages are as shown below:

Age	As at 31.03.2017	As at 31.03.2016
21-25	7%	7%
26-35	6%	6%
36-45	2%	2%
46-57	1%	1%

The amounts pertaining to the defined benefit plan are as follows.

Summary of plan assets and liabilities of Gratuity Fund

Particulars	2016-17 (₹)	2015-16 (₹)	2014-15 (₹)	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	59,33,593	39,97,343	33,70,732	19,96,961	19,92,291
Plan Assets	34,33,405	35,86,142	18,67,598	19,52,617	16,55,299
Surplus/(Deficit)	(2,500,188)	(4,11,201)	(15,03,134)	(44,344)	(3,36,992)

Experience adjustments on plan assets and liabilities of gratuity Fund

Particulars	2016-17 (₹)	2015-16 (₹)	2014-15 (₹)	2013-14 (₹)	2012-13 (₹)
Experience adjustment on plan liabilities	983,048	(2,44,786)	5,18,455	(2,75,014)	(2,53,065)
Experience adjustments on plan assets	(248,498)	1,20,419	(56,372)	(13,067)	1,641

Trust managed provident fund plan (funded)

Particulars	2016-17 (₹)	2015-16 (₹)	2014-15 (₹)	2013-14 (₹)	2012-13 (₹)
Defined benefit obligation	4,33,16,601	3,33,50,862	2,36,28,620	1,55,85,166	1,45,36,965
Plan Assets	4,37,03,570	3,33,01,515	2,32,86,675	1,54,02,717	1,44,20,917
Surplus/(Deficit)	(3,86,969)	(49,348)	(3,41,945)	(1,82,449)	(1,16,048)

Note: The figures prior to FY 2010-11 are not available.

General descriptions of defined benefit plans:

Gratuity Plan: The Company operates a gratuity plan wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement whichever is earlier. The benefit vests after five years of continuous service.

Trust Managed Provident Fund Plan: The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognized immediately in the Profit and Loss Account as actuarial losses.

21. Inter-segment reporting

The company is rendering Engineering consultancy and allied services only, hence geographical segments have been identified and considered as primary basis for segmental information.

Revenue by location of customers

Revenue by location of customers	2016-17	2015-16
India	42,550,085	10,79,53,569
USA	–	17,73,816
UAE	163,402,187	1,87,51,941
Rest of the world		6,47,04,640
TOTAL	205,952,272	19,31,83,966

NOTES FORMING PART OF ACCOUNTS (Contd.)

Carrying amount of segment assets by location of assets

Particulars	2016-17	2015-16
India	**19,438,273**	*26,40,37,619*
USA	**3,174,663**	*32,43,443*
UAE	**45,965,528**	–
Rest of the world	**–**	*2,07,24,543*
TOTAL	**68,578,464**	*28,80,05,605*

Cost incurred on acquisition of tangible and intangible fixed assets

Particulars	2016-17	2015-16
India	**13,50,918**	*34,62,390*
USA	**–**	–
UAE	**–**	–
Rest of the world	**–**	–
TOTAL	**13,50,918**	*34,62,390*

22. Related party disclosures

i) List of related parties which can exercise control

L&T Hydrocarbon Engineering Limited	Holding Company
Gulf Interstate Engineering	JV Partner

ii) Names of the related parties with whom transactions were carried out during the year and description of relationship:

Larsen and Toubro Limited	Parent Company
L&T Hydrocarbon Engineering Ltd	Holding Company
Gulf Interstate Engineering	JV Partner
L&T-Valdel Engg. Limited	Fellow Subsidiary
L&T-Sargent and Lundy Limited	Fellow Subsidiary
L&T Chiyoda	Fellow Associate
L&T Electromech LLC	Fellow Subsidiary
Larsen Toubro Arabia LLC	Fellow Subsidiary

iii) Disclosure of related party transactions

S. No.	Particulars	As at 31.03.2017 (₹)	*As at 31.03.2016 (₹)*
1)	**Purchase of goods and services (Including JV admin charges, Technical services fees)**		
	Larsen & Toubro Limited	**15,02,933**	*5,47,752*
	L&T Hydrocarbon Engineering Ltd	**72,75,556**	*1,18,69,062*
	L&T-Sargent and Lundy Limited	**2,32,000**	*3,96,000*
	L&T-Valdel Engg. Limited	**2,43,600**	*24,27,500*
	L&T-MHPS Boilers Pvt Ltd	**–**	–
	L&T-Chiyoda Limited	**42,075**	*6,61,212*
	GULF Interstate Engineering	**–**	*7,89,043*
2)	**ESOP costs**		
	Larsen & Toubro Limited	**6,73,444**	*9,85,663*
3)	**Infrastructure charges and overhead recoveries**		
	Larsen & Toubro Limited	**1,48,57,820**	*1,47,50,760*
	L&T Hydrocarbon Engineering Ltd	**–**	*1,50,949*
	L&T Electromech LLC	**–**	*8,560*

NOTES FORMING PART OF ACCOUNTS (Contd.)

S. No.	Particulars	As at 31.03.2017 (₹)	*As at 31.03.2016 (₹)*
4)	**Equity Infusion (including advance against equity commitment)**		
	Larsen & Toubro Limited	**–**	*–*
	Gulf Interstate Engineering	**–**	*–*
5)	**Contract revenue and sales including overhead recovery**		
	L&T Hydrocarbon Engineering Ltd.	**162,420,424.52**	*9,75,43,929*
	L&T ATCO LLC	**–**	*–*
	L&T-E&A FZE	**–**	*–*
	GULF Interstate Engineering	**–**	*36,77,073*
	L&T Arabia	**24,19,619**	*1,11,56,993*
	L&T Valdel Engg Limited	**49,635**	*50,698*

iv) Amounts due to/due from related parties

Particulars	As at 31.03.2017 (₹)	*As at 31.03.2016 (₹)*
Accounts Payable		
Larsen & Toubro Limited	**123,98,910.59**	*81,60,934*
L&T Hydrocarbon Engineering Ltd.	**117,57,879.69**	*1,23,92,045*
L&T-Sargent and Lundy Limited	**–**	*–*
L&T-Valdel Engg. Limited	**55,550,251**	*31,933,294*
Accounts Receivable		
L&T Hydrocarbon Engineering Limited	**–**	*(2,60,036)*
L&T-ATCO Saudi	**–**	*(8,604)*
L&T-Valdel Engg. Limited	**(8422)**	*32,43,443*
L&T-Electromech LLC	**–**	*35,645*
Gulf Interstate Engineering	**31,74,663**	*(92,007)*
L&T Arabia	**16,56,264**	*–*
L&T-Chiyoda Limited	**–**	*–*
Advances received in the capacity of supplier of services classified as “Advance from Customers” in the balance sheet:		
L&T Hydrocarbon Engineering Limited	**1,82,297**	*9,87,127*

23. Auditor’s remuneration and expenses charged to the accounts:

Particulars	2016-17 (₹)	*2015-16 (₹)*
Audit Fees	**1,10,800**	*60,840*
Tax Audit Fees	**40,000**	*40,000*
Transfer Pricing	**40,000**	*40,000*
Audit of Trust	**17,280**	*20,160*
Expenses Reimbursed	**7,985**	*22,195*
Total	**2,16,065**	*1,91,835*

NOTES FORMING PART OF ACCOUNTS (Contd.)

24. Major components of Deferred tax (Assets) /Liabilities

Particulars	**Deferred tax (asset)/ liability as at 31.03.17 (₹)**	*Deferred tax (asset)/ liability as at 31.03.16 (₹)*
Provision for leave encashment	(4,790,638)	(29,16,514)
Deferred Tax Assets	(4,790,638)	(29,16,514)
Difference between book and tax depreciation	1,629,639	18,36,2874
Mutual fund reinstatement	91,165	–
Deferred Tax Liabilities	1,720,804	18,36,287
Net Deferred Tax Liability/(Asset)	(3,069,834)*	(10,80,227)

* The Company has identified deferred tax asset of ₹ 3,069,834/-which has not been recognized in books based on prudence.

25. Pursuant to Employees Stock Option scheme established by the holding company (Larsen and Toubro Limited),stock options were granted to the employees of the company. Total cost incurred by the holding company in respect of the same is ₹ 9,97,374/-. The same is being recovered over the period of vesting by the holding company. Accordingly cost of ₹ 2,70,88,743/-(previous year ₹ 2,64,15,299/-) has been recovered by the holding company upto the current year out of which ₹ 6,73,444/- (Previous Year ₹ 9,85,663/-) was recovered during the year. Balance ₹ 3,23,930/- will be recovered in future periods.

26. During the year the company has not paid any remuneration to its Directors.

27. The company has not capitalized any borrowing cost during the year, as there were no Qualifying assets (Previous Year Nil).

28. The exchange difference arising on foreign currency transactions amounting to ₹ 18,19,400/- (net loss) has been accounted under the sales, administration and other expenses.

Foreign currency – Exposure

As on March 31, 2017, the Company has a gross foreign currency exposure of ₹ 4,82,10,147/- (*Previous Year ₹ 2,39,47,829*/-) towards receivable and ₹ NIL towards payables (*Previous year ₹ NIL*) which is not hedged either by a derivative instrument or otherwise.

As on March 31, 2017, the Company has a firm orders for USD 918,465/-(Previous year USD 3,37,567/-) (Firm commitment AS-30).

The Company has NIL (Previous year NIL) highly probable forecast transactions at the balance sheet date. The Company has no derivative outstanding at the balance sheet date.

29. Basic and diluted earning per share calculated in accordance with Indian Accounting Standard (IND-AS) 33 “Earning per share”

Particulars	**2016-17**	*2015-16*
Basic & Diluted	**2.61**	*2.23*
Profit /(Loss) after Tax as per P&L account	**20,846,768**	*17,847,628*
Weighted average no of shares outstanding	**80,00,000**	*80,00,000*

30. The Specified Bank Notes (SBN) held and transacted during the period from 8th November, 2016 to 30th December, 2016 as provided in the Table below:

Particulars	**SBNs**	**Other denomination notes**	**Total (₹)**
Closing cash in hand as on 08.11.2016	–	100*21=2100 50*1=50 10*1=10 2*2=4	2,164
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	100*10=1000	(1000)
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	–	100*11=1100 50*1=50 10*1=10 2*2 =4	1,164

NOTES FORMING PART OF ACCOUNTS (Contd.)

31. The Company Management has reviewed the operations and are of the view that there is no necessity to make the adjustment for provisions, contingent liabilities and contingent assets (IND AS 37) (*Previous Year – Nil*).
32. The company has outstanding bank guarantees amounting to ₹ 69,02,740/- (*Previous Year ₹ 58,01,713*/-). Out of this, guarantees amounting to NIL (*Previous Year ₹ NIL*) have been secured against fixed deposits.
33. The corresponding previous year figures have been regrouped where necessary to confirm to the presentation of the current year's accounts.
34. Figures have been rounded off to the nearest rupee.

The notes referred to above form an integral part of the financial statements.

As per our Report attached
SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 92507

Place : New Delhi
Date : April 25, 2017

For and on behalf of the Board

NITISH CHAUBE	**ABHISHEK DHUPAD**	**K. RAVINDRANATH**	**WILLIAM CRISSMAN SHIPMAN**
Manager	*Company Secretary*	*Director*	*Director*
	M. No. A 31239	*DIN: 00262462*	*DIN: 01912184*

Place : Vadodara
Date : April 25, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Annual report and Audited Accounts for the year / period ended 31.03.17.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2016-17 KWD	2015-16 KWD
Total Income	**1,972,535**	*963,375*
Total Expenditure	**(1,956,585)**	*(1,062,343)*
Operating Profit / (Loss)	**15,950**	*(98,968)*
Add: Interest Income	–	–
Less: Finance Costs	–	–
Less : Fair Value adjustment on long term retention	–	–
Profit / (Loss) before Tax	**15,950**	*(98,968)*
Less : Tax	–	–
Net Profit / (Loss) after Tax	**15,950**	*(98,968)*
Add: Balance b/f from previous year	**(190,002)**	*(91,034)*
Balance available for disposal which directors appropriate as follows:	–	–
Dividend	–	–
Transfer to Reserves	–	–
Balance to be carried forward	**(174,052)**	*(190,002)*

2. **CAPITAL EXPENDITURE:**

As at 31.03.17, the gross fixed and intangible assets including leased Assets, stood at KWD 41,573 and the net fixed and intangible assets, including leased assets, at KWD 2,420. Capital Expenditure during the year amounted to KWD 165.

3. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were KWD 1,972,535 as against KWD 963,375 for the previous financial year. The profit / (loss) after tax from continuing operations including extraordinary and exceptional items was KWD 15,950 against KWD (98,968) for the previous financial year.

4. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year / period.

5. **RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

6. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:**

Following are Directors and Key Management Personnel:

Name	Designation
Sandeep Arvind Bhat	Director
Saikat Sen	CEO
Sharath S. Bharadwaj	Head F&A

7. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :**

The Meetings of the Board are held at regular intervals. During the year / period under review 1 meeting was held on 03.10.16.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

8. **FINANCIAL STATEMENTS:**

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

With reference auditors comment on material uncertainty related to going concern, The Board believes that the Company is well placed with the continued financial support from the parent Company and it is deemed appropriate to prepare the accounts on a going concern.

9. AUDITORS:

M/s PKF Bouresli & Co. Kuwait are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

10. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

11. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Kuwait and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Dubai, UAE.
Date : 24th April, 2017

S. A. BHAT
Director

INDEPENDENT AUDITOR'S REPORT

THE PARTNERS OF KANA CONTROLS GENERAL TRADING AND CONTRACTING COMPANY W.L.L. KUWAIT

REPORT ON THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of Kana Controls General Trading and Contracting Company W.L.L. ('the Company'), which comprise the statement of financial position as at 31 March 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 March 2017, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the State of Kuwait, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2.2 in the financial statements, as of 31 March 2017, the Company has retained losses that exeeds its share capital by KD 74,052 (31 March 2016: KD 90,002). Article 273 of the Company law No 1 of 2016, requires holding an extra ordinary meeting of the members to decide on the continuity of the Company. These financial statements have been prepared on a going concern basis which assumes that the Partners' will provide continuing financial support to sustain operation for the foreseeable future. Our opinion is not modified in respect of this matter.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

Furthermore, in our opinion, proper books of accounts have been kept by the Company and the financial statements, are in accordance therewith. We further report that we have obtained all the information and the explanations that we required for the purpose of our audit and that the financial statements incorporate all information that is required by the Companies Law No. 1 of 2016, and its executive regulations, and the Company's Memorandum of Association and that an inventory was duly carried out and that, to the best of our knowledge and belief, no violations of the Companies Law No. 1 of 2016, as and its executive regulations, or of the Memorandum of Association have occurred during the year ended 31 March 2017 that might have had a material effect on the business of the Company or on its financial position.

Tariq M. Bouresli
License No. 75A

Place : Kuwait
Date : 24 April 2017

PKF BOURESLI & CO.
Member of PKF International

EXHIBIT-A

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
ASSETS			
Non-current assets			
Property, plant and equipment	4	2,420	*3,912*
		2,420	*3,912*
Current assets			
Inventories	5	31,112	*35,518*
Trade and other receivables	6	612,028	*707,618*
Due from related parties	7	324,530	*131,578*
Cash and cash equivalents	8	38,476	*36,979*
		1,006,146	*911,693*
Total assets		1,008,566	*915,605*
PARTNER'S EQUITY AND LIABILITIES			
Equity			
Share capital	9	100,000	*100,000*
Statutory reserve		21,344	*21,344*
Voluntary reserve		10,520	*10,520*
Accumulated losses		(174,052)	*(190,002)*
Total partner's equity		(42,188)	*(58,138)*
Non-current liabilities			
Post-employment benefits		64,517	*56,931*
		64,517	*56,931*
Current liabilities			
Due to related parties	7	760,613	*655,896*
Trade and other payables	10	225,624	*260,916*
		986,237	*916,812*
Total partners' equity and liabilities		1,008,566	*915,605*

The accompanying notes are an integral part of these financial statements.

EXHIBIT-B

STATEMENT OF COMPREHENSIVE INCOME FOR THE PERIOD ENDED 31 MARCH 2017

	Notes	2017 Kuwaiti Dinars	*2016* *Kuwaiti Dinars*
Revenue			
Income on contracts and orders		**1,961,636**	*952,425*
Cost of operation		**(1,791,421)**	*(833,806)*
Gross profit		**170,215**	*118,619*
Other income	**11**	**10,899**	*10,950*
General and administrative expenses	**12**	**(165,164)**	*(228,537)*
Net profit/(loss) for the year		**15,950**	*(98,968)*
Other comprehensive income for the year		**–**	*–*
Total comprehensive income for the year		**15,950**	*(98,968)*

The accompanying notes are an integral part of these financial statements.

EXHIBIT-C

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31 MARCH 2017

	Share Capital Kuwaiti Dinars	Statutory reserve Kuwaiti Dinars	Voluntary reserve Kuwaiti Dinars	Accumulated losses Kuwaiti Dinars	Total Kuwaiti Dinars
Balance as at 31 March 2015	**100,000**	**21,344**	**10,520**	**(91,034)**	**40,830**
Total comprehensive income for the year	**–**	**–**	**–**	**(98,968)**	**(98,968)**
Balance as at 31 March 2016	**100,000**	**21,344**	**10,520**	**(190,002)**	**(58,138)**
Total comprehensive income for the year	**–**	**–**	**–**	**15,950**	**15,950**
Balance as at 31 March 2017	**100,000**	**21,344**	**10,520**	**(174,052)**	**(42,188)**

The accompanying notes are an integral part of these financial statements.

EXHIBIT-D

STATEMENT OF CASH FLOWS FOR THE PERIOD ENDED 31 MARCH 2017

	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
Operating activities		
Net profit/(loss) for the year	**15,950**	*(98,968)*
Adjustments		
Depreciation	**1,657**	*3,815*
(Gain)/loss on sale of property, plant and equipment	**–**	*10*
Operating profit/(loss) before changes in working capital	**17,607**	*(95,143)*
Decrease/(increase) in inventories	**4,406**	*(5,486)*
Decrease/(increase) in trade and other receivables	**95,590**	*(275,576)*
Increase in due from related parties	**(192,952)**	*(92,533)*
(Decrease)/increase in trade and other payables	**(35,292)**	*81,350*
Increase in due to related parties	**104,717**	*407,212*
Increase/(decrease) in post-employment benefits	**7,586**	*(3,959)*
Net cash from operating activities	**1,662**	*15,865*
Cash flows – investing activities		
Purchase of property, plant and equipment	**(165)**	*–*
Net cash used in investing activities	**(165)**	*–*
Net increase in cash and cash equivalents	**1,497**	*15,865*
Cash and cash equivalents at the beginning of the year	**36,979**	*21,114*
Cash and cash equivalents at end of the year	**38,476**	*36,979*

The accompanying notes are an integral part of these financial statements.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017

1. COMPANY'S LEGAL ENTITY AND ACTIVITIES

Kana Controls General Trading and Contracting Company (the "Company") was established in the Kuwait as a limited liability company in accordance with memorandum of association authenticated under no. 10292 dated April 4, 1990. The Company was entered in the commercial register on 8 April 1990 under no.40932. The memorandum of association was amended on 10 September 2013 vide no. 5564.

The Company's objectives are carrying on the business of general trading and contracting except owning properties & shares.

The number of employees of the Company as on 31 March 2017 was 11 (31 March 2016: 10).

The Company is located in Farwaniya, block No. 44, Building No.6, Office 14, 5th floor, Kuwait.

The new Companies Law No.1 of 2016 was issued on 24 January 2016 and was published in the Official Gazette on 1 February 2016 which cancelled the Companies Law No. 25 of 2012, and its amendments. According to article No. 5, the new Law will be effective retrospectively from 26 November 2012. The new executive regulation of Law No.1 of 2016 was issued on 12 July 2016 and was published in the Official Gazette on 17 July 2016 which cancelled the executive regulations of Law No. 25 of 2012.

The financial statement for the year ended 31 March 2017 was approved for issuance in accordance with the approval of the partners on 24/04/2017.

2. BASIS OF PRESENTATION AND SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of Presentation

The financial statements are prepared in accordance with International Financial Reporting Standards – IFRS (International Accounting Standards issued by International Accounting Standards Board and Interpretations issued by the International Financial Reporting Interpretation Committee). These Standards require management to make estimates and assumptions that may affect amounts reported in these financial statements. It also requires management to exercise its judgement in the process of applying the Company's accounting policies.

Standard issued and applied for the first time

The following new and revised Standards and Interpretations have been adopted in the current year. Unless otherwise disclosed, their adoption has had no material impact on the amounts reported in these financial statements. Amendments to:

- IAS 7 in respect of the disclosure initiative regarding changes in liabilities arising from cash flows. The additional disclosure will help investors to evaluate changes in liabilities arising from financing activities, including changes in cash flows and non-cash changes, such as foreign exchange gains or losses.
- IAS 12 with regards to the recognition of a deferred tax asset relating to the unrealised losses. The amendment is a narrow-scope amendment and provides clarity as to when a deferred tax asset may be recognised for unrealised losses on debt instruments measured at fair value.

Standards and Interpretations issued but not yet adopted

At the date of authorisation of these financial statements, the following Standards and Interpretations which have not been applied in these financial statements, were in issue but not yet effective for the year presented:

- IFRS 9 in respect of Financial Instruments which will be effective for the accounting periods beginning on or after 1 January 2018. IFRS 9 addresses the classification, measurement and derecognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets.
- IFRS 15 in respect of Revenue from Contracts with Customers which will be effective for accounting periods beginning on or after 1 January 2018. IFRS 15 replaces IAS 18 and IAS 11 (and the related interpretations) and introduces the principal that revenue is recognised when control of a good or service transfers to a customer.
- IFRS 16 in respect of Leases which will be effective for accounting periods beginning on or after 1 January 2019. IFRS 16 will result in almost all leases being recognised in the statement of financial position, as the distinction between finance and operating leases is removed. Under this standard, an asset (the right to use the leased item) and a financial liability to pay rentals are recognised. The only exceptions are short-term leases and low value leases.
- IFRS 2 in respect of Share-based Payment Transactions will be effective for accounting periods beginning on or after 1 January 2018. The amendments provide additional guidance with respect to the classification and measurement requirements of cash-settled share-based payment transactions as well as transactions where the entity has to withhold amounts due to local tax requirements.

The Company is still in the process of evaluating the impact of the above standards on the financial statements.

2.2 Fundamental accounting concepts

As of 31 March 2017, the Company has retained losses that exceed its share capital by KD 74,053 (31 March 2016: 90,002). These events or conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Article 273 of the Company law No 1 of 2016, requires holding an extra ordinary meeting of the members to decide on the continuity of the Company. These financial statements have been prepared on a going concern basis as partners have committed to provide further ongoing financial support for their operation.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

2.3 Accounting convention

The financial statements have been prepared in accordance with the historical cost convention following accrual basis.

2.4 Cash and cash equivalents

Cash and cash equivalents comprise of cash on hand and at banks and short term bank deposits with a maturity date not exceeding three months from the date of deposit.

2.5 Receivables

Receivables are stated at their nominal value, less an allowance for any doubtful debts. Management determines the adequacy of the allowance based upon reviews of individual customers, current economic conditions, past experience and other pertinent factors.

2.6 Inventories

Inventories are stated at the lower of cost or net realizable value after making allowance for any slow moving and obsolete items. Net realizable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories is based on the average cost and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

2.7 Property, plant and equipment

Property, plant and equipment are stated at the historical cost less accumulated depreciation. The realizable values of property, plant and equipment are reviewed at each financial position date to determine whether the book value exceeds the realizable value in which case book value is written down to the realizable value. If the useful life of property, plant and equipment are different from the estimated lives of those assets, then the useful lives are adjusted from the beginning of the year in which the change occurred in without going into retroactive periods.

Property, plant and equipment are depreciated on straight-line basis to reduce the value of the property to its residual value over their estimated useful lives as follows:

Motor vehicles	6-7 years
Furniture	6-7 years
Office equipment	6-7 years

2.8 Impairment of tangible assets

At each financial position date, the Company reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the impairment is recorded in the statement of income. The impairment loss represents the difference between the carrying value of the asset and the estimated recoverable amount of the asset. Recoverable amount is the higher of fair value less costs to sell and its value in use. Value in use represents the estimated future cash flows discounted at appropriate discount rate.

An impairment loss recognized in prior periods for an asset shall be reversed, if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognized. The carrying amount of the asset shall be increased to its recoverable amount. Reversal of an impairment loss shall not exceed the carrying amount that would have been determined (net of depreciation) had no impairment loss been recognized for the asset in prior years.

2.9 Post employment benefits

The Company is liable to make payments to employees at termination of their service through a defined benefit plan under Kuwait Labour Law. This liability is unfunded and has been computed as the amount payable as a result of involuntary termination of all employees on the financial position date. The Company estimates that this method will give a reliable approximation of the value of this obligation in relation to employees' accumulated period of service.

2.10 Revenue recognition

Revenue from sales is recognized when the significant risks and ownership of goods are transferred to the buyer, and no significant doubt remain regarding the derivation of consideration associated with the selling goods and the costs that may be incurred from the possibility of returned goods existence.

Revenues of contracts are recognized when the outcome of contract can be estimated reliably by reference to the stage of completion at the financial statements date. An expected loss on the construction contract is recognized as an expense immediately. The percentage of completion is measured for long-term contracts based on contract cost incurred up to the date of financial position date as a percentage of total estimated costs, surveys of work performed or the completion of a physical proportion of the contract work in accordance with the certificates issued by the projects engineers or the cost incurred. Revenues of short-term contracts are recognized based on invoices issued by the company up to the financial year end.

Other categories of income are recognized when earned, at the time the related services are rendered and/or on the basis of the terms of the contractual agreement of each activity.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

2.11 Accounting for leases

Where the Company is the lessee

Operating leases

Leases of assets under which the lessor effectively retains all the risks and benefits of ownership are classified as operating leases. Payments under operating leases are charged to the consolidated statement of income on a straight-line basis over the period of the lease.

When an operating lease is terminated before the lease period has expired, any payment required to be made to the lessor by way of penalty is recognized as an expense in the period in which termination takes place.

Finance leases

Lease of assets under which the Company assumes substantially all the risks and rewards of ownership are classified as finance lease. Finance lease are capitalized at the commencement of lease at the lower of the fair value of the leased property and the present value of the minimum lease payments. Each lease payment is allocated between the liability and finance charges so as to achieve a constant rate on the finance balance outstanding.

Where the Company is the lessor

Operating leases

Assets leased under operating leases other than investment property are included lease hold rights or property, plant and equipment in the consolidated statement of financial position. They are amortized or depreciated over their expected useful lives on a basis consistent with similar assets. Rental income is recognized on a straight-line basis over the lease term.

2.12 Financial instruments

Classification

In the normal course of business, the Company uses financial instruments, principally cash and cash equivalents, trade and other receivables, term loans, bank overdraft, notes payable, bills payable, trade and other payables, due to related parties and finance lease liabilities.

In accordance with the International Accounting Standard (IAS) 39, the Company classifies financial assets as “loans and receivables”, available for sale” and “fair value through profit or loss”. Management decides the appropriate classification of each instrument at the time of acquisition. All financial liabilities are classified as “other than at fair value through profit or loss”.

Recognition and de-recognition

The Company recognizes financial assets and financial liabilities on the date it become a party to the contractual provisions of the instrument. A financial asset is de-recognized when the right to the cash flows from the financial assets expires or, when the Company transfers substantially all the risks and rewards of ownership. A financial liability is derecognized when the obligation specified in the contract is discharges, cancelled or expired.

All regular way purchase and sale of financial assets are recognized using trade date accounting. Regular way purchase or sales are purchases or sale of financial assets that require delivery of assets within the time frame generally established by regulations or conventions in the market place.

Measurement

Financial Instruments

All financial assets or financial liabilities are initially measured at fair value, Transaction costs that are directly attributable to the acquisition are added except financial instruments classified as at “fair value through profit or loss”.

Financial Assets at fair value through profit or loss

This category has two sub-categories: financial assets held for trading, and those designated at fair value through profit or loss at inception. A financial asset is classified in this category if acquired principally for the purpose of selling it in the short term or if so designated by management. Unrealized gains and losses arising from changes in fair value are included in the consolidated statement of income.

Loans and receivables

These are non derivative financial assets with fixed or determinable payments that are not quoted in an active market. These are subsequently measured and carried at amortized cost using the effective yield method.

Available for sale

These are non-derivative financial assets not included in the above classification and principally acquired to be held for an indefinite period of time, which may be sold in response to needs for liquidity or changes in interest rates, exchange rates or equity prices. These are subsequently measured and carried at fair value and any resultant gains or losses are recognized in equity. When the “available for sale” assets is disposed of or impaired, the related accumulated fair value adjustments are transferred to the consolidated statement of income as gains or losses.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

Financial liabilities

Financial liabilities other than at fair value through profit or loss are subsequently measured and carried at amortized cost using the effective yield method.

Fair value

The fair values of quoted instruments are based on quoted closing bid prices. If the market for a financial asset is not active or the financial instrument is unquoted, fair value is derived from recent arm's length transactions, discounted cash flow analysis, other valuation techniques commonly used by the market participants or determined with reference to market values of similar instruments. The fair value of financial instruments carried at amortized cost is estimated by discounting the future contractual cash flows at the current market interest rates for similar instruments.

Impairment and un-collectability of financial assets

An assessment is made each financial position date to determine whether there is objective evidence that a specific financial asset may be impaired. If such evidence exists, any impairment loss is recognized in the consolidated statement of income. Impairment is determined as follows:

1. For assets carried at fair value, impairment is the difference between cost and fair value, less any impairment loss previously recognized in the consolidated statement of income;
2. For asset carried at cost, impairment is the difference between carrying value and the present value of future cash flows discounted at the current market rate of return for a similar financial asset;
3. For asset carried at amortized cost, impairment is the difference between carrying amount and the present value of future cash flows discounted at the original effective interest rate.

Reversal of impairment losses recognized in prior years is recorded when there is an indication that the impairment losses recognized for the financials assets no longer exist or have decreased. The reversal of impairment losses are recognized in the consolidated statement of income except for available for sale equity investments which are recognized in the fair value reserve.

2.13 Foreign currency translation

The functional currency of the Company is the Kuwaiti Dinars ("KD") and accordingly, the financial statements are presented in KD. Transactions denominated in foreign currencies are translated into KD at the rate of exchange prevailing at the transaction date. Monetary assets and liabilities denominated in foreign currencies are retranslated into KD at rates of exchange prevailing at the financial position date. The resultant exchange differences are taken to the statement of comprehensive income.

2.14 Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

2.15 Contingencies

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. Contingent assets are not recognized but disclosed when an inflow of economic benefits is probable.

3. CRITICAL ACCOUNTING JUDGEMENTS AND ESTIMATES

At each financial position date, management assesses, whether there is any indication that assets may be impaired. The determination of impairment requires considerable judgement and involves evaluation factors including industry and market conditions. The key assumptions concerning the future and other key source of estimation uncertainty at the financial position date, that have a significant risk of causing a material adjustment to the carrying amounts of the assets and liabilities within the next financial year are discussed below:

Impairment of trade receivables

An estimation of the collectible amount of trade receivables is made when collection of the full amount is no longer probable. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are past dues, are assessed collectively and a provision applied according to the length of time past dues, based on historical recovery rates. At the balance sheet date the management estimates KD 73,518 (31 March 2016: KD 73,518) provision for doubtful debts. Any difference between the amounts actually collected in future periods and the amounts expected will be recognized in the statement of comprehensive income.

Impairment of inventories

Inventories are held at the lower of cost and net realizable value. When inventories become old or obsolete, an estimate is made of their net realizable value. For individually significant amounts, this estimation is performed on an individual basis. Amounts which are not individually significant, but which are old or obsolete, are assessed collectively and a provision applied according to the inventory type and the degree of aging or obsolescence, based on historical selling prices. At the financial position date the management estimates KD 18,486 (31 March 2016: KD 42,476) provision for obsolete inventories. Any difference between the amounts actually realized in future periods and the amount expected will be recognized in the statement of comprehensive income.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

4. PROPERTY, PLANT AND EQUIPMENT

	Motor Vehicles Kuwaiti Dinars	Furniture Kuwaiti Dinars	Office equipment Kuwaiti Dinars	Total Kuwaiti Dinars
Cost				
As at 31 March 2016	**22,791**	**1,519**	**17,098**	**41,408**
Additions	**–**	**–**	**165**	**165**
As at 31 March 2017	**22,791**	**1,519**	**17,263**	**41,573**
Accumulated depreciation				
As at 31 March 2016	**21,997**	**1,506**	**13,993**	**37,496**
Charge for the year	**793**	**–**	**864**	**1,657**
As at 31 March 2017	**22,790**	**1,506**	**14,857**	**39,153**
Carrying value				
As at 31 March 2017	**1**	**13**	**2,406**	**2,420**
As at 31 March 2016	**794**	**13**	**3,105**	**3,912**

5. INVENTORIES

	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
Goods held for sale	**47,979**	*69,818*
Goods in transit	**1,619**	*8,176*
Less: Provision for obsolete inventories	**(18,486)**	*(42,476)*
	31,112	*35,518*

Movements in provision for obsolete inventories are as follows:

	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
Opening balance	**42,476**	*45,086*
Utilized / written back	**(23,990)**	*(2,610)*
Closing balance	**18,486**	*42,476*

6. TRADE AND OTHER RECEIVABLES

	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
Trade receivables	**582,086**	*599,479*
Retention receivables	**78,756**	*61,138*
Accrued income	**23,979**	*119,301*
	684,821	*779,918*
Provision for doubtful debts	**(73,518)**	*(73,518)*
	611,303	*706,400*
Other receivables	**725**	*1,218*
	612,028	*707,618*

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

	2017 Kuwaiti Dinars	2016 Kuwaiti Dinars
A reconciliation of the movements in the doubtful debt provision account are as follows:		
Opening balance	73,518	73,518
Written off during the year	–	–
Closing balance	73,518	73,518
An age analysis of trade receivables and retention receivables are as follows:		
Neither past due nor impaired	493,107	589,895
Past due but not impaired:		
Over 1 year	118,196	116,505
	611,303	706,400
An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:		
Gross value	73,518	73,518
Provision	(73,518)	(73,518)
Carrying value	–	–

7. DUE FROM/TO RELATED PARTIES

Due from /to related parties represents transaction with partners and Companies by way of common ownership. Related party transactions are on terms approved by the management. The balances relate to trading transactions and transfers among the parties are within the normal activities of the Company.

The balances with related parties are as follows:-

	2017 Kuwaiti Dinars	2016 Kuwaiti Dinars
Due from related parties	324,530	131,578
Due to related parties	760,613	655,896

Related party transactions

The transactions with related parties included in the statement of comprehensive income are as follows:

Revenue	1,085,550	56,554
Cost of sales	1,523,627	466,877
General and administrative expenses	30,000	32,436

8. CASH AND CASH EQUIVALENTS

	2017 Kuwaiti Dinars	2016 Kuwaiti Dinars
Cash on hand	156	499
Cash at bank	38,320	36,480
	38,476	36,979

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

9. SHARE CAPITAL

The Company's share capital amounting to KD 100,000 divided into 100 shares of KD 1,000 each. All shares are paid in cash. The capital is distributed among partners as follows:

	No of Shares	Value
Jarrah Abdullah Jassem Al Rujaib	**1**	**1,000**
Abdullah Jassem Al Rujaib	**50**	**50,000**
L&T Electrical and Automation FZE	**49**	**49,000**
	100	**100,000**

Statutory reserve

In accordance with the Companies' Law and Company's Memorandum of Association, 10% of net profit transferred to statutory reserve. The Company may resolve to discontinue such annual transfer when reserve reaches 50% of share capital. The reserve is not available for distribution except in cases stipulated by law and the company's memorandum of association. No transfer has been made to statutory reserve during the current year due to accumulated losses.

Voluntary reserve

In accordance with the Company's Memorandum of Association, 10% of the profit should be transferred to the voluntary reserve. The General assembly of partners' may resolve to discontinue such transfers, based on a suggestion by the management of the Company. No transfer has been made to voluntary reserve due to retained loss.

10. TRADE AND OTHER PAYABLES

	2017 Kuwaiti Dinars	*2016* *Kuwaiti Dinars*
Trade payables	**180,823**	*199,236*
Due to staffs	**24,841**	*30,140*
Accrued expenses	**11,614**	*24,225*
Other payables	**8,346**	*7,315*
	225,624	*260,916*

11. OTHER INCOME

	2017 Kuwaiti Dinars	*2016* *Kuwaiti Dinars*
Loss on sale of property, plant and equipment	**–**	*(10)*
Commission	**107**	*248*
Miscellaneous income	**1,250**	*3,564*
Exchange gain	**9,542**	*7,148*
	10,899	*10,950*

12. GENERAL AND ADMINISTRATIVE EXPENSES

	2017 Kuwaiti Dinars	*2016* *Kuwaiti Dinars*
Staff costs	**102,301**	*161,924*
Rent	**17,400**	*16,020*
Tender expenses	**11**	*287*
Printing and stationary	**203**	*304*
Postage, telephone and telex	**1,070**	*2,666*
Professional fees	**33,828**	*34,331*
Business promotion	**318**	*172*

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

	2017 Kuwaiti Dinars	*2016 Kuwaiti Dinars*
Hire of vehicles and maintenance charges	**1,085**	*2,580*
Travelling expenses	**619**	*769*
Depreciation	**1,657**	*3,815*
Other expenses	**6,672**	*5,669*
	165,164	*228,537*

13. RISK MANAGEMENT

Risk is inherent in the Company's activities but it is managed through a process of ongoing identification, measurement and monitoring, subject to risk limits and other controls. This process of risk management is critical to the Company's continuing profitability and each individual within the Company is accountable for the risk exposures relating to his or her responsibilities. The Company is exposed to interest rate risk, credit risk, liquidity risk and currency risk.

Interest rate risk

The Company doesn't have any significant interest bearing assets and liabilities which are exposed to interest rate risk.

Credit risk

The significant financial assets which expose the Company to credit risk are bank balances, trade and other receivables and due from related parties. The Company seeks to limit its credit risk with respect to customers/parties by setting credit limit for individual customers/parties, monitoring outstanding receivables and limiting transactions with specific counterparties.

The Company deals with high credit rating financial institutions; accordingly, it is not subject to any significant credit risk.

Credit risk is limited to the carrying value of financial assets in the statement of financial position.

Liquidity risk

Liquidity risk is the risk that the Company may not be able to meet its funding requirements. Liquidity risk management includes maintaining sufficient cash and marketable securities, the availability of funding from an adequate amount of committed credit facilities and the ability to close out market positions. The Company's management increases capital or borrowings based on ongoing review of funding requirements. The Company's management maintains flexibility in funding by maintaining availability under committed credit lines.

The table below analyses the Company's financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to contractual maturity date. The amounts disclosed in the table are contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

	31 March 2017 0 to 12 months Kuwaiti Dinars
Liabilities	
Due to related parties	**760,613**
Trade and other payables	**225,624**

	31 March 2016 0 to 12 months *Kuwaiti Dinars*
Liabilities	
Due to related parties	*668,935*
Trade and other payables	*247,877*

Liquidity risk is managed and monitored by the Company as follows:

1. Day-to-day funding, managed by monitoring future cash flows to ensure that requirements can be met. This includes replenishment of funds as they mature.
2. The Company may also arrange for short term finance to meet maturing commitments.

NOTES TO FINANCIAL STATEMENTS FOR THE PERIOD ENDED 31 MARCH 2017 (Contd.)

Currency risk

Currency risk is the risk that the value of a financial instrument will fluctuate due to changes in foreign exchanges rates. The Company seeks to limit exposure to currency risk by monitoring the amounts of cash equivalent held in various currencies and by ensuring that these amounts are commensurate with the level of operations in the respective currencies.

Cash and cash equivalents, due from related parties, trade and other payables and due to related parties denominated in different foreign currencies are KD 4,634 (31 March 2016: KD 25,593), KD 324,530 (31 March 2016: KD 131,578), KD 84,301 (31 March 2016: KD 98,270) and KD 760,613 (31 March 2016: KD 655,896) respectively.

The table below indicates the Company's foreign currency exposure at 31 March 2017 and 31 March 2016, as a result of its monetary assets and liabilities. The analysis calculates the effect of a reasonably possible movement of the Kuwaiti Dinar currency rate against the foreign currencies, with all other variables held constant, on the statement of comprehensive income (due to the fair value of currency sensitive monetary assets and liabilities).

Year	Increase (decrease) in foreign exchange rates to KD	Effect on profit for the year (KD)
2017	+ 5%	(25,788)
2017	- 5%	25,788
2016	+ 5%	(29,850)
2016	- 5%	29,850

Capital management

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise partners' value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies or processes during the year ended 31 March 2017 and 31 March 2016. Capital comprises share capital, reserves and accumulated losses and is measured at KD (42,188) as at 31 March 2017 (31 March 2016: KD (58,138)).

14. FINANCIAL INSTRUMENTS – FAIR VALUE

The Company's financial assets and financial liabilities include the following financial instruments:

Trade and other receivables

Due from related parties

Cash and cash equivalents

Due to related parties

Trade and other payables

Fair Value

Fair value is the amount for which an asset could be exchanged and a liability is settled between knowledgeable willing parties, on an arm's length transaction. The fair value of these financial instruments is not significantly different from their book value.

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):

(₹ in crore)

Particulars	**2016-17**	*2015-16*
Profit / (Loss) before Depreciation, exceptional and extra ordinary items & Tax	**(24.36)**	*(24.02)*
Less: Depreciation, amortization and obsolescence	**27.13**	*32.11*
Profit / (Loss) before tax	**(51.49)**	*(56.13)*
Less: Provision for tax	**–**	*0.02*
Profit / (Loss) for the period carried to the balance sheet	**(51.49)**	*(56.15)*
Add: Balance brought forward from previous year	**(287.78)**	*(231.65)*
Balance carried to Balance Sheet	**(339.27)**	*(287.78)*

STATE OF COMPANY AFFAIRS:

The Company's name was changed from "L&T AHMEDABAD-MALIYA TOLLWAY LIMITED" to "AHMEDABAD-MALIYA TOLLWAY LIMITED" as approved by the Registrar of Companies with effect from February 23, 2017.

The gross revenue and other income for the financial year under review were ₹180.06 crore as against ₹185.31 crore of the previous financial year registering a decrease of 2.83%. The loss for the year was ₹51.49 crore as against loss of the previous year of ₹56.15 crore.

The Government of Gujarat, on August 15, 2016 exempted small vehicles, like cars, jeep and vans along with Gujarat State Road Transport Corporation (GSRTC) buses from paying toll across the 27 toll plazas of the 12 state highways. Subsequently the Gujrat Government declared its decision to compensate for the losses incurred by the Concessionaires on this account.

The Company submitted reports to the Gujrat Government / GSRDC, reflecting the factual data as presented in the project Schedule M and clearly provided bifurcation of the forced exemptions and violations. These reports were transparent and have stood the test of GSRDC audits and the compensations were made to the Company without any deduction, from the day / time the exemption was enforced. In addition, the Company has also enabled a real-time data synchronization with GSRDC systems through Electronic Data Interchange (EDI) facility enabling verification of the vehicles passing through the plazas.

CAPITAL & FINANCE:

During the year under review, the Company had allotted 2,43,15,240 numbers of 0.01% Optionally Convertible Cumulative Preference Shares of ₹10/- each to L&T Infrastructure Development Projects Limited (L&T IDPL), the Holding Company.

The Company at its Extraordinary General Meeting held on March 27, 2017 have altered the terms of issue of 22,16,35,440 numbers 0.01% Optionally Convertible Cumulative Preference Shares of ₹10/- each into 0.01% Compulsorily Convertible Preference Shares of ₹10/- each.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹1,465.83 crore and the net fixed and intangible assets, including leased assets stood at ₹1,353.16 crore. Capital Expenditure incurred during the year amounted to ₹7.19 crore.

DEPOSITS:

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

The Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No.5 & 6 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder. Further, the Company has not entered into any material contracts or arrangements during the year to disclose in Form AOC-2 is given in Annexure I to this Report.

AMOUNT TO BE CARRIED TO RESERVE:

Appropriation of profits to any specific reserves is not applicable to your Company.

DIVIDEND:

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

No material changes or commitments adversely affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, technology absorption does not apply.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company had incurred expenditure in foreign currency for an amount of ₹25,75,758/- towards payment against annual maintenance contract for toll equipment.

RISK MANAGEMENT POLICY:

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY:

Since the Company does not fulfil the criteria specified under Section 135 of the Act, the provisions of Corporate Social Responsibility are not applicable.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

Mr. Kathikeyan T.V, Director who had retired by rotation at the Annual General Meeting held on September 29, 2016 being eligible was re-appointed as Director at the said meeting.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name of the Director	Designation	DIN
1	Mr. Karthikeyan T.V.	Director	01367727
2	Dr. Esther Malini	Woman Director	07124748
3	Mr. Manoj Kumar Singh	Director	05228599
4	Dr. K.N.Satyanarayana	Independent Director	02460153
5	Mr. K.P.Raghavan	Independent Director	00250991

During the year under review Ms. Sipra Paul had resigned as Company Secretary with effect from January 10, 2017.

S.No.	Name	Designation	Date of Appointment
1	Mr. Shailesh Kumar Shukla	Manager	May 1, 2013
2	Mr. L.Lakshmi Narasimhan	Chief Financial Officer (CFO)	November 3, 2014

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 7(seven) meetings were held and the details are given below:

Date	Strength	No. of Directors Present
April 27, 2016	5	4
July 15, 2016	5	3
September 16, 2016	5	3
October 19, 2016	5	4
December 19, 2016	5	3
January 16, 2017	5	4
March 16, 2017	5	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Mr. K.P.Raghavan, Dr. K.N.Satyanarayana and Mr. Karthikeyan T.V.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

DETAILS OF THE MEETINGS HELD DURING THE YEAR UNDER REVIEW, ARE GIVEN BELOW:

Date	Strength	No. of Members Present
April 27, 2016	3	3
July 15, 2016	3	3
September 16, 2016	3	2
October 19, 2016	3	2
January 16, 2017	3	3
March 16, 2017	3	2

The Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Mr. K.P.Raghavan, Dr. K.N.Satyanarayana and Mr. Karthikeyan T.V.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are given hereunder:

Date	Strength	No. of Members Present
March 16, 2017	3	2

The Committee has formulated a policy on director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Act confirming that he is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 8, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION:

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS:

The Company in the 7th Annual General Meeting held on September 22, 2015 for the Financial Year 2015-16 had appointed M/s. Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), New Delhi as Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Gianender & Associates, as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

COST AUDITORS:

Pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed M/s PRI Associates (Membership No.000456) Cost Accountants, as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-17 at a remuneration of ₹75,000/- per annum. The remuneration payable to the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016. The Cost Auditors report for the financial year

2015-16 was filed with Ministry of Corporate Affairs on August 12, 2016. The report of the Cost Auditors for the financial year 2016- 17 will be filed with Ministry of Corporate Affairs once the same is finalized.

SECRETARIAL AUDITORS:

Mr. R.Thamizhvanan (C.O.P. No: 3721), Company Secretary in practice, was appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under Section 204 of the Act and rules made thereunder.

The Secretarial Audit Report issued by Mr. R.Thamizhvanan dated April 21, 2017, is attached as Annexure III to this Report.

The Secretarial Auditor's report to the shareholders is unqualified.

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as Annexure II to this Report.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	KARTHIKEYAN. T.V	**ESTHER MALINI**
Place : Chennai	*Director*	*Director*
Date : April 25, 2017	*DIN: 01367727*	*DIN: 07124748*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of Section 188 of the Companies Act, 2013 including certain arms-length transactions under the third proviso thereto

(Pursuant to clause (h) of sub-section (3) of Section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

   2. Details of material contracts or arrangement or transactions at arm's length basis

      The Company has not entered into such transactions during the year.

Date(s) of approval by the Board, if any – 25th April 2017

For and on behalf of the Board

	KARTHIKEYAN. T.V	**ESTHER MALINI**
Place : Chennai	*Director*	*Director*
Date : April 25, 2017	*DIN: 01367727*	*DIN: 07124748*

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2008PLC069211
Registration Date	09/09/2008
Name of the Company	*Ahmedabad - Maliya Tollway Limited
Category / Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
Address of the Registered office and contact details	P B NO.979, Mount Poonamallee Road, Manapakkam Chennai - 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	**NSDL Database Management Limited 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*Formerly known as L&T Ahmedabad - Maliya Tollway Limited.

**NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and CIN / GLN of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited CIN: U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	114999994	34000006*	149000000	100%	114999994	34000006*	149000000	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**114999994**	**34000006***	**149000000**	**100%**	**114999994**	**34000006***	**149000000**	**100%**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**114999994**	**34000006***	**149000000**	**100%**	**114999994**	**34000006***	**149000000**	**100%**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**114999994**	**34000006***	**149000000**	**100%**	**114999994**	**34000006***	**149000000**	**100%**	**–**

*Including shares held by nominees of L&T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with nominees)	148999900	100%	–	148999900	100%	–	–
2	Larsen & Toubro Limited	100	0%	–	100	0%	–	–
	Total	**149000000**	**100%**	**–**	**149000000**	**100%**	**–**	**–**

(iii) Change in Promoters' Shareholding:

During the year there was no change in the Promoters' shareholding.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	**Total Indebtedness**
As on April 1, 2016			
i) Principal Amount	1,169,31,05,719	40,14,66,608	**1,209,45,72,327**
ii) Interest due but not paid	9,90,72,184	–	**9,90,72,184**
iii) Interest accrued but not due	–	–	**–**
Total (i+ii+iii)	**1,179,21,77,903**	**40,14,66,608**	**1,219,36,44,511**
Changes during the financial year			
Addition	–	13,68,66,392	**13,68,66,392**
Reduction	81,24,16,852	–	**81,24,16,852**
Net Change	**(81,24,16,852)**	**13,68,66,392**	**(67,55,50,460)**
As on March 31, 2017			
i) Principal Amount	1,097,97,61,051	53,83,33,000	**1,151,80,94,051**
ii) Interest due but not paid	–	–	**–**
iii) Interest accrued but not due	–	–	**–**
Total (i+ii+iii)	**1,097,97,61,051**	**53,83,33,000**	**1,151,80,94,051**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

(a) Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr. Shailesh Kumar Shukla	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	18,99,567	**18,99,567**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission as % of profit	–	–
5.	Others, please specify	–	–
	Total (A)	**18,99,567**	**18,99,567**
	Ceiling as per the Act	**1,29,24,422**	**1,29,24,422**

(b) Remuneration to other directors:

(Amount in ₹)

S. No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	**Dr. K.N. Satyanarayana**	**Mr. K.P. Raghavan**	
	Fee for attending Board Meeting / Committee Meeting	2,00,000	2,35,000	**4,35,000**
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,00,000**	**2,35,000**	**4,35,000**
2.	Other Non – Executive Directors			
	1) Mr. Karthikeyan T. V.			
	2) Dr. Esther Malini			
	3) Mr. Manoj Kumar Singh			
	No fee for attending Board Meeting / Committee Meeting and no Commission was paid	–	–	–
	Total (2)	**–**	**–**	**–**
	Total (B)=(1+2)	**2,00,000**	**2,35,000**	**4,35,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹1,00,000 per meeting of Board or Committee.**		

(c) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Mr. L. Lakshminarasimhan, CFO is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

KARTHIKEYAN. T.V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 25, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
AHMEDABAD – MALIYA TOLLWAY LIMITED
P.O. BOX NO.979, MOUNT POONAMALLEE ROAD
MANAPAKKAM
CHENNAI-600089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **AHMEDABAD – MALIYA TOLLWAY LIMITED** (here-in-after called the 'Company') for the financial year ending on **31st March 2017**. Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report :-

That in my opinion, the company has, during the audit period has complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the said financial year under the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008

I have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc. I have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

I have also examined compliance with the applicable Secretarial Standards issued by The Institute of Company Secretaries of India.

During the audit period the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that:-

The Board of Directors & the Committees of the Company are duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting views by any of the Board members during the year.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs **except appointment of whole-time secretary as required by Rule 8A of Companies (Appointment and remuneration of Managerial Personnel Rules 2014)**

R. THAMIZHVANAN
(COMPANYSECRETARYIN PRACTICE)
CP NO. 3721

Place: Chennai
Date: 21.04.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF AHMEDABAD-MALIYA TOLLWAY LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Ahmedabad-Maliya Tollway Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

    (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

    (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;

    (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

    (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has not pending litigation which would impact its financial position;

ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures with respect to currency held other than SBNs are in accordance with books of account maintained by the company and as produced to us by the management. (refer note H10)

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: 25/04/2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OFAHMEDABAD-MALIYA TOLLWAY LIMITEDFOR THE YEAR ENDED AS ON 31ST MARCH 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

b) The Fixed Assets have been physically verified by the management at regular intervals and no material discrepancies were noticed on such verification

c) The title deeds of immoveable properties are held in the name of the company.

ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.

vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The company has not taken any loans or borrowings from Government.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The Company has not paid any managerial remuneration, hence therefore para 3(xi) of the Order is not applicable to the company.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has made preferential allotment of Preference Shares during the year under review and company has complied with the requirement of section 42 of the Act.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: 25/04/2017

ANNEXURE-A

Annexure referred to in paragraph 2 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Ahmedabad-Maliya Tollway Limited("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: 25/04/2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**103,121,381**	*145,359,507*	*188,627,820*
b) Intangible assets	2	**13,243,940,679**	*13,627,612,074*	*13,903,963,567*
c) Intangible assets under development	3	**184,559,529**	*114,127,521*	*60,028,251*
d) Investment Property	4	**2,280,300**	*2,280,300*	*2,280,300*
e) Financial Assets				
i) Loans	5	**12,290,652**	*12,361,903*	*12,260,397*
f) Other non-current assets	6	**7,032,251**	*9,729,712*	*26,457,793*
	A	**13,553,224,792**	*13,911,471,017*	*14,193,618,128*
Current assets				
a) Financial Assets				
i) Investments	7	**–**	*401,216,363*	–
ii) Trade receivables	8	**26,630,266**	–	–
iii) Cash and cash equivalents	9	**14,638,919**	*19,280,057*	*21,340,990*
b) Current Tax Assets (net)	6	**5,141,629**	*4,438,075*	*1,907,009*
c) Other current assets	6	**2,792,858**	*2,266,663*	*3,210,599*
	B	**49,203,672**	*427,201,158*	*26,458,598*
TOTAL	A+B	**13,602,428,464**	*14,338,672,175*	*14,220,076,726*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	10	**1,490,000,000**	*1,490,000,000*	*1,490,000,000*
b) Other Equity	11	**(449,488,539)**	*(177,718,951)*	*(1,589,560,710)*
	C	**1,040,511,461**	*1,312,281,049*	*(99,560,710)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	**10,703,705,079**	*11,375,272,327*	*13,417,072,374*
ii) Other financial liabilities	13	**449,994,296**	–	–
b) Provisions	14	**336,932,798**	*299,783,509*	*165,286,796*
	D	**11,490,632,173**	*11,675,055,836*	*13,582,359,170*
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	**814,388,973**	*719,300,000*	*190,400,000*
ii) Trade payables	16	**50,744,306**	*5,543,039*	*28,058,902*
iii) Other financial liabilities	13	**149,252,278**	*414,700,383*	*306,013,088*
b) Other current liabilities	15	**55,812,722**	*211,791,868*	*212,806,276*
c) Provisions	14	**1,086,551**	–	–
	E	**1,071,284,830**	*1,351,335,290*	*737,278,266*
Total Equity and Liabilities	C+D+E	**13,602,428,464**	*14,338,672,175*	*14,220,076,726*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report of even date

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Regn No. 004661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

L. LAKSHMI NARASIMHAN
Chief Financial Officer

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	*2015-16* ₹
REVENUE			
Revenue from Operations	**17**	**1,770,057,561**	*1,846,684,579*
Other income	**18**	**30,531,506**	*6,421,049*
Total income		**1,800,589,067**	*1,853,105,628*
EXPENSES			
Cost of materials consumed		**70,432,008**	*54,099,270*
Operating expenses	**19**	**572,635,286**	*563,937,187*
Employee benefits expense	**20**	**33,690,746**	*30,333,097*
Finance costs	**21**	**1,328,315,312**	*1,392,953,884*
Depreciation, amortisation and obsolescence		**271,239,960**	*321,087,124*
Administration and other expenses	**22**	**39,064,227**	*52,010,949*
Total expenses		**2,315,377,539**	*2,414,421,511*
Profit/(loss) before tax		**(514,788,472)**	*(561,315,883)*
Tax Expense:			
Current tax		**–**	*235,742*
Deferred tax		**–**	*–*
Profit/(loss) for the year		**(514,788,472)**	*(561,551,625)*
Other Comprehensive Income		**133,516**	*(191,384)*
i) Items that will be reclassified to profit or loss (net of tax)			
ii) Items that will be reclassified to profit or loss (net of tax)		**133,516**	*(191,384)*
		(514,921,988)	*(561,360,241)*
Earnings per equity share (Basic and Diluted)	**H 7**	**(3.46)**	*(3.77)*
Face value per equity share		**10.00**	*10.00*

As per our report of even date

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Regn No. 004661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

L. LAKSHMI NARASIMHAN
Chief Financial Officer

Place : Chennai
Date : April 25, 2017

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(514,921,988)**	*(561,124,499)*
	Adjustment for:		
	Depreciation and amortisation expense	**271,239,960**	*321,087,124*
	Interest expense	**1,353,560,900**	*1,392,953,884*
	Interest income	**(9,670,435)**	*(147,495)*
	(Profit)/loss on sale of current investments(net)	**(3,773,796)**	*(5,454,932)*
	(Profit)/loss on sale of fixed assets	**36,864**	*(16,979)*
	Operating profit before working capital changes	**1,096,471,505**	*1,147,297,103*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(13,341,886)**	*134,496,713*
	Increase / (Decrease) in trade payables	**45,201,275**	*(22,515,862)*
	Increase / (Decrease) in other current liabilitites	**(155,979,146)**	*(1,014,408)*
	Increase / (Decrease) in other current financial liabilitites	**(219,028,249)**	*130,031,155*
	Increase / (Decrease) in other non-current financial liabilities	**449,994,296**	–
	Increase / (Decrease) in short term provisions	**1,086,551**	–
	(Increase) / Decrease in loan term loans and advances	**71,251**	*(101,506)*
	(Increase) / Decrease in other non-current assets	**–**	–
	(Increase) / Decrease in Trade Receivables	**(26,630,266)**	–
	(Increase) / Decrease in short term loans and advances	**–**	–
	(Increase) / Decrease in inventories	**–**	–
	(Increase) / Decrease in other current assets	**(526,195)**	*943,935*
	Net cash generated from/(used in) operating activities	**1,177,319,136**	*1,389,137,130*
	Direct taxes paid (net of refunds)	**(703,554)**	*(2,766,808)*
	Net Cash(used in)/generated from Operating Activities	**1,176,615,582**	*1,386,370,322*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**86,819,146**	*(38,975,279)*
	Sale of fixed assets	**78,996**	*153,750*
	Purchase of current investments	**–**	*(1,599,000,000)*
	Sale of current investments	**404,990,159**	*1,203,238,569*
	Interest received	**147,217**	*147,495*
	Net cash (used in)/generated from investing activities	**492,035,518**	*(434,435,465)*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**243,152,400**	*1,973,202,000*
	Repayment of long term borrowings	**(616,300,000)**	*(1,555,950,000)*
	Interest paid	**(1,300,144,638)**	*(1,371,247,790)*
	Net cash (used in)/generated from financing activities	**(1,673,292,238)**	*(953,995,790)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(4,641,138)**	*(2,060,933)*
	Cash and cash equivalents as at the beginning of the year	**19,280,057**	*21,340,990*
	Cash and cash equivalents as at the end of the year	**14,638,919**	*19,280,057*
		14,638,919	*19,280,057*

Notes

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Regn No. 004661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

L. LAKSHMI NARASIMHAN
Chief Financial Officer

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENT (AT COST OR DEEMED COST)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Owned										
Land	2,280,300	–	–	2,280,300	–	–	–	–	2,280,300	2,280,300
Plant and Equipment	164,598,187	27,968	–	164,626,155	39,322,963	38,253,635	–	77,576,598	87,049,557	125,275,224
Furniture and fixtures	8,793,108	–	105,480	8,687,628	1,209,647	1,195,523	–	2,405,170	6,282,458	7,583,461
Vehicles	13,664,464	504,669	–	14,169,133	3,361,759	3,288,277	–	6,650,036	7,519,097	10,302,705
Office equipment	1,161,847	197,503	10,380	1,348,970	511,990	271,925	–	783,915	565,055	649,857
Electrical installations	1,013,250	–	–	1,013,250	144,750	144,752	–	289,502	723,748	868,500
Computers, laptops and printers	864,282	791,071	–	1,655,353	184,522	489,365	–	673,887	981,466	679,760
Total	**190,095,138**	**1,521,211**	**115,860**	**191,500,489**	**44,735,631**	**43,643,477**	**–**	**88,379,108**	**103,121,381**	**145,359,507**
Previous year				*190,095,138*				*44,735,631*		

1.1 Refer Note-H23 for information on property, plant and equipments pledged as security.

1.2 There is no restriction on title of property, plant and equipments.

1.3 There is no contractual commitment on acquition of property, plant and equipments.

2 INTANGIBLE ASSETS

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	14,438,336,633	–	156,074,904	14,282,261,729	810,724,559	227,596,491	–	1,038,321,050	13,243,940,679	13,627,612,074
Total	**14,438,336,633**	**–**	**156,074,904**	**14,282,261,729**	**810,724,559**	**227,596,491**	**–**	**1,038,321,050**	**13,243,940,679**	**13,627,612,074**
Previous year	*14,438,336,633*			*14,438,336,633*				*810,724,559*		

2.1 Note: During capitalisation company made provision for balance implementation work as part of Toll Collection rights. The provision outstanding as on 1st April 2016 was ₹ 15,60,74,904/- During the year based on supplementary agreement with GSRDC Ltd. dated 9th November 2015, the amount of net liability of ₹ NIL/- was communicated by GSRDC for payment vide letter dated 7th Feb 2017. As the amount is quantified by GSRDC now, company has decapitalised the balance provision of ₹ 15,60,74,904/-from toll collection rights. The accumulated amortisation of ₹ 113,46,650/- on the same has also been written back

2.2 Disclosure of Material Intangible Asset

2.2.1 Toll collection rights of widening of existing two-lane of 181.06 kilometers Road stretch covering Ahmedabad-Viramgam-Maliya to make it four lane.

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	12.34
As at March 31, 2016	13.34
As at April 01, 2015	14.34

2.3 There is no restriction on title of Tolling rights.

2.4 There is no contractual commitment on acquition of Tolling rights.

2.5 Refer Note H(23) for information on Intangible asset pledged as security.

NOTES FORMING PART OF ACCOUNTS (Contd.)

3 Intangible Assets under development

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Construction cost	114,127,521	70,432,008		184,559,529				-	184,559,529	114,127,521
Total	**114,127,521**	**70,432,008**	**–**	**184,559,529**	**–**	**–**	**–**	**–**	**184,559,529**	**114,127,521**
Previous year										

1 PROPERTY, PLANT AND EQUIPMENT (AT COST OR DEEMED COST)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Plant and Equipment	164,598,188	–	–	164,598,188	–	39,322,963	–	39,322,963	125,275,225	164,598,188
Furniture and fixtures	8,722,441	70,667	–	8,793,108	–	1,209,647	–	1,209,647	7,583,461	8,722,441
Vehicles	13,664,464	–	–	13,664,464	–	3,361,759	–	3,361,759	10,302,705	13,664,464
Office equipment	557,920	656,563	52,636	1,161,847	–	511,990	–	511,990	649,857	557,920
Electrical installations	1,013,250	–	–	1,013,250	–	144,750	–	144,750	868,500	1,013,250
Air conditioning and Refrigeration	–	–	–	–	–	–	–	–	–	–
Computers, laptops and printers	71,557	876,860	84,135	864,282	–	184,522	–	184,522	679,760	71,557
Total	**188,627,820**	**1,604,090**	**136,771**	**190,095,139**	**–**	**44,735,631**	**–**	**44,735,631**	**145,359,508**	**188,627,820**
Previous year				*188,627,820*				–		

2 INTANGIBLE ASSETS

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	14,438,336,633	–	–	14,438,336,633	534,373,066	273,780,894	–	808,153,960	13,630,182,673	13,903,963,567
Total	**14,438,336,633**	**–**	**–**	**14,438,336,633**	**534,373,066**	**273,780,894**	**–**	**808,153,960**	**13,630,182,673**	**13,903,963,567**
Previous year	*14,438,336,633*			*14,438,336,633*				*534,373,066*		

3 INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Construction cost	60,028,251	54,099,270		114,127,521				–	114,127,521	60,028,251
Total	**60,028,251**	**54,099,270**	**–**	**114,127,521**	**–**	**–**	**–**	**–**	**114,127,521**	**60,028,251**
Previous year										

3A) INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars		As at April 01, 2016	2016-17	As at March 31, 2017	As at April 1, 2015	2015-16	As at March 31, 2016
		₹	₹	₹	₹	₹	₹
a)	Construction cost						
	EPC contract bills	114,127,521	70,432,008	184,559,529	60,028,251	54,099,270	114,127,521
	Other works - Toll plaza	–		–			–
Total (A)		**114,127,521**	**70,432,008**	**184,559,529**	**60,028,251**	**54,099,270**	**114,127,521**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
4 NON CURRENT INVESTMENT									
Investment Property- Freehold Land	–	2,280,300	2,280,300	–	2,280,300	2,280,300	–	2,280,300	2,280,300
	–	2,280,300	2,280,300	–	2,280,300	2,280,300	–	2,280,300	2,280,300
5 LOANS									
a) Security deposits									
Unsecured, considered good	–	12,290,652	12,290,652	–	12,361,903	12,361,903	–	12,260,397	12,260,397
	–	12,290,652	12,290,652	–	12,361,903	12,361,903	–	12,260,397	12,260,397
6 OTHER NON-CURRENT AND CURRENT ASSETS									
Capital advances									
For intangible assets under development	–	7,032,251	7,032,251	–	9,729,712	9,729,712	–	26,457,793	26,457,793
Advances other than capital advances									
Advances to employees	–	–	–	–	–	–	305	–	305
Other advances	651,436	–	651,436	398,255	–	398,255	1,743,001	–	1,743,001
Advance recoverable other than in cash									
Prepaid Insurance	718,325	–	718,325	469,161	–	469,161	632,384	–	632,384
Prepaid expenses	1,104,447	–	1,104,447	1,364,247	–	1,364,247	799,909	–	799,909
VAT recoverable	35,000	–	35,000	35,000	–	35,000	35,000	–	35,000
Other receivable	283,650	–	283,650	–	–	–	–	–	–
	2,792,858	7,032,251	9,825,109	2,266,663	9,729,712	11,996,375	3,210,599	26,457,793	29,668,392
Income tax									
Income tax net of provisions	5,141,629		5,141,629	4,438,075		4,438,075	1,907,009		1,907,009
	5,141,629	–	5,141,629	4,438,075	–	4,438,075	1,907,009	–	1,907,009

Particulars	As at 31.03.2017	As at 31.03.2016	As at April 01, 2015
	Current	Current	Current
	₹	₹	₹
7 INVESTMENTS			
Investments (quoted/unquoted)			
Mutual funds	–	401,216,363	–
	–	401,216,363	–
Aggregate book value of quoted investments		399,657,637	
Aggregate market value of quoted investments		401,216,363	

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	As at 31.03.2017 Current ₹	As at 31.03.2016 Current ₹	As at April 01, 2015 Current ₹
8	**TRADE RECEIVABLES (AT AMORTISED COST, UNLESS SPECIFIED)**			
	Others	**26,630,266**		
		26,630,266	–	–
	Less: Allowance for credit losses	**–**	–	–
		26,630,266	–	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

	Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at April 01, 2015 ₹
9	**CASH AND CASH EQUIVALENTS**			
	a) Balances with banks	**6,653,209**	11,254,510	13,630,597
	c) Cash on hand	**7,839,163**	7,889,160	7,583,735
	d) Fixed deposits with banks including interest accrued thereon	**146,547**	136,387	126,658
		14,638,919	19,280,057	21,340,990

Short term deposits are made for varying periods between one day and one months, depending on the immediate cash requirement and earn interest at fixed rate for respective short term deposit.

	Particulars	As at 31.03.2017		As at 31.03.2016		As at April 01, 2015	
		No. of shares	₹	No. of shares	₹	No. of shares	₹
10	**SHARE CAPITAL**						
	(i) Authorised, issued, subscribed and paid up						
	Authorised:						
	Share Capital of ₹ 10 each	**377,500,000**	**3,775,000,000**	350,000,000	3,500,000,000	150,000,000	1,500,000,000
	Issued, subscribed and fully paid up						
	Equity shares of ₹ 10 each	**149,000,000**	**1,490,000,000**	149,000,000	1,490,000,000	149,000,000	1,490,000,000
	(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
	At the beginning of the year	**149,000,000**	**1,490,000,000**	149,000,000	1,490,000,000	149,000,000	1,490,000,000
	Issued during the year as fully paid		**–**		–		–
	Others	**–**	**–**		–		–
	At the end of the year	**149,000,000**	**1,490,000,000**	149,000,000	1,490,000,000	149,000,000	1,490,000,000

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
(iii) Equity component of other financial instruments (0.01% Optionally Convertible Cumulative Preference Shares)						
At the beginning of the year	**197,320,200**	**1,973,202,000**		–	–	–
Issued during the year as fully paid	**24,315,240**	**243,152,400**	197,320,200	1,973,202,000		–
Converted into Compulsory Convertible Cumulative Preference Shares	**(221,635,440)**	**(2,216,354,400)**				
Others	**–**	**–**		–		–
At the end of the year	**–**	**–**	197,320,200	1,973,202,000	–	–
(iv) Equity component of other financial instruments (0.01% Compulsory Convertible Cumulative Preference Shares)						
At the beginning of the year	**–**	**–**	–	–	–	–
Issued during the year as fully paid	**221,635,440**	**2,216,354,400**		–		–
Others	**–**	**–**		–		–
At the end of the year	**221,635,440**	**2,216,354,400**	–	–	–	–

(v) Terms / rights attached to shares

Equity shares of ₹ 10 each

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Optionally convertible cumulative redeemable preference shares

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carry non-participating rights in the surplus funds.

Preference share holders would be paid dividend on a cumulative basis

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par.

Compulsory convertible cumulative Preference Shares of ₹ 10 each

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders shall be Non-participating rights in the surplus funds.

Preference share holders shall be Non-participating rights in the surplus assets and profit on winding up which may remain after the entire capital has been repaid

Preference share holders would be Paid dividend on non cumulative basis

Preference share holder carry voting rights as per provisions of Section 47 (2) of the Act

Since the Company does not have profits, no dividend is accrued or payable.

Preference share will be converted into equity share at the option of the company or at the completion of 10th year from the date of allotment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	*As at 31.03.2016 No. of shares*	*As at 31.03.2016 ₹*	*As at April 01, 2015 No. of shares*	*As at April 01, 2015 ₹*
(vi) Details of Shares held by Holding Company/Ultimate Holding Company/ its subsidiaries or associates:						
L&T Infrastructure Development Projects Limited (including nominee holding)	**148,999,900**	**1,489,999,000**	*148,999,900*	*1,489,999,000*	*148,999,900*	*1,489,999,000*
Larsen and Toubro Limited (ultimate holding company)	**100**	**1,000**	*100*	*1,000*	*100*	*1,000*
	149,000,000	**1,490,000,000**	*149,000,000*	*1,490,000,000*	*149,000,000*	*1,490,000,000*
(vii) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited (including nominee holding)	**148,999,900**	**100%**	*148,999,900*	*100%*	*148,999,900*	*100%*

(viii) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date

Date of Allotment	Name of Shareholder	Consideration other than cash
30.09.2016	L&T IDPL	96,354,400

(ix) Calls unpaid : NIL; Forfeited Shares : NIL

11 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of compound financial instruments	Reserves & Surplus Retained earnings	Total ₹
Balance at the beginning of the year	2,700,097,122	(2,877,816,073)	(177,718,951)
Total comprehensive income for the year	-	(514,921,988)	(514,921,988)
Issue of 0.01% CCPS	243,152,400	-	243,152,400
Balance at the end of the reporting period	**2,943,249,522**	**(3,392,738,061)**	**(449,488,539)**
OTHER EQUITY AS ON 31.03.2016			
Balance at the beginning of the year	726,895,122	(2,316,455,832)	(1,589,560,710)
Issue of 0.01% OCCPS	1,973,202,000	-	-
Total comprehensive income for the year	-	(561,360,241)	(561,360,241)
Balance at the end of the reporting period	**2,700,097,122**	**(2,877,816,073)**	**(177,718,951)**

Particulars	March 31, 2017 Current ₹	March 31, 2017 Non-current ₹	March 31, 2017 Total ₹	*March 31, 2016 Current ₹*	*March 31, 2016 Non-current ₹*	*March 31, 2016 Total ₹*	*April 01, 2015 Current ₹*	*April 01, 2015 Non-current ₹*	*April 01, 2015 Total ₹*
12 BORROWINGS									
Secured borrowings									
a) Debentures	–	–	–	*300,000,000*	–	*300,000,000*	–	*300,000,000*	*300,000,000*
b) Term loans									
i) From banks	**718,800,000**	**10,260,961,051**	**10,979,761,051**	*419,300,000*	*10,973,805,719*	*11,393,105,719*	*190,400,000*	*11,526,534,855*	*11,716,934,855*
Unsecured borrowings									
a) Mezzanine Debt	–	**442,744,028**	**442,744,028**	–	*401,466,608*	*401,466,608*	–	*364,037,519*	*364,037,519*
b) Loans from related parties	**95,588,972**	–	**95,588,972**	–	–	–	–	*1,226,500,000*	*1,226,500,000*
	814,388,972	**10,703,705,079**	**11,518,094,051**	*719,300,000*	*11,375,272,327*	*12,094,572,327*	*190,400,000*	*13,417,072,374*	*13,607,472,374*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Debentures		
Term loans from banks	11.79%	Repayable in 39 Quarterly unequal instalments from April 2013 to Oct 2022 at specified amounts.
Mezzanine Debt from Holding Company	10.28%	The Mezzanine Debt from Holding company is a part of the Promoter's Contribution towards the Project cost and defined as required equity consideration as per Common Loan Agreement

Nature of security for term loans/debentures

Secured Indian rupee term loan from banks and financial institutions are secured by a pari passu first charge inter se lenders over a)all immovable properties both present and future, including all real estate rights; b) all tangible movable assets, including movable plant and machinery, equipment, machinery spares, tools and accessories, current assets and all other movable assets(except project assets), both present and future; c) all rights, title, interest, benefits, claims and demands(excluding project assets), whatsoever of the borrower in any project documents, contracts and licenses to and all assets of the project; d) all rights, title, interest, benefits, claims and demands in respect of the accounts , that may be opened in terms of the project documents; and e) all amounts owing to, received and receivable by the Company.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	**10,260,961,051**	*10,973,805,719*	*11,826,534,855*
Current maturities of long term borrowings	**718,800,000**	*719,300,000*	*190,400,000*

	Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
		Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
		₹	₹	₹	₹	₹	₹	₹	₹	₹
13	**OTHER FINANCIAL LIABILITIES**									
	a) Interest accrued	68,127,511	–	68,127,511	114,547,367	-	114,547,367	128,459,445	-	128,459,445
	b) Other liabilities									
	i) Revenue share payable	80,600,000	449,994,296	530,594,296	298,758,877	-	298,758,877	176,259,058	-	176,259,058
	ii) Company Owned Car Scheme	292,633		292,633	680,693		680,693	680,693		680,693
	iii) Others	232,134		232,134	713,446		713,446	613,892		613,892
		149,252,278	449,994,296	599,246,574	414,700,383	-	414,700,383	306,013,088	-	306,013,088
14	**PROVISIONS**									
	Provision for employee benefits (H2)	1,086,551	5,134,979	6,221,530	–	6,404,295	6,404,295	–	4,024,643	4,024,643
	Provisions for major maintenance reserve (H9)	–	331,797,819	331,797,819	–	293,379,214	293,379,214	–	161,262,153	161,262,153
		1,086,551	336,932,798	338,019,349	–	299,783,509	299,783,509	–	165,286,796	165,286,796
15	**OTHER NON-FINANCIAL LIABILITIES**									
	i) Other liabilities	51,400,835	–	51,400,835	210,097,810	–	210,097,810	208,799,498	–	208,799,498
	ii) Statutory payables	4,411,887	–	4,411,887	1,694,058	–	1,694,058	4,006,778	–	4,006,778
		55,812,722	–	55,812,722	211,791,868	–	211,791,868	212,806,276	–	212,806,276

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
		Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
		₹	₹	₹	₹	₹	₹	₹	₹	₹
16	**TRADE PAYABLES**									
	Acceptances									
	Due to related parties (type of related party to be disclosed)	6,192,535	–	6,192,535	1,124,279	–	1,124,279	3,203,750	–	3,203,750
	Due to others	44,551,768	–	44,551,768	4,418,760	–	4,418,760	24,855,152	–	24,855,152
		50,744,303		56,287,342	5,543,039	–	5,543,039	28,058,902	–	28,058,902

F CONTINGENT LIABILITIES

Contingent liabilities in the form of guarantees of ₹ 1,00,000/- (previous year: ₹ 1,00,000/-) to Telecom Department as at March 31st 2015

Claims against the Company not acknowledged as debt:

GSRDC Vide its letter dated 28th April 2014 has claimed amount of ₹ 5,74,75,553/- (Previous Year ₹ 5,74,75,553/) based on Clause No. 26.3 of Concession Agreement. The Company has rejected this demand of GSRDC to pay revenue share on defined traffic and sought for dispute resolution under Article 44 of Concession Agreement and hence not provided for.

G COMMITMENTS

The Company has an estimated amount of ₹ 27,00,46,482 /- (Previous year: ₹ 25,68,32,492/-) contracts remaining to be executed on capital account as at March 31, 2017.

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
17	**REVENUE FROM OPERATIONS**				
	Operating revenue:				
	Toll Collections	1,699,625,553		1,792,585,309	
			1,699,625,553		1,792,585,309
	Construction revenue		70,432,008		54,099,270
			1,770,057,561		1,846,684,579
18	**OTHER INCOME**				
	Interest income from:				
	Bank deposits	10,127		10,006	
	Inter-corporate deposits	9,660,308		137,489	
			9,670,435		147,495
	Net gain/(loss) on financial assets designated at FVTPL		3,773,796		5,454,932
	Profit/(loss) on disposal of property, plant and equipment		(36,864)		16,979
	Other income		17,124,139		801,643
			30,531,506		6,421,049

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
19	**OPERATING EXPENSES**				
	Toll management fees		43,081,172		58,662,907
	Revenue share to GSRDC *		269,664,576		264,194,835
	Security services		34,502,032		33,745,961
	Insurance		7,476,239		6,154,440
	Concession fee		2		2
	Repairs and maintenance				
	Toll road & bridge	50,301,379		21,527,343	
	Plant and machinery	15,690,597		21,351,588	
	Periodic major maintenance	109,100,000		115,600,000	
	Others	27,198,992		28,761,821	
			202,290,968		187,240,752
	Professional fees		2,597,902		205,010
	Power and fuel		13,022,395		13,733,280
			572,635,286		563,937,187
	*Gujarat State Road Development Corporation Ltd				
20	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries, wages and bonus		25,922,364		23,013,859
	Contributions to and provisions for:				
	Provident and pension funds (Refer note)	1,524,997		1,350,846	
	Gratuity fund (Refer note)	667,741		614,379	
	Compensated absences	2,051,279		881,747	
	Retention pay			684,583	
	Others	–		19,851	
			4,244,017		3,551,406
	Staff welfare expenses		3,524,365		3,767,832
			33,690,746		30,333,097
21	**FINANCE COSTS**				
	Interest on borrowings		1,191,089,704		1,290,645,529
	Other borrowing cost (specify nature)		62,635,078		42,741,340
	Unwinding of discount and implicit interest expense on fair value		74,590,530		59,567,015
			1,328,315,312		1,392,953,884

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
22	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, rates and taxes		**551,534**		*14,339,675*
	Professional fees		**27,697,573**		*26,567,455*
	Postage and communication		**831,041**		*736,946*
	Printing and stationery		**1,133,248**		*1,233,775*
	Travelling and conveyance		**4,093,285**		*3,521,933*
	Repairs and maintenance - others		**2,626,375**		*3,021,533*
	Miscellaneous expenses		**2,131,171**		*2,589,632*
			39,064,227		*52,010,949*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

		2016-17	2015-16
a)	As auditor	**532,450**	*286,250*
b)	For taxation matters	**199,669**	*141,693*
c)	For other services	**668,564**	*200,780*
d)	Reimbursement of expenses	**24,150**	*9,140*
	Total	**1,424,833**	*637,863*

Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2016

Particulars	Retained earnings	Other reserves (specify nature)	Total
	₹	₹	₹
Remeasurement gains/(losses) on defined benefit plans			
Reclassified to Statement of profit and loss	(191,384)	–	(191,384)
	(191,384)	–	(191,384)

H) NOTES FORMING PART OF ACCOUNTS

1 Corporate Information

Ahmedabad Maliya Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 09th September , 2008 for the purpose of widening of existing two-lane to four lane of 181.06 kilometers Road stretch in between Ahmedabad-Viramgam-Maliya to make it four lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated 17th September, 2008. The Concession is for a period of 22 years including the construction period. At the end of the concession period, entire facility will be transferred to Gujarat State Road Development Corporation Ltd (GSRDC). The company achieved commercial operation on 12th April 2012 upon receipt of the provisional completion certificate executed between the Company and Egis India Consulting Engineers Pvt Ltd (Independent Engineer)

2 Disclosure pursuant to Ind AS 19 “Employee benefits”: (as per IndAS reports)

(i) Defined contribution plan:

The Company’s provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 15,24,997 (previous year : ₹ 13,50,846) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 20) in the Statement of Profit and loss.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(ii) Defined benefit plans:

a) Features of its defined benefit plans:

Gratuity:

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applocable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads

NOTES FORMING PART OF ACCOUNTS (Contd.)

to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
- Wholly funded	**2,774,525**	–	**–**	–
- Wholly unfunded	**–**	*2,166,872*	**3,361,283**	*3,114,325*
	2,774,525	*2,166,872*	**3,361,283**	*3,114,325*
Less : Fair value of plan assets	**2,166,949**	–	**–**	–
Net Liability / (asset)	**607,576**	*2,166,872*	**3,361,283**	*3,114,325*

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Current service cost	**452,063**	*400,372*	**418,606**	*283,260*
Interest on Defined benefit obligation	**82,162**	*123,925*	**226,146**	*177,193*
Past service cost and loss/(gain) on curtailments and settlement	**–**	*281,467*	**(499,877)**	–
Net value of remeasurements on the obligation and plan assets	**–**	–	**369,570**	*421,295*
Total Charge to Statement of Profit and Loss	**534,225**	*805,764*	**514,445**	*881,748*

d) Other Comprehensive Income for the period

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:				
From changes in demographic assumptions	**–**	*110,145*	**–**	*293,539*
From changes in financial assumptions	**170,486**	–	**200,189**	–
From changes in experience	**(93,634)**	*(301,529)*	**169,381**	*127,756*
Return on plan assets excluding amounts included in interest income	**56,664**	–	**–**	–
Amounts recognized in Other Comprehensive Income	**133,516**	*(191,384)*	**369,570**	*421,295*

NOTES FORMING PART OF ACCOUNTS (Contd.)

e) Reconciliation of Defined Benefit Obligation:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**2,166,872**	*1,613,646*	**3,114,325**	*2,349,687*
Add: Current service cost	**452,063**	*400,372*	**418,606**	*283,260*
Add: Interest cost	**159,894**	*123,925*	**226,146**	*177,193*
Add/(less): Actuarial losses/(gains)	**76,852**	*(191,384)*	**369,570**	*421,295*
Less: Benefits paid	**(81,156)**	*(61,154)*	**(267,487)**	*(117,110)*
Add: Past service cost	**-**	*281,467*	**(499,877)**	*-*
Closing balance of the present value of defined benefit obligation	**2,774,525**	*2,166,872*	**3,361,283**	*3,114,325*

f) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	**77,732**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**(56,664)**	–	**–**	–
Contributions by employer	**2,227,037**	–	**–**	–
Benefit Paid	**(81,156)**	–	**–**	–
Closing value of plan assets	**2,166,949**	–	**–**	–

g) Reconciliation of Net Defined Beneft Liability:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**2,166,872**	*1,613,646*	**3,114,325**	*2,349,687*
Employee Benefit Expense	**534,225**	*805,764*	**514,445**	*881,748*
Amounts recognized in Other Comprehensive Income	**133,516**	*(191,384)*	**–**	–
	2,834,613	*2,228,026*	**3,628,770**	*3,231,435*
Benefits paid by the Company	**–**	*(61,154)*	**(267,487)**	*(117,110)*
Contributions to plan assets	**(2,227,037)**	–	**–**	–
Closing provision in books of accounts	**607,576**	*2,166,872*	**3,361,283**	*3,114,325*

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	6.95%	7.80%
2) Salary growth rate	6.00%	6.00%
3) Attrition rate	15% at younger ages reducing to 3% at older ages	15% at younger ages reducing to 3% at older ages

NOTES FORMING PART OF ACCOUNTS (Contd.)

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Change in Assumptions Impact on Defined Benefit Obligation		
	Increase/(Decrease) Increase/(Decrease) in Assumptions		
	%	₹	%
Discount Rate	0.50%	2,671,862	3.70%
	-0.50%	2,884,552	4.00%
Salary Growth Rate	0.50%	2,885,031	4.00%
	-0.50%	2,670,498	3.70%

j) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 2,38,339/-

k) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	**As at March 31, 2017**	**As at March 31, 2016**	**As at April 01, 2015**
Insurer managed funds	100%	–	–
Investments quoted in active markets	–	–	–
Cash and cash equivalents	–	–	–
Unquoted investments	–	–	–
Total	100%	0%	0%

l) Details of Asset-Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

3) Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

4) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

5) Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

Fellow Subsidiaries :	L&T Rajkot-Vadinar Tollway Limited
	L&T Halol Shamlaji Tollway Limited
	Vadodara Bharuch Tollway Limited
	L&T Samakhiali Gandhidham Tollway Limited
	Devihalli Hassan Tollway Limited
	L&T BPP Tollway Limited
	PNG Tollway Limited
	L&T Interstate Road Corridor Limited
	L&T Krishnagiri Walahjapet Tollway Limited
	Panipat Elevated Corridor Limited
	L&T General Insurance Company Limited
Key Managerial Personnel	Manager: Mr. Shailesh Kumar Shukla
	CFO : Mr. L.Lakshmi Narasimhan
Key Managerial Personnel of Holding Company:	Manager - Mr. K.Venkatesh
	CFO- Karthikeyan T.V

b) **Disclosure of related party transactions:**

Particulars	**2016-17**	*2015-16*
	₹	₹
1. Nature of transaction		
1 Preference Share Capital		
Holding company L&T Infrastructure Development Projects Limited		
0.01% Optionally Convertible Cumulative Preference Shares	**243,152,400**	*1,973,202,000*
Conversion of 0.01% Optionally Convertible Cumulative Preference Shares to 0.01% Compulsory Convertible Preference Shares	**2,216,354,400**	
	2,459,506,800	*1,973,202,000*
2. Purchase of goods and services incl. taxes		
Ulimate Holding company Larsen & Toubro Limited	**4,023,566**	*4,573,702*
Holding company L&T Infrastructure Development Projects Limited	**33,403,781**	*31,308,422*
Fellow subsidiaries:		
L&T General Insurance Company Limited	**6,978,086**	*5,685,027*
	44,405,433	*41,567,151*
3. Purchase of assets		
Holding company L&T Infrastructure Development Projects Limited		
Fellow subsidiaries:		
L&T Rajkot Vadinar Tollway Limited	**–**	*39,291*
L&T Halol Shamlaji Tollway Limited	**–**	*31,380*
L&T Samakhiali Gandhidham Tollway Limited	**485,669**	*66,119*
PNG Tollway Limited	**28,315**	
	485,669	*136,790*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
4. Sale of assets		
Holding company L&T Infrastructure Development Projects Limited		
Fellow subsidiaries:		
L&T Halol Shamlaji Tollway Limited	–	35,251
L&T Samakhiali Gandhidham Tollway Limited	–	35,831
L&T Interstate Road Corridor Limited	–	66,119
Devihalli Hassan Tollway Limited	2	–
L&T BPP Tollway Limited	1	–
	3	137,201
5. Interest expense		
Holding company L&T Infrastructure Development Projects Limited	1,947,111	30,182,169
	1,947,111	30,182,169
6. Reimbursement of expenses charged from		
Ulimate Holding company Larsen & Toubro Limited	2,185,045	2,175,110
Holding company L&T Infrastructure Development Projects Limited		
Fellow subsidiaries:		
L&T Samakhiali Gandhidham Tollway Limited	–	84,731
L&T Krishnagiri Walahjapet Tollway Limited	–	30,645
	2,185,045	2,290,486
7. Reimbursement of expenses charged to		
Ulimate Holding company Larsen & Toubro Limited		
Holding company L&T Infrastructure Development Projects Limited	450,891	860,182
Fellow subsidiaries:		
L&T BPP Tollway Limited	10,961	72,070
L&T Halol – Shamlaji Tollway Limited	1,429,839	436,218
L&T Samakhiali Gandhidham Tollway Limited	21,707	31,433
L&T Western India Toll Bridge Limited	–	8,00,000.00
PNG Tollway Limited	–	68,702
L&T Rajkot Vadinar Tollway Limited	731,650	–
Vadodara Bharuch Tollway Limited	219,640	–
Devihalli Hassan Tollway Limited	2,700	–
	2,867,388	1,468,605
8. Subscription of Units of Mutual Fund		
L&T Capital Market Limited	–	557,000,000
	–	557,000,000
9. Redemption of Units of Mutual Fund		
L&T Capital Market Limited	–	157,810,259
	–	157,810,259

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	**2016-17**	*2015-16*
	₹	₹
10. ICD / Mezzanine Debt / Unsecured Loan received		
Holding company L&T Infrastructure Development Projects Limited	**94,602,000**	*153,000,000*
Fellow subsidiaries:		
Vadodara Bharuch Tollway Limited	**103,000,000**	–
	197,602,000	*153,000,000*
11. ICD / Mezzanine Debt / Unsecured Loan Repaid		
Holding company L&T Infrastructure Development Projects Limited	**94,602,000**	*1,384,364,261*
	94,602,000	*1,384,364,261*

c) Amount due to and due from related parties(net):

Particulars	**Amounts due (to)/from**	
	As at March 31, 2017	**As at March 31, 2016**
Ultimate Holding Company		
Larsen & Toubro Limited	(3,466,041)	(512,683)
Holding Company		
L&T Infrastructure Development Projects Limited	(1,002,216,722)	(1,000,611,596)
Fellow Subsidiaries		
L&T Capital Market Limited	–	(399,189,741)

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Since there are no receivables due from reated parties, no provision for bad and doubtful debtshas been made and no expense has been recognized in relation to the said bad and doubtful debts.

f) Compensation of Key Management personnel of the group

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Short term employee benefits	**122,739**	*1,659,506*
Post employment gratuity and medical benefits	**9,313**	–
Other long term benefits	**NA**	*NA*
Termination benefits	**NA**	*NA*
Share based payment transactions	**NA**	*NA*

g) The Holding Company L&T Infrastructure Development Projects Limited has issued Bank guarantees on behalf of Ahmedabad Maliya Tollway Limited of an amount of ₹ 39,49,00,000/-(previous year- ₹ 38,66,00,000/-) as Debt Service Reserve to senior and sub lenders as per Facility Agreement as on March 31, 2017.

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) Disclosure pursuant to Ind AS 12 - "Income taxes"

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

1 The company is not required to pay current income tax due to tax loss as determined in accordance with the Income Tax Act, 1961.

2 In view of losses incurred by the Company during the current year under Income Tax Act 1961, deferred tax assets on deductible temporary differences and carry forward of unused tax losses have been recognised for in the books to the extent of deferred tax liability on consideration that the taxable income will not be available in the forseable future years against which those temporary differences, losses and tax credit can be utilized.

The Company is also eligible for deduction under section 80IA of the Income Tax Act, 1961, which its propose to claim in the future years.

3 Details of each type of recognized temporary differences, unused tax losses and unused tax credits

Particulars	Recognized DTA/DTL in balance sheet			Deferred tax (income) / expense recognized in P&L	
	31.03.2017	*31.03.2016*	*01.04.2015*	**16-17**	*15-16*
DEFERRED TAX LIABILITY					
Intangible Asset	**3,154,264,054**	*2,875,463,492*	*2,426,109,987*	**278,800,563**	*449,353,505*
Investment in mutual funds	**–**	–	–	**–**	–
Long Term Borrowings	**–**	–	–	**–**	–
Major Maintenance Provision	**47,922,576**	*32,874,529*	*25,356,160*	**15,048,047**	*7,518,370*
Total Deferred tax liability	**3,202,186,630**	*2,908,338,021*	*2,451,466,146*	**293,848,609**	*456,871,875*
DEFERRED TAX ASSET					
Long Term Borrowings	**227,662,087**	*89,773,467*	*226,287,582*	**(137,888,620)**	*136,514,115*
Tangible Asset	**13,304,691**	*7,264,313*	*2,217,764*	**(6,040,378)**	*(5,046,550)*
Unused tax losses	**2,961,219,852**	*2,811,300,241*	*2,222,960,801*	**(149,919,611)**	*(588,339,440)*
Total Deferred tax asset	**3,202,186,630**	*2,908,338,021*	*2,451,466,146*	**-293,848,609**	*-456,871,875*
Net deferred tax Liability / (Asset)	**–**	–	–	**–**	–

4 Details of deferred tax assets not recognized in balance sheet

Particulars	31.03.2017		*31.03.2016*		*01.04.2015*	
	Amount	**Expiry date**	**Amount**	**Expiry date**	**Amount**	**Expiry date**
Unabsorbed depreciation	1,219,791,149	NA	870,822,280	NA	840478035	NA

7) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
Basic and Diluted			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**(514,788,472)**	*(561,551,625)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**149,000,000**	*149,000,000*
Basic earnings per equity share (₹)	A / B	**(3.45)**	*(3.77)*

Potential equity shares that will arise on conversion of Compulsary Convertible Cumulative Preference Shares are resulting into anti dilution of EPS in the current year. Hence they have not been considered in the computation of diluted EPS in accordance with Ind AS 33 "Earnings Per Share."

8) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

NOTES FORMING PART OF ACCOUNTS (Contd.)

9) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (GSRDC) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

Particulars	**As at 31 March 2017**	*As at 31 March 2016*	*As at 01 April 2015*
Opening balance	**293,379,214**	*161,262,153*	*81,999,000*
Additional provision	**179,945,727**	*154,875,000*	*156,125,000*
Utilised	**(95,926,982)**	–	–
Unused amounts reversed	**–**	–	–
Unwinding of discount and changes in discount rate	**(45,600,140)**	*(22,757,939)*	*(76,861,847)*
Closing balance	**331,797,819**	*293,379,214*	*161,262,153*

10) Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	2,628,000	5,698,862	8,326,862
(+) Permitted receipts	62,690,000	65,295,984	127,985,984
(-) Permitted payments	–	8,300,000	8,300,000
(-) Amount deposited in Banks	65,318,000	52,257,906	117,575,906
Closing cash in hand as on 30.12.2016	–	10,436,940	10,436,940

11) First time adoption of Ind AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' . This amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' .The amendments are applicable to the company from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

Deemed cost of Property, plant and equipment

Company has elected to measure all of its Property, Plant and Equipment and Investment property at their previous GAAP carrying amount on the date of transition to Ind AS.

Amortization of Tolling Rights

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

12) Transitional details

i) Borrowings

Under previous GAAP, transaction costs incurred in connection with borrowings are capitalised and amortised accordingly. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 4,11,75,177/- . Consequently an amount of ₹ 527,34,478/- has been derecognised from toll collection rights with an effect of ₹ 1,15,59,301/- to retained earnings.

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii) Provisions

Under previous GAAP, the Company has accounted for provisions, including periodic major maintenance provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation.Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost. This led to a decrease in periodic major maintenance provision on 31st March 2015 is ₹ 7,68,36,847/- was adjusted against retained earnings.

iii) Mezzanine Debt

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full hence were classifed as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to settle the obligation, the interest-free Mezzanine debt is fair valued on initial recogntion. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹ 72,68,95,122 by a corresponding adjustment to "Equity Component of Other Financial Instruments".

iv) Current investments

Under previous GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ NIL with a corresponding increase in the reserves.

13) Since May 2014, the company through series of letters represented to GSRDC that the company will be deferring the payment of revenue share because of shortfall in toll collection. The company has further informed that the revenue share so deferred will be paid along with interest at RBI Bank Rate plus 2% based on the position of Cash Flow of the Company. As on 31st March 2017, the unpaid revenue share is ₹ 53,05,94,296 and interest is ₹ 6,81,27,511/-. GSRDC vide letter dated 11th April 2017 has approved the deferment of the revenue share based on representation of company. Based on this letter liability of ₹ 8.03 Cr has been shown as current liability and balance has been shown as long term liability.

14) Government of Gujarat had taken a decision to grant exemption to Car/Jeep/ Van category and passenger bus owned by GSRDC from paying toll tax w.e.f 15th August 2016. Based on this on 12th August 2016 GSRDC issued detailed letter to the Concessionaire about its implementation. The letter also mentioned the procedure for reimbursement of loss to the Concessionaire towards shortfall in collection. The Company is submitting the claims for loss on account of this on monthly basis. GSRDC has made the payment against the claims till the month February 2017.

15) In view of decision of Government of India on 8th Nov 2016, Toll collection on National Highways were suspended as per NHAI orders from 9th Nov 2016 to 2nd Dec 2016. The Company's project being a State Road Project under the Concession from GSRDC. GSRDC did not suspend the toll on State Highways during this period and company made all the possible efforts to collect toll from users. Due to non-availability of lower denomination notes/change money coupled with resistance from Public, the company lost substantial amount of toll revenue. The company is following up with Government of Gujarat as well as GSRDC for reimbursement of loss suffered on the lines of policy adopted by NHAI.

16) The name of company is changed from L&T Ahmedabad Maliya Tollway Limited to Ahmedabad Tollway Limited w.e.f 23rd February 2017.

17) Disclosure pursuant to Ind AS 11 - "Construction Contracts"

a) Amount of contract revenue recognised in the year : ₹ 70,432,008/-

Method used to recognise the constructions revenue - Percentage Completion

Methods used to determine the stage of completion - Work Done

b) Aggregate amount of costs incurred and recognised profits (less recognised losses) to date; ₹ 184,559,529/-

18) Disclosure pursuant to Ind AS 19 - " Leases"

Future minimum rentals for non-cancellable leases as on 31st March 2017 is as follows :

Particulars	**As at 31 March 2017**	*As at 31 March 2016*	*As at 01 April 2015*
	₹	₹	₹
Within one year	**226,980**	*196,018*	*216,490*
After one year but not more than five years	**–**	–	–
More than five years	**–**	–	–
	226,980	*196,018*	*216,490*

NOTES FORMING PART OF ACCOUNTS (Contd.)

19) Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	₹	₹	₹
Equity	**1,490,000,000**	*1,490,000,000*	*1,490,000,000*
Other Equity	**(449,488,539)**	*(177,718,951)*	*(1,589,560,710)*
Total	**1,040,511,461**	*1,312,281,049*	*(99,560,710)*

The company does not have any externally imposed capital requirement.

20) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
FINANCIAL ASSET										
Security Deposits	5	–	–	**12,290,652**	–	–	*12,361,903*	–	–	*12,260,397*
Investments	7	–	–	–	*401,216,363*	–	–	–	–	–
Trade receivables	8	–	–	**26,630,266**	–	–	–	–	–	–
Cash and cash equivalents	9	–	–	**14,638,919**	–	–	*19,280,057*	–	–	*21,340,990*
Other Current Financial Asset										*3,210,599*
Total Financial Asset		–	–	**53,559,837**	*401,216,363*	–	*31,641,960*	–	–	*36,811,986*
FINANCIAL LIABILITY										
Term Loan from Banks	12	–	–	**10,979,761,051**	–	–	*11,693,105,719*	–	–	*12,016,934,855*
Loans from related parties	12	–	–	**538,333,000**	–	–	*401,466,608*	–	–	*1,590,537,519*
Revenue Share Payable to GSRDC (Including Interest)	13	–	–	**598,721,807**	–	–	*413,306,244*	–	–	*304,718,503*
Other Current Financial Liabilities	13	–	–	**524,767**	–	–	*1,394,139*	–	–	*1,294,585*
Trade Payables	16	–	–	**50,744,306**	–	–	*5,543,039*	–	–	*28,058,902*
Total Financial Liabilities		–	–	**12,168,084,931**	–	–	*12,514,815,749*	–	–	*13,941,544,364*

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	31.03.2017		*31.03.2016*		*01.04.2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
FINANCIAL ASSETS							
Security Deposits	5	12,290,652	12,290,652	12,361,903	12,361,903	12,260,397	12,260,397
Total Financial Assets		12,290,652	12,290,652	12,361,903	12,361,903	12,260,397	12,260,397
FINANCIAL LIABILITY							
Term Loan from Banks	12	10,979,761,051	10,979,761,051	11,693,105,719	11,693,105,719	12,016,934,855	12,016,934,855
Loans from related parties	12	538,333,000	538,333,000	401,466,608	401,466,608	1,590,537,519	1,590,537,519
Revenue Share Payable to GSRDC (Including Interest)	13	598,721,807	598,721,807	413,306,244	413,306,244	304,718,503	304,718,503
Total Financial Liabilities		12,116,815,858	12,116,815,858	12,507,878,571	12,507,878,571	13,912,190,877	13,912,190,877

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Revenue Share Payable to GSRDC (Including Interest) reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

Refer Note H(23) for information on Financial Asset pledged as security

22) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS					
Security Deposits	5	–	12,290,652	–	12,290,652
Total of Financial Assets		–	12,290,652	–	12,290,652
FINANCIAL LIABILITIES					
Term Loan from Banks	12	–	10,979,761,051	–	10,979,761,051
Loans from related parties	12	–	538,333,000	–	538,333,000
Revenue Share Payable to GSRDC (Including Interest)	13	–	598,721,807	–	598,721,807
Total Financial liabilties		–	12,116,815,858	–	12,116,815,858

NOTES FORMING PART OF ACCOUNTS (Contd.)

As at March 31, 2016					
Financial Asset & Liabilites Measured at FV - Recurring FVM		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	401,216,363	–	–	401,216,363
Total of Financial Assets		401,216,363	–	–	401,216,363
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS					
Security Deposits	5	–	12,361,903	–	12,361,903
Total Financial Assets		–	12,361,903	–	12,361,903
FINANCIAL LIABILITIES					
Term Loan from Banks	12	–	11,693,105,719	–	11,693,105,719
Loans from related parties	12	–	401,466,608	–	401,466,608
Revenue Share Payable to GSRDC (Including Interest)	13	–	413,306,244	–	413,306,244
Total Financial Liabilities		–	12,507,878,571	–	12,507,878,571
As at April 1, 2015					
Financial Asset & Liabilites Measured at FV - Recurring FVM		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		**Level 1**	**Level 2**	**Level 3**	**Total**
FINANCIAL ASSETS					
Security Deposits	5	–	12,260,397	–	12,260,397
Total of Financial Assets		–	12,260,397	–	12,260,397
FINANCIAL LIABILITIES					
Term Loan from Banks	12	–	12,016,934,855	–	12,016,934,855
Loans from related parties	12	–	1,590,537,519	–	1,590,537,519
Revenue Share Payable to GSRDC (Including Interest)	13	–	304,718,503	–	304,718,503
Total of Financial Liabilities		–	13,912,190,877	–	13,912,190,877

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Revenue Share Payable to GSRDC (Including Interest)	Income	Cash flow

23) Asset pledged as security

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment		**103,121,381**	*145,359,507*	*188,627,820*
Investment Property		**2,280,300**	*2,280,300*	*2,280,300*
Other Financial Asset		**12,290,652**	*12,361,903*	*12,260,397*
Financial Asset				
Cash and Cash Equivalents		**14,638,919**	*19,280,057*	*21,340,990*
Investments In Mutual Fund		**–**	*401,216,363*	–
Trade and Other Receivables		**26,630,266**	–	–
TOTAL		**158,961,518**	*580,498,130*	*224,509,507*

24) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates.The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**10,979,761,051**	*11,693,105,719*	*12,016,934,855*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis point	**28,341,083**	*29,637,551*

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	31.03.2017	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds	7	**–**	*401,216,363*	–

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 2%	**0.00**	*8,024,327.26*
Note - In case of decrease in NAV profit will reduce and vice versa.		

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	10,979,761,051	718,800,000	1,257,900,000	4,971,700,000	4,031,361,051
Trade Payables	50,744,306	50,744,306	–	–	–
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at March 31, 2016					
Non Derivative Financial Liability					
Senior Debt from Banks	11,393,105,719	419,300,000	718,800,000	4,432,600,000	5,822,405,719
Trade Payables	5,543,039	5,543,039	-	-	-
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at April 01, 2015					
Non Derivative Financial Liability					
Senior Debt from Banks	11,716,934,855	329,450,000	419,300,000	3,414,300,000	7,553,884,855
Trade Payables	28,058,902	28,058,902	–	–	–
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL

NOTES FORMING PART OF ACCOUNTS (Contd.)

v **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. GSRDC. Hence, the management believes that the company is not exposed to any credit risk.

25) Previous Year Figures are regrouped whereever required.

26) Reconcilation of equity as at 1st April 2015

Particulars	**Note**	**Indian GAAP*** ₹	**Adjustments**	**Ind AS**
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	188,627,820	–	188,627,820
b) Intangible assets	2	13,952,379,274	(48,415,707)	13,903,963,567
c) Intangible assets under development	3	60,028,251	–	60,028,251
d) Non Current Investment	4	2,280,300		2,280,300
e) Financial assets	0	–		
i) Loans	5	12,260,397	–	12,260,397
f) Other non-current assets	6	26,457,793		26,457,793
	A	14,242,033,835	(48,415,707)	14,193,618,128
Current assets				
a) Financial assets				
i) Investments	7	–		–
ii) Trade receivables	8	–		–
iii) Cash and bank balances	9	21,340,990	–	21,340,990
b) Current tax assets (net)	6	1,907,009	–	1,907,009
c) Other current assets	6	3,210,599	–	3,210,599
	B	26,458,598	–	26,458,598
TOTAL	A+B	14,268,492,433	(48,415,707)	14,220,076,726
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	1,490,000,000		1,490,000,000
b) Other equity	11	(1,568,224,387)	(21,336,323)	(1,589,560,710)
	C	(78,224,387)	(21,336,323)	(99,560,710)

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments	Ind AS
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	13,417,072,374		13,417,072,374
b) Provisions	14	242,123,643	(76,836,847)	165,286,796
	D	13,659,196,017	(76,836,847)	13,582,359,170
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	140,642,537	49,757,463	190,400,000
ii) Trade payables	16	28,058,902		28,058,902
iii) Other financial liabilities	13	306,013,088		306,013,088
b) Other current liabilities	15	212,806,276		212,806,276
	E	687,520,803	49,757,463	737,278,266
Total Equity and Liabilities	**C+D+E**	**14,268,492,433**	**(48,415,707)**	**14,220,076,726**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

27) Reconcilation of equity as at 31st March 2016

Particulars	Note	Indian GAAP* ₹	Adjustments	Ind AS
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	145,359,507		145,359,507
b) Intangible assets	2	13,678,598,380	(50,986,306)	13,627,612,074
c) Intangible assets under development	3	114,127,521		114,127,521
d) Non Current Investment	4	2,280,300		2,280,300
i) Loans	5	12,361,903		12,361,903
e) Other non-current assets	6	9,729,712		9,729,712
	A	13,962,457,323	(50,986,306)	13,911,471,017
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	399,657,637	1,558,726	401,216,363
iii) Cash and bank balances	9	19,280,057	–	19,280,057
c) Current tax assets (net)	6	4,438,075	–	4,438,075
d) Other current assets	6	2,266,664	–	2,266,663
		425,642,433	1,558,726	427,201,158
TOTAL	A+B	14,388,099,756	(49,427,580)	14,338,672,175

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP*	Adjustments	Ind AS
		₹		
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	1,490,000,000	–	1,490,000,000
b) Other equity	11	(263,465,470)	85,746,519	(177,718,951)
	C	1,226,534,530	85,746,519	1,312,281,049
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	11,410,826,641	(35,554,314)	11,375,272,327
b) Provisions	14	399,403,295	(99,619,786)	299,783,509
	D	11,810,229,936	(135,174,100)	11,675,055,836
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	719,300,000	–	719,300,000
ii) Trade payables	16	5,543,039	–	5,543,039
iii) Other financial liabilities	13	414,700,383	–	414,700,383
b) Other current liabilities	15	211,791,868	–	211,791,868
	E	1,351,335,290	–	1,351,335,290
Total Equity and Liabilities	**C+D+E**	**14,388,099,756**	**(49,427,581)**	**14,338,672,175**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

28) Reconciliation of Profit and loss as at 31st March, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments	Ind AS
REVENUE				
Revenue from operations	17	1,792,585,309	54,099,270	1,846,684,579
Other income	18	4,862,323	1,558,726	6,421,049
Total income		**1,797,447,632**	**55,657,996**	**1,853,105,628**
EXPENSES				
Cost of materials consumed		–	54,099,270	54,099,270
Operating expenses	19	603,237,187	(39,300,000)	563,937,187
Employee benefits expense	20	30,141,713	191,384	30,333,097
Finance costs	21	1,333,386,869	59,567,015	1,392,953,884
Depreciation, amortisation and obsolescence		318,516,525	2,570,599	321,087,124
Administration and other expenses	22	52,010,949	–	52,010,949
Total expenses		**2,337,293,243**	**77,128,268**	**2,414,421,511**
Profit/(loss) before exceptional items and tax		**(539,845,611)**	**(21,470,272)**	**(561,315,883)**
Exceptional items (EIP code 90004)		–		
Profit/(loss) before tax		**(539,845,611)**	**(21,470,272)**	**(561,315,883)**
Tax Expense:				
Current tax		–	–	–
		–	–	–
Profit/(loss) for the year		**(539,845,611)**	**(21,470,272)**	**(561,315,883)**

NOTES FORMING PART OF ACCOUNTS (Contd.)

24 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

24.1 Description and classification of the arrangment

Ahmedabad Maliya Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 09th September , 2008 for the purpose of widening of existing two-lane to four lane of 181.06 kilometers Road stretch in between Ahmedabad-Viramgam-Maliya to make it four lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated 17th September, 2008. The Concession is for a period of 22 years including the construction period. At the end of the concession period, entire facility will be transferred to Gujarat State Road Development Corporation Ltd (GSRDC). The company achieved commercial operation on 12th April 2012 upon receipt of the provisional completion certificate executed between the Company and Egis India Consulting Engineers Pvt Ltd (Independent Engineer)

24.2 Significant Terms of the arrangements

24.2.1 Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 27 of the Concession Agreement dated Sept 17, 2008.

25.2.2 Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article 7 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable of payment of Additional Concession Fee at the rate of 12.13% of total realisable fee. The rate of additional concession fee increases by 1% for each subsequent period of concession. i.e. 13.13% for second year , 14.13% for third year and so on

24.3 Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

24.4 Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Schedule L of the CA.

24.5 Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

24.6 Details of Termination

CA can be terminated on account of default of the company or GSRDC in the circumstances as specified under article 37 of the CA.

24.7 Significant Changes in the terms Original Concession Agreement till 31st March 2017.

a As per supplimentary Agrement dated 18th December 2015 GSRDC has extended the concession period by 103 days due to various issues during construction period.

b In view of Shortfall on toll collection, GSRDC vide letter dated 11th April 2017 has given in principle approval for deferment of the payment of this outstanding revenue share and interest outstanding on 31st March 2017 and for revenue share relating to the future years till 2021-22. The supplementory agreement incorporating the same is yet to be executed.

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 12 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

- Certain financial assets and liabilities
- Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis. The compensatation receivable for categories vehicles exempted from Toll by Concessioning Authority is accounted on cash basis except for the last month of year where it is recognised on estimated realisable value basis.

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future

NOTES FORMING PART OF ACCOUNTS (Contd.)

cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

f) Other items of income are recognised as and when the right to receive arises.

4 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost.Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Intangible assets

Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to Gujarat State Road Development Corporation Ltd (GSRDC), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from Gujarat State Road Development Corporation Ltd (GSRDC) are reduced from the carrying amount intangible assets to the extent of actual receipts.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

9 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(i) Short term employee benefits

'All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

10 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

NOTES FORMING PART OF ACCOUNTS (Contd.)

11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The company / Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

12 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

13 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

14 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

15 Impairment of assets

'The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

16 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

17 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES FORMING PART OF ACCOUNTS (Contd.)

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

18 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

19 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

20 First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report of even date

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Regn No. 004661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

L. LAKSHMI NARASIMHAN
Chief Financial Officer

Place : Chennai
Date : April 25, 2017

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

(₹ in crore)

Particulars	**2016-17**	*2015-16*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**29.95**	*29.22*
Less: Depreciation, amortization and obsolescence	**–**	–
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**29.95**	*29.22*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**29.95**	*29.22*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**29.95**	*29.22*
Less: Provision for tax	**8.92**	*0.01*
Profit after tax from continuing operations	**21.03**	*29.21*
Profit from discontinued operations	**–**	–
Total expenses on discontinued operations	**–**	–
Profit from discontinued operations (after tax)	**–**	–
Profit for the period carried to the balance sheet	**21.03**	*29.2*
Add: Balance brought forward from previous year	**57.00**	*27.80*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**–**	–
Balance carried to Balance Sheet	**78.03**	*57.00*

STATE OF COMPANY AFFAIRS

The Company has achieved its commercial operation date on September 24, 2016.

The Registered office of the company was shifted from Union Territory of New Delhi having the Office situated at "Building No-3, Second Floor, Sundeep Plaza, MLU Sector-11 Pocket-4, Dwarka, New Delhi- 110075" to State of Tamil Nadu having its office at "Mount Poonamallee Road, Manapakkam, P.B. NO-979, Chennai - 600089, India", w.e.f. June 24, 2016.

The gross revenue and other income for the financial year under review were ₹ 273.68 crore as against ₹ 773.80 crore for the previous financial year. The Profit before tax from continuing operations including extraordinary and exceptional items was ₹ 29.95 crore and the Profit after tax from continuing operations including extraordinary and exceptional items of ₹ 21.03 crore for the financial year under review as against ₹ 29.21 crore and ₹ 29.20 crore respectively for the previous financial year. The Company raised ₹ 1372.00 crore via issue of Non-Convertible debentures as on March 31, 2017.

CAPITAL EXPENDITURE

The Company has decided to draw its accounts under Financial Assets Model; accordingly the financial asset value as on March 31, 2017 stood at ₹ 1580.19 crore. Captial Expenditure during the year amounted to ₹ 162.23 crore.

DEPOSITS

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No.H5 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

Details of material contracts/agreements are disclosed in Form AOC-2 is given to this report as **Annexure I**.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserve is not applicable to the Company.

DIVIDEND

As your Company does not have distributable profits, the Board of Directors are unable to declare any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

RISK MANAGEMENT POLICY

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.P.G.Suresh Kumar, Director, who retired by rotation at the Annual General Meeting held on September 28, 2016 being eligible was re-appointed as Director.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr.Karthikeyan. T.V	Director	01367727
2	Mr.P.G.Suresh Kumar	Director	07124883
3	Mr.Mathew George	Director	07402208
4	Dr.Koshy Varghese	Independent Director	03141594
5	Ms.Samyuktha Surendran	Independent Director	07138327

Ms.Priyanka Bajpai was appointed as Manager of the Company on March 28, 2016 and resigned on March 15, 2017 and Mr.Ojes Cheriyan Madappattu has been appointed as the Manager of the Company on March 15, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S.No	Name	Designation
1	Mr.Ojes Cheriyan Madappattu	Manager
2	Mr.R.G.Ramachandran	Company Secretary
3	Mr.Satnam Singh	Chief Financial Officer

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement. During the year under review 5(Five) Meetings were held on the following dates.

Date	Board Strength	No. of Directors Present
April 26, 2016	5	4
July 22, 2016	5	3
October 21, 2016	5	4
January 16, 2017	5	5
March 15, 2017	5	3

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Dr.Koshy Varghese, Ms.Samyuktha Surendran and Mr.P.G.Suresh Kumar.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

During the year, five audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members Present
April 26, 2016	3	3
July 22, 2016	3	2
October 21, 2016	3	3
January 16, 2017	3	3
March 15, 2017	3	2

The Company has established a vigil mechanism framework for Directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company had constituted a Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Dr.Koshy Varghese and Ms.Samyuktha Surendran and Mr.P.G.Suresh Kumar.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act. During the year under review, one meeting was held and the details are given hereunder:

Date	Strength of the Committee	No. of members Present
March 15, 2017	3	2

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received Declaration(s) of Independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 07, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

The Board of Directors wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 197(12) of the Act and the Rules made thereunder, is provided below.

The Directors of the Company are not paid any remuneration. Hence, the remuneration of the Directors to that of the employees of the Company is not comparable.

REMUNERATION OF KMP

(Amount in ₹)

Name of the KMP	Designation	Remuneration in FY 2016-17	Remuneration in FY 2015-16	% decrease in remuneration of FY 2016-17 as compared to previous financial year	Performance of the Company	
					% increase in revenue of FY 2016-17 as compared to previous financial year	% decrease in profit after tax of FY 2016-17 as compared to previous financial year
Mr.Ojes Cheriyan Madappattu (From 15th March 2017)	Manager	1,31,068/-**	NA*	NA*	Refer note ***	Refer note ***

**Remuneration from March 15, 2017 to March 31, 2017

* Mr.Ojes Cheriyan Madappattu was appointed on March 15, 2017. Hence previous year remuneration not applicable.

*** Commencement of Operation has been achieved on September 24, 2016 hence it is not comparable.

The Median Remuneration of Employees (“MRE”) was ₹ 7,14,948 and ₹ 8,09,260 in the financial year 2016-17 and 2015-16 respectively. The Decrease in MRE in the financial year 2016-17 over the previous financial year is 11.65%

The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 was 9 and 12 respectively.

The revenue growth during the financial year over the previous financial year was Nil. The average Increase in remuneration of employees is 7% over the previous financial year. The company is still in the Implementation Stage, hence the increase in remuneration of employees and KMP is not comparable with the performance of the Company.

Average percentage increase made in the salaries of employees other than the KMP in the financial year 2016-17 was 7%. The change in remuneration of Manager over the previous financial year is not comparable since Mr.Ojes Cheriyan Madappattu has been appointed as Manager with effect from March 15, 2017 of the Company.

The remuneration paid to the employees is as per the remuneration policy of the Company.

The Company has no employee employed throughout the financial year who was in receipt of a remuneration of ₹ 102 lakhs or more, or employed for part of the year and was in receipt of a remuneration ₹ 8 lakh or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The Following are the detail of employees received remuneration (Cost to the Company) during the Financial Year 2016-17:

S.No	Employee Name	(Amount in.₹)
1	Ojes C Madappattu (For 2016-17)	1572815
2	Saurabh Singh	1435000
3	Nilesh Tiwari	1376563
4	T V Sendil Prabhakaran	940015
5	Kakarla Sathar Kiran	714948
6	Saravanan R	685678
7	K Kaladharan	551999
8	Sridharamurthy M R	550000
9	More Nagesh Dhondiba	475000

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on July 22, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

STATUTORY AUDITORS

The Company in the 3rd Annual General Meeting held on September 25, 2015 for the Financial Year 2015-16 had appointed M/s.M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), No. 244 (Old No. 138), II Floor, Angappa Naicken Street, Chennai – 600 001, as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s.M.K.Dandeker & Co, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

The Auditors' Report for the financial year 2016-17 is unqualified. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and does not require any further clarifications under section 134(3)(f) of the Act.

SECRETARIAL AUDITOR

M/s.Balaji Rajan & Associates, a firm of Company Secretaries in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached to this Report as **Annexure II**.

DEBENTURE TRUSTEE

The Company has issued and allotted Listed Rated Secured Redeemable Non-Convertible Debentures amounting to ₹.1500 crore during the year 2016-17. As at March 31, 2017 the total outstanding Debentures amounting to ₹ 1500.40 crore.

M/s.IDBI Trusteeship Services Limited, having its office at Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai - 400001 have been appointed as the Debenture Trustees for the same.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 as per the Act is enclosed to this Report as **Annexure III**.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Employees, Customers, Supply chain partners, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	KARTHIKEYAN T. V.	**P. G. SURESH KUMAR**
Place : Chennai	*Director*	*Director*
Date : April 24, 2017	*DIN: 01367727*	*DIN: 07124883*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	**Nature of relationship**	**Nature of contract/ arrangement/ transactions**	**Duration of contract/ arrangement/ transactions**	**Salient terms of contract/ arrangement/ transactions**	**Amount paid as advance**
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Engineering, Procurement and Construction works	For a continuous period till the Completion of Work unless terminated	Design, supply, execution and completion of construction work (Transmission Lines)	Nil
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Advisory Services Contract	For a continuous period till the Completion of services unless terminated	Providing advisory services during operation of the project	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Assistance in employee payouts	For a continuous period unless terminated or the Company ceases to be a part of L&T IDPL Group	Assistance in pay roll processing, reimbursement of employee benefit claims, Employee Travel Expense Management, payment voucher etc.	Nil
Larsen & Toubro Limited	Ultimate Holding Company	Payment of Business support services	For a continuous period till cancellation	Providing support to business for use of the office premises	Nil

Date(s) of approval by the Board, if any – April 24, 2017

For and on behalf of the Board

KARTHIKEYAN T. V. — *Director* — *DIN: 01367727*

P. G. SURESH KUMAR — *Director* — *DIN: 07124883*

Place : Chennai
Date : April 24, 2017

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To

The Members,
M/S. KUDGI TRANSMISSION LIMITED,
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. KUDGI TRANSMISSION LIMITED (CIN U40106TN2012GOI111122) (hereinafter called the company) Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.KUDGI TRANSMISSION LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2017 according to the provisions of (i) The Companies Act, 2013 (the Act) and the rules made there under (ii) The National Highways Authority of India Act, 1988.

M/s KUDGI TRANSMISSION LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') viz: (a) The Securities and Exchange Board of India(substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2009, (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 are not attracted.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at Arm's Length Basis and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period, the company has obtained the required approval of its members in the Annual General Meeting held on 28/09/2016 and Extra-Ordinary General Meeting held on 02/05/2016 & 27/03/2017

I further report that during the period under review, the Board of Directors of the Company has approved the following:

- Shifting of Registered Office of the company from New Delhi to Chennai has been noted in the Board Meeting held on 22/07/2016.
- Mr. Ojes Cheriyan Madappattu has been appointed as Manager of the company w.e.f 15/03/2017
- the Board of Directors in their meeting held on 15/03/2017 has approved to exercise the borrowing powers exceeding the aggregate of paid up capital and free reserves subject to members consent.

- the Board of Directors in their meeting held on 15/03/2017 has approved for issuance debentures upto ₹.1500 crore by the company to refinance the existing borrowers
- The Board has also made allotment of 15000 debentures, each of ₹.10,00,000/- on 31/03/2017

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

SD/-
M.BALAJI RAJAN
Company Secretary in Practice
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To

The Members,
M/s.Kudgi Transmission Limited,
Chennai.

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

SD/-
M.BALAJI RAJAN
Company Secretary in Practice
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U40106TN2012GOI111122
Registration Date	27/11/2012
Name of the Company	KUDGI TRANSMISSION LIMITED
Category / Sub-Category of the Company	COMPANY LIMITED BY SHARES/ INDIAN NON- GOVERNMENT COMPANY
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	Yes. Listed with BSE
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited. 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 17, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction/erection and maintenance of Power, Telecommunication and Transmission Line	42202	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and CIN/GLN of the Company	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding	99.9%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

(i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	192599998*	192599998*	99.99	–	192599998*	192599998*	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**192599998***	**192599998***	**99.99**	**–**	**192599998***	**192599998***	**99.99**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**192599998***	**192599998***	**99.99**	**–**	**192599998***	**192599998***	**99.99**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds									
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	2	2	0.01	–	2	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
Total shareholding of Promoter (B) = (B)(1)+(B)(2)	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**192600000***	**192600000***	**100**	**–**	**192600000***	**192600000***	**100**	**–**

*Including shares held by nominees of L &T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

Sl No	Shareholders Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with its nominees)	192599998	99.99%	0.00%	192599998	99.99%	0.00%	–
	Total	**192599998**	**99.99%**	**0.00%**	**192599998**	**99.99%**	**0.00%**	**–**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
1.	As on April 1, 2016	192599998	99.99%	192599998	99.99%
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	192599998	99.99%	192599998	99.99%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1.	As on April 1, 2016	2	0.01	2	0.01
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	R.G.Ramachandran	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the Company
1.	As on April 1, 2016	2	0	2	0
2.	Date wise Increase/Decrease in Promoters Shareholding during the year	–	–	–	–
3.	As on March 31, 2017	2	0	2	0

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

₹ In Crore

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	1030.37	–	–	1030.37
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	8.63	–	–	8.63
Total (i+ii+iii)	**1039.00**	**–**	**–**	**1039.00**
Change in Indebtedness during the financial year				
Addition	1511.42	38.14	–	1549.57
Reduction	31.24	–	–	31.24
Net Change	**1480.18**	**38.14**	**–**	**1518.33**
Indebtedness at the end of the financial year				
i) Principal Amount	2508.68	37.85	–	2546.53
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	10.51	0.29	–	10.80
Total (i+ii+iii)	**2519.19**	**38.14**	**–**	**2557.33**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount ₹
		Manager: Mr. Ojes Cheriyan Madappattu	
1.	Gross salary	131068	131068
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option		
3.	Sweat Equity		
4.	Commission		
	- as % of profit		
	- Others, specify…		
5.	Others, please specify		
	Total (A)	**131068**	**131068**
	Ceiling as per the Act	**12000000**	**12000000**

B. Remuneration to other directors:

S. No.	Particulars of Remuneration	Name of Directors		Total Amount ₹
1	Independent Directors	**Mr. Koshy Varghese**	**Ms.Samyuktha Surendran**	
	Fee for attending Board Meeting	75,000	1,25,000	**2,00,000**
	Fee for attending Committee Meeting	30,000	60,000	**90,000**
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**1,05,000**	**1,85,000**	**2,90,000**
2.	Other Non – Executive Directors			
	1. Mr.Karthikeyan T.V.			
	2. Mr.P.G.Suresh Kumar			
	3. Mr.Mathew George			
	No Fee for attending Board/ Committee Meeting was paid			
	No Commission			
	Total (2)			
	Total (B)=(1+2)	**1,05,000**	**1,85,000**	**1,05,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	Sitting fees not more than ₹.1,00,000 per meeting of Board or Committee.		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Mr.Satnam Singh, CFO was employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

KARTHIKEYAN T. V.
Director
DIN: 01367727

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF KUDGI TRANSMISSION LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of Kudgi Transmission Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (10) to the Ind AS financial statements.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

9. The moneys raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Kudgi Transmission Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Date: April 24, 2017
Place: Chennai

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
ASSETS				
(1) Non-current assets				
a) Financial Assets				
i) Loans	1	385,400	239,425	224,400
ii) Other financial assets	2	15,801,987,103	13,928,547,334	6,838,469,276
	A	15,802,372,503	13,928,786,759	6,838,693,676
Current assets				
a) Financial Assets				
i) Investments	4	–	74,936,591	11,642,305
ii) Cash and bank balances	5	13,764,171,191	25,883,626	1,673,098
iii) Other financial assets	2	118,599,801	–	–
b) Current Tax Assets (net)	3	–	15,201	–
c) Other current assets	3	17,832,305	433,286	338,278
	B	13,900,603,297	101,268,704	13,653,681
TOTAL	A+B	29,702,975,800	14,030,055,463	6,852,347,357
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	6	1,926,000,000	1,926,000,000	1,540,000,000
b) Other Equity	7	780,282,035	570,210,094	277,646,527
	C	2,706,282,035	2,496,210,094	1,817,646,527
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	8	15,017,025,078	10,161,053,787	4,708,545,936
b) Provisions	9	255,355	1,275,892	619,238
	D	15,017,280,433	10,162,329,679	4,709,165,174
Current liabilities				
a) Financial liabilities				
i) Borrowings	8	372,313,951	205,800,000	–
ii) Trade payables	11	1,139,336,563	1,163,231,716	264,112,916
iii) Other financial liabilities	12	10,085,848,262	–	42,183,049
b) Other current liabilities	10	323,745,143	2,355,639	19,005,154
c) Provisions	9	314,192	128,335	–
d) Current tax liabilities (net)	13	57,855,221	–	234,537
	E	11,979,413,332	1,371,515,690	325,535,656
Total Equity and Liabilities	C+D+E	29,702,975,800	14,030,055,463	6,852,347,357
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	14		1,663,641,105		1,102,818,398
Construction contract revenue			1,053,599,581		6,623,090,346
Other income	15		19,633,210		12,092,968
Total Income			2,736,873,896		7,738,001,712
EXPENSES					
Construction contract expenses			1,053,599,581		6,623,090,346
Operating expenses	16		608,871,991		804,961,965
Employee benefits expense	17		7,518,876		–
Finance costs	18		755,840,435		16,366,742
Administration and other expenses	19		11,579,271		1,407,447
Total Expenses			2,437,410,154		7,445,826,500
Profit/(loss) before exceptional items and tax			299,463,742		292,175,212
Exceptional items			–		–
Profit/(loss) before tax			299,463,742		292,175,212
Tax Expense:					
Current tax		89,149,904		–	
Current tax pertaining to prior years		50,461		78,817	
			89,200,365		78,817
Profit/(loss) after tax for the year			210,263,377		292,096,395
Other Comprehensive Income			–		–
Total Comprehensive Income for the year			210,263,377		292,096,395
Earnings per equity share (Basic and Diluted)	H(9)		1.09		1.52
Face value per equity share			10.00		10.00

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax**	**299,463,742**	*292,175,212*
	Adjustments for		
	Interest expense	**1,297,160,914**	*821,328,707*
	Interest income from banks	**(114,471)**	*(151,978)*
	Finance Income	**(946,754,179)**	*(1,102,818,398)*
	(Profit) / loss on financial instruments designated at FVTPL	**(19,525,325)**	*(11,958,277)*
	(Profit) / loss on sale of miscellaneous assets	**6,586**	*17,287*
	Operating profit before working capital changes	**630,237,267**	*(1,407,447)*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(1,020,537)**	*689,790*
	Increase / (Decrease) in trade payables	**5,623,857**	–
	Increase / (Decrease) in other current liabilities	**99,833,257**	*(16,750,931)*
	Increase / (Decrease) in short term provisions	**185,857**	*196,617*
	(Increase) / Decrease in loan term loans and advances	**(51,000)**	–
	(Increase) / Decrease in other non-current assets	**(92,000,000)**	–
	(Increase) / Decrease in other current assets	**(17,399,019)**	*(223,311)*
	Net cash generated from/(used in) operating activities	**625,409,682**	*(17,495,282)*
	Direct taxes paid (net of refunds)	**(31,329,943)**	*(328,556)*
	Net Cash(used in)/generated from Operating Activities	**594,079,739**	*(17,823,838)*
B	**Cash flow from investing activities**		
	Purchase of fixed assets [Refer Note 4 below]	**(954,168,524)**	*(5,087,338,486)*
	Sale of miscellaneous assets	**24,000**	*24,000*
	Purchase of current investments	**(1,654,200,000)**	*(3,747,700,001)*
	Sale of current investments	**1,736,745,731**	*3,696,100,780*
	Interest received	**114,471**	*151,978*
	Net cash (used in)/generated from investing activities	**(871,484,322)**	*(5,138,761,729)*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**–**	*386,000,000*
	Proceeds from short term borrowings	**378,500,000**	–
	Proceeds from long term borrowings	**15,012,129,805**	*5,553,051,059*
	Repayment of long term borrowings	**(205,800,000)**	–
	Interest paid	**(1,169,137,657)**	*(758,254,964)*
	Net cash (used in)/generated from financing activities	**14,015,692,148**	*5,180,796,095*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**13,738,287,565**	*24,210,528*
	Cash and cash equivalents as at the beginning of the year	**25,883,626**	*1,673,098*
	Cash and cash equivalents as at the end of the year	**13,764,171,191**	*25,883,626*

Notes

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.
4. Purchase of fixed assets denotes the additions made to Lease receivable under financial asset. [Refer Note 2 - Other financial assets].
5. Cash and cash equivalents as on March 31, 2017 include ₹ 13,72,00,00,000/- received against Non-Convertible Debentures issued on March 31, 2017 for pre-closure of existing term loan of ₹10,08,28,64,412/- repaid on April 4, 2017.

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 LOANS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
a) Security deposits Unsecured, considered good	–	385,400	385,400	–	239,425	239,425	–	224,400	224,400
	–	385,400	385,400	–	239,425	239,425	–	224,400	224,400

2 OTHER FINANCIAL ASSETS

	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
Lease receivables [Refer note 2(a) below]	118,599,801	15,801,987,103	15,920,586,904	–	13,928,547,334	13,928,547,334	–	6,838,469,276	6,838,469,276
	118,599,801	15,801,987,103	15,920,586,904	–	13,928,547,334	13,928,547,334	–	6,838,469,276	6,838,469,276

Note 2(a):

Details of Lease receivable:

Particulars	March 31, 2017	March 31, 2016
Finance Cost	(1,491,436,744)	(950,032,733)
Finance Income	3,105,444,983	1,541,477,285
Capital work in progress	–	12,801,607,982
Fixed Assets	14,413,214,044	2,029,314
Excise Duty Receivable	510,543,273	533,465,486
Trade Receivables (Annuity income)	398,505,440	–
Operation & Maintenance Fee	99,708,274	–
Annuity Income from Transmission Lines	(1,115,392,366)	–
Total	15,920,586,904	13,928,547,334

3 OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Capital advances									
For capital work-in- progress [Refer Note 3(a)]	9,700,500	–	9,700,500	–	–	–	–	–	–
Advances other than capital advances									
Advances to employees	251,848	–	251,848	338,311	–	338,311	225,000	–	225,000
Other advances	1,814,248	–	1,814,248	13,064	–	13,064	–	–	–
Advance recoverable other than in cash									
Prepaid Insurance	6,065,709	–	6,065,709	–	–	–	–	–	–
Prepaid expenses	–	–	–	81,911	–	81,911	113,278	–	113,278
	17,832,305	–	17,832,305	433,286	–	433,286	338,278	–	338,278
Current Tax Assets (net)									
Income tax net of provisions	–	–	–	15,201	–	15,201	–	–	–
	–	–	–	15,201	–	15,201	–	–	–

Note 3(a):

Capital work in progress represents advance paid for purchase of vacant land of ₹ 97,00,500/- pending registration (previous year ₹ Nil).

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

4 INVESTMENTS

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Quantity Units	**Current ₹**	*Quantity Units*	*Current ₹*	*Quantity Units*	*Current ₹*
Investments at fair value through Profit and loss						
Investments in mutual funds	–	–	32,702	74,936,591	5,821	11,642,305
		–		74,936,591		11,642,305
Aggregate amount of quoted investments	–	–	32,702	74,710,290	5,821	11,379,093
Aggregate amount of market value of above	–	–	32,702	74,936,591	5,821	11,642,305

5 CASH AND BANK BALANCES

	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
a) Balances with banks [Refer note 5(a)]	**13,763,739,178**	*25,678,436*	*1,361,055*
b) Term deposits with banks including interest accrued thereon (Original maturity less than 12 months)	**432,013**	*205,190*	*312,043*
	13,764,171,191	*25,883,626*	*1,673,098*

Note 5(a) : Balance with banks in current accounts for repayment of existing term loan: Cash and bank balances as on March 31, 2017 include ₹ 13,72,00,00,000/- received against Non-Convertible Debentures issued on March 31, 2017 for pre-closure of existing term loan of ₹10,08,28,64,412/- and the same was repaid on April 4, 2017.

6 EQUITY SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
Authorised:						
Equity shares of ₹ 10 each	**195,000,000**	**1,950,000,000**	*195,000,000*	*1,950,000,000*	*195,000,000*	*1,950,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
At the beginning of the year	**192,600,000**	**1,926,000,000**	*154,000,000*	*1,540,000,000*	*53,000,000*	*530,000,000*
Issued during the year as fully paid	–	–	*38,600,000*	*386,000,000*	*101,000,000*	*1,010,000,000*
At the end of the year	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(iv) Details of Shares held by Holding Company

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**192,600,000**	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*
	192,600,000	**1,926,000,000**	*192,600,000*	*1,926,000,000*	*154,000,000*	*1,540,000,000*

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
L&T Infrastructure Development Projects Limited	**192,599,998**	**99.99%**	*192,599,998*	*99.99%*	*153,999,998*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: Nil

(vii) Calls unpaid : Nil; Forfeited Shares : Nil

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

Balance as at April 01, 2016		Changes in equity share capital during the year		Balance as at March 31, 2017	
No of shares	**₹**	**No of shares**	**₹**	**No of shares**	**₹**
192,600,000	1,926,000,000	–	–	192,600,000	1,926,000,000

7 OTHER EQUITY AS AT MARCH 31, 2017

Particulars	Reserves & Surplus		Total
	Debenture Redemption Reserve	**Retained earnings**	
Balance at the beginning of the year	–	570,210,094	570,210,094
Transfer to retained earnings	–	(191,436)	(191,436)
Total comprehensive income for the year	–	210,263,377	210,263,377
Transfer from / (to) debenture redemption reserve	210,263,377	(210,263,377)	–
Balance at the end of the reporting period	**210,263,377**	**570,018,658**	**780,282,035**

OTHER EQUITY AS AT MARCH 31, 2016

Particulars	*Reserves & Surplus*		*Total*
	Debenture Redemption Reserve	*Retained earnings*	
Balance at the beginning of the year	–	*277,646,527*	*277,646,527*
Transfer to retained earnings	–	*467,172*	*467,172*
Total comprehensive income for the year	–	*292,096,395*	*292,096,395*
Balance at the end of the reporting period	–	*570,210,094*	*570,210,094*

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014 (as amended), require the company to create Debenture Redemption Reserve out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the debentures issued.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

8 BORROWINGS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	Non-current ₹	Total ₹	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
Secured borrowings									
a) Non convertible debentures [Refer note 8(a)]	**–**	**15,017,025,078**	**15,017,025,078**	*–*	*1,370,319,180*	*1,370,319,180*	*–*	*–*	*–*
b) Term loans									
i) From banks	**–**	**–**	**–**	*205,800,000*	*8,790,734,607*	*8,996,534,607*	*–*	*4,708,545,936*	*4,708,545,936*
Unsecured borrowings									
a) Loans from related parties	**372,313,951**	**–**	**372,313,951**	*–*	*–*	*–*	*–*	*–*	*–*
	372,313,951	**15,017,025,078**	**15,389,339,029**	*205,800,000*	*10,161,053,787*	*10,366,853,787*	*–*	*4,708,545,936*	*4,708,545,936*

Note 8(a) :

On March 31, 2017, the Company has entered with Yes Bank for refinance of the project to the extent of ₹1500,00,00,000/- by way of Non-Convertible Debentures redeemable at par on private placement basis against that ₹1372,00,00,000/- has been credited in our escrow account and the same has been utilised for pre-closure of existing term loan from banks and short term borrowings from related parties on April 4, 2017 .

Details of long term borrowings

15,004 nos of debentures of face value ₹ 10,00,000 each redeemable at par were issued on private placement basis, out of which 13,720 nos of debentures amounting to ₹ 1372,00,00,000/- has been received on March 31, 2017 as shown below:

Particulars	Effective interest rate	Terms of repayment			
		Series	**Amount in ₹**	**Rate of Interest**	**Redemption Date**
Debentures - I	9.50%	Non Convertible Debentures I	1,284,000,000	9.50%	01-Jun-33
	9.18%	Non Convertible Debentures II - Series “W” of 2016-17	400,000,000	9.50%	25-Apr-40
		Non Convertible Debentures II - Series “V” of 2016-17	320,000,000	9.50%	25-Apr-39
		Non Convertible Debentures II - Series “U” of 2016-17	900,000,000	9.50%	25-Apr-38
		Non Convertible Debentures II - Series “T” of 2016-17	1,060,000,000	9.50%	25-Apr-37
		Non Convertible Debentures II - Series “S” of 2016-17	1,010,000,000	9.50%	25-Apr-36
		Non Convertible Debentures II - Series “R” of 2016-17	930,000,000	9.50%	25-Apr-35
		Non Convertible Debentures II - Series “Q” of 2016-17	870,000,000	9.50%	25-Apr-34
		Non Convertible Debentures II - Series “P” of 2016-17	800,000,000	9.50%	25-Apr-33
		Non Convertible Debentures II - Series “O’” of 2016-17	750,000,000	9,14%	25-Apr-32
		Non Convertible Debentures II - Series “N’” of 2016-17	720,000,000	9,14%	25-Apr-31
		Non Convertible Debentures II - Series “M’” of 2016-17	670,000,000	9,14%	25-Apr-30
		Non Convertible Debentures II - Series “L’” of 2016-17	630,000,000	9,14%	25-Apr-29
		Non Convertible Debentures II - Series “K’” of 2016-17	590,000,000	9,14%	25-Apr-28
		Non Convertible Debentures II - Series “J” of 2016-17	550,000,000	8.80%	25-Apr-27
		Non Convertible Debentures II - Series “I” of 2016-17	520,000,000	8.80%	25-Apr-26
		Non Convertible Debentures II - Series “H” of 2016-17	480,000,000	8.80%	25-Apr-25
		Non Convertible Debentures II - Series “G” of 2016-17	450,000,000	8.80%	25-Apr-24
		Non Convertible Debentures II - Series “F” of 2016-17	400,000,000	8.80%	25-Apr-23
		Non Convertible Debentures II - Series “E” of 2016-17	400,000,000	8.50%	25-Apr-22
		Non Convertible Debentures II - Series “D” of 2016-17	360,000,000	8.50%	25-Apr-21
		Non Convertible Debentures II - Series “C” of 2016-17	360,000,000	8.25%	25-Apr-20
		Non Convertible Debentures II - Series “B” of 2016-17	320,000,000	8.25%	25-Apr-19
		Non Convertible Debentures II - Series “A” of 2016-17	230,000,000	8.25%	25-Apr-18
Term loans from others	Base rate + applicable spread	(a) Payable at the end of 1 year period, subject to requisite approval lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.			
Loan from Holding Company	Base rate + applicable spread	(a) Payable at the end of 1 year period, subject to requisite approval lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.			

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Nature of Security

a) Second mortgage by way of deposit of title deed of piece of land admeasuring 1,732 sq.ft in Kancheepuram District

a) Second charge on all movable assets, including movable Plant and Machinery, machinery spares, tools and accessories , furniture, fixture, vehicles, Stock, Consumable stores, present and future.

b) Second charge on project book debts, operating cash flows, receivables, commissions, revenues of whatever nature and wherever arising, intangibles, Goodwill, uncalled capital(Present and future)

c) Second charge on project bank accounts, including but not limited to Escrow Account opened in a designated bank, where all cash flows from the Project shall be deposited

A pari passu first charge on all the immovable and movable properties of the Company relating to the Project, both present and future expect Project Assets as defined in the Concession Agreement and hypothecation of tangible movable properties both present and future including all bank accounts of the Company and all authorized investments or other securities representing all amounts credited in the banks accounts, book debts, uncalled share capital, intangible assets etc.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings [Refer note 8]	**15,017,025,078**	*10,161,053,787*	*4,708,545,936*
Current maturities of long term borrowings [Refer note 8]	**372,313,951**	*205,800,000*	–

Break up of other financial liabilities

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Interest accrued [Refer note 12]	**2,983,850**	–	*42,183,049*
Current maturity of long term borrowings [Refer note 12]	**10,082,864,412**	–	–

Details of Unsecured Borrowings - Loans from related parties

Particulars	Interest rate	Terms of Repayment
Unsecured loan from holding company	RBI Bank rate	(a) Payable at the end of 1 year period, subject to requisite approval Lenders. (b) Prepayment can be done on the availability of cash subject to any approval if required.
Unsecured loan from fellow subsidiary	Interest free	

9 PROVISIONS

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Provision for employee benefits	**314,192**	**255,355**	**569,547**	*128,335*	*1,275,892*	*1,404,227*	–	*619,238*	*619,238*
	314,192	**255,355**	**569,547**	*128,335*	*1,275,892*	*1,404,227*	–	*619,238*	*619,238*

10 OTHER NON CURRENT AND CURRENT LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
i) Liability for expenses	**320,566,796**	**–**	**320,566,796**	*2,121,583*	–	*2,121,583*	*3,358,888*	–	*3,358,888*
ii) Statutory payables	**3,178,347**	**–**	**3,178,347**	*234,056*	–	*234,056*	*15,646,266*	–	*15,646,266*
	323,745,143	**–**	**323,745,143**	*2,355,639*	–	*2,355,639*	*19,005,154*	–	*19,005,154*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11 TRADE PAYABLES

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	₹	₹	₹	₹	₹	₹
Due to related parties	1,133,813,695		1,163,231,716		264,112,916	
Due to others	5,522,868		–		–	
		1,139,336,563		1,163,231,716		264,112,916

12 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
a) Interest accrued	2,983,850	–	2,983,850	–	–	–	42,183,049	–	42,183,049
b) Other financial liabilities [Refer note 8(a)]	10,082,864,412	–	10,082,864,412	–	–	–	–	–	–
	10,085,848,262	–	10,085,848,262	–	–	–	42,183,049	–	42,183,049

13 CURRENT TAX LIABILITIES (NET)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	₹	₹	₹	₹	₹	₹
Liabilities for current tax (net)		89,149,904		–		–
Less: Tax Deducted at Source / Advance tax paid		(31,294,683)		–		–
Income tax net of previous year provisions		–		–		234,537
		57,855,221		–		234,537

F Contingent Liabilities

Contingent Liabilities as at March 31, 2017 ₹ Nil (Previous year: ₹ Nil)

G Commitments

Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances) ₹ Nil (Previous year: ₹ 63,11,07,704/-)

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
14 REVENUE FROM OPERATIONS				
Operating revenue:				
Finance Income		1,663,641,105		1,102,818,398
		1,663,641,105		1,102,818,398
15 OTHER INCOME				
Interest income from:				
Bank deposits	28,241		151,978	
Others	86,230		–	
		114,471		151,978
Net gain/(loss) on financial instruments designated at FVTPL		19,525,325		11,958,277
Profit/(loss) on disposal of miscellaneous assets		(6,586)		(17,287)
		19,633,210		12,092,968

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
16	**OPERATING EXPENSES**				
	Finance expenses		**541,404,011**		*804,961,965*
	Consumables		**2,974,829**		–
	Insurance		**5,645,131**		–
	Repairs and maintenance				
	Transmission Lines	**55,356,848**		–	
			55,356,848		–
	Payment of rebate as per Transmission Service agreement		**3,491,172**		–
			608,871,991		*804,961,965*
17	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries, wages and bonus		**6,567,532**		–
	Contributions to and provisions for:				
	Provident fund [Refer note H(3)]	**335,416**		–	
			335,416		–
	Staff welfare expenses		**615,928**		–
			7,518,876		–
18	**FINANCE COSTS**				
	Interest on				
	– Unsecured Loan		**3,315,390**		–
	– Term Loan		**566,044,526**		*16,366,742*
	– Redeemable non-convertible fixed rate debentures		**66,736,911**		–
	Other borrowing cost		**114,239,774**		–
	Unwinding of discount and implicit interest expense on fair value		**5,503,834**		–
			755,840,435		*16,366,742*
19	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**297,397**		*43,315*
	Professional fees		**6,179,725**		–
	Payments to auditor [Refer Note 19(a)]		**521,133**		*256,419*
	Postage and communication		**192,006**		–
	Printing and stationery		**12,655**		–
	Power & Fuel		**24,503**		–
	Travelling and conveyance		**1,774,110**		–
	Insurance Expenses		**9,389**		–
	Repairs and Maintenance - Others		**1,774,790**		–
	Miscellaneous expenses		**793,563**		*1,107,713*
			11,579,271		*1,407,447*

Note 19(a): Payments to auditor (including service tax) as follows:

Particulars	2016-17 ₹	*2015-16* ₹
a) As auditor	**138,000**	*137,400*
b) For taxation matters	**28,750**	–
c) For company law matters	**17,250**	*22,900*
d) For other services	**337,133**	*96,119*
Total	**521,133**	*256,419*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

H) NOTES FORMING PART OF FINANCIAL STATEMENTS

1) Corporate Information

Kudgi Transmission Limited was incorporated on November 27, 2012 under the Companies Act 1956 as a wholly owned subsidiary of M/s. REC Transmission Projects Company Limited (RECTPCL) as a Special Purpose Vehicle company to develop transmission system (Project) required for evacuation of power from NTPC Kudgi TPS (3X800 MW in Phase-I). The certificate of commencement of business was issued on January 11, 2013. M/s.RECTPCL has floated a bid on Build Own Operate and Maintain (BOOM) basis for selection of Transmission Service Provider for the above said project and M/s. L&T Infrastructure Development Projects Limited (L&TIDPL) was the successful bidder. Accordingly, the Company was acquired by L&TIDPL from REC TPCL on August 30, 2013 (effective date). The project is for 35 years from the Scheduled Commercial Operation Date,which is 18 months for first transmission element (Kudgi TPS to Narendra (new) 400 kV 2xD/C) and 28 months for second transmission element (Narendra (new) to Madhugiri 765 kV D/C and Madhugiri to Bidadi 400 kV D/C) from effective date as per the Transmission Service Agreement dated 14th May 2013 entered into with potential Long Term Transmission Customer(s). The Company commenced operations of project on September 24, 2016.

The Company achieved commercial operations date on September 24, 2016, hence previous year figures are not comparable.

2) The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

3) Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

The Company’s provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 3,35,416 (previous year :Nil) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense in the Statement of Profit and loss (Note 17) and an amount of ₹ 5,48,889 (previous year : ₹ 11,24,699) included under Financial asset - Lease Receivable.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them :

Gratuity:

The Company operates gratuity plan through LIC’s Group Gratuity scheme where every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was not applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks	
Salary for Encashment	Basic Salary	
Salary for Availment	Cost to company	
Benefit event	Death or Resignation or Retirement or Availment	
Maximum accumulation	300	
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)	
Leave Denominator	Employee	30
Leaves Credited Annually	Employee	30
Retirement Age	58 Years	

The company is responsible for governance of the plan.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b) **The amounts recognised in Balance Sheet are as follows:**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
- Wholly funded	**503,605**	–	**–**	–
- Wholly unfunded		*598,214*	**569,549**	*806,013*
	503,605	*598,214*	**569,549**	*806,013*
Less : Fair value of plan assets	**749,481**	–	**–**	–
Net Liability / (asset)	**(245,876)**	*598,214*	**569,549**	*806,013*

c) **The amounts recognised in the Statement of Profit and loss are as follows: (included in Financial Assets - Lease receivable)**

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
		₹	₹	₹	₹
1	Current service cost	**137,537**	*127,585*	**155,805**	*144,531*
2	Interest on Defined benefit obligation	**45,055**	*39,047*	**59,470**	*12,180*
3	Expected return on plan assets	**(26,968)**	–	**–**	–
4	Past service cost	**–**	–	**77,651**	–
5	Actuarial (gain)/loss not recognised in books	**(267,051)**	*(33,399)*	**(449,431)**	*495,045*
	Total (1 to 7)	**(111,427)**	*133,233*	**(156,505)**	*651,756*
I	Amount included in “employee benefit expenses”	**(111,427)**	*133,233*	**(156,505)**	*651,756*
II	Amount included as part of “finance costs”	**–**	–	**–**	–
	Total (I + II)	**(111,427)**	*133,233*	**(156,505)**	*651,756*
	Actual return on plan assets	**–**	–	**–**	–

d) **The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**598,214**	*464,981*	**806,013**	*154,257*
Add: Current service cost	**137,537**	*127,585*	**155,805**	*144,531*
Add: Interest cost	**45,055**	*39,047*	**59,470**	*12,180*
Add/(less): Actuarial losses/(gains)	**(277,201)**	*(33,399)*	**(449,431)**	*495,045*
Less: Benefits paid	**–**		**79,959**	
Add: Past service cost	**–**	–	**77,651**	–
Closing balance of the present value of defined benefit obligation	**503,605**	*598,214*	**569,549**	*806,013*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

e) **Principal actuarial assumptions at the Balance Sheet date:**

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
1) Discount rate	**6.95%**	*7.80%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Attrition rate	**15% at young ages reducing to 3% at older ages**	*15% at young ages reducing to 3% at older ages*

f) **A quantitative sensitivity analysis for significant assumption as at 31 March 2017**

Particulars	**Change in Assumptions**	**Impact on Defined Benefit Obligation (Gratuity)**	
	Increase/ (Decrease)	**Increase/(Decrease) in Assumptions**	
	%	**₹**	**%**
Discount Rate	0.50%	488,553	-3.00%
	-0.50%	519,800	3.20%
Salary Growth Rate	0.50%	519,874	3.20%
	-0.50%	488,352	-3.00%

g) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 51,386

h) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	*0%*	*0%*

4) **Disclosure pursuant to Ind AS 23 "Borrowing Costs"**

Borrowing cost capitalized during the year ₹ 54,14,04,012. (previous year :₹ 80,49,61,965).

5) **Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"**

The Company is engaged in the business of construction, operation and maintenance of Transmission Lines on a Build Own Operate Maintain (BOOM) basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) **Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"**

a) **List of related parties**

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	L&T Chennai-Tada Tollway Limited Devihalli Hassan Tollway Limited L&T General Insurance Company Limited Western Andhra Tollway Limited
Key Managerial Personal	:	Ms.Priyanka Bajpai - Manager Mr.Ojes Cheriyan Madappattu - Manager

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

b) **Disclosure of related party transactions:**

Particulars		**2016-17**	*2015-16*
		₹	₹
1	**Purchase of goods and services incl. taxes**		
	Ultimate Holding company		
	Larsen & Toubro Limited	**5,292,548**	*1,230,425*
	Holding company		
	L&T Infrastructure Development Projects Limited	**519,835,552**	*5,531,469,985*
	Fellow subsidiaries		
	L&T General Insurance Company Limited	**–**	*1,146*
2	**Purchase of assets**		
	Fellow subsidiaries		
	L&T Chennai - Tada Tollway Limited	**40,895**	–
3	**Unsecured loan received from**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**228,500,000**	–
	Fellow subsidiaries		
	Western Andhra Tollway Limited	**150,000,000**	–
4	**Interest on unsecured loan**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**3,315,390**	–
5	**Reimbursement of expenses charged from**		
	Ultimate Holding company		
	Larsen & Toubro Limited	**996,429**	–
	Holding company		
	L&T Infrastructure Development Projects Limited	**1,232,727**	*1,015,465*
	Fellow subsidiaries		
	Devihalli Hassan Tollway Limited	**74,866**	–
6	**Reimbursement of expenses charged to**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**813,000**	–
7	**Share Capital (including advance against Share capital)**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**–**	*386,000,000*
8	**Refundable deposit received for directors nominations**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**100,000**	*200,000*
9	**Salary & Perquisites**		
	Mr. K.G. Sathyanarayana (upto December 31, 2015)	**–**	*1,491,176*
	Ms. Priyanka Bajpai (upto March 15, 2017)	**1,832,845**	*21,025*
	Mr. Ojes Cheriyan Madappattu (w.e.f March 15, 2017)	**61,960**	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

c) **Amount due to and due from related parties(net):**

		(Amount in ₹)
Particulars	**Amounts due to / (from)**	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**5,849,588**	*1,501,938*
Holding Company		
L&T Infrastructure Development Projects Limited	**1,127,923,212**	*1,161,729,778*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	**40,895**	–

d) **Terms and conditions of transactions with related parties :**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) The Holding Company L&T Infrastructure Development Projects Limited (L&T IDPL) has issued Sponsor Support and Put Option Agreements dated May 29, 2015 with the debenture trustees to fund the coupon shortfall in accordance with the terms of the agreement on behalf of Kudgi Transmission Limited. L&T IDPL has also given a commitment to purchase the debentures in accordance with the terms of the put option mentioned in the agreement.

g) **Compensation of Key Management personnel of the company**

		(Amount in ₹)
Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Short term employee benefits	**1,808,779**	*1,512,201*
Post employment gratuity and medical benefits	**86,026**	–
Other long term benefits	**–**	–
Termination benefits	**–**	–
Share based payment transactions	**–**	–

7) **Disclosure pursuant to Ind AS 12 "Income taxes"**

The major components of income tax expense for years ended March 31, 2017 and March 31, 2016 are:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹
Profit and loss section:		
Current tax :		
Current income tax charge	**89,149,904**	–
Adjustments of current tax of previous year	**50,461**	*78,817*
Deferred tax :		–
Relating to origination and reversal of temporary differences	**–**	–
Effect on deferred tax balances due to change in income tax rate	**–**	–
Income tax reported in the statement of profit and loss	**89,200,365**	*78,817*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for March 31, 2017 and March 31, 2016:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Profit before tax	**299,463,742**	*292,175,212*
Applicable tax rate	**34.61%**	*34.61%*
Profit before tax * Applicable tax rate	**103,638,412**	*101,115,997*
Adjustments in respect of current income tax of previous years		
Transitional Adjustments	**–**	*101,115,997*
Impact on taxation at differential rates	**(294,783)**	–
Tax incentives	**(98,945,626)**	–
MAT Credit	**86,693,380**	–
Non deductable expenses	**(1,941,480)**	–
Income tax expense reported in the statement of profit and loss	**89,149,904**	–

Deferred tax

Major components of deferred tax liabilities and assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
Balance Sheet			
a) Financial Asset - Lease receivable	**(1,535,372,046)**	–	–
Profit and Loss			
a) Unabsorbed depreciation	**1,535,372,046**	–	–
Net deferred tax assets /(liabilities)	**–**	–	–

8) Disclosure pursuant to Ind AS 17 - " Leases"

The Company has not taken any asset on finance lease. The Company has taken office premises and transit house under cancellable operating leases. Lease rental paid ₹ 2,36,177 (Previous year is Nil) in the statement of profit and loss and ₹ 3,36,778 has been included in Financial Asset - Lease receivable (Previous Year - ₹ 3,75,500).

9) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**210,263,377**	*292,096,395*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**192,600,000**	*192,600,000*
Basic and Diluted earnings per equity share (₹)	A / B	**1.09**	*1.52*
Face value per equity share (₹)		**10.00**	*10.00*

10) Details of Specified Bank Notes (SBN) held and transacted during the period November 8, 2016 to December 30, 2016 as provided below:

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	–	–	–
Add: Permitted receipts	–	–	–
Less: Permitted payments	–	–	–
Less: Amount deposited in banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11) Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximize shareholder value.

12) First time adoption of Ind AS

The financial statements, for the year ended March 31, 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended March 31, 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on March 31, 2017, together with the comparative period data as at and for the year ended March 31, 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at April 1, 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

13) The following is a brief summary of the IGAAP adjustments made by the Company on account of transition to IndAS from the previous IGAAP.

(i) Service concession arrangements - Unconditional right to receive cash

Under Indian GAAP, service concession arrangements that gave the Company a right to received cash from or at the direction of the authority were recognised as Tangible assets. For transition, the right to receive cash is recognised as a financial asset on initial recognition at the fair value of the consideration received/receivable. Finance income is accounted on the financial asset using the effective interest rate method and the contractual cash flows are allocated between interest and principal repayments so as to completely amortize the receivable at the end of the concession period. Accordingly, tangible assets recognised under the previous GAAP in respect of annuity projects are de-recognised and consequently a financial asset is recognised on the transition date.

(ii) Current investments:

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorized as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 2,26,301/- with a corresponding increase in the reserves.

(iii) Construction income and construction expense:

The operator is required to recognize contract revenue and costs in accordance with Ind AS 11. As per Ind AS 115, operator has to recognize revenue when(or as) the operator satisfies a performance obligation by transferring promised asset to customer. The cost of each activity, viz, construction, operation and maintenance , are recognized as expenses by reference to stage of completion of that activity.

Reconciliation of equity as at March 31, 2015

Particulars	*Indian GAAP**	*Adjustments*	*Ind AS*
	₹	₹	₹
ASSETS			
(1) Non-current assets			
a) Property, plant and equipment	*662,954*	*(662,954)*	–
b) Capital work-in-progress	*5,907,088,587*	*(5,907,088,587)*	–
c) Financial assets			
i) Loans	*638,084,400*	*(637,860,000)*	*224,400*
ii) Others(Lease receivable)	–	*6,838,469,276*	*6,838,469,276*
	6,545,835,941	*292,857,735*	*6,838,693,676*
Current assets			
a) Financial assets			
i) Investments	*11,379,093*	*263,212*	*11,642,305*
ii) Cash and bank balances	*1,673,098*	–	*1,673,098*
iii) Loans	*338,278*	–	*338,278*
	13,390,469	*263,212*	*13,653,681*
TOTAL	*6,559,226,411*	*293,120,947*	*6,852,347,358*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	Indian GAAP*	Adjustments	Ind AS
	₹	₹	₹
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	1,540,000,000	–	1,540,000,000
b) Other equity	(15,474,420)	293,120,947	277,646,527
	1,524,525,580	293,120,947	1,817,646,527
LIABILITIES			
(1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	4,708,545,936	–	4,708,545,936
b) Provisions	619,238	–	619,238
	4,709,165,174	–	4,709,165,174
Current liabilities			
a) Financial liabilities			
i) Trade payables	264,112,916	–	264,112,916
ii) Other financial liabilities	42,183,049	–	42,183,049
b) Other current liabilities	19,005,154	–	19,005,154
c) Current tax liabilities (net)	234,538		234,538
	325,535,657	–	325,535,657
Total Equity and Liabilities	6,559,226,411	293,120,947	6,852,347,358

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of equity as at March 31, 2016

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
ASSETS			
(1) Non-current assets			
a) Property, plant and equipment	2,029,314	(2,029,314)	–
b) Capital work-in-progress	12,801,607,982	(12,801,607,982)	–
c) Financial assets			–
i) Loans	533,704,911	(533,465,486)	239,425
ii) Other financial assets	–	13,928,547,334	13,928,547,334
	13,337,342,207	591,444,552	13,928,786,759
Current assets			
a) Financial assets			
i) Investments	74,710,290	226,301	74,936,591
ii) Cash and bank balances	25,883,626	–	25,883,626
b) Current Tax Assets (net)	15,201	–	15,201
c) Other current assets	433,286	–	433,286
	101,042,403	226,301	101,268,704
TOTAL	13,438,384,610	591,670,853	14,030,055,463
EQUITY AND LIABILITIES			
EQUITY			
a) Equity share capital	1,926,000,000	–	1,926,000,000
b) Other equity	(21,460,759)	591,670,853	570,210,094
	1,904,539,241	591,670,853	2,496,210,094

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
LIABILITIES			
(1) Non-current liabilities			
a) Financial liabilities			
i) Borrowings	10,161,053,787	–	10,161,053,787
b) Provisions	1,275,890	–	1,275,890
	10,162,329,677	–	10,162,329,677
Current liabilities			
a) Financial liabilities			
i) Borrowings	205,800,000	–	205,800,000
ii) Trade payables	1,163,231,716	–	1,163,231,716
a) Other current liabilities	2,355,641	–	2,355,641
b) Provisions	128,335	–	128,335
	1,371,515,692	–	1,371,515,692
Total Equity and Liabilities	13,438,384,610	591,670,853	14,030,055,463

Note:

(a) Financial Asset :

Under Indian GAAP, service concession arrangements that gave the Company a right to receive cash from or at the direction of the authority were recognised as tangible assets. For transition, the right to receive cash is recognised as a financial asset on initial recognition at the fair value of the consideration received/receivable. Finance income is accounted on the financial asset using the effective interest rate method and the contractual cash flows are allocated between interest and principal repayments so as to completely amortize the receivable at the end of the concession period. Accordingly, tangible assets recognised under the previous GAAP in respect of annuity projects are de-recognised and consequently a financial asset is recognised on the transition date.

(b) The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Reconciliation of Profit and loss as at March 31, 2016

Particulars	Indian GAAP	Adjustments	Ind AS
	₹	₹	₹
REVENUE			
Construction contract revenue	–	6,623,090,346	6,623,090,346
Interest Income	–	1,102,818,398	1,102,818,398
Other income	11,866,667	226,301	12,092,968
Total income	11,866,667	7,726,135,045	7,738,001,712
EXPENSES			
Construction Contract expense	–	6,623,090,346	6,623,090,346
Operating Expense		804,961,965	804,961,965
Finance costs	16,366,742		16,366,742
Administration and other expenses	1,407,447		1,407,447
Total expenses	17,774,189	7,428,052,311	7,445,826,500
Profit/(loss) before exceptional items and tax	(5,907,522)	298,082,734	292,175,212
Exceptional items	–	–	–
Profit/(loss) before tax	(5,907,522)	298,082,734	292,175,212
Tax Expense:			
Current tax	78,817	–	78,817
	78,817	–	78,817
Profit/(loss) for the year	(5,986,339)	298,082,734	292,096,395
Other comprehensive income	–	–	–
Total comprehensive income for the year	(5,986,339)	298,082,734	292,096,395

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note:

(a) Current investments:

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorized as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any Unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 2,26,301/- with a corresponding increase in the reserves.

(b) Construction income and construction expense:

The operator is required to recognize contract revenue and costs in accordance with Ind AS 11. As per Ind AS 115, operator has to recognize revenue when(or as) the operator satisfies a performance obligation by transferring promised asset to customer. The cost of each activity, viz, construction, operation and maintenance , are recognized as expenses by reference to stage of completion of that activity.

(c) The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

14) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	1	–	–	385,400	–	–	239,425	–	–	224,400
Investments	4	–	–	–	74,936,591	–	–	11,642,305	–	–
Lease receivable	2	–	–	15,920,586,904	–	–	13,928,547,334	–	–	6,838,469,276
Cash and cash equivalents	5	–	–	13,764,171,191	–	–	25,883,626	–	–	1,673,098
Total Financial Asset		–	–	29,685,143,495	74,936,591	–	13,954,670,385	11,642,305	–	6,840,366,774
Financial liability										
Term Loan from Banks	8	–	–	–	–	–	8,996,534,607	–	–	4,708,545,936
Non convertible debentures	8	–	–	15,017,025,078	–	–	1,370,319,180	–	–	–
Term loans from others	8	372,313,951	–	–						
Other Current Financial Liabilities	12	–	–	10,085,848,262	–	–	–	–	–	42,183,049
Trade Payables	11	–	–	1,139,336,563	–	–	1,163,231,716	–	–	264,112,916
Total Financial Liabilities		372,313,951	–	26,242,209,903	–	–	11,530,085,503	–	–	5,014,841,901

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

15) Fair value of Financial asset and liabilities at amortized cost

Particular	Note no.	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	1	385,400	385,400	239,425	239,425	224,400	224,400
Lease receivable	2	15,920,586,904	15,920,586,904	13,928,547,334	13,928,547,334	6,838,469,276	6,838,469,276
Cash and cash equivalents	5	13,764,171,191	13,764,171,191	25,883,626	25,883,626	1,673,098	1,673,098
Total Financial Assets		29,685,143,495	29,685,143,495	13,954,670,385	13,954,670,385	6,840,366,774	6,840,366,774
Financial liability							
Term Loan from Banks	8	–	–	8,996,534,607	8,996,534,607	4,708,545,936	4,708,545,936
Non convertible debentures	8	15,017,025,078	15,017,025,078	1,370,319,180	1,370,319,180	–	–
Other Current Financial Liabilities	12	10,085,848,262	10,085,848,262	–	–	42,183,049	42,183,049
Trade Payables	11	1,139,336,563	1,139,336,563	1,163,231,716	1,163,231,716	264,112,916	264,112,916
Total Financial Liabilities		26,242,209,903	26,242,209,903	11,530,085,503	11,530,085,503	5,014,841,901	5,014,841,901

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The carrying amount of current financial assets and current trade and other payables measured at amortized cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of security deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and non convertible debentures approximate fair value as the instruments are at prevailing market rate.

16) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at FV - Recurring fair value measurement	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	**4**	**–**	**–**	**–**	**–**
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities measured at FVTPL					
Term loans from others	**8**	**–**	**–**	**372,313,951**	**372,313,951**
Total of Financial Liabilities		**–**	**–**	**372,313,951**	**372,313,951**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	**1**	**–**	**–**	**385,400**	**385,400**
Lease receivable	**2**	**–**	**–**	**15,920,586,904**	**15,920,586,904**
Cash and cash equivalents	**5**	**–**	**–**	**13,764,171,191**	**13,764,171,191**
Total of Financial Assets		**–**	**–**	**29,685,143,495**	**29,685,143,495**
Financial Liabilities					
Non convertible Debentures	**8**	**–**	**15,017,025,078**	**–**	**15,017,025,078**
Other Current Financial Liabilities	**12**	**–**	**10,085,848,262**	**–**	**10,085,848,262**
Trade Payables	**11**	**–**	**–**	**1,139,336,563**	**1,139,336,563**
Total Financial liabilities		**–**	**25,102,873,340**	**1,139,336,563**	**26,242,209,903**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	*4*	*74,936,591*	–	–	*74,936,591*
Total of Financial Assets		*74,936,591*	–	–	*74,936,591*
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	*1*	–	–	*239,425*	*239,425*
Lease receivable	*2*	–	–	*13,928,547,334*	*13,928,547,334*
Cash and cash equivalents	*5*	–	–	*25,883,626*	*25,883,626*
Total Financial Assets		–	–	*13,954,670,385*	*13,954,670,385*
Financial Liabilities					
Term Loan from Banks	*8*	–	*8,996,534,607*	–	*8,996,534,607*
Non convertible Debentures	*8*	–	*1,370,319,180*	–	*1,370,319,180*
Trade Payables	*11*	–	–	*1,163,231,716*	*1,163,231,716*
Total Financial Liabilities		–	*10,366,853,787*	*1,163,231,716*	*11,530,085,503*

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at April 01, 2015

Financial Asset & Liabilities Measured at FV - Recurring FVM	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	*4*	*11,642,305*	–	–	*11,642,305*
Total of Financial Assets		*11,642,305*	–	–	*11,642,305*
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	*Note*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	*1*	–	–	*224,400*	*224,400*
Lease receivable	*2*	–	–	*6,838,469,276*	*6,838,469,276*
Cash and cash equivalents	*5*	–	–	*1,673,098*	*1,673,098*
Total of Financial Assets		–	–	*6,840,366,774*	*6,840,366,774*
Financial Liabilities					
Term Loan from Banks	*8*	–	*4,708,545,936*	–	*4,708,545,936*
Other Current Financial Liabilities	*12*	–	*42,183,049*	–	*42,183,049*
Trade Payables	*11*	–	–	*264,112,916*	*264,112,916*
Total of Financial Liabilities		–	*4,750,728,985*	*264,112,916*	*5,014,841,901*

There are no transfer between level 1 and level 2 during the year

The company policy is to recognize transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	**Valuation method**	**Inputs**
Financial assets		
Investment in Mutual Funds	Market Approach	Net asset value
Security deposit	Income approach	Cash Flows
Lease receivable	Income approach	Cash Flows
Financial liabilities		
Term Loan from Banks	Income approach	Effective rate of borrowing
Non convertible debentures	Income approach	Effective rate of borrowing
Other Current Financial Liabilities	Income approach	Effective rate of borrowing

17) Asset pledged as security

Particulars	**Note**	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Financial Asset				
Lease receivable	**2**	**15,920,586,904**	*13,928,547,334*	*6,838,469,276*
Investments	**4**	**–**	*74,936,591*	*11,642,305*
Cash and Bank balances	**5**	**44,171,191**	*25,883,626*	*1,673,098*
TOTAL		**15,964,758,095**	*14,029,367,551*	*6,851,784,679*

18) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

(i) Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

(ii) Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Senior Debt from Banks - Variable rate borrowings	–	*8,996,534,607*	*4,708,545,936*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 base point	**11,245,668**	*17,131,351*

Note: Profit will increase in case of decrease in interest rate and vice versa

(iii) Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**As at March 31,2017**	*As at March 31,2016*	*As at March 31,2015*
Investments in Mutual Funds	**4**	–	*74,936,591*	*11,642,305*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in NAV by 2%	–	*1,498,732*

Note - In case of decrease in NAV profit will reduce and vice versa.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Non convertible Debentures	**15,017,025,078**	**13,025,078**	**230,000,000**	**1,040,000,000**	**13,734,000,000**
Senior Debt from Banks [Refer Note 8(a)]	**10,082,864,412**	**10,082,864,412**	**–**	**–**	**–**
Trade Payables	**1,139,336,563**	**1,139,336,563**	**–**	**–**	**–**
Derivative Financial Liability	**–**	**–**	**–**	**–**	**–**
As at March 31, 2016	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Non convertible Debentures	*1,370,319,180*	*1,370,319,180*	–	–	–
Senior Debt from Banks [Refer Note 8(a)]	*8,996,534,607*	*205,800,000*	*8,790,734,607*	–	–
Trade Payables	*1,163,231,716*	*1,163,231,716*	–	–	–
Derivative Financial Liability	–	–	–	–	–
As at April 01, 2015	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Senior Debt from Banks [Refer Note 8(a)]	*4,708,545,936*	–	*205,800,000*	*4,502,745,936*	–
Trade Payables	*264,112,916*	*264,112,916*	–	–	–
Derivative Financial Liability	–	–	–	–	–

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company is exposed to credit risk with regard to receipt of annuity income as per the transmission service agreement. In case of shortfall, the company shall go for working capital loan or promoter funding or any other form of temporary funding.

19) Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"

i) Description and classification of the arrangement

"Kudgi Transmission Limited was incorporated on November 27, 2012 under the Companies Act 1956 as a wholly owned subsidiary of M/s. REC Transmission Projects Company Limited (RECTPCL) as a Special Purpose Vehicle company to develop transmission system (Project) required for evacuation of power from NTPC Kudgi TPS (3X800 MW in Phase-I). The certificate of commencement of business was issued on January 11, 2013. M/s.RECTPCL has floated a bid on Build Own Operate and Maintain (BOOM) basis for selection of Transmission Service Provider for the above said project and M/s. L&T Infrastructure Development Projects Limited (L&TIDPL) was the successful bidder. Accordingly, the Company was acquired by L&TIDPL from REC TPCL on August 30, 2013 (effective date). The project is for 35 years from the Scheduled Commercial Operation Date, which is 18 months for first transmission element (Kudgi TPS to Narendra (new) 400 kV 2xD/C) and 28 months for second transmission element (Narendra (new) to Madhugiri 765 kV D/C and Madhugiri to Bidadi 400 kV D/C) from effective date as per the Transmission Service Agreement (TSA) dated 14th May 2013 entered into with potential Long Term Transmission Customer(s). The Company commenced operations of project on September 24, 2016."

ii) Significant Terms of the arrangements

(a) Monthly Transmission Charges:

The Monthly Transmission Charges for each contract year shall be calculated in accordance with the provision of Schedule 5 of TSA.

(b) License Fee

A transmission licensee for inter-State transmission, including a person deemed to be an inter-State transmission licensee under any of the provisions to Section 14 of the Electricity Act 2003, shall pay license fee at the rate of 0.11% per annum on the annual transmission charges.

iii) Operation and Maintenance of the Project

Transmission Service Provider (TSP) shall be responsible for ensuring that the project is operated and maintained as specified under article 7 of the transmission service agreement (TSA) in accordance with the Indian Electricity Grid Code/ State Grid Code in an efficient, coordinated and economical manner.

v) Details of Termination

TSA can be terminated on account of default of the company in the circumstances as specified under article 13 of the TSA.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended March 31, 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer Note H(14) for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognizes revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

b) Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

c) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

f) Other items of income are recognised as and when the right to receive arises.

4. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5. Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure."

6. Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

7. Investments

Trade investments comprise investments in entities in which the Company has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

8. Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognizes any related restructuring costs.

9. Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10. Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108) read with SEBI’s circular dated July 5, 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under ‘unallocated revenue / expenses / assets / liabilities’.

11. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalized at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalized by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

12. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13. Income taxes

The income tax expense or credit for the year is the tax payable on current year’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realized or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilize those temporary differences and losses.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14. Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and

(b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

15. Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognised as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

16 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortized cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortized cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognized when:

i. the rights to receive cash flows from the asset have expired, or

ii. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortized costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortization.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortized to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected

NOTES FORMING PART OF FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

17. Operating Cycle

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

18. Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

19. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortized cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
4. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
5. The estimates as at April 1, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report attached

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S. POOSAIDURAI
Partner
Membership No. 223754

SATNAM SINGH
Chief Financial Officer

R.G.RAMACHANDRAN
Company Secretary
M. No. A19251

P.G.SURESH KUMAR
Director
DIN: 07124883

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

BOARD'S REPORT

The Directors have pleasure in presenting their report and Audited Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):

(₹ in crore)

Particulars	**2016-17**	*2015-16*
	₹ Crore	*₹ Crore*
Profit / (Loss) before Depreciation, exceptional and extra ordinary items & Tax	**(247.74)**	*(187.72)*
Less: Depreciation, amortization and obsolescence	**43.38**	*35.31*
Profit / (Loss) before tax	**(291.12)**	*(223.03)*
Less: Provision for tax	**–**	*–*
Profit for the period carried to the balance sheet	**(291.12)**	*(223.03)*
Add: Balance brought forward from previous year	**(236.16)**	*(13.13)*
Balance carried to Balance Sheet	**(527.28)**	*(236.16)*

STATE OF COMPANY AFFAIRS:

The gross revenue and other income for the financial year under review were ₹ 311.70 crore as against ₹ 243.66 crore for the previous financial year registering an increasing of 27.92%. The loss for the year was ₹ 291.12 crore as against loss of the previous year of ₹ 223.03 crore. Since the Commercial Operations Date was achieved in June 2015, the figures for the financial 2015-16 are for 10 (ten) months period only.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties,the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit/Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID hand helds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 22.83%of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹ 10.92 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL & FINANCE:

The Company did not raise any funds via issue of Non-Convertible debentures or long term foreign currency loans in USD.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 4,747.92 crore and the net fixed and intangible assets, including leased assets, at ₹ 4,669.29 crore. Capital Expenditure during the year amounted to ₹ 1.29 crore.

DEPOSITS:

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

The Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No. 5 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 is given in Annexure I to this Report.

AMOUNT TO BE CARRIED TO RESERVE:

Appropriation of profits to any specific reserves is not applicable to the Company.

DIVIDEND:

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, technology absorption does not apply.

There was no expenditure or earnings in foreign currency during the year.

RISK MANAGEMENT POLICY:

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY:

Since the Company does not fulfil the criteria specified under Section 135 of the Act provisions of Corporate Social Responsibility are not applicable to your Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE FINANCIAL YEAR:

Mr. T. S. Venkatesan, Director who had retired by rotation at the Annual General Meeting held on September 29, 2016, was re-appointed as Director at the said Meeting.

Mr. Mathew George, whose term ended on Annual General Meeting held on September 29, 2016 was re-appointed as Director in the said AGM.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. Manoj Kumar Singh	Director	05228599
3	Mr. Mathew George	Director	07402208
4	Ms. SamyukthaSurendran	Independent Director	07138327
5	Dr. A.Veeraragavan	Independent Director	07138615

Mr. SharadPancholy was appointed as the Manager of the Company with effect from October 20, 2016.

Mr. Karthikeyan T.V. had resigned as Company Secretary of the Company with effect from January 10, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S.No.	Name of the KMP	Designation	Date of appointment
1	Mr. P Padmanabhan	Chief Financial Officer (CFO)	October 28, 2014
2	Mr. SharadPancholy	Manager	October 20, 2016

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review, 6(six) meeting was held and the details of which are hereunder:

Date	Board Strength	No of Directors Present
April 28, 2016	5	4
July 14, 2016	5	3
September 16, 2016	5	3
October 20, 2016	5	4
January 16, 2017	5	4
March 15, 2017	5	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Act, comprising of Dr.A. Veeraragavan, Ms. Samyuktha Surendranand Mr. T.S. Venkatesan

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder. Details of the meetings held during the year are given below:

Date	Strength of the Committee	No. of members present
April 28, 2016	3	3
July 14, 2016	3	2
September 16, 2016	3	2
October 20, 2016	3	3
January 16, 2017	3	3
March 15, 2017	3	3

The Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder comprising of Dr. A. Veeraragavan, Ms. Samyuktha Surendranand Mr. T. S. Venkatesan.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are hereunder:

Date of Meetings	Committee strength	No. of Members Present
October 20, 2016	3	3

The Committee has formulated a policy on director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 7, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION:

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS:

The Company in the 4th Annual General Meeting held on September 22, 2015 for the Financial Year 2015-16 had appointed M/s. Sharp &Tannan, Chartered Accountants, (Firm Reg no: 003792S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 9th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Sharp & Tannan, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' report for the financial year 2016-17 does not contain any significant qualifications or matter of emphasis. The notes to accounts referred to in the Auditors' report are self – explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013

COST AUDITORS:

Pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed Mr. K. Suryanarayanan (Membership No 24946) Cost Accountant in practice, as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-17 at a remuneration of ₹ 75,000/- per annum. The remuneration payable to the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016. The report of the Cost Auditors for the financial year 2016-17 will be filed with Ministry of Corporate Affairs once the same is finalized.

SECRETARIAL AUDITORS:

M/s. M. Alagar& Associates, a firm of Company Secretaries in practice were appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under section 204 of the Act and rules made thereunder.

The Secretarial Audit Report dated April 20, 2017 issued by Mr. M.Alagar (C.O.P No.8196), Proprietor of the firm is attached as Annexure III to this Annual Report.

The Secretarial Auditor's report to the shareholders is unqualified.

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as Annexure II to this Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	T. S. VENKATESAN	**MATHEW GEORGE**
Place : Chennai	*Director*	*Director*
Date : April 27, 2017	*DIN: 01443165*	*DIN: 07402208*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under the third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount (₹)
Larsen & Toubro	Ultimate Holding Company	Service Received	FY 16-17	Other Service	1,15,84,147.00
L&T Infrastructure Development Projects Limited	Holding Company	Service Received	FY 16-17	BSS and O&M fee	3,03,29,165.00
		ICD	FY 16-17	Mezzanine Debt	2,00,00,000.00
		Sale of Assets	FY 16-17	Assets Sale	1,26,018.00
Ahmedabad MaliyaTollway Limited	Fellow subsidiary	Assets Purchase	FY 16-17	Assets purchase	1.00
L&T Rajkot VadinarTollway Limited	Fellow subsidiary	Assets Purchase	FY 16-17	Assets purchase	18,55,502.00
L&T Deccan Tollways Limited	Fellow subsidiary	Assets Purchase	FY 16-17	Assets purchase	58,340.00
PNG Tollway Limited	Fellow subsidiary	Assets Purchase	FY 16-17	Assets purchase	28,63,227.00
L&T HalolShamlajiTollway Limited	Fellow subsidiary	Assets Purchase	FY 16-17	Assets purchase	10,802.00
L&T Sambalpur Rourkela Tollway Limited	Fellow subsidiary	Sale of Assets	FY 16-17	Assets Sale	58,507.00
L&T Interstate Road Corridor Limited	Fellow subsidiary	Sale of Assets	FY 16-17	Assets Sale	51,005.00
L&T Krishnagiri Walajahpet Tollway Limited	Fellow subsidiary	Purchase of Commercial Paper	FY 16-17	Purchase of Commercial Paper	24,82,85,750.00
Western Andhra Tollway Limited	Fellow subsidiary	Purchase of Commercial paper	FY 16-17	Purchase of Commercial Paper	5,97,47,940.00

Date(s) of approval by the Board, if any – 27th April 2017

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2011PLC080786
Registration Date	25/05/2011
Name of the Company	L&T BPP TOLLWAY LIMITED
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	*NSDL Database Management Limited. 4thFloor,'A' Wing, Trade World, Kamala Mills Compound, SenapatiBapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 14, 2016 and the securities were transferred fromSharepro Services (P) Ltd with effect from September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicularand pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	165124998	82075000*	247199998	100%	165124998	82075000*	247199998	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**165124998**	**82075000***	**247199998**	**100%**	**165124998**	**82075000***	**247199998**	**100%**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**165124998**	**82075000***	**247199998**	**100%**	**165124998**	**82075000***	**247199998**	**100%**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds									
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0%	2	–	2	0%	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**2**	**–**	**2**	**0%**	**2**	**–**	**2**	**0%**	**–**
Total shareholding of Promoter (B) = (B)(1)+(B)(2)	**2**	**–**	**2**	**–**	**2**	**–**	**2**	**0.0001**	**0.00%**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**165125000**	**82075000***	**247200000**	**100%**	**165125000**	**82075000***	**247200000**	**100%**	**–**

*Includingshares held by nominees of L&T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with nominees)	247199998	100%	–	247199998	100%	–	–
	Total	**247199998**	**100%**	**–**	**247199998**	**100%**	**–**	–

(iii) Change in Promoters' Shareholding

During the year there was no change in the Promoters' shareholding.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares ofthe company
1.	**J. Subramanian**				
	As onApril 1, 2016	2	0%	2	0%
	Date wise Increase/Decrease in the Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):	–	–	–	–
	As onMarch 31, 2017	2	0%	2	0%

v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹ Crore)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 1, 2016			
i) Principal Amount	18,226,728,945	25,232,057,428	43,458,786,373
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**18,226,728,945**	**25,232,057,428**	**43,458,786,373**
Changes during the financial year			
Addition	–	2,742,692,935	2,742,692,935
Reduction	15,322,635	–	15,322,635
Net Change	**(15,322,635)**	**2,742,692,935**	**(2,727,370,300)**
As on March 31, 2017			
i) Principal Amount	18,211,406,310	27,974,750,363	11,518,094,051
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**18,211,406,310**	**27,974,750,363**	**11,518,094,051**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ in Crore

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr.SharadPancholy	
1.	Gross salary	N.A.	
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,706,966	1,706,966
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
	- others, specify	–	–
5.	Others, please specify	–	–
	Total (A)	**1,706,966**	**1,706,966**
	Ceiling as per the Act	**1,61,96,938**	**1,61,96,938**

B. Remuneration to other directors:

₹

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	**Independent Directors**	**Dr.A.Veeraragavan**	**Mrs. SamyukthaSurendran**	
	Fee for attending Board / Committee Meeting	2,20,000	2,20,000	4,40,000
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,20,000**	**2,20,000**	**4,40,000**
2.	**Other Non-Executive Directors** **1) Mr. T.S.Venkatesan** **2) Mr. Mathew George** **3) Mr. Manoj Kumar Singh**			
	No fee for attending Board Meeting / Committee Meeting and no Commission was paid	–	–	–
	Total (2)	**–**	**–**	**–**
	Total (B)=(1+2)	**2,20,000**	**2,20,000**	**4,40,000**
	Total Managerial Remuneration	NA		
	Overall Ceiling as per the Act	Sitting fees not more than ₹1,00,000 per meeting of Board or Committee.		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

₹

No remuneration was paid to Key Managerial Personnel other than Manager. Mr. P Padmanabhan, CFO is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17

To,
The Members,
L&T BPP Tollway Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T BPP Tollway Limited** (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder –Not Applicable;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not Applicable;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - To the extent applicable to the company;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis. The list of labour and industrial laws covered under the internal compliance report by the company are as follows;

a) The Electricity Act, 2003 and Electricity Rules,1956

b) Forest Conservation Act, 1980

c) Information Technology Act, 2000

d) Motor Vehicles Act, 1988

e) The Central Electricity Authority (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines) Regulation 2011

f) The Central Electricity Authority(Technical Standards for Connectivity of the Grid)Regulation,2007

g) The Central Electricity Regulatory Commission (Open Access in inter-State Transmission) Regulations, 2008

h) The Central Electricity Regulatory Commission (Terms and Conditions of Tariff) Regulations, 2009

i) The Central Electricity Regulatory Commission(Grant of Connectivity, Long-term Access and Medium-term Open Access in inter-State Transmission and related matters)Regulations,2009

j) The Building and Other Construction Workers' (Regulation Of Employment And Conditions Of Service) Central Rules, 1998

k) The National Highways (Collection of Fees by any Person for the use of section of national highways/ Permanent Bridge/ Temporary Bridge on National Highways)Rules,1997

l) The Personal Injuries (Compensation) Insurance Act, 1963

m) The Prohibition Of Smoking In Public Places Rules, 2008

n) The Works of Licensees Rules, 2006

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable Labour, Industrial and Environmental Laws, rules, regulations and guidelines.

I further report that there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

For **M.ALAGAR & ASSOCIATES**

M. ALAGAR
FCS No: 7488
C P No.: 8196

Place: Chennai
Date : April 20, 2017

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To,
The Members

Our report of even date is to be read along with this letter.

1. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
5. The Compliance of the provisions of corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M.ALAGAR & ASSOCIATES**

M. ALAGAR
FCS No: 7488
C P No.: 8196

Place: Chennai
Date : April 20, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T BPP TOLLWAY LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of **L&T BPP TOLLWAY LIMITED** ("the Company"),which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended,and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cashflows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section143 (3)of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of CashFlows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

   (g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017,in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note H11 to the Ind AS Financial Statements);

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure 'A' referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members ofL&T BPP TollwayLimited on the financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of its fixed assets.

(b) As informed to us, fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.

(c) The Company does not have any immovable property in its books of account. Accordingly, reporting on clause (i) (c) of the Order does not arise.

(ii) The Company is engaged in the business of development, operation and maintenance of roads and does not have any inventory in its books of account. Accordingly, reporting on clause (ii) of the Order does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to parties covered under Section 185 of the Companies Act, 2013. Accordingly, reporting under clause (iv) of the Order does not arise. Section 186 of the Companies Act, 2013 is not applicable to the company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public. Accordingly, reporting under clause (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit)Rules, 2014 (as amended) for the operations of the Company for the current financial year. We have broadly reviewed the books of account and records maintained by the Company in respect of development, operation and maintenance of roads and are of the opinion that *prima facie*, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, cess and other material statutory dues applicable to the Company with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, dues in respect of income tax as at 31 March 2017, which has not been deposited on account of disputes pending is as under:

Name of the statute	Nature of disputed dues	Period to which the dispute relates (Financial year)	Forums where disputes are pending	Amount involved (₹)	Amount not deposited (₹)
Income tax Act, 1961	Rejection of utility shifting expenses deducted against income from mutual funds and interest income	2013-14	Commissioner of Income Tax (Appeals)	17,84,580	17,84,580

According to the information and explanations given to us and the records of the Company examined by us, there are no dues in respect of sales tax, service tax, duty of customs, duty of excise or value added tax as at 31 March 2017, which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks during the year. The Company did not have any loans or borrowing from financial institutions orgovernment or dues to debenture holders.

(ix) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments) during the year.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company, and according to the information and explanations given to us, no instances of fraud by the Company, and no material instances of frauds on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid or provided for, managerial remuneration during the year. However, requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Companies Act, 2013 were not required since the total managerial remuneration paid or payable by the Company to its Manager in respect of financial year ended 31 March 2017 has not exceeded the limits laid down in Section 197 read with Schedule V of the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details disclosed in the Financial Statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause (xvi) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause (xvi) of the Order does not arise.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T BPP Tollway Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, theCompany has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

P. RAJESH KUMAR
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**31,930,766**	*26,752,414*	*19,439,960*
b) Intangible assets	2	**46,660,970,924**	*46,975,434,281*	–
c) Intangible assets under development	3	**–**	–	*23,996,898,292*
d) Financial Assets	4	**1,293,853**	*1,279,824*	*1,052,881*
e) Other non-current assets	5	**27,120,781**	*35,072,474*	*19,263,837*
	A	**46,721,316,324**	*47,038,538,993*	*24,036,654,970*
Current assets				
a) Financial Assets				
i) Investments	6	**465,507,737**	*269,724,312*	*32,117,305*
ii) Cash and bank balances	7	**45,338,687**	*128,277,102*	*50,149,936*
iii) Others	4	**200,633,434**	*333,767,016*	*225,481,441*
b) Other current assets	5	**3,311,224**	*2,761,293*	*3,002,733*
	B	**714,791,082**	*734,529,723*	*310,751,415*
TOTAL	A+B	**47,436,107,406**	*47,773,068,716*	*24,347,406,385*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	8	**2,472,000,000**	*2,472,000,000*	*2,472,000,000*
b) Other Equity	9	**(2,465,446,529)**	*431,820,166*	*2,552,608,800*
	C	**6,553,471**	*2,903,820,166*	*5,024,608,800*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	**44,462,823,340**	*42,728,591,824*	*18,819,398,886*
ii) Other financial liabilities	11	**265,304,423**	*60,168,612*	–
b) Provisions	12	**340,217,030**	*155,316,819*	*3,907,821*
	D	**45,068,344,793**	*42,944,077,255*	*18,823,306,707*
Current liabilities				
a) Financial liabilities				
i) Borrowings	10	**1,723,333,333**	*1,200,500,545*	*92,700,000*
ii) Trade payables	14	**18,783,901**	*3,855,018*	–
iii) Other financial liabilities	13	**449,442,825**	*573,727,768*	*158,573,577*
b) Other current liabilities	13	**168,122,334**	*146,561,359*	*246,275,955*
c) Provisions	12	**1,526,749**	*526,605*	*120,047*
d) Current tax liabilities (net)	15	**–**	–	*1,821,299*
	E	**2,361,209,142**	*1,925,171,295*	*499,490,878*
Total Equity and Liabilities	C+D+E	**47,436,107,406**	*47,773,068,716*	*24,347,406,385*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached of even date

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

P PADMANABHAN
Chief Financial Officer

T S VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	*2015-16 ₹*
REVENUE			
Revenue from Operations	**16**	**3,074,602,227**	*2,423,724,774*
Construction contract revenue		**–**	*247,977,152*
Other income	**17**	**42,404,925**	*12,923,795*
Total Revenue		**3,117,007,152**	*2,684,625,721*
EXPENSES			
Construction contract expenses		**–**	*247,977,152*
Operating expenses	**18**	**453,927,226**	*316,382,543*
Employee benefit expenses	**19**	**34,917,612**	*36,115,442*
Finance costs	**20**	**5,043,076,593**	*3,906,257,593*
Depreciation and amortisation		**433,766,938**	*353,075,614*
Administration and other expenses	**21**	**63,258,477**	*55,582,880*
Total Expenses		**6,028,946,846**	*4,915,391,224*
Profit/(loss) before tax (A)		**(2,911,939,694)**	*(2,230,765,503)*
Tax Expense:			
Current tax		**–**	*–*
Profit/(loss) after tax for the year		**(2,910,477,740)**	*(2,229,891,285)*
Other Comprehensive Income			
i) Reclassifiable to profit or loss in subsequent periods		**–**	*–*
ii) Not reclassifiable to profit or loss in subsequent periods (B)		**(730,977)**	*(437,109)*
Total Comprehensive Income for the year (A+B)		**(2,911,208,717)**	*(2,230,328,394)*
EARNINGS PER EQUITY SHARE (BASIC AND DILUTED)		**(11.78)**	*(9.02)*
FACE VALUE PER EQUITY SHARE		**10.00**	*10.00*

As per our report attached of even date

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

P PADMANABHAN
Chief Financial Officer

T S VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(2,911,939,694)**	*(2,230,765,503)*
	Adjustment for		
	Depreciation and amortisation expense	**433,766,938**	*353,075,614*
	Interest expense	**5,059,888,033**	*3,906,257,593*
	Interest income	**(2,446,905)**	*(131,561)*
	(Profit)/loss on sale of current investments(net)	**(26,538,369)**	*(12,465,516)*
	(Profit)/loss on sale of fixed assets	**36,456**	*1,415,479*
	Extension in Concession period	**(53,889,430)**	–
	Other Comprehensive Income	**730,977**	*437,109*
	Operating profit before working capital changes	**2,499,608,006**	*2,017,823,215*
	Adjustments for:		
	Increase / (Decrease) in Liabilities and Provisions	**64,805,390**	*471,110,169*
	(Increase) / Decrease in Financial Assets and other assets	**140,401,827**	*(120,387,171)*
	Net cash generated from/(used in) operating activities	**2,704,815,223**	*2,368,546,214*
	Direct taxes paid (net of refunds)	**119,494**	*(5,513,848)*
	Net Cash(used in)/generated from Operating Activities	**2,704,934,717**	*2,363,032,366*
B	**Cash flow from investing activities**		
	Purchase of Property, Plant & Equipment	**(13,323,254)**	*(673,568,019)*
	Sale of Property, Plant & Equipment	**768,431**	*542,454*
	(Purchase)/Sale of current investments	**(169,245,056)**	*(225,141,491)*
	Interest received	**2,446,905**	*131,561*
	Net cash (used in)/generated from investing activities	**(179,352,974)**	*(898,035,495)*
C	**Cash flow from financing activities**		
	Proceeds from long term borrowings	**164,442,000**	*350,000,000*
	Proceeds from Mezzanine Debt	**20,000,000**	*150,000,000*
	Repayment of long term borrowings	**(185,400,000)**	*(92,700,000)*
	Deferred payment liability	**(777,696,153)**	*(194,041,125)*
	Interest paid	**(1,829,866,005)**	*(1,600,128,580)*
	Net cash (used in)/generated from financing activities	**(2,608,520,158)**	*(1,386,869,705)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(82,938,415)**	*78,127,166*
	Cash and cash equivalents as at the beginning of the year	**128,277,102**	*50,149,936*
	Cash and cash equivalents as at the end of the year	**45,338,687**	*128,277,102*

Notes:

1. Statement of Cash Flows has been prepared under the ‘Indirect Method’ as set out in the Ind AS 7 - Statement of Cash Flows
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached of even date

For and on behalf of the Board

For SHARP & TANNAN
Chartered Accountants
(Firm’s Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

P PADMANABHAN
Chief Financial Officer

T S VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions/ Adjustment	As at March 31, 2017	Upto April 1, 2016	Additions	Deductions/ Adjustment	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
Owned										
Plant and Equipment	1,322,132	876,618	90,306	2,108,444	129,041	230,620	90,300	269,361	1,839,083	1,193,091
Furniture and fixtures	5,816,056	196,200	130,670	5,881,586	849,356	640,123	97,739	1,391,740	4,489,846	4,966,700
Vehicles	19,444,965	10,017,328	530,000	28,932,293	1,896,535	4,798,691	167,833	6,527,393	22,404,900	17,548,430
Office equipment	2,511,032	1,045,263	280,793	3,275,502	886,777	743,047	280,784	1,349,040	1,926,462	1,624,255
Computers, laptops and printers	1,810,525	780,421	786,134	1,804,812	390,587	520,110	376,360	534,337	1,270,475	1,419,938
Total	**30,904,710**	**12,915,830**	**1,817,903**	**42,002,637**	**4,152,296**	**6,932,591**	**1,013,016**	**10,071,871**	**31,930,766**	**26,752,414**

1.1 Refer Note H 21 for information on property, plant and equipments pledged as security.

1.2 There is no restriction on title of property, plant and equipments.

1.3 There is no contractual commitment on acquition of property, plant and equipments.

2 INTANGIBLE ASSETS

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions/ Adjustment	As at March 31, 2017	Upto April 1, 2016	Additions	Deductions/ Adjustment	Upto March 31, 2017	As at March 31, 2017	As at March 31, 2016
Toll collection rights	47,325,177,509	112,370,990	–	47,437,548,499	349,743,228	426,834,347	–	776,577,575	46,660,970,924	46,975,434,281
Total	**47,325,177,509**	**112,370,990**	**–**	**47,437,548,499**	**349,743,228**	**426,834,347**	**–**	**776,577,575**	**46,660,970,924**	**46,975,434,281**

Note: NHAI, Authority, suspended toll collection for 23.263 days during 9th Nov 2016 to 2nd Dec 2016 due to demonetisation. Under Clause 34.6.2 and 34.7.2 of Concession Agreement, being force majeure event, the company is entitled for extension of concession period for 23.263 days beyond end of existing concession period. The additional concession fee (also referred as Negative grant or premium) payable for this extended period of ₹ 52.84 Cr has been capitalised as deferred payment liability.

The company has submitted the claim to NHAI for ₹ 20.65 Cr for loss of revenue during 9th Nov 2016 to 2nd Dec 2016 in view of demonetisation. After excluding claim for Interest on Senior Debt ₹ 12.40 Cr and O&M Expenses of ₹ 1.64 Cr, and on account of decrease in amortisation of ₹1.22 cr due to increase in concession period, the balance receivable of ₹ 5.39 Cr has been capitalised.

2.2 Disclosure of Material Intangible Asset

2.2.1 Toll collection rights of existing road from KM 000.00 to KM 244.120 (approximately 244.120 km) on the Beawar – Pali - Pindwara section of National Highway No.14 in the State of Rajasthan

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	17.73
As at March 31, 2016	18.73
As at April 01, 2015	Not applicable

2.3 There is no restriction on title of Tolling rights.

2.4 There is no contractual commitment on acquition of Tolling rights.

2.5 Refer Note H 21 for information on Intangible asset pledged as security.

NOTES FORMING PART OF ACCOUNTS (Contd.)

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions/ Adjustment	As at March 31, 2016	Upto April 1, 2015	Additions	Deductions/ Adjustment	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Owned										
Plant and Equipment	–	1,322,132	–	1,322,132		129,041	–	129,041	1,193,091	–
Furniture and fixtures	6,839,273	497,435	1,520,652	5,816,056	–	849,356	–	849,356	4,966,700	6,839,273
Vehicles	10,059,103	9,453,779	67,917	19,444,965	–	1,896,535	–	1,896,535	17,548,430	10,059,103
Office equipment	2,206,188	550,152	245,308	2,511,032	–	886,777	–	886,777	1,624,255	2,206,188
Computers, laptops and printers	335,396	1,560,651	85,522	1,810,525	–	390,587	–	390,587	1,419,938	335,396
Total	**19,439,960**	**13,384,149**	**1,919,399**	**30,904,710**	**–**	**4,152,296**	**–**	**4,152,296**	**26,752,414**	**19,439,960**

2 INTANGIBLE ASSETS

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions/ Adjustment	As at March 31, 2016	Upto April 1, 2015	Additions	Deductions/ Adjustment	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Toll collection rights	205,311,298	47,119,866,211	–	47,325,177,509	–	349,743,228	–	349,743,228	46,975,434,281	205,311,298
Total	**205,311,298**	**47,119,866,211**	**–**	**47,325,177,509**	**–**	**349,743,228**	**–**	**349,743,228**	**46,975,434,281**	**205,311,298**

3 Intangible Assets under development

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions/ Adjustment	As at March 31, 2016	Upto April 1, 2015	Additions	Deductions/ Adjustment	Upto March 31, 2016	As at March 31, 2016	As at March 31, 2015
Construction cost	19,641,074,694	205,513,254	19,846,587,948	–	–	–	–	–	–	19,641,074,694
Pre-operative expenses pending allocation	4,150,512,300	434,471,148	4,584,983,448	–	–	–	–	–	–	4,150,512,300
Total	**23,791,586,994**	**639,984,402**	**24,431,571,396**	**–**	**–**	**–**	**–**	**–**	**–**	**23,791,586,994**

Particulars	As at April 1, 2015	2015-16	As at March 31, 2016
4A) INTANGIBLE ASSETS UNDER DEVELOPMENT			
a) Construction cost			
EPC contract bills	**19,641,074,694**	*205,513,254*	*19,846,587,948*
Other works - Toll plaza			-
Total (A)	**19,641,074,694**	*205,513,254*	*19,846,587,948*
b) Pre-operative expenses pending allocation			
Security charges			-
Insurance	**25,093,786**	*2,491,033*	*27,584,819*
Repairs and maintenance			-
Toll Road and Bridge	**52,408,862**	*9,217,793*	*61,626,655*
Plant and machinery			-
Others			-
Power and fuel	**3,671,876**	*2,785,338*	*6,457,214*
Depreciation and amortisation	**7,555,857**	*819,910*	*8,375,767*
Salaries and wages	**107,055,301**	*7,421,012*	*114,476,313*
Contribution and provisions for			-
Provident fund	**5,514,443**	*330,464*	*5,844,907*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at April 1, 2015	2015-16	As at March 31, 2016
Gratuity	1,957,188	28,870	1,986,058
Compensated absences	1,533,387	362,791	1,896,178
Staff Welfare Expenses	9,712,465	1,227,431	10,939,896
Interest on borrowings (term loans)	3,045,823,241	392,007,251	3,437,830,492
Bank charges and bank guarantee charges	36,633,065	7,373	36,640,438
Vehicle hire charges	49,630,079	1,952,372	51,582,451
Rent, rates and taxes	13,111,822	436,795	13,548,617
Professional fees	749,170,770	14,391,293	763,562,063
Postage and Communication expenses			-
Printing and Stationery	1,750,038	91,676	1,841,714
Travelling and conveyance	5,676,067	300,537	5,976,604
Miscellaneous expenses	34,214,053	599,209	34,813,262
Less:			-
Toll collections		-	-
Other income		-	-
Total (B)	4,150,512,300	434,471,148	4,584,983,448
Grand Total (A+B)	23,791,586,994	639,984,402	24,431,571,396

	Particulars	As at 31.03.2017 Current ₹	Non-current ₹	Total ₹	As at 31.03.2016 Current ₹	Non-current ₹	Total ₹	As at 01.04.2015 Current ₹	Non-current ₹	Total ₹
4	**FINANCIAL ASSET**									
	a) Security deposits									
	Unsecured, considered good	14,725,176	1,293,853	16,019,029	30,856,596	1,279,824	32,136,420	40,916,752	1,052,881	41,969,633
	b) Utility Shifting Receivable/ NHAI receivable	185,908,258		185,908,258	302,910,420		302,910,420	184,564,689		184,564,689
		200,633,434	1,293,853	201,927,287	333,767,016	1,279,824	335,046,840	225,481,441	1,052,881	226,534,322

	Particulars	As at 31.03.2017 Current ₹	Non-current ₹	Total ₹	As at 31.03.2016 Current ₹	Non-current ₹	Total ₹	As at 01.04.2015 Current ₹	Non-current ₹	Total ₹
5	**OTHER NON-CURRENT AND CURRENT ASSETS**									
	Advances other than capital advances									
	Advances to employees	–	–	–	–	2,000	2,000	–	–	–
	Other advances	262,650	–	262,650	238,053	–	238,053	–	–	–
	Advance recoverable other than in cash									
	Prepaid Insurance	2,695,877	–	2,695,877	2,089,472	–	2,089,472	2,666,787	–	2,666,787
	Prepaid expenses	352,700	–	352,700	433,768	–	433,768	335,945	–	335,945
	WCT recoverable	–	23,455,535	23,455,535	–	31,285,734	31,285,734	–	19,171,646	19,171,646
	(A)	3,311,227	23,455,535	26,766,762	2,761,293	31,287,734	34,049,027	3,002,733	19,171,646	22,174,378
	Income tax									
	Income tax net of provisions	–	3,665,246	3,665,246	–	3,784,740	3,784,740	–	92,191	92,191
	(B)	–	3,665,246	3,665,246	–	3,784,740	3,784,740	–	92,191	92,191
	TOTAL (A+B)	3,311,227	27,120,781	30,432,008	2,761,293	35,072,474	37,833,767	3,002,733	19,263,837	22,266,569

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	As at March 31, 2017 Current ₹	*As at March 31, 2016 Current ₹*	*As at April 1, 2015 Current ₹*
6	**INVESTMENTS**			
	Investments at fair value through Profit and loss			
	Investments in mutual funds (Quoted)	**465,507,737**	*269,724,312*	*32,117,305*
		465,507,737	*269,724,312*	*32,117,305*

	Particulars	As at March 31, 2017 Current ₹	*As at March 31, 2016 Current ₹*	*As at April 1, 2015 Current ₹*
7	**CASH AND CASH EQUIVALENTS**			
	a) Balances with banks	**9,994,327**	*56,833,513*	*142,087*
	c) Cash on hand	**30,002,939**	*26,353,220*	-
	d) Fixed deposits with banks including interest accrued of ₹ 341,421/- (P.Y ₹ 90,369/-)	**5,341,421**	*45,090,369*	*50,007,849*
		45,338,687	*128,277,102*	*50,149,936*

	Particulars	As at 31.03.2017 No. of Shares	As at 31.03.2017 ₹	*As at 31.03.2016 No. of Shares*	*As at 31.03.2016 ₹*	*As at 01.04.2015 No. of Shares*	*As at 01.04.2015 ₹*
8	**SHARE CAPITAL**						
	(i) Authorised, issued, subscribed and paid up						
	Authorised:						
	Equity shares of ₹ 10 each	**250,000,000**	**2,500,000,000**	*250,000,000*	*2,500,000,000*	*250,000,000*	*2,500,000,000*
	Issued, subscribed and fully paid up	**–**	**–**	–	–	–	–
	Equity shares of ₹ 10 each	**247,200,000**	**2,472,000,000**	*247,200,000*	*2,472,000,000*	*247,200,000*	*2,472,000,000*
	(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
	At the beginning of the year	**247,200,000**	**2,472,000,000**	*247,200,000*	*2,472,000,000*	*247,200,000*	*2,472,000,000*
	Issued during the year as fully paid	**–**	**–**	–	–	–	–
	At the end of the year	**247,200,000**	**2,472,000,000**	*247,200,000*	*2,472,000,000*	*247,200,000*	*2,472,000,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a fair value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The Company declares and pays dividends in Indian rupees. During the year ended March 31, 2017, no dividend has been declared/ proposed by Board of Directors. (Previous year - ₹ Nil).

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

The shares issued carry equal rights of dividend declared by the Company except for proportionate dividend on shares allotted during the year and no restrictions are attached to any class of shareholders.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:						
L&T Infrastructure Development Projects Limited (including nominee holding)	247,199,998	2,471,999,980	247,199,998	2,471,999,980	247,199,998	2,471,999,980
	247,199,998	2,471,999,980	247,199,998	2,471,999,980	247,199,998	2,471,999,980

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	%	No. of Shares	%	No. of Shares	%
(vi) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited (including nominee holding)	247,199,998	99.99%	247,199,998	99.99%	247,199,998	99.99%

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: ₹ NIL

(vii) Calls unpaid : ₹ NIL; Forfeited Shares : ₹ NIL

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

9 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of compound financial instruments	Reserves & Surplus	Total ₹
		Retained earnings	
Balance at the beginning of the reporting period	2,793,442,495	(2,361,622,329)	431,820,166
Mezzanine debt received during the year	13,942,022	–	13,942,022
Profit for the year		(2,911,208,717)	(2,911,208,717)
Balance at the end of the reporting period	**2,807,384,517**	**(5,272,831,046)**	**(2,465,446,529)**
Other Equity as on 31.03.2016			
Other Equity as on 01.04.2015	2,683,902,735	(131,293,935)	2,552,608,800
Changes in accounting policy			–
Restated balance as at the beginning of the reporting period			–
Transfer to retained earnings		(2,230,328,394)	(2,230,328,394)
Mezzanine debt received during the year	109,539,760		109,539,760
Balance at the end of the reporting period	**2,793,442,495**	**(2,361,622,329)**	**431,820,166**

10 BORROWINGS

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	Non current	Total	Current	Non current	Total	Current	Non current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Term loans									
i) From banks	370,800,000	17,840,606,310	18,211,406,310	185,400,000	18,041,328,945	18,226,728,945	92,700,000	17,871,726,325	17,964,426,325
Unsecured borrowings									
a) Deferred payment liabilities	1,352,533,333	25,399,225,338	26,751,758,671	1,015,100,545	23,591,087,767	24,606,188,312	–	–	–
b) Mezzanine debt	–	1,222,991,692	1,222,991,692	–	1,096,175,112	1,096,175,112	–	947,672,561	947,672,561
	1,723,333,333	44,462,823,340	46,186,156,673	1,200,500,545	42,728,591,824	43,929,092,369	92,700,000	18,819,398,886	18,912,098,886

NOTES FORMING PART OF ACCOUNTS (Contd.)

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	11.80%	138 monthly instalments ranging from ₹ 9,270,000/- to ₹ 393,975,000/-
Loan from Holding Company	10.97%	(I) Unsecured Loans from Holding Company shall not be repaid before secured obligations are fully discharged to the complete satisfaction of lenders. (II) The unsecured loan from the Holding Company is a part of the Promoter's Contribution towards the Project cost and defined as required equity consideration as per Common Loan Agreement.

Nature of security for term loans/debentures

The term loans sanctioned to the Company, are secured by a first charge on all the tangible movable assets, including project book debts, operating cash flows, receivables, movable plant and machinery both present and future including borrowers escrow account, all sub-escrow account and authorised investments; intangible assets of the Company including but not limited to Goodwill, rights, undertakings and the uncalled capital; assignment by way of security in all right, title and interest on the project documents, government approvals, guarantees, insurance contracts but excluding project assets as specified in Concession Agreement.

11 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non current	Total	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Deposits received	–	323,000	323,000	–	–	–	–	–	–
b) Interest accrued on Deferred Payment Liability	–	264,981,423	264,981,423	–	60,168,612	60,168,612	–	–	–
c) Other liabilities	449,442,825	–	449,442,825	573,727,768	–	573,727,768	158,573,577	–	158,573,577
	449,442,825	265,304,423	714,747,248	573,727,768	60,168,612	633,896,380	158,573,577	–	158,573,577

12 PROVISIONS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non current	Total	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	1,526,749	3,406,941	4,933,690	526,605	6,716,570	7,243,175	120,047	3,907,821	4,027,868
Provisions for major maintenance reserve	–	336,810,089	336,810,089	–	148,600,249	148,600,249	–	–	–
	1,526,749	340,217,030	341,743,779	526,605	155,316,819	155,843,424	120,047	3,907,821	4,027,868

13 OTHER LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non current	Total	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Company owned car scheme	–	–	–	287,750	–	287,750	287,750	–	287,750
ii) Other liabilities	163,222,974	–	163,222,974	144,479,325	–	144,479,325	–	–	–
iii) Statutory payables	4,899,363	–	4,899,363	1,794,284	–	1,794,284	245,988,205	–	245,988,205
	168,122,337	–	168,122,337	146,561,359	–	146,561,359	246,275,955	–	246,275,955

NOTES FORMING PART OF ACCOUNTS (Contd.)

14 TRADE PAYABLES

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
Due to related parties	802,704	873,664	–
Due to others	17,981,197	2,981,354	–
	18,783,901	3,855,018	–

There were transactions of ₹ 1,27,939/- during the year (previous year: ₹ Nil) which were settled within 45 days. There are no amounts outstanding as at the beginning or end of the current or previous year with Micro and small enterprises covered under the Micro, Small and Medium enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid/outstanding does not arise.

15 LIABILITIES FOR CURRENT TAX (NET)

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
Income tax net of previous year provisions	–	–	1,821,299
	–	–	1,821,299

F CONTINGENT LIABILITIES

Contingent liability as at March 31, 2017 is ₹ 17,84,580/- (Previous year ₹ Nil) towards appeal filed with Income Tax CIT.

G COMMITMENTS

Estimated amount of other contracts remaining to be executed on capital account (net of advances) is ₹ NIL as at March 31, 2017 (Previous year ₹ 5,709,510/-).

Particulars	FY 2016-17 ₹	FY 2016-17 ₹	FY 2015-16 ₹	FY 2015-16 ₹
16 REVENUE FROM OPERATIONS				
Operating revenue:				
Toll Collections	2,931,211,210		2,380,370,373	
Additional fees for overloaded vehicles	89,501,587		43,354,401	
		3,020,712,797		2,423,724,774
Other operating revenue:				
Extension of Concession period		53,889,430		–
		3,074,602,227		2,423,724,774
17 OTHER INCOME				
Interest income from:				
Bank deposits	480,595		131,561	
Others	1,966,310		–	
		2,446,905		131,561
Profit on sale of current investments		26,538,369		12,465,516
Profit/(loss) on disposal of fixed assets		(36,456)		(1,415,479)
Miscellaneous income		13,456,107		1,742,197
		42,404,925		12,923,795

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	FY 2016-17		FY 2015-16	
		₹	₹	₹	₹
18	**OPERATING EXPENSES**				
	Toll Management fees		**58,225,905**		*44,877,757*
	Security services		**16,681,002**		*16,538,069*
	Insurance		**9,357,255**		*4,962,173*
	Repairs and maintenance				
	Toll road & bridge	**90,241,175**		*36,229,050*	
	Plant and machinery	**19,103,348**		*4,508,632*	
	Periodic major maintenance	**171,398,400**		*148,600,249*	
	Others	**28,729,051**		*14,803,835*	
			309,471,974		*204,141,766*
	Professional fees		**19,643,822**		*17,506,947*
	Power and fuel		**40,547,268**		*28,355,831*
			453,927,226		*316,382,543*
19	**EMPLOYEE BENEFIT EXPENSEAS**				
	Salaries, wages and bonus		**28,937,837**		*26,336,903*
	Contributions to and provisions for:				
	Provident fund	**1,650,966**		*1,547,709*	
	Gratuity	**703,072**		*1,229,159*	
	Compensated absences	**276,535**		*1,157,591*	
	Retention pay	**537,548**		*2,086,844*	
	Others	**65,606**		–	
			3,233,727		*6,021,303*
	Staff welfare expenses		**2,746,048**		*3,757,236*
			34,917,612		*36,115,442*
20	**FINANCE COSTS**				
	Interest on borrowings		**1,807,416,273**		*1,592,983,098*
	Interest on Deferred payment liability		**227,262,537**		*67,314,100*
	Unwinding of discount and implicit interest expense on fair value		**3,008,397,783**		*2,245,960,395*
			5,043,076,593		*3,906,257,593*
21	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**1,437,896**		*1,650,239*
	Professional fees		**36,779,173**		*26,350,899*
	Postage and communication		**1,530,826**		*799,264*
	Printing and stationery		**2,005,390**		*1,845,754*
	Travelling and conveyance		**9,435,026**		*12,586,230*
	Repairs and Maintenance - Others		**4,706,216**		*4,182,186*
	Miscellaneous expenses		**7,363,950**		*8,168,308*
			63,258,477		*55,582,880*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	FY 2016-17	FY 2015-16
	₹	₹
a) As Auditor	**503,700**	*446,550*
b) For Taxation matters	**173,250**	*171,750*
c) For Reimbursement of expenses	**17,266**	*6,602*
d) For Other services	**407,162**	*342,146*
Total	**1,101,378**	*967,048*

H) 1) Corporate Information

L&T BPP Tollway Limited is a Special purpose vehicle incorporated on 25th may 2011, to augment the existing road from KM 000.00 to KM 244.120 (approximately 244.120 km) on the Beawar – Pali - Pindwara section of National Highway No.14 in the State of Rajasthan by four-Laning on Design, Build, Finance, Operate and Transfer (DBFOT) basis, under Concession Agreement dated June 22, 2011 with the National Highways Authority of India (NHAI).

The Concession Agreement is for a period of 23 years from the appointed date (communicated by NHAI as December 19, 2011) as stated in clause 3.1.1 of Article-3 of the Concession Agreement. At the end of the concession period, the entire facility has to be transferred to NHAI, free and clear of all encumbrances, vide Article 38.1.1 of the Concession Agreement. The Company commenced operations on June 11,2015.

2) Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

The Company’s provident fund is defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 16,50,996 (previous year : ₹ 15,47,709) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 19) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Features of its defined benefit plans:

Gratuity:

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was not applied
Vesting conditions	5 years of continuous service (Not applocable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment: The benefits are governed by the Company’s Leave Policy.The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

NOTES FORMING PART OF ACCOUNTS (Contd.)

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits/Leave benefit will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits /Leave benefit will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date for Gratuity and on the relative values of the assumed salary growth and discount rate for Leave Benefit.

Variability in availment rates: If actual availment rates are higher than assumed availment rate assumption than leave balances will be utilised earlier than expected. This will result in reduction in leave balances and Obligation.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
b) The amounts recognised in Balance Sheet are as follows:				
Present value of defined benefit obligation				
- Wholly funded	**1,774,255**	**–**	**–**	–
- Wholly unfunded		**2,299,170**	**2,193,132**	*2,857,161*
	1,774,255	**2,299,170**	**2,193,132**	*2,857,161*
Less : Fair value of plan assets	**1,688,089**	**–**	**–**	–
Net Liability / (asset)	**86,166**	**2,299,170**	**2,193,132**	*2,857,161*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2017 ₹	*As at March 31, 2016* ₹	**As at March 31, 2017** ₹	*As at March 31, 2016* ₹
c)	**The amounts recognised in the Statement of Profit and loss are as follows:**				
	Current service cost	**544,992**	**561,533**	**458,700**	*368,692*
	Interest on Defined benefit obligation	**158,080**	**137,660**	**210,217**	*171,831*
	Past service cost and loss/(gain) on curtailments and settlement		**558,836**	**(308,980)**	-
	Net value of remeasurements on the obligation and plan assets		**–**	**(83,402)**	*388,318*
	Prior year charge			**–**	*591,541*
	Total Charge to Statement of Profit and Loss	**703,072**	**1,258,029**	**276,535**	*1,520,382*

	Particulars	Gratuity plan	
		As at March 31, 2017 ₹	*As at March 31, 2016* ₹
d)	**Other Comprehensive Income for the period**		
	Components of actuarial gain/losses on obligations:		
	From changes in demographic assumptions		*109,948*
	From changes in financial assumptions	**106,533**	
	From changes in experience	**(838,722)**	*(547,057)*
	Past service cost		
	Actuarial gain/(loss) not recognised in books		
	Return on plan assets excluding amounts included in interest income	**1,212**	
	Amounts recognized in Other Comprehensive Income	**(730,977)**	**(437,109)**

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2017 ₹	*As at March 31, 2016* ₹	**As at March 31, 2017** ₹	*As at March 31, 2016* ₹
e)	**Reconciliation of Defined Benefit Obligation:**				
	Opening balance of the present value of defined benefit obligation	**2,299,170**	*1,778,746*	**2,857,161**	*2,249,122*
	Add: Current service cost	**544,992**	*561,533*	**458,700**	*368,692*
	Add: Interest cost	**171,439**	*137,660*	**210,217**	*171,831*
	Add: Contribution by plan participants				
	i) Employer	**–**	–	**–**	–
	ii) Employee	**–**	–	**–**	–
	Add/(less): Actuarial losses/(gains)	**(732,189)**	*(437,109)*	**–**	–
	Less: Benefits paid	**(509,157)**	*(300,496)*	**(940,564)**	*(912,343)*
	Add: Past service cost\Prior year charge	**–**	*558,836*	**(308,980)**	*591,541*
	Closing balance of the present value of defined benefit obligation	**1,774,255**	*2,299,170*	**2,276,534**	*2,468,843*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	Gratuity plan		Compensated absences	
		As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
		₹	₹	₹	₹
f)	**Reconciliation of Plan Assets:**				
	Interest Income	**13,359**	–	**–**	–
	Return on plan assets excluding amounts included in interest income	**(1,212)**	–	**–**	–
	Contributions by employer	**2,110,532**	–	**–**	–
	Benefits paid	**(434,590)**	–		
	Closing value of plan assets	**1,688,089**	–	**–**	–
g)	**Reconciliation of Net Defined Benefit Liability:**				
	Net opening provision in books of accounts	**2,299,170**	*1,778,746*	**2,857,161**	*2,249,122*
	Employee Benefit Expense	**703,072**	*1,258,029*	**276,535**	*1,520,382*
	Amounts recognized in Other Comprehensive Income	**(730,977)**	*(437,109)*	**–**	–
		2,271,265	*2,599,666*	**3,133,696**	*3,769,504*
	Benefits paid by the Company	**(74,567)**	*(300,496)*	**(940,564)**	*(912,343)*
	Contributions to plan assets	**(2,110,532)**	–	**–**	–
	Closing provision in books of accounts	**86,166**	*2,299,170*	**2,193,132**	*2,857,161*

		Gratuity plan	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
h)	**Principal actuarial assumptions at the Balance Sheet date:**		
	Discount rate	**6,95%**	*7.80%*
	Salary growth rate	**6.00%**	*6.00%*
	Attrition rate	**15% at younger ages reducing to 3% at older ages**	*15% at younger ages reducing to 3% at older ages*

	Particulars	As at March 31, 2017		*As at March 31, 2016*	
		Change	**Obligation**	*Change*	*Obligation*
		%	₹	%	₹
e)	**Reconciliation of Defined Benefit Obligation:**				
	Discount Rate	**0.50%**	**1,710,196**	*0.50%*	*2,218,403*
		-0.50%	**1,842,606**	*-0.50%*	*2,385,278*
	Salary Growth Rate	**0.50%**	**1,842,905**	*0.50%*	*2,386,364*
		-0.50%	**1,709,344**	*-0.50%*	*2,216,699*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017 Change %	As at March 31, 2017 Obligation ₹	*As at March 31, 2016 Change %*	*As at March 31, 2016 Obligation ₹*
A quantitative sensitivity analysis for significant assumption as at 31 March 2017- Leave encashment				
Discount Rate	**0.50%**	**2,122,792**	*0.50%*	*27,62,595*
	-0.50%	**2,268,233**	*-0.50%*	*29,57,859*
Salary Growth Rate	**0.50%**	**2,268,563**	*0.50%*	*29,59,132*
	-0.50%	**2,121,852**	*-0.50%*	*27,60,597*

j) **The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 1,29,916/- for Gratuity and ₹ 215,811 for leave encashment.**

k) **The major categories of plan assets plan assets are as follows :**

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
Insurance Poilicy with LIC	**1,774,255**	–	–
Total	**1,774,255**	–	–

l) **Details of Asset-Liability Matching Strategy**

There are no minimum funding requirements for a Gratuity/Leave benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liability of the plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

The laibilities of leave benefit are unfunded, there is no Asset-Liability Matching strategy deviced for the plan.

m) **Changes in Inter-Valuation Period**

There are no changes in the benefit scheme since the last valuation.

There are no special events such as benefit improvements or curtailments or settlements during the inter-valuation period.

4) **DISCLOSURE PURSUANT TO IND AS 23 “BORROWING COSTS”**

Borrowing cost capitalised during the year ₹ NIL. [Previous Year :₹ 39,15,08,221/-]

5) **DISCLOSURE OF SEGMENT INFORMATION PURSUANT TO IND AS 108 “OPERATING SEGMENTS”**

The Company is engaged in the business of development, operation and maintenance of Toll road projets on a DBFOT basis in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India. Hence, disclosure of secondary / geographical segment information does not arise.

6) **DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 “RELATED PARTY DISCLOSURES”**

a) **List of related parties where control exists / with whom transactions have taken place during the year:**

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	L&T Rajkot-Vadinar Tollway Limited
	L&T Halol Shamlaji Tollway Limited
	Ahmedabad Maliya Tollway Limited
	Vadodara Bharuch Tollway Limited
	L&T Interstate Road Corridor Limited
	L&T Transportation Infrastructure Limited
	L&T Samakhiali Gandhidham Tollway Limited
	L&T Sambalpur-Rourkela Tollway Limited
	L&T Krishnagiri Walajahpet Tollway Limited
	Western Andhra Tollways Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

	L&T General Insurance Company Limited (HDFC ERGO General Insurance Company Limited w.e.f June 2016) L&T Deccan Tollway Ltd PNG Tollway limited
Key Managerial Personnel	Mr. Sharad Pancholy (w.e.f. Oct 20,2016) - Manager Dr. A. Veeraraghavan -Independent Director Mrs. Samyuktha Surendran -Independent Director

b) **Disclosure of related party transactions:**

Particulars	**2016-17**	*2015-16*
	₹	₹
1. Services received towards development of Intangible Assets		
Ulimate Holding company Larsen & Toubro Limited		
Construction cost	**–**	*57,130,114*
Other Services	**–**	*4,150,184*
Fellow subsidiaries:		
L&T General Insurance Company Limited	**–**	*2,491,033*
	–	*63,771,331*
2. Purchase of goods and services incl. taxes		
Ulimate Holding company Larsen & Toubro Limited	**11,584,147**	*2,397,292*
Holding company L&T Infrastructure Development Projects Limited	**30,329,165**	*26,745,782*
Fellow subsidiaries:		
L&T General Insurance Company Limited	**–**	*4,273,102*
	41,913,312	*33,416,176*
3. Purchase of assets		
Holding company L&T Infrastructure Development Projects Limited	**–**	*4*
Fellow subsidiaries:		
Ahmedabad Maliya Tollway Limited	**1**	*1*
L&T Rajkot Vadinar Tollway Limited	**1,855,502**	
L&T Deccan Tollway Ltd	**58,340**	
PNG Tollway limited	**2,863,227**	
L&T Halol Shamlaji Tollway Limited	**10,802**	
	4,787,872	*5*
4. Sale of assets		
Holding company L&T Infrastructure Development Projects Limited	**126,018**	*–*
Fellow subsidiaries:		
Vadodara Bharuch Tollway Limited	**–**	*231,904*
L&T Sambalpur-Rourkela Tollway Limited	**58,507**	*254,880*
L&T Interstate Road Corridor Limited	**51,005**	*2*
	235,530	*486,786*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
5. Receipt on behalf of related party		
Ulimate Holding company Larsen & Toubro Limited	**82,485,339**	
6. Reimbursement of expenses charged from		
Ulimate Holding company Larsen & Toubro Limited	**–**	*1,850,333*
Holding company L&T Infrastructure Development Projects Limited	**122,796**	*–*
Fellow subsidiaries:		
L&T Krishnagiri Walahjapet Tollway Limited		*64,384*
Ahmedabad Maliya Tollway Limited	**10,961**	*72,070*
L&T Halol Shamalji Tollway Limited		*30,236*
	133,757	*2,017,023*
7. Reimbursement of expenses charged to		
Ulimate Holding company Larsen & Toubro Limited	**3,051,170**	*5,272,895*
Holding company, L&T Infrastructure Development Projects Limited		*313,473*
Fellow subsidiaries:		
Varodara Brunch Tollway Limited	**86,000**	*–*
L&T Rajkot Vadinar Tollway Limited	**–**	*67,917*
L&T Samakhiali Gandhidham Tollway Limited	**452,250**	*–*
	3,589,420	*5,654,285*
8. ICD / Mezzanine Debt		
Mezzanine Debt received from Holding company L&T Infrastructure Development Projects Limited	**20,000,000**	*150,000,000*
Fellow subsidiary:		
ICD from L&T Transportation Infrastructure Limited	**–**	*67,200,000*
	20,000,000	*217,200,000*
9. Interest expenses		
Fellow subsidiary:		
L&T Transportation Infrastructure Limited		*393,139*
	–	*393,139*
10. Purchase of Commerical Paper		
Fellow subsidiary:		
Krishnagiri Walajahpet Tollway Limited	**248,285,750**	
Western Andhra Tollways Limited	**59,747,940**	
	308,033,690	*–*
11. Refundable deposit received for directors' nomination'		
Holding company L&T Infrastructure Development Projects Limited	**100,000**	*100,000*
	100,000	*100,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
12. Key Managerial Personnel - Salary and Perquisites		
Mr. Vijay Venkatesh		
Short term employee benefits	**–**	*2,117,733*
Other long term benefits	**–**	*2,086,844*
Mr. Sharad Pancholy		*–*
Short term employee benefits	**1,706,966**	*–*
Other long term benefits	**537,548**	*–*
Independent Directors - Sitting Fees		
Dr. A. Veeraraghavan	**220,000**	*170,000*
Mrs. Samyuktha Surendran	**220,000**	*170,000*
	2,684,514	*4,544,577*

c) **Amount due to and due from related parties(net):**

Particulars	Amounts due (to)/from	
	As at As at March 31, 2017	*As at As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(143,277,052)**	*(94,732,480)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(3,700,802,704)**	*(3,688,873,664)*

d) **Terms and conditions of transactions with related parties**

Outstanding balances at the year-end are unsecured and interest free. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: ₹ Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) No amounts pertaining to related parties have been written off or written back during the year.[Previous Year: ₹ Nil]

7) **DISCLOSURE PURSUANT TO IND AS 33 "EARNINGS PER SHARE"**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars	2016-17	2015-16
	₹	₹
Basic earnings per equity share:		
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	**(2,911,208,717)**	*(2,230,328,394)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	**247,200,000**	*247,200,000*
Basic earnings per equity share (₹)	**(11.78)**	*(9.02)*
Basic and Diluted earnings per equity share:		
Face value per equity share (₹)	**10.00**	*10.00*

NOTES FORMING PART OF ACCOUNTS (Contd.)

8) DISCLOSURE PURSUANT TO IND AS 36 "IMPAIRMENT OF ASSETS"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

9) DISCLOSURES AS PER IND AS 37 - "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS "

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per Industry practice periodic maintenance is expected to occur over a period of six to seven years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching concept, based on estimates, a provision for periodic major maintenance expenses is provided for in the books annually.

During the current year the Company has provided ₹ 171,400,000/- for periodic major maintenance in respect of its resurfacing obligation , as per Schedule L Clause 4.3.7 of the Concession Agreement with NHAI. The same is at discounted value

b) Movement in provisions:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*	*As at 01 April 2015*
Opening balance	**148,600,000**	–	–
Additional provision	**171,400,000**	*148,600,000*	–
Unwinding of discount	**16,800,000**	–	–
Closing balance	**336,800,000**	*148,600,000*	–

c) Contingent Liabilities

Disclosure in respect of contingent liabilities is given as part of Note F to the Balance Sheet.

10) Expense towards work done by subcontractors and reimbursement is yet to be approved by NHAI are accrued under other financial liabilities and corresponding reimbursement receivable are included under Utility Shifting recoverable since amount is payable to the subcontractor for such work on receipt of reimbursement from NHAI.

11) DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	10,025,000	16,360,970	26,385,970
(+) Permitted receipts	81,031,000	109,239,604	190,270,604
(-) Permitted payments	-	903,028	903,028
(-) Amount deposited in Banks	91,056,000	89,001,136	180,057,136
Closing cash in hand as on 30.12.2016	-	35,696,410	35,696,410

12) FIRST TIME ADOPTION OF IND AS

Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

Deemed cost of Property, plant and equipment

Company has elected to measure all of its Property, Plant and Equipment and Investment property at their previous GAAP carrying amount on the date of transition to Ind AS.

Amortization of Tolling Rights

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

NOTES FORMING PART OF ACCOUNTS (Contd.)

13) TRANSITIONAL ADJUSTMENT

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 5,91,87,675/- . Consequently an amount of ₹ 5,91,87,675/- has been derecognised from toll collection rights with an effect of ₹ NIL to retained earnings.

(ii) Interest free Mezzanine Debt from the Holding Company

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full hence were classifed as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to not deliver cash or other financial asset to settled the obligation, the interest-free Mezzanine debt is fair valued on initial recogntion. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹ by 2,68,39,02,735/- a corresponding adjustment to "Equity Component of Other Financial Instruments".

(iii) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹1,01,028/- with a corresponding increase in the reserves.

14) RECONCILATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	19,439,960	–	19,439,960
b) Intangible assets	2	–		–
c) Intangible assets under development	3	24,056,085,967	(59,187,675)	23,996,898,292
d) Non Current Investment		–		–
e) Financial assets		–		
i) Loans	4	1,052,881	–	1,052,881
f) Deferred tax assets (net)		–		–
g) Other non-current assets	5	19,263,837		19,263,837
	A	24,095,842,645	(59,187,675)	24,036,654,970
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	6	32,016,277	101,028	32,117,305
ii) Trade receivables		–		–
iii) Cash and bank balances	7	50,149,936	–	50,149,936
iv) Loans	4	225,481,441		225,481,441
c) Current tax assets (net)		–	–	–
d) Other current assets	5	3,002,733	–	3,002,733
	B	310,650,387	101,028	310,751,415
TOTAL	A+B	24,406,493,032	(59,086,647)	24,347,406,385

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	8	2,472,000,000		2,472,000,000
b) Other equity	9	(37,819,667)	2,590,428,467	2,552,608,800
	C	2,434,180,333	2,590,428,467	5,024,608,800
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	21,468,914,000	(2,649,515,114)	18,819,398,886
ii) Other financial liabilities	11	–		–
b) Provisions	12	3,907,821		3,907,821
c) Deferred tax liabilities (net)		–		–
d) Other non-current liabilities		–		–
	D	21,472,821,821	(2,649,515,114)	18,823,306,707
Current liabilities				
a) Financial liabilities				
i) Borrowings	10	92,700,000		92,700,000
ii) Trade payables	14	–		–
iii) Other financial liabilities		158,573,577		158,573,577
b) Other current liabilities	13	246,275,955		246,275,955
c) Provisions	12	120,047		120,047
d) Current tax liabilities (net)	15	1,821,299		1,821,299
	E	499,490,878	–	499,490,878
Total Equity and Liabilities	C+D+E	24,406,493,032	(59,086,647)	24,347,406,385

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

15) RECONCILATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	26,752,414		26,752,414
b) Intangible assets	2	104,977,643,835	(58,002,209,554)	46,975,434,281
c) Intangible assets under development	3	–		–
d) Non Current Investment		–		–
e) Financial assets		–		
i) Loans	4	1,279,824		1,279,824
f) Deferred tax assets (net)		–		–
g) Other non-current assets	5	35,072,474		35,072,474
	A	105,040,748,547	(58,002,209,554)	47,038,538,993
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	6	267,199,125	2,525,187	269,724,312
ii) Trade receivables		–		–
iii) Cash and bank balances	7	128,277,102		128,277,102
iv) Loans	4	333,767,016		333,767,016
c) Current tax assets (net)		–		–
d) Other current assets	5	2,761,293		2,761,293
	B	732,004,536	2,525,187	734,529,723
TOTAL	A+B	105,772,753,083	(57,999,684,367)	47,773,068,716
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	8	2,472,000,000		2,472,000,000
b) Other equity	9	1,182,806,436	(750,986,270)	431,820,166
	C	3,654,806,436	(750,986,270)	2,903,820,166
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	99,871,881,921	(57,143,290,097)	42,728,591,824
ii) Other financial liabilities	11	60,168,612		60,168,612
b) Provisions	12	260,724,819	(105,408,000)	155,316,819
c) Deferred tax liabilities (net)				–
d) Other non-current liabilities		–		–
	D	100,192,775,352	(57,248,698,097)	42,944,077,255

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
Current liabilities				
a) Financial liabilities				
i) Borrowings	10	1,200,500,545		1,200,500,545
ii) Trade payables	14	3,855,018		3,855,018
iii) Other financial liabilities		573,727,768		573,727,768
b) Other current liabilities	13	146,561,359		146,561,359
c) Provisions	12	526,605		526,605
d) Current tax liabilities (net)	15	–		–
	E	1,925,171,295	–	1,925,171,295
Total Equity and Liabilities	C+D+E	105,772,753,083	(57,999,684,367)	47,773,068,716

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

16) **RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016**

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	16	2,423,724,774		2,423,724,774
Construction contract revenue		–	247,977,152	247,977,152
Other income	17	10,499,636	2,424,159	12,923,795
Total income		**2,434,224,410**	**250,401,311**	**2,684,625,721**
EXPENSES				
Cost of materials consumed		–	247,977,152	247,977,152
Operating expenses	18	421,790,543	(105,408,000)	316,382,543
Employee benefits expense	19	36,115,442		36,115,442
Finance costs	20	1,660,297,198	2,245,960,395	3,906,257,593
Depreciation, amortisation and obsolescence		737,516,735	(384,441,121)	353,075,614
Administration and other expenses	21	55,582,880	–	55,582,880
Total expenses		2,911,302,799	2,004,088,425	4,915,391,224
Profit/(loss) before tax		**(477,078,389)**	**(1,753,687,114)**	**(2,230,765,503)**
Tax Expense:				
Current tax		–	–	–
		–	–	–
Profit/(loss) for the year		**(477,078,389)**	**(1,753,687,114)**	**(2,230,765,503)**

17) **FINANCIAL RISK MANAGEMENT**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

NOTES FORMING PART OF ACCOUNTS (Contd.)

i **Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**31.03.2017**	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**18,211,406,310**	*18,226,728,945*	*17,964,426,325*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by by 25 basis point	**45,547,669**	*45,238,944*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii **Price risk**

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds		**465,507,737**	*269,724,312*	*32,117,305*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 2%	**9,310,155**	*5,394,486*
Note - In case of decrease in NAV profit will reduce and vice versa.		

iv **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The following are the contractual maturities of financial liabilities

	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
AS AT MARCH 31, 2017					
Non Derivative Financial Liability					
Senior Debt from Banks	18,211,406,310	370,800,000	1,019,700,000	5,562,000,000	11,258,906,310
Deferred Payment Liability	26,751,758,671	1,221,200,000	1,159,100,000	4,407,800,000	19,963,658,671
Mezzanine Debt	1,222,991,692	–	–	–	1,222,991,692
Trade Payables	18,783,901	18,783,901			
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
AS AT MARCH 31, 2016					
Non Derivative Financial Liability					
Senior Debt from Banks	18,226,728,945	185,400,000	370,800,000	3,337,200,000	14,333,328,945
Deferred Payment Liability	24,606,188,312	–	1,221,200,000	4,186,000,000	19,198,988,312
Mezzanine Debt	1,096,175,112	–	–	–	1,096,175,112
Trade Payables	3,855,018	3,855,018			
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
AS AT APRIL 01, 2015					
Non Derivative Financial Liability					
Senior Debt from Banks	17,964,426,325	92,700,000	185,400,000	2,132,100,000	15,554,226,325
Mezzanine Debt	947,672,561	–	–	–	947,672,561
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL

The current portion in the financial statements represents the assets and liabilities expected to be recovered/settled within 12 months and non- current portion presented in the financial statements represents the assets & liabilities expected to be recovered/ settled beyond 12 months.

v Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. NHAI. Hence, the management believes that the company is not exposed to any credit risk.

18) FINANCIAL INSTRUMENTS

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Security Deposits	4	–	–	1,293,853	–	–	1,279,824	–	–	1,052,881
Investments	6	465,507,737	–	–	269,724,312	–	–	32,117,305	–	–
Cash and cash equivalents	7	–	–	45,338,687	–	–	128,277,102	–	–	50,149,936
Other Current Financial Asset	4	–	–	200,633,434	–	–	333,767,016	–	–	225,481,441
Total Financial Asset		465,507,737	–	247,265,974	269,724,312	–	463,323,942	32,117,305	–	276,684,258

NOTES FORMING PART OF ACCOUNTS (Contd.)

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial liability										
Borrowings	10	–	–	**46,186,156,673**	–	–	*43,929,092,369*	–	–	*18,912,098,886*
Other Current Financial Liabilities	11			**265,304,423**			*60,168,612*			–
Trade Payables	14	–	–	**18,783,901**	–	–	*3,855,018*	–	–	–
Total Financial Liabilities		–	–	**46,470,244,997**	–	–	*43,993,115,999*	–	–	*18,912,098,886*

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

19) FAIR VALUE OF FINANCIAL ASSET AND LIABILTIES AT AMORTIZED COST

Particular	Note no.	31.03.2017		31.03.2016		01.04.2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Security Deposits	4	**1,293,853**	**1,293,853**	*1,279,824*	*1,279,824*	*1,052,881*	*1,052,881*
Total Financial Assets		**1,293,853**	**1,293,853**	*1,279,824*	*1,279,824*	*1,052,881*	*1,052,881*
Financial liability							
Borrowings	10	**46,186,156,673**	**46,186,156,673**	*43,929,092,369*	*43,929,092,369*	*18,912,098,886*	*18,912,098,886*
Other Current Financial Liabilities	11	**265,304,423**	**265,304,423**	*60,168,612*	*60,168,612*	–	–
Trade Payables	14	**18,783,901**	**18,783,901**	*3,855,018*	*3,855,018*	–	–
Total Financial Liabilities		**46,470,244,997**	**46,470,244,997**	*43,993,115,999*	*43,993,115,999*	*18,912,098,886*	*18,912,098,886*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

20) FAIR VALUE MEASUREMENT

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM					
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	465,507,737	–	–	465,507,737
Total of Financial Assets		**465,507,737**	**–**	**–**	**465,507,737**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED					
Financial Liabilities					
Borrowings	10	–	46,186,156,673	–	46,186,156,673
Other Current Financial Liabilities	11	–	265,304,423	–	265,304,423
Trade Payables	14		18,783,901		18,783,901
Total Financial liabilties		**–**	**46,470,244,997**	**–**	**46,470,244,997**

	Note No.	Level 1	Level 2	Level 3	Total
AS AT MARCH 31, 2016					
FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM					
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	269,724,312	–	–	269,724,312
Total of Financial Assets		**269,724,312**	**–**	**–**	**269,724,312**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED					
Financial Assets					
Security Deposits	4	–		1,279,824	1,279,824
Total Financial Assets		**–**	**–**	**1,279,824**	**1,279,824**
Financial Liabilities					
Borrowings	10	-	43,929,092,369	-	43,929,092,369
Other Current Financial Liabilities	11	-	60,168,612	-	60,168,612
Trade Payables	14	-		3,855,018	3,855,018
Total Financial Liabilities		**-**	**43,989,260,981**	**3,855,018**	**43,993,115,999**

	Note No.	Level 1	Level 2	Level 3	Total
AS AT APRIL 1, 2015					
FINANCIAL ASSET & LIABILITES MEASURED AT FV - RECURRING FVM					
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	32,117,305	–	–	32,117,305
Total of Financial Assets		**32,117,305**	**–**	**–**	**32,117,305**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL ASSET & LIABILITES MEASURED AT AMORTIZED COST FOR WHICH FAIR VALUES ARE TO BE DISCLOSED					
Financial Assets					
Security Deposits	4	–		1,052,881	1,052,881
Total of Financial Assets		**–**	**–**	**1,052,881**	**1,052,881**
Financial Liabilities					
Borrowings	10	–	18,912,098,886	–	18,912,098,886
Other Current Financial Liabilities	11	–	–	–	–
Trade Payables	14	–	–	–	–
Total of Financial Liabilities		**–**	**18,912,098,886**	**–**	**18,912,098,886**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Defered Payment Liability	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate

21) ASSET PLEDGED AS SECURITY

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	**31,930,766**	*26,752,414*	*19,439,960*
Intangible asset	2	**46,660,970,924**	*46,975,434,281*	*23,996,898,292*
Other Financial Asset	4	**201,927,287**	*335,046,840*	*226,534,322*
Financial Asset				
Cash and Cash Equivalents	7	**45,338,687**	*128,277,102*	*50,149,936*
Investments In Mutual Fund	6	**465,507,737**	*269,724,312*	*32,117,305*
Other Current Asset	5	**30,432,005**	*37,833,767*	*22,266,570*
TOTAL		**47,436,107,406**	*47,773,068,716*	*24,347,406,385*

22) DISCLOSURE PURSUANT TO APPENDIX - A TO IND AS 11 - " SERVICE CONCESSION ARRANGEMENTS"

i Description and classification of the arrangment

L&T BPP Tollway Limited is a Special purpose vehicle incorporated on 25th may 2011, to augment the existing road from KM 000.00 to KM 244.120 (approximately 244.120 km) on the Beawar – Pali - Pindwara section of National Highway No.14 in the State of Rajasthan by four-Laning on Design, Build, Finance, Operate and Transfer (DBFOT) basis, under Concession Agreement dated June 22, 2011 with the National Highways Authority of India (NHAI).

The Concession Agreement is for a period of 23 years from the appointed date (communicated by NHAI as December 19, 2011) as stated in clause 3.1.1 of Article-3 of the Concession Agreement. At the end of the concession period, the entire facility has to be transferred to NHAI, free and clear of all encumbrances, vide Article 38.1.1 of the Concession Agreement. The Company commenced operations on June 11,2015."

NOTES FORMING PART OF ACCOUNTS (Contd.)

ii Significant Terms of the arrangements

(a) Revision of Fees:

Fees shall be revised annually on 1st April as per Schedule R of the Concession Agreement dated June 22, 2011.

(b) Concession Fee

As per Article 26 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable to pay additional concession fee ₹ 251.01 Crs from the commerical operation date on monthly basis. On every 1st April, the additional concession fees shall increase by 5% as compared to every preceeding year.

iii Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

iv Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The Company shall perform and fullfill all of the Concessionaire's obligations and in accordance with this agreement.

c At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

v Details of Termination

Concession can be terminated on account of concessionaire event of default mentioned under Article 37.1 or Authority event of default mentioned under Article 37.2.

vi Other rights and obligations

The company need to fulfill its maintence obligations as mentioned in Article 17 as well as Schedule K. It includes maintenance of roughness value upto 2500mm. If roughness index exceeds 2500mm the same need to be rectified in 180 days. (called as major maintenace)

vii Changes in arrangements occuring during the period

In view of instructions issued by NHAI, toll collection was suspended during the period from 9th Nov 2016 to 2nd Dec 2016.

viii Service arrangement has been classified as an Intangible Asset

23) CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

Particulars	**March 31, 2017**	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Equity	**2,472,000,000**	*2,472,000,000*	*2,472,000,000*
Other Equity	**-2,465,446,529**	*431,820,166*	*2,552,608,800*
Total	**6,553,471**	*2,903,820,166*	*5,024,608,800*

The company does not have any externally imposed capital requirement.

24) During the year, company has re-estimated the expected outflow of Major maintainance from ₹ 187 Crore to ₹157 Crore and accordingly prospective effect is given in provision in current by 6 crore and balance in future periods.

NOTES FORMING PART OF ACCOUNTS (Contd.)

25) Disclosure pursuant to Ind AS 19 - " Leases"

The Company has taken office & guest house premises on cancellable operating lease.

Future minimum rentals for non-cancellable leases as on 31st March 2017 is as follows :

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	₹	₹	₹
Within one year	362,318	654,701	2,196,224
After one year but not more than five years			
More than five years			
Total	**362,318**	654,701	2,196,224

26) MAJOR COMPONENTS OF DEFERRED TAX LIABILITIES AND DEFERRED TAX ASSETS:

The Company has not recognised any deferred tax in the books of account (as the timing difference arising on account of differences in tax liability as per Income-Tax Act,1961 and books of account) falls within the tax holiday period under Section 80 IA of the Income Tax, 1961.

Particulars	March 31, 2017	March 31, 2016	April 01, 2015
	₹	₹	₹
Unused tax losses for which no deferred tax asset has been recognised.	(45,549,173,082)	(26,009,904,729)	–
Potential Tax benefit @ 30.9%	(14,074,694,482)	(6,037,633,921)	–

The Unused tax losses amounting to 45,549,173,082 can be carried forward for a period of 8 years from the year in which they occur.

27) Reconciliation of Total Equity (Refer Note H (26))

Particulars	31-Mar-16	01-Apr-15
Total Equity as per Previous GAAP	1,957,539,050	2,434,180,330
Adjustments as per Ind AS		
Unwinding of Interest on Loan	-4,081,232	
Amortisation	384,441,121	
Discounting of MMR provision	105,408,000	
Unwinding of Interest on Defered payment Liability-Opening	-2,133,836,851	
Mezzanine debt discounting-Opening	-93,575,293	-93,575,293
Mezzanine debt discounting- Equity	2,793,442,495	2,683,902,735
Mezzanine debt discounting	-108,042,312	
Fair value of Investment	2,424,159	
Fair value of Investment-Opening	101,028	101,028
Total Ind AS Adjustments	**946,281,116**	**2,590,428,470**
Total Equity as per Ind AS	**2,903,820,166**	**5,024,608,800**

28) PREVIOUS YEAR FIGURES ARE REGROUPED WHEREEVER REQUIRED.

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

NOTES FORMING PART OF ACCOUNTS (Contd.)

These financial statements are the first financial statements of the Company under IndAS. Refer Note 13 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

- Certain financial assets and liabilities
- Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to Property, Plant and Equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing Property, Plant and Equipment, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of Property, Plant and Equipment are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

Depreciation on assets has been provided on straight-line pattern over useful life except on the category of assets specified in subsequent para at the rates specified in the Schedule II to the Companies Act, 2013.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Plant and equipment:	
Toll Collection System	7
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10

NOTES FORMING PART OF ACCOUNTS (Contd.)

Category of Property, plant and equipment	Estimated useful life (in years)
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

7 **Amortisation of intangible assets**

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period as provided to the project lender at the time of financial closure/arrangement. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period. For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 **Intangible assets**

Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highway Authority of India (NHAI), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

9 **Employee benefits**

Employee benefits include provident fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are

NOTES FORMING PART OF ACCOUNTS (Contd.)

recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

10 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

12 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

15 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES FORMING PART OF ACCOUNTS (Contd.)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

16 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

17 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

18 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

19 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

20 First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P. RAJESH KUMAR
Partner
Membership No:225366

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

P PADMANABHAN
Chief Financial Officer

T S VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):

(₹ in crore)

Particulars	**2016-17**	*2015-16*
Profit / (Loss) before depreciation, exceptional and extra ordinary items & Tax	**(145.49)**	*(81.27)*
Less: Depreciation, amortization and obsolescence	**44.07**	*17.11*
Profit / (Loss) before tax	**(189.56)**	*(98.38)*
Less: Provision for tax	**–**	*–*
Profit / (Loss) for the period carried to the balance sheet	**(189.56)**	*(98.38)*
Add: Balance brought forward from previous year	**(367.09)**	*(268.71)*
Balance carried to Balance Sheet	**(556.65)**	*(367.09)*

STATE OF COMPANY AFFAIRS:

The gross revenue and other income for the financial year under review was ₹86.29 crore as against ₹86.50 crore of the previous financial year registering decrease by 0.24%. The loss for the year was ₹189.56 crore as against the loss of the previous year of ₹98.38 crore. Increase in loss is due to the provision of interest on mezzanine debt and provision under the Strategic Debt Restructuring Scheme.

The Government of Gujarat, on August 15, 2016 exempted small vehicles, like cars, jeep and vans along with Gujarat State Road Transport Corporation (GSRTC) buses from paying toll across the 27 toll plazas of the 12 state highways. Subsequently the Gujrat Government declared its decision to compensate for the losses incurred by the Concessionaires on this account.

The Company submitted reports to the Gujrat Government / GSRDC, reflecting the factual data as presented in the project Schedule M and clearly provided bifurcation of the forced exemptions and violations. These reports were transparent and have stood the test of GSRDC audits and the compensations were made to the Company without any deduction, from the day / time the exemption was enforced. In addition, the Company has also enabled a real-time data synchronization with GSRDC systems through Electronic Data Interchange (EDI) facility enabling verification of the vehicles passing through the plazas.

The Company had issued a termination notice to Gujrat State Road Development Corporation (GSRDC) on April 19, 2016 which was subsequently withdrawn at the advice of Gujrat State Government / GSRDC on September 8, 2016. The Joint Lenders' Forum formed by the Senior Lenders of the Company, at its meeting held on July 21, 2016 had decided to implement the Strategic Debt Restructuring Scheme (SDR Scheme) of RBI to resolve the financial / operating stress on the Company. The SDR Scheme was implemented on the following terms and conditions:

(a) Conversion of a portion of the senior debt outstanding amounting to ₹405,82,65,250/- (Rupees Four Hundred and Five Crore Eighty Two Lakh Sixty Five Thousand Two Hundred and Fifty Only) due to the Senior Lenders, into equity shares of the Company.

(b) Extension of the repayment schedule as applicable to balance outstanding debt, amounting to ₹597,26,07,701/- (Rupees Five Hundred and Ninety Seven Crore Twenty Six Lakh Seven Thousand Seven Hundred and One only) as per the Master Restructuring Agreement, on and with effect from July 21, 2016.

Accordingly, 40,58,26,525 numbers of equity shares of ₹10/- each were allotted to the following lenders in the manner set out below:

Name of the Bank	**Number of equity shares allotted**
Allahabad Bank	7,98,08,974
UCO Bank	7,58,13,760
Oriental Bank of Commerce	6,88,17,298
Syndicate Bank	5,94,92,481
Indian Bank	4,47,23,187
HDFC Bank	3,28,07,338
IndusInd Bank	4,43,63,487
Total	**40,58,26,525**

Further, 13,05,00,000 numbers of equity share of ₹10/- each were allotted to L&T Infrastructure Development Projects Limited (L&T IDPL), the Holding Company by converting mezzanine debt amounting to ₹130,50,00,000/-. Further, 50% of the 0.01% Convertible Preference shares (CPS) of ₹10/- held by the holding Company aggregating to 12,95,09,800 numbers was converted into 12,95,09,800 numbers of equity shares of ₹10/- each.

The equity holding of the promoters at the end of the financial year was reduced to 49.05% and the lenders aggregate equity holding was at 50.95% of the equity share capital.

Converted to equity shares	Number of Shares of ₹10/- each	Amount in ₹
Senior Debt (Senior Lender)	40,58,26,525	405,82,65,250
Mezzanine Debt (L&T IDPL)	13,05,00,000	130,50,00,000
0.01% Convertible Preference shares	12,95,09,800	129,50,98,000
Total	**66,58,36,325**	**665,83,63,250**

In total, the Company has allotted 66,58,36,325 numbers of equity shares of ₹10/- each on February 15, 2017 as set out above.

The Company at its Extraordinary General Meeting held on February 14, 2017 has altered the terms of issue of 12,95,09,800 numbers of 0.01% Optionally Convertible Cumulative Preference Shares of ₹10/- each into 0.01% Convertible Preference Shares of ₹10/- each at the option of the Company.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹1,272.69 crore and the net fixed and intangible assets, including leased assets, at ₹1,176.41 crore. Capital Expenditure during the year amounted to ₹0.08 crore.

DEPOSITS:

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, full particulars of the loans given, investments made or guarantees given or security provided is given in Note No. 3 & 4 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder. Further, the Company has not entered into any material contracts or arrangements during the year to disclose in Form AOC-2, given in Annexure I to this Report.

AMOUNT TO BE CARRIED TO RESERVE:

Appropriation of profits to any specific reserves is not applicable to your Company.

DIVIDEND:

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

No material changes or commitments adversely affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, and technology absorption does not apply.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company had incurred expenditure in foreign currency for an amount of ₹24,96,915/- for purchase of spare parts for toll equipment.

RISK MANAGEMENT POLICY

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since the Company does not fulfil the criteria specified under Section 135 of the Act, provisions of Corporate Social Responsibility are not applicable to your Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr. Kathikeyan T.V., Director who had retired by rotation at the Annual General Meeting held on September 28, 2016 being eligible was re-appointed as Director.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name of the Director	Designation	DIN
1	Mr. Karthikeyan T.V.	Director	01367727
2	Dr. Esther Malini	Woman Director	07124748
3	Mr. Manoj Kumar Singh	Director	05228599
4	Dr. K.N.Satyanarayana	Independent Director	02460153
5	Mr. K.P.Raghavan	Independent Director	00250991

During the year Mr. Rajesh Tilokani had resigned as Manager with effect from January 16, 2017 and Mr. Dheeraj Khanna was appointed as Manager with effect from March 16, 2017.

The Key Managerial Personnel of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	Date of Appointment
1	Mr. Dheeraj Khanna	Manager	March 16, 2017
2	Ms. Priyal Sarvaiya*	Chief Financial Officer (CFO)	February 24, 2015

* Ms. Priyal Sarvaiya has resigned as CFO with effect from April 18, 2017

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 7(seven) meetings were held on the following dates.

Date	Strength	No. of Directors Present
April 11, 2016	5	4
July 15, 2016	5	3
October 19, 2016	5	4
January 16, 2017	5	4
February 13, 2017	5	4
March 16, 2017	5	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.

- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Mr.K.P.Raghavan, Dr.K.N.Satyanarayana and Mr.Karthikeyan T.V.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

Details of the meetings held during the year under review, are given below:

Date	Strength	No. of Members Present
April 11, 2016	3	3
July 15, 2016	3	3
October 19, 2016	3	2
January 16, 2017	3	3
March 16, 2017	3	2

The Company has established a vigil mechanism framework for Directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Mr. K.P.Raghavan, Dr. K.N.Satyanarayana and Mr. Karthikeyan T.V.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are given hereunder:

Date	Strength	No. of Members Present
March 16, 2017	3	2

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE:

The Company has received Declaration(s) of Independence as stipulated under Section 149(7) of the Act confirming that he is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 8, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors

DISCLOSURE OF REMUNERATION:

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

The Company in the 7th Annual General Meeting held on September 23, 2015 for the FY 2015-16 had appointed M/s. T.R.Chadha & Co., Chartered Accountants, (Firm Reg No: 06711N), Ahmedabad as Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. T.R.Chadha & Co. as auditors of the company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDITOR:

M/s. B.Chitra & Co, a firm of Company Secretaries in practice were appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under section 204 of the Act and rules made thereunder.

The Secretarial Audit Report issued by Ms. B.Chitra (C.O.P. No. 2928), Proprietor of the firm is attached as Annexure III to this Report.

The Secretarial Auditors' report to the shareholders contains the following qualification:

"The Company has not complied with the requirements of Section 203 for appointment of Whole-time Company Secretary during the period………"

Management's response: The Company has appointed Ms. Sipra Paul as Company Secretary with effect from April 26, 2017

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as Annexure II to this Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	KARTHIKEYAN T V	**ESTHER MALINI**
Place : Chennai	*Director*	*Director*
Date : April 26, 2017	*DIN: 01367727*	*DIN: 07124748*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

   The Company has not entered into such transactions during the year.

Date(s) of approval by the Board, if any – April 26, 2017

For and on behalf of the Board

	KARTHIKEYAN T V	**ESTHER MALINI**
Place : Chennai	*Director*	*Director*
Date : April 26, 2017	*DIN: 01367727*	*DIN: 07124748*

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2008PLC069210
Registration Date	09/09/2008
Name of the Company	L&T Halol – Shamlaji Tollway Limited
Category / Sub-Category of the Company	Company limited by shares / Indian Non-Government Company
Address of the Registered office and contact details	P B NO.979, Mount Poonamallee Road, Manapakkam Chennai - 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	*NSDL Database Management Limited 4th Floor, 'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and CIN / GLN of the Company	Holding/Subsidiary/ Associate	% of sharesheld	Applicable Section
1	L&T Infrastructure Development Projects Limited CIN:U65993TN2001PLC046691	Holding	49%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–		–	–	–	–	–	–
d) Bodies Corp.	130499994	6*	130500000	100	390509794	6*	390509800	49%	67%
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**130499994**	**6***	**130500000**	**100**	**390509794**	**6***	**390509800**	**49%**	**67%**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**130499994**	**6***	**130500000**	**100**	**390509794**	**6***	**390509800**	**49%**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	405826525		405826525	51%	100%
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**405826525**	**–**	**405826525**	**51%**	**100%**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**405826525**	**–**	**405826525**	**51%**	**100%**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**130499994**	**6***	**130500000**	**100**	**796336319**	**6***	**796336325**	**100**	**–**

*Including shares held by nominees of L &T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

S. No	Shareholder's Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with nominees)	130499900	100%	–	390509700	49%	100%	67%
2	Larsen & Toubro	100	0%	–	100	0%	–	–
	Total	**130500000**	**100%**	**–**	**390509800**	**49%**	**100%**	**–**

(iii) Change in Promoters' Shareholding:

S. No.	Particulars	No. of shares	% of total shares of the company	Cumulative Shareholding during the Year	
				No. of shares	% of total shares of the company
1.	As on April 1, 2016	130500000	100%	130500000	100%
2.	Allotment on February 15, 2017	260009800	33%	390509800	49%
3.	As on March 31, 2017	390509800	49%	390509800	49%

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares
1.	Allahabad Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	79808974	10.02%	79808974	10.02%
	As on March 31, 2017	79808974	10.02%	79808974	10.02%
2.	UCO Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	75813760	9.52%	75813760	9.52%
	As on March 31, 2017	75813760	9.52%	75813760	9.52%
3.	Oriental Bank of Commerce				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	68817298	8.64%	68817298	8.64%
	As on March 31, 2017	68817298	8.64%	68817298	8.64%
4.	Syndicate Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	59492481	7.47%	59492481	7.47%
	As on March 31, 2017	59492481	7.47%	59492481	7.47%
5.	Indian Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	44723187	5.62%	44723187	5.62%
	As on March 31, 2017	44723187	5.62%	44723187	5.62%

S. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares	Cumulative Shareholding during the year	
				No. of shares	% of total shares
6.	HDFC Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	32807338	4.12%	32807338	4.12%
	As on March 31, 2017	32807338	4.12%	32807338	4.12%
7.	IndusInd Bank				
	As on April 1, 2016	–	–	–	–
	Allotment on February 15, 2017	44363487	5.57%	44363487	5.57%
	As on March 31, 2017	44363487	5.57%	44363487	5.57%

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 1, 2016			
i) Principal Amount	918,22,93,597	35,96,82,834	954,19,76,431
ii) Interest due but not paid	12,45,59,775	–	12,45,59,775
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**930,68,53,372**	**35,96,82,834**	**966,65,36,206**
Changes during the financial year			
Addition	–	–	–
Reduction	342,18,91,577	35,96,82,834	378,15,74,411
Net Change	**(342,18,91,577)**	**(35,96,82,834)**	**(378,15,74,411)**
As on March 31, 2017			
i) Principal Amount	583,97,96,889	–	583,97,96,889
ii) Interest due but not paid	4,51,64,906	–	4,51,64,906
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**588,49,61,795**	**–**	**588,49,61,795**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr. Dheeraj Khanna	
1.	Gross salary		
(a)	Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,25,000	**15,25,000**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	**–**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	**–**
2.	Stock Option	–	**–**
3.	Sweat Equity	–	**–**
4.	Commission as % of profit	–	**–**
5.	Others, please specify	–	**–**
	Total (A)	**15,25,000**	**15,25,000**
	Ceiling as per the Act	**1,28,13,050**	**1,28,13,050**

B. Remuneration to other Directors:

(Amount in ₹)

S. No	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	**Dr. K.N. Satyanarayana**	**Mr. K.P. Raghavan**	
	Fee for attending Board Meeting / Committee Meeting	2,00,000	2,35,000	**4,35,000**
	Commission	–	–	**–**
	Others	–	–	**–**
	Total (1)	**2,00,000**	**2,35,000**	**4,35,000**
2.	Other Non – Executive Directors			
	1) Mr. Karthikeyan T. V.			
	2) Dr. Esther Malini			
	3) Mr. Manoj Kumar Singh			
	No fee for attending Board Meeting / Committee Meeting and no Commission was paid	–	–	**–**
	Total (2)	**–**	**–**	**–**
	Total (B)=(1+2)	**2,00,000**	**2,35,000**	**4,35,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹1,00,000 per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Ms. Priyal Sarvaiya, CFO was employed by the Holding Company, however she has resigned as CFO with effect from April 18, 2017.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

	KARTHIKEYAN T V	**ESTHER MALINI**
Place : Chennai	*Director*	*Director*
Date : April 26, 2017	*DIN: 01367727*	*DIN: 07124748*

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L&T Halol - Shamlaji Tollway Limited
P B NO.979, Mount Poonamalle Road, Manapakkam,
Chennai - 600089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Halol - Shamlaji Tollway Limited (hereinafter called the “Company”).

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) *The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder;

(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) *Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

  (a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  (d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

  (e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws applicable specifically to the company: NIL

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) * Listing Obligations and Disclosure Regulations of Securities Exchange Board of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. ***The Company has not complied with the requirements of Section 203 for appointment of Whole-time Company Secretary during the period.***

Note:

**** Denotes “NOT APPLICABLE”.***

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had the following major transactions/ events:

1. The Authorised Share Capital of the Company was increased from ₹431 Crores to ₹ 1100 Crores and Memorandum of Association was altered to give effect to increase in Authorised Capital with the approval of Members at their Meeting held on 14.02.2017.
2. Pursuant to discussions held between the lenders (i.e. Banks) and the Company, the lenders have agreed to a corrective action plan, which envisages restructuring of the existing loans provided by the lenders to the Company, in terms of the extant regulations of the Reserve Bank of India, dealing with 'strategic debt restructuring (SDR Scheme)' and 'flexible restructuring of project loans'. The Company has issued and allotted equity shares as detailed below, with the approval of Members at their Meeting held on 14.02.2017 and Preference Share holders at their Meeting held on 14.02.2017.
   a. Conversion of 129509800 Convertible Preference Shares into equity shares at par. To facilitate the conversion, the existing 259019600 preference shares held by L&T Infrastructure Development Projects Limited were split into Part A and Part B preference shares of 129509800 preference shares each.
   b. Conversion of Debt of the holding Company L&T Infrastructure Development Projects Limited of ₹1305000000/- into equity shares of ₹ 10/- each at par.
   c. Conversion of Debt of the Lenders (Banks) of ₹ 405,82,65,250/- into equity shares of ₹ 10/- each at par.
   d. The resolutions in the notice issued for the Extraordinary General Meeting of Members held on 14.02.2017 were modified by the members and approved.
   e. The Company filed Forms with Registrar of Companies to depict these changes in Share Capital & allotments during March 2017 and filed revised forms in April 2017 to complete the process.

This report has to be read along with our statement furnished in Annexure A

Place: Chennai **For Chitra &Co**
Date: April 21, 2017

B. CHITRA
FCS No.:4509
C P No.:2928

Annexure 'A'

To,
The Members,
L&T Halol - Shamlaji Tollway Limited
P B NO.979, Mount Poonamalle Road, Manapakkam,
Chennai - 600089

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2017

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place: Chennai **For Chitra &Co**
Date: April 21, 2017

B. CHITRA
FCS No.:4509
C P No.:2928

INDEPENDENT AUDITOR'S REPORT

To
The Members of L&T Halol Shamlaji Tollway Limited

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **L&T Halol Shamlaji Tollway Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS Financial Statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under section 133 of the Act read with Rule 7 of the Companies (Accounts) Rules, 2014.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31st March, 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure A" a statement on the matters specified in paragraphs 3 & 4 of the Order to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

I. The Company does not have any pending litigations which would impact its Ind AS financial position.

II. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

III. There were no amounts which were required to be transferred to the investor's education and protection fund by the company.

IV. These financial statements has provided requisite disclosure in the Ind AS Financial Statements as to holdings as well as dealings in specified bank notes during the period from 8th November, 2016 to 30th December, 2016. Based on the audit procedures and relying on the management representation we report that disclosures are in accordance with books of accounts maintained by the Company and as produced to us by the Management. Refer Note G(10) to the Ind AS Financial Statements.

For T R CHADHA & CO LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Arvind Modi
Partner
Membership No-112929

Place: Ahmedabad
Date: April 26, 2017

ANNEXURE A

L&T Halol Shamlaji Tollway Limited

Annexure to Independent Auditors' Report for the period ended March 2017

(Referred to in Paragraph 1 under the Heading of "Report on Other Legal and Regulatory Requirements" of our Report of even date)

(i) Fixed Assets

a) The Company has maintained proper records showing full particulars including quantitative details and situtation of fixed assets.

b) The fixed assets have been physically verified by the management during the year, which in our opinion is reasonable having regard to the size & nature of the company. No material discrepancies were noted on such verification.

c) According to the information and explanations given to us, there are no immovable assets held by the company, hence clause C of paragraph 3 (i) of the order is not applicable to the Company.

(ii) Inventories

The Company is engaged in the business of Infrastructure development and its maintenance and there is no inventory inhand at any point of time, hence paragraph 3 (ii) of the order is not applicable to the Company.

(iii) Loans given

The Company has not granted any Secured or unsecured loan to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Hence reporting under clause 3 (iii) (a), (b) and (c) does not arise.

(iv) Compliance of Sec. 185 & 186

The Company has not entered into any transaction in resect of loans, investments, guarantee and security which attracts compliance to provisions of section 185 & 186 of the Companies Act, 2013, therefore, paragraph 3 (iv) of the order is not applicable to the company.

(v) Public Deposit

During the year, the company has not accepted any deposits from the public, therefore, paragraph 3 (v) of the order is not applicable.

(vi) Cost Records

In our opinion and according to information and explanations given to us, maintenance of cost records has not been prescribed by the Central Government under Section 148(1) of the Companies Act, for the services provided by the company therefore, paragraph 3 (vi) of the order is not applicable to the company.

(vii) Statutory Dues

a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company has generally been regular in depositing its undisputed statutory dues including Provident Fund, Employees State Insurance, income-tax, Sales Tax, Service tax, Value Added Tax and cess etc. except in some cases in deposition of TDS & Service Tax liability during the year. There are no undisputed dues payable, outstanding as on 31st March, 2017 for a period of more than six months from the date they became payable.

b) According to the information and explanations given to us, there are no amounts in respect of income tax, service tax etc. that have not been deposited with the appropriate authorities on account of any dispute.

(viii) During the year company has defaulted in repayment of loans or borrowings to a financial institutions & banks. Lender wise details are as under:

(Amount ₹ in Lacs)

Name of Lender	Interest	Principal	Total Amt	Period to which it relates
Allahabad Bank	456.80	225.00	681.80	1st Apr'16 to 30th Jun'16
UCO Bank	432.66	212.50	645.16	
Oriental Bank of Commerce	397.98	193.75	591.73	
Syndicate Bank	339.48	175.00	514.48	
Indian Bank	255.78	125.00	380.78	
HDFC Bank	188.93	92.50	281.43	
Indusind Bank	259.05	125.00	384.05	
Indian Infrastructure Finance Company Limited (IIFCL)	296.01	156.25	452.26	
Total	**2,626.69**	**1,305.00**	**3,931.69**	

However, it was cleared subsequently and there was no such default at Balance Sheet date.

(ix) The Company has not raised money by way of initial public offer or further public offer (including debt instrument) any term loans during the period under audit therefore, paragraph 3 (ix) of the order is not applicable to the company.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the management, we report that no fraud by the Company or any fraud on the company by its officers or employees has been noticed or reported during the year.

(xi) According to information & explanations given to us, managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act, 2013.

(xii) As explained, the company is not a Nidhi Company. Therefore paragraph 3 (xii) of the order is not applicable to the company.

(xiii) As per the information and explanations given by the management, all the transactions with the related parties are in compliance with section 177 and 188 of Companies Act, 2013 and the details have been disclosed in the financial statements etc., as required by the applicable accounting standards.

(xiv) As per the information and explanations given by the management, company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Therefore paragraph 3 (xiv) of the order is not applicable to the company.

(xv) As per the information and explanations given by the management, the company has not entered into any non-cash transaction with directors or persons connected with him. Therefore paragraph 3 (xv) of the order is not applicable to the company.

(xvi) As per the information and explanations given by the management, company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Therefore paragraph 3 (xvi) of the order is not applicable to the company.

For T R CHADHA & CO LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Arvind Modi
Partner
Membership No-112929

Place: Ahmedabad
Date: April 26, 2017

ANNEXURE B

THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE IND AS FINANCIAL STATEMENTS OF L & T HALOL SHAMLAJI TOLLWAY LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L & T Halol Shamlaji Tollway Limited ("the Company") as of 31 March, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India". These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March, 2017, based on, "the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India".

For T R CHADHA & CO LLP
Firm's Reg. No-: 006711N/N500028
Chartered Accountants

Arvind Modi
Partner
Membership No-112929

Place: Ahmedabad
Date: April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 31.03.2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**91,599,290**	*133,390,849*	*178,194,481*
b) Intangible assets	2	**11,672,523,858**	*12,138,884,179*	*12,264,953,088*
d) Financial Assets				
i) Loans	3	**1,759,556**	*1,787,206*	*1,787,206*
f) Other non-current assets	4	**139,347**	–	–
	A	**11,766,022,051**	*12,274,062,234*	*12,444,934,775*
Current assets				
a) Financial Assets				
i) Trade receivables	5	**15,544,964**	–	–
ii) Cash and cash equivalent	6	**34,197,975**	*8,252,424*	*11,336,101*
iii) Bank balances other than (ii)	7	**152,040**	*142,694*	*131,917*
b) Current Tax Assets (net)	4	**1,118,415**	*663,402*	*974,656*
c) Other current assets	4	**1,363,315**	*5,632,961*	*8,776,098*
	B	**52,376,709**	*14,691,481*	*21,218,772*
Total Assets	A+B	**11,818,398,760**	*12,288,753,715*	*12,466,153,547*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	8	**7,963,363,250**	*1,305,000,000*	*1,305,000,000*
b) Other Equity	9	**(3,172,658,054)**	*18,068,908*	*(1,588,312,257)*
	C	**4,790,705,196**	*1,323,068,908*	*(283,312,257)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	**5,839,796,889**	*9,541,976,431*	*11,546,564,092*
ii) Other financial liabilities	11	**–**	–	*72,250,125*
b) Provisions	12	**563,476,715**	*322,125,930*	*176,806,454*
	D	**6,403,273,604**	*9,864,102,361*	*11,795,620,671*
Current liabilities				
a) Financial Liabilities				
i) Trade payables	14	**19,683,222**	*8,009,361*	*8,646,960*
ii) Other financial liabilities	11	**502,290,033**	*914,968,958*	*757,665,995*
b) Other current liabilities	13	**101,974,271**	*178,345,663*	*187,459,978*
c) Provisions	12	**472,434**	*258,464*	*72,200*
	E	**624,419,960**	*1,101,582,446*	*953,845,133*
Total Equity and Liabilities	C+D+E	**11,818,398,760**	*12,288,753,715*	*12,466,153,547*
Contingent liabilities and Commitments	F			
Other notes forming part of accounts	G			
Significant accounting policies	H			

As per our report attached
T R CHADHA & CO LLP
Chartered Accountants
Firm's Registration No. 006711N / N500028
By the hand of

For and on behalf of the board of

ARVIND MODI
Partner
Membership No. 112929

VJM REDDY
Chief Finance Officer

SIPRA PAUL
Company Secretary
M. No. A29128

KARTHIKEYAN T V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Ahmedabad
Date: April 26, 2017

Place : Chennai
Date : April 26, 2017

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STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
Revenue from Operations	**15**		**740,096,877**		*748,038,716*
Other income	**16**		**225,689**		*3,060,011*
Total Income			**740,322,566**		*751,098,727*
EXPENSES					
Operating Expenses	**17**		**332,266,281**		*242,360,018*
Employee Benefit Expenses	**18**		**20,137,543**		*22,557,187*
Finance Costs	**19**		**1,825,248,300**		*1,259,302,061*
Depreciation and Amortisation Expenses	**1 & 2**		**440,737,946**		*171,098,297*
Other Expenses	**20**		**17,523,792**		*39,781,906*
Total Expenses			**2,635,913,862**		*1,735,099,469*
Profit/(loss) before tax			**(1,895,591,296)**		*(984,000,742)*
Tax Expense:					
Current tax		**–**		*–*	
Deferred tax		**–**		*–*	
			–		*–*
Profit/(loss) after tax for the year			**(1,895,591,296)**		*(984,000,742)*
Profit for the year			**(1,895,591,296)**		*(984,000,742)*
Other Comprehensive Income					
i) Reclassifiable to profit or loss in subsequent periods					
ii) Not reclassifiable to profit or loss in subsequent periods					
- Remeasurements of the defined benefit obligation (Refer Note G(3)(‘e)			**37,666**		*(185,907)*
- Income Tax on Remeasurements of the defined benefit obligation			**–**		*–*
Total Comprehensive Income for the year			**(1,895,591,296)**		*(984,000,742)*
Earnings per equity share (Basic and Diluted)	**G 7**		**(2.53)**		*(3.55)*
Face value per equity share			**10.00**		*10.00*

As per our report attached
T R CHADHA & CO LLP
Chartered Accountants
Firm’s Registration No. 006711N / N500028
By the hand of

ARVIND MODI
Partner
Membership No. 112929

Place : Ahmedabad
Date: April 26, 2017

For and on behalf of the board of

VJM REDDY
Chief Finance Officer

SIPRA PAUL
Company Secretary
M. No. A29128

KARTHIKEYAN T V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Net profit / (loss) before tax and extraordinary items**	**(1,895,628,962)**	*(983,814,835)*
	Adjustment for		
	Depreciation and amortisation expense	**440,737,946**	*171,098,297*
	Interest expense	**1,825,248,300**	*1,259,302,061*
	Interest income	**(183,827)**	*(9,522)*
	(Profit)/loss on sale of current investments(net)	**–**	*(2,969,554)*
	(Profit)/loss on sale of fixed assets	**124,665**	–
	Operating profit before working capital changes	**370,298,122**	*443,606,447*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**197,859,017**	*121,545,107*
	Increase / (Decrease) in trade payables	**11,673,861**	*(637,599)*
	Increase / (Decrease) in other current liabilitites	**(76,371,392)**	*(9,114,315)*
	Increase / (Decrease) in other current financial liabilitites	**(352,961,745)**	*73,085,945*
	Increase / (Decrease) in short term provisions	**213,970**	*186,264*
	(Increase) / Decrease in loan term loans and advances	**27,650**	–
	(Increase) / Decrease in Trade Receivables	**(15,544,964)**	–
	(Increase) / Decrease in other current assets	**4,120,953**	*3,143,137*
	Net cash generated from/(used in) operating activities	**139,315,472**	*631,814,986*
	Direct taxes paid (net of refunds)	**(455,013)**	*311,254*
	Net Cash(used in)/generated from Operating Activities	**138,860,459**	*632,126,240*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(815,200)**	*(466,975)*
	Sale of fixed assets	**68,104,464**	*241,219*
	(Purchase)/Sale of current investments	**–**	*2,969,554*
	Interest received	**183,827**	*9,522*
	Net cash (used in)/generated from investing activities	**67,473,091**	*2,753,320*
C	**Cash flow from financing activities**		
	Proceeds from issue of capital	**5,363,265,250**	*2,590,196,000*
	Repayment of long term borrowings	**(4,661,695,083)**	*(2,008,971,288)*
	Interest paid	**(881,958,166)**	*(1,219,177,172)*
	Net cash (used in)/generated from financing activities	**(180,387,999)**	*(637,952,460)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**25,945,551**	*(3,072,900)*
	Cash and cash equivalents as at the beginning of the year	**8,252,424**	*11,325,324*
	Cash and cash equivalents as at the end of the year	**34,197,975**	*8,252,424*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
T R CHADHA & CO LLP
Chartered Accountants
Firm's Registration No. 006711N / N500028
By the hand of

For and on behalf of the board of

ARVIND MODI
Partner
Membership No. 112929

VJM REDDY
Chief Finance Officer

SIPRA PAUL
Company Secretary
M. No. A29128

KARTHIKEYAN T V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Ahmedabad
Date: April 26, 2017

Place : Chennai
Date : April 26, 2017

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Computers, laptops and printers	Total
Gross Carrying Value as of April 01, 16	**158,741,675**	**10,089,692**	**8,417,095**	**1,029,230**	**295,363**	**178,573,055**
Additions	–	–	–	–	815,200	815,200
Deletions	19,815	126,030	556,986	10,305	70,162	783,298
Gross carrying value as of March 31,2017	**158,721,860**	**9,963,662**	**7,860,109**	**1,018,925**	**1,040,401**	**178,604,957**
Accumulated Depreciation as of April 01,16	**(40,658,956)**	**(1,353,698)**	**(2,335,272)**	**(746,346)**	**(87,934)**	**(45,182,206)**
Depreciation	(37,964,589)	(1,367,588)	(2,077,055)	(193,616)	(220,613)	(41,823,461)
Accumated Depreciation on deletions	–	–	–	–	–	–
Accumated Depreciation as on March 31,2017	**(78,623,545)**	**(2,721,286)**	**(4,412,327)**	**(939,962)**	**(308,547)**	**(87,005,667)**
Carrying Value as of March 31, 2017	80,098,315	7,242,376	3,447,782	78,963	731,854	91,599,290

2 INTANGIBLE ASSETS

Particulars	Toll collection rights
Gross Carrying Value as of April 01, 16	**12,620,772,046**
Additions	–
Deletions	72,506,019
Gross carrying value as of March 31,2017	**12,548,266,027**
Accumulated Depreciation as of April 01,16	**(481,887,867)**
Depreciation	(398,914,489)
Accumated Depreciation on deletions	5,060,187
Accumated Depreciation as on March 31,2017	**(875,742,169)**
Carrying Value as of March 31, 2017	**11,672,523,858**

At the time of capitalization of Toll Collection Rights, company has made provision for balance implementation work as part of the project. Provision outstanding as on 1st April 2016 is of ₹ 13,77,75,419/-. During the year said matter has been escalated and net liability of ₹ 7,03,29,588/- has been demanded by GSRDC for payment vide its letter dated 7th Feb 2017. Hence balance excess provision of ₹ 7,25,06,018/- has been decapitalized from toll collection rights and corresponding accumulated amortization charged till date for ₹ 50,60,187/-.

In the terms of Para 3 (ii)(a) of Part A of Schedule II to The Companies Act 2013, Amortisation on Intangible assets has been calculated on the basis of actual + projected revenue considered by Senior lenders in revival package submitted to GSRDC vide Allahabad Bank Letter No IFBC/ADV/LNTHSTL/2016-17 dated 8th Nov 2016.

NOTES FORMING PART OF ACCOUNTS (Contd.)

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Plant and Equipment	Furniture and fixtures	Vehicles	Office equipment	Computers, laptops and printers	Total
Gross Carrying Value as of April 01, 2015	**158,741,675**	**10,091,841**	**8,417,095**	**915,158**	**28,712**	**178,194,481**
Additions	–	86,251	–	114,072	266,652	466,975
Deletions	–	27,287	–	–	1	27,288
Gross carrying value as of March 31,2016	**158,741,675**	**10,150,805**	**8,417,095**	**1,029,230**	**295,363**	**178,634,168**
Accumulated Depreciation as of April 01,15	–	–	–	–	–	–
Depreciation	(40,658,956)	(1,414,811)	(2,335,272)	(746,346)	(87,934)	(45,243,319)
Accumated Depreciation on deletions	–	–	–	–	–	–
Accumated Depreciation as on March 31,2016	**(40,658,956)**	**(1,414,811)**	**(2,335,272)**	**(746,346)**	**(87,934)**	**(45,243,319)**
Carrying Value as of March 31, 2016	**118,082,719**	**8,735,994**	**6,081,823**	**282,884**	**207,429**	**133,390,849**

2 INTANGIBLE ASSETS

Particulars	Toll collection rights
Gross Carrying Value as of April 01, 15	**12,620,994,063**
Additions	–
Deletions	222,017
Gross carrying value as of March 31,2016	**12,620,772,046**
Accumulated Depreciation as of April 01,15	**(356,040,975)**
Depreciation	(126,284,793)
Accumated Depreciation on deletions	8,086
Accumated Depreciation as on March 31,2016	**(482,317,682)**
Carrying Value as of March 31, 2017	**12,138,454,364**

	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
3 LOANS									
a) Security deposits									
Unsecured, considered good	**–**	**1,759,556**	**1,759,556**	–	*1,787,206*	*1,787,206*	–	*1,787,206*	*1,787,206*
	–	**1,759,556**	**1,759,556**	–	*1,787,206*	*1,787,206*	–	*1,787,206*	*1,787,206*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
4 OTHER NON-CURRENT AND CURRENT ASSETS									
Advances other than capital advances									
Advances to related parties	–	–	–	129,720	–	129,720	125,470	–	125,470
Advances to employees	34,505	–	34,505	63,813	–	63,813	41,194	–	41,194
Other advances	30,068	–	30,068	1,589,859	–	1,589,859	4,097,000	–	4,097,000
Advance recoverable other than in cash									
Prepaid Insurance	1,298,742	–	1,298,742	3,849,569	–	3,849,569	3,877,634	–	3,877,634
Prepaid expenses	–	–	–	–	–	–	634,800	–	634,800
VAT recoverable	–	139,347	139,347	–	–	–	–	–	–
	1,363,315	139,347	1,502,662	5,632,961	–	5,632,961	8,776,098	–	8,776,098
Income tax									
Income tax net of provisions	1,118,415	–	1,118,415	663,402	–	663,402	974,656	–	974,656
	1,118,415	–	1,118,415	663,402	–	663,402	974,656	–	974,656

Particulars	As at March 31, 2017	As at March 31, 2017 Current	As at March 31, 2016	As at March 31, 2016 Current	As at March 31, 2015	As at March 31, 2015 Current
	₹	₹	₹	₹	₹	₹
5 TRADE RECEIVABLES						
Unsecured, considered good						
Others		15,544,964				
		15,544,964		–		–
Less: Allowance for credit losses		–		–		–
		15,544,964		–		–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

Particulars	As at March 31, 2017	As at March 31, 2016	As at March 31, 2015
6 CASH AND CASH EQUIVALENTS			
a) Balances with banks	29,607,255	3,278,434	6,639,466
b) Cash on hand	4,590,720	4,973,990	4,696,635
	34,197,975	8,252,424	11,336,101
7 OTHER BANK BALANCE			
a) Fixed deposits with banks including interest accrued thereon	152,040	142,694	131,917
b) Others			
Less : Bank overdraft			
	152,040	142,694	131,917

Short term deposits are made for varying periods between one day and 12 months, depending on the immediate cash requirement and earn interest at fixed the respective short term deposit rates.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017 No. of shares	₹	*As at March 31, 2016 No. of shares*	₹	*As at April 1, 2015 No. of shares*	₹
8 SHARE CAPITAL						
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Equity shares of ₹ 10 each	**800,000,000**	**8,000,000,000**	*131,000,000*	*1,310,000,000*	*131,000,000*	*1,310,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**796,336,325**	**7,963,363,250**	*130,500,000*	*1,305,000,000*	*130,500,000*	*1,305,000,000*
	796,336,325	**7,963,363,250**	*130,500,000*	*1,305,000,000*	*130,500,000*	*1,305,000,000*
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
At the beginning of the year	**130,500,000**	**1,305,000,000**	*130,500,000*	*1,305,000,000*	*130,500,000*	*1,305,000,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
Lender - Converted from Loan	**405,826,525**	**4,058,265,250**	–	–	–	–
Promoter - Converted from Mez Debt	**130,500,000**	**1,305,000,000**	–	–	–	–
Promoter - Converted from OCCPS	**129,509,800**	**1,295,098,000**	–	–	–	–
At the end of the year	**796,336,325**	**7,963,363,250**	*130,500,000*	*1,305,000,000*	*130,500,000*	*1,305,000,000*
(iii) Equity component of other financial instruments (0.01% Optionally Convertible Cumulative Preference Shares)						
At the beginning of the year	**259,019,600**	**2,590,196,000**	–	–	–	–
Issued during the year as fully paid	**(259,019,600)**	**(2,590,196,000)**	*259,019,600*	*2,590,196,000*	–	–
Others	**–**	**–**	–	–	–	–
At the end of the year	**–**	**–**	*259,019,600*	*2,590,196,000*	–	–
(iv) Equity component of other financial instruments (0.01% Compulsory Convertible Cumulative Preference Shares)						
At the beginning of the year	**–**	**–**	–	–	–	–
Issued during the year as fully paid	**129,509,800**	**1,295,098,000**	–	–	–	–
Others	**–**	**–**	–	–	–	–
At the end of the year	**129,509,800**	**1,295,098,000**	–	–	–	–

The Company entered into a Master Restructuring Agreement with Senior Lenders on 14th Feb 2017. As per MRA, company was required to convert 0.01% Optionally Convertible Preference Shares of ₹ 1,28,51,96,000/-into Equity Shares. However, the actual conversion made by company is of ₹ 1,29,50,98,000/- i.e. more by ₹ 99,02,000/-

During the year company has restructured its loan and outstanding interest till 31st July 2016 as per Master restructure agreement dated 14th February 2017 based on SDR scheme. By this company has converted ₹ 405,82,65,250/- from senior debt, ₹ 130,50,00,000/- from Mezzanine debt of promoters and ₹ 129,50,98,000/- from Optionally Convertible Cumulative Reedemable Preference shares into equity share capital.

(iii) Terms / rights attached to shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Optionally convertible cumulative redeemable preference shares

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carry non-participating rights in the surplus funds.

Preference share holders would be paid dividend on a cumulative basis

NOTES FORMING PART OF ACCOUNTS (Contd.)

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par.

Compulsory convertible cumulative Preference Shares of ₹ 10 each

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders shall be Non-participating rights in the surplus funds.

Preference share holders shall be Non-participating rights in the surplus assets and profit on winding up which may remain after the entire capital has been repaid

Preference share holders would be Paid dividend on non cumulative basis

Preference share holder carry voting rights as per provisions of Section 47 (2) of the Act.

Since the Company does not have profits, no dividend is accrued or payable.

Preference share will be converted into equity share at the option of the company or at the completion of 10th year from the date of allotment.

49.04% Equity Shares and 100% of 0.01% Compulsory Cumulative Convertible Preference Shares of the Company held by L & T Infrastructure Development Projects Limited are Pledged with Term Lenders.

Particulars	As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:						
L&T Infrastructure Development Projects Limited	–	–	130,499,894	1,304,998,940	130,499,894	1,304,998,940
Larsen and Toubro Limited (ultimate holding company)	–	–	100	1,000	100	1,000
	–	–	130,499,994	1,304,999,940	130,499,994	1,304,999,940
Preference Share						
L&T Infrastructure Development Projects Limited (OCCPS)	–	–	259,019,600	2,590,196,000	–	–
L&T Infrastructure Development Projects Limited (CCPS)	129,509,800	1,295,098,000	–	–	–	–
	129,509,800	1,295,098,000	259,019,600	2,590,196,000	–	–
(vi) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited	390,509,794	49.04%	130,499,894	99.99%	130,499,894	99.99%
Allahabad Bank	79,808,974	10.02%	–	–	–	–
UCO Bank	75,813,760	9.52%	–	–	–	–
Oriental Bank of Commerce	68,817,298	8.64%	–	–	–	–
Syndicate Bank	59,492,481	7.47%	–	–	–	–
Indian Bank	44,723,187	5.62%	–	–	–	–
IndusInd Bank	44,363,487	5.57%	–	–	–	–
Preference Share						
L&T Infrastructure Development Projects Limited (OCCPS)	–	0.00%	259,019,600	100.00%	–	–
L&T Infrastructure Development Projects Limited (CCPS)	129,509,800	100.00%	–	–	–	–

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

NOTES FORMING PART OF ACCOUNTS (Contd.)

9 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity Share Capital	Other Equity					Total ₹
		Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			
				Capital reserve	Securities premium reserve	Retained earnings	
Balance at the beginning of the reporting period	1,305,000,000	–	3,688,932,526	–	–	(3,670,863,618)	1,323,068,908
Changes in accounting policy							–
Restated balance as at the beginning of the reporting period							–
Transfer to retained earnings							–
Profit for the year			–	–	–	(1,895,628,962)	(1,895,628,962)
Other comprehensive income			–	–	–	–	–
Issue of share capital	6,658,363,250		(1,295,098,000)		–		5,363,265,250
Balance at the end of the reporting period	**7,963,363,250**	**–**	**2,393,834,526**	**–**	**–**	**(5,566,492,580)**	**4,790,705,196**

Other Equity as on 31.03.2016

Particulars	Equity Share Capital	Other Equity					Total ₹
		Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus			
				Capital reserve	Securities premium reserve	Retained earnings	
Balance at the beginning of the reporting period	1,305,000,000	–	1,098,736,526	–	–	(2,687,048,783)	(283,312,257)
Changes in accounting policy							–
Restated balance as at the beginning of the reporting period							–
Transfer to retained earnings			2,590,196,000				2,590,196,000
Profit for the year			–	–	–	(983,814,835)	(983,814,835)
Other comprehensive income			–	–	–	–	–
Balance at the end of the reporting period	**1,305,000,000**	**–**	**3,688,932,526**	**–**	**–**	**(3,670,863,618)**	**1,323,068,908**

	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
10 BORROWINGS									
Secured borrowings									
a) Term loans									
i) From banks	**–**	**4,709,954,889**	**4,709,954,889**	–	*8,123,493,595*	*8,123,493,595*	–	*8,578,609,960*	*8,578,609,960*
ii) From others	**–**	**1,129,842,000**	**1,129,842,000**	–	*1,058,800,002*	*1,058,800,002*	–	*1,121,300,004*	*1,121,300,004*
Unsecured borrowings									
a) Loans from related parties	**–**	**–**	**–**	–	*359,682,834*	*359,682,834*	–	*1,846,654,128*	*1,846,654,128*
	–	**5,839,796,889**	**5,839,796,889**	–	*9,541,976,431*	*9,541,976,431*	–	*11,546,564,092*	*11,546,564,092*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Rate of Interest	Terms of Repayment
	As at March 31, 2017	
Secured Term Loans *	Base rate of Allahabad Bank + Applicable spread	Repayable in 108 monthly instalments from April 2017 to March 2026 at specified amounts in Master Restructuring Agreement.

* Entire loan has been restructure as per SDR scheme. For details please refer note no O(13)

Nature of security for term loans/debentures

Above Term Loans are secured by pari passu first charge on all the immovable properties both present and future of the Company and hypothecation of tangible movable properties present & future including book debt, cash & bank balance, stock-in-trade, intangible assets, uncalled share capital, etc. except project assets as defined in the concession agreement.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Long term borrowings	5,839,796,889	9,541,976,431
(ii) Current maturities of long term borrowings	119,449,080	574,199,994
	5,959,245,969	**10,116,176,425**

		March 31, 2017			*March 31, 2016*			*April 01, 2015*		
		Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
		₹	₹	₹	₹	₹	₹	₹	₹	₹
11	**OTHER FINANCIAL LIABILITIES**									
a)	Current maturity of long term loan	**119,449,080**	**–**	**119,449,080**	*574,199,994*	*–*	*574,199,994*	*613,200,000*	*–*	*613,200,000*
b)	Interest accrued	**80,945,503**	**–**	**80,945,503**	*140,662,683*	*–*	*140,662,683*	*56,445,665*	*72,250,125*	*128,695,790*
c)	Other liabilities									
i)	Revenue share payable	**301,895,450**	**–**	**301,895,450**	*200,106,281*	*–*	*200,106,281*	*88,020,330*	*–*	*88,020,330*
		502,290,033	**–**	**502,290,033**	*914,968,958*	*–*	*914,968,958*	*757,665,995*	*72,250,125*	*829,916,120*
12	**PROVISIONS**									
	Provision for employee benefits (Refer Note G(3))	**472,434**	**1,227,488**	**1,699,922**	*258,464*	*2,568,471*	*2,826,935*	*72,200*	*2,123,364*	*2,195,564*
	Provisions for major maintenance reserve (Refer Note G(9))	**–**	**562,249,227**	**562,249,227**	*–*	*319,557,459*	*319,557,459*	*–*	*174,683,090*	*174,683,090*
		472,434	**563,476,715**	**563,949,149**	*258,464*	*322,125,930*	*322,384,394*	*72,200*	*176,806,454*	*176,878,654*
13	**OTHER LIABILITIES**									
i)	Other liabilities	**100,641,856**	**–**	**100,641,856**	*177,065,572*	*–*	*177,065,572*	*183,581,983*	*–*	*183,581,983*
ii)	Statutory payables	**1,332,415**	**–**	**1,332,415**	*1,280,091*	*–*	*1,280,091*	*3,877,995*	*–*	*3,877,995*
		101,974,271	**–**	**101,974,271**	*178,345,663*	*–*	*178,345,663*	*187,459,978*	*–*	*187,459,978*

	Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at March 31, 2015*
		₹	₹	₹
14	**TRADE PAYABLES**			
	Due to Micro and Small enterprises	**1,646,578**	*384,369*	*363,179*
	Due to Others	**18,036,644**	*7,624,992*	*8,283,781*
		19,683,222	*8,009,361*	*8,646,960*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Company had entered into a supplementary agreement with GSRDC, on 9th November 2015 for settling certain disputes and claims under the terms of the concession agreement. In lieu of the said claims and disputes and in satisfaction of the certain civil works pending to be carried out by the Company, GSRDC had vide its letter dated 7th Feb 2017 had sought a compensation of ₹ 7,03,29,588/-from the Company, in settlement of the disputes and claim and discharging the Company from executing the said works. Accordingly the Company has adjusted the carrying amount of Toll collection rights and the provision carried in respect of civil works pending to be executed as at 31 March 2017 by ₹ 6,74,45,831/- to give effect to the said letter.

F **Contingent Liabilities and commitments**

Claims against the Company not acknowledged as debt:

GSRDC Vide its letter dated 9th June 2014 has claimed amount ₹ 5,56,89,317/- to pay revenue share on defined traffic based on clause 7.3 of Consession Agreement. However, company has rejected this demand raised by GSRDC and has sought for dispute resolution under Article 37 of Concession Agreement.

GSRDC Vide its letter no GMP/L&T HGS/161/2016 dated 30th January, 2016 has claimed amount ₹ 35,00,000/- based on Article 17 and Schedule L of the Concession Agreement for not maintaning the project highway. However, the same is being contested by the company.

Commitments as at March 31, 2017 ₹. Nil (previous year: ₹ Nil)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
15	**REVENUE FROM OPERATIONS**				
	Operating revenue:				
	Toll Collections	**862,684,319**		*861,895,050*	
	Less : Revenue share to NHAI/GSRDC *	**122,587,442**		*113,856,334*	
			740,096,877		*748,038,716*
			740,096,877		*748,038,716*
	*National Highway Authority of India				
	*Gujarat State Road Development Corporation Ltd				
16	**OTHER INCOME**				
	Interest income from:				
	Bank deposits	**10,546**		*9,522*	
	Others	**173,281**		-	
			183,827		*9,522*
	Profit on sale of current investments		**–**		*2,969,554*
	Other income		**41,862**		*80,935*
			225,689		*3,060,011*
17	**OPERATING EXPENSES**				
	Toll Management fees		**34,329,398**		*38,765,592*
	Security services		**14,115,455**		*15,146,410*
	Insurance		**4,936,977**		*4,436,639*
	Concession fee		**2**		*2*
	Repairs and maintenance				
	Toll road & bridge	**53,488,627**		*32,056,217*	
	Plant and machinery	**8,459,763**		*11,827,540*	
	Periodic major maintenance	**199,200,000**		*121,100,000*	
	Others	**7,947,662**		*8,153,351*	
			269,096,052		*173,137,108*
	Power and fuel		**9,788,397**		*10,874,267*
			332,266,281		*242,360,018*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
18	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries, wages and bonus		**15,467,388**		*17,075,115*
	Contributions to and provisions for:				
	Provident fund	**1,001,139**		*1,076,837*	
	Gratuity	**329,865**		*399,216*	
	Compensated absences	**1,244,163**		*570,865*	
			2,575,167		*2,046,918*
	Staff welfare expenses		**2,094,988**		*3,435,154*
			20,137,543		*22,557,187*
19	**FINANCE COSTS**				
	Interest on borrowings		**798,342,496**		*1,104,919,518*
	Interest on GSRDC revenue share		**22,285,272**		*13,740,686*
	Interest on Debentures		**–**		*10,332,842*
	Interest on unsecured loan		**–**		*54,410,632*
	Bank charges and bank guarantee charges		**1,613,222**		*4,211,681*
	Unwinding of discount and implicit interest expense on fair value		**1,003,007,310**		*71,686,702*
			1,825,248,300		*1,259,302,061*
20	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**188,291**		*15,318,026*
	Professional fees		**9,757,820**		*19,298,397*
	Postage and communication		**829,363**		*502,576*
	Printing and stationery		**1,196,627**		*1,189,123*
	Travelling and conveyance		**1,855,338**		*1,885,461*
	Repairs and Maintenance - Others		**2,570,808**		*952,864*
	Miscellaneous expenses		**1,125,545**		*635,459*
			17,523,792		*39,781,906*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**393,990**	*383,300*
b) For taxation matters	**79,603**	*78,719*
c) For other services	**172,500**	*6,164*
Total	**646,093**	*468,183*

Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2017

Particulars	**Retained earnings**	**Other reserves (specify nature)**	**Total**
	₹	₹	₹
Remeasurement gains/(losses) on defined benefit plans	–	–	–
Not reclassifiable to profit or loss in subsequent periods	37,666	–	37,666
Reclassified to Statement of profit and lossww	–	–	–
	37,666	**–**	**37,666**

NOTES FORMING PART OF ACCOUNTS (Contd.)

G) NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

L&T Halol Shamlaji Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 09-09-2008 for the purpose of widening of existing two-lane, 173.06 kilometers Road stretch covering Halol-Godhra-Shamlaji to make it four lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated 17th September, 2008 The Concession is for a period of 20 years including the construction period. At the end of the 20 years the entire facility will be transferred to Gujarat State Road Development Corporation Ltd. The company achieved commercial operation on April 4, 2012 upon receipt of the provisional completion certificate executed between the Company and Gujarat State Road Development Corporation Ltd..

2) During the year, the company has incurred expenditure amounting to ₹ 24,96,915/- in foreign currency (previous year: ₹ 14,74,802/-) towards payment against purchase of spare parts for toll equipments.

During the year the company does not have any earnings in foreign currency.

3) Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 10,01,139/- (previous year : ₹ 10,76,837/-) being contribution made to regional provident fund is recognised as expense and included under Employee benefit expense (Note 18) in the Statement of Profit and Loss.

(ii) Features of Its Defined benefit plans:

Gratuity:

a) The Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applocable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

NOTES FORMING PART OF ACCOUNTS (Contd.)

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
- Wholly funded	**1,382,005**	–	**–**	–
- Wholly unfunded	**–**	*1,047,487*	**1,485,145**	*1,552,281*
	1,382,005	*1,047,487*	**1,485,145**	*1,552,281*
Less : Fair value of plan assets	**1,167,228**	–	**–**	–
Net Liability / (asset)	**214,777**	*1,047,487*	**1,485,145**	*1,552,281*

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Current service cost	**295,418**	*330,759*	**241,527**	*216,025*
Interest on Defined benefit obligation	**34,447**	*68,457*	**111,615**	*99,982*
Net value of remeasurements on the obligation and plan assets			**71,836**	*141,697*
Past service cost and loss/(gain) on curtailments and settlement	**–**	–	**(214,614)**	–
Total Charge to Statement of Profit and Loss	**329,865**	*399,216*	**210,364**	*457,704*

NOTES FORMING PART OF ACCOUNTS (Contd.)

d) Effect of defined benefit plans on the amount , timing and uncertainity of entity's future cash flows

e) Other Comprehensive Income for the period

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:	–	–	–	–
From changes in demographic assumptions	–	48,462	–	–
From changes in financial assumptions	75,991	8,581	–	–
From changes in experience	(83,052)	(242,950)	–	–
Past service cost	–	–	–	–
Actuarial gain/(loss) not recognised in books	–	–	–	–
Return on plan assets excluding amounts included in interest income	44,727	–	–	–
Amounts recognized in Other Comprehensive Income	37,666	(185,907)	–	–

f) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	1,047,487	879,743	1,552,281	1,315,821
Add: Current service cost	295,418	330,759	241,527	216,025
Add: Interest cost	78,616	68,457	111,615	99,982
Add: Contribution by plan participants				
i) Employer	–	–	–	–
ii) Employee	–	–	–	–
Add/(less): Actuarial losses/(gains)	(7,061)	(185,907)	71,836	141,697
Less: Benefits paid	(32,455)	(45,565)	277,500	221,244
Add: Past service cost	–	–	(214,614)	–
Closing balance of the present value of defined benefit obligation	1,382,005	1,047,487	1,485,145	1,552,281

NOTES FORMING PART OF ACCOUNTS (Contd.)

g) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	**44,169**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**(44,727)**	–	**–**	–
Contributions by employer	**1,200,241**	–	**–**	–
Benefits paid	**(32,455)**	–	**–**	–
Closing value of plan assets	**1,167,228**	–	**–**	–

h) Reconciliation of Net Defined Beneft Liability:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**1,047,487**	*879,743*	**1,552,281**	*1,315,821*
Employee Benefit Expense	**329,865**	*399,216*	**210,364**	*457,704*
Amounts recognized in Other Comprehensive Income	**37,666**	*(185,907)*	**–**	
	1,415,018	*1,093,052*	**1,762,645**	*1,773,525*
Benefits paid by the Company	**–**	*(45,565)*	**(277,500)**	*(221,244)*
Contributions to plan assets	**(1,200,241)**	–		
Closing provision in books of accounts	**214,777**	*1,047,487*	**1,485,145**	*1,552,281*

Particulars	As at March 31, 2017	As at March 31, 2016
Discount rate	**6.95%**	*7.70%*
Salary growth rate	**6.00%**	*6.00%*
Attrition rate	**15% at younger ages reducing to 3% at older ages**	*15% at younger ages reducing to 3% at older ages*

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Change in Assumptions	Impact on Defined Benefit Obligation	
	Increase/(Decrease)	Increase/(Decrease) in Assumptions	
	%	₹	%
Discount Rate	0.50%	1,330,435	-3.70%
	-0.50%	1,437,383	4.00%
Salary Growth Rate	0.50%	1,437,725	4.00%
	-0.50%	1,329,757	-3.80%

NOTES FORMING PART OF ACCOUNTS (Contd.)

j) Maturity profile of defined benefit obligation

(Amount in ₹)

	Gratuity	**Leave Encashment**
within 1 year	128,374	167,536
1-2 year	175,699	215,580
2-3 year	127,717	134,332
3-4 year	121,512	122,055
4-5 year	117,835	116,240
5-10 years	587,694	512,509

k) The major categories of plan assets of the fair value of the total plan assets are as follows :

	As at March 31, 2017	*As at March 31, 2016*	*As at March 31, 2016*
	₹	₹	₹
Insurer managed funds	100%	–	–
Investments quoted in active markets	–	–	–
Cash and cash equivalents	–	–	–
Unquoted investments	–	–	–
Total	100%	0%	0%

l) Details of Asset-Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

4) DISCLOSURE PURSUANT TO IND AS 23 “BORROWING COSTS

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5) DISCLOSURE OF SEGMENT INFORMATION PURSUANT TO IND AS 108 “OPERATING SEGMENTS

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 "RELATED PARTY DISCLOSURES

a) List of related parties

Holding Company	L&T Infrastructure Development Projects Limited (From 1st April 2016 to 20th July 2016)
Associate Company	L&T Infrastructure Development Projects Limited (From 21st July 2016 to 31st March 2017)
Ultimate Holding Company	Larsen & Toubro Limited (From 1st April 2016 to 20th July 2016)
Fellow Subsidiary companies	L&T Transportation Infrastructure Limited
	Vadodara Bharuch Tollway Limited
	L&T Interstate Road Corridor Limited
	Panipat Elevated Corridor Limited
	Ahmedabad Maliya Tollway Limited
	L&T Rajkot Vadinar Tollway Limited
	L&T Samakhiali Gandhidham Tollway Limited
	Krishnagiri Thopur Toll Road Limited
	Devihalli Hassan Tollway Limited
	L&T BPP Tollway Limited
	L&T Port Kachchigarh Limited
	L&T General Insurance Company Limited
	PNG Tollway Limited
Key Managerial Personnel	Manager - Mr.Rajesh Tilokani (Till 30 September 2016)
	Manager - Mr.Dheeraj Khanna (From 15 February 2017)
	CFO - Mr. J M Lingareddy Vonteddu

PARTICULARS	**2016-17** ₹	*2015-16* ₹
1. Purchase of goods and services incl. taxes		
Larsen & Toubro Limited	**457,174**	*2,385,475*
L&T Infrastructure Development Projects Limited	**11,092,033**	*21,284,003*
L&T General Insurance Company Limited	**–**	*3,903,056*
	11,549,207	*27,572,534*
2. Purchase of assets		
Ahmedabad Maliya Tollway Limited	**–**	*86,251*
L&T Samakhiali Gandhidham Tollway Limited	**30,955**	
	30,955	*86,251*
3. Sale of assets		
L&T Infrastructure Development Projects Limited	**54,451**	–
Ahmedabad Maliya Tollway Limited	**–**	*31,380*
L&T Interstate Corridor Limited	**560,986**	–
L&T Samakhiali Gandhidham Tollway Limited	**1**	*199,393*
L&T BPP Tollway Limited	**10,802**	–
	626,240	*230,773*

NOTES FORMING PART OF ACCOUNTS (Contd.)

PARTICULARS		2016-17 ₹	2015-16 ₹
4.	**Interest expense**		
	L&T Infrastructure Development Projects Limited	–	54,410,632
		–	54,410,632
5.	**Reimbursement of expenses charged from**		
	Larsen & Toubro Limited	**1,094,111**	1,541,206
	L&T Infrastructure Development Projects Limited	**324,069**	2,279,580
	Vadodara Bharuch Tollway Limited	–	735,305
	PNG Tollway Limited	–	20,360
	Ahmedabad Maliya Tollway Limited	–	385,218
	L&T Transportation Infrastructure Limited	–	20,876
		1,418,180	4,982,545
6.	**Reimbursement of expenses charged to**		
	L&T Infrastructure Development Projects Limited	**12,000**	3,138,047
	L&T BPP Tollway Limited	–	30,236
	Devihalli Hassan Tollway Limited	–	34,428
	Krishnagiri Thopur Toll Road Limited	–	129,720
	L&T Samakhali Gandhidham Tollway Limited	**74,805**	21,588
		86,805	3,354,019
7.	**ICD / Promoters Loan / Mezzanine Debt received**		
	L&T Infrastructure Development Projects Limited	–	733,190,736
		–	733,190,736
8.	**ICD / Promoters Loan / Mezzanine Debt repaid**		
	L&T Infrastructure Development Projects Limited	–	2,263,690,736
		–	2,263,690,736
9.	**Refundable deposit received for Director's Nomination**		
	L&T Infrastructure Development Projects Limited	–	300,000
		–	300,000
10.	**Issue of Preference Share Capital**		
	L&T Infrastructure Development Projects Limited	–	2,590,196,000
		–	2,590,196,000
11.	**Conversion of Mezzanine Debt to Equity Share Capital**		
	L&T Infrastructure Development Projects Limited	**1,305,000,000**	–
		1,305,000,000	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

PARTICULARS	2016-17 ₹	*2015-16 ₹*
12. Key Managerial personnel		
Mr. Rajesh Tilokani	**874,049**	*1,677,167*
Mr. Dheeraj Khanna	**148,578**	*–*
Ms. Priyal Sarvaiya	**–**	*–*
	1,022,627	*1,677,167*

	Amounts due (to)/from As at March 31, 2017	*As at March 31, 2016*
c) Amount due to and due from related parties(net):		
i. Ultimate Holding company		
Larsen & Toubro Limited	**(48,819)**	*(392,326)*
ii. Holding company		
L&T Infrastructure Development Projects Limited	**(2,367,537)**	*(653,216)*
iii. Fellow subsidiaries		
L&T Port Kachchigarh Limited	**–**	*129,720*

Particulars	2016-17 Due to	*2015-16 Due to*
d) Outstanding Balance of Loans		
L&T Infrastructure Development Projects Limited	**–**	*–*
Mezzanine Debt.	**–**	*1,305,000,000*

e) No amount due to or due from related parties has been written back or written off during the year (Previous year is ₹ Nil)

f) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

g) Compensation of Key Management personnel of the group

Particulars	As at March 31, 2017	As at March 31, 2016
Short term employee benefits	1,022,627	1,677,167
Post employment gratuity and medical benefits	-	-
Other long term benefits	-	-
Termination benefits	-	-
Share based payment transactions	-	-

7) DISCLOSURE PURSUANT TO IND AS 33 "EARNINGS PER SHARE"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17 ₹	2015-16 ₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(1,895,628,962)	(983,814,835)
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	762,744,086	277,448,253
Basic earnings per equity share (₹)	A / B	**(2.49)**	**(3.55)**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars		2016-17	2015-16
		₹	₹
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(1,895,628,962)	(983,814,835)
Add : Interest on convertibles (net of tax)	B	-	-
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	(1,895,628,962)	(983,814,835)
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	762,744,086	277,448,253
Add : Shares deemed to be issued for no consideration in respect of :	E	-	-
Compulsorily convertible preference share capital	F	-	-
Compulsorily convertible debentures	G	-	-
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	**762,744,086**	**277,448,253**
Diluted earnings per equity share (₹)		**(2.49)**	**(3.55)**
Face value per equity share (₹)		10.00	10.00

Potential equity shares that will arise on conversion of Compulsary Convertible Cumulative Preference Shares are resulting into anti dilution of EPS in the current year. Hence they have not been considered in the computation of diluted EPS in accordance with Ind AS 33 "Earnings Per Share".

8) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

9) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

i) Major Maintenance Provision

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (GSRDC) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually."

During the current year company has provided ₹ 25,70,79,371/- (Previous Year ₹ 17,76,00,000/-) for periodic Major Maintenance in respect of its resurfacing obligation

b) Movement in provisions:

i) Major Maintenance Provision

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (GSRDC) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

During the current year company has provided ₹ 25,70,79,371/- (Previous Year ₹ 17,76,00,000/-) for periodic Major Maintenance in respect of its resurfacing obligation

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Movement in provisions:

i) Major Maintenance Provision

Particulars	**As at 31 March 2017**	As at 31 March 2016	As at 01 April 2015
Opening balance	**319,557,458**	174,683,090	-
Additional provision	**199,200,000**	121,100,000	168,300,000
Utilised	**-**	-	-
Unused amounts reversed	**-**	-	-
Unwinding of discount and changes in discount rate	**43,491,769**	23,774,368	6,383,090
Closing balance	**562,249,227**	319,557,458	174,683,090

c) Contingent liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. (f) to the Balance Sheet.

10) DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016

	SBNs	**Other denomination notes**	**Total**
Closing cash in hand as on 08.11.2016	2,007,500	2,480,442	4,487,942
(+) Permitted receipts	16,906,000	37,884,144	54,790,144
(-) Permitted payments	-	12,234,473	12,234,473
(-) Amount deposited in Banks	18,913,500	19,495,930	38,409,430
Closing cash in hand as on 30.12.2016	-	8,634,183	8,634,183

11) DISCLOSURE PURSUANT TO IND AS 38 - " INTANGIBLE ASSETS"

Intangible asset	**Useful Life**	**Amortisation method used**	**Internally generated or Acquired**
Toll Collection Rights	25 years	Revenue Based	Acquired

12) DISCLOSURE PURSUANT TO IND AS 12 RECOGNITION OF DEFERRED TAX ASSETS & LIABILITIES

DTA has not been recognized in the accounts, as company is availing tax exemption benefit u/s 80IA hence there is no reasonable certainty that defereed tax asset will be relalized in future.

13) CAPITAL REDEMPTION RESERVE & DIVIDEND ON PREFERENCE SHARES

As the company does not have profits for the current year, Capital Redemption Reserve & dividend on Preference Shares for optionally convertible cumulitive redeemabe preference shares as defined under Section 55 of the Companies Act, 2013 has not been created.

14) The company has informed to Gujarat State Road Development Corporation Limited (GSRDC) that it will be defering the payment revenue share payable under the provisions of the concession agreement, from May 2014 on account of the reduction between expected and actual collections due to the development of competing road, Accordingly the Company had accrued interest at RBI bank rate plus 2% on such outstanding revenue share payable as at the Balance Sheet. The revenue share payable of ₹ 30,18,95,450/- (Previous Year ₹ 20,01,06,281/-) along with interest accrued of ₹ 3,57,80,597/- (Previous Year ₹ 1,61,02,908/-) is shown under the head "other current liabilities"

15) On 11th January 2016, The Company had issued a notice to GSRDC to Cure the default under Clause 30.4.1 of the Concession Agreement on account of development of competing road resulting in breach of the Concession agreement and State Support Agreement which had resulted in losses. On 19th April 2016, The Company issued a notice to GSRDC to terminate the concession and had requested them to take possession and control of the project. In view of the ongoing discussions, GSRDC had not taken possession and control of the project.

The consortium of project lenders, led by Allahabad Bank were in discussion with Company, GSRDC as well as Government of Gujarat (GoG) for reviving the project under the Strategic Debt Restructuring Scheme (SDR scheme) of RBI. For the SDR scheme to go through, one of the pre-requisites was the project/concession should be live/operable. In order to support the revival of the project and to support the lenders, the Company vide its letter dated 23rd September 2016 had withdrawn the termination notice issued on 19th April 2016 to proceed with the implementation/execution of the SDR scheme.

16) In view of the issues discussed in the aforesaid notes regarding the development of competing road, resulting in loss of revenue and consequent difficulties in servicing the debt, the Company had defaulted on the debt servicing obligations as at 31st March 2016 to the extent of ₹ 17,67,60,000/-. On 4th June 2016 the project lenders formed a Joint Lenders Forum (JLF) as per RBI guidelines to determine a Corrective Action Plan (CAP) under the SDR scheme of RBI. The JLF in its meeting dated 21st July 2016, among other things, finalised following CAP.

NOTES FORMING PART OF ACCOUNTS (Contd.)

1. Conversion of debt of ₹ 405,82,65,250/- into Equity Shares
2. Extension of repayment schedule for balance debt.

After completion of the regulatory requirements of the SDR scheme, the Company had entered in to a Master Restructuring Agreement (MRA) with the project lenders, Security Trustee and the lenders agent on 14th February 2017 to make the SDR scheme effective and operational from the said date.

In terms of the said MRA and based on discussions with the banks, the company has calculated interest on full senior debt till 31st July 2016. From 1st August 2016, interest has been calculated on debt of ₹ 5,97,24,54,007/- (PART B) i.e after reducing the portion of Debt of ₹ 4,05,82,65,250 (PART A) which has been converted into Equity. However, different Banks have given effect to SDR in different manner in the their books of account resulting into differences in balance outstanding as per books of the company and statements given by Banks as on 31st March, 2017. The details of which are as under:

Name of the Company	Balance as per Books	Balance as per Bank Statement	Difference
Allahabad Bank	954,070,617	1,004,655,754	-50,585,137
UCO Bank	894,752,799	1,680,680,267	-785,927,468
Oriental bank of Commerce	821,009,518	820,754,418	255,100
Syndicate Bank	700,213,012	761,359,800	-61,146,788
Indian Bank	526,246,034	508,003,296	18,242,738
HDFC Bank Limited	391,959,884	401,904,359	-9,944,475
IndusInd Bank	529,647,339	557,512,142	-27,864,803
India Infrastructure Financial Corporation Limited	1,199,719,710	1,110,522,300	89,197,410
Total	**6,017,618,913**	**6,845,392,337**	**-827,773,424**

The company has discussed this issue with lenders independently as well in JLF meeting. The reconciliation of the balances is in progress.

Few banks have reversed unrealised interest from the term loan account of the company as per Income Recognition and Asset Classification (IRAC) norms of RBI. However, as the liability of the company to pay this interest continues, the reversal has not been considered in the books of company. Banks have not informed clearly that the loan is on NPA Status.

1) Balances of Sundry Creditors / Sundry Debtors are subject to confirmation and reconciliation, if any.

18 The Company does not have a full time Company Secretary as required by section 203(1) of the Companies Act, 2013.

19 DISCLOSURES PURSUANT TO IND AS 1 - “PRESENTATION OF FINANCIAL STATEMENTS”

For the purpose of the company’s capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company’s capital management is to maximise shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

20 FIRST TIME ADOPTION OF IND AS

These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at 1 April 2015, the Company’s date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2015.

a) Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements under Ind AS.

The company has elected to opt for the deemed cost exemption in respect of all the property, plant and equipment whereby the carrying amount as at the transition date is considered as Deemed cost.

The company has also elected to opt for the exemption to continue with the policy adopted for amortization of intangible assets (toll collection rights) under service concession arrangements recognised the financial statements for the period ending before the beginning of the first Ind AS financial reporting period as per the previous GAAP.

The financial statements were approved for issue by the board of directors on 26-04-2017.

NOTES FORMING PART OF ACCOUNTS (Contd.)

21) The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31st March 2015 have been reduced by ₹ 3,17,90,040/- Consequently an amount of ₹ 4,26,59,006/- has been derecognised from toll collection rights with an effect of ₹ 1,08,68,966/- to retained earnings. On derecognisiation of toll collection rights amount of ₹ 11,98,996/- has been decreased by corresponding adjustment to Retained Earnings.

(ii) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹ 11,63,16,910. Consequently, provision for periodic major maintenance as at the transition date is reduced to the extent of ₹ 11,63,16,910.

22) INCOME TAX EXPENSES

a) The company is not required to pay current income tax due to tax loss as determined in accordance with the Income Tax Act, 1961.

b) In view of losses incurred by the Company during the current year under Income Tax Act 1961, deferred tax assets on deductible temporary differences and carry forward of unused tax losses have been recognised for in the books to the extent of deferred tax liability on consideration that the taxable income will not be available in the forseable future years against which those temporary differences, losses and tax credit can be utilized. The Company is also eligible for deduction under section 80IA of the Income Tax Act, 1961, which its propose to claim in the future years.

22) FINANCIAL INSTRUMENTS

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Security Deposits	3	–	–	1,759,556	–	–	1,787,206	–	–	1,787,206
Trade receivables	5	–	–	15,544,964	–	–	–	–	–	–
Cash and Bank Balances	6 & 7	–	–	34,350,015	–	–	8,395,118	–	–	11,468,018
Total Financial Asset		–	–	**51,654,535**	–	–	**10,182,324**	–	–	**13,255,224**
Financial liability										
Term Loan from Banks & Fis	10	–	–	5,959,245,969	–	–	9,756,493,591	–	–	10,313,109,964
Loans from related parties	10	–	–	–	–	–	359,682,834	–	–	1,846,654,128
Revenue Share Payable to GSRDC	11	–	–	301,895,450	–	–	200,106,281	–	–	88,020,330
Intererst Accrued	11	–	–	80,945,503	–	–	140,662,683	–	–	128,695,790
Trade Payables	14	–	–	19,683,222	–	–	8,009,361	–	–	8,646,960
Total Financial Liabilities		–	–	**6,361,770,144**	–	–	**10,464,954,750**	–	–	**12,385,127,172**

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

23) FAIR VALUE OF FINANCIAL ASSET AND LIABILTIES AT AMORTIZED COST

Particular	Note no.	31.03.2017		31.03.2016		01.04.2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
FINANCIAL ASSETS							
Security Deposits	3	1,759,556	1,759,556	1,787,206	1,787,206	1,787,206	1,787,206
Trade receivables	5	15,544,964	15,544,964	–	–	–	–
Cash and Bank Balances	6 & 7	34,350,015	34,350,015	8,395,118	8,395,118	11,468,018	11,468,018
Total Financial Assets		**51,654,535**	**51,654,535**	**10,182,324**	**10,182,324**	**13,255,224**	**13,255,224**
FINANCIAL LIABILITY							
Term Loan from Banks & Fis	10	5,959,245,969	5,959,245,969	9,756,493,591	9,756,493,591	10,313,109,964	10,313,109,964
Loans from related parties	10	-	-	359,682,834	359,682,834	1,846,654,128	1,846,654,128
Revenue Share Payable to GSRDC	11	301,895,450	301,895,450	200,106,281	200,106,281	88,020,330	88,020,330
Intererst Accrued	11	80,945,503	80,945,503	140,662,683	140,662,683	128,695,790	128,695,790
Trade Payables	14	19,683,222	19,683,222	8,009,361	8,009,361	8,646,960	8,646,960
Total Financial Liabilities		**6,361,770,144**	**6,361,770,144**	**10,464,954,750**	**10,464,954,750**	**12,385,127,172**	**12,385,127,172**

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Revenue Share Payable to GSRDC (Including Interest) reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

Refer Note (25) for information on Financial Asset pledged as security

24) FAIR VALUE MEASUREMENT

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

	Note No.	Level 1	Level 2	Level 3	Total
Financial Asset & Liabilites Measured at FV - Recurring FVM					
FINANCIAL ASSET MEASURED AT FVTPL					
Investments in Mutual Funds		–	–	–	–
Total of Financial Assets		–	–	–	–
FINANCIAL LIABILITIES MEASURED AT FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
FINANCIAL ASSETS					
Security Deposits	3	–	1,759,556	–	1,759,556
Trade receivables	5	–	15,544,964	–	15,544,964
Cash and Bank Balances	6 & 7	–	34,350,015	–	34,350,015
Total of Financial Assets		–	**51,654,535**	–	**51,654,535**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES					
Term Loan from Banks	10	–	5,959,245,969	–	5,959,245,969
Loans from related parties	10	–	–	–	-
Revenue Share Payable to GSRDC	11	–	301,895,450	–	301,895,450
Intererst Accrued	11	–	80,945,503	–	80,945,503
Trade Payables	14	–	19,683,222	–	19,683,222
Total Financial liabilties		–	**6,361,770,144**	–	**6,361,770,144**

As at March 31, 2016

	Note No.	Level 1	Level 2	Level 3	Total
Financial Asset & Liabilites Measured at FV - Recurring FVM					
FINANCIAL ASSET MEASURED AT FVTPL					
Investments in Mutual Funds		–	–	–	–
Total of Financial Assets		–	–	–	–
FINANCIAL LIABILITIES MEASURED AT FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
FINANCIAL ASSETS					
Security Deposits	3	–	1,787,206	–	1,787,206
Trade receivables	5	–	–	–	–
Cash and Bank Balances	6 & 7	–	8,395,118	–	8,395,118
Total Financial Assets		–	**10,182,324**	–	**10,182,324**
FINANCIAL LIABILITIES					
Term Loan from Banks	10	–	9,756,493,591	–	9,756,493,591
Loans from related parties	10	–	359,682,834	–	359,682,834
Revenue Share Payable to GSRDC	11	–	200,106,281	–	200,106,281
Intererst Accrued	11	–	140,662,683	–	140,662,683
Trade Payables	14	–	8,009,361	–	8,009,361
Total Financial Liabilities		–	**10,464,954,750**	-	**10,464,954,750**

As at April 1, 2015

	Note No.	Level 1	Level 2	Level 3	Total
Financial Asset & Liabilites Measured at FV - Recurring FVM					
FINANCIAL ASSET MEASURED AT FVTPL					
Investments in Mutual Funds		–	–	–	–
Total of Financial Assets		–	–	–	–
FINANCIAL LIABILITIES MEASURED AT FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
FINANCIAL ASSETS					
Security Deposits	3	-	1,787,206	-	1,787,206
Trade receivables	5	-	-	-	-
Cash and Bank Balances	6 & 7	–	11,468,018	–	11,468,018
Total Financial Assets		–	**13,255,224**	–	**13,255,224**

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Note No.	Level 1	Level 2	Level 3	Total
FINANCIAL LIABILITIES					
Term Loan from Banks	10	–	10,313,109,964	–	10,313,109,964
Loans from related parties	10	–	1,846,654,128	–	1,846,654,128
Revenue Share Payable to GSRDC	11	–	88,020,330	–	88,020,330
Intererst Accrued	11	–	128,695,790	–	128,695,790
Trade Payables	14	–	8,646,960	–	8,646,960
Total Financial Liabilities		–	**12,385,127,172**	–	**12,385,127,172**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
FINANCIAL ASSETS		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
FINANCIAL LIABILITIES		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Revenue Share Payable to GSRDC (Including Interest)	Income	Cash flow

25) ASSET PLEDGED AS SECURITY

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
NON FINANCIAL ASSET				
Property, Plant & Equipment	1	**91,599,290**	*133,390,849*	*178,194,481*
Other Non Current Assets	4	**139,347**	-	-
Other Current Assets	4	**1,363,315**	*5,632,961*	*8,776,098*
FINANCIAL ASSET				
Security Deposits	3	**1,759,556**	*1,787,206*	*1,787,206*
Cash and Bank Balances	6&7	**34,350,015**	*8,395,118*	*11,468,018*
Trade and Other Receivables	5	**15,544,964**	-	-
TOTAL		**144,756,487**	*149,206,134*	*200,225,803*

26) FINANCIAL RISK MANAGEMENT

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**31.03.2017**	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**5,959,245,969**	*9,756,493,591*	*10,313,109,964*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	**FY 2015-16**
Increase or decrease in interest rate by 25 basis point	19,644,674	25,087,004

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds		**–**	–	–

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 2%	**–**	–

Note - In case of decrease in NAV profit will reduce and vice versa.

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
NON DERIVATIVE FINANCIAL LIABILITY					
Senior Debt from Banks	5,959,245,969	119,184,919	238,369,839	297,962,298	5,303,728,912
Loans from related parties	–	–	–	–	–
Revenue Share Payable to GSRDC	301,895,450	–	–	–	301,895,450
Intererst Accrued	80,945,503	–	–	–	80,945,503
Trade Payables	19,683,222	19,683,222	–	–	–
Total	**6,361,770,144**	**138,868,141**	**238,369,839**	**297,962,298**	**5,686,569,865**
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at March 31, 2016					
NON DERIVATIVE FINANCIAL LIABILITY					
Senior Debt from Banks	9,756,493,591	522,100,000	730,900,000	3,549,900,000	4,953,593,591
Loans from related parties	359,682,834	359,682,834	–	–	–
Revenue Share Payable to GSRDC	200,106,281	–	–	–	200,106,281
Intererst Accrued	140,662,683	–	–	–	140,662,683
Trade Payables	8,009,361	8,009,361			
Total	**10,464,954,750**	**889,792,195**	**730,900,000**	**3,549,900,000**	**5,294,362,555**
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at April 01, 2015					
NON DERIVATIVE FINANCIAL LIABILITY					
Senior Debt from Banks	10,313,109,964	313,200,000	522,100,000	2,819,100,000	6,658,709,964
Loans from related parties	1,846,654,128	1,486,971,294	359,682,834	–	–
Revenue Share Payable to GSRDC	88,020,330	88,020,330	–	–	–
Intererst Accrued	128,695,790	72,250,125	–	–	56,445,665
Trade Payables	8,646,960	8,646,960	–	–	–
Total	**12,385,127,172**	**1,969,088,709**	**881,782,834**	**2,819,100,000**	**6,715,155,629**
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL

v Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. GSRDC. Hence, the management believes that the company is not exposed to any credit risk.

27) DISCLOSURE PURSUANT TO APPENDINX - A TO IND AS 11 - " SERVICE CONCESSION ARRANGEMENTS"

27.1) Description and classification of the arrangment

The Company has entered into Concession Agreement ('CA') with Gujarat State Road Development Corporration Limted (GSRDC) dated September 17, 2008 for construction of additional 2 lane for Halol-Shamlaji Road to make it Four Lane Divided Carriageway Facility under Viability Gap Funding Scheme of Government of India on Built Operate and Transfer basis. The Concession Period is of 20 years including construction period of 910 days. The Company obtained provisiona completion certificate on 4th April 2012 from the GSRDC. As per the CA, the company is entitled to charge users of the public service, hence the service arrangement has been classified as Intangible Asset.

27.2) Significant Terms of the arrangements

27.2.1) Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 6 and Schedule G of the Concession Agreement dated Sept 17, 2008.

NOTES FORMING PART OF ACCOUNTS (Contd.)

27.2.2) Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article 7 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable of payment of Additional Concession Fee at the rate of 10.21% of total realisable fee. The rate of additional concession fee increases by 1% for each subsequent period of concession. i.e. 11.21% for second year , 12.21% for third year and so on

27.2.3) Rights of the Company for use Project Highway

a) To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b) Right of Way, access and licence to the Site.

27.2.4) Obligation of the Company

a) The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b) The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Schedule L of the CA.

27.2.5) Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

27.2.6) Details of Termination

CA can be terminated on account of default of the company or GSRDC in the circumstances as specified under article 30 of the CA.

27.2.7) Significant Changes in the terms Original Concession Agreement till 31st March 2017.

a) As per supplimentary Agrement dated 9th Nov 2015 GSRDC has extended the concession period by 111 days due to various issues during construction period.

28) CAPITAL MANAGEMENT

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

Particulars	**March 31, 2017**	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Equity	**7,963,363,250**	*1,305,000,000*	*1,305,000,000*
Other Equity	**(3,172,658,054)**	*18,068,908*	*(1,588,312,257)*
Total	**4,790,705,196**	*1,323,068,908*	*(283,312,257)*

The company does not have any externally imposed capital requirement.

RECONCILATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	**1**	178,194,481	–	178,194,481
b) Capital work-in-progress	**2**	–	–	–
c) Intangible assets	**3**	12,306,413,098	(41,460,010)	12,264,953,088
d) Intangible assets under development	**4**	–	–	–
e) Financial assets		–	–	
i) Loans	**5**	1,787,206	–	1,787,206
f) Deferred tax assets (net)		–	–	–
g) Other non-current assets	**6**	–	–	–
	A	12,486,394,785	(41,460,010)	12,444,934,775
Current assets				
a) Inventories		–	–	–
b) Financial assets				
i) Investments	**7**	–	–	–
ii) Trade receivables	**8**	–	–	–
iii) Cash and bank balances	**9**	11,336,101	–	11,336,101
iv) Loans	**5**	131,917	–	131,917
c) Current tax assets (net)	**6**	974,656	–	974,656
d) Other current assets	**6**	8,776,098	–	8,776,098
	B	21,218,772	–	21,218,772
TOTAL	**A+B**	**12,507,613,557**	**(41,460,010)**	**12,466,153,547**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	**10**	1,305,000,000	–	1,305,000,000
b) Other equity	**11**	(2,683,805,069)	1,095,492,812	(1,588,312,257)
	C	(1,378,805,069)	1,095,492,812	(283,312,257)
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	12,567,200,004	(1,020,635,912)	11,546,564,092
ii) Other financial liabilities	**13**	72,250,125		72,250,125
b) Provisions	**14**	293,123,364	(116,316,910)	176,806,454
c) Deferred tax liabilities (net)		–		–
d) Other non-current liabilities	**15**	–		–
	D	12,932,573,493	(1,136,952,822)	11,795,620,671
Current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	–	–	–
ii) Trade payables	**16**	8,646,960	–	8,646,960
iii) Other financial liabilities	**13**	757,665,995	–	757,665,995
b) Other current liabilities	**15**	187,459,978	–	187,459,978
c) Provisions	**14**	72,200	–	72,200
d) Current tax liabilities (net)	**17**	–	–	–
	E	953,845,133	–	953,845,133
Total Equity and Liabilities	**C+D+E**	**12,507,613,557**	**(41,460,010)**	**12,466,153,547**
		–	–	–

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	133,390,849	–	133,390,849
b) Capital work-in-progress	2	–	–	–
c) Intangible assets	3	12,179,914,374	(41,030,195)	12,138,884,179
d) Intangible assets under development	4	–	–	–
e) Financial assets		–	–	–
i) Loans	5	1,787,206	–	1,787,206
f) Deferred tax assets (net)		–	–	–
g) Other non-current assets	6	–	–	–
	A	12,315,092,429	(41,030,195)	12,274,062,234
Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	–	–	–
ii) Trade receivables	8	–	–	–
iii) Cash and bank balances	9	8,252,424	–	8,252,424
iv) Loans	5	142,694	–	142,694
c) Current tax assets (net)	6	663,402	–	663,402
d) Other current assets	6	5,632,961	–	5,632,961
	B	14,691,481	–	14,691,481
TOTAL	A+B	**12,329,783,910**	**(41,030,195)**	**12,288,753,715**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	1,305,000,000	–	1,305,000,000
b) Other equity	11	(1,062,667,017)	1,080,735,925	18,068,908
	C	242,332,983	1,080,735,925	1,323,068,908
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	10,514,700,010	(972,723,579)	9,541,976,431
ii) Other financial liabilities	13	–		–
b) Provisions	14	471,168,471	(149,042,541)	322,125,930
c) Deferred tax liabilities (net)				–
d) Other non-current liabilities	15	–		–
	D	10,985,868,481	(1,121,766,120)	9,864,102,361
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	–	–	–
ii) Trade payables	16	8,009,361	–	8,009,361
iii) Other financial liabilities	13	914,968,958	–	914,968,958
b) Other current liabilities	15	178,345,663	–	178,345,663
c) Provisions	14	258,464	–	258,464
d) Current tax liabilities (net)	17	–		–
	E	1,101,582,446	–	1,101,582,446
Total Equity and Liabilities	C+D+E	**12,329,783,910**	**(41,030,195)**	**12,288,753,715**
		–	–	–

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	18	748,038,716	–	748,038,716
Other income	19	3,060,011	–	3,060,011
Total income		**751,098,727**	**–**	**751,098,727**
EXPENSES				
Cost of materials consumed		–		
Operating expenses	20	298,860,018	(56,500,000)	242,360,018
Employee benefits expense	21	22,371,280	185,907	22,557,187
Finance costs	22	1,187,615,359	71,686,702	1,259,302,061
Depreciation, amortisation and obsolescence	1&2	171,528,112	(429,815)	171,098,297
Administration and other expenses	23	39,781,906	–	39,781,906
Total expenses		**1,720,156,675**	**14,942,794**	**1,735,099,469**
Profit/(loss) before exceptional items and tax		**(969,057,948)**	**(14,942,794)**	**(984,000,742)**
Exceptional items (EIP code 90004)		–	–	–
Profit/(loss) before tax		**(969,057,948)**	**(14,942,794)**	**(984,000,742)**
Tax Expense:				
Current tax		–	–	–
		–	–	–
Profit/(loss) for the year		**(969,057,948)**	**(14,942,794)**	**(984,000,742)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 11-15 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

- Certain financial assets and liabilities
- Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis. The compensation receivable for categories vehicles exempted from Toll by Concessioning Authority is accounted on cash basis except for the last month of year where it is recognised on estimated realisable value basis.

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings

Short term deposits are made for varying periods between one day and 12 months, depending on the immediate cash requirement and earn interest at fixed the respective short term deposit rates.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the statement of profit and loss for the period during which such expenses are incurred.

Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the statement of profit and loss when the asset is derecognized.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Intangible assets

Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to Gujarat State Road Development Corporation Ltd (GSRDC), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from Gujarat State Road Development Corporation Ltd (GSRDC) are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

9 Employee benefits

‘Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company’s superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

10 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The company / Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

12 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

15 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

16 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

   i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted

   ii) Revenues and expenses at yearly average rates prevailing during the year

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

   (a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

   (b) recognised as income or expense in the period in which they arise except for:

      i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

      ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

      iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

d) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

e) Financial statements of foreign operations are translated into Indian Rupees as follows:

   (i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;
   (ii) income and expenses for each income statement are translated at average exchange rates; and

   (iv) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (FCTR) and the same is subsequently reclassified to profit or loss on disposal of a foreign operation.

f) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

g) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

17 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

18 IND AS 115 is issued but not yet effective

19 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

20 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

21 First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in loss of control in accordance with Ind AS 110, prospectively from the date of transition.
3. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached
T R CHADHA & CO LLP
Chartered Accountants
Firm's Registration No. 006711N / N500028
By the hand of

ARVIND MODI
Partner
Membership No. 112929

Place : Ahmedabad
Date: April 26, 2017

For and on behalf of the board of

VJM REDDY
Chief Finance Officer

SIPRA PAUL
Company Secretary
M. No. A29128

KARTHIKEYAN T V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

BOARD REPORT

Dear Members,

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

₹ in Crore

Particulars	2016-17	2015-16
Profit Before Depreciation, exceptional and extra ordinary items & Tax	(0.02)	(0.03)
Less: Depreciation, amortization and obsolescence	–	–
Add: Transfer from Revaluation Reserve	–	–
Profit / (Loss) before exceptional and extraordinary items and tax	(0.02)	(0.03)
Add: Exceptional Items	–	–
Profit / (Loss) before extraordinary items and tax	(0.02)	(0.03)
Add: Extraordinary items	–	–
Profit / (Loss) before tax	(0.02)	(0.03)
Less: Provision for tax	–	–
Profit / (Loss) after tax from continuing operations	(0.02)	(0.03)
Profit / (Loss) for the period carried to the balance sheet	(0.02)	(0.03)
Add: Balance brought forward from previous year	(4.59)	(4.56)
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Balance carried to Balance Sheet	(4.61)	(4.59)

STATE OF COMPANY AFFAIRS

The Directors at the Board of Director meeting held on January 17, 2017 have approved the scheme of amalgamation of the company with L&T Infrastructure Development Projects Limited (Holding Company) and the proposed scheme of amalgamation would bring in economics of scale of operations and reduce the administrative cost, could accelerate the growth in overall profitability of the operations. The Company is in the process of obtaining a appropriate order from the concerned authorities.

The gross revenue and other income for the financial year under review were NIL as against NIL for the previous financial year. The loss before tax from continuing operations including extraordinary and exceptional items was ₹ 0.02 crore and the loss after tax from continuing operations including extraordinary and exceptional items of ₹ 0.02 crore for the financial year under review as against ₹ 0.03 crore and ₹ 0.03 crore respectively for the previous financial year.

CAPITAL EXPENDITURE

As there are no operations during the year under review, no capital expenditure was incurred by your company during this period.

DEPOSITS

The Company has not accepted any deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your company does not have any Subsidiary / Associate / Joint Venture Company under its purview.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, the details of loans given, investments made and guarantees/securities provided by the Company are given in the Notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's length.

All related party transactions (RPT) during the year have been approved in terms of the Act. The Company will adhere to the RPT Policy of the Holding Company and guidelines thereunder.

There was no material contracts or arrangements entered during the year and the disclosure as per Form AOC-2 is given to this Report in **Annexure I**.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserve is not applicable to the Company.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

CORPORATE SOCIAL RESPONSIBILITY

Since the Company does not fulfil the criteria specified under Section 135 of the Act, provisions of Corporate Social Responsibility are not applicable to your Company.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.R.G.Ramachandran, Director, who retired by rotation at the Annual General Meeting held on September 29, 2016 was reappointed as a Director of the Company.

Mr.Mathew George has been appointed as Additional Director of the Company on October 18, 2016, hold office upto the conclusion of the 09th Annual General Meeting to be held in the year 2017.

Mr.Vishal Mathur resigned has Director of the Company on September 30, 2016. The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr. P.G. Suresh Kumar	Director	07124883
2	Mr. R.G.Ramchandran	Director	02671982
3	Mr. Mathew George	Additional Director	07402208

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement. During the year, four Board Meetings were held and the details are given below:

Date	Board Strength	No of Directors Present
April 29, 2016	3	3
July 20, 2016	3	3
October 18, 2016	3	3
January 17, 2017	3	3

No KMP appointment is required under Companies Act, 2013.

AUDIT COMMITTEE

Since your Company does not exceed any of the threshold limits specified under section 177 of the Act, it is not required to constitute an Audit Committee under the said Act during the year under review.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

Since your Company does not exceed any of the limits specified under section 178 of the Act it is not required to constitute Nomination and Remuneration Committee under the said Act during the year under review.

DECLARATION OF INDEPENDENCE

Your Company is not required to appoint an Independent Director under section 149 of the Act.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a not going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

Your Company is not required to appoint Independent Directors on its Board as it is not fulfilling the threshold limits prescribed under Section 149 of the Act.

DISCLOSURE OF REMUNERATION

As the shares of the Company are not listed with any stock exchange no information is being provided under Section 197 of the Act.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

AUDITORS

Statutory Auditors

The Company in the 7th Annual General Meeting held on September 23, 2015 had appointed M/s.Sharp & Tannan., Chartered Accountants, Firm Registration No: 003792S, as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of appointment of M/s.Sharp & Tannan., as Statutory Auditors of the Company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

Secretarial Auditor

Since your Company does not exceed any of the threshold limits specified under section 204 of the Act, it is not required to conduct Secretarial Audit under the said act during the year under review.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as **Annexure II**.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

Place: Chennai	**R. G. RAMACHANDRAN**	**P.G. SURESH KUMAR**
Date: April 27, 2017	*Director*	*Director*
	DIN: 02671982	*DIN: 07124883*

ANNEXURE I

FORM AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions during the year.					

For and on behalf of the Board

Place: Chennai
Date: April 27, 2017

R. G. RAMACHANDRAN
Director
DIN: 02671982

P.G. SURESH KUMAR
Director
DIN: 07124883

ANNEXURE II

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2008PLC067551
Registration Date	30/04/2008
Name of the Company	L&T Port Kachchigarh Limited
Category / Sub-Category of the Company	Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited. 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

* NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 20, 2016 and the transfer of services from Sharepro Services (P) Ltd is in process.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the Company
NIL			

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and CIN/GLN of the Company	Holding/Subsidiary/ Associate	% of sharesheld	Applicable Section
1	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	4149995	10003*	4159998	99.99	4149997	10003*	4160000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**4149995**	**10003***	**4159998**	**99.99**	**4149997**	**10003***	**4160000**	**100**	**NIL**
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**4149995**	**10003***	**4159998**	**99.99**	**4149997**	**10003***	**4160000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	**2**	–	**2**	**0.01**	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)									
Sub-total (B)(2):-	**2**	–	**2**	**0.01**	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2**	–	**2**	**0.01**	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**4149997**	**10003***	**4160000**	**100**	**4149997**	**10003***	**4160000**	**100**	–

*6 shares are held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(with nominees)	4159998	99.99%	Nil	4160000	100%	–	–
	Total	**4159998**	**99.99%**	**Nil**	**4160000**	**100%**	**–**	**–**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

S. No.	Particulars	No. of shares	% of total shares of the company	Cumulative Shareholding during the Year	
				No. of shares	% of total shares of the company
1.	As on April 1, 2016	4159998	99.99%	4159998	99.99%
2.	Transfer of 2 shares on March 31, 2017 to L&T Infrastructure Development Projects Limited	2	0.01%	2	0.01%
3.	As on March 31, 2017	4160000	100%	4160000	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No.	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	Cumulative Shareholding during the year	
				No. of shares	% of total shares of the company
1.	As on April 1, 2016	2	0.01	2	0.01
2.	Transfer of 2 shares on March 31, 2017 to L&T Infrastructure Development Projects Limited.	2	0.01	2	0.01
3.	As on March 31, 2017	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

There is no outstanding loans during the year under review.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA

B. Remuneration to other directors:

No remuneration was paid to the Directors during the year.

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD: NA

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Place: Chennai
Date: April 27, 2017

R. G. RAMACHANDRAN
Director
DIN: 02671982

P.G. SURESH KUMAR
Director
DIN: 07124883

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T PORT KACHCHIGARH LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Port Kachchigarh Limited ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note F(b) to the Ind AS financial statements.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Port Kachchigarh Limited on the Ind AS financial statements for the year ended 31 March 2017 we report that:

(i) The Company does not have any fixed assets. Accordingly, reporting on clause (i) (a), (b), and (c) of the Order does not arise.

(ii) The Company does not have any inventory in its books of account. Accordingly reporting on clause (ii) (a), and (b) of the Order relating to inventories does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to the parties covered under Section 185 of the Companies Act, 2013. Accordingly reporting on clause (iv) of the Order does not arise. Section 186 of the Companies Act, 2013 is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from the public. Accordingly, reporting on clause (v) of the Order does not arise.

(vi) According to the information and explanations given to us, the Central Government has not specified maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company for the current financial year. Accordingly, reporting on clause (vi) of the Order does not arise.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is regular in depositing undisputed statutory dues including income tax and other statutory dues as applicable with appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no income tax, sales tax, service tax, duty of customs, duty of excise and value added tax and other material statutory dues as at 31 March 2017 which have not been deposited on account of a dispute.

(viii) The Company did not have any loans or borrowing from a financial institution or bank or government or dues to debenture holders during the year. Accordingly, reporting on any default in repayment of loans / borrowing / dues does not arise.

(ix) The Company has neither taken any term loans during the year nor has raised any money by way of initial public offer or further public offer (including debt instruments) and hence reporting on clause (ix) of the Order does not arise.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company and according to the information and explanations given to us, no instances of fraud by the Company, and no instances of material frauds on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has not paid or provided for, managerial remuneration during the year. Accordingly reporting on clause (xi) of the Order does not arise.

(xii) The Company is not a Nidhi Company. Accordingly reporting on clause (xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details disclosed in the Financial Statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly reporting on clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly reporting on clause (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting on clause (xvi) of the Order does not arise

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T Port Kachchigarh Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
ASSETS				
Current assets				
Financial Assets				
Other financial assets	A	50,000,000	–	–
Cash and bank balances	B	41,159	–	–
		50,041,159	–	–
TOTAL	A+B	50,041,159	–	–
EQUITY AND LIABILITIES				
EQUITY				
Equity Share capital	C(i)	41,600,000	41,600,000	41,600,000
Other Equity	C(ii)	(46,154,819)	(45,948,955)	(45,621,910)
	C	(4,554,819)	(4,348,955)	(4,021,910)
LIABILITIES				
Current liabilities				
Financial liabilities				
Other financial liability	D(i)	54,560,512	4,306,313	3,865,472
Other liabilities	D(ii)	35,466	83,801	72,127
Trade payable	D(iii)	–	–	125,470
	D	54,595,978	4,390,114	4,063,069
Total Equity and Liabilities	C+D	50,041,159	41,159	41,159
		–	–	–
Contingent liabilities	G(1)			
Commitments	G(1)			
Other notes forming part of accounts	G			
Significant accounting policies	H			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

P.G.SURESH KUMAR
Director
DIN: 07124883

R. G. RAMACHANDRAN
Director
DIN: 02671982

Place : Chennai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
REVENUE			**–**		–
EXPENSES					
Operating expenses			**–**		–
Finance costs	**E**		**114,413**		*202,020*
Administration and other expenses	**F**		**91,451**		*125,025*
Total Expenses			**205,864**		*327,045*
Profit/(loss) before tax			**(205,864)**		*(327,045)*
Tax Expense:					
Profit/(loss) after tax for the year	**1**		**(205,864)**		*(327,045)*
Other Comprehensive Income	**2**				
Total Comprehensive Income for the year	**1+2**		**(205,864)**		*(327,045)*
Earnings per equity share (Basic and Diluted)	**G (3)**				
Face value per equity share			**10.00**		*10.00*

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

P.G.SURESH KUMAR
Director
DIN: 07124883

R. G. RAMACHANDRAN
Director
DIN: 02671982

Place : Chennai
Date : April 27, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(205,864)**	*(327,045)*
	Operating profit before working capital changes	**(205,864)**	*(327,045)*
	Adjustments for:		
	Increase / (Decrease) in trade payables	**50,205,864**	*327,045*
	(Increase) / Decrease in other financial assets	**(50,000,000)**	–
	Net cash generated from/(used in) operating activities	**205,864**	*327,045*
	Direct taxes paid (net of refunds)	–	–
	Net Cash(used in)/generated from Operating Activities	–	–
B	**Cash flow from investing activities**		
	Net cash (used in)/generated from investing activities	–	–
C	**Cash flow from financing activities**		
	Net cash (used in)/generated from financing activities	–	–
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	–	–
	Cash and cash equivalents as at the beginning of the year	–	–
	Cash and cash equivalents as at the end of the year	–	–

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

P.G.SURESH KUMAR
Director
DIN: 07124883

R. G. RAMACHANDRAN
Director
DIN: 02671982

Place : Chennai
Date : April 27, 2017

NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
		Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
		₹	₹	₹	₹	₹	₹	₹	₹	₹
A	**LOANS**									
	Other loans(specify nature)	50,000,000								
		50,000,000	–	–	–	–	–	–	–	–
B	**CASH AND CASH EQUIVALENTS**									
	Balances with banks	41,159	–	41,159	*41,159*	–	*41,159*	*41,159*	–	*41,159*
		41,159	–	41,159	*41,159*	–	*41,159*	*41,159*	–	*41,159*

Particulars	March 31, 2017		*March 31, 2016*		*April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
C(I) SHARE CAPITAL						
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Equity shares of ₹ 10 each	4,160,000	41,600,000	*4,160,000*	*41,600,000*	*4,160,000*	*41,600,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	4,160,000	41,600,000	*4,160,000*	*41,600,000*	*4,160,000*	*41,600,000*

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	4,160,000	41,600,000	*4,160,000*	*41,600,000*	*4,160,000*	*41,600,000*
Larsen and Toubro Limited (ultimate holding company)	–	–	–	–	–	–
	4,160,000	41,600,000	*4,160,000*	*41,600,000*	*4,160,000*	*41,600,000*

NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Particulars	March 31, 2017		*March 31, 2016*		*April 01, 2015*	
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
(vi) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited (including nominee holding)	**4,160,000**	**100%**	*4,160,000*	*100%*	*4,160,000*	*100%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

C(II) OTHER EQUITY AS ON 31.03.2017

Particulars	**Reserves & Surplus**	
	Retained earnings	**Total**
Balance at the beginning of the reporting period	(45,948,955)	(45,948,955)
Profit for the year	(205,864)	(205,864)
Balance at the end of the reporting period	**(46,154,819)**	**(46,154,819)**

OTHER EQUITY AS ON 31.03.2016

Particulars	**Reserves & Surplus**	
	Retained earnings	**Total**
Balance at the beginning of the reporting period	(45,621,910)	(45,621,910)
Profit for the year	(327,045)	(327,045)
Balance at the end of the reporting period	**(45,948,955)**	**(45,948,955)**

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
D(I) OTHER FINANCIAL LIABILITIES									
a) Other liabilities									
i) Due to holding company	**54,536,651**	**–**	**54,536,651**	*4,306,313*	*–*	*4,306,313*	*3,847,091*	*–*	*3,847,091*
ii) Due to ultimate holding company	**23,861**		**23,861**				*18,381*		*18,381*
	54,560,512	**–**	**54,560,512**	*4,306,313*	*–*	*4,306,313*	*3,865,472*	*–*	*3,865,472*
D(II) OTHER LIABILITIES									
Due to others	**35,466**	**–**	**35,466**	*83,801*	*–*	*83,801*	*72,127*	*–*	*72,127*
	35,466	**–**	**35,466**	*83,801*	*–*	*83,801*	*72,127*	*–*	*72,127*

NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

D(III) TRADE PAYABLES	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
Due to related parties		–	125,470
	–	–	125,470

E FINANCE COSTS

Particulars	2016-17 ₹	2015-16 ₹
Bank Guarantee charges	114,413	202,020
	114,413	202,020

F ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17 ₹	2015-16 ₹
Rent, Rates and taxes	16,974	5,510
Professional fees	74,092	119,515
Printing and stationery	385	–
	91,451	125,025

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17 ₹	2015-16 ₹
a) As auditor	31,040	62,975
c) For company law matters	–	9,160
d) For other services	–	11,450
Total	31,040	83,585

(b) L&T Infrastructure Development Projects Limited had given a performance bank guarantee of ₹ 5,00,00,000/- in favour of Gujarat Maritime Board (GMB) on behalf of the Company valid upto April 30,2016 (Including extension) , GMB vide its letter dated March 10,2015 opted for encashment of the bank guarantee, The Company had obtained a Stay Order against the revocation letter for encashment of the same from the Hon'ble Gujarat High Court on March 19, 2015. The Hon'ble Gujarat High Court vide its order dated 23rd Feb 2016 requested to extend Bank Guarantee till 31st March 2016. Further Bank Guarantee was extended by 30th April 2016.

During the year the guarantee was allowed to be encashed vide Supreme Court order dated 28 September 2016, also the Court has ordered the company may apply through Commercial Court of Gujarat against the encashment and remediate the action of invocation.

Based on above order company has filed an application with commercial court of Ahmedabad vide its application during March 2017 requesting for refund of the Bank Guarantee amount. The Company is confident of realising the same during the coming financial year

NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

G NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. (a) Contingent liability as at March 31, 2017 is NIL(Previous year – ₹ Nil)

(b) Estimated amount of contracts remaining to be executed on capital account (net of advances) as at March 31, 2017 is ₹ Nil (Previous year – ₹ Nil)

2. Disclosure of Related Parties / related party transactions:

(a) List of Related Parties where control exists / with whom transaction have taken place during year

Ultimate Holding Company	Larsen & Toubro Limited
Holding Company	L&T Infrastructure Development Projects Limited

(b) Transactions with Related Parties: (Figures in ₹)

Name of the Party	Relationship	Nature of transaction	Transaction during the year	Amount due to
Larsen & Toubro Limited	Ultimate Holding Company	Purchase of Services	23,861 (17,175)	23,861
L&T Infrastructure Development Projects Ltd	Holding Company	Reimbursement of expenses charged from	230,338 (227,409)	54,536,651 (4,306,313)
		Payments made on behalf of the Company	50,000,000 (231,813)	

Note: Comparative previous year figures are given in brackets

(c) No amounts due to related parties have been written back during the current year and previous year.

(d) No amounts due from related parties have been written off during the current year and previous year.

3. Earnings per Share (EPS):

Basic and Diluted EPS computed in accordance with Ind AS 33 -'Earnings per Share' is as follows:

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted			
Loss after tax (₹)	A	**(205,664)**	*(327,045)*
Weighted average number of shares outstanding	B	**4,160,000**	*4,160,000*
Basic and Diluted EPS (₹)	A / B	**(0.05)**	*(0.08)*
Face value per equity share (₹)		**10.00**	*10.00*

4. The company was solely engaged in the business of developing a seaport in India and hence furnishing details of primary and secondary segment does not arise.

5. The Company had received a Letter of Intent (LOI) dated February 6, 2008, from Gujarat Maritime Board (GMB) for setting up a sea port at Sutrapada near Vadodara Jhala village, Junagadh District, Gujarat. The land for the sea port was required to be handed over by GMB within the validity period of the LOI which was 18 months. As GMB could not allocate the said land within the validity period, the Company had asked for an extension of the validity period and allocation of land at an alternate location. GMB had extended the validity of the LOI to August 2011 and approved to shift the location of site to Kachchigarh, Tal. Dwarka District, Gujarat from Sutrapada to develop the Greenfield seaport vide their letter dated July 15, 2010. The validity of the LOI had been further extended to August 2013 by GMB vide their letter dated December 24, 2012.

The validity period of LOI expired in August 2013 and the Company had communicated to GMB vide its letters dated September 6, 2013 and March 7, 2014 that based on the marine surveys carried out, environmental clearance cannot be obtained for development of port at Kachchigarh and therefore does not seek further extension for the validity period of LOI.

Since the intention of the Management is not to pursue the development of the seaport in the present circumstances, the financial statements have not been prepared on the assumption of going concern.

GMB did not provide any concrete response to L&T but only requested L&T to keep on renewing the PBG and L&T kept on extending the performance bank guarantee.

However on 18/03/2015 L&T received a letter dtd 10/03/2015 arbitrarily issued by GMB cancelling the LoI and invoking the PBG without providing any opportunity for L&T to discuss and meet their allegations in the letter.

L&T IDPL moved the High Court of Gujarat with a relief to stay the Bank Guarantee invocation and to cancel the LoI issued by GMB. The High Court of Gujarat has passed a Judgement in favour of L&T IDPL.

NOTES ACCOMPANYING FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Subsequently GMB had approached the Hon'ble Supreme Court by way of an appeal against the Judgement passed by the High Court. After detailed arguments the Hon'ble Supreme Court has overruled the judgement of the High Court of Gujarat against L&TIDPL on to the extent of the law prevailing in respect of staying the BG. The Judgement has given L&T IDPL the liberty to approach the jurisdictional court for any reliefs on merits.

L&T IDPL has filed a civil suit bearing no. commercial suit no. 60/2017 before the Hon'ble Commercial Court, Ahmedabad for the recovery of the BG amount which will be dealt as per the merits of the case. The case is posted on 21.05.2017 for notice / response of the other party.

6. There was no cash in hand and hence Specified Bank Note disclosure as per MCA Notification G.S.R 308(E) dated 30 March, 2017 is not applicable to the Company.

7. The figures of the previous year have been regrouped /reclassified wherever necessary.

H. SIGNIFICANT ACCOUNTING POLICIES

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all aspects with Indian Accounting Standards (IndAS) notified under section 133 of the companies act, 2013 read with Rule 3 of companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The financial statements up to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis.

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

The accounts have not been prepared on the assumption of Going concern for reasons mentioned in Note G (6) accompanying the financial statements. Accordingly, all the assets are presented on net realizable value and all the liabilities are presented at settlement value.

2. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3. Cash and Cash Equivalents

Cash and cash equivalents for the purposes of cash flow statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings.

4. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

5. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance of the provisions of the Income Tax, 1961 and based on expected outcome of assessments / appeals.

Deferred tax is recognized on timing differences between the accounting income and the taxable income for the year and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation / business losses / losses under the head “capital gains” are recognized and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

Other deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

6. Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

i) the Company has a present obligation as a result of a past event;

ii) a probable outflow of resources is expected to settle the obligation; and

iii) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

Contingent Liability is disclosed in the case of:

i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

ii) a present obligation when no reliable estimate is possible; and

iii) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

7. Earnings per Share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

8. First time adoption of IndAS

The Company has prepared opening balance sheet as per Ind AS as on April 1, 2015 (transition date) by recognizing all assets and liabilities whose recognition is required by Ind AS, not recognizing items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognized assets and liabilities.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR
Partner
Membership No. 225366

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

P.G.SURESH KUMAR
Director
DIN: 07124883

R. G. RAMACHANDRAN
Director
DIN: 02671982

Place : Chennai
Date : April 27, 2017

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their report and Audited Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS (IND AS):

Particulars	**2016-17**	*2015-16*
	(₹ in crore)	(₹ *in crore*)
Profit / (Loss) Before Depreciation, exceptional and extra ordinary items & Tax	**(40.28)**	*(40.39)*
Less: Depreciation, amortization and obsolescence	**17.74**	*18.25*
Profit / (Loss) before tax	**(58.02)**	*(58.64)*
Less: Provision for tax	**–**	–
Profit / (Loss)for the period carried to the Balance Sheet	**(58.02)**	*(58.64)*
Add: Balance brought forward from previous year	**(274.18)**	*(215.54)*
Balance carried to Balance Sheet	**(332.19)**	*(274.18)*

STATE OF COMPANY AFFAIRS:

The gross revenue and other income for the financial year under review were ₹ 114.43 crore as against ₹ 110.12 crore for the previous financial year registering an increase of 3.91%. The loss for the year was ₹ 58.02 crore as against the loss of the previous year of ₹ 58.64 crore.

The Government of Gujarat, on August 15, 2016 exempted small vehicles, like cars, jeep and vans along with Gujarat State Road Transport Corporation (GSRTC) buses from paying toll across the 27 toll plazas of the 12 state highways. Subsequently the Gujrat Government declared its decision to compensate for the losses incurred by the Concessionaires on this account.

The Company submitted reports to the Gujrat Government / GSRDC, reflecting the factual data as presented in the project Schedule M and clearly provided bifurcation of the forced exemptions and violations. These reports were transparent and have stood the test of GSRDC audits and the compensations were made to the Company without any deduction, from the day / time the exemption was enforced. In addition, the Company has also enabled a real-time data synchronization with GSRDC systems through Electronic Data Interchange (EDI) facility enabling verification of the vehicles passing through the plazas.

CAPITAL & FINANCE:

During the year under review, the Company has allotted 74,50,000 numbers of 0.01% Optionally Convertible Cumulative Preference Shares of ₹ 10/- each.

The Company at its Extraordinary General Meeting held on March 27, 2017 have altered the terms of issue of 125492100 numbers 0.01% Optionally Convertible Cumulative Preference Shares of ₹ 10/- each into 0.01% Compulsorily Convertible Preference Shares of ₹ 10/- each.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 1032.42 crore and the net fixed and intangible assets, including leased assets, at ₹ 963.16 crore. Capital Expenditure during the year amounted to ₹ 0.54 crore.

DEPOSITS:

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the Balance Sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:

The Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However,full particulars of the loans given, investments made or guarantees given or security provided is given in Note No. 3 of notes to accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

All the related party transactions were in the ordinary course of business and at arm's length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder. Further, the Company has not entered into any material contracts or arrangements during the year to disclose in Form AOC-2 is given in ***Annexure I*** to this Report.

AMOUNT TO BE CARRIED TO RESERVE:

Appropriation of profits to any specific reserves is not applicable to your Company.

DIVIDEND:

The Directors do not recommend payment of dividend for the financial year, in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

No material changes or commitments adversely affecting the financial position of the Company have occurred between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION:

In view of the nature of the activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy, technology absorption does not apply.

FOREIGN EXCHANGE EARNINGS AND OUTGO:

During the year the Company had incurred expenditure in foreign currency for an amount of ₹ 20,77,343/- for purchase of toll equipment.

RISK MANAGEMENT POLICY:

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY:

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY:

Since the Company does not fulfil the criteria specified under Section 135 of the Act, the provisions of Corporate Social Responsibility are not applicable.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

Mr. Kathikeyan T.V. Director who had retired by rotation at the Annual General Meeting held on September 29, 2016 being eligible was re-appointed as Director at the said meeting.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name of the Director	Designation	DIN
1	Mr. Karthikeyan T.V.	Director	01367727
2	Dr. Esther Malini	Director	07124748
3	Mr. Manoj Kumar Singh	Director	05228599
4	Dr. K. N. Satyanarayana	Independent Director	02460153
5	Mr. K. P. Raghavan	Independent Director	00250991

During the year under review Mr. D.K. Barik had resigned as Manager of the Company with effect from March 16, 2017 and Mr. Tarun Ravendra Tyagi was appointed as the Manager of the Company with effect from March 16, 2017. The Key Managerial Personnel of the Company as on March 31, 2017 are as follows:

S. No	Name	Designation	Date of Appointment
1	Mr. Tarun Ravendra Tyagi	Manager	March 16, 2017
2	Mr. Sendil Prabakaran T.V.*	Chief Financial Officer	October 28, 2014

*Mr. Sendil Prabakaran T.V has resigned as CFO with effect from April 3, 2017.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review 7(seven) meetings were held on the following dates:

Date	Strength	No. of Directors Present
April 27, 2016	5	4
July 15, 2016	5	3
September 16, 2016	5	3
October 19, 2016	5	4
December 19, 2016	5	3
January 16, 2017	5	4
March 16, 2017	5	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans.
- Quarterly financials and results of operations.
- Financing plans of the Company.
- Minutes of the meeting of the Board of Directors, Audit Committee and Nomination and Remuneration Committee.
- Report on fatal or serious accidents.
- Any materially relevant default, if any, in financial obligations to and by the Company.
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company.
- Development in respect of human resources.
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service.
- An Action Taken Report is presented to the Board.

Presentations are made regularly to the Board / Audit Committee. Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Minutes of the meetings are circulated to the members of the Board and Committees. Independent Directors have the freedom to interact with the Company’s management.

AUDIT COMMITTEE:

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Mr. K. P. Raghavan, Dr. K.N. Satyanarayana and Mr. Karthikeyan T.V.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

Details of the meetings held during the year under review, are given below:

Date	Strength	No. of Members Present
April 27, 2016	3	3
July 15, 2016	3	3
September 16, 2016	3	2
October 19, 2016	3	2
January 16, 2017	3	3
March 16, 2017	3	2

The Company has established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Mr. K.P. Raghavan, Dr. K.N. Satyanarayana and Mr. Karthikeyan T.V.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, one meeting was held and the details are given hereunder:

Date	Strength	No. of Members Present
March 16, 2017	3	2

The Committee has formulated a policy on director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE:

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Act confirming that he is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS:

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 8, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION:

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on May 11, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS:

The Company in the 7th Annual General Meeting held on September 23, 2015 for the Financial Year 2015-16 had appointed M/s. Manubhai & Shah LLP, Chartered Accountants, (Firm Registration no. 106041W/W100136), Ahmedabad as Statutory Auditors of the Company to hold office from the conclusion of 7th Annual General Meeting until the conclusion of the 12th Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Manubhai & Shah LLP as statutory auditors of the company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

COST AUDITORS:

Pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time, the Board of Directors had appointed M/s PRI Associates (Membership No. 000456) Cost Accountants, as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-17 at a remuneration of ₹ 75,000/- per annum. The remuneration payable to the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016. The report of the Cost Auditors for the financial year 2016- 17 will be filed with Ministry of Corporate Affairs once the same is finalized.

SECRETARIAL AUDITOR:

M/s. M. Alagar & Associates, a firm of Company Secretaries in practice were appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under section 204 of the Act and rules made thereunder.

The Secretarial Audit Report dated April 20, 2017 issued by Mr. M. Alagar (C.O.P No. 8196), Proprietor of the firm is attached as ***Annexure III*** to this Annual Report.

The Secretarial Auditor's report to the shareholders is unqualified

EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Act, an extract of the Annual Return in form MGT-9 is attached as ***Annexure II*** to this Report.

ACKNOWLEDGEMENT

The Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

Place : Chennai	**KARTHIKEYAN. T.V**	**ESTHER MALINI**
Date : April 26, 2017	*Director*	*Director*
	DIN: 01367727	*DIN: 07124748*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under the third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis
   The Company has not entered into such transactions during the year.
2. Details of material contracts or arrangement or transactions at arm's length basis
   The Company has not entered into such transactions during the year.

Date(s) of approval by the Board, if any – April 26, 2017

For and on behalf of the Board

Place : Chennai	**KARTHIKEYAN. T.V**	**ESTHER MALINI**
Date : April 26, 2017	*Director*	*Director*
	DIN: 01367727	*DIN: 07124748*

ANNEXURE II

FORM NO. MGT–9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2008PLC069184
Registration Date	08/09/2008
Name of the Company	L&T Rajkot - Vadinar Tollway Limited
Category / Sub-Category of the Company	Company limited by shares/ Indian Non-Government Company
Address of the Registered office and contact details	P B No. 979, Mount Poonamallee Road, Manapakkam Chennai - 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	*NSDL Database Management Limited. 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

*NSDL Database Management Ltd. was appointed as Registrar and Transfer Agent at the Board of Directors' meeting held on July 15, 2016 and the securities were transferred from Sharepro Services (P) Ltd with effect from September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and CIN / GLN of the Company	Holding / Subsidiary / Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited CIN: U65993TN2001PLC046691	Holding	100%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual / HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	109,999,994	6*	110,000,000	100%	109,999,994	6*	110,000,000	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other									
Sub-total (A) (1)	**109,999,994**	**6***	**110,000,000**	**100%**	**109,999,994**	**6***	**110,000,000**	**100%**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other									
Sub-total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**109,999,994**	**6***	**110,000,000**	**100%**	**109,999,994**	**6***	**110,000,000**	**100%**	**–**

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
GRAND TOTAL (A+B+C)	**109,999,994**	**6***	**110,000,000**	**100%**	**109,999,994**	**6***	**110,000,000**	**100%**	**–**

*Including shares held by nominees of L &T Infrastructure Development Project Limited.

(ii) Shareholding of Promoters

S. No.	Shareholder's Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (with nominees)	109,999,900	100%	–	109999900	100%	–	–
2	Larsen & Toubro	100	0%	–	100	0%	–	–
	Total	**110,000,000**	**100%**	**–**	**110,000,000**	**100%**	**–**	**–**

(iii) Change in Promoters' Shareholding:

During the year there was no change in the Promoters' shareholding.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 1, 2016			
i) Principal Amount	8206690297	388832217	8595522514
ii) Interest due but not paid	18297130	–	18297130
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**8224987427**	**388832217**	**8613819644**
Changes during the financial year			
Addition	–	137674645	137674645
Reduction	142783062	–	142783062
Net Change	**(142783062)**	**137674645**	**(5108417)**
As on March 31, 2017			
i) Principal Amount	8057500026	526506862	8584006888
ii) Interest due but not paid	24704339	–	24704339
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**8082204365**	**526506862**	**8608711227**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and / or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD / WTD / Manager	Total Amount
		Manager: Mr. Tarun Ravendra Tyagi	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15,25,000	15,25,000
	(b) Value of perquisites u/s 17(2)Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission as % of profit	–	–
5.	Others, please specify	–	–
	Total (A)	**15,25,000**	**15,25,000**
	Ceiling as per the Act	**1,25,51,298**	**1,25,51,298**

B. Remuneration to other directors:

(Amount in ₹)

S. No	Particulars of Remuneration	Name of the Directors		Total Amount
		Dr. K. N. Satyanarayana	**Mr. K. P. Raghavan**	
1	**Independent Directors**			
	Fee for attending Board Meeting / Committee Meeting	2,00,000	2,35,000	**4,35,000**
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,00,000**	**2,35,000**	**4,35,000**
2.	**Other Non – Executive Directors**			
	1) Mr. Karthikeyan T. V.			
	2) Dr. Esther Malini			
	3) Mr. Manoj Kumar Singh			
	No fee for attending Board Meeting / Committee Meeting and no Commission was paid	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**2,00,000**	**2,35,000**	**4,35,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹ 1,00,000 per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD / Manager / WTD

No remuneration was paid to Key Managerial Personnel other than Manager. Mr. Sendil Prabakaran T.V., CFO is employed by the Holding Company. However he has resigned as CFO with effect from April 3, 2017 .

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Place : Chennai
Date : April 26, 2017

KARTHIKEYAN. T.V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

ANNEXURE III

FORM NO. MR – 3

SECRETARIAL AUDIT REPORT

For the Financial Year 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L&T RAJKOT - VADINAR TOLLWAY LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Rajkot - Vadinar Tollway Limited** (hereinafter called the “Company”). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company’s books,papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 (“Audit Period”) complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by “the Company” for the financial year ended March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013(‘Act’) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 (‘SCRA’) and the rules made thereunder –Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’):-

   (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;

   (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- Not Applicable;

   (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;

   (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- Not Applicable;

   (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;

   (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - To the extent applicable to the company;

   (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;

   (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India (‘ICSI’) and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis. The list of labour and industrial laws covered under the internal compliance report by the company are as follows;

a) Electricity Rules,1956

b) Forest Conservation Act, 1980

c) Information Technology Act, 2000

d) Motor Vehicles Act, 1988

e) The Building And Other Construction Workers’ (Regulation of Employment And Conditions of Service) Central Rules, 1998

f) The National Highways (Collection of Fees by any Person for the use of section of national highways/ Permanent Bridge/ Temporary Bridge on National Highways)Rules,1997

g) The Personal Injuries (Compensation) Insurance Act, 1963

h) The Prohibition Of Smoking In Public Places Rules, 2008

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that except allotment of preference shares there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

For **M. ALAGAR & ASSOCIATES**

M. ALAGAR
FCS No: 7488
CoP No.: 8196

Place : Chennai
Date : April 20, 2017

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,

The Members

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M. ALAGAR & ASSOCIATES**

M. ALAGAR
FCS No: 7488
CoP No.: 8196

Place : Chennai
Date : April 20, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T RAJKOT VADINAR TOLLWAY LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of L&T Rajkot Vadinar Tollway Limited ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31st March, 2017 and its financial performance including other comprehensive income, its cash flows and changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in the Annexure a statement on the matters specified in the paragraphs 3 and 4 of the Order, to the extent applicable.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure – A"

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements – Refer Note F to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in the Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management. Refer Note 10 to the Ind AS financial statements.

For MANUBHAI & SHAH LLP
Chartered Accountants

Firm's Registration No. 106041W/W100136

(K.C PATEL)
Partner
Membership No. 30083

Place: Ahmedabad
Date : April 28, 2017

ANNEXURE TO THE INDEPENDENT AUDITORS' REPORT

The Annexure referred to in Para 1 of Report on Other Legal and Regulation Requirements in our Independent Auditors' Report to the members of the L&T Rajkot Vadinar Tollway Limited on the financial statements for the year ended 31st March 2017, we report that:

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets have been physically verified during the year by the Management in accordance with programme of physical verification, which in our opinion, provides for physical verification of all fixed assets at a reasonable intervals having regard to size of the Company and nature of fixed assets. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) The Company does not have immovable properties. Hence reporting requirement as per this clause is not applicable.

(ii) The Company had no inventory during and at the year end. Therefore, the reporting requirements of paragraph 3(ii) of the Order is not applicable.

(iii) The Company has not granted loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Companies Act. Therefore, the reporting requirements of paragraph 3 (iii) of the Order are not applicable.

(iv) The Company has not given loans made, investments provided, guarantees, and security, attracting the provisions of section 185 and 186 of the Companies Act, 2013. Hence the reporting requirements of paragraph 3(iv) of the Order are not applicable.

(v) The Company has not accepted deposits from the public within the meaning of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the company pursuant to the Rules made by the Central Government for the maintenance of cost records under section 148 of the Act, and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, amounts deducted/accrued in the books of account in respect of undisputed statutory dues including provident fund, employees' state insurance, income tax, sales tax, wealth tax, custom duty, excise duty , service tax, value added tax, cess and other material statutory dues as applicable have been regularly deposited during the year by the Company with the appropriate authorities.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, sales tax, service tax, value added tax, cess and other material statutory dues were in arrears as at 31st March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us, there are no material dues of Income tax, wealth tax, duty of excise, duty of customs, sales tax or service tax or value added tax or cess which have not been deposited with the appropriate authorities on account of any dispute.

(viii) Based on our audit procedure and the information and explanations given by the management, we are of the opinion that the Company has not defaulted in repayment of dues to banks. The Company has not borrowed or raised any money from a financial institution, government or debenture holders during the year.

(ix) The Company has not raised any moneys during the year by way of initial public offer or further public offer (including debt instruments). Also the Company has not raised any term loans during the year. Accordingly, the reporting requirement of paragraph 3(ix) of the Order is not applicable.

(x) Based upon the audit procedures performed for the purpose of reporting the true and fair view of the financial statements and as per the information and explanations given by the Management, we report that no material fraud on or by the Company has been noticed or reported during the year.

(xi) No managerial remuneration has been paid or provided by the Company during the year. Accordingly the reporting requirement of paragraph 3(xi) of the Order is not applicable.

(xii) In our opinion the Company is not a Nidhi Company. Therefore the provisions of Clause 3(xii) of the Order are not applicable to the Company.

(xiii) According to the information and explanation given to us and on the basis of our examination of the records of the Company, all the transactions with related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013 and also the details disclosed in the Financial Statements are in accordance with the applicable Indian Accounting Standards.

(xiv) The Company has made preferential allotment of compulsory convertible cumulative preferences shares during the year. In respect the requirement of section 42 of the Companies Act, 2013 have been complied with and the amount raised have been used for the purposes for which the funds were raised.

(xv) In our opinion and according to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with them. Accordingly, the reporting requirement of paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) According to the information and explanation given to us, the Company is not required to get itself registered under Section 45- IA of the Reserve Bank of India Act, 1934 and hence the reporting requirement under paragraph 3(xvi) of the Order is not applicable.

For MANUBHAI & SHAH LLP
Chartered Accountants

Firm's Registration No. 106041W/W100136

(K.C PATEL)
Partner
Membership No. 30083

Place: Ahmedabad
Date : April 28, 2017

REPORT ON INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Annexure 'A' to the Independent Auditor's Report of even Date on the Ind AS Financial Statements of L&T Rajkot Vadinar Tollway Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Rajkot Vadinar Tollway Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that;

1) Pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;
2) Provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and
3) Provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For MANUBHAI & SHAH LLP
Chartered Accountants

Firm's Registration No. 106041W/W100136

(K.C PATEL)
Partner
Membership No. 30083

Place: Ahmedabad
Date : April 28, 2017

S-2500

BALANCE SHEET AS AT MARCH 31, 2017

		Note no.	As at March 31, 2017 ₹	As at March 31, 2016 ₹	April 1, 2015 ₹
ASSETS					
Non-current assets					
a) Property, Plant and Equipment		1	**76,256,825**	*112,745,057*	*147,574,655*
b) Intangible assets		2	**9,555,302,483**	*9,766,828,433*	*9,913,842,906*
c) Financial Assets					
i) Other Financial Asset		3	**1,278,579**	*1,278,579*	*1,181,597*
	A		**9,632,837,887**	*9,880,852,069*	*10,062,599,158*
Current assets					
a) Financial Assets					
i) Investments		6	**–**	*12,078,129*	*–*
ii) Trade receivables		7	**23,952,108**	*–*	*–*
iii) Cash and Cash Equivalents		8	**13,380,867**	*16,056,153*	*8,984,012*
iv) Other Financial Asset		3	**269,826**	*170,995*	*264,871*
b) Current Tax Assets (net)		5	**1,895,584**	*815,223*	*879,026*
c) Other current assets		4	**8,188,589**	*7,612,474*	*8,933,854*
	B		**47,686,974**	*36,732,974*	*19,061,763*
TOTAL	A+B		**9,680,524,861**	*9,917,585,043*	*10,081,660,921*
EQUITY AND LIABILITIES					
EQUITY					
a) Equity Share capital		9	**1,100,000,000**	*1,100,000,000*	*1,100,000,000*
b) Other Equity		10	**(1,225,594,160)**	*(719,976,534)*	*(1,314,032,673)*
	C		**(125,594,160)**	*380,023,466*	*(214,032,673)*
LIABILITIES					
Non-current Liabilities					
a) Financial liabilities					
i) Borrowings		11	**8,138,576,282**	*8,442,222,514*	*9,534,564,947*
ii) Other financial liabilities		12	**477,393,905**	*345,014,703*	*266,945,772*
b) Provisions		13	**398,828,078**	*259,376,725*	*143,113,973*
	D		**9,014,798,265**	*9,046,613,942*	*9,944,624,692*
Current Liabilities					
a) Financial Liabilities					
i) Borrowings		11	**445,430,606**	*153,300,000*	*17,520,000*
ii) Trade payables		15	**35,583,237**	*12,429,038*	*12,248,172*
iii) Other financial liabilities		12	**75,358,199**	*18,699,412*	*4,388,855*
b) Other current liabilities		14	**1,299,424**	*671,292*	*3,747,112*
c) Provisions		13	**233,649,290**	*305,847,893*	*313,154,788*
d) Current tax liabilities (net)		16	**–**	*–*	*9,975*
	E		**791,320,756**	*490,947,635*	*351,068,902*
Total Equity and Liabilities	C+D+E		**9,680,524,861**	*9,917,585,043*	*10,081,660,921*
Contingent liabilities		F			
Commitments		G			
Other notes forming part of accounts		H			
Significant accounting policies		I			

As per our report attached

For **MANUBHAI & SHAH LLP**
Chartered Accountants
(Firm's Registration No.: 106041W/W100136)
by the hand of

K C PATEL
Partner
Membership No.: 30083

Place : Ahmedabad
Date : April 28, 2017

For and on behalf of the Board of

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	*2015-16 ₹*
REVENUE			
Revenue from Operations	**17**	***934,461,000***	*917,615,617*
Other income	**18**	**16,742,612**	*7,306,443*
Total income		**951,203,612**	*924,922,060*
EXPENSES			
Operating expenses	**19**	***305,537,692***	*229,401,164*
Employee benefits expense	**20**	***19,588,354***	*19,022,259*
Finance costs	**21**	***1,002,087,968***	*1,040,163,575*
Depreciation and amortisation	**22**	***177,371,097***	*182,489,967*
Administration and other expenses	**23**	***26,820,471***	*40,183,887*
Total expenses		**1,531,405,582**	*1,511,260,852*
Profit (loss) before exceptional items and tax		***(580,201,970)***	*(586,338,792)*
Exceptional Items		**–**	*–*
Profit/(loss) before tax		***(580,201,970)***	*(586,338,792)*
Tax Expense:		**–**	*–*
Profit/(loss) for the year		**(580,201,970)**	***(586,338,792)***
Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss (net of tax)		**–**	*–*
ii) Items that will be reclassified to profit or loss (net of tax)		**84,344**	*(26,069)*
Total Comprehensive Income for the year		**(580,117,626)**	*(586,364,861)*
Earnings per equity share (basic and diluted)	**H7**	**(5.27)**	*(5.33)*
Face value per equity share		**10.00**	*10.00*

As per our report attached
For **MANUBHAI & SHAH LLP**
Chartered Accountants
(Firm's Registration No.: 106041W/W100136)
by the hand of

K C PATEL
Partner
Membership No.: 30083

Place : Ahmedabad
Date : April 28, 2017

For and on behalf of the Board of

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**NET PROFIT / (LOSS) BEFORE TAX AND EXTRAORDINARY ITEMS**	**(580,117,626)**	(586,364,861)
	Adjustments for:		
	Depreciation and amortisation expense	**177,371,097**	*182,489,967*
	Interest expense	**1,002,087,968**	*1,040,163,575*
	Interest income	**(10,375,464)**	*(136,907)*
	(Profit)/loss on sale of current investments(net)	**(2,209,831)**	(2,782,771)
	(Profit)/loss on sale of fixed assets	**(17,558)**	(7,993)
	Operating profit before working capital changes	**586,738,586**	*633,361,010*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**110,948,437**	100,581,085
	Increase / (Decrease) in trade payables	**23,154,199**	180,866
	Increase / (Decrease) in other current liabilities	**628,132**	(3,075,820)
	Increase / (Decrease) in other current financial liabilities	**15,577,603**	(18,929,116)
	Increase / (Decrease) in other non-current financial liabilities	**132,379,202**	*192,542,857*
	Increase / (Decrease) in short term provisions	**(72,198,603)**	*(7,306,895)*
	(Increase) / Decrease in loan term loans and advances	**(98,831)**	(3,106)
	(Increase) / Decrease in Trade Receivables	**(23,952,108)**	–
	(Increase) / Decrease in other current assets	**(576,115)**	1,321,380
	Net cash generated from/(used in) operating activities	**772,600,502**	*898,672,261*
	Direct taxes paid (net of refunds)	**(1,080,361)**	53,828
	Net Cash(used in)/generated from Operating Activities	**771,520,141**	*898,726,089*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of fixed assets	**65,178,677**	*(685,065)*
	Sale of fixed assets	**5,481,966**	*47,162*
	Purchase of current investments	**–**	*(801,000,000)*
	Sale of current investments	**14,287,960**	*791,704,642*
	Interest received	**170,994**	*136,907*
	Net cash (used in) / generated from investing activities	**85,119,597**	*(9,796,354)*

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd..)

			2016-17 ₹	2015-16 ₹
C	**CASH FLOW FROM FINANCING ACTIVITIES**			
	Proceeds from issue of capital		**74,500,000**	*1,180,421,000*
	Repayment of long term borrowings		**(49,799,976)**	*(998,720,034)*
	Interest paid		**(884,015,048)**	*(1,063,558,560)*
	Net cash (used in)/generated from financing activities		**(859,315,024)**	*(881,857,594)*
	Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	**(2,675,286)**	*7,072,141*
	Cash and cash equivalents as at the beginning of the year		**16,056,153**	*8,984,012*
	Cash and cash equivalents as at the end of the year		**13,380,867**	*16,056,153*

Notes:

1. Cash Flow Statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. All figures in bracket indicate cash outflow.
4. Previous year's figures have been regrouped/reclassified wherever applicable.
5. Components of cash and cash equivalents :-

Particulars	**2016-17** ₹	*2015-16* ₹
Balances with banks:		
– on current account	**4,516,941**	*6,313,879*
– Margin money deposit	**149,376**	*140,067*
Cash in hand and transit	**8,714,550**	*9,602,207*
	13,380,867	*16,056,153*

As per our report attached
For **MANUBHAI & SHAH LLP**
Chartered Accountants
(Firm's Registration No.: 106041W/W100136)
by the hand of

K C PATEL
Partner
Membership No.: 30083

Place : Ahmedabad
Date : April 28, 2017

For and on behalf of the Board of

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENTS

Particulars	Cost				Depreciation				Book Value	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned										
Plant and Equipment	114,217,311	3,020,516	7,917,225	109,320,602	30,810,421	30,613,087	3,007,395	58,416,113	50,904,489	83,406,890
Furniture and fixtures	6,925,402	295,520	591,040	6,629,882	991,637	969,448	128,059	1,833,026	4,796,856	5,933,765
Vehicles	7,589,814	–	–	7,589,814	2,051,150	2,050,810	–	4,101,960	3,487,854	5,538,664
Office equipment	308,012	106,510	47,855	366,667	225,479	45,979	–	271,458	95,209	82,533
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	18,485,090	–	114,975	18,370,115	1,301,458	2,300,524	114,975	3,487,007	14,883,108	17,183,632
Computers, laptops and printers	694,922	1,958,700	43,742	2,609,880	95,349	425,222	–	520,571	2,089,309	599,573
Total	148,220,551	5,381,246	8,714,837	144,886,960	35,475,494	36,405,070	3,250,429	68,630,135	76,256,825	112,745,057

1.1 Refer Note H(22) for information on property, plant and equipments pledged as security.

1.2 There is no restriction on title of property, plant and equipments.

1.3 There is no contractual commitment on acquisition of property, plant and equipments.

2 INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at April 1, 2016	Additions	Disposals	As at March 31, 2017	As at April 1, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Toll collection rights	10,249,883,423	–	70,559,923	10,179,323,500	483,054,990	145,290,262	4,324,235	624,021,017	9,555,302,483	9,766,828,433
Total	10,249,883,423	–	70,559,923	10,179,323,500	483,054,990	145,290,262	4,324,235	624,021,017	9,555,302,483	9,766,828,433

2.1 During capitalisation company made provision for balance implementation work as part of Toll Collection rights. The provision outstanding as on 1st April 2016 was ₹ 279,995,064/- During the year based on supplementary agreement with GSRDC Ltd. dated 9th November 2015, the amount of net liability of ₹ 20,94,35,141/- was communicated by GSRDC for payment vide letter dated 7th Feb 2017. As the amount is quantified by GSRDC now, company has decapitalised the balance provision of ₹ 70,559,923/-from toll collection rights. The accumulated amortisation of ₹ 43,24,235/- on the same has also been written back.

2.2 Disclosure of Material Intangible Asset

2.2.1 Toll collection rights of widening of existing two-lane of 131.65 kilometers Road stretch covering Rajkot Jamnagar Vadinar to make it four lane.

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	12.46
As at March 31, 2016	13.46
As at April 01, 2015	14.46

2.3 There is no restriction on title of Tolling rights.

2.4 There is no contractual commitment on acquition of Tolling rights.

2.5 Refer Note H(22) for information on Intangible asset pledged as security.

NOTES FORMING PART ACCOUNTS (Contd..)

Particulars	Cost				Depreciation				Book Value	
	April 01, 2015 (Deemed Cost)	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	*As at April 01, 2015 (Deemed Cost)*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Owned										
Plant and Equipment	*114,217,311*	–	–	*114,217,311*	–	*30,810,421*	–	*30,810,421*	*83,406,890*	*114,217,311*
Furniture and fixtures	*6,959,564*	–	*34,162*	*6,925,402*	–	*991,637*	–	*991,637*	*5,933,765*	*6,959,564*
Vehicles	*7,589,814*	–	–	*7,589,814*	–	*2,051,150*	–	*2,051,150*	*5,538,664*	*7,589,814*
Office equipment	*222,458*	*85,554*	–	*308,012*	–	*225,479*	–	*225,479*	*82,533*	*222,458*
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	*18,485,090*	–	–	*18,485,090*	–	*1,301,458*	–	*1,301,458*	*17,183,632*	*18,485,090*
Computers, laptops and printers	*100,418*	*599,511*	*5,007*	*694,922*	–	*95,349*	–	*95,349*	*599,573*	*100,418*
Total	***147,574,655***	***685,065***	***39,169***	***148,220,551***	**–**	***35,475,494***	**–**	***35,475,494***	***112,745,057***	***147,574,655***

2 INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at April 1, 2015	Additions	Disposals	As at March 31, 2016	As at April 1, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	*As at April 1, 2015*
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Toll collection rights	*10,249,883,423*	–	–	*10,249,883,423*	*336,040,517*	*147,743,004*	–	*483,783,521*	*9,766,099,902*	*9,913,842,906*
Total	**10,249,883,423**	**–**	**–**	**10,249,883,423**	**336,040,517**	**147,743,004**	**–**	**483,783,521**	**9,766,099,902**	***9,913,842,906***

3 OTHER FINANCIAL ASSET

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non–current	Total	Current	Non–current	Total	Current	Non–current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	**–**	**1,278,579**	**1,278,579**	*–*	*1,278,579*	*1,278,579*		*1,181,597*	*1,181,597*
b) Interest Receivable	**106,092**	**–**	**106,092**	*117,883*	*–*	*117,883*	*98,032*	*–*	*98,032*
c) Others	**163,734**		**163,734**	*53,112*	*–*	*53,112*	*166,839*	*–*	*166,839*
	269,826	**1,278,579**	**1,548,405**	*170,995*	*1,278,579*	*1,449,574*	*264,871*	*1,181,597*	*1,446,468*

4 OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advance recoverable in cash or kind	**1,754,178**	**–**	**1,754,178**	*2,165,767*	*–*	*2,165,767*	*2,878,677*	*–*	*2,878,677*
Prepaid expenses	**6,434,411**	**–**	**6,434,411**	*5,446,707*	*–*	*5,446,707*	*6,043,585*	*–*	*6,043,585*
	8,188,589	**–**	**8,188,589**	*7,612,474*	*–*	*7,612,474*	*8,933,854*	*–*	*8,933,854*

NOTES FORMING PART ACCOUNTS (Contd..)

5 CURRENT TAX ASSET

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Income tax									
Income tax net of provisions	**1,895,584**	**–**	**1,895,584**	*815,223*	–	*815,223*	*879,026*	–	*879,026*
	1,895,584	**–**	**1,895,584**	*815,223*	–	*815,223*	*879,026*	–	*879,026*

6 INVESTMENTS

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹
Investments (Unquoted)						
Mutual funds	**–**	**–**	–	*12,078,129*	–	–
	–	**–**	–	*12,078,129*	–	–
Aggregate amount of unquoted investments and market value thereoff	**–**	**–**	–	12,078,129	–	–

7 TRADE RECEIVABLES

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹
Trade receivables (Unsecured, considered good)	**–**	**23,952,108**	–	–	–	–
	–	**23,952,108**	–	–	–	–

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

8 CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹	Non-Current ₹	Current ₹
a) Cash on hand	**–**	**8,714,550**	–	*9,602,207*	–	*7,646,134*
b) Balances with banks						
In Current Accounts	**–**	**4,516,941**	–	*6,313,879*	–	*1,218,395*
In Fixed Deposits including interest accrued thereon	**–**	**149,376**	–	*140,067*	–	*119,483*
	–	**13,380,867**	–	*16,056,153*	–	*8,984,012*

NOTES FORMING PART ACCOUNTS (Contd..)

9 SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised						
Equity shares of ₹ 10 each	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
	110,000,000	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
Issued						
Equity shares of ₹ 10 each	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
	110,000,000	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
Subscribed and fully paid up						
Equity shares of ₹ 10 each	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
	110,000,000	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
At the end of the year	**110,000,000**	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*

(iii) Reconciliation of Equity component of other financial instruments - Subscribed & Paid up

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**118,042,100**	**1,180,421,000**	*118,042,100*	*1,180,421,000*	–	–
Issued during the year as fully paid	**7,450,000**	**74,500,000**	–	–	–	–
At the end of the year	**125,492,100**	**1,254,921,000**	*118,042,100*	*1,180,421,000*	–	–

(iv) Terms / rights attached to shares

Equity shares of ₹ 10 each

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Optionally convertible cumulative redeemable preference shares/Compulsorily convertible preference shares of ₹ 10 each

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carry non-participating rights in the surplus funds.

Preference share holders would be paid dividend on a cumulative basis

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par. During the year, the terms of preference shares have been changed by transferring them as Compulsory Convertible Preference Shares, the terms of which are as under.

NOTES FORMING PART ACCOUNTS (Contd..)

Compulsory convertible cumulative Preference Shares of ₹ 10 each

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders shall be Non-participating rights in the surplus funds.

Preference share holders shall be Non-participating rights in the surplus assets and profit on winding up which may remain after the entire capital has been repaid

Preference share holders would be Paid dividend on non cumulative basis

Preference share holder carry voting rights as per provisions of Section 47 (2) of the Act

Since the Company does not have profits, no dividend is accrued or payable.

Preference share will be converted into equity share at the option of the company or at the completion of 10th year from the date of allotment.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**109,999,900**	**1,099,999,000**	*109,999,900*	*1,099,999,000*	*109,999,900*	*1,099,999,000*
Larsen and Toubro Limited (ultimate holding company)	**100**	**1,000**	*100*	*1,000*	*100*	*1,000*
	110,000,000	**1,100,000,000**	*110,000,000*	*1,100,000,000*	*110,000,000*	*1,100,000,000*

(vi) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	%	No. of shares	%	No. of shares	%
L&T Infrastructure Development Projects Limited (including nominee holding)	**109,999,900**	**100%**	*109,999,900*	*100%*	*109,999,900*	*100%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

10 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of compound financial instruments	Reserves & Surplus Retained earnings	Total (₹)
Balance at the beginning of the year	**2,021,807,654**	**(2,741,784,188)**	**(719,976,534)**
Transfer to retained earnings	**–**	**(580,117,626)**	**(580,117,626)**
Issue of share capital	**74,500,000**	**–**	**74,500,000**
Balance at the end of the year	**2,096,307,654**	**(3,321,901,814)**	**(1,225,594,160)**

OTHER EQUITY AS ON 31.03.2016

Particulars	Equity component of compound financial instruments	Reserves & Surplus Retained earnings	Total (₹)
Balance at the beginning of the reporting period	*841,386,654*	*(2,155,419,327)*	*(1,314,032,673)*
Issue of Share Capital	*1,180,421,000*	*–*	*1,180,421,000*
Transfer to retained earnings	*–*	*(586,364,861)*	*(586,364,861)*
Balance at the end of the year	*2,021,807,654*	*(2,741,784,188)*	*(719,976,534)*

NOTES FORMING PART ACCOUNTS (Contd..)

11 BORROWINGS

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Secured									
a) Term loans									
From banks	**350,400,000**	**7,707,100,026**	**8,057,500,026**	153,300,000	8,053,390,297	8,206,690,297	17,520,000	8,202,962,136	8,220,482,136
Unsecured									
a) Loans from related parties (Refer note H(5))	**95,030,606**	**431,476,256**	**526,506,862**	–	388,832,217	388,832,217	–	1,331,602,811	1,331,602,811
	445,430,606	**8,138,576,282**	8,584,006,888	153,300,000	8,442,222,514	8,595,522,514	17,520,000	9,534,564,947	9,552,084,947

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	11.79%	Repayable in 141 unequal monthly instalments from December 2012 to August 2024 at specified amounts.
Mezzanine from Holding Company	10.97%	The Mezzanine Debt from the Holding Company is a part of the Promoter's Contribution towards the Project cost and defined as required equity consideration as per Common Loan Agreement.

Nature of security for term loans:

The Secured Obligations shall be secured as follows:-

a) by a first Security Interest on all the Borrower's immovable properties, both present and future including all real estate rights of the Borrower;

b) by a first Security Interest of all the Borrower's tangible moveable assets, including moveable plant and machinery, equipment, machinery spares, tools and accessories, furniture, fixtures, vehicles, current assets and all other movable assets, both present and future;

c) by a first Security Interest on Borrower's Receivables;

d) by a first Security Interest over all accounts, including without limitation, the Escrow Accounts (including the Debt Service Reserve Account, and the other Sub - Accounts (or any account in substitution thereof», Other Bank Accounts that may be opened In terms hereof and of Project Documents and any other bank account of the Borrower and in all funds from time to time deposited therein and in all Authorised Investments or other securities representing all amounts credited thereto;

e) by a first Security Interest on all intangibles of the Borrower including but not limited to goodwill, rights, undertakings, intellectual property rights and uncalled capital, present and future;

f) by a first Security Interest in all right, title, interest, benefits, claims and demands whatsoever of the Borrower in any Project Documents (including the Concession Agreement), contracts, licenses to and under all assets of the Project, permits, approvals, consents, insurance policies;

g) by a first Security Interest in all the right, title, interest, benefits, claims and demands whatsoever of the Borrower in any letter of cred~, guarantee including contractor guarantees and liquidated damages and performance bond provided by any party to the Project Documents in favour of the Security Trustee (acting for and on behalf of the Secured Parties);

Provided that

a) the Secured Property and Security Interest stipulated hereinabove shall exclude the Project Assets (as defined in the Concession Agreement), unless such Security Interest over the Project Assets is consented to by GSRDC pursuant to the Concession Agreement; and

b) the aforesaid Security Interest shall in all respects rank pari- passu interse amongst the Secured Parties and lenders providing the ECB Loan (if applicable) without any preference or priority to one over the other or others, subject to the lenders providing the ECB Loan entering into and executing requisite document to have accession to the Inter-creditor Agreement and the Security Trustee Agreement and such other documents required by the Lenders in mutually agreed forms.

NOTES FORMING PART ACCOUNTS (Contd..)

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	**7,707,100,026**	*8,053,390,297*	*8,202,962,136*
Current maturities of long term borrowings	**350,400,000**	*153,300,000*	*17,520,000*
	8,057,500,026	*8,206,690,297*	*8,220,482,136*

12 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
a) Interest accrued	**24,704,339**	**–**	**24,704,339**	*18,297,130*	*–*	*18,297,130*	*4,001,896*	*114,473,926*	*118,475,822*
b) Other liabilities									
i) Advance to employees	**7,129**	**–**	**7,129**	*–*	*–*	*–*	*–*	*–*	*–*
ii) Revenue share payable	**50,600,000**	**424,966,639**	**475,566,639**	*–*	*318,302,097*	*318,302,097*	*–*	*141,987,552*	*141,987,552*
iii) Others	**46,731**	**52,427,266**	**52,473,997**	*402,282*	*26,712,606*	*27,114,888*	*386,959*	*10,484,294*	*10,871,253*
	75,358,199	**477,393,905**	**552,752,104**	*18,699,412*	*345,014,703*	*363,714,115*	*4,388,855*	*266,945,772*	*271,334,627*

13 PROVISIONS

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Provision for employee benefits (Refer note H (2))	**499,807**	**1,417,197**	**1,917,004**	*396,561*	*2,204,839*	*2,601,400*	*121,915*	*1,623,764*	*1,745,679*
Provisions for periodic major maintenance (Refer note H (9))	**–**	**397,410,872**	**397,410,872**	*–*	*257,171,876*	*257,171,876*	*–*	*141,490,209*	*141,490,209*
Others	**233,149,483**	**–**	**233,149,483**	*305,451,332*	*–*	*305,451,332*	*313,032,873*	*–*	*313,032,873*
	233,649,290	**398,828,069**	**632,477,359**	*305,847,893*	*259,376,715*	*565,224,608*	*313,154,788*	*143,113,973*	*456,268,761*

Note: The Company had entered into supplementary agreement with GSRDC Ltd. dated 9th November 2015 for settlement of certain disputed matters in respect of which the company is required to make payment to GSRDC Ltd. The amount payable based on the supplementary agreement was under discussion between the Company and GSRDC. Finally GSRDC vide letter dated 7th Feb 2017 instructed company to pay net amount of ₹ 20,94,35,141/- towards the same. As the amount is quantified by GSRDC now, company has reversed the balance provision of ₹ 70,559,923 maintained for the purpose in accounts.

14 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Statutory dues	**1,299,424**	**–**	**1,299,424**	*671,292*	*–*	*671,292*	*3,747,112*	*–*	*3,747,112*
	1,299,424	**–**	**1,299,424**	*671,292*	*–*	*671,292*	*3,747,112*	*–*	*3,747,112*

NOTES FORMING PART ACCOUNTS (Contd..)

15 TRADE PAYABLES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Due to related parties (Refer Note H(5))	**10,869,886**	**–**	**10,869,886.00**	*1,247,686*	–	*1,247,686.00*	*777,795*	–	*777,795.00*
Due to others	**24,713,351**	**–**	**24,713,351.00**	*11,181,352*	–	*11,181,352.00*	*11,470,377*	–	*11,470,377.00*
	35,583,237	**–**	**35,583,237.00**	*12,429,038*	–	*12,429,038.00*	*12,248,172*	–	*12,248,172.00*

16 LIABILITIES FOR CURRENT TAX (NET)

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 1, 2015		
	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹	Current ₹	Non current ₹	Total ₹
Income tax net of previous year provisions	**–**	**–**	**–**	–	–	–	*9,975*	–	*9,975*
	–	**–**	**–**	–	–	–	*9,975*	–	*9,975*

F Contingent Liabilities

Contingent liabilities in the form of guarantees of ₹ 1,00,000/- (March 31, 2016: ₹ 1,00,000/- and April 01, 2015: ₹ Nil) to Telecom Department as at March 31st 2017

Claims against the Company not acknowledged as debt:

GSRDC Vide its letter dated 6th May 2014 has claimed amount of ₹ 5,87,48,259/- based on Clause No 7.3 of Concession Agreement. The Company has rejected this demand of GSRDC to pay revenue share on defined traffic and sought for dispute resolution under Article 37 of Concession Agreement and hence not provided for.

G Commitments

Commitments as at March 31, 2017 ₹ Nil (March 31, 2016: ₹ Nil and April 01, 2015: ₹ Nil)

17 REVENUE FROM OPERATIONS

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Operating revenue:				
Toll Collections	**1,127,643,070**		*1,093,930,162*	
Less : Revenue share to GSRDC *	**193,182,070**		*176,314,545*	
		934,461,000		*917,615,617*
		934,461,000		*917,615,617*

*Gujarat State Road Development Corporation Ltd.

NOTES FORMING PART ACCOUNTS (Contd..)

18 OTHER INCOME

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest income from financial asset measured at amortised cost				
Bank deposits	**9,366**		*7,235*	
Inter-corporate deposits	**10,204,469**		–	
Others	**161,629**		*129,672*	
		10,375,464		*136,907*
Net gain/(loss) on financial assets designated at FVTPL		**2,209,831**		*2,782,771*
Profit/(loss) on disposal of property,plant and equipment		**17,558**		*7,993*
Provision no longer required written back		**2,503,260**		–
Other income		**1,636,499**		*4,378,772*
		16,742,612		*7,306,443*

19 OPERATING EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Toll management fees		**42,257,456**		*41,786,635*
Security services		**30,337,361**		*26,562,654*
Insurance		**6,450,222**		*6,378,000*
Concession fee		**2**		*2*
Repairs and maintenance				
Toll road & bridge	**21,945,685**		*12,306,893*	
Plant and machinery	**10,002,599**		*7,228,989*	
Periodic major maintenance	**168,526,190**		*100,000,000*	
Others	**15,756,552**		*18,960,842*	
		216,231,026		*138,496,724*
Professional fees		**1,121,052**		*6,725,939*
Power and fuel		**9,140,573**		*9,451,210*
		305,537,692		*229,401,164*

20 EMPLOYEE BENEFITS EXPENSE

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Salaries, wages and bonus		**15,271,157**		*14,178,587*
Contributions to and provisions for:				
Provident and pension funds (H (2))	**914,185**		*866,315*	
Gratuity fund (H(2))	**372,209**		*259,279*	
Compensated absences	**271,471**		*627,263*	
		1,557,865		*1,752,857*
Staff welfare expenses		**2,759,332**		*3,090,815*
		19,588,354		*19,022,259*

NOTES FORMING PART ACCOUNTS (Contd..)

21 FINANCE COSTS

Particulars	2016-17	2015-16
	₹	₹
Interest expenses on Financial Liability measured at amortised cost		
Interest on borrowings	**884,638,423**	*936,681,830*
Interest on GSRDC Revenue share	**38,586,113**	*43,641,849*
Amortisation of upfront fees and implicit interest expense on fair value	**76,991,736**	*57,839,268*
Other Borrowing Cost		
Bank Guarantee Charges	**1,871,696**	*2,000,628*
	1,002,087,968	*1,040,163,575*

22 DEPRECIATION AND AMORTISATION

Particulars	2016-17	2015-16
	₹	₹
Depreciation of property, plant and equipment	**36,405,070**	*35,475,494*
Amortisation of intangible assets	**140,966,027**	*147,014,473*
	177,371,097	*182,489,967*

23 ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17	2015-16
	₹	₹
Rent, rates and taxes	**146,108**	*15,177,659*
Professional fees	**20,959,798**	*18,201,618*
Postage and communication	**481,946**	*717,986*
Printing and stationery	**835,167**	*968,695*
Travelling and conveyance	**2,145,038**	*2,202,843*
Repairs and maintenance - others	**1,386,940**	*1,603,711*
Miscellaneous expenses	**865,474**	*1,311,375*
	26,820,471	*40,183,887*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17	2015-16
	₹	₹
a) As auditor	**428,376**	*356,350*
b) For taxation matters	**–**	*44,400*
c) For other services	**314,750**	*227,994*
d) For reimbursement of expenses	**12,176**	*4,014*
Total	**755,302**	*632,758*

H) NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

L&T Rajkot Vadinar Tollway Ltd is a Special Purpose Vehicle (SPV) incorporated on 08-09-2008 for the purpose of widening of existing two-lane of 131.65 kilometers Road stretch covering Rajkot Jamnagar Vadinar to make it four lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated 17th September, 2008 The Concession is for a period of 20 years including the construction period. At the end of the 20 years the entire

NOTES FORMING PART ACCOUNTS (Contd..)

facility will be transferred to Gujarat State Road Development Corporation Ltd. The company achieved commercial operation on February 1, 2012 upon receipt of the provisional completion certificate executed between the Company and Gujarat State Road Development Corporation Ltd.

2) Disclosure pursuant to Ind AS 19 "Employee benefits": (as per IndAS reports)

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 9,40,360 (previous year : ₹ 8,66,315) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 20) in the Statement of Profit and Loss.

a) Features of its defined benefit plans:

Gratuity:
The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Features of the defined benefit plan	Remarks
Salary for Encashment	Gross Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 years

ii) The company is responsible for governance of the plan.

iii) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date."

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

NOTES FORMING PART ACCOUNTS (Contd..)

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
– Wholly funded	**1,251,297**	–	**–**	–
– Wholly unfunded		*934,000*	**1,660,386**	*1,502,613*
	1,251,297	*934,000*	**1,660,386**	*1,502,613*
Less : Fair value of plan assets	**1,099,637**	–	**–**	–
Net Liability/(asset)	**151,660**	*934,000*	**1,660,386**	*1,502,613*

c) The amounts recognised in the Statement of Profit and Loss are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Current service cost	**257,784**	*232,939*	**189,705**	*132,709*
Interest on Defined benefit obligation	**30,081**	*52,409*	**109,398**	*76,528*
Past service cost and loss/(gain) on curtailments and settlement	**–**	–	**(249,096)**	–
Net value of remeasurements on the obligation and plan assets	**–**	–	**221,464**	*418,026*
Total Charge to Statement of Profit and Loss	**287,865**	*285,348*	**271,471**	*627,263*

d) Other Comprehensive Income for the period

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:				
From changes in demographic assumptions	**–**	*110,145*	**–**	–
From changes in financial assumptions	**170,486**	–	**–**	–
From changes in experience	**(93,634)**	*(301,529)*	**–**	–
Return on plan assets excluding amounts included in interest income	**56,664**	–	**–**	–
Amounts recognized in Other Comprehensive Income	**133,516**	*(191,384)*	**–**	–

NOTES FORMING PART ACCOUNTS (Contd..)

e) Reconciliation of Defined Benefit Obligation:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**934,000**	*674,721*	**1,502,613**	*1,007,594*
Add: Current service cost	**257,784**	*232,939*	**189,705**	*132,709*
Add: Inte rest cost	**71,619**	*52,409*	**109,398**	*76,528*
Add/(less): Actuarial losses/(gains)	**45,751**	*(26,069)*	**–**	*418,026*
Less: Benefits paid	**57,857**			*132,244*
Closing balance of the present value of defined benefit obligation	**1,251,297**	*934,000*	**1,801,716**	*1,502,613*

f) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	**41,538**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**(38,593)**	–	**–**	–
Contributions by employer	**1,096,692**	–	**–**	–
Closing value of plan assets	**1,099,637**	–	**–**	–

g) Reconciliation of Net Defined Benefit Liability:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**934,000**	*674,721*	**1,502,613**	*1,007,594*
Employee Benefit Expense	**287,865**	*285,348*	**271,471**	*627,263*
Amounts recognized in Other Comprehensive Income	**84,344**	*(26,069)*	**–**	
	1,306,209	*934,000*	**1,774,084**	*1,634,857*
Benefits paid by the Company	**(57,857)**	–	**(113,698)**	*(132,244)*
Contributions to plan assets	**(1,096,692)**	–	**–**	–
Closing provision in books of accounts	**151,660**	*934,000*	**1,660,386**	*1,502,613*

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
Discount rate	**6,95%**	*7.80%*
Salary growth rate	**6.00%**	*6.00%*
Attrition rate	**15% at younger ages reducing to 3% at older ages**	*15% at younger ages reducing to 3% at older ages*

NOTES FORMING PART ACCOUNTS (Contd..)

i) **A quantitative sensitivity analysis for significant assumption as at 31 March, 2017**

Particulars	Change in Assumptions	Impact on Defined Benefit Obligation	
	Increase/ (Decrease)	Increase/(Decrease) in Assumptions	
	%	₹.	%
Discount Rate	**0.50%**	**1,202,982**	**-3.90%**
	-0.50%	**1,303,433**	**4.20%**
Salary Growth Rate	**0.50%**	**1,303,659**	**4.20%**
	-0.50%	**1,202,341**	**-3.90%**

j) **The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 1,28,942/-**

k) **The major categories of plan assets plan assets are as follows :**

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
	%	₹.	%
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	**0%**	**0%**

l) **Details of Asset-Liability Matching Strategy**

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

3) Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

4) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

5) Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	L&T Chennai-Tada Tollway Limited L&T Krishnagiri Walajahpet Tollway Limited L&T Urban Infrastructure Limited Narmada Infrastructure Construction Enterprise Limited Devihalli Hassan Tollway Limited L&T Interstate Road Corridor Limited L & T Samakhiali Gandhidham Tollway Ltd PNG Tollway Ltd L&T BPP Tollway Ltd Ahmedabad Maliya Tollway Limited L&T General Insurance Company Limited

NOTES FORMING PART ACCOUNTS (Contd..)

Key Managerial Personnel :

Manager	–	Mr. Debendra Kumar Barik
		Mr. Tarun Tyagi

Key Managerial Personnel of Ultimate Holding Company:

Manager	–	Mr. K.Venkatesh
CFO	–	Karthikeyan T.V

b) **Disclosure of related party transactions:**

Nature of transaction	2016-17	2015-16
	₹	₹
Purchase of goods and services incl. taxes		
Holding company		
L&T Infrastructure Development Projects Limited	**24,852,072**	*22,320,447*
Ultimate Holding company,		
Larsen & Toubro Limited	**3,082,004**	*3,809,617*
Fellow subsidiaries		
L&T General Insurance Company Limited		*5,878,585*
Purchase of assets		
Fellow subsidiaries		
L&T Interstate Road Corridor Limited	**–**	*66,119*
Sale of assets		
Fellow subsidiaries		
L & T Samakhiali Gandhidham Tollway Ltd	**390,268**	–
PNG Tollway Ltd	**172,916**	–
L&T BPP Tollway Ltd	**1,855,502**	–
Ahmedabad Maliya Tollway Limited	**–**	*39,291*
L&T Interstate Road Corridor Limited	**–**	*4*
Interest expense		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*21,950,970*
Reimbursement of expenses charged from		
Ultimate Holding company		
Larsen & Toubro Ltd	**1,117,320**	–
Holding company		
L&T Infrastructure Development Projects Limited	**311,397**	*313,155*
Fellow subsidiaries		
Vadodara Bharuch Tollway Limited	**–**	*70,000*
L & T Interstate Road Corridor Ltd	**–**	*252,503*
L&T BPP Tollway Limited	**–**	*67,917*
Promoters Loan received		
Holding company,		
L&T Infrastructure Development Projects Limited	**–**	*12,000,000*
Share Capital Received		
Holding company		
L&T Infrastructure Development Projects Limited	**74,500,000**	*1,180,421,000*
Unsecured Loan Received		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*993,200,000*
Fellow subsidiaries		
Vadodara Bharuch Tollway Limited	**103,500,000**	–
Refundable deposit received for Director's Nomination		
Holding company, .		
L&T Infrastructure Development Projects Ltd	–	300,000

NOTES FORMING PART ACCOUNTS (Contd..)

c) Amount due to and due from related parties(net):

Particulars	Amounts due (to)/from	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Ultimate Holding Company		
Larsen & Toubro Limited	**(2,427,289)**	*(379,319)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(10,196,741)**	*(870,734)*
Fellow Subsidiaries		
Vadodara Bharuch Tollway Ltd	**(103,500,000)**	–

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year–end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Since there are no receivables due from reacted parties, no provision for bad and doubtful debts has been made and no expense has been recognized in relation to the said bad and doubtful debts.

f) Compensation of Key Management personnel of the group

Particulars	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Short term employee benefits	**1,326,870**	*1,221,565*
Post employment gratuity and medical benefits	**–**	–
Other long term benefits	**–**	–
Termination benefits	**–**	–
Share based payment transactions	**–**	–

g) The Holding Company L&T Infrastructure Development Projects Limited has issued Bank guarantees on behalf of L&T Rajkot-Vadinar Tollway Limited of an amount of ₹. 25,32,00,000/- as Debt Service Reserve to senior and sub lenders as per Facility Agreement.

6) Income Tax Expenses

1 The company is not required to pay current income tax due to tax loss as determined in accordance with the Income Tax Act, 1961.

2 In view of losses incurred by the Company during the current year under Income Tax Act 1961, deferred tax assets on deductible temporary differences and carry forward of unused tax losses have been recognised for in the books to the extent of deferred tax liability on consideration that the taxable income will not be available in the forseeable future years against which those temporary differences, losses and tax credit can be utilized. The Company is also eligible for deduction under section 80IA of the Income Tax Act, 1961, which its propose to claim in the future years.

3 Details of each type of recognized temporary differences, unused tax losses and unused tax credits

Particulars	Recognized DTA / DTL in Balance Sheet			Deferred tax (income) / expense recognized in P&L	
	31.03.2017	31.03.2016	01.04.2015	16-17	15-16
	₹	₹	₹	₹	₹
Deferred tax liability					
Intangible Asset	**2,398,106,572**	*2,232,699,060*	*1,968,651,767*	**165,407,512**	*264,047,293*
Investment in mutual funds	**–**	*5,042*	–	**(5,042)**	*5,042*
Long Term Borrowings	**10,208,376**	*239,532,262*	*258,894,659*	**(229,323,886)**	*(19,362,398)*
Major Maintenance Provision	**34,488,716**	*30,961,330*	*24,012,152*	**3,527,386**	*6,949,178*
Total Deferred tax liability	**2,442,803,664**	*2,503,197,695*	*2,251,558,579*	**(60,394,030)**	*251,639,116*

NOTES FORMING PART ACCOUNTS (Contd..)

Particulars	Recognized DTA / DTL in Balance Sheet			Deferred tax (income) / expense recognized in P&L	
	31.03.2017	31.03.2016	01.04.2015	16-17	15-16
	₹	₹	₹	₹	₹
Deferred tax asset					
Tangible Asset	**9,859,177**	*5,500,629*	*1,341,372*	**(4,358,548)**	*(4,159,257)*
Unused tax losses	**2,432,944,488**	*2,497,697,066*	*2,250,217,207*	**64,752,579**	*(247,479,859)*
Total Deferred tax asset	**2,442,803,664**	*2,503,197,695*	*2,251,558,579*	**60,394,030**	*(251,639,116)*
Net deferred tax Liability / (Asset)	**–**	–	–	**–**	–

4 Details of deferred tax assets not recognized in Balance Sheet

Particulars	31.03.2017		31.03.2016		01.04.2015	
	Amount	Expiry date	Amount	Expiry date	Amount	Expiry date
	₹	₹	₹	₹	₹	₹
Unabsorbed depreciation	**1,367,546,599**	**N/A**	*926,444,891*	*N/A*	*421,524,481*	*N/A*

7) Disclosure pursuant to Ind AS 33 "Earnings per share

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	*A*	**(580,201,970)**	*(586,338,792)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**110,000,000**	*110,000,000*
Basic earnings per equity share (₹)	A / B	**(5.27)**	*(5.33)*
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**(580,201,970)**	*(586,338,792)*
Add : Interest on convertibles (net of tax)	B		
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	**(580,201,970)**	*(586,338,792)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	**110,000,000**	*110,000,000*
Add : Shares deemed to be issued for no consideration in respect of :	E	**51,572,096**	
Compulsorily convertible preference share capital	F	**–**	
Compulsorily convertible debentures	G		
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	**161,572,096**	*110,000,000*
Diluted earnings per equity share (₹)		**(3.59)**	*(5.33)*
Face value per equity share (₹)		**10.00**	*10.00*

Potential equity shares that will arise on conversion of Compulsory Convertible Cumulative Preference Shares are resulting into anti dilution of EPS in the current year. Hence they have not been considered in the computation of diluted EPS in accordance with Ind AS 33 "Earnings Per Share."

8) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

NOTES FORMING PART ACCOUNTS (Contd..)

9) Disclosures as per Ind AS 37 – "Provisions, Contingent Liabilities and Contingent assets"

a) Nature of provisions:

i) Major Maintenance Provision

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (GSRDC) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

ii) Implementation provisions:

During capitalisation company made provision for balance implementation work as part of Toll Collection rights. These works were pending dues to issues like non availability of Land or Right of way. That included PUP (1 No), CUP (2 Nos), Truck Lay By (3 Nos) and fencing of Urban Areas. Since then series of meeting and discussion took place between the company and GSRDC. Finally a conclusion is arrived and decision on all such issues is agreed in the form of supplementary agreement dated 9th Nov 2015. List of such issues are mentioned in Annexure 1 and 2 of the said supplementary agreement

b) Movement in provisions:

i) Major Maintenance Provision

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	₹	₹	₹
Opening balance	**257,171,876**	*141,490,209*	*59,374,000*
Additional provision	**207,874,810**	*137,100,000*	*156,125,000*
Utilised	**(61,100,000)**	–	–
Unused amounts reversed			
Unwinding of discount and changes in discount rate	**(10,871,892)**	*(21,418,333)*	*(74,008,791)*
Closing balance	**393,074,794**	*257,171,876*	*141,490,209*

ii) Implementation Provisions:

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	₹	₹	₹
Opening balance	**279,995,064**	*279,995,064*	*279,995,064*
Additional provision			
Utilised			
Unused amounts reversed	**(70,559,923)**	–	–
Unwinding of discount and changes in discount rate			
Closing balance	**209,435,141**	*279,995,064*	*279,995,064*

10) Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	*2,994,500*	*3,185,705*	*6,180,205*
(+) Permitted receipts	*29,346,500*	*41,982,701*	*71,329,201*
(-) Permitted payments	–	*2,784,000*	*2,784,000*
(-) Amount deposited in Banks	*32,341,000*	*36,589,456*	*68,930,456*
Closing cash in hand as on 30.12.2016	–	*5,794,950*	*5,794,950*

NOTES FORMING PART ACCOUNTS (Contd..)

11) First time adoption of Ind AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' . This amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' .The amendments are applicable to the company from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of Financial Statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the Balance Sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Exemptions availed

Ind AS 101 allows first-time adopters certain exemptions from the retrospective application of certain requirements Under Ind AS

Deemed cost of Property, plant and equipment

Company has elected to measure all of its Property, Plant and Equipment and Investment property at their previous GAAP carrying amount on the date of transition to Ind AS.

Amortization of Tolling Rights

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

12) Transitional details

i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenure of the loan. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Accordingly borrowings as at 31st March 2015 have been reduced by ₹ 3,08,32,139/-. The amount capitalized to toll collection rights ₹ 3,86,97,000/- under Indian GAAP, has been decapitalized under Ind AS, with an effect of ₹ 78,64,861/- to retained earnings.

ii) Provisions

Under Indian GAAP, the Company has accounted for provisions, including periodic major maintenance provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost. This led to a decrease in periodic major maintenance provision on 1st April 2015 and 31st March 2016 by ₹ 7,40,08,791/- and ₹ 9,54,27,124/- respectively, which was adjusted against retained earnings and Statement of Profit and Loss for the same amount.

iii) Mezzanine Debt

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full, hence it was classified as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to not deliver cash or other financial asset to settle the obligation, the interest-free Mezzanine debt is fair valued on initial recognition. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹ 84,13,86,653/- by a corresponding adjustment to "Equity Component of Other Financial Instruments".

iv) Current investments

Under the previous GAAP, investment in mutual funds were classified as current investments based on the intended holding period. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments in mutual funds are marked to market at each reporting date. The difference between the fair value and the carrying amount is recognized in the Statement of Profit and Loss. The amount recognized in retained earnings as on 31st March 2015 is ₹ NIL and the amount recognized in the Statement of Profit and Loss as on 31st March 2016 is ₹ 15,541/-.

NOTES FORMING PART ACCOUNTS (Contd..)

13) Reconciliation between Previous GAAP and IND AS

Reconciliation of Total Equity (Refer Note H (26))

Particulars	March 31, 2016 ₹	April 01, 2015 ₹
Total Equity as per Previous GAAP	**(417,376,305)**	*(1,031,427,640)*
Adjustments as per Ind AS		
Equity Component of Financial Instrument	**841,386,654**	*841,386,654*
Fair Valuation if Investment	**15,541**	
Unwinding of Interest on Loan- Opening	**(7,864,861)**	*(7,864,861)*
Unwinding of Interest on Loan	**(3,728,195)**	
Amortisation- Opening	**1,653,849**	*1,653,849*
Amortisation	**728,531**	
Discounting of MMR provision - Opening	**74,008,791**	*74,008,791*
Discounting of MMR provision	**37,100,000**	
Unwinding of Interest on MMR	**(15,681,667)**	*(91,789,466)*
Unwinding of Interest on Mezzanine Debt	**(38,429,406)**	
Unwinding of Interest on Mezzanine Debt - Opening	**(91,789,466)**	
Total Ind AS Adjustments	**797,399,771**	*817,394,967*
Total Equity as per Ind AS	**380,023,466**	*(214,032,673)*

Reconciliation of Total Comprehensive Income for the year ended March 31, 2016

Particulars	2015 - 2016 ₹
Profit after tax as per Previous GAAP	*(566,369,665)*
Adjustments as per Ind AS	
Recognisation of Finance cost on account of amortised cost of financial liability	*57,839,268*
Actuarial (Gain) / Loss	
Interest Accrued but not due	
Discounting/unwinding of liability / provision	*(37,100,000)*
Reversal of amortisation intangible assets	*(728,531)*
Fair Value of Investments	*(15,541)*
Total Ind AS Adjustments	*19,995,196*
Profit after tax as per Ind AS	*(586,364,861)*
Other Comprehensive income	
Actuarial (Gain) / Loss	*(26,069)*
Total Comprehensive Income as per Ind AS	*(586,338,792)*

14) Impact of Ind AS adoption on statement of cash flows for the year ended March 31, 2016 (Refer Para 40.4)

Particulars	Previous GAAP ₹	Adjustments ₹	Ind AS ₹
Net Cash Flows from Operating Activities	**898,861,052**	**(134,963)**	**898,726,089**
Net Cash Flows from Investing Activities	**(9,945,868)**	**149,514**	**(9,796,354)**
Net Cash Flows from Financing Activities	**(881,857,594)**	**–**	**(881,857,594)**
Net Increase / (Decrease) in cash and cash equivalents	**7,057,590**	**14,551**	**7,072,141**
Cash and cash equivalents as at April 01, 2015	**9,001,240**	**(17,228)***	**8,984,012**
Cash and cash equivalents as at March 31, 2016	**16,058,830**	**(2,677)***	**16,056,153**

*These adjustments reflect regrouping of "Interest receivable on Fixed Deposits" from Cash and Cash Equivalents to Other Financial Assets under Ind AS Financial Statements.

NOTES FORMING PART ACCOUNTS (Contd..)

15) Since May 2014, the company through series of letters represented to GSRDC that the company will be deferring the payment of revenue share because of shortfall in toll collection. The company has further informed that the revenue share so deferred will be paid along with interest at RBI Bank Rate plus 2% based on the position of Cash Flow of the Company. As on 31st March 2017, the unpaid revenue share is ₹ 475,566,639 and interest is ₹ 59,547,539/-. GSRDC vide letter dated 11th April 2017 has approved the deferment of the revenue share based on representation of company. Based on this letter liability of ₹ 5.06 Cr has been shown as current liability and balance has been shown as long term liability.

16) The Company operates in the infrastructure business sector which involves huge capital investments. The Company's accumulated losses have exceeded its paid up capital as on Balance Sheet date .However the losses incurred so far is on account of initial stage of the Company's Operations. The toll revenue of the Company have started increasing and the Company's borrowing cost will be lower on account of reduction in interest rate approved in principal by the lenders. The Management have funded the shortfall in the cash flow till now wherever required and company has not defaulted in its repayment obligations. In view of this management believes that there is no threat to the going concern. Further on account of increase in revenue and reduction in cost as mentioned earlier it is expected that the in subsequent financial years the Company's losses will be recouped. Having regard to this the Financial Statements have been prepared on the basis that the Company is a going concern.

17) Government of Gujarat had taken a decision to grant exemption to Car/Jeep/ Van category and passenger bus owned by GSRDC from paying toll tax w.e.f 15th August 2016. Based on this on 12th August 2016 GSRDC issued detailed letter to the Concessionaire about its implementation. The letter also mentioned the procedure for reimbursement of loss to the Concessionaire towards shortfall in collection. The Company is submitting the claims for loss on account of this on monthly basis. GSRDC has made the payment against the claims till the month February 2017

18) In view of decision of Government of India on 8th Nov 2016, Toll collection on National Highways were suspended as per NHAI orders from 9th Nov 2016 to 2nd Dec 2016. The Company's project being a State Road Project under the Concession from GSRDC. GSRDC did not suspend the toll on State Highways during this period and company made all the possible efforts to collect toll from users. Due to non-availability of lower denomination notes/change money coupled with resistance from Public, the company lost substantial amount of toll revenue. The company is following up with Government of Gujarat as well as GSRDC for reimbursement of loss suffered on the lines of policy adopted by NHAI.

19) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
		₹	₹	₹	₹	₹	₹	₹	₹	₹
Financial asset										
Security Deposits	3	–	–	**1,278,579**	–	–	*1,278,579*	–	–	*1,181,597*
Investments	6	–	–	–	*12,078,129*	–	–	–	–	–
Trade receivables	7	–	–	**23,952,108**	–	–	–	–	–	–
Cash and cash equivalents	8	–	–	**13,380,867**	–	–	*16,056,153*	–	–	*8,984,012*
Other Current Financial Asset	3	–	–	**269,826**	–	–	*170,995*	–	–	*264,871*
Total Financial Asset		–	–	**38,881,380**	**12,078,129**	–	*17,505,727*	–	–	*10,430,480*
Financial liability										
Term Loan from Banks	11	–	–	**8,057,500,026**	–	–	*8,206,690,297*	–	–	*8,220,482,136*
Loans from related parties	11	–	–	**526,506,862**	–	–	*388,832,217*	–	–	*1,331,602,811*
Revenue Share Payable to GSRDC (Including Interest)	12	–	–	**477,393,905**	–	–	*345,014,703*	–	–	*266,945,772*

NOTES FORMING PART ACCOUNTS (Contd..)

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
		₹	₹	₹	₹	₹	₹	₹	₹	₹
Other Current Financial Liabilities	12	–	–	75,358,199	–	–	18,699,412	–	–	4,388,855
Trade Payables	15	–	–	35,583,237	–	–	12,429,038	–	–	12,248,172
Total Financial Liabilities		–	–	9,172,342,229	–	–	8,971,665,667	–	–	9,835,667,746

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

20) Fair value of Financial asset and liabilities at amortized cost

Particular	Note no.	31.03.2017		31.03.2016		01.04.2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
		₹	₹	₹	₹	₹	₹
Financial Assets							
Security Deposits	3	1,278,579	1,278,579	1,278,579	1,278,579	1,181,597	1,181,597
Total Financial Assets		1,278,579	1,278,579	1,278,579	1,278,579	1,181,597	1,181,597
Financial liability							
Term Loan from Banks	11	8,057,500,026	8,057,500,026	8,206,690,297	8,206,690,297	8,220,482,136	8,220,482,136
Loans from related parties	11	526,506,862	526,506,862	388,832,217	388,832,217	1,331,602,811	1,331,602,811
Revenue Share Payable to GSRDC (Including Interest)	12	477,393,905	477,393,905	345,014,703	345,014,703	266,945,772	266,945,772
Total Financial Liabilities		9,061,400,793	9,061,400,793	8,940,537,217	8,940,537,217	9,819,030,719	9,819,030,719

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Revenue Share Payable to GSRDC (Including Interest) reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

Refer Note H(22) for information on Financial Asset pledged as security

NOTES FORMING PART ACCOUNTS (Contd..)

21) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at FV – Recurring FVM	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial Assets					
Security Deposits	3	–	1,278,579	–	1,278,579
Total of Financial Assets		–	1,278,579	–	1,278,579
Financial Liabilities					
Term Loan from Banks	11	–	8,057,500,026	–	8,057,500,026
Loans from related parties	11	–	526,506,862	–	526,506,862
Revenue Share Payable to GSRDC (Including Interest)	12	–	477,393,905	–	477,393,905
Total Financial liabilities		–	9,061,400,793	–	9,061,400,793

As at March 31, 2016

Financial Asset & Liabilities Measured at FV – Recurring FVM	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	*12,078,129*	–	–	*12,078,129*
Total of Financial Assets		*12,078,129*	–	–	*12,078,129*
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial Assets					
Security Deposits	3	–	*1,278,579*	–	*1,278,579*
Total of Financial Assets		–	*1,278,579*	–	*1,278,579*
Financial Liabilities					
Term Loan from Banks	11	–	*8,206,690,297*	–	*8,206,690,297*
Loans from related parties	11	–	*388,832,217*	–	*388,832,217*
Revenue Share Payable to GSRDC (Including Interest)	12	–	*345,014,703*	–	*345,014,703*
Total Financial liabilities		–	*8,940,537,217*	–	*8,940,537,217*

NOTES FORMING PART ACCOUNTS (Contd..)

As at March 31, 2015

Financial Asset & Liabilities Measured at FV – Recurring FVM	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial Assets					
Security Deposits	3	–	*1,181,597*	–	*1,181,597*
Total of Financial Assets		–	*1,181,597*	–	*1,181,597*
Financial Liabilities					
Term Loan from Banks	11	–	*8,220,482,136*	–	*8,220,482,136*
Loans from related parties	11	–	*1,331,602,811*	–	*1,331,602,811*
Revenue Share Payable to GSRDC (Including Interest)	12	–	*266,945,772*	–	*266,945,772*
Total Financial liabilities		–	*9,819,030,719*	–	*9,819,030,719*

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Revenue Share Payable to GSRDC (Including Interest)	Income	Cash flow

22) **Asset pledged as security**

Particulars	Note no	31.03.2017 ₹	31.03.2016 ₹	01.04.2015 ₹
Non Financial Asset				
Property, Plant & Equipment	1	**76,256,825**	*112,745,057*	*147,574,655*
Intangible asset	2	**9,555,302,483**	*9,766,828,433*	*9,913,842,906*
Other Financial Asset	3	**1,278,579**	*1,278,579*	*1,181,597*
Financial Asset				
Cash and Cash Equivalents	8	**13,380,867**	*16,056,153*	*8,984,012*
Investments In Mutual Fund	6	**–**	*12,078,129*	–
Trade and Other Receivables	7	**23,952,108**	–	–
Other Financial Asset	3	**269,826**	*170,995*	*264,871*
TOTAL		**9,670,440,688**	*9,909,157,346*	*10,071,848,041*

NOTES FORMING PART ACCOUNTS (Contd..)

23) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	31.03.2016	01.04.2015
	₹	₹	₹
Senior Debt from Banks - Variable rate borrowings	**8,057,500,026**	*8,206,690,297*	*8,220,482,136*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit / loss after tax	
	FY 2016-17	FY 2015-16
	₹	₹
Increase or decrease in interest rate by by 25 basis point	**20,330,238**	*20,533,966*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
		₹	₹	₹
Investments in Mutual Funds		**–**	*12,078,129*	–

NOTES FORMING PART ACCOUNTS (Contd..)

Sensitivity Analysis

	Impact on profit / loss after tax	
	31.03.2017	31.03.2016
	₹	₹
Increase or decrease in NAV by 2%	–	*241,563*

Note - In case of decrease in NAV profit will reduce and vice versa.

iv **Liquidity risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

	Carrying Amount	upto 1 year	1- 2 years	2- 5 years	> 5 years
As at March 31, 2017					
	₹	₹	₹	₹	₹
Non Derivative Financial Liability					
Senior Debt from Banks	**8,057,500,026**	**35,039,976**	**649,116,000**	**3,704,604,024**	**3,668,740,026**
Trade Payables	**35,583,237**	**35,583,237**			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
As at March 31, 2016					
Non Derivative Financial Liability					
Senior Debt from Banks	**8,206,690,297**	**15,329,976**	**35,039,976**	**2,793,564,000**	**5,362,756,345**
Trade Payables	**12,429,038**	**12,429,038**			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
As at April 01, 2015					
Non Derivative Financial Liability					
Senior Debt from Banks	**8,220,482,136**	**17,520,024**	**15,329,976**	**1,941,215,952**	**6,246,416,184**
Trade Payables	**12,248,172.00**	**12,248,172**			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

v **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. GSRDC. Hence, the management believes that the company is not exposed to any credit risk.

24 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

24.1 Description and classification of the arrangement

The Company has entered into Concession Agreement ('CA') with Gujarat State Road Development Corporration Limted (GSRDC) dated September 17, 2008 for construction of additional 2 lane for Rajkot-Jamnagar-Vadinar Road to make it Four Lane Divided Carriageway Facility under Viability Gap Funding Scheme of Government of India on Built Operate and Transfer basis. The Concession Period is of 20 years including construction period of 910 days. The Company obtained provisiona completion certificate on 1st Feb 2012 from the GSRDC. As per the CA, the company is entitled to charge users of the public service, hence the service arrangement has been classified as Intangible Asset.

NOTES FORMING PART ACCOUNTS (Contd..)

24.2 Significant Terms of the arrangements

24.2.1 Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 6 and Schedule G of the Concession Agreement dated Sept 17, 2008.

24.2.2 Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article 7 of the Concession Agreement, the company is liable to pay Concession Fee ₹ 1 every year. The company is also liable of payment of Additional Concession Fee at the rate of 12.95% of total realisable fee. The rate of additional concession fee increases by 1% for each subsequent period of concession. i.e. 13.95% for second year, 14.95% for third year and so on

24.3 Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

24.4 Obligation of the Company

a The company shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maintenance of Project Highway as per Schedule L of the CA.

24.5 Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

24.6 Details of Termination

CA can be terminated on account of default of the company or GSRDC in the circumstances as specified under article 30 of the CA.

24.7 Significant Changes in the terms Original Concession Agreement till 31st March 2017

a As per supplementary Agreement dated 9th Nov 2015 GSRDC has extended the concession period by 47 days due to various issues during construction period.

b In view of Shortfall on toll collection, GSRDC vide letter dated 11th April 2017 has given in principle approval for deferment of the payment of this outstanding revenue share and interest outstanding on 31st March 2017 and for revenue share relating to the future years till 2025-26. The supplementary agreement incorporating the same is yet to be executed.

25) Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

Particulars	**March 31, 2017** ₹	**March 31, 2016** ₹	**April 01, 2015** ₹
Equity	**1,100,000,000**	*1,100,000,000*	*1,100,000,000*
Other Equity	**(1,225,594,160)**	*(719,976,534)*	*(1,314,032,673)*
Total	**(125,594,160)**	*380,023,466*	*(214,032,673)*

The company does not have any externally imposed capital requirement.

26) Previous Year Figures are regrouped wherever required.

NOTES FORMING PART ACCOUNTS (Contd..)

I. Significant Accounting Policies

This note provides a list of the significant accounting policies adopted in the preparation of these Financial Statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with Ind AS

The Company's Financial Statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Financial Statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the Financial Statements have been restated to Ind AS.

These Financial Statements are the first Financial Statements of the Company under Ind AS. Refer Note 11-15 for an explanation on how the transition from previous GAAP to Ind AS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The Financial Statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

– Certain financial assets and liabilities
– Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these Financial Statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the Financial Statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the Financial Statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the Financial Statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

– In the principal market for the asset or liability, or
– In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the Financial Statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2 Presentation of Financial Statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the Financial Statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

NOTES FORMING PART ACCOUNTS (Contd..)

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis. The compensation receivable for categories vehicles exempted from Toll by Concessioning Authority is accounted on cash basis except for the last month of year where it is recognised on estimated realisable value basis.

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and Cash Equivalents

Cash and cash equivalents for the purposes of Cash Flow Statement comprise cash at bank (including demand deposits) and in hand and short-term, highly liquid investments with original maturities of three months or less that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value and bank overdrafts. Bank overdraft is shown within borrowings

5 Cash Flow Statement

Cash Flow Statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Property, Plant and Equipment are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any.

The cost comprises the purchase price, borrowing cost if capitalization criteria are met and directly attributable cost of bringing the asset to its working condition for its intended use. Any trade discounts and rebates are deducted in arriving at the purchase price.

Subsequent expenditures relating to property, plant and equipment is capitalized only when it is probable that future economic benefits associated with these will flow to the company and the cost of the item can be measured reliably.

All other expenses on existing fixed assets, including day-to-day repair and maintenance expenditure and cost of replacing parts, are charged to the Statement of Profit and Loss for the period during which such expenses are incurred. Gains or losses arising from derecognition of fixed assets are measured as the difference between the net disposal proceeds and the carrying amount of the asset at the time of disposal and are recognized in the Statement of Profit and Loss when the asset is derecognized.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10

NOTES FORMING PART ACCOUNTS (Contd..)

Category of Property, plant and equipment	Estimated useful life (in years)
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

7 **Amortisation of intangible assets**

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 **Intangible assets**

Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to Gujarat State Road Development Corporation Ltd (GSRDC), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from Gujarat State Road Development Corporation Ltd (GSRDC) are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

9 **Employee benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

NOTES FORMING PART ACCOUNTS (Contd..)

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur."

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

10 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

11 Segment reporting

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. The company / Group's chief operating decision maker is the Chief Executive Officer and Managing Director.

Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

NOTES FORMING PART ACCOUNTS (Contd..)

12 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14 Impairment of assets

The carrying values of assets / cash generating units at each Balance Sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised."

15 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

NOTES FORMING PART ACCOUNTS (Contd..)

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

16 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income
- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.”

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires. Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the Statement of Profit and Loss.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method. Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value. Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation. Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges. Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

NOTES FORMING PART ACCOUNTS (Contd..)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

17 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

18 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

19 First time adoption of Ind AS

The Company has prepared opening Balance Sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached
For **MANUBHAI & SHAH LLP**
Chartered Accountants
(Firm's Registration No.: 106041W/W100136)
by the hand of

K C PATEL
Partner
Membership No.: 30083

Place : Ahmedabad
Date : April 28, 2017

For and on behalf of the Board of

KARTHIKEYAN T V
Director
DIN: 01367727

DR. ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 26, 2017

BOARD'S REPORT

Directors are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ crore	*₹ crore*
Profit/ (loss) Before Depreciation, exceptional and extra ordinary items & Tax	**(0.53)**	*(1.08)*
Less: Depreciation, amortization and obsolescence	**–**	–
Add: Transfer from Revaluation Reserve	**–**	–
Profit / (loss) before exceptional and extraordinary items and tax	**(0.53)**	*(1.08)*
Add: Exceptional Items	**–**	–
Profit / (loss) before extraordinary items and tax	**(0.53)**	*(1.08)*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**(0.53)**	*(1.08)*
Less: Provision for tax	**–**	–
Profit / (loss) after tax from continuing operations	**(0.53)**	*(1.08)*
Profit / (loss) for the period carried to the balance sheet	**(0.53)**	*(1.08)*
Add: Balance brought forward from previous year	**(2.44)**	*(1.36)*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**(2.97)**	*(2.44)*
Balance carried to Balance Sheet	**(2.97)**	*(2.44)*

STATE OF COMPANY AFFAIRS

The gross revenue and other income for the financial year under review were ₹ 545.64 crore as against ₹ 332.21 crore for the previous financial year registering an increase of 64.24%. The loss before tax from continuing operations including extraordinary and exceptional items was ₹ 0.53 crore and the loss after tax from continuing operations including extraordinary and exceptional items of ₹ 0.53 crore for the financial year under review as against ₹ 1.08 crore and ₹ 1.08 respectively for the previous financial year, registering an decrease of 50.27% and 50.27% respectively.

CAPITAL & FINANCE

The Company has not raised funds via issue of Non-Convertible debentures or long term foreign currency loans.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including under development leased assets, stood at ₹ 1030.61 crore and the net fixed and intangible assets, including leased assets stood at ₹ 1030.34 crore. Capital Expenditure during the year amounted to ₹ 448.66 crore. Net of Government grant of ₹ 147.86 crore.

DEPOSITS

The Company has not accepted any deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

Your company does not have any Subsidiary / Associate / Joint Venture Company under its purview.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However, the details of loans given, investments made and guarantees/securities provided by the Company are given in the note to the accounts of this Annual Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's - length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 is given to this Report in **Annexure I.**

AMOUNT TO BE CARRIED TO RESERVE

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of the losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no significant and material orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

RISK MANAGEMENT POLICY

The company follows the risk management policy of its holding company and has in place a mechanism to inform the Board members about risk assessment and minimisation procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, the provisions of Corporate Social Responsibility are not applicable.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.Manoj Kumar Singh, Director, who retired by rotation at the Annual General Meeting held on September 28, 2016 was reappointed as a Director of the Company.

Mr.Arun Kumar Jha resigned as Director of the Company on January 16, 2017.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr.Karthikeyan.T.V	Director	01367727
2	Mr.Mathew George	Director	07402208
3	Mr.Manoj Kumar Singh	Director	05228599
4	Dr.A.Veeraragavan	Independent Director	07138615
5	Mrs.Samyuktha Surendran	Independent Director Woman Director	07138327

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S. No.	Name	Designation	Date of Appointment
1	Mr.S.D.Mahaveer	Manager	28/10/2014
2	Mr.K.C.Raman	Chief Financial Officer	28/03/2016
3	Ms.Sipra Paul	Company Secretary	16/01/2017

*Ms.Sipra Paul has resigned as CS with effect from April 26, 2017.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement. During the year under review 6(six) Meetings were held on the following dates.

Date	Board Strength	No of Directors Present
April 26, 2016	5	4
June 24, 2016	5	3
July 14, 2016	5	3
October 18, 2016	6	4
January 16, 2017	6	4
March 15, 2017	5	4

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Dr.A.Veeraragavan, Mrs.Samyuktha Surendran and Mr.Mathew George.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

Details of the meetings held during the year under review, are given below:

Date	Strength of the Committee	No. of members Present
April 26, 2016	3	2
July 14, 2016	3	2
October 18, 2016	3	3
January 16, 2017	3	3
March 15, 2017	3	3

The Company has established a vigil mechanism framework for Directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Dr.A.Veeraragavan, Mrs.Samyuktha Surendran and Mr.Mathew George.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review, two meeting was held and the details are given hereunder:

Date	Strength of the Committee	No. of members Present
July 14, 2016	3	2
January 16, 2017	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received declaration(s) of independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director(s).

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on December 07, 2016 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors

DISCLOSURE OF REMUNERATION

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on July 14, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

Statutory auditors

The Company in the 2nd Annual General Meeting held on September 25, 2015 for the Financial Year 2015-16 had appointed M/s.M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), No. 244 (Old No. 138), II Floor, Angappa Naicken Street, Chennai - 600 001, as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s.M.K.Dandeker & Co, as auditors of the company from the conclusion of the ensuing Annual General Meeting until the conclusion of the next Annual General Meeting.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

Secretarial Auditor

M/s.Balaji & Associates, a firm of Company Secretaries in practice were appointed to conduct the Secretarial Audit for the financial year 2016-17 as required under section 204 of the Act and rules made thereunder.

The Secretarial Audit Report issued by M/s.Balaji & Associates (C.O.P.No.6965), Proprietor of the firm is attached to this Report as **Annexure II.**

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT - 9 is enclosed to this Report as **Annexure III**.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

	KARTHIKEYAN.T.V	**MATHEW GEORGE**
Place : Chennai	*Director*	*Director*
Date : April 28, 2017	*DIN: 01367727*	*DIN :07402208*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   The Company has not entered into such transactions during the year.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

Name of the related party	**Nature of relationship**	**Nature of contract/ arrangement/ transactions**	**Duration of contract/ arrangement/ transactions**	**Salient terms of contract/ arrangement/ transactions**	**Amount paid as advance**
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Engineering, Procurement and Construction works	For a continuous period till the Completion of Work unless terminated	Design, execution and completion of construction work and remedying defects	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Assistance in employee payouts	For a continuous period unless terminated or the Company ceases to be a part of L&T IDPL Group	Assistance in pay roll processing, reimbursement of employee benefit claims, Employee Travel Expense Management, payment voucher etc.	Nil
L&T Limited	Ultimate Holding Company	Payment of rent	For a continuous period till cancellation	Occupation and use of the premises	Nil
L&T Limited	Ultimate Holding Company	Engineering, Procurement and Construction works for change of scope related	For a continuous period till the Completion of Work unless terminated	Design, execution and completion of construction work and remedying defects	Nil

Date(s) of approval by the Board, if any - April 28, 2017

For and on behalf of the Board

KARTHIKEYAN.T.V	**MATHEW GEORGE**
Director	*Director*
DIN: 01367727	*DIN :07402208*

Place : Chennai
Date : April 28, 2017

ANNEXURE II

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
M/S. L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED,
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **M/s. L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED** (CIN:U45206TN2013PLC093395) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2017 according to the provisions of (i) The Companies Act, 2013 (the Act) and the rules made thereunder (ii) The National Highways Authority of India Act, 1988.

M/s L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 (‘SEBI Act’) viz: (a) The Securities and Exchange Board of India(substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2009, (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India(Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 are not attracted.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review, the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above subject to the following observations:

– that the company has appointed the Company Secretary as required under the provisions of Section 203 read with Rule 8A of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014 on 16/01/2017.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at Arm’s Length Basis and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation, the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has obtained the approval of its members for the following major items:

– in the Extra-Ordinary General Meeting held on 02/12/2016 increase of Authorised

Capital from ₹ 290.02 crore to ₹ 290.5 crore was approved.

I further report that during the audit period under review, the Board of Directors of the Company has allotted the following equity shares to M/s. L&T Infrastructure Development Projects Limited by Circular Resolutions:

Number of equity shares	Face Value (Rupees)	Total Value of shares (Rupees)	Date of approval
3,60,00,000	10	36,00,00,000	27/06/2016
3,81,70,000	10	38,17,00,000	11/08/2016
10,000	10	1,00,000	24/01/2017

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

M. BALAJI RAJAN
Practicing Company Secretary
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

Annexure A

To
The Members,
M/s.L&T Sambalpur-Rorkela Tollway Limited,
Chennai

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

M. BALAJI RAJAN
Practicing Company Secretary
C. P. No. 6965

Place : Chennai
Date : 20/04/2017

ANNEXURE III

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45206TN2013PLC093395
Registration Date	18/10/2013
Name of the Company	L&T Sambalpur - Rourkela Tollway Limited
Category / Sub-Category of the Company	Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	NO
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	215849998*	215849998*	99.99	–	290029998*	290029998*	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**215849998***	**215849998***	**99.99**	**–**	**290029998***	**290029998***	**99.99**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**–**	**215849998***	**215849998***	**99.99**	**–**	**290029998***	**290029998***	**99.99**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds									
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	2	2	0.01	–	2	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B) (2):-	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
Total shareholding of Promoter (B) = (B)(1)+(B)(2)	**–**	**2**	**2**	**0.01**	**–**	**2**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**–**	**215850000***	**215850000***	**100**	**–**	**290030000***	**290030000***	**100**	**–**

* Including Shares held by nominees of L & T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	No. of Shares held as on April 1, 2016			No. of Shares held as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (with nominees)	215849998	99.99%	–	290029998	99.99%	0.00%	34.37%
	Total	**215849998**	**99.99%**	**–**	**290029998**	**99.99%**	**0.00%**	**34.37%**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1.	As on April 1, 2016	215849998	99.99%	215849998	99.99%
2.	Allotment on June 27, 2016	36000000	14.29%	251849998	99.99%
3.	Allotment on August 11, 2016	38170000	13.16%	290019998	99.99%
4.	Allotment on January 01, 2017	10000	0.0%	290029998	99.99%
5.	As on March 31, 2017	290029998	99.99%	290029998	99.99%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1.	At the beginning of the year	2	0.01	2	0.01
2.	Date wise Increase/Decrease in Promoters Shareholding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer /bonus/ sweat equity etc.):	–	–	–	–
3.	At the End of the year (or on the date of separation, if separated during the year)	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

No shares of the Company were held by the Directors and/or Key Managerial Personnel.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹ Crore)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	391.95	–	–	391.95
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**391.95**	**–**	**–**	**391.95**
Change in Indebtedness during the financial year				
Addition	391.88	–	–	391.88
Reduction	–	–	–	–
Net Change	**391.88**	**–**	**–**	**391.88**
Indebtedness at the end of the financial year				
i) Principal Amount	783.83	–	–	783.83
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**783.83**	**–**	**–**	**783.83**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Manager: Mr. Mahaveeer Shartappa Dasharthna	
1.	Gross salary	37,48,763	37,48,763
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit		
	– Others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**37,48,763**	**37,48,763**
	Ceiling as per the Act	**120,40,030**	**120,40,030**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. A. Veeraragavan	Ms.Samyuktha Surendran	
1	Independent Directors			
	Fee for attending Board Meeting	1,50,000	1,50,000	3,00,000
	Fee for attending Committee Meeting	70,000	70,000	1,40,000
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,20,000**	**2,20,000**	**4,40,000**
2.	Other Non - Executive Directors 1. Mr. Manoj Kumar Singh 2. Mr. Mathew George 3. Mr. Arun Kumar Jha 4. Mr.Karthikeyan.T.V			–
	No Fee for attending Board Meeting / Committee Meeting and No Commission			–
	Total (2)			**–**
	Total (B)=(1+2)	**2,20,000**	**2,20,000**	**4,40,000**
	Total Managerial Remuneration	NA		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹ 1,00,000 per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

No remuneration was paid to Key Managerial Personnel other than Manager.

Mr.K.C.Raman, CFO is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

KARTHIKEYAN.T.V
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN :07402208

Place : Chennai
Date : April 28, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T SAMBALPUR - ROURKELA TOLLWAY LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Sambalpur – Rourkela Tollway Limited** ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note C (19) to the Ind AS financial statements.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The Company does not have any immovable properties and hence clause 3 (i)(c) of the Companies (Auditor's Report) Order 2016 is not applicable.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

9. The moneys raised by way of term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T Sambalpur – Rourkela Tollway Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31-03-2017 ₹	As at 31-03-2016 ₹	As at 01-04-2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	4,385,328	3,920,267	4,945,292
b) Intangible assets under development	2	10,299,001,726	5,812,430,749	1,705,030,169
c) Financial Assets				
i) Loans	3	950,250	59,100	59,100
d) Other non-current assets	4	175,769,634	845,363,223	1,282,032,844
		10,480,106,938	6,661,773,339	2,992,067,405
Current assets				
a) **Financial Assets**				
i) Investments	5	228,189,329	26,531,756	67,257,109
ii) Cash and bank balances	6	348,106,580	2,070,362	146,910,053
b) Current Tax Assets (net)	4	5,989,084	1,238,175	81,011
c) Other current assets	4	315,355,408	99,957,314	1,124,727
		897,640,401	129,797,607	215,372,900
TOTAL		11,377,747,339	6,791,570,946	3,207,440,305
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	2,900,300,000	2,158,500,000	963,500,000
b) Other Equity	8	(29,707,639)	(24,452,358)	(13,625,144)
		2,870,592,361	2,134,047,642	949,874,856
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	7,829,404,488	3,913,743,610	1,646,677,334
b) Provisions	10	4,872,920	8,369,746	2,168,467
		7,834,277,408	3,922,113,356	1,648,845,801
Current liabilities				
a) **Other current liabilities**	11	666,296,798	732,418,516	608,578,575
b) Provisions	10	6,580,772	2,991,432	141,073
		672,877,570	735,409,948	608,719,648
Total Equity and Liabilities		11,377,747,339	6,791,570,946	3,207,440,305
Contingent Liabilities	A			
Commitments	B			
Other Notes Forming part of Accounts	C			
Significant Accounting Policies	D			

As per our report attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No. 000679S)

For and on behalf of the Board

by the hand of
S. POOSAIDURAI
Partner
Membership No. 223754

K. C. RAMAN
Chief Financial Officer

KARTHIKEYAN T. V.
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 28, 2017

Place : Chennai
Date : April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Construction contract revenue			**5,453,148,518**		*3,314,500,801*
Other income	**12**		**3,216,497**		*7,601,153*
Total income			**5,456,365,015**		*3,322,101,954*
EXPENSES					
Construction contract expenses			**5,453,148,518**		*3,314,500,801*
Employee benefit expense	**13**		**3,026,401**		*1,926,469*
Finance costs	**14**		**3,158,468**		*7,194,208*
Administration and other expenses	**15**		**2,286,907**		*9,307,692*
Total expenses			**5,461,620,294**		*3,332,929,170*
Profit/(loss) before exceptional items and tax			**(5,255,279)**		*(10,827,216)*
Exceptional items			**–**		*–*
Profit/(loss) before tax			**(5,255,279)**		*(10,827,216)*
Tax Expenses			**–**		*–*
Profit/(loss) for the year			**(5,255,279)**		*(10,827,216)*
Other comprehensive income			**–**		*–*
Total comprehensive income for the year			**(5,255,279)**		*(10,827,216)*
Earnings per equity share (Basic and Diluted)	**C (9)**		**(0.02)**		*(0.08)*
Face value per equity share			**10.00**		*10.00*

As per our report attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No. 000679S)

by the hand of
S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

K. C. RAMAN
Chief Financial Officer

KARTHIKEYAN T. V.
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(5,255,279)**	*(10,827,216)*
	Adjustments for		
	Interest expense	**338,914,403**	*200,367,879*
	Interest income	**(66,835)**	*(167,808)*
	(Profit)/loss on sale of current investments(net)	**(2,445,508)**	*(5,727,710)*
	(Profit)/loss on sale of fixed assets	**(35,785)**	*(40,054)*
	Operating profit before working capital changes	**331,110,996**	*183,605,091*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(3,496,826)**	*6,201,279*
	Increase / (Decrease) in other current liabilitites	**(66,121,718)**	*123,839,941*
	Increase / (Decrease) in short term provisions	**3,589,340**	*2,850,359*
	(Increase) / Decrease in loan term loans and advances	**(891,150)**	–
	(Increase) / Decrease in other non-current assets	**669,593,589**	*436,669,621*
	(Increase) / Decrease in other current assets	**(215,398,094)**	*(98,832,587)*
	Net cash generated from/(used in) operating activities	**718,386,137**	*654,333,704*
	Net income tax (paid)/refunds	**(4,750,909)**	*(1,157,164)*
	Net Cash(used in)/generated from Operating Activities	**713,635,228**	*653,176,540*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(4,487,106,262)**	*(4,106,390,322)*
	Sale of fixed assets	**106,009**	*54,821*
	Purchase of current investments	**(790,650,000)**	*(932,730,000)*
	Sale of current investments	**591,437,933**	*979,183,063*
	Interest received	**66,835**	*167,808*
	Net cash (used in)/generated from investing activities	**(4,686,145,485)**	*(4,059,714,630)*
C	**Cash flow from financing activities**		
	Proceeds from issue of equity shares	**741,800,000**	*1,195,000,000*
	Repayment of long term borrowings	**2,619,389,709**	*520,589,417*
	Proceeds/repayment from/of Letter of Credit	**1,299,475,121**	*1,748,977,311*
	Interest paid	**(342,118,355)**	*(202,868,329)*
	Net cash (used in)/generated from financing activities	**4,318,546,475**	*3,261,698,399*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**346,036,218**	*(144,839,691)*
	Cash and cash equivalents as at the beginning of the year	**2,070,362**	*146,910,053*
	Cash and cash equivalents as at the end of the year	**348,106,580**	*2,070,362*

Notes:
1. Cash flow statement has been prepared under the ‘Indirect Method’ as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No. 000679S)

by the hand of
S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

K. C. RAMAN
Chief Financial Officer

KARTHIKEYAN T. V.
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 28, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1

PROPERTY, PLANT AND EQUIPMENT

2016-17

(Amount in ₹)

Particulars	At cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Furniture and fixtures	1,599,911	–	–	1,599,911	197,876	199,288	–	397,164	1,202,747	1,402,035
Office equipment	1,661,594	54,024	–	1,715,618	341,273	453,613	–	794,886	920,732	1,320,321
Air conditioning and Refrigeration	1,079,413	–	–	1,079,413	576,197	345,985	–	922,182	157,231	503,216
Computers, laptops and printers	1,279,345	2,133,226	632,979	2,779,592	584,650	653,079	562,755	674,974	2,104,618	694,695
Total	**5,620,263**	**2,187,250**	**632,979**	**7,174,534**	**1,699,996**	**1,651,965**	**562,755**	**2,789,206**	**4,385,328**	**3,920,267**

2015-16 (at cost or deemed cost)

(Amount in ₹)

Particulars	At cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Furniture and fixtures	1,599,911	–	–	1,599,911	–	197,876	–	197,876	1,402,035	1,599,911
Office equipment	1,561,548	173,221	73,175	1,661,594	–	341,273	–	341,273	1,320,321	1,561,548
Air conditioning and Refrigeration	833,264	254,880	8,731	1,079,413	–	576,197	–	576,197	503,216	833,264
Computers, laptops and printers	950,569	514,955	186,179	1,279,345	–	837,968	253,318	584,650	694,695	950,569
Total	**4,945,292**	**943,056**	**268,085**	**5,620,263**	**–**	**1,953,314**	**253,318**	**1,699,996**	**3,920,267**	**4,945,292**
Previous year				*4,945,292*				–		

NOTE 2

INTANGIBLE ASSETS UNDER DEVELOPMENT

2016-17

(Amount in ₹)

Particulars	At cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Construction cost	5,280,109,097	3,847,209,158		9,127,318,255				–	9,127,318,255	5,280,109,097
Pre-operative expenses pending allocation	532,321,652	639,361,819		1,171,683,471				–	1,171,683,471	532,321,652
Total	**5,812,430,749**	**4,486,570,977**	**–**	**10,299,001,726**	**–**	**–**	**–**	**–**	**10,299,001,726**	**5,812,430,749**

2015-16

(Amount in ₹)

Particulars	At cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Construction cost	1,537,175,982	3,742,933,115		5,280,109,097	–	–	–	–	5,280,109,097	1,537,175,982
Pre-operative expenses pending allocation	167,854,187	364,467,465		532,321,652	–	–	–	–	532,321,652	167,854,187
Total	**1,705,030,169**	**4,107,400,580**	**–**	**5,812,430,749**	**–**	**–**	**–**	**–**	**5,812,430,749**	**1,705,030,169**
Previous year	–	*1,705,030,169*	–	*1,705,030,169*	–	–	–	–	*1,705,030,169*	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 2a

INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	*As at April 01, 2016* ₹	**2016-17** ₹	**As at March 31, 2017** ₹
a) Construction cost			
EPC cost	*5,280,109,097*	**5,301,960,583**	**10,582,069,680**
Other works - Toll plaza	–	**23,859,658**	**23,859,658**
Less:			
Grant received from Dept of Economic Affairs	–	**1,478,611,083**	**1,478,611,083**
Total (a)	*5,280,109,097*	**3,847,209,158**	**9,127,318,255**
b) Pre-operative expenses pending allocation			
Concession Fee	*2*	**1**	**3**
Insurance	*3,557,468*	**1,980,115**	**5,537,583**
Repairs and maintenance			
Plant and machinery	–	**67,262**	**67,262**
Others	*22,505,046*	**13,099,872**	**35,604,918**
Power and fuel	*349,434*	**179,443**	**528,877**
Depreciation and amortisation	*3,990,036*	**1,651,969**	**5,642,005**
Salaries and wages	*89,986,349*	**41,856,211**	**131,842,560**
Contribution and provisions for			
Provident fund	*3,789,082*	**1,841,999**	**5,631,081**
Gratuity	*2,449,728*	**790,971**	**3,240,699**
Compensated absences	*5,550,647*	**1,273,132**	**6,823,779**
Retention Pay	*3,360,803*	**692,794**	**4,053,597**
Staff Welfare Expenses	*3,521,859*	**1,952,756**	**5,474,615**
Interest on borrowings (term loans)	*296,135,496*	**510,381,573**	**806,517,069**
Bank charges and bank guarantee charges	*11,261,373*	**14,925,708**	**26,187,081**
Finance Charges Others	*30,914,730*	**2,012,500**	**32,927,230**
Rent, rates and taxes	*2,318,699*	**2,007,707**	**4,326,406**
Professional fees	*28,787,464*	**21,394,949**	**50,182,413**
Postage and Communication expenses	*2,978,046*	**1,796,662**	**4,774,708**
Printing and Stationery	*1,227,844*	**339,483**	**1,567,327**
Travelling and conveyance	*24,468,397*	**15,522,586**	**39,990,983**
Safety Fund	–	**5,170,895**	**5,170,895**
Miscellaneous expenses	*1,732,451*	**423,231**	**2,155,682**
Other income	*6,563,300*	**–**	**6,563,300**
Total (b)	*532,321,652*	**639,361,819**	**1,171,683,471**
Grand Total (a+b)	*5,812,430,749*	**4,486,570,977**	**10,299,001,726**

NOTE 3

LOANS

Particulars	**March 31, 2017**			*March 31, 2016*			*April 01, 2015*		
	Current ₹	**Non-current** ₹	**Total** ₹	*Current* ₹	*Non-current* ₹	*Total* ₹	*Current* ₹	*Non-current* ₹	*Total* ₹
a) Security deposits									
Unsecured, considered good	**–**	**950,250**	**950,250**	–	*59,100*	*59,100*	–	*59,100*	*59,100*
	–	**950,250**	**950,250**	–	*59,100*	*59,100*	–	*59,100*	*59,100*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 4
OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017 Current ₹	March 31, 2017 Non-current ₹	March 31, 2017 Total ₹	March 31, 2016 Current ₹	March 31, 2016 Non-current ₹	March 31, 2016 Total ₹	April 01, 2015 Current ₹	April 01, 2015 Non-current ₹	April 01, 2015 Total ₹
Capital advances									
For intangible assets under development	–	175,769,634	175,769,634	–	844,339,803	844,339,803	–	1,281,890,000	1,281,890,000
Advances other than capital advances									
Advances to employees	1,026,370	–	1,026,370	–	1,023,420	1,023,420	–	142,844	142,844
Other advances	133,966,907	–	133,966,907	96,594,633	–	96,594,633	243,034	–	243,034
Others									
Prepaid expenses	908,958	–	908,958	919,893	–	919,893	719,671	–	719,671
VAT recoverable	3,460,459	–	3,460,459	2,442,788	–	2,442,788	162,022	–	162,022
Receivable on utility shifting from NHAI	175,992,714	–	175,992,714	–	–	–	–	–	–
	315,355,408	175,769,634	491,125,042	99,957,314	845,363,223	945,320,537	1,124,727	1,282,032,844	1,283,157,571
Current tax assets (Net)									
Income tax net of provisions	5,989,084	–	5,989,084	1,238,175	–	1,238,175	81,011	–	81,011
	5,989,084	–	5,989,084	1,238,175	–	1,238,175	81,011	–	81,011

NOTE 5
INVESTMENTS

Particulars	As at March 31, 2017 Quantity Units	As at March 31, 2017 Current ₹	As at March 31, 2016 Quantity Units	As at March 31, 2016 Current ₹	As at April 01, 2015 Quantity Units	As at April 01, 2015 Current ₹
Investments (quoted)						
Mutual funds		228,189,329		26,531,756		67,257,109
		228,189,329		26,531,756		67,257,109
Aggregate value of quoted investments						
L&T Liquid Fund - Growth	–	–	4,001	8,283,386	1,858	5,754,457
UTI Liquid Fund - Growth	–	–	–	–	2,280	61,058,843
IDFC Cash Fund - Growth	10,303	20,211,622	–	–	–	–
Releigare Invesco Liquid Fund - Growth	–	–	434	886,676	–	–
SBI Premier Liquid Fund -Regular Plan -Growth	58,950	150,000,000	7,293	17,102,246	–	–
ICICI Prudential Fund	58,397	14,000,000	–	–	–	–
Reliance Liquity Fund -Growth	17,936	43,593,049	–	–	–	–
Total		227,804,670		26,272,308		66,813,300
Aggregate market value of above						
L&T Liquid Fund - Growth	–	–	4,001	8,298,995	1,858	5,935,949
UTI Liquid Fund - Growth	–	–	–	–	2,280	61,321,160
IDFC Cash Fund - Growth	10,303	20,305,715	–	–	–	–
Releigare Invesco Liquid Fund - Growth	–	–	434	903,175	–	–
SBI Premier Liquid Fund -Regular Plan -Growth	58,950	150,068,483	7,293	17,329,586	–	–
ICICI Prudential Fund	58,397	14,024,351	–	–	–	–
Reliance Liquity Fund -Growth	17,936	43,790,780	–	–	–	–
Total		228,189,329		26,531,756		67,257,109

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 6

CASH AND CASH EQUIVALENTS

Particulars	**As at March 31, 2017** ₹	*As at March 31, 2016* ₹	*As at April 01, 2015* ₹
a) Balances with banks			
Trust retention and escrow accounts	**347,625,380**	*1,982,016*	*145,911,739*
Other accounts	**481,200**	*88,346*	*998,314*
	348,106,580	*2,070,362*	*146,910,053*

At 31 March 2017, the Company had available ₹ 233.46 Cr (31 March 2016 ₹ 625.04 Cr, 1 April 2015 ₹ 851.73 Cr) of undrawn committed borrowing facilities.

The trust retention and escrow accounts carry a First charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement / Common loan agreement. As at March 31, 2017 there were no amounts included in this which are restricted/earmarked for any specific purposes by virtue of the said waterfall mechanism.

NOTE 7

SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	**As at March 31, 2017**		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
Authorised:						
Equity shares of ₹ 10 each	**290,030,000**	**2,900,300,000**	*290,020,000*	*2,900,200,000*	*180,000,000*	*1,800,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**290,030,000**	**2,900,300,000**	*215,850,000*	*2,158,500,000*	*96,350,000*	*963,500,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	**As at March 31, 2017**		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
At the beginning of the year	**290,020,000**	**2,900,200,000**	*180,000,000*	*1,800,000,000*	*550000*	*5,500,000*
Issued during the year as fully paid	**10,000**	**100,000**	*110,020,000*	*1,100,200,000*	*179,450,000*	*1,794,500,000*
At the end of the year	**290,030,000**	**2,900,300,000**	*290,020,000*	*2,900,200,000*	*180,000,000*	*1,800,000,000*

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	**As at March 31, 2017**		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
L&T Infrastructure Development Projects Limited	**290,029,998**	**2,900,299,980**	*215,849,998*	*2,158,499,980*	*96,349,998*	*963,499,980*
	290,029,998	**2,900,299,980**	*215,849,998*	*2,158,499,980*	*96,349,998*	*963,499,980*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(vi) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited	**290,029,998**	**99.99%**	*215,849,998*	*99.99%*	*96,349,998*	*99.99%*

(vii) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(viii) Calls unpaid : NIL; Forfeited Shares : NIL

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

NOTE 8

OTHER EQUITY AS ON 31.03.2017

Particulars	Share application money pending allotment.	Retained earnings	Total
Balance at the beginning of the year	–	(24,452,360)	(24,452,360)
Total comprehensive income for the year	–	(5,255,279)	(5,255,279)
Balance at the end of the year	–	(29,707,639)	(29,707,639)

OTHER EQUITY AS ON 31.03.2016

Particulars	Share application money pending allotment.	Retained earnings	Total
Changes in accounting policy or prior period issues	–	(13,625,144)	(13,625,144)
Total comprehensive income for the year	–	(10,827,216)	(10,827,216)
Balance at the end of the year	–	(24,452,360)	(24,452,360)

NOTE 9

BORROWINGS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Term loans									
i) From banks	**–**	**7,829,404,488**	**7,829,404,488**	–	*3,913,743,610*	*3,913,743,610*	–	*1,646,677,334*	*1,646,677,334*
	–	**7,829,404,488**	**7,829,404,488**	–	*3,913,743,610*	*3,913,743,610*	–	*1,646,677,334*	*1,646,677,334*

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	11.27%	Repayable in 132 unequal monthly instalments commencing from May, 2018.

Nature of security for term loans/debentures

(i) Secured by first charge by way of hypothecation on all movable/immovable assets of the Company, both present and future, excluding Project assets as defined in the Concession Agreement.

(ii) First charge on Project book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future.

(iii) Assignment of all the rights, title, interest, benefits, claims and demands, whatsoever of the company.

(iv) Escrow account to the extent of waterfall of priorities of payment as permitted to the lenders under Escrow Agreement.

(v) Debt Service Coverage Ratio Support Amount.

(vi) First charge of all the Company's rights, interests related to the proposed project under the letter of credit (if any), guarantee or performance bond provided by any party.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	7,829,404,488	3,913,743,610	1,646,677,334
Current maturities of long term borrowings	–	–	–

NOTE 10

PROVISIONS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits									
Gratuty - Net of plan assets	**576,316**	**–**	**576,316**	*116,879*	*2,332,849*	*2,449,728*	*30,983*	*1,576,334*	*1,607,317*
Leave Encashment	**4,147,685**	**2,676,094**	**6,823,779**	*2,874,553*	*2,676,094*	*5,550,647*	*110,090*	*592,133*	*702,223*
Retention Pay	**1,856,771**	**2,196,826**	**4,053,597**	*–*	*3,360,803*	*3,360,803*	*–*	*–*	*–*
	6,580,772	**4,872,920**	**11,453,692**	*2,991,432*	*8,369,746*	*11,361,178*	*141,073*	*2,168,467*	*2,309,540*

NOTE 11

OTHER NON-CURRENT AND CURRENT LIABILITIES

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Other liabilities	**326,946,766**	**–**	**326,946,766**	*32,877,728*	*–*	*32,877,728*	*14,927,739*	*–*	*14,927,739*
ii) Statutory payables	**51,825,666**	**–**	**51,825,666**	*14,227,019*	*–*	*14,227,019*	*25,976,259*	*–*	*25,976,259*
iii) Dues to related parties for capital goods	**287,524,366**	**–**	**287,524,366**	*683,841,620*		*683,841,620*	*554,600,454*		*554,600,454*
others	**–**		**–**	*1,472,149*		*1,472,149*	*13,074,123*		*13,074,123*
	666,296,798	**–**	**666,296,798**	*732,418,516*	*–*	*732,418,516*	*608,578,575*	*–*	*608,578,575*

A Contingent Liabilities

Contingent liabilities as at March 31, 2017 Nil (previous year: Nil)

B Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for as at March 31, 2017 ₹ 232,81,17,190/- (previous year: ₹ 678,60,12,860/-)

Particulars	2016-17		*2015-16*	
	₹	₹	₹	₹
NOTE 12				
OTHER INCOME				
Interest income from:				
Bank deposits	**66,835**		*167,808*	
		66,835		*167,808*
Profit on sale of current investments		**2,445,508**		*5,727,710*
Profit/(loss) on disposal of fixed assets		**35,785**		*40,054*
Income received from Odisha Works Dept.	**25,441,761**			
Less: Sub-contracting charges	**(24,773,392)**			
		668,369		*1,665,581*
		3,216,497		*7,601,153*

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 13

EMPLOYEE BENEFIT EXPENSES

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Salaries, wages and bonus		**2,828,377**		*1,838,820*
Contributions to and provisions for:				
Provident fund	**127,042**		*87,649*	
		127,042		*87,649*
Staff welfare expenses		**70,982**		–
		3,026,401		*1,926,469*

NOTE 14

FINANCE COSTS

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Interest on borrowings		**3,158,468**		*7,194,208*
		3,158,468		*7,194,208*

NOTE 15

ADMINISTRATION AND OTHER EXPENSES

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Rent, Rates and taxes		**38,191**		*8,275,246*
Payments to Auditor - refer note below		**611,592**		*205,164*
Professional fees		**193,699**		*83,415*
Director's sitting Fee		**495,500**		-
Postage and communication		**26,930**		-
Printing and stationery		**17,637**		*37,913*
Travelling and conveyance		**903,358**		*642,373*
Miscellaneous expenses		**–**		*63,581*
TOTAL		**2,286,907**		*9,307,692*

(a) Payments to auditor (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**138,000**	*114,500*
b) For taxation matters	**17,175**	*28,625*
c) For company law matters	**28,625**	*17,175*
d) For other services	**427,792**	*44,864*
Total	**611,592**	*205,164*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconciliation of Profit and loss as at 31st March, 2016

Particulars	Note	Indian GAAP*	Adjustments	Ind AS
		₹	₹	₹
REVENUE				
Construction contract revenue	–	–	3,314,500,801	3,314,500,801
Other income	12	7,601,153	–	7,601,153
Total income		**7,601,153**	**3,314,500,801**	**3,322,101,954**
EXPENSES				
Construction contract expenses		–	3,314,500,801	3,314,500,801
Employee benefits expense	13	1,926,469	–	1,926,469
Finance costs	14	7,194,208	–	7,194,208
Administration and other expenses	15	9,307,692	–	9,307,692
Total expenses		**18,428,369**	**3,314,500,801**	**3,332,929,170**
Profit/(loss) before exceptional items and tax		(10,827,216)	–	(10,827,216)
Profit/(loss) before tax		(10,827,216)	–	(10,827,216)
Tax Expense		–	–	–
Profit/(loss) for the year		**(10,827,216)**	**–**	**(10,827,216)**
Other comprehensive income		**–**	**–**	**–**
Total comprehensive income for the year		**(10,827,216)**		**(10,827,216)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconcilation of equity as at 31st March 2015

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	4,945,292	–	4,945,292
b) Intangible assets under development	2	1,708,738,043	3,707,874	1,705,030,169
c) Financial assets		–		
i) Loans	3	59,100		59,100
d) Other non-current assets	4	1,282,032,844		1,282,032,844
		2,995,775,279	3,707,874	2,992,067,405
Current assets				
a) Financial assets				
i) Investments	5	66,813,300	443,809	67,257,109
ii) Cash and bank balances	6	146,910,053		146,910,053
b) Current tax assets (net)	4	81,011		81011
c) Other current assets	4	1,124,727		1,124,727
		214,929,091	**443,809**	**215,372,900**
TOTAL		**3,210,704,370**	**3,264,065**	**3,207,440,305**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	7	963,500,000		963,500,000
b) Other equity	8	(13,625,144)		(13,625,144)
		949,874,856	**–**	**949,874,856**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	1,649,941,399	3,264,065	1,646,677,334
b) Provisions	10	2,168,467		2,168,467
		1,652,109,866	**3,264,065**	**1,648,845,801**
Current liabilities				
a) Other current liabilities	11	608,578,575		608,578,575
b) Provisions	10	141,073		141,073
		608,719,648	**–**	**608,719,648**
Total Equity and Liabilities		**3,210,704,370**	**3,264,065**	**3,207,440,305**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconcilation of equity as at 31st March 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	3,920,267	–	3,920,267
b) Intangible assets under development	2	5,818,195,264	5,764,515	5,812,430,749
c) Financial assets		–		
i) Loans	3	59,100		59,100
d) Other non-current assets	4	845,363,223		845,363,223
	A	**6,667,537,854**	**5,764,515**	**6,661,773,339**
Current assets				
a) Financial assets				
i) Investments	5	26,272,308	259,448	26,531,756
ii) Cash and bank balances	6	2,070,362		2,070,362
b) Current tax assets (net)	4	1,238,175		1,238,175
c) Other current assets	4	99,957,314		99,957,314
		129,538,159	**259,448**	**129,797,607**
TOTAL		**6,797,076,013**	**6,023,963**	**6,791,570,946**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	7	2,158,500,000		2,158,500,000
b) Other equity	8	(24,711,806)	259,448	(24,452,358)
		2,133,788,194	**259,448**	**2,134,047,642**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	3,919,508,125	5,764,515	3,913,743,610
b) Provisions	10	8,369,746		8,369,746
		3,927,877,871	**5,764,515**	**3,922,113,356**
Current liabilities				
a) Other current liabilities	11	732,418,516		732,418,516
b) Provisions	10	2,991,432		2,991,432
		735,409,948	**–**	**735,409,948**
Total Equity and Liabilities		**6,797,076,013**	**6,023,963**	**6,791,570,946**

NOTES FORMING PART OF ACCOUNTS (Contd.)

C NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

L&T Sambalpur Rourkela Tollway Limited is a Special Purpose Vehicle incorporated on 18th Oct 2013 for the purpose of executing and operating the project consist of Four Laning with Paved shoulders of Sambalpur-Rourkela Section of State Highway No.10 (SH-10) from KM 4.9000 to KM 167.9000 in the State of Odisha to be executed as Build, Operate and Transfer (Toll) on DBFOT (Design, Built, Finance, Operate and Transfer) pattern as per the Concession Agreement entered into with the Works Department, Government of Odisha on 8th Nov 2013. The appointed date as specified in terms article 48.1 of the said agreement is 15th July 2014. The Concession Period is for 22 years (including the construction period of 3 years) from the Appointed Date.

2) The Company has not earned any income but incurred expenditure in foreign currency for ₹ 36,02,774/- during the year. *(previous year: Nil).*

3) Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

The Company’s provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 19,69,041/- (previous year ₹ 20,34,394/-) being contribution made to provident fund is recognised as Employee benefit expense and included under Pre-operative expenses pending allocation for an amount of ₹ 18,41,999/- (Note E (II)) (previous year ₹ 19,46,745/-) and ₹ 1,27,042/- to the profit and loss account (previous year ₹ 87,649).

(ii) Defined benefit plans:

The Company operates gratuity plan through LIC’s Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

a) The amounts recognised in Balance Sheet are as follows:

Particulars		**Gratuity plan**	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
A)	Present value of defined benefit obligation		
	- Wholly funded	**3,299,117**	–
	- Wholly unfunded	**–**	2,449,728
		3,299,117	2,449,728
	Less : Fair value of plan assets	**2,722,801**	–
	Amount to be recognised as liability or (asset)	**576,316**	2,449,728
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**576,316**	2,449,728
	Assets	**–**	–
	Net Liability / (asset)	**576,316**	2,449,728

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) The amounts recognised in the Statement of Profit and loss are as follows (included under Pre-operative expenses):

Particulars		Gratuity plan	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
1	Current service cost	**625,809**	*580,528*
2	Interest on Defined benefit obligation	**186,521**	*135,305*
3	Expected return on plan assets	**(99,353)**	
4	Actuarial losses/(gains)		
	From changes in demographic assumptions		
	From changes in financial assumptions		
5	Past service cost	**–**	–
5	Actuarial gain/(loss) not recognised in books	**77,994**	*126,578*
6	Adjustment for earlier years	**–**	–
	Total (1 to 7)	**790,971**	*842,411*
I	Amount included in "employee benefit expenses"	**790,971**	*842,411*
II	Amount included as part of "finance costs"	**–**	–
	Total (I + II)	**790,971**	*842,411*
	Actual return on plan assets	**–**	–

c) **Effect of defined benefit plans on the amount , timing and uncertainity of entity's future cash flows.**

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening balance of the present value of defined benefit obligation	**2,449,728**	*1,607,317*
Add: Current service cost	**625,809**	*580,528*
Add: Interest cost	**186,521**	*135,305*
Add: Contribution by plan participants		
i) Employer	**–**	–
ii) Employee	**–**	–
Add/(less): Actuarial losses/(gains)	**37,059**	*126,578*
Less: Benefits paid	**–**	–
Add: Past service cost	**–**	–
Closing balance of the present value of defined benefit obligation	**3,299,117**	*2,449,728*

e) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening balance of fair value of plan assets	–	–
Add: Expected return on plan assets	99,353	–
Add/(less): Actuarial losses/(gains)	(40,935)	–
Add: Contribution by employer	**2,664,383**	–
Add: Contribution by plan participants	–	–
Less: Benefits paid	–	–
Closing balance of fair value of plan assets	2,722,801	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

f) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Insurer managed funds	100%	0%
	100%	0%

g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	6.95%	7.80%
2) Expected Return on Plan Assets	6.95%	Not Applicable
3) Salary growth rate	6.95%	6.00%
4) Attrition rate	3% to 15%	3% to 15%

4) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised as intangible assets under development during the year ₹51,02,58,331/- . (previous year ₹ 24,59,82,085) and charged to Statement of Profit and loss account ₹ 31,58,469. (previous year ₹ 71,94,208).

5) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

Fellow Subsidiaries : L&T Krishnagiri Walajahpet Tollway Limited
L&T BPP Tollway Limited
L&T Krishnagiri Walahjapet Tollway Limited
L&T Krishnagiri Thopur Toll Road Limited

Key Managerial Personnel : Mr S.D. Mahaveer, Manager

b) Disclosure of related party transactions:

Particulars	2016-17	2015-16
	₹	₹
Subscription to equity shares		
Holding company		
• L&T Infrastructure Development Projects Limited	**741,800,000**	*1,195,000,000*
Purchase of goods and services incl. taxes		
• L&T Infrastructure Development Projects Limited	**5,302,235,473**	*3,706,968,837*
• Larsen & Toubro Limited	**184,877,989**	*24,141,527*
Reimbursement of expenses charged to		
• L&T Infrastructure Development Projects Limited	**8,734,640**	*3,284,060*
• Larsen & Toubro Limited	**300,361**	*414,552*
Reimbursement of expenses charged from		
• L&T Infrastructure Development Projects Limited	**18,285**	*698,984*
• L&T Krishnagiri Walahjapet Tollway Limited	**107,140**	–
• L&T Krishnagiri Thopur Toll Road Limited	**–**	*126,000*
Purchase of fixed assets		
• L&T BPP Tollway Limited	**58,507**	*254,880*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
Rent paid incl.taxes		
• Larsen & Toubro Limited	**620,000**	*659,340*
Refundable deposit received for directors nominations		
• L&T Infrastructure Development Projects Limited	**300,000**	–

c) **Amount due to and due from related parties(net):**

Particulars	Amounts due (to) / from	Amounts due (to) / from
	As at March 31, 2017	As at March 31, 2016
Ultimate Holding Company		
Larsen & Toubro Limited	**(4,737,230)**	*(5,825,694)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(117,787,135)**	*166,323,929*

d) **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) **Compensation of Key Management personnel of the group**

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Short term employee benefits	**3,748,763**	*3,528,756*

7) **Disclosure pursuant to Ind AS 17 "Leases"**

(a) The Company has not entered into any finance lease. The Company has taken office premises and Guest house under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year amounting to ₹ 13,22,255/- (Previous year ₹ 11,96,000/-) has been included in Pre-operative expenses.

8) **Disclosure pursuant to Ind AS 33 "Earnings per share"**

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted			
Profit after tax as per accounts (₹)	A	**(5,255,279)**	*(10,827,216)*
Weighted average number of shares outstanding	B	**255,504,521**	*144,124,931*
Basic and Diluted EPS (₹)	A / B	**(0.02)**	*(0.08)*
Face value per equity share (₹)		**10.00**	*10.00*

9) **Disclosure pursuant to Ind AS 36 "Impairment of Assets"**

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10) **Disclosure as per Ind AS 1 - "Presentation of Financial Statements"**

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

NOTES FORMING PART OF ACCOUNTS (Contd.)

11) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

12) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			*31.03.2016*			*01.04.2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	3	**–**	**–**	**950,250**	*–*	*–*	*59,100*	*–*	*–*	*59,100*
Investments	5	**228,189,329**	**–**	**–**	*5,812,430,749*	*–*	*–*	*67,257,109*	*–*	*–*
Cash and cash equivalents	6	**–**	**–**	**348,106,580**	*–*	*–*	*2,070,362*	*–*	*–*	*146,910,053*
Total Financial Asset		**228,189,329.00**	**–**	**349,056,830**	*5,812,430,749*	*–*	*2,129,462*	*67,257,109*	*–*	*146,969,153*
Financial liability										
Term Loan from Banks	9	**–**	**–**	**7,829,404,488**	*–*	*–*	*3,913,743,610*	*–*	*–*	*1,646,677,334*
Total Financial Liabilities		**–**	**–**	**7,829,404,488**	*–*	*–*	*3,913,743,610*	*–*	*–*	*1,646,677,334*

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

13) Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	31.03.2017		*31.03.2016*		*01.04.2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	3	**950,250**	**950,250**	*59,100*	*59,100*	*59,100*	*59,100*
Total Financial Assets		**950,250**	**950,250**	*59,100*	*59,100*	*59,100*	*59,100*
Financial liability							
Term Loan from Banks	9	**7,829,404,488**	**7,829,404,488**	*3,913,743,610*	*3,913,743,610*	*1,646,677,334*	*1,646,677,334*
Total Financial Liabilities		**7,829,404,488**	**7,829,404,488**	*3,913,743,610*	*3,913,743,610*	*1,646,677,334*	*1,646,677,334*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

Refer Note C(15) for information on Financial Asset pledged as security.

NOTES FORMING PART OF ACCOUNTS (Contd.)

14) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	228,189,329	–	–	228,189,329
Total of Financial Assets		**228,189,329**	**–**	**–**	**228,189,329**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	3	–	950,250	–	950,250
Total of Financial Assets		**–**	**950,250**	**–**	**950,250**
Financial Liabilities					
Term Loan from Banks	9	–	7,829,404,488	–	7,829,404,488
Total Financial liabilties		**–**	**7,829,404,488**	**–**	**7,829,404,488**

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	5,812,430,749	–	–	5,812,430,749
Total of Financial Assets		5,812,430,749	–	–	5,812,430,749
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
Financial Assets					
Security Deposits	3	–	59,100	–	59,100
Total Financial Assets		**–**	**59,100**	**–**	**59,100**
Financial Liabilities					
Term Loan from Banks	9	–	3,913,743,610	–	3,913,743,610
Total Financial Liabilities		**–**	**3,913,743,610**	**–**	**3,913,743,610**

As at April 1, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	67,257,109	–	–	67,257,109
Total of Financial Assets		67,257,109	–	–	67,257,109
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
Financial Assets					
Security Deposits	3	–	59,100	–	59,100
Total of Financial Assets		**–**	**59,100**	**–**	**59,100**
Financial Liabilities					
Term Loan from Banks	9	–	1,646,677,334	–	1,646,677,334
Total of Financial Liabilities		**–**	**1,646,677,334**	**–**	**1,646,677,334**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Revenue Share Payable to Orissa works dept OWD (Including Interest)	Income	Cash flow

15) Asset pledged as security

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	**4,385,328**	*3,920,267*	*4,945,292*
Other Financial Asset	3	**950,250**	*59,100*	*59,100*
Financial Asset				
Cash and Cash Equivalents	6	**348,106,580**	*2,070,362*	*146,910,053*
Investments In Mutual Fund	5	**228,189,329**	*26,531,756*	*67,257,109*
TOTAL		**581,631,487**	*32,581,485*	*219,171,554*

16) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**7,829,404,488**	*3,913,743,610*	*1,646,677,334*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by by 25 basis point	**14,678,935**	*6,950,526*

Note: Profit will increase in case of decrease in interest rate and vice versa

NOTES FORMING PART OF ACCOUNTS (Contd.)

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
Investments in Mutual Funds	**5**	**228,189,329**	26,531,756	67,257,109

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 2%	**4,563,786.58**	*530,635.12*

Note - In case of decrease in NAV profit will reduce and vice versa.

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	7,829,404,488	–	156,588,090	1,291,851,741	6,380,964,658
Derivative Financial Liability	**–**	**–**	**–**	**–**	**–**

As at March 31, 2016	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	3,913,743,610	–	78,274,872	645,767,696	3,189,701,042

As at April 01, 2015	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	1,646,677,334	–	–	82,333,867	1,564,343,467

v Derivative Financial Liability

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. NHAI. Hence, the management believes that the company is not exposed to any credit risk.

17) Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

17.1 Description and classification of the arrangment

L&T Sambalpur Rourkela Tollway Limited is a Special Purpose Vehicle incorporated on 18th Oct 2013 for the purpose of executing and operating the project consist of Four Laning with Paved shoulders of Sambalpur-Rourkela Section of State Highway No.10 (SH-10) from KM 4.9000 to KM 167.9000 in the State of Odisha to be executed as Build, Operate and Transfer (Toll) on DBFOT (Design, Built, Finance,

NOTES FORMING PART OF ACCOUNTS (Contd.)

Operate and Transfer) pattern as per the Concession Agreement entered into with the Works Department, Government of Odisha on 8th Nov 2013. The appointed date as specified in terms article 48.1 of the said agreement is 15th July 2014. The Concession Period is for 22 years (including the construction period of 3 years) from the Appointed Date.

17.2 Significant Terms of the arrangements

17.2.1 Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 27.2 of the Concession Agreement.

17.2.2 Grant

The Government has agreed to provide cash support by way of outright grant equal to the sum set forth in thr bid, namely, 465.30 Cr in accordance to the provisons of Article 25 of the CA. Accordingly ₹ 258.51 Cr will be provided as equity support and the balance ₹ 206.79 Cr is provided as O&M support.

17.3 Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

17.4 Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Article 17 of the CA.

17.5 Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

17.6 Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Article 37 of the CA.

Notes to first time adoption

Note 18: Transitional details

i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenure of the loan. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss using the effective interest method. Accordingly borrowings as at 31st March 2015 have been reduced by ₹ 32,64,065/-.

ii) Current investments

Under the previous GAAP, investment in mutual funds were classified as current investments based on the intended holding period. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments in mutual funds are marked to market at each reporting date. The difference between the fair value and the carrying amount is recognized in the statement of profit and loss. The amount adjusted in intangible under development as on 31st March 2015 is ₹ 4,43,809/- and the amount recognized in the Statement of profit and loss as on 31st March 2016 is ₹ 2,59,559/-.

iii) Government Grant

Under the GAAP, the Government Grant were classified as a capital reserve. Under Ind AS, the grant is reduced from the project cost i.e., intangibles under development/ toll collection rights.

Note 19: Specified bank notes

Details of Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 provided in the table given below:

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08/11/2016	13,000	404	13,404
(+) Permitted receipts	–	42,567	42,567
(-) Permitted payments	–	36,107	36,107
(-) Amount deposited in Banks	13,000	–	13,000
Closing cash in hand as on 30/12/2016	**–**	**6,864**	**6,864**

NOTES FORMING PART OF ACCOUNTS (Contd.)

D SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- **Level 2** inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to nearest rupee in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on additons / deductions is calculated pro-rata from / to the month of additions / deductions. For the assets that are transferred / sold with the group companies, depreciation is calculated upto the month preceding the month of transfer / sale within the group.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5

NOTES FORMING PART OF ACCOUNTS (Contd.)

Category of Property, plant and equipment	Estimated useful life (in years)
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

10 Foreign currency transactions and translations

The reporting currency of the company is Indian Rupee.

Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rate applicable on the date of transaction.

At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items which are carried at historical cost are reported using the exchange rate on the date of the transaction.

Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each balance sheet date at the closing rate are recognised as income or expense in the period in which they arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

11 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets.

12 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

13 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

NOTES FORMING PART OF ACCOUNTS (Contd.)

14 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.

15 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

17 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

18 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

19 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

20 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

21 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

NOTES FORMING PART OF ACCOUNTS (Contd.)

22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

23 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

24 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No. 000679S)

by the hand of
S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

K. C. RAMAN
Chief Financial Officer

KARTHIKEYAN T. V.
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 28, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ in crore	*₹ In crore*
Profit/ (Loss) before depreciation, exceptional and extra ordinary items & tax	**(4.86)**	–
Less: Depreciation ,amortization and obsolescence	**–**	–
Profit/ (Loss) before tax	**(4.86)**	–
Less: Provision for tax	**–**	–
Profit/(Loss) after tax for the year carried to the balance sheet	**(4.86)**	–
Add: Balance brought forward from previous year	**–**	–
Balance carried to Balance Sheet	**(4.86)**	–

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The Company was set up as an SPV for execution of a Project, namely, augmentation of the existing four lane road from km 11 to 54.40 (approximately 43.40 km) on the Chennai Tada Section of NH-5 in the State of Tamil Nadu by six laning thereof on a Build Operate and Transfer basis (hereinafter referred to as "the Project"), awarded by the National Highway Authority of India (NHAI). NHAI was under a contractual obligation to hand over 60% of the Right of Way (ROW) to L&T CTTL on the Appointed Date in terms of Article 10.3 of the Concession Agreement (CA). However, only 48.3% of the land comprising of unworkable stretches of land in bits and pieces that were encumbered was handed over to L&T CTTL as against 60% committed under the CA as on the Appointed Date. It is pertinent to note that even after six years from the Appointed Date, NHAI had handed over only 70.08 % making the project wholly unviable. The Company has completed 6 laning at all locations wherever the Construction Works could be carried out and the Company has been frustrated in its ability to fulfil its obligations under the Concession due to non-availability of ROW. In the meantime the capital costs for the Company have escalated significantly and a decision has been taken to terminate the Concession vide its letter dated June 24, 2015 citing various Defaults on part of NHAI.

As NHAI did not come forward to take over the Project in terms of the CA, L&T CTTL has filed two Applications (OMP No. 370/2015 & 371/2015) under Section 9 of Arbitration & Conciliation Act, 1996 before Hon'ble High Court of Delhi. In application No. 370, L&T CTTL has sought the Court to direct NHAI to take-over the Project as per the terms of Article 37.4 of CA and in application No. 371, L&T CTTL has sought the Court to direct NHAI to continue depositing the toll in the Escrow Account and disburse the toll collected in terms of the waterfall mechanism stipulated in the Escrow Agreement till the issue of termination is finally decided by the Arbitral Tribunal. In OMP No.371/2015, L&T CTTL had impleaded lenders also as Respondents. Hon'ble High Court in its Order dated August 04, 2015 in both the applications has directed the parties to maintain status quo till the next date of hearing and directed the parties to look for amicable solution. Accordingly both the parties met along with their Counsel on August 20, 2015 and September 08, 2015 but could not reach an amicable solution to the issues. Further a meeting of all the stake holders of the Project including lenders was called by NHAI on October 20, 2015, to discuss about the various issues involved in the Project, under the chairmanship of NHAI Chairman. But the outcome of the meeting was not agreeable to all the parties.

On December 02, 2015 L&T CTTL and NHAI updated the Hon'ble High Court of Delhi about the failure of meetings seeking amicable solution to the issues and that no amicable solution could be reached between the parties. Further, Hon'ble High Court directed the NHAI to give a clear proposal to L&T CTTL within two weeks to enable L&T CTTL to respond to the same and have also directed to NHAI to file their Reply. NHAI did not submit any proposal to L&T CTTL as directed by the Hon'ble High Court. NHAI filed its replies in both the Applications and L&T CTTL has filed the Rejoinders in the matter on April 07, 2016. The matter was adjourned to May 03, 2016 for final hearing on the said Applications.

OMP No 370/2015 was dismissed on May 03, 2016 as NHAI agreed to take over the Project. OMP 371/ 2015 was disposed of on May 27, 2016 stating that after termination of the Concession Agreement, the NHAI has appointed the new agent for toll collection. The new Concession Agreement is yet to be executed. In the meanwhile, both the parties agreed without prejudice that the toll collected by the new agent be deposited in the escrow account as large amount of debt is still owed to the lenders.

CAPITAL EXPENDITURE

There were no Capital Expenditure incurred during the Year.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in Notes to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act which are in ordinary course of business and at arm's length basis. The Company will adhere to the RPT policy of the Holding Company and the guidelines thereunder.

The Company has not entered into any material contracts or arrangements during the year 2016-17. The disclosure as per Form AOC-2 of the Act is given in this Report as **Annexure I**.

AMOUNT TRANSFERRED TO RESERVES

The Company is yet to commence commercial operation during the financial year and hence no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Company is yet to commence commercial operation during the year and no dividend is recommended.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

The Company had decided to terminate the concession due to the default on the part of the Authority and issued notice of termination to the Authority. Further details are provided under the para "Results of Operations and State of Company's Affairs".

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, pertaining to conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no outgo or earning in foreign currency during the year.

RISK MANAGEMENT POLICY

Since there are no operations in the company, review of risk of the company does not arise.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Since the company has issued termination notice and there are no operations in the Company, the adequacy of internal control system does not arise.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Mr. P. G. Suresh Kumar, Director, retired by rotation in the Annual General Meeting of the Company held on September 28, 2016. He was re-appointed as Director.

Mr. Arun Kumar Jha was appointed as Additional Director of the Company on April 11, 2016. He was appointed as Director in the Annual General Meeting of the Company held on September 28, 2016. He subsequently resigned with effect from January 18, 2017.

The Board of Directors of the Company as on March 31, 2017 is as follows:

S.No.	Name	Designation	DIN
1	Mr. T. S. Venkatesan	Director	01443165
2	Mr. P. G. Suresh Kumar	Director	07124883
3	Dr. Ashwin Mahalingam	Independent Director	05126953
4	Mr. K.P.Raghavan	Independent Director	00250991

Mr. S. Elangovan resigned as Manager of the Company with effect from October 17, 2016.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

S. No.	Name	Designation
1	Mr. C.Ramanan	Chief Financial Officer

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

During the year four Board Meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No of Directors Present
April 11, 2016	5	5
July 15,2016	5	2
October 19, 2016	5	3
January 18, 2017	5	3

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Mr. K.P.Raghavan, Dr. Ashwin Mahalingam and Mr. T.S.Venkatesan.

During the year, four meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 11, 2016	3	3
July 15,2016	3	2
October 19,2016	3	2
January 18, 2017	3	2

In accordance with the requirements of the Act, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act, read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. Ashwin Mahalingam, Mr. K.P.Raghavan and Mr. T.S.Venkatesan.

During the year, one meeting was held. The detail of the meeting conducted during the year under review is given below:

Date	Strength of the Committee	No. of members present
April 11, 2016	3	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Act, confirming that he is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as **Annexure 2.**

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a not going concern basis:

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The Independent Directors Meeting was proposed to be held during December 2016. However, due to non-availability of Independent Directors, the Meeting could not be scheduled. The Independent Directors at the meeting held on March 16, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 15, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17 since there are no employees in the Company.

AUDITOR AND AUDITOR'S REPORT

STATUTORY AUDITORS

The Company in the Seventh Annual General Meeting held on September 21, 2015 for the F-Y 2015-16 had appointed M/s.Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Delhi as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting of the Company to be held during the year 2018.

The Board recommends the ratification of the appointment of M/s.Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Delhi, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year 2016-17 is unqualified and the Auditors wish to draw attention to disclosure under "emphasis on matter", where it is stated about the Project being terminated and there being non repayment of Loan. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Act.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, NHAI and all other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

	T. S. VENKATESAN	**P. G. SURESH KUMAR**
Place: Chennai	*Director*	*Director*
Date: April 25, 2017	*DIN: 01443165*	*DIN: 07124883*

ANNEXURE 1

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

The Company has not entered into any such contracts or arrangements during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

The Company has not entered into any such contracts or arrangements during the year.

For and on behalf of the Board

	T. S. VENKATESAN	**P. G. SURESH KUMAR**
Place: Chennai	*Director*	*Director*
Date: April 25, 2017	*DIN: 01443165*	*DIN: 07124883*

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45309TN2008PLC066938
Registration Date	24/08/2008
Name of the Company	L&T Chennai-Tada Tollway Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai-600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board of Directors Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	41999995	6*	42000000	100	41999995	6*	42000000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**41999995**	**6***	**42000000**	**100**	**41999995**	**6***	**42000000**	**100**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**41999995**	**6***	**42000000**	**99.99**	**41999995**	**6***	**42000000**	**99.99**	**–**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**41999995**	**6***	**42000000**	**100**	**41999995**	**6***	**42000000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (including nominees)	41999900	99.99	Nil	41999900	99.99	Nil	–
2	Larsen & Toubro Limited	100	0.01	Nil	100	0.01	Nil	–
	Total	**42000000**	**100**	**Nil**	**42000000**	**100**	**Nil**	**–**

(iii) Change in Promoters' Shareholding: No change in shareholding of promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	0.001	2	0.001
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	As on March 31, 2017	2	0.001	2	0.001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	3,42,45,76,986		3,42,45,76,986
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**3,42,45,76,986**	**–**	**3,42,45,76,986**
Change the financial year			**–**
· Addition			–
· Reduction	–		–
Net Change	–	–	–
As on March 31, 2017			
i) Principal Amount	3,42,45,76,986	–	3,42,45,76,986
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**3,42,45,76,986**	**–**	**3,42,45,76,986**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: No Manager in the Company. Hence not applicable.

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	**Dr. Ashwin Mahalingam**	**Mr. K. P. Raghavan**	
	Fee for attending board meeting	₹.50,000/-	₹.1,00,000/-	₹ 1,50,000/-
	Fee for committee meetings	₹.30,000/-	₹.50,000/-	₹.80,000/-
	Commission	-	-	-
	Others, please specify	-	-	-
	Total (1)	**₹.80,000/-**	**₹.1,50,000/-**	**₹.2,30,000/-**
2	Other Non-Executive Directors			
	1. Mr. T.S.Venkatesan	Nil		
	2. Mr. P.G.Suresh Kumar			
	No Fee for attending board / committee Meetings and no Commission	Nil		
	Total (2)			
	Total (B)=(1+2)	**₹.80,000/-**	**₹.1,50,000/-**	**₹.2,30,000/-**
	Total Managerial Remuneration	**NA**	**NA**	**NA**
	Overall Ceiling as per the Act (sitting fees)	Not more than ₹ 1,00,000/- per meeting of Board or Committee Meeting		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP of the Company. Mr. C.Ramanan, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

	T. S. VENKATESAN	**P. G. SURESH KUMAR**
Place: Chennai	*Director*	*Director*
Date: April 25, 2017	*DIN: 01443165*	*DIN: 07124883*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T CHENNAI TADA TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Chennai Tada Tollway Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to:

i) The Note no. 11 to the financial statements which states that Due to the authority default company terminated the project with effect from June 24th 2015. Due to inaction of the authority on termination notice, company filed an application under Sec 9 of Arbitration and Conciliation act before the Hon' High Court of Delhi. On the direction of court, authority took over the project on 23rd June 2016. On an application made by the company the Hon High Court of Delhi directed NHAI to deposit toll collections related to the Project with the Escrow Account of the company till the decision of arbitration tribunal with respect to termination payment determination and settlement. These collections are adjusted towards "NHAI receivable amount towards the Termination claim. In view of the above management is confident of realizing all amounts accounted as 'Receivable from NHAI - Termination payment' under 'Current Assets' of note no. F to the Financial Statements.

ii) The Note no. 12 which states that going concern assumption is not appropriate, hence the financial statements have been drawn up accordingly.

iii) Secured lender have issued "NOTICE RECALLING LOANS" for repayment of entire outstanding loans.

Our opinion is not modified in respect of this matter.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.

2. As required by Section 143(3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -A"; and

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The company has not pending litigation which would impact its financial position;

      ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

      iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

      iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. (refer note C14)

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 25, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF L&T CHENNAI TADA TOLLWAY LIMITED FOR THE YEAR ENDED AS ON 31ST MARCH 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b) The Fixed Assets were physically verified by the company before their disposal and no material discrepancies were noticed on such verification

   c) The company has no immoveable properties held.

ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.

iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.

vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

   b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has defaulted in payment of outstanding amount of loan amounting to ₹ 342,45,76,986 and related interest thereon amounting to ₹ 20,25,36,968 as the secured lenders have issued "NOTICE RECALLING LOANS" dues to banks. The company has not taken any loans or borrowings from Government.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The Company has not paid any managerial remuneration, hence therefore para 3(xi) of the Order is not applicable to the company.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore para 3(xiv) of the Order is not applicable to the company.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 25, 2017

ANNEXURE-A

Annexure referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report on even date:-

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of **L&T Chennai Tada Tollway Limited** (“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor’s judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company’s internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company’s internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company’s internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company’s assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm‘s Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 25, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at March 31, 2017 (₹)	As at March 31, 2016 (₹)	As at April 01, 2015 (₹)
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	–	6,497,112	8,532,162
b) Intangible assets	2	–	–	5
c) Intangible assets under development	3	–	4,280,777,594	4,063,169,109
d) Financial Assets				
i) Loans	4	–	1,973,905	1,909,244
f) Other non-current assets	5	–	230,055	6,266,277
		–	4,289,478,666	4,079,876,797
Current assets				
a) Financial Assets				
i) Investments	6	–	–	27,824,491
ii) Cash and bank balances	7	623,902	10,693,621	4,319,198
iii) Bank balances other than cash and cash equivalents	8	4,073,241	–	–
b) Current Tax Assets (net)	5	13,685,770	4,652,870	4,032,857
c) Other current assets	5	4,178,549,856	19,040,107	22,847,567
		4,196,932,769	34,386,598	59,024,113
Total Assets		4,196,932,769	4,323,865,264	4,138,900,910
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	420,000,000	420,000,000	420,000,000
b) Other Equity	10	(50,574,095)	(2,014,742)	(1,945,813)
		369,425,905	417,985,258	418,054,187
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	–	3,287,537,708	3,337,026,803
b) Provisions	13	–	2,153,407	1,489,731
		–	3,289,691,115	3,338,516,534
Current liabilities				
a) Financial liabilities				
i) Borrowings	11	3,549,725,158	249,378,000	166,252,000
ii) Trade payables	15	72,086,105	37,766,005	168,334,787
iii) Other financial liabilities	12	202,536,968	159,667,040	11,626,343
b) Other current liabilities	14	3,158,633	169,377,846	36,117,059
		3,827,506,864	616,188,891	382,330,189
Total Equity and Liabilities		4,196,932,769	4,323,865,264	4,138,900,910
Contingent liabilities	A			
Commitments	B			
Other notes forming part of accounts	C			
Significant accounting policies	D			

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)
by the hand of
MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

C. RAMANAN
Chief Financial Officer

T. S. VENKATESAN
Director
DIN: 01443165

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 (₹)	2016-17 (₹)	*2015-16* (₹)	*2015-16* (₹)
REVENUE					
Construction contract revenue			–		*217,294,948*
Total income			–		*217,294,948*
EXPENSES					
Construction contract expenses			–		*217,294,948*
Employee benefit expenses	**16**		**166,977**		–
Finance costs	**17**		**46,583,630**		–
Administration and other expenses	**18**		**1,877,675**		–
Total expenses			**48,628,282**		*217,294,948*
Profit/(loss) before exceptional items and tax			**(48,628,282)**		–
Tax Expense:					
Current tax		–		–	
Deferred tax		–		–	
			–		–
Profit/(loss) for the year			**(48,628,282)**		–
Loss for the year			**(48,628,282)**		–
Other Comprehensive Income					
Not reclassifiable to profit or loss in subsequent periods			–		
Total Comprehensive Income for the year			**(48,628,282)**		–
Earnings per equity share (Basic and Diluted)	**Note C 9**		**(1.16)**		–
Face value per equity share			**10.00**		*10.00*

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)
by the hand of
MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

C. RAMANAN
Chief Financial Officer

Place : Chennai
Date : April 25, 2017

T. S. VENKATESAN
Director
DIN: 01443165

P. G. SURESH KUMAR
Director
DIN: 07124883

CASH FLOW STATEMENT AS ON MARCH 31, 2017

S. No.	Particulars	2016-17 (₹)	2015-16 (₹)
A	**Net profit / (loss) before tax and extraordinary items**	**(48,628,282)**	-
	Adjustments for		
	Interest expense	**46,583,630**	-
	Mutual fund fair value	**68,929**	
	Operating profit before working capital changes	**(1,975,723)**	-
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(2,153,407)**	*663,676*
	Increase / (Decrease) in trade payables	**34,320,100**	*(130,568,782)*
	Increase / (Decrease) in other current liabilitites	**(166,219,213)**	*133,260,787*
	Increase / (Decrease) in other current financial liabilitites	**42,869,928**	*148,040,697*
	(Increase) / Decrease in loan term loans and advances	**1,973,905**	*(64,661)*
	(Increase) / Decrease in other non-current assets	**230,055**	*6,036,222*
	(Increase) / Decrease in other current assets	**(4,159,509,749)**	*3,807,461*
	Net cash generated from/(used in) operating activities	**(4,250,464,104)**	*161,175,400*
	Direct taxes paid (net of refunds)	**(9,032,899)**	*(620,014)*
	Net Cash(used in)/generated from Operating Activities	**(4,259,497,003)**	*160,555,386*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**-**	*95,257,967*
	Sale / Transfer of fixed assets	**4,751,209,092**	*5,012*
	Sale of current investments	**-**	*27,755,562*
	Interest received	**-**	*(282,510)*
	Net cash (used in)/generated from investing activities	**4,751,209,092**	*122,736,031*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**2,179,278**	*(80,881,095)*
	Proceeds/(repayment) of Loan from/to Parent company	**10,630,172**	*114,518,000*
	Interest paid	**(510,518,017)**	*(310,553,899)*
	Net cash (used in)/generated from financing activities	**(497,708,567)**	*(276,916,994)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(5,996,478)**	*6,374,423*
	Cash and cash equivalents as at the beginning of the year	**10,693,621**	*4,319,198*
	Cash and cash equivalents as at the end of the year	**4,697,143**	*10,693,621*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)
by the hand of
MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

C. RAMANAN
Chief Financial Officer

T. S. VENKATESAN
Director
DIN: 01443165

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 25, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1) PROPERTY, PLANT AND EQUIPMENT

(₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2016	*Additions*	*Disposals*	**As at March 31, 2017**	*As at April 01, 2016*	*For the year*	*On Disposals*	**As at March 31, 2017**	**As at March 31, 2017**	*As as March 31, 2016*
Owned										
Land	–	–	–	**–**	–	–	–	**–**	**–**	–
Building	–	–	–	**–**	–	–	–	**–**	**–**	–
Plant and Equipment	*1,945,948*	–	1,945,948	**–**	*547,053*	114,004	661,057	**–**	**–**	*1,398,895*
Furniture and fixtures/	*2,085,539*	–	2,085,539	**–**	*341,855*	50,666	392,521	**–**	**–**	*1,743,684*
Vehicles	*424,343*	–	424,343	**–**	*92,581*	30,047	122,628	**–**	**–**	*331,762*
Office equipment	*349,801*	–	349,801	**–**	*190,979*	24,406	215,385	**–**	**–**	*158,822*
Electrical installations	*1,964,086*	–	1,964,086	**–**	–	–	–	**–**	**–**	*1,964,086*
Air conditioning and Refrigeration	*1,392,104*	–	1,392,104	**–**	*556,036*	121,484	677,520	**–**	**–**	*836,068*
Computers, laptops and printers	*243,830*	–	243,830	**–**	*180,035*	30,117	210,152	**–**	**–**	*63,795*
Total	***8,405,651***	**–**	**8,405,651**	**–**	***1,908,539***	**370,724**	**2,279,263**	**–**	**–**	***6,497,112***

(i) Project assets have been handed over to NHAI on 22nd Jun 2016 as per the Hon'ble Delhi High Court Order dated 27th May 2016. The deletion represents both assets disposed off as well as handed over to NHAI.

NOTE 2) INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹)

PARTICULARS	COST			
	As at April 01, 2016	Additions	Disposals	**As at March 31, 2017**
Construction cost	*4,304,180,899*	-4,831,442	4,299,349,457	**–**
Pre-operative expenses pending allocation	*-23,403,305*	240,100,281	216,696,976	**–**
Total	***4,280,777,594***	**235,268,839**	**4,516,046,433**	**–**

(i) Project assets have been handed over to NHAI on 22nd Jun 2016 as per the Hon'ble Delhi High Court Order dated 03rd May 2016.

NOTE 3a) INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	*As at April 01, 2016*	**Additions**	**Transfer**	**As at March 31, 2017**
	₹	₹	₹	₹
a) Construction cost				
EPC contract bills	*4,159,054,212*	**(4,831,443)**	**4,154,222,769**	**–**
Other works - Toll Plaza	*145,126,687*	**1**	**145,126,688**	**–**
Total (A)	*4,304,180,899*	**-4,831,442**	**4,299,349,457**	**–**
b) Pre-operative expenses pending allocation				
Concession Fee	*8*	**–**	**8**	**–**
Toll management charges	*151,325,815*	**2,451,328**	**153,777,143**	**–**
Security charges	*40,539,086*	**2,082,960**	**42,622,046**	**–**
Insurance	*27,703,994*	**1,769,702**	**29,473,696**	**–**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at April 01, 2016 ₹	Additions ₹	Transfer ₹	As at March 31, 2017 ₹
Repairs and maintenance	–		–	–
Toll Road and Bridge	*218,285,365*	**10,092,612**	**228,377,977**	–
Plant and machinery	–	**1,338,319**	**1,338,319**	–
Others	*9,928,374*	**1,053,576**	**10,981,950**	–
Power and fuel	*42,209,263*	**1,977,831**	**44,187,094**	–
Depreciation and amortisation	*23,806,790*	**370,724**	**24,177,514**	–
Salaries and wages	*88,405,007*	**1,613,574**	**90,018,581**	–
Contribution and provisions for	–		–	–
Provident fund	*4,138,629*	**105,507**	**4,244,136**	–
Gratuity	*857,539*	**(599,015)**	**258,524**	–
Compensated absences	*1,827,990*	**(746,758)**	**1,081,232**	–
Retention pay	*329,164*	**(329,164)**	–	–
Staff Welfare Expenses	*12,497,822*	**350,737**	**12,848,559**	–
Interest on borrowings (term loans)	*1,882,265,843*	**460,220,685**	**2,342,486,528**	–
Bank charges and bank guarantee charges	*10,699,870*	**226,147**	**10,926,017**	–
Finance Charges Others	–	–	–	–
Rent, rates and taxes	*10,320,220*	**10,298**	**10,330,518**	–
Professional fees	*183,327,016*	**738,286**	**184,065,302**	–
Postage and Communication expenses	*3,357,669*	**46,692**	**3,404,361**	–
Printing and Stationery	*5,679,647*	**36,319**	**5,715,966**	–
Travelling and conveyance	*38,860,147*	**552,551**	**39,412,698**	–
Additional concession fee	*704,950,686*	**(98,617,708)**	**606,332,978**	–
Prior period adjustment	*1,309,637*	–	**1,309,637**	–
Miscellaneous expenses	*12,187,262*	**8,927**	**12,196,189**	–
Less:	–		–	–
Toll collections	*3,457,511,376*	**135,438,951**	**3,592,950,327**	–
Other income	*49,737,671*	**181,999**	**49,919,670**	–
Less: Current tax thereon including previous year	*9,032,899*	**(9,032,899)**	–	–
TOTAL (B)	*(23,403,305)*	**240,100,281**	**216,696,976**	–
GRAND TOTAL (A+B)	*4,280,777,594*	**235,268,839**	**4,516,046,433**	–
Add:				
Asset value transferred @ WDV value on handing over date			**2,648,473**	
Utility receivable transferred to NHAI			**9,784,400**	
Electricity Deposits transferred to NHAI acount			**2,213,555**	
Insurnace amount debited by Bank			**2,370,569**	
Legal Payment debited by Bank			**150,005**	
Less:				
Amount received from NHAI (toll deposited)			**(355,676,346)**	
Balanace NHAI receivable account			**4,177,537,089**	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 1) PROPERTY, PLANT AND EQUIPMENT

(₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Land	–	–	–	–	–	–	–	–	–	–
Building	–	–	–	–	–	–	–	–	–	–
Plant and Equipment	1,945,948	–	–	1,945,948	–	547,053	–	547,053	1,398,895	1,945,948
Furniture and fixtures	2,087,373	–	1,834	2,085,539	–	341,855	–	341,855	1,743,684	2,087,373
Vehicles	424,343	–	–	424,343	–	835,330	742,749	92,581	331,762	424,343
Office equipment	393,366	–	43,565	349,801	–	272,603	81,624	190,979	158,822	393,366
Electrical installations	1,964,086	–	–	1,964,086	–	–	–	–	1,964,086	1,964,086
Air conditioning and Refrigeration	1,392,104	–	–	1,392,104	–	556,036	–	556,036	836,068	1,392,104
Computers, laptops and printers	324,942	–	81,112	243,830	–	180,035	–	180,035	63,795	324,942
Total	**8,532,162**	**–**	**126,511**	**8,405,651**	**–**	**2,732,912**	**824,373**	**1,908,539**	**6,497,112**	**8,532,162**

NOTE 2) INTANGIBLE ASSETS

(₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	12,615,672	–	12,615,672	–	12,615,667	–	12,615,667	–	–	5
Total	12,615,672	–	12,615,672	–	12,615,667	–	12,615,667	–	–	5

NOTE 3) INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹)

PARTICULARS	COST			
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016
Construction cost	4,248,379,484	55,801,415		4,304,180,899
Pre-operative expenses pending allocation	-185,210,375	161,807,070		-23,403,305
Total	4,063,169,109	217,608,485	–	4,280,777,594

(a) The Borrowing cost included in pre-operative expenses pending allocation during the year is ₹.47,02,20,939/-

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 4) LOANS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	–	–	–	–	1,973,905	1,973,905	–	1,909,244	1,909,244
	–	–	–	–	1,973,905	1,973,905	–	1,909,244	1,909,244

NOTE 5) OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Capital advances									
For intangible assets under development	–	–	–	–	–	–	–	6,031,472	6,031,472
Advances other than capital advances									
Advances to related parties	–	–	–	11,000	–	11,000	–	–	–
Advances to employees	–	–	–	–	230,055	230,055	–	234,805	234,805
Other advances	4,177,537,089	–	4,177,537,089	16,049,178	–	16,049,178	21,518,850	–	21,518,850
Advance recoverable other than in cash									
Prepaid Insurance	–	–	–	1,766,137	–	1,766,137	315,950	–	315,950
Prepaid expenses	–	–	–	201,025	–	201,025	–	–	–
VAT recoverable	1,012,767	–	1,012,767	1,012,767	–	1,012,767	1,012,767	–	1,012,767
Income tax net of previous year provisions			–	–		–	–		–
	4,178,549,856	–	4,178,549,856	19,040,107	230,055	19,270,162	22,847,567	6,266,277	29,113,844
Income tax									
Income tax net of provisions	13,685,770		13,685,770	4,652,870		4,652,870	4,032,857		4,032,857
	13,685,770	–	13,685,770	4,652,870	–	4,652,870	4,032,857	–	4,032,857

(a) Current year Other advances represents receivable amount from NHAI net of the amount of toll collected from the project being deposited in Escrow account as per direction of Hon'ble Delhi High Court. The above referred receivable amount from NHAI is net of estimated provision and is lesser amount than the recoverable amount towards termination compensation by the Company, pursuant to the termination of the concession agreement entered into with the National Highway Authorities of India (NHAI). The nature of default and the termination amount claimed has not been accepted by NHAI and arbitration proceedings have been initiated in respect of the disputes relating to the termination payments/claims.

The Management has carried out an assessment of its exposure in these projects duly considering the expected payments arising out of the aforesaid termination and the likely outcome of the arbitration proceedings, contractual stipulations/ interpretation of the relevant clauses including the possible obligations to lenders, legal advice, etc. and believes that the net amount of termination compensation recoverable carried in the books is good for recovery and no additional provision/adjustment to the same is considered necessary by the Management as at 31 March 2017.

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 6) INVESTMENTS

Particulars	As at March 31, 2017 Quantity Units	As at March 31, 2017 Current ₹	As at March 31, 2016 Quantity Units	As at March 31, 2016 Current ₹	As at April 01, 2015 Quantity Units	As at April 01, 2015 Current ₹
Investments at fair value through Profit and loss						
Investments in mutual funds	–	–	–	–		27,824,491
	–	–	–	–		27,824,491

Particulars of Investments	Quantity Units	Book value ₹	Quantity Units	Book value ₹	Quantity Units	Book value ₹
Religare Mutual Fund	–	–	–	–	1,769.242	3,354,346
IDFC Mutual Fund	–	–	–	–	2,831.082	4,713,670
SBI Mutual Fund	–	–	–	–	2,717.601	5,898,215
Reliance Mutual Fund	–	–	–	–	8,269.854	12,189,271
L&T Mutual Fund	–	–	–	–	608.029	1,151,523
UTI Mutual Fund	–	–	–	–	59.277	135,000
Aggregate amount of quoted investments	–	–	–	–		27,442,025

NOTE 7) CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
a) Balances with banks	–	–	–
Trust retention and escrow accounts	–	7,316,719	2,140,717
Other accounts	**623,779**	188,356	64,619
b) Cash on hand	**123**	3,188,546	2,113,862
	623,902	10,693,621	4,319,198

NOTE 8) BANK BALANCES OTHER THAN CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
a) Balances with banks			
Restricted bank balance	**4,073,241**	–	–
	4,073,241	–	–

NOTE 9) SHARE CAPITAL

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 ₹	As at March 31, 2016 No. of shares	As at March 31, 2016 ₹	As at April 01, 2015 No. of shares	As at April 01, 2015 ₹
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Equity shares of ₹ 10 each	**42,000,000**	**420,000,000**	42,000,000	420,000,000	42,000,000	420,000,000
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**42,000,000**	**420,000,000**	42,000,000	420,000,000	42,000,000	420,000,000

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
At the beginning of the year	**42,000,000**	**420,000,000**	*42,000,000*	*420,000,000*	*42,000,000*	*420,000,000*
Issued during the year as fully paid		**–**		–		–
Others	**–**	**–**		–		–
At the end of the year	**42,000,000**	**420,000,000**	*42,000,000*	*420,000,000*	*42,000,000*	*420,000,000*

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
(v) Details of Shares held by Holding Company/Ultimate Holding Company/ its subsidiaries or associates:						
L&T Infrastructure Development Projects Limited (including nominee holding)	**41,999,900**	**419,999,000**	*41,999,900*	*419,999,000*	*41,999,900*	*419,999,000*
Larsen and Toubro Limited (ultimate holding company)	**100**	**1,000**	*100*	*1,000*	*100*	*1,000*
	42,000,000	**420,000,000**	*42,000,000*	*420,000,000*	*42,000,000*	*420,000,000*
(vi) Details of Shareholders holding more than 5% shares in the company:						
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
L&T Infrastructure Development Projects Limited (including nominee holding)	**41,999,900**	**10000%**	*41,999,900*	*10000%*	*41,999,900*	*10000%*
Larsen and Toubro Limited (including nominee holding)	**100**	**0%**	*100*	*0%*	*100*	*0%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

Statement of Changes in Equity for the year ended March 31, 2017

NOTE J) EQUITY SHARE CAPITAL

Balance at the beginning of the reporting period		Changes in equity share capital during the year		*Balance at the end of the reporting period*	
No of shares	**₹**	**No of shares**	**₹**	**No of shares**	**₹**
42,000,000	**420,000,000**	**–**	**–**	**42,000,000**	**420,000,000**

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 10) OTHER EQUITY AS ON 31.03.2017

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus	Total
			Retained earnings	
Balance at the beginning of the reporting period	–	–	(2,014,742)	(2,014,742)
Restated balance as at the beginning of the reporting period			68,929	68,929
Transfer to retained earnings		–		–
Total comprehensive income for the year			(48,628,282)	(48,628,282)
Balance at the end of the year	–	–	(50,574,095)	(50,574,095)

OTHER EQUITY AS ON 31.03.2016

Particulars	*Share application money pending allotment*	*Equity component of compound financial instruments*	*Reserves & Surplus*	*Total*
			Retained earnings	
Balance at the beginning of the reporting period	–	–	*(1,945,813)*	*(1,945,813)*
Restated balance as at the beginning of the reporting period			*(68,929)*	*(68,929)*
Balance at the end of the reporting period	–	–	*(2,014,742)*	*(2,014,742)*

NOTE 11) BORROWINGS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Term loans									
i) From banks	3,424,576,986	–	3,424,576,986	*249,378,000*	*3,173,019,708*	*3,422,397,708*	*166,252,000*	*3,337,026,803*	*3,503,278,803*
Unsecured borrowings									
a) Loans from related parties	125,148,172	–	125,148,172	–	114,518,000	114,518,000	–	–	–
	3,549,725,158	–	3,549,725,158	249,378,000	3,287,537,708	3,536,915,708	166,252,000	*3,337,026,803*	*3,503,278,803*

Particulars	Effective rate of interest		Terms of Repayment
	2016-17	*2015-16*	
Rupee Term loans Andhra Bank IDBI Vijaya Bank United Bank of India	Refer note*	*12.27%*	Repayable in unequal quarterly instalments from December 31, 2013 till June 30, 2024, ranging from ₹ 1,18,75,000 to ₹ 26,12,50,000.
Unsecured Loan from Holding company		*G-sec rate on the date of availing loan*	Repayable post settlement of Rupee Term Loans

Particulars	As at March 31, 2017	*As at March 31, 2016*
Long term borrowings	–	*3,175,198,986*
Current maturities of long term borrowings	3,424,576,986	*249,378,000*
	3,424,576,986	*3,424,576,986*

*The use of Effective interest rate (EIR) in valuation of the borrowing is not appropriate consequent to the “loan recall notice” issued by the lenders.

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 12) OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Interest accrued and due on term loans	**202,536,968**	**–**	**202,536,968**	*159,667,040*	–	*159,667,040*	–	–	–
b) Revenue share payable	**–**	**–**	**–**	–	–	–	*11,626,343*	–	*11,626,343*
	202,536,968	**–**	**202,536,968**	*159,667,040*	–	*159,667,040*	*11,626,343*	–	*11,626,343*

NOTE 13) PROVISIONS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	**–**	**–**	**–**	–	*2,153,407*	*2,153,407*	–	*1,489,731*	*1,489,731*
	–	**–**	**–**	–	*2,153,407*	*2,153,407*	–	*1,489,731*	*1,489,731*

NOTE 14) OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Company owned car scheme	**–**	**–**	**–**	–	–	–	–	–	–
ii) Other liabilities	**3,134,215**	**–**	**3,134,215**	*167,870,334*	–	*167,870,334*	*33,360,128*	–	*33,360,128*
iii) Statutory payables	**24,418**	**–**	**24,418**	*1,507,512*	–	*1,507,512*	*2,756,931*	–	*2,756,931*
	3,158,633	**–**	**3,158,633**	*169,377,846*	–	*169,377,846*	*36,117,059*	–	*36,117,059*

NOTE 15) TRADE PAYABLES

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
	₹	₹	₹
Acceptances			
Due to related parties (net of receivables)	**18,806,403**	*24,045,422*	*55,127,580*
Due to others	**53,279,702**	*13,720,583*	*113,207,207*
	72,086,105	*37,766,005*	*168,334,787*

A CONTINGENT LIABILITIES

The Company has a Contingent liabilities of ₹ 13,63,03,014 towards demand notice under sec. 156 of Income tax act 1961, pertaining to assesment year 2012-13 for an amount of ₹ 63,17,224 and assessment year 2014 - 15 for an amount of ₹ 12,99,85,790 (previous year: ₹ 63,17,224)

B COMMITMENTS

Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹.Nil.(previous year: NIL)

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 16) EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Salaries, wages and bonus		**147,157**		–
Contributions to and provisions for:				
Provident fund	**9,208**		–	
		9,208		–
Staff welfare expenses		**10,612**		–
		166,977		–

NOTE 17) FINANCE COSTS

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest on borrowings		**46,583,630**		–
		46,583,630		–

NOTE 18) ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Rent, rates and taxes		**21,740**		–
Professional fees		**1,850,929**		–
Printing and stationery		**385**		–
Travelling and conveyance		**4,621**		–
		1,877,675		–

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17	2015-16
	₹	₹
a) As auditor	**309,925**	*0*
b) For taxation matters	**–**	*0*
c) For company law matters	**–**	*0*
d) For other services	**–**	*0*
Total	**309,925**	–

C) NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

"L&T Chennai Tada Tollway Limited, a Special Purpose Vehicle (SPV) incorporated for the purpose of widening of existing four lanes to six lanes from KM 11.00 to KM 54.40 on Chennai-Tada Section of NH 5 in the state of Tamilnadu under Concession Agreement dated June 3, 2008 with the National Highways Authority of India to be executed as BOT (TOLL) on DBFO Pattern under NHDP Phase V. The Concession Agreement is for a period of 15 years from the Appointed Date stated in clause 3.1 of the said agreement. The Company had terminated the project on account of Authority default on 24th Jun 2015 and handed over the project to National Highways Authority of India on 22nd Jun 2016. The Company's request of Termination payment is now under Arbitration."

2) The Statement of Profit and loss has been drawn to comply with the provisions of the Companies Act, 2013. However, the company has not commenced commercial operation.

3) The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

NOTES FORMING PART OF ACCOUNTS (Contd.)

4) Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 1,14,715 (previous year : ₹ 5,21,113) being contribution made to recognised provident fund is recognised as expense and included under intangible assets under development.

(ii) Defined benefit plans:

a) The Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
A) Present value of defined benefit obligation		
- Wholly funded	–	–
- Wholly unfunded		*739,991*
	–	*739,991*
Less : Fair value of plan assets	–	–
Amount to be recognised as liability or (asset)	–	*739,991*
B) Amounts reflected in the Balance Sheet		
Liabilities	–	*739,991*
Assets	–	–
Net Liability / (asset)	–	*739,991*

c) The amounts recognised in the Statement of Profit and loss are as follows:

	Particulars	**Gratuity plan**	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
1	Current service cost		*55,131*
2	Interest on Defined benefit obligation		*52,304*
3	Expected return on plan assets		
4	Actuarial losses/(gains)	**(599,015)**	
	From changes in demographic assumptions		
	From changes in financial assumptions		*17,214*
5	Past service cost	–	–
6	Actuarial gain/(loss) not recognised in books	–	–
7	Adjustment for earlier years	–	–
Total (1 to 7)		**(599,015)**	*124,649*
I	Amount included in "employee benefit expenses"	**(599,015)**	*124,649*
II	Amount included as part of "finance costs"	–	–
Total (I + II)		**(599,015)**	*124,649*
Actual return on plan assets		–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

d) **Effect of defined benefit plans on the amount , timing and uncertainity of entity's future cash flows**

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening balance of the present value of defined benefit obligation	**739,991**	*615,342*
Add: Current service cost	**–**	*55,131*
Add: Interest cost	**–**	*52,304*
Add: Contribution by plan participants		
i) Employer	**–**	–
ii) Employee	**–**	–
Add/(less): Actuarial losses/(gains)	**(599,015)**	*17,214*
Less: Benefits paid	**140,976**	
Add: Past service cost	**–**	–
Closing balance of the present value of defined benefit obligation	**–**	*739,991*

f) Principal actuarial assumptions at the Balance Sheet date:

Particulars		**As at March 31, 2017**	*As at March 31, 2016*
1)	Discount rate	**Not applicable**	*7.80%*
2)	Salary growth rate		*6.00%*
3)	Attrition rate		*9.00%*

g) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ NIL

h) The Company does not have employees on roll effective 01st Jul 2016. Hence, the disclosure of Gratuity provision as at 31st Mar 2017 is not applicable

5) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost included under Intangible assets under development for the year ₹ 46,02,20,685 (previous year : ₹ 47,02,20.939).

6) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

7) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) **List of related parties**

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

Fellow Subsidiaries :

L&T Deccan Tollway Limited

Krishnagiri Thopur Toll Road Limited

Devihalli Hassan Tollway Limited

L&T Interstate Road Corridor Limited

Kudgi Transmission Limited

L&T Krishnagiri Walajahpet Tollway Limited

L&T Transportation Infrastructure Limited

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) **Disclosure of related party transactions:**

Particulars	**2016-17** ₹	*2015-16* ₹
1 Holding Company		
L&T Infrastructure Development Projects Limited		
• Purchase of goods and services	**–**	*1,249,153*
• Advance paid	**–**	*100,000*
• Loan Received	**8,390,511**	*114,518,000*
• Interest Accured but not paid	**–**	*2,239,661*
• Reimbursement of expenses to	**–**	*11,000*
• Sale of fixed assets	**–**	*5*
• Refundable deposit received for directors' nomination	**100,000**	*100,000*
2 Ultimate Holding Company		
Larsen & Toubro Limited		
• Advance Paid	**14,260**	*40,420*
• Purchase of goods and services	**5,209**	*1,405,915*
• Reimbursement of expenses to	**91,240**	*646,485*
3 Fellow Subsidiaries		
Krishnagiri Thopur Toll Road Limited		
• Reimbursement of expenses from	**15,891**	*24,905*
• Sale of asset & materials	**84,915**	*–*
Devihalli Hassan Tollway Limited		
• Reimbursement of Expenses from	**–**	*–*
• Sale of asset & materials	**509,759**	*–*
L&T Transportation Infrastructure Limited		
• Purchase of goods and services	**–**	*5*
• Sale of asset & materials	**8,968**	*–*
L&T Krishnagiri Walajahpet Tollway Limited		
• Sale of asset & materials	**2,353,963**	*–*
Kudgi Transmission Limited		
• Sale of asset & materials	**40,895**	*–*
L&T Deccan Tollways Limited		
• Sale of asset & materials	**1,365,708**	*–*
L&T Interstate Road Corridor Limited		
• Sale of asset & materials	**635,934**	*–*
L&T General Insurance Company Limited		
• Purchase of goods and services	**–**	*4,423,870*

NOTES FORMING PART OF ACCOUNTS (Contd.)

c) **Amount due to and due from related parties(net):**

		(Amount in ₹)
Particulars	**Amounts due (to)/from**	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(23,903,154)**	*(24,045,422)*
Holding Company		
L&T Infrastructure Development Projects Limited		
Unsecured loan (incl accrued interest)	**(125,148,172)**	*(116,746,661)*
Fellow Subsidiaries		
L&T Deccan Tollway Limited	**1,365,708**	–
Krishnagiri Thopur Toll Road Limited	**69,024**	–
Devihalli Hassan Tollway Limited	**509,759**	–
L&T Interstate Road Corridor Limited	**635,934**	–
Kudgi Transmission Limited	**40,895**	–
L&T Krishnagiri Walajahpet Tollway Limited	**2,466,463**	–
L&T Transportation Infrastructure Limited	**8,968**	–

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

8) Disclosure pursuant to Ind AS 17 "Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 - "Leases" are not applicable.

9) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17**	*2015-16*
		₹	₹
Basic and Diluted			
Profit after tax as per accounts (₹)	A	**(48,628,282)**	–
Weighted average number of shares outstanding	B	**42,000,000**	*42,000,000*
Basic and Diluted EPS (₹)	A / B	**(1.16)**	–
Face value per equity share (₹)		**10.00**	*10.00*

10) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

11) Arbitration

Due to the authority default, company terminated the project with effect from June 24th 2015. Due to inaction of the authority on termination notice, company filed an application under Sec 9 of Arbitration and Conciliation Act before the Hon' High Court of Delhi. On the direction of Court, authority took over the project on 23rd June 2016.

On an application made by the company, the Hon High Court of Delhi directed NHAI to deposit toll collections related to the Project with the

NOTES FORMING PART OF ACCOUNTS (Contd.)

Escrow Account of the company till the decision of arbitration tribunal with respect to termination payment determination and settlement.

These collections are adjusted towards "NHAI receivable amount towards the Termination claims.

In view of the above management is confident of realising all amounts accounted as 'Receivable from NHAI - Termination payment' under 'Current Assets' of note no.5 (a) to the Financial Statements.

12) Going concern assumption is not appropriate, hence the financial statements have been drawn up accordingly.

13) The use of Effective interest rate (EIR) in valuation of the borrowing is not approproate consequent to the "loan recall notice" issued by the lenders.

14) Specified Bank Notes

	SBN's - in ₹	**Other denomination notes - in ₹**	**Total - in ₹**
Closing cash in hand as on 08.11.2016	–	5,084	5,084
(+) Permitted receipts	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	**–**	**5,084**	**5,084**

15) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. (A) to the Balance Sheet.

16) Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

17) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)."

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

f) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure."

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as "Property, Plant and equipment" and is depreciated over the period of lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Category of Property, plant and equipment	Estimated useful life (in years)
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/ State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted.

ii) Revenues and expenses at yearly average rates prevailing during the year.

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:

(a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

(b) recognised as income or expense in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

d) Financial statements of foreign operations are translated into Indian Rupees as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iv) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (FCTR) and the same is subsequently reclassified to profit or loss on disposal of a foreign operation."

e) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

f) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

11 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

12 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

13 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur."

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

14 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.

15 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108) read with SEBI’s circular dated 05 July 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under ‘unallocated revenue / expenses / assets / liabilities’.

16 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

17 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

18 Income taxes

The income tax expense or credit for the year is the tax payable on current year’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

19 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

20 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible. Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

21 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings,

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

22 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

23 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

24 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

25 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

26 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in loss of control in accordance with Ind AS 110, prospectively from the date of transition.
3. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
4. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
5. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 01 April 2015.
6. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
7. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
8. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.
9. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
10. The Company has not elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.
11. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached
For **GIANENDER & ASSOCIATES**
Chartered Accountants
(Firm registration no.: 004661N)
by the hand of
MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 25, 2017

For and on behalf of the Board

C. RAMANAN
Chief Financial Officer

T. S. VENKATESAN
Director
DIN: 01443165

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 25, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2017 is summarised below:

Particulars	2016-17	2015-16
	₹ in crore	*₹ in crore*
Profit before depreciation, exceptional and extra ordinary items & tax	**137.15**	*135.99*
Less: Depreciation, amortization and obsolescence	**114.84**	*116.72*
Profit / (loss) before exceptional and extraordinary items and tax	**22.31**	*19.27*
Profit /(loss) before tax	**22.31**	*19.27*
Less: Provision for tax	**4.59**	*2.01*
Profit / (loss) after tax from continuing operations	**17.72**	*17.26*
Add: Balance brought forward from previous year	**(331.08)**	*(340.49)*
Balance available for disposal	**(312.77)**	*(323.23)*
Debenture Redemption Reserve	**17.71**	*7.85*
Balance carried to Balance Sheet	**(330.48)**	*(331.08)*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The Company's name was changed from "L&T Vadodara Bharuch Tollway Limited" to "Vadodara Bharuch Tollway Limited" as approved by the Registrar of Companies with effect from September 02, 2016.

The gross revenue(toll revenue) and other income for the financial year under review were ₹ 275.94 crore as against ₹ 284.52 crore for the previous financial year registering an decreasing of 3.02%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 22.32 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 17.72 crore for the financial year under review as against ₹ 19.27 crore and ₹ 17.26 respectively for the previous financial year, registering an increase of 15.83% and 2.67% respectively.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 19.41% of non-cash transactions as compared to the period prior to Demonetization. The Company has initiated steps to realize the O&M & Interest Costs with NHAI for the period during which the toll operations were suspended.

CAPITAL & FINANCE

The Company raised ₹ 397 crore via issue of 3,97,000 Non-convertible Debentures at ₹ 10,000/- each at a coupon rate of 10.10% per annum to Axis Bank Limited.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 1,449.45 crore and the net fixed and intangible assets, including leased assets, at ₹ 551.98 crore. Capital Expenditure during the year amounted to ₹ 0.27 crore.

DEPOSITS

The Company has not accepted deposits from the public, hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture, Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the NoteF and G (i)of the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act, which are at ordinary course of business and at arm's length. The Company will adhere to the RPT Policy of the Holding Company and the guidelines thereunder.

The disclosure as per Form AOC-2 of theAct is given in Annexure I to this Report.

AMOUNT TRANSFERRED TO RESERVES

During the year, an amount of ₹ 17.71 crore was transferred to Debenture Redemption Reserve.

DIVIDEND

The Directors do not recommend any dividend during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company has incurred a sum of ₹ 0.09 crore on foreign currency expenditure.

There were no foreign exchange earnings during the year.

RISK MANAGEMENT POLICY

At the Audit Committee Meeting of its Company held on 21st July, 2015 had reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2015-16, the net profits of the company was more than ₹ 5 crore, hence pursuant to Section 135 of the Act, the company is required to constitute Corporate Social Responsibility Committee. Accordingly Corporate Social Responsibility Committee was constituted with Mr.N.Raghavan, Mr. Mathew George and Dr. Esther Malini as Members of the Committee. However, since the average net profits for the previous three years is negative, the Company need not spend on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP") APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

No director was liable to retire by rotation of the Company at the Annual General Meeting of the Company held on September 29, 2016.

Mr. T.S.Venkatesan was appointed as Additional Director of the Company with effect from July 13, 2016. He was appointed as Director at the Annual General Meeting of the Company held on September 29, 2016. Subsequently, he resigned as Director of the Company with effect from March 16, 2017.

Mr. P.G.Suresh Kumar resigned as Director of the Company with effect from July 13, 2016.

Mr. Mathew George and Dr. Esther Malini were appointed as Directors of the Company at the Annual general Meeting of the Company held on September 29, 2016.

Mr. K.C. Raman was appointed as Additional Director of the Company with effect from March 16, 2017.

The Board of Directors of the Company as on 31st March, 2017 is as follows:

Sr. No.	Name	Designation	DIN
1	Dr. Esther Malini	Director	07124748
2	Mr. Mathew George	Director	07402208
3	Mr. K.C. Raman	Additional Director	07763969
4	Mr. K.P. Raghavan	Independent Director	00250991
5	Mr. N. Raghavan	Independent Director	00251054

Mr. Sanjay Mathur resigned as Manager of the Company with effect from October 19, 2016.

Mr. Rajesh Tilokani was appointed as Manager of the Company with effect from January 18, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation	Date of appointment
1	Mr. Gobinda Chandra das	Chief Financial Officer	29/10/2014
2	Mr. Rajesh Tilokani	Manager	18/01/2017

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review 6 meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No. of Directors Present
April 29, 2016	5	4
July 13, 2016	5	3
September 7, 2016	5	2
October 19, 2016	5	5
January 18, 2017	5	3
March 16, 2017	5	5

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Mr. K. P. Raghavan, Mr. N. Raghavan and Dr. Esther Malini.

During the year under review, 5 meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 29, 2016	3	3
July 13, 2016	3	2
September 7, 2016	3	2
October 19, 2016	3	3
January 18, 2017	3	2
March 16, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Mr. K.P. Raghavan, Mr. N. Raghavan and Dr. Esther Malini.

During the year, 3 nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
July 13, 2016	3	2
October 19, 2016	3	3
March 16, 2017	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as Annexure II.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on March 16, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on ‘Protection of Women’s Rights at Workplace’ was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

AUDITORS AND AUDITORS’ REPORT

STATUTORY AUDITORS

M.K. Dandeker & Co, hold office until the conclusion of the ensuing Annual General Meeting (“AGM”). The Company in the Tenth Annual General Meeting held on 24th September 2015 for the F-Y 2015-16 had appointed M.K. Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the third consecutive Annual General Meeting of the Company to be held during the year 2017.

The Auditors’ Report for the financial year 2016-17 is unqualified and does not contain any emphasis on matter. The Notes to the accounts referred to in the Auditors’ Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

COST AUDITOR

Mr. K. Suryanarayanan, Cost Accountant, (Membership no: 24946) was appointed as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-2017, pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014. The Cost Audit Report for the financial year 2015-16 was filed with Ministry of Corporate Affairs on August 12, 2016. The Report of the Cost Auditors for the financial year 2016-2017 would be filed with the Ministry of Corporate Affairs once the same is finalised.

The remuneration of the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016.

SECRETARIAL AUDITORS

M/s. M.Balaji Rajan & Associates, a firm of Company Secretaries in practice (COP No: 6965), was appointed to conduct the secretarial audit of the Company for the financial year 2016-2017, as required under Section 204 of the Act and Rules thereunder.

The Secretarial Audit Report for the financial year 2016-17 is attached as Annexure III to this Report and it contains the following qualification, reservation or adverse remark.

It has been observed that that the company does not have Company Secretary as required under the provisions of Section 203(1) read with Rule 8A of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.

MANAGEMENT RESPONSE

The Company is in search of a suitable candidate to be appointed as a whole time Company Secretary as per the provisions of Section 203 of the Companies Act 2013. The Management will endeavour to appoint a Company Secretary in the near future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, Financial Institutions, Banks, NHAI and other Central and State Government authorities, Regulatory authorities and other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

	DR. ESTHER MALINI	**MATHEW GEORGE**
Place : Chennai	*Director*	*Director*
Date : April 28, 2017	*DIN: 07124748*	*DIN: 07402208*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
Ahmedabad Maliya Tollway Limited	Fellow Subsidiary companies	Unsecured Loan	1 Year	Short fall funding	10,30,00,000
L&T Rajkot Vadinar Tollway Limited	Fellow Subsidiary companies	Unsecured Loan	1 Year	Short fall funding	10,35,00,000
L&T Samakhiali Gandhidham Tollway Limited	Fellow Subsidiary companies	Unsecured Loan	1 Year	Short fall funding	8,85,00,000
L&T Infrastructure Development Projects Limited	Holding company	Unsecured Loan	254 Days	Commercial paper	50,00,00,000
			1 Year	Short fall funding	104,50,00,000

For and on behalf of the Board

DR. ESTHER MALINI — *Director* — *DIN: 07124748*

MATHEW GEORGE — *Director* — *DIN: 07402208*

Place : Chennai
Date : April 28, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2005PLC058417
Registration Date	23/12/2005
Name of the Company	VADODARA BHARUCH TOLLWAY LIMITED*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O. BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	**NSDL Database Management Limited **** 4th Floor, Trade World A Wing, Kamala Mills, Compound Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Phone : 022 4914 2591

* The name of the Company was changed from "L&T Vadodara Bharuch Tollway Limited" to "Vadodara Bharuch Tollway Limited" Vide Certificate of Incorporation dated September 03, 2016, issued by Registrar of Companies.

** NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 17, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways, if any.	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name And Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–		–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt(s)				–					
d) Bodies Corp.	43499992	6*	43499998	99.999	43499992	6*	43499998	99.999	
e) Banks / FI	–	–		–	–	–	–	–	–
f) Any Other….		–		–		–		–	–
Sub-total (A) (1):-	**43499992**	**6***	**43499998**	**99.999**	**43499992**	**6***	**43499998**	**99.999**	**–**
(2) Foreign									
a) NRIs-Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.		–		–	–		–	–	
d) Banks / FI	–					–			–
e) Any Other….		–							
Sub-total (A) (2):-				**–**	**–**		**–**	**–**	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**43499992**	**6***	**43499998**	**99.999**	**43499992**	**6***	**43499998**	**99.999**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–						
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–						
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–				–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	2	–	2	0.001	2	–	2	0.001	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	2	–	2	0.001	2	–	2	0.001	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2**		**2**	**0.001**	**2**	**–**	**2**	**0.001**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**43499994**	**6***	**43500000**	**100**	**43499994**	**6***	**43500000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding as on 01.04.2016			Shareholding as on 31.03.2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (including nominees)	43499998	99.999%	51%	43499998	99.999%	–	–
	Total	**43499998**	**99.999%**	**51%**	**43499998**	**99.999%**	**–**	**–**

(iii) Change in Promoters' Shareholding: No change in the shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
1	As on April 01, 2016	2	0.001	2	0.001
2	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
3	As on March 31, 2017	2	0.001%	2	0.001%

(v) **Shareholding of Directors and Key Managerial Personnel:**

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
1	As on April 01, 2016	1	0.001	1	0.001
2	Decrease due to resignation of Mr. T. S. Venkatesan	1	0.001	1	0.001
3	As on March 31, 2017	0	–	0	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	*9,762,073,280*		*9,762,073,280*
ii) Interest due but not paid	–		–
iii) Interest accrued but not due	*4,502,884*		*4,502,884*
Total (i+ii+iii)	*9,766,576,164*		*9,766,576,164*
Change the financial year			**–**
• Addition			–
• Reduction	120,515,268		120,515,268
Net Change	**(120,515,268)**		**(120,515,268)**
As on March 31, 2017			
i) Principal Amount	**9,688,263,072**		**9,688,263,072**
ii) Interest due but not paid			
iii) Interest accrued but not due	**198,828,360**		**198,828,360**
Total (i+ii+iii)	**9,887,091,432**		**9,887,091,432**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Rajesh Tilokani	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	₹ 3,98,825/-	₹ 3,98,825/-
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission - as % of profit - others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**₹ 3,98,825/-**	**₹ 3,98,825/-**
	Ceiling as per the Act	**₹ 5,71,41,556/- per annum**	

B. Remuneration to other directors:

(Amount in ₹)

Sl.no.	Particulars of Remuneration	Name of Directors		Total Amount
1.	Independent Directors	**Mr. K.P. Raghavan**	**Mr. N. Raghavan**	
	Fee for attending board meeting Fee for attending committee meetings Commission Others	₹ 1,25,000/- ₹ 80,000/- – –	₹ 1,50,000/- ₹ 90,000/- – –	₹ 2,75,000/- ₹ 1,70,000/- – –
	Total (1)	**₹ 2,40,000/-**	**₹ 2,05,000/-**	**₹ 4,45,000/-**
2.	Other Non-Executive Directors 1. Mr. Mathew George 2. Mr. K.C. Raman 3. Dr. Esther Malini No Fee for attending board / committee Meetings and no Commission	Nil		Nil
	Total (2)	**Nil**		**Nil**
	Total (B)=(1+2)	**₹ 2,40,000/-**	**₹ 2,05,000/-**	**₹ 4,45,000/-**
	Total Managerial Remuneration	**NA**		
	Overall ceiling as per the Act (Sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. Gobinda Chandra Das, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

	DR. ESTHER MALINI	**MATHEW GEORGE**
Place : Chennai	*Director*	*Director*
Date : April 28, 2017	*DIN: 07124748*	*DIN: 07402208*

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
M/s. VADODARA BHARUCH TOLLWAY LIMITED,
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s VADODARA BHARUCH TOLLWAY LIMITED (CIN:U45203TN2005PLC058417) (herein after called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s VADODARA BHARUCH TOLLWAY LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed here under and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made herein after:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31/03/2017 according to the provisions of (i) The Companies Act, 2013 (the Act) and the rules made there under (ii) The National Highways Authority of India Act, 1988.

M/s VADODARA BHARUCH TOLLWAY LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') viz: (a) The Securities and Exchange Board of India(substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2009, (d) The Securities and Exchange Board of India(Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India(Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India(Buyback of Securities) Regulations, 1998 are not attracted.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

It has been observed that that the company does not have Company Secretary as required under the provisions of Section 203(1) read with Rule 8A of the Companies (Appointment & Remuneration of Managerial Personnel) Rules 2014.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at Arm's Length Basis and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent atleasts even days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has obtained the approval of its members for the following major items:

- in the EGM held on 03/06/2016 approval has been given for the amendment of Articles and reappointment of Mr. Sanjay Mathur as Manager w.e.f. 29/04/2016;
- members accorded approval on 31/01/2017 for the appointment of Manager Mr. Rajesh Tilokani;

- members in the Annual General Meeting held on 29/09/2016 approved the alteration of Memorandum and Articles of Association and
- in the Extra-Ordinary General Meeting held on 10/08/2016, members approved the change of name of the Company from L&T Vadodara Bharuch Tollway Limited to Vadodara Bharuch Tollway Limited.

I further report that during the period under review, the Board of Directors of the Company has approved the following:

- in the Board Meeting held on 29/04/2016 Mr. Sanjay Mathur has been reappointed as Manager of the company;
- the Board of Directors have approved the modification/creation of charges in their meetings held on 30/09/2016, 03/10/2016 & 06/01/2017;
- in the Board Meeting held on 13/07/2016, the resignation of Director Mr. Paul Gunasekaran Sureshkumar (DIN:07124883) has been accepted and Mr. Venkatesan Subramani Thiruvarur appointment as a Additional Director& the appointment of Secretarial Auditor for the period 2016-17 have also been approved;
- in the Board Meeting held on 07/09/2016, the Board accorded its consent for the issuance of 3,98,000 Debentures of ₹ 10000/- each & in the Board through its circular resolution dt. 03/10/2016 allotted 3,97,500 Non-Convertible Debentures of ₹ 10000/- each;
- in the Board Meeting held on 19/10/2016, the resignation of Manager Mr. Sanjay Mathur has been accepted and in the Board Meeting held on 18/01/2017, the appointment of Mr. Rajesh Tilokani as Manager has been approved;
- in the Board Meeting held on 16/03/2017, the cessation of Director Mr. Venkatesan Subramanya Thiruvarur & appointment of Additional Director, Mr. K.C. Raman w.e.f 16/03/2017 has been approved

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

Place: Chennai

Date : 20.04.2017

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To

The Members,
M/S. VADODARA BHARUCH TOLLWAY LIMITED,
Chennai.

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Place: Chennai

Date : 20.04.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF VADODARA BHARUCH TOLLWAY LIMITED
(Formerly known as L&T Vadodara Bharuch Tollway Limited)

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Vadodara Bharuch Tollway Limited(formerly known as L&T Vadodara Bharuch Tollway Limited)("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (11) to the Ind AS financial statements.

For M. K. DANDEKER & CO.
(ICAI Reg No 000679S)

S.POOSAIDURAI
Partner
Chartered Accountants
Membership No 223754

Place : Chennai
Dated : April 28, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. K. DANDEKER & CO.
(ICAI Reg No 000679S)

S.POOSAIDURAI
Partner
Chartered Accountants
Membership No 223754

Place : Chennai
Dated : April 28, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Vadodara Bharuch Tollway Limited(formerly known asL&T Vadodara Bharuch Tollway Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. K. DANDEKER & CO.
(ICAI Reg No 000679S)

S.POOSAIDURAI
Partner
Chartered Accountants
Membership No 223754

Place : Chennai
Dated : April 28, 2017

VADODARA BHARUCH TOLLWAY LIMITED
(Formerly known as L&T Vadodara Bharuch Tollway Limited)

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**8,592,057**	*20,242,197*	*38,725,652*
b) Intangible assets	2	**5,511,207,825**	*6,645,657,815*	*7,767,409,476*
c) Intangible assets under development	3	**–**	*–*	*18,566,254*
d) Financial Assets				
i) Loans	4	**2,761,801**	*2,762,801*	*2,725,743*
e) Deferred tax assets (net)		**5,974,713**	*–*	*–*
f) Other non-current assets	5	**44,324,251**	*5,526,440*	*3,633,092*
	A	**5,572,860,647**	*6,674,189,253*	*7,831,060,217*
Current assets				
a) Financial Assets				
i) Investments	6	**1,879,164,797**	*452,175,383*	*–*
ii) Cash and bank balances	7	**43,637,631**	*249,250,749*	*105,179,779*
iii) Loans	4	**273,745,283**	*25,000*	*25,000*
b) Current Tax Assets (net)	5	**8,738,441**	*–*	*–*
c) Other current assets	5	**125,595,054**	*10,378,235*	*9,663,918*
	B	**2,330,881,206**	*711,829,367*	*114,868,697*
TOTAL	A+B	**7,903,741,853**	*7,386,018,620*	*7,945,928,914*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	8	**435,000,000**	*435,000,000*	*435,000,000*
b) Other Equity	9	**(3,049,107,509)**	*(3,232,306,953)*	*(3,404,942,156)*
	C	**(2,614,107,509)**	*(2,797,306,953)*	*(2,969,942,156)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	10	**9,628,263,072**	*9,672,416,791*	*9,316,158,475*
b) Provisions	12	**574,280,121**	*372,810,796*	*145,992,598*
	D	**10,202,543,193**	*10,045,227,587*	*9,462,151,073*
Current liabilities				
a) Financial liabilities				
i) Borrowings	10	**–**	*–*	*225,000,000*
ii) Trade payables	14	**29,820,165**	*16,769,096*	*77,725,300*
iii) Other financial liabilities	11	**260,299,740**	*95,864,753*	*1,130,975,668*
b) Other current liabilities	13	**23,926,563**	*25,086,762*	*19,906,491*
c) Provisions	12	**1,259,701**	*377,375*	*112,538*
	E	**315,306,169**	*138,097,986*	*1,453,719,997*
Total Equity and Liabilities	C+D+E	**7,903,741,853**	*7,386,018,620*	*7,945,928,914*

Contingent liabilities	F
Commitments	G
Other notes forming part of accounts	H
Significant accounting policies	I

As per our report of even date attached
M.K. DANDEKER & CO.
Chartered Accountants
(Firm's Regn No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board of

GOBINDA CHANDRA DAS
Chief Financial Officer

Dr. ESTHER MALINI
Director
DIN: 07124748

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2015-16 ₹
REVENUE			
Revenue from Operations	15	2,658,638,500	2,821,332,805
Other income	16	100,770,932	23,899,710
Total Revenue		2,759,409,432	2,845,232,515
EXPENSES			
Operating expenses	17	359,458,443	370,807,655
Employee benefit expenses	18	11,811,366	15,692,425
Finance costs	19	976,076,167	1,058,670,410
Depreciation and amortisation		1,148,406,239	1,167,248,687
Administration and other expenses	20	40,591,466	40,201,384
Total Expenses		2,536,343,681	2,652,620,561
Profit/(loss) before tax		223,065,751	192,611,954
Tax Expense:			
Current tax		45,932,881	20,107,606
Profit/(loss) after tax for the year		177,132,870	172,504,348
Prior period adjustments		–	–
Profit for the year		177,132,870	172,504,348
Other Comprehensive Income			
i) Items that will not be reclassified to profit or loss (net of tax)			
Remeasurement of net defined benefit liability or asset		(91,861)	(130,855)
ii) Items that will be reclassified to profit or loss (net of tax)			
Total Other Comprehensive Income		(91,861)	(130,855)
Total Comprehensive Income for the year		177,224,731	172,635,203
Earnings per equity share (Basic and Diluted)		4.07	3.97
Face value per equity share		10.00	10.00

As per our report of even date attached
M.K.DANDEKER & CO.
Chartered Accountants
(Firm's Regn No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board of

GOBINDA CHANDRA DAS
Chief Financial Officer

Dr. ESTHER MALINI
Director
DIN: 07124748

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 28, 2017

VADODARA BHARUCH TOLLWAY LIMITED
(Formerly known as L&T Vadodara Bharuch Tollway Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	2016-17 ₹	*2015-16 ₹*
A	**Net profit / (loss) before tax and extraordinary items**	223,157,612	*192,742,809*
	Adjustment for		
	Depreciation and amortisation expense	1,148,406,239	*1,167,248,687*
	Interest expense	976,076,167	*1,058,670,410*
	Interest income	(53,176,083)	*(1,276,152)*
	(Profit)/loss on sale of current investments(net)	(11,966,121)	*(8,461,649)*
	(Profit)/loss on sale of fixed assets	(270,790)	*(7,500)*
	Operating profit before working capital changes	2,282,227,024	*2,408,916,605*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	173,059,620	*213,950,683*
	Increase / (Decrease) in trade payables	13,051,069	*(60,956,204)*
	Increase / (Decrease) in other current liabilities	(1,160,199)	*5,180,271*
	Increase / (Decrease) in other current financial liabilities	(29,890,489)	*(1,025,405,131)*
	Increase / (Decrease) in short term provisions	882,326	*264,837*
	(Increase) / Decrease in loan term loans and advances	1,000	*(37,058)*
	(Increase) / Decrease in short term loans and advances	(339,324,251)	–
	(Increase) / Decrease in other current assets	(115,216,819)	*(714,317)*
	Net cash generated from/(used in) operating activities	1,983,629,281	*1,541,199,686*
	Direct taxes paid (net of refunds)	(49,144,882)	*(22,000,954)*
	Net Cash(used in)/generated from Operating Activities	1,937,929,564	*1,519,198,732*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	20,934,356	*(8,447,317)*
	Sale of fixed assets	731,384	*15,869,029*
	Purchase of current investments	4,490,500,000	*(1,496,000,000)*
	Sale of current investments	(5,905,523,293)	*1,052,286,266*
	Interest received	46,728,186	*1,276,152*
	Net cash (used in)/generated from investing activities	(1,346,629,367)	*(435,015,870)*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	(60,055,422)	*153,192,732*
	Interest paid	(733,412,728)	*(1,093,304,624)*
	Net cash (used in)/generated from financing activities	(793,468,150)	*(940,111,892)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	(205,613,118)	*144,070,970*
	Cash and cash equivalents as at the beginning of the year	249,250,749	*105,179,779*
	Cash and cash equivalents as at the end of the year	43,637,631	*249,250,749*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date attached

M.K.DANDEKER & CO.
Chartered Accountants
(Firm's Regn No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board of

GOBINDA CHANDRA DAS
Chief Financial Officer

Dr. ESTHER MALINI
Director
DIN: 07124748

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 28, 2017

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENT (AT COST OR DEEMED COST)

(in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	**As at March 31, 2017**	*As at April 01, 2016*	For the year	On Disposals	**As at March 31, 2017**	**As at March 31, 2017**	*As at March 31, 2016*
Owned										
Building	*1,648,644*	–	–	**1,648,644**	*39,253*	39,253	–	**78,506**	**1,570,138**	*1,609,391*
Plant and Equipment	*29,151,344*	1,111,932	399,973	**29,863,303**	*15,863,928*	10,990,475	312,195	**26,542,208**	**3,321,095**	*13,287,416*
Furniture and fixtures	*1,117,023*	–	139,747	**977,276**	*309,819*	288,228	139,747	**458,300**	**518,976**	*807,204*
Vehicles	*6,537,465*	1,194,280	4,096,839	**3,634,906**	*3,240,026*	2,187,771	3,813,741	**1,614,056**	**2,020,850**	*3,297,439*
Office equipment	*221,834*	98,293	1,158	**318,969**	*51,167*	97,718	–	**148,885**	**170,084**	*170,667*
Electrical installations	*662,202*	–	–	**662,202**	*89,212*	89,213	–	**178,425**	**483,777**	*572,990*
Computers, laptops and printers	*649,896*	362,197	359,344	**652,749**	*152,806*	263,590	270,784	**145,612**	**507,137**	*497,090*
Total	*39,988,408*	2,766,702	4,997,061	**37,758,049**	*19,746,211*	13,956,248	4,536,467	**29,165,992**	**8,592,057**	*20,242,197*
Previous year				*39,988,408*				*19,746,211*		

Refer Note H(17) for information on property, plant and equipments pledged as security.
There is no restriction on title of property, plant and equipments.
There is no contractual commitment on acquition of property, plant and equipments.

(in ₹)

Particulars	**Cost**				**Depreciation**				**Book Value**	
	As at April 01, 2015	Additions	Disposals	*As at March 31, 2016*	*As at April 01, 2015*	For the year	On Disposals	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Owned										
Building	*1,648,644*	–	–	*1,648,644*	–	39,253	–	*39,253*	*1,609,391*	*1,648,644*
Plant and Equipment	*28,735,956*	415,388	–	*29,151,344*	–	15,863,928	–	*15,863,928*	*13,287,416*	*28,735,956*
Furniture and fixtures	*987,523*	129,500	–	*1,117,023*	–	309,819	–	*309,819*	*807,204*	*987,523*
Vehicles	*6,537,465*	–	–	*6,537,465*	–	3,240,026	–	*3,240,026*	*3,297,439*	*6,537,465*
Office equipment	*50,116*	171,718	–	*221,834*	–	51,167	–	*51,167*	*170,667*	*50,116*
Electrical installations	*662,202*	–	–	*662,202*	–	89,212	–	*89,212*	*572,990*	*662,202*
Computers, laptops and printers	*103,746*	608,066	61,916	*649,896*	–	214,722	61,916	*152,806*	*497,090*	*103,746*
Total	*38,725,652*	1,324,672	61,916	*39,988,408*	–	19,808,127	61,916	*19,746,211*	*20,242,197*	*38,725,652*
Previous year				*38,725,652*				–		

2 INTANGIBLE ASSETS

(in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Disposals	**As at March 31, 2017**	*As at April 01, 2016*	For the year	On Disposals	**As at March 31, 2017**	**As at March 31, 2017**	*As at March 31, 2016*
Specialised Software	*275,000*	–	–	**275,000**	*275,000*	–	–	**275,000**	**–**	–
Toll collection rights	*14,456,478,241*	23,701,059	23,701,059	**14,456,478,241**	*7,810,820,426*	1,134,449,990	–	**8,945,270,416**	**5,511,207,825**	*6,645,657,815*
Total	*14,456,753,241*	23,701,059	23,701,059	**14,456,753,241**	*7,811,095,426*	1,134,449,990	–	**8,945,545,416**	**5,511,207,825**	*6,645,657,815*
Previous year	*14,456,753,241*			*14,456,753,241*				*7,811,095,426*		

Disclosure of Material Intangible Asset

Toll collection rights of widening of existing two-lane of 83.3 kilometers Road stretch covering Vadodara to Bharuch to make it four lane.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	**4.77**
As at March 31, 2016	*5.77*
As at April 01, 2015	*6.77*

There is no restriction on title of Tolling rights.
There is no contractual commitment on acquition of Tolling rights.
Refer Note H(17) for information on Intangible asset pledged as security.

(in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Disposals	*As at March 31, 2016*	*As at April 01, 2015*	For the year	On Disposals	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Specialised Software	*275,000*	–	–	*275,000*	*275,000*	–	–	*275,000*	–	–
Toll collection rights	*14,430,789,342*	49,389,958	39,562,588	*14,440,616,712*	*6,663,379,866*	1,145,372,690	–	*7,808,752,556*	*6,631,864,156*	*7,767,409,476*
Total	*14,431,064,342*	49,389,958	39,562,588	*14,440,891,712*	*6,663,654,866*	1,145,372,690	–	*7,809,027,556*	*6,631,864,156*	*7,767,409,476*
Previous year	*14,431,064,342*			*14,431,064,342*				*6,663,654,866*		

3 INTANGIBLE ASSETS UNDER DEVELOPMENT

(in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	*As at March 31, 2016*	*As at April 01, 2015*	For the year	Deductions	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Construction cost	*18,566,254*	(18,566,254)		–				–	–	*18,566,254*
Total	*18,566,254*	(18,566,254)	–	–	–	–	–	–	–	*18,566,254*
Previous year										

4 LOANS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	**25,000**	**2,761,801**	**2,786,801**	*25,000*	*2,762,801*	*2,787,801*	*25,000*	*2,725,743*	*2,750,743*
b) Loans to related parties									
L&T Rajkot Vadinar Tollway Limited	**83,100,705**		**83,100,705**						
Ahmedabad Maliya Tollway Limited	**95,588,972**		**95,588,972**						
L&T Samakhiali Gandidham Tollway Limited	**95,030,606**		**95,030,606**						
	273,745,283	**2,761,801**	**276,507,084**	*25,000*	*2,762,801*	*2,787,801*	*25,000*	*2,725,743*	*2,750,743*

NOTES FORMING PART OF ACCOUNTS (Contd.)

5 OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Advances to related parties	–	–	–	–	–	–	–	–	–
Advances to employees	57,000	–	57,000	–	–	–	–	–	–
Other advances	13,740,514	44,324,251	58,064,765	29,094	–	29,094	25,191	–	25,191
Advance recoverable other than in cash									
Prepaid Insurance	1,716,869	–	1,716,869	1,503,965	–	1,503,965	1,595,672	–	1,595,672
Prepaid expenses	459,480	–	459,480	749,840	–	749,840	644,710	–	644,710
VAT recoverable	11,719	–	11,719	142,203	–	142,203	142,203	–	142,203
NHAI receivable	93,214,576								
Other Receivable (Considered good)	16,394,896	–	16,394,896	7,953,133	–	–	7,256,142	–	–
	125,595,054	44,324,251	76,704,729	10,378,235	–	2,425,102	9,663,918	–	2,407,776

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Income tax									
Income tax net of provisions	8,738,441	–	8,738,441	–	5,526,440	5,526,440	–	3,633,092	3,633,092
	8,738,441	–	8,738,441	–	5,526,440	5,526,440	–	3,633,092	3,633,092

6 INVESTMENTS

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Units	₹	*Units*	₹	*Units*	₹
Investments at fair value through Profit and loss						
Birla Sun Life Cash Plus Growth	1,027,293	267,623,378	–	–	–	–
HDFC Cash Management - Saving Plan- Growth	–	–	11,202	35,340,836	–	–
IDFC Cash Fund- Super-Inst Plan-B - Growth	91,497	180,334,223	28,174	55,413,416	–	–
L&T Liquid Fund- Growth	168,901	375,764,380	23,339	48,410,038	–	–
Reliance Liquid Fund - Cash plan	109,586	267,629,509			–	–
Tata Liquid Plan A Growth	38,400	114,812,886	20,367	56,812,627	–	–
SBI Premier Liquid Super Institutional Growth	73,145	186,205,135	21,940	52,130,215	–	–
Kotak Liquid Institutional Premium Plan Growth	18,463	60,755,127	22,584	69,314,327	–	–
UTI Liquid Fund	–	–	21,456	53,137,780	–	–
DSP Blackrock Liquidity Fund	–	–	24,259	52,452,509	–	–
ICICI Prudential Liquid Fund - Regular - Growth	62,603	15,034,482	–	–	–	–
Invesco Mutual Fund	184,110	411,005,677	–	–	–	–
Religare Liquid Fund Super Institutional Growth	–	–	14,016	29,163,635	–	–
		1,879,164,797		452,175,383		–
Aggregate book value of quoted investments		1,858,737,027		443,713,734		–
Aggregate market value of quoted investments		1,879,164,793		452,175,383		–

NOTES FORMING PART OF ACCOUNTS (Contd.)

7 CASH AND BANK BALANCES

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
a) Balances with banks	**8,333,896**	*30,716,350*	*71,973,192*
b) Cash on hand	**35,188,255**	*18,390,470*	*12,598,163*
c) Fixed deposits with banks including interest accrued thereon	**115,480**	*200,143,929*	*20,608,424*
	43,637,631	*249,250,749*	*105,179,779*

The deposits maintained by the Company with banks under Note 7 above comprise of time deposits which can be withdrawn by the Company at any point of time without prior notice or without payment penalty on the principal.

8 SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised:						
Equity shares of ₹ 10 each	**220,000,000**	**2,200,000,000**	*220,000,000*	*2,200,000,000*	*220,000,000*	*2,200,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**43,500,000**	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*
	43,500,000	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**43,500,000**	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
At the end of the year	**43,500,000**	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*

(iii) Terms / rights attached to shares :

Equity shares of ₹ 10 each

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
Holding Company						
L&T Infrastructure Development Projects Limited (including nominee holding)	**43,500,000**	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*
	43,500,000	**435,000,000**	*43,500,000*	*435,000,000*	*43,500,000*	*435,000,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at 31.03.2017 No. of Shares	%	As at 31.03.2016 No. of Shares	%	As at 01.04.2015 No. of Shares	%
Holding Company						
L&T Infrastructure Development Projects Limited (including nominee holding)	**43,500,000**	**100%**	*43,500,000*	*100%*	*43,500,000*	*100%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

9 OTHER EQUITY AS ON 31.03.2017

Particulars	Reserves & Surplus: Debenture Redemption Reserve	Reserves & Surplus: Retained earnings	Total ₹
Balance at the beginning of the year	**78,512,996**	**(3,310,819,949)**	**(3,232,306,953)**
Profit for the year	**–**	**177,132,870**	**177,132,870**
Total other comprehensive income for the year	**–**	**91,861**	**91,861**
Transfer from / (to) debenture redemption reserve	**177,132,870**	**(177,132,870)**	**–**
Balance at the end of the year	**255,645,866**	**–3,304,753,375**	**–3,049,107,509**

OTHER EQUITY AS ON 31.03.2016

Particulars	Reserves & Surplus: Debenture Redemption Reserve	Reserves & Surplus: Retained earnings	Total ₹
Balance at the beginning of the reporting period	–	*(3,404,942,156)*	*(3,404,942,156)*
Profit for the year	–	*172,504,348*	*172,504,348*
Other comprehensive income	–	*130,855*	*130,855*
Transfer from / (to) debenture redemption reserve	*78,512,996*	*(78,512,996)*	–
Balance at the end of the year	*78,512,996*	*-3,310,819,949*	*-3,232,306,953*

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014 (as amended), require the company to create DRR out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the debentures issued.

10 BORROWINGS

Particulars	As at March 31, 2017 Current ₹	Non current ₹	Total ₹	As at March 31, 2016 Current ₹	Non current ₹	Total ₹	As at April 01, 2015 Current ₹	Non current ₹	Total ₹
Secured borrowings									
a) Debentures	**–**	**9,355,000,000**	**9,355,000,000**	–	*5,380,000,000*	*5,380,000,000*	–	–	–
b) Term loans									
i) From banks		**273,263,072**	**273,263,072**		*4,292,416,791*	*4,292,416,791*		*7,550,735,979*	*7,550,735,979*
ii) From others	**–**	**–**	**–**	–	–	–		*1,765,422,496*	*1,765,422,496*
Unsecured borrowings									
a) Loans from related parties	**–**	**–**	**–**	–	–	–	*225,000,000*	–	*225,000,000*
	–	**9,628,263,072**	**9,628,263,072**	–	*9,672,416,791*	*9,672,416,791*	*225,000,000*	*9,316,158,475*	*9,541,158,475*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Non Convertible Debentures from India Infradebt Limited		50% on April 4, 2018, 25% on October 1, 2019 and December 31, 2019
Non Convertible Debentures from Aditya Birla Finance Limited		Redemption in bullet installment on June 30, 2021
Non Convertible Debentures from SBI MF	10.08%	Redemption in bullet installment on June 30, 2021
Non Convertible Debentures from Birla Sunlife	10.08%	Redemption in bullet installment on June 30, 2021
Term loans from banks	10.04%	Last date of repayment is Dec 31, 2020

Details of Debentures

Particulars	Amount	No. of Debenture	Face Value of Debentures	Date of Allotment	Coupon rate
Non Convertible Debentures from India Infradebt Limited	2,880,000,000	288,000	10,000	31st December 2015	9.50%
Non Convertible Debentures from Aditya Birla Finance Limited	2,500,000,000	250,000	10,000	2nd February 2016	9.90%
Non Convertible Debentures from SBI MF	1,987,500,000	198,750	10,000	3rd October 2016	10.10%
Non Convertible Debentures from Birla Sunlife	1,987,500,000	198,750	10,000	3rd October 2016	10.10%

Nature of security for term loans/debentures

1) Term loans rank pari passu inter se lenders and are secured by

a) beneficial rights, title, interest in respect of immoveable property in particular flat situated in Pune;

b) rights, title, interest, benefits, claims and demands in respect of Project documents, clearances, insurance contracts;

c) all moveable tangible and intangible assets excluding project assets;

d) bank accounts;

e) charge on uncalled capital, permitted investments, all other investments and all rights, titles, interest, property, claims and demands;

f) all receivables including amounts receivable under guarantees including contractor guarantee, performance bonds provided to any party under Project documents, liquidated damages, letter of credit, receivables from shareholders including accounts where amounts are held;

g) all receivables in relation to the Project;

h) first charge of all other general moveable property. 51% of shares of the company held by L&T Infrastructure Development Projects Limited are pledged as Security with lenders.

2) Non-Convertible Debentures are secured by

a) first charge on all tangible movable assets except Project assets;

b) a first charge over all accounts;

c) a first charge over all intangible assets but not limited to goodwill, rights, undertaking, uncalled capital excluding Project assets;

d) first charge over right, title, interest, benefit, claims and demands under Government approvals, insurance contracts, project documents, any letter of credit, guarantee including contractor guarantees, liquidated damages and performance bond.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Long term borrowings (Refer Note 10)	**273,263,072**	*4,292,416,791*	*9,316,158,475*
Current maturities of long term borrowings (Refer Note 11)	**60,000,000**	*89,656,489*	*1,116,723,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

11 OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	**Non current**	**Total**	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Deposits received	**1,471,380**	**–**	**1,471,380**	*1,705,380*	*–*	*1,705,380*	*44,000*	*–*	*44,000*
b) Interest accrued	**198,828,360**	**–**	**198,828,360**	*4,502,884*	*–*	*4,502,884*	*14,208,668*	*–*	*14,208,668*
c) Other liabilities									
i) Current Maturities of Long Term borrowings	**60,000,000**	**–**	**60,000,000**	*89,656,489*	*–*	*89,656,489*	*1,116,723,000*	*–*	*1,116,723,000*
	260,299,740	**–**	**260,299,740**	*95,864,753*	*–*	*95,864,753*	*1,130,975,668*	*–*	*1,130,975,668*

12 PROVISIONS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	**Non current**	**Total**	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits (Refer note H(3))									
Gratuity	**248,922**	**232,441**	**481,363**	*164,257*	*1,572,064*	*1,736,321*	*49,726*	*1,401,165*	*1,450,891*
Compensated Absence	**989,779**	**1,854,136**	**2,843,915**	*213,118*	*1,767,643*	*1,980,761*	*62,812*	*1,480,933*	*1,543,745*
Bonus	**21,000**	**–**	**21,000**		*274,369*	*274,369*		*10,500*	*10,500*
Retention pay scheme	**–**	**338,716**	**338,716**		*329,205*	*329,205*			
Provisions for periodic major maintenance (Refer note H(10))	**–**	**571,854,828**	**571,854,828**	*–*	*368,867,515*	*368,867,515*	*–*	*143,100,000*	*143,100,000*
	1,259,701	**574,280,121**	**575,539,822**	*377,375*	*372,810,796*	*373,188,171*	*112,538*	*145,992,598*	*146,105,136*

13 OTHER NON-FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current	**Non current**	**Total**	*Current*	*Non current*	*Total*	*Current*	*Non current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Other liabilities	**20,108,390**	**–**	**20,108,390**	*22,370,024*	*–*	*22,370,024*	*18,046,392*	*–*	*18,046,392*
ii) Statutory payables	**3,818,176**	**–**	**3,818,176**	*2,716,742*	*–*	*2,716,742*	*1,860,103*	*–*	*1,860,103*
	23,926,566	**–**	**23,926,566**	*25,086,766*	*–*	*25,086,766*	*19,906,495*	*–*	*19,906,495*

14 TRADE PAYABLES

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Acceptances			
Due to related parties (Refer Note H(3))	**17,230,930**	*8,534,293*	*21,726,756*
Due to others	**12,589,235**	*8,234,803*	*55,998,544*
	29,820,165	*16,769,096*	*77,725,300*

F CONTINGENT LIABILITIES

Contingent liability as at March 31, 2017 is ₹ 1,79,60,188/- (Previous year ₹ 1,79,60,188).

G COMMITMENTS

Capital Commitments as at March 31, 2017 is ₹ Nil. (Previous year ₹ Nil).

NOTES FORMING PART OF ACCOUNTS (Contd.)

15 REVENUE FROM OPERATIONS

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Operating revenue:				
Toll Collections	**2,658,638,500**		*2,821,332,805*	
		2,658,638,500		*2,821,332,805*
		2,658,638,500		*2,821,332,805*

16 OTHER INCOME

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest income from:				
Bank deposits	**901,277**		*1,276,152*	
Holding Company	**45,826,909**		–	
Inter-corporate deposits	**6,447,897**		–	
		53,176,083		*1,276,152*
Net gain/(loss) on financial assets designated at FVTPL		**11,966,121**		*8,461,649*
Profit/(loss) on disposal of Property,Plant and Equipment		**270,790**		*7,500*
Short Term capital Gain		**29,366,250**		*8,584,068*
Dividend income		**–**		–
Insurance claims		**621,108**		*2,098,692*
Other income		**5,370,580**		*3,471,649*
		100,770,932		*23,899,710*

17 OPERATING EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Toll Management fees		**24,451,300**		*54,200,484*
Security services		**7,856,390**		*6,575,306*
Insurance		**7,425,589**		*6,365,566*
Concession fee		**1**		*1*
Repairs and maintenance				
Toll road & bridge	**82,474,010**		*37,277,506*	
Plant and machinery	**16,190,920**		*7,986,150*	
Periodic major maintenance	**174,577,608**		*212,900,000*	
Vehicles	**6,970,616**		*9,939,356*	
Others	**10,927,366**		*6,592,947*	
		291,140,520		*274,695,959*
Professional fees		**7,696,581**		*8,190,070*
Power and fuel		**20,888,062**		*20,780,269*
		359,458,443		*370,807,655*

NOTES FORMING PART OF ACCOUNTS (Contd.)

18 EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Salaries, wages and bonus		**7,804,258**		*11,681,588*
Contributions to and provisions for:				
Provident and pension funds (Refer Note H3)	**665,310**		*647,856*	
Gratuity fund (Refer note H 3)	**389,624**		*416,285*	
Compensated absences	**1,220,105**		*437,016*	
Retention pay	**9,511**		*329,205*	
		2,284,550		*1,830,362*
Staff welfare expenses		**1,722,558**		*2,180,475*
		11,811,366		*15,692,425*

19 FINANCE COSTS

Particulars	2016-17	2015-16
	₹	₹
Interest on borrowings	**895,560,845**	*1,021,665,278*
Other borrowing cost	**32,177,359**	*61,933,562*
Unwinding of discount and implicit interest expense on fair value	**48,337,963**	*(24,928,430)*
	976,076,167	*1,058,670,410*

20 ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17	2015-16
	₹	₹
Rent, Rates and taxes	**1,237,020**	*3,234,807*
Professional fees	**29,883,420**	*27,658,919*
Payment to Auditor	**1,028,005**	*746,639*
Director's Sitting Fees	**534,300**	*291,252*
Postage and communication	**503,743**	*454,533*
Printing and stationery	**1,080,199**	*1,257,947*
Travelling and conveyance	**2,812,729**	*874,198*
Corporate social responsibility	**–**	*20,250*
Repairs and maintenance - others	**2,187,931**	*2,421,214*
Miscellaneous expenses	**1,324,119**	*3,241,625*
	40,591,466	*40,201,384*

(a) Auditors remuneration (including service tax) as follows:

Particulars	2016-17	2015-16
	₹	₹
a) As auditor	**523,710**	*453,420*
b) For taxation matters	**143,798**	*126,992*
c) For other services	**360,497**	*166,227*
Total	**1,028,005**	*746,639*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Components of Other Comprehensive Income

The disaggregation of changes to OCI by each type of reserve in equity is shown below:

During the year ended 31 March 2016

Particulars	Retained earnings ₹	Other reserves (specify nature) ₹	Total ₹
Remeasurement gains/(losses) on defined benefit plans			
Reclassified to Statement of profit and loss	(130,855)	–	(130,855)
	(130,855)	**–**	**(130,855)**

1) CORPORATE INFORMATION

Vadodara Bharuch Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 23rd December 2005 for the purpose of widening of existing four-lane eighty three kilometers Road stretch from KM 108.7000 to 192.000 of National Highway No. 8 in the State of Gujarat and operation and maintenance thereof, under the Concession Agreement dated 12 July, 2006 with National Highway Authority of India. The Concession Agreement is for a period 15 years from 8th January 2007, being the Commencement Date stated in clause 1.1 of the said agreement. Commercial Date of Operation started on 3rd June 2009. At the end of Concession period (i.e. 7th January 2022), the entire facility will be transferred to NHAI.

2) FOREIGN CURRENCY EXPENDITURE AND EARNINGS

The Company has incurred expenditure of ₹ 9,35,421/- in foreign currency during the year for toll software support service (previous year: ₹ 8,65,373/-) During the year and previous year the company does not have any earnings in Foreign Currency.

3) DISCLOSURE PURSUANT TO IND AS 19 EMPLOYEE BENEFITS:

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 6,65,310/- (previous year : ₹ 6,47,856/-) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 18) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Features of its defined benefit plans:

Gratuity:

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) The company is responsible for governance of the plan.

(iv) **Risk to the Plan**

Following are the risk to which the plan exposes the entity :

A. **Actuarial Risk:**

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate. Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B. **Investment Risk:**

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. **Liquidity Risk:**

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D. **Market Risk:**

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. **Legislative Risk:**

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) **The amounts recognised in Balance Sheet are as follows:**

Particulars	**Gratuity plan**		**Compensated absences**	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
A) Present value of defined benefit obligation				
- Wholly funded	**1,972,083**	–	**–**	–
- Wholly unfunded	**–**	*1,736,321*	**2,051,542**	*1,980,761*
	1,972,083	*1,736,321*	**2,051,542**	*1,980,761*
Less : Fair value of plan assets	**1,490,720**	–	**–**	–
Net Liability / (asset)	**481,363**	*1,736,321*	**2,051,542**	*1,980,761*

c) **The amounts recognised in the Statement of Profit and loss are as follows:**

Particulars	**Gratuity plan**		**Compensated absences**	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
1 Current service cost	**232,904**	*205,751*	**196,201**	*143,801*
2 Past service cost and loss/(gain) on curtailments and settlement		*99,304*	**(315,626)**	
3 Net Interest Cost	**156,720**	*111,230*	**146,188**	*117,962*
4 Net value of remeasurements on the obligation and plan assets			**400,969**	*32,670*
5 Adjustment for earlier years				
Total Charge to Statement of Profit and Loss	**389,624**	*416,285*	**427,732**	*294,433*

NOTES FORMING PART OF ACCOUNTS (Contd.)

d) **Other Comprehensive Income for the period**

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:				
Due to changes in demographic assumptions	**–**	*98,272*	**–**	–
Due to changes in financial assumptions	**117,196**	–	**–**	–
Due to experience adjustments	**(153,671)**	*(229,127)*	**–**	–
Return on plan assets excluding amounts included in interest income	**(55,386)**	–	**–**	–
Amounts recognized in Other Comprehensive Income	**(91,861)**	*(130,855)*	**–**	–

e) **Reconciliation of Defined Benefit Obligation:**

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**1,736,321**	*1,450,891*	**1,980,761**	*1,543,744*
Add: Current service cost	**232,904**	*205,751*	**196,201**	*143,801*
Add: Interest cost	**129,027**	*111,230*	**146,188**	*117,962*
Add/(less): Actuarial losses/(gains)	**(36,475)**	*(130,855)*	**400,969**	*32,670*
Less: Benefits paid	**(89,694)**		**(356,951)**	
Add: Past service cost		*99,304*	**(315,626)**	
Add: Prior year Change				*142,584*
Closing balance of the present value of defined benefit obligation	**1,972,083**	*1,736,321*	**2,051,542**	*1,980,761*

f) **Reconciliation of Plan Assets:**

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Interest Income	**(27,693)**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**55,386**	–	**–**	–
Contributions by employer	**1,463,027**	–	**–**	–
Closing value of plan assets	**1,490,720**	–	**–**	–

g) **Reconciliation of Net Defined Benefit Liability:**

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**1,736,321**	*1,450,891*	**1,980,761**	*1,543,744*
Employee Benefit Expense	**389,624**	*416,285*	**427,732**	*437,017*
Amounts recognized in Other Comprehensive Income	**(91,861)**	*(130,855)*	**–**	–
	2,034,084	*1,736,321*	**2,408,493**	*1,980,761*
Benefits paid by the Company	**(89,694)**	–	**(356,951)**	–
Contributions to plan assets	**(1,463,027)**	–		
Closing provision in books of accounts	**481,363**	*1,736,321*	**2,051,542**	*1,980,761*

NOTES FORMING PART OF ACCOUNTS (Contd.)

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹
1) Discount rate	**6.95%**	*7.80%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Withdrawal rate	**15% at younger ages reducing to 3% at older age**	*15% at younger ages reducing to 3% at older age*

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	**Change in Assumptions**	**Impact on Defined Benefit Obligation**	
	Increase/(Decrease)	**Increase/(Decrease) in Assumptions**	
	%	**₹**	**%**
Discount Rate	0.50%	1,901,703	-3.60%
	-0.50%	2,046,890	3.80%
Salary Growth Rate	0.50%	2,047,218	3.80%
	-0.50%	1,900,764	-3.60%

j) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 1,67,598/-

k) The major categories of plan assets plan assets are as follows :

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	*0%*	*0%*

l) Details of Asset-Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

4) DISCLOSURE PURSUANT TO IND AS 23 BORROWING COSTS

Borrowing cost capitalised during the year ₹ Nil. (previous year : ₹ Nil).

5) DISCLOSURE OF SEGMENT INFORMATION PURSUANT TO IND AS 108 OPERATING SEGMENTS

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 RELATED PARTY DISCLOSURES

a) List of related parties

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	L&T Halol Shamlaji Tollway Limited
	L&T Inter state Road Corridor Limited
	L&T Rajkot-Vadinar Tollway Limited
	L&T Samakhiali Gandidham Tollway Limited
	Panipat Eleveted Corridor Limited
	PNG Tollway Limited
	Ahmedabad-Maliya Tollway Limited
	L&T BPP Tollway Limited
	L & T Western India Tollbridge Limited
	L&T Transportation Infrastructure Limited
	L&T General Insurance Company Limited
Key Managerial Personnel :	Manager Mr.Rajesh Tilokan
	CFO- Mr.Gobinda Chandra Das
Key Managerial Personnel of Ultimate Holding Company:	Manager - Mr. K.Venkatesh
	CFO- Mr.Karthikeyan T.V

b) Disclosure of related party transactions:

Particulars	**2016-17** ₹	*2015-16* ₹
Nature of transaction		
1 Purchase of goods and services incl. taxes		
Ultimate Holding company Larsen & Toubro Limited	**7,711,638**	*10,279,569*
Holding company L&T Infrastructure Development Projects Limited	**49,480,006**	*47,828,001*
Fellow subsidiary :		
L&T General Insurance Company Limited	**7,308,209**	*5,855,549*
2 Purchase of assets		
Fellow subsidiary :		
L&T BPP Tollway Limited		*231,904*
L&T Samakhiali Gandidham Tollway Limited		*66,119*
PNG Tollway Limited	**85,205**	–
3 Interest Expenses		
Holding company L&T Infrastructure Development Projects Limited	**–**	*6,239,868*
Fellow subsidiary :		
L&T Transportation Infrasture Limited	**–**	*1,659,988*
4 ICD / Mezzanine Debt / Unsecured Loan received		
Holding company L&T Infrastructure Development Projects Limited	**1,045,000,000**	–
Fellow subsidiary :		
L&T Transportation Infrasture Limited	**–**	*50,000,000*
5 ICD / Mezzanine Debt / Unsecured Loan Repaid		
Holding company L&T Infrastructure Development Projects Limited	**–**	*225,000,000*
Fellow subsidiary :		
L&T Transportation Infrasture Limited	**–**	*50,000,000*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17 ₹	2015-16 ₹
6	**ICD / Mezzanine Debt / Unsecured Loan given**		
	Holding company L&T Infrastructure Development Projects Limited	**1,045,000,000**	–
	Fellow subsidiary :		
	L&T Samakhiali Gandidham Tollway Limited	**83,100,705**	–
	Ahmedabad-Maliya Tollway Limited	**95,588,972**	–
	L&T Rajkot Vadinar Tollway Limited	**95,030,606**	–
7	**Reimbursement of expenses charged by**		
	Fellow subsidiary :		
	L&T Halol Shamlaji Tollway Limited	**–**	*105,162*
	Ahmedabad-Maliya Tollway Limited	**219,640**	–
8	**Reimbursement of expenses charged to**		
	Holding company L&T Infrastructure Development Projects Limited	**678,599**	–
	Fellow subsidiary :		
	L&T Rajkot Vadinar Tollway Limited	**66,000**	*70,000*
	Panipat Eleveted Corridor Limited	**30,000**	*1,000*
	L&T Halol Shamlaji Tollway Limited	**55,000**	*735,306*
	L&T Wester India Tollbridge Limited	**3,909,557**	*2,769,582*
	Ahmedabad-Maliya Tollway Limited	**75,000**	–
	L&T BPP Tollway Limited	**86,000**	–
	L&T Inter state Road Corridor Limited	**12,000**	–
	L&T Samakhiali Gandidham Tollway Limited	**31,000**	–
9	**Refundable deposit received for Director's Nomination**		
	Holding company L&T Infrastructure Development Projects Limited	**300,000**	–
10	**Commercial paper given**		
	Holding company L&T Infrastructure Development Projects Limited	**483,674,500**	–
11	**Commercial paper repaid**		
	Holding company L&T Infrastructure Development Projects Limited	**483,674,500**	–
12	**Interest received on Commercial paper**		
	Holding company L&T Infrastructure Development Projects Limited	**16,325,500**	–
13	**Interest received on ICD / Mezzanine Debt / Unsecured Loan**	**29,501,412**	–

c) **Amount due to and due from related parties(net):**

Particulars	Amounts due (to)/from As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Ultimate Holding Company		
Larsen & Toubro Limited	**(15,239,419)**	*(10,064,553)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(2,768,453)**	*55,847*

d) **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

NOTES FORMING PART OF ACCOUNTS (Contd.)

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) Compensation of Key Management personnel of the group

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Short term employee benefits	**1,849,222**	*1,473,767*
Post employment gratuity and medical benefits		
Other long term benefits	**9,511**	*329,205*
Termination benefits	**NA**	*NA*
Share based payment transactions	**NA**	*NA*

7) DISCLOSURE PURSUANT TO IND AS 12 INCOME TAXES

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Profit and loss section:		
Current tax :		
Current income tax charge	**45,932,881**	*20,107,606*
Effect of prior period adjustments		
Deferred tax :		
Relating to origination and reversal of temporary differences		
Effect on deferred tax balances due to change in income tax rate		
Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense		
Income tax reported in the statement of profit and loss	**45,932,881**	*20,107,606*
Current Tax & Deferred Tax - Equity		
Deferred Tax on Transition Adjustments	**-5,974,713**	*–*
	39,958,168	*20,107,606*

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹
Accounting profit before tax from continuing operations	**223,157,612**	*192,742,809*
Profit/Loss from discontinued operations	**–**	*–*
Accounting Profit before income tax		
At India's Statutory income tax rate of 34.608% (31 March 2016 - 34.608%)	**77,230,386**	*66,704,431*
Change in profits on account of translational differences	**–**	*(32,573,814)*
Deductions under Chapter VIA	**(436,462,399)**	*(210,904,144)*
Non deductible expenses for tax purposes	**41,041,933**	*15,699,690*
Impairment of goodwill	**–**	*–*
Other non deductible expenses	**364,122,960**	*181,181,442*
Tax as per Statement of Profit and Loss	**45,932,881**	*20,107,606*
Income tax expense reported in the statement of profit and loss	**45,932,881**	*20,107,606*
Income tax attributable to discontinued operations		
	45,932,881	*20,107,606*

NOTES FORMING PART OF ACCOUNTS (Contd.)

8) DISCLOSURE PURSUANT TO IND AS 33 EARNINGS PER SHARE

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17** ₹	*2015-16* ₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**177,132,870**	*172,504,348*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**43,500,000**	*43,500,000*
Basic earnings per equity share (₹)	A / B	**4.07**	*3.97*
Diluted earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**177,132,870**	*172,504,348*
Add : Interest on convertibles (net of tax)	B		
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	**177,132,870**	*172,504,348*
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	**43,500,000**	*43,500,000*
Add : Shares deemed to be issued for no consideration in respect of :	E	**–**	*–*
Compulsorily convertible preference share capital	F		
Compulsorily convertible debentures	G		
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	**43,500,000**	*43,500,000*
Diluted earnings per equity share (₹)		**4.07**	*3.97*
Face value per equity share (₹)		**10.00**	*10.00*

9) DISCLOSURE PURSUANT TO IND AS 36 IMPAIRMENT OF ASSETS

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10) DISCLOSURES AS PER IND AS 37 - PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a periodic major maintenance along with regular maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per Concession agreement with NHAI the periodic maintenance is expected to occur after every 5 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of prudence, based on estimates, a provision for major maintenance expenses is provided for in the books annually.

b) Movement in provisions:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Opening balance	**368,867,515**	*143,100,000*	*–*
Additional provision	**294,493,404**	*275,700,000*	*170,106,596*
Utilised			
Unused amounts reversed			
Unwinding of discount and changes in discount rate	**(91,506,091)**	*(49,932,485)*	*(27,006,596)*
Closing balance	**571,854,828**	*368,867,515*	*143,100,000*

c) Contingent liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. (F) to the Balance Sheet.

NOTES FORMING PART OF ACCOUNTS (Contd.)

11) DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	10,316,500	4,755,670	15,072,170
(+) Permitted receipts	45,424,500	180,548,490	225,972,990
(-) Permitted payments	–	8,756,190	8,756,190
(-) Amount deposited in Banks	55,741,000	153,773,905	209,514,905
Closing cash in hand as on 30.12.2016	–	22,774,065	22,774,065

12) FIRST TIME ADOPTION OF IND AS

In March 2017, the Ministry of Corporate Affairs issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows'. This amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows'. The amendments are applicable to the company from April 1, 2017.

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

Exemptions availed

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016

Deemed cost of Property, plant and equipment

The company has elected to measure certain items of property, plant and equipment at fair value at the date of transition to Ind AS. Hence at the date of transition to Ind AS, measured as per the previous GAAP and use the same as deemed cost as on the date of transition to Ind AS

Amortization of Tolling Rights

For transition to IndAS, the Company has availed the option to continue with the Straight line amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

Exceptions availed

Estimates

The company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

13) DISCLOSURE PURSUANT TO IND AS 19 - LEASES

Future minimum rentals for non-cancellable leases as on 31st March 2017 is as follows :

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Within one year	**1,48,240**	*1,48,240*	*1,47,094*
After one year but not more than five years			
More than five years			
Total	**1,48,240**	*1,48,240*	*1,47,094*

NOTES FORMING PART OF ACCOUNTS (Contd.)

14) FINANCIAL INSTRUMENTS

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
		₹	₹	₹	₹	₹	₹	₹	₹	₹
Financial asset										
Security Deposits	4	–	–	**2,786,801**	–	–	2,787,801			2,750,743
Loans to Related Parties	4			**–**						
Investments	6	–	–		29,163,635	–				
Cash and cash equivalents	7	–	–	**43,637,631**	–	–	249,250,749			105,179,779
Other Current Financial Asset		–	–	**–**	–	–	–	–	–	–
Total Financial Asset		–	–	**46,424,432**	29,163,635	–	252,038,550	–	–	107,930,522
Financial liability										
Term Loan from Banks	10	–	–	**273,263,072**	–	–	4,292,416,791	–	–	7,550,735,979
Debentures	10	–	–	**9,355,000,000**	–	–	5,380,000,000	–	–	–
Interest Accrued	11	–	–	**198,828,360**	–	–	4,502,884	–	–	14,208,668
Deposit Received	11			**1,471,380**			1,705,380			44,000
Current Maturities of Long Term borrowings	11			**60,000,000**			89,656,489			1,116,723,000
Trade Payables	14	–	–	**29,820,165**	–	–	16,769,096	–	–	77,725,300
Total Financial Liabilities		–	–	**9,918,382,977**	–	–	9,785,050,640	–	–	8,759,436,947

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

15) FAIR VALUE OF FINANCIAL ASSET AND LIABILITIES AT AMORTIZED COST

Particulars	Note	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
		₹	₹	₹	₹	₹	₹
Financial Assets							
Security Deposits	4	2,786,801	2,786,801	2,787,801	2,787,801	2,750,743	2,750,743
Loans to Related Parties	4	–	–	–	–	–	–
Total Financial Assets		2,786,801	2,786,801	2,787,801	2,787,801	2,750,743	2,750,743
Financial liability							
Term Loan from Banks	10	273,263,072	273,263,072	4,292,416,791	4,292,416,791	7,550,735,979	7,550,735,979
Debentures	10	9,355,000,000	9,355,000,000	5,380,000,000	5,380,000,000	–	–
Interest Accrued	11	198,828,360	198,828,360	4,502,884	4,502,884	14,208,668	14,208,668
Deposit Received	11	1,471,380	1,471,380	1,705,380	1,705,380	44,000	44,000
Current Maturities of Long Term borrowings	11	60,000,000	60,000,000	89,656,489	89,656,489	1,116,723,000	1,116,723,000
Trade Payables	14	29,820,165	29,820,165	16,769,096	16,769,096	77,725,300	77,725,300
Total Financial Liabilities		9,918,382,977	9,918,382,977	9,785,050,640	9,785,050,640	8,759,436,947	8,759,436,947

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

16) FAIR VALUE MEASUREMENT

Fair Value Measurement of Financial asset and Financial liabilities

NOTES FORMING PART OF ACCOUNTS (Contd.)

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at FV - Recurring FVM	**Note No.**	**Level 1** ₹	**Level 2** ₹	**Level 3** ₹	**Total** ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	**6**	**1,879,164,797**	**–**	**–**	**1,879,164,797**
Total of Financial Assets		**1,879,164,797**	**–**	**–**	**1,879,164,797**
Financial Liabilities measured at FVTPL		**–**	**–**	**–**	**–**
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1** ₹	**Level 2** ₹	**Level 3** ₹	**Total** ₹
Financial Assets					
Security Deposits	**5**	**–**	**2,786,801**	**–**	**2,786,801**
Loans to Related Parties	**5**	**–**	**–**	**–**	**–**
Total of Financial Assets		**–**	**2,786,801**	**–**	**2,786,801**
Financial Liabilities					
Term Loan from Banks	**10**	**–**	**273,263,072**	**–**	**273,263,072**
Debentures	**10**	**–**	**9,355,000,000**	**–**	**9,355,000,000**
Total Financial liabilities		**–**	**9,628,263,072**	**–**	**9,628,263,072**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	**Note No.**	*Level 1* ₹	*Level 2* ₹	*Level 3* ₹	*Total* ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	**6**	*452,175,383*	–	–	*452,175,383*
Total of Financial Assets		*452,175,383*	–	–	*452,175,383*
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	*Level 1* ₹	*Level 2* ₹	*Level 3* ₹	*Total* ₹
Financial Assets					
Security Deposits	**5**	–	*2,787,801*	–	*2,787,801*
Total of Financial Assets		–	*2,787,801*	–	*2,787,801*
Financial Liabilities					
Term Loan from Banks	**10**	–	*4,292,416,791*	–	*4,292,416,791*
Debentures	**10**	–	*5,380,000,000*	–	*5,380,000,000*
Total Financial liabilities		–	*9,672,416,791*	–	*9,672,416,791*

NOTES FORMING PART OF ACCOUNTS (Contd.)

As at April 1, 2015

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1 ₹	Level 2 ₹	Level 3 ₹	Total ₹
Financial Assets					
Security Deposits	5	–	2,750,743	–	2,750,743
Total of Financial Assets		–	2,750,743	–	2,750,743
Financial Liabilities					
Term Loan from Banks	10	–	7,550,735,979	–	7,550,735,979
Debentures	10	–		–	–
Total Financial liabilities		–	7,550,735,979	–	7,550,735,979

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate

17) ASSET PLEDGED AS SECURITY

Particulars	Note No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Non Current Financial Asset				
Property, Plant & Equipment	1	**8,592,057**	20,242,197	38,725,652
Intangible asset	2	**5,511,207,825**	6,645,657,815	7,767,409,476
Other Financial Asset	4	**276,507,084**	2,787,801	2,750,743
Financial Asset				
Cash and Cash Equivalents	7	**43,637,631**	249,250,749	105,179,779
Investments In Mutual Fund	6	**1,879,164,797**	452,175,383	
Other Financial Asset	5	**169,919,305**	15,904,675	13,297,010
TOTAL		**7,889,028,699**	7,386,018,620	7,927,362,660

NOTES FORMING PART OF ACCOUNTS (Contd.)

18) FINANCIAL RISK MANAGEMENT

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Senior Debt from Banks - Variable rate borrowings	**333,263,072**	*4,382,073,280*	*10,432,881,475*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Increase or decrease in interest rate by 25 base point	**5,894,170**	*18,518,693*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**As at 31.03.2017** ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹
Investments in Mutual Funds	6	**1,879,164,797**	*452,175,383*	–

Sensitivity analysis

	Impact on profit/ loss after tax	
	As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Increase or decrease in NAV by 2%	**37,583,296**	*9,043,508*

Note:- In case of decrease in NAV profit will reduce and vice versa.

NOTES FORMING PART OF ACCOUNTS (Contd.)

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	**333,263,072**	**60,000,000**	**139,551,865**	**139,743,923**	**–**
Trade Payables	**29,820,165**	**29,820,165**			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

As at March 31, 2016	*Carrying Amount*	*upto 1 year*	*1 - 2 years*	*2 - 5 years*	*> 5 years*
Non Derivative Financial Liability					
Senior Debt from Banks	*4,382,073,280*	*89,656,489*	*60,000,000*	*279,295,788*	*3,953,121,003*
Trade Payables	*16,769,096*	*16,769,096*			
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

As at April 01, 2015	*Carrying Amount*	*upto 1 year*	*1 - 2 years*	*2 - 5 years*	*> 5 years*
Non Derivative Financial Liability					
Senior Debt from Banks	*10,432,881,475*	*1,116,723,000*	*89,656,489*	*3,139,500,000*	*6,087,001,986*
Trade Payables	*77,725,300.00*	*77,725,300*			
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

v Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. . Hence, the management believes that the company is not exposed to any credit risk.

19 DISCLOSURE PURSUANT TO APPENDIX - A TO IND AS 11 - SERVICE CONCESSION ARRANGEMENTS

i Description and classification of the arrangement:

Vadodara Bharuch Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 23rd December 2005 for the purpose of widening of existing four-lane eighty three kilometers Road stretch from KM 108.7000 to 192.000 of National Highway No. 8 in the State of Gujarat and operation and maintenance thereof, under the Concession Agreement dated 12 July, 2006 with National Highway Authority of India. The Concession Agreement is for a period 15 years from 8th January 2007, being the Commencement Date stated in clause 1.1 of the said agreement. Commercial Date of Operation started on 3rd June 2009. At the end of Concession period (i.e. 7th January 2022), the entire facility will be transferred to NHAI.

ii Significant Terms of the arrangements

(a) Revision of Fees:

Fees shall be revised annually on July 01 as per Schedule G of the Concession Agreement dated July 12, 2006.

(b) Concession Fee

As per Article 7 of the Concession Agreement, the company is liable to pay Concession Fee ₹ 1 every year.

iii Rights of the Company for use Project Highway

(a) To demand, collect and appropriate, Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

(b) Right of Way, access and licence to the Site.

NOTES FORMING PART OF ACCOUNTS (Contd.)

iv. Obligation of the Company

(a) The company shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

(b) The company is under obligation to carry out the routine and periodic maintenance of Project Highway as per Schedule L of the CA.

v. Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

vi. Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under article 32 of the CA.

20) TRANSITIONAL ADJUSTMENTS

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ NIL. Consequently an amount of ₹ 6,82,80,436/- has been derecognised from toll collection rights with an effect of ₹ 6,82,80,436/- to retained earnings.

(ii) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹ 2,70,06,596/-. Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹ 2,70,06,596/-.

(iii) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments as of 1st April, 2015 is increased by ₹ NIL with a corresponding increase in the reserves.

21) CHANGE IN ACCOUNTING ESTIMATE:

The company has re-estimated the outflow of Major maintainance from 31st March'20 to 30th June'19 and accordingly prospective effect is given in provision in current and future periods.

22) The name of company is changed from L&T Vadodara Bharuch Tollway Limited to Vadodara Bharuch Tollway Limited w.e.f. 2nd September 2016.

23) There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise.

24) The corresponding previous year's figures have been regrouped wherever necessary to confirm to the presentation of the current year's accounts.

25) RECONCILIATION OF TOTAL EQUITY

Particulars	31.03.2016 ₹	01.04.2015 ₹
Total Equity as per Previous GAAP	-2,852,235,294	-2,930,748,290
Adjustments as per Ind AS		
Equity Component of Financial Instrument		
Fair Valuation if Investment		
Unwinding of Interest on Loan - Opening	-68,280,437	-68,280,437
Unwinding of Interest on Loan	37,795,945	
Amortisation - Opening	15,669,636	15,669,636
Amortisation	-2,067,870	
Discounting of MMR provision- Opening	27,006,596	27,006,596

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	31.03.2016 ₹	01.04.2015 ₹
Discounting of MMR provision	49,932,484	
Unwinding of Interest on MMR		
Unwinding of Interest on Mezzanine Debt		
Unwinding of Interest on Mezzanine Debt- Opening		
Investment - Fair valuation	8,461,648	
Exchange Gain Loss difference	-13,589,661	-13,589,661
Total Ind AS Adjustments	54,928,341	-39,193,866
Total Equity as per Ind AS	**-2,797,306,953**	**-2,969,942,156**

26) RECONCILATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	**Note**	**Indian GAAP*** ₹	**Adjustments** ₹	**Ind AS** ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	20,242,197		20,242,197
b) Intangible assets	2	6,698,064,617	(52,406,802)	6,645,657,815
c) Intangible assets under development	3	–		–
d) Non Current Investment	4	–		–
e) Financial assets		–		
i) Loans	5	2,762,801		2,762,801
f) Deferred tax assets (net)		–		
g) Other non-current assets	6	5,526,440		5,526,440
	A	**6,726,596,055**	**(52,406,802)**	**6,674,189,253**
(2) Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	443,713,734	8,461,649	452,175,383
ii) Trade receivables	8	–		–
iii) Cash and bank balances	9	249,250,749		249,250,749
iv) Loans	5	25,000		25,000
c) Current tax assets (net)	6	–		–
d) Other current assets	6	10,378,236		10,378,235
	B	**703,367,719**	**8,461,649**	**711,829,367**
TOTAL	**A+B**	**7,429,963,774**	**(43,945,153)**	**7,386,018,620**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	435,000,000		435,000,000
b) Other equity	11	(3,287,235,296)	54,928,343	(3,232,306,953)
	C	**(2,852,235,296)**	**54,928,343**	**(2,797,306,953)**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	9,694,351,207	(21,934,416)	9,672,416,791
ii) Other financial liabilities	13	–		–
b) Provisions	14	449,749,877	(76,939,081)	372,810,796
c) Deferred tax liabilities (net)				–
d) Other non-current liabilities	15	–		–
	D	**10,144,101,084**	**(98,873,497)**	**10,045,227,587**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
(2) Current liabilities				
a) Financial liabilities				
i) Borrowings	12	–		–
ii) Trade payables	16	16,769,096		16,769,096
iii) Other financial liabilities	13	95,864,753		95,864,753
b) Other current liabilities	15	25,086,762		25,086,762
c) Provisions	14	377,375		377,375
d) Current tax liabilities (net)	17	–		–
	E	**138,097,986**	–	**138,097,986**
Total Equity and Liabilities	**C+D+E**	**7,429,963,773**	**(43,945,153)**	**7,386,018,620**

27) RECONCILATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, plant and equipment	1	38,725,652	–	38,725,652
b) Capital work-in-progress	2	–	–	–
c) Intangible assets	3	7,701,209,015	66,200,461	7,767,409,476
d) Intangible assets under development	4	18,566,254	–	18,566,254
e) Financial assets		–		
i) Loans	5	2,725,743	–	2,725,743
f) Deferred tax assets (net)		–		–
g) Other non-current assets	6	3,633,092		3,633,092
	A	**7,764,859,756**	**66,200,461**	**7,831,060,217**
(2) Current assets				
a) Inventories				
b) Financial assets				
i) Investments	7	–		–
ii) Trade receivables	8	–		–
iii) Cash and bank balances	9	105,179,779	–	105,179,779
iv) Loans	5	25,000		25,000
c) Current tax assets (net)	6	–	–	–
d) Other current assets	6	9,663,918	–	9,663,918
	B	114,868,697	–	114,868,697
TOTAL	**A+B**	**7,879,728,453**	**66,200,461**	**7,945,928,914**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity share capital	10	435,000,000		435,000,000
b) Other equity	11	(3,444,136,021)	39,193,865	(3,404,942,156)
	C	**(3,009,136,021)**	**39,193,865**	**(2,969,942,156)**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	9,316,158,475		9,316,158,475
ii) Other financial liabilities	13	–		–
b) Provisions	14	118,986,002	27,006,596	145,992,598
c) Deferred tax liabilities (net)		–		–
d) Other non-current liabilities	15	–		–
	D	**9,435,144,477**	**27,006,596**	**9,462,151,073**
(2) Current liabilities				
a) Financial liabilities				
i) Borrowings	12	225,000,000		225,000,000
ii) Trade payables	16	77,725,300		77,725,300
iii) Other financial liabilities	13	1,130,975,668		1,130,975,668
b) Other current liabilities	15	19,906,491		19,906,491
c) Provisions	14	112,538		112,538
d) Current tax liabilities (net)	17	–		–
	E	**1,453,719,997**	**–**	**1,453,719,997**
Total Equity and Liabilities	**C+D+E**	**7,879,728,453**	**66,200,461**	**7,945,928,914**

28) RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	18	2,821,332,805	–	2,821,332,805
Other income	19	15,438,061	8,461,649	23,899,710
Total income		**2,836,770,866**	**8,461,649**	**2,845,232,515**
EXPENSES				
Cost of materials consumed		–		
Operating expenses	20	433,607,655	(62,800,000)	370,807,655
Employee benefits expense	21	15,692,425	–	15,692,425
Finance costs	22	1,083,598,840	(24,928,430)	1,058,670,410
Depreciation, amortisation and obsolescence		1,165,180,817	2,067,870	1,167,248,687
Administration and other expenses	23	40,201,384	–	40,201,384
Total expenses		**2,738,281,121**	**(85,660,560)**	**2,652,620,561**
Profit/(loss) before exceptional items and tax		**98,489,746**	**94,122,208**	**192,611,954**
Exceptional items (EIP code 90004)		–		
Profit/(loss) before tax		98,489,746	94,122,208	192,611,954
Tax Expense:				
Current tax		20,107,606	–	20,107,606
		20,107,606	**–**	**20,107,606**
Profit/(loss) for the year		**78,382,140**	**94,122,208**	**172,504,348**

NOTES FORMING PART OF ACCOUNTS (Contd.)

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1) Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015, and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 12 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

- Certain financial assets and liabilities
- Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 (the Act). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 Statement of Cash Flows. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis. The compensation receivable for categories vehicles exempted from Toll by Concessioning Authority is accounted on cash basis except for the last month of year where it is recognised on estimated realisable value basis.

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

4) Cash and Cash Equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5) Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6) Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as Property, Plant and equipment and is depreciated over the period of lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7) Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the Straight Line amortisation method prescribed under Schedule II to the Companies Act, 2013.

For transition to IndAS, the Company has availed the option to continue with the Straight Line amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8) Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to Gujarat State Road Development Corporation Ltd (GSRDC), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/ State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Other Intangible Assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

9) Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

10) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service. 'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

11) Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

12) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

13) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

14) Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or

NOTES FORMING PART OF ACCOUNTS (Contd.)

liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

15) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

16) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

17) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires. Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES FORMING PART OF ACCOUNTS (Contd.)

18) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

19) Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

20) Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

21) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

22) First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.

As per our report of even date attached
M.K. DANDEKER & CO.
Chartered Accountants
(Firm's Regn No. 000679S)

By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 28, 2017

For and on behalf of the Board of

GOBINDA CHANDRA DAS
Chief Financial Officer

Dr. ESTHER MALINI
Director
DIN: 07124748

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 28, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ in crore	*₹ in crore*
Profit before depreciation, exceptional and extra ordinary items & Tax	**25.59**	*20.09*
Less: Depreciation, amortization and obsolescence	**15.59**	*19.43*
Profit before tax	**10.00**	*0.66*
Less: Provision for tax	**0.18**	–
Profit after tax from continuing operations	**9.82**	*0.66*
Profit / (loss) after tax for the year carried to the balance sheet	**9.82**	*0.66*
Add: Balance brought forward from previous year	**(94.41)**	*(95.07)*
Balance available for disposal	**(84.59)**	*(94.41)*
Debenture Redemption Reserve	**7.70**	–
Balance carried to Balance Sheet	**(92.29)**	*(94.41)*

STATE OF COMPANY'S AFFAIRS

The Company's name was changed from "L&T Western Andhra Tollways Limited" to "Western Andhra Tollways Limited" as approved by the Registrar of Companies with effect from October 20, 2016.

The gross revenue (toll revenue) and other income for the financial year under review were ₹ 70.15 crore as against ₹ 65.48 crore for the previous financial year registering an increase of 7.13%. The profit before tax was ₹ 10.02 crore and the profit after tax was ₹ 9.82 crore for the financial year under review as against ₹ 0.66 crore and ₹ 0.66 respectively for the previous financial year, registering an increase of 1418% and 1388% respectively.

The Krishna Pushkaram festival, akin to Kumbh Mela in North India, was held from 12th Aug 2016 for a period of 12 days during which unprecedented traffic was expected to converge at the ghats of river Krishna. WATL being the closest to the Krishna River was directed by District Administration to cease toll-collection. However the Company was able to convince the Administration to continue the tolling with bolstered resources and immaculate planning. The huge traffic was managed efficiently without resorting to any opening up of the boom barriers. The District Collector had also issued a special Certificate of Appreciation as a recognition to the efforts by the SPV towards the success of the Krishna Pushkaram event.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 13.79% of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹.1.25 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 309.2 crore and the net fixed and intangible assets, including leased assets, at ₹ 165.68 crore. Capital Expenditure during the year amounted to ₹ 0.35 crore.

CAPITAL & FINANCE

The Company not raised any funds during the financial year. During the year, the Company redeemed Non-Convertible Debentures worth ₹ 2.00 crore.

DEPOSITS

The Company has not accepted deposits from the public, hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY / ASSOCIATE/ JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture, Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Notes 3 & 5 of the audited financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act, which are at ordinary course of business and at arm's length basis. The Company will adhere to the RPT Policy of the Holding Company and the guidelines thereunder.

The disclosure as per Form AOC-2 of Companies Act, 2013 is given in this Report as ***Annexure I***.

AMOUNT TRANSFERRED TO RESERVES

An amount of ₹.7.89 crore has been transferred to the Debenture Redemption Reserve during the year.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occured affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange expenditure of the company for the financial year 2016-17 is as follows:

Nature of Expenses	Foreign Currency Expenditure		Gain/Loss (₹)
	Amount in Euro	Amount in INR	
Toll Software Support Services (AMC)	6,276.00	4,17,490.00	39,666.00
GS1 24 Digit RFID Tag Upgradation	11,650.00	8,47,980.00	2,02,417.00
Toll Software Support Services (AMC)	3,138.50	1,76,316.00	-2,454.96
Total	**21,064.50**	**14,41,786.00**	**2,39,628.04**

There were no foreign exchange income during the year.

RISK MANAGEMENT POLICY

The Company in its Meeting of the Audit Committee held on 21st July, 2015 had reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Mr. Manoj Kumar Singh, Director, retired by rotation at the Annual General Meeting of the Company held on September 28, 2016.

Mr. Mathew George who has been appointed as Additional Director of the Company on April 27, 2016 got regularized in the Annual General meeting held on September 28, 2016.

The Board of Directors of the Company as on March 31, 2017 are as follows:

Sr.No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. Manoj Kumar Singh	Director	05228599
3	Mr. Mathew George	Director	07402208
3	Mr. N.Raghavan	Independent Director	00251054
4	Dr. Ashwin Mahalingam	Independent Director	05126953

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation	Date of Appointment
1	Mr. MVVSS.Ramalingeswara Rao	Chief Financial Officer	28/10/2014
2	Mr. Madan Mohan Vangara	Manager	16/12/2013
3	Mr. Nagarajan Venkataraman	Company Secretary	06/12/2006

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when required.

During the year under review 5 meetings were held and the details are given below:

Date	Board Strength	No of Directors Present
April 27, 2016	5	4
July 13, 2016	5	3
October 18, 2016	5	2
January 17, 2017	5	3
March 16, 2017	5	5

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The Members of the Audit Committee are, Mr. N.Raghavan, Dr. Ashwin Mahalingam and Mr. Mathew George

During the year under review, 5 meetings were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 27, 2016	3	3
July 13, 2016	3	2
October 18, 2016	3	2
January 17, 2017	3	2
March 16, 2017	3	2

In accordance with the requirements of the Act the Company has established a Vigil Mechanism framework for the Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are, Mr.N.Raghavan, Dr.Ashwin Mahalingam and Mr.T.S.Venkatesan

During the year, one nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 27, 2016	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as **Annexure II**.

DIRECTORS RESPONSIBILITY STATEMENT

Pursuant to Section 134(3) (c) of the Companies Act, 2013 (Act), that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on March 16, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

AUDIT AND AUDITOR'S REPORT

STATUTORY AUDITORS

M/s. Gianender & Associates, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting ("AGM"). The Company in the Tenth Annual General Meeting held on September 21, 2015 for the F-Y 2015-16 had appointed M/s. Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the fourth consecutive Annual General Meeting of the Company to be held during the year 2018.

The Board recommends the ratification of the appointment of M/s.Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Delhi, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Act.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no Emphasis on matters. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Act.

SECRETARIAL AUDITORS

Mr. R.Thamizhvanan (COP No: 3721), Company Secretary in practice, was appointed to conduct the secretarial audit of the Company for the financial year 2016-2017, as required under Section 204 of the Act and Rules thereunder. The secretarial audit report for the financial year 2016-2017 is attached as **Annexure III** to this Report and it does not contain any qualification, reservation or adverse remark.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, Financial Institutions, Banks, NHAI and Central and State Government authorities, Regulatory authorities and all the other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

	T. S. VENKATESAN	**MATHEW GEORGE**
Place : Chennai	*Director*	*Director*
Date : April 25, 2017	*DIN: 01443165*	*DIN: 07402208*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions entered during the year.					

For and on behalf of the Board

	T. S. VENKATESAN	MATHEW GEORGE
Place : Chennai	*Director*	*Director*
Date : April 25, 2017	*DIN: 01443165*	*DIN: 07402208*

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2005PLC057931
Registration Date	02/11/2005
Name of the Company	WESTERN ANDHRA TOLLWAYS LIMITED*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited ** 4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

* The name of the Company was changed from "L&T Western Tollways Limited" to "Western Tollways Limited" Vide Certificate of Incorporation dated October 20, 2016, issued by Registrar of Companies.

* *NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f March 22, 2017.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways, if any.	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	56499992	6*	56499998	99.99	56499992	6*	56499998	99.99	–
e) Banks/FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**56499992**	**6***	**56499998**	**99.99**	**56499992**	**6***	**56499998**	**99.99**	**–**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks/FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**56499992**	**6***	**56499998**	**99.99**	**56499992**	**6***	**56499998**	**99.99**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks/FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**56499994**	**6***	**56500000**	**100**	**56499994**	**6***	**56500000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No.	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31,2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged/ encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(including nominees)	56499998	99.99%	26%	56499998	99.99%	Nil	Nil
	Total	**56499998**	**99.99%**	**26%**	**56499998**	**99.99%**	**Nil**	**Nil**

(iii) Change in Promoters' Shareholding: No change in promoter's shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	0.01%	2	0.01%
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	As on March 31, 2017	2	0.01%	2	0.01%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	1	0.0001	1	0.0001
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	As on March 31, 2017	1	0.0001	1	0.0001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

Loans from Banks/ Institutions:

(Amount in ₹)

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	2,28,98,99,951		2,28,98,99,951
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	6,22,711	–	6,22,711
Total (i+ii+iii)	**2,29,05,22,662**	**–**	**2,29,05,22,662**
Change the financial year			**–**
· Addition	6,00,276	–	6,00,276
· Reduction	6,97,76,347		6,97,76,347
Net Change	**(6,91,76,071)**	**–**	**(6,91,76,071)**
As on March 31, 2017			
i) Principal Amount	2,22,07,46,315	–	2,22,07,46,315
ii) Interest due but not paid			–
iii) Interest accrued but not due	6,00,276		6,00,276
Total (i+ii+iii)	**2,22,13,46,591**	**–**	**2,22,13,46,591**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Madan Mohan Vangara, Manager	
1.	Gross salary	₹.13,00, 273/-	₹.13,00, 273/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission		
	- as % of profit	Nil	Nil
	- others, specify…		
5.	Others, please specify	Nil	Nil
	Total (A)	**₹.13,00, 273/-**	**₹.13,00, 273/-**
	Ceiling as per the Act		**₹ 120,00,000/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
1	Independent Directors	**Dr. Ashwin Mahalingam**	**Mr. N.Raghavan**		
	Fee for attending board meeting	₹.1,00,000/-	₹.1,25,000/-		₹.2,25,000/-
	Fee for attending committee meetings	₹.50,000/-	₹.60,000/-		₹.1,10,000/-
	Commission	–	–		–
	Others	–	–		–
	Total (1)	**₹.1,50,000/-**	**₹ 1,85,000/-**		**₹.3,35,000/-**
2.	Other Non-Executive Directors	**Mr. T.S.Venkatesan**	**Mr. Manoj Kumar Singh**	**Mr. Mathew George**	
	Fee for attending board / committee meetings	–	–	–	–
	Commission Others, please specify	–	–	–	–
	Total (2)	**–**	**–**	**–**	**–**
	Total (B)=(1+2)	**₹.1,50,000/-**	**₹.1,85,000/-**		**₹.3,35,000/-**
	Total Managerial Remuneration	**NA**			
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹.1,00,000/- per meeting of Board or Committee**			

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. MVVSS.Ramalingeswara Rao, CFO and Mr. Nagarajan Venkataraman, Company Secretary of the Company are employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN: 01443165

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 25, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
WESTERN ANDHRA TOLLWAY LIMITED
P.O. BOX NO.979, MOUNT POONAMALLEE ROAD
MANAPAKKAM, CHENNAI-600089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **WESTERN ANDHRA TOLLWAY LIMITED (here-in-after called the 'Company')** for the financial year ending on **31st March 2017**. Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report :-

That in my opinion, the company has, during the audit period has complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year under the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder – **Not Applicable;**

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - **Not Applicable;**

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable;**

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- **Not Applicable;**

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable;**

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not Applicable;**

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable;**

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable ;**

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

I have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc.

In respect of financial laws like Tax laws, etc. I have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India. - Applicable

(ii) The Listing Agreements entered into by the Company with stock Exchanges for securities-Not Applicable

During the Audit period the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that:-

The Board of Directors & the Committees of the Company are duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting views by any of the Board members during the year.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs.

Sd/-

R. THAMIZHVANAN
(COMPANY SECRETARY IN PRACTICE)
CP NO. 3721

Place : Chennai
Date : 21.04.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF WESTERN ANDHRA TOLLWAY LIMITED

Report on the Financial Statements

We have audited the accompanying Ind AS financial statements of Western Andhra Tollway Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure -A"; and

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has not pending litigation which would impact its financial position;

ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;

iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. However we are unable to obtain sufficient and appropriate audit evidence to report on whether the disclosures with respect to currency held other than SBNs are in accordance with books of account maintained by the company and as produced to us by the management. (refer note H14)

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 25, 2017

ANNEXURE TO THE AUDITORS' REPORT

Annexure to the Independent Auditor's Report of Western Andhra Tollway Limited for the Year ended as on 31st March 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

i. a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b) The Fixed Assets have been physically verified by the Management at regular intervals and no material discrepancies were noticed on such verification

   c) The title deed of immoveable properties is held in the name of the company.

ii. As the company is engage in the business of development and maintenance of Toll Roads, there are no inventories.

iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, clause (a) to (c) of Para 3(iii) are not applicable.

iv. The Company has not given any loans, made any investments or given any guarantees or securities, covered under section 185 and 186 of the Companies Act, 2013.

v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under.

vi. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

   b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has not defaulted in repayment of loans or borrowing to a financial institution, bank or dues to debenture holders. The company has not taken any loans or borrowings from Government.

ix. According to the information and explanation provided to us, money raised by way of term loan were applied for the purpose for which it raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the course of our audit.

xi. In our opinion, the managerial remuneration paid or provided by the company are in accordance with the provision of section 197 of the Companies Act read with Schedule V.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are properly disclosed in the financial statements.

xiv. In our opinion and according to the information provided to us, the company has not issued any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

xv. According to the information provided to use, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013.

xvi. In our opinion, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934.

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 25, 2017

ANNEXURE-B

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Western Andhra Tollway Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India.These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

FOR GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M. No. 083878)

Place: New Delhi
Date: April 25, 2017

WESTERN ANDHRA TOLLWAYS LIMITED
(Formerly L&T Western Andhra Tollways Limited)

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	**8,162,925**	*6,733,130*	*23,354,133*
b) Intangible assets	2	**1,648,642,003**	*1,802,434,783*	*1,977,511,810*
c) Other non-current assets	4	**1,438,828**	*1,366,534*	*1,366,534*
	A	**1,658,243,756**	*1,810,534,447*	*2,002,232,477*
Current assets				
a) Financial Assets				
i) Investments	5	**412,068,972**	*287,024,614*	*234,956,801*
ii) Cash and bank balances	6	**22,959,293**	*29,585,978*	*69,708,051*
iii) Loans	3	**143,813,952**	–	–
b) Current Tax Assets (net)	4	**15,256,446**	*6,124,305*	*6,012,258*
c) Other current assets	4	**15,136,439**	*2,667,534*	*2,516,380*
	B	**609,235,102**	*325,402,431*	*313,193,490*
TOTAL	A+B	**2,267,478,858**	*2,135,936,878*	*2,315,425,967*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	**565,000,000**	*565,000,000*	*565,000,000*
b) Other Equity	8	**(845,927,600)**	*(944,128,482)*	*(950,690,394)*
	C	**(280,927,600)**	*(379,128,482)*	*(385,690,394)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	**2,145,873,401**	*2,214,275,923*	*2,290,714,098*
ii) Other financial liabilities	10	**344,000**	–	–
b) Provisions	11	**311,011,211**	*191,680,080*	*105,955,419*
	D	**2,457,228,612**	*2,405,956,003*	*2,396,669,517*
Current liabilities				
a) Financial liabilities				
ii) Trade payables	13	**12,306,704**	*23,479,326*	*10,786,493*
iii) Other financial liabilities	10	**69,753,912**	*70,053,477*	*171,608,500*
b) Other current liabilities	12	**8,097,404**	*14,918,958*	*14,967,255*
c) Provisions	11	**1,019,826**	*657,596*	*107,084,596*
	E	**91,177,846**	*109,109,357*	*304,446,844*
Total Equity and Liabilities	C+D+E	**2,267,478,858**	*2,135,936,878*	*2,315,425,967*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Registration No: 04661N
By the hand of

MANJU AGRAWAL
Partner
Membership No. 083878

V.NAGARAJAN
Company Secretary
M. No. A18775

MVVSS RAMALINGESWARA RAO
Chief Financial Officer

MATHEW GEORGE
Director
DIN: 07402208

T.S.VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	14		666,875,707		632,120,407
Construction contract revenue			–		–
Other income	15		34,665,206		22,657,407
Total income			701,540,913		654,777,814
EXPENSES					
Construction contract expenses			–		–
Operating expenses	16		167,621,137		146,882,652
Employee benefits expense	17		10,016,664		9,009,365
Finance costs	18		241,625,193		274,699,782
Depreciation, amortisation and obsolescence	1 & 2		155,872,067		194,369,270
Administration and other expenses	19		26,244,559		23,325,947
Total expenses			601,379,620		648,287,016
Profit/(loss) before tax			100,161,293		6,490,798
Tax Expense:					
Current tax		1,833,936		–	
			1,833,936		–
Profit/(loss) for the year			98,327,357		6,490,798
Other Comprehensive Income	20		(126,475)		71,114
i) Items that will not be reclassified to profit or loss (net of tax)			(126,475)		71,114
Total comprehensive income for the year			98,200,882		6,561,912
Earnings per equity share (Basic and Diluted)	H (9)		1.74		0.11
Face value per equity share			10.00		10.00

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Registration No: 04661N
By the hand of

MANJU AGRAWAL
Partner
Membership No. 083878

V.NAGARAJAN
Company Secretary
M. No. A18775

MVVSS RAMALINGESWARA RAO
Chief Financial Officer

MATHEW GEORGE
Director
DIN: 07402208

T.S.VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

WESTERN ANDHRA TOLLWAYS LIMITED
(Formerly L&T Western Andhra Tollways Limited)

CASH FLOW STATEMENT AS ON MARCH 31, 2017

S. No.	Particulars	2016-17 ₹	2015-16 ₹
A	**Cashflow from operating activities**		
	Net profit / (loss) before tax and extraordinary items	**99,967,882**	*6,561,912*
	Adjustments for:		
	Depreciation and amortisation expense	**155,872,067**	*194,369,270*
	Interest expense	**241,625,193**	*274,699,782*
	Interest income	**(14,989,554)**	*(9,105,689)*
	(Profit)/loss on sale of current investments(net)	**(18,266,856)**	*(12,408,038)*
	(Profit)/loss on sale of fixed assets	**(8,925)**	*(5,250)*
	Operating profit before working capital changes	**464,199,807**	*454,111,987*
	Adjustments for:		
	Increase / (Decrease) in provisions	**101,509,384**	*(30,712,558)*
	Increase / (Decrease) in trade payables	**(11,172,622)**	*12,692,833*
	Increase / (Decrease) in other current liabilitites	**(7,529,889)**	*(201,862)*
	Increase / (Decrease) in other current financial liabilitites	**–**	*300,000*
	(Increase) / Decrease in loans and advances and other assets	**(162,817,049)**	*(151,154)*
	Net cash generated from/(used in) operating activities	**384,189,631**	*436,039,246*
	Direct taxes paid (net of refunds)	**(10,899,141)**	*(112,047)*
	Net Cash(used in)/generated from Operating Activities	**373,290,490**	*435,927,199*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(3,509,083)**	*(943,867)*
	Sale of fixed assets	**8,925**	*5,250*
	Sale of current investments	**(106,501,652)**	*(50,561,322)*
	Interest received	**9,485,720**	*20,007,236*
	Net cash (used in)/generated from investing activities	**(100,516,090)**	*(31,492,703)*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(69,153,636)**	*(174,470,045)*
	Interest paid	**(210,247,449)**	*(270,086,524)*
	Net cash (used in)/generated from financing activities	**(279,401,085)**	*(444,556,569)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(6,626,685)**	*(40,122,073)*
	Cash and cash equivalents as at the beginning of the year	**29,585,978**	*69,708,051*
	Cash and cash equivalents as at the end of the year	**22,959,293**	*29,585,978*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Registration No: 04661N
By the hand of

MANJU AGRAWAL
Partner
Membership No. 083878

V.NAGARAJAN
Company Secretary
M. No. A18775

MVVSS RAMALINGESWARA RAO
Chief Financial Officer

MATHEW GEORGE
Director
DIN: 07402208

T.S.VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

NOTES FORMING PART OF THE FINANCIAL STATEMENTS

NOTE 1) PROPERTY, PLANT AND EQUIPMENT

(₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2016	Additions	Disposals	**As at March 31, 2017**	*As at April 01, 2016*	For the year	On Disposals	**As at March 31, 2017**	**As at March 31, 2017**	*As as March 31, 2016*
Owned										
Building	*1,936,443*	–	–	**1,936,443**	*44,093*	44,093	–	**88,186**	**1,848,257**	*1,892,350*
Plant and Equipment	*18,315,994*	888,099	–	**19,204,093**	*15,320,995*	1,066,475	–	**16,387,470**	**2,816,623**	*2,994,999*
Furniture and fixtures	*695,344*	186,665	–	**882,009**	*247,369*	242,495	–	**489,864**	**392,145**	*447,975*
Vehicles	*2,387,874*	1,188,392	–	**3,576,266**	*1,842,585*	363,860	–	**2,206,445**	**1,369,821**	*545,289*
Office equipment	*154,802*	238,524	–	**393,326**	*69,589*	199,284	–	**268,873**	**124,453**	*85,213*
Air conditioning and Refrigeration	*592,000*	585,120	–	**1,177,120**	–	–	–	**–**	**1,177,120**	*592,000*
Computers, laptops and printers	*212,927*	422,283	40,740	**594,470**	*37,623*	163,081	40,740	**159,964**	**434,506**	*175,304*
Total	*24,295,384*	3,509,083	40,740	**27,763,727**	*17,562,254*	2,079,288	40,740	**19,600,802**	**8,162,925**	*6,733,130*
Previous year				*24,295,384*				*17,562,254*		

NOTE 2) INTANGIBLE ASSETS

(₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at April 01, 2016	Additions	Disposals	**As at March 31, 2017**	*As at April 01, 2016*	For the year	On Disposals	**As at March 31, 2017**	**As at March 31, 2017**	*As as March 31, 2016*
Specialised Software	*430,836*	–	–	**430,836**	*430,834*	–	–	**430,834**	**2**	*2*
Toll collection rights	*3,063,847,966*	–	–	**3,063,847,966**	*,261,413,185*	153,792,780	–	**1,415,205,965**	**1,648,642,001**	*1,802,434,781*
Total	*3,064,278,802*	–	–	**3,064,278,802**	*1,261,844,019*	153,792,780	–	**1,415,636,799**	**1,648,642,003**	*1,802,434,783*
Previous year	*3,064,278,802*			*3,064,278,802*				*,261,844,019*		

NOTE 1) PROPERTY, PLANT AND EQUIPMENT (AT COST OR DEEMED COST)

(₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2015	Additions	Disposals	*As at March 31, 2016*	*As at April 01, 2015*	For the year	On Disposals	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Owned										
Building	*1,936,443*	–	–	*1,936,443*	–	44,093	–	*44,093*	*1,892,350*	*1,936,443*
Plant and Equipment	*18,165,994*	150,000	–	*18,315,994*	–	15,320,995	–	*15,320,995*	*2,994,999*	*18,165,994*
Furniture and fixtures	*697,944*	–	2,600	*695,344*	–	249,969	2,600	*247,369*	*447,975*	*697,944*
Vehicles	*2,387,874*	–	–	*2,387,874*	–	1,842,585	–	*1,842,585*	*545,289*	*2,387,874*
Office equipment	*86,300*	68,518	16	*154,802*	–	69,605	16	*69,589*	*85,213*	*86,300*
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	–	592,000	–	*592,000*	–	–	–	–	*592,000*	–
Computers, laptops and printers	*79,578*	133,349	–	*212,927*	–	37,623	–	*37,623*	*175,304*	*79,578*
Total	*23,354,133*	943,867	2,616	*24,295,384*	–	17,564,870	2,616	*17,562,254*	*6,733,130*	*23,354,133*
Previous year				*23,354,133*				–		

NOTE 2) INTANGIBLE ASSETS

(₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at April 01, 2015	Additions	Disposals	*As at March 31, 2016*	*As at April 01, 2015*	For the year	On Disposals	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Specialised Software	*430,836*	–	–	*430,836*	*430,834*	–	–	*430,834*	*2*	*2*
Toll collection rights	*3,063,847,966*	–	–	*3,063,847,966*	*,086,336,158*	175,077,027	–	*1,261,413,185*	*1,802,434,781*	*1,977,511,808*
Total	*3,064,278,802*	–	–	*3,064,278,802*	*1,086,766,992*	175,077,027	–	*1,261,844,019*	*1,802,434,783*	*1,977,511,810*
Previous year	*3,064,278,802*			*3,064,278,802*				*1,086,766,992*		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 3) LOANS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Loans to related parties Unsecured, considered good									
Inter-corporate deposit	143,813,952	–	143,813,952	–	–	–	–	–	–
	143,813,952	–	143,813,952	–	–	–	–	–	–

NOTE 4) OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Other advances	12,907,214	1,438,828	14,346,042	*29,548*	*1,366,534*	*1,396,082*	–	*1,366,534*	*1,366,534*
Advance recoverable other than in cash									
Prepaid expenses	2,229,225	–	2,229,225	*2,637,986*	–	*2,637,986*	*2,516,380*	–	*2,516,380*
	15,136,439	1,438,828	16,575,267	*2,667,534*	*1,366,534*	*4,034,068*	*2,516,380*	*1,366,534*	*3,882,914*
Income tax									
Income tax net of provisions	15,256,446		15,256,446	*6,124,305*		*6,124,305*	*6,012,258*		*6,012,258*
	15,256,446	–	15,256,446	*6,124,305*	–	*6,124,305*	*6,012,258*	–	*6,012,258*

NOTE 5) INVESTMENTS

Particulars	As at March 31, 2017 Current	*As at March 31, 2016 Current*	*As at April 01, 2015 Current*
	₹	₹	₹
Investments (quoted/unquoted)			
Mutual funds	113,448,222	*287,024,614*	*22,174,674*
Commercial papers	298,620,750	–	*201,880,580*
	412,068,972	*287,024,614*	*234,956,801*
Aggregate book value of quoted investments	110,981,825	*278,846,886*	*22,032,908*
Aggregate market value of quoted investments	113,448,222	*287,024,614*	*22,174,674*
Aggregate book value of unquoted investments	298,344,900	–	*201,880,580*
Aggregate amount of impairment in value of investments	–	–	–

NOTE 6) CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
	₹	₹	₹
a) Balances with banks	15,630,136	*4,801,461*	*5,397,730*
b) Cash on hand	7,228,275	*4,236,262*	*3,384,850*
c) Fixed deposits with banks including interest accrued thereon	100,882	*20,548,255*	*60,925,471*
	22,959,293	*29,585,978*	*69,708,051*

Balances with banks are in trust retention and escrow accounts carry a First charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement / Common loan agreement. As at March 31, 2017 there were no amounts included in this which are restricted/earmarked for any specific purposes by virtue of the said waterfall mechanism.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 7) SHARE CAPITAL

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 ₹	As at March 31, 2016 No. of shares	As at March 31, 2016 ₹	As at April 01, 2015 No. of shares	As at April 01, 2015 ₹
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Equity shares of ₹ 10 each	**60,000,000**	**600,000,000**	*60,000,000*	*600,000,000*	*60,000,000*	*600,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**56,500,000**	**565,000,000**	*56,500,000*	*565,000,000*	*56,500,000*	*565,000,000*
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
At the beginning of the year	**56,500,000**	**565,000,000**	*56,500,000*	*565,000,000*	*56,500,000*	*565,000,000*
Issued during the year as fully paid		**–**		–		–
Others	**–**	**–**		–		–
At the end of the year	**56,500,000**	**565,000,000**	*56,500,000*	*565,000,000*	*56,500,000*	*565,000,000*

(iv) Terms / rights attached to shares

Equity shares of ₹ 10 each

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 ₹	As at March 31, 2016 No. of shares	As at March 31, 2016 ₹	As at April 01, 2015 No. of shares	As at April 01, 2015 ₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**56,499,998**	**564,999,980**	*56,499,998*	*564,999,980*	*56,499,998*	*564,999,980*
Larsen and Toubro Limited (ultimate holding company)	**–**	**–**	–	–	–	–
	56,499,998	**564,999,980**	*56,499,998*	*564,999,980*	*56,499,998*	*564,999,980*

(vi) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at March 31, 2017 No. of shares	As at March 31, 2017 %	As at March 31, 2016 No. of shares	As at March 31, 2016 %	As at April 01, 2015 No. of shares	As at April 01, 2015 %
L&T Infrastructure Development Projects Limited (including nominee holding)	**56,499,998**	**100%**	**56,499,998**	**100%**	**56,499,998**	*10000%*
Larsen and Toubro Limited (including nominee holding)	**–**	**0%**	**–**	**0%**	**–**	*0%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

NOTE 8) OTHER EQUITY AS ON 31.03.2017

Particulars	Reserves & Surplus		
	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the year	–	(944,128,482)	(944,128,482)
Total comprehensive income for the year		98,200,882	98,200,882
Transfer from / (to) debenture redemption reserve	76,963,563	(76,963,563)	–
Balance at the end of the year	76,963,563	(922,891,163)	(845,927,600)

OTHER EQUITY AS ON 31.03.2016

Particulars	Reserves & Surplus		
	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	–	(950,690,394)	(950,690,394)
Total comprehensive income for the year		6,561,912	6,561,912
Balance at the end of the year	–	(944,128,482)	(944,128,482)

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014(as amended), require the company to create DRR out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the debentures outstanding as at the reporting date.

NOTE 9) BORROWINGS

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	Non-current ₹	Total ₹	*Current* ₹	*Non-current* ₹	*Total* ₹	*Current* ₹	*Non-current* ₹	*Total* ₹
Secured borrowings									
a) Debentures	–	950,000,000	950,000,000	–	*970,000,000*	*970,000,000*	–	–	–
b) Term loans									
i) From banks	–	1,195,873,401	1,195,873,401	–	*1,244,275,923*	*1,244,275,923*	–	*918,500,000*	*918,500,000*
ii) From others	–	–	–	–	–	–	–	*1,372,214,098*	*1,372,214,098*
	–	2,145,873,401	2,145,873,401	–	*2,214,275,923*	*2,214,275,923*	–	*2,290,714,098*	*2,290,714,098*

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	Base rate + applicable spread	Repayable in 40 quarterly unequal instalments from December 2015 till Mar 2026
Non Convertible Debentures	9.50%	Redeemable in 36 unequal instalments from December 2015 till Sept 2025.

Nature of security for term loans/debentures

(i) all the immovable and movable properties of the Company, including all revenues, receipts, receivables and intangible properties, both present and future except the Project Assets as defined in the Concession Agreement.

(ii) all rights, titles, permits, approvals, clearances and the interest of the borrower in the project documents and the insurance contracts.

(iii) all guarantees, performance bonds and any letter of credit that may be provided by any party in favour of the Borrower under the project documents.

(iv) the Escrow account and all other accounts opened as per escrow agreement along with monies lying therin

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
Long term borrowings	**2,145,873,401**	*2,214,275,923*	*2,290,714,098*
Current maturities of long term borrowings	**69,753,912**	*69,709,477*	*171,564,500*
TOTAL	**2,215,627,313**	*2,283,985,400*	*2,462,278,598*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 10) OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Deposits received	–	344,000	344,000	344,000	–	344,000	44,000	–	44,000
b) Current maturities of long term borrowings	69,753,912	–	69,753,912	69,709,477	–	69,709,477	171,564,500	–	171,564,500
	69,753,912	344,000	70,097,912	70,053,477	–	70,053,477	171,608,500	–	171,608,500

NOTE 11) PROVISIONS

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	1,019,826	1,213,787	2,233,613	657,596	1,666,634	2,324,230	213,458	1,348,570	1,562,028
Provisions for major maintenance reserve	–	309,797,424	309,797,424	–	190,013,446	190,013,446	106,871,138	104,606,849	211,477,987
	1,019,826	311,011,211	312,031,037	657,596	191,680,080	192,337,676	107,084,596	105,955,419	213,040,015

NOTE 12) OTHER LIABILITIES

Particulars	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Dues to related parties	1,994,047		1,994,047	8,111,112	–	8,111,112	7,040,184		7,040,184
ii) Other liabilities	4,966,644	–	4,966,644	5,335,793	–	5,335,793	4,866,158	–	4,866,158
iii) Statutory payables	1,136,713	–	1,136,713	1,472,053	–	1,472,053	3,060,913	–	3,060,913
	8,097,404	–	8,097,404	14,918,958	–	14,918,958	14,967,255	–	14,967,255

NOTE 13) TRADE PAYABLES

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
Due to others	12,306,704	23,479,326	10,786,493
	12,306,704	23,479,326	10,786,493

F CONTINGENT LIABILITIES

Contingent Liabilities and commitments - NIL (previous year - NIL)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 14) REVENUE FROM OPERATIONS

Particulars	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
Operating revenue:				
Toll Collections	**666,875,707**		*632,120,407*	
Less : Revenue share to NHAI/GSRDC *	**–**		*–*	
		666,875,707		*632,120,407*
		666,875,707		*632,120,407*

*National Highway Authority of India

NOTE 15) OTHER INCOME

Particulars	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
Interest income from:				
Bank deposits	**452,123**		*1,793,090*	
Inter-corporate deposits	**13,735,036**		*7,217,873*	
Others	**802,395**		*94,726*	
		14,989,554		*9,105,689*
Net gain/(loss) on financial assets designated at FVTPL		**18,266,856**		*12,408,038*
Profit/(loss) on disposal of property,plant and equipment		**8,925**		*5,250*
Other income		**1,399,871**		*1,138,430*
		34,665,206		*22,657,407*

NOTE 16) OPERATING EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
Toll management fees		**19,919,540**		*23,119,533*
Security services		**5,257,628**		*4,547,518*
Insurance		**2,408,629**		*1,934,869*
Concession fee		**1**		*1*
Repairs and maintenance				
Toll road & bridge	**25,982,038**		*16,449,646*	
Plant and machinery	**3,757,829**		*5,392,392*	
Periodic major maintenance	**101,600,000**		*75,396,120*	
Others	**673,758**		*10,639,851*	
		132,013,625		*107,878,009*
Professional fees		**274,344**		*1,418,709*
Power and fuel		**7,747,370**		*7,984,013*
		167,621,137		*146,882,652*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 17) EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Salaries, wages and bonus		**8,206,376**		*6,788,219*
Contributions to and provisions for:				
Provident and pension funds (Refer note)	**471,735**		*410,997*	
Gratuity fund (Refer note)	**169,648**		*115,531*	
Compensated absences	**426,296**		*668,413*	
Retention pay	**–**		*–*	
Others	**4,897**		*71,114*	
		1,072,576		*1,266,055*
Staff welfare expenses		**737,712**		*955,091*
		10,016,664		*9,009,365*

NOTE 18) FINANCE COSTS

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest on borrowings		**210,223,582**		*252,425,928*
Other borrowing cost (specify nature)		**795,903**		*3,174,463*
Unwinding of discount and implicit interest expense on fair value		**30,605,708**		*19,099,391*
		241,625,193		*274,699,782*

NOTE 19) ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Rent, rates and taxes		**108,752**		*2,268,193*
Professional fees (Refer note (a) below)		**22,136,001**		*18,505,623*
Postage and communication		**831,556**		*715,347*
Printing and stationery		**451,635**		*447,620*
Travelling and conveyance		**1,645,211**		*561,922*
Insurance		**7,578**		*–*
Repairs and maintenance - others		**631,101**		*(66,047)*
Miscellaneous expenses		**432,725**		*893,289*
		26,244,559		*23,325,947*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17 ₹	2015-16 ₹
a) As auditor	**310,470**	*302,280*
b) For taxation matters	**114,345**	*113,355*
c) For company law matters	**17,250**	*17,175*
d) For other services	**293,425**	*138,362*
Total	**735,490**	*571,172*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

NOTE 20) OTHER COMPREHENSIVE INCOME/(EXPENSE)

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Reclassifiable to profit or loss in subsequent periods		**–**		–
Not reclassifiable to profit or loss in subsequent periods				
Re-estimation of provision for defined benefit plan	**(193,411)**		*71,114*	
Less: Tax on the adjustment	**66,936**		–	
		(126,475)		*71,114*
		(126,475)		*71,114*

H NOTES FORMING PART OF THE FINANCIAL STATEMENTS

1 Corporate Information

Western Andhra Tollways Limited is a Special Purpose Vehicle (SPV) incorporated on 20.01.2006 for the purpose of widening of existing two-lane, 56 kilometers Road stretch covering Jadcherla to Kothakota to make it four lane divided Carriageway facility under Build, Operate and Transfer (BOT) scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated January 2006. The Concession is for a period of 20 years including the construction period. At the end of the 20 years the entire facility will be transferred to National Highway Authority of India Ltd. The company achieved commercial operation on March 13, 2009 and upon receipt of the provisional completion certificate executed between the Company.

2 Details for foreign currency transactions

Expenditure: (Value of imports calculated on CIF Basis)

Particulars	**2016-2017 (₹)**	*2015-2016 (₹)*
Payment towards Toll System Service Support	**762,571**	*1,600,380*
RFID Tag upgradation charges	**1,101,896**	–
Payment towards HTMS Spares	**–**	*1,125,632*
Total foreign currency outflow	**1,864,467**	*2,726,012*

3 Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

An amount of ₹ 5,26,863 (previous year ₹ 4,54,174) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 21) in the Statement of Profit and Loss.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them

i	Benefits offered	15/ 26 × Salary × Duration of Service
ii	Salary definition	Basic Salary including Dearness Allowance (if any)
iii	Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
iv	Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
v	Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
vi	Retirement age	58 Years

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

b) The amounts recognised in Balance Sheet are as follows:

Particulars		Gratuity plan	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
A)	Present value of defined benefit obligation		
	- Wholly funded	**1,149,792**	
	- Wholly unfunded	**–**	*774,235*
		1,149,792	*774,235*
	Less : Fair value of plan assets	**842,072**	*–*
	Amount to be recognised as liability or (asset)	**307,720**	*774,235*
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**307,720**	*774,235*
	Assets	**–**	*–*
	Net Liability / (asset)	**307,720**	*774,235*

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars		Gratuity plan	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
1	Current service cost	**141,970**	*131,820*
2	Interest on Defined benefit obligation	**27,678**	*54,825*
		169,648	*186,645*

d) Remeasurement recognized in other comprehensive income

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	**65,584**	*45,384*
Due to change in demographic assumption	**–**	*54,555*
Due to experience adjustments	**111,677**	*(171,053)*
Return on plan assets excluding amounts included in interest income	**16,150**	*–*
	193,411	*(71,114)*

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening defined benefit obligation	**774,235**	*658,704*
Current service cost	**141,970**	*131,820*
Interest cost	**56,326**	*54,825*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Actuarial losses/(gains)		
Due to change in financial assumptions	**65,584**	*45,384*
Due to change in demographic assumption	**–**	*54,555*
Due to experience adjustments	**111,677**	*(171,053)*
Benefits paid	**–**	*–*
Closing balance of the present value of defined benefit obligation	**1,149,792**	*774,235*

f) **The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:**

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening balance of fair value of plan assets	**–**	*–*
Interest Income	**28,648**	*–*
Return on plan assets excluding amounts included interest income	**(16,150)**	*–*
Contribution by employer	**829,574**	*–*
Closing balance of fair value of plan assets	**842,072**	*–*

The actual return on the assets is ₹ 12,498

g) **The major components of plan assets as a percentage of total plan assets are as follows:**

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
Insurer managed funds	**100%**	*100%*
	100%	*100%*

h) **Principal actuarial assumptions at the Balance Sheet date:**

Particulars		**As at March 31, 2017**	*As at March 31, 2016*
1)	Discount rate	**6.95%**	*7.80%*
2)	Expected return on plan asset	**6.95%**	*NA*
3)	Salary growth rate	**6.00%**	*6.00%*
4)	Attrition rate	**3% to 15% based on the age band**	*3% to 15% based on the age band*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars		As at March 31, 2017		*As at March 31, 2016*	
		Change	**Obligation**	*Change*	*Obligation*
i)	Discount rate	**+0.5%**	**1,105,268**	*+0.5%*	*754,262*
		-0.5%	**1,197,782**	*-0.5%*	*805,415*
ii)	Salary growth rate	**+0.5%**	**1,197,991**	*+0.5%*	*805,778*
		-0.5%	**1,104,680**	*-0.5%*	*744,680*

4 Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5 Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6 Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

Fellow Subsidiaries :

Kudgi Transmission Limited
L&T BPP Tollway Limited
L&T Krishnagiri Thopur Toll Road Limited
L&T Deccan Tollways Limited
L&T General Insurance Company Limited

b) Disclosure of related party transactions:

Particulars	2016-17	*2015-16*
	₹	₹
Nature of transaction		
1 Purchase of goods and services incl. taxes		
Ultimate Holding Company		
Larsen & Toubro Limited	**1,865,575**	*2,539,643*
Holding company		
L&T Infrastructure Development Projects Limited	**22,096,835**	*126,168,006*
Fellow subsidiaries		
L&T General Insurance Company Limited	**–**	*2,527,812*
	23,962,410	*131,235,461*
2 Reimbursement of expenses charged from		
Ultimate Holding Company		
Larsen & Toubro Limited	**8,949,175**	*7,134,457*
Holding company		
L&T Infrastructure Development Projects Limited	**749**	*743*
Fellow subsidiaries		
Krishnagiri Thopur Toll Road Limited	**50,000**	*–*
L&T Deccan Tollways Limited	**32,683**	*–*
	9,032,607	*7,135,200*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars		2016-17	2015-16
		₹	₹
3	**Reimbursement of expenses charged to**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**6,495**	*454,518*
		6,495	*454,518*
4	**Refundable deposit received for directors' nomination**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**100,000**	*300,000*
		112,990	*1,209,036*
5	**ICD/Unsecured Loan granted to**		
	Fellow subsidiaries		
	Kudgi Transmission Limited	**150,000,000**	–
		150,000,000	–
6	**Purchase of Commercial Papers from**		
	Holding company		
	L&T Infrastructure Development Projects Limited	**550,000,000**	*220,000,000*
		550,000,000	*220,000,000*
7	**Sale of Commercial Papers to**		
	Fellow subsidiaries		
	L&T BPP Tollway Limited	**59,747,940**	–
		59,747,940	–
8	**Key Managerial Personnnel**		
	Payment of Salaries / Perquisites		
	Madan Mohan Vangara	**1,300,278**	*1,099,131*
		1,300,278	*1,099,131*

c) Amount due to and due from related parties(net):

		(Amount in ₹)
Particulars	Amounts due (to)/from	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(1,342,890)**	*(120,455)*
Holding Company		
L&T Infrastructure Development Projects Limited	**297,968,254**	*(185,200,084)*
Fellow Subsidiaries		

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

7 Disclosure pursuant to Ind AS 17 "Leases"

The company has given on operating lease the residitial flat at Pune. The leases are cancellable at the option of either of the parties. There are no exceptional / restrictive covenants in the lease agreement. During this FY from Nov 16 company has given way side amenities on commercial operational lease also.

8 Disclosure pursuant to Ind AS 12 - "Income taxes"

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Current income Tax :		
Current income tax charge	1,767,000	–
Adjustments of current tax of previous year		
	1,767,000	–

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Accounting profit before tax from continuing operations	99,967,882	6,561,912
Profit/Loss from discontinued operations		
Accounting Profit before income tax	99,967,882	6,561,912
At India's Statutory income tax rate of 34.608% (31 March 2016 - 34.608%)	34,596,885	2,270,947
Transition related adjustments	–	(12,441,568)
Unrecognized MAT credit entitlement	1,767,000	–
Utilisation of previously unrecognised tax losses	(13,485,956)	(4,906,776)
Deductions u/s 80 IA	(39,645,791)	(19,570,836)
Other non deductible expenses	18,534,862	34,648,233
At effective income tax rate of 1.77%(31 March 2016 - 0%)	1,767,000	–
Income tax expense reported in the statement of profit and loss	1,767,000	–
Income tax attributable to discontinued operations		
	1,767,000	–

9 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	98,327,357	6,490,798
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	56,500,000	56,500,000
Basic and Diluted EPS (₹)	A / B	1.74	0.11
Face value per equity share (₹)		10.00	10.00

10 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

11 Disclosures as per Ind AS 37 – "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

b) Movement in provisions:

Particulars	**Major maintenance provision**	
	2016-17	*2015-16*
Opening balance	**190,013,446**	*169,363,375*
Additional provision	**101,600,000**	*10,639,851*
Utilised	**–**	*–*
Unwinding of discount and changes in discount rate	**18,183,978**	*10,010,220*
Total (Closing balance)	**309,797,424**	*190,013,446*

Disclosure in respect of contingent liabilities is given as part of Note F to the Balance Sheet.

12 Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

13 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	**Note**	**Indian GAAP*** ₹	**Adjustments** ₹	**Ind AS** ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	**1**	*23,354,133*		*23,354,133*
b) Intangible assets	**2**	*2,278,788,580*	*(301,276,770)*	*1,977,511,810*
c) Other non-current assets	**4**	*1,366,534*		*1,366,534*
	A	*2,303,509,247*	*(301,276,770)*	*2,002,232,477*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
Current assets				
a) Inventories				
a) Financial Assets				
i) Investments	5	*234,815,035*	*141,766*	*234,956,801*
ii) Cash and bank balances	6	*69,708,051*		*69,708,051*
b) Current Tax Assets (net)	4	*6,012,258*		*6,012,258*
c) Other current assets	4	*2,516,380*		*2,516,380*
	B	*313,051,724*	*141,766*	*313,193,490*
TOTAL	A+B	*2,616,560,971*	*(301,135,004)*	*2,315,425,967*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	*565,000,000*		*565,000,000*
b) Other Equity	8	*(709,862,662)*	*(240,827,732)*	*(950,690,394)*
	C	*(144,862,662)*	*(240,827,732)*	*(385,690,394)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	*2,292,805,496*	*(2,091,398)*	*2,290,714,098*
ii) Other financial liabilities	10	–		–
b) Provisions	11	*152,055,419*	*(46,100,000)*	*105,955,419*
	D	*2,444,860,915*	*(48,191,398)*	*2,396,669,517*
Current liabilities				
a) Financial liabilities				
ii) Trade payables	13	*10,786,493*		*10,786,493*
iii) Other financial liabilities	10	*171,608,500*		*171,608,500*
b) Other current liabilities	12	*27,083,129*	*(12,115,874)*	*14,967,255*
c) Provisions	11	*107,084,596*		*107,084,596*
	E	*316,562,718*	*(12,115,874)*	*304,446,844*
Total Equity and Liabilities	C+D+E	*2,616,560,971*	*(301,135,004)*	*2,315,425,967*

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILIATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	*6,733,130*	–	*6,733,130*
b) Intangible assets	2	*2,076,019,771*	*(273,584,988)*	*1,802,434,783*
c) Other non-current assets	4	*7,140,609*	*(5,774,075)*	*1,366,534*
	A	*2,089,893,510*	*(279,359,063)*	*1,810,534,447*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
Current assets				
a) Financial Assets				
i) Investments	5	278,846,886	8,177,728	287,024,614
ii) Cash and bank balances	6	29,585,978	–	29,585,978
iii) Loans	3	–	–	–
b) Current Tax Assets (net)	4	6,124,305	–	6,124,305
c) Other current assets	4	3,346,837	(679,303)	2,667,534
	B	317,904,006	7,498,425	325,402,431
TOTAL	A+B	2,407,797,516	(271,860,638)	2,135,936,878
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	565,000,000	–	565,000,000
b) Other Equity	8	(739,250,727)	(204,877,755)	(944,128,482)
	C	(174,250,727)	(204,877,755)	(379,128,482)
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	2,220,746,315	(6,470,392)	2,214,275,923
ii) Other financial liabilities	10	–	–	–
b) Provisions	11	251,569,860	(59,889,780)	191,680,080
	D	2,472,316,175	(66,360,172)	2,405,956,003
Current liabilities				
a) Financial liabilities				
ii) Trade payables	13	23,479,326	–	23,479,326
iii) Other financial liabilities	10	70,053,477	–	70,053,477
b) Other current liabilities	12	15,541,669	(622,711)	14,918,958
c) Provisions	11	657,596	–	657,596
	E	109,732,068	(622,711)	109,109,357
Total Equity and Liabilities	C+D+E	2,407,797,516	(271,860,638)	2,135,936,878

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	14	632,120,407	–	632,120,407
Other income	15	14,621,445	8,035,962	22,657,407
Total income		646,741,852	8,035,962	654,777,814
EXPENSES				
Cost of materials consumed		–		
Operating expenses	16	170,682,652	(23,800,000)	146,882,652
Employee benefits expense	17	9,009,365	–	9,009,365
Finance costs	18	255,600,391	19,099,391	274,699,782
Depreciation, amortisation and obsolescence		217,582,676	(23,213,406)	194,369,270
Administration and other expenses	19	23,325,947	–	23,325,947
Total expenses		676,201,031	(27,914,015)	648,287,016

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
Profit/(loss) before exceptional items and tax		*(29,459,179)*	*35,949,977*	*6,490,798*
Exceptional items (EIP code 90004)		–		
Profit/(loss) before tax		*(29,459,179)*	*35,949,977*	*6,490,798*
Tax Expense:				
Current tax		–	–	–
		–	–	–
Profit/(loss) for the year		*(29,459,179)*	*35,949,977*	*6,490,798*
Other comprehensive income:		–	–	–
i) Items that will not be reclassified to profit or loss (net of tax)				
ii) Items that will be reclassified to profit or loss (net of tax)				
Total comprehensive income for the year		*(29,459,179)*	*35,949,977*	*6,490,798*

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

14 **Details of Specified Business Notes held and transacted during the period 09-Nov-2016 to 30-Dec-2016 provided in the table below:**

Particulars	SBNs	Other Denomination notes	Total
Opening cash in hand as on 09-Nov-2016	534,000	3,413,772	3,947,772
(+) Permitted receipts	10,965,000	32,541,820	43,506,820
(-) Permitted payments	–	141,549	141,549
(-) Amount deposited in Banks	11,499,000	26,970,432	38,469,432
Closing cash in hand as on 30-Dec-2016	**–**	**8,843,611**	**8,843,611**

The amount disclosed as ‘permitted receipts’ in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

15 **Financial Instruments**

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	4	–	–	–	–	–	–	–	–	–
Investments	5	**412,068,972**	–		*287,024,614*	–	–	*234,956,801*	–	–
Cash and cash equivalents	6	–	–	**22,959,293**	–	–	*29,585,978*	–	–	*69,708,051*
Total Financial Asset		**412,068,972**	–	**166,773,245**	*287,024,614*	–	*29,585,978*	*234,956,801*	–	*69,708,051*
Financial liability										
Term Loan from Banks	9	–	–	**2145,873,401**	–	–	*2214,275,923*	–	–	*2290,714,098*
Term Loan from related parties	9	–	–	–	–	–	–	–	–	–
Short term borrowings	9	–	–	–	–	–	–	–	–	–
Other Current Financial Liabilities	10	–	–	**69,753,912**	–	–	*70,053,477*	–	–	*171,608,500*
Trade Payables	13	–	–	**12,306,704**	–	–	–	–	–	
Total Financial Liabilities		–	–	**2227,934,017**	–	–	*2284,329,400*	–	–	*2462,322,598*

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

16 Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	4	–	–	–	–	–	–
Cash and cash equivalents	6	**22,959,293**	**22,959,293**	*29,585,978*	*29,585,978*	*69,708,051*	*69,708,051*
Other Current Financial Asset	3	**143,813,952**	**143,813,952**	–	–	–	–
Total Financial Assets		**166,773,245**	**166,773,245**	*29,585,978*	*29,585,978*	*69,708,051*	*69,708,051*
Financial liability							
Term Loan from Banks	9	**2,145,873,401**	**2,145,873,401**	*2,214,275,923*	*2,214,275,923*	*2,290,714,098*	*2,290,714,098*
Term Loan from related parties	9	–	–	–	–	–	–
Short term borrowings	9	–	–	–	–	–	–
Other Current Financial Liabilities	10	**69,753,912**	**69,753,912**	*70,053,477*	*70,053,477*	*171,608,500*	*171,608,500*
Total Financial Liabilities		**2,215,627,313**	**2,215,627,313**	*2,284,329,400*	*2,284,329,400*	*2,462,322,598*	*2,462,322,598*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

17 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	**412,068,972**	**–**	**–**	**412,068,972**
Total of Financial Assets		**412,068,972**	**–**	**–**	**412,068,972**
Financial Liabilities measured at FVTPL		**–**	**–**	**–**	**–**
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	**–**	**–**	**–**	**–**
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities					
Term Loan from Banks	9	**–**	**2,145,873,401**	**–**	**2,145,873,401**
Term Loan from related parties	9	**–**	**–**	**–**	**–**
Short term borrowings	9	**–**	**–**	**–**	**–**
Other Current Financial Liabilities	10	**–**	**69,753,912**	**–**	**69,753,912**
Total Financial liabilties		**–**	**2,215,627,313**	**–**	**2,215,627,313**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM	**Note No.**	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	*287,024,614*	–	–	*287,024,614*
Total of Financial Assets		*287,024,614*	–	–	*287,024,614*
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	4	–	–	–	–
Total Financial Assets		–	–	–	–
Financial Liabilities					
Term Loan from Banks	9	–	*2,214,275,923*	–	*2,214,275,923*
Term Loan from related parties	9	–	–	–	–
Short term borrowings	9	–	–	–	–
Other Current Financial Liabilities	10	–	*70,053,477*	–	*70,053,477*
Total Financial Liabilities		–	*2,284,329,400*	–	*2,284,329,400*

As at April 01, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	**Note No.**	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	*234,956,801*	–	–	*234,956,801*
Total of Financial Assets		*234,956,801*	–	–	*234,956,801*
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	4	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilities					
Term Loan from Banks	9	–	*2,290,714,098*	–	*2,290,714,098*
Term Loan from related parties	9	–	–	–	–
Other Current Financial Liabilities	9	–	–	–	–
Other Current Financial Liabilities	10	–	*171,608,500*	–	*171,608,500*
Total of Financial Liabilities		–	*2,462,322,598*	–	*2,462,322,598*
There are no transfer between level 1 and level 2 during the year					
The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.					

NOTES FORMING PART OF THE FINANCIAL STATEMENTS (Contd.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	*Inputs*
Financial assets		
Investment in Mutual Funds	Market Approach	*NAV*
Security deposit	Income	*Cash flow*
Financial liabilities		
Term Loan from Banks	Income	*Effective rate of borrowing*
Term Loan from related parties	Income	*Effective rate of borrowing*
Other Current Financial Liabilities	Income	*Effective rate of borrowing*

18 **Asset pledged as security**

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	8,162,925	*6,733,130*	*23,354,133*
Capital work-in-progress	2	–	–	–
Intangible asset	2	1,648,642,003	*1,802,434,783*	*1,977,511,810*
Financial Asset				
Investments	5	412,068,972	*287,024,614*	*234,956,801*
Trade receivables	6	22,959,293	*29,585,978*	*69,708,051*
TOTAL		2,235,647,145	*2,125,778,505*	*2,305,530,795*

19 **Financial Risk Management**

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) **Market risk**

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i **Foreign Currency Risk**

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency.

ii **Interest rate risk**

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**2,215,627,313**	*2,283,985,400*	*2,462,278,598*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis points	**5,624,516**	*5,932,830*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds		**412,068,972**	*287,024,614*	*234,956,801*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 1%	**4,120,690**	*2,870,246*

Note: In case of decrease in NAV profit will reduce and vice versa.

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	**2,215,627,313**	**69,753,912**	**69,753,912**	**1,026,295,255**	**1,049,824,234**
Trade Payables	**12,306,704**	**12,306,704**			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

As at March 31, 2016	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Senior Debt from Banks	*2,283,985,400*	*385,875,000*	*69,753,912*	*371,881,222*	*1,456,475,266*
Trade Payables	*23,479,326*	*23,479,326*			
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

As at April 01, 2015	***Carrying Amount***	***upto 1 year***	***1 - 2 years***	***2 - 5 years***	***> 5 years***
Non Derivative Financial Liability					
Senior Debt from Banks	*2,462,278,598*	*171,564,500*	*385,875,000*	*1,913,625,000*	*-8,785,902*
Trade Payables	*10,786,493*	*10,786,493*			
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

20 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

20.1 Description and classification of the arrangment

Krishnagiri Thopur Tollroad Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 86 kms road on NH-7 from Krishnagiri to Thopur in the state of Tamil Nadu , under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 17th January 2006 with National Highways Authority of India. The Company had completed construction on February 6th , 2009 and commenced commerial operation from that date. The concession period is 20 years which shall end on 17th January 2026.

20.2 Significant Terms of the arrangements

i) Revision of Fees:

Fees shall be revised annually on September 1 subject to the provisions Schedule G of the Concession Agreement (CA) dated January 17, 2006

ii) Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article VII of the CA, the company is required to ₹1 and concession fee per annum. In addition, as per Article VI, the company is required to pay to the authority, fixed revenue share of 83.33% on the additional way of 16.60 kms. As per Article XXIII of CA, the company is also required to pay an amount of ₹ 360.59 Cr as Negative grant to the authority within a period of 13 years from the date of signing the concession

iii) Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid

b Right of Way, access and licence to the site

iv) Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per CA

v) Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

vi) Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Chapter VI and VII of the CA.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer H (12) and H (13) for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to nearest rupee in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

d) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs."

e) Fair value gains on current investments carried at fair value are included in Other income.

f) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as "Property, Plant and equipment" and is depreciated over the period of lease.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Category of Property, plant and equipment	Estimated useful life (in years)
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the straight line method prescribed under Schedule II to the Companies Act, 2013. Under the straight line method, the asset is amortised over the period of 20 years in accordance with the concession agreement as they represent right to collect Toll revenue during the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

c) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

11 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

'The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

14 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

16 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised."

18 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

21 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

23 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
5. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached

For and on behalf of the Board

For **GIANENDER & ASSOCIATES**
Chartered Accountants
Firm Registration No: 04661N
By the hand of

MANJU AGRAWAL
Partner
Membership No. 083878

V.NAGARAJAN
Company Secretary
M. No. A18775

MVVSS RAMALINGESWARA RAO
Chief Financial Officer

MATHEW GEORGE
Director
DIN: 07402208

T.S.VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 25, 2017

Place : Chennai
Date : April 25, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Audit report and Audited Accounts for the period from 24.02.2016 to 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**For the period from 01.04.2016 to 31.03.2017**	*For the period from 24.2.2016 to 31.03.2016*
	USD	*USD*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**(5,439,682)**	*(77,221)*
Less: Depreciation, amortization and obsolescence	**–**	–
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**(5,439,682)**	*(77,221)*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**(5,439,682)**	*(77,221)*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**(5,439,682)**	*(77,221)*
Less: Provision for tax	**–**	–
Profit after tax from continuing operations	**(5,439,682)**	*(77,221)*
Profit from discontinued operations	**–**	–
Total expenses on discontinued operations	**–**	–
Profit from discontinued operations (after tax)	**–**	–
Profit for the period carried to the balance sheet	**–**	–
Add: Balance brought forward from previous year	**(77,221)**	‘–
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance carried forward	**(5,516,903)**	*(77,221)*

2. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

The Company acquired 1,829 shares of Larsen and Toubro International FZE for a consideration of USD 171,521,791 from Larsen & Toubro Limited. The details of investment are as under:

A) **Shares acquired during the year:**

Name of the Company	**Type of Shares**	**No. of shares**
Larsen and Toubro	Equity	1,829
International FZE		

3. **RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

4. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:**

Mr. N. Hariharan – Director

Mr. R. Govindan – Director

Mr. S. Ananthasubramanian – Director

Mr. A. Ravindran - Director

Mr. Shrinath Rao - Director

5. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:**

During the period from 24.02.2016 to 31.03.2017 Three(3) Board meetings were held on 25th Feb 2016, 09th June 2016 and 17th Dec 2016.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

6. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the framework of the parent company, Larsen and Toubro Limited.

7. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. The Company does not have any female employees and hence this policy is currently not applicable to the Company.

9. AUDITORS:

M/s PKF are the auditors of the company. They will continue to be the auditors of the Company for the ensuing financial year.

10. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Dubai and in Sharjah, U.A.E and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

S. ANANTHASUBRAMANIAN	**A. RAVINDRAN**
Director	*Director*

INDEPENDENT AUDITOR'S REPORT

To the Shareholder of L&T Global Holdings Limited

Modified Opinion

We have audited the financial statements of L&T Global Holdings Limited (the "Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended, and except for non-presentation of consolidated financial statements as mentioned in the Basis for Modified Opinion section of our report, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Modified Opinion

International Financial Reporting Standard 10: Consolidated Financial Statements requires the Company to present consolidated financial statements in which it consolidates its investments in subsidiaries and associates in accordance with that standard. As stated in Note 2 (a) (ii) in the financial statements, the Company, being an intermediate parent, does not present consolidated financial statements as the ultimate parent company presents consolidated financial statements in accordance with accounting standards prevailing in India.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

  Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

PKF
Abu Dhabi
United Arab Emirates

24 May 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	31.3.2017 USD	*31.3.2016 USD*
ASSETS			
Non-current assets			
Investments	6	**171,521,791**	*171,521,791*
Current assets			
Prepayments and deposits	7	**3,027,857**	*2,581,560*
Loans to a related party	8	**107,400,000**	*–*
Cash and cash equivalents	9	**37,817**	*958,164*
		110,465,674	*3,539,724*
Total assets		**281,987,465**	*175,061,515*
EQUITY AND LIABILITIES			
Owner's funds			
Share capital	10	**8,000,000**	*100,000*
Accumulated losses		**(5,516,903)**	*(77,221)*
Equity funds		**2,483,097**	*22,779*
Non-current liabilities			
Long-term loans from a bank	11	**215,000,000**	*175,000,000*
Provision for staff end-of-service benefits		**4,446**	*–*
		215,004,446	*175,000,000*
Current liabilities			
Current portion of long-term loans	11	**60,000,000**	*--*
Accruals		**191,320**	*26,352*
Amounts due to related parties	8	**4,308,602**	*12,384*
		64,499,922	*38,736*
Total liabilities		**279,504,368**	*175,038,736*
Total equity and liabilities		**281,987,465**	*175,061,515*

The accompanying notes form an integral part of these financial statements.

The audit report of the independent auditor is set forth on page 2729.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the Director on behalf of the shareholder on

For **L&T GLOBAL HOLDINGS LIMITED**

S. ANANTHASUBRAMANIAN
Director

A. RAVINDRAN
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	1.4.2016 to 31.3.2017 (12 months) USD	*24.2.2016 to 31.3.2016 (1 month) USD*
Staff costs	**(45,237)**	–
Sundry expenses	**(35,676)**	*(27,336)*
LOSS FROM OPERATING ACTIVITIES	**(80,913)**	*(27,336)*
Interest income	**184,303**	–
Finance cost	**(5,543,072)**	*(49,885)*
LOSS FOR THE YEAR/PERIOD	**(5,439,682)**	*(77,221)*
Other comprehensive income for the year/period	**–**	–
TOTAL COMPREHENSIVE INCOME FOR THE YEAR/PERIOD	**(5,439,682)**	*(77,221)*

The accompanying notes form an integral part of these financial statements.

The audit report of the independent auditor is set forth on page 2729.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		Share capital USD	Accumulated losses USD	Total USD
Issue of share capital		100,000	–	100,000
Comprehensive income				
- Loss for the period	(a)	–	(77,221)	(77,221)
- Other comprehensive income	(b)	–	–	–
Total comprehensive income for the period	(a+b)	–	(77,221)	(77,221)
Balance at 31 March 2016		100,000	(77,221)	22,779
Comprehensive income				
- Loss for the year	(c)	–	(5,439,682)	(5,439,682)
- Other comprehensive income	(d)	–	–	–
Total comprehensive income for the year	(c+d)	–	(5,439,682)	(5,439,682)
Issue of share capital		7,900,000	–	7,900,000
Balance at 31 March 2017		**8,000,000**	**(5,516,903)**	**2,483,097**

The accompanying notes form an integral part of these financial statements.

The audit report of the independent auditor is set forth on page 2729.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARTCH 2017

	1.4.2016 to 31.3.2017 (12 months) USD	*24.2.2016 to 31.3.2016 (1 month) USD*
Cash flows from operating activities		
Loss for the year/period	**(5,439,682)**	*(77,221)*
Adjustment for:		
Interest income	**(184,303)**	–
Finance costs	**5,543,072**	*49,885*
Provision for staff end-of-service benefits	**4,446**	–
	(76,467)	*(27,336)*
Increase in prepayments and deposits	**(446,297)**	*(2,581,560)*
Increase in accruals	**5,280**	*2,042*
Cash used in operations	**(517,484)**	*(2,606,854)*
Interest paid	**(5,383,384)**	*(25,575)*
Net cash used in operating activities	**(5,900,868)**	*(2,632,429)*
Cash flows from investing activities		
Loan to a related party	**(107,400,000)**	–
Investment in a subsidiary	**–**	*(171,521,791)*
Interest received	**184,303**	–
Net cash used in investing activities	**(107,215,697)**	*(171,521,791)*
Cash flows from financing activities		
Issue of share capital	**7,900,000**	*100,000*
Proceeds from bank loans	**100,000,000**	*175,000,000*
Receipt from a related party	**4,296,218**	*12,384*
Net cash from financing activities	**112,196,218**	*175,112,384*
Net (decrease)/increase in cash and cash equivalents	**(920,347)**	*958,164*
Cash and cash equivalents at beginning of year/period	**958,164**	–
Cash and cash equivalents at end of year/period	**37,817**	*958,164*

The accompanying notes form an integral part of these financial statements.

The audit report of the independent auditor is set forth on page 2729.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) L&T GLOBAL HOLDINGS LIMITED (the "Company") was incorporated and registered on 24 February 2016 in the Dubai International Financial Centre ("DIFC") as a Company limited by shares under the DIFC Law no. 2 of 2009.

b) The Company is a wholly owned subsidiary of Larsen and Toubro Limited, a company incorporated in India, which is the sole shareholder.

c) The Company operates as a holding company, holding investment in a subsidiary currently.

2. BASIS OF PREPARATION

a) Statement of compliance

i) The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 April 2016.

ii) The Company, being an intermediate parent, does not present consolidated financial statements as the ultimate parent company presents consolidated financial statements in accordance with accounting standards prevailing in India.

b) Basis of measurement

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Going Concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of an entity's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

The Company incurred a loss of USD 5,439,682 for the year ended 31 March 2017 and at that date the accumulated losses aggregated to USD 5,516,903. These events or conditions, indicate that a material uncertainty exist that may cast significant doubt on the Company's ability to continue as a going concern.

However, the subsidiary has agreed to provide necessary financial and other support to the Company on an ongoing basis in order to enable the Company to settle its liabilities as and when they fall due. Accordingly, these financial statements are prepared on a going concern basis.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Company are as follows:

- Amendment to IAS 27: Equity Method in Separate Financial Statements

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply that change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the Company's consolidated financial statements.

- Amendments to IAS 1 Disclosure Initiative

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements.in relation to :

- The materiality requirements in IAS 1
- That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
- That entities have flexibility as to the order in which they present the notes to financial statements

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 7 Disclosure Initiative (1 January 2017)

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

- IFRS 9: Financial instruments (1 January 2018)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

d) Adoption of new International Financial Reporting Standards (Contd.)

- IFRS 15: Revenue from Contracts with Customers (1 January 2018)

  The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

- Annual Improvements 2014-2016 Cycle

  o IFRS 12: Disclosure of interests in Other Entities: Clarification of the scope of the Standard (1 January 2017)

- IFRS 16: Leases (1 January 2019)

  IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

e) Functional and presentation currency

Although the currency of the country of domicile is UAE Dirhams ("AED"), these financial statements are presented in US Dollars ("USD") which is considered to be the functional currency of the Company.

The Company's financial statements as of 31 March 2016 were presented in Indian Rupees (INR) which was considered as the functional currency of the Company, however in the current year management has concluded that the functional currency is USD not INR, and accordingly, these financial statements are presented in USD.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) Investments in subsidiaries

Subsidiaries are entities over which the Company exercises control. Control is achieved when the Company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

Investments in subsidiaries are accounted at cost less impairment losses, in these separate financial statements.

b) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Interest income

Interest income is recognised on accrual basis using the effective interest method, when it is probable that the economic benefits will flow to the company and the interest can be measured reliably.

c) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

d) Foreign currency transactions

Transactions in foreign currencies are translated into Indian Rupees at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into Indian Rupees at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

e) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred. Borrowing costs are calculated using the effective interest method as described in IAS 39 Financial Instruments: Recognition and Measurement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

f) Provisions

A provision is recognized when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

g) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivable

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

At amortised cost

Accruals

Accruals are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Equity

Share capital is recorded at the value of proceeds received towards interest in the share capital of the Company.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

h) Fair value measurement

The Company discloses the fair value of financial instruments measured at amortised cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

i) Tax

Income tax is not levied presently in the U.A.E. No provision is made for income tax, if any, attributable to the Company's profit in other jurisdictions as this will be made by the parent company.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment

Assessments of net recoverable amounts of all financial assets are based on assumptions regarding future cash flows expected to be received from the related assets.

6. INVESTMENTS

Investment in a subsidiary

	31.3.2017	*31.3.2016*
	USD	*USD*
100% ownership interest in Larsen & Toubro International FZE	**171,521,791**	*171,521,791*

Larsen & Toubro International FZE, a free zone establishment with limited liability incorporated under the Hamriyah Free Zone Implementing Rules and Regulations issued pursuant to Sharjah Emiri Decree No. 6 of 1995, operates as a holding company, holding investments in various subsidiaries and associates.

7. PREPAYMENTS AND DEPOSITS

	31.3.2017	*31.3.2016*
	USD	*USD*
Prepaid expenses (refer note below)	**3,023,429**	*2,578,251*
Deposits	**4,428**	*3,309*
	3,027,857	*2,581,560*

Note: Includes loan arrangement fees of USD 3,019,576 paid to a bank which are deferred over the term of the respective loans based on the effective interest method.

8. RELATED PARTIES

The Company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, fellow subsidiaries and directors.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

At the reporting date significant balances with related parties were as follows:

	Parent company USD	**Subsidiaries USD**	**Total 31.3.2017 USD**	**Total 31.3.2016 USD**
Loans to a related party	–	107,400,000	107,400,000	434,303
	–	–		–
Amounts due to related parties	1,544	4,307,058	4,308,602	
	1,544	10,840		12,384

All balances are unsecured and are expected to be settled in cash.

The Company has given 5 loans, of USD 39,900,000, USD 30,000,000, USD 29,500,000, USD 7,900,000 and USD 100,000, to Larsen & Toubro International FZE. The maturity date of these loans is 31 March 2018. The first three loans are interest-free whereas the last two loans carry interest at 2.5% per annum.

The only significant transaction during the year comprises interest income of USD 184,303 (Prior period USD Nil) on the loans to the subsidiary.

9. CASH AND CASH EQUIVALENTS

	31.3.2017 USD	*31.3.2016 USD*
Bank balance in current account	**37,817**	*958,164*

10. SHARE CAPITAL

	31.3.2017 USD	*31.3.2016 USD*
Authorised capital		
100,000 shares of US$ 100 each (prior period 10,000 shares of US$ 100 each)	**10,000,000**	*1,000,000*
Issued and paid up		
80,000 shares of US$ 100 each (prior period 1,000 shares of US$ 100 each)	**8,000,000**	*100,000*

By a resolution of the shareholder, the authorised share capital was increased to USD 10,000,000 by the creation of an additional 90,000 shares of USD 100 each and the issued and paid up capital was increased to USD 8,000,000 by issue of 79,000 shares of USD 100 each.

11. LONG-TERM LOANS FROM A BANK

The loans from Standard Chartered Bank, Singapore Branch are secured by a letter of comfort from the ultimate parent, Larsen & Toubro Limited, India, and are subject to certain financial covenants including debt/equity ratio, current asset/current liability ratio and minimum net worth.

A maturity analysis of the loans is as follows:

	31.3.2017 USD	*31.3.2016 USD*
Maturity date		
0 – 1 year	**60,000,000**	–
Presented as current liabilities	**60,000,000**	–
1 year – 5 years	**215,000,000**	*175,000,000*
Total	**275,000,000**	*175,000,000*

12. MANAGEMENT OF CAPITAL

The Company's objectives when managing capital are to ensure that the Company continues as a going concern and to provide the shareholder with a rate of return on investment commensurate with the level of risk assumed.

Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Company is exposed to externally imposed capital requirements as per the terms of the bank facilities availed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

13. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		At amortised cost	
	31.3.2017	*31.3.2016*	**31.3.2017**	*31.3.2016*
	USD	*USD*	**USD**	*USD*
Deposits	**4,428**	*3,309*	–	–
Amounts due from related parties	**107,400,000**	–	–	–
Cash and cash equivalents	**37,817**	*958,164*	–	–
Accruals	–	–	**191,320**	*26,352*
Amounts due to related parties	–	–	**4,308,602**	*12,384*
Loans from a bank	–	–	**275,000,000**	*175,000,000*
	107,442,245	*961,473*	**279,499,922**	*175,038,736*

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, comprise credit risks, liquidity risks and market risks (including cash flow interest rate risks).

Credit risk is managed by assessing the creditworthiness of the counter parties and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on its borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Company to concentrations of credit risk comprise principally bank accounts and loans to a related party.

The Company's bank accounts are placed with a high credit quality financial institution.

Interest rate risk

Long-term borrowings are subject to floating interest rates linked to LIBOR and are therefore exposed to cash flow interest rate risk.

At the reporting date, if interest rates had been 1% higher or lower, interest expense on variable rate debt would have been higher or lower in the amount of USD 2,750,000 (previous period - USD 1,858,692) resulting in equity being higher or lower by the same amount.

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

14. COMPARATIVE INFORMATION

a) Amount accounted to sundry expenses in prior period, USD 20,000, has been reclassified to finance cost as it is considered that the revised grouping/classification more fairly presents the results of operations.

b) The previous accounting period was for one month and therefore the comparative financial information is not entirely comparable.

For **L&T GLOBAL HOLDINGS LIMITED**

S. ANANTHASUBRAMANIAN	**A. RAVINDRAN**
Director	*Director*

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Audit report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	April 2016-March 2017 (12M)	Jan 2015-March 2016 (12M)
	USD	USD
Profit Before Depreciation, exceptional and extra ordinary items & Tax	(5,012,145)	(59,563,538)
Less: Depreciation, amortization and obsolescence	–	(619)
Add: Transfer from Revaluation Reserve	(2,019,421)	(2,177,667)
Profit before exceptional and extraordinary items and tax	(2,992,724)	(61,741,824)
Add: Exceptional Items	–	–
Profit before extraordinary items and tax	(2,992,724)	(61,741,824)
Add: Extraordinary items	–	–
Profit / (Loss) before tax	(2,992,724)	(61,741,824)
Less: Provision for tax	–	–
Profit after tax from continuing operations	(2,992,724)	(61,741,824)
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	–	–
Add: Balance brought forward from previous year	(148,230,150)	(86,646,572)
Balance carried forward	(151,222,874)	(148,230,150)

2. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

   During the year under review, the Company fully/redeemed its investment in Golden Trident Fund.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided on note 7, 8 (a) and Note 22 of the annual financial statements.

4. **STATE OF COMPANY AFFAIRS:**

   The gross sales for the financial year under review were USD 1,811,867 while the interest received amounted to USD 3,642,419. After considering purchases of USD 1,793,040, operating expenses of USD 128,369, interest cost of USD 785,749, and positive change in fair value of asset of USD 275,411, the profits of the Company amounted to USD 3,022,539.

   Based on the performance of the subsidiary companies under its purview, the Company was required to impair its investments and financial assets to the tune of USD 5,721,684 resulting in a net operating loss of USD 5,012,145.

5. **DIVIDEND:**

   Considering the loss during the financial year, the Directors do not propose payment of any dividend during the year/period.

6. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

   There are no changes or commitments which are affecting the financial position of the company between the end of the financial year and the date of the report.

7. **RISK MANAGEMENT POLICY:**

   The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

8. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

Two directors have been inducted into the Board during the year under review,

The Directors and the Key Managerial Personnel of the Company as on date are:

Mr. N. Hariharan – Director

Mr. R. Govindan – Director

Mr. A. Ravindran – Director

Mr. Shrinath Rao -- Director

Mr. S. Ananthasubramanian – Director & Secretary

9. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The meetings of the Board are held at regular intervals. During the year/Period under review Two (2) meetings were held on 8th June 2016 and 17th December 2016..

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

10. FINANCIAL STATEMENTS:

The auditor's report to the shareholders does not contain any Qualifications/observations or adverse comments.

11. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the framework of the parent company, Larsen and Toubro Limited.

12. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

13. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. The Company does not have any female employees and hence this policy is currently not applicable to the Company.

14. AUDITORS:

M/s PKF are the auditors of the company. They will continue to be the auditors of the Company for the ensuing financial year. The Auditors' Report does not contain any qualifications.

15. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Sharjah, U.A.E and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates.

For and on behalf of the Board

S ANANTHASUBRAMANIAN	SHRINATH RAO
Director	*Director*

Place: Sharjah, UAE
Date: May 24, 2017

INDEPENDENT AUDITORS' REPORT

THE SHAREHOLDER
LARSEN & TOUBRO INTERNATIONAL FZE

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Modified Opinion

We have audited the financial statements of Larsen & Toubro International FZE, (the "Entity"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Entity as at 31 March 2017, and of its financial performance and its cash flows for the year then ended, and except for non-presentation of consolidated financial statements as stated in basis for modified opinion paragraph below, in accordance with International Financial Reporting Standards (IFRSs).

Basis for Modified Opinion

International Financial Reporting standard 10: Consolidated Financial Statements requires the Entity to present consolidated financial statements in which it consolidates its investments in subsidiaries and associates in accordance with that standard. As stated in Note 2 (a) (ii) in the financial statements, these are the separate financial statements and the Entity does not present consolidated financial statements.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged With Governance for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

We further confirm that these financial statements comply with the Implementing Rules and Regulations issued by the Hamriya Free Zone Authority pursuant to Sharjah Emiri Decree No. 6 of 1995.

PKF
Abu Dhabi
United Arab Emirates

Date : 24 May 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	31.03.2017 USD	*31.03.2016 USD*
ASSETS			
Non-current assets			
Property, plant and equipment	6	12	*12*
Investments	7	102,463,393	*105,016,272*
Non-current financial assets	8	29,129,794	*57,706,854*
		131,593,199	*162,723,138*
Current assets			
Trade and other receivables	9	3,515,408	*1,698,895*
Amounts due from related parties	10	104,723,982	*21,647,782*
Other current financial assets	11	–	*980,579*
Cash and cash equivalents	12	1,686,162	*8,711,427*
		109,925,552	*33,038,683*
Non-current assets held for sale		3,811,598	*–*
Total assets		245,330,349	*195,761,821*
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	13	274,350,000	*274,350,000*
Fair value reserve		–	*(2,019,421)*
Accumulated losses		(151,222,874)	*(146,210,729)*
Equity funds		123,127,126	*126,119,850*
Loans from the shareholder	14	107,400,000	*–*
Shareholder's current account	15	(4,307,057)	*(10,840)*
		226,220,069	*126,109,010*
Non-current liabilities			
Provision for staff end-of-service benefits	16	1,891	*5,178*
Current liabilities			
Bank borrowings	17	17,662,889	*67,920,000*
Trade and other payables	18	1,363,495	*1,695,166*
Amounts due to related parties	10	82,005	*32,467*
		19,108,389	*69,647,633*
Total liabilities		19,110,280	*69,652,811*
Total equity and liabilities		245,330,349	*195,761,821*

The accompanying notes form an integral part of these financial statements.

The audit report of the independent auditor is set forth on page 2742.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Approved on behalf of by the Board of Directors on
For **LARSEN & TOUBRO INTERNATIONAL FZE**

Place: Sharjah, UAE
Date: May 24, 2017

S ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	1.4.2016 to 31.3.2017 USD	*1.1.2015 to 31.3.2016 USD*
Revenue		**1,811,867**	*1,687,353*
Purchases		**(1,793,040)**	*(1,676,040)*
Gross Profit		**18,827**	*11,313*
Staff costs		**(63,958)**	*(111,216)*
Depreciation and amortisation		**–**	*(619)*
Other operating expenses		**(64,411)**	*(56,348)*
Loss from operating activities		**(109,542)**	*(156,870)*
Interest income	**20**	**3,642,419**	*1,540,722*
Finance costs		**(785,749)**	*(457,038)*
Change in fair value of loan to a subsidiary		**275,411**	*263,603*
Impairment of investments and financial assets	**21**	**(5,721,684)**	*(60,754,574)*
Loss on disposal of available-for-sale financial assets	**3(j)**	**(2,313,000)**	*–*
LOSS FROM OPERATING ACTIVITIES		**(5,012,145)**	*(59,564,157)*
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss:			
Net fair value gains and losses on available for sale financial assets		**(293,579)**	*(2,177,667)*
Reclassified to profit or loss on disposal of available-for-sale financial assets	**3(j)**	**2,313,000**	*–*
Other comprehensive income for the year		**2,019,421**	*(2,177,667)*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(2,992,724)**	*(61,741,824)*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2742.

Approved on behalf of by the Board of Directors on
For **LARSEN & TOUBRO INTERNATIONAL FZE**

Place: Sharjah, UAE
Date: May 24, 2017

S ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		Share capital USD	Fair value reserve USD	Retained earnings USD	Total USD
Balance at 1 April 2015		**274,350,000**	**158,246**	**(86,646,572)**	**187,861,674**
Comprehensive income					
– Loss	(a)	–	–	(59,564,157)	(59,564,157)
– Other comprehensive income	(b)	–	(2,177,667)	–	(2,177,667)
Total comprehensive income for the year	(a+b)	–	(2,177,667)	(59,564,157)	(61,741,824)
Balance at 31 March 2016		**274,350,000**	**(2,019,421)**	**(146,210,729)**	**126,119,850**
Comprehensive income					
– Loss	(c)	–	–	(2,992,724)	(2,992,725)
– Other comprehensive income	(d)	–	2,019,421	(2,019,421)	–
Total comprehensive income for the year	(c+d)	–	2,019,421	(5,012,145)	(2,992,725)
Balance at 31 March 2017		**274,350,000**	**–**	**(151,222,874)**	**123,127,125**

The details of movements in the fair value reserve are as follows:

	USD
Balance at 1 April 2015	**158,246**
Items that may be reclassified to profit or loss	
– Revaluation of available for sale financial assets	(2,177,667)
Balance at 31 March 2016	(2,019,421)
Items that may be reclassified to profit or loss	
– Net fair value gains and losses on available-for-sale financial assets	(293,579)
– Reclassification adjustment	2,313,000
Balance at 31 March 2017	–

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2742.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	1.4.2016 to 31.3.2017 USD	*1.4.2015 to 31.3.2016 USD*
Cash flows from operating activities		
Loss for the year	**(5,012,145)**	*(59,564,157)*
Adjustments for:		
Depreciation of property, plant and equipment	**–**	*619*
Impairment of investment and financial assets	**5,721,684**	*60,754,574*
Fair value adjustment of long-term loan to a subsidiary	**(275,411)**	*(263,603)*
Loss on disposal of available-for-sale financial assets	**2,019,421**	*–*
Finance costs	**785,749**	*457,038*
Interest income	**(3,642,419)**	*(1,540,722)*
	(403,121)	*(156,251)*
Increase in trade and other receivables	**(1,816,513)**	*(773,406)*
(Decrease)/increase in trade and other payables	**(331,671)**	*1,684,517*
Staff end-of service gratuity paid	**(3,287)**	*(413)*
Cash used in operations	**(2,554,592)**	*754,447*
Interest paid	**(785,749)**	*(457,038)*
Net cash (used in) / from operating activities	**(3,340,341)**	*297,409*
Cash flows from investing activities		
Payment for property, plant and equipment	**–**	*(218)*
Investments in subsidiaries and associates	**133,424**	*(2,707,166)*
Payments to related parties (net)	**(82,800,789)**	*(68,794,564)*
Long-term loans to a related party	**28,577,060**	*1,823*
(Increase) / decrease in other current financial assets	**(6,133,248)**	*9,404,532*
Interest received	**3,642,419**	*1,540,722*
Net cash used in investing activities	**(56,581,134)**	*(60,554,871)*
Cash flows from financing activities		
Payments of proceeds from bank loans	**(50,257,111)**	*67,920,000*
Proceeds of loan from the shareholder	**107,400,000**	*–*
Receipts from/(payments to) related parties	**49,538**	*(28,346)*
Funds withdrawn by the shareholder	**(4,296,217)**	*(10,840)*
Net cash from financing activities	**52,896,210**	*67,880,814*
Net (decrease)/increase in cash and cash equivalents	**(7,025,265)**	*7,623,352*
Cash and cash equivalents at beginning of year	**8,711,427**	*1,088,075*
Cash and cash equivalents at end of year	**1,686,162**	*8,711,427*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on page 2742.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) LARSEN & TOUBRO INTERNATIONAL FZE (the "Entity") was incorporated on 25 September 2001 in the Hamriyah Free Zone, Sharjah, as a Free Zone Establishment with Limited Liability under the Hamriyah Free Zone Implementing Rules and Regulations issued pursuant to Sharjah Emiri Decree No. 6 of 1995. The registered office is PO Box 41558, Hamriyah Free Zone, Sharjah, UAE.

b) The Entity is a wholly owned subsidiary of L & T Global Holdings Limited, a company incorporated in Dubai International Financial Centre, Dubai, UAE which is the parent company and the ultimate parent company is Larsen and Toubro Limited, India.

c) The Entity operates as a holding company, holding investments in various subsidiaries and associates.

2. BASIS OF PREPARATION

a) Statement of compliance

i) The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning on or after 1 April 2016.

ii) These financial statements are the separate financial statements of the Entity which are required to be submitted under implementing Rules and Regulations issued by the Hamriyah Free Zone Authority pursuant to Sharjah Emirate Decree No. 6 of 1995. The Entity does not present consolidated financial statements as the ultimate parent company presents consolidated financial statements in accordance with accounting standards prevailing in India.

b) Basis of measurement

The financial statements are prepared using historical cost except for the long-term loans to subsidiaries which are stated at fair value. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Going concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of an entity's ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

The Entity's loss for the year ended 31 March 2017 amounted to USD 2,992,724 and at 31 March 2017, the Entity's accumulated losses aggregated to USD 151,222,874. These events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. However, the directors are formulating a plan to dispose of certain subsidiaries within the next twelve months which is expected to generate sufficient cash to settle the Entity's liabilities on their due dates. Accordingly, these financial statements are prepared on a going concern basis.

However, the ultimate parent company has agreed to provide necessary funds on an ongoing basis in order to enable the Entity to settle its liabilities as and when they fall due. Accordingly, these financial statements are prepared on a going concern basis.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Entity are as follows:

- Amendment to IAS 27: Equity Method in Separate Financial Statements

  The amendments will allow entities to use the equity method to account for investments in subsidiaries, joint ventures and associates in their separate financial statements. Entities already applying IFRS and electing to change to the equity method in its separate financial statements will have to apply change retrospectively. For first-time adopters of IFRS electing to use the equity method in its separate financial statements, they will be required to apply this method from the date of transition to IFRS. These amendments will not have any impact on the company's consolidated financial statements.

- Amendments to IAS 1 Disclosure Initiative

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to:

  - The materiality requirements in IAS 1
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements
  - That the share of other comprehensive income of associates and joint ventures accounted for using the equity method must be presented in aggregate as a single line item, and classified between those items that will or will not be subsequently reclassified to profit or loss

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

- Amendments to IFRS 10. IFRS 12 and IAS 28 Investment entities: Applying the Consolidation Exception

  The amendments clarify that the exemption from presenting consolidated financial statements is available to a parent entity that is subsidiary of an investment entity, even if the investment entity measures all its subsidiaries at fair value in accordance with IFRS 10. The amendments also require that an investment entity should provide disclosure required by IFRS 12.

- Amendments to IAS 7 Disclosure Initiative

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- IFRS 9: Financial instruments: (1 January 2018)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

  IFRS 15: Revenue from Contracts with Customers (1 January 2018)

  The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

- Clarifications to IFRS 15: Revenue from Contracts with Customers (1 January 2018)
- IFRS 16: Leases (1 January 2019)

  IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

e) Functional and presentation currency

Although the currency of the country of domicile is UAE Dirhams ("AED"), these financial statements are presented in US Dollars ("USD") which is considered to be the functional currency of the Entity.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	10 years
Plant & machinery	2 to 10 years
Furniture, fixtures and office equipment	3 years
Motor vehicles	5 to 8 years

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset as appropriate only when it is probable that future economic benefits associated with the expenditure will flow to the company and such cost can be measured reliably. Such cost includes the cost of replacing part of the property, plant and equipment. When significant parts of property, plant and equipment are required to be replaced at intervals, the company recognises such parts as individual assets with specific useful lives and depreciates them accordingly. The carrying amount of replaced parts is derecognised.

All other repairs and maintenance costs are charged to profit or loss during the financial period in which they are incurred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) Investments in subsidiaries

Subsidiaries are entities over which the Entity exercises control. Control is achieved when the company is exposed, or has rights, to variable return from its involvement with the investee and has the ability to affect those returns through its power over the investee.

The investment in subsidiaries is accounted for at cost less impairment losses, if any.

c) Investments in associates

Investments where the Entity has the power to exert significant influence i.e. participate in the financial and operating policy decisions of the investee company but does not have control over those policies are treated as associates.

Investments in associates are accounted at cost less impairment losses, in these separate financial statements.

d) Staff end-of-service benefits

Provision is made for end-of-service benefits payable to employees at the reporting date in accordance with the local labour laws.

e) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Sale of goods

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer.

The sales are high sea sales, i.e. the supplier ships goods directly to the customers. Revenue is recognised when significant risks and rewards relating to the ownership of goods concerned are transferred to the customer and is based on amount invoiced to customers for high sea sales made during the year.

Interest income

Interest income is recognised on accrual basis using the effective interest method, when it is probable that the economic benefits will flow to the company and the interest can be measured reliably.

Dividend income

Dividend income is accounted when the right to receive dividend is established.

f) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

g) Foreign currency transactions

Transactions in foreign currencies are translated into U.S. Dollars at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into U.S. Dollars at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

h) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred except those that are attributable to the acquisition and construction of an asset that necessarily takes a substantial period to get ready for its intended use ("qualifying asset"). Such borrowing costs are capitalised as part of the related qualifying asset upto the date the qualifying asset is ready for use.

i) Provisions

A provision is recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

j) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Entity becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Available for sale financial assets

Investments in quoted equity shares in which the Entity does not actively trade are classified as available for sale and are stated at fair value by reference to quoted market prices. Changes in fair value are recognised in a fair value reserve in equity, which the management does not consider to be distributable. If it is determined that such assets are impaired, the amount of impairment is removed from the fair value reserve and recognised in profit or loss. On disposal of such assets, any related amount remaining in the fair value reserve is transferred to profit or loss.

Loans and receivables

Non-current receivables

Non-current financial assets that have fixed or determinable payments and for which there is no active market, which comprise non-current loans receivable and non-current retentions receivable are classified as loans and receivables and stated at amortised cost using the effective interest method.

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value [net of temporary bank overdrafts].

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Interest-bearing liabilities

Interest-bearing liabilities are initially recognized at fair value, net of transaction costs incurred. Subsequently these are stated at amortised cost using the effective interest method. The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating the interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Entity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Impairment of financial assets

All financial assets, except for those at fair value through profit or loss, are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

k) Fair value measurement

The Entity discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

l) Tax

Tax on services rendered/transactions occurred outside U.A.E. is based on the respective tax laws in those jurisdictions and accounted as an expense. Income tax is not levied presently in the U.A.E. No provision is made for income tax, if any, attributable to the Entity's profit in other jurisdictions as this will be made by the parent company.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Classification of investments

Management decides on acquisition of an investment whether it should be classified as held-for-trading or as available-for-sale or as held-to-maturity based on management's intentions relating to those investments. The management classifies investments as held for trading if they are acquired primarily for the purpose of making short term gains through trading. Investments are designated as available-for-sale if management has the positive intention and ability to hold them to gain from capital appreciation and to earn dividend income. Investments are designated as held-to-maturity, if management has the positive intention and ability to hold them till their maturity.

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

Investments in associates

Management considers that it exercises significant influence over Larsen & Toubro Hydrocarbon International Limited even though it holds less than 20% of the voting rights.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the Entity either from third parties, (see note 9) or from related parties (see note 10) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

6. PROPERTY, PLANT AND EQUIPMENT

	Furniture, fixtures and office equipment USD
Cost	
At 1 April 2015	29,948
Disposals	218
At 31 March 2016	30,166
Additions	–
At 31 March 2017	30,166
Accumulated depreciation and impairment losses	
At 1 April 2015	29,535
Depreciation	619
At 31 March 2016	30,154
Depreciation	–
At 31 March 2017	30,154
Carrying amount	
At 1 April 2015	12
At 31 March 2016	12
At 31 March 2017	12

7. INVESTMENTS

Investments in subsidiaries	**31.3.2017 USD**	*31.3.2016 USD*
Interest in share capital at cost in:		
Larsen & Toubro (Oman) LLC	1,754,584	*1,754,584*
Larsen & Toubro Electromech LLC	678,935	*678,935*
L&T Modular Fabrication Yard LLC	4,891,103	*4,891,103*
Larsen & Toubro Readymix and Asphalt Concrete Industries LLC	--	*133,424*
L&T Electrical & Automation Saudi Arabia Company Limited (LLC)	3,601,921	*3,601,921*
Larsen & Toubro Saudi Arabia LLC	2,707,604	*2,707,604*
L&T ATCO (Saudia) LLC	201,087	*201,087*
L&T Kuwait Construction General Contracting Company WLL	3,414,635	*3,414,635*
Larsen & Toubro Qatar LLC	27,762	*27,762*
Larsen & Toubro (East Asia) Sdn. Bhd.	2,250	*2,250*
L&T Overseas Project Nigeria Limited	70,000	*70,000*
Larsen & Toubro Heavy Engineering LLC	10,374,220	*10,374,220*
Tamco Switchgear, Malaysia Sdn. Bhd.	72,741,712	*72,741,712*
PT Tamco Indonesia	2,097,553	*2,097,553*
Tamco Electrical Industries Australia Pty Limited	5,161,655	*5,161,655*
Larsen & Toubro T&D SA (Proprietary) Limited	801,046	*801,046*
L&T Electrical & Automation FZE	272,294	*272,294*
Thalest Limited	3,700,986	*3,700,986*
Less: Impairment of investment in subsidiaries	(10,716,638)	*(8,297,183)*
Sub-total (A)	**101,782,708**	*104,335,588*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The nature of investments in subsidiaries held by the Entity are as follows:

Name of subsidiary	**Principal activities**	**Country of incorporation**	**Proportion (%) of ownership interest**	
			31.3.2017	*31.3.2016*
Larsen & Toubro (Oman) LLC	Civil, mechanical, electrical and infrastructure projects.	Sultanate of Oman	**65**	*65*
Larsen & Toubro Electromech LLC	Civil, mechanical, electrical and instrumentation engineering, construction and maintenance works.	Sultanate of Oman	**65**	*65*
L&T Modular Fabrication Yard LLC	Execution of modular fabrication contracts.	Sultanate of Oman	**65**	*65*
Larsen & Toubro Readymix and Asphalt Concrete Industries LLC	Production and sale of ready-mix concrete.	UAE	**49**	*49*
L&T Electrical & Automation Saudi Arabia Company Limited (LLC)	Manufacture of various switchgear/control/PLC panels, control gear, part assembled switchboard and AC/DC drives including designing, installation, maintenance and operation.	Kingdom of Saudi Arabia	**75**	*75*
Larsen & Toubro Saudi Arabia LLC	Construction of general buildings, medical facilities, construction and installation of power plants and related transmission and distribution networks, piping works and other special mechanical works associated with industrial and petrochemical facilities, oil refineries and related works.	Kingdom of Saudi Arabia	**95.65**	*95.65*
L&T ATCO (Saudia) LLC	General contracting works including electromechanical, construction and civil works in oil, gas, electrical power, water and airport projects, cement, maintenance and cleaning of petroleum facilities.	Kingdom of Saudi Arabia	**75**	*75*
L&T Kuwait construction General Contracting Company WLL	General contracting business.	Kuwait	**49**	*49*
Larsen & Toubro Qatar LLC	Trade in building materials, heavy equipment, trade in tiles granite and ceramic.	Qatar	**49**	*49*
Larsen & Toubro (East Asia) Sdn. Bhd.	Provision of data-mining services to the oil and gas industry.	Malaysia	**30**	*30*
L&T Overseas Project Nigeria Limited	Hydrocarbon, construction, oil and gas projects.	Nigeria	**100**	*100*
Larsen & Toubro Heavy Engineering LLC	Manufacture of engineering equipment.	Sultanate of Oman	**70**	*70*
Tamco Switchgear, Malaysia Sdn. Bhd.	Design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution and motor control.	Malaysia	**100**	*100*
PT Tamco Indonesia	Manufacturing, assembly and installation of electrical control panels.	Indonesia	**99**	*99*
Tamco Electrical Industries Australia Pty Ltd	Design, manufacture and supply of low and medium switchgears.	Australia	**100**	*100*
Larsen & Toubro T&D SA (Proprietory) Ltd.	Specialized in projects related to power transmission and distribution.	South Africa	**72.5**	*72.5*
L&T Electrical & Automation FZE	Assembly, integration and testing of electrical & automation and communication systems.	UAE	**100**	*100*
Thalest Ltd.	Production and installation of marine automation systems for the shipping industry worldwide.	United Kingdom	**100**	*100*

	31.3.2017	*31.3.2016*
	USD	*USD*
Investments in associates		
L&T Camp Facilities LLC	**667,164**	*667,164*
Larsen & Toubro Hydrocarbon International Limited	**13,520**	*13,520*
IndIran Engineering Projects and Systems PJSC	**87,500**	*87,500*
Less: Impairment of investment in an associate	**(87,500)**	*(87,500)*
Sub-total (B)	**680,684**	*680,684*
Total (A + B)	**102,463,393**	*105,016,272*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The nature of investment in associates is as follows:

Name of Associate	Principal activities	Country of incorporation	Proportion (%) of ownership interest	
			31.3.2017	*31.3.2016*
L&T Camp Facilities LLC	Leasing of camp facilities.	UAE	**49**	*49*
Larsen & Toubro Hydrocarbon International Limited	Execution of industrial projects including design, management, establishment and operation of oil and gas industry, refineries, petrochemical, mineral industries, etc.	Saudi Arabia	**10**	*10*
IndIran Engineering Projects and Systems PJSC	Marketing and consultancy services for projects in infrastructure, hydrocarbon, fertilizer, cement sector and developing electro-mechanical construction capabilities.	Iran	**50**	*50*

a) Although the Entity holds 10% of the share capital in Larsen & Toubro Hydrocarbon International Limited, it is able to exercise significant influence as the balance 90% of the share capital is held by the ultimate parent company.

8. OTHER NON-CURRENT ASSETS

	31.3.2017	*31.3.2016*
	USD	*USD*
Investments in associates		
Long-term loans to subsidiaries and associates [refer note (a) below]	**28,584,375**	*57,205,070*
Less: Impairment of long-term loans	**(1,303,706)**	*(1,303,706)*
Less: Fair value adjustment	**–**	*(488,835)*
	27,280,669	*55,412,529*
Long-term loans to others [refer note (b) below]	**1,849,125**	*2,294,325*
	29,129,794	*57,706,854*

Note (a):

These comprise loans, which are interest-free, are for the term of those subsidiaries and associates, except for loans given to L&T Electrical & Automation Saudi Arabia Co. Limited, L&T Saudi Arabia LLC and L&T Camp Facilities LLC, which bear interest at the rate of 5% per annum, 3% per annum, and 3.75% per annum plus 3 months LIBOR respectively.

Note (b): These comprise:

(i) loans to the national partners in subsidiaries in Kuwait. towards the contribution by those partners to the share capital of those subsidiaries; and

(ii) loans to other subsidiaries of the ultimate parent company.

The loans, which are interest-free, are for the term of those subsidiaries.

9. TRADE AND OTHER RECEIVABLES

	31.3.2017	*31.3.2016*
	USD	*USD*
Receivables	**3,499,220**	*1,687,353*
Prepayments	**5,413**	*2,417*
Deposits and other receivables	**10,775**	*9,125*
	3,515,408	*1,698,895*

10. RELATED PARTIES

The Entity enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, fellow subsidiaries and directors, key management personnel and relatives thereof.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

At the reporting date significant balances with related parties were as follows:

	Parent company	Subsidiaries	Associates	Other Related Parties	Total 31.3.2017	*Total 31.3.2016*
	USD	USD	USD	USD	USD	*USD*
Non-current assets (net of provision for doubtful accounts)	–	26,292,762	2,837,032	–	**29,129,794**	–
	–	54,869,822	2,837,032	–	**–**	*57,706,854*
Included in trade and other receivables	–	–	–	3,499,220	**3,499,220**	–
	–	–	–	1,687,353	**–**	*1,687,353*
Included in trade and other payables	–	526,212	–	–	**526,212**	–
	–	1,676,040	–	–	**–**	*1,676,040*
Amounts due from related parties	–	59,899,764	112,291	44,711,927	**104,723,982**	–
	–	10,366,543	68,038	11,213,201	**–**	*21,647,783*
Amounts due to related parties	–	–	–	82,005	**82,005**	–
	–	–	–	32,467	**–**	*32,467*
Shareholder's current account	(4,307,057)	–	–	–	**(4,307,057)**	–
	(10,840)	–	–	–	**–**	*(10,840)*
Shareholder's loan account	107,400,000	–	–	–	**107,400,000**	–
	–	–	–	–	**–**	–

All balances are unsecured and are expected to be settled in cash.

Significant transactions with related parties during the period were as follows:

	Parent company	Subsidiaries	Associates	Other Related Parties	Total 31.3.2017	*Total 31.3.2016*
	USD	USD	USD	USD	USD	*USD*
Interest income	–	2,891,248	30,066	700,465	**3,621,779**	–
	–	1,500,715	28,860	–	**–**	*1,529,575*
Sales	–	–	–	1,811,867	**1,811,867**	–
	–	–	–	1,687,353	**–**	*1,687,353*
Purchases	–	1,793,040	–	–	**1,793,040**	–
	–	1,676,040	–	–	**–**	*1,676,040*
Services received	–	–	–	–	**–**	–
	4,873	–	–	–	**–**	*4,873*

The Entity also provides funds to related parties.

11. OTHER CURRENT FINANCIAL ASSETS

	31.3.2017	*31.3.2016*
	USD	*USD*
Available-for-sale investment	**–**	*980,579*

12. CASH AND CASH EQUIVALENTS

	31.3.2017	*31.3.2016*
	USD	*USD*
Cash and cheques on hand	**1,437**	*483*
Bank balances in current accounts	**1,684,725**	*8,710,944*
	1,686,162	*8,711,427*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

13. SHARE CAPITAL

	31.3.2017 USD	31.3.2016 USD
Issued and paid up		
1,829 shares of US$ 150,000 each	**274,350,000**	*274,350,000*

14. LOANS FROM THE SHAREHOLDERS

Comprise 5 loans of USD 39,900,000 USD 30,000,000, USD 29,500,000, USD 7,900,000 and USD 100,000. The maturity date of these loans is 31 March 2018. The first 3 loans are interest-free whereas the last two loans carry interest are 2.5% per annum.

15. SHAREHOLDER'S CURRENT ACCOUNT

	31.3.2017 USD	31.3.2016 USD
At 1 April	**(10,840)**	--
Funds withdrawn	**(4,296,218)**	*(10,840)*
At 31 March	**(4,307,057)**	*(10,840)*

16. PROVISION FOR STAFF END-OF-SERVICE BENEFITS

	31.3.2017 USD	31.3.2016 USD
Opening balance	**5,178**	*5,591*
Provision for the year/period		--
Paid during the year/period	**(3,287)**	*(413)*
Closing balance	**1,891**	*5,178*

17. BANK BORROWINGS

Comprise of:

- an overdraft of USD 7,162,889 availed from HSBC from HSBC Bank Middle East Limited which is secured by a letter of awareness from the ultimate parent company.
- a short-term loan of USD 10,500,000 availed from Citibank, Dubai, on 22 December 2016 which bears interest at LIBOR plus 1.35% per annum and is repayable on 13 December 2017. The short-term loans of USD 28,820,000 from Standard Chartered Bank and USD 39,100,000 from HSBC Bank Middle East Limited, which were outstanding as at 31 March 2016, were repaid during the year.

18. TRADE AND OTHER PAYABLES

	31.3.2017 USD	31.3.2016 USD
Trade payables	**526,212**	*1,676,040*
Accruals	**20,401**	*19,126*
Other payables	**816,882**	–
	1,363,495	*1,695,166*

The entire trade and other payables are due for payment in one year.

19. MANAGEMENT OF CAPITAL

The Entity's objectives when managing capital are to ensure that the Entity continues as a going concern and to provide the shareholder with a rate of return on investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Entity is exposed to externally imposed capital requirements as required by Implementing Rules and Regulations issued by Hamriyah Free Zone Authority pursuant to Sharjah Emiree Decree No.6 of 1995.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

20 INTEREST INCOME

	1.4.2016 to 31.3.2017 (12 months) USD	*1.1.2015 to 31.3.2016 (15 months) USD*
On bank deposits	**20,640**	*11,145*
On amounts due from related parties	**3,621,779**	*1,529,577*
	3,642,419	*1,540,722*

21. IMPAIRMENT OF INVESTMENTS AND FINANCIAL ASSETS

	1.4.2016 to 31.3.2017 (12 months) USD	*1.1.2015 to 31.3.2016 (15 months) USD*
Impairment of amount due from a related party (refer note10)	**–**	*(54,824,488)*
Impairment of investments in subsidiaries (refer note 7)	**(2,419,455)**	*(5,930,086)*
Impairment of other current financial asset held for sale	**(3,302,229)**	*–*
	(5,721,684)	*(60,754,574)*

22. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		**Available for sale**		**At amortised cost**	
	31.3.2017	*31.3.2016*	**31.3.2017**	*31.3.2016*	**31.3.2017**	*31.3.2016*
	USD	*USD*	**USD**	*USD*	**USD**	*USD*
Long-term loans to subsidiaries and associates	**20,857,659**	*49,264,931*	**–**	*–*	**6,423,010**	*6,147,598*
Long-term loans to others	**1,849,125**	*2,294,325*	**–**	*–*	**–**	*–*
Trade and other receivables	**3,509,995**	*1,696,478*	**–**	*–*	**–**	*–*
Amounts due from related parties	**104,723,982**	*21,647,782*	**–**	*–*	**–**	*–*
Cash and cash equivalents	**1,686,162**	*8,711,427*	**–**	*–*	**–**	*–*
Other current financial assets	**–**	*–*	**3,811,598**	*980,579*	**–**	*–*
Current bank borrowings	**–**	*–*	**–**	*–*	**17,662,889**	*67,920,000*
Trade and other payables	**–**	*–*	**–**	*–*	**82,005**	*32,467*
Amounts due to related parties	**–**	*–*	**–**	*–*	**1,363,465**	*1,693,269*
Shareholder's loan account	**–**	*–*	**–**	*–*	**107,400,000**	*–*
Shareholder's current account	**4,307,057**	*10,840*	**–**	*–*	**–**	*–*
	136,933,981	*83,625,783*	**3,811,598**	*980,579*	**132,931,369**	*75,795,331*

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks and currency risks.

Credit risk is managed by assessing the creditworthiness of the counterparties and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The Entity hires items of plant and equipment to related parties in foreign currencies. Exposure is minimised where possible by denominating such transactions in AED which is pegged to the USD.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the Entity to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amounts due from related parties.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

The Entity's bank accounts are placed with high credit quality financial institutions.

At the reporting date 100% of trade receivables was due from a related party in the contracting industry (previous year 100% due from two customers in the contracting industry including a related party).

Exchange rate risk

There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in US Dollars or UAE Dirhams which has a fixed parity with the US Dollar.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

Fair values

The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction.

The fair values of the financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values, except for a long term loan to a subsidiary, which due to the terms, has fair value lower than the carrying value.

23. CONTINGENT LIABILITIES

		31.3.2017	*31.3.2016*
		USD	*USD*
a)	Banker's letters of guarantee	**34,279**	*377,013*
b)	Letters of credit	**179,304**	*1,508,436*

c) In addition to (a) and (b) above, letters of awareness aggregating to USD 212,419,000 (31 March 2016 – USD 146,119,000), letters of comfort aggregating to USD 32,034,000 (31 March 2016 – USD 33,026,000) and corporate guarantees aggregating to USD 322,386,000 (31 March 2016 – USD 345,774,000) have been issued to banks with respect to facilities availed by subsidiary companies.

24. COMPARATIVE INFORMATION

Previous year's amounts have been regrouped/reclassified as follows as it is considered that the revised grouping/classification more fairly presents the state of affairs/results of operations:

Item	Reclassified from	Reclassified to	Amount
			USD
1)	Amount due from related party	Shareholder's current account	10,840
2)	Amount due from related party	Trade Receivable	1,687,353
3)	Amount due to related party	Trade Payable	1,676,040
4)	Trade Receivable	Amount due from related party	1,228,800

Approved on behalf of by the Board of Directors on
For **LARSEN & TOUBRO INTERNATIONAL FZE**

Place: Sharjah, UAE
Date: May 24, 2017

S ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

DIRECTORS' REPORT

Dear Members,

It's a pleasure in presenting the Annual report and Audited Accounts for the year ended March 31, 2017.

1. FINANCIAL HIGHLIGHTS

	31.03.2017 USD*	31.03.2016 USD*
Total Income	**496,270**	*831,743*
Profit / (Loss) before Tax	**5,673**	*21,287*
Less : Tax	**2,901**	*9,508*
Net Profit / (Loss) after Tax	**2,772**	*11,779*
Add: Balance b/f from previous year	**314,148**	*302,369*
Balance to be carried forward	**316,920**	*314,148*

Note: *United States Dollars

2. STATE OF COMPANY AFFAIRS

The total income for the Financial Year under review was USD 0.5 Mn. as against USD 0.83 Mn for the previous Financial Year. The profit after tax was USD 0.002 Mn for the Financial Year under review as against USD 0.011 Mn for the previous Financial Year.

3. DIVIDEND

In order to conserve the resources for future business growth, no dividend is recommended for the current year.

4. DETAILS OF DIRECTORS APPOINTED/RESIGNED DURING THE YEAR

During the year under review there was no change in the Directors of the Company.

5. AUDITORS

M/s. KNAV P. A. Certified Public Accountants are the auditors of the Company. They have been re-appointed as auditors of the Company for the ensuing Financial Year.

6. FINANCIAL STATEMENTS

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

7. DIRECTORS RESPONSIBILITY STATEMENT

The Sole Director of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Director has selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Director has taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Director has prepared the Annual Accounts on a going concern basis;

e) The Director has devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

8. ACKNOWLEDGEMENT

Your Director acknowledges the invaluable support extended by the Government authorities in the USAand take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For Larsen & Toubro LLC

Date: May 5, 2017
Place: U.S.A.

KESHAB PANDA
Sole Director

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LARSEN & TOUBRO LLC

We have audited the accompanying balance sheets of Larsen & Toubro LLC ('the Company') as at March 31, 2017 and March 31, 2016 and the related statements of income, members' equity, and cash flows for the years then ended, and the related notes to the financial statements.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

OPINION

In our opinion, the financial statements referred to above present fairly in all material respects, the financial position of the Company as of March 31, 2017 and March 31, 2016 and the results of its operations and the cash flows for the years then ended, in accordance with the accounting principles generally accepted in the United States of America.

KNAV P.A.
ATLANTA, GEORGIA

Date : May 5, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(All amounts in United States Dollars, unless otherwise stated)

	Note		As at 31.03.2017	As at *31.03.2016*
ASSETS				
Current assets				
Cash and cash equivalents	B		**384,582**	*426,672*
Accounts receivable	C		**126,200**	*80,315*
Other current assets			**–**	*1,890*
Total current assets		$	**510,782**	*508,877*
Total assets		$	**510,782**	*508,877*
LIABILITIES AND MEMBERS' EQUITY				
Current liabilities				
Other current liabilities	D		**53,253**	*9,814*
Related party payable	G		**88,109**	*132,415*
Total current liabilities		$	**141,362**	*142,229*
Total liabilities		$	**141,362**	*142,229*
Members' equity				
Members' contributions			**52,500**	*52,500*
Members' retained earnings			**316,920**	*314,148*
Total members' equity		$	**369,420**	*366,648*
Total liabilities and members' equity		$	**510,782**	*508,877*

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF INCOME AND MEMBERS' EQUITY

(All amounts in United States Dollars, unless otherwise stated)

	Note		For the years ended 31.03.2017	31.03.2016
Service revenues			**496,270**	*831,743*
Cost of revenues			**471,457**	*790,156*
Gross profit		**$**	**24,813**	*41,587*
Operating expenses				
Selling, general and administration			**19,140**	*20,300*
Total operating expenses		**$**	**19,140**	*20,300*
Income from operations		**$**	**5,673**	*21,287*
Income tax expense	**E**		**2,901**	*9,508*
Net income		**$**	**2,772**	*11,779*
Members' contributions, beginning			**52,500**	*52,500*
Members' retained earnings, beginning			**314,148**	*302,369*
Members' equity, ending		**$**	**369,420**	*366,648*

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF CASH FLOWS

(All amounts in United States Dollars, unless otherwise stated)

		For the years ended	
		31.03.2017	*31.03.2016*
Cash flows from operating activities			
Net income	**$**	**2,772**	*11,779*
Adjustments to reconcile net income to net cash (used in) provided by operating activities:			
Changes in operating assets and liabilities:			
(Decrease) Increase in accounts receivable		**(45,885)**	*245,191*
Increase (Decrease) in other assets		**1,890**	*(1,890)*
Decrease in related party payable		**(44,306)**	*(174,307)*
Increase in accrued expenses		**43,243**	*8,197*
Increase (Decrease) in tax payable		**196**	*(4,608)*
Net cash (used in) provided by operating activities	**$**	**(42,090)**	*84,362*
Net (decrease) increase in cash and cash equivalents	**$**	**(42,090)**	*84,362*
Cash and cash equivalents, beginning of year		**426,672**	*342,310*
Cash and cash equivalents, end of year	**$**	**384,582**	*426,672*
Supplemental cash flow information			
Income taxes paid	**$**	**815**	*1,192*

(The accompanying notes are an integral part of these financial statements)

STATEMENTS OF MEMBERS' EQUITY

(All amounts in United States Dollars, unless otherwise stated)

	Members' contributions		Retained earnings		Total	Total
	Larsen & Toubro Limited	**L&T Cutting Tools Limited**	**Larsen & Toubro Limited**	**L&T Cutting Tools Limited**	**Larsen & Toubro Limited**	**L&T Cutting Tools Limited**
Balance as of April 01, 2015	50,000	2,500	287,970	14,399	337,970	16,899
Net income	–	–	11,218	561	11,218	561
Balance as of March 31, 2016	**50,000**	**2,500**	**299,188**	**14,960**	**349,188**	**17,460**
Balance as of April 01, 2016	50,000	2,500	299,188	14,960	349,188	17,460
Net income	–	–	2,640	132	2,640	132
Balance as of March 31, 2017	**50,000**	**2,500**	**301,828**	**15,092**	**351,828**	**17,592**

(The accompanying notes are an integral part of these financial statements)

NOTES TO FINANCIAL STATEMENTS

(All amounts in United State Dollars, unless otherwise stated)

NOTE A – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A summary of the significant accounting policies applied in the preparation of the accompanying financial statements are as follows:

1. Business description

Larsen & Toubro LLC ("the Company" or "L&T LLC") is a limited liability company incorporated in Delaware, United States ("US") on January 10, 2001. The limited members are Larsen & Toubro Limited owning ninety-five percent of the membership interest and L&T Cutting Tools Limited (formerly known as Tractor Engineers Limited) owning five percent of the membership interest.

The Company was primarily a distributor of gate, globe and check valves,manufactured by Audco India Ltd.(an affiliate company) and Larsen & Toubro Ltd.

In 2012, the Company discontinued its valve distribution business and moved to a New Jersey location to perform software development and consulting services.

2. Basis of presentation

a. The accompanying financial statements are prepared under the historical cost convention on the accrual basis of accounting in accordance with the accounting and reporting requirements of generally accepted accounting principles in the United States ('US GAAP') to reflect the financial position, results of operation and cash flows of the Company. The Company meets the definition of a nonpublic entity and accordingly relaxations from specific disclosures have been considered wherever available.

b. The financial statements are for the years April 1, 2016 to March 31, 2017 and April 1, 2015 to March 31, 2016.

c. All amounts are stated in United States Dollars, except as otherwise specified.

d. Certain reclassifications, regroupings and reworking have been made in the financial statements of prior periods to conform to the classifications used in the current year. These changes had no impact on previously reported net income or members' equity.

3. Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. The management's estimation relating to unsettled transactions and events at the balance sheet date represent certain of these particularly sensitive estimates. Management believes that the estimates used in the preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Appropriate changes in estimates are made as management becomes aware of changes in circumstances surrounding the estimates. Any revision to accounting estimates is recognized prospectively in the current and future periods.

4. Risk and uncertainties

The Company's future results of operations involve several risks and uncertainties.

Factors that could affect the Company's future operating results and cause actual results to vary materially from expectations include, competitive factors, including but not limited to pricing pressures; deterioration in general economic conditions; the Company's ability to effectively manage operating costs and increase operating efficiencies; declines in revenues; technological and market changes; the ability to attract and retain qualified employees and the Company's ability to execute on its business plan.

5. Revenue recognition

The Company recognizes revenue with respect to time-and-material service contracts as related services are performed applying the contracted rates, specifically when all the following conditions are met:

(a) persuasive evidence of an arrangement exists;

(b) the price is fixed or determinable;

(c) delivery of services has occurred, and

(d) there is reasonable assurance of collectability.

The Company provides consulting services to its clients and bills to its clients based on the hours worked. The Company has a statement of work for every consultant/employee which determines the rates at which hourly billing is done. Revenue recognized under this method is included in unbilled revenue if it is not invoiced by the year end. Billings in advance of work performed are included in deferred revenue.

6. Cash and cash equivalents

Cash and cash equivalents includes current balances on bank accounts and highly liquid, short-term deposits with an original maturity of three months or less.

7. Allowance for doubtful accounts

The Company provides allowance for doubtful accounts equal to the estimated collection losses that will be incurred in collection of all receivables. Management estimates the losses based on historical collection experience coupled with review of the current status of existing receivables. Management believes all receivables are deemed to be collectible and no provision is required.

NOTES TO FINANCIAL STATEMENTS (Contd.)

8. Income taxes

The limited liability company has elected to be taxed as a C-Corporation for federal taxes. Amounts provided for federal income taxes are based on the earnings reported for financial statement purposes, adjusted for permanent differences between reported financial and taxable incomes. Deferred federal and state income taxes relate to items of revenue and expense, which are reported in different periods of federal and state income tax and financial statement purposes. Currently there are no timing differences being reflected in the deferred taxes.

The Corporation recognizes liabilities for uncertain tax positions based on a two step process. The first step is to evaluate the tax position for recognition by determining if the weight of available evidence indicates it is more likely than not that the position will be sustained on audit, including resolution of related appeals or litigation processes, if any. The second step is to measure the tax benefit as the largest amount which is more than 50% likely of being realized upon ultimate settlement. The Company recognizes interest and penalties related to uncertain tax positions within the provision for income taxes.

9. Fair values measurements and financial instruments

The Company adopted the accounting standard for applying fair value measurements to certain assets, liabilities and transactions that are periodically measured at fair value. The adoption did not have a material effect on the Company's financial position, results of operations or cash flows.

Assets and liabilities recorded at fair value in the financial statements are categorized based upon the level of judgment associated with the inputs used to measure their fair value. Hierarchical levels which are directly related to the amount of subjectivity associated with the inputs to the valuation of these assets or liabilities are as follows:

- Level 1 – unadjusted quoted prices in active markets for identical assets or liabilities that the Company has the ability to access as of the measurement date.
- Level 2 – inputs other than quoted prices included within Level 1 that are directly observable for the asset or liability or indirectly observable through corroboration with observable market data.
- Level 3 – unobservable inputs for the asset or liability only used when there is little, if any, market activity for the asset or liability at the measurement date.

This hierarchy requires the Company to use observable market data, when available, and to minimize the use of unobservable inputs when determining fair value.

10. Commitments and contingencies

Liabilities for loss contingencies arising from claims, assessments, litigation, fines, and penalties and other sources are recorded when it is probable that a liability has been incurred and the amount can be reasonably estimated. Legal costs incurred in connection with loss contingencies are expensed as incurred.

NOTE B - CASH AND CASH EQUIVALENTS

Cash and cash equivalents comprise of:

	As at 31.03.2017	*As at 31.03.2016*
Cash at bank	**384,582**	*426,672*
Total	**384,582**	*426,672*

Cash balances on deposits with bank are insured by the Federal Deposit Insurance Corporation up to an aggregate of $ 250,000. As at March 31, 2017 and 2016, the Company had $134,582 and $176,672 cash at risk, respectively.

NOTE C – ACCOUNTS RECEIVABLE

The Company's accounts receivables primarily pertain to the time and material billings to its major customer for software support and implementation services. Management estimates the allowance for doubtful accounts based on historical collection experience coupled with review of the current status of existing receivables. As of March 31, 2017, and 2016, accounts receivable consists of the following:

	As at 31.03.2017	*As at 31.03.2016*
Accounts receivable	**126,200**	*80,315*
Less: allowance for doubtful accounts	**–**	*–*
Accounts receivable, net	**126,200**	*80,315*

There is a $ Nil (March 31,2016: $ Nil) movement in the allowance for doubtful accounts.

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE D – OTHER CURRENT LIABILITIES

	As at 31.03.2017	*As at 31.03.2016*
Provision for income tax	**196**	-
Accrued expenses	**53,057**	*9,814*
Total	**53,253**	*9,814*

NOTE E – INCOME TAXES

The limited liability company has elected to be taxed as a C-Corporation for federal taxes. The Company files tax returns on a separate entity basis. Deferred income taxes reflect the net tax effects of temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes.

The components of the provision for income taxes are as follows:

	For the years ended	
	As at 31.03.2017	*As at 31.03.2016*
Federal tax		
Current	**1,720**	*6,000*
State tax		
Current	**1,181**	*3,508*
Total	**2,901**	*9,508*

As of March 31, 2017, and March 31, 2016, no differences were noted and accordingly the Company does not have any deferred tax asset or deferred tax liability as on March 31, 2017 and March 31, 2016.

NOTE F – UNCERTAIN TAX POSITIONS

The Company recognizes the benefit of a tax position only after determining that the relevant tax authority would more likely than not sustain the position following an audit. For tax positions meeting the more-likely-than-not threshold, the amount recognized in the financial statements is the largest benefit that has a greater than 50% likelihood of being realized upon ultimate settlement with the relevant tax authority. Interest and penalties, if incurred, are recognized in the statement of income. The Company has no unrecognized tax positions at March 31, 2017 and March 31, 2016.

The tax years of 2013 through 2015 remain subject to examination by the taxing authorities.

NOTE G – RELATED PARTY TRANSACTIONS

A. Related parties with whom transactions have taken place during the years:

a. Larsen & Toubro Infotech Limited – An affiliate company

Summary of transactions with related parties are as follows:

	31.03.2017	*31.03.2016*
Services rendered by:		
– Larsen & Toubro Infotech Limited – services	**413,501**	*782,156*
– Larsen & Toubro Infotech Limited (USA Branch – Management fees	**8,000**	*8,000*
Payable to:		
– Larsen & Toubro Infotech Limited – services	**80,109**	*124,415*
– Larsen & Toubro Infotech Limited (USA Branch) – Management fees	**8,000**	*8,000*

The Company has the following contractual and other arrangements with its affiliates pursuant to which the above expenses, payments and services were incurred or paid:

1. Subcontracting Agreement, dated April 25, 2007, between Larsen & Toubro Infotech Limited and Larsen & Toubro, LLC

- **Marketing arrangement:**

  L&T LLC carries out business development and sales activities for one of the customers and subcontracts the work through L&T Infotech Limited (hereinafter referred to as LTIL).

  In respect of the orders received by L&T LLC, the Company retains marketing fees of 5% of the value of customer order.

NOTES TO FINANCIAL STATEMENTS (Contd.)

- **Term of agreement:**

  The marketing and subcontracting agreement was effective from April 01, 2007 for the period of five years and was again renewed in the year 2012 for further period of five years.

2. **Agreement for Management Support & Operations, dated December 26, 2014, between Larsen & Toubro Infotech Limited and Larsen & Toubro, LLC**

   This agreement was effective from January 01, 2014 for a period of five years for operations and management support services. The New Jersey office of LTIL provides accounting, banking, operations and reporting to L&T LLC. The agreement was amended on December 23, 2015 in order to reduce the service charge to $ 2,000 per quarter.

NOTE H – CONCENTRATION OF RISKS

The Company holds cash and time deposits with a local bank. The balances during the year exceeded the Federal Depository Insurance Corporation (FDIC) limit.

The concentration of service activity is 100% with one customer for the year ended March 31, 2017(March 31, 2016: 60%)

If the financial condition or operations of the Company's customers deteriorate, the risk associated with selling on credit increases substantially. To reduce credit risk, management performs ongoing credit evaluations of its customers and allowances for potential credit losses.

NOTE I – SUBSEQUENT EVENTS

The Company evaluated all events and transactions that occurred after March 31, 2017 through May 05, 2017;the date the financial statements are issued. Further, based on its evaluation, the Company is not aware of any events or transactions that would require recognition or disclosure in the financial statements.

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance for the year ended March 31, 2017 is summarised below:

(₹ in crore)

Particulars	**2016-17**	*2015-16*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**60.45**	*41.06*
Less: Depreciation, amortization and obsolescence	**39.39**	*40.51*
Profit before exceptional and extraordinary items and tax	**21.06**	*0.55*
Profit before extraordinary items and tax	**21.06**	*0.55*
Profit before tax	**21.06**	*0.55*
Less: Provision for tax	**0.65**	*2.86*
Profit after tax from continuing operations	**20.41**	*(2.31)*
Profit for the period carried to the balance Sheet	**20.41**	*(2.31)*
Add: Balance brought forward from previous year	**(206.79)**	*(200.89)*
Add: Deferred Tax on Reserves	**17.21**	–
Balance available for disposal (which directors appropriate as follows)	**(169.17)**	*(203.20)*
Debenture Redemption Reserve	**20.41**	*3.59*
Balance carried to Balance Sheet	**(189.58)**	*(206.79)*

STATE OF COMPANY'S AFFAIRS

The Company's name was changed from "L&T Krishnagiri Thopur Toll Road Limited" to "Krishnagiri Thopur Toll Road Limited" as approved by the Registrar of Companies with effect from October 20, 2016.

The gross revenue (toll revenue) and other income for the financial year under review were ₹132.90 crore as against ₹ 128.19 crore for the previous financial year registering an increase of 3.67%. The profit before tax from operations including extraordinary and exceptional items was ₹21.06 crore and the profit after tax of ₹20.42 crore for the financial year under review as against ₹0.55 crore and ₹(2.31) respectively for the previous financial year.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹500 and ₹1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 16.51% of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹1.77 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹682.09 crore and the net fixed and intangible assets, including leased assets, stood at ₹ 365.47 crore. Capital Expenditure during the year amounted to ₹0.27 crore.

CAPITAL & FINANCE

The Company has not raised any funds during the financial year. During the year, the Company redeemed Non-Convertible Debentures worth ₹ 0.10 crore.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY / ASSOCIATE/ JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture, Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note 8 of the audited financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act which are at Arm's length and in ordinary course of business. The Company will adhere to the RPT Policy of the Holding Company and the guidelines thereunder.

The Company has not entered into any material contracts or arrangements during 2016-17 and the disclosure as per Form AOC-2 of Companies Act, 2013 is given in this Report as **Annexure I**.

AMOUNT TRANSFERRED TO RESERVES

An amount of ₹20.42 crore has been transferred to the Debenture Redemption Reserve during the year.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes or commitments adversely affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign exchange expense of the company for financial year 2016-17 is as follows:

Nature Of Expenses	Foreign Currency Expenditure		Gain/Loss(₹)
	Amount In Euro	Amount In INR	
Toll Software Support Services (AMC)	6,277.00	5,02,788.00	1,35,673.00
Toll Software Support Services (AMC)	6,277.00	5,02,788.00	1,57,925.00
Total	**12,554.00**	**10,05,576.00**	**2,93,598.00**

RISK MANAGEMENT POLICY

Krishnagiri Thopur Toll Road Limited in its Meeting of the Audit Committee on July 20, 2015 has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

During the financial year 2015-16, the net profits of the company was more than ₹ 5 crore, hence pursuant to Section 135 of the Act, the company is required to constitute Corporate Social Responsibility Committee. Accordingly Corporate Social Responsibility Committee was constituted with Mr. N.Raghavan, Mr. Karthikeyan T.V and Dr. Esther Malini as Members of the Committee. However, since the average net profits for the previous three years is negative, the Company need not spend on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Dr. Esther Malini was liable to retire by rotation in the Annual General Meeting held on September 29, 2016 and was reappointed as Director of the Company.

Mr. Arun Kumar Jha was appointed as Additional director of the Company on April 29, 2016. He, subsequently resigned with effect from July 13, 2016.

Mr. Karthikeyan T.V was appointed as an Additional Director of the Company on July 13, 2015 and got regularized in the Annual General Meeting held on September 29, 2016.

The Board of Directors of the Company as on March 31, 2017 is as follows:

Sr.No.	Name	Designation	DIN
1	Mr. Karthikeyan T.V	Director	01367727
2	Dr. Esther Malini	Director	07124748
3	Mr. Manoj Kumar Singh	Director	05228599
4	Mr. N.Raghavan	Independent Director	00251054
5	Dr. Ashwin Mahalingam	Independent Director	05126953

Mr. Biju Francis resigned as Manager of the Company with effect from 27th April 2016.

Mr. Sreedhar Vasudevan was appointed as Manager of the Company with effect from 29th April 2016.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 is as given below:

Sr. No.	Name	Designation	Date of appointment
1	Mr. Gaurav Chaturvedi	Chief Financial Officer	29/10/2014
2	Mr. Sreedhar Vasudevan	Manager	29/04/2016

Number of Meeting of the Board of Directors

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review 6 meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No of Directors Present
April 29, 2016	4	3
July 13, 2016	5	4
September 16, 2016	5	3
October 18, 2016	5	3
January 17, 2017	5	3
March 16, 2017	5	4

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company had constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Mr. N.Raghavan, Dr.Ashwin Mahalingam and Dr. Esther Malini.

During the year under review, 6 meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 29, 2016	3	3
July 13, 2016	3	3
September 16, 2016	3	3
October 18, 2016	3	2
January 17, 2017	3	2
March 16, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company had constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Mr. N.Raghavan, Dr. Ashwin Mahalingam and Dr. Esther Malini.

During the year, 2 nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 29, 2016	3	3
July 13, 2016	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT - 9 is enclosed in this Report as **Annexure II**.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The Independent Directors Meeting was proposed to be held during December 2016. However, due to non-availability of Independent Directors, the Meeting could not be scheduled. The Independent Directors at the meeting held on March 16, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

AUDITOR AND AUDITOR'S REPORT

Statutory Auditors

M/s. M.K.Dandeker & Co, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting ("AGM"). The Company at its Tenth Annual General Meeting held on 21st September 2015 for the F-Y 2015-16 had appointed M/s. M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the third consecutive Annual General Meeting of the Company to be held during the year 2017.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no Emphasis on matters. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

Cost Auditor

Mr. K.Suryanarayanan, Cost Accountant, (Membership no: 24946) was appointed as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-2017, pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014. The Cost Audit Report for the financial year 2015-16 was filed with Ministry of Corporate Affairs on August 12, 2016.The Report of the Cost Auditors for the financial year 2016-2017 would be filed with the Ministry of Corporate Affairs once the same is finalised.

The remuneration of the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016.

Secretarial Auditors

M/s. B.Chitra & Co, a firm of Company Secretaries in practice, (COP No: 2928) Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report dated April 28, 2017 for the financial year 2016-17 is attached to this Report as **Annexure III**.

It contains the following qualification, reservation or adverse remark:

The Company has not complied with the requirements of Section 203 for appointment of Whole-time Company Secretary.

Management Response:

The Company is in search of a suitable candidate to be appointed as a whole time Company Secretary as per the provisions of Section 203 of the Companies Act 2013. The Management will endeavour to appoint a Company Secretary in the near future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, Financial Institutions, Banks, NHAI and other Central and State Government authorities, Regulatory authorities and other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

KARTHIKEYAN T.V	**ESTHER MALINI**
Director	*Director*
DIN:01367727	*DIN: 07124748*

Place : Chennai
Date : April 28, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis
   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions during the year.					

For and on behalf of the Board

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2005PLC057930
Registration Date	02/11/2005
Name of the Company	KRISHNAGIRI THOPUR TOLL ROAD LIMITED*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited ** 4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Ph: 022 4914 2591

* The name of the Company was changed from “L&T Krishnagiri Thopur Toll Road Limited” to “Krishnagiri Thopur Toll Road Limited” by RoC certificate dated October 20, 2016.

* *NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f March 22, 2017.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	58274994	20475004*	78749998	99.99	58274994	20475004*	78749998	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**58274994**	**20475004***	**78749998**	**99.99**	**58274994**	**20475004***	**78749998**	**99.99**	**–**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**58274994**	**20475004***	**78749998**	**99.99**	**58274994**	**20475004***	**78749998**	**99.99**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**58274996**	**20475004***	**78750000**	**100**	**58274996**	**20475004***	**78750000**	**100**	**–**

*including shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares*	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares*	
1	L&T Infrastructure Development Projects Limited (including nominees)	78749998	99.99%	26%	78749998	99.99%	26%	–
	Total	**78749998**	**99.99%**	**26%**	**78749998**	**99.99%**	**26%**	

(iii) Change in Promoters' Shareholding: No change in Promoter's shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning as on April 01, 2016	2	0.01	2	0.01
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	At the End of the year as on March 31, 2017	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning as on April 01, 2016	1	0.0001%	1	0.0001%
	Increase due to appointment of Mr. Karthikeyan T.V as Director	1(increase)	0.0001%	1	0.0001%
	At the End of the year as on March 31, 2017	2	0.0001%	2	0.0001%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
As on April 01, 2016				
i) Principal Amount	3,26,35,84,164	–	–	**3,26,35,84,164**
ii) Interest due but not paid				**–**
iii) Interest accrued but not due	8,68,039			**8,68,039**
Total (i+ii+iii)	**326,44,52,203**	**–**	**–**	**326,44,52,203**
Change in Indebtedness during the financial year				**–**
– Addition	8,57,514			**8,57,514**
– Reduction	1,71,43,091	–	–	**1,71,43,091**
Net Change	**(1,62,85,577)**	**–**	**–**	**(1,62,85,577)**
As on March 31, 2017				
i) Principal Amount	3,24,73,09,112	–	–	**3,24,73,09,112**
ii) Interest due but not paid				**–**
iii) Interest accrued but not due	8,57,514	–	–	**8,57,514**
Total (i+ii+iii)	**3,24,81,66,626**	**–**	**–**	**3,24,81,66,626**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Mr. Sreedhar Vasudevan, Manager	
1.	Gross salary	₹ 15,45,059/-	**₹ 15,45,059/-**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	Nil	**Nil**
3.	Sweat Equity	Nil	**Nil**
4.	Commission		
	– as % of profit		
	– others, specify…	Nil	**Nil**
5.	Others, please specify	Nil	**Nil**
	Total (A)	**₹ 15,45,059/-**	**₹ 15,45,059/-**
	Ceiling as per the Act		**₹ 120,00,000/-**

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Mr. N.Raghavan	**Dr. Ashwin Mahalingam**	
1	Independent Directors			
	Fee for attending board meeting	₹ 150000/-	₹ 125000/-	₹ 275000/-
	Fee for attending committee meetings	₹ 80000/-	₹ 70000/-	₹ 150000/-
	Commission	–	–	**–**
	Others	–	–	**–**
	Total (1)	**₹ 230000/-**	**₹ 195000/-**	**₹ 425000/-**
2.	Other Non-Executive Directors			
	Mr. Manoj Kumar Singh Dr. Esther Malini Mr. Karthikeyan T.V No Fee for attending board / committee Meetings and no Commission	Nil	Nil	**Nil**
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**₹ 230000/-**	**₹ 195000/-**	**₹ 425000/-**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

No remuneration was paid to KMP other than Manager of the Company. Mr. Gaurav Chathurvedi, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR ENDED 31.03.2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
KRISHNAGIRI THOPUR TOLL ROAD LIMITED
Mount Poonamalle Road, Manapakkam, Chennai - 600089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by Krishnagiri Thopur Toll Road Limited (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) *The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) *Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) *The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws applicable specifically to the company: Nil

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has generally complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) * Listing Obligations and Disclosure Regulations of Securities Exchange Board of India.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. The Company has not complied with the requirements of Section 203 for appointment of Whole-time Company Secretary.

Note:

*** Denotes "NOT APPLICABLE".**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had the following major transactions/ events:

1. During the year the Company has changed its name from "L & T KRISHNAGIRI THOPUR TOLL ROAD LIMITED" to "KRISHNAGIRI THOPUR TOLL ROAD LIMITED" with the requisite approval of the members of the Company.
2. The Company has altered the Articles of Association by Annexing a Part-A comprising of Clauses 1 to 13 with the approval of members of the Company by a special Resolution. The alteration has been made pursuant to investment agreement entered into by the holding Company, L&T Infrastructure Development Projects Limited with CPP Investment Board Singaporean Holdings 1 PTE Ltd based on which a perpetual deed was entered into between the shareholders of the Company and CPP Investment Board Singaporean Holdings 1 PTE Ltd , which required the said alteration. The alteration seeks in substance to define the modus operandi of appointment of Directors on the Board of the Company.
3. The Company has satisfied charges in respect of consortium Credit facilities from State Bank of India and seven other banks during the year for an amount of ₹ 389 Crores (App.)

This report has to be read along with our statement furnished in Annexure A

Place : Chennai
Date : 28.04.2017

For **Chitra &Co**

Sd/-

B. CHITRA
FCS No.:4509
C P No.:2928

Annexure 'A'

To,
The Members,
KRISHNAGIRI THOPUR TOLL ROAD LIMITED
Mount Poonamalle Road, Manapakkam,
Chennai - 600089

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2017

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : 28.04.2017

For **Chitra &Co**

Sd/-

B. CHITRA
FCS No.:4509
C P No.:2928

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF KRISHNAGIRI THOPUR TOLL ROAD LIMITED (Formerly Known as L&T Krishnagiri Thopur Toll Road Limited)

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **Krishnagiri Thopur Toll Road Limited** (Formerly Known as L&T Krishnagiri Thopur Toll Road Limited) ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
    (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
    (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
    (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
    (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
    (e) In our opinion, the Company is a going concern as mentioned in Note H (16) in the Ind AS financial statements.

(f) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(g) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(h) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (15) to the Ind AS financial statements.

For M.K.DANDEKER & CO.
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place: Chennai
Dated: April 28, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

9. The Company did not raise any money by way of debt instruments and term loans during the year. Accordingly, clause 3 (ix) of the Companies (Auditor's Report) Order, 2016 is not applicable.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.K.DANDEKER & CO.
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place: Chennai
Dated: April 28, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Krishnagiri Thopur Toll Road Limited** (Formerly Known as L & T Krishnagiri Thopur Toll Road Limited) ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.K.DANDEKER & CO.
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place: Chennai
Dated: April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31-03-2017 ₹	*As at 31-03-2016* ₹	*As at 01-04-2015* ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	**10,471,284**	*11,139,580*	*30,784,802*
b) Capital work-in-progress	2	**–**	*–*	*1,004,528*
c) Intangible assets	3	**3,644,265,202**	*3,967,914,327*	*4,353,223,326*
d) Financial Assets				
i) Loans	4	**850,550**	*704,960*	*643,800*
e) Deferred tax assets (net)	5	**152,684,357**	*–*	*–*
f) Other non-current assets	6	**12,927,898**	*13,512,696*	*14,051,309*
	A	**3,821,199,291**	*3,993,271,563*	*4,399,707,765*
Current assets				
a) Financial Assets				
i) Investments	8	**354,102,438**	*293,678,652*	*176,101,064*
ii) Cash and bank balances	9	**21,593,353**	*11,357,361*	*36,672,393*
b) Current Tax Assets (net)	7	**23,079,108**	*–*	*–*
c) Other current assets	6	**30,258,667**	*3,291,938*	*3,478,121*
	B	**429,033,566**	*308,327,951*	*216,251,578*
TOTAL	A+B	**4,250,232,857**	*4,301,599,514*	*4,615,959,343*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	10	**787,500,000**	*787,500,000*	*787,500,000*
b) Other Equity	11	**(1,561,324,959)**	*(1,918,165,729)*	*(1,895,021,820)*
	C	**(773,824,959)**	*(1,130,665,729)*	*(1,107,521,820)*
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	**3,863,562,059**	*4,296,991,799*	*4,468,307,345*
b) Provisions	14	**479,935,531**	*308,526,113*	*321,388,127*
	D	**4,343,497,590**	*4,605,517,912*	*4,789,695,472*
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	**–**	*73,308,482*	*–*
ii) Trade payables	16	**21,707,494**	*75,022,909*	*30,070,421*
iii) Other financial liabilities	13	**621,919,571**	*628,523,954*	*890,392,056*
b) Other current liabilities	15	**22,116,614**	*26,011,170*	*12,559,545*
c) Provisions	14	**14,816,547**	*15,229,543*	*225,056*
d) Current tax liabilities (net)	17	**–**	*8,651,273*	*538,613*
	E	**680,560,226**	*826,747,331*	*933,785,691*
Total Equity and Liabilities	C+D+E	**4,250,232,857**	*4,301,599,514*	*4,615,959,343*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

GAURAV CHATURVEDI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

KRISHNAGIRI THOPUR TOLL ROAD LIMITED
(formerly L&T Krishnagiri Thopur Toll Road Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	18		1,328,993,595		1,281,876,512
Other income	19		24,946,033		22,378,141
Total Income			1,353,939,628		1,304,254,653
EXPENSES					
Operating expenses	20		254,220,722		207,080,585
Employee benefits expense	21		11,661,390		12,520,095
Finance costs	22		451,670,433		640,935,879
Depreciation, amortisation and obsolescence	1 & 3		393,864,457		405,138,445
Administration and other expenses	23		31,891,370		33,089,907
Total expenses			1,143,308,372		1,298,764,911
Profit before tax			210,631,256		5,489,742
Tax Expense:					
Current tax		6,491,294		28,644,342	
			6,491,294		28,644,342
Profit/(loss) for the year			204,139,962		(23,154,600)
Other Comprehensive Income	24		16,451		10,691
i) Items that will not be reclassified to profit or loss (net of tax)			16,451		10,691
Total Comprehensive Income for the year			204,156,413		(23,143,909)
Earnings per equity share (Basic and Diluted)	H (9)		2.59		(0.29)
Face value per equity share			10.00		10.00

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

GAURAV CHATURVEDI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**210,656,413**	*5,506,091*
	Adjustments for		
	Depreciation and amortisation expense	**393,864,457**	*405,138,445*
	Interest expense	**451,670,433**	*640,935,879*
	Interest income	**(6,903,348)**	*(563,498)*
	Other operating income	**(66,807,860)**	–
	(Profit)/loss on sale of current investments(net)	**(15,943,911)**	*(19,993,253)*
	(Profit)/loss on sale of fixed assets	**(2,499)**	*(296,155)*
	Operating profit before working capital changes	**966,533,685**	*1,030,727,509*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**144,218,532**	*(27,188,304)*
	Increase / (Decrease) in trade payables	**(53,315,415)**	*44,952,488*
	Increase / (Decrease) in other current liabilitites	**(3,894,556)**	*13,451,625*
	Increase / (Decrease) in other current financial liabilitites	**(7,461,897)**	*7,956,842*
	Increase / (Decrease) in short term provisions	**(412,997)**	*15,004,487*
	(Increase) / Decrease in loan term loans and advances	**(145,590)**	*(61,160)*
	(Increase) / Decrease in other current assets	**(26,966,729)**	*186,183*
	Net cash generated from/(used in) operating activities	**1,018,555,034**	*1,085,029,670*
	Direct taxes paid (net of refunds)	**(37,645,583)**	*(19,998,727)*
	Net Cash(used in)/generated from Operating Activities	**980,909,451**	*1,065,030,943*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(2,739,177)**	*(443,541)*
	Sale of fixed assets	**2,500**	*360,000*
	Sale of current investments	**(44,295,975)**	*(97,584,335)*
	Interest received	**6,719,448**	*563,498*
	Net cash (used in)/generated from investing activities	**(40,313,204)**	*(97,104,378)*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(16,275,052)**	*(159,712,241)*
	Proceeds/repayment from/of Letter of Credit	**(73,308,482)**	*73,308,482*
	Discharge of deferred payment liabilities	**(540,900,000)**	*(540,900,000)*
	Interest paid	**(299,876,721)**	*(365,937,838)*
	Net cash (used in)/generated from financing activities	**(930,360,255)**	*(993,241,597)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**10,235,992**	*(25,315,032)*
	Cash and cash equivalents as at the beginning of the year	**11,357,361**	*36,672,393*
	Cash and cash equivalents as at the end of the year	**21,593,353**	*11,357,361*

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

GAURAV CHATURVEDI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

11 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of financial instrument	Reseve & Surplus		Total
		Debenture Redemption Reserve	Retained earnings	
Balance at the beginning of the reporting period	113,912,502	35,915,575	(2,067,993,806)	(1,918,165,729)
Deferred tax asset/ (liability) impact	(19,448,600)	–	172,132,957	152,684,357
Total comprehensive income for the year	–	–	204,156,413	204,156,413
Transfer from / (to) debenture redemption reserve	–	204,156,413	(204,156,413)	–
Balance at the end of the reporting period	**94,463,902**	**240,071,988**	**(1,895,860,849)**	**(1,561,324,959)**

OTHER EQUITY AS ON 31.03.2016

Particulars	Equity component of financial instrument	Reseve & Surplus		Total
		Debenture Redemption Reserve	Retained earnings	
Balance at the beginning of the reporting period	113,912,502	–	(2,008,934,322)	(1,895,021,820)
Total comprehensive income for the year	–	–	(23,143,909)	(23,143,909)
Transfer from / (to) debenture redemption reserve	–	35,915,575	(35,915,575)	–
Balance at the end of the year	**113,912,502**	**35,915,575**	**(2,067,993,806)**	**(1,918,165,729)**

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014 (as amended), require the company to create DRR out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the outstanding debentures.

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

GAURAV CHATURVEDI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1

PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Building	1,570,729	–	–	1,570,729	38,076	38,078	–	76,154	1,494,575	1,532,653
Plant and Equipment	24,037,048	2,314,361	–	26,351,409	18,907,525	1,386,829	–	20,294,354	6,057,055	5,129,523
Furniture and fixtures	692,593	25,065	–	717,658	190,614	211,216	–	401,830	315,828	501,979
Vehicles	4,905,930	–	–	4,905,930	1,557,802	1,475,000	–	3,032,802	1,873,128	3,348,128
Office equipment	328,009	71,820	–	399,829	90,166	95,043	–	185,209	214,620	237,843
Electrical installations	330,614	11,450	–	342,064	61,306	62,352	–	123,658	218,406	269,308
Computers, laptops and printers	250,897	316,481	1	567,377	130,751	138,954	–	269,705	297,672	120,146
Total	**32,115,820**	**2,739,177**	**1**	**34,854,996**	**20,976,240**	**3,407,472**	**–**	**24,383,712**	**10,471,284**	**11,139,580**

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Building	1,570,729	–	–	1,570,729	–	38,076	–	38,076	1,532,653	1,570,729
Plant and Equipment	22,840,398	1,196,650	–	24,037,048	–	18,907,525	–	18,907,525	5,129,523	22,840,398
Furniture and fixtures	692,593	–	–	692,593	–	190,614	–	190,614	501,979	692,593
Vehicles	5,022,978	–	117,048	4,905,930	–	1,611,005	53,203	1,557,802	3,348,128	5,022,978
Office equipment	76,591	251,418	–	328,009	–	90,166	–	90,166	237,843	76,591
Electrical installations	330,614	–	–	330,614	–	61,306	–	61,306	269,308	330,614
Computers, laptops and printers	250,899	1	3	250,897	–	130,754	3	130,751	120,146	250,899
Total	**30,784,802**	**1,448,069**	**117,051**	**32,115,820**	**–**	**21,029,446**	**53,206**	**20,976,240**	**11,139,580**	**30,784,802**
Previous year				*30,784,802*				–		

NOTE 2

INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Dedu-ctions	As at March 31, 2017	As at April 01, 2016	For the year	Dedu-ctions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Toll collection rights	6,718,941,134	66,807,860	–	6,785,748,994	2,751,026,807	390,456,985	–	3,141,483,792	3,644,265,202	3,967,914,327
Total	**6,719,216,134**	**66,807,860**	**–**	**6,786,023,994**	**2,751,301,807**	**390,456,985**	**–**	**3,141,758,792**	**3,644,265,202**	**3,967,914,327**

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 2

CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Capital work in progress	1,004,528	–	–1,004,528	–	–	–	–	–		
Total	**1,004,528**	**–**	**–1,004,528**	**–**	**–**	**–**	**–**	**–**	**–**	**–**

NOTE 3

INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	275,000	–	–	275,000	274,999	1	–	275,000	–	1
Toll collection rights	6,720,909,884	–1,968,750	–	6,718,941,134	2,367,686,559	383,340,248	–	2,751,026,807	3,967,914,327	4,353,223,325
Total	**6,721,184,884**	**–1,968,750**	**–**	**6,719,216,134**	**2,367,961,558**	**383,340,249**	**–**	**2,751,301,807**	**3,967,914,327**	**4,353,223,326**
Previous year	*6,721,184,884*			*6,721,184,884*				*2,367,961,558*		

NOTE 4

LOANS

Particulars	**March 31, 2017**			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	**–**	**850,550**	**850,550**	–	*704,960*	*704,960*	–	*643,800*	*643,800*
	–	**850,550**	**850,550**	–	*704,960*	*704,960*	–	*643,800*	*643,800*

NOTE 5

DEFERRED TAX ASSETS (NET)

Particulars	**March 31, 2017**	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Deferred tax assets arising due to			
Transitional adjustments to the retained earnings	**152,684,357**	–	–
	152,684,357	–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 6

OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Other advances	27,573,225	–	27,573,225	330,895	–	330,895	364,033	–	364,033
Advance recoverable other than in cash									
Prepaid Insurance	2,531,144	–	2,531,144	2,710,327	–	2,710,327	2,397,582	–	2,397,582
Prepaid expenses	154,298	–	154,298	250,716	–	250,716	716,506	–	716,506
Income tax net of previous year provisions	–	12,927,898	12,927,898	–	13,512,696	13,512,696	–	14,051,309	14,051,309
	30,258,667	12,927,898	43,186,565	3,291,938	13,512,696	16,804,634	3,478,121	14,051,309	17,529,430

NOTE 7

CURRENT TAX ASSETS (NET)

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Income tax net of previous year provisions	23,079,108	–	23,079,108	–	–	–	–		–
	23,079,108	–	23,079,108	–	–	–	–		–

NOTE 8

INVESTMENTS (CURRENT)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
Investments at fair value through Profit and loss			
Mutual funds	155,021,938	293,678,652	176,101,064
Commercial papers	199,080,500	–	–
	354,102,438	293,678,652	176,101,064
Aggregate book value of quoted investments	152,548,419	290,494,665	174,063,761
Aggregate market value of quoted investments	155,021,938	293,678,652	176,101,064
Aggregate book value of unquoted investments	199,080,500	-	-

NOTE 9

CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
a) Balances with banks	12,540,246	5,942,288	5,367,849
b) Cash on hand	8,803,107	5,415,073	3,685,249
c) Fixed deposits with banks including interest accrued thereon	250,000	–	27,619,295
	21,593,353	11,357,361	36,672,393

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 10

SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
Authorised:						
Equity shares of ₹ 10 each	**80,000,000**	**800,000,000**	*80,000,000*	*800,000,000*	*80,000,000*	*800,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**78,750,000**	**787,500,000**	*78,750,000*	*787,500,000*	*78,750,000*	*787,500,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
At the beginning of the year	**78,750,000**	**787,500,000**	*78,750,000*	*787,500,000*	*78,750,000*	*787,500,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
Others	**–**	**–**	–	–	–	–
At the end of the year	**78,750,000**	**787,500,000**	*78,750,000*	*787,500,000*	*78,750,000*	*787,500,000*

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**78,749,998**	**787,499,980**	*78,749,998*	*787,499,980*	*78,749,998*	*787,499,980*
	78,749,998	**787,499,980**	*78,749,998*	*787,499,980*	*78,749,998*	*787,499,980*

(vi) Details of Shareholders holding more than 5% shares in the company:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**78,749,998**	**100%**	*78,749,998*	*100%*	*78,749,998*	*100%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; **Forfeited Shares :** NIL

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 12

BORROWINGS

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	*March 31, 2016 Current*	*March 31, 2016 Non-current*	*March 31, 2016 Total*	*April 01, 2015 Current*	*April 01, 2015 Non-current*	*April 01, 2015 Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Debentures		**997,000,000**	**997,000,000**		*998,000,000*	*998,000,000*	–	–	–
b) Term loans									
i) From banks		**2,225,902,758**	**2,225,902,758**	*73,308,482*	*2,240,193,890*	*2,313,502,372*		*2,196,528,166*	*2,196,528,166*
ii) From others	–	–	–	–	–	–		*515,420,239*	*515,420,239*
Unsecured borrowings									
a) Deferred payment liabilities		**640,659,301**	**640,659,301**		*1,058,797,909*	*1,058,797,909*		*1,405,465,770*	*1,405,465,770*
b) Loans from related parties	–	–	–	–	–	–		*350,893,170*	*350,893,170*
	–	**3,863,562,059**	**3,863,562,059**	*73,308,482*	*4,296,991,799*	*4,370,300,281*	*–*	*4,468,307,345*	*4,468,307,345*

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	Base rate + applicable spread	Repayable in 115 monthly unequal installments starting from December 2015 to June 2025
Non Convertible Debentures	9.50%	Redeemable in 38 quarterly unequal installments starting from December 2015 to March 2025

Nature of security for term loans/debentures

(i) all the immovable and movable properties of the Company relating to the Project, both present and future except Project Assets as defined in the Concession Agreement, all bank accounts of the company and all Authorized investments or other securities representing all amounts credited in the bank accounts.

(ii) all rights, titles, permits, approvals, clearances and the interest of the borrower in the project documents and the insurance contracts.

(iii) all intangible assets including but not limited to goodwill, rights, undertaking and uncalled capital, present and future

(iv) all guarantees, performance bonds and any letter of credit that may be provided by any party in favour of the Borrower under the project documents.

(v) all rights, title, interest, benefits, claims and demands whatsoever of the Company under the Insurance Contracts.

Presentation of long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	3,222,902,758	3,238,193,890	2,711,948,405
Current maturities of long term borrowings	16,275,056	16,275,056	286,100,000
TOTAL	**3,239,177,814**	**3,254,468,946**	**2,998,048,405**

Presentation of deferred payment liabilities in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Deferred payment liabilities	640,659,301	1,058,797,909	1,405,465,770
Current maturities of deferred payment liabilities	540,900,000	540,900,000	540,900,000
TOTAL	**1,181,559,301**	**1,599,697,909**	**1,946,365,770**

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 13

OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Deposits received	40,000	–	40,000	40,000	–	40,000	30,000	–	30,000
b) Current maturities of long term borrowings	16,275,056	–	16,275,056	16,275,056	–	16,275,056	286,100,000	–	286,100,000
c) Current maturities of deferred payment liabilities	540,900,000	–	540,900,000	540,900,000	–	540,900,000	540,900,000	–	540,900,000
d) Interest accrued	857,514	–	857,514	–	–	–	–	–	–
f) Other liabilities									
Revenue share payable	63,847,001	–	63,847,001	71,308,898	–	71,308,898	63,362,056	–	63,362,056
	621,919,571	–	621,919,571	628,523,954	–	628,523,954	890,392,056	–	890,392,056

NOTE 14

PROVISIONS

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits	403,915	1,957,825	2,361,740	816,911	2,760,177	3,577,088	225,056	1,888,127	2,113,183
Provisions for major maintenance reserve	14,412,632	477,977,706	492,390,338	14,412,632	305,765,936	320,178,568	–	319,500,000	319,500,000
	14,816,547	479,935,531	494,752,078	15,229,543	308,526,113	323,755,656	225,056	321,388,127	321,613,183

NOTE 15

OTHER NON-CURRENT AND CURRENT LIABILITIES

Particulars	March 31, 2017 Current	March 31, 2017 Non-current	March 31, 2017 Total	March 31, 2016 Current	March 31, 2016 Non-current	March 31, 2016 Total	April 01, 2015 Current	April 01, 2015 Non-current	April 01, 2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Dues to related parties	4,474,769		4,474,769	7,090,883		7,090,883	1,297,904		1,297,904
ii) Other liabilities	16,580,771	–	16,580,771	16,225,097	–	16,225,097	9,579,713	–	9,579,713
iii) Statutory payables	1,061,074	–	1,061,074	2,695,190	–	2,695,190	1,681,928	–	1,681,928
	22,116,614	–	22,116,614	26,011,170	–	26,011,170	12,559,545	–	12,559,545

NOTE 16

TRADE PAYABLES

	March 31, 2017	March 31, 2016	April 01, 2015
	₹	₹	₹
Due to related parties	6,971,097	27,122,555	1,093,322
Due to others	14,736,397	47,900,354	28,977,099
	21,707,494	75,022,909	30,070,421

NOTES FORMING PART OF ACCOUNTS (Contd.)

NOTE 17

CURRENT TAX LIABILITIES (NET)

	March 31, 2017	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Income tax net of previous year provisions	**–**	*8,651,273*	*538,613*
	–	*8,651,273*	*538,613*

F CONTINGENT LIABILITIES

Contingent liabilities in the form of guarantees of ₹ 1,00,000/- (previous year: ₹ 1,00,000/-) to Telecom Department as at March 31st 2017

G COMMITMENTS

The Company has an estimated amount of ₹ Nil (Previous year: ₹ Nil/-) contracts remaining to be executed on capital account as at March 31, 2017

	2016-17		*2015-16*	
	₹	₹	₹	₹
NOTE 18				
REVENUE FROM OPERATIONS				
Operating revenue:				
Toll Collections	**1,505,755,798**		*1,529,235,740*	
Less : Revenue share to NHAI	**243,570,063**		*247,359,228*	
		1,262,185,735		*1,281,876,512*
Other operating revenue:				
NHAI claim for concession extension		**66,807,860**		–
		1,328,993,595		*1,281,876,512*

*National Highway Authority of India

NOTE 19				
OTHER INCOME				
Interest income from:				
Bank deposits	**31,056**		*509,595*	
Inter-corporate deposits	**6,632,400**		–	
Others	**239,892**		*53,903*	
		6,903,348		*563,498*
Net gain/(loss) on financial assets designated at FVTPL		**15,943,911**		*19,993,253*
Profit/(loss) on disposal of property,plant and equipment		**2,499**		*296,155*
Provision no longer required written back		**–**		–
Dividend Income		**–**		–
Miscellaneous income		**2,096,275**		*1,525,235*
		24,946,033		*22,378,141*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 20				
OPERATING EXPENSES				
Toll management fees		37,375,884		43,604,972
Security services		5,444,030		5,515,938
Insurance		3,305,726		3,146,233
Concession fee		1		1
Repairs and maintenance				
Toll road & bridge	34,666,268		24,254,720	
Plant and machinery	4,173,428		4,284,083	
Periodic major maintenance	166,600,000		108,900,000	
Others	10,338,974		8,909,743	
		215,778,670		146,348,546
Professional fees		–		–
Power and fuel		8,432,556		8,464,895
Less: Claim for reimbursement of expenses		(16,116,145)		–
		254,220,722		207,080,585
NOTE 21				
EMPLOYEE BENEFIT EXPENSES				
Salaries, wages and bonus		9,533,773		9,295,990
Contributions to and provisions for:				
Provident and pension funds (Refer note)	547,027		500,662	
Gratuity fund (Refer note)	235,457		258,155	
Compensated absences	326,059		505,433	
Retention pay	–		358,380	
		1,108,543		1,622,630
Staff welfare expenses		1,711,433		1,601,475
Less: Claim for reimbursement of expenses		(692,359)		–
TOTAL		11,661,390		12,520,095
NOTE 22				
FINANCE COSTS				
Interest on borrowings		315,619,349		350,777,756
Other borrowing cost (specify nature)		6,222,750		7,289,743
Unwinding of discount and implicit interest expense on fair value		149,913,228		282,868,380
Less: Claim for reimbursement of expenses		(20,084,894)		–
TOTAL		451,670,433		640,935,879

NOTES FORMING PART OF ACCOUNTS (Contd.)

	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 23				
ADMINISTRATION AND OTHER EXPENSES				
Rent, rates and taxes		**421,610**		*2,461,879*
Payments to auditors (Refer Note (a) below)		**977,229**		*546,769*
Professional fees		**24,222,983**		*22,166,857*
Postage and communication		**580,374**		*576,835*
Printing and stationery		**624,618**		*658,249*
Travelling and conveyance		**6,206,417**		*6,017,724*
Miscellaneous expenses		**963,778**		*661,594*
Less: Claim for reimbursement of expenses		**(2,105,639)**		–
TOTAL		**31,891,370**		*33,089,907*
(a) Payments to auditor (including service tax) as follows:				
a) As auditor		**364,320**		*332,508*
b) For taxation matters		**63,250**		*34,350*
c) For company law matters		**17,250**		*17,175*
d) For other services		**532,409**		*162,736*
TOTAL		**977,229**		*546,769*
NOTE 24				
OTHER COMPREHENSIVE INCOME				
Not reclassifiable to profit or loss in subsequent periods				
Re-estimation of provision for defined benefit plan	**25,157**		*16,349*	
Less: Tax on the adjustment	**(8,706)**		*(5,658)*	
		16,451		*10,691*
TOTAL		**16,451**		*10,691*

NOTE H

NOTES FORMING PART OF FINANCIAL STATEMENTS

1 Corporate Information

Krishnagiri Thopur Tollroad Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 86 kms road on NH-7 from Krishnagiri to Thopur in the state of Tamil Nadu , under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 17th January 2006 with National Highways Authority of India. The Company had completed construction on February 6th , 2009 and commenced commerial operation from that date. The concession period is 20 years which shall end on 17th January 2026.

2) Foreign exchange expenditure

During the current financial year a sum of EUR 12,554.04 amounting to ₹ 9,01,631/- (Previous year EUR 19,118.26 amounting to ₹ 13,98,407/-) has been paid towards Toll System Service Support.

3 Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

An amount of ₹ 5,47,027 (previous year ₹ 5,00,662) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 19) in the Statement of Profit and loss.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them

i	**Benefits offered**	15/ 26 × Salary × Duration of Service
ii	**Salary definition**	Basic Salary including Dearness Allowance (if any)
iii	**Benefit ceiling**	Benefit ceiling of ₹ 10,00,000 was applied
iv	**Vesting conditions**	5 years of continuous service (Not applicable in case of death/disability)
v	**Benefit eligibility**	Upon Death or Resignation / Withdrawal or Retirement
vi	**Retirement age**	58 Years

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
A) Present value of defined benefit obligation		
– Wholly funded	**1,415,066**	–
– Wholly unfunded	**–**	1,181,620
	1,415,066	1,181,620
Less : Fair value of plan assets	**1,198,192**	–
Amount to be recognised as liability or (asset)	**216,874**	1,181,620
B) Amounts reflected in the Balance Sheet		
Liabilities	**216,874**	1,181,620
Assets	**–**	–
Net Liability / (asset)	**216,874**	1,181,620

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars		**Gratuity plan**	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
1	Current service cost	**189,118**	*175,434*
2	Interest on Defined benefit obligation	**46,339**	*82,721*
		235,457	*258,155*

d) Remeasurement recognized in other comprehensive income

Particulars	**Gratuity plan**	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	**84,057**	*56,947*
Due to change in demographic assumption	**–**	*38,071*
Due to experience adjustments	**(127,449)**	*(111,367)*
Return on plan assets excluding amounts included in interest income	**18,235**	–
	(25,157)	*(16,349)*

NOTES FORMING PART OF ACCOUNTS (Contd.)

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening defined benefit obligation	**1,181,620**	*994,342*
Current service cost	**189,118**	*175,434*
Interest cost	**87,720**	*82,721*
Actuarial losses/(gains)		
Due to change in financial assumptions	**84,057**	*56,947*
Due to change in demographic assumption	**–**	*38,071*
Due to experience adjustments	**(127,449)**	*(111,367)*
Benefits paid	**–**	*(54,528)*
Closing balance of the present value of defined benefit obligation	**1,415,066**	*1,181,620*

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening balance of fair value of plan assets	**–**	–
Interest Income	**41,381**	–
Return on plan assets excluding amounts included interest income	**(18,235)**	–
Contribution by employer	**1,175,046**	–
Contribution by plan participants	**–**	–
Benefits paid	**–**	–
Closing balance of fair value of plan assets	**1,198,192**	–

The actual return on the assets is ₹ 23,146

g) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Insurer managed funds	**100%**	*100%*
	100%	*100%*

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	*As at March 31, 2016*
1) Discount rate	**6.95%**	*7.80%*
2) Expected return on plan asset	**6.95%**	*NA*
3) Salary growth rate	**6.00%**	*6.00%*
4) Attrition rate	**3% to 15% based on the age band**	*3% to 15% based on the age band*

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	As at March 31, 2017		*As at March 31, 2016*	
	Change	**Obligation**	*Change*	*Obligation*
i) Discount rate	+0.5%	1,364,569	+0.5%	2,150,134
	-0.5%	1,468,788	–0.5%	2,303,391
ii) Salary growth rate	+0.5%	1,469,020	+0.5%	2,304,013
	-0.5%	1,363,897	–0.5%	2,148,927

4 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

NOTES FORMING PART OF ACCOUNTS (Contd.)

5 **Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”**

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6 **Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”**

a) List of related parties

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	L&T General Insurance Company Limited
		L&T Samakhiali Gandhidham Tollway Limited
		L&T Sambalpur Rourkela Tollway Limited
		PNG Tollway Limited
		L&T Krishnagiri Walajahpet Tollway Limited
		Panipat Elevated Corridor Project Limited
		L&T Halol Shamlaji Tollway Limited
		L&T BPP Tollway Limited
		L&T Chennai Tada Tollways Limited
Key managerial personnel	:	Sreedhar Vasudevan - Manager

b) Disclosure of related party transactions:

Particulars	**2016-17**	*2015-16*
	₹	₹
1. Purchase of goods and services incl. taxes		
Ultimate Holding company, Larsen & Toubro Limited	**4,100,012**	*3,420,794*
Holding company, L&T Infrastructure Development Projects Limited	**30,292,713**	*29,405,515*
Fellow subsidiaries, including:		
L&T General Insurance Company Limited	**–**	*3,343,948*
	34,392,725	*36,170,257*
2. Purchase of assets		
Fellow subsidiaries, including:		
PNG Tollway Limited	**44,728**	*–*
L&T Chennai Tada Tollways Limited	**84,915**	*–*
L&T Samakhiali Gandhidham Tollway Limited	**–**	*1*
	129,643	*1*
3. Interest expense		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*24,930,374*
	–	*24,930,374*
4. Reimbursement of expenses charged from		
Ultimate Holding company, Larsen & Toubro Limited	**972,586**	*1,860,193*
Holding company, L&T Infrastructure Development Projects Limited	**418**	*744*
Fellow subsidiaries		
L&T Halol Shamlaji Tollway Limited	**–**	*129,720*
L&T Krishnagiri Walajahpet Tollway Limited	**–**	*7,500,000*
L&T Chennai Tada Tollways Limited	**–**	*24,905*
	973,004	*9,515,562*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
5. Reimbursement of expenses charged to		
Ultimate Holding company, Larsen & Toubro Limited	–	133,386
Fellow subsidiaries		
L&T Samakhiali Gandhidham Tollway Limited	–	63,000
L&T Sambalpur Rourkela Tollway Limited	–	63,000
PNG Tollway Limited	–	63,000
Panipat Elevated Corridor Project Limited	–	63,000
L&T Chennai Tada Tollways Limited	–	36,562
	–	421,948
6. Refundable deposit received for directors' nomination		
Holding company, L&T Infrastructure Development Projects Limited	100,000	300,000
	100,000	300,000
7. Subscription to Commercial papers		
Holding company, L&T Infrastructure Development Projects Limited	450,000,000	
	450,000,000	–
8. Sale of Commercial papers		
Fellow subsidiaries, L&T BPP Tollways Limited	250,000,000	–
	250,000,000	–
9. Key Managerial Personnnel		
Payment of Salaries / Perquisites		
Sreedhar Vasudevan (w.e.f. 1st April 2016)	1,545,000	–
Biju Francis	–	1,785,445
	1,545,000	1,785,445

c) Amount due to and due from related parties(net):

Particulars	Amounts due (to) / from	Amounts due (to) / from
	As at March 31, 2017	As at March 31, 2016
Ultimate Holding Company		
Larsen & Toubro Limited	(3,210,096)	(203,717)
Holding Company		
L&T Infrastructure Development Projects Limited	(8,166,746)	(33,880,001)
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	(69,024)	(129,720)

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

7 Disclosure pursuant to Ind AS 17 "Leases"

The Company has given on operating lease the residential flat at Pune. The leases are cancellable at the option of either of the parties. There are no exceptional / restrictive covenants in the lease agreement.

NOTES FORMING PART OF ACCOUNTS (Contd.)

8 Disclosure pursuant to Ind AS 12 - "Income taxes"

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

Particulars	2016-17	2015-16
	₹	₹
Accounting profit before tax from continuing operations	**210,656,413**	*5,506,091*
Profit/Loss from discontinued operations	**–**	–
Accounting Profit before income tax		
At India's Statutory income tax rate of 34.608% (31 March 2016 - 34.608%)	**72,903,971**	*1,905,548*
Change in profits on account of translational differences	**–**	*44,513,630*
Deductions under Chapter VIA	**(110,695,534)**	*(96,111,589)*
Non deductible expenses for tax purposes	**(1,325,459)**	*22,232,450*
Impairment of goodwill	**–**	–
Other non deductible expenses	**45,616,995**	*56,109,934*
Tax as per Statement of Profit and Loss	**6,499,973**	*28,649,973*
Income tax expense reported in the statement of profit and loss	**6,500,000**	*28,650,000*
	6,500,000	*28,650,000*

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

Particulars	2016-17	2015-16
	₹	₹
Current income Tax :		
Current income tax charge	**6,500,000**	*28,650,000*
Adjustments of current tax of previous year	**–**	–
Income tax reported in the statement of profit and loss	**6,500,000**	*28,650,000*
Current Tax and Deferred Tax - Equity		
Deferred Tax asset on transition adjustments	**(152,684,357)**	–
	(146,184,357)	*28,650,000*

9 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Basic and Diluted			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**204,139,962**	*(23,154,600)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**78,750,000**	*78,750,000*
Basic and Diluted EPS (₹)	A / B	**2.59**	*(0.29)*
Face value per equity share (₹)		**10.00**	*10.00*

10 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

11 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Movement in provisions:

Particulars	Major maintenance provision	
	2016-17	*2015-16*
Opening balance	**320,178,568**	*196,952,278*
Additional provision	**166,600,000**	*108,900,000*
Utilised	**(21,579,116)**	*–*
Unwinding of discount and changes in discount rate	**27,190,886**	*14,326,290*
Total (Closing balance)	**492,390,338**	*320,178,568*

c) Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. F to the Balance Sheet.

12 Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

13 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2015, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	**Note No.**	**Indian GAAP*** ₹	**Adjustments** ₹	**Ind AS** ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	**1**	30,784,802	–	30,784,802
b) Capital work-in-progress	**2**	1,004,528	–	1,004,528
c) Intangible assets	**3**	5,658,815,685	(1,305,592,359)	4,353,223,326
d) Financial Assets				
i) Loans	**4**	643,800	–	643,800
e) Deferred tax assets (net)	**5**	–	–	-
f) Other non-current assets	**6**	14,051,309	–	14,051,309
	A	5,705,300,124	(1,305,592,359)	4,399,707,765
Current assets				
a) Financial Assets				
i) Investments	**8**	174,063,761	2,037,303	176,101,064
ii) Cash and bank balances	**9**	36,672,393	–	36,672,393
b) Current Tax Assets (net)	**7**	–	–	–
c) Other current assets	**6**	3,478,121	–	3,478,121
	B	214,214,275	2,037,303	216,251,578
Total Assets	**A+B**	**5,919,514,399**	**(1,303,555,056)**	**4,615,959,343**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	**10**	787,500,000	–	787,500,000
b) Other Equity	**11**	(1,129,355,824)	(765,665,996)	(1,895,021,820)
	C	(341,855,824)	(765,665,996)	(1,107,521,820)
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	4,940,196,405	(471,889,060)	4,468,307,345
b) Provisions	**14**	387,388,127	(66,000,000)	321,388,127
	D	5,327,584,532	(537,889,060)	4,789,695,472
Current liabilities				
a) Financial liabilities				
i) Trade payables	**16**	30,070,421	–	30,070,421
ii) Other financial liabilities	**13**	890,392,056	–	890,392,056
b) Other current liabilities	**15**	12,559,545	–	12,559,545
c) Provisions	**14**	225,056	–	225,056
d) Current tax liabilities (net)	**17**	538,613	–	538,613
	E	933,785,691	–	933,785,691
Total Equity and Liabilities	**C+D+E**	**5,919,514,399**	**(1,303,555,056)**	**4,615,959,343**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILIATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	**1**	11,139,580	–	11,139,580
b) Capital work-in-progress	**2**	–	–	–
c) Intangible assets	**3**	5,158,307,360	(1,190,393,033)	3,967,914,327
d) Financial Assets				
i) Loans	**4**	704,960	–	704,960
e) Deferred tax assets (net)	**5**	–	–	–
f) Other non-current assets	**6**	13,512,696	–	13,512,696
	A	5,183,664,596	(1,190,393,033)	3,993,271,563
Current assets				
a) Financial Assets				
i) Investments	**8**	290,494,665	3,183,987	293,678,652
ii) Cash and bank balances	**9**	11,357,361	–	11,357,361
b) Current Tax Assets (net)	**7**	–	–	–
c) Other current assets	**6**	3,291,938	–	3,291,938
	B	305,143,964	3,183,987	308,327,951
Total Assets	**A+B**	**5,488,808,560**	**(1,187,209,046)**	**4,301,599,514**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	**10**	787,500,000	–	787,500,000
b) Other Equity	**11**	(1,023,877,363)	(894,288,366)	(1,918,165,729)
	C	(236,377,363)	(894,288,366)	(1,130,665,729)
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	4,500,338,769	(203,346,970)	4,296,991,799
ii) Other financial liabilities	**13**	–	–	–
b) Provisions	**14**	398,099,823	(89,573,710)	308,526,113
	D	4,898,438,592	(292,920,680)	4,605,517,912
Current liabilities				
a) Financial liabilities				
i) Borrowings	**12**	73,308,482	–	73,308,482
ii) Trade payables	**16**	75,022,909	–	75,022,909
iii) Other financial liabilities	**13**	628,523,954	–	628,523,954
b) Other current liabilities	**15**	26,011,170	–	26,011,170
c) Provisions	**14**	15,229,543	–	15,229,543
d) Current tax liabilities (net)	**17**	8,651,273	–	8,651,273
	E	826,747,331	–	826,747,331
Total Equity and Liabilities	**C+D+E**	**5,488,808,560**	**(1,187,209,046)**	**4,301,599,514**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from operations	**18**	1,281,876,512	–	1,281,876,512
Other income	**19**	21,231,457	1,146,684	22,378,141
Total income		**1,303,107,969**	**1,146,684**	**1,304,254,653**
EXPENSES				
Cost of materials consumed		–		
Operating expenses	**20**	244,980,585	(37,900,000)	207,080,585
Employee benefits expense	**21**	12,520,095	–	12,520,095
Finance costs	**22**	358,067,499	282,868,380	640,935,879
Depreciation, amortisation and obsolescence		520,337,771	(115,199,326)	405,138,445
Administration and other expenses	**23**	33,089,907	–	33,089,907
Total expenses		**1,168,995,857**	**129,769,054**	**1,298,764,911**
Profit/(loss) before tax		**134,112,112**	**(128,622,370)**	**5,489,742**
Tax Expense:				
Current tax		28,644,342	–	28,644,342
		28,644,342	**–**	**28,644,342**
Profit/(loss) for the year		**105,467,770**	**(128,622,370)**	**(23,154,600)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

14 Transition adjustments

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 19,39,979. Consequently an amount of ₹ 19,39,979 has been adjusted to retained earnings.

(ii) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹ 6,60,00,000. Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹ 6,60,00,000

(iii) Negative Grant/Additional Concession fee payable

Under Indian GAAP, the amount of Negative Grant / Additional Concession fee payable over the concession period is capitalized as part of Toll Collection Rights on the “Commercial Operations Date”, on an undiscounted basis by recognising a Deferred payment liability to the extent of the amount of Negative Grant/Additional Concession fee payable. For transition to IndAS, the Deferred payment liability is restated to its present value by using a discount rate that matches with the tenor of the liability and that reflects market assessments of the interest payable on such liabilities. Consequently, the toll collection rights is reduced by ₹ 201,59,88,202.

(iv) Debt from the Holding Company at subsidized rates

The Company received loans at subsidized rates from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, the loan was disclosed under Long term borrowings from related parties. For transition to IndAS, the difference between the amount received and fair value on initial recognition is recognised as “Equity Component of Other Financial Instruments” and included as part of “Other equity”. Consequently, the loans have been reduced by ₹ 11,39,12,502 by a corresponding adjustment to “Equity Component of Other Financial Instruments”.

(v) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 20,37,303 with a corresponding increase in the reserves.

15 Details of Specified Bank Notes held and transacted during the period 09-Nov-2016 to 30-Dec-2016 provided in the table below:

Particulars	SBNs	Other Denomination notes	Total
Opening cash in hand as on 09-Nov-2016	1,103,500	2,215,000	3,318,500
(+) Permitted receipts	15,594,500	87,021,971	102,616,471
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	16,698,000	76,655,500	93,353,500
Closing cash in hand as on 30-Dec-2016	–	12,581,471	12,581,471

The amount disclosed as ‘permitted receipts’ in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

16 The Company operates in the infrastructure business sector which involves huge capital investments. The company’s net worth has been eroded. However the loss incurred so far is start up in nature and the Management expects that the Company’s revenue for the subsequent financial years will be sufficient to meet the expenditure and recoup the losses incurred thereby strengthening the financial position of the Company. Accordingly, the financial statements have been prepared on going concern basis.

NOTES FORMING PART OF ACCOUNTS (Contd.)

17 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Security Deposits	6	–	–	850,550	–	–	704,960	–	–	643,800
Investments	8	354,102,438	–		293,678,652	–	–	176,101,064	–	–
Cash and cash equivalents	9	–	–	21,593,353	–	–	11,357,361	–	–	36,672,393
Total Financial Asset		354,102,438	–	22,443,903	293,678,652	–	12,062,321	176,101,064	–	37,316,193
Financial liability										
Term Loan from Banks	12	–	–	3,863,562,059	–	–	4,296,991,799	–	–	4,117,414,175
Term Loan from related parties	12	–	–	–	–	–	–	–	–	350,893,170
Short term borrowings	12	–	–	–	–	–	73,308,482	–	–	–
Other Current Financial Liabilities	13	–	–	621,919,571	–	–	628,523,954	–	–	890,392,056
Trade Payables	16	–	–	21,707,494	–	–	75,022,909	–	–	30,070,421
Total Financial Liabilities		–	–	4,507,189,124	–	–	5,073,847,144	–	–	5,388,769,822

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

18 Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Security Deposits	6	850,550	850,550	704,960	704,960	643,800	643,800
Cash and cash equivalents	9	21,593,353	21,593,353	11,357,361	11,357,361	36,672,393	36,672,393
Total Financial Assets		22,443,903	22,443,903	12,062,321	12,062,321	37,316,193	37,316,193
Financial liability							
Term Loan from Banks	12	3,863,562,059	3,863,562,059	4,296,991,799	4,296,991,799	4,117,414,175	4,117,414,175
Term Loan from related parties	12	–	–	–	–	350,893,170	350,893,170
Short term borrowings	12	–	–	73,308,482	73,308,482	–	–
Other Current Financial Liabilities	13	621,919,571	621,919,571	628,523,954	628,523,954	890,392,056	890,392,056
Trade Payables	16	21,707,494	21,707,494	75,022,909	75,022,909	30,070,421	30,070,421
Total Financial Liabilities		4,507,189,124	4,507,189,124	5,073,847,144	5,073,847,144	5,388,769,822	5,388,769,822

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

NOTES FORMING PART OF ACCOUNTS (Contd.)

19 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	8	354,102,438	–	–	354,102,438
Total of Financial Assets		**354,102,438**	**–**	**–**	**354,102,438**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	6	–	–	850,550	850,550
Total of Financial Assets		**–**	**–**	**850,550**	**850,550**
Financial Liabilities					
Term Loan from Banks	12	–	3,863,562,059	–	3,863,562,059
Other Current Financial Liabilities	13	–	621,919,571	–	621,919,571
Total Financial liabilties		**–**	**4,485,481,630**	**–**	**4,485,481,630**

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	293,678,652	–	–	293,678,652
Total of Financial Assets		293,678,652	–	–	293,678,652
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	5	–	–	704,960	704,960
Total Financial Assets		**–**	**–**	**704,960**	**704,960**
Financial Liabilities					
Term Loan from Banks	10	–	4,296,991,799	–	4,296,991,799
Short term borrowings	10	–	73,308,482	–	73,308,482
Other Current Financial Liabilities	11	–	628,523,954	–	628,523,954
Total Financial Liabilities		**–**	**4,998,824,235**	**–**	**4,998,824,235**

As at April 1, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	176,101,064	–	–	176,101,064
Total of Financial Assets		176,101,064	–	–	176,101,064
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Security Deposits	5	–	–	643,800	643,800
Total of Financial Assets		**–**	**–**	**643,800**	**643,800**
Financial Liabilities					
Term Loan from Banks	10	–	4,117,414,175	–	4,117,414,175
Term Loan from related parties	10	–	350,893,170	–	350,893,170
Other Current Financial Liabilities	11	–	890,392,056	–	890,392,056
Total of Financial Liabilities		**–**	**5,358,699,401**	**–**	**5,358,699,401**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Effective rate of borrowing
Term Loan from related parties	Income	Effective rate of borrowing
Other Current Financial Liabilities	Income	Effective rate of borrowing

19 Asset pledged as security

Particulars	Note no	31.03.2017	31.03.2016	01.04.2015
Non Financial Asset				
Property, Plant & Equipment	1	**10,471,284**	*11,139,580*	*30,784,802*
Capital work-in-progress	2	**–**	–	*1,004,528*
Intangible asset	3	**3,644,265,202**	*3,967,914,327*	*4,353,223,326*
Financial Asset				
Investments	6	**354,102,438**	*293,678,652*	*176,101,064*
Cash and bank balances	7	**21,593,353**	*11,357,361*	*36,672,393*
TOTAL		**4,030,432,277**	*4,284,089,920*	*4,597,786,113*

20 Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**31.03.2017**	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**3,239,177,814**	*3,254,468,946*	*2,998,048,405*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	FY 2015-16
Increase or decrease in interest rate by 25 basis points	8,117,058	7,815,647

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	**31.03.2016**	**01.04.2015**
Investments in Mutual Funds	**6**	**354,102,438**	293,678,652	176,101,064

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	31.03.2016
Increase or decrease in NAV by 1%	3,541,024	2,936,787

Note - In case of decrease in NAV profit will reduce and vice versa.

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	3,239,177,814	16,275,056	16,275,056	1,026,295,255	2,180,332,447
Trade Payables	21,707,494	21,707,494			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

As at March 31, 2016	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	3,254,468,946	385,875,000	16,275,056	371,881,222	2,480,437,668
Trade Payables	75,022,909	75,022,909			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

NOTES FORMING PART OF ACCOUNTS (Contd.)

As at April 01, 2015	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	2,998,048,405	286,100,000	385,875,000	1,913,625,000	412,448,405
Trade Payables	30,070,421	30,070,421			
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

21 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

21.1 Description and classification of the arrangment

Krishnagiri Thopur Tollroad Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the strengthening and widening the existing 86 kms road on NH-7 from Krishnagiri to Thopur in the state of Tamil Nadu , under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 17th January 2006 with National Highways Authority of India. The Company had completed construction on February 6th , 2009 and commenced commerial operation from that date. The concession period is 20 years which shall end on 17th January 2026.

21.2 Significant Terms of the arrangements

i) Revision of Fees:

Fees shall be revised annually on September 1 subject to the provisions Schedule G of the Concession Agreement (CA) dated January 17, 2006

ii) Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article VII of the CA, the company is required to pay ₹ 1 and concession fee per annum. In addition, as per Article VI, the company is required to pay to the authority, fixed revenue share of 83.33% on the additional way of 16.60 kms. As per Article XXIII of CA, the company is also required to pay an amount of ₹ 360.59 Cr as Negative grant to the authority within a period of 13 years from the date of signing the concession

iii) Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid

b Right of Way, access and licence to the site

iv) Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Clause CA

v) Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

vi) Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Chapter VI and VII of the CA.

NOTE I

SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer H (12) and H (13) for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	**Measurement basis**
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- **Level 2** inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to nearest rupee in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not

NOTES FORMING PART OF ACCOUNTS (Contd.)

included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**"Estimated “useful life “(in years)"**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the straight line method prescribed under Schedule II to the Companies Act, 2013. Under the straight line method, the asset is amortised over the period of 20 years in accordance with the concession agreement as they represent right to collect Toll revenue during the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets’ revised carrying amount over its remaining useful life.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

c) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

11 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

NOTES FORMING PART OF ACCOUNTS (Contd.)

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets,

NOTES FORMING PART OF ACCOUNTS (Contd.)

pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

14 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

16 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer

NOTES FORMING PART OF ACCOUNTS (Contd.)

exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

18 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

  Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

21 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

23 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
5. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached
For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Registration No: 000679S)
By the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 28, 2017

For and on behalf of the Board

GAURAV CHATURVEDI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN:01367727

ESTHER MALINI
Director
DIN: 07124748

Place : Chennai
Date : April 28, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ in crore	*₹ in crore*
Profit/ (Loss) before depreciation, exceptional and extra ordinary items & tax	**(0.33)**	*(1.12)*
Less: Depreciation ,amortization and obsolescence	**–**	–
Profit/ (Loss) before tax	**(0.33)**	*(1.12)*
Less: Provision for tax	**–**	–
Profit/(Loss) after tax for the year carried to the balance sheet	**(0.33)**	*(1.12)*
Add: Balance brought forward from previous year	**(2.18)**	*(1.06)*
Balance carried to Balance Sheet	**(2.51)**	*(2.18)*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The company has not commenced its operations yet. The income earned from investing excess funds are the only income items to the company. The total other income received by the company during the financial year is ₹0.25 crore as against ₹0.54 crore in the previous financial year. The company has made a loss to the extent of ₹0.33 Cr during the financial year as against a loss of ₹1.11 crore in the previous financial year.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 1.85 crore and the net fixed and intangible assets, including leased assets, at ₹ 1.5 crore. Capital Expenditure during the year amounted to ₹ 356.99 crore including ₹ 355.66 crore which is still under development.

DEPOSITS

The Company has not accepted deposits from the public, hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note 5 to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act, which are at arm's length and in ordinary course of business. The Company will adhere to the RPT Policy of the Holding Company and guidelines thereunder.

The disclosure as per Form AOC-2 of the Act is given in this Report as Annexure I.

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

The details of foreign currency expenses are as given below.

Nature of Expenses	Foreign Currency Expenditure		Gain/Loss In INR
	Amount in INR	Amount in Euro	
Toll software license & ETC License	1,259,554.75	17,157.20	7,078.75
Supply of Toll software and AVC	1,280,389.25	17,441.00	7,196.25
Total	**2,539,944.00**	**34,598.20**	**14,275.00**

There were no foreign exchange income.

RISK MANAGEMENT POLICY

The Audit Committee of the Company in its Meeting on 09th July 2015 has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Mr. T.S.Venkatesan, Director, who retired by rotation at the Annual General Meeting of the Company held on September 28, 2016 was re-appointed as Director of the Company.

Mr. Karthikeyan T.V resigned as Director of the Company on July 12, 2016.

Mr. R.G.Ramachandran was appointed as an Additional Director of the Company on July 12, 2016 holds office upto the conclusion of the forthcoming Annual General Meeting.

The Board of Directors of the Company as on March 31, 2017 is as follows:

Sr. No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. R.G.Ramachandran	Director	02671982
3	Dr. Esther Malini	Woman Director	07124748
4	Dr. A.Veeraragavan	Independent Director	07138615
5	Dr. Koshy Varghese	Independent Director	03141594

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr.No.	Name	Designation	Date of Appointment
1	Mr. Indranil Dev Roy	Manager	11/07/2014
2	Mr. Mathew George	Chief Financial Officer	23/02/2015
3	Mr. Karthikeyan T.V	Company Secretary	11/01/2017

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement.

During the year five Board Meetings were held. The details of the Board meetings are given below:

Date	Board Strength	No. of Directors Present
April 26, 2016	5	4
July 12, 2016	6	5
October 20, 2016	5	5
January 11, 2017	5	5
March 20, 2017	5	5

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr.T.S.Venkatesan.

During the year, five audit committee meetings were held and the details are given below:

Date	Strength of the Committee	No. of members present
April 26, 2016	3	2
July 12, 2016	3	2
October 20, 2016	3	3
January 11, 2017	3	3
March 20, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Compliance Officer for ABC and EHS policy of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan.

During the year, two nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
July 12, 2016	3	2
January 11, 2017	3	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT - 9 is enclosed to this Report as **Annexure II**.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms, pursuant to Section 134(3)(c) of the Act that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on December 07, 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions of Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received by the Company during the year 2016-17.

AUDIT AND AUDITOR'S REPORT

Statutory Auditors

The Company in the Fourth Annual General Meeting held on 24th September 2015 for the F-Y 2015-16 had appointed M/s. M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the sixth consecutive Annual General Meeting of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no Emphasis on matter. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

Secretarial Auditors

M/s. B.Chitra & Co (COP No: 2928), a firm of Company Secretaries in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached as Annexure III to this Report.

It contains the following qualification, reservation or adverse remark:

As per Section 203 of the Companies Act 2013 the company has to appoint a Whole-time Company Secretary. The Company has made the appointment of a Company Secretary on 11.01.2017.

Management Response:

The Company was in search of a suitable candidate to be appointed as a whole time Company Secretary as per the provisions of Section 203 of the Act 2013. Subsequently, Mr. Karthikeyan T.V was appointed as Company Secretary of the Company with effect from 11/01/2017.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, NHAI and all other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

T.S.VENKATESAN	**ESTHER MALINI**
Director	*Director*
DIN: 01443165	*DIN: 07124748*

Place: Chennai
Date: April 27, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
L&T Infrastructure Development Projects Limited (L&T IDPL)	Holding Company	Business Support Services ("BSS") provided by L&T IDPL	One year	Operational assistance for project execution, infrastructure support services, accounting and processing of transactions, travel management, employee training and development, dispatch management etc.	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Assistance in employee payouts provided by L&T Limited	For a continuous period unless terminated or the Company ceases to be a part of L&T IDPL Group	Assistance in pay roll processing, reimbursement of employee benefit claims, Employee Travel Expense Management, payment voucher etc.	Nil
Larsen & Toubro Limited (L&T Limited)	Ultimate Holding Company	Engineering, Procurement and Construction works carried out by L&T Limited	For a continuous period till the Completion of Work unless terminated	Design, execution and completion of construction work and remedying defects	Nil

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 27, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2011PLC083661
Registration Date	20/12/2011
Name of the Company	L&T Deccan Tollways Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Ph: 022 4914 2591

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 12, 2016 and the services transfer from Sharepro Services Limited are under process.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of The Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	22624992	129875006*	152499998	99.99	22624992	183375006*	205999998	99.99	35
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**22624992**	**129875006***	**152499998**	**99.99**	**22624992**	**183375006***	**205999998**	**99.99**	**35**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**22624992**	**129875006***	**152499998**	**99.99**	**22624992**	**183375006***	**205999998**	**99.99**	**35**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**22624994**	**129875006***	**152500000**	**100**	**22624994**	**183375006***	**206000000**	**100**	**35**

*including Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (including nominees)	152499998	99.99%	Nil	205999998	99.99%	Nil	35%
	Total	**152499998**	**99.99%**	**Nil**	**205999998**	**99.99%**	**Nil**	**35%**

(iii) Change in Promoters' Shareholding:

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	As on April 01, 2016	152499998	99.99	152499998	99.99
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease:	07.06.2016 2,35,00,000 Increase(allotment)	99.99	175999998	99.99
		03.11.2016 80,00,000- Increase(allotment)	99.99	183999998	99.99
		14.01.2017 1,00,00,000 Increase(allotment)	99.99	193999998	99.99
		23.03.2017 1,20,00,000 Increase(allotment)	99.99	205999998	99.99
	As on March 31, 2017	206000000	99.99	206000000	99.99

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	0.01	2	0.01
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
	As on March 31, 2017	2	0.01	2	0.01

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	3	0.001	3	0.001
	Date wise Increase / Decrease in Share holding during the year : Decrease due to resignation of Mr. Karthikeyan T.V as Director of the Company	1 (decrease)	0.00	1	0.00
	As on March 31, 2017	2	0.001	2	0.001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Particulars of indebtedness as on April 01, 2016				
i) Principal Amount	5,78,38,19,700	–	–	5,78,38,19,700
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**5,78,38,19,700**	**–**	**–**	**5,78,38,19,700**
Change in Indebtedness during the financial year				–
· Addition	2,75,21,26,057	–	–	2,75,21,26,057
· Reduction				–
Net Change	**2,75,21,26,057**	**–**	**–**	**2,75,21,26,057**
Particulars of indebtedness as on March 31, 2017				
i) Principal Amount	8,53,59,45,757	–	–	8,53,59,45,757
ii) Interest due but not paid				–
iii) Interest accrued but not due	–	–	–	–
Total (i+ii+iii)	**8,53,59,45,757**	**–**	**–**	**8,53,59,45,757**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr. Indranil Dev Roy	
1.	Gross salary	₹ 31,64,390/-	₹ 31,64,390/-
	(a) Salary as per provisions contained in section 17(1) of the Income tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	– as % of profit		
	– others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**₹ 31,64,390/-**	**₹ 31,64,390/-**
	Ceiling as per the Act	**₹ 1,28,02,065/-**	**₹ 1,28,02,065/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Dr. A.Veeraragavan	Dr. Koshy Varghese	
	Fee for attending Board Meeting	₹ 1,25,000/-	₹ 1,00,000/-	₹ 2,25,000/-
	Fee for attending committee meetings	₹ 80,000/-	₹ 60,000/-	₹ 1,40,000/-
	Commission	–	–	–
	Others, please specify	–	–	
	Total (1)	**₹ 2,05,000/-**	**₹ 1,60,000/-**	**₹ 3,65,000/-**
2	Other Non-Executive Directors Mr. R.G.Ramachandran Mr. T.S.Venkatesan Dr. Esther Malini No Fee for attending board / committee Meetings and no Commission	Nil	Nil	**Nil**
	Total (2)			
	Total (B)=(1+2)	**₹ 2,05,000/-**	**₹ 1,60,000/-**	**₹ 3,65,000/-**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. Mathew George, CFO and Mr. Karthikeyan T.V, Company Secretary of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 27, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017.

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L&T Deccan Tollways Limited
Mount Poonamalle Road, Manapakkam,
Chennai - 600089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Deccan Tollways Limited (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) *The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) *Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

(a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

(b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

(c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

(d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;

(e) * The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

(f) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

(h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws applicable specifically to the company: Nil

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc.,

In respect of financial laws like Tax laws, etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) *Listing Obligations and Disclosure Regulations of Securities Exchange Board of India.

During the period under review the Company has generally complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above except the following:

1. **As per Section 203 of the Companies Act 2013 the company has to appoint a Whole-time Company Secretary. The Company has made the appointment of a Company Secretary on 11.01.2017.**

Note:

*** Denotes "NOT APPLICABLE".**

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors, Women Director and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company had the following major transactions/ events:

1. The Company has made 4 times the allotments in respect of Equity Shares on Rights basis paripassu with existing equity shares during the year to the Holding Company L&T Infrastructure Development Projects Limited Totalling to ₹ 53.50 Crores at PAR.
2. The Company has altered the Articles of Association by Annexing a Part-A comprising of Clauses 1 to 13 with the approval of members of the Company by a special Resolution. The alteration has been made pursuant to investment agreement entered into by the holding Company, L&T Infrastructure Development Projects Limited with CPP Investment Board Singaporean Holdings 1 PTE Ltd based on which a perpetual deed was entered into between the shareholders of the Company and CPP Investment Board Singaporean Holdings 1 PTE Ltd, which required the said alteration. The alteration seeks in substance to define the modus operandi of appointment of Directors on the Board of the Company.

This report has to be read along with our statement furnished in Annexure A

Place : Chennai
Date : 26.04.2017

For **Chitra &Co**

B. CHITRA
FCS No.:4509
C P No.:2928

Annexure 'A'

To,
The Members,
L&T Deccan Tollways Limited
Mount Poonamalle Road, Manapakkam,
Chennai - 600089

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2017

1. Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.

6. The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

Place : Chennai
Date : 26.04.2017

For **Chitra &Co**

B. CHITRA
FCS No.:4509
C P No.:2928

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T DECCAN TOLLWAYS LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T Deccan Tollways Limited ("the Company"), which comprise the Balance Sheet as at 31st March 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (14) to the Ind AS financial statements.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The Company does not have any immovable properties and hence clause 3 (i)(c) of the Companies (Auditor's Report) Order 2016 is not applicable.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders.

9. The moneys raised by way of term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Deccan Tollways Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M. K. DANDEKER & CO.,
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	31.03.2017 ₹	31.03.2016 ₹	01.04.2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**15,007,031**	*3,610,638*	*4,290,718*
b) Intangible assets under development	2	**10,825,681,197**	*7,269,066,471*	*2,518,328,843*
c) Financial Assets				
i) Loans	3	**8,149,742**	*415,396,457*	*1,170,000,000*
d) Other non-current assets	4	**6,743,660**	*8,805,277*	*5,218,357*
	A	**10,855,581,630**	*7,696,878,843*	*3,697,837,918*
Current assets				
a) Financial Assets				
i) Investments	5	**22,500,162**	*70,676,209*	*6,043,975*
ii) Cash and bank balances	6	**125,871,491**	*123,736,351*	*256,376,858*
iii) Loans	3	**3,373,980**	*255,300*	*255,300*
b) Other current assets	4	**22,859,779**	*129,516,783*	*11,394,492*
	B	**174,605,412**	*324,184,643*	*274,070,625*
TOTAL	A+B	**11,030,187,042**	*8,021,063,486*	*3,971,908,543*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	**2,060,000,000**	*1,525,000,000*	*685,000,000*
b) Other Equity	8	**103,236,632**	*(21,841,314)*	*(10,697,110)*
	C	**2,163,236,632**	*1,503,158,686*	*674,302,890*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	**8,508,313,139**	*5,772,439,706*	*2,323,383,174*
b) Provisions	10	**7,086,121**	*6,483,853*	*1,676,996*
	D	**8,515,399,260**	*5,778,923,559*	*2,325,060,170*
Current liabilities				
a) Other current liabilities	11	**351,060,384**	*738,626,913*	*972,545,483*
b) Provisions	10	**490,766**	*354,328*	-
	E	**351,551,150**	*738,981,241*	*972,545,483*
Total Equity and Liabilities	C+D+E	**11,030,187,042**	*8,021,063,486*	*3,971,908,543*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier
Place : Chennai
Date : April 26, 2017

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Construction contract revenue			**2,921,580,538**		*4,353,935,895*
Other income	**12**		**2,596,426**		*5,492,546*
Total Revenue			**2,924,176,964**		*4,359,428,441*
EXPENSES					
Construction contract expenses			**2,921,580,538**		*4,353,935,895*
Employee benefit expenses	**13**		**1,526,920**		*1,499,316*
Finance costs	**14**		**3,295,048**		*6,280,238*
Administration and other expenses	**15**		**1,096,512**		*8,857,196*
Total Expenses			**2,927,499,018**		*4,370,572,645*
Profit/(loss) before tax			**(3,322,054)**		*(11,144,204)*
Tax Expense:					
Current tax		**–**		*–*	
			–		*–*
Profit/(loss) after tax for the year			**(3,322,054)**		*(11,144,204)*
Other Comprehensive Income			**–**		*–*
Total Comprehensive Income for the year			**(3,322,054)**		*(11,144,204)*
Earnings per equity share (Basic and Diluted)	**H (8)**		**(0.02)**		*(0.11)*
Face value per equity share			**10.00**		*10.00*

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier
Place : Chennai
Date : April 26, 2017

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

CASH FLOW STATEMENT AS ON MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**CASHFLOW FROM OPERATING ACTIVITIES**		
	Net profit / (loss) before tax and extraordinary items	(3,322,054)	(11,144,204)
	Adjustment for		
	Interest expense	3,295,048	6,280,238
	Interest income	(203,150)	(98,630)
	(Profit)/loss on sale of current investments(net)	(2,370,776)	(5,391,416)
	(Profit)/loss on sale of fixed assets	(22,500)	(2,500)
	Operating profit before working capital changes	(2,623,432)	(10,356,512)
	Adjustments for:		
	Increase / (Decrease) in long term provisions	602,268	4,806,857
	Increase / (Decrease) in other current liabilitites	(387,566,531)	562,673,807
	Increase / (Decrease) in short term provisions	136,438	354,328
	(Increase) / Decrease in long term loans and advances	(8,149,742)	-
	(Increase) / Decrease in short term loans and advances	(3,118,680)	-
	(Increase) / Decrease in other current assets	(4,203,725)	(7,261,562)
	Net cash generated from/(used in) operating activities	(404,923,404)	550,216,918
	Direct taxes paid (net of refunds)	2,061,617	(3,586,920)
	Net Cash(used in)/generated from Operating Activities	(402,861,787)	546,629,998
B	**Cash flow from investing activities**		
	Purchase of fixed assets incl. pre-operative exps and mobilization advance	(2,463,121,183)	(4,395,244,642)
	Sale of fixed assets	120,661	2,500
	(Purchase)/Sale of current investments	50,546,823	(59,240,818)
	Interest received	203,150	98,630
	Net cash (used in)/generated from investing activities	(2,412,250,549)	(4,454,384,330)
C	**Cash flow from financing activities**		
	Proceeds from issue of equity capital	663,400,000	840,000,000
	Proceeds/ (Repayment) of long term borrowings	5,016,627,948	2,362,058,631
	Proceeds/(repayment) from/of Letter of Credit	(2,264,501,891)	1,094,501,891
	Interest paid	(598,278,581)	(521,446,697)
	Net cash (used in)/generated from financing activities	2,817,247,476	3,775,113,825
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	2,135,140	(132,640,507)
	Cash and cash equivalents as at the beginning of the year	123,736,351	256,376,858
	Cash and cash equivalents as at the end of the year	125,871,491	123,736,351

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

For and on behalf of the Board

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

8 OTHER EQUITY AS ON 31.03.2017

Particulars	**Share application money pending allotment**	**Reserves & Surplus**	
		Retained earnings	**Total**
Balance at the beginning of the reporting period	**–**	**(21,841,314)**	**(21,841,314)**
Total comprehensive income	**–**	**(3,322,054)**	**(3,322,054)**
Issue of share capital	**128,400,000**	**–**	**128,400,000**
Balance at the end of the reporting period	**128,400,000**	**(25,163,368)**	**103,236,632**

OTHER EQUITY AS ON 31.03.2016

Particulars	*Share application money pending allotment*	*Reserves & Surplus*	
		Retained earnings	*Total*
Balance at the beginning of the reporting period	–	*(10,697,110)*	*(10,237,866)*
Total comprehensive income		*(11,144,204)*	*(459,244)*
Balance at the end of the reporting period	–	*(21,841,314)*	*(10,697,110)*

NOTES FORMING PART OF ACCOUNTS

NOTE 1

PROPERTY, PLANT AND EQUIPMENT

2016-17 (Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Owned										
Plant and Equipment	345,625	5,290,332	–	5,635,957	33,448	85,391	–	118,839	5,517,118	312,177
Furniture and fixtures	1,543,288	1,355,401	–	2,898,689	498,478	296,335	–	794,813	2,103,876	1,044,810
Vehicles	1,046,238	2,091,101	–	3,137,339	190,135	538,600	–	728,735	2,408,604	856,103
Office equipment	672,870	5	–	672,875	248,265	241,677	–	489,942	182,933	424,605
Electrical installations	361,455	3,549,507	–	3,910,962	48,481	78,061	–	126,542	3,784,420	312,974
Air conditioning and Refrigeration	333,939	–	–	333,939	185,086	132,793	–	317,879	16,060	148,853
Computers, laptops and printers	1,063,808	1,035,846	226,353	1,873,301	552,692	454,781	128,192	879,281	994,020	511,116
Total	**5,367,223**	**13,322,192**	**226,353**	**18,463,062**	**1,756,585**	**1,827,638**	**128,192**	**3,456,031**	**15,007,031**	**3,610,638**

2015-16 (Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Owned										
Plant and Equipment	345,625	–	–	345,625	–	33,448	–	33,448	312,177	345,625
Furniture and fixtures	1,543,288	–	–	1,543,288	–	498,478	–	498,478	1,044,810	1,543,288
Vehicles	359,979	686,259	–	1,046,238	–	190,135	–	190,135	856,103	359,979
Office equipment	615,834	57,036	–	672,870	–	248,265	–	248,265	424,605	615,834
Electrical installations	361,455	–	–	361,455	–	48,481	–	48,481	312,974	361,455
Air conditioning and Refrigeration	333,939	–	–	333,939	–	185,086	–	185,086	148,853	333,939
Computers, laptops and printers	730,598	333,210	–	1,063,808	–	552,692	–	552,692	511,116	730,598
Total	**4,290,718**	**1,076,505**	**–**	**5,367,223**	**–**	**1,756,585**	**–**	**1,756,585**	**3,610,638**	**4,290,718**
Previous year	–	–	–	*4,290,718*	–	–	–	–		

NOTE 2

INTANGIBLE ASSETS UNDER DEVELOPMENT

2016-17 (Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	As at 01.04.2016	For the year	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016
Construction cost	6,453,675,956	2,716,318,185	–	9,169,994,141	–	–	–	–	9,169,994,141	6,453,675,956
Pre-operative expenses pending allocation	815,390,515	840,296,541	–	1,655,687,056	–	–	–	–	1,655,687,056	815,390,515
Total	**7,269,066,471**	**3,556,614,726**	**–**	**10,825,681,197**	**–**	**–**	**–**	**–**	**10,825,681,197**	**7,269,066,471**

2015-16 (Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	As at 01.04.2015	For the year	Deductions	As at 31.03.2016	As at 31.03.2016	As at 01.04.2015
Construction cost	2,225,676,411	4,227,999,545	–	6,453,675,956	–	–	–	–	6,453,675,956	2,225,676,411
Pre-operative expenses pending allocation	292,652,432	522,738,083	–	815,390,515	–	–	–	–	815,390,515	292,652,432
Total	**2,518,328,843**	**4,750,737,628**	**–**	**7,269,066,471**	**–**	**–**	**–**	**–**	**7,269,066,471**	**2,518,328,843**
Previous year	–	–	–	*2,518,328,843*	–	–	–	–		

NOTES FORMING PART OF ACCOUNTS (CONTD.)

2a) INTANGIBLE ASSETS UNDER DEVELOPMENT

Particulars	As at 01.04.2016 ₹	2016-17 ₹	As at 31.03.2017 ₹
a) Construction cost			
EPC cost	6,453,675,956	2,716,318,185	**9,169,994,141**
Total (A)	6,453,675,956	2,716,318,185	**9,169,994,141**
b) Pre-operative expenses pending allocation			
Concession Fee	2	1	**3**
Insurance	4,056,664	2,308,246	**6,364,910**
Repairs and maintenance			
Toll Road and Bridge	–	24,005,040	**24,005,040**
Plant and machinery	–	10,307	**10,307**
Others	5,689,112	1,201,322	**6,890,434**
Power and fuel	761,999	454,424	**1,216,423**
Depreciation and amortisation	4,674,460	1,827,640	**6,502,100**
Salaries and wages	57,167,482	24,969,316	**82,136,798**
Contribution and provisions for			
Provident fund	2,410,889	1,141,345	**3,552,234**
Gratuity	1,741,052	295,998	**2,037,050**
Compensated absences	2,729,085	1,540,777	**4,269,862**
ESI	–	1,041	**1,041**
Retention Pay Scheme	2,833,432	2,029,876	**4,863,308**
Staff Welfare Expenses	2,473,983	1,476,032	**3,950,015**
Interest on borrowings (term loans)	390,468,408	689,591,638	**1,080,060,046**
Bank charges and bank guarantee charges	20,016,482	31,605	**20,048,087**
Finance Charges Others	89,579,560	–	**89,579,560**
Rent, rates and taxes	2,893,041	989,803	**3,882,844**
Professional fees	203,266,763	66,614,021	**269,880,784**
Postage and Communication expenses	1,556,562	654,816	**2,211,378**
Printing and Stationery	324,009	94,898	**418,907**
Travelling and conveyance	19,441,239	9,440,569	**28,881,808**
Miscellaneous expenses	3,306,291	11,617,826	**14,924,117**
Total (B)	815,390,515	840,296,541	**1,655,687,056**
Grand Total (A+B)	7,269,066,471	3,556,614,726	**10,825,681,197**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 3

LOANS

Particulars	31.03.2017 Current	31.03.2017 Non-current	31.03.2017 Total	31.03.2016 Current	31.03.2016 Non-current	31.03.2016 Total	01.04.2015 Current	01.04.2015 Non-current	01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Security deposits									
Unsecured, considered good	3,373,980	–	3,373,980	255,300	415,396,457	415,651,757	255,300	1,170,000,000	1,170,255,300
b) Capital Advances, Unsecured Considered Good									
Others	–	8,149,742	8,149,742	–	–	–	–	–	–
	3,373,980	8,149,742	11,523,722	255,300	415,396,457	415,651,757	255,300	1,170,000,000	1,170,255,300

NOTE 4

OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	31.03.2017 Current	31.03.2017 Non-current	31.03.2017 Total	31.03.2016 Current	31.03.2016 Non-current	31.03.2016 Total	01.04.2015 Current	01.04.2015 Non-current	01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Advances other than capital advances									
Other advances	4,897,887	–	4,897,887	114,000,600	–	114,000,600	14,000	–	14,000
Advance recoverable other than in cash									
Prepaid Insurance	1,340,842	–	1,340,842	985,921	–	985,921	1,076,571	–	1,076,571
Prepaid expenses	855,811	–	855,811	46,876	–	46,876	561,703	–	561,703
VAT recoverable	15,765,239	–	15,765,239	14,483,386	–	14,483,386	9,730,968	–	9,730,968
Income tax net of previous year provisions	–	6,743,660	6,743,660	–	8,805,277	8,805,277	–	5,218,357	5,218,357
	22,859,779	6,743,660	29,603,439	129,516,783	8,805,277	138,322,060	11,394,492	5,218,357	16,612,849

NOTE 5

INVESTMENTS

Particulars	As at 31.03.2017 Current	As at 31.03.2016 Current	As at 01.04.2015 Current
	₹	₹	₹
Investments at fair value through Profit and loss			
Investments in mutual funds	22,500,162	70,676,209	6,043,975
	22,500,162	70,676,209	6,043,975
Aggregate amount of quoted investments	22,418,344	70,499,334	6,001,899
Aggregate amount of market value of above	22,500,162	70,676,209	6,043,975

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 6

CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
a) Balances with banks	**125,871,491**	*123,736,351*	*106,360,420*
b) Term deposits with banks including interest accrued thereon	**–**	*–*	*150,016,438*
	125,871,491	*123,736,351*	*256,376,858*

NOTE 7

SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised:						
Equity shares of ₹ 10 each	**310,000,000**	**3,100,000,000**	*310,000,000*	*3,100,000,000*	*310,000,000*	*3,100,000,000*
Issued, subscribed and fully paid up	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*
Equity shares of ₹ 10 each	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**152,500,000**	**1,525,000,000**	*68,500,000*	*685,000,000*	*25,680,000*	*256,800,000*
Issued during the year as fully paid	**53,500,000**	**535,000,000**	*84,000,000*	*840,000,000*	*42,820,000*	*428,200,000*
At the end of the year	**206,000,000**	**2,060,000,000**	*152,500,000*	*1,525,000,000*	*68,500,000*	*685,000,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited	**205,999,998**	**2,059,999,980**	*152,499,998*	*1,524,999,980*	*68,499,998*	*684,999,980*
	205,999,998	**2,059,999,980**	*152,499,998*	*1,524,999,980*	*68,499,998*	*684,999,980*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(v) Details of Shareholders holding more than 5% shares in the company:

	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited	**205,999,998**	**99.99%**	*152,499,998*	*99.99%*	*68,499,998*	*99.99%*
	205,999,998	**99.99%**	*152,499,998*	*99.99%*	*68,499,998*	*99.99%*

NOTE 9

BORROWINGS

Particulars	**As at 31.03.2017 Current**	**Non-current**	**Total**	*As at 31.03.2016 Current*	*Non-current*	*Total*	*As at 01.04.2015 Current*	*Non-current*	*Total*
	₹	**₹**	**₹**	*₹*	*₹*	*₹*	*₹*	*₹*	*₹*
Secured borrowings									
a) Term loans									
i) From banks	**–**	**6,535,109,114**	**6,535,109,114**	*–*	*4,687,374,257*	*4,687,374,257*	*–*	*2,323,383,174*	*2,323,383,174*
ii) From others	**–**	**1,973,204,025**	**1,973,204,025**	*–*	*1,085,065,449*	*1,085,065,449*	*–*	*–*	*–*
	22,921,401	**8,508,313,139**	**8,531,234,540**	*–*	*5,772,439,706*	*5,772,439,706*	*–*	*2,323,383,174*	*2,323,383,174*

Details of long term borrowings

Particulars	**Effective interest rate**	**Terms of repayment**
Term loans from banks	Base rate + applicable spread	Repayable in 162 monthly instalments beginning from September 30, 2017 and ending on March 31, 2031 at specified amounts.
Term loans from others	Base rate + applicable spread	

Nature of security for term loans/debentures

Pari passu charge over

a) all immovable properties (present and future), excluding project assets specified in concession agreement.

b) all tangible movable assets (present and future), including all movable plant, machinery, spares, tools, fittings etc., excluding project assets specified in concession agreement.

c) Charge on all accounts, including the Escrow Account and the Debt Service Reserve Accounts that may be opened in accordance with the agreement thereof or any other Project Documents and all funds deposited therein, the Receivables and all Authorised Investments etc.

d) Charge on right, interest etc. to/in respect of intellectual property rights and uncalled capital (present and future) of the Company, all intangible assets of the Company viz goodwill, trademark etc.

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
Long term borrowings	**8,508,313,139**	*5,772,439,706*	*2,323,383,174*
Current maturities of long term borrowings [Refer note 11]	**22,921,401**	–	–

NOTE 10

PROVISIONS

Particulars	**As at 31.03.2017 Current**	**Non-current**	**Total**	*As at 31.03.2016 Current*	*Non-current*	*Total*	*As at 01.04.2015 Current*	*Non-current*	*Total*
	₹	**₹**	**₹**	*₹*	*₹*	*₹*	*₹*	*₹*	*₹*
Provision for employee benefits	**490,766**	**7,086,121**	**7,576,887**	*354,328*	*6,483,853*	*6,838,181*	*–*	*1,676,996*	*1,676,996*
	490,766	**7,086,121**	**7,576,887**	*354,328*	*6,483,853*	*6,838,181*	*–*	*1,676,996*	*1,676,996*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 11

OTHER CURRENT AND NON-CURRENT LIABILITIES

Particulars	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
i) Current maturities of long term borrowings	22,921,401	–	22,921,401	–	–	–	–	–	–
ii) Liability for expenses	307,214,663	–	307,214,663	706,773,249	–	706,773,249	838,723,212	–	838,723,212
iii) Statutory payables	20,924,320	–	20,924,320	31,853,664	–	31,853,664	133,822,271	–	133,822,271
	351,060,384	–	351,060,384	738,626,913	–	738,626,913	972,545,483	–	972,545,483

F Contingent Liabilities

Contingent liabilities for the current year ₹ Nil (previous year: ₹ Nil).

G Commitments

Estimated amount of contracts remaining to be executed on capital account (net of advances) ₹ 184,72,40,958/- (previous year: ₹441,79,00,445/-)

NOTE 12

OTHER INCOME

Particulars	2016-17		*2015-16*	
	₹	₹	₹	₹
Interest income from:				
Bank deposits	43,150		–	
Others	160,000		98,630	
		203,150		98,630
Net gain/(loss) on financial assets designated at FVTPL		2,370,776		5,391,416
Profit/(loss) on disposal of property,plant and equipment		22,500		2,500
		2,596,426		5,492,546

NOTE 13

EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17	*2015-16*
	₹	₹
Salaries, wages and bonus	1,455,945	1,423,608
Contributions to and provisions for:		
Provident fund	70,975	75,708
	1,526,920	1,499,316

NOTE 14

FINANCE COSTS

Particulars	2016-17	*2015-16*
	₹	₹
Interest on borrowings	3,295,048	6,280,238
	3,295,048	6,280,238

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 15

ADMINISTRATION AND OTHER EXPENSES

Particulars	**2016-17** ₹	*2015-16* ₹
Rent, Rates and taxes	**–**	*8,625,000*
Payments to auditor (refer note (a) below)	**677,112**	*232,196*
Professional fees	**419,400**	*–*
	1,096,512	*8,857,196*

(a) Payments to auditor (including service tax) as follows:

Particulars	**2016-17** ₹	*2015-16* ₹
a) As auditor	**165,600**	*137,400*
b) For taxation matters	**–**	*28,625*
c) For company law matters	**–**	*34,350*
d) For other services	**511,512**	*31,821*
Total	**677,112**	*232,196*

NOTE H

NOTES FORMING PART OF ACCOUNTS

1) **Corporate Information**

L&T Deccan Tollways Limited is a Special Purpose Vehicle (SPV) incorporated on 20th December 2011 for the purpose of widening of existing two-lane, 145 kilometers stretch covering Km 349.060 to Km 494.046 from KN/MH Border to Sangareddy to make it four lane divided Carriageway facility under Natonal Highways Development Program 3 of National Highways Authrority of India(Government of India), and operation and maintenance thereof, under the Concession Agreement dated 2nd February 2012. The Concession is for a period of 25 years including the construction period. At the end of the 25 years the entire facility will be transferred to National Highways Authority of India. The company at present in Implementation/Construction stage.

2) **The Company has incurred expenditure in foreign currency during the year.** ₹ 25,39,944/- (previous year: ₹ Nil)

3) **Disclosure pursuant to Ind AS 19 "Employee benefits":**

(i) Defined contribution plan:

An amount of ₹ 12,12,320 (previous year : ₹ 11,23,526) being contribution made to recognised provident fund is partly as pre-operative expenses under Intangibles under development (Note 2a) and partly as expense and included under Employee benefit expense (Note 13) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them

i	Benefits offered	15/ 26 × Salary × Duration of Service
ii	Salary definition	Basic Salary including Dearness Allowance (if any)
iii	Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
iv	Vesting conditions	5 years of continuous service (Not applicable in case of death/disability)
v	Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
vi	Retirement age	58 Years

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) The amounts recognised in Balance Sheet are as follows:

Particulars		**As at 31.03.2017**	*As at 31.03.2016*
		₹	*₹*
A)	Present value of defined benefit obligation		
	- Wholly funded	**2,122,482**	–
	- Wholly unfunded	**–**	*1,741,052*
		2,122,482	*1,741,052*
	Less : Fair value of plan assets	**1,881,959**	–
	Amount to be recognised as liability or (asset)	**240,523**	*1,741,052*
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**240,523**	*1,741,052*
	Assets	**–**	–
	Net Liability / (asset)	**240,523**	*1,741,052*

c) The amounts recognised in the Statement of Profit and loss and amount capitalized during the year are as follows:

Particulars		**As at 31.03.2017**	*As at 31.03.2016*
		₹	*₹*
1	Current service cost	**394,170**	*365,650*
2	Interest on Defined benefit obligation	**64,071**	*97,606*
		458,241	*463,256*

d) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹	*₹*
Opening defined benefit obligation	**1,741,052**	*1,166,143*
Current service cost	**394,170**	*365,650*
Interest cost	**131,322**	*97,606*
Actuarial losses/(gains)		
Due to change in financial assumptions	**133,732**	*92,398*
Due to change in demographic assumption	**–**	*34,640*
Due to experience adjustments	**(277,794)**	*(15,385)*
Benefits paid	**–**	–
Closing balance of the present value of defined benefit obligation	**2,122,482**	*1,741,052*

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹	*₹*
Opening balance of fair value of plan assets	**–**	–
Interest Income	**67,251**	–
Return on plan assets excluding amounts included interest income	**(24,535)**	–
Contribution by employer	**1,839,243**	–
Benefits paid	**–**	–
Closing balance of fair value of plan assets	**1,881,959**	–

The actual return on the assets is ₹ 42,716

NOTES FORMING PART OF ACCOUNTS (CONTD.)

g) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
Insurer managed funds	**100%**	*100%*
	100%	*100%*

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars		**As at 31.03.2017**	*As at 31.03.2016*
1)	Discount rate	6.95%	7.80%
2)	Expected return on plan asset	6.95%	NA
3)	Salary growth rate	6.00%	6.00%
4)	Attrition rate	3% to 15% based on the age band”	3% to 15% based on the age band

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars		**As at 31.03.2017**		*As at 31.03.2016*	
		Change	**Obligation**	*Change*	*Obligation*
i)	Discount rate	**+0.5%**	**2,042,136**	*+0.5%*	*1,674,234*
		-0.5%	**2,207,969**	*-0.5%*	*1,812,234*
ii)	Salary growth rate	**+0.5%**	**2,253,709**	*+0.5%*	*1,813,134*
		-0.5%	**2,041,065**	*-0.5%*	*1,672,823*

4) Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year ₹ 68,95,91,638 (previous year : ₹ 38,97,60,188) and amount charged to Statement of Profit and Loss is ₹ 32,95,048 (previous year: ₹ 62,80,238).

5) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”

a) List of related parties

Ultimate Holding Company : Larsen & Toubro Limited

Holding Company : L&T Infrastructure Development Projects Limited

Fellow Subsidiaries : L&T BPP Tollway Limited

L&T Chennai-Tada Tollway Limited

Devihalli Hassan Tollway Limited

L&T General Insurance Company Limited

L&T Transportation Infrastructure Limited

Western Andhra Tollway Limited

PNG Tollway Limited

Key Managerial Personnel Indranil Dev Roy - Manager

NOTES FORMING PART OF ACCOUNTS (CONTD.)

b) Disclosure of related party transactions:

Particulars	2016-17	2015-16
	₹	₹
1. Purchase of goods and services incl. taxes		
Ultimate Holding Company		
Larson & Toubro Limited	**2,691,450,151**	*4,182,795,074*
Holding company		
L&T Infrastructure Development Projects Limited	**21,788,127**	*17,634,676*
Fellow subsidiaries		
L&T General Insurance Company Limited	**–**	*7,092,350*
2. Purchase of Assets		
Subsidiaries & fellow subsidiaries		
PNG Tollway Limited	**1,345,965**	*17,683*
L&T Chennai-Tada Tollway Limited	**1,365,708**	–
3. Sale of Assets		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*567,323*
Subsidiaries & fellow subsidiaries		
L&T BPP Tollway Limited	**58,340**	–
Devihalli Hassan Tollway Limited	**44,727**	–
4. Reimbursement of expenses charged from		
Ultimate Holding Company		
Larson & Toubro Limited	**57,839,129**	*321,530,758*
5. Reimbursement of expenses charged to		
Ultimate Holding Company		
Larson & Toubro Limited	**30499**	–
Holding company		
L&T Infrastructure Development Projects Limited	**193,429**	
Subsidiaries & fellow subsidiaries		
L&T Transporation Infrastructure Limited	**35,500**	–
Western Andhra Tollway Limited	**32,683**	–
6. Share Capital (including advance against Share capital)		
Holding company		
L&T Infrastructure Development Projects Limited	**663,400,000**	*840,000,000*
7. Refundable deposit received for directors nomination		
Holding company		
L&T Infrastructure Development Projects Limited	**–**	*100,000*
8. Key Managerial Personnel		
Payment of Salary / Perquisites		
Manager - Indranil Dev Roy	**3,164,390**	*2,948,389*

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	Amounts due (to)/from	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(261,212,815)**	*(207,540,776)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(4,782,759)**	*(9,283,617)*
Fellow Subsidiaries		
L&T Chennai-Tada Tollway Limited	**(1,365,708)**	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

d) **Terms and conditions of transactions with related parties**

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through"examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

7) Disclosure pursuant to Ind AS 17 "Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 - "Leases" are not applicable. The Company has taken office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year amounting to ₹ 9,64,310 (previous year ₹ 8,09,742) has been included in Pre-operative expenses pending allocation.

8) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17**	*2015-16*
Basic and Diluted			
Profit after tax as per accounts (₹)	**A**	**(3,322,054)**	*(11,144,204)*
Weighted average number of shares outstanding	**B**	**178,206,285**	*104,926,229*
Basic and Diluted EPS (₹)	**A / B**	**(0.02)**	*(0.11)*
Face value per equity share (₹)		**10.00**	*10.00*

9) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note F to the Balance Sheet.

11) Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

12) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2014 and the financial statements as at and for the year ended 31 March 2015.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	4,290,718	–	4,290,718
b) Intangible assets under development	4	2,522,204,847	(3,876,004)	2,518,328,843
c) Financial Assets				
i) Loans	5	1,170,000,000	–	1,170,000,000
d) Other non-current assets	6	5,218,357	–	5,218,357
	A	3,701,713,922	(3,876,004)	3,697,837,918
Current assets				
a) Financial Assets				
i) Investments	7	6,001,899	42,076	6,043,975
ii) Cash and bank balances	9	256,376,858	–	256,376,858
iii) Loans	5	255,300	–	255,300
b) Other current assets	6	11,394,492	–	11,394,492
	B	274,028,549	42,076	274,070,625
Total Assets	A+B	**3,975,742,471**	**(3,833,928)**	**3,971,908,543**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	10	685,000,000	–	685,000,000
b) Other Equity	11	(10,739,186)	42,076	(10,697,110)
	C	674,260,814	42,076	674,302,890
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	2,327,259,178	(3,876,004)	2,323,383,174
b) Provisions	14	1,676,996	–	1,676,996
	D	2,328,936,174	(3,876,004)	2,325,060,170
Current liabilities				
a) Other current liabilities	15	972,545,483	–	972,545,483
b) Provisions	14	–	–	–
	E	972,545,483	–	972,545,483
Total Equity and Liabilities	C+D+E	**3,975,742,471**	**(3,833,928)**	**3,971,908,543**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

RECONCILIATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	3,610,638	–	3,610,638
b) Intangible assets under development	2	7,280,446,465	(11,379,994)	7,269,066,471
c) Financial Assets				
i) Loans	3	415,396,457	–	415,396,457
d) Other non-current assets	4	8,805,277	–	8,805,277
	A	7,708,258,837	(11,379,994)	7,696,878,843
Current assets				
a) Financial Assets				
i) Investments	5	70,499,334	176,875	70,676,209
ii) Cash and bank balances	6	123,736,351	–	123,736,351
iii) Loans	3	255,300	–	255,300
b) Other current assets	4	129,516,783	–	129,516,783
	B	324,007,768	176,875	324,184,643
Total Assets	A+B	**8,032,266,605**	**(11,203,119)**	**8,021,063,486**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	1,525,000,000	–	1,525,000,000
b) Other Equity	8	(21,883,390)	42,076	(21,841,314)
	C	1,503,116,610	42,076	1,503,158,686
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	5,783,819,700	(11,379,994)	5,772,439,706
b) Provisions	10	6,483,853	–	6,483,853
	D	5,790,303,553	(11,379,994)	5,778,923,559
Current liabilities				
a) Other current liabilities	11	738,626,913	–	738,626,913
b) Provisions	10	354,328	–	354,328
	E	738,981,241	–	738,981,241
Total Equity and Liabilities	C+D+E	**8,032,401,404**	**(11,337,918)**	**8,021,063,486**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Construction contract revenue		–	4,353,935,895	4,353,935,895
Other income	12	5,492,546	–	5,492,546
Total income		**5,492,546**	**4,353,935,895**	**4,359,428,441**
EXPENSES				
Construction contract expenses		–	4,353,935,895	4,353,935,895
Employee benefits expense	13	1,499,316	–	1,499,316
Finance costs	14	6,280,238	–	6,280,238
Administration and other expenses	15	8,857,196	–	8,857,196
Total expenses		**16,636,750**	**4,353,935,895**	**4,370,572,645**
Profit/(loss) before tax		**(11,144,204)**	**–**	**(11,144,204)**
Tax Expense:				
Current tax		–	–	–
		(23,189,357)	**–**	**(23,189,357)**
Profit/(loss) for the year		**(11,144,204)**	**–**	**(11,144,204)**
Other comprehensive income:		**–**	**–**	**–**
Total comprehensive income for the year		**(11,144,204)**	**–**	**(11,144,204)**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

13) Transition adjustments

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹38,76,004. Consequently an amount of ₹38,76,004 has been derecognised from intangibles under development.

(ii) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 42,076 with a corresponding increase in the reserves.

14) Details of Specified Bank Notes held and transacted during the period 09-Nov-2016 to 30-Dec-2016 provided in the table below:

Particulars	SBNs	Other Denomination notes	Total
Opening cash in hand as on 09-Nov-2016	–	9,592	9,592
(+) Permitted receipts	–	124,000	124,000
(-) Permitted payments	–	115,866	115,866
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30-Dec-2016	–	17,726	17,726

NOTES FORMING PART OF ACCOUNTS (CONTD.)

15) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	4	–	–	**11,523,722**	–	–	*415,651,757*	–	–	*1,170,255,300*
Investments	5	**22,500,162**	–		*70,676,209*	–	–	*6,043,975*	–	–
Cash and bank balances	6	–	–	**125,871,491**	–	–	*123,736,351*	–	–	*256,376,858*
Total Financial Asset		**22,500,162**	–	**137,395,213**	*70,676,209*	–	*539,388,108*	*6,043,975*	–	*1,426,632,158*
Financial liability										
Term Loan from Banks	9	–	–	**6,535,109,114**	–	–	*4,687,374,257*	–	–	*2,323,383,174*
Term Loan from others	9	–	–	**1,973,204,025**	–	–	*1,085,065,449*	–	–	–
Total Financial Liabilities		–	–	**8,508,313,139**	–	–	*5,772,439,706*	–	–	*2,323,383,174*

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

16) Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	4	**11,523,722**	**11,523,722**	*415,651,757*	*415,651,757*	*1,170,255,300*	*1,170,255,300*
Cash and bank balances	6	**125,871,491**	**125,871,491**	*123,736,351*	*123,736,351*	*256,376,858*	*256,376,858*
Total Financial Assets		**137,395,213**	**137,395,213**	*539,388,108*	*539,388,108*	*1,426,632,158*	*1,426,632,158*
Financial liability							
Term Loan from Banks	9	**6,535,109,114**	**6,535,109,114**	*4,687,374,257*	*4,687,374,257*	*2,323,383,174*	*2,323,383,174*
Term Loan from others	9	**1,973,204,025**	**1,973,204,025**	*1,085,065,449*	*1,085,065,449*	-	-
Total Financial Liabilities		**8,508,313,139**	**8,508,313,139**	*5,772,439,706*	*5,772,439,706*	*2,323,383,174*	*2,323,383,174*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

17) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	22,500,162	–	–	22,500,162
Total of Financial Assets		**22,500,162**	**–**	**–**	**22,500,162**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	11,523,722	11,523,722
Total of Financial Assets		**–**	**–**	**11,523,722**	**11,523,722**
Financial Liabilities					
Term Loan from Banks	9	–	6,535,109,114	–	6,535,109,114
Term Loan from related parties	9	–	1,973,204,025	–	1,973,204,025
Total Financial liabilties		**–**	**8,508,313,139**	**–**	**8,508,313,139**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	70,676,209	–	–	70,676,209
Total of Financial Assets		**70,676,209**	**–**	**–**	**70,676,209**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	415,651,757	415,651,757
Total Financial Assets		**–**	**–**	**415,651,757**	**415,651,757**
Financial Liabilities					
Term Loan from Banks	9	–	4,687,374,257	–	4,687,374,257
Term Loan from related parties	9	–	1,085,065,449	–	1,085,065,449
Total Financial Liabilities		**–**	**5,772,439,706**	**–**	**5,772,439,706**

As at April 01, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	6,043,975	–	–	6,043,975
Total of Financial Assets		**6,043,975**	**–**	**–**	**6,043,975**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	–	1,170,255,300	1,170,255,300
Total of Financial Assets		**–**	**–**	**1,170,255,300**	**1,170,255,300**
Financial Liabilities					
Term Loan from Banks	9	–	2,323,383,174	–	2,323,383,174
Term Loan from related parties	9	–	–	–	–
Total of Financial Liabilities		**–**	**2,323,383,174**	**–**	**2,323,383,174**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Effective rate of borrowing
Term Loan from related parties	Income	Effective rate of borrowing
Other Current Financial Liabilities	Income	Effective rate of borrowing

18) Asset pledged as security

Particulars	Note no	31.03.2017	31.03.2016	01.04.2015
Non Financial Asset				
Property, Plant & Equipment	1	**15,007,031**	*3,610,638*	*4,290,718*
Financial Asset				
Investments	5	**22,500,162**	*70,676,209*	*6,043,975*
Cash and bank balances	6	**125,871,491**	*123,736,351*	*256,376,858*
Security Deposits	4	**11,523,722**	*415,651,757*	*1,170,255,300*
TOTAL		**174,902,406**	*613,674,955*	*1,436,966,851*

H NOTES FORMING PART FINANCIAL STATEMENTS

19) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
Senior Debt from Banks - Variable rate borrowings	9	**8,508,313,139**	*5,772,439,706*	*2,323,383,174*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis points	**17,850,941**	*10,119,779*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds	5	**22,500,162**	*70,676,209*	*6,043,975*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 1%	**225,002**	*706,762*

Note - In case of decrease in NAV profit will reduce and vice versa.

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

Since the loan has not been fully drawn and the project is still under progress, the period/ year wise due of contractual maturities have not been disclosed.

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	**Measurement basis**
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

"A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs)."

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Dividend income is recognised when the right to receive the same is established by the reporting date.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

5 **Cash flow statement**

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 **Property, plant and equipment (PPE)**

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions. For the assets that are transferred / sold within the group companies, depreciation is calculated up to the month preceding the month of transfer / sale within the group.

The estimated useful lives of the assets as per management evaluation are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
Toll equipment	7
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Carriageways consisting Toll Colletion Rights is still under development (under intangibles under development). Upon successful completion of the project, the assets would be capitalized and amortized under straight line method on a proportionate basis over the life of the asset till end of the concession period.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as “Intangible assets under development”.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:

(i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

11 Investments

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss. In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.

14 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted

NOTES FORMING PART OF ACCOUNTS (CONTD.)

for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

16 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

18 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added

NOTES FORMING PART OF ACCOUNTS (CONTD.)

to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.”

20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

21 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

23 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Note A: First time adoption of Ind AS

"The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

As per our report even date attached
M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)
by the hand of

For and on behalf of the Board

S.POOSAIDURAI
Partner
Membership No. 223754
Place : Chennai
Date : April 26, 2017

MATHEW GEORGE
Chief Financial Offier

KARTHIKEYAN T. V.
Company Secretary
M. No. A9743

R. G. RAMACHANDRAN
Director
DIN: 02671982

T. S. VENKATESAN
Director
DIN: 01443165

Place : Chennai
Date : April 26, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Ninth report and Audited Accounts for the period ended 31st December, 2016.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016**	*2015*
	OMR	*OMR*
Total Income	**12,505,025**	*16,012,868*
Less: Total Expenditure	**12,998,648**	*16,415,310*
Operating Profit / (Loss)	**(493,623)**	*(402,442)*
Add: Interest Income	**–**	*758*
Less: Finance Costs	**599,552**	*421,484*
Profit / (Loss) before Tax	**(1,093,175)**	*(823,168)*
Less : Deferred Tax Asset / Liability	**107,441**	*89,378*
Net Profit / (Loss) after Tax	**(1,200,616)**	*(912,546)*
Add: Balance b/f from previous year	**(8,681,262)**	*(7,802,109)*
Balance available for disposal which directors appropriate as follows:		
Add: Re-measurement of gratuity	**35,284**	*33,393*
Less: Dividend	**–**	*–*
Less: Transfer to Reserves	**–**	*–*
Balance to be carried forward	**(9,846,594)**	*(8,681,262)*

2. **CAPITAL & FINANCE:**

During the year, the bank facility of USD 75 million has been reviewed & renewed by bank with increase in interest rate by 0.5% & 0.25% for Long Term & Short Term Loans respectively.

During the year, the Company repaid a part of its long term loans, equivalent to about OMR 1.27 Million

3. **CAPITAL EXPENDITURE:**

As at 31st December, 2016, the gross fixed and intangible assets including leased Assets, stood at OMR 17,254,129 and the net fixed and intangible assets, including leased assets, at OMR 10,791,400. Capital Expenditure during the year amounted to OMR 31,767.

4. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

The company has no Subsidiary, Associate or Joint Venture companies.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has disclosed the particulars of the loans given to related party in Note No. 6 of the financial statements.

6. **STATE OF COMPANY AFFAIRS / BUSINESS PROSPECTS:**

The gross sales and other income for the financial year under review were OMR 12,505,025/- as against OMR 16,012,868/- for the previous financial year registering a decrease of 22%. The profit / (loss) before tax from continuing operations including extraordinary and exceptional items was OMR (1,093,175) and the profit / (loss) after tax from continuing operations including extraordinary and exceptional items of OMR (1,200,616) for the financial year under review as against OMR (823,168) and OMR (912,546) respectively for the previous financial year, registering an increase of 33 % and 32% respectively.

BUSINESS SCENARIO AND PROSPECTS.

Oman & Middle East is an important market with projects like Liwa Plastics, OMPET, Duqm Refinery, Salalha LPG, Saih Nihayda Phase-2 & Kauther Phase-2, Yibal Khuff Development. Other Middle East country projects include BAPCO Bahrain, Takreer UAE,Saudi Yanbu Grassroot & Al-Jubail offsite & utilities unit.

7. **AMOUNT TO BE CARRIED TO RESERVE:**

No Legal reserve created during the year.

8. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year.

9. RISK MANAGEMENT POLICY:

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

There are no changes in the management of the Co. The list of Directors & Key Managerial personnel is as follows:

Sr. no.	Name of Key Person	Position
1	Mr. Y.S. Trivedi	Chairman
2	Mr. Robert Ambrose	Co-Chariman
3	Mr. Anil V. Parab	Director
4	Mr. Sanjay Sharma	Director
5	Mr. T.N. Ranjan	Director
6	Mr. W.P. Parthasarathy	Director
7	Mr. Rajesh Sharma	Chief Executive
8	Mr. A Shreeram	Chief Financial Officer

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :

The Meetings of the Board are held at regular intervals. During the year under review meetings were held as follows.

Sr. no.	Meeting	Date
1	Board Meeting	10th January, 2016
2	Board Meeting	24th February, 2016
3	Board Meeting	22nd December, 2016

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

12. FINANCIAL STATEMENTS:

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

13. AUDITORS:

M/s PKF LLC, Chartered Accountants, Muscat are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

14. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the local statutes for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

15. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in Sultanate of Oman and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners.

For and on behalf of the Board

SANJAY SHARMA — *Director*

W. P. PARTHASARATHY — *Director*

Date: February 5, 2017
Place: Mumbai

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.

Opinion

We have audited the financial statements of **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.** (the Company), which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note number 2.3 in the financial statements, which indicates that the company has incurred significant accumulated losses of RO.9,846,594 which has completely eroded the share capital of RO.5,665,000 as at 31st December 2016. However, members have agreed to continue with the operations of the company and have agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

For **PKF L.L.C.**

Chartered Accountants

Percy R. Bhaya

Muscat
Sultanate of Oman

Date: 5th February 2017

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2016

	Notes	2016 RO.	*2015 RO.*
ASSETS			
NON-CURRENT ASSETS			
Property, plant and equipment	3	**10,791,400**	*11,377,328*
Deferred tax asset	19	**1,067,069**	*1,097,069*
		11,858,469	*12,474,397*
CURRENT ASSETS			
Inventories	4	**271,405**	*794,699*
Contract and other receivables	5	**6,633,941**	*5,156,814*
Amounts due from customers for contract works	14	**1,387,575**	*7,345,108*
Amount due from related parties	6	**63,869**	*42,068*
Cash and cash equivalents	7	**149,521**	*64,260*
		8,506,311	*13,402,949*
TOTAL ASSETS		**20,364,780**	*25,877,346*
EQUITY AND LIABILITIES			
MEMBERS' FUNDS			
Share capital	8	**5,665,000**	*5,665,000*
Legal reserve		**167,253**	*167,253*
Reserve for members' loans		**1,683,581**	*1,683,581*
Accumulated losses		**(9,846,594)**	*(8,681,262)*
Hedging reserve		**–**	*2,902*
Deficit in equity funds		**(2,330,760)**	*(1,162,526)*
Loans from members	9	**7,578,814**	*7,321,835*
Members' funds		**5,248,054**	*6,159,309*
NON-CURRENT LIABILITIES			
Interest bearing borrowings	10	**1,900,412**	*3,167,355*
Deferred tax liability	19	**470,862**	*393,421*
Other non-current liability	11	**54,279**	*79,905*
		2,425,553	*3,640,681*
CURRENT LIABILITIES			
Bank borrowings	12	**5,617,440**	*4,423,940*
Trade and other payables	13	**6,798,534**	*10,330,263*
Amounts due to customers for contract works	14	**–**	*1,043,740*
Amounts due to related parties	6	**263,109**	*266,061*
Staff end of service gratuity		**12,090**	*13,352*
		12,691,173	*16,077,356*
TOTAL EQUITY AND LIABILITIES		**20,364,780**	*25,877,346*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2868 and 2869.

These financial statements have been approved and authorised for issue by the Board of Directors

For **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.**

W. P. PARTHASARATHY	**SANJAY SHARMA**	**ROBERT AMBROSE**	**RAJESH SHARMA**	**A SHREERAM**
Director	*Director*	*Co-Chairman*	*Chief Executive*	*Chief Financial Officer*

Date: February 5, 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016 RO.	2015 RO.
REVENUES		**12,466,989**	*15,998,444*
Contract costs	**15**	**(11,084,371)**	*(14,183,296)*
GROSS PROFIT		**1,382,618**	*1,815,148*
Other operating income	**16**	**38,036**	*14,424*
Staff costs		**(1,356,873)**	*(1,594,983)*
Depreciation		**(119,065)**	*(106,909)*
Provision for bad and doubtful debts		**(200,200)**	—
Other operating expenses	**17**	**(238,139)**	*(530,122)*
LOSS FROM OPERATING ACTIVITIES		**(493,623)**	*(402,442)*
Finance costs	**18**	**(599,552)**	*(420,726)*
NET LOSS FOR THE YEAR BEFORE TAX		**(1,093,175)**	*(823,168)*
Income tax debit	**19**	**(107,441)**	*(89,378)*
NET LOSS FOR THE YEAR AFTER TAX		**(1,200,616)**	*(912,546)*
Other comprehensive (loss)/profit for the year			
Items that will not be reclassified subsequently to profit or loss: (net of tax)			
Re-measurement of staff end of service gratuity		**35,284**	*33,393*
Items that may be reclassified subsequently to profit or loss: (net of tax)			
Reserve for members' loans		**–**	*(291,077)*
Fair value gain on forward currency contracts		**(2,902)**	*2,902*
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(1,168,234)**	*(1,167,328)*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2868 and 2869.

For **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.**

W. P. PARTHASARATHY	**SANJAY SHARMA**	**ROBERT AMBROSE**	**RAJESH SHARMA**	**A SHREERAM**
Director	*Director*	*Co-Chairman*	*Chief Executive*	*Chief Financial Officer*

Date: February 5, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED DECEMBER 31, 2016

	Share capital	Legal reserve	Accumulated losses	Reserve for members' loans	Hedging reserve/ (loss)	Total
	RO.	RO.	RO.	RO.	RO.	RO.
As at 31st December 2014	5,665,000	167,253	(7,802,109)	1,974,658	–	4,802
Total comprehensive income for the year						
Net loss for the year after tax	–	–	(912,546)	–	–	(912,546)
Other comprehensive (loss)/income	–	–	33,393	(291,077)	2,902	(254,782)
As at 31st December 2015	5,665,000	167,253	(8,681,262)	1,683,581	2,902	(1,162,526)
Total comprehensive income for the year						
Net loss for the year after tax	–	–	(1,200,616)	–	–	(1,200,616)
Other comprehensive income/(loss)	–	–	35,284	–	(2,902)	32,382
As at 31st December 2016	5,665,000	167,253	(9,846,594)	1,683,581	–	(2,330,760)

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2868 and 2869.

For **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.**

W. P. PARTHASARATHY	**SANJAY SHARMA**	**ROBERT AMBROSE**	**RAJESH SHARMA**	**A SHREERAM**
Director	*Director*	*Co-Chairman*	*Chief Executive*	*Chief Financial Officer*

Date: February 5, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2016

	2016 RO.	2015 RO.
Cash flows from operating activities		
Net loss for the year before tax	**(1,093,175)**	*(823,168)*
Adjustments for:		
Depreciation on property, plant and equipment	**612,447**	*587,936*
Re-measurement of staff end of service gratuity	**35,284**	*33,393*
Fair value gain on forward currency contracts	**(2,902)**	*2,902*
Notional interest on members' loans	**256,979**	*93,596*
Finance costs (net)	**342,573**	*327,130*
Loss/(profit) on disposal of property, plant and equipment	**396**	*(134)*
Operating profit before changes in operating assets and liabilities	**151,602**	*221,655*
Decrease in inventories	**523,294**	*365,417*
Increase in trade and other receivables	**(1,477,127)**	*(3,454,484)*
(Decrease)/increase in trade and other payables	**(3,531,729)**	*1,247,337*
Decrease in staff gratuity liability	**(26,888)**	*(3,525)*
Change in related parties' balances	**(24,753)**	*(35,232)*
Change in amounts due from customers for contract works	**5,957,533**	*810,460*
Change in amounts due to customers for contract works	**(1,043,740)**	*1,043,740*
Cash from operations	**528,192**	*195,368*
Finance costs paid (net)	**(342,573)**	*(327,130)*
Net cash generated from/(used in) operating activities (A)	**185,619**	*(131,762)*
Cash flows from investing activities		
Proceeds on disposal of property, plant and equipment	**4,852**	*908*
Purchase of property, plant and equipment	**(31,767)**	*(410,049)*
Net cash used in investing activities (B)	**(26,915)**	*(409,141)*
Cash flows from financing activity		
Repayment of long term loan, bank borrowings and term loans (net)	**(73,443)**	*(99,440)*
Net cash used in financing activity (C)	**(73,443)**	*(99,440)*
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**85,261**	*(640,343)*
Cash and cash equivalents at beginning of year	**64,260**	*704,603*
Cash and cash equivalents at end of year	**149,521**	*64,260*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 2868 and 2869.

For **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.**

W. P. PARTHASARATHY	**SANJAY SHARMA**	**ROBERT AMBROSE**	**RAJESH SHARMA**	**A SHREERAM**
Director	*Director*	*Co-Chairman*	*Chief Executive*	*Chief Financial Officer*

Date: February 5, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) LARSEN & TOUBRO HEAVY ENGINEERING L.L.C. is a Limited Liability Company, registered on 7th April 2008 under the Commercial Laws of the Sultanate of Oman.

b) The parent company is Larsen & Toubro International FZE, United Arab Emirates and the ultimate parent is Larsen & Toubro Limited, India, a public company incorporated in India.

c) The company is engaged in manufacture of equipment for core sector industries.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention except for members' loan carried at fair value. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.3 GOING CONCERN CONCEPT

As per the statement of financial position, the company has incurred accumulated losses of RO.9,846,594 which has completely eroded the share capital of RO.5,665,000 as at 31st December 2016. The company is dependent upon the continued financial support of members, related parties and bankers. The financial statements have been prepared on a going concern basis as:

i) The company will continue to receive financial support from its bankers;

ii) The company will continue to receive financial support from members and the related parties in order that it can meet its liabilities as they fall due; and

iii) The members have agreed to continue with the operations of the company, and the company would be able to generate sufficient profits in future to make it an economically viable unit.

The shareholders have contributed RO.7,835,000 as shareholders' loan as on date.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, that have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual installments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

Roadways and landscaping	Over 12.5 years
Factory building	Over 12.5 to 35 years
Buildings – others	Over 3 to 35 years
Plant and machinery	Over 6 2/3 years to 35 years
Furniture and fixtures	Over 3 years
Equipment	Over 6 2/3 years to 15 years
Vehicles	Over 3 to 7 years
Computers	Over 3 to 6 years

Capital work in progress is not depreciated until it is capitalised and transferred to one of the asset categories when the asset is ready for use.

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

b) Impairment

The carrying amounts of the financial and non-financial assets are reviewed at each year end date to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognised in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

c) Inventories

Inventories are stated at lower of cost and net realisable value after making due allowance for obsolete and slow moving items. Cost is determined on the weighted average cost basis and comprises of invoice value plus applicable landing charges. Net realisable value is based on estimated selling price less any estimated cost of completion and disposal.

d) Trade and other receivables

Bad debts are written off or fully provided for as they arise and provision is made for all doubtful debts.

e) Amounts due from/to customers for contract work

Amounts due from/to customers for contract work represents costs incurred on contracts plus recognised profits less recognised losses and progress billings. Contract costs comprises of costs of materials, labour, sub-contract and attributable overheads.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash and bank current and smart card accounts.

g) Trade and other payables

Liabilities are recognized for amounts to be paid for goods or services received, whether billed by the suppliers or not, to the extent of goods or services certified by the company.

h) Provisions

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

i) Taxation

Taxation for the current year has not been provided in the financial statements on account of tax loss incurred during the year and substantial past accumulated tax losses. The company has obtained in Sultanate of Oman income tax exemption for a period of 5 years with effect from 20th December 2009, which may be renewed for another period of 5 years on fulfillment of specific criteria. The company is awaiting for the result of application made for renewal of exemption. The tax losses of RO.11,484,577 includes RO.41,699 proportionate period loss for the exemption period for the year 2009 and loss of RO.3,178,883 for the year 2010 as per tax assessment order and balance as per the tax returns for the tax years 2011 to 2016 which are subject to finalization of tax assessments by the tax authorities in Oman. As per the Income Tax Law, Oman, The tax loss of period, from 20th December 2009 to 19th December 2014 i.e. during the tax exemption period, can be carried forward indefinitely till they are fully adjusted against subsequent years taxable income and the tax losses incurred other than those incurred in income tax exemption period as mentioned earlier shall be carried forward for five years after the expiry of the tax year in which it was incurred and shall be deducted in computation of taxable income of those years.

j) Deferred tax asset/liability

Deferred tax is accounted, using the balance sheet liability method, for temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the statement of financial position, using the currently enacted tax rates. The principal temporary differences arise from depreciation on property, plant and equipment on which deferred tax liability is recognised. Further, deferred tax asset is only recognised for unused tax losses of RO.8,892,238 incurred during the tax exemption period and which can be carried forward indefinitely till they are fully adjusted against subsequent years' taxable income as per the Income Tax Law of Oman. A deferred tax asset is recognized only to the extent it is probable that future taxable profits will be available against which the deferred tax asset can be utilized and related tax benefit realized.

k) Employees benefit costs

The company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

Accruals for employees benefits comprising of leave salary is in accordance with company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. Calculation of employees benefit cost comprising of staff end of service gratuity for non-Omani employees is done based on actuarial valuation done by independent actuary in India. The total expense for staff end of service benefits recognised in statement of comprehensive income is RO.127,147 (previous year RO.138,118) and remeasurement based on actuary report for staff end of service gratuity resulted in credit to statement of other comprehensive income of RO.35,284.

Leave passage is accounted on cash basis for staff and accrual for workers' leave passage is made on the basis of proportionate period in accordance with the company's rules.

l) Legal reserve

Legal reserve is created by appropriating 10% of the net profit for the year as required by Article 154 of the Commercial Companies Law of Oman 1974. The company may resolve to discontinue such annual transfers when the reserve totals 33.33% of the paid up share capital. The reserve is not available for distribution.

m) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Revenue recognition on contracts

Contract revenues are recognised on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the year end. When the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

The stage of completion is determined on the basis of progress on each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by directors to be earned on completion of the contracts is considered by reference to the work completed at the year end. Losses, if any, on jobs not completed are provided for when identified.

n) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalized as part of the cost of that asset. Other finance costs are recognized as an expense in the year in which they are incurred.

o) Foreign currencies

Transactions in foreign currencies are translated into Rials Omani and recorded at the rates of exchange ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are translated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income.

p) Hedge accounting

Derivative financial instruments to hedge foreign exchange and commodity prices risk exposures are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value at each reporting date. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair value of derivative financial instruments is determined based on certificate of the bank with whom the contracts are concluded. At the inception of the hedge relationship the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when there is a hedge of exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the market risk in an unrecognised firm commitment.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the significant gain or loss on the hedging instrument is recognised directly in other comprehensive income as cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss.

q) Operating lease rentals

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight line basis over the lease term.

r) Financial instruments

- Financial instruments of the company comprise contract and other receivables, cash and cash equivalents, trade and other payables, loans/amounts due from/to related parties and members, hedging asset/liability, amounts due from customers for contract works and bank borrowings.
- Financial assets and financial liabilities are recognized when, and only when, the company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when, and only when, contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.
- Financial assets that have fixed or determinable payments and for which there is no active market, are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the statement of comprehensive income.
- Financial liabilities, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

s) Loan from members

Interest free long term loans from members are recognized initially at their fair value, being the present value of the expected future cash flows, discounted using a market related rate for a loan with similar terms and conditions. The excess of the loans actually received over the said fair value of the loans is considered as “Reserve for Members’ Loan” under “Members’ Equity Funds”.

After initial recognition, the loans from members are measured at amortised cost, using the effective interest rate method. The unwinding of the discount, representing the difference in fair values of the loans from members at each reporting date, is recognized as an interest expense in the Statement of Comprehensive Income.

t) Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the company.

u) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

2.6 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

i) The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end, management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of fixed assets are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets’ estimated useful lives.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

Inventory provisions

Management regularly undertakes a review of the company's inventory, in order to assess their likely realization proceeds, technological changes, age, likely obsolescence, the rate at which the materials are being sold and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the company either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of confirmations, and assessed creditworthiness of the debtor. Based on the assessment, assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Site restoration costs

Management estimates that no potential liability needs to be recognised in the financial statements towards cost of site restoration.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profits on contracts in progress is recognized only when the final outcome can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/subcontractors, work disputes, recovery of uncer¬tified contract/variation work dues, expected costs during job warranty and defect liability period etc., that are subject to various sources of uncertainties and future negotiations. The management regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

i) There are no International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the first time for the current reporting period and which are applicable to the company and which could have a material impact on the financial statements.

ii) The following International Financial Reporting Standards, amendments thereto and Interpreta¬tions that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods:

- IFRS 15 Revenue From Contracts With Customers (1 January 2018)
- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 16 Leases (1 January 2019)

2.8 FAIR VALUE MEASUREMENT

The company measures financial instruments, such as financial assets at fair value through profit or loss. The company also discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

3. PROPERTY, PLANT AND EQUIPMENT

	Road ways and lands-capping	Factory building	Buildings – Others	Plant and machi-nery	Furniture, and fixtures	Equip-ment	Com-puters	Vehicles	Capital work in progress	Total
	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.	RO.
Cost										
As at 1st January 2016	81,254	9,619,903	620,859	5,888,024	307,899	437,503	94,806	48,260	137,621	17,236,129
Additions	–	–	16,105	10,177	1	3,369	2,115	–	–	31,767
Capitalisation	–	–	29,400	44,302	35,017	23,476	5,426	–	(137,621)	–
Disposals	–	–	(4,518)	–	(4,166)	(1,495)	(3,588)	–	–	(13,767)
As at 31st December 2016	81,254	9,619,903	661,846	5,942,503	338,751	462,853	98,759	48,260	–	17,254,129
Accumulated depreciation										
As at 1st January 2016	33,460	3,164,539	262,550	1,894,151	218,729	172,843	74,893	37,636	–	5,858,801
Depreciation for the year	6,597	225,627	26,185	220,924	68,728	53,686	8,844	1,856	–	612,447
Adjustment relating to disposal	–	–	(899)	–	(4,166)	(1,253)	(2,201)	–	–	(8,519)
As at 31st December 2016	40,057	3,390,166	287,836	2,115,075	283,291	225,276	81,536	39,492	–	6,462,729
Net book value										
As at 31st December 2015	47,794	6,455,364	358,309	3,993,873	89,170	264,660	19,913	10,624	137,621	11,377,328
As at 31st December 2016	41,197	6,229,737	374,010	3,827,428	55,460	237,577	17,223	8,768	–	10,791,400

a) Buildings, roadways and landscaping and manufacturing facilities are constructed on land at Sohar leased by Sohar Industrial Port Company SAOC (SIPC). The lease term is from 14th December 2007 to 22nd July 2027. The said sub-usufruct agreement covers various clauses for adjustment for inflation in lease rent, soil restoration obligations, default interest obligations, etc.

b) Property, plant and equipment is mortgaged to secure borrowings and loans from a bank (refer note number 12).

c) Factory building includes interest capitalised of RO.136,785 in the year 2009.

d) Plant and machinery includes interest capitalised RO.24,133 in the year 2009.

	2016 RO.	*2015 RO.*
4. INVENTORIES		
Fabrication materials	**4,934**	*63,599*
Spares and consumables	**432,492**	*731,100*
	437,426	*794,699*
Provision for slow moving inventories	**(166,021)**	–
	271,405	*794,699*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

The movements in provision for slow moving inventories is as follows:

	2016 RO.	2015 RO.
Opening balance	–	–
Provision made	166,021	–
Amounts written off	–	–
Closing balance	166,021	–

5. **CONTRACT AND OTHER RECEIVABLES**

	2016 RO.	2015 RO.
Contract receivables *	6,689,780	5,051,370
Less: Provision for doubtful debts	(200,200)	–
	6,489,580	5,051,370
Advances to suppliers **	14,336	19,920
Advances to staff	8,860	12,367
Prepayments	108,570	54,762
Deposits	10,729	14,039
Other receivables	1,866	4,356
	6,633,941	5,156,814

* Contract receivables includes amount of RO.18,128 (previous year RO.1,248) due from ultimate parent company and RO.253,941 (previous year RO.513,426) due from fellow subsidiary on account of trade dealings.

** Advances to suppliers includes amount of RO.235 (previous year RO.Nil) due from fellow subsidiary and RO.6,350 (previous year RO.Nil) due from other related party on account of trade dealings.

	2016 RO.	2015 RO.
• The movements in the doubtful debt provision account are as follows:		
Opening balance	–	–
Provision made during the year	200,200	–
Bad debts written off	–	–
Closing balance	200,200	–
• An age analysis of contract receivables that are past due but not impaired is as follows:		
Less than 1 year	4,409,510	2,854,131
Over 1 year	589,274	283,203
	4,998,784	3,137,334
• An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:		
Gross value	200,200	–
Provision	(200,200)	–
Carrying value	–	–
Contract receivables not past due and not impaired	1,490,796	1,914,036

6. **RELATED PARTIES**

- The company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The management considers such transactions to be in the normal course of business. Related parties comprise parent company, ultimate parent company, fellow subsidiaries, companies under common ownership and/or common management control, directors and members. The balances with related parties at the year end have been separately disclosed in the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

- The nature of significant related party transactions and the amounts involved are as follows:

	Ultimate parent company	Fellow subsidiaries	Other related parties	Total 2016	Total 2015
	RO.	RO.	RO.	RO.	RO.
Contract works executed and other revenues	6,237	203,674	—	209,911	672,333
Purchases, subcontract and expenses	974,525	198,493	1,508	1,174,526	1,111,168
Technical services fees	–	–	–	–	101,718
Interest Income	–	–	–	–	758
Purchase of property, plant and equipment	–	–	1,279	1,279	4,084
Term loans given	–	–	–	–	288,750
Term loans received back	–	–	–	–	288,750

	2016 RO.	*2015 RO.*
AMOUNT DUE FROM RELATED PARTIES		
Ultimate parent company	**–**	*20,625*
Fellow subsidiaries	**63,869**	*21,443*
	63,869	*42,068*
AMOUNTS DUE TO RELATED PARTIES		
Ultimate parent company	**260,765**	*137,404*
Fellow subsidiaries	**2,344**	*128,657*
	263,109	*266,061*

7. CASH AND CASH EQUIVALENTS

	2016 RO.	*2015 RO.*
Cash on hand	**2,288**	*6,651*
Bank balances:		
Current and smart card accounts	**147,233**	*57,609*
	149,521	*64,260*

8. SHARE CAPITAL

	2016 Share %	*2015 Share %*
Larsen & Toubro International FZE, UAE	**70**	*70*
The Zubair Corporation, Sultanate of Oman	**30**	*30*
	100	*100*

The share capital comprises of 5,665,000 shares of face value RO.1 each, fully paid.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

9. LOANS FROM MEMBERS

	2016 RO.	*2015 RO.*
Larsen & Toubro International FZE, UAE, Loan no.1 *	**2,816,563**	*2,721,060*
The Zubair Corporation, Sultanate of Oman, Loan no.1 *	**1,207,325**	*1,166,387*
Larsen & Toubro International FZE, UAE, Loan no.2 **	**2,487,747**	*2,403,394*
The Zubair Corporation, Sultanate of Oman, Loan no.2 **	**1,067,179**	*1,030,994*
	7,578,814	*7,321,835*

* The loans received in several installments over the period from February 2009 to February 2010 are unsecured and interest free. Interest is payable on loans after settlement of debt obligations to the banks. The loans are not repayable for a minimum period of 10 years from the date of infusion.

** The loans received in several installments over the period from March 2012 to July 2012 are unsecured and interest free. The loans are not repayable for a minimum period of 5 years from the date of infusion.

10. INTEREST-BEARING BORROWINGS

	2016 RO.	*2015 RO.*
Term loan from a bank	**3,167,352**	*4,434,295*
Less: Current portion		
Term loan from a bank	**(1,266,940)**	*(1,266,940)*
	1,900,412	*3,167,355*

- Term Loan from a bank is at interest rate of LIBOR plus 3.25% and 3.75% per annum secured by mortgage of fixed assets and current assets and other terms and conditions (refer note number 12 on bank borrowings) and repayable in 20 quarterly installments of RO.316,735 each, the first installment commencing from 14th July 2014. The above loan is taken in US Dollars and converted at the period end rate.

11. OTHER NON-CURRENT LIABILITY

	2016 RO.	*2015 RO.*
Staff end of service gratuity	**54,279**	*79,905*

12. BANK BORROWINGS

	2016 RO.	*2015 RO.*
Short term loans	**4,350,500**	*3,157,000*
Current portion of long term bank loans (note number 10)	**1,266,940**	*1,266,940*
	5,617,440	*4,423,940*

Bank facilities are secured against:

a) Full commercial registered mortgage for fixed assets of the company.

b) Assignment of all receivables against the project financed by bank.

c) Corporate guarantee from Larsen & Toubro International FZE.

d) The bank loans and facilities are subject to certain restrictive covenants that relate to gearing, subordination of shareholders' loan etc.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

13. TRADE AND OTHER PAYABLES

	2016 RO.	2015 RO.
Trade payables*	3,673,743	6,684,250
Accruals**	2,700,041	904,447
Advance from a customer	392,260	2,695,380
Other payables	32,490	46,186
	6,798,534	10,330,263

* Trade payables include RO.914,259 (previous year RO.791,116) due to ultimate parent company, RO.327,129 (previous year RO.239,501) due to fellow subsidiary and RO.15,187 (previous year RO.102,376) due to other related parties.

** Accruals includes RO.Nil (previous year RO.162,718) due to fellow subsidiary.

	2016 RO.	2015 RO.
14. CONTRACTS IN PROGRESS		
Contract costs incurred plus recognised profits less recognised losses	4,867,385	34,331,460
Progress billings	3,479,810	28,030,092
Advances received	392,260	2,695,380
15. CONTRACT COSTS		
Materials consumed	4,124,568	3,554,755
Other direct purchase expenses	308,798	487,506
Wages and benefits	851,865	1,184,173
Subcontracts	2,174,151	3,891,766
Power, fuel and water	153,048	359,782
Equipment hire charges	724,019	662,940
Insurance	23,119	28,240
Rent expense	410,235	438,104
Repairs and maintenance	29,113	174,558
Depreciation on factory assets	493,382	481,027
Other contract costs	1,792,073	2,920,445
	11,084,371	14,183,296
16. OTHER OPERATING INCOME		
Profit on sale of property, plant and equipment	—	134
Miscellaneous income	38,036	14,290
	38,036	14,424

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

	2016 RO.	*2015 RO.*
17. OTHER OPERATING EXPENSES		
Legal and professional expenses	**21,483**	*37,133*
Repairs and maintenance	**54,592**	*81,543*
Insurance	**1,823**	*3,822*
Electricity, water and fuel	**1,732**	*1,333*
Telephones, fax and postage	**43,110**	*54,892*
Travelling and conveyance	**7,225**	*26,860*
Vehicle expenses	**42,662**	*42,239*
Technical services fees	**—**	*101,718*
Staff recruiting and joining expenses	**32,017**	*112,651*
Office rent	**7,605**	*7,980*
Printing and stationery	**7,231**	*16,116*
Environment, health and safety	**7,010**	*10,697*
Miscellaneous expenses	**11,649**	*33,138*
	238,139	*530,122*
18. FINANCE COSTS		
Notional interest on members' loans	**256,979**	*93,596*
On bank borrowings and loans	**281,379**	*292,937*
Interest paid to creditors	**2,552**	*–*
	540,910	*386,533*
Interest income	**–**	*(758)*
Bank charges	**58,642**	*34,951*
	599,552	*420,726*

19. TAXATION

a) Provision for tax is not made on account of taxable loss during the year as well as past accumulated taxable losses incurred by the company.

b) The income tax credit per the statement of comprehensive income comprises:

	2016 RO.	*2015 RO.*
Deferred tax	**3,673,743**	*6,684,250*
Debit for current year	**(107,441)**	*(89,378)*
Income tax debit	**(107,441)**	*(89,378)*

c) Deferred income tax is calculated on all temporary differences under the balance sheet liability method using a tax rate of 12%. Further, deferred tax asset is recognised for unused tax losses of RO.8,892,238 incurred during the tax exemption period and which can be carried forward indefinitely till they are fully adjusted against subsequent years' taxable income as per the Income Tax Law of Oman. The

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

deferred tax asset/liability in the statement of financial position and the deferred tax credit/debit to statement of comprehensive income for the year is attributable to the following item:

	2016 Deferred tax asset/ (liability)	**2016 Credited/ (debited) to statement of compre-hensive income (net)**	**2015 Deferred tax asset/ (liability)**	**2015 Credited/ (debited) to statement of compre-hensive income (net)**
	RO.	**RO.**	**RO.**	**RO.**
Deferred tax asset in respect of unused tax losses	1,067,069	(30,000)	1,097,069	—
Deferred tax liability in respect of deprecation adjustment based on depreciation rates as per tax law	(470,862)	(77,441)	(393,421)	(89,378)
	596,207	(107,441)	703,648	(89,378)

20. FINANCIAL INSTRUMENTS

- **Management of risk**

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, exchange rate, liquidity and interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

The company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on it borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets which potentially expose the company to credit risks and concentrations of credit risk comprise principally, bank accounts, contract and other receivables, amounts due from customers for contract works and amounts due from related parties. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets net of provision.

The company's bank accounts are placed with reputed financial institutions. As at 31st December 2016 RO.6,054,496 (previous year RO.4,058,913) constituting about 90.50% (previous year 80.35%) of trade debtors is due from four reputed customers (previous year two reputed customers). At the yearend, 98.93% (previous year 91.71%) of amounts due from customers for contract works was due from two reputed customers (previous year three customers).

At the year end, the company's maximum exposure to credit risk from contract and other receivables situated outside the Sultanate of Oman is as follows:

	2016 RO.	*2015 RO.*
Contract receivable – Germany	**2,269,897**	*412,708*
Contract receivables – India	**18,128**	*1,248*
Contract receivables – Mexico	**787,207**	*1,548,701*
Contract receivables – Saudi Arabia	**–**	*65,073*
Advances to suppliers	**3,447**	*1,726*
Amounts due from a customer for contract works – UK	**384,705**	*–*
Amounts due from a customer for contract works – Germany	**–**	*4,572,193*

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors from a particular industry or to debtors outside the country in which the company operates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

Interest rate risk

Bank current account facilities are at commercial rates at levels which are generally obtained in Sultanate of Oman. The long term bank loans are at fixed commercial interest rates of LIBOR plus 3.25% and 3.75% per annum (previous year 3.25% and 4% per annum). The short term loans from banks are at fixed commercial interest rate of Libor plus 2.75% and 3% per annum (previous year 2.75% and 3.25% per annum). Most of the other financial assets and liabilities are non interest bearing.

Reasonably possible changes to interest rates at the year end are unlikely to have a significant impact on profit or equity.

Exchange rate risk

- There are no significant exchange rate risks as substantially all financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams/US Dollars to which the Rial Omani is fixed except for the following amounts:

CURRENCY	CONTRACT RECEIVABLES		TRADE PAYABLES	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*
Euro	**740**	*740*	**68,871**	*406,398*
Indian Rupees	–	–	**27,450**	*12,621*
British Pound Sterling	–	–	–	*2,156*
Swiss Franc	–	–	–	*400*
Singapore Dollar	–	–	–	*1,537*

- Reasonably possible changes to exchange rates at the year end are unlikely to have a significant impact on profit or equity.

FAIR VALUES

- The fair value of a financial instrument is the amount for which an asset could be exchanged, or a liability settled, between knowledgeable, willing parties in an arm's length transaction. The fair values of the company's financial assets and financial liabilities approximate to their carrying values.
- Classification

  All financial assets are classified as loans and receivables. All financial liabilities are stated at amortised costs
- Liquidity risk

  The company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the company's financial liabilities as at the year end is given below:

	Less than 3 months RO.	**3 to 12 months RO.**	**1 year to 5 years RO.**	**More than 5 years RO.**	**Total RO.**
As at 31st December 2016					
Interest bearing borrowings	–	–	**1,900,412**	–	**1,900,412**
Loan from members	–	**3,554,926**	**4,023,888**	–	**7,578,814**
Staff end of service gratuity	–	**12,090**	**54,279**	–	**66,369**
Bank borrowings	**4,667,235**	**950,205**	–	–	**5,617,440**
Trade and other payables	**6,798,534**	–	–	–	**6,798,534**
Amounts due to related parties	**263,109**	–	–	–	**263,109**
	11,728,878	**4,517,221**	**5,978,579**	–	**22,224,678**
As at 31st December 2015					
Interest bearing borrowings	–	–	*3,167,355*	–	*3,167,355*
Loan from members	–	–	*3,434,387*	*3,887,447*	*7,321,834*
Staff end of service gratuity	–	*13,352*	*79,905*	–	*93,257*
Bank borrowings	*3,473,735*	*950,205*	–	–	*4,423,940*
Trade and other payables	*10,466,441*	–	–	–	*10,466,441*
Amounts due to related parties	*266,061*	–	–	–	*266,061*
	14,206,237	*963,557*	*6,681,647*	*3,887,447*	*25,738,888*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

21. OPERATING LEASE COMMITMENTS

The company has entered into non-cancellable operating leases for its business premises and manufacturing facility at Sohar Industrial Port (refer note number 3) and for equipments rental. The total of the future lease payments is as follows:

	2016 RO.	*2015 RO.*
Not later than one year	**333,388**	*341,728*
Between one and five years	**1,269,168**	*1,341,411*
Later than five years	**1,760,643**	*2,077,524*
	3,363,199	*3,760,663*

a) Under the sub-usufruct agreement between the Company and Sohar Industrial Port Company SAOC, (SIPC), the SIPC at the time of expiry or termination of the sub-usufruct agreement would require the Company to restore the land to its original form at the company's sole costs. Since the obligation of the Company is contingent and the liability can only be determined at the time of termination of the sub-usufruct agreement, the Company has not made any provision towards site restoration costs in the financial statements.

b) The lease rental is subject to annual adjustment for inflation every 1st January.

22. CONTINGENT LIABILITIES

	2016 RO.	*2015 RO.*
Banker's letter of guarantee	**6,205,459**	*8,770,930*
Unutilised letters of credit	**–**	*2,185,361*
	6,205,459	*10,956,291*

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients/consultants relating to possible penalties for delays in job completion, claim of suppliers/subcontractors not accepted by the company, work disputes, recovery of uncertified contract/variation work dues, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

23. CAPITAL COMMITMENTS

	2016 RO.	*2015 RO.*
Authorised and contracted for	**–**	*38,548*

24. CAPITAL RISK MANAGEMENT

The company's objectives when managing capital are to ensure that the company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

For **LARSEN & TOUBRO HEAVY ENGINEERING L.L.C.**

W. P. PARTHASARATHY	**SANJAY SHARMA**	**ROBERT AMBROSE**	**RAJESH SHARMA**	**A SHREERAM**
Director	*Director*	*Co-Chairman*	*Chief Executive*	*Chief Financial Officer*

Date: February 5, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	2016-17	2015-16
	₹ in Crore	₹ in Crore
Profit /(Loss) before depreciation, exceptional and extra ordinary items & tax	2.32	(7.04)
Less: Depreciation and amortisation	5.84	4.44
Profit/(Loss) before exceptional and extraordinary items and tax	(3.52)	(11.48)
Profit/(Loss) before tax	(3.52)	(11.48)
Less: Provision for tax	–	0.02
Profit/(loss) after tax for the year carried to the balance sheet	(3.52)	(11.46)
Add: Balance brought forward from previous year	(22.43)	(10.97)
Balance carried to Balance Sheet	(25.95)	(22.43)

STATE OF COMPANY'S AFFAIRS

The Company's name was changed from "L&T Devihalli Hassan Tollway Limited" to "Devihalli Hassan Tollway Limited" as approved by the Registrar of Companies with effect from September 06, 2016.

The gross revenue (toll revenue) and other income for the financial year under review were ₹50.90 crore as against ₹ 48.36 crore for the previous financial year registering an increase of 5.26%. The profit before tax was ₹(3.52) crore and the profit after tax was ₹(3.52) crore for the financial year under review as against ₹(11.48) crore and ₹(11.47) respectively for the previous financial year.

The Government of India on November 8, 2016, declared the cancellation of legal tender of ₹500 and ₹1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 6.78% of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹1.23 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹374.54 crore and the net fixed and intangible assets, including leased assets, at ₹ 360.97 crore. Capital Expenditure during the year amounted to ₹10.48 crore.

CAPITAL & FINANCE

The Company has not raised any funds during the financial year. During the year, the Company redeemed Non-Convertible Debentures worth ₹ 0.16 crore.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY / ASSOCIATE/ JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note 4 to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act which are in ordinary course of business and at arm's length basis. The Company will adhere to the RPT policy of the Holding Company and the guidelines thereunder.

There are no material contracts or arrangements entered by the Company during 2016-17 and the disclosure as per Form AOC-2 of the Act is given this Report as Annexure I.

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There was no outgo or earning in foreign currency during the year.

RISK MANAGEMENT POLICY

The Audit Committee of the Company at its Meeting held on 29th July 2015, has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no risks in the opinion of the Audit Committee that may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Mr. T.S.Venkatesan, Director, retired by rotation in the Annual General Meeting of the Company held on 29th September 2016. He was re-appointed as Director.

Mr. Mathew George was appointed by the Board as Additional Director of the Company on 26th April 2016 and he was appointed by the shareholders as Director in the Annual General Meeting of the Company held on 29th September 2016. He retires by rotation at this Annual General Meeting and being eligible, offers himself for re-appointment.

Mr. R.G.Ramachandran was appointed by the Board as Additional Director of the Company on 12th July 2016 and he was appointed by the shareholders as Director in the Annual General Meeting of the Company held on 29th September 2016.

Mr. Karthikeyan T.V resigned as Director of the Company on 12th July 2016.

The Board of Directors of the Company as on March 31, 2017 are as follows:

Sr.No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Mr. Mathew George	Director	07402208
3	Mr. R.G.Ramachandran	Director	02671982
3	Dr. A.Veeraragavan	Independent Director	07138615
4	Dr. Koshy Varghese	Independent Director	03141594

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation	Date of Appointment
1	Mr. Subhasish Kundu	Manager	29/07/2015
2	Mr. K.G.Subramanian	Chief Financial Officer	29/10/2014
3	Mr. S.Srinivasan	Company Secretary	21/10/2015

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review 6 meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No. of Directors Present
April 26, 2016	4	4
July 12, 2016	5	3
October 20, 2016	5	5
January 18,2017	5	4
March 20, 2017	5	5

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The Members of the Audit Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan.

During the year, five audit committee meetings were held. The details of the meetings are given below:

Date	Strength of the Committee	No. of members present
April 26, 2016	3	3
July 12, 2016	3	2
October 20, 2016	3	3
January 18,2017	3	2
March 20, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act, read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan.

During the year, two nomination and remuneration committee meetings were held and the details are given below:

Date	**Strength of the Committee**	**No. of members present**
April 26, 2016	3	3
July 12, 2016	3	2

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT - 9 is enclosed as Annexure 2 to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on December 07, 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 12, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

AUDITOR AND AUDITOR'S REPORT

Statutory Auditors

The Company in the Fifth Annual General Meeting (AGM) held on 25th September 2015 for the F-Y 2015-16 had appointed M/s. Sharp & Tannan, Chartered Accountants, (Firm Reg no: 003792S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that AGM until the conclusion of the sixth consecutive AGM of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M/s. Sharp & Tannan, Chartered Accountants, (Firm Reg no: 003792S), Chennai as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no Emphasis on matters. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS

M/s. M. Balaji Rajan & Associates (COP No: 6965), a firm of Company Secretaries in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. There are no qualifications or adverse remarks in the Secretarial Audit Report.

The secretarial audit report for the financial year 2016-17 is attached as Annexure 3 to this Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, Stock Exchanges, NHAI and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

	T. S. VENKATESAN	**R. G. RAMACHANDRAN**
Place: Chennai	*Director*	*Director*
Date: April 27, 2017	*DIN: 01443165*	*DIN: 02671982*

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. **Details of contracts or arrangements or transactions not at arm's length basis**
   The Company has not entered into such transactions during the year.

2. **Details of material contracts or arrangement or transactions at arm's length basis**
   The Company has not entered into any material contracts or arrangements during the year.

For and on behalf of the Board

	T. S. VENKATESAN	**R. G. RAMACHANDRAN**
Place: Chennai	*Director*	*Director*
Date: April 27, 2017	*DIN: 01443165*	*DIN: 02671982*

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2010PLC075491
Registration Date	27/04/2010
Name of the Company	Devihalli Hassan Tollway Limited*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited* * 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai - 400 013 Ph: 022 4914 2591

* The name of the Company was changed from "L&T Devihalli Hassan Tollway Limited" to "Devihalli Hassan Tollway Limited" vide ROC Certificate dated September 06, 2016

* *NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 12, 2016 and the services were transferred from Sharepro Services Limited w.e.f March 22, 2017.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of The Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	89999995	5*	90000000	100	89999995	5*	90000000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**89999995**	**5***	**90000000**	**100**	**89999995**	**5***	**90000000**	**100**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**89999995**	**5***	**90000000**	**100**	**89999995**	**5***	**90000000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**89999995**	**5***	**90000000**	**100**	**89999995**	**5***	**90000000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited (including nominees)	89999900	99.99	51#	89999900	99.99	51#	–
2	Larsen & Toubro Limited	100	0.01	Nil#	100	0.01	Nil	–
	Total	**90000000**	**100**	**51**	**90000000**	**100**	**51**	**–**

Based on the information received from Promoters

(iii) Change in Promoters' Shareholding: No change in Promoter's Shareholding

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	Shareholding as on April 01, 2016	2	0.001	2	0.001
	Date wise Increase / Decrease in Shareholding during the year 1 share decrease due to resignation of Mr. Karthikeyan T.V 1 share increase due to appointment of Mr. R.G.Ramachandran	1 (increase) 1(decrease)	–	–	–
	Shareholding as on March 31, 2017	2	0.001	2	0.001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of the indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
April 01, 2016				
i) Principal Amount	2,67,28,45,818	18,15,23,662	–	**2,67,28,45,818**
ii) Interest due but not paid	–	–	–	**–**
iii) Interest accrued but not due	–	–	–	**–**
Total (i+ii+iii)	**2,67,28,45,818**	**18,15,23,662**	**–**	**2,67,28,45,818**
Change in Indebtedness during the financial year				
– Addition	4,26,970	–	–	**4,26,970**
– Reduction	26,72,838	–	–	**26,72,838**
Net Change	**(22,45,868)**	**–**	**–**	**(22,45,868)**
March 31, 2017				
i) Principal Amount	2,67,01,72,980	–	–	**2,67,01,72,980**
ii) Interest due but not paid				**–**
iii) Interest accrued but not due	4,26,970	–	–	**4,26,970**
Total (i+ii+iii)	**2,67,05,99,950**	**–**	**–**	**2,67,05,99,950**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Subhasish Kundu	
1.	Gross salary	₹ 16,64,128/-	**₹ 16,64,128/-**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	**–**
3.	Sweat Equity	–	**–**
4.	Commission	–	**–**
	- as % of profit		
	- others, specify…		
5.	Others, please specify	–	**–**
	Total (A)	**₹ 16,64,128/-**	**₹ 16,64,128/-**
	Ceiling as per the Act(sitting fees)	**₹ 123,25,175/-**	**₹ 123,25,175/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. A.Veeraragavan	Dr. Koshy Varghese	
1	Independent Directors			
	Fee for attending board meeting	₹ 1,25,000/-	₹ 100,000/-	₹ 2,25,000/-
	Committee meetings	₹ 80,000/-	₹ 60,000/-	₹ 1,40,000/-
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	**₹ 205,000/-**	**₹ 160,000/-**	**₹ 3,65,000/-**
2	Other Non-Executive Directors Mr. T. S.Venkatesan Mr. Mathew George Mr.R.G.Ramachandran No Fee for attending board / committee meetings And no Commission	Nil		
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**₹ 205,000/-**	**₹ 160,000/-**	**₹ 3,65,000/-**
	Total Managerial Remuneration	**N.A.**		
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

No remuneration was paid to KMP other than Manager of the Company. Mr. K.G.Subramanian, CFO and Mr. S.Srinivasan, Company Secretary of the Company are employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN: 01443165

R. G. RAMACHANDRAN
Director
DIN: 02671982

Place: Chennai
Date: April 27, 2017

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31/03/2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members
M/S. DEVIHALLI HASSAN TOLLWAY LIMITED,
Chennai.

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by M/s. DEVIHALLI HASSAN TOLLWAY LIMITED (CIN:U45203TN2010PLC075491) (hereinafter called the company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of M/s.DEVIHALLI HASSAN TOLLWAY LIMITED books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on 31/03/2017 complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on31/03/2017 according to the provisions of (i)The Companies Act, 2013 (the Act) and the rules made there under (ii) The National Highways Authority of India Act, 1988.

M/s DEVIHALLI HASSAN TOLLWAY LIMITED is an unlisted public limited company and hence compliance under the Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992('SEBI Act') viz: (a) The Securities and Exchange Board of India(substantial Acquisition of shares and Takeovers) Regulations, 2011, (b) The Securities and Exchange Board of India(Prohibition of Insider Trading) Regulations,1992, (c) The Securities and Exchange Board of India(Issue of Capital and Disclosure Requirements) Regulations,2009, (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines,1999, (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008, (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client, (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 and (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 are not attracted.

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by The Institute of Company Secretaries of India and during the period under review the company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc as mentioned above.

Further that the management of the Company as informed that all the Related Party Transactions entered by the Company during the period under review have been entered at Arm's Length Basis and therefore, compliance of provisions of Companies Act, 2013 in respect of any of these transactions do not arise.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

In respect of resolution passed in circulation the company followed a healthy system of circulating the detailed agenda to all the Directors in a single file system, followed by placing the concerned agenda in the subsequent meeting.

A review of the minutes of the Board meetings held during the year indicate that wherever required detailed deliberations were carried out in respect of all the agenda items that were required to be so carried out and there were no dissenting views in respect of any of the items.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has obtained the approval of its members for the following major items:

- In the Extra-Ordinary General Meeting held on 30/05/2016 & 08/08/2016 amendment to Articles of Association & Company's Name change approved respectively.

I further report that my audit was subjected only to verifying adequacy of systems and procedures that are in place for ensuring proper compliances by the Company and I am not responsible for any lapses in those compliances on the part of the Company.

Sd/-

Place :Chennai
Date : April 20, 2017

Signature:
Name of Company Secretary in practice / Firm: M.Balaji Rajan
FCS No. C P No: 6965

Note: This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

ANNEXURE A

To
The Members
M/S. DEVIHALLI HASSAN TOLLWAY LIMITED,
Chennai.

Our report of even date, it is to be read along with this supplementary testimony:

a) Maintenance of secretarial record is the responsibility of the Management of the Company. Our responsibility is to express an opinion on these Secretarial Record based on our audit

b) We have followed the audit practices and processes that were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on a test basis to ensure that correct facts are reflected in Secretarial records. We believe that the processes and practices we followed provide a reasonable basis for our opinion.

c) We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

d) Wherever required, we have obtained Management representation about the compliance of laws, rules and regulation and happenings of events etc.

e) The Compliance of the provisions of corporate and other applicable laws, rules and regulation, standards is the reasonability of management. Our examination was limited to the verification of procedures on test basis.

f) The Secretarial Audit is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management conducted the affairs of the Company.

Sd/-

Place :Chennai
Date : April 20, 2017

Signature:
Name of Company Secretary in practice / Firm: M.Balaji Rajan
FCS No. C P No: 6965

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF DEVIHALLI HASSAN TOLLWAY LIMITED (FORMERLY L&T DEVIHALLI HASSAN TOLLWAY LIMITED)

Report on the Financial Statements

We have audited the accompanying financial statements of Devihalli Hassan Tollway Limited (formerly L&T Devihalli Hassan Tollway Limited) (the 'Company'), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of changes in Equity and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the 'Act') with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance, changes in equity and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act, in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017 and its loss, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in Annexure 'A' to this Report, a Statement on the matters specified in para 3 and 4 of the said Order, to the extent applicable.

2) As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account;

   (d) in our opinion, the aforesaid financial statements comply with the Indian Accounting Standards notified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

   (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigation on its financial position in its financial position – Refer Note 16 to the financial statement.;

ii. the Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. there was no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note A (11) to the Financial Statements);

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 27, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of Devihalli Hassan Tollway Limited (formerly L&T Devihalli Hassan Tollway Limited) on the Financial Statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.

(ii) The Company does not carry any inventory in its books and hence reporting under clause 3(ii)(a), (b) and (c) of the Order does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made investment covered under section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.

(vi) The Central Government has specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read together with Companies (Cost and Audit) Rules, 2014 (as amended) for the operations of the Company for the current financial year. We have broadly reviewed the books of account and records maintained by the Company and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, value added tax, cess and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess or other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax at March 31, 2017 which have not been deposited on account of a dispute pending are as follows:

Name of the statute	Nature of disputed dues	Total demand (₹)	Amount not deposited (₹)	Period to which the dispute relates	Forum where disputes are pending
Income Tax Act 1961	Income from mutual funds, interest on bank balance and other income taxed as business income	3,386,653	3,386,653	AY 2013-14	Commissioner of Income Tax (Appeals)

There are no dues of sales tax, service tax, duty of excise, duty of customs, Value added tax and Cess as at 31 March 2017 which have not been deposited on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a bank or dues to debenture holders during the year.

(ix) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company, or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.

(xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 27, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of Devihalli Hassan Tollway Limited (formerly L&T Devihalli Hassan Tollway Limited) ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and

operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 003792S

D. Vinod Kumar
Partner
Membership No. 224549

Place: Chennai
Date: April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	March 31, 2017 ₹	March 31, 2016 ₹	April 01, 2015 ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**18,319,579**	*12,140,141*	*13,890,098*
b) Capital work-in-progress		**1,777,637**	–	–
c) Other intangible assets	2	**3,591,340,981**	*3,559,275,457*	*3,513,693,069*
d) Intangible assets under development	3	**34,975,386**	*56,946,779*	*37,243,309*
e) Financial Assets				
i) Other financial assets	6	**888,930**	*817,095*	*733,335*
f) Other non-current assets	8	**652,201**	–	–
		3,647,954,714	*3,629,179,472*	*3,565,559,811*
Current assets				
a) Financial Assets				
i) Investments	4	**23,692,598**	*18,131,724*	–
ii) Cash and cash equivalents	5	**10,197,322**	*11,421,010*	*14,049,963*
iii) Other financial assets	6	**17,585,422**	*8,156,228*	*9,066,899*
b) Current Tax Assets (net)	7	**556,911**	*590,134*	*2,414,934*
c) Other current assets	8	**13,418,396**	*124,533,962*	*11,718,900*
		65,450,649	*162,833,058*	*37,250,696*
TOTAL		**3,713,405,363**	*3,792,012,530*	*3,602,810,507*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	**900,000,000**	*900,000,000*	*900,000,000*
b) Other Equity	10	**(259,696,268)**	*(224,477,997)*	*(109,764,939)*
		640,303,732	*675,522,003*	*790,235,061*
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	**2,660,138,244**	*2,662,590,464*	*2,187,090,573*
b) Provisions	15	**177,198,925**	*106,026,492*	*64,363,699*
		2,837,337,169	*2,768,616,956*	*2,251,454,272*
Current liabilities				
a) Financial liabilities				
i) Borrowings	11	**123,279,070**	*188,833,052*	*402,391,512*
ii) Trade payables	12	**23,612,262**	*27,970,688*	*18,160,728*
iii) Other financial liabilities	13	**87,045,276**	*129,024,644*	*135,298,818*
c) Other current liabilities	14	**1,558,630**	*1,853,944*	*5,099,201*
b) Provision	15	**269,224**	*191,243*	*170,915*
		235,764,462	*347,873,571*	*561,121,174*
Total Equity and Liabilities		**3,713,405,363**	*3,792,012,530*	*3,602,810,507*
Contingent liabilities	16			
Commitments	17			
Other notes forming part of accounts	A			
Significant accounting policies	B			

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

S. SRINIVASAN
Company Secretary
M. No. A15797

KG SUBRAMANIAN
Chief Financial Officer

R G RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

DEVIHALLI HASSAN TOLLWAY LIMITED
(Formerly known as L&T Devihalli Hassan Tollway Limited)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	18		481,052,473		376,806,232
Construction contract revenue			25,368,677		106,205,854
Other income	19		2,606,112		566,440
Total income			509,027,262		483,578,526
EXPENSES					
Construction contract expenses			25,368,677		106,205,854
Operating expenses	20		139,835,145		91,547,296
Employee benefit expense	21		14,224,779		13,869,879
Finance costs	22		268,950,492		308,834,039
Depreciation, amortisation and obsolescence			58,424,268		44,443,423
Administration and other expenses	23		37,388,521		33,479,047
Total expenses			544,191,882		598,379,538
Loss before tax			(35,164,620)		(114,801,012)
Tax Expense:					
Current tax		–		–	
Adjustment of tax relating to earlier periods		–		202,864	
Deferred tax		–		–	
			–		202,864
Loss for the year			(35,164,620)		(115,003,876)
Other Comprehensive Income	24				
i) Items that will not be reclassified to profit or loss (net of tax)			(53,651)		290,818
Total comprehensive income for the year			(35,218,271)		(114,713,058)
Earnings per equity share (Basic and Diluted)	A (8)		(0.39)		(1.28)
Face value per equity share			10.00		10.00

As per our report attached of even date

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

S. SRINIVASAN
Company Secretary
M. No. A15797

KG SUBRAMANIAN
Chief Financial Officer

R G RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**CASH FLOW FROM OPERATING ACTIVITIES**		
	Net loss before tax and extraordinary items	**(35,164,620)**	*(114,801,012)*
	Adjustments for :		
	Depreciation and amortisation expense	**58,424,268**	*44,443,423*
	Interest expense	**268,950,492**	*308,834,039*
	Interest income	**(96,711)**	*(313,690)*
	Provision for major maintenance	**62,073,577**	*34,017,491*
	(Gain)/loss on exchange rate fluctuation (net)	**(514,632)**	*602,992*
	Net (gain)/loss on investments (including fair value changes)	**(1,994,190)**	*(868,179)*
	(Profit)/loss on sale of fixed assets	**(579)**	*15,602*
	Operating profit before working capital changes	**351,677,605**	*271,930,666*
	Adjustments for:		
	Increase / (Decrease) in provisions	**(940,306)**	*1,257,231*
	Increase / (Decrease) in trade payables and other financial liabilities	**13,699,798**	*(9,682,122)*
	Increase / (Decrease) in other current liabilitites	**(295,314)**	*(3,245,256)*
	(Increase) / Decrease in financial assets	**(8,101,625)**	*826,909*
	(Increase) / Decrease in other current and non-current assets	**111,657,560**	*(114,545,403)*
	Net cash generated from/(used in) operating activities	**467,697,718**	*146,542,025*
	Direct taxes paid (net of refunds)	**(553,771)**	*3,352,277*
	Net Cash(used in)/generated from Operating Activities	**467,143,947**	*149,894,302*
B	**CASH FLOW FROM INVESTING ACTIVITIES**		
	Purchase of Property plant and equipment and intangible assets	**(124,374,483)**	*(58,361,832)*
	Sale of property plant and equipment and intangible assets	**11,000**	*802,562*
	Purchase of current investments	**(321,656,000)**	*(298,635,000)*
	Sale of current investments	**318,089,316**	*281,371,455*
	Interest received	**96,711**	*313,690*
	Net cash (used in)/generated from investing activities	**(127,833,456)**	*(74,509,125)*
C	**CASH FLOW FROM FINANCING ACTIVITIES**		
	(Repayment of) / Proceeds from short term borrowings	**(67,023,662)**	*(204,976,337)*
	Proceeds from long term borrowings	**–**	*2,672,845,818*
	Repayment of long term borrowings	**(2,672,838)**	*(2,232,994,523)*
	Interest paid	**(270,837,679)**	*(312,889,088)*
	Net cash (used in)/generated from financing activities	**(340,534,179)**	*(78,014,130)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(1,223,688)**	*(2,628,953)*
	Cash and cash equivalents as at the beginning of the year	**11,421,010**	*14,049,963*
	Cash and cash equivalents as at the end of the year	**10,197,322**	*11,421,010*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances. (Refer Note 5 for the components of cash and cash equivalents)

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
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S. SRINIVASAN
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Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

A EQUITY SHARE CAPITAL

Particulars	Note	No of shares	₹
Balance as at 1 April 2015		90000000	900,000,000
Changes in equity share capital during the year	9	–	–
Balance as at 31 March 2016		90000000	900,000,000
Changes in equity share capital during the year	9	–	–
Balance as at 31 March 2017		**90000000**	**900,000,000**

B OTHER EQUITY

Particulars	Reserves & Surplus		Total
	Debenture Redemption Reserve	Retained earnings	
	₹	₹	₹
Balance as at 01 April 2015	–	(109,764,939)	(109,764,939)
Loss for the year	–	(115,003,876)	(115,003,876)
Other comprehensive income	–	290,818	290,818
Total comprehensive income for the year	–	(114,713,058)	(114,713,058)
Balance as at 31 March 2016	**–**	**(224,477,997)**	**(224,477,997)**
Balance as at 31 March 2016	–	(224,477,997)	(224,477,997)
Loss for the year	–	(35,164,620)	(35,164,620)
Other comprehensive income	–	(53,651)	(53,651)
Total comprehensive income for the year	–	(35,218,271)	(35,218,271)
Balance as at 31 March 2017	**–**	**(259,696,268)**	**(259,696,268)**

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

S. SRINIVASAN
Company Secretary
M. No. A15797

KG SUBRAMANIAN
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R G RAMACHANDRAN
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DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1 PROPERTY, PLANT AND EQUIPMENT

2015-16

(Amount in ₹)

Particulars	Gross Carrying Amount				Depreciation				Carrying value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Land	–	1,262,700	–	1,262,700	–	–	–	–	1,262,700	–
Building	150,913	227,001	–	377,914	–	377,904	–	377,904	10	150,913
Plant and Equipment	4,161,361	683,470	–	4,844,831	–	516,644	–	516,644	4,328,187	4,161,361
Furniture and fixtures	602,474	6,000	138,181	470,293	–	197,723	138,184	59,539	410,754	602,474
Vehicles	6,046,964	–	846,380	5,200,584	–	1,102,216	28,213	1,074,003	4,126,581	6,046,964
Office equipment	2,685,051	85,554	28,110	2,742,495	–	896,839	28,110	868,729	1,873,766	2,685,051
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	–	–	–	–	–	–	–	–	–	–
Computers, laptops and printers	243,335	182,398	32,958	392,775	–	287,590	32,958	254,632	138,143	243,335
Total	**13,890,098**	**2,447,123**	**1,045,629**	**15,291,592**	**–**	**3,378,916**	**227,465**	**3,151,451**	**12,140,141**	**13,890,098**

2016-17

(Amount in ₹)

Particulars	Gross Carrying Amount				Depreciation				Carrying value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Land	1,262,700	–	–	1,262,700	–	–	–	–	1,262,700	1,262,700
Building	377,914	–	–	377,914	377,904	–	–	377,904	10	10
Plant and Equipment	4,844,831	4,061,172	–	8,906,003	516,644	784,078	–	1,300,722	7,605,281	4,328,187
Furniture and fixtures	470,293	3,735,574	13,666	4,192,201	59,539	609,106	9,245	659,400	3,532,801	410,754
Vehicles	5,200,584	1,029,579	–	6,230,163	1,074,003	1,112,529	–	2,186,532	4,043,631	4,126,581
Office equipment	2,742,495	550,200	–	3,292,695	868,729	1,025,546	–	1,894,275	1,398,420	1,873,766
Computers, laptops and printers	392,775	478,654	99,344	772,085	254,632	134,061	93,344	295,349	476,736	138,143
Total	**15,291,592**	**9,855,179**	**113,010**	**25,033,761**	**3,151,451**	**3,665,320**	**102,589**	**6,714,182**	**18,319,579**	**12,140,141**

a) There are no restrictions on the title of property, plant and equipment. Refer note A(17) for details of property, plant and equipment pledged as security for the liabilities of the Company.

b) Refer Note 17 for disclosure of contractual commitments for the acquisition of property, plant and equipment and/or other intangible assets.

c) The Company has reviewed the future cash flows on the basis of value in use of its Property, Plant and Equipment and Capital work-in-progress and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

2 INTANGIBLE ASSETS

2015-16

(Amount in ₹)

Particulars	Cost				Amortisation				Carrying value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	1,205,735	–	–	1,205,735	334,926	401,912	–	736,838	468,897	870,809
Toll collection rights	3,545,608,514	86,646,895	–	3,632,255,409	32,786,254	40,742,132	–	73,528,386	3,558,727,023	3,512,822,260
Total	**3,546,814,249**	**86,646,895**	**–**	**3,633,461,144**	**33,121,180**	**41,144,044**	**–**	**74,265,224**	**3,559,195,920**	**3,513,693,069**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

2016-17 (Amount in ₹)

Particulars	Cost				Amortisation				Carrying value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On Disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Specialised Software	1,205,735	–	–	1,205,735	736,838	401,912	–	1,138,750	66,985	468,897
Toll collection rights	3,632,334,946	93,777,049	6,952,577	3,719,159,418	73,528,386	54,357,036	–	127,885,422	3,591,273,996	3,558,806,560
Total	**3,633,540,681**	**93,777,049**	**6,952,577**	**3,720,365,153**	**74,265,224**	**54,758,948**	**–**	**129,024,172**	**3,591,340,981**	**3,559,275,457**

a) Toll Collection Rights represent the project highway and its components constructed by the Company on Design, Build, Finance, Operate and Transfer ("DBFOT") basis under the Concession Agreement dated June 1, 2010 between the Company and National Highways Authority of India ("NHAI") in the Devihalli-Hassan section on NH-48. The Concession is for a period of 30 years from December 14, 2010. The amortization of the toll collection right is done till he end of the concession peiod which is upto the year 2040.

b) Due to closure of Shiradi Ghat during the period 2 January 2015 to 8 August 2015, the Company had a reduction in revenue resulting in losses. The Company, being eligible for claiming compensation for the loss under Clause 34.6.2 of the Concession Agreement, had claimed compensation for the loss with NHAI. The Independent Engineer has confirmed the compensation to be ₹ 4,57,00,000/- and has recommended an extension of 47 days to the concession period.The Company has recognized the compensation of ₹ 4,57,00,000/- as 'other operating income' and corresponding increase in the concession period as 'Toll collection rights' (Intangible assets).

c) NHAI has suspended toll collection during the period 9 November 2016 to 2 December 2016 (23.29 days) due to demonetisation. This being a force majeure event, the Company is eligible for extension in the toll collection period by 23.29 days (as per Clause 34.6.2 of the Concession Agreement) and for compensation of the force majeure costs (as per Clause 34.7.2 of the Concession Agreement). The Company has claimed force majeure costs of ₹ 24,953,007/- (interest of ₹ 13,994,042 crores and O&M expenses of ₹ 10,958,954/-) from NHAI. Further the Company has estimated the loss of revenue on account of suspension of toll collection to be ₹ 32,637,989/-, based on the average daily collection during October 2016. The loss of profit, representing the difference between loss of revenue (₹ 32,637,989/-) and force majeure costs claimed with NHAI (₹ 24,953,007/-), amounting to ₹ 7,684,993/- crores is recognized as 'Other operating revenue' and the corresponding increase in the concession period by 23.29 days is recognized as 'Toll collection rights' (Intangible assets).

d) Refer Note 17 for disclosure of contractual commitments for the acquisition of property, plant and equipment and/or other intangible assets.

e) The Company has reviewed the future cash flows on the basis of value in use of its intangible assets and intangible assets under development and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

3 INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in ₹)

Particulars	2015-16				2016-17			
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2016	Additions	Deductions	As at March 31, 2017
Construction cost	19,460,813	88,055,241	52,985,799	54,530,255	54,530,255	25,368,677	47,340,070	32,558,862
Pre-operative expenses pending allocation	17,782,496	18,150,613	33,516,585	2,416,524	2,416,524	–		2,416,524
Total	**37,243,309**	**106,205,854**	**86,502,384**	**56,946,779**	**56,946,779**	**25,368,677**	**47,340,070**	**34,975,386**

4 INVESTMENTS

Particulars	**As at 31.03.2017** Non Current	**As at 31.03.2017** Current	*As at 31.03.2016* Non Current	*As at 31.03.2016* Current	*As at 01.04.2015* Non Current	*As at 01.04.2015* Current
	₹	₹	₹	₹	₹	₹
Investment in mutual funds - quoted		**23,692,598**		*18,131,724*		–
		23,692,598		*18,131,724*		–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(a) Aggregate market value of quoted investments

Particulars	As at 31.03.2017 Quantity Units	As at 31.03.2017 Current ₹	*As at 31.03.2016 Quantity Units*	*As at 31.03.2016 Current ₹*	*As at 01.04.2015 Quantity Units*	*As at 01.04.2015 Current ₹*
Invesco India Liquid Fund	**1,120.159**	**2,500,638**	–	–	–	–
IDFC Cash Fund - Growth -(Regular Plan)	**10,752.273**	**21,191,960**	*6,087.245*	*11,193,398*	–	–
L&T - Liquid Fund	**–**	**–**	*3,345.013*	*6,938,326*	–	–
	–	**23,692,598**	–	*18,131,724*	–	–

(b) Other particulars regarding the current investments are as follows:

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
Aggregate amount of quoted investments and market value thereof	**23,692,598**	*18,131,724*	–

5 CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
a) Balances with banks	**5,574,247**	*9,674,988*	*12,575,797*
b) Cash on hand	**4,623,075**	*1,746,022*	*1,474,166*
	10,197,322	*11,421,010*	*14,049,963*

Balance with banks include escrow accounts which carry a first charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement / Common loan agreement. As at March 31, 2017 there are no amounts which are restricted / earmarked for any specific purposes by virture of the said waterfall mechanism (Nil as at 31 March 2016, Nil as at 01 April 2015)

There are no repatriation restrictions in respect of cash and cash equivalents as at the 31 March 2017, 31 March 2016 and as at 01 April 2015.

6 OTHER FINANCIAL ASSETS

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	*As at 31.03.2016 Current ₹*	*As at 31.03.2016 Non-current ₹*	*As at 31.03.2016 Total ₹*	*As at 01.04.2015 Current ₹*	*As at 01.04.2015 Non-current ₹*	*As at 01.04.2015 Total ₹*
(Unsecured considerd good)									
Security deposit	**60,000**	**888,930**	**948,930**	*100,000*	*817,095*	*917,095*	*100,000*	*733,335*	*833,335*
Utility shifting recoverable	**3,163,129**	**–**	**3,163,129**	*3,882,012*	–	*3,882,012*	*3,834,830*		*3,834,830*
Claims receivable from NHAI	**14,342,278**	**–**	**14,342,278**	*1,775,765*	–	*1,775,765*	*4,880,652*		*4,880,652*
Other receivables	**20,015**		**20,015**	*2,398,451*		*2,398,451*	*251,417*		*251,417*
	17,585,422	**888,930**	**18,474,352**	*8,156,228*	*817,095*	*8,973,323*	*9,066,899*	*733,335*	*9,800,234*

7 CURRENT TAX ASSETS (NET)

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	*As at 31.03.2016 Current ₹*	*As at 31.03.2016 Non-current ₹*	*As at 31.03.2016 Total ₹*	*As at 01.04.2015 Current ₹*	*As at 01.04.2015 Non-current ₹*	*As at 01.04.2015 Total ₹*
TDS receivable current year	**556,911**	**–**	**556,911**	*590,134*	–	*590,134*	*2,414,934*	–	*2,414,934*
Provision for current tax	**–**	**–**	**–**	–	–	–	–	–	–
	556,911	**–**	**556,911**	*590,134*	–	*590,134*	*2,414,934*	–	*2,414,934*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

8 OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	*As at 31.03.2016 Current ₹*	*As at 31.03.2016 Non-current ₹*	*As at 31.03.2016 Total ₹*	*As at 01.04.2015 Current ₹*	*As at 01.04.2015 Non-current ₹*	*As at 01.04.2015 Total ₹*
Capital advances	–	607,201	607,201	–	–	–	–	–	–
Advances other than capital advances									
Advances to related parties	–	–	–	112,646,260	–	112,646,260	4,983	–	4,983
Advances to employees	10,000	45,000	55,000	–	–	–	–	–	–
Other advances	–	–	–	24,859	–	24,859	–	–	–
Advance recoverable other than in cash									
Prepaid Insurance	1,172,232	–	1,172,232	1,035,177	–	1,035,177	878,423	–	878,423
Prepaid expenses	363,215	–	363,215	–	–	–	–	–	–
VAT recoverable	8,214,570	–	8,214,570	7,756,281	–	7,756,281	6,033,768	–	6,033,768
Income tax net of provisions (previous years)	3,658,379		3,658,379	3,071,385		3,071,385	4,801,726		4,801,726
	13,418,396	652,201	14,070,597	124,533,962	–	124,533,962	11,718,900	–	11,718,900

Advances to directors or other officers of the company or any of them either severally or jointly with any other person or advances to firms or private companies respectively in which any director is a partner or a director or a member is ₹ Nil (Nil as at 31 March 2016, Nil as at 01 April 2015), based on the information available with the company.

9 SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	*As at .31.03.2016 No. of shares*	*As at .31.03.2016 ₹*	*As at 01.04.2015 No. of shares*	*As at 01.04.2015 ₹*
Authorised:						
Equity shares of ₹ 10 each	90,000,000	900,000,000	90,000,000	900,000,000	90,000,000	900,000,000
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	90,000,000	900,000,000	90,000,000	900,000,000	90,000,000	900,000,000

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	*As at .31.03.2016 No. of shares*	*As at .31.03.2016 ₹*	*As at 01.04.2015 No. of shares*	*As at 01.04.2015 ₹*
At the beginning of the year	90,000,000	900,000,000	90,000,000	900,000,000	90,000,000	900,000,000
Issued during the year as fully paid	–	–	–	–	–	–
At the end of the year	90,000,000	900,000,000	90,000,000	900,000,000	90,000,000	900,000,000

(iii) Terms / rights attached to equity shares

(a) The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

(b) The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

(c) The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

(d) The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**89,999,900**	**899,999,000**	*89,999,900*	*899,999,000*	*89,999,900*	*899,999,000*
Larsen and Toubro Limited (ultimate holding company)	**100**	**1,000**	*100*	*1,000*	*100*	*1,000*
	90,000,000	**900,000,000**	*90,000,000*	*900,000,000*	*90,000,000*	*900,000,000*

(v) Details of Shareholders holding more than 5% shares in the company:

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**89,999,900**	**99.99%**	*89,999,900*	*99.99%*	*89,999,900*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL (31 March 2016 : Nil , 01 April 2015 : Nil)

(vii) Calls unpaid : NIL; Forfeited Shares : NIL (31 March 2016: Nil , 01 April 2015 : Nil)

10 OTHER EQUITY

Particulars	Note	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Debenture Redemption Reserve	(a)	**–**	*–*
Suplus / (Deficit) in Statement of profit or loss	(b)	**(260,170,602)**	*(225,059,633)*
		(260,170,602)	*(225,059,633)*

(a) Debenture Redemption Reserve:

The Company has not transferred any amount to Debenture Redemption Reserve since there was no profits during the current year and in the previous year

(b) Suplus / (Deficit) in Statement of profit or loss

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹
Balance at the beginning of the year	**(225,059,633)**	*(109,764,939)*
Loss for the year	**(35,164,620)**	*(115,003,876)*
Other comprehensive income arising from remeasurement of defined benefit obligation (net of tax)	**53,651**	*(290,818)*
	(260,170,602)	*(225,059,633)*

Surplus / (Deficit) in profit or loss represents the accumulated profits / losses of the Company.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

11 BORROWINGS

Particulars	As at 31.03.2017 Current	As at 31.03.2017 Non-current	As at 31.03.2017 Total	As at 31.03.2016 Current	As at 31.03.2016 Non-current	As at 31.03.2016 Total	As at 01.04.2015 Current	As at 01.04.2015 Non-current	As at 01.04.2015 Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Secured borrowings									
a) Debentures	–	1,598,826,970	1,598,826,970	–	1,600,000,000	1,600,000,000	–	–	–
b) Term loans									
i) From banks	–	1,064,411,088	1,064,411,088	–	1,065,263,308	1,065,263,308	–	2,227,366,573	2,227,366,573
ii) From others	–	–	–	–	–	–	–	–	–
Unsecured borrowings									
a) Loans from related parties	123,279,070	–	123,279,070	188,833,052	–	188,833,052	402,391,512	–	402,391,512
	123,279,070	2,663,238,058	2,786,517,128	188,833,052	2,665,263,308	2,854,096,360	402,391,512	2,227,366,573	2,629,758,085
Less: current maturities included in "other financial liabilities"	–	3,099,814	3,099,814	–	2,672,844	2,672,844	–	40,276,000	40,276,000
Total	123,279,070	2,660,138,244	2,783,417,314	188,833,052	2,662,590,464	2,851,423,516	402,391,512	2,187,090,573	2,589,482,085

(a) Details of secured loans

(i) The non convertible debentures carry interest at 9.75% and are repayable at par in 72 unequal quarterly installments

(ii) The term loan from bank carry interest at bank rate + applicable spread (10.30% at present) and are repayable in 216 unequal monthly installements.

(b) Details of unsecured loans

The unsercured loans from holding company is repayable on demand and carries interest at the prevailing G-Sec rate as on the date of borrowing

(c) Nature of security for term loans/debentures

(i) First charge by way of hypothecation on all movable/immovable assets of the Company, both present and future, excluding Project assets which is not allowed as per Clause 40.2 of Concession Agreement.

(ii) First charge on Project book debts, operating cash flows, receivables, commissions, insurance proceeds, revenues of whatsoever nature and wherever arising, present and future.

(iii) Assignment of all the rights, title, interest, benefits, claims and demands, whatsoever of the company.

(iv) Escrow account to the extent of waterfall of priorities of payment as permitted to the lenders under Escrow Agreement.

(v) Debt Service Coverage Ratio Support Amount.

(vi) First charge of all the Company's rights, interests related to the proposed project under the letter of credit (if any), guarantee or performance bond provided by any party.

(vii) Refer Note A(17) for carrying value of the assets pledged as security.

(d) There has been no default in the repayment of borrowings and payment of interest during the year

12 TRADE PAYABLES

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
a) Due to micro and small enterprises	–	–	–
b) Due to related parties	7,443,867	16,598,753	10,147,219
c) Due to others	16,168,395	11,371,935	8,013,509
	23,612,262	27,970,688	18,160,728

There have been no transactions during the year (Nil as at 31 March 2016, Nil as at 01 April 2015) with micro and small enterprises covered under the Micro, Small and Medium Enterprises Development (MSMED) Act, 2006. Hence reporting details of principal and interest paid / outstanding does not arise.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

13 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Current Portion of Secured bank loans									
i) Debentures (Infrastructure Debt Funds)	2,026,970	–	2,026,970	1,600,000	–	1,600,000	–	–	–
ii) From banks	1,072,844	–	1,072,844	1,072,844	–	1,072,844	40,276,000	–	40,276,000
b) Due to Related parties									
i) Ultimate holding company	4,187,745	–	4,187,745	3,381,378	–	3,381,378	17,386,065		17,386,065
ii) Fellow subsidiaries	509,759	–	509,759	–	–	–			–
c) Other Payable								–	–
i) for capital goods and services	37,361,198	–	37,361,198	85,760,207	–	85,760,207	47,607,681		47,607,681
ii) for others	41,886,760	–	41,886,760	37,210,215	–	37,210,215	30,029,072		30,029,072
	87,045,276	–	87,045,276	129,024,644	–	129,024,644	135,298,818	–	135,298,818

14 OTHER LIABILITIES

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Statutory payables	1,558,630	–	1,558,630	1,853,944	–	1,853,944	5,099,201	–	5,099,201
	1,558,630	–	1,558,630	1,853,944	–	1,853,944	5,099,201	–	5,099,201

15 PROVISIONS

Particulars	As at 31.03.2017			As at 31.03.2016			As at 01.04.2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Provision for employee benefits [Refer note A (3)]									
a) Leave Encashment	170,096	1,100,048	1,270,144	129,582	1,038,451	1,168,033	145,176	586,777	731,953
b) Gratuity	99,128	–	99,128	61,661	856,808	918,469	25,739	894,796	920,535
c) Retention Pay	–	362,974	362,974	–	532,399	532,399	–	–	–
Provisions for periodic major maintenance [Refer note A(10)]	–	175,735,903	175,735,903	–	103,598,834	103,598,834	–	62,882,126	62,882,126
	269,224	177,198,925	177,468,149	191,243	106,026,492	106,217,735	170,915	64,363,699	64,534,614

16 CONTINGENT LIABILITIES

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹
(a) Income-tax liability that may arise in respect of which the Company is under appeal	3,381,689	3,381,689	–

Note: It is not practical to estimate the timing of cash outflows, if any, in respect of matters above pending resolution of appeal proceedings.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

17 COMMITMENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for	**16,066,705**	*33,760,075*	*193,098,084*

18 REVENUE FROM OPERATIONS

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Operating revenue:				
Toll Collections	**425,645,042**		*376,806,232*	
		425,645,042		*376,806,232*
Other operating revenue:				
NHAI claim for concession extension [Refer note (a) below]		**53,384,993**		–
Utility shifting income		**2,022,438**		–
		481,052,473		*376,806,232*

(a) NHAI claim for concession extension represents the following

(i) Claim for loss of revenue on account of closure of Shiradi Ghat stretch amounting to ₹ 45,700,000/- [Refer note 2(b)]

(ii) Loss of profit on account of demonitization amounting to ₹ 7,684,993/- [Refer note 2(c)]

19 OTHER INCOME

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest income from:				
Bank deposits	**96,711**		–	
Income tax refund	**–**		*313,690*	
		96,711		*313,690*
Net gain/(loss) on sale of investments		**1,981,618**		*717,793*
Financial Assets at FVTPL- Net change in fair value				
Mandatorily measured at FVTPL - Held for trading		**12,572**		*150,386*
Profit/(loss) on disposal of property,plant and equipment		**579**		*(15,602)*
Exchange gain/(loss) on re-instatement of payables		**514,632**		*(602,992)*
Miscellaneous income		**–**		*3,165*
		2,606,112		*566,440*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

20 OPERATING EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Toll Management fees		**27,229,989**		*21,405,476*
Security services		**3,610,495**		*3,244,938*
Insurance		**1,805,517**		*1,478,232*
Repairs and maintenance				
Toll road & bridge	**16,873,550**		*11,219,511*	
Plant and machinery	**10,724,833**		*3,343,391*	
Periodic major maintenance	**62,073,577**		*34,017,491*	
Others	**5,770,324**		*10,201,229*	
		95,442,284		*58,781,622*
Power and fuel		**11,746,860**		*6,637,028*
		139,835,145		*91,547,296*

(a) Repairs and maintenance others for the year' 2016-17 is net of ₹ 7,180,512/-, claims made by the Company from NHAI towards loss of operations and maintenance expenses incurred during demonetization period. [Refer Note A (11)]

21 EMPLOYEE BENEFIT EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Salaries, wages and bonus [Refer note (a) below]		**10,734,137**		*10,236,491*
Contributions to and provisions for:				
Provident and pension funds (Refer note)	**762,920**		*604,268*	
Gratuity fund (Refer note)	**407,837**		*288,752*	
Compensated absences	**587,450**		*473,769*	
Retention pay	**(169,425)**		*532,399*	
		1,588,782		*1,899,188*
Staff welfare expenses		**1,901,860**		*1,734,200*
		14,224,779		**13,869,879**

(a) Salaries, wages and bonus for the year 2016-17 is net of ₹ 2,909,809/-, claims made by the Company from NHAI towards loss of operations and maintenance expenses incurred during demonetization period. [Refer Note A (11)]

22 FINANCE COSTS

Particulars	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
Interest on borrowings [Refer Note (a) below]		**253,724,511**		*262,189,587*
Other borrowing cost		**5,162,489**		*39,945,235*
Unwinding of discount and implicit interest expense on fair value		**10,063,492**		*6,699,217*
		268,950,492		*308,834,039*

(a) Interest on borrowings for the year 2016-17 is net of ₹ 13,994,042/-, claimed by the company from NHAI towards loss on account of demonetization. [Refer Note A (11)]

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

23 ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
Rent, Rates and taxes		**838,534**		*545,044*
Professional fees		**29,032,385**		*26,347,310*
Postage and communication		**643,427**		*375,494*
Printing and stationery		**649,672**		*674,252*
Travelling and conveyance		**3,521,209**		*2,778,705*
Insurance		**25,108**		*13,933*
Bank Charges		**2,218,358**		*1,943,372*
Miscellaneous expenses		**459,828**		*800,937*
		37,388,521		**33,479,047**

(a) Miscellaneous expenses for the year 2016-17 is net of ₹ 868,644/-, claims made by the Company from NHAI towards loss of operations and maintenance expenses incurred during demonetization period. [Refer Note A (11)]

(b) **Professional fees includes Auditors remuneration (including service tax) as follows:**

Particulars	2016-17 ₹	*2015-16* ₹
a) As auditor	**449,311**	*445,350*
b) For taxation matters	**241,519**	*137,400*
c) For company law matters	**–**	*13,740*
d) For other services	**860,205**	*423,639*
Total	**1,551,035**	*1,020,129*

(c) The company has not made sufficient profits during the three immediately preceding financial years. Thus, the company has not incurred any expense on Corporate Social Responsibiliy schemes as mandated by Section 135 of the Companies Act, 2013.

24 OTHER COMPREHENSIVE INCOME

Particulars	2016-17 ₹	*2015-16* ₹
(a) Items that will not be reclassified to profit or loss Remeasurements of the defined benefit plans	**(53,651)**	**290,818**
Income tax relating to items that will not be reclassified to profit or loss	**–**	**–**
	(53,651)	**290,818**
(b) Items that will be reclassified to profit or loss	**–**	**–**
Total	**(53,651**	*290,818*

A) OTEHR NOTES FORMING PART OF FINANCIAL STATEMENT

1) Corporate Information

Devihalli Hassan Tollway Limited ("the Company") is a Special Purpose Vehicle (SPV) incorporated for the purpose of the four laning of Devihalli-Hassan section from KM 110 to KM 189.50 of NH-48 including a new two lane with paved shoulder bypass for Channarayapatna town and widening of existing Hassan bypass to two lane with paved shoulder on Design, Build, Finance, Operate and Transfer (DBFOT) basis in the State of Karnataka under National Highways Development Programme (NHDP) Phase III A under the Concession Agreement dated June 17, 2010. The concession period is for 30 years, which includes the construction period commencing from December 14, 2010. The Company had changed its name from L&T Devihalli Hassan Tollway Limited to Devihalli Hassan Tollway Limited wef 06th Oct 2016.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

2) Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 7,62,920/- (previous year :₹ 7,63,370/-), being the contribution to provident fund is recognised as employee benefit expense during the year. Out of the above, ₹ 7,62,920/- (previous year : ₹ 6,04,268/-) is charged to the Statement of Profit and loss and nothing (previous year: ₹ 159,102/-) is included in Pre-operative expenses pending allocation.

(ii) Defined benefit plans:

a) The Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**	
	As at 31.03.2017	*As at 31.03.2016*
	₹	₹
A) Present value of defined benefit obligation		
- Wholly funded	**1,253,764**	–
- Wholly unfunded	**–**	*918,469*
	1,253,764	*918,469*
Less : Fair value of plan assets	**1,154,636**	–
Amount to be recognised as liability or (asset)	**99,128**	*918,469*
B) Amounts reflected in the Balance Sheet		
Liabilities	**99,128**	*918,469*
Assets	**–**	–
Net Liability / (asset)	**99,128**	918,469
Amounts reflected in the Balance Sheet		
Net (Asset) / Liability - Current	99,128	61,661
Net (Asset) / Liability - Non - Current	–	856,808

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	**Gratuity plan**	
	As at 31.03.2017	*As at 31.03.2016*
	₹	₹
Opening balance of the present value of defined benefit obligation	**918,469**	*920,535*
Add: Current service cost	**386,288**	*211,600*
Add: Interest cost	**68,792**	*77,152*
Add/(less): Actuarial losses/(gains)	**20,854**	*(290,818)*
Less: Benefits paid	**140,639**	
Add: Past service cost	**–**	–
Closing balance of the present value of defined benefit obligation	**1,253,764**	*918,469*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

d) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars		Gratuity plan	
		As at 31.03.2017	*As at 31.03.2016*
		₹	₹
1	Current service cost	**386,288**	*211,600*
2	Net interest cost	**21,549**	*77,152*
3	Actuarial losses/(gains)		
	From changes in demographic assumptions	**–**	*(46,746)*
	From changes in financial assumptions	**67,155**	*(127,613)*
	due to experience adjustments	**(46,301)**	*(116,459)*
4	Return on plan assets excluding amounts included in interest income	**32,797**	*–*
	Total (1 to 4)	**461,488**	*(2,066)*
I	Amount included in "employee benefit expenses"	**407,837**	*288,752*
II	Amount included as part of 'Other Comprehensive Income'	**53,651**	*(290,818)*
	Total (I + II)	**461,488**	*(2,066)*
	Actual return on plan assets	**14,446**	*NA*

e) The changes in plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*
	₹	₹
Opening balance of plan assets		
Add: Interest inccome	**47,243**	*–*
Add: Contribution by plan participants		
i) Employer	**1,280,829**	*–*
ii) Employee		
Add/(less): Return on plan assets excluding amounts included in	**(32,797)**	*–*
interest income		
Less: Benefits paid	**(140,639)**	*–*
Closing balance of the present value of defined benefit obligation	**1,154,636**	*–*

f) Principal actuarial assumptions at the Balance Sheet date:

Particulars		**As at 31.03.2017**	*As at 31.03.2016*
1)	Discount rate	**6.95%**	*7.75%*
2)	Salary growth rate	**6.00%**	*6.00%*
3)	Attrition rate	**3% - 15%**	*3% - 15%*
4)	Expected rate of return	**6.95%**	*NA*
5)	Mortality rates	Indian Assured Lives Mortality (2006-08) Table	

g) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
Insurer managed funds	**100%**	*–*	*–*
Total	**100%**	*–*	*–*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

h) Maturity analysis of expected benefit payments

Particulars	Cashflows ₹	%
2018	79,106	3.70%
2019	93,512	4.30%
2020	95,107	4.40%
2021	98,983	4.60%
2022	98,194	4.50%
2023-2027	528,932	24.50%

The future accrual is not considered in arriving at the above cash flows

i) Sensitivity analysis

Particulars		As at March 31, 2017	
		Change	**Obligation**
i)	Discount rate	**+0.5%**	**1,052,658**
		-0.5%	**1,141,335**
ii)	Salary growth rate	**+0.5%**	**1,141,534**
		-0.5%	**1,052,090**

j) Major risks to the plan

(i) Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to adverse salary growth experience, variability in mortality rates or variability in withdrawal rates.

(ii) Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independednt of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

(iii) Liquidity Risk:

Empllyees with high salaries and long duration or those highter in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the Company there can be strain on the cashflows.

(iv) Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discountrate leads to decrease in defined benefit obligation of the plan benefits and vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctations in the yields as at the valuation date.

(v) Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The Government may amend the Payment of Gratuity Act thus requiring the Companies to pay higher benefits to the employees. This will directly affet the present value of the defined benefit obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

3) Disclosure pursuant to Ind AS 23 “Borrowing Costs”

Borrowing cost capitalised during the year is NIL (previous year ₹ 1,26,62,073/-)

4) Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on Design, Build, Finance, Operate and Transfer (DBFOT) basis, which is the Company’s only reporting segment. Further, the entire operations of the Company are only in India. Hence, disclosure of secondary / geographical segment information does not arise.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

5) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Holding Company	L&T Infrastructure Development Projects Limited
Company exercising significant influence	Larsen & Toubro Limited
Fellow Subsidiaries :	L&T Chennai Tada Tollway Limited
	L&T Ahmedabad Maliya Tollway Limited
	L&T Deccan Tollway Limited
	PNG Tollways Limited
	Kudgi Transmission Limited
	L&T Krishnagiri Thopur Toll Road Limited
	L&T General Insurance Company Limited
Key Managerial Personnel: Manager	Mr. Subhasish Kundu

b) Disclosure of related party transactions:

Particulars		2016-17 ₹	2015-16 ₹
1)	**Purchase of goods and services**		
	• Larsen & Toubro Limited	2,244,094	4,993,318
	• L&T Infrastructure Development Projects Limited	23,107,562	21,996,820
2)	**Reimbursement of expenses to**		
	• Larsen & Toubro Limited	**1,820,083**	*1,951,949*
	• L&T Infrastructure Development Projects Limited	**108,842**	*16,529,304*
	• L&T Chennai - Tada Tollway Limited	**132,742**	–
	• L&T Ahmedabad Mallya Tollway Limited	**2,702**	–
	• L&T Krishnagiri Thopur Toll Road Limited	**100,000**	–
3)	**Reimbursement of expenses from**		
	• Larsen & Toubro Limited	**5,625**	*129,700,000*
	• L&T Infrastructure Development Projects Limited	**265,020**	*167,082*
	• Kudgi Transmission Limited	**74,866**	–
4)	**Short term unsecured loan received**		
	• L&T Infrastructure Development Projects Limited	**30,000,000**	*217,500,000*
5)	**Short term unsecured loan paid**		
	• L&T Infrastructure Development Projects Limited	**97,023,662**	*422,476,338*
6)	**Interest expense on unsecured loan**		
	• L&T Infrastructure Development Projects Limited	**7,232,585**	*30,094,699*
7)	**Receipt of refundable deposit received for directors' nomination**		
	• L&T Infrastructure Development Projects Limited	**200,000**	*100,000*
8)	**Insurance premium payment**		
	• L&T General Insurance Company Limited	**–**	*1,634,987*
9)	**Purchase of fixed assets**		
	• PNG Tollways Limited	**4,765,153**	–
	• L&T Chennai - Tada Tollway Limited	**377,017**	–
	• L&T Deccan Tollway Limited	**44,727**	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

c) Key management personnel compensation

Particulars		2016-17	*2015-16*
		₹	₹
1)	Short-term employee benefits		
	• Mr. Subhasish Kundu	1,286,604	1,016,129
2)	Post-employment benefit		
	• Mr. Subhasish Kundu	97,908	63,560

d) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	As at March 31, 2017	*As at March 31, 2016*
	Due (to)/from	*Due (to)/from*
Holding Company		
L&T Infrastructure Development Projects Limited	**(130,722,937)**	*(205,431,805)*
Ultimate Holding Company		
Larsen and Toubro Limited	**(4,187,745)**	*109,264,882*
Fellow subsidiaries		
L&T Chennai - Tada Tollway Limited	**(509,759)**	–

e) Terms and conditions of transactions with related parties:

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Company has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

f) No amount of due from related parties has been written off during the year (Previous year ₹ Nil). No amount due to related parties has been written back during the year (Previous year ₹ nil). For the year ended March 31, 2017, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2016 : ₹ Nil, April 1, 2015 : ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. No expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

g) Guarantees given to / received from related parties

L&T Infrastructure development projects Ltd, the Holding Company, has given gurantee towards debt service reserve requirements for ₹ 6,82,00,000/- to ICICI Bank. This is in lieu if the Debt Service Reserve Account Requirement, which is three months interest and principle due.

h) Commitments with related parties

There are no commitments with related parties as at 31 March 2017 (31 March 2016: Nil, 31 March 2015: Nil)

6 Disclosure pursuant to Ind AS 12 "Income taxes"

(a) The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are:

Particulars	2016-17	*2015-16*
	₹	₹
1) Income tax recognized in profit or loss		
(i) Current tax :		
Current income tax charge	**–**	–
Adjustment in respect of previous years [Refer note (b) below]	**–**	*202,864*
(ii) Deferred tax :		
Relating to origination and reversal of temporary differences	**–**	–
2) Income tax recognized in other comprehensive income	**–**	–
3) Income tax directly recognized in equity	**–**	–
	–	*202,864*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(b) The Company does not have any taxable profit for the current year and the previous year and hence reconciliation of tax expense to the accounting profit is not applicable. Adjustment in respect of previous years represent the tax expense recognized based on completed assessments pertaining to earlier years.

(c) Major components of deferred tax liabilities and assets

(i) Deferred tax assets and liabilities recognized in the Balance Sheet

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
	₹	₹	₹
Deferred tax liabilities			
(a) Property, plant and equipment and other intangible assets	**699,237,074**	*569,199,539*	*343,041,522*
Deferred tax liabilities - A	**699,237,074**	*569,199,539*	*343,041,522*
Deferred tax assets			
(a) Unabsorbed depreciation realisable on reversal of the above deferred tax liabilities	**699,237,074**	*569,199,539*	*343,041,522*
Deferred tax liabilities - B	**699,237,074**	*569,199,539*	*343,041,522*
Net deferred tax assets /(liabilities) [A - B]	**–**	–	–

Refer note 7(e) for movement in deferred tax

(ii) Deferred tax assets not recognized in the Balance Sheet

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
	₹	₹	₹
Deferred tax assets			
(a) Unabsorbed depreciation other than those specified in table above	**45,936,858**	*7,444,266*	*18,991,453*
(b) Provision for gratuity and compensated absences	**473,877**	*722,097*	*94,051*
(c) Unused tax lossed (Business loss carried forward)	**69,191,805**	*69,390,374*	*39,780,341*
(d) Other items	**–**	–	*75,583*
Deferred tax assets not recognized in Balance Sheet	**115,602,540**	*77,556,736*	*58,941,428*

(iii) Deferred tax asset on Property plant and equipment and other intangible assets have been recognized to the extent the same can be set off against deferred tax liability arising on timing difference between book depreciation and depreciation as per the Income-tax Act, 1961.

(iv) The Company is eligible to claim deduction under section 80IA of the Income Tax Act 1961 and the management expects the above deferred tax assets to get reversed/lapsed within the tax holiday period. Hence these deferred tax assets are not recognized in the Balance Sheet.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(d) Amount of deductible temperory difference and unused tax credits for which deferred tax asset is not recognized

Particulars		As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
		Amount (₹)	Deferred tax (₹)	Expiry date	Amount (₹)	Deferred tax (₹)	Expiry date	Base amount	Deferred tax	Expiry date
1)	Unused tax lossed (Business loss carried forward)									
	AY 2016 - 17	81,971,230	28,368,603	AY 2024- 25	82,544,996	28,567,172	AY 2024- 25	–	–	
	AY 2015 - 16	106,685,356	36,921,668	AY 2023 - 24	106,685,356	36,921,668	AY 2023 - 24	103,672,006	35,878,808	AY 2023 - 24
	AY 2014 - 15	11,273,502	3,901,534	AY 2022- 23	11,273,502	3,901,534	AY 2022- 23	11,273,502	3,901,534	AY 2022- 23
		199,930,088	69,191,805		200,503,854	69,390,374		114,945,508	39,780,341	
2)	Unabsorbed depreciation to the extent not recognized	132,734,797	45,936,858	No time limit	124,399,798	43,052,282	No time limit	44,346,790	15,347,537	No time limit
3)	Provision for gratuity and compensated absences	1,369,272	473,878	No time limit	2,086,502	722,097	No time limit	271,761	94,051	No time limit
4)	Other items giving rise to temperory differences	–	–	–	–	–	–	218,397	75,583	No time limit

(e) Movement in deferred tax

Particulars		As at April 01, 2015	Movement in 2015-16			As at March 31, 2016	Movement in 2016-17			As at March 31, 2017
			Recognized in profit or loss	Recognized in OCI	Recognized directly in equity		Recognized in profit or loss	Recognized in OCI	Recognized directly in equity	
		₹	₹	₹	₹	₹	₹	₹	₹	₹
Deferred tax liabilities										
(a)	Property, plant and equipment and other intangible assets	343,041,522	226,158,017	–	–	569,199,539	130,037,535	–	–	699,237,074
	Total - A	343,041,522	226,158,017	–	–	569,199,539	130,037,535	–	–	699,237,074
Deferred tax assets										
(a)	Unabsorbed depreciation realisable on reversal of the above deferred tax liabilities	343,041,522	226,158,017	–	–	569,199,539	130,037,535	–	–	699,237,074
	Toal - B	343,041,522	226,158,017	–	–	569,199,539	130,037,535	–	–	699,237,074
Net deferred tax recognized		–	–	–	–	–	–	–	–	–

7 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17	2015-16
		₹	₹
Earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(35,164,620)	(115,003,876)
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	90,000,000	90,000,000
Basic and diluted earnings per equity share (₹)	A / B	(0.39)	(1.28)
Face value per equity share (₹)		10.00	10.00

8 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

9 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

Considering that the expense to be incurred is depended on various factors including the usage, wear and tear of the highway, bituminous overlay, etc, it is not possible to estimate the exact timing and the quantum of the cashflow. However the management estimates to incurr major portion of the expenditure during 2020-21. The management does not expect any re-imbursement towards the expenses to be incurred.

b) Movement in provisions - Provisiom for Major Maintenance:

Particulars	2016-17	2015-16
	₹	₹
Carrying amount as at the beginning of the year	**103,598,834**	*62,882,126*
Additional provision	**62,073,577**	*34,017,491*
Increase in discounted amount due to passage of time and changes in discount rate	**10,063,492**	*6,699,217*
Carrying amount as at the end of the year	**175,735,903**	*103,598,834*

10 Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	1,352,000	681,243	2,033,243
(+) Permitted receipts	2,470,000	31,110,098	33,580,098
(-) Permitted payments	–	109,210	109,210
(-) Amount deposited in Banks	3,822,000	28,461,318	32,283,318
Closing cash in hand as on 30.12.2016	**–**	**3,220,813**	**3,220,813**

The amount disclosed as 'permitted receipts' in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

11 NHAI has suspended toll collection during the period 9 November 2016 to 2 December 2016 (23.29 days) due to demonetisation. This being a force majeure event, the Company is eligible for compensation of the force majeure costs (as per Clause 34.7.2 of the Concession Agreement) and has claimed force majeure costs of ₹ 24,953,007/- (interest of ₹ 13,994,042/- and O&M expenses of ₹ 10,958,955/-) with NHAI and netted off relevant expenditure as follows

Note Ref	Presentation grouping	Amount (₹)
Note 20	Repairs and maintenance - others	7180512
Note 21	Salaries, wages and bonus	2909809
Note 22	Interest on borrowings	13994042
Note 23	Miscellaneous expenses	868644
	Total	**24953007**

12) Disclosure pursuant to Ind AS 17 "Leases"

The Company has taken certain office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry and there are no restrictions imposed by the lease arrangements. Lease rental expenses for the year is ₹ 4,56,080/- (previous year: ₹ 4,01,400/-). Out of the above, ₹ 4,56,080/- (previous year: ₹ 270,262/-) is charged to the Statement of Profit and Loss and ₹ NIL (previous year: ₹ 1,31,138/-) is included in Pre-operative expenses pending allocation.

Contingent rent recognised in the statement of profit and loss for the year is ₹ NIL (previous year ₹ NIL).

The Company has not taken any asset on finance lease.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

13 Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, the capital is the issued equity capital. The primary objective of the company's capital management is to maximise shareholder value.

14 The financial statements were approved for issue by the board of directors on 27 April 2017.

15 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			*31.03.2016*			*01.04.2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Investments	4	23,692,598	–	–	18,131,724	–	–	–	–	–
Cash and cash equivalents	5	–	–	10,197,322	–	–	11,421,010	–	–	14,049,963
Security Deposits	6	–	–	948,930	–	–	917,095	–	–	833,335
Other Current Financial Asset	6	–	–	17,525,422	–	–	8,056,228	–	–	8,966,899
Total Financial Asset		23,692,598	–	28,671,674	18,131,724	–	20,394,333	–	–	23,850,197
Financial liability										
Debentures	11	–	–	1,598,826,970	–	–	1,600,000,000	–	–	–
Term loans from banks	11			1,064,411,088			1,065,263,308			2,227,366,573
Loans from related parties	11	–	–	123,279,070	–	–	188,833,052	–	–	402,391,512
Trade Payables	12	–	–	23,612,262	–	–	27,970,688	–	–	18,160,728
Capital creditors	13			37,361,198			85,760,207			47,607,681
Dues to related parties	13			4,697,504			3,381,378			17,386,065
Other financial Liabilities	13			41,886,760			37,210,215			30,029,072
Total Financial Liabilities		–	–	2,894,074,852	–	–	3,008,418,848	–	–	2,742,941,631

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

16 Fair value measurement

a) Fair value of Financial asset and liabilties at amortized cost

Particulars	Note no.	31.03.2017		*31.03.2016*		*01.04.2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	6	948,930	948,930	917,095	917,095	833,335	833,335
Total Financial Assets		948,930	948,930	917,095	917,095	833,335	833,335
Financial liability							
Debentures	11	1,598,826,970	1,598,826,970	1,600,000,000	1,600,000,000	–	–
Term loans from banks	11	1,064,411,088	1,064,411,088	1,065,263,308	1,065,263,308	2,227,366,573	2,227,366,573
Loans from related parties	11	123,279,070	123,279,070	188,833,052	188,833,052	402,391,512	402,391,512
Total Financial Liabilities		2,786,517,128	2,786,517,128	2,854,096,360	2,854,096,360	2,629,758,085	2,629,758,085

The carrying amount of current financial assets and current trade payables and other financial liabilities measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

Refer Note A(17) for information on Financial Asset pledged as security

b) Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	4	23,692,598	–	–	23,692,598
Total of Financial Assets		**23,692,598**	**–**	**–**	**23,692,598**
Financial Liabilities measured at FVTPL	–	–	–	–	
Total of Financial Liabilities	**–**	**–**	**–**	**–**	
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	6	–	948,930	–	948,930
Total of Financial Assets		**–**	**948,930**	**–**	**948,930**
Financial Liabilities					
Debentures	11	–	1,598,826,970	–	1,598,826,970
Term Loans from Banks	11		1,064,411,088		1,064,411,088
Loans from related parties	11	–	123,279,070	–	123,279,070
Total Financial liabilties		**–**	**2,786,517,128**	**–**	**2,786,517,128**

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	4	18,131,724	–	–	18,131,724
Total of Financial Assets		**18,131,724**	**–**	**–**	**18,131,724**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	6	–	917,095	–	917,095
Total Financial Assets		**–**	**917,095**	**–**	**917,095**
Financial Liabilities					
Debentures	11	–	1,600,000,000	–	1,600,000,000
Term Loans from Banks	11	–	1,065,263,308	–	1,065,263,308
Loans from related parties	11	–	188,833,052	–	188,833,052
Total Financial Liabilities		**–**	**2,854,096,360**	**–**	**2,854,096,360**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

As at April 1, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	4	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	3	–	833,335	–	833,335
Total of Financial Assets		**–**	**833,335**	**–**	**833,335**
Financial Liabilities					
Debentures	11	–	–	–	-
Term Loans from Banks	11	–	2,227,366,573		2,227,366,573
Loans from related parties	11	–	402,391,512	–	402,391,512
Total of Financial Liabilities		**–**	**2,629,758,085**	**–**	**2,629,758,085**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Debentures		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate

17 Asset pledged as security

The carrying value of assets pledged as security towards term loans from banks / debentures (Amount in ₹)

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Property, Plant & Equipment	1	**18,319,579**	*12,140,141*	*13,890,098*
Intangible assets	2	**66,985**	*468,897*	*870,809*
Capital work in progress		**1,777,637**	–	–
Intangible asset	2			
Intangible asset under development	3			
Investments	4	**23,692,598**	*18,131,724*	–
Cash and Cash Equivalents	5	**10,197,322**	*11,421,010*	*14,049,963*
Other Financial Asset	6	**18,474,352**	*8,973,323*	*9,800,234*
Financial Asset				
Other receivables	8	**662,201**	*112,671,119*	*4,983*
Total		**73,190,674**	*163,806,214*	*38,616,087*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

18 Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

a. Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company's exposure to foreign currency dues is as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Foreign currency exposure (Euro)	**87,595.50**	*87,595.50*	*116,794.00*

Sensitivity analysis

	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in Foreign Currency rates by 0.5 basis points	**43,798**	*43,798*

Note: Profit will increase in case of decrease in exchange rate and vice versa

b. Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, borrowings from commercial banks is at variable rate , which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Term loans from banks	**1,064,411,088**	*1,065,263,308*	*2,227,366,573*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	**Impact on profit/ loss after tax**	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by by 25 basis point	**2,662,093**	*4,115,787*

Note: Profit will increase in case of decrease in interest rate and vice versa

c. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company is exposed to price risk due to investments in mutual funds and classified as fair value through profit and loss.

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Investments in Mutual Funds	4	**23,692,598**	*18,131,724*	*–*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in NAV by 2%	**473,852**	*362,634*

Note - In case of decrease in NAV profit will reduce and vice versa.

d. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities and their respective carrying amount

(Amount in ₹)

As at March 31, 2017	**Upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**	**Total**	**Carrying Amount**
Non Derivative Financial Liability						
Term loans from Banks	**1,072,844**	**1,072,844**	**3,218,532**	**1,066,408,754**	**1,071,772,974**	**1,064,411,088**
Debentures	**2,026,970**	**1,600,000**	**4,800,000**	**1,590,400,000**	**1,598,826,970**	**1,598,826,970**
Loans from related parties repayable on demand	**123,279,070**	**–**	**–**	**–**	**123,279,070**	**123,279,070**
Trade Payables	**23,612,262**	**–**	**–**	**–**	**23,612,262**	**23,612,262**
Other financial liabilities	**83,945,462**	**–**	**–**	**–**	**83,945,462**	**83,945,462**
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**

As at March 31, 2016	*Upto 1 year*	*1 - 2 years*	*2 - 5 years*	*> 5 years*	*Total*	*Carrying Amount*
Non Derivative Financial Liability						
Term loans from Banks	*1,072,844*	*1,072,844*	*3,218,532*	*1,067,481,598*	*1,072,845,818*	*1,065,263,308*
Debentures	*1,600,000*	*1,600,000*	*4,800,000*	*1,592,000,000*	*1,600,000,000*	*1,600,000,000*
Loans from related parties repayable on demand	*188,833,052*	*–*	*–*	*–*	*188,833,052*	*188,833,052*
Trade Payables	*27,970,688*	*–*	*–*	*–*	*27,970,688*	*27,970,688*
Other financial liabilities	*126,351,800*	*–*	*–*	*–*	*126,351,800*	*126,351,800*
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

As at April 01, 2015	*Upto 1 year*	*1 - 2 years*	*2 - 5 years*	*> 5 years*	*Total*	*Carrying Amount*
Non Derivative Financial Liability						
Term loans from Banks	*40,276,000*	*78,512,000*	*391,760,000*	*1,722,898,000*	*2,233,446,000*	*2,227,366,573*
Loans from related parties repayable on demand	*402,391,512*	*–*	*–*	*–*	*402,391,512*	*402,391,512*
Trade Payables	*18,160,728*	*–*	*–*	*–*	*18,160,728*	*18,160,728*
Other financial liabilities	*95,022,818*	*–*	*–*	*–*	*95,022,818*	*95,022,818*
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

e. Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

19 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

(a) Description and classification of the arrangment

Devihalli Hassan Tollway Limited ("the Company") is a Special Purpose Vehicle (SPV) incorporated for the purpose of the four laning of Devihalli-Hassan section from KM 110 to KM 189.50 of NH-48 including a new two lane with paved shoulder bypass for Channarayapatna town and widening of existing Hassan bypass to two lane with paved shoulder on Design, Build, Finance, Operate and Transfer (DBFOT) basis in the State of Karnataka under National Highways Development Programme (NHDP) Phase III A under the Concession Agreement dated June 17, 2010. In terms of clause 14.3.2 of the aforesaid agreement, the Company had obtained approval for operating part of the project highway of 59.70 Kms and 14.652 Kms on November 14, 2013 and December 05, 2014 respectively. The company had further obtained approval for 2.976 Kms vide letter dated October 6, 2015 from NHAI.

The concession period is for 30 years, which includes the construction period commencing from December 14, 2010. The Concession Agreement provides a right to the Company to charge users of the highway and accordingly the Company has recognized the intangile asset 'Toll collection rights'.

(b) Significant Terms of the arrangements

(i) Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 27 of the Concession Agreement.

(ii) Rights of the Company for use Project Highway

To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

(iii) Obligation of the Company

The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Article 17 read with Schedule K of the CA.

(iv) Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

(v) Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Article 37 of the CA.

(vi) Changes in arrangements occuring during the period

Druing the current year, the Company has recorded an extension of 47 days [Refer Note 2(b)] and 23.29 days [Refer Note 2(b)] in the period of toll collection rights.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

20 Notes on First time adoption of Ind AS

a) Reconcilation of equity as at April 01, 2015 and as at March 31, 2016

Particulars	Note	As at April 01, 2015			As at March 31, 2016		
		Indian GAAP*	Adjustments	Ind AS	Indian GAAP*	Adjustments	Ind AS
		₹	₹	₹	₹	₹	₹
ASSETS							
Non-current assets							
a) Property, plant and equipment		13,890,098		13,890,098	12,140,141	–	12,140,141
b) Capital work-in-progress		–		–	–	–	–
c) Intangible assets	(e),(g),(i)	5,146,846,802	(1,633,153,733)	3,513,693,069	5,322,073,228	(1,762,797,771)	3,559,275,457
d) Intangible assets under development	(g)	196,143,873	(158,900,564)	37,243,309	56,946,779		56,946,779
e) Financial assets					–		–
i) Loans		733,335		733,335	817,095		817,095
f) Other non-current assets	(e)	–		–	7,123,365	(7,123,365)	–
		5,357,614,108	(1,792,054,297)	3,565,559,811	5,399,100,608	(1,769,921,136)	3,629,179,472
Current assets							
a) Financial assets		–			–	–	
i) Investments	(h)	–		–	17,981,338	150,386	18,131,724
ii) Cash and bank balances		14,049,963		14,049,963	11,421,010	–	11,421,010
iii) Other financial assets		9,066,899		9,066,899	8,156,228	–	8,156,228
b) Current tax assets (net)		2,414,934		2,414,934	590,134	–	590,134
c) Other current assets	(e)	11,718,900		11,718,900	124,929,705	(395,743)	124,533,962
		37,250,696	–	37,250,696	163,078,415	(245,357)	162,833,058
TOTAL		5,394,864,804	(1,792,054,297)	3,602,810,507	5,562,179,023	(1,770,166,493)	3,792,012,530
EQUITY AND LIABILITIES							
EQUITY							
a) Equity share capital		900,000,000		900,000,000	900,000,000	–	900,000,000
b) Other equity	(c)	1,632,911,750	(1,742,676,689)	(109,764,939)	1,486,346,820	(1,710,824,817)	(224,477,997)
		2,532,911,750	(1,742,676,689)	790,235,061	2,386,346,820	(1,710,824,817)	675,522,003
LIABILITIES							
Non-current liabilities							
a) Financial liabilities							
i) Borrowings	(e)	2,195,009,798	(7,919,225)	2,187,090,573	2,670,172,974	(7,582,510)	2,662,590,464
b) Provisions	(f)	105,822,082	(41,458,383)	64,363,699	157,785,658	(51,759,166)	106,026,492
		2,300,831,880	(49,377,608)	2,251,454,272	2,827,958,632	(59,341,676)	2,768,616,956
Current liabilities							
a) Financial liabilities							
i) Borrowings		402,391,512		402,391,512	188,833,052		188,833,052
ii) Trade payables		18,160,728		18,160,728	27,970,688		27,970,688
iii) Other financial liabilities		135,298,818		135,298,818	129,024,644		129,024,644
b) Other current liabilities		5,099,201		5,099,201	1,853,944		1,853,944
c) Provisions		170,915		170,915	191,243	–	191,243
		561,121,174	–	561,121,174	347,873,571	–	347,873,571
Total Equity and Liabilities		5,394,864,804	(1,792,054,297)	3,602,810,507	5,562,179,023	(1,770,166,493)	3,792,012,530

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(b) Reconciliation of statement of profit and loss for the year ended 31 March 2016

Particulars	Note	**Indian GAAP***	**Adjustments**	**Ind AS**
		₹	₹	₹
REVENUE				
Revenue from operations		376,806,232		376,806,232
Construction contract revenue		–	106,205,854	106,205,854
Other income	(h)	416,054	150,386	566,440
Total income		377,222,286	106,356,240	483,578,526
EXPENSES				
Construction contract expenses		–	106,205,854	106,205,854
Operating expenses	(f)	108,547,296	(17,000,000)	91,547,296
Employee benefit expense	(j)	13,579,062	290,817	13,869,879
Finance costs	(e),(f)	304,161,877	4,672,162	308,834,039
Depreciation, amortisation and obsolescence	(i)	63,817,070	(19,373,647)	44,443,423
Administration and other expenses		33,479,047	–	33,479,047
Total expenses		523,584,352	74,795,186	598,379,538
Loss before tax		(146,362,066)		(114,801,012)
Tax Expense:				
Adjustment of tax relating to earlier periods		202,864		202,864
Current tax		–		–
Deferred tax		–		–
		202,864		202,864
Loss for the year		(146,564,930)		(115,003,876)
Other comprehensive income:				
i) Items that will not be reclassified to profit or loss (net of tax)	(j)			290,818
ii) Items that will be reclassified to profit or loss (net of tax)				
Total comprehensive income for the year		(146,564,930)		(114,713,058)

(c) Reconciliation of total equity as at 31 March 2016 and as at 1 April 2015

Particulars	**Note**	*As at March 31, 2016*	*As at April 1, 2015*
		₹	₹
Total Equity under previous GAAP		*2,386,346,820*	*2,532,911,750*
1) Measurement of borrowings at amortized cost	(e)	*63,402*	*(1,963,654)*
2) Discounting of provision for periodic major maintenance	(f)	*58,458,383*	*41,458,383*
3) Amortization of toll collection rights due to change in the carrying value of toll collection rights	(i)	*37,202,229*	*17,828,582*
4) Grant received from NHAI	(g)	*(1,800,000,000)*	*(1,800,000,000)*
5) Fair valuation of investments under Ind AS	(h)	*150,386*	–
6) Unwinding of discount on provisions	(f)	*(6,699,217)*	–
Total adjustments to equity		*(1,710,824,817)*	*(1,742,676,689)*
Total equity under Ind AS		*675,522,003*	*790,235,061*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(d) Reconciliation of total comprehensive income for the year ended 31 March 2016

Particulars	Note	2015-16	
		₹	₹
Loss as per previous GAAP			*(146,564,930)*
1) Fair valuation of investments under Ind AS	(h)	*150,386*	
2) Recognition of finance cost under effective interest method (including impact of amortization of upfront fees under previous GAAP)	(e)	*2,027,056*	
3) Discounting of provision for periodic major maintenance	(f)	*17,000,000*	
4) Unwinding of discount on provisions	(f)	*(6,699,217)*	
5) Amortization of toll collection rights on account of change in the carrying value of toll collection rights	(i)	*19,373,647*	
6) Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS	(j)	*(290,817)*	
Total effect of Transition to Ind AS			*31,561,055*
Loss for the year as per Ind AS			*(115,003,875)*
Other comprehensive income for the year			*290,817*
Total Comprehensive income under Ind AS			*(114,713,058)*

(e) Borrowings and interest on borrowing

Under previous GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. The Company has capitalized upfront fees (transaction cost) of ₹ 98,82,880/- as part of toll collection rights under previous GAAP. As per Ind AS 109, borrowings are subsequently measured at amortized cost and the transaction costs incurred are considered in the computation of amortized cost. Accordingly the upfront fees of ₹ 98,82,880/- is reduced from toll collection rights and the amortized cost of borrowings as at 1 April 2015 is computed. The carrying value of borrowings is reduced by ₹ 79,19,225/- as at 01 April 2015 (after netting interest accrued) and equity is reduced by ₹ 19,63,654/- on account of this adjustment.

The unamortized upfront fees of ₹ 75,19,108/- as at 31 March 2016 under previous GAAP is derecognized under Ind AS and is appropriately considered in the computation of amortized cost of the borrowings as at 31 March 2016. The upfron fees amortized during the year 2015-16 under previous GAAP amounting to ₹ 19,63,654/- is reversed under Ind AS.

Further under previous GAAP interest is charged at the rate applicable to the borrowing as agreed with the lender whereas under Ind AS interest on borrowings is to be computed at the effective interest rate (EIR). The finance cost for the year 2015-16 is lower by ₹ 63,402/- under Ind AS on account of this adjustment and the carrying amount of borrowings is reduced by ₹ 75,82,510/- on account of measuring the borrowing as amortized cost as at 31 March 2016.

On account of the above adjustments there is a decrease in equity by ₹ 19,63,654/- as at 1 April 2015 and ₹ 63,402/- as at 31 March 2016 and the decline in loss for the year 2015-16 by ₹ 20,27,056/-.

(f) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. Ind AS 37 requires provisions to be discounted to its present value if the time value of money is material.

Accordingly provision for periodic major maintenance is recognized at the present value of the expenditure expected to be required to settle the obligation. The provision for periodic major maintenance under Ind AS is lower by ₹ 4,14,58,383/- as at 1 April 2015.

Under Ind AS the discounted provision needs to be adjusted for the time value of money over the period of the provision and accordingly interest of ₹ 66,99,217/- is recognized for the year 2015-16. Further the impact of discounting the provision to present value is ₹ 1,70,00,000/- (credit to profit or loss) for the year ended 31 March 2016. The carrying value of provision under Ind AS as at 31 March 2016 is reduced by ₹ 5,17,59,166/-on account of the said adjustment.

On account of the above adjustments there is an increase in equity by ₹ 4,14,58,383/- as at 1 April 2015 and ₹ 5,17,59,166/- as at 31 March 2016 and the decline in loss for the year 2015-16 by ₹ 1,03,00,783/-."

(g) Grant received from NHAI

Under previous GAAP, grants received in the nature of Promoters' contribution from National Highways Authority of India (NHAI) / State authorities were accounted as "Capital reserve". The Company had received grant of ₹1,80,00,00,000/- from NHAI and the same was accounted as capital reserve. Under IndAS, such grants are recongised as a financial asset and are measured at the fair value of the consideration received / receivable and adjusted against the cost of toll collection rights.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Accordingly the Company has adjusted ₹ 1,64,10,99,436/- against toll collection rights as at 1 April 2015 and ₹ 15,89,00,564/- against intangibles under development as at 1 April 2015.

(h) Current investments

Under previous GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. Under Ind AS, investments in mutual fund are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). These are subsequently measured at fair value at the reporting date and gain or loss on fair value measurement is recognized in profit or loss.

The Company has measured the investments in mutual funds as at 31 March 2016 at fair value and recognized a gain of ₹1,50,386/- in profit or loss for the financial year 2015-16. The equity and investment in mutual funds as at 31 March 2016 have increased by ₹1,50,386/- on account of this adjustment.

(i) Toll collection rights and amortizaion

The carrying amount of toll collection rights as per the previous GAAP has changed under Ind AS on account of the adjustments specified in Sl. No (i) and (iii) above. Accordingly there is a decrease in the amortization of toll collection rights by ₹ 1,78,28,582/- under Ind AS which is directly recognized in equity. Further the amortization for the year 2015-16 is lower by ₹ 1,93,73,647/- and is recognized in profit or loss for the year ended 31 March 2016.

On account of the above adjustments there is an increase in equity by ₹ 1,78,28,582/- as at 1 April 2015 and ₹ 3,72,02,229/- as at 31 March 2016 and the decline in loss for the year 2015-16 by ₹ 1,93,73,647/-.

(j) Remeasurements of defined benefit obligations

Under previous GAAP, actuarial gains and losses were recognized in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liabilitiy / asset which is recognized in other coprehensive income. The remeasurement gain on defined benefit obligations for the year 2015-16 is ₹ 2,90,818/-.

There is no change in the total equity on account of this, however, the loss for the year 2015-16 is higher by ₹ 2,90,818/-.

B. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. BASIS OF PREPARATION

(a) Compliance with IndAS

The financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) read with Companies (Indian Accounting Standards) Rules, 2015 (as amended) and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. The date of transition to Ind AS in April 1, 2015. Refer Note B(27) for the details of first-time adoption exemptions availed by the Company.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except cetain financial instrucments which are measured at fair value as explained in the accounting policies below.

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 PRESENTATION OF FINANCIAL STATEMENTS

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind ASs.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III.

3 REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Claims with National Highways Authority of India ('NHAI').

- Claims with National Highways Authority of India ('NHAI') and other Government Authorities are accounted as and when the money is received from the respective Authority, in cases of monetary compensations.
- In cases where the claims are accepted by NHAI but the compensation is by way of extension of the concession period, such claims are recognized as other operating income on acceptance by the authority with corresponding increase in toll collection rights (TCR) capitalized in the books of account.
- In cases where the Company has a contractual right to an extension in the concession period as per the concession agreement, for any losses incurred by the Company, such claims are recognized as other operating income when the right for the compensation is established based on the facts and circumstances.

c) Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably. Interest is accrued on time proportion basis, by reference to the principle outstanding at the effective interest rate.

d) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the statement of profit or loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

4 CASH FLOW STATEMENT

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

5 PROPERTY, PLANT AND EQUIPMENT (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Vehicles	
Motor cars	7
Office equipment	
Projector, Printers	4
Split AC and Window AC	4
Buildings that are of temporary in nature	1
Plant & Machinery	
DG Sets	12
Air Conditioning and refrigeration equipment	12
Lab Equipment	7

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

6 INTANGIBLE ASSETS

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation for claims made by the Company are capitalised as part of Toll Collection Rights on acceptance of the claim. Where the Company has a contractual right to an extension in the concession period as per the concession agreement, the same is capitalized when the right to extension in the conession peiod is established at the estimated amount of eligible claims.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

b) Other intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

Intangible assets are derecognised when no future economic benefits are expected from use or disposal.

c) Amortization

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period. For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

Specialized software is amortized over a period of three years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

7 EXCEPTIONAL ITEMS

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

8 FOREIGN CURRENCY TRANSACTIONS AND TRANSLATIONS

a) The functional currency of the Company is Indian Rupees

b) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised as income or expense in the period in which they arise except

(i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

(ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

(iii) exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

9 EMPLOYEE BENEFITS

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur."

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences and liability under Retnetion Pay Scheme is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in profit or loss.

Gains or losses on the curtailment or settlement of any long-term employee benefit plan are recognized when the curtailment or settlement occurs. Past service, cost is recognized as expense at the earlier of the plan amendment or curtailment and when the Company recognizes related restructuring costs or termination benefits.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

10 BORROWING COSTS

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

11 SEGMENT REPORTING

The Company identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

Segment accounting policies are in line with the accounting policies of the Company. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities.

12 LEASES

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

13 EARNINGS PER SHARE

Basic earnings per share are calculated by dividing the net profit / loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

14 INCOME TAXES

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

15 IMPAIRMENT OF ASSETS

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and

(b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

16 PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

17 FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

i. Cash and cash equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

ii. Financial assets at amortized cost

Financial assets are subsequently measured at amortised cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through other comprehensive income (FVOCI)

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

iv. Financial assets at fair value through profit or loss (FVTPL)

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. Eg. Investments in mutual funds.

v. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

vi. Derecognition of financial asset

A financial asset is primarily derecognised when:

- the rights to receive cash flows from the asset have expired, or
- the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

b) Financial Liabilities

All financial liabilities are measured at amortised cost using the effective interest method or at fair value through profit or loss.

i. Financial liabilities at fair value through profit or loss

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of sort-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluation on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognized in profit or loss.

ii. Financial liabilities at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

iii. Financial liabilities at amortized cost

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

18 INSURANCE CLAIMS

Insurance claims are accounted for on the basis of claims accepted by the insurance authorities.

19 OPERATING CYCLE

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

20 FIRST TIME ADOPTION OF IND AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

(a) The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).

(b) The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.

(c) The Company has opted to continue with the carrying value for all of its proerty, plant and equipment as recognised in its previous GAAP financial as deemed cost at the transition date.

(d) The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.

(e) The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.

(f) The Company has decided to continue with the revenue based amortisation method for existing road concessions.

Further, the estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

21 COMMITMENTS

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

As per our report attached of even date

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
(Firm's Registraion No.: 003792S)
By the hand of

D. VINOD KUMAR
Partner
Membership No. 224549

S. SRINIVASAN
Company Secretary
M. No. A15797

KG SUBRAMANIAN
Chief Financial Officer

R G RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Seventh report and Audited Accounts for the year ended 31st March, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

(₹ Lakhs)

Particulars	**2016-17**	*2015-16*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**588.64**	*661.55*
Less: Depreciation, amortization and obsolescence	**1,558.10**	*673.90*
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**(969.46)**	*(12.35)*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**(969.46)**	*(12.35)*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**(969.46)**	*(12.35)*
Less: Provision for tax	**(270.85)**	*(7.74)*
Profit after tax from continuing operations	**(698.61)**	*(4.61)*
Profit for the period carried to the balance sheet	**(698.61)**	*(4.61)*
Add: Balance brought forward from previous year	**(295.61)**	*(291)*
Add: Other comprehensive income	**(10.66)**	–
Balance available for disposal (which directors appropriate as follows)	**(993.63)**	*(295.61)*

2. **CAPITAL EXPENDITURE:**

   As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹.4,946.42 lakhs and the net fixed and intangible assets, including leased assets, at ₹ 4,252.61 lakhs. Capital Expenditure during the year amounted to ₹ 0.84 lakhs.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   The Company has not given any loans, made any investments or given guarantees or provided any security during the financial year 2016-17 as specified under Section 186 of the Companies Act, 2013.

4. **DEPOSITS:**

   The Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

5. **SUBSIDIARY COMPANIES:**

   The Company does not have any subsidiary companies under its purview.

6. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   All the related party transactions for the financial year 2016-17 were in the ordinary course of business and at arm's length.

   There are no materially significant related party transactions that may have conflict with the interest of the company and the disclosure as per Form AOC-2 of the Act is attached to this Report as **Annexure I**.

7. **STATE OF COMPANY AFFAIRS:**

   The gross sales and other income for the financial year under review were ₹ 2,543.46 lakhs as against ₹ 2,760.76 lakhs for the previous financial year registering a decrease of 8%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ (969.46) lakhs and the profit after tax from continuing operations including extraordinary and exceptional items was ₹ (698.61) lakhs for the financial year under review as against ₹ (12.35) lakhs and ₹ (4.61) lakhs respectively for the previous financial year.

8. **DIVIDEND:**

   The Directors have not recommended any dividend for the financial year 2016-17.

9. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the company, between the end of the financial year and the date of the report.

10. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information as per Rule 8 Companies (Accounts) Rules, 2014.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year under review, the Company had no foreign exchange earnings and outgo.

11. RISK MANAGEMENT FRAMEWORK:

The Company has a risk management framework in place to identify, assess and address risks affecting the performance of the Company. A summary of major risks and action plan to mitigate the same are presented to and reviewed by the Board at its Meetings.

12. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

The present Directors of the Company are Mr. Ashwani Kumar and Mr. Sanjay Pai.

Mr. Ashwani Kumar (DIN: 00910864), retires by rotation at the forthcoming Annual General Meeting and is eligible for re-appointment.

Mr. Macdonald Creado is the Manager of the Company.

Mr. Arun Kirtania is the Chief Financial Officer and Mr. Kuldip Nagar is the Company Secretary of the company.

The Company is in the process of identifying suitable candidates to be appointed as Independent Directors, who would meet the requirements of the Company. The requirements as to formation of committees of the Board viz. the Audit and Nomination & Remuneration Committee and Performance Evaluation of the Board, its Committees and Individual Directors can be complied with only after appointment of Independent Directors.

13. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review five meetings were held on 23rd May, 2016, 22nd July, 2016, 17th October, 2016, 19th January, 2017, and 31st March, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

14. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(s)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

15. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

16. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

17. PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The Company does not have any employees and hence there were no cases of sexual harassment reported to the management of the company during 2016-17.

18. AUDITORS:

The Auditors, Sharp & Tannan, hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 7th AGM until the conclusion of the 12th AGM.

19. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

20. EXTRACT OF ANNUAL RETURN:

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as **Annexure II** to this Report.

21. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Mumbai	**ASHWANI KUMAR**	**SANJAY PAI**
Date : May 12, 2017	*Director*	*Director*
	DIN: 00910864	*DIN:5148787*

ANNEXURE I TO THE BOARD REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. **DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS: NIL**
   (a) Name(s) of the related party and nature of relationship
   (b) Nature of contracts/arrangements/transactions
   (c) Duration of the contracts / arrangements/transactions
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   (e) Justification for entering into such contracts or arrangements or transactions
   (f) date(s) of approval by the Board
   (g) Amount paid as advances, if any:
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188

2. **DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENT OR TRANSACTIONS AT ARM'S LENGTH BASIS**

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value	Amount paid as advances, if any:
Larsen & Toubro Limited	Holding Company	Rendering of Aircraft Charter Services	1 year	**Major Service Charges are as follow:** ₹ 1.90 Lakhs per flying hour ₹ 1.45 lakhs per non flying charges	NIL

ANNEXURE II TO BOARD REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31ST MARCH, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U62100MH2009PTC196917
Registration Date	06/11/2009
Name of the Company	L&T AVIATION SERVICES PRIVATE LIMITED
Category	Private Company
Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656 Email:Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Activities related to air transport of passengers	52231	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

Sl. No.	Name and address of the Company	CIN / GLN	Holding / Subsidiary / Associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited Add: L&T House, N.M.Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	HOLDING	100	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	–	45600000	45600000	100	–	45600000	45600000	100	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1)	**–**	**45600000**	**45600000**	**100**	**–**	**45600000**	**45600000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign a) NRIs - Individuals b) Other - Individuals c) Bodies Corp. d) Banks / FI e) Any Other									
Sub-total (A) (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**45600000**	**45600000**	**100**	**–**	**45600000**	**45600000**	**100**	**NIL**
B. Public Shareholding **1. Institutions** a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1)	**–**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)	**–**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Sub-total (B)(2)	**–**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	**–**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
GRAND TOTAL (A+B+C)	**–**	**45600000**	**45600000**	**100**	**–**	**45600000**	**45600000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	45600000	100	NIL	45600000	100	NIL	NIL
	Total	**45600000**	**100**	NIL	**45600000**	**100**	NIL	NIL

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.	Particulars	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Shares	% of total Shares of the company
1	At the beginning of the year	No Change	No Change	No Change	No Change
2	Date wise Increase / Decrease in Promoters Shareholding during the year Specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	No Change	No Change	No Change	No Change
3	At the End of the year	No Change	No Change	No Change	No Change

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Shareholding during the Year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
3	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year Specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,701.17	NIL	NIL	5,701.17
ii) Interest due but not paid	–	NIL	NIL	–
iii) Interest accrued but not due	3.11	NIL	NIL	3.11
Total (i+ii+iii)	**5,704.28**	**NIL**	**NIL**	**5,704.28**
Change in Indebtedness during the financial year				
• Addition				
• Reduction	(1,237.24)	NIL	NIL	(1,237.24)
Net Change	**(1,237.24)**	**NIL**	**NIL**	**(1,237.24)**
Indebtedness at the end of the financial year				
i) Principal Amount	4,464.22	NIL	NIL	4,464.22
ii) Interest due but not paid	–	NIL	NIL	–
iii) Interest accrued but not due	2.82	NIL	NIL	2.82
Total (i+ii+iii)	**4,467.04**	**NIL**	**NIL**	**4,467.04**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹)

Sl. No.	Particulars of Remuneration	Name of ~~MD/WTD/~~ Manager				Total Amount
		Macdonald Creado				
1.	**Gross Salary**					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil	Nil	Nil	Nil
2.	**Stock Option**	Nil	Nil	Nil	Nil	Nil
3.	**Sweat Equity**	Nil	Nil	Nil	Nil	Nil
4.	**Commission**	Nil	Nil	Nil	Nil	Nil
	- as % of profit					
	- others, specify					
5.	**Others, please specify**	Nil	Nil	Nil	Nil	Nil
	Total (A)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
	Ceiling as per the Act	Nil	Nil	Nil	Nil	Nil

B. Remuneration to other Directors: (₹)

Sl. No.	Particulars of Remuneration	Name of Directors		Total Amount
1.	**Independent Directors**			
	• Fee for attending board / committee meetings	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (1)	**Nil**	**Nil**	**Nil**
2.	**Other Non-Executive Directors**	**Ashwani Kumar**	**Sanjay Pai**	
	• Fee for attending board / committee meetings	Nil	Nil	Nil
	• Commission	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil
	Total (2)	**Nil**	**Nil**	**Nil**
	Total (B)=(1+2)	**Nil**	**Nil**	**Nil**
	Total Managerial Remuneration	**Nil**	**Nil**	**Nil**
	Overall Ceiling as per the Act	Nil	Nil	Nil

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD (₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel		
		Kuldip Nagar (Company Secretary)	**Arun Kirtania** (Chief Financial Officer)	**Total**
1.	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Nil	Nil	Nil
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	Nil	Nil	Nil
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	Nil	Nil	Nil
2.	**Stock Option**	Nil	Nil	Nil
3.	**Sweat Equity**	Nil	Nil	Nil
4.	**Commission**			
	- as % of profit	Nil	Nil	Nil
	- others, specify	Nil	Nil	Nil
5.	**Others, please specify**	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
C. OTHER OFFICERS IN DEFAULT					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T AVIATION SERVICES PRIVATE LIMITED

REPORT ON THE STANDALONE IND AS FINANCIAL STATEMENTS

We have audited the accompanying standalone Ind AS financial statements of **L&T Aviation Services Private Limited** ("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "standalone Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE STANDALONE IND AS FINANCIAL STATEMENTS

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
   d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
   e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements. Refer note 29(N) to the standalone Ind AS financial statements;

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts. Refer note 29(L) to the standalone Ind AS financial statements;

   iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note 29(M) to the standalone Ind AS financial statements; and

   iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note 29(K) to the standalone Ind AS financial statements.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Place : Mumbai
Date : May 20, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars including quantitative details and situation of fixed assets;

(b) The Company has a regular programme of physical verification of its fixed assets by which fixed assets are verified in a phased manner over a period of three years. In accordance with this programme, certain fixed assets were verified during the year and no material discrepancies were noticed on such verification. In our opinion, this periodicity of physical verification is reasonable having regard to the size of the Company and the nature of its assets; and

(c) The Company does not hold any immovable properties. Accordingly, paragraph 3(i) (c) of the Order is not applicable to the Company.

(ii) The inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. No discrepancies were noticed on verification between the physical stock and the books records.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order is not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, amounts deducted/ accrued in the books of account in respect of undisputed statutory dues including provident fund, income tax, service tax, cess and other material statutory dues have been regularly deposited during the year by the Company with the appropriate authorities. As explained to us the Company did not have any dues on account of sales-tax, duty of customs, duty of excise, employees's state insurance and value added tax.

According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, sales-tax, duty of customs, duty of excise, employees's state insurance, value added tax, cess and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company, there are no dues of income tax, sales tax, service tax, duty of customs or duty of excise and value added tax which have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017.

(viii) According to information and explanations given to us, and based on the records of the Company, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks, government and debenture holders.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not paid/ provided for managerial remuneration during the year. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him and hence provisions of section 192 of the Act are not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Place : Mumbai
Date : May 20, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **L&T Aviation Services Private Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Place : Mumbai
Date : May 20, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31-3-2017 ₹ in Lakhs	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
ASSETS							
Non-current assets							
Property Plant and Equipment	1		4,252.61		8,625.32		9,295.70
Financial Assets							
Loans	2	81.85		81.58		80.58	
Other financial assets	3	386.12		1,136.29		1,158.97	
			467.97		1,217.87		1,239.55
Deferred tax assets (net)			452.32		164.98		137.87
Other non -current assets	4		1.85		6.89		11.52
			5,174.75		10,015.06		10,684.64
Current Assets							
Inventories	5		1.79		2.08		0.83
Financial Assets							
Trade receivables	6	11.73		17.75		42.18	
Cash and cash equivalents	7	163.95		27.40		14.95	
Other financial assets	8	127.76		288.81		235.53	
			303.44		333.96		292.66
Current Tax Assets (Net)	9		51.87		54.55		48.76
Other current assets	10		38.70		102.83		89.76
			395.80		493.42		432.01
Assets Held for Sale			3,324.77		–		–
			3,720.57		493.42		432.01
Total Assets			8,895.32		10,508.48		11,116.65
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital	11		4,560.00		4,560.00		4,560.00
Other Equity	12		(920.55)		(208.25)		(141.57)
LIABILITIES							
Non-current liabilities							
Financial Liabilities							
Borrowings	13	1,663.41		4,495.98		5,265.24	
			1,663.41		4,495.98		5,265.24
Provisions	14		0.06		–		0.12
			1,663.47		4,495.98		5,265.36
Current liabilities							
Financial Liabilities							
Current Maturities of Long term Borrowings	15	549.66		1,095.68		1,031.38	
Trade payables	16	725.30		380.27		320.49	
Other financial liabilities	17	7.51		3.75		3.87	
			1,282.47		1,479.70		1,355.74
Other current Liabilities	18		64.21		170.00		68.13
Provisions	19		18.00		11.05		8.99
			1,364.68		1,660.75		1,432.86
Liabilities associated with groups(s) of assets held for sale			2,227.72		–		–
Total Equity and Liabilities			8,895.32		10,508.48		11,116.65
CONTINGENT LIABILITIES	26						
COMMITMENTS (CAPITAL AND OTHERS)	27						
SIGNIFICANT ACCOUNTING POLICIES	28						
OTHER NOTES FORMING PART OF ACCOUNTS	29						

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

KULDIP NAGAR
Company Secretary
M. No. A24397

SANJAY PAI
Director
DIN 05148787

ASHWANI KUMAR
Director
DIN 00910864

MACDONALD CREADO
Manager

ARUN KIRTANIA
Chief Financial Officer

Place : Mumbai
Date : May 20, 2017

Place : Mumbai
Date : May 12, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

		2016-17		*2015-16*	
	Note No.	**₹ in Lakhs**	**₹ in Lakhs**	*₹ in Lakhs*	*₹ in Lakhs*
INCOME					
Revenue from operations	**20**		**2,535.96**		*2,758.18*
Other Income	**21**		**7.50**		*2.58*
Total Income			**2,543.46**		*2,760.76*
EXPENSES					
Operating expenses	**22**				
Cost of material consumed		**189.80**		*278.22*	
Other operating expenses		**1,092.64**		*1,000.78*	
			1,282.44		*1,279.00*
Employee Benefit expenses	**23**		**141.82**		*266.17*
Sales administration and other expenses	**24**		**155.98**		*145.44*
Finance Costs	**25**		**374.58**		*408.60*
Depreciation		**1,558.10**		*673.90*	
			1,558.10		*673.90*
Total Expenses			**3,512.92**		*2,773.11*
Profit before tax			**(969.46)**		*(12.35)*
Tax Expense:					
Current Tax (MAT)				*0.51*	
Less- MAT Credit Entitlement				*(0.51)*	
Net current tax				*–*	
Previous Year taxes		**0.95**		*(0.69)*	
Deferred tax		**(271.80)**		*(7.05)*	
			(270.85)		*(7.74)*
Profit after tax carried to Balance Sheet			**(698.61)**		*(4.61)*
Other Comprehensive Income			**(10.66)**		*–*
Total Comprehensive Income			**(709.27)**		*(4.61)*
Basic and diluted earnings per share			**(1.53)**		*(0.01)*
Face value per equity share			**10**		*10*
SIGNIFICANT ACCOUNTING POLICIES	**28**				
OTHER NOTES FORMING PART OF ACCOUNTS	**29**				

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
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Manager

ARUN KIRTANIA
Chief Financial Officer

Place : Mumbai
Date : May 20, 2017

Place : Mumbai
Date : May 12, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹ in Lakhs	2015-16 ₹ in Lakhs
A.	**Cash flow from operating activities:**		
	Profit before tax (excluding extraordinary and exceptional items)	**(969.46)**	*(12.35)*
	Adjustments for :		
	Depreciation amortization and obsolescence	**1,558.10**	*673.90*
	Financial Gurantee Contract	**(3.03)**	*7.10*
	Unrealized foreign exchange difference (profit) / loss	**(831.80)**	*206.26*
	Interest expenses	**374.58**	*408.60*
	Interest income	**(7.50)**	*(2.60)*
	(Profit)/ Loss on sale of fixed asset	**–**	*0.02*
	Operating profit before working capital changes	**120.89**	*1,280.93*
	Adjustments for :		
	(Increase) / Decrease in trade receivables	**6.02**	*24.42*
	(Increase) / Decrease in loans and advances	**851.39**	*(222.30)*
	(Increase) / Decrease in inventories	**0.29**	*(1.25)*
	Increase / (Decrease) in current liabilities	**257.87**	*163.48*
	Cash generated from operations	**1,115.57**	*(35.65)*
	Direct taxes refund (net)	**72.08**	*49.90*
	Net cash from operating activities	**1,308.54**	*1,295.18*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	**(0.84)**	*(4.53)*
	Sale of fixed assets	**–**	*0.98*
	Net cash (used in) / from investing activities	**(0.84)**	*(3.55)*
C.	**Cash flow from financing activities:**		
	(Repayments) / Proceeds from borrowings (net)	**(1,085.85)**	*(1,143.53)*
	(Repayments) / Proceeds from swap transactions (net)	**289.28**	*275.34*
	Interest paid (including cash flow from swap)	**(374.58)**	*(410.99)*
	Net cash (used in) / from financing activities	**(1,171.15)**	*(1,279.18)*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**136.55**	*12.45*
	Cash and cash equivalents at beginning of the year	**27.40**	*14.95*
	Cash and cash equivalents at end of the year	**163.95**	*27.40*

Notes

1. Cash flow statement has been prepared under the indirect method as set out in Ind AS 7- "Statement of Cash Flow"
2. Cash and cash equivalents at the end of the year represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.
4. Cash and cash equivalents are reflected in Balance Sheet as follow:

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 20, 2017

For and on behalf of the Board

KULDIP NAGAR
Company Secretary
M. No. A24397

SANJAY PAI
Director
DIN 05148787

ASHWANI KUMAR
Director
DIN 00910864

MACDONALD CREADO
Manager

ARUN KIRTANIA
Chief Financial Officer

Place : Mumbai
Date : May 12, 2017

NOTES FORMING PART OF THE ACCOUNTS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As 01-04-2015 ₹ in Lakhs*
STATEMENT OF CHANGES IN EQUITY			
Equity component of other financial instruments			
As per last Balance Sheet	**68.06**	*68.06*	–
Additions/ (Deduction) during the year	**(3.03)**	–	*68.06*
	65.03	*68.06*	*68.06*
Hedging Reserve Fund			
As per last Balance Sheet	**35.07**	*34.61*	*179.86*
Additions/ (Deduction) during the year	**(97.03)**	*0.46*	*(145.25)*
	(61.96)	*35.07*	*34.61*
Cost of Hedge Reserve			
As per last Balance Sheet	**(15.77)**	*46.76*	–
Additions/ (Deduction) during the year	**85.78**	*(62.53)*	*46.76*
	70.01	*(15.77)*	*46.76*
Profit and Loss Account			
Opening Balance	**(295.61)**	*(291.00)*	*(304.41)*
Depreciation Charge against Retained Earnings	**–**	–	*(1.05)*
Deferred Tax Charge against Retained Earnings	**–**	–	*0.34*
Profit for the period	**(698.61)**	*(4.61)*	*14.12*
Other comprehensive income	**0.59**	–	–
	(993.63)	*(295.61)*	*(291.00)*
TOTAL	**(920.55)**	*(208.25)*	*(141.57)*

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
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ARUN KIRTANIA
Chief Financial Officer

Place : Mumbai
Date : May 12, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1) PROPERTY, PLANT AND EQUIPMENT

Following are the changes in the carrying value of property, plant and equipment for the year ended 31st March 2017

₹ in Lakhs

Particulars	Computer	Furniture & Fixtures	Vehicles	Building	Plant & Equipment	Aircraft	Office Equipment	Total
Gross carrying value as at 01-04-2016	**4.05**	**0.09**	**13.45**	**0.89**	**0.42**	**9,275.99**	**3.92**	**9,298.81**
Additions	0.84	–	–	–	–	–	–	0.84
Deletions	–	–	–	–	–	–	–	–
Asset held for sale	–	–	–	–	–	4,353.23	–	4,353.23
Gross carrying value as at 31-03-2017	**4.89**	**0.09**	**13.45**	**0.89**	**0.42**	**4,922.76**	**3.92**	**4,946.42**
Accumulated Depreciation as at 01-04-2016	**1.55**	**0.01**	**2.33**	**0.89**	**0.04**	**666.81**	**1.86**	**673.49**
Depreciation	1.45	0.01	2.34		0.04	666.81	1.49	672.14
Accumulated Depreciation on Deletions	–	–	–	–	–	–	–	–
Impairment loss	–	–	–	–	–	885.96	–	885.96
Depreciation on asset held for sale	–	–	–	–	–	1,537.78	–	1,537.78
Accumulated Depreciation as at 31-03-2017	**3.00**	**0.02**	**4.67**	**0.89**	**0.08**	**681.80**	**3.35**	**693.81**
Carrying Value as at 31-03-2017	**1.89**	**0.07**	**8.78**	**–**	**0.34**	**4,240.96**	**0.57**	**4,252.61**

Following are the changes in the carrying value of property, plant and equipment for the year ended 31st March 2016

₹ in Lakhs

Particulars	Computer	Furniture & Fixtures	Vehicles	Building	Plant & Equipment	Aircraft	Office Equipment	Total
Gross carrying value as at 01-04-2015	***1.78***	***0.09***	***13.45***	***0.89***	***0.42***	***9,275.99***	***3.08***	***9,295.70***
Additions	3.69	–	–	–	–	–	0.84	4.53
Deletions	1.42	–	–	–	–	–	–	1.42
Asset held for sale	–	–	–	–	–	–	–	–
Gross carrying value as at 31-03-2016	***4.05***	***0.09***	***13.45***	***0.89***	***0.42***	***9,275.99***	***3.92***	***9,298.81***
Accumulated Depreciation as at 01-04-2015	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Depreciation	1.97	0.01	2.33	0.89	0.04	666.81	1.86	673.91
Accumulated Depreciation on Deletions	0.42	–	–	–	–	–	–	0.42
Impairment loss	–	–	–	–	–	–	–	–
Depreciation on asset held for sale	–	–	–	–	–	–	–	–
Accumulated Depreciation as at 31-03-2016	***1.55***	***0.01***	***2.33***	***0.89***	***0.04***	***666.81***	***1.86***	***673.49***
Carrying Value as at 31-03-2016	***2.50***	***0.08***	***11.12***	**–**	***0.38***	***8,609.18***	***2.06***	***8,625.32***
Carrying Value as at 01-04-2015	***1.78***	***0.09***	***13.45***	***0.89***	***0.42***	***9,275.99***	***3.08***	***9,295.70***

NOTES FORMING PART OF ACCOUNTS (Contd..)

NOTE 2) LOANS

Financial Assets	**As at 31-3-2017 ₹ in Lakhs**	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Deposit Paid (NC)	**81.85**	*81.58*	*80.58*
	81.85	*81.58*	*80.58*

NOTE 3) OTHER FINANCIAL ASSETS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Forward Contract Receivable (NC)	**386.12**	*1,136.29*	*1,158.97*
	386.12	*1,136.29*	*1,158.97*

NOTE 4) OTHER NON-CURRENT ASSETS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Financial Guarantee Asset (NC)	**1.85**	*6.89*	*11.52*
	1.85	*6.89*	*11.52*

NOTE 5) INVENTORIES

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Stores Spares Parts	**1.79**	*2.08*	*0.83*
	1.79	*2.08*	*0.83*

NOTE 6) TRADE RECEIVABLES

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Unsecured - Considered Good	**–**	*0.20*	*2.70*
Other Debts- Considered Good	**11.73**	*17.55*	*39.48*
	11.73	*17.75*	*42.18*

NOTE 7) CURRENT - CASH AND CASH EQUIVALENTS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Balance with banks			
Balances with Scheduled Banks Current Account	**162.20**	*23.67*	*13.93*
Remittance in Transit	**–**	*–*	*0.57*
Cash on Hand	**1.75**	*3.73*	*0.45*
	163.95	*27.40*	*14.95*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

NOTE 8) OTHER FINANCIAL ASSETS

	As at 31-3-2017 ₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 01-04-2015 ₹ in Lakhs
Forward Contract Receivable	**125.95**	*284.21*	*231.79*
Advances recoverable in cash or kind	**1.81**	*4.60*	*3.74*
	127.76	*288.81*	*235.53*

NOTE 9) CURRENT TAX ASSETS (NET)

	As at 31-3-2017 ₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 01-04-2015 ₹ in Lakhs
Advance Income Tax (Net)	**51.87**	*55.06*	*58.16*
Provision for Current year tax	**–**	*(0.51)*	*(9.40)*
	51.87	*54.55*	*48.76*

NOTE 10) OTHER CURRENT ASSETS

	As at 31-3-2017 ₹ in Lakhs	As at 31-3-2016 ₹ in Lakhs	As at 01-04-2015 ₹ in Lakhs
Advance recoverable other than in cash	**37.09**	*36.01*	*23.61*
IncomeTax Prior Years (Net)	**–**	*62.19*	*59.04*
Financial Guarantee Asset	**1.61**	*4.63*	*7.11*
	38.70	*102.83*	*89.76*

NOTE 11) SHARE CAPITAL

11(a) Share capital authorized, issued and subscribed

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs
Authorized:						
Equity shares of ₹ 10 each	**46,000,000**	**4,600.00**	*46,000,000*	*4,600.00*	*46,000,000*	*4,600.00*
Issued:						
Equity shares of ₹ 10 each	**45,600,000**	**4,560.00**	*45,600,000*	*4,560.00*	*45,600,000*	*4,560.00*
Subscribed and fully paid up:						
Equity shares of ₹ 10 each	**45,600,000**	**4,560.00**	*45,600,000*	*4,560.00*	*45,600,000*	*4,560.00*
		4,560.00		*4,560.00*		*4,560.00*

11(b) Reconciliation of the number of equity shares and share capital

	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
Particulars	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs	Number of Shares	₹ in Lakhs
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year:	**45,600,000**	**4,560.00**	*45,600,000*	*4,560.00*	*45,600,000*	*4,560.00*
Add: Equity shares issued during the year	**–**	**–**	*–*	*–*	*–*	*–*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**45,600,000**	**4,560.00**	*45,600,000*	*4,560.00*	*45,600,000*	*4,560.00*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

11(c) Shares held by the holding company

	As at 31-03-2017		*As at 31-03-2016*		*As at 01-04-2015*	
	Number of Shares	**₹ in Lakhs**	*Number of Shares*	*₹ in Lakhs*	*Number of Shares*	*₹ in Lakhs*
Larsen & Toubro Limited *	**45,600,000**	**4,560.00**	*45,600,000*	*4,560.00*	*45,600,000*	*4,560.00*
Equity shares of ₹ 10 each						
Percentage	**100%**	**100%**	*100%*	*100%*	*100%*	*100%*

* Includes shares held by nominees of Larsen and Toubro Limited

11(d) The aggregate number of equity shares issued pursuant to contract, without payment being received in cash in immediately preceding five years ended on March 31, 2017 - Nil (previous period of four years ended March 31,2016 - Nil).

11(d) Terms / rights attached to equity shares

The Company has only one class of share capital, i.e. equity shares having face value of ₹.10 per share. Each holder of equity share is entitled to one vote per share.

11(e) Aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended March 31,2017 - Nil (previous period of four years ended March 31,2016 - Nil).

NOTE 12) OTHER EQUITY

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Equity component of other financial instruments	**65.03**	*68.06*	*68.06*
Retained Earnings	**(993.63)**	*(295.61)*	*(291.00)*
Hedging Reserve Fund	**(61.96)**	*35.07*	*34.61*
Cost of hedge reserve	**70.01**	*(15.77)*	*46.76*
	(920.55)	*(208.25)*	*(141.57)*

NOTE 13) BORROWINGS

Financial Liabilities

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Long Term Secured Loans from Bank	**1,663.41**	*4,495.98*	*5,265.24*
	1,663.41	*4,495.98*	*5,265.24*

NOTE 14) PROVISIONS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Prov. for interest rate guarantee (PF)	**–**	–	*0.12*
Provision for employee benefits-Others	**0.06**	–	–
	0.06	–	*0.12*

NOTE 15) CURRENT MATURITIES OF LONG TERM BORROWINGS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Long Term Secured Loans from Bank	**549.66**	*1,095.68*	*1,031.38*
	549.66	*1,095.68*	*1,031.38*

NOTES FORMING PART OF ACCOUNTS (Contd..)

NOTE 16) TRADE PAYABLES

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Due to Related Parties	**722.15**	*379.01*	*319.63*
Unpaid Salaries Wages Bonus	**3.15**	*1.26*	*0.86*
	725.30	*380.27*	*320.49*

NOTE 17) OTHER FINANCIAL LIABILITIES

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 31-12-2016 ₹ in Lakhs*
Due to Others			
Liability - Computer Scheme	**0.13**	*0.13*	–
Unclaimed Cheques	**7.38**	*3.62*	*3.87*
	7.51	*3.75*	*3.87*

NOTE 18) OTHER CURRENT LIABILITIES

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Advance from customers	**–**	*132.33*	*0.56*
Other Payables	**64.21**	*37.67*	*67.57*
	64.21	*170.00*	*68.13*

NOTE 19) PROVISIONS

	As at 31-3-2017 ₹ in Lakhs	*As at 31-3-2016 ₹ in Lakhs*	*As at 01-04-2015 ₹ in Lakhs*
Provision for employee benefits:			
Gratuity Unfunded plan	**3.33**	*2.29*	*2.34*
Compensated Absences	**14.67**	*8.76*	*6.65*
	18.00	*11.05*	*8.99*

NOTE 20) REVENUE FROM OPERATIONS

	2016-17 ₹ in Lakhs	*2015-16 ₹ in Lakhs*
Sales & Services		
Aircraft charter income	**2,527.76**	*2,752.68*
Pilot hiring income	**8.20**	*5.50*
	2,535.96	*2,758.18*

NOTE 21) OTHER INCOME

	2016-17 ₹ in Lakhs	*2015-16 ₹ in Lakhs*
Interest income	**7.50**	*2.60*
Loss on sale of Fixed Assets	**–**	*(0.02)*
	7.50	*2.58*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

NOTE 22) OPERATING EXPENSES

	2016-17 **₹ in Lakhs**	*2015-16* *₹ in Lakhs*
Materials consumed - fuel		
Opening stock	**2.08**	*0.83*
Add: Purchases	**189.51**	*279.47*
Less: Closing stock	**(1.79)**	*(2.08)*
	189.80	*278.22*
Stores, spares and tools consumed	**369.74**	*344.88*
Other Operating Expenses		
Hire charges-plant Machinery	**21.06**	*–*
Engineering Professional Technical or Consultancy Fees	**300.76**	*225.21*
Insurance	**53.03**	*49.35*
Rates and taxes	**2.16**	*3.95*
General repairs and maintenance	**2.40**	*0.93*
Other Manufacturing Construction and Operating Expenses	**259.30**	*291.63*
Pilot Training expenses	**84.19**	*84.83*
	1,092.64	*1,000.78*
Total Operating expenses	**1,282.44**	*1,279.00*

NOTE 23) EMPLOYEE BENEFIT EXPENSES

	2016-17 **₹ in Lakhs**	*2015-16* *₹ in Lakhs*
Salaries Wages and bonus	**113.02**	*231.17*
Provident fund and pension fund	**2.11**	*3.33*
Gratuity funds	**0.71**	*(0.05)*
Staff welfare expenses	**25.98**	*31.72*
Total employee benefit expenses	**141.82**	*266.17*

NOTE 24) SALES ADMINISTRATION AND OTHER EXPENSES

	2016-17 **₹ in Lakhs**	*2015-16* *₹ in Lakhs*
Power and fuel	**0.06**	*–*
Rent	**32.01**	*27.42*
Rates and Taxes	**–**	*0.03*
Travelling and conveyance	**73.48**	*70.61*
Repairs to Transit Houses	**0.01**	*–*
Professional Fees	**32.03**	*27.11*
Audit Fees	**1.89**	*1.99*
Telephone, postage and telegrams	**4.18**	*5.76*
Advertising and Publicity	**7.70**	*6.21*
Stationery and printing	**2.18**	*4.22*
Bank Charges	**1.35**	*0.86*
Miscellaneous expenses	**0.26**	*0.66*
Exchange (gain)/loss	**0.83**	*0.57*
	155.98	*145.44*

NOTES FORMING PART OF ACCOUNTS (Contd..)

NOTE 25) FINANCE COST

	2016-17 ₹ in Lakhs	*2015-16 ₹ in Lakhs*
Interest expenses	**290.58**	*354.63*
Interest as per AS 37	**–**	*(0.12)*
Other borrowing costs	**84.00**	*54.09*
	374.58	*408.60*

NOTE 26) CONTINGENT LIABILITIES

The Company does not have any contingent liabilities as at 31st March 2017 (Previous year: NIL).

NOTE 27) COMMITMENTS (CAPITAL AND OTHERS)

The Company does not have any Commitments (Capital or Others) as at 31st March 2017 (Previous year: NIL).

NOTE 28 : SIGNIFICANT ACCOUNTING POLICIES

A. Background of the Company

L&T Aviation Services Private Limited ("The Company") is 100% subsidiary of Larsen & Toubro Ltd. The Company is in the business of hiring out aircrafts for commercial use.

B. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 ("the act") and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 and sub-section (1) of Section 210A of the Companies Act, 1956. The company had prepared the financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006 upto the year ended March 31, 2016. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

C. First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by :

a. recognising all assets and liabilities whose recognistion is required by Ind AS;

b. not recognising items of assets or liabilities which are not permitted by Ind AS;

c. by reclassifying items from previous GAAP to Ind AS as required under Ind AS; and

d. applying Ind AS in measurement of recognised assets and liabilities.

The transition was done in accordance with Ind AS 101 "First time adoption of Indian Accounting Standards". However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

a. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.

b. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 1 April 2015.

c. The estimates as at 1st April 2015 and at 31st March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

D. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

Fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date;
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and

NOTES FORMING PART OF ACCOUNTS (Contd..)

- Level 3 inputs are unobservable inputs for the asset or liability.

E. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

Amounts in the financial statements are presented in Indian Rupees and are rounded-off to the nearest lakhs (upto two decimals).

F. Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific contract, wherever applicable and extends up to the realisation of receivables within the agreed credit period normally applicable.

G. Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable.

a. Revenue from operations

i. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Company; and
- the stage of completion of the transaction at the end of the reporting period can be measured reliably; and
- the costs incurred or to be incurred in respect of the transaction can be measured reliably.

b. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

c. Other Income

Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

H. Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

I. Property, plant and equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1, 2015 is regarded as its cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013 except for

Category	Useful life determined by the company
Aircraft	18 years
Office equipment	4 years
Vehicles	7 years

NOTES FORMING PART OF ACCOUNTS (Contd..)

Where cost of a part of the asset ("asset component") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

Depreciation for additions to/deductions from, owned assets is calculated pro rata.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

J. Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognised in previous periods, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use; and

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

K. Employee benefits

a. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b. Post-employment benefits:

i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit and loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c. Termination benefits:

Termination benefits are recognized as expenses in the period in which they are incurred.

L. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss (FVTPL) are recognised immediately in profit or loss.

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

a. Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

A financial asset is primarily derecognised when:

a. the rights to receive cash flows from the asset have expired,

b. the company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and

c. when the company has transferred substantially all the risks and rewards of the asset, or has transferred control of the asset.

Impairment of financial assets:

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivables and other contractual rights to receive cash or other financial asset. For the purpose of measuring expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

b. Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using effective interest rate

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain derivative contracts as cash flow hedges for foreign exchange risk & interest rate risk. Hedges of foreign exchange risk & interest rate risk on firm commitments & highly probable forecast transactions are accounted for as cash flow hedges.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity (relating to effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

M. Inventories

Inventories are valued after providing for obsolescence at cost or net realisable value. Cost of inventories is computed on first-in first-out basis.

N. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents. Bank overdrafts which are repayable on demand are included as part of cash and cash equivalents.

O. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or loss in the period in which they are incurred.

P. Foreign currency transactions

The functional currency of the Company is Indian rupee.

NOTES FORMING PART OF ACCOUNTS (Contd..)

Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognised in profit or loss in the period in which they arise except for exchange differences on transactions entered into in order to hedge certain foreign currency risks.

Q. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

R. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a. an entity has a present obligation (legal or constructive) as a result of a past event

b. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c. a reliable estimate can be made of the amount of the obligation

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b. a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

S. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for

b. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

T. PPE held for sale

PPE (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

U. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

a. changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

b. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

c. all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement.

V. Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

Examples of such estimates include the useful lives of property plant and equipment, future obligations in respect of retirement benefit plans, fair value measurement etc.

Difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

29. NOTES FORMING PART OF ACCOUNTS

A. There have been no transactions during the year with micro and small enterprises as defined under the Micro, small and medium enterprises development (MSMED) Act, 2006.

B. Disclosures pursuant to Ind AS 2 "Inventories"

   a. The cost of inventories recognized as an expense during the year NIL (previous year: ₹ NIL) in respect of write-downs of inventory to net realizable value and reversal of write-downs of inventory;

   b. No inventory is pledged as security for liabilities.

C. Disclosure pursuant to Ind AS 19 "Employee Benefits"

Defined benefit plans:

General description of Gratuity Plan-

The Company makes contributions to the Employees Group Gratuity Scheme, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment to employees at the time of retirement, death while in employment or termination of employment, of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed five years in service.

General description of Provident Fund Plan-

The provident fund is managed by the holding company – Larsen & Toubro Limited. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service

(i) The amounts recognized in balance sheet are as follows:

							₹ in Lakhs
Particulars		**Gratuity plan**			**Trust managed provident fund plan**		
		As at 31-03-2017	*As at 31-03-2016*	*As at 31-03-2015*	**As at 31-03-2017**	*As at 31-03-2016*	*As at 31-03-2015*
A	Present value of defined benefit obligation						
	– Wholly funded	**–**	–	–	**36.21**	*42.12*	*34.50*
	– Wholly unfunded	**3.33**	*2.29*	*2.34*	**–**	–	–
	Total	**3.33**	*2.29*	*2.34*	**36.21**	*42.12*	*34.50*
	Less: Fair value of plan assets	**–**	–	–	**36.93**		
	41.63	**35.05**					
	Amount to be recognized as liability or (asset)	**3.33**	*2.29*	*2.34*	**(0.72)**	*0.49*	*(0.55)*
B	Amounts reflected in the balance sheet						
	Liabilities	**–**	–	–	**–**	–	–
	Current Liability	**3.33**	*2.29*	*2.34*	**–**	–	–
	Non-Current Liability	**–**	–	–	**–**	–	–
	Assets	**–**	–	–	**–**	–	–
	Net liability/(asset)	**3.33**	*2.29*	*2.34*	**–**	–	–

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

(ii) The amounts recognized in the statement of profit and loss are as follows:

₹ in Lakhs

Particulars		Gratuity plan		Trust managed provident fund plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*
1	Current service cost	**0.53**	*0.97*	**1.16**	*3.43*
2	Interest cost	**0.17**	*0.17*	**2.99**	*3.06*
3	Expected (return) on plan assets	**–**	–	**(2.99)**	*(3.06)*
4	Actuarial losses/(gains)	**–**	*(1.19)*	**(1.09)**	*0.06*
5	Past service cost	**–**	–	**–**	–
6	Actuarial gain/(loss) not recognized in books	**–**	–	**1.09**	*(0.06)*
Total (1 to 6)		**0.70**	*(0.05)*	**1.16**	*3.43*
I	Amount included in “employee benefit expenses”	**0.53**	*(0.23)*	**1.16**	*3.43*
II	Amount included as part of “Interest”	**0.17**	*0.18*	**–**	–
Total (I + II)		**0.70**	*(0.05)*	**1.16**	*3.43*
Actual return on plan assets		**–**	–	**4.08**	*3.00*

(iii) The amounts recognized in the statement of other comprehensive income is as follows:

₹ in Lakhs

Particulars	Gratuity plan	
	As at 31-03-2017	*As at 31-03-2016*
Opening Amount recognized in OCI	**–**	–
Re-measurements during the period:		
Changes in financial assumptions	**0.28**	–
Experience adjustments	**0.06**	–
Other adjustments	**(1.19)**	–
Closing balance of the present value of defined benefit obligation	**(0.85)**	–

(iv) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ in Lakhs

Particulars	Gratuity plan		Trust managed provident fund plan	
	As at 31-03-2017	*As at 31-03-2016*	**As at 31-03-2017**	*As at 31-03-2016*
Opening balance of the present value of defined benefit obligation	**2.29**	*2.34*	**42.12**	*34.51*
Transfer In/(Out)	**–**	–	**0.03**	*(3.57)*
Add: Current service cost	**0.53**	*0.97*	**1.16**	*3.43*
Add: Interest cost	**0.17**	*0.17*	**2.99**	*3.06*
Add: Contribution by plan participants	**–**	–	**3.26**	*5.79*
Add/(Less): Actuarial losses/(gains) arising from changes in financial assumptions	**0.28**	*0.01*	**–**	*(0.12)*
Add/(Less): Actuarial losses/(gains) arising from experience adjustments	**0.06**	*(1.20)*		
Add: Past service cost	**–**	–	**–**	–
Less: Benefits paid	**–**	–	**(13.35)**	*(0.98)*
Closing balance of the present value of defined benefit obligation	**3.33**	*2.29*	**36.21**	*42.12*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

(v) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

₹ in Lakhs

Particulars	Trust managed provident fund plan	
	2016-17	*2015-16*
Opening balance of the fair value of the plan assets	**41.63**	*35.05*
Add: expected return on plan assets*	**2.99**	*3.06*
Add/(less): actuarial gains/(losses)	**1.09**	*(0.06)*
Add: contribution by the employer	**1.23**	*2.74*
Add/(less) : transfer in/(out)	**0.03**	*(3.57)*
Add: Contribution by plan participants	**3.31**	*5.39*
Less: Benefits paid	**(13.35)**	*(0.98)*
Closing balance of the plan assets	**36.93**	*41.63*

* The Company deducts provident fund from salaries of employees and pays the same to the provident fund trust of Larsen & Toubro Limited along with its contribution. The trust manages the provident fund liabilities and plan assets for provident fund of the Company.

(vi) The major categories of plan assets as a percentage of total plan assets are as follows:

Particulars	Trust managed provident fund plan	
	As at 31-03-2017	*As at 31-03-2016*
Government of India securities	**21%**	*25%*
State government securities	**21%**	*16%*
Fixed deposits under special deposit scheme framed by central government for provident funds	**8%**	*9%*
Public sector unit bonds	**33%**	*39%*
Corporate bonds (others)	**17%**	*9%*

(vii) The fair value of major categories of plan assets are as follows:

₹ in Lakhs

Particulars	Trust Managed Provident Fund Plan			Trust Managed Provident Fund Plan		
	Quoted	**Unquoted**	**Total**	**Quoted**	**Unquoted**	**Total**
	As at 31-Mar-17	**As at 31-Mar-17**	**As at 31-Mar-17**	*As at 31-Mar-16*	*As at 31-Mar-16*	*As at 31-Mar-16*
Debt instruments - Corporate Bonds	**–**	**5.36**	**5.36**	–	*3.72*	*3.72*
Debt instruments - Central government Bonds	**–**	**7.55**	**7.55**	–	*10.54*	*10.54*
Debt instruments - State government Bonds	**–**	**7.83**	**7.83**	–	*6.59*	*6.59*
Debt instruments - PSU Bonds	**–**	**12.13**	**12.13**	–	*16.34*	*16.34*
Mutual funds – Equity	**–**	**0.97**	**0.97**	–	*0.55*	*0.55*
Special Deposit Scheme	**–**	**3.09**	**3.09**	–	*3.89*	*3.89*
Closing balance of the plan assets	**–**	**36.93**	**36.93**	–	*41.63*	*41.63*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

(viii) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	Gratuity plan		
	As at 31-03-2017	*As at 31-03-2016*	*As at 31-03-2015*
Discount rate per annum	**7.19%**	*7.79%*	*7.83%*
Salary escalation rate per annum	**5.00%**	*5.00%*	*5.00%*
Attrition Rate	**1%-6%**	*1%-6%*	*1%-6%*

(ix) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	As at 31-03-2017	As at 31-03-2016
Gratuity plan	**14.81**	*14.24*

(x) Sensitivity Analysis- Impact of increase/decrease in actuarial assumptions in gratuity:

₹ in Lakhs

Particulars	Gratuity Plan	
	As at 31-03-2017	*As at 31-03-2016*
Discount rate		
Impact of increase in 100 bps on defined benefit obligations	**2.89**	*2.00*
Impact of decrease in 100 bps on defined benefit obligations	**3.89**	*2.66*
Salary escalation rate		
Impact of increase in 100 bps on defined benefit obligations	**3.89**	*2.66*
Impact of decrease in 100 bps on defined benefit obligations	**2.88**	*1.99*

Interest payment obligation of trust managed fund is adequately covered by the interest income of the fund. Any shortfall in the interest income over the interest obligation is recognized immediately in P&L account.

a) Discount rate:

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Expected rate of return on plan assets:

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

c) Salary escalation rate:

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

d) Retirement age:

The employees of the Company are assumed to retire at the age of 58 years.

Mortality:

Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

Rates of Indian Assured Lives Mortality table at specimen ages are as shown below:

Age (Years)	Rates (p.a.)
18	0.000800
23	0.000961
28	0.001017
33	0.001164
38	0.001549
43	0.002350
48	0.003983
53	0.006643
58	0.009944

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

e) **Leaving service:**

Rates of leaving service at specimen ages are as shown below:

Age (Years)	Rates p.a.
21 – 25	3%
26 – 35	6%
36 – 45	2%
46 – 57	1%

f) **Disability:**

Leaving service due to disability is included in the provision made for all causes of leaving service (paragraph (f) above).

(xi) The amounts pertaining to defined benefit plans are as follows:

₹ in Lakhs

Particulars	As at 31-03-2017	As at 31-03-2016	As at 31-03-2015	As at 31-03-2014	As at 31-03-2013
Gratuity plan unfunded					
Defined benefit obligation	**3.33**	*2.29*	*2.34*	*1.84*	*1.19*
Plan assets		–	–	–	–
Surplus/(deficit)	**(3.33)**	*(2.29)*	*(2.34)*	*(1.84)*	*(1.19)*
Experience adjustment plan liabilities	**0.06**	*(1.20)*	*(0.73)*	*0.03*	*(0.06)*
Experience adjustment plan assets		–	–	–	–

D. Auditors' remuneration (excluding service tax):

₹ in Lakhs

Particulars	2016-17	2015-16
Audit Fees	**0.45**	*0.35*
Tax audit fees	**0.12**	*0.12*
Certification work	**1.32**	*1.52*

E. Employee stock option:

Pursuant to the Employees stock options scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is NIL (P.Y. ₹ 22.94 lakhs). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of NIL (P.Y. ₹ 22.94 lakhs) has been recovered by the holding company up to current year, out of which, NIL (P.Y. ₹ 3.08 lakhs) was recovered during the year. Balance NIL (P.Y. NIL) will be recovered in future periods.

F. Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 ''Operating Segments''

The Company is engaged in the business of providing services in a single business segment. The Company operates from India. Hence, disclosure of primary or secondary/geographical segment information is not required.

Revenue of ₹ 2,361.75 lakhs (P.Y. ₹ 2,385.73 lakhs) is derived from a single customer.

G. Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures'':

a. List of related parties which exercise control

Sr. No.	Name of the related party	Relationship
1	Larsen & Toubro Limited	Holding Company

b. Names of the related parties with whom transactions were carried out during the year and description of relationship:

Sr. No.	Name of the related party
1	Holding Company:
	Larsen & Toubro Limited

NOTES FORMING PART OF ACCOUNTS (Contd..)

c. **Disclosure of related party transactions:**

			₹ in Lakhs
Sr. No.	**Nature of transaction/relationship/major parties**	**2016-17**	*2015-16*
1	Holding Company :		
	Larsen & Toubro Limited		
	Charter income (excluding service tax)	**2,361.75**	*2,385.73*
	Expenses on Employee stock option scheme	**–**	*3.08*
	Purchase of services (excluding service tax)	**12.06**	*12.15*
	Overheads charged (excluding service tax)	**4.44**	*3.26*
	Rent Expenses	**27.78**	*24.98*
	Payments made on behalf of the company by		
	Holding Company: Larsen & Toubro Limited	**479.63**	*220.88*

Amount due to/from related parties:

			₹ in Lakhs
Sr. No.	**Nature of transaction/relationship/major parties**	**As at 31-03-2017**	*As at 31-03-2016*
1	Holding Company :		
	Larsen & Toubro Limited		
	Accounts receivable	**1.88**	*–*
	Accounts payable	**722.15**	*379.01*
	Advance from customer	**–**	*132.33*

No amount due to or due from related parties has been written off or written back during the year.

H. **Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share"**

Particulars		**2016-17**	*2015-16*
Basic and diluted EPS			
Profit / (loss) after tax as per account (₹ in Lakhs)	A	**(698.61)**	*(4.61)*
Weighted average number of shares outstanding	B	**45,600,000**	*45,600,000*
Basic and diluted EPS (₹)	A/B	**(1.53)**	*(0.01)*

I. **Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 ''Income Taxes'':**

a. Components of Deferred Tax Assets and Liabilities recognized in the Balance Sheet and Statement of Profit & Loss for the year ended March 2017

					₹ in Lakhs
Particulars	*Deferred tax assets / (liabilities) As at 31-03-2016*	**(Charge) / credit to statement of profit and loss**	**(Charge) / credit to hedging reserve**	**(Charge) / credit to other comprehensive income**	**Deferred tax assets / (liabilities) As at 31-03-2017**
Deferred tax assets					
Unabsorbed depreciation and brought forward losses	*1,992.53*	62.79	–	–	2,055.32
Exchange loss on reinstatement of foreign currency loan	*408.78*	(111.64)	–	–	297.14
Provision for leave encashment	*3.41*	2.41	–	(0.26)	5.56
Others	*27.44*	(27.44)	–	–	
Total	*2,432.16*	(73.88)	–	(0.26)	2,358.02

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

					₹ in Lakhs
Particulars	*Deferred tax assets / (liabilities) As at 31-03-2016*	**(Charge) / credit to statement of profit and loss**	**(Charge) / credit to hedging reserve**	**(Charge) / credit to other comprehensive income**	**Deferred tax assets / (liabilities) As at 31-03-2017**
Deferred tax liabilities:					
Difference between book and tax depreciation	*(2,329.77)*	345.68	–	–	(1,984.09)
Hedging reserve	*(17.64)*	–	15.80	–	(1.84)
Total	*(2,347.41)*	345.68	15.80	–	(1,985.93)
Net deferred tax (liabilities) / assets	*84.75*	271.80	15.80	(0.26)	372.09
Previous year	*58.15*	7.05	19.56	–	84.75

b. Details of tax unutilized credits:

			₹ in Lakhs
Year of MAT Credit	**As at 31-3-2017**	*As at 31-3-2016*	*As at 31-3-2015*
A.Y. 2016-17	**0.51**	*0.51*	–
A.Y. 2015-16	**9.40**	*9.40*	*9.40*
A.Y. 2014-15	**14.48**	*14.48*	*14.48*
A.Y. 2013-14	**55.84**	*55.84*	*55.84*
Total	**80.23**	*80.23*	*79.72*

c. The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

		₹ in Lakhs
Particulars	**2016-2017**	*2015-2016*
Profit and Loss section		
Current Income tax :		
Current income tax charge	**–**	*0.51*
MAT Credit Availed	**–**	*(0.51)*
Effect of prior period adjustments	**0.95**	*(0.69)*
Deferred Tax:		
Relating to origination and reversal of temporary differences	**(271.80)**	*(7.05)*
Total	**(270.85)**	*(7.74)*

d. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

			₹ in Lakhs
Sr.	**Particulars**	**2016-2017**	*2015-2016*
1	**Profit before tax**	**(969.46)**	*(12.35)*
2	Applicable tax rate	**34.608%**	*34.608%*
3	PBT * applicable tax rate (1*2)	**(335.51)**	*(4.27)*
(i)	Tax effect of loss of current year	**335.51**	*4.27*
(ii)	Effect of prior period adjustments	**0.95**	*(0.69)*
(iii)	Effect of different tax rate	**–**	*(0.42)*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

			₹ in Lakhs
Sr.	**Particulars**	**2016-2017**	*2015-2016*
(iv)	Difference in Book and Income tax depreciation	**(345.68)**	*(97.72)*
(v)	MAT Credit	**–**	*(0.51)*
(vi)	Other items	**73.88**	*91.60*
4	Tax expense recognised during the year (Total 1 to 4)	**(270.85)**	*(7.74)*
5	Effective tax Rate	**27.94%**	*62.68%*

J. Disclosures as required by IND AS 17 Leases:

No assets have been taken on lease by the Company during the year.

K. Details of Specified Bank Notes held and transacted during the period from November 8, 2016 to December 30, 2016

	SBNs	**Other denomination notes**	**Total**
Closing Balance as at 8 November 2016	NIL	NIL	NIL
(+) Permitted Receipts	NIL	NIL	NIL
(-) Permitted payments	NIL	NIL	NIL
(-) Amount deposited in banks	NIL	NIL	NIL
Closing balance as at 30 December 2016	**NIL**	**NIL**	**NIL**

L. The company has no material foreseeable losses on long term contracts including derivate contracts for which provision is required under applicable law or accounting standard.

M. There are no amounts which are required to be transferred to the Investor Education and Protection Fund by the company.

N. The Company does not have any contingent liabilities as at March 31, 2017 (previous year: ₹ NIL).

O. Pursuant to Indian Accounting Standard (Ind AS) 105 “Non-current Assets Held for Sale and Discontinued Operations”:

			₹ in Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 31-3-2015*
Assets:			
Property, Plant and Equipment	**2,815.45**	–	–
Other Assets	**509.32**	–	–
Total Assets	**3,324.77**	–	–
Liabilities:		–	–
Borrowings	**2,220.72**	–	–
Other Liabilities	**7.00**	–	–
Total Liabilities	**2,227.72**	–	–

The sale is envisaged through transfer of title deeds for identified assets held for sale. The proposed sale is expected to be completed within 12 months from 31st March 2017.

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

P. Disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments"

I. Outstanding Hedge Instrument

As at 31-3-2017

				₹ in Lakhs
Particulars	**Nominal Amount**	**Average Rate**	**Timing**	
			Upto 12 months	**More than 12 months**
a. Currency exposure				
Foreign currency forward covers				
Payable hedges				
USD	**3,522.62**	**INR 50.025 per USD**	**2,186.75**	**1,335.86**
b. Interest rate exposure				
Interest rate swaps				
USD	**3,443.67**	**7.35% p.a.**	**2,148.32**	**1,295.36**

As at 31-3-2016

				₹ in Lakhs
Particulars	**Nominal Amount**	**Average Rate**	**Timing**	
			Upto 12 months	**More than 12 months**
a. Currency exposure				
Foreign currency forward covers				
Payable hedges				
USD	*4,464.17*	*INR 50.025 per USD*	*917.53*	*3,546.64*
b. Interest rate exposure				
Interest rate swaps				
USD	*4,304.59*	*7.35% p.a.*	*860.92*	*3,443.67*

As at 31-03-2015

				₹ in Lakhs
Particulars	**Nominal Amount**	**Average Rate**	**Timing**	
			Upto 12 months	**More than 12 months**
a. Currency exposure				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	*5,332.95*	*INR 50.025 per USD*	*911.30*	*4,421.65*
b. Interest rate exposure				
Interest rate swaps				
USD including USD pegged currency	*5,165.51*	*7.35% p.a.*	*860.92*	*4,304.59*

NOTES FORMING PART OF ACCOUNTS (Contd..)

II. Carrying Amount of Hedge Instrument

As at 31-3-2017

		₹ in Lakhs
Particulars	**Currency Exposure**	**Interest Rate Exposure**
Forward Contract Receivable		
Current		
Asset - Other financial assets	**134.43**	**(8.48)**
Asset - Non-current asset held for sale	**534.41**	**(25.50)**
Total Assets- Current	**668.84**	**(33.98)**
Liability - Other financial liabilities	**–**	**–**
Non-Current		
Asset - Other financial assets	**403.29**	**(17.17)**
Liability - Other financial liabilities	**–**	**–**

As at 31-3-2016

		₹ in Lakhs
Particulars	**Currency Exposure**	**Interest Rate Exposure**
Forward Contract Receivable		
Current		
Asset - Other financial assets	*277.02*	*7.19*
Liability - Other financial liabilities	–	–
Non-Current		
Asset - Other financial assets	*1,107.51*	*28.78*
Liability - Other financial liabilities	–	–

As at 31-03-2015

		₹ in Lakhs
Particulars	**Currency Exposure**	**Interest Rate Exposure**
Forward Contract Receivable		
Current		
Asset - Other financial assets	*226.23*	*5.56*
Liability - Other financial liabilities	–	–
Non-Current		
Asset - Other financial assets	*1,131.15*	*27.82*
Liability - Other financial liabilities	–	–

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

III. Carrying Amount of Collateral given

			₹ in Lakhs
Particulars	**2016-17**	*2015-16*	*2014-15*
Current			
Total current financial assets pledged as security	**–**	–	–
Non- Current			
Total non-current financial assets pledged as security	**–**	–	–

IV. Breakup of hedge reserve balance:

			₹ in Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
Balance towards continuing hedges (Net of tax)	**(61.96)**	*35.07*	*34.61*
Cost of Hedge Reserve	**70.00**	*(15.77)*	*46.76*

V. Reclassification of Hedge Reserve to P&L

		₹ in Lakhs
Particulars	**Cash flow Hedge Reserve**	
	2016-17	*2015-16*
Reclassification to Profit & Loss		
Positive amount – Gain, Negative amount- Loss		
Hedge item becoming on balance sheet	**(298.52)**	*98.40*
Sales, Administration and Other expense	**(86.76)**	*383.76*
Finance cost	**(211.76)**	*(285.36)*

VI. Disclosure in statement of Profit and Loss account

		₹ in Lakhs
Particulars	**2016-17**	*2015-16*
Net gain/ (loss) on financial assets and financial liabilities		
Financial assets measured at FVTOCI		
Gain/(loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(307.65)**	*22.64*
On forward contract upon underlying hedged item affecting the P&L or related assets or liability	**(298.52)**	*98.40*
Financial assets measured at amortized cost		
Exchange difference gain/(loss) on revaluation or settlement of items denominated in foreign currency	**(85.92)**	*384.33*
Others	**7.50**	*2.60*
Financial liabilities that are not measured at FVTPL	**374.57**	*408.71*

VII. Gain/loss on forward and embedded derivative

		₹ in Lakhs
Particulars	**2016-17**	*2015-16*
Gains reclassified to P&L from OCI		
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**(298.52)**	*98.40*
Gains recognized in OCI		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(307.65)**	*22.64*

NOTES FORMING PART OF ACCOUNTS (Contd..)

VIII. Movement of Hedge Reserve:

		₹ in Lakhs
Particulars	**2016-17**	*2015-16*
Opening balance	**35.07**	*34.61*
Add: Spot to spot movement in forward contracts (on-balance sheet hedges)	**(587.80)**	*(176.94)*
Add: Changes in fair value of swaps	**(113.33)**	*(9.50)*
Less: Amount reclassified to profit or loss where hedged item has become on-balance sheet	**(587.80)**	*(176.94)*
Less: Tax related to above	**(16.30)**	*(9.96)*
Closing balance	**(61.96)**	*35.07*

IX. Premium element - Hedging Reserve - Time period related

		₹ in Lakhs
Particulars	**2016-17**	*2015-16*
Opening balance	**(15.77)**	*46.76*
Add: Difference between forward-to forward MTM and spot-to-spot MTM	**393.46**	*209.09*
Less: Transferred to profit or loss (premium amortized on a systematic basis over the period)	**289.27**	*275.34*
Less: Deferred tax related to above	**18.41**	*(3.72)*
Closing balance	**70.01**	*(15.77)*

X. Financial assets and liabilities measured at fair value - recurring fair value measurements at 31 March 2017

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

				₹ in Lakhs
Particulars	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial assets				
Forward Contract Receivable (NC)		**386.12**		**386.12**
Forward Contract Receivable		**125.95**		**125.95**
Total Financial Assets		**512.07**		**512.07**
Non-current asset held for sale				
Other asset (Disposal Group)		**508.91**		**508.91**
Total non-current asset held for sale		**508.91**		**508.91**
Total Assets		**1,020.98**		**1,020.98**
Financial Liabilities				
Financial liabilities at FVPL		**NIL**		**NIL**
Total Financial Liabilities		**NIL**		**NIL**

NOTES FORMING PART OF ACCOUNTS (Contd..)

XI. Category-wise disclosure of financial assets

			₹ in Lakhs
Particulars	**As on 31-3-2017**	*As on 31-3-2016*	*As on 31-3-2015*
Measured at Amortized Cost			
Cash and cash equivalents	**163.95**	*27.40*	*14.95*
Loans	**81.85**	*81.58*	*80.58*
Other financial assets	**1.81**	*4.59*	*3.74*
Trade receivable	**11.73**	*17.75*	*42.18*
Total Assets measured at Amortized Cost	**259.34**	*131.32*	*141.45*
Measured at FVTOCI			
Derivative financial assets	**512.07**	*1,420.50*	*1,390.77*
Other assets (Disposal group)	**508.91**	–	–
Total Assets measured at FVTOCI	**1,020.98**	*1,420.50*	*1,390.77*

XII. Category-wise disclosure of financial liabilities

			₹ in Lakhs
Particulars	**As on 31-3-2017**	*As on 31-3-2016*	*As on 31-3-2015*
Measured at Amortized Cost			
Borrowings	**1,663.41**	*4,495.98*	*5,265.24*
Current maturity of long term borrowing	**549.66**	*1,095.68*	*1,031.38*
Other Financial Liabilities	**7.51**	*3.75*	*3.87*
Trade Payable	**725.30**	*380.27*	*320.49*
Borrowings (Disposal Group)	**2,220.73**	–	–
Total Liabilities measured at Amortized Cost	**5,166.61**	*5,975.68*	*6,620.98*

XIII. Maturity profile of financial liabilities (undiscounted contractual maturities)

			₹ in Lakhs
Contractual maturities of financial liabilities			
As at 31.03.2017	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
1. Non Derivative Liabilities			
Long Term Secured Loans from Banks	**–**	**1,663.41**	**1,663.41**
Secured Loans from Banks - Current portion	**549.66**	**–**	**549.66**
Trade Payable	**725.30**	**–**	**725.30**
Other current liabilities	**7.51**	**–**	**7.51**
Borrowing (Disposal Group)	**2,220.73**	**–**	**2,220.73**
Total Non-derivative Liabilities	**3,503.20**	**1,663.41**	**5,166.61**
2. Derivative Liabilities			
Forward Contract Payable	**–**	**–**	**–**
Total derivative liabilities	**–**	**–**	**–**

NOTES FORMING PART OF ACCOUNTS (Contd..)

XIV. Foreign currency exposure of on-balance sheet items and related hedges

		₹ in Lakhs
	As at 31-3-2017	*As at 31-3-2016*
	USD converted to ₹	*USD converted to ₹*
Financial assets		
Other financial assets	**7.91**	–
Net exposure to foreign currency risk (assets)	**7.91**	–
Financial liabilities		
Borrowings including interest accrued but not due	**4,467.04**	*5,704.28*
Trade payables	**12.34**	*11.03*
(less) Derivative taken to hedge on-balance sheet liabilities	**(4,467.04)**	*(5,704.28)*
Net exposure to foreign currency risk (liabilities)	**12.34**	*11.03*

XV. Sensitivity

Foreign currency and interest rate risk:

The company has exposure to loans denominated in foreign currency in US dollars which has a floating rate of interest at LIBOR plus spread. The company has mitigated the risk of foreign exchange fluctuation by cross currency swap and the floating rate of interest is swapped for fixed interest rate liability in INR.

						₹ in Lakhs
Exchange Rate						
Particulars	**Impact on profit after tax**		**Impact on other components of equity**		**Total Impact on equity (net worth)**	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
USD Sensitivity						
INR/USD -Increase by 5%*	**(0.15)**	*(0.36)*	**3.18**	*6.64*	**3.03**	*6.28*
INR/USD -Decrease by 5%*	**0.15**	*0.36*	**(3.18)**	*(6.64)*	**(3.03)**	*(6.28)*

* Holding all other variable constant

XVI. Interest rate risk exposure

			₹ in Lakhs
Particulars	**As at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
Variable rate borrowings	**–**	–	–
Fixed rate borrowings	**4,433.80**	*5,591.66*	*6,296.62*
Total borrowings	**4,433.80**	*5,591.66*	*6,296.62*

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

Q. Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment Property, and Intangible Assets

₹ in Lakhs

Category	2016-17			2015-16			2014-15		
	Value	Useful Life		Value	Useful Life		Value	Useful Life	
		Min	Max		Min	Max		Min	Max
Owned Building	0.89	1.5	1.5	0.89	1.5	1.5	0.89	1.5	1.5
Owned Plant & Equipment	0.42	12	12	0.42	12	12	0.42	12	12
Computers	4.89	3	3	4.05	3	3	1.78	3	3
Furniture & Fixtures	0.09	10	10	0.09	10	10	0.09	10	10
Office Equipment	3.92	4	5	3.92	4	5	3.08	4	5
Owned vehicles	13.45	7	7	13.45	7	7	13.45	7	7
Aircraft	4,922.76	18	18	9,275.99	18	18	9,275.99	18	18
Total	**4,946.42**			9,298.81			9,295.70		

R. Disclosure pursuant to Indian Accounting Standard (Ind AS) 101 " First-time Adoption of Indian Accounting Standards"

a. Balance Sheet as at March 31,2016

₹ in Lakhs

Particulars	As per IGAAP	Ind AS adjustments	IND AS regrouping	As per Ind AS
	As at 31-3-2016			As at 31-3-2016
ASSETS:				
Non-current assets				
Property, Plant and Equipment	8,625.32	–	–	8,625.32
Financial Assets				
Long term loans and advances	1,227.62	–	(1,146.04)	81.58
Other financial assets	–	(2.86)	1,139.15	1,136.29
Deferred tax assets (net)	61.03	23.72	80.23	164.98
Other non-current assets	158.06	(158.06)	6.89	6.89
Current assets				
Inventories	2.08	–	–	2.08
Financial Assets				
Trade and other receivables	17.75	–	–	17.75
Cash and cash equivalents	27.40	–	–	27.40
Short-term loans	524.08	–	(524.08)	–
Other financial assets	–	(37.18)	325.98	288.80
Assets for current tax (net)	–	–	54.55	54.55
Other current assets	39.52	–	63.32	102.84
TOTAL	10,682.86	(174.38)	(0.00)	10,508.48
EQUITY AND LIABILITIES:				
Total Equity				
Equity Share Capital	4,560.00	–	–	4,560.00
Other Equity	(142.63)	(65.62)	–	(208.25)

NOTES FORMING PART OF ACCOUNTS (Contd..)

				₹ in Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*IND AS regrouping*	*As per Ind AS*
	As at 31-3-2016			*As at 31-3-2016*
Non-current liabilities				
Long term borrowings	4,560.93	(64.95)	–	4,495.98
Provisions	–	–	–	–
Deferred tax liabilities	–	–	–	–
Other non-current Liabilities	–	–	–	–
Current liabilities				
Financial Liabilities				
Current maturities of long term borrowings	1,140.23	(44.55)	–	1,095.68
Trade payables	408.60	–	(28.33)	380.27
Other financial liabilities	–	–	3.75	3.75
Non-Financial Liabilities				
Other current liabilities	144.68	0.74	24.58	170.00
Provisions	11.05	–	–	11.05
TOTAL	10,682.86	(174.38)	(0.00)	10,508.48

b. Balance Sheet as at March 31, 2015

				₹ in Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*IND AS regrouping*	*As per Ind AS*
	As at 31-3-2015			*As at 31-3-2015*
ASSETS:				
Non-current assets				
Property, Plant and Equipment	9,295.70	–	–	9,295.70
Financial Assets				
Long term loans and advances	1,181.86	–	(1,101.28)	80.58
Other financial assets	–	69.21	1,101.28	1,170.49
Deferred tax assets (net)	54.36	3.79	79.72	137.87
Other non-current assets	197.58	(197.58)	–	–
Current assets				
Inventories	0.83	–	–	0.83
Financial Assets				
Trade and other receivables	42.18	–	–	42.18
Cash and cash equivalents	14.95	–	–	14.95
Short-term loans	435.12	(39.52)	(395.60)	–
Other financial assets	–	18.65	223.99	242.64
Assets for current tax (net)	–	–	48.76	48.76
Other current assets	39.52	–	43.13	82.65
TOTAL	11,262.10	(145.45)	–	11,116.65

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

				₹ in Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*IND AS regrouping*	*As per Ind AS*
	As at 31-3-2015			*As at 31-3-2015*
EQUITY AND LIABILITIES:				
Total Equity				
Equity Share Capital	4,560.00	–	–	4,560.00
Other Equity	(152.30)	10.73	–	(141.57)
Non-current liabilities				
Long term borrowings	5,378.05	(112.81)	–	5,265.24
Provisions	0.12	–	–	0.12
Deferred tax liabilities	–	–	–	–
Other non-current Liabilities	–	–	–	–
Current liabilities				
Financial Liabilities				
Current maturities of long term borrowings	1,075.61	(44.23)	–	1,031.38
Trade payables	366.64	–	(46.15)	320.49
Other financial liabilities	–	–	3.87	3.87
Non-Financial Liabilities				
Other current liabilities	24.99	0.86	42.28	68.13
Provisions	8.99	–	–	8.99
TOTAL	11,262.10	(145.45)	–	11,116.65

c. Statement of Profit and Loss for the year ended March 31, 2016

			₹ in Lakhs
Particulars	*As per IGAAP*	*Ind AS adjustments*	*As per Ind AS*
	2015-16		*2015-16*
REVENUE:			
Revenue from operations	2,758.18	–	2,758.18
Other income	2.58	–	2.58
Total revenue	2,760.76	–	2,760.76
EXPENSES:			
Manufacturing, construction and operating expenses:			
Cost of raw materials, components consumed	278.23	–	278.23
Stores, spares and tools	345.81	–	345.81
Other operating expenses	654.97	–	654.97
Employee benefits expense	265.73	0.44	266.17
Sales, administration and other expenses	145.44	(0.00)	145.44
Finance Cost	394.02	14.57	408.59
Depreciation	673.90	–	673.90
Total expenses	2,758.10	15.01	2,773.11

NOTES FORMING PART OF ACCOUNTS *(Contd..)*

₹ in Lakhs

Particulars	As per IGAAP	Ind AS adjustments	As per Ind AS
	2015-16		2015-16
Profit before exceptional and extraordinary items and tax	2.66	(15.01)	(12.35)
Exceptional items	–	–	–
Profit before extraordinary items and tax	2.66	(15.01)	(12.35)
Extraordinary items	–	–	–
Profit before tax	2.66	(15.01)	(12.35)
Tax expense:	–	–	–
Current tax	0.51	–	0.51
MAT credit Entitlement	(0.51)	–	(0.51)
Excess provision for tax	(0.69)	–	(0.69)
Deferred tax (net)	(5.86)	(1.19)	(7.05)
Profit after tax	9.21	(13.82)	(4.61)

d. **IND AS opening Retained Earnings reconciliation**

₹ in Lakhs

Particulars	As at 01-04-16	As at 01-04-15
Retained Earnings as per IGAAP	(177.69)	(186.91)
Add / (less): Ind AS adjustment entries		
Provision for PLR & Income tax on ESOP under constructive obligation	(2.34)	(2.34)
ESOP charge due to valuation change from Intrinsic value to Fair value	(1.52)	(1.08)
Deferred Tax	27.45	26.26
Borrowing cost at EIR	(84.97)	(77.49)
Recognition of Financial Guarantee Contract	(56.54)	(49.44)
Retained Earnings as per Ind AS	(295.61)	(291.00)

S. **Previous year's figures have been regrouped / reclassified wherever necessary.**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 20, 2017

For and on behalf of the Board

KULDIP NAGAR
Company Secretary
M. No. A24397

SANJAY PAI
Director
DIN 05148787

ASHWANI KUMAR
Director
DIN 00910864

MACDONALD CREADO
Manager

ARUN KIRTANIA
Chief Financial Officer

Place : Mumbai
Date : May 12, 2017

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Eighteenth Annual Report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Sr. No	Particulars	2016-17 ₹	2015-16 ₹
1	Income for the year	**–**	*–*
2	Less: Expenditure	**3,33,479**	*3,21,980*
3	Profit/Loss Before Depreciation & Tax (PBDT)	**(3,33,479)**	*(3,21,980)*
4	Less: Depreciation	**–**	*–*
5	Profit / (Loss) before tax (PBT)	**(3,33,479)**	*(3,21,980)*
6	Less: Provision for current tax (MAT)	**–**	*–*
7	Less : Provision for deferred tax	**–**	*–*
8	Income tax refund for prior year	**–**	*2,829*
8	Profit / (Loss) after tax (PAT)	**(3,33,479)**	*(3,19,151)*
9	Less : Preference Dividend provision made	**–**	*–*
10	Balance brought forward from previous year	**36,03,157**	*39,22,308*
11	**Balance carried to Balance Sheet**	**32,69,678**	*36,03,157*

2. PERFORMANCE OF THE COMPANY/STATE OF COMPANY'S AFFAIRS

The gross sales and other income for the Financial Year 2016-17 was ₹ Nil has against ₹Nil for the previous financial year. The Company incurred a loss after tax of ₹ 3,33,479/- for the financial year under review as against loss of ₹ 3,19,151 /- for the previous financial year.

3. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loan, guarantees, security or made any investment during the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

4. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

Since the Company has not commenced commercial operations, it has not entered into any related party transactions.

5. DIVIDEND

The Directors do not recommend any dividend during the current period.

6. CAPITAL EXPENDITURE

During the period under review, the Company did not incur any capital expenditure.

7. AUDITORS

The Auditors, M/s Sharp & Tannan hold office until the conclusion of the ensuing Annual General Meeting. Certificate from the M/s Sharp & Tannan has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sharp & Tannan as Auditors of the Company from the conclusion of the 18th Annual General Meeting until the conclusion of the 23rd Annual General Meeting.

8. MATERIAL CHANGES, IF ANY, BETWEEN THE DATE OF THE BALANCE SHEET AND DATE OF THE DIRECTOR'S REPORT:

There are no material changes and commitments affecting the financial position of the Company between the end of the Financial year and the date of the Report.

9. DISCLOSURE OF PARTICULARS RELATING TO CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

- **CONSERVATION OF ENERGY**

  Since the Company has not commenced commercial operations there is no information to be furnished as per Rule 8 of the Companies (Accounts) Rules, 2014.

- **TECHNOLOGY ABSORPTION**

  There was no technology absorption during the year 2016-17

- **FOREIGN EXCHANGE**

  There was no earning or outgo in any foreign currency in the course of transactions during the year 2016-17.

10. NUMBER OF MEETINGS OF THE BOARD

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review, seven meetings were held on April 26, 2016, July 2, 2016, July 16, 2016,October 10, 2016, October 24, 2016, January 6, 2017 and January 20, 2017.

11. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure;

b. That the selected accounting policies were applied consistently and the Directors made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at March 31, 2017 and of the loss of the Company for the year ended on that date;

c. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d. That the annual accounts have been prepared on a going concern basis.

e. The directors had devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

12. DETAILS OF DIRECTORS OR KMP APPOINTED/RESIGNED DURING THE YEAR

At present the Board comprises of Mr. N.Hariharan, Mr. Shailendra Roy, Dr. Mukesh Kumar and Mr. Ajit Kumar Samal.

Dr. Mukesh Kumar and Mr. Ajit Samal are directors liable to retire by rotation and being eligible offer themselves for re-appointment.

The Company is not required to appoint any Key Managerial Personnel.

13. ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Returnis attached as Annexure I.

14. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

15. RISK MANAGEMENT POLICY:

The Company has not commenced commercial operations. Hence, the Board has not adopted a Risk Management Policy.

16. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the Company and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

17. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

18. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. The Company does not have and employees and hence there were no cases of sexual harassment reported to the Company during 2017-17.

ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the Bankers, as well as management of the Parent Company.

For and on behalf of the Board

RAYKAL ALUMINIUM COMPANY PRIVATE LIMITED

Place : Mumbai	**N. HARIHARAN**	**AJIT KUMAR SAMAL**
Date : May 26, 2017	*Director*	*Director*
	DIN: 00001668	*DIN: 05180802*

ANNEXURE 1

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

As on the financial year ended on March 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U13203OR1999PTC005673
Registration Date	23/02/1999
Name of the Company	Raykal Aluminium Company Private Limited
Category / Sub-Category of the Company	Private Company
Address of the Registered office and contact details	Annapurna Complex, 559 Lewis Road, Bhubaneswar-751014, Odisha. Tel:- 022-67525656. Email: Subhodh.Shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the Company
NIL	NIL	NIL	NIL

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name and Address of the Company	CIN / GLN	Holding / Subsidiary / associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	75.50	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.	–	50000	50000	100	–	50000	50000	100	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (1):-	–	50000	50000	100	–	50000	50000	100	NIL
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2. Non- Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	50000	–	50000	100	50000	–	50000	100	NIL

(ii) Shareholding of Promoters

S. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	% change in share holding during the year
1	Larsen & Toubro Limited	37750	75.50	NIL	37750	75.50	NIL	NIL
2	MALCO Energy Limited	12250	24.50	NIL	12250	24.50	NIL	NIL
	Total	**50000**	**100.00**	**NIL**	**37750**	**100.00**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –There is no change in the Promoter' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):				
	At the End of the year	Nil	Nil	Nil	Nil

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year (or on the date of separation, if separated during the year)	Nil	Nil	Nil	Nil

(v) Shareholding of Directors and Key Managerial Personnel:

S. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	**No. of shares**	**% of total shares of the Company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	Nil	Nil	Nil	Nil
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):				
	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	**Unsecured Loans**	**Deposits**	**Total Indebtedness**
Indebtedness at the beginning of the financial year				
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil
Change in Indebtedness during the financial year				
• Addition • Reduction	Nil	Nil	Nil	Nil
Net Change	Nil	Nil	Nil	Nil
Indebtedness at the end of the financial year				
i) Principal Amount ii) Interest due but not paid iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i+ii+iii)	Nil	Nil	Nil	Nil

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(₹)

Sl. No.	Particulars of Remuneration	Name of the Manager	Total Amount
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	Nil	Nil
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission – as % of profit – others, specify	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	**Nil**	**Nil**
	Ceiling as per the Act	Nil	NIL

B. Remuneration to other directors:

(₹)

Sl. No.	Particulars of Remuneration	Name of Directors				Total Amount
1.	**Independent Directors**					
	• Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	
	Total (1)	**Nil**	**Nil**	**Nil**	**Nil**	
2.	**Other Non-Executive Directors**	**Mr. N Hariharan**	**Mr. Shailendra Roy**	**Mr. Ajit Samal**	**Dr. Mukesh Kumar**	
	• Fee for attending board / committee meetings • Commission • Others, please specify	Nil	Nil	Nil	Nil	
	Total (2)	**Nil**	**Nil**	**Nil**	**Nil**	
	Total (B)=(1+2)	**Nil**	**Nil**	**Nil**	**Nil**	
	Total Managerial Remuneration					
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

(₹)

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
1.	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission – as % of profit – others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total	**Nil**	**Nil**	**Nil**	**Nil**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF RAYKAL ALUMINIUM COMPANY PRIVATE LIMITED

Report on the Ind AS financial statements

We have audited the accompanying Ind AS financial statements of Raykal Aluminium Company Private Limited("the Company"), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of Section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The company has disclosed the impact of pending litigations on its Ind AS financial statements. Refer note J (2) to the Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable losses. Refer note J (14)to the Ind AS financial statements;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company. Refer note J (13) to the Ind AS financial statements; and

iv. The Company did not have any holdings or dealing in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Refer note J(11) to the Ind AS financial statements.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : May 26, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) The Company does not hold any fixed assets. Thus, paragraph 3(i) (a), (b) and (c) of the Order is not applicable to the Company.

(ii) The Company does not hold any physical inventories. Thus, paragraph 3(ii) of the Order is not applicable to the Company.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) In our opinion and according to the information and explanations given to us, there are no loans, investments, guarantees, and securities granted in respect of which provisions of section 185 and 186 of the Companies Act 2013 are applicable. Accordingly, paragraph 3(iv) of the Order are not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of Sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the Central Government has not prescribed the maintenance of cost records under Section 148(1) of the Act for any of the activities performed by the Company. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and on the basis of our examination of records of the Company,the particulars of income tax, value Added tax, sales tax, service tax, duty of excise and duty of customwhich have not been deposited with the appropriate authorities on account of any dispute as at 31 March 2017 are as under:

Name of the statue	Nature of the disputed dues	Amount (₹)	Period to which the amount relates	Forum where dispute is pending
Income- tax Act, 1961	Dispute regarding disallowance	23,41,760/-	2012-13	Commissioner of Income tax (Appeals)

(viii) The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable to the Company.

(ix) The Company did not raise any money by way of initial public offer or further public offer (including debt instruments) and term loans during the year. Accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, no material fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanation given to us, provisions of Section 197 of Act is not applicable to the Company. Accordingly, paragraph 3(xi) of the Order is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : May 26, 2017

ANNEXURE 'B'TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Raykal Aluminium Company Private Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design,implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the guidance note on audit of internal financial controls over financial reporting and the standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the ICAI. Those standards and the guidance note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail,accurately and fairly reflect the transactions and dispositions of the assets of the company; (2)provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the guidance note on audit of internal financial controls over financial reporting issued by the ICAI.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920

Place : Mumbai
Date : May 26, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017		As at 31.03.2016		As at 31.03.2015	
		₹	₹	₹	₹	₹	₹
ASSETS:							
Non-current assets							
Intangible Project Devpt. and Evaluation Expenditure	A	9,238,058		9,238,058		9,238,058	
Other non-current assets		351,264		–		23,521	
			9,589,322		9,238,058		9,261,579
Current assets							
Financial Assets							
Cash and cash equivalents	B		139,304		139,304		12,763
Other financial assets			–		–		191
TOTAL			9,728,626		9,377,362		9,274,533
EQUITY AND LIABILITIES:							
Equity							
Share capital	C	500,000		500,000		500,000	
Other Equity	D	3,269,678		3,603,157		3,922,308	
			3,769,678		4,103,157		4,422,308
Current liabilities							
Financial Liabilities							
Trade payables	E		5,795,981		5,130,364		4,814,489
Other financial liabilities	F		100,000		100,000		-
Other current liabilties	G		62,967		43,841		37,736
TOTAL			9,728,626		9,377,362		9,274,533
Significant Accounting Policies.	K						
Notes forming part of the financial statements	J						

As per our attached report of even date

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920
Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	₹	*2015-16* ₹	₹
INCOME:					
Income from operations		**–**		*–*	
Other income		**–**		*–*	
Total Income			**–**		*–*
EXPENSES:					
Administration and Other Expenses	**H**	**333,365**		*321,905*	
Finance Cost	**I**	**114**		*75*	
Total expenses			**333,479**		*321,980*
Loss before exceptional and extraordinary items and taxes			**(333,479)**		*(321,980)*
Exceptional items			**–**		*–*
Loss before extraordinary items and taxes			**(333,479)**		*(321,980)*
Extraordinary Items			**–**		*–*
Income tax refund for prior year			**–**		*2,829*
Loss before tax			**(333,479)**		*(319,151)*
Tax expense:					
Current tax			**–**		*–*
Deferred tax			**–**		*–*
Loss after Tax			**(333,479)**		*(319,151)*
Earnings per equity share:	**J(10)**				
Basic earnings per equity share			**(6.67)**		*(6.38)*
Diluted earnings per equity share			**(6.67)**		*(6.38)*
Face value per equity share (₹)			**10**		*10*
Refer note I(10)					
Significant Accounting Policies.	**K**				
Notes forming part of the financial statements	**J**				

As per our attached report of even date

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920
Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	2016-17 ₹	*2015-16 ₹*
A.	**Cash Flow from operating activities**		
	Loss before tax as per statement of profit and loss	**(333,479)**	*(321,980)*
	Add:		
	Interest paid	**114**	*75*
	Operating Loss before working capital changes	**(333,365)**	*(321,905)*
	Add/(Less):		
	Increase / (decrease) in trade and other receivables		*23,712*
	Increase / (decrease) in Income Tax Balance Net of Previous Year Provisions	**-351263.5**	*–*
	Increase/(Decrease) in Financial liabilities	**665,617**	*415,875*
	Increase/(Decrease) other current liabilities	**19,126**	*6,105*
	Cash generated from operations	**114**	*123,787*
	Direct tax paid	**–**	*2,829*
	Net cash from operating activities	**114**	*126,616*
B.	**Cash flow from investing activities:**		
	Net cash (used in)/from investing activites	**–**	*–*
C.	**Cash flow from financing activities:**		
	Interest paid	**(114)**	*(75)*
	Net cash (used in)/from financing activites	**(114)**	*(75)*
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**–**	*126,541*
	Cash and cash equivalents at beginning of the year	**139,304**	*12,763*
	Cash and cash equivalents at end of the year	**139,304**	*139,304*

Notes :

1 Cash flow statement has been prepared under the indirect method as set out in the "Indian Accounting Standard" (Ind AS) - 7 Cash Flow Statements.

2 Cash and cash equivalents represent cash and bank balances.

3 Previous year figures have been regrouped wherever applicable.

As per our attached report of even date

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920
Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(A) EQUITY SHARE CAPITAL

For the year ended March 31, 2017

Balance as at March 31, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
500,000	–	500,000

For the year ended March 31, 2016

Balance as at March 31, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016
500,000	–	500,000

(B) OTHER EQUITY

For the year ended March 31, 2017

	Retained earnings	Total
Balance as at March 31, 2016	3,603,157	3,603,157
Profit/(Loss) for the year	(333,479)	(333,479)
Balance as at March 31, 2017	3,269,678	3,269,678

For the year ended March 31, 2016

	Retained earnings	Total
Balance as at March 31, 2015	3,922,308	3,922,308
Profit/(Loss) for the year	(319,151)	(319,151)
Balance as at March 31, 2016	3,603,157	3,603,157

As per our attached report of even date

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920
Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

NOTES FORMING PART OF ACCOUNTS

A) Raykal Aluminium Company Private Limited has undertaken sever studies including site selection, infrastructure, water source, environment studies etc. Over the years amounts incurred towards the same have been capitalized and shown under non-current assets as "Intangible Project Development and Evaluation Expenditure". The Commercial operations will commence on obtaining clearance from the Government. Other reimbursement of expenses towards business support service is recognized as statement of profit & loss.

		As at March 31, 2017		*As at March 31, 2016*		*As at March 31, 2015*	
		₹	₹	₹	₹	₹	₹
B)	**CASH AND CASH EQUIVALENTS**						
	Balances with banks:	**139,304**		*139,304*		*12,763*	
	On Current acconts - Refer note H (4)		**139,304**		*139,304*		*12,763*
	Total Cash and cash equivalents		**139,304**		*139,304*		*12,763*

C) **SHARE CAPITAL**

The Company has issued Equity Share Capital, the details in respect of which are given below

C.(I) Number, face value and amount of shares authorised, issued, subscribed and paid-up

	As at March 31, 2017		*As at March 31, 2016*		*As at April 1, 2015*	
	No. of Shares	₹	*No. of Shares*	₹	*No. of Shares*	₹
Authorised Shares						
Equity Shares of ₹ 10 each	**100,000**	**1,000,000**	*100,000*	*1,000,000*	*100,000*	*1,000,000*
Issued, Subscribed & Paid up share capital						
Equity Shares of ₹ 10 each fully paid	**50,000**	**500,000**	*50,000*	*500,000*	*50,000*	*500,000*
Subscribed & paid up:						
Equity Shares of ₹ 10 each fully paid up	**50,000**	**500,000**	*50,000*	*500,000*	*50,000*	*500,000*
Total Issued, Subscribed & Paid up share capital		**500,000**		*500,000*		*500,000*

C.(II) **Terms/rights attached to equity shares**

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferntial amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

C. (III)	**Reconcilaition of the shares outstnading at the beginning and at the end of the year**						
	Balance at the beginnig of the year	**50,000**	**500,000**	*50,000*	*500,000*	*50,000*	*500,000*
	Issued during the year	**–**	**–**	–	–	–	–
	Balance at the end of the year	**50,000**	**500,000**	*50,000*	*500,000*	*50,000*	*500,000*
C. (IV)	**Shares held by holding company**						
	Larsen & Toubro Limited (Equity Shares of ₹10 each fully paid)	**37,750**	**377,500**	*37,750*	*377,500*	*37,750*	*377,500*
	Others:						
	MALCO Energy Limited (Formerly known as Vedanta Aluminium Limited)	**12,250**	**122,500**	*12,250*	*122,500*	*12,250*	*122,500*

NOTES FORMING PART OF ACCOUNTS (Contd..)

		As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
		No. of Shares	₹	No. of Shares	₹	No. of Shares	₹
C. (V)	**Details of shareholders holding more than 5% shares in the company**						
	Equity Shares of ₹10 each fully paid						
	* Held by Larsen & Toubro Limited (Holding Company)	**37,750**	**75.5%**	*37,750*	*75.5%*	*37,750*	*75.5%*
	MALCO Energy Limited (Formerly known as Vedanta Aluminium Limited)	**12,250**	**24.5%**	*12,250*	*24.5%*	*12,250*	*24.5%*

		As at March 31, 2017		As at March 31, 2016		As at March 31, 2015	
		₹	₹	₹	₹	₹	₹
D)	**OTHER EQUITY**						
	Statement of Profit and Loss						
	Balance as per last financial statements	**3,603,157**		*3,922,308*		*4,246,805*	
	Add: (Net Loss) for the year	**(333,479)**		*(319,151)*		*(324,497)*	
			3,269,678		*3,603,157*		*3,922,308*
	Total Other Equity		**3,269,678**		*3,603,157*		*3,922,308*
E)	**FINANCIAL LIABILITIES**						
	Trade payables						
	Payable to related parties - Refer note H (7)	**5,795,981**		*5,130,364*		*4,814,489*	
	Total Trade payables		**5,795,981**		*5,130,364*		*4,814,489*
F)	**CURRENT - OTHER FINANCIAL LIABILITIES**						
	Deposit Received - Refer note H (7)		**100,000**		*100,000*		-
	Total Other financial liabilities		**100,000**		*100,000*		-
G)	**OTHER CURRENT LIABILITIES**						
	Payable to others - Refer note H (7)		**35,694**		*17,341*		*11,236*
	TDS Payable		**27,273**		*26,500*		*26,500*
	Total Other current liabilities		**62,967**		*43,841*		*37,736*

		2016-17		2015-16		2014-15	
		₹	₹	₹	₹	₹	₹
H)	**ADMINISTRATION AND OTHER EXPENSES**						
	Rates & Taxes		**43640**		*42,905*		*35697*
	Audit Fees		**15,000**		*12,000*		*10,000*
	Certification Fees		**2,000**		*2,000*		-
	Professional charges		**272,725**		*265,000*		*270,000*
	Membership & Subscription Fees		**-**		-		*8,800*
	Total Administration and other expenses		**333,365**		*321,905*		*324,497*
I)	**INTEREST & BROKERAGE**						
	Interest on delayed payment of TDS		**114**		*75*		-

NOTES FORMING PART OF ACCOUNTS (Contd..)

(J) NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

1. The Company is yet to commence its activities and does not have any fixed assets and has no employees.
2. Contingent liabilities

Particulars	As at 31-03-2017 (₹)	As at 31-03-2016 (₹)
Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal.	**23,41,760**	*23,41,760*

3. Related party disclosures: Ind AS 24 - Related Party Disclosures

(a) Names of the related parties with whom transactions were carried out during the year and description of relationship

Sr. No.	Name of the Related Party	Relationship
(i)	Larsen & Toubro Limited	Holding Company

(b) Disclosure of related party transactions

Nature of Transaction	2016-17 (₹)	2015-16 (₹)
Professional service fees charged by : Larsen & Toubro Limited-Holding Company	**272,725**	*265,000*
Reimbursement of expenses by: Larsen & Toubro Limited- Holding Company	**392,892**	*50,875*

(c) Amount due to related party

Particulars	2016-17 (₹)	2015-16 (₹)
Due to Holding Company: Larsen & Toubro Limited	**57,95,981**	*51,30,364*

4. The Company has the following financial assets and liabilities

Categories of financial assets	As at 31-03-17	As at 31-03-16	As at 01-04-15
Measured at amortised cost			
a. Non-current investment – others	–	–	–
b. Loans			
ICD			
Security Deposit	–	–	–
c. Cash and bank balances	**1,39,304**	*1,39,304*	*12,763*
d. Other financial assets	–	–	–
Advance Recoverable in cash	–	–	*191*
e. Trade receivable	–	–	–
Total Financial Assets	**1,39,304**	*1,39,304*	*12,954*
a. Borrowings	–	–	–
b. Other financial liabilities	**1,00,000**	*1,00,000*	–
c. Trade payables	**57,95,981**	*51,30,364*	*48,14,489*
Total Financial Liabilities	**58,95,981**	*52,30,364*	*48,14,489*

NOTES FORMING PART OF ACCOUNTS (Contd..)

5. Reconciliation between IGAAP and Ind AS is as follows:

Balance Sheet as at April 1, 2015:

Particulars	As per IGAAP As at 01-04-2015	Ind AS adjustments	As per Ind AS As at 01-04-2015
ASSETS:			
Non-current assets			
Intangible Project Devpt. and Evaluation Expenditure	92,38,058	–	92,38,058
Other Non-current assets	23,521	–	23,521
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	12,763	–	12,763
b) Other Financial Assets	191	–	191
TOTAL	**92,74,533**	**–**	**92,74,533**
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	5,00,000	–	5,00,000
Other equity	39,22,308	–	39,22,308
Other non-current liabilities	–	–	–
Trade payables	48,14,489	–	48,14,489
Other current liabilities	37,736	–	37,736
TOTAL	**92,74,533**	**–**	**92,74,533**

NOTES FORMING PART OF ACCOUNTS (Contd..)

Balance Sheet as at March 31, 2016:

Particulars	As per IGAAP As at 01-04-2016	Ind AS adjustments	As per Ind AS As at 01-04-2016
ASSETS:			
Non-current assets			
Intangible Project Devpt. and Evaluation Expenditure	92,38,058	–	92,38,058
Other Non-current assets	–	–	–
Current assets			
a) Financial Assets			
Current Investments	–	–	–
Trade receivables	–	–	–
Cash and bank balances	1,39,304	–	1,39,304
b) Other Financial Assets	–	–	–
TOTAL	**93,77,362**	**–**	**93,77,362**
EQUITY AND LIABILITIES:			
Total equity			
Equity share capital	5,00,000	–	5,00,000
Other equity	36,03,157	–	36,03,157
Other non-current liabilities	–	–	–
Trade payables	51,30,364	–	51,30,364
Other Financial liabilities	1,00,000	–	1,00,000
Other current liabilities	43,841	–	43,841
TOTAL	**93,77,362**	**–**	**93,77,362**

Statement of Profit and Loss for the year ended March 31, 2016:

Particulars	As per IGAAP 2015-16	Ind AS adjustments	As per Ind AS 2015-16
REVENUE:			
Revenue from operations	–	–	–
Other income	–	–	–
TOTAL REVENUE	**–**	**–**	**–**
EXPENSES:			
Sales, administration and other expenses	3,21,905	–	3,21,905
Employee Benefits Expense	–	–	–
Depreciation and Amortisation	–	–	–
Finance costs	75	–	75
TOTAL EXPENSES	**3,21,980**	**–**	**3,21,980**
Profit/(Loss) before extraordinary items & tax	**(3,21,980)**	**–**	**(3,21,980)**
Extraordinary items	–	–	–
Income tax refund for prior year	2,829		2,829
Loss before tax	**(3,19,151)**	**–**	**(3,19,151)**
Tax expense:			
Current tax	–	–	–
Deferred tax	–	–	–
PROFIT/LOSS AFTER TAX	**(3,19,151)**	**–**	**(3,19,151)**

NOTES FORMING PART OF ACCOUNTS (Contd..)

6. Current assets expected to be recovered after 12 months as Per IND AS 1 (61) - Presentation of Financial Statements ₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Cash and Bank balances	–	1,39,304	1,39,304	–	*1,39,304*	*1,39,304*	–	*12,763*	*12,763*
Current Investments	–	–	–	–	–	–	–	*191*	*191*
Total	–	**1,39,304**	**1,39,304**	–	*1,39,304*	*1,39,304*	–	*12,954*	*12,954*

7. Current liabilities expected to be settled after 12 months as Per IND AS 1 (61) - Presentation of Financial Statements ₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	–	57,95,981	57,95,981	–	*51,30,364*	*51,30,364*	–	*48,14,489*	*48,14,489*
Other financial liabilities	–	1,00,000	1,00,000	–	*1,00,000*	*1,00,000*	–	–	–
Other current liabilities	62,967	–	62,967	*43,841*	–	*43,841*	*37,736*	–	*37,736*
Total	**62,967**	**58,95,981**	**59,58,948**	*43,841*	*52,30,364*	*52,74,205*	*37,736*	*48,14,489*	*48,52,225*

8. Maturity profile of financial assets ₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Total non-current financial assets	–	–	–	–	–	–	–	–	–
Current Investments									
Cash and cash equivalents	–	1,39,304	1,39,304	–	*1,39,304*	*1,39,304*	–	*12,763*	*12,763*
Other financial assets	–	–	–	–	–	–	–	*191*	*191*
Total	**62,967**	**58,95,981**	**59,58,948**	*43,841*	*52,30,364*	*52,74,205*	*37,736*	*48,14,489*	*48,52,225*

9. Maturity profile of financial liabilities ₹

PARTICULARS	As at March 31, 2017			*As at March 31, 2016*			*As at April 1, 2015*		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Due to Parent	–	57,95,981	57,95,981	–	*51,30,364*	*51,30,364*	–	*48,14,489*	*48,14,489*
Other Financial Liabilities	–	1,00,000	1,00,000	–	*1,00,000*	*1,00,000*	–	–	–
Total	–	**58,95,981**	**58,95,981**	–	*52,30,364*	*52,30,364*	–	*48,14,489*	*48,14,489*

NOTES FORMING PART OF ACCOUNTS (Contd..)

10. Earnings Per Share: Ind AS 33 - Earnings Per Share

	Particulars	2016-17 ₹	2015-16 ₹
a)	Profit after tax as per statement of profit and loss account	**(3,33,479)**	*(3,19,151)*
b)	Number of equity shares outstanding	**50,000**	*50,000*
c)	Earnings Per Share (Basic and Diluted)	**(6.67)**	*(6.38)*
d)	Nominal value per equity share	**₹10**	*₹10*

11. Specified Bank Notes - The Company neither held nor transacted in Specified Bank Notes (SBN) during the period November 8, 2016 to December 30, 2016.

Particulars	₹ "500" notes	₹ "1000" notes	Other Notes	Total
Closing cash in hand as on 08.11.2016	–	–	–	**Nil**
(+) Permitted receipts	–	–	–	**Nil**
(-) Permitted payments	–	–	–	**Nil**
(-) Amount deposited in Banks	–	–	–	**Nil**
Closing cash in hand as on 30.12.2016	–	–	–	**Nil**

12. The Company has no dues payable to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at March 31, 2017.
13. The Company did not have any amount which needs to be transferred to the Investor Education and Protection Fund.
14. The Company did not have any long term contracts including derivative contracts, for which any material foreseeable losses are expected.
15. Figures for the previous year have been regrouped/reclassified wherever necessary.
16. Auditor's remuneration (excluding service tax) charged to the accounts:

Particulars	2016-17 (₹)	2015-16 (₹)
Audit fees	**15,000**	*12,000*
Certification work	**2,000**	*2,000*

17. Item Of Income, Expense, Gain or Losses

Particulars	2016-17 (₹)	2015-16 (₹)
Interest Expenses	**15,000**	*12,000*
Financial Liabilities that are measured at Amortised Cost	**2,000**	*2,000*

(K) SIGNIFICANT ACCOUNTING POLICIES

Brief Description of the Company:

Raykal Aluminium Company Private Limited (the 'Company) was incorporated in India on February 23, 1999. The Company is a subsidiary of Larsen & Toubro Limited holding 75.50% (March 31, 2017 – 75.50%) ownership interest in the Company as at March 31, 2017 and MALCO Energy Limited holding 24.50%.

The Company is yet to be made operational.

1. Statement of compliance:

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013. The Company has adopted all applicable Ind AS and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015.

2. First time adoption of Ind AS:

These financial statements of Raykal Aluminium Company Private Limited for the year ended March 31, 2017 have been prepared in accordance with Ind AS. For the purposes of transition to Ind AS, the Company has followed the guidance prescribed in Ind AS101- First Time adoption of Indian Accounting Standard, with April 1, 2015 as the transition date and IGAAP as the previous GAAP.

NOTES FORMING PART OF ACCOUNTS (Contd..)

3. **Basis of Accounting:**

   The Company maintains its accounts on accrual basis following the historical cost convention. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

4. **Use of Estimates:**

   The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

5. **Provisions, Contingent liabilities and Contingent assets:**

   Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

   a. the Company has a present obligation as a result of a past event;

   b. a probable outflow of resources is expected to settle the obligation; and

   c. the amount of the obligation can be reliably estimated.

   Contingent liability is disclosed in case of

   a. a present obligation arising from past events, when it is possible that an outflow of resources will be required to settle the obligation.

   b. a present obligation arising from past events when no reliable estimate is possible; and

   c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

   Contingent assets are neither recognised nor disclosed.

   Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

6. **Taxes on income:**

   Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act 1961, and based on expected outcome of assessments / appeals.

7. **Cash and Cash equivalents:**

   Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

8. **Earnings per share:**

   Basic and diluted earnings per share are computed in accordance with Ind AS-33 – Earnings per share.

   Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

As per our attached report of even date

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 39920
Place : Mumbai
Date : May 26, 2017

For and on behalf of the Board

N. HARIHARAN
Director
DIN: 00001668

AJIT KUMAR SAMAL
Director
DIN: 05180802

Place : Mumbai
Date : May 26, 2017

BOARD'S REPORT

Dear Members,

The Directors have pleasure in presenting their Eleventh report and Audited Accounts for the year ended 31st March, 2017.

FINANCIAL RESULTS(IND AS)

Particulars	**0.1.04.2016 to 31.03.2017 Amount in ₹ million**	*0.1.04.2015 to 31.03.2016 Amount in ₹ million*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**10.16**	*-16.57*
Less: Depreciation, amortization and obsolescence	**5.32**	*2.52*
Add: Transfer from Revaluation Reserve	**Nil**	*Nil*
Profit before exceptional and extraordinary items and tax	**4.85**	*-19.09*
Add: Exceptional Items	**Nil**	*Nil*
Profit before extraordinary items and tax	**4.85**	*-19.09*
Add: Extraordinary items	**Nil**	*Nil*
Profit / (Loss) before tax	**4.85**	*-19.09*
Less: Provision for tax	**-0.71**	*Nil*
Profit after tax from continuing operations	**5.55**	*-19.09*
Profit from discontinued operations	**Nil**	*Nil*
Total expenses on discontinued operations	**Nil**	*Nil*
Profit from discontinued operations (after tax)	**Nil**	*Nil*
Profit for the period carried to the balance sheet	**5.55**	*-19.09*
Add: Balance brought forward from previous year	**-125.74**	*-106.66*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**Nil**	*Nil*
Balance available for disposal (which directors appropriate as follows)	**-120.19**	*-125.74*
Debenture Redemption Reserve	**Nil**	*Nil*
Proposed dividend	**Nil**	*Nil*
Dividend Tax	**Nil**	*Nil*
General Reserve	**Nil**	*Nil*
Balance carried to Balance Sheet	**-120.19**	*-125.74*
Dividend	**Nil**	*Nil*

CAPITAL & FINANCE:

There has been no change in the share capital of the Company during the said financial year.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 82.5 Mn and the net fixed and intangible assets, including leased assets, at ₹ 9.9 Mn. Addition to gross block during the year amounted to ₹ 4.8 Mn. Capital Expenditure during the year amounted to ₹ 4.8 Mn.

DEPOSITS:

The Company has not accepted any deposits during the financial year ended March 31, 2017.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has disclosed the full particulars of the loans given, investments made or guarantees given or security provided in this Annual Report.

PARTICULARS OF CONTRACT OR ARRANGEMENT WITH RELATED PARTIES

The Board of Directors have approved the Related Party Transactions which were in the ordinary course of business and at arm's length. The details of material contracts or arrangement or transactions at arm's length basis as per Form AOC-2 as per Companies (Accounts) Rules, 2014 is annexed as Annexure "C" to this report.

STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were ₹ 615.3 Mn as against ₹ 367.5 Mn for the previous financial year. The profit/loss before tax from continuing operations including extraordinary and exceptional items was ₹ 4.8 Mn and the profit/loss after tax from continuing operations including extraordinary and exceptional items of ₹ 5.5 Mn for the financial year under review as against ₹ (19.1) Mn and ₹ (19.1) Mn respectively for the previous financial year, registering an increase/decrease of 125 % and 128 % respectively.

TRANSFER TO RESERVES

There were no appropriations made during the financial year ended March 31, 2017.

DIVIDEND

The Board of Directors has not declared any dividend for the financial year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes that have taken place in the Company between the date of Balance Sheet and the date of Director's Report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The operations of the Company are not energy intensive as the Company is not engaged in any manufacturing activity and is not included under the list of industries which should furnish information in Form A (Rule 2) of Companies (Disclosure of Particulars in Reporting Board of Directors) Rules,1988.

Technology absorption:

The Company being a Technology driven and has always adopted the latest technology trends and best practice.

Foreign exchange earnings and outgo:

The Company exports engineering and designing services mainly to North America, Europe, Middle East, Japan, Korea and other APAC countries.

The total foreign exchange earned and used for the period under review is as under:

Particulars	Amount in ₹ million
Foreign exchange earned	607.47
Foreign exchange used	481.29

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

CORPORATE SOCIAL RESPONSIBILITY

The Disclosure required to be given under Section 135 of the Companies Act, 2013 read with rule 8(1) of the Companies (Corporate Social responsibility Policy)Rules, 2014 are given in Annexure 'A' to the Board Report.

LIST OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. The Present Directors of the Company are –

Mr. P. Ramakrishnan

Mr. Christophe Humphry

Mr. Indrajit Sen

Ms. Shailendra Shrivastava

B. Directors appointed during the year:

During the year, following appointments were made on Board:-

1. Mr. Shailendra Shrivastava was appointed as Additional Director with effect from November 23, 2016.

C. Resignation of Director during the year:

a. Ms. Shobha Kulavil ceased to be a Director with effect from the close of working hours of November 13, 2016.

The Board places on record the valuable contribution of made by Ms. Shobha Kulavil during their tenure as Directors of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 4 meetings were held on April 13, 2016; July 22, 2016; November 7, 2016 and January 17, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INTERNAL FINANCIAL CONTROL SYSTEMS AND THEIR ADEQUACY:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2016, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

- In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:
- The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and profit/loss of the Company for that period:
- The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:
- The Directors have prepared the Annual Accounts on a going concern basis:
- The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. There were no cases of sexual harassment received in the Company during 2016-17.

STATUTORY AUDITORS

The Auditors, M/s. Sharp & Tannan, Chartered Accountants hold office until the conclusion of the ensuing Annual General Meeting. As per the provisions of the Companies Act, 2013 M/s. Sharp & Tannan are eligible to be re-appointed as Auditors of the Company.

A Certificate from them has been received to the effect that their appointment, if made, would be in line with the requirement laid under Section 139 and Section 141 of the Companies Act, 2013.

The Board recommends the Appointment of M/s. Sharp & Tannan, Chartered Accountants as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

AUDITORS REPORT

The notes to accounts referred to in the Auditor's Report are self - explanatory and therefore do not call for any further comments of Directors.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 'B' to this Report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company.

The Directors appreciate and value the contribution made by every member of the L&T Thales Technology Services group globally.

For and on behalf of the Board

Date : May 2, 2017	**CHRISTOPHE HUMPHRY**	**P. RAMAKRISHNAN**
Place: Mumbai	*Director* *DIN: 06833105*	*Director* *DIN: 06374491*

ANNEXURE A

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.**

   The Company is committed to discharging its Social Responsibility through:

   a. Partnership with communities in education and skill-building

   b. Innovation and Technology

   Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

   a. Water Conservation & Purification

   b. Education and Skill building

   c. Health

   d. Environment

   e. Innovation and Technology

   While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.).

2. **The Composition of the CSR Committee:**

   Mr. P. Ramakrishnan – Chairman

   Mr. Christophe Humphry – Member

   Ms. Shailendra Shrivastava – Member

3. Average net profit of the Company for last three financial years: ₹ 13.16 Mn

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 0.26 Mn

5. Details of CSR spent during the financial year:

   i. Total amount spent for the financial year: ₹ Nil

   ii. Amount unspent, if any: ₹ 0.26 Mn

   iii. Manner in which the amount spent during the financial year: attached in 5(iii)

6. In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.

   The Company is making an effort to identify the projects and invest in the CSR activity.

7. A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
   - The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

Sd/-

P. RAMAKRISHNAN
Chairman – CSR Committee

5.(iii)

(in ₹)

CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs undertaken	Amount outlay (budget) project/ program wise	Amount spent on the project / programs	Cumulative spend upto the reporting period	Amount spent (Direct / implementing agency)
		TOTAL SPEND				

ANNEXURE B

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

Corporate Identification Number (CIN)	U72200TN2006PTC059421
Registration Date	04/04/2006
Name of the Company	L&T THALES TECHNOLOGY SERVICES PRIVATE LIMITED
Category / Sub-Category of the Company	Private Company
Address of the Registered office and contact details	RR V Tower, 7th Floor, 33A Developed Plots, Sidco Industrial Estate, Guindy, Chennai - 600032. Mr. Subhodh Shetty- 022-67525617
Whether listed company Yes / No	Unlisted
Name, Address and Contact details of Registrar and Transfer Agent, if any	NOT APPLICABLE

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	To carry on all or any of the businesses of computer software and of computer programmers and consultants in relation to the use of computers and data processing systems.	711	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Technology Services Limited	U72900MH2012PLC232169	Holding Company	74	2(46)
2	Thales SAS France	-	Associate	26	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp						1520692	1520692	74	74
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**–**	**–**	**–**	**–**	**1520692**	**1520692**	**74**	**74**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding									**–**
of Promoter (A) = (A)(1)+(A)(2)	**–**	**–**	**–**	**–**	**–**	**1520692**	**1520692**	**74**	**74**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2) Non-Institutions									
a) Bodies Corp	–	–	–	–	–	534297	534297	26	26
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	**534297**	**534297**	**26**	**26**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	–	–	–	–	–	**2054989**	**2054989**	**100**	**100**

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	L&T Technology Services Limited	–	–	–	1520692	74	0	74
	Total	**–**	**–**	**–**	**1520692**	**74**	**0**	**74**

(iii) Change in Promoters' Shareholding : (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	–	–	–	0
2	Date wise Increase/Decrease in Promoters Share-Holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	–	–	–	–
3	At the End of the year	–	–	1520692	74

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	534297	26	534297	26
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	–	–	–	–
3	At the End of the year (or on the date of separation, if separated during the year)			534297	26

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	Nil	Nil	Nil	Nil
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	Nil	Nil	Nil	Nil
3	At the End of the year	Nil	Nil	Nil	Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans (in INR Mn)	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount				
ii) Interest due but not paid		30.00		
iii) Interest accrued but not due				
Total (i+ii+iii)	**Nil**	**30.00**		
Change in Indebtedness during the financial year	Nil			
Addition				
Reduction		-30.00		
Net Change	**Nil**	**-30.00**		
Indebtedness at the end of the financial year	Nil	Nil		
i) Principal Amount				
ii) Interest due but not paid				
iii) Interest accrued but not due				
Total (i+ii+iii)	**Nil**	**Nil**		

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission	Nil	Nil
	- as % of profit	Nil	Nil
	- others, specify…	Nil	Nil

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
5.	Others, please specify	Nil	Nil
	Total (A)	Nil	Nil
	Ceiling as per the Act	5% of the Net Profits of the Company	

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors Fee for attending board / committee meetings Commission Others, please specify	Nil	Nil	**Nil**
	Total (1)	Nil	Nil	**Nil**
2.	Other Non-Executive Directors Fee for attending board / committee meetings Commission Others, please specify			
	Total (2)	Nil	Nil	**Nil**
	Total (B)=(1+2)	Nil	Nil	**Nil**
	Total Managerial Remuneration			**Nil**
	Overall Ceiling as per the Act			

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD :

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	Gross salary	Nil	Nil	Nil	Nil
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961				
2.	Stock Option	Nil	Nil	Nil	Nil
3.	Sweat Equity	Nil	Nil	Nil	Nil
4.	Commission - as % of profit – others, specify	Nil	Nil	Nil	Nil
5.	Others, please specify	Nil	Nil	Nil	Nil
	Total	Nil	Nil	Nil	Nil

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	Nil	Nil	Nil	Nil	Nil
Punishment	Nil	Nil	Nil	Nil	Nil
Compounding	Nil	Nil	Nil	Nil	Nil
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

For and on behalf of the Board

Date: May 2, 2017
Place: Mumbai

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

P. RAMAKRISHNAN
Director
DIN: 06374491

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T THALES TECHNOLOGY SERVICES PRIVATE LIMITED

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of L&T Thales Technology Services Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone financial statements').

Management's responsibility for the standalone financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the accounting standards prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid standalone financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and
    g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position;

ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; - refer note 40 to the financial statements.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; - refer note 41 to the financial statements and

iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016 - refer note 32 to the financial statements.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 2 May 2017

Annexure A to the Independent Auditor's report

(Referred to in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) The Company has no immovable properties.

2 According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

3 In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Act have been complied with.

4 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and according to the records of the Company, there are no dues of sales tax, income tax, custom duty, and excise duty that have not been deposited with the appropriate authorities on account of any dispute except as follows:

Name of the statute	Nature of the disputed dues	Amount (₹)	Period to which the amount relates	Forum where disputes are pending
Income-tax Act, 1961	Transfer pricing	4,27,71,031	2007-08	Dispute Resolution Panel
Income-tax Act, 1961	Transfer pricing	2,82,07,610	2009-10	Income-tax Appellate Tribunal
Income-tax Act, 1961	Non-deduction of taxes on foreign remittances	20,94,953	2009-10	Commissioner of Income-tax (Appeals)

5 According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, government or debenture holders as at the balance sheet date.

6 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

7 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.

8 According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

9 According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

10 Clauses 3(ii), (v), (vi), (ix), (xi), (xii) and (xiv) of the Order are not applicable to the Company.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 2 May 2017

Annexure B to the Independent Auditor's report

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Thales Technology Services Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **Sharp & Tannan**
Chartered Accountants
Firm's registration No.109982W

Firdosh D. Buchia
Partner
Membership no. 038332

Mumbai, 2 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in thousand)

		Notes No.	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	ASSETS				
I.	**Non-current assets**				
	Property, plant and equipment	4	8,758	8,545	988
	Capital work-in-progress		–	–	1,700
	Other intangible assets	5	1,224	1,958	9
	Financial assets				
	Other financial assets	6	21,233	25,118	35,803
	Deferred tax assets (net)	7	6,665	5,949	1,207
	Other non-current assets	8	2,378	3,567	–
	Total non-current assets		40,258	45,137	39,707
II.	**Current assets**				
	Financial assets				
	Investments	9	19,416	–	–
	Trade receivables	10	147,906	85,185	47,241
	Cash and cash equivalents	11	1,029	23,800	4,300
	Other financial assets	12	6,286	8,819	1,029
	Current tax assets (net)	13	2,473	2,262	178
	Other current assets	14	147,069	90,121	28,363
	Total current assets		324,179	210,187	81,111
	TOTAL ASSETS		364,437	255,324	120,818
	EQUITY AND LIABILITIES				
	Shareholders' funds				
	Share capital	15	20,550	20,550	20,550
	Other equity		(47,718)	(53,023)	(33,905)
	Total equity		(27,168)	(32,473)	(13,355)
I.	**Current liabilities**				
	Financial liabilities				
	Borrowings	16	–	30,000	11,100
	Trade payables	17	367,690	141,060	42,568
	Other financial liabilities	18	2,988	2,496	16,641
	Other current liabilities	19	17,353	108,636	58,396
	Provisions	20	3,574	5,605	5,468
	Total current liabilities		391,605	287,797	134,173
	TOTAL EQUITY AND LIABILITIES		364,437	255,324	120,818
	Notes forming part of the financial statements	1-42			

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 02, 2017

For and on behalf of the Board
L&T Thales Technology Services Private Limited

P. RAMAKRISHNAN
Director
DIN: 06374491

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

Place : Mumbai
Date : May 02, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in thousand, except as stated otherwise)

		Note No.	Year ended 31.03.2017	*Year ended 31.03.2016*
I.	Revenue from operations	21	615,287	*367,494*
II.	Other income	22	24,665	*6,532*
III.	**TOTAL INCOME**		639,952	*374,026*
IV.	**Expenses:**			
	Employee benefit expenses	23	132,157	*115,872*
	Other operating expenses	24	496,827	*273,383*
	Finance cost	25	804	*1,341*
	Depreciation and amortisation expenses		5,317	*2,515*
	TOTAL EXPENSES		635,105	*393,111*
V.	**PROFIT BEFORE TAX (III - IV)**		4,847	*(19,085)*
VI.	**Tax expense :**	26		
	(a) Current tax		12	*4,741*
	(b) Deferred tax		(717)	*(4,741)*
	TOTAL TAX EXPENSE		(705)	*-*
VII.	**PROFIT FOR THE YEAR (V - VI)**		5,552	*(19,085)*
VIII.	Other comprehensive income, net of taxes	27	(247)	*(33)*
IX.	**TOTAL COMPREHENSIVE INCOME, NET OF TAXES**		5,305	*(19,118)*
X.	**EARNING PER EQUITY SHARE**	28		
	Basic - Rupee		2.70	*(9.29)*
	Diluted - Rupee		2.70	*(9.29)*
	Face value per equity share - Rupee		10.00	*10.00*
XI.	Notes forming part of the financial statements	1-42		

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 02, 2017

For and on behalf of the Board
L&T Thales Technology Services Private Limited

P. RAMAKRISHNAN
Director
DIN: 06374491

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

Place : Mumbai
Date : May 02, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in thousand)

		Year ended 31.03.2017	Year ended 31.03.2016
A.	**Cash flow from operating activities**		
	Profit before tax	**4,847**	*(19,085)*
	Adjustments for:		
	Depreciation and amortisation	**5,317**	*2,515*
	Interest received	**(524)**	*(175)*
	Interest paid	**804**	*1,341*
	(Profit)/Loss on sale of fixed assets	**(305)**	-
	Dividends received from current investments	**(576)**	-
	Unrealized gain/(loss)	**5,947**	*4,226*
	Operating profit before working capital changes	**15,510**	*(11,178)*
	Changes in working capital		
	(Increase)/decrease in trade receivables	**(58,894)**	*(37,891)*
	(Increase)/decrease in other receivables	**(49,562)**	*(69,255)*
	Increase/(decrease) in trade & other payables	**123,785**	*130,412*
	(Increase)/decrease in working capital	**15,329**	*23,266*
	Cash generated from operations	**30,839**	*12,088*
	Direct taxes paid	**-**	-
	Net cash used in / from operating activities	**30,839**	*12,088*
B.	**Cash flow from investing activities**		
	Purchase of fixed assets	**(4,796)**	*(10,322)*
	Sale of fixed assets	**306**	-
	(Purchase)/sale of current investments (net)	**(19,416)**	-
	Dividends received from current investments	**576**	-
	Interest received	**524**	*175*
	Net cash used in / from investing activities	**(22,806)**	*(10,147)*
C.	**Cash flow from financing acivities**		
	Proceeds from/(repayment of) borrowings	**(30,000)**	*18,900*
	Interest paid	**(804)**	*(1,341)*
	Net cash used in / from financing activities	**(30,804)**	*17,559*
	Net (decrease) / increase in cash and cash equivalents	**(22,771)**	*19,500*
	Cash and cash equivalents at beginning of year	**23,800**	*4,300*
	Cash and cash equivalents at end of year	**1,029**	*23,800*

Notes:

1 Cash flow has been prepared under the indirect method as set out in the Ind AS - 7.

2 Purchase of fixed assets includes movements of capital work-in-progress between the beginning and end of the year.

Notes forming part of the financial statements 1-42

As per our report attached

SHARP & TANNAN
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FIRDOSH D. BUCHIA
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For and on behalf of the Board
L&T Thales Technology Services Private Limited

P. RAMAKRISHNAN
Director
DIN: 06374491

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

Place : Mumbai
Date : May 02, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in thousand)

	Equity Share Capital	Other Equity			Total equity attributable to equity holders of the Company
		Reserves & Surplus		Other comprehensive income	
		Securities premium account	Retained earnings	Other items of other comprehensive income	
Balance as at 01-04-2015	**20,550**	**72,751**	**(106,656)**	–	**(13,355)**
Profit for the year	–	–	(19,085)	–	(19,085)
Other comprehensive income	–	–	–	(33)	(33)
Balance as at 31-03-2016	**20,550**	**72,751**	**(125,741)**	**(33)**	**(32,473)**
Profit for the year	–	–	5,552	–	5,552
Other comprehensive income	–	–	–	(247)	(247)
Balance as at 31-03-2017	**20,550**	**72,751**	**(120,189)**	**(280)**	**(27,168)**

Notes forming part of the financial statements 1-42

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 02, 2017

For and on behalf of the Board
L&T Thales Technology Services Private Limited

P. RAMAKRISHNAN
Director
DIN: 06374491

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

Place : Mumbai
Date : May 02, 2017

NOTES FORMING PART OF FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

L&T Thales Technology Services Private Limited is a private company incorporated and domiciled in India and has its registered office at RRV Tower, 7th floor – 33 A Developed Plots, SIDCO Industrial Estate, Guindy, Chennai – 600 032. As at March 31, 2017, L&T Technology Services Limited, the holding company owns 74% of the Company's equity share capital.

The Company is engaged in the business of software development mainly for flight management systems (FMS), cockpit display systems (CKT), air traffic management systems (ATM), global navigation satellite systems (GNSS) and in-flight entertainment systems (IFE).

The financial statements of the Company for the year ended March 31, 2017 were approved for issue by the Board of Directors on May 2, 2017.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Statement of compliance

In accordance with the notification issued by the Ministry of Corporate Affairs, the Company has adopted Indian Accounting Standards (referred to as "Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 with effect from April 1, 2016. Figures for the previous period have been restated to Ind AS. In accordance with Ind AS 101 First-time Adoption of Indian Accounting Standard, the Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016.

These financial statements have been prepared in accordance with Ind AS as notified under the Companies (Indian Accounting Standards) Rules, 2015 read with Section 133 of the Companies Act, 2013.

b) Basis of preparation

These financial statements have been prepared on the historical cost basis, except for certain financial instruments which are measured at fair values at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Use of estimates and judgements

The preparation of these financial statements in conformity with the recognition and measurement principles of Ind AS requires the management of the Company to make estimates and assumptions that affect the reported balances of assets and liabilities, disclosures relating to contingent liabilities as at the date of the financial statements and the reported amounts of income and expense for the periods presented.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and future periods are affected.

d) Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Cash Flow Statements". The disclosure requirements with respect to items in balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Ind AS.

e) Revenue recognition

Revenue from contracts which are on time and material basis are recognized when services are rendered and related costs are incurred.

Revenue from services performed on fixed-price basis is recognized using the proportionate completion method.

Unbilled revenue represents value of services performed in accordance with the contract terms but not billed.

f) Employee benefits

i. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, and short term compensated absences and performance incentives are recognized in the period in which the employee renders the related service.

ii. Post-employment benefits

a) Defined contribution plan:

Retirement benefits in the form of Provident Fund are a defined contribution scheme and the contributions are charged to the statement of profit and loss of the period when the contributions to the respective funds are made. There are no other obligations other than the contribution payable to the respective trusts.

b) Defined benefit plans:

Gratuity liability is defined benefit obligation and is provided for on the basis of an actuarial valuation made as at the balance sheet date.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

iii. Long term employee benefits:

The obligation for long term employee benefits like long term compensation absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above.

g) Property, plant and equipment

Property, plant and equipment are stated at cost, less accumulated depreciation and impairment loss, if any. Depreciation is provided for property, plant and equipment so as to expense the cost over their estimated useful lives based on evaluation. The estimated useful lives and residual value are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives are as mentioned below:

Asset class	Useful life (years)
Computers	3
Office equipment	3
Furniture and fixtures	5

Depreciation is not recorded on capital work-in-progress until construction and installation are complete and the asset is ready for its intended use.

h) Intangible assets and amortisation

Intangible assets purchased are measured at cost or fair value as of the date of acquisition, as applicable, less accumulated amortisation and accumulated impairment, if any.

Asset class	Useful life (years)
Specialised software	3

i) Financial Instruments

Financial assets and liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value measured on initial recognition of financial asset or financial liability.

Non-derivative financial assets:

Financial assets at amortised cost

Financial assets are subsequently measured at amortised cost if these financial assets are held within a business model whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. Financial assets at amortised cost are represented by trade receivables, cash and cash equivalents, employee and other advances and eligible current and non-current assets.

Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows that give rise on specified dates to solely payments of principal and interest on the principal amount outstanding and by selling financial assets.

Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortised cost or at fair value through other comprehensive income on initial recognition. The transaction costs directly attributable to the acquisition of financial assets and liabilities at fair value through profit or loss are immediately recognised in profit or loss.

Non-derivative financial liabilities:

Financial liabilities are initially recognised at fair value, and subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within 1 year from balance sheet date, the carrying amount approximate fair value due to short maturity of these instruments.

j) Leases

(a) Finance leases:

Assets acquired under lease where the Company has substantially all the risk and rewards of ownership are classified as finance leases. Such assets are capitalised at inception of lease at the lower of fair value or present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Operating leases

Assets acquired on leases where a significant portion of the risk and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

k) Impairment of assets

a) Trade receivables

The company assesses at each date of statement of financial position whether a financial assets or group of financial assets is impaired. In accordance with IndAS 109, the company applies expected credit loss (ECL) model for measurement and recognition of impairment loss. As a practical expedient, the company uses a provision matrix to determine impairment loss on portfolio of its trade receivables. The provision matrix is based on its historically observed default rates over the expected life of trade receivables. ECL impairment loss allowances (or reversal) recognized during the period is recognized as an expense/income respectively in the statement of profit and loss. Provision for ECL is presented as deduction from carrying amount of trade receivables.

b) Non-financial assets

Tangible and intangible assets

Property, plant and equipment and intangible assets (other than goodwill) are evaluated for recoverability whenever there is any indication that their carrying amounts may not be recoverable. If any such indication exists, the recoverable amount (i.e. higher of the fair value less cost to sell and the value-in-use) is determined on an individual asset basis unless the asset does not generate cash flows that are largely independent of those from other assets. In such cases, the recoverable amount is determined for the cash generating unit (CGU) to which the asset belongs.

If the recoverable amount of an asset (or CGU) is estimated to be less than its carrying amount, the carrying amount of the asset (or CGU) is reduced to its recoverable amount. An impairment loss is recognised in the statement of profit and loss.

l) Foreign currencies

The functional currency of the Company is the Indian rupee (₹).

Income and expenses in foreign currencies are recorded at exchange rates prevailing on the date of the transaction. Foreign currency denominated monetary assets and liabilities are translated at the exchange rate prevailing on the balance sheet date and exchange gains and losses arising on settlement and restatement are recognised in the statement of profit and loss.

Non-monetary assets and liabilities that are measured in terms of historical cost in foreign currencies are not retranslated.

m) Income-tax

Income tax expense comprises current tax expense and the net change in the deferred tax asset or liability during the year. Current and deferred taxes are recognised in statement of profit and loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity, respectively.

Current income taxes

The current income tax expense includes income taxes payable by the Company.

Provision for current income taxes are presented in the balance sheet after off-setting advance tax paid and income tax provision arising in the same tax jurisdiction and where the relevant tax paying units intend to settle the asset and liability on a net basis.

Deferred income taxes

Deferred income tax is recognised using the balance sheet approach. Deferred income tax assets and liabilities are recognised for deductible and taxable temporary differences arising between the tax base of assets and liabilities and their carrying amount, except when the deferred income tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and affects neither accounting nor taxable profit or loss at the time of the transaction.

Deferred income tax asset is recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred income tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized.

Deferred tax assets and liabilities are measured using substantively enacted tax rates expected to apply to taxable income in the years in which the temporary differences are expected to be received or settled.

Deferred tax assets and liabilities are offset when the Company has a legally enforceable right to set off the recognised amounts and where it intends either to settle on a net basis or to realize the asset and settle the liability simultaneously.

Deferred tax assets include Minimum Alternative Tax (MAT) paid in accordance with the tax laws in India, which is likely to give future economic benefits in the form of availability of set off against future income tax liability. Accordingly, MAT is recognised as deferred tax asset in the balance sheet when the asset can be measured reliably and it is probable that the future economic benefit associated with the asset will be realised.

The Company recognises interest levied related to income tax assessments in interest expenses.

n) Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if

a) The Company has a present obligation as a result of a past event;

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

b) A probable outflow of resources is expected to settle the obligation; and

c) The amount of the obligation can be reliably estimated

Contingent liability is disclosed in the case of

a) A present obligation arising from a past event when it is not probable that an outflow of resources will be required to settle the obligation; or

b) A possible obligation unless the probability of outflow of resources is remote

Contingent assets are neither recognized nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

o) Cash flow statement

Cash flows are reported using the indirect method, whereby profit for the period is adjusted for the effects of transactions of non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and item of income or expenses associated with investing or financing cash flows. The cash flows from operating, investing and financing activities of the Company are segregated.

p) Earnings per equity share

Basic earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average numbers of the equity shares outstanding during the period. Diluted earnings per equity share is computed by dividing the net profit attributable to the equity holders of the Company by the weighted average number of equity shares considered for deriving basic earnings per equity share and also the weighted average number of equity shares that would have been outstanding assuming the conversion of all dilutive potential equity shares.

3 FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

These financial statements, for the year ended March 31, 2017 have been prepared in accordance with Ind AS.

The accounting policies set out in note 2 have been applied in preparing financial statements for the year ended March 31, 2017, comparative information presented in these financial statements for the year ended March 31, 2016 and in preparation of opening Ind AS balance sheet as at April 1, 2015 (the company's date of transition to Ind AS). In preparing it's opening Ind AS balance sheet, the company has adjusted amount reported previously in financial statements prepared in accordance with accounting standards notified under Companies(Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP). An explanation of how transition from previous GAAP to Ind AS has affected the company's financials position, financial performance and cash flow is set out in following tables and notes.

3.1 Exemptions and exceptions availed

a) Ind AS 101 permits a first time adopter to elect to continue with carrying value for all of its property, plant and equipment as recognised in the financial statements as at date of transition to Ind AS, measured as per previous GAAP and use that as deemed cost as at date of transition after making necessary adjustments. Accordingly, company has elected to measure all of its property, plant and equipment at their previous GAAP carrying value.

3.2 Reconciliation of equity as at April 1, 2015

(₹ in thousand)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		988	–	988
Capital work-in-progress		1,700	–	1,700
Intangible assets		9	–	9
Financial assets				
Other financial assets	e)	60,185	(24,382)	35,803
Deferred tax assets (net)	a)	–	1,207	1,207
Current assets				
Current investments				
Trade receivables		47,241	–	47,241
Cash and cash equivalent		4,300	–	4,300
Other financial assets	e)	1,029	–	1,029
Other current assets	e)	5,188	23,175	28,363
Current tax assets (net)		178		178
TOTAL ASSETS		**120,818**	**–**	**120,818**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		20,550	–	20,550
Other equity		(33,905)	–	(33,905)
Current liabilities				
Short-term borrowings		11,100	–	11,100
Trade payables	c)	58,507	(15,939)	42,568
Other financial liabilities	c)	–	16,641	16,641
Other current liabilities	c)	59,098	(702)	58,396
Short-term provisions		5,468	–	5,468
Tax liabilities (net)				
TOTAL EQUITY AND LIABILITIES		**120,818**	**–**	**120,818**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.3 Reconciliation of equity as at March 31, 2016

(₹ in thousand)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
ASSETS				
Non-current assets				
Property, plant and equipment		8,545	–	8,545
Intangible assets		1,958	–	1,958
Financial assets				
Non-current investments				
Other financial assets	e)	–	25,118	25,118
Deferred tax assets (net)	a)	–	5,949	5,949
Other non current assets	b)	–	3,567	3,567
Current assets				
Current investments				
Trade receivables	d)	85,912	(727)	85,185
Cash and cash equivalent		23,800	–	23,800
Other financial assets	e)	–	(64,603)	8,819
Other current assets	e)	60,327	29,794	90,121
Current tax assets (net)		2,262	–	2,262
TOTAL ASSETS		**256,226**	**(902)**	**255,324**
EQUITY AND LIABILITIES				
Shareholders' funds				
Share capital		20,550	–	20,550
Other equity		(52,120)	(902)	(53,023)
Current liabilities				
Short-term borrowings		30,000	–	30,000
Trade payables	c)	237,594	(96,535)	141,060
Other financial liabilities	c)	–	2,496	2,496
Other current liabilities	c)	14,597	94,039	108,636
Short-term provisions		5,605	–	5,605
TOTAL EQUITY AND LIABILITIES		**256,226**	**(902)**	**255,324**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

3.4 Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in thousand)

Particulars	Note	Previous GAAP*	Adjustment	Ind AS
INCOME:				
Revenue from operations		367,494	–	367,494
Other income	f)	5,519	1,013	6,532
Total Revenue		**373,013**	**1,013**	**374,026**
EXPENSES:				
Employee benefit expenses	c)	115,905	(33)	115,872
Operating expenses	b)	221,276	(8)	221,268
Sales, administration and other expenses		50,191	1,924	52,115
OPERATING PROFIT		(14,359)	(870)	(15,229)
Finance cost		1,341	–	1,341
Depreciation, amortisation and obsolescence expenses		2,515	–	2,515
PROFIT BEFORE TAX		(18,215)	(870)	(19,085)
Provision for taxation :				
Current tax		–	–	–
PROFIT AFTER TAX		**(18,215)**	**(870)**	**(19,085)**
Other comprehensive income	**g)**	–	**(33)**	**(33)**
TOTAL COMPREHENSIVE INCOME		**(18,215)**	**(902)**	**(19,118)**

*The previous GAAP figures have been regrouped to conform to Ind AS presentation requirements for purpose of this note.

3.5 Reconciliation of total comprehensive income for the year ended March 31, 2016

(₹ in thousand)

Particulars	Note	31.03.2016
Profit after tax as per previous GAAP		(18,216)
Adjustments:		
Provision for expected credit loss	d)	(727)
Rent amortisation on lease deposit	b)	(1,189)
Interest Income recognition on Fair value of lease deposit	b)	1,014
Provision for employee benefits based on constructive obligation		–
Reclassification of net actuarial (gain)/loss on employee defined benefit obligations to OCI	g)	33
Impact of hedge accounting related to premium on forward contracts		–
Gain/(loss) on fair value of investments		–
Others		–
Impact of deferred and current tax in respect of above adjustments		–
PROFIT AFTER TAX AS PER IND AS		**(19,086)**
Other comprehensive income	**g)**	**(33)**
TOTAL COMPREHENSIVE INCOME		**(19,118)**

3.6 Reconciliation of equity as at March 31, 2016 and April 01, 2015

(₹ in thousand)

Particulars	Note	31.03.2016	01.04.2015
Total equity (shareholder's fund) as per previous GAAP		(31,571)	(13,034)
Provision for expected credit loss	d)	(727)	–
Rent amortisation on lease deposit	b)	(1,189)	–
Interest Income recognition on Fair value of lease deposit	b)	1,014	–
TOTAL EQUITY AS PER IND AS		**(32,473)**	**(13,034)**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

3.7 Notes to first time adoption of Ind AS

a) Deferred tax assets (net)

Minimum Alternated Tax (MAT) balance was grouped under short term loans and advances under previous GAAP which has been presented under deferred tax assets as per Ind AS.

b) Non current loans and advances & other non current assets

Under previous GAAP, interest free lease security deposits (that are refundable in cash on completion of lease term) are recorded at their transaction value. Under Ind AS, financial assets are required to be recognised at fair value. Accordingly, the Company has measured the security deposits at fair value under Ind AS. The difference between fair value and transaction value of security deposit has been recognised as prepaid rent and is being expensed on straight line basis over term of lease. The Company also recognizes interest income using internal rate of return through its profit and loss over the life of the deposit.

c) Other financial liabilities and other current liabilities

Constructive obligation is not defined under previous GAAP due to which certain employee related expenses were recognised as and when they occur. Under Ind AS 37, the same is covered under definition of constructive obligation and all such employee related expenses needs to be provided for. Consequent to transition, all employee relevant liabilities has been classified under financial liability as per new disclosure requirements.

d) Trade receivables

Under previous GAAP, provisions were made for specific receivables if collection was doubtful. Under Ind AS 109, the Company has applied expected credit loss model for recognising allowance for doubtful debt. Expected credit loss model reflects an unbiased and probability-weighted amount that is determined by evaluating a range of possible outcomes and also includes loss for the time value of money.

e) Short term loans, financial assets and other current assets

Under previous GAAP, specific classification of various assets under head “financial assets” was not made. Under Ind-AS, assets covered by nature as defined under Ind AS 32 have been regrouped from short term loans to financial asset category.

f) Notional interest income on lease deposits

Impact of Ind AS transition on lease deposit has been covered under note b). Accordingly, lease deposits were fair valued and notional interest income is recognised on lease deposit using internal rate of return over life of deposit.

g) Other Comprehensive Income

As per Ind AS, re-measurement of defined benefit plans has been disclosed under “Other Comprehensive Income” (OCI), which was being recognised in statement of profit and loss under previous GAAP.

h) Current investments

As per Ind AS, investments in liquid mutual funds have been accounted at fair value which was being accounted at cost under previous GAAP.

4 PROPERTY, PLANT AND EQUIPMENT

(₹ in thousand)

Particulars	Computers	Office equipments	Furniture and fixtures	Total
Gross carrying value as on 01-04-2015	904	73	11	988
Additions during the period	8,528	667	49	9,244
Deductions during the period	–	–	–	–
Gross carrying value as on 31-03-2016	9,432	741	60	10,232
Accumalated depreciation				
As on 01-04-2015	–	–	–	–
For the Year	1,615	64	9	1,687
On Deductions	–	–	–	–
As on 31-03-2016	1,615	64	9	1,687
Net carrying value as on 31-03-2016	7,817	677	51	8,545
Carrying value as on 31-03-2015	904	73	11	988
Capital Work-in-progress				
31-03-2016				
31-03-2015				1,700

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Particulars	Computers	Office equipments	Furniture and fixtures	Total
Gross carrying value as on 01-04-2016	9,432	740	60	10,232
Additions during the period	3,806	774	–	4,580
Deductions during the period	–	14	–	14
Gross carrying value as on 31-03-2017	13,238	1,500	60	14,798
Depreciation				
Depreciation as on 01-04-2016	1,615	64	9	1,687
For the Year	3,947	406	14	4,367
On Deductions	–	15	–	15
Depreciation as on 31-03-2017	5,562	455	23	6,040
Net Carrying value as on 31-03-2017	**7,676**	**1,045**	**37**	**8,758**
Net Carrying value as on 31-03-2016	*7,817*	*677*	*51*	*8,545*

5 OTHER INTANGIBLE ASSETS

(₹ in thousand)

Particulars	Specialised softwares	Total
Gross carrying value as on 01-04-2015	20,985	20,985
Additions during the period	2,777	2,777
Deductions during the period	–	–
Gross carrying value as on 31-03-2016	23,761	23,761
Accumalated amortisation		
Amortisation as on 01-04-2015	20,976	20,976
For the Year	828	828
On Deductions	–	–
Amortisation as on 01-04-2016	21,803	21,803
Net carrying value as on 31-03-2016	1,958	1,958
Net carrying value as on 01-04-2015	9	9
Gross carrying value as on 01-04-2016	23,761	23,761
Additions during the period	216	216
Deductions during the period	–	–
Balance as on 01-04-2017	23,977	23,977
Amortisation		
Amortisation as on 01-04-2016	21,803	21,803
For the Year	950	950
On Deductions	–	–
Ammortisation as on 01-04-2017	22,753	22,753
Net carrying value as on 31-03-2017	1,224	1,224
Net carrying value as on 31-03-2016	1,958	1,958

6 OTHER FINANCIAL ASSETS

(₹ in thousand)

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Non-current			
Unsecured, considered good			
Security deposits	**21,233**	*25,118*	*35,803*
	21,233	*25,118*	*35,803*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

7 DEFERRED TAX ASSETS (NET)

(₹ in thousand)

Description	DTL/(DTA) As at 01.04.2015	Charge/(Credit) to P&L	DTL/(DTA) As at 31.03.2016	Charge/(Credit) to P&L	DTL/(DTA) As at 31.03.2017
Minimum alternate tax credit entitlement	(1,207)	(4,741)	(5,949)	(717)	**(6,665)**
Total	(1,207)	(4,741)	(5,949)	(717)	**(6,665)**

8 OTHER NON-CURRENT ASSETS

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Prepaid expenses	**2,378**	3,567	-
	2,378	3,567	-

9 INVESTMENTS

(₹ in thousand)

Current investment	As at 31.03.2017 Units	As at 31.03.2017 ₹	As at 31.03.2016 Units	As at 31.03.2016 ₹	As at 01.04.2015 Units	As at 01.04.2015 ₹
Investment in mutual funds						
Quoted						
L&T Liquid Fund - Regular - Daily Dividend Reinvestment	**19,190**	**19,416**	–	–	–	–
	19,190	**19,416**	–	–	–	–
Aggregate amount of quoted investment at cost	–	**19,416**	–	–	–	–
Aggregate amount of quoted investment at Market value	–	**19,416**	–	–	–	–

10 TRADE RECEIVABLES

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Current			
Unsecured, Considered good	**147,906**	85,185	47,241
Considered doubtful	**862**	862	335
	148,768	86,047	47,576
Less: Allowance for doubtful debt	**862**	862	335
	147,906	85,185	47,241

11 CASH AND CASH EQUIVALENTS

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Balances with banks	**1,029**	23,800	4,300
	1,029	23,800	4,300

12 OTHER FINANCIAL ASSETS

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Advances to employees	**448**	2,107	566
Security deposits	**5,838**	4,191	–
Other receivables	**–**	2,521	463
	6,286	8,819	1,029

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

13 CURRENT TAX ASSETS (NET)

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provision for current tax	(282)	–	–
Advance tax installment	–	744	–
TDS certificate receivable	2,755	1,518	178
	2,473	2,262	178

14 OTHER CURRENT ASSETS

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Unbilled revenue	58,979	39,919	6,395
	58,979	39,919	6,395
Advance to supplier	–	15	17
Prepaid expenses	2,464	5,835	–
Service tax recoverable	61,928	20,565	17,447
Other receivables	19,006	22,670	1,927
	83,398	49,085	19,391
Income tax prior years, net of previous year provisions	4,692	1,117	2,577
	4,692	1,117	2,577
	147,069	90,121	28,363

15 SHARE CAPITAL

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
15.1 Authorised :			
2,500,000 Equity shares of ₹ 10 each	25,000	25,000	25,000
(31 March 2016 : 2,500,000 Equity shares of ₹ 10 each)			
(01 April 2015 : 2,500,000 Equity shares of ₹ 10 each)			
	25,000	25,000	25,000

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
15.2 Issued, subscribed and paid up			
2,054,989 Equity shares of ₹ 10 each	20,550	20,550	20,550
(31 March 2016 : 20,54,989 Equity shares of ₹ 10 each)			
(01 April 2015 : 20,54,989 Equity shares of ₹ 10 each)			
Total issued, subscribed and paid up capital	20,550	20,550	20,550

15.3 In the period of five years immediately preceding March 31,2017:

Aggregate number and class of shares allotted as fully paid up pursuant to contract without payment being received in cash - Nil

Aggregate number and class of shares allotted as fully paid up by way of bonus shares - Nil

Aggregate number and class of shares bought back - Nil

15.4 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share. The Company declares and pays dividend in Indian rupees.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

15.5 Reconciliation of the shares outstanding at the beginning and at the end of the year

There were no movements in the number of equity shares outstanding at the beginning and at the end of the year.

15.6 Shares of the company held by holding company

Equity shares	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
L&T Technology Services Limited	1,520,692	74	1,520,692	74	1,520,692	74
	1,520,692		1,520,692		1,520,692	

15.7 Shareholders holding more than 5% of equity shares as at the end of the year

Equity shares	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
	No. of shares	% Holding	No. of shares	% Holding	No. of shares	% Holding
L&T Technology Services Limited	1,520,692	74	1,520,692	74	1,520,692	74
Thales Services SAS, France	534,297	26	534,297	26	534,297	26
	2,054,989		2,054,989		2,054,989	

16 BORROWINGS

(₹ in thousand)

	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Unsecured:			
Short term unsecured loans from banks	–	30,000	11,100
	–	30,000	11,100
	–	30,000	11,100

17 TRADE PAYABLES

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Due to related parties	341,006	117,006	42,568
Liability for revenue goods	23,763	–	–
Supplier ledger - revenue goods/services	2,921	24,054	–
	367,690	141,060	42,568

18 OTHER FINANCIAL LIABILITIES

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Other payables	498	185	–
Liability towards employee compensation	2,490	2,311	16,641
	2,988	2,496	16,641

19 OTHER CURRENT LIABILITIES

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Other payables	17,353	108,636	58,396
	17,353	108,636	58,396

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

20 PROVISIONS

(₹ in thousand)

	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Provisions for employee benefits :			
Leave enchashment	**3,574**	*5,605*	*5,468*
	3,574	*5,605*	*5,468*

21 REVENUE FROM OPERATIONS

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Overseas	**594,260**	*357,584*
Domestic	**21,027**	*9,910*
	615,287	*367,494*

22 OTHER INCOME

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Foreign exchange gain / (loss)	**6,293**	*711*
Dividend income and gain / (loss) from mutual fund	**576**	–
Bank interest received	**524**	*175*
Miscellaneous income	**17,272**	*5,646*
	24,665	*6,532*

23 EMPLOYEE BENEFIT EXPENSES

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Salaries including overseas staff expenses	**124,106**	*106,718*
Staff welfare	**1,987**	*2,665*
Contribution to provident and other funds	**3,992**	*4,624*
Contribution to gratuity fund	**2,072**	*1,865*
	132,157	*115,872*

24 OTHER OPERATING EXPENSES

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Subcontrating and component charges	**426,103**	*221,276*
Cost of computer software	**1,113**	*(8)*
Travelling and conveyance	**1,070**	*741*
Rent and establishment expenses	**12,356**	*17,201*
Telephone, postage and other communciation charges	**2,506**	*2,190*
Legal and professional charges	**5,613**	*4,543*
Repairs to buildings & machineries	**4,251**	*4,234*
Power and fuel	**3,273**	*3,364*
Insurance charges	**63**	*28*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

	Year ended 31.03.2017	Year ended 31.03.2016
Rates & taxes	475	207
Provision for doubtful debts (net)	–	727
Overheads charged by group companies	26,499	12,912
Corporate social responsibility expenses	–	755
Loss/(gain) on sales of fixed asset	(305)	–
Miscellaneous expenses	13,810	5,213
	496,827	273,383

25 FINANCE COST

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Interest paid		
Interest paid/payable - others	804	1,341
	804	1,341

26 PROVISION FOR TAXATION

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Current tax *	12	4,741
Deferred tax	(717)	(4,741)
	(705)	–

* Current tax includes ₹ 271 thousand credit consequent to the completion of income tax assessment for FY 2013-14.

27 OTHER COMPREHENSIVE INCOME

(₹ in thousand)

	Year ended 31.03.2017	Year ended 31.03.2016
Items that will not be reclassified to profit or loss		
Remeasurements of the net defined benefit plans	(247)	(33)
Total other comprehensive income, net of tax	(247)	(33)

28 BASIC AND DILUTED EARNING PER EQUITY SHARE (EPS)

(₹ in thousand, except as stated otherwise)

	Year ended 31.03.2017	Year ended 31.03.2016
Basic and diluted EPS		
Profit after tax	5,552	(19,085)
Profit attributable to equity shareholders	5,552	(19,085)
Weighted average no. of equity shares outstanding	2,054,989	2,054,989
Basic EPS - Rupees	2.70	(9.29)
Diluted EPS - Rupees	2.70	(9.29)

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

29 DETAILS OF PAYMENT TO AUDITORS

(₹ in thousand)

	Year ended 31.03.2017	*Year ended 31.03.2016*
Payment to auditors		
As auditor:		
Audit fee	**400**	*400*
Taxation matters	**100**	*100*
Other services :		
– Limited review	**48**	*–*
– Other services including certification work	**205**	*95*
Re-imbursement of expenses	**1**	*–*
	754	*595*

30 CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

(₹ in thousand)

	Year ended 31.03.2017	*Year ended 31.03.2016*
Donation to PM relief fund	**–**	*755*
Total	**–**	*755*
Amount required to be spent as per Section 135 of the Act	**263**	*742*

31 FAIR VALUE MEASUREMENTS

Financial instrument by category

(₹ in thousand)

	As at 31.03.2017			*As at 31.03.2016*			*As at 01.04.2015*		
	FVPL	**FVOCI**	**Amortised Cost**	*FVPL*	*FVOCI*	*Amortised Cost*	*FVPL*	*FVOCI*	*Amortised Cost*
Financial assets									
Investments									
– Mutual funds	**19,416**	**–**	**–**	–	–	–	–	–	–
Trade receivables	**–**	**–**	**147,906**	–	–	*85,185*	–	–	*47,241*
Cash and cash equivalents	**–**	**–**	**1,029**	–	–	*23,800*	–	–	*4,300*
Security deposits	**–**	**–**	**27,071**	–	–	*29,310*	–	–	*35,803*
Advances - to employees	**–**	**–**	**448**	–	–	*2,107*	–	–	*566*
Other receivables	**–**	**–**	**–**	–	–	*2,521*	–	–	*463*
Total financials assets	**19,416**	**–**	**176,454**	–	–	*142,923*	–	–	*88,373*
Financial liabilities									
Borrowings	**–**	**–**	**–**	–	–	*30,000*	–	–	*11,100*
Trade payables	**–**	**–**	**367,690**	–	–	*141,060*	–	–	*42,568*
Payable to employee	**–**	**–**	**–**	–	–	–	–	–	–
Other payables	**–**	**–**	**498**	–	–	*185*	–	–	–
Liability towards employee compensation	**–**	**–**	**2,490**	–	–	*2,311*	–	–	*16,641*
Total financials liabilities	**–**	**–**	**370,678**	–	–	*173,556*	–	–	*70,309*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

(i) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in the financial statements. To provide and indication about the reliability of the inputs used in determining fair value, the group has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in thousand)

	As at 31.03.2017				*As at 31.03.2016*				*As at 01.04.2015*			
	Level 1	**Level 2**	**Level 3**	**Total**	*Level 1*	*Level 2*	*Level 3*	*Total*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial assets												
Financial investment at FVPL	–	–	–	–	–	–	–	–	–	–	–	–
Mutual funds	19,416	19,416	–	–	19,416	–	–	–	–	–	–	–
Total financials assets	19,416	19,416	–	–	19,416	–	–	–	–	–	–	–
Financial liabilities	–	–	–	–	–	–	–	–	–	–	–	–
Total financials liabilities	–	–	–	–	–	–	–	–	–	–	–	–

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

There are no transfers between the levels during the year.

The Company's policy is to recognise transfers into and transfers out of fair value hierarchy levels as at the end of the reporting period.

(ii) Valuation technique used to determine fair value

Specific valuation technique used to value financial instruments include :

* the use of quoted market prices or dealer quotes for similar instruments

* the fair value of remaining financial instrument is determined using discounted cash flow analysis.

(iii) Valuation processes

The finance department of the Company includes a team that performs the valuations of financial assets and liabilities required for financial reporting purposes, including level 3 fair values. The fair valuation of level 1 and level 2 classified assets and liabilities are readily available from the quoted prices in the open market and rates available in secondary market respectively. The valuation method applied for various financial assets and liabilities are as follows -

* Quoted price in the primary market (NAV) considered for the fair valuation of the current investment i.e Mutual fund. Gain/(loss) on fair valuaiton is recognised in Profit and Loss.

* The carrying amounts of trade receivable, trade payable, cash and bank balances, short term loans and advances, statutory dues/receiable, short term borrowing, employee dues are considered to be the same as their fair value due to their short-term nature.

* The fair value of security deposit is calculated by discounting future cash inflows.

32 DISCLOSURE OF SPECIFIED BANK NOTES

The Company neither held nor transacted in Specified Bank Notes as defined in MCA notification G.S.R. 308(E) dated March 30, 2017 during the period from November 8, 2016 to December 30, 2016.

33 FINANCIAL RISK MANAGEMENT

Financial risk factors

The Company is exposed to currency risk, credit/counter-party risk and liquidity risk.

Currency risk

The Company derives a substantial part of its revenues in foreign currency and also has significant subcontracting expenses in foreign currency on back to back basis. As a result, the Company has natural hedge for substantial foreign currency exposure. The Company reviews the foreign currency exposure at regular intervals.

Credit/Counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers prior to entering into contract and post contracting, through continuous monitoring of collections by a dedicated team.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

The Company reviews trade receivables on periodic basis and makes provision for doubtful debts if collection is doubtful. The Company also calculates the expected credit loss (ECL) for non collection and for delay in collection of reveivables. The Company makes additional provision if the ECL amount is higher than the provision made for doubtful debts. In case the ECL amount is lower than the provision made for doubtful debts, the Company retains the provision made for doubtful debts without any adjustment.

The provision for doubtful debts including ECL allowances for non-collection of receivables and delay in collection, on a combined basis, was 862 thousand as at March 31 2017 and 862 thousand as at March 2106. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ in thousand)

	2016-17	*2015-16*
Opening balance of allowances for doubtful accounts	**862**	*135*
Allowances recognized (reversed)	**–**	*727*
Closing balance of allowances for doubtful accounts	**862**	*862*

The percentage of revenue from its top five customers is 85% for 2016-17 (93% for 2015-16).

Liquidity risk

The Company's treasury department monitors the cash flows and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds.

The Company has no borrowings as at March 31, 2107.

The contractual maturities of financial assets and financial liabilities as at March 31, 2017 is as follows:

(₹ in thousand)

Financial Assets	**Less than 1 year**	**More than 1 year**	**Total**
Investments	19,416	–	19,416
Trade receivables	147,906	–	147,906
Other financial assets	6,286	–	6,286
Total	**173,608**	**–**	**173,608**

Financial Liabilities	**Less than 1 year**	**More than 1 year**	**Total**
Trade payables	367,690	–	367,690
Other financial liabilities	2,988	–	2,988
Total	**370,678**	–	**370,678**

Sensitivity analysis of investments

Sensitivity impact on profit after tax and equity is calculated considering increase or decrease in net asset value (NAV) of mutual funds, with all other variables being constant.

Every 5% increase in NAV will increase the Company's net profit by Rupees 63 thousand and increase the equity by the same amount. Conversely, every 5% decrease in NAV will negatively impact the Company's net profit by Rupees 63 thousand and favourably impact the equity by the same amount.

34 TAX RECONCILIATION STATEMENT

A reconciliation of the income tax provision to the amount computed by applying the statutory income tax rate to the income before income taxes is summarized below:

(₹ in thousand)

Particulars	**Year ended 31 March, 2017**
Profit before income taxes	**4,847**
Enacted tax rates in India	**30.9%**
Computed expected tax expense	**1,498**
Incomes exempted from taxation :	
Dividend income	**(178)**
Others	**(94)**

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Particulars	Year ended 31 March, 2017
Non deductible tax expenses :	
Expenditure on exempt income	**33**
Effect of fair valuation of lease deposits	**21**
Deferred tax assets not created on temporary differences	**(789)**
Utilisation of brought forward tax losses	**(490)**
Adjustment of previous periods	**(705)**
Total tax expense as per books of accounts	**(705)**

In FY 2015-16, the Company had book losses and tax losses. Accordingly, there was no tax charge.

35 EMPLOYEE BENEFITS

i) Defined Contribution Plan

The Company has recognised ₹ 2,709 thousand (₹ 4,082 thousand) as Provident Fund Contribution towards defined contribution plan as an expense in the Profit and Loss Account.

ii) Defined Benefit Plan

a) **The amounts recognised in balance sheet are as follows:**

(₹ in thousand)

Particulars	Gratuity plan		
	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
A. Present Value of defined benefit obligation			
Wholly funded	**–**	*–*	*–*
Wholly unfunded	**8,398**	*8,461*	*6,748*
	8,398	*8,461*	*6,748*
Less: Fair Value of Plan assets	**–**	*–*	*–*
Amount to be recognised as liability or (asset) (a-b)	**8,398**	*8,461*	*6,748*
B. Amounts reflected in the Balance Sheet			
Liabilities	**8,398**	*8,461*	*6,748*
Assets	**–**	*–*	*–*
Net liability / (asset)	**8,398**	*8,461*	*6,748*

b) **Profit & loss account expense :**

(₹ in thousand)

Particulars	Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*
1. Current service cost	**1,448**	*1,380*
2. Interest cost	**625**	*485*
Total expense for the year included in staff cost	**2,072**	*1,865*

c) **Amount recorded In Other Comprehensive Income :**

(₹ in thousand)

Particulars	Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*
1. Opening amount recoginzed in OCI Profit and Loss Account	**33**	*–*
2. Remeasurement during the period due to		
Changes in financial assumptions	**619**	*(54)*
Changes in demorgraphic assumptions	**–**	*–*
Experience adjustments	**(373)**	*87*
Closing amount recognized in OCI outside Profit and Loss Account	**279**	*33*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

d) **Reconciliation of net liability asset:**

(₹ in thousand)

Particulars		Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Opening net defined benefit	**8,461**	*6,748*	*8,434*
Expense charged to profit & loss account	**2,072**	*1,865*	*1,948*
Amount recognized outside profit & loss account	**247**	*33*	*(2,533)*
Employer Contributions	**(2,382)**	*(185)*	*(1,100)*
Closing balance of the present value of defined benefit obligation	**8,398**	*8,461*	*6,749*

e) **Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:**

Movement in Benefit Obligations :

(₹ in thousand)

Particulars		Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Opening of Defined Benefit Obligation	**8,461**	*6,748*	*8,434*
Transfer in/(Out)			
Current service cost	**1,448**	*1,380*	*1,184*
Interest on defined benefit obligation	**624**	*485*	*764*
Remeasurements due to :			
Actuarial loss/(gain) arising from change in financial assumptions	**620**	*(54)*	*(2,533)*
Actuarial loss/(gain) arising on account of experience changes	**(373)**	*87*	*–*
Benefits paid	**(2,382)**	*(185)*	*(1,100)*
Closing balance of the plan assets	**8,398**	*8,461*	*6,749*

Movement in Plan Assets :

(₹ in thousand)

Particulars		Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
Employer contributions	**2,382**	*185*	*1,100*
Benefits paid	**(2,382)**	*(185)*	*(1,100)*
Closing balance of the plan assets	**–**	*–*	*–*

Sensitivity Analysis :

(₹ in thousand)

Particulars	Gratuity plan	
	As at 31.03.2017	*As at 31.03.2016*
Impact of increase in 50 bps on DBO		
- Discount Rate	**-3.34%**	*-3.10%*
- Salary escalation rate	**3.18%**	*3.16%*
Impact of decrease in 50 bps on DBO		
- Discount Rate	**3.56%**	*3.30%*
- Salary escalation rate	**-3.15%**	*-3.06%*

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016
1. Discount rate		
Gratuity plan	**6.90%**	*8.05%*
2. Expected return on plan assets	**0.00%**	*0.00%*
3. Salary growth rate	**6.00%**	*6.00%*
4. Attrition rate	**2% to 18% for various age groups**	*2% to 18% for various age groups*

g) The amounts pertaining to defined benefit plans for the current year are as follows:

(₹ in thousand)

Particulars	As at 31.03.2017	As at 31.03.2016
Gratuity plan		
1. Defined benefit obligation	**8,398**	*8,461*
2. (Surplus) / deficit	**8,398**	*8,461*

36 RELATED PARTY DISCLOSURE

(i) List of related parties which can exercise control:

Name	Relationship
Larsen and Toubro Limited	Ultimate Holding Company
L&T Technology Services Ltd	Holding Company

(ii) List of related parties with whom there were transactions during the year:

Name	Relationship
Larsen and Toubro Limited	Ultimate Holding Company
L&T Technology Services Ltd	Holding Company
Thales Services SAS, France	Associate Company
Larsen & Toubro Infotech Limited	Fellow Subsidiary
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary

(iii) Disclosure of related party transactions

(₹ in thousand)

Transactions	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Sale of services :			
Holding Company	**19,290**	*5,760*	*1,592*
– L&T Technology Services Ltd	**19,290**	*5,760*	*1,592*
Fellow Subsidiaries	**1,202**	–	–
– Larsen & Toubro Infotech Limited	**1,202**	–	–
Purchase of services :			
Holding Company	**318,879**	*103,646*	*729*
– L&T Technology Services Ltd	**318,879**	*103,646*	*729*
Fellow Subsidiaries	**101,684**	*123,087*	–
– Larsen & Toubro Infotech Limited	**101,684**	*123,024*	–
– L&T Hydrocarbon Engineering Limited	**–**	*63*	–
Rent received :			
Holding Company	**–**	*1,598*	–
– L&T Technology Services Ltd	**–**	*1,598*	–

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

Transactions	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Interest paid :			
Holding Company	**803**	*1,332*	*330*
– L&T Technology Services Ltd	**803**	*1,332*	*330*
Inter company borrowing:			
Holding Company	**–**	*30,000*	*11,100*
– L&T Technology Services Ltd	**–**	*30,000*	*11,100*
Services availed by the company :			
Holding Company	**28,441**	*34,346*	*12,396*
– Larsen & Toubro Limited	**97**	–	–
– L&T Technology Services Ltd	**28,344**	*34,346*	*12,396*
Associate Company	**–**	*2,287*	*8,308*
– Thales Services SAS, France	**–**	*2,287*	*8,308*
Services rendered by the company :			
Holding Company	**14,264**	*4,366*	*1,592*
– L&T Technology Services Ltd	**14,264**	*4,366*	*1,592*
Trade receivable :			
Holding Company	**18,114**	–	*1,241*
– L&T Technology Services Ltd	**18,114**	–	*1,241*
Trade payable :			
Holding Company	**285,744**	*117,006*	*819*
– Larsen & Toubro Limited	**105**	–	–
– L&T Technology Services Ltd	**285,639**	*117,006*	*819*
Associate Company	**40,188**	*45,102*	*40,168*
– Thales Services SAS, France	**40,188**	*45,102*	*40,168*
Fellow Subsidiaries	**15,074**	*15,102*	–
– Larsen & Toubro Infotech Limited	**15,074**	*15,036*	–
– L&T Hydrocarbon Engineering Limited	**–**	*66*	–

37 LEASES

The lease rentals charged during the period is as under :

(₹ in thousand)

Particulars	Year ended 31.03.2017	Year ended 31.03.2016
Lease rentals	**11,215**	*15,246*

The obligations on long-term, non-cancellable operating leases payable as per the rentals stated in the respective agreements are as follows:

(₹ in thousand)

Future minimum lease payable	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
Not later than 1 year	**9,276**	*11,215*	*15,246*
Later than 1 year and not later than 5 years	**9,743**	*19,019*	*30,235*
Later than 5 years	**–**	–	–

The operating lease arrangement is for the premises and future lease payable has been calculated taken into consideration the price escalation clause.

NOTES FORMING PART OF FINANCIAL STATEMENTS (Contd.)

38 **SEGMENT REPORTING**

Business segments:

As the Company's business activity primarily falls within a single primary business segment, viz engineering, programming and testing services, the disclosure requirement of IND AS 108 'Operating Segments' are not applicable.

Geographical segments:

Segmental reporting of revenues on the basis of the geographical location of the customers is as under:

Particulars	North America	Europe	India	Rest of world	Total
External revenue by location of customers	378,785	139,399	10,783	86,320	615,287
	127,084	*110,684*	*63,979*	*65,746*	*367,494*

Numbers in italics are previous year numbers

Fixed assets used and liabilities contracted for performing the Company's business have not been identified to any of the above reported segments as the fixed assets and services are used inter-changeably among segments.

39 Based on the information and records available with the Company, there are no amounts payable to micro and small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006

40 The Company does not have any long-term contracts including derivative contracts for which there are any material foreseeable losses.

41 There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

42 Previous year's figures have been regrouped / reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 109982W)
By the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 038332

Place : Mumbai
Date : May 02, 2017

For and on behalf of the Board of Directors of
L&T Thales Technology Services Private Limited

CHRISTOPHE HUMPHRY
Director
DIN: 06833105

P. RAMAKRISHNAN
Director
DIN: 06374491

Place : Mumbai
Date : May 02, 2017

BOARD'S REPORT

Directors are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	2016-17	*2015-16*
	₹ in crore	*₹ in crore*
Profit/(loss) before depreciation, exceptional and extra ordinary items & tax	**(20.06)**	*5.47*
Less: Depreciation and amortisation	**5.07**	*4.90*
Profit/(loss) before exceptional and extraordinary items and tax	**(25.13)**	*0.57*
Profit/(loss) before tax	**(25.13)**	*0.57*
Less: Provision for tax	**0.26**	*–*
Profit/(loss) after tax for the year carried to the balance sheet	**(25.40)**	*0.57*
Add: Balance brought forward from previous year	**(3.75)**	*(4.32)*
Balance carried to Balance Sheet	**(29.15)**	*(3.75)*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The gross revenue and other income for the financial year under review were ₹ 151.85 crore as against ₹ 140.61 crore for the previous financial year registering an increase of 7.99%. The loss from continuing operations including extraordinary and exceptional items before tax was ₹ 25.13 crore and the loss from continuing operations including extraordinary and exceptional items after tax of ₹ 25.40 crore for the financial year under review as against a profit of ₹ 0.56 crore and ₹ 0.56 respectively for the previous financial year.

The Government of India, on November 8, 2016 declared the cancellation of legal tender of ₹ 500 and ₹ 1000 currency notes. The order was followed with a set of restrictions on exchange and withdrawal with Banks. To minimize the shortage of cash difficulties, the Ministry of Road Transport & Highways (MoRTH) had directed and suspended tolling operations in National Highways from November 9, 2016 till the Midnight of December 2, 2016.

Though the Concessionaires were hopeful of a direct Loss of Revenue compensation, MoRTH and the National Highway Authority of India (NHAI) had issued a standard operating procedure for release of compensation in phases and in line with the Concessionaire Agreement i.e reimbursement of O&M Expenses and Interest Cost. The tolling resumed on December 3, 2016 with an increased patronage for RFID tags, Credit / Debit Card transactions and other non-cash payment wallets. The Company had tied up with the respective agencies and mobilized Point of Sales (POS) in a short period of time along with ramping up the RFID handhelds and RFID enabled lanes at all the plazas. The challenge was handled exceptionally well by the Company and currently there are 18.49% of non-cash transactions as compared to the period prior to Demonetization. The Company has realized ₹ 4.51 crore towards 90% of interest cost for the period of 24 days where the toll had been suspended. The Company has initiated steps to realize the balance O&M & Interest Costs with NHAI.

CAPITAL & FINANCE

The company had refinanced its existing term loan with loan from PNB and Aditya Birla Finance Limited which has ensured reduced interest burden for the Company and postponement of repayment of Loan.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 1093.07 crore and the net fixed and intangible assets, including leased assets, at ₹ 1060.45 crore. Capital Expenditure during the year amounted to ₹ 187.27 crore.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company does not have any Subsidiary/Associate/Joint Venture Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note 7 to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act are at Ordinary course of business and at Arm's Length basis. The Company will adhere to the RPT policy of the Holding Company and the guidelines thereunder.

The Company has not entered into any material contracts or arrangement during the year and the disclosure as per Form AOC-2 of the Act is given to this Report as Annexure 1.

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

The Company has filed a Writ Petition being WP No. 3502 of 2015 before the Hon'ble High Court of Madras seeking, inter alia, the directions to Tamil Nadu State Transport Corporation (TNSTC) to make payment of the User Fee(s)/Toll Fee(s) strictly in terms of the Fee Notification dated October 5, 2010 issued by the Ministry of Road Transport and Highways, Government of India.

The counsel for TNSTC contended this on the hearing held on March 19, 2015 stating that notwithstanding the order of the Chief Justice Hon'ble High Court of Madras, no amount was payable to the Company since user fee(s) were being paid in terms of the 1997 Rules and as such, since the 2008 Rules would not apply, there was no amount that was liable to be paid.

In the meanwhile, TNSTC has filed WP No.7904/2015 seeking direction from the Hon'ble High Court of Madras to direct the Company to allow the buses to take unlimited number of trips on purchase of monthly passes for 50 trips in line with 1997 Rules. Both the WP are clubbed together and they are now pending for final arguments.

Arguments in the matter are over during the year 2016-17, and the matter is resolved for final order.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There are no foreign exchange income or outgo during the year.

RISK MANAGEMENT POLICY

The Audit Committee of the Company at its Meeting held on 29th July 2015 has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Act, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Mr. T.S.Venkatesan retired by rotation at the Annual General Meeting held on September 29, 2016 and was re-appointed as director of the Company.

Mr. Arun Kumar Jha was appointed as Additional Director of the Company on April 28, 2016. He was appointed as Director in the Annual General Meeting of the Company held on September 29, 2016 and subsequently resigned as Director of the Company with effect from 18th January 2017.

The Board of Directors of the Company as on March 31, 2017 is as follows:

Sr. No.	Name	Designation	DIN
1	Mr. T.S.Venkatesan	Director	01443165
2	Dr. Esther Malini	Director	07124748
3	Dr. A.Veeraragavan	Independent Director	07138615
4	Dr. Koshy Varghese	Independent Director	03141594

Mr. Biju Francis was appointed as Manager of the Company with effect from April 28, 2016. He subsequently resigned as Manager of the Company with effect from August 31, 2016.

Mr. Durairaj V was appointed as Manager of the Company with effect from October 20, 2016.

Mr. Ch.Arvind Krishna resigned as Chief Financial Officer of the Company with effect from 23rd July 2016.

Mr. B.V.Srinivas was appointed as Chief Financial Officer of the Company with effect from January 18, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation
1	Mr. V.Durairaj	Manager
2	Mr. B.V.Srinivas	Chief Financial Officer

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement.

During the year six Board Meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No. of Directors Present
April 28, 2016	5	3
July 12,2016	5	4
September 16, 2016	5	2
October 20, 2016	5	4
January 18,2017	5	2
March 20,2017	5	4

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are, Dr. A.Veeraragavan, Dr. Koshy Varghese and Dr. Esther Malini.

During the year, six audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of Members present
April 28, 2016	3	3
July 12,2016	3	3
September 16, 2016	3	2
October 20, 2016	3	3
January 18,2017	3	2
March 20, 2017	3	3

In accordance with the requirements of the Act, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. A.Veeraragavan, Dr. Koshy Varghese and Mr. T.S.Venkatesan

During the year, four nomination and remuneration committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of Members present
April 28, 2016	3	3
July 12,2016	3	3
October 20, 2016	3	3
January 18,2017	3	2

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed as Annexure 2 to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on 07th December 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 12, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

AUDITOR AND AUDITOR'S REPORT

Statutory Auditors

The Company in the fifth Annual General Meeting (AGM) held on 24th September 2015 for the F-Y 2015-16 had appointed M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that AGM until the conclusion of the sixth consecutive AGM of the Company to be held during the year 2020.

The Board recommends the ratification of the appointment of M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Act.

The Auditors' Report for the financial year 2016-17 is unqualified and no Emphasis on matter. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Act.

Cost Auditor

PRI & Associates (Firm Reg No: 000456), a firm of Cost Auditors, was appointed as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-2017, pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014. The Report of the Cost Auditors for the financial year 2016-2017 would be filed with the Ministry of Corporate Affairs once the same is finalised.

The remuneration of the Cost Auditor was ratified at the Annual General Meeting held on September 29, 2016.

Secretarial Auditors

R.Thamizhvanan, Company Secretaries in practice, (COP no: 3721) Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached as Annexure 3 to this Report and it contains the qualification:

The company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs except appointment of whole-time secretary as required by Rule 8A of Companies (Appointment and remuneration of Managerial Personnel Rules 2014)

Management Response: The Company is in search of suitable candidate to be appointed as Company Secretary and shall endeavour to appoint in the near future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, NHAI and all other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

T. S. VENKATESAN	**Dr. ESTHER MALINI**
Director	*Director*
DIN: 01443165	*DIN: 07124748*

Place: Chennai

Date: April 24, 2017

ANNEXURE 1

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

   The Company has not entered into any such material contracts or arrangements material transactions during the year.

For and on behalf of the Board

T. S. VENKATESAN	**Dr. ESTHER MALINI**
Director	*Director*
DIN: 01443165	*DIN: 07124748*

Place: Chennai

Date: April 24, 2017

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2010PLC075446
Registration Date	23/04/2010
Name of the Company	L&T Krishnagiri Walajahpet Tollway Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 12, 2016 and the services transfer from Sharepro Services Limited are under process.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.9%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	89999995	5*	90000000	100	89999995	5*	90000000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	89999995	5*	90000000	100	89999995	5*	90000000	100	–
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**89999995**	**5***	**90000000**	**100**	**89999995**	**5***	**90000000**	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat at	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B) = (B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**89999995**	**5***	**90000000**	**100**	**89999995**	**5***	**90000000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares#	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares#	
1	L&T Infrastructure Development Projects Limited(including nominees)	89997400	99.98	50.99#	89997400	99.989	50.99#	–
2	Larsen & Toubro Limited	2600	0.00028	0.01#	2600	0.00028	0.01#	–
	Total	**90000000**	**100**	**51#**	**90000000**	**100**	**51#**	–

#based on the information received from Promoters

(iii) Change in Promoters' Shareholding : No change in shareholding of promoters.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	1	0.0001%	1	0.0001%
	Date wise Increase / Decrease in Shareholding during the year	–	–	–	–
	As on March 31, 2017	1	0.0001%	1	0.0001%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	7,38,55,88,903	59,47,00,000	7,98,02,88,903
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**7,38,55,88,903**	**59,47,00,000**	**7,98,02,88,903**
Change in Indebtedness during the financial year			
Addition	7,72,58,28,903		7,72,58,28,903
Reduction	7,38,55,88,903	55,46,00,000	7,94,01,88,903
Net Change	**34,02,40,000**	**(55,46,00,000)**	**(21,43,60,000)**
Indebtedness at the end of the financial year			
i) Principal Amount	7,72,58,28,903	4,01,00,000	7,76,59,28,903
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	–	–	–
Total (i+ii+iii)	**7,72,58,28,903**	**4,01,00,000**	**7,76,59,28,903**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Mr. Durairaj V (from 18th January 2017)	
1.	Gross salary	₹ 6,33,404/-	**₹ 6,33,404/-**
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit		
	- others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**₹ 6,33,404/-**	**₹ 6,33,404/-**
	Ceiling as per the Act		**₹ 126,04,220/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. A.Veeraragavan	**Dr. Koshy Varghese**	
1	Independent Directors			
	Fee for attending board meetings	₹ 1,50,000/-	₹ 1,25,000/-	**₹ 2,75,000/-**
	Fee for attending committee meetings	₹ 1,00,000/-	₹ 90,000/-	**₹ 2,15,000/-**
	Commission	-	-	**-**
	Others, please specify	-		
	-	-		
	Total (1)	**₹ 2,50,000/-**	**₹ 2,15,000/-**	**₹ 4,65,000/-**
		Dr. Esther Malini	**Mr. T.S.Venkatesan**	
2	Other Non-Executive Directors			
	Fee for attending board / committee meetings			
	Commission			
	Others, please specify	Nil	Nil	
	Total (2)	**Nil**	**Nil**	
	Total (B)=(1+2)	**₹ 2,50,000/-**	**₹ 2,15,000/-**	**₹ 4,65,000/-**
	Total Managerial Remuneration	N.A.		
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD:

No remuneration was paid to KMP other than Manager of the Company. Mr. B.V.Srinivas, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: Nil

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN: 01443165

Dr. ESTHER MALINI
Director
DIN: 07124748

Place: Chennai

Date: April 24, 2017

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
L&T KRISHNAGIRI WALAJAHPET TOLLWAY LIMITED
P.O. BOX NO.979, MOUNT POONAMALLEE ROAD
MANAPAKKAM
CHENNAI-600089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T KRISHNAGIRI WALAJAHPET TOLLWAY LIMITED (here-in-after called the 'Company')** for the financial year ending on **31st March 2017.** Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report :-

That in my opinion, the company has, during the audit period has complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the said financial year under the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made there under;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder – **Not Applicable**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - **Not Applicable**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a. The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable**;

   b. The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- **Not Applicable**;

   c. The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable**;

   d. The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not Applicable**;

   e. The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable**;

   f. The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable**;

   g. The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable**;

   h. The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable**;

I have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc. I have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

I/we have also examined compliance with the applicable clauses of the following:

(a) Secretarial Standards issued by The Institute of Company Secretaries of India. - **Applicable**

(b) The Listing Agreements entered into by the Company with stock Exchanges for securities - **Not Applicable**

During the audit period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that:-

The Board of Directors & the Committees of the Company are duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through and there were no dissenting views by any of the Board members during the year.

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs ***except appointment of whole-time secretary as required by Rule 8A of Companies (Appointment and remuneration of Managerial Personnel Rules 2014)***

Sd/-

R. THAMIZHVANAN
(COMPANYSECRETARYIN PRACTICE)
CP NO. 3721

Place: Chennai
Date: 21.04.2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T KRISHNAGIRI WALAJAHPET TOLLWAY LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Krishnagiri Walajahpet Tollway Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.
   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.
   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.
   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.
   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
   i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (20) to the Ind AS financial statements.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No.223754

Place: Chennai
Date: April 24, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The moneys raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No.223754

Place: Chennai
Date: April 24, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **L&T Krishnagiri Walajahpet Tollway Limited** ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.K.Dandeker & Co.,
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No.223754

Place: Chennai
Date: April 24, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31-03-2017 ₹	*As at 31-03-2016* ₹	*As at 01-04-2015* ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**12,172,970**	*14,495,983*	*17,621,562*
b) Capital work-in-progress	2	**223,282,171**	*202,442,158*	*202,442,158*
c) Intangible assets	3	**10,571,532,490**	*9,084,856,322*	*9,132,572,570*
d) Intangible assets under development	4	**–**	*1,738,871,214*	*1,733,000,000*
e) Financial Assets				
i) Loans and Advances	5	**89,000**	*84,000*	*84,000*
f) Other non-current assets	6	**119,114,910**	*11,280,432*	*1,465,520*
	A	**10,926,191,541**	*11,052,030,109*	*11,087,185,810*
Current assets				
a) Financial Assets				
i) Investments	7	**12,408,412**	*48,384,546*	*16,253,729*
ii) Cash and bank balances	8	**17,364,875**	*10,871,427*	*17,485,630*
iii) Loans and advances	5	**250,772**	*182,022*	*482,022*
iv) Others	5	**46,413,820**	*–*	*–*
b) Current Tax Assets (net)	6	**20,921,007**	*106,966,506*	*14,534,912*
c) Other current assets	6	**6,534,813**	*22,754,683*	*10,588,018*
	B	**103,893,699**	*189,159,184*	*59,344,311*
TOTAL	A+B	**11,030,085,240**	*11,241,189,293*	*11,146,530,121*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	**900,000,000**	*900,000,000*	*900,000,000*
b) Other Equity	10	**131,582,360**	*385,594,754*	*379,900,671*
	C	**1,031,582,360**	*1,285,594,754*	*1,279,900,671*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	**7,523,035,047**	*7,334,254,581*	*7,534,191,643*
b) Provisions	13	**358,847,842**	*193,961,671*	*74,487,260*
c) Other non-current liabilities	14	**–**	*1,898,314,842*	*1,905,758,687*
	D	**7,881,882,889**	*9,426,531,094*	*9,514,437,590*
Current liabilities				
a) Financial liabilities				
i) Borrowings	11	**194,616,580**	*273,020,000*	*128,800,000*
ii) Trade payables	15	**28,224,789**	*3,511,389*	*17,469,847*
iii) Other financial liabilities	12	**34,819,913**	*153,686,078*	*152,970,680*
b) Other current liabilities	14	**1,856,633,871**	*97,527,991*	*52,594,329*
c) Provisions	13	**2,324,838**	*1,317,987*	*357,004*
	E	**2,116,619,991**	*529,063,445*	*352,191,860*
Total Equity and Liabilities	C+D+E	**11,030,085,240**	*11,241,189,293*	*11,146,530,121*
Contingent liabilities	F			
Commitments	G			
Other notes forming part of accounts	H			
Significant accounting policies	I			

As per our report of even date

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN : 01443165

ESTHER MALINI
Director
DIN : 07124748

Place : Chennai
Date : April 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	**16**		**1,335,376,595**		*1,242,765,168*
Other income	**17**		**11,037,693**		*9,593,069*
Total income			**1,346,414,288**		*1,252,358,237*
EXPENSES					
Operating expenses	**18**		**336,188,777**		*280,072,204*
Employee benefit expense	**19**		**21,618,561**		*18,968,751*
Finance costs	**20**		**1,148,759,480**		*871,195,759*
Depreciation, amortisation and obsolescence	**1 & 3**		**50,702,510**		*48,982,557*
Administration and other expenses	**21**		**39,911,425**		*27,179,955*
Total expenses			**1,597,180,753**		*1,246,399,226*
Profit/(loss) before exceptional items and tax			**(250,766,465)**		*5,959,011*
Tax Expense:					
Current tax		**–**		–	
Adjustment of tax relating to earlier periods		**2,662,739**		–	
			2,662,739		–
Profit/(loss) after tax for the year			**(253,429,204)**		*5,959,011*
Prior period adjustments			**–**		–
Profit for the year			**(253,429,204)**		*5,959,011*
Other Comprehensive Income					
i) Reclassifiable to profit or loss in subsequent periods					
ii) Not reclassifiable to profit or loss in subsequent periods			**(583,190)**		*(264,928)*
Total Comprehensive Income for the year			**(254,012,394)**		*5,694,083*
Earnings per equity share (Basic and Diluted)	**H (9)**		**(2.82)**		*0.07*
Face value per equity share			**10.00**		*10.00*

As per our report of even date

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN : 01443165

ESTHER MALINI
Director
DIN : 07124748

Place : Chennai
Date : April 24, 2017

CASH FLOW STATEMENT AS ON MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(251,349,655)**	*5,694,083*
	Adjustments for :		
	Depreciation and amortisation expense	**50,702,510**	*48,982,557*
	Interest expense	**1,148,759,480**	*871,195,759*
	(Profit)/loss on sale of current investments(net)	**(7,300,016)**	*(4,219,806)*
	(Profit)/loss on sale of fixed assets	**45,450**	*(42,865)*
	Operating profit before working capital changes	**940,857,769**	*921,609,728*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**145,625,901**	*111,713,471*
	Increase / (Decrease) in trade payables	**24,713,400**	*(13,958,458)*
	Increase / (Decrease) in other current liabilities	**170,691,038**	*37,489,817*
	Increase / (Decrease) in other current financial liabilities	**(121,383,287)**	*(857,785)*
	Increase / (Decrease) in short term provisions	**1,006,851**	*960,983*
	(Increase) / Decrease in loan term loans and advances	**(5,000)**	-
	(Increase) / Decrease in financial asset	**(46,482,570)**	*300,000*
	(Increase) / Decrease in other current assets	**16,219,870**	*(12,166,665)*
	Net cash generated from/(used in) operating activities	**1,131,243,972**	*1,045,091,091*
	Direct taxes paid (net of refunds)	**(24,451,718)**	*(102,246,506)*
	Net Cash(used in)/generated from Operating Activities	**1,106,792,254**	*942,844,585*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(126,947,519)**	*(4,015,464)*
	Sale of fixed assets	**(22,395)**	*46,385*
	Purchase of current investments	**(1,189,894,999)**	*(1,129,872,998)*
	Sale of current investments	**1,233,171,149**	*1,101,961,987*
	Net cash (used in)/generated from investing activities	**(83,693,764)**	*(31,880,090)*
C	**Cash flow from financing activities**		
	Repayment of Equity - Mezz debt	**(539,600,000)**	–
	Proceeds / (repayment) from / (to) borrowings from related party	**(15,000,000)**	*(110,338,748)*
	Proceeds / (repayment) from / (to) long term borrowings	**7,725,336,096**	–
	Repayment of long term borrowings	**(7,432,880,565)**	*(118,700,000)*
	Interest paid	**(754,460,573)**	*(688,539,950)*
	Net cash (used in)/generated from financing activities	**(1,016,605,042)**	*(917,578,698)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**6,493,448**	*(6,614,203)*
	Cash and cash equivalents as at the beginning of the year	**10,871,427**	*17,485,630*
	Cash and cash equivalents as at the end of the year	**17,364,875**	*10,871,427*

NOTES

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of even date

For and on behalf of the Board

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

T. S. VENKATESAN
Director
DIN : 01443165

ESTHER MALINI
Director
DIN : 07124748

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Land	2,546,860	–	–	2,546,860	–	–	–	–	2,546,860	2,546,860
Plant and Equipment	1,900,870	1,349,927	–	3,250,797	481,565	562,138	–	1,043,703	2,207,094	1,419,305
Furniture and fixtures	1,121,223	84,910	–	1,206,133	182,964	198,208	–	381,172	824,961	938,259
Vehicles	11,204,855	35,835	553,192	10,687,498	2,862,998	2,811,830	474,492	5,200,336	5,487,162	8,341,857
Office equipment	1,217,004	106,584	–	1,323,588	611,868	293,729	–	905,597	417,991	605,136
Computers, laptops and printers	857,314	355,750	165,902	1,047,162	212,748	367,059	221,547	358,260	688,902	644,566
Total	**18,848,126**	**1,933,006**	**719,094**	**20,062,038**	**4,352,143**	**4,232,964**	**696,039**	**7,889,068**	**12,172,970**	**14,495,983**
Previous year	*17,621,562*	*1,230,084*	*3,520*	*18,848,126*	–	*4,352,143*	–	*4,352,143*	*14,495,983*	*17,621,562*

NOTE 2 : CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	Cost			
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017
Capital work in progress	202,442,158	20,840,013	–	223,282,171
Total	**202,442,158**	**20,840,013**	**–**	**223,282,171**

Plant and Equipment in CWIP of value ₹ 20,36,92,479 are pending installation and not ready for use as a permanent toll plaza is pending construction due to non allotment of land by the NHAI. Additions during the year include purchase of additional toll equipments and Static Weigh Bridge / Slow Way - in - Motion which are pending for installation as at 31st Mar 2017.

NOTE 3 : INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017	As at April 01, 2016	For the year	On disposals	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Toll collection rights	9,154,186,736	1,849,932,912	316,787,197	10,687,332,451	69,330,414	46,469,547	–	115,799,961	10,571,532,490	9,084,856,322
Total	**9,154,186,736**	**1,849,932,912**	**316,787,197**	**10,687,332,451**	**69,330,414**	**46,469,547**	**–**	**115,799,961**	**10,571,532,490**	**9,084,856,322**

NOTE 4 : INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in ₹)

Particulars	Cost			
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017
Construction cost	1,733,000,000		1,733,000,000	–
Pre-operative expenses pending allocation	5,871,214		5,871,214	–
Total	**1,738,871,214**	**–**	**1,738,871,214**	**–**

Previous year

a) An amount of 173.88 Cr is transferred from intangible asset under development to toll collection rights in the current year.

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT (AT COST OR DEEMED COST)

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Land	2,546,860	–	–	2,546,860	–	–	–	–	2,546,860	2,546,860
Plant and Equipment	1,730,770	170,100	–	1,900,870	–	320,833	–	320,833	1,580,037	1,730,770
Furniture and fixtures	1,121,223	–	–	1,121,223	–	182,964	–	182,964	938,259	1,121,223
Vehicles	11,106,305	98,550	–	11,204,855	–	2,862,998	–	2,862,998	8,341,857	11,106,305
Office equipment	1,055,678	161,326	–	1,217,004	–	772,600	–	772,600	444,404	1,055,678
Computers, laptops and printers	60,726	800,108	3,520	857,314	–	212,748	–	212,748	644,566	60,726
Total	**17,621,562**	**1,230,084**	**3,520**	**18,848,126**	**–**	**4,352,143**	**–**	**4,352,143**	**14,495,983**	**17,621,562**

NOTE 2 : CAPITAL WORK-IN-PROGRESS

(Amount in ₹)

Particulars	Cost			
	As at April 01, 2016	Additions	Disposals	As at March 31, 2017
Capital work in progress	202,442,158	–	–	202,442,158
Total	**202,442,158**	**–**	**–**	**202,442,158**

NOTE 3 : INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	On disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Toll collection rights	9,157,272,570	–	3,085,834	9,154,186,736	24,700,000	44,645,447	15,033	69,330,414	9,084,856,322	9,132,572,570
Total	**9,157,272,570**	**–**	**3,085,834**	**9,154,186,736**	**24,700,000**	**44,645,447**	**15,033**	**69,330,414**	**9,084,856,322**	**9,132,572,570**

NOTE 4 : INTANGIBLE ASSETS UNDER DEVELOPMENT

(Amount in ₹)

Particulars	Cost			
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016
Construction cost	1,733,000,000	–	–	1,733,000,000
Pre-operative expenses pending allocation	–	5,871,214	–	5,871,214
Total	**1,733,000,000**	**5,871,214**	**–**	**1,738,871,214**

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE 5 : FINANCIAL ASSET

Particulars	March 31, 2017 Current ₹	March 31, 2017 Non-current ₹	March 31, 2017 Total ₹	March 31, 2016 Current ₹	March 31, 2016 Non-current ₹	March 31, 2016 Total ₹	April 01, 2015 Current ₹	April 01, 2015 Non-current ₹	April 01, 2015 Total ₹
a) Loans and Advances									
Unsecured, considered good	**250,772**	**89,000**	**339,772**	*182,022*	*84,000*	*266,022*	*482,022*	*84,000*	*566,022*
b) Others									
Due from related parties	**19,918,488**		**19,918,488**						
NHAI claim receivable	**26,495,332**	**–**	**26,495,332**	–	–	–	–	–	–
	46,664,592	**89,000**	**46,753,592**	*182,022*	*84,000*	*266,022*	*482,022*	*84,000*	*566,022*

NOTE 6 : OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017 Current ₹	March 31, 2017 Non-current ₹	March 31, 2017 Total ₹	March 31, 2016 Current ₹	March 31, 2016 Non-current ₹	March 31, 2016 Total ₹	April 01, 2015 Current ₹	April 01, 2015 Non-current ₹	April 01, 2015 Total ₹
Advances other than capital advances									
Other advances	**3,173,190**	**–**	**3,173,190**	*18,873,181*	–	*18,873,181*	*7,880,368*	–	*7,880,368*
Advance recoverable other than in cash									
Prepaid Insurance	**3,361,623**	**–**	**3,361,623**	*3,341,960*	–	*3,341,960*	*2,252,916*	–	*2,252,916*
Prepaid expenses	**–**	**–**	**–**	*539,542*	–	*539,542*	*454,734*	–	*454,734*
VAT recoverable	**–**	**1,235,348**	**1,235,348**	–	*1,235,348*	*1,235,348*	–	*1,235,348*	*1,235,348*
	6,534,813	**1,235,348**	**7,770,161**	*22,754,683*	*1,235,348*	*23,990,031*	*10,588,018*	*1,235,348*	*11,823,366*
Income tax									
Income tax net of previous year provisions	**20,921,007**	**117,879,562**	**138,800,569**	*106,966,506*	*10,045,084*	*117,011,590*	*14,534,912*	*230,172*	*14,765,084*
	20,921,007	**117,879,562**	**138,800,569**	*106,966,506*	*10,045,084*	*117,011,590*	*14,534,912*	*230,172*	*14,765,084*

NOTE 7 : INVESTMENTS

Particulars	As at March 31, 2017 Quantity Units	As at March 31, 2017 Current ₹	As at March 31, 2016 Quantity Units	As at March 31, 2016 Current ₹	As at April 01, 2015 Quantity Units	As at April 01, 2015 Current ₹
Investments (quoted)						
Mutual funds at fair value through profit and loss		**12,408,412**		*48,384,546*		*16,253,729*
		12,408,412		*48,384,546*		*16,253,729*
Aggregate book value of quoted investments		**12,005,572**		*48,023,799*		*16,244,997*
Aggregate market value of quoted investments		**12,408,412**		*48,384,546*		*16,253,729*

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE 8 : CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
a) Balances with banks			
Trust retention and escrow accounts	**4,397,685**	1,167,286	7,452,243
Other accounts	**5,854,922**	4,390,744	
b) Cheques on hand	**–**	–	4,543,389
c) Cash on hand	**7,112,268**	5,313,397	5,489,998
	17,364,875	10,871,427	17,485,630

The trust retention and escrow accounts carry a first charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement / Common loan agreement. As at March 31, 2017 there were no amounts included in this which are restricted/earmarked for any specific purposes by virtue of the said waterfall mechanism.

NOTE 9 : SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised:						
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	90,000,000	900,000,000	90,000,000	900,000,000
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**90,000,000**	**900,000,000**	90,000,000	900,000,000	90,000,000	900,000,000

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**90,000,000**	**900,000,000**	90,000,000	900,000,000	90,000,000	900,000,000
Issued during the year as fully paid	**–**	**–**	–	–	–	–
At the end of the year	**90,000,000**	**900,000,000**	90,000,000	900,000,000	90,000,000	900,000,000

(iii) Terms / rights attached to shares

Equity shares of ₹10 each.

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

No dividend has been declared by the board of directors during the year ended 31st March 2017. (Previous year Nil)

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**89,997,400**	**899,974,000**	89,997,400	899,974,000	89,997,400	899,974,000
Larsen and Toubro Limited (ultimate holding company)	**2,600**	**26,000**	2,600	26,000	2,600	26,000
	90,000,000	**900,000,000**	90,000,000	900,000,000	90,000,000	900,000,000

NOTES TO FINANCIAL STATEMENTS (Contd.)

(v) Details of Shareholders holding more than 5% shares in the company:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	₹	*No. of shares*	₹	*No. of shares*	₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**89,997,400**	**99.997%**	*89,997,400*	*99.997%*	*89,997,400*	*99.997%*
Larsen and Toubro Limited (including nominee holding)	**2,600**	**0.003%**	*2,600*	*0.003%*	*2,600*	*0.003%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

STATEMENT OF CHANGES IN EQUITY AS ON MARCH 31, 2017

10 OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of compound financial instruments	Reseve & Surplus	Total
		Retained earnings	
Balance at the beginning of the year	423,130,019	-37,535,265	385,594,754
Total comprehensive income for the year		-254,012,394	–254,012,394
Balance at the end of the year	**423,130,019**	**-291,547,659**	**131,582,360**

OTHER EQUITY AS ON 31.03.2016

Particulars	Equity component of compound financial instruments	Reseve & Surplus	Total
		Retained earnings	
Balance at the beginning of the reporting period	423,130,019	-43,229,348	379,900,671
Total comprehensive income for the year	–	5,694,083	5,694,083
Balance at the end of the year	**423,130,019**	**-37,535,265**	**385,594,754**

NOTE 11 : BORROWINGS

Particulars	March 31, 2017 Current ₹	Non-current ₹	Total ₹	*March 31, 2016 Current* ₹	*Non-current* ₹	*Total* ₹	*April 01, 2015 Current* ₹	*Non-current* ₹	*Total* ₹
Secured borrowings									
a) Term loans									
i) From banks	**123,716,580**	**6,013,835,047**	**6,137,551,627**	*217,920,000*	*7,161,914,414*	*7,379,834,414*	*118,700,000*	*7,378,852,895*	*7,497,552,895*
ii) From others	**30,800,000**	**1,509,200,000**	**1,540,000,000**	–	–	–	–	–	–
Unsecured borrowings									
b) Loans from related parties	**40,100,000**	**–**	**40,100,000**	*55,100,000*	*172,340,167*	*227,440,167*	*10,100,000*	*155,338,748*	*165,438,748*
	194,616,580	**7,523,035,047**	**7,717,651,627**	*273,020,000*	*7,334,254,581*	*7,607,274,581*	*128,800,000*	*7,534,191,643*	*7,662,991,643*

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	9.35%	Repayable in 216 monthly ballooning installments starting from April 2017 and ending March 2035.
Term loans from financial institution		

Nature of security for term loans:

i) Mortgage of title deed of a plot in Maharashtra.

ii) Pari passu charge on all the immovable and movable properties of the Company relating to the Project, both present and future except Project Assets as defined in the Concession Agreement, all bank accounts of the company and all Authorized investments or other securities representing all amounts credited in the bank accounts. Existing charge with State Bank of India and its consortium is in force and the same is to be created in favor of new Lender, Punjab National Bank and its consortium.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings	7,523,035,047	7,161,914,414	7,378,852,895
Current maturities of long term borrowings	154,516,580	217,920,000	118,700,000

NOTE 12 : OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
a) Deposits received	**4,979,496**	**–**	**4,979,496**	*3,960,000*	*–*	*3,960,000*	*–*	*–*	*–*
b) Interest accrued	**4,154,168**	**–**	**4,154,168**	*1,637,046*	*–*	*1,637,046*	*63,863*	*–*	*63,863*
c) Due to related parties	**2,466,463**		**2,466,463**	*127,771,491*			*127,771,490*		
d) Other liabilities									
i) Creditors for capital supplies	**8,045,798**	**–**	**8,045,798**	*6,542,230*	*–*	*6,542,230*	*13,726,460*	*–*	*13,726,460*
ii) Revenue share payable	**15,173,988**	**–**	**15,173,988**	*13,775,311*	*–*	*13,775,311*	*11,408,867*	*–*	*11,408,867*
	34,819,913	**–**	**34,819,913**	*153,686,078*	*–*	*25,914,587*	*152,970,680*	*–*	*25,199,190*

NOTE 13 : PROVISIONS

Provision for employee benefits	**2,324,838**	**3,223,172**	**5,548,010**	*1,317,987*	*3,182,801*	*4,500,788*	*357,004*	*2,269,330*	*2,626,334*
Provisions for major maintenance	**–**	**355,624,670**	**355,624,670**	*–*	*190,778,870*	*190,778,870*	*–*	*72,217,930*	*72,217,930*
	2,324,838	**358,847,842**	**361,172,680**	*1,317,987*	*193,961,671*	*195,279,658*	*357,004*	*74,487,260*	*74,844,264*

NOTE 14 : OTHER NON-FINANCIAL LIABILITIES

i) Other liabilities	**1,852,148,428**	**–**	**1,852,148,428**	*96,969,366*	*1,898,314,842*	*1,995,284,208*	*50,600,674*	*1,905,758,687*	*1,956,359,361*
ii) Due to related parties		**–**	**-**		*–*	*–*		*–*	*–*
iii) Statutory payables	**4,485,443**	**–**	**4,485,443**	*558,625*	*–*	*558,625*	*1,993,655*	*–*	*1,993,655*
	1,856,633,871	**–**	**1,856,633,871**	*97,527,991*	*1,898,314,842*	*1,995,842,833*	*52,594,329*	*1,905,758,687*	*1,958,353,016*

NOTE 15 : TRADE PAYABLES

	March 31, 2017	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Due to related parties	**15,699,922**	*1,612,478*	*8,968,160*
Due to others	**12,524,867**	*1,898,911*	*8,501,687*
	28,224,789	*3,511,389*	*17,469,847*

NOTE F : CONTINGENT LIABILITIES

1. Contingent in respect of clause 26.3 of the Concession Agreement, NHAI's demand of ₹ 4,78,00,335/- towards Additional Concession Fee. (Previous year - ₹ 4,78,00,335/-).
2. Contingent in respect of negative change of scope ₹ 1,17,55,21,600/- (net of positive change of scope). (Previous year - ₹ 1,17,55,21,600).

NOTE G : COMMITMENT

Capital Commitment

The estimated amount of contracts remaining to be executed on capital amount (net of advances) as of 31st March 2017 amounting to ₹ 1,81,68,284/- (Previous year ₹ 1,81,68,284/-)

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE 16 : REVENUE FROM OPERATIONS

	2016-17		2015-16	
	₹	₹	₹	₹
Operating revenue:				
Toll Collections	1,433,363,027		1,396,522,002	
Less : Revenue share to NHAI	172,140,009		153,756,834	
		1,261,223,018		1,242,765,168
Other operating revenue:				
License fee from wayside amenities & others		879,076		–
Receivable from NHAI for loss of revenue claim		73,274,501		–
		1,335,376,595		1,242,765,168

*National Highway Authority of India

NOTE 17 : OTHER INCOME

Profit on sale of current investments		7,300,016		4,219,806
Profit/(loss) on disposal of fixed assets		(45,450)		42,865
Provision no longer required written back		–		–
Dividend Income		–		–
Other income		3,783,127		5,330,398
		11,037,693		9,593,069

NOTE 18 : OPERATING EXPENSES

Toll Management fees		51,778,108		62,009,451
Security services		9,875,550		10,027,322
Insurance		6,186,220		4,227,543
Repairs and maintenance				
Toll road & bridge	83,878,426		41,130,769	
Plant and machinery	9,598,349		3,969,246	
Periodic major maintenance	145,585,530		110,800,000	
Others	5,311,006		10,621,811	
		244,373,311		166,521,826
Professional fees		5,233,186		9,239,632
Power and fuel		37,262,162		28,046,430
NHAI claim for expense		(18,519,760)		–
		336,188,777		280,072,204

NOTE 19 : EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus		16,240,987		13,634,460
Contributions to and provisions for:				
Provident fund	918,046		794,672	
Gratuity	335,694		340,571	
Compensated absences	1,517,244		1,569,312	
Retention pay	898,223		204,680	
Others	–		–	
		3,669,207		2,909,235
Staff welfare expenses		3,348,952		2,425,056
NHAI claim for expense		(1,640,585)		–
		21,618,561		18,968,751

NOTES TO FINANCIAL STATEMENTS (Contd.)

NOTE 20 : FINANCE COSTS

	2016-17		2015-16	
	₹	₹	₹	₹
Interest on borrowings		**807,136,957**		*844,653,612*
Other borrowing cost (specify nature)		**8,794,977**		*798,269*
Unwinding of discount and implicit interest expense on fair value		**383,994,588**		*25,743,878*
NHAI claim for expense		**(51,167,042)**		–
		1,148,759,480		*871,195,759*

NOTE 21 : ADMINISTRATION AND OTHER EXPENSES

	2016-17	2015-16
Rent, Rates and taxes	**540,251**	*196,622*
Professional fees	**30,261,681**	*20,386,586*
Directors sitting fees	**421,503**	*295,602*
Postage and communication	**521,778**	*406,973*
Printing and stationery	**806,411**	*915,012*
Travelling and conveyance	**1,777,147**	*496,105*
Insurance Expenses	**13,579**	*1,551*
Repairs and Maintenance - Others	**4,399,217**	*4,099,949*
Miscellaneous expenses	**2,388,141**	*381,555*
NHAI claim for expense	**(1,218,283)**	–
	39,911,425	*27,179,955*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	2016-17	2015-16
	₹	₹
a) As auditor	**314,732**	*302,280*
b) For taxation matters	**14,501**	*29,160*
c) For company law matters	**8,587**	*17,175*
d) For other services	**195,824**	*178,718*
Reimbursement if expenses	**26,076**	*6895*
Total	**559,720**	*534,228*

NOTE H : NOTES FORMING PART OF ACCOUNTS

1) **Corporate Information**

L&T Krishnagiri Walajahpet Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 23-04-2010 for the purpose of widening of existing four-lane, 148.300 kilometres Road stretch covering from Krishnagiri (Km.0.000) to Walajahpet (Km. 148.300) on National Highway No 46 to make it six lane divided Carriageway facility under Viability Gap Funding scheme of Government of India and operation and maintenance thereof, under the Concession Agreement dated 13-10-2010. The Concession is for a period of 30 year and 12 days including the construction period. At the end of the 30 years the entire facility will be transferred to National Highway Authority of India. The Company has commenced the construction of the highway and collection of toll from the said appointed date.

2) **The Company has not earned any income/incurred any expenditure in foreign currency during the year.** *(previous year: ₹ Nil)*

NOTES TO FINANCIAL STATEMENTS (Contd.)

3) Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

An amount of ₹ 9,18,046/- (previous year : ₹ 7,94,672) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 20) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Characteristics of its defined benefit plans and risks associated with them

i	**Benefits offered**	15/ 26 × Salary × Duration of Service
ii	**Salary definition**	Basic Salary including Dearness Allowance (if any)
iii	**Benefit ceiling**	Benefit ceiling of ₹ 10,00,000 was applied
iv	**Vesting conditions**	5 years of continuous service (Not applicable in case of death/disability)
v	**Benefit eligibility**	Upon Death or Resignation / Withdrawal or Retirement
vi	**Retirement age**	58 Years

b) The amounts recognised in Balance Sheet are as follows:

Particulars		**Gratuity plan**	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
A)	Present value of defined benefit obligation		
	– Wholly funded	**1,967,439**	–
	– Wholly unfunded	**–**	1,534,419
		1,967,439	1,534,419
	Less : Fair value of plan assets	**1,170,529**	–
	Amount to be recognised as liability or (asset)	**796,910**	1,534,419
B)	Amounts reflected in the Balance Sheet		
	Liabilities	**796,910**	1,534,419
	Assets	**–**	–
	Net Liability / (asset)	**796,910**	1,534,419

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars		**Gratuity plan**	
		As at March 31, 2017	*As at March 31, 2016*
		₹	₹
1	Current service cost	**267,679**	*248,311*
2	Interest on Defined benefit obligation	**113,163**	*92,260*
3	Expected return on plan assets	**(45,148)**	–
		335,694	*340,571*

d) Remeasurement recognized in other comprehensive income

Particulars	**Gratuity plan**	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	**119,034**	*77,128*
Due to change in demographic assumption	**–**	*91,461*
Due to experience adjustments	**429,911**	*96,339*
Return on plan assets excluding amounts included in Interest Income	**34,245**	–
Amount recognized in other comprehensive income	**583,190**	*264,928*

NOTES TO FINANCIAL STATEMENTS (Contd.)

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Op. balance of the present value of defined benefit obligation	**1,534,419**	*1,105,550*
Add: Current service cost	**267,679**	*248,311*
Add: Interest cost	**113,163**	*92,260*
Add/(less): Actuarial losses/(gains)	**548,945**	*264,928*
Less: Benefits paid	**496,767**	*176,630*
Closing balance of the present value of defined benefit obligation	**1,967,439**	*1,534,419*

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Opening value of plan assets	**–**	–
Interest Income	**45,148**	–
Return on plan assets excluding amount included in interest income	**(34,245)**	–
Contribution by employers	**1,324,865**	–
Benefits paid	**(165,239)**	–
Closing balance of the present value of defined benefit obligation	**1,170,529**	–

g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	As at March 31, 2017	As at March 31, 2016
1) Discount rate	**6.95%**	*7.80%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Attrition rate	**3% to 15% based on the age band**	*3% to 15% based on the age band*

h) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	As at March 31, 2017	
	Change	**Obligation**
i) Discount rate	+0.5%	1,895,727
	-0.5%	2,044,404
ii) Salary growth rate	+0.5%	2,036,018
	-0.5%	1,903,139

i) The major categories of plan assets as a percentage of the total plan assets are as follows :

Particulars	Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Insurer managed funds	**100%**	*100%*

4) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5) Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on Design, Build, Finance, Operate and Transfer (DBFOT) basis in a single business segment. Hence, reporting on primary segment does not arise. Further, the entire operations of the Company are only in India. Hence, disclosure of secondary / geographical segment information does not arise.

NOTES TO FINANCIAL STATEMENTS (Contd.)

6) Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	L&T General Insurance Company Limited L&T Sambalpur Rourkela Tollway Limited L&T Ahemadabad -Maliya Tollway Limited L&T Transportation Infrastructure Limited L&T Chennai Tada Tollway Limited PNG Tollways Ltd Krishnagiri Thopur Tollroad Limited L&T BPP Tollway Limited
Key managerial personnel	:	V.Durairaj Ch. Arvind Krishna # B.V.Srinivas ##

b) Disclosure of related party transactions:

Particulars	**2016-17** ₹	*2015-16* ₹
1) Purchase of goods and services		
• Larsen & Toubro Limited	**214,993,478**	*5,242,637*
• L&T Infrastructure Development Projects Limited	**35,804,770**	*27,708,285*
• L&T General Insurance Company Limited	**–**	*6,010,260*
• L&T Chennai Tada Tollway Limited	**896,893**	*–*
	251,695,141	*38,961,182*
2) Reimbursement of expenses to		
• Larsen & Toubro Limited	**–**	*17,568*
• L&T Infrastructure Development Projects Limited	**–**	*1,125,121*
• L&T BPP Tollway Limited	**–**	*64,384*
• L&T Chennai Tada Tollway Limited	**–**	*202,488*
• L&T Sambalpur-Rourkela Tollway Limited	**107,140**	*–*
• L&T Ahemadabad -Maliya Tollway Limited	**–**	*55,886*
• Krishnagiri Thopur Tollroad Limited	**–**	*7,500,000*
	107,140	*8,965,447*
3) Reimbursement of expenses from		
• Larsen & Toubro Limited	**1,669,776**	*1,315,132*
• Krishnagiri Thopur Tollroad Limited	**150,000**	*–*
• L&T Chennai Tada Tollway Limited	**112,500**	*–*
	1,932,276	*1,315,132*
4) Short term unsecured loan received		
• L&T Infrastructure Development Projects Limited	**–**	*30,000,000*
• L&T Transportation Infrastructure Limited	**–**	*15,000,000*
	–	*45,000,000*
5) Short term unsecured loan / Mezzanine Debt repaid		
• L&T Infrastructure Development Projects Limited	**539,600,000**	*–*
• L&T Transportation Infrastructure Limited	**15,000,000**	*–*
	554,600,000	*–*
6) Interest expense on unsecured loan		
• L&T Infrastructure Development Projects Limited	**2,975,838**	*1,352,756*
• L&T Transportation Infrastructure Limited	**1,077,041**	*454,426*
	4,052,879	*1,807,182*
7) Receipt of refundable deposit received for directors' nomination		
• L&T Infrastructure Development Projects Limited	**100,000**	*100,000*
	100,000	*100,000*

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	2016-17	2015-16
	₹	₹
8) Insurance premium payment		
• L&T General Insurance Company Limited	–	*3,593,783*
	–	*3,593,783*
9) Purchase of fixed assets		
• L&T Chennai Tada Tollway Limited	**1,457,070**	–
• PNG Tollways Ltd	**1,250,322**	–
	2,707,392	–
10) Sale of fixed assets		
• L&T Sambalpur-Rourkela Tollway Limited	**–**	*6,750*
	–	*6,750*
11) Defect Liability Recovery		
• Larsen & Toubro Limited	**39,911,114**	–
	39,911,114	–
12) Reduction in Scope Receivable		
• Larsen & Toubro Limited	**309,000,000**	–
	309,000,000	–
13) Key Managerial Personnel		
Payment of Salaries / Perquisites		
• V.Durairaj - Manager (appointed effective 1st Oct 2016)	**782,919**	*1,149,100*
• Ch. Arvind Krishna - Chief Financial Officer #	632,050	*1,004,932*
	1,414,969	*2,154,032*

upto the close of working hours of 23rd July 2016.

wef. 18th January 2017.

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	Amounts due (to) / from	*Amounts due (to) / from*
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(19,915,469)**	*128,110,386*
Holding Company		
L&T Infrastructure Development Projects Limited	**59,951,071**	*582,201,644*
Fellow subsidiaries		
L&T Chennai Tada Tollway Limited	**2,353,963**	–
L&T Transportation Infrastructure Limited	**–**	*15,408,983*

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) Compensation of Key Management personnel of the entity

(Amount in ₹)

Particulars	As at March 31, 2017	*As at March 31, 2016*
Short term employee benefits	**1,414,969**	*2,154,032*

7) Disclosure pursuant to Ind AS 17 "Leases"

The Company has taken certain office premises and residential premises under cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses for the year is ₹3,18,003/- (previous year: ₹ 1,32,000/-).

NOTES TO FINANCIAL STATEMENTS (Contd.)

8) Disclosure pursuant to Ind AS 33 “Earnings per share”

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 “Earnings per share”.

Particulars		2016-17	*2015-16*
		₹	₹
Basic and Diluted			
Profit after tax as per accounts (₹)	A	(253,429,204)	5,959,011
Weighted average number of shares outstanding	B	90,000,000	90,000,000
Basic and Diluted EPS (₹)	A / B	–2.82	0.07
Face value per equity share (₹)		10.00	*10.00*

9) Disclosure pursuant to Ind AS 36 “Impairment of Assets”

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10) Disclosures as per Ind AS 37 - “Provisions, Contingent Liabilities and Contingent assets “

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

b) Movement in provisions: - Major maintenance provision

Particulars	2016-17	*2015-16*
Opening balance	**190,778,870**	*72,217,930*
Additional provision	**145,585,530**	*110,800,000*
Utilised	**–**	
Unused amounts reversed	**–**	
Unwinding of discount and changes in discount rate	**19,260,270**	*7,760,940*
Total (Closing balance)	**355,624,670**	*190,778,870*

c) Contingent Liabilities :

Disclosure in respect of contingent liabilities is given as part of Note No.F to the Balance Sheet.

11) Disclosure as per Ind AS 1 - “Presentation of Financial Statements”

For the purpose of the company’s capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company’s capital management is to maximise the shareholder value.

12) First time adoption of Ind AS

These financial statements, for the year ended 31 March 2017, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2016, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2017, together with the comparative period data as at and for the year ended 31 March 2016, as described in the summary of significant accounting policies. In preparing these financial statements, the Company’s opening balance sheet was prepared as at 1 April 2015, the Company’s date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2015 and the financial statements as at and for the year ended 31 March 2016.

13 Transitional details

i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenure of the loan / capitalised as part of toll collection right and amortized over the concession period. Under Ind AS, transaction costs are included in the initial recognition amount of financial liability and charged to profit or loss / capitalised as part of toll collection right using the effective interest method. Accordingly borrowings as at 31st March 2015 have been reduced by ₹ 67,36,008/- with consequent decapitalisation from Toll collection rights.

NOTES TO FINANCIAL STATEMENTS (Contd.)

ii) Provisions

Under Indian GAAP, the Company has accounted for provisions, including periodic major maintenance provision, at the undiscounted amount. In contrast, Ind AS 37 requires that where the effect of time value of money is material, the amount of provision should be the present value of the expenditures expected to be required to settle the obligation. Ind AS 37 also provides that where discounting is used, the carrying amount of a provision increases in each period to reflect the passage of time. This increase is recognised as borrowing cost. This led to a decrease in periodic major maintenance provision on 1st April 2015 and 31st March 2016 by ₹ 6,52,82,070/- and ₹ 13,71,21,130/- respectively, which was adjusted against retained earnings and Statement of Profit and Loss for the same amount.

iii) Mezzanine Debt

The Company received interest free loan in the nature of promoters' contribution from the Holding Company under the Common Loan Agreement entered with the Project Lenders. As per the terms of the agreement, such interest-free loan was repayable after the lenders are paid in full, hence it was classified as "Promoters' Mezzanine Debt" and disclosed under Long term borrowings from related parties. For transition to IndAS, since the Company does not have an unconditional right to not deliver cash or other financial asset to settle the obligation, the interest-free Mezzanine debt is fair valued on initial recognition. The difference between the amount received and fair value on initial recognition is recognised as "Equity Component of Other Financial Instruments" and included as part of "Other equity". Consequently, interest free mezzanine debt is reduced by ₹ 42,31,30,019/- by a corresponding adjustment to "Equity Component of Other Financial Instruments".

iv) Current investments

Under the previous GAAP, investment in mutual funds were classified as current investments based on the intended holding period. Current investments were carried at lower of cost and fair value. Under Ind AS, these investments in mutual funds are marked to market at each reporting date. The difference between the fair value and the carrying amount is recognized in the statement of profit and loss. The amount recognized in retained earnings as on 31st March 2015 is ₹ 8,732 and the amount recognized in the Statement of profit and loss as on 31st March 2016 is ₹ 3,60,747/-.

14) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Loans & advances	5	–	–	339,772	–	–	266,022	–	–	566,022
Investments	7	12,408,412.00	–	–	48,384,546.00	–	–	16,253,729	–	–
Cash and cash equivalents	8	–	–	17,364,875	–	–	10,871,427	–	–	17,485,630
Others	5			46,413,820						
Total Financial Asset		12,408,412.00	–	64,118,467	48,384,546	–	11,137,449	16,253,729	–	18,051,652
Financial liability										
Term Loan from Banks & others	11	–	–	7,677,551,627	–	–	7,379,834,414	–	–	7,497,552,895
Loans from related parties	11	–	–	40,100,000	–	–	227,440,167	–	–	165,438,748
Revenue Share Payable to NHAI	12	–	–	15,173,988	–	–	13,775,311	–	–	11,408,867
Other Current Financial Liabilities	12			19,645,925			139,910,767			141,561,813
Trade Payables	15	–	–	28,224,789	–	–	3,511,389	–	–	17,469,847
Total Financial Liabilities		–	–	7,780,696,329	–	–	7,764,472,048	–	–	7,833,432,170

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

NOTES TO FINANCIAL STATEMENTS (Contd.)

15) Fair value of Financial asset and liabilities at amortized cost

Particular	Note no.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Loans & advances	5	**339,772**	**339,772**	266,022	266,022	566,022	566,022
Cash and cash equivalents	8	**17,364,875**	**17,364,875**	10,871,427	10,871,427	17,485,630	17,485,630
Others	5	**46,413,820**	**46,413,820**	–	–	–	–
Total Financial Assets		**64,118,467**	**64,118,467**	11,137,449	11,137,449	18,051,652	18,051,652
Financial liability							
Term Loan from Banks & others	11	**7,677,551,627**	**7,677,551,627**	7,379,834,414	7,379,834,414	7,497,552,895	7,497,552,895
Loans from related parties	11	**40,100,000**	**40,100,000**	227,440,167	227,440,167	165,438,748	165,438,748
Revenue Share Payable to NHAI	12	**15,173,988**	**15,173,988**	13,775,311	13,775,311	11,408,867	11,408,867
Other Current Financial Liabilities	12	**19,645,925**	**19,645,925**	139,910,767	139,910,767	141,561,813	141,561,813
Trade Payables	15	**28,224,789**	**28,224,789**	3,511,389	3,511,389	17,469,847	17,469,847
Total Financial Liabilities		**7,780,696,329**	**7,780,696,329**	7,764,472,048	7,764,472,048	7,833,432,170	7,833,432,170

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Revenue Share Payable to NHAI reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

Refer Note H(17) for information on Financial Asset pledged as security

16) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilities

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	12,408,412	–	–	12,408,412
Total of Financial Assets		**12,408,412**	**–**	**–**	**12,408,412**
Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Loans & advances	5	–	339,772	–	339,772
Total of Financial Assets		**–**	**339,772**	**–**	**339,772**
Financial Liabilities					
Term Loan from Banks	11	–	7,677,551,627	–	7,677,551,627
Loans from related parties	11	–	40,100,000	–	40,100,000
Revenue Share Payable to NHAI (Including Interest)	12	–	15,173,988	–	15,173,988
Other Current Financial Liabilities	12	–	19,645,925	–	19,645,925
Trade Payables	15	–	28,224,789	–	28,224,789
Total Financial liabilities		**–**	**7,780,696,329**	**–**	**7,780,696,329**

As at March 31, 2016

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	48,384,546	–	–	48,384,546
Total of Financial Assets		48,384,546	–	–	48,384,546

NOTES TO FINANCIAL STATEMENTS (Contd.)

Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	Note No.	Level 1	Level 2	Level 3	Total
Financial Assets					
Loans & advances	5	–	266,022	–	266,022
Total Financial Assets		**–**	**266,022**	**–**	**266,022**
Financial Liabilities					
Term Loan from Banks	11	–	7,379,834,414	–	7,379,834,414
Loans from related parties	11	–	227,440,167	–	227,440,167
Revenue Share Payable to NHAI (Including Interest)	12	–	13,775,311	–	13,775,311
Other Current Financial Liabilities	12	–	139,910,767	–	139,910,767
Trade Payables	15	–	3,511,389	–	3,511,389
Total Financial Liabilities		**–**	**7,764,472,048**	**–**	**7,764,472,048**

As at April 1, 2015

Financial Asset & Liabilities Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	7	16,253,729	–	–	16,253,729
Total of Financial Assets		16,253,729	–	–	16,253,729
Financial Asset & Liabilities Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Loans & advances	5	–	566,022	–	566,022
Total of Financial Assets		**–**	**566,022**	**–**	**566,022**
Financial Liabilities					
Term Loan from Banks	11	–	7,497,552,895	–	7,497,552,895
Loans from related parties	11	–	165,438,748	–	165,438,748
Revenue Share Payable to NHAI	12	–	11,408,867	–	11,408,867
Other Current Financial Liabilities	12	–	141,561,813	–	141,561,813
Trade Payables	15	–	17,469,847	–	17,469,847
Total of Financial Liabilities		**–**	**7,833,432,170**	**–**	**7,833,432,170**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit & other loans and advances	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Effective rate of borrowing
Loans from Related parties	Income	Effective rate of borrowing
Revenue Share Payable to NHAI (Including Interest)	Income	Cash flow
Other financial liabilities	Income	Cash flow

NOTES TO FINANCIAL STATEMENTS (Contd.)

17 Asset pledged as security

Particulars	Note no	31.03.2017	31.03.2016	01.04.2015
Non Financial Asset				
Property, Plant & Equipment	1	**12,172,970**	*14,495,983*	*17,621,562*
Other Financial Asset	5	**89,000**	*84,000*	*84,000*
Financial Asset				
Cash and Cash Equivalents	8	**17,364,875**	*10,871,427*	*17,485,630*
Investments In Mutual Fund	7	**12,408,412**	*48,384,546*	*16,253,729*
Other Financial Asset	6	**46,664,592**	*182,022*	*482,022*
TOTAL		**88,699,849**	*74,017,978*	*51,926,943*

18 Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	31.03.2016	01.04.2015
Senior Debt from Banks - Variable rate borrowings	**7,677,551,627**	*7,379,834,414*	*7,497,552,895*

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	FY 2015-16
Increase or decrease in interest rate by by 25 basis point	18,821,733	18,596,734

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
Investments in Mutual Funds	**7**	**12,408,412**	48,384,546	16,253,729

Sensitivity Analysis

NOTES TO FINANCIAL STATEMENTS (Contd.)

	Impact on profit/ loss after tax	
	31.03.2017	31.03.2016
Increase or decrease in NAV by 2%	248,168	967,691

Note - In case of decrease in NAV profit will reduce and vice versa.

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	7,677,551,627	154,516,580	154,516,580	849,841,180	6,518,677,287
Trade Payables	28,224,789	28,224,789	–	–	–
Other financial liabilities	34,819,913	34,819,913	–	–	–
Derivative Financial Liability	–	–	–	–	–

As at March 31, 2016	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	7,379,834,414	217,920,000	890,520,000	2,281,200,000	3,990,194,414
Trade Payables	3,511,389	3,511,389	–	–	–
Other financial liabilities	153,686,078	153,686,078	–	–	–
Derivative Financial Liability	–	–	–	–	–

As at April 01, 2015	Carrying Amount	upto 1 year	1 - 2 years	2 - 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	7,497,552,895	118,700,000	593,700,000	1,891,320,000	4,893,832,895
Trade Payables	17,469,847	17,469,847	–	–	–
Other financial liabilities	152,970,680	152,970,680	–	–	–
Derivative Financial Liability	–	–	–	–	–

v Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. The company has other receivables primarily from government authority i.e. NHAI. Hence, the management believes that the company is not exposed to any credit risk.

19 Disclosure pursuant to Appendix - A to Ind AS 11 - " Service Concession Arrangements"

19.1 Description and classification of the arrangement

The Company has entered into Concession Agreement ('CA') with National Highways Authority of India dated May 13, 2010 for six laning of Krishnagiri-Walajapet section of NH-46 from km 0.00 to km 148.30 in the state of Tamilnadu under NHDP phase V as BOT (Toll) on DBFO pattern. The Concession Period is of 30. The Company obtained provisional completion certificate on 16th Feb 2016 from the NHAI. As per the CA, the company is entitled to charge users of the public service, hence the service arrangement has been classified as Intangible Asset.

19.2 Significant Terms of the arrangements

19.2.1 Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Article 27.2 of the Concession Agreement.

19.2.2 Concession Fee, Other Fees and Excess Revenue Sharing:

As per Article 26 of the Concession Agreement, the company is liable to pay Concession Fee Re 1 every year. The company is also liable of payment of Additional Concession Fee at the rate of 9.01% of total realisable fee. The rate of additional concession fee increases by 1% for each subsequent period of concession.

NOTES TO FINANCIAL STATEMENTS (Contd.)

19.3 Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and persons liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

19.4 Obligation of the Company

a The company shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maintenance of Project Highway as per Schedule K of the CA.

19.5 Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

19.6 Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under Article 37 of the CA.

20 Specified bank notes

Details of Specified Bank Notes held and transacted during the period 08/11/2016 to 30/12/2016 provided in the table given below:

Particulars	SBNs	Other Denomination notes	Total
Closing Cash in hand as on 08/11/2016	322,000	3,678,000	4,000,000
(+) Permitted receipts	10,785,000	77,354,261	88,139,261
(-) Amount deposited in Banks	11,107,000	73,678,771	84,785,771
Closing cash in hand as on 30/12/2016	–	7,353,490	7,353,490

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer H (12) and H (13) for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

NOTES TO FINANCIAL STATEMENTS (Contd.)

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to nearest rupee in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate.

c) License fees for way-side amenities are accounted on accrual basis.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.”

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting

NOTES TO FINANCIAL STATEMENTS (Contd.)

policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets as per management evaluation are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10
Toll Equipment	7

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the revenue based amortization method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets’ revised carrying amount over its remaining useful life.

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(i) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

c) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Statement of Profit and Loss.

11 Investments

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme are the defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES TO FINANCIAL STATEMENTS (Contd.)

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

14 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

15 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive

NOTES TO FINANCIAL STATEMENTS (Contd.)

potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

16 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

17 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

18 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

19 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly

NOTES TO FINANCIAL STATEMENTS (Contd.)

attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

20 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

21 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

NOTES TO FINANCIAL STATEMENTS (Contd.)

23 First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date. “
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

24 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

As per our report of even date

For M. K. DANDEKER & CO.
Chartered Accountants
(Firm Reg.No.000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

For and on behalf of the Board

T. S. VENKATESAN
Director
DIN : 01443165

ESTHER MALINI
Director
DIN : 07124748

Place : Chennai
Date : April 24, 2017

BOARD'S REPORT

Directors are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS(IND AS)

The Company's financial performance for the year ended March 31, 2017 is summarized below:

Description	**2016-17** ₹ in crore	*2015-16* ₹ in crore
Profit before depreciation, exceptional and extra ordinary items & Tax	**12.56**	*9.89*
Less: Depreciation, amortization and obsolescence	**–**	–
Profit / (loss) before exceptional and extraordinary items and tax	**12.56**	*9.89*
Profit /(loss) before tax	**12.56**	*9.89*
Less: Provision for tax	**3.92**	*0.23*
Profit / (loss) after tax from continuing operations	**8.64**	*9.66*
Profit / (loss) after tax for the year carried to the balance sheet	**8.64**	*9.66*
Add: Balance brought forward from previous year	**29.07**	*29.28*
Balance available for disposal	**37.71**	*39.03*
Debenture Redemption Reserve	**8.64**	*9.87*
Balance carried to Balance Sheet	**29.07**	*29.07*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The gross revenue (toll revenue) and other income for the financial year under review were ₹ 54.75 crore as against ₹ 55.03 crore for the previous financial year registering an decreasing of 0.51%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 12.57 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 8.65 crore for the financial year under review as against ₹ 9.90 crore and ₹ 9.67 respectively for the previous financial year, registering an increase of 26.97% and (10.55) % respectively.

CAPITAL & FINANCE

During the previous financial year 2014-2015, the Company had raised ₹409.40 crore by issue of Non-Convertible debentures primarily to refinance its debts including foreign currency loans.

During the financial year 2016-2017, the Company has redeemed Non-Convertible Debentures worth ₹ 68 crore.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, and the net fixed and intangible assets, including leased assets were Nil. There were no Capital Expenditure incurred during the year.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (Act) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Notes 1 & 3 of the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act which are at Arm's length basis and in normal course of business. The Company will adhere to the RPT Policy of the Holding Company and the guidelines thereunder.

The Company has not entered into any material contracts or arrangements during the year 2016-17. The disclosure as per Form AOC-2 of the Act is given in this Report as Annexure I.

AMOUNT TRANSFERRED TO RESERVES

The Company has transferred ₹ 8.64 crore is transferred to Debenture Redemption Reserve.

DIVIDEND

The Company has not declared dividend for the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the Company had incurred ₹ 0.09 crore as foreign expenditure towards maintenance of toll equipment.

During the year, there were no foreign exchange earnings.

RISK MANAGEMENT POLICY

L&T Interstate Road Corridor Limited in its Meeting of the Audit Committee on 21st July, 2015 has reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility ("CSR") committee of directors comprising of Dr. Ashwin Mahalingam, Mr. Karthikeyan T.V and Mr. R.G. Ramachandran as the Members.

As per the provisions of Section 135 of the Act, the amount of expenditure recommended by the CSR Committee was ₹5,00,000/- towards specific CSR activities on various programs on enhancing the sustainable mode to ensure maximum benefit to the community for financial year 2015-16. However, since the Company was looking into the avenues for spending, it could not spend during 2015-16. The unspent amount was carried forward for the financial year 2016-17 and the same was spent in the manner given in the table below. The CSR spending for the financial year 2016-17 is not applicable since the average net profits of previous three financial years is negative.

DETAILS OF AMOUNT SPENT ON CSR ACTIVITIES DURING THE FINANCIAL YEAR 2016-2017

(Amount in ₹)

Sr. no	CSR project/ activity identified	Sector in which the Project is covered	Projects/ Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken	Amount outlay (budget) project / program wise	Amount spent (Direct / implementing agency)
1	Adopting a village adjoining a project Highway for developing greenery under the State government's Haritha Harani Program.	Environment	Sakapur	200,000	200,000
2	1. Conduct Eye Camp & Distribution of Spectacles 2. Construction of Toilet Blocks at Govt. Hr.Sec. Schools 3. Provide Water purifiers at Govt. Hr. Sec.Schools	Medical Education Education Education Education	Kurinji Nagar Ellakiyampatti Gettupatti, Nallampalli Tk Bandarhalli, Karimangalam Karimangalam	300,000	300,000
	TOTAL			**500,000**	**500,000**

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

Mr. P.G.Suresh Kumar and Mr. R.G.Ramachandran who were appointed as Additional Directors, were appointed as Directors in the Annual General Meeting held on September 28, 2016.

Mr. Karthikeyan T.V who has been appointed as Additional Director of the Company on 14th July 2016, holds office upto the conclusion of the ensuing Annual General Meeting. He was appointed as Director of the Company in the Annual General Meeting of the Company held on September 28, 2016.

Dr.Esther Malini resigned as Director of the Company with effect from 01st August 2016.

The Board of Directors of the Company as on 31st March, 2017 is as follows:

Sr. No.	Name	Designation	DIN
1	Mr. Karthikeyan T.V	Director	01367727
2	Mr.P.G.Suresh Kumar	Additional Director	07124883
3	Mr.R.G.Ramachandran	Additional Director	02671982
4	Dr. Ashwin Mahalingam	Independent Director	05126953
5	Mrs. Samyuktha Surendran	Independent Director	07138327

Mr. G.V. Vinoth Kumar resigned as Chief Financial Officer of the Company with effect from May 30, 2016.

Ms. Ramya S resigned as Company Secretary of the Company with effect from July 26, 2017.

Ms. Shivangi Khetrapal was appointed as Chief Fiancial Officer of the Company with effect from July 14, 2016.

Mr. Elangovan S was appointed as Manager of the Company with effect from October 18, 2016. He subsequently resigned as Manager with effect from March 15, 2017.

Mr. N.C.Joshi was appointed as Manager of the Company with effect from March 15, 2017.

Ms. Niveditha B was appointed as Company Secretary of the Company with effect from January 17, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation	Date of Appointment
1	Mr. N.C.Joshi	Manager	15/03/2017
2	Ms. Shivangi Khetrapal	Chief Financial Officer	14/07/2016
3	Ms. Niveditha B	Company Secretary	17/01/2017

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when required.

During the year under review 5 meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No of Directors Present
April 29, 2016	5	4
July 14, 2016	5	2
October 18, 2016	5	4
January 17, 2017	5	5
March 15, 2017	5	4

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company

- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The Members of the Audit Committee are Mr. R.G.Ramachandran, Dr. Ashwin Mahalingam and Mrs. Samyuktha Surendran.

During the year under review, 5 meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 29, 2016	3	3
July 14, 2016	3	2
October 18, 2016	3	3
January 17, 2017	3	3
March 15, 2017	3	3

In accordance with the requirements of the Act, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are, Dr. Esther Malini, Dr. Ashwin Mahalingam and Mrs. Samyuktha Surendran.

During the year, four nomination and remuneration committee meeting were held and the details are given below:

Date	Strength of the Committee	No. of members present
July 14, 2016	3	2
October 18, 2016	3	2
January 17, 2017	3	3
March 15, 2017	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Act confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as Annexure II.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statement and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The Independent Directors Meeting was proposed to be held during December 2016. However, due to non-availability of Independent Directors, the Meeting could not be scheduled. The Independent Directors at the meeting held on March 15, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

The Board of Directors wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. The information required under Section 197(12) of the Act and the Rules made thereunder, is provided below.

The Directors of the Company are not paid any remuneration. Hence, the remuneration of the Directors to that of the employees of the Company is not comparable.

REMUNERATION OF KMP

(Amount in ₹)

Name of the KMP	Designation	Remuneration in FY 2016-17	Remuneration in FY 2015-16	% decrease in remuneration of FY 2016-17 as compared to previous financial year	Performance of the Company	
					% increase in revenue of FY 2016-17 as compared to previous financial year	% decrease in profit after tax of FY 2016-17 as compared to previous financial year
Mr. N.C. Joshi (from March 15, 2017)	Manager	₹ 234,622/-**	NA*	NA*	Nil#	Nil#
Ms. Shivangi Khetrapal	Chief Financial Officer	Nil	Nil	Nil		
Ms. Niveditha B.	Company Secretary	Nil	Nil	Nil		

Since it is an annuity project, revenue is stable till the end of concession period.

* Mr. N.C.Joshi was appointed as Manager only on March 15, 2017. Hence previous year remuneration not applicable.

** Remuneration from March 15, 2017 to March 31, 2017.

The Median Remuneration of Employees ("MRE") was ₹ 4,56,792/- and ₹ 4,63,711/- in the financial year 2016-17 and 2015-16 respectively. The decrease in MRE in the financial year 2016-17 over the previous financial year is 1.45%.

The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 were 8.

The revenue growth during the financial year over the previous financial year was Nil. The average increase in remuneration of employees is 5% over the previous financial year. Hence the increase in remuneration of employees and KMP is not comparable with the performance of the Company.

Average percentage increase made in the salaries of employees other than the KMP in the financial year 2016-17 was 5%. The change in remuneration of Manager over the previous financial year is not comparable due to appointment of Mr. N.C. Joshi on March 15, 2017 as a Manager of the Company.

The remuneration paid to the employees is as per the remuneration policy of the Company.

The Company has no employee employed throughout the financial year who was in receipt of a remuneration of ₹ 102 lakhs or more, or employed for part of the year and was in receipt of a remuneration ₹ 8.5 lakh or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

The following are the top ten employees in terms of remuneration:

Sr.No.	Employee Name	CTC
1	Naveen Chandra Joshi (for 2016-17)	2815467
2	M Muruga Perumal	819223
3	Sapan Kumar Das	692993
4	Mukesh Kumar Naraniya	473583
5	Prashant Jaiswal	440000
6	Kundan Kumar Gautam	386115
7	K Tejas Girish	376676
8	Joshi Hitendrakumar Bhanubhai	264591

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

AUDITOR AND AUDITOR'S REPORT

STATUTORY AUDITORS

M.K.Dandeker & Co, hold office until the conclusion of the ensuing Annual General Meeting ("AGM"). The Company in the Ninth Annual General Meeting held on 25th September 2015 for the F-Y 2015-16 had appointed M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the third consecutive Annual General Meeting of the Company to be held during the year 2017.

The Auditors' Report for the financial year 2016-17 is unqualified. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS

M/s. Alagar & Associates, a firm of Company Secretaries in practice, was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for the financial year 2016-17 is attached as Annexure III to this Report and it does not contain any qualification, reservation or adverse remark.

DEBENTURE TRUSTEE

The Company has issued and allotted secured redeemable Non-convertible Debentures amounting to ₹ 409.40 crore during the year 2014-2015. As at March 31, 2017 the total outstanding Debentures were ₹ 269.33 crore. M/s. IDBI Trusteeship Services Limited, having their office at Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai - 400001 have been appointed as the Debenture Trustees for the same.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, Financial Institutions, Banks, NHAI and other Central and State Government authorities, Regulatory authorities, Stock Exchanges and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Chennai
Date : April 24, 2017

KARTHIKEYAN T.V
Director
DIN: 01367727

R.G.RAMACHANDRAN
Director
DIN: 02671982

ANNEXURE I

FORM NO. AOC.2

FORM FOR DISCLOSURE OF PARTICULARS OF CONTRACTS/ARRANGEMENTS ENTERED INTO BY THE COMPANY WITH RELATED PARTIES REFERRED TO IN SUB-SECTION (1) OF SECTION 188 OF THE COMPANIES ACT, 2013 INCLUDING CERTAIN ARM'S LENGTH TRANSACTIONS UNDER THIRD PROVISO THERETO

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. **Details of contracts or arrangements or transactions not at arm's length basis**

   The Company has not entered into such transactions during the year.

2. **Details of material contracts or arrangement or transactions at arm's length basis**

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions during the year.					

For and on behalf of the Board

Place : Chennai
Date : April 24, 2017

KARTHIKEYAN T.V
Director
DIN: 01367727

R.G.RAMACHANDRAN
Director
DIN: 02671982

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2006PLC058735
Registration Date	02/02/2006
Name of the Company	L& T INTERSTATE ROAD CORRIDOR LIMITED
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI - 600089
Whether listed company Yes / No	Yes, Non-Convertible Debentures(NCDs) listed on BSE
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013. Ph: 022 4914 2591

*NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board of Directors Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 28, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	42298394	14861604*	57159998	99.99	42298394	14861604*	57159998	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**42298394**	**14861604***	**57159998**	**99.99**	**42298394**	**14861604***	**57159998**	**99.99**	**–**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**169099996**	**4***	**169100000**	**100**	**169099996**	**4***	**169100000**	**100**	**– –**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2) Non-Institutions									
a) Bodies Corp	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**42298396**	**14861604***	**57160000**	**100**	**42298396**	**14861604***	**57160000**	**100**	**–**

*including shares held by nominees of L&T Infrastructure Development Projects Limited.

(ii) Shareholding of Promoters

Sl No	Shareholder's Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the Company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(including nominees)	57159998	99.999%	26%	57159998	99.999%	26%	Nil
	Total	**57159998**	**99.999%**	**26%**	**57159998**	**99.999%**	**26%**	**Nil**

(iii) Change in Promoters' Shareholding : No change in the shareholding of promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	As on April 01, 2016	2	0.001%	2	0.001%
2	Date wise Increase /Decrease in Share holding during the year	–	–	–	–
3	As on March 31, 2017	2	0.001%	2	0.001%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the Year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	As on April 01, 2016	3	0.001	3	0.001
2	Date wise Increase / Decrease in Share holding during the year Increase due to appointment of Mr. Karthikeyan T.V as Director Decrease due to resignation of Dr. Esther Malini as Director	1 (increase) 1 (decrease)	0.001	1	0.001
3	As on March 31, 2017	3	0.001	3	0.001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
Indebtedness at the beginning of the financial year			
i) Principal Amount	3,293,809,876	–	3,293,809,876
ii) Interest due but not paid			
iii) Interest accrued but not due	363,047,857	–	363,047,857
Total (i+ii+iii)	**3,656,857,733**	–	**3,656,857,733**
Change in Indebtedness during the financial year			
Addition			
Reduction	393,850,687	–	393,850,687
Net Change	**(393,850,687)**	–	**(393,850,687)**
Indebtedness at the end of the financial year			
i) Principal Amount	2,693,373,310	–	2,693,373,310
ii) Interest due but not paid			
iii) Interest accrued but not due	569,633,736	–	569,633,736
Total (i+ii+iii)	**3,263,007,046**	–	**3,263,007,046**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager: Mr. N.C.Joshi (from March 15, 2017)	Total Amount
		Nil	
1.	Gross salary	₹ 234,622/-	₹ 234,622/-
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit		
	- others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**₹ 234,622/-**	**₹ 234,622/-**
	Ceiling as per the Act		₹ 120,76,341/-

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. Ashwin Mahalingam	Mrs. Samyuktha Surendran	
1	Independent Directors			
	Fee for attending board meeting	₹75,000/-	₹1,25,000/-	**₹2,00,000/-**
	Fee for attending committee meetings	₹50,000/-	₹90,000/-	**₹1,40,000/-**
	Commission	–	–	**–**
	Others	–	–	**–**
	Total (1)	**₹1,25,000**	**₹2,15,000/-**	**₹3,40,000/-**
2.	Other Non-Executive Directors 1. **Mr. P. G. Suresh Kumar** **2. Mr. R. G. Ramachandran** **3. Mr. Karthikeyan T.V.** No Fee for attending board / committee meetings and no commission			
	Total (2)	**Nil**		**Nil**
	Total (B)=(1+2)	**₹1,25,000**	**₹2,15,000/-**	**₹3,40,000/-**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act (sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP except Manager of the Company. Ms.Shivangi Ketrapal, CFO and Ms. Niveditha B, Company Secretary of the Company are employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Place : Chennai
Date : April 24, 2017

KARTHIKEYAN T.V
Director
DIN: 01367727

R.G.RAMACHANDRAN
Director
DIN: 02671982

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

For the Financial Year 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
L& T Interstate Road Corridor Limited

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Interstate Road Corridor Limited (hereinafter called the "Company"). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 ("Audit Period") complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not Applicable;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - To the extent applicable to the company;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

  (i) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations,2015

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis. The list of labour and industrial laws covered under the internal compliance report by the company are as follows;

a) Electricity Rules,1956

b) Information Technology Act, 2000

c) Motor Vehicles Act, 1988

d) The Central Electricity Authority (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines) Regulation 2011

e) The Building and Other Construction Workers' (Regulation Of Employment And Conditions Of Service) Central Rules, 1998

f) The National Highways (Collection of Fees by any Person for the use of section of national highways/ Permanent Bridge/ Temporary Bridge on National Highways)Rules,1997

g) The Personal Injuries (Compensation) Insurance Act, 1963

h) The Prohibition Of Smoking In Public Places Rules, 2008

i) The Works of Licensees Rules, 2006

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

except Payment of Interest and redemption of Non convertible Debentures there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

For **M.Alagar & Associates**

Place: Chennai
Date : April 20, 2017

Sd/-

M. Alagar
FCS No: 7488
C P No.: 8196

ANNEXURE A

To,

The Members

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For **M.Alagar & Associates**

Place: Chennai
Date : April 20, 2017

Sd/-

M. Alagar
FCS No: 7488
C P No.: 8196

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T INTERSTATE ROAD CORRIDOR LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of L&T INTERSTATE ROAD CORRIDOR LIMITED ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (10) to the Ind AS financial statements.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T INTERSTATE ROAD CORRIDOR LIMITED ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M. K. DANDEKER & CO.**
Chartered Accountants
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date :April 24, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Notes No.	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
ASSETS				
(1) Non-current assets				
a) Financial Assets				
i) Loans	1	2,498,040,457	2,965,977,531	3,382,718,986
	A	2,498,040,457	2,965,977,531	3,382,718,986
(2) Current assets				
a) Financial Assets				
i) Investments	3	1,236,780,543	752,073,202	884,426,848
ii) Cash and bank balances	4	76,737,890	466,695,333	310,924,661
iii) Loans	1	469,986,992	383,714,749	385,812,747
b) Current Tax Assets (net)	2	49,753,809	71,902,611	69,708,797
c) Other current assets	2	7,826,436	1,860,331	1,496,888
	B	1,841,085,670	1,676,246,226	1,652,369,941
TOTAL	A+B	4,339,126,127	4,642,223,757	5,035,088,927
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	5	571,600,000	571,600,000	571,600,000
b) Other Equity	6	475,932,873	389,472,772	292,783,655
	C	1,047,532,873	961,072,772	864,383,655
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	7	2,215,873,310	2,691,309,876	3,288,019,899
ii) Other financial liabilities	8	44,500	44,500	44,500
b) Provisions	9	2,254,632	840,554	997,535
c) Deferred tax liabilities (net)		–	–	–
	D	2,218,172,442	2,692,194,930	3,289,061,934
(2) Current liabilities				
a) Financial liabilities				
i) Borrowings	7			
ii) Trade payables	11	5,321,529	2,144,968	5,804,777
iii) Other financial liabilities	8	1,047,133,736	965,547,857	863,473,952
b) Other current liabilities	10	20,965,547	21,263,230	12,364,609
c) Provisions	9	–	–	–
d) Current tax liabilities (net)	12			
	E	1,073,420,812	988,956,055	881,643,338
Total Equity and Liabilities	C+D+E	4,339,126,127	4,642,223,757	5,035,088,927
Contingent liabilities	F			
Commitments	G			
Other notes forming part of accounts	H			
Significant accounting policies	I			

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

NIVEDITHA B.
Company Secretary
M. No. A40759

SHIVANGI KETRAPAUL
Chief Financial Officer

R.G. RAMACHANDRAN
Director
DIN:02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	13		480,485,252		478,387,253
Other income	14		67,004,872		71,951,615
Total Revenue			547,490,124		550,338,868
EXPENSES					
Operating expenses	15		84,379,365		85,696,327
Employee benefit expenses	16		7,027,576		5,685,295
Finance costs	17		291,889,620		330,543,407
Administration and other expenses	18		38,227,698		29,366,052
Total Expenses			421,524,259		451,291,081
Profit/(loss) before tax			125,965,865		99,047,787
Tax Expense:					
Current tax		26,825,192		2,309,787	
Deferred tax		12,409,090		–	
			39,234,282		2,309,787
Profit/(loss) after tax for the year			86,731,583		96,738,000
Prior period adjustments			–		–
Profit for the year			86,731,583		96,738,000
Other Comprehensive Income					
Nature					
Income-tax effect					
i) Reclassifiable to profit or loss in subsequent periods					
ii) Not reclassifiable to profit or loss in subsequent periods			(271,482)		(48,883)
Total Comprehensive Income for the year			86,460,101		96,689,117
Earnings per equity share (Basic and Diluted)			1.52		1.69
Face value per equity share			10.00		10.00

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

For and on behalf of the Board

NIVEDITHA B.
Company Secretary
M. No. A40759

SHIVANGI KETRAPAUL
Chief Financial Officer

R.G. RAMACHANDRAN
Director
DIN:02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**125,965,865**	*99,047,787*
	Adjustment for		
	Depreciation and amortisation expense	**–**	*–*
	Interest expense	**291,889,620**	*330,543,407*
	Interest income	**(6,005,914)**	*(28,501,341)*
	(Profit)/loss on sale of current investments(net)	**(23,041,556)**	*(14,771,319)*
	(Profit)/loss on sale of fixed assets	**(35,665,784)**	*(22,086,457)*
	Other comprehensive income	**(271,482)**	*(48,883)*
	Operating profit before working capital changes	**352,870,749**	*364,183,194*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**1,414,078**	*(156,981)*
	Increase / (Decrease) in trade payables	**3,176,561**	*(3,659,809)*
	Increase / (Decrease) in other current liabilitites	**(297,683)**	*8,898,621*
	(Increase) / Decrease in loan term loans and advances	**467,937,075**	*416,741,454*
	(Increase) / Decrease in short term loans and advances	**(86,272,244)**	*2,097,999*
	(Increase) / Decrease in other current assets	**(5,966,105)**	*(363,443)*
	Interest income received	**6,005,914**	*28,501,341*
	Interest paid	**(83,240,305)**	*(35,179,525)*
	Net cash generated from/(used in) operating activities	**655,628,040**	*781,062,851*
	Direct taxes paid (net of refunds)	**(17,085,482)**	*(4,503,601)*
	Net Cash(used in)/generated from Operating Activities	**638,542,558**	*776,559,250*
B	**Cash flow from investing activities**		
	Sale of fixed assets	**35,665,784**	*22,086,457*
	(Purchase)/Sale of current investments	**(461,665,785)**	*147,124,965*
	Net cash (used in)/generated from investing activities	**(426,000,001)**	*169,211,422*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(602,500,000)**	*(790,000,000)*
	Net cash (used in)/generated from financing activities	**(602,500,000)**	*(790,000,000)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(389,957,443)**	*155,770,672*
	Cash and cash equivalents as at the beginning of the year	**466,695,333**	*310,924,661*
	Cash and cash equivalents as at the end of the year	**76,737,890**	*466,695,333*

Notes:
1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

Particulars	**March 31, 2017** ₹	*March 31, 2016* ₹
Balances with banks:		
- on current account	**1,578,185**	*103,658,799*
- on Fixed Deposits with less than 3 months maturity	**75,040,727**	*309,025,534*
- Margin money deposit against bank guarantee issued	**118,978**	*54,011,000*
Cash in hand and transit	**–**	*–*
	76,737,890	*466,695,333*

As per our report attached

For and on behalf of the Board

M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

NIVEDITHA B.
Company Secretary
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SHIVANGI KETRAPAUL
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R.G. RAMACHANDRAN
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DIN:02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

Place : Chennai
Date : April 24, 2017

NOTES FORMING PART OF ACCOUNTS

1) LOANS

Particulars	31.03.2017			31.03.2016			01.04.2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
a) Security deposits									
Unsecured, considered good	34,750	2,264,724	2,299,474	–	2,222,724	2,222,724	–	1,827,826	1,827,826
b) Loans to related parties									
Unsecured, considered good	–	–	–	–	–	–	–	–	–
Inter-corporate deposit	–	–	–	–	–	–	–	–	–
c) Other loans(specify nature)	469,952,242	2,495,775,733	2,965,727,975	383,714,749	2,963,754,807	3,347,469,556	385,812,747	3,380,891,160	3,766,703,907
	469,986,992	2,498,040,457	2,968,027,449	383,714,749	2,965,977,531	3,349,692,280	385,812,747	3,382,718,986	3,768,531,733
Break up of financial assets carried at amortized cost									
Loans	469,952,242	2,495,775,733	2,965,727,975	383,714,749	2,963,754,807	3,347,469,556	385,812,747	3,380,891,160	3,766,703,907
Trade receivables (Note no 8)									
Cash and cash equivalents (Note no 9)	76,737,890	–	76,737,890	466,695,333	–	466,695,333	310,924,661	0	310,924,661
Total financial assets carried at amortized cost	546,690,132	2,495,775,733	3,042,465,865	850,410,082	2,963,754,807	3,814,164,889	696,737,408	3,380,891,160	4,077,628,568

2) OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	31.03.2017			31.03.2016			01.04.2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
Advances other than capital advances									
Advances to related parties	–	–	–	–	–	–	–	–	–
Advances to employees	–	–	–	90,095	–	90,095	–	–	–
Other advances	6,504,625	–	6,504,625	743,179	–	743,179	553,590	–	553,590
Advance recoverable other than in cash									
Prepaid Insurance	971,877	–	971,877	753,164	–	753,164	739,059	–	739,059
Prepaid expenses	250,918	–	250,918	179,650	–	179,650	179,239	–	179,239
VAT recoverable	99,016	–	99,016	94,243	–	94,243	25,000	–	25,000
Income tax net of previous year provisions	–		–	–		–	–		–
	7,826,436	–	7,826,436	1,860,331	–	1,860,331	1,496,888	–	1,496,888
Income tax									
Income tax net of provisions	127,858,597		127,858,597	150,007,397		150,007,397	147,813,583		147,813,583
	127,858,597	–	127,858,597	150,007,397	–	150,007,397	147,813,583	–	147,813,583

3) INVESTMENTS

Particulars	As at 31.03.2017 Quantity Units	As at 31.03.2017 Current ₹	As at 31.03.2016 Quantity Units	As at 31.03.2016 Current ₹	As at 01.04.2015 Quantity Units	As at 01.04.2015 Current ₹
Investments at fair value through Profit and loss						
Investments in mutual funds		1,236,780,543		752,073,202		231,493,322
Investment in Commercial paper		–		–		652,933,526
		1,236,780,543		752,073,202		884,426,848

No trade or other receivable are due from directors or other officers of the company either severally or jointly with any other person. Nor any trade or other receivable are due from firms or private companies respectively in which any director is a partner, a director or a member.

NOTES FORMING PART OF ACCOUNTS (Contd.)

4) CASH AND CASH EQUIVALENTS

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
a) Balances with banks	**1,578,185**	*103,658,799*	*153,096,644*
b) Cheques on hand	**–**	–	–
c) Cash on hand	**–**	–	*10,728*
d) Fixed deposits with banks including interest accrued thereon	**75,159,705**	*363,036,534*	*157,817,289*
e) Others			
Less : Bank overdraft			
	76,737,890	*466,695,333*	*310,924,661*

5 SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
Authorised:						
Equity shares of ₹ 10 each	**58,000,000**	**580,000,000**	*58,000,000*	*580,000,000*	*58,000,000*	*580,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**57,160,000**	**571,600,000**	*57,160,000*	*571,600,000*	*57,160,000*	*571,600,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
At the beginning of the year	**57,160,000**	**571,600,000**	*57,160,000*	*571,600,000*	*57,160,000*	*571,600,000*
Issued during the year as fully paid		**–**		–	–	–
Others	**–**	**–**		–	–	–
At the end of the year	**57,160,000**	**571,600,000**	*57,160,000*	*571,600,000*	*57,160,000*	*571,600,000*

(iii) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

No dividend is declared by Board of Directors for the year ended 31st March , 2016. (Previous year - ₹ Nil)

(iv) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at 31.03.2017 No. of shares	As at 31.03.2017 ₹	As at 31.03.2016 No. of shares	As at 31.03.2016 ₹	As at 01.04.2015 No. of shares	As at 01.04.2015 ₹
L&T Infrastructure Development Projects Limited (including nominee holding)	**57,159,998**	**571,599,980**	*57,159,998*	*571,599,980*	*57,159,998*	*571,599,980*
	57,159,998	**571,599,980**	*57,159,998*	*571,599,980*	*57,159,998*	*571,599,980*

NOTES FORMING PART OF ACCOUNTS (Contd.)

(v) **Details of Shareholders holding more than 5% shares in the company:**

Particulars	As at 31.03.2017 No. of shares	₹	*As at 31.03.2016 No. of shares*	*₹*	*As at 01.04.2015 No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**57,159,998**	**99.99**	*57,159,998*	*99.99*	*57,159,998*	*99.99*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

6 OTHER EQUITY AS ON 31.03.2017

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus						
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	–	–	–	–	–	–	98,747,396	290,725,376	389,472,772
Changes in accounting policy									–
Restated balance as at the beginning of the reporting period									–
Transfer to retained earnings		–							–
Profit for the year								86,731,583	86,731,583
Other comprehensive income								-271,482	-271,482
Issue of share capital				–					
Transfer from / (to) debenture redemption reserve									–
Balance at the end of the reporting period	–	–	–	–	–	–	98,747,396	377,185,477	475,932,873

OTHER EQUITY AS ON 31.03.2016

Particulars	Share application money pending allotment	Equity component of compound financial instruments	Reserves & Surplus						
			Capital reserve	Securities premium reserve	General Reserve	Revaluation Reserve	Debenture Redemption Reserve	Retained earnings	Total
Balance at the beginning of the reporting period	–	–	–	–	–	–	–	292,783,655	292,783,655
Changes in accounting policy									–
Restated balance as at the beginning of the reporting period									–
Transfer to retained earnings		–						–	–
Profit for the year								96,738,000	96,738,000
Other comprehensive income		–						-48,883	-48,883
Transfer from / (to) debenture redemption reserve							98,747,396	-98,747,396	–
Balance at the end of the reporting period	–	–	–	–	–	–	98,747,396	290,725,376	389,472,772

The company has issued redeemable non convertible debentures. Accordingly, the companies (share capital and debenture) Rules, 2014(as amended), require the company to create DRR out of the profits of the company available for payment of dividend. DRR is required to be created for an amount which is equal to 25% of the value of the debentures issued.

NOTES FORMING PART OF ACCOUNTS (Contd.)

7 BORROWINGS

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	As at 31.03.2016 Current ₹	As at 31.03.2016 Non-current ₹	As at 31.03.2016 Total ₹	As at 01.04.2015 Current ₹	As at 01.04.2015 Non-current ₹	As at 01.04.2015 Total ₹
Secured borrowings									
a) Debentures	477,500,000	2,215,873,310	2,693,373,310	602,500,000	2,691,309,876	3,293,809,876	790,000,000	3,288,019,899	4,078,019,899
	477,500,000	2,215,873,310	2,693,373,310	602,500,000	2,691,309,876	3,293,809,876	790,000,000	3,288,019,899	4,078,019,899

8 OTHER FINANCIAL LIABILITIES

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	As at 31.03.2016 Current ₹	As at 31.03.2016 Non-current ₹	As at 31.03.2016 Total ₹	As at 01.04.2015 Current ₹	As at 01.04.2015 Non-current ₹	As at 01.04.2015 Total ₹
a) Deposits received	–	44,500	44,500	–	44,500	44,500	–	44,500	44,500
b) Interest accrued	569,633,736	–	569,633,736	363,047,857	–	363,047,857	73,473,952	–	73,473,952
	569,633,736	44,500	569,678,236	363,047,857	44,500	363,092,357	73,473,952	44,500	73,518,452

9 PROVISIONS

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	As at 31.03.2016 Current ₹	As at 31.03.2016 Non-current ₹	As at 31.03.2016 Total ₹	As at 01.04.2015 Current ₹	As at 01.04.2015 Non-current ₹	As at 01.04.2015 Total ₹
Provision for employee benefits	–	2,254,632	2,254,632	–	840,554	840,554	–	997,535	997,535
	–	2,254,632	2,254,632	–	840,554	840,554	–	997,535	997,535

10 OTHER LIABILITIES

Particulars	As at 31.03.2017 Current ₹	As at 31.03.2017 Non-current ₹	As at 31.03.2017 Total ₹	As at 31.03.2016 Current ₹	As at 31.03.2016 Non-current ₹	As at 31.03.2016 Total ₹	As at 01.04.2015 Current ₹	As at 01.04.2015 Non-current ₹	As at 01.04.2015 Total ₹
i) Company owned car scheme	–	–	–	–	–	–	–	–	–
ii) Other liabilities	19,350,554	–	19,350,554	21,070,815	–	21,070,815	11,227,207	–	11,227,207
iii) Statutory payables	1,614,993	–	1,614,993	192,415	–	192,415	1,137,402	–	1,137,402
	20,965,547	–	20,965,547	21,263,230	–	21,263,230	12,364,609	–	12,364,609

11 TRADE PAYABLES

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Acceptances			
Due to related parties	1,883,651	954,492	5,754,336
Due to others	3,437,878	1,190,476	50,441
	5,321,529	2,144,968	5,804,777

12 LIABILITIES FOR CURRENT TAX (NET)

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
Liabilities for current tax (net)	–	–	–
Less: Tax Deducted at Source / Advance tax paid	–	–	–
Income tax net of previous year provisions	78,104,784	78,104,784	78,104,784
	78,104,784	78,104,784	78,104,784

NOTES FORMING PART OF ACCOUNTS (Contd.)

F CONTINGENT LIABILITIES

The Company has a Contingent liability of ₹ Nil /- towards demand notice under section 156 of the Income Tax Act, 1961 pertaining to assessment year 2008-09 from the Income Tax Department.(previous year - ₹ 5,37,54,090/-)

G COMMITMENTS

Commitments as at March 31, 2017 ₹ Nil (previous year: ₹ Nil).

13 REVENUE FROM OPERATIONS

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Operating revenue:				
Finance income	349,147,682		367,566,977	
Operating revenue	131,337,570		110,820,276	
		480,485,252		478,387,253
		480,485,252		478,387,253

14 OTHER INCOME

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Interest income from:				
Bank deposits	6,005,914		5,156,887	
Inter-corporate deposits	–		23,344,454	
		6,005,914		28,501,341
Profit on sale of current investments		23,041,556		14,771,319
Fair valuation of current investment		35,665,784		22,086,457
Lease receivable		158,470		148,100
Insurance claim received		2,133,148		2,563,499
Others		–		3,880,899
		67,004,872		71,951,615

15 OPERATING EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Toll Management fees		9,931,102		9,846,266
Security services		2,690,725		2,043,901
Insurance		2,851,728		2,324,630
Concession fee		1		1
Repairs and maintenance				
Toll road & bridge	29,891,477		34,111,360	
Plant and machinery	5,662,411		7,166,123	
Others	9,933,946		8,370,346	
		45,487,834		49,647,829
Professional fees		7,938,281		7,548,120
Power and fuel		15,479,694		14,285,580
		84,379,365		85,696,327

NOTES FORMING PART OF ACCOUNTS (Contd.)

16 EMPLOYEE BENEFIT EXPENSES

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Salaries, wages and bonus		**4,613,312**		*4,554,003*
Contributions to Provident fund	**233,745**		*248,549*	
Gratuity fund	**64,544**		*165,523*	
Compensated absences	**791,269**		*140,897*	
Retention pay	**875,517**		–	
Others	**–**		–	
		1,965,075		*554,969*
Staff welfare expenses		**449,189**		*576,323*
		7,027,576		*5,685,295*

17 FINANCE COSTS

Particulars	**2016-17**	*2015-16*
	₹	₹
Interest on Non Convertible Debenture	**289,826,186**	*324,753,429*
Unwinding of discount and implicit interest expense on fair value	**2,063,434**	*5,789,978*
	291,889,620	*330,543,407*

18 ADMINISTRATION AND OTHER EXPENSES

Particulars	**2016-17**	*2015-16*
	₹	₹
Rent, Rates and taxes	**253,345**	*119,559*
Professional fees	**19,475,095**	*12,142,606*
Payment to auditor	**749,558**	*548,048*
Diretor sitting fees	**482,650**	*501,852*
Postage and communication	**962,618**	*902,561*
Printing and stationery	**188,478**	*100,417*
Travelling and conveyance	**2,307,451**	*2,213,158*
CSR expenses	**–**	*498,369*
Insurance Expenses	**3,435**	*7,483*
Repairs and Maintenance - Others	**1,145,439**	*533,084*
Loss on sale of Property Plant and Equipment	**20,449**	*1,622*
Miscellaneous expenses	**12,639,180**	*11,797,293*
	38,227,698	*29,366,052*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	**2016-17**	*2015-16*
	₹	₹
a) As auditor	**278,300**	*251,900*
b) For taxation matters	**63,250**	*80,150*
c) For other services	**408,008**	*215,998*
Total	**749,558**	*548,048*

NOTES FORMING PART OF ACCOUNTS (Contd.)

H) NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

L & T Interstate Road Corridor Ltd is a Special Purpose Vehicle (SPV) incorporated on 2nd February, 2006 The Company has been awarded a contract on Build Operate and Transfer (BOT) Annuity basis to widen the existing two-lane seventy six kilometer stretch from KM 601.000 to 677.000 of National Highway No. 27 (formerly known as Km 340.00 to Km 264.00 on Palanpur – Swaroopgunj Section of National Highway No.14) in the State of Gujarat and Rajasthan and operation and maintenance thereof, under the Concession Agreement dated 28th March, 2006 with National Highways Authority of India (NHAI). The Concession Agreement is for a period of 17.5 years from 24th September 2006, being the Commencement Date stated in clause 1.1 of the said agreement. At the end of Concession period, the entire facility will be transferred to NHAI.

2) During the year, the company has incurred ₹ 9,41,400/- (previous year: ₹ 14,23,294/-) towards maintenance of toll equipments. Interest expense in foreign currency during the year ₹ Nil (previous year: ₹ Nil /-)

3) Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

The Company’s provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 2,33,745 (previous year : ₹ 2,48,549) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 21) in the Statement of Profit and loss.

(ii) Defined benefit plans:

Gratuity:

a) The Company operates gratuity plan through LIC’s Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

Plan Features

Features of the defined benefit plan	**Remarks**
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applicable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	**Remarks**
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

Changes in Inter-Valuation Period:

There are no changes in the benefit scheme since the last valuation.

There are no special events such as benefits improvements or cutailments or settlements during the inter-valuation period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Major Risk to the Plan:

A. Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

Variability in availment rates: If actual availment rates are higher than assumed availment rate assumption then leave balances will be utilised earlier than expected. This will result in reduction in leave balances and obligations.

B. Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C. Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D. Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E. Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The amounts recognised in Balance Sheet are as follows:

	Gratuity plan		**Compensated absences**	
Particulars	**As at 31.03.2017**	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
- Wholly funded	**718,697**	–	**–**	–
- Wholly unfunded	**–**	*409,568*	**688,199**	*338,583*
	718,697	*409,568*	**688,199**	*338,583*
Less : Fair value of plan assets	**1,064,993**	–	**–**	–
Net Liability / (asset)	**(346,296)**	*409,568*	**688,199**	*338,583*

c) The amounts recognised in the Statement of Profit and loss are as follows:

	Gratuity plan		**Compensated absences**	
Particulars	**As at 31.03.2017**	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Current service cost	**73,049**	*94,910*	**60,595**	*67,024*
Interest on Defined benefit obligation	**(8,505)**	*36,110*	**24,620**	*38,506*
Net value of remeasurements on the obligation and plan assets			**447,966**	*35,367*
Past service cost and loss/(gain) on curtailments and settlement	**–**	*34,503*	**(91,634)**	–
Total Charge to Statement of Profit and Loss	**64,544**	*165,523*	**441,547**	*140,897*

NOTES FORMING PART OF ACCOUNTS (Contd.)

d) Effect of defined benefit plans on the amount , timing and uncertainity of entity's future cash flows

e) Other Comprehensive Income for the period

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:	–	–	–	–
From changes in demographic assumptions	–	–	–	–
From changes in financial assumptions	**31,896**	*38,541*	–	–
From changes in experience	**228,588**	*10,342*	–	–
Past service cost	–	–	–	–
Actuarial gain/(loss) not recognised in books	–	–	–	–
Return on plan assets excluding amounts included in interest income	**10,998**	–	–	–
Amounts recognized in Other Comprehensive Income	**271,482**	*48,883*	–	–

f) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**409,568**	*469,843*	**338,583**	*525,068*
Add: Current service cost	**73,049**	*94,910*	**60,595**	*67,024*
Add: Interest cost	**30,274**	*36,110*	**24,620**	*38,506*
Add: Contribution by plan participants				
i) Employer	–	–	–	–
ii) Employee	–	–	–	–
Add/(less): Actuarial losses/(gains)	**260,484**	*48,883*	**447,966**	*35,367*
Less: Benefits paid	**(54,678)**	*(274,681)*	**(91,931)**	*(327,382)*
Add: Past service cost	–	*34,503*	**(91,634)**	–
Closing balance of the present value of defined benefit obligation	**718,697**	*409,568*	**688,199**	*338,583*

g) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹	₹	₹	₹
Interest Income	**38,779**	–	–	–
Return on plan assets excluding amounts included in interest income	**(10,998)**	–	–	–
Contributions by employer	**1,037,212**	–	–	–
Benefits paid	–			
Closing value of plan assets	**1,064,993**	–	–	–

4) DISCLOSURE OF SEGMENT INFORMATION PURSUANT TO IND AS 108 "OPERATING SEGMENTS"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS (Contd.)

5) DISCLOSURE OF RELATED PARTIES / RELATED PARTY TRANSACTIONS PURSUANT TO IND AS 24 "RELATED PARTY DISCLOSURES"

a) List of related parties

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	L&T BPP Tollway Limited
	Ahmedabad Maliya Tollway Limited
	L&T Chennai Tada Tollway Limited
	PNG Tollway Limited
	L&T Halol Shamlaji Tollway Limited
	L&T Rajkot Wadinar Tollway Limited
	L&T Western India Tollbridge Limited
Key Managerial Personnel	Mr.Naveen Chandra Joshi & Mr. P V Murali Krishna

b) Disclosure of related party transactions:

Particulars	**2016-17** ₹	*2015-16* ₹
Nature of transaction		
1. Purchase of goods and services incl. taxes	**1,769,028**	*209,077*
Larsen & Toubro Limited	**27,525,766**	*20,321,202*
Fellow subsidiary :		
L&T General Insurance Company Limited	**–**	*2,104,485*
	29,294,794	*22,634,764*
2. Sale of assets		
L&T Infrastructure Development Projects Limited	**1**	*–*
Fellow subsidiaries :		
L&T Rajkot Vadinar Tollway Limited		*66,119*
	1	*66,119*
3. Purchase of assets		
Fellow subsidiaries :		
L&T BPP Tollway Limited	**51,005**	*2*
Ahmedabad Maliya Tollway Limited		*66,119*
L&T Rajkot Vadinar Tollway Limited		*4*
L&T Chennai Tada Tollway Limited	**579,943**	*–*
PNG Tollway Limited	**8,335**	*–*
L&T Halol Shamlaji Tollway Limited	**560,986**	*–*
	1,200,269	*66,125*
4. Redemption of Commercial Paper		
L&T Infrastructure Development Projects Limited	**–**	*451,937,208*
Fellow subsidiary :		
Krishnagiri Thopur Toll Road Limited	**–**	*200,996,318*
	–	*652,933,526*
5. Reimbursement of expenses charged to		
L&T Infrastructure Development Projects Limited		*230,107*
Fellow subsidiaries :		
L&T Rajkot Vadinar Tollway Limited	**1,000**	*252,503*
L&T BPP Tollway Limited	**–**	*2,035,895*
L&T Western India Tollbridge Ltd	**487,124**	*–*
	488,124	*2,518,505*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17 ₹	*2015-16* ₹
6. Reimbursement of expenses charged from		
L&T Infrastructure Development Projects Limited	–	*455*
Fellow subsidiaries :		
Ahmedabad Maliya Tollway Limited	**11,000**	–
L&T Chennai Tada Tollway Limited	**55,991**	–
	66,991	*455*
7. Key Managerial Personnel - Salary and Perquisites		
Manager: Mr. Naveen Chandra Joshi	**703,866**	
Manager: Mr. P V Murali Krishna (Resigned on August 21, 2015)		*628,808*
	703,866	*628,808*

c) Amount due to and due from related parties(net):

Particulars	Amounts due (to)/from As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Ultimate Holding Company		
Larsen & Toubro Limited	**1,247,717**	*183,780*
Holding Company		
L&T Infrastructure Development Projects Limited		*770,712*
Fellow Subsidiaries		
L&T Chennai - Tada Tollway Limited	**635,934**	–

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.

There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) Compensation of Key Management personnel of the group

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Short term employee benefits	**703,866**	*628,808*
Post employment gratuity and medical benefits		
Other long term benefits		
Termination benefits		
Share based payment transactions		

NOTES FORMING PART OF ACCOUNTS (Contd.)

6) DISCLOSURE PURSUANT TO IND AS 12 "INCOME TAXES"

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are:

Particulars	As at 31.03.2017 ₹	*As at 31.03.2016* ₹
Profit and loss section:		
Current tax :		
Current income tax charge	**26,883,131**	*2,309,787*
Effect of prior period adjustments		
Deferred tax :		
Relating to origination and reversal of temporary differences		
Effect on deferred tax balances due to change in income tax rate		
Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense		
Income tax reported in the statement of profit and loss	**26,883,131**	*2,309,787*
Current Tax & Deferred Tax - Equity		
Deferred Tax on Transition Adjustments	**12,409,090**	*–*
	39,292,221	*2,309,787*

7) DISCLOSURE PURSUANT TO IND AS 33 "EARNINGS PER SHARE"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		2016-17 ₹	*2015-16* ₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**86,673,644**	*96,738,000*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**57,160,000**	*57,160,000*
Basic earnings per equity share (₹)	A / B	**1.52**	*1.69*
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**86,673,644**	*96,738,000*
Add : Interest on convertibles (net of tax)	B		
Profit for the year attributable to owners of the Company for the calculating of diluted earnings per share (₹)	C = A+B	**86,673,644**	*96,738,000*
Weighted average number of equity shares outstanding for calculating basic earnings per share	D	**57,160,000**	*57,160,000*
Add : Shares deemed to be issued for no consideration in respect of :	E	**–**	*–*
Compulsorily convertible preference share capital	F		
Compulsorily convertible debentures	G		
Weighted average number of equity shares outstanding for calculating diluted earnings per share	H = D + E	**57,160,000**	*57,160,000*
Diluted earnings per equity share (₹)		**1.52**	*1.69*
Face value per equity share (₹)		**10.00**	*10.00*

8) DISCLOSURE PURSUANT TO IND AS 36 "IMPAIRMENT OF ASSETS"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

9) DISCLOSURES AS PER IND AS 37 - "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS "

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

NOTES FORMING PART OF ACCOUNTS (Contd.)

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per Concession agreement with NHAI the periodic maintenance is expected to occur after every 5 years. Such maintenance expenses shall be considered as and when actual maintenance is to be carried out.

During the current year the Company has provided ₹ nil/- for periodic major maintenance in respect of its resurfacing obligation , as per Schedule L Clause 4.3.7 of the Concession Agreement with NHAI.

c) **Contingent liabilities :**

The Company has a Contingent liability of ₹ Nil /- towards demand notice under section 156 of the Income Tax Act, 1961 pertaining to assessment year 2008-09 from the Income Tax Department.(previous year- ₹ 5,37,54,090/-)

10) DETAILS OF SPECIFIED BANK NOTES (SBN) HELD AND TRANSACTED DURING THE PERIOD 08 NOVEMBER 2016 TO 30 DECEMBER 2016

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016		71,396	71,396
(+) Permitted receipts	–	100,000	100,000
(-) Permitted payments		-156,260	-156,260
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	–	15,136	15,136

11) DISCLOSURE UNDER APPENDIX B TO IND AS 11

Description of the arrangement	Significant terms of the arrangement	
Construction, operation and maintenance of the project highway on Design, Build, Finance, operate and Transfer basis	Period of the Concession	The Concession Agreement is for a period of 17.5 years from 24th September 2006, being the Commencement Date stated in clause 1.1 of the said agreement.
	Conditions of Pricing	L & T Interstate Road Corridor Ltd is a Special Purpose Vehicle (SPV) incorporated on 2nd February, 2006 The Company has been awarded a contract on Build Operate and Transfer (BOT) Annuity basis to widen the existing two-lane seventy six kilometer stretch from KM 601.000 to 677.000 of National Highway No. 27 (formerly known as KM 340.00 to KM 264.00 on Palanpur – Swaroopgunj Section of National Highway No.14) in the State of Gujarat and Rajasthan and operation and maintenance thereof, under the Concession Agreement dated 28th March, 2006 with National Highways Authority of India (NHAI).
	Infrastructure return at the end of the concession period	Being BOT project , the project assets have to be transferred at the end of concession period
	Termination Options	Termination of the Concession Agreement can either be due to a) Force Majeure b) Non Political event c) Indirect political event d) Political event. On occurrence of any of the above events, the obligations, dispute resolution, termination payments etc are as detailed in the Concession Agreement.
	Classification of Service Arrangement	The service arrangement has been classified as a Service Concession Arrangement for a PPP project as per Appendix A to Ind AS 11- Construction Contracts; accordingly construction revenues and expenses are accounted during construction phase and intangible asset is recognised towards rights to charge the users of the system.

₹

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
Construction revenue	–	–
Profit	–	–

NOTES FORMING PART OF ACCOUNTS (Contd.)

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1) Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 12 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

Item	Measurement Basis
- Certain financial assets and liabilities	Fair Value
- Net defined benefit (asset) / liability	Fair Value

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2) Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as

NOTES FORMING PART OF ACCOUNTS (Contd.)

prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3) Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

b) Fair value gains on current investments carried at fair value are included in Other income.

c) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

   Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

   For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

   For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

   When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs."

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

4) Cash and Cash Equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5) Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6) Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as "Property, Plant and equipment" and is depreciated over the period of lease.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7) Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Financial statements of overseas non-integral operations are translated as under :

i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted

ii) Revenues and expenses at yearly average rates prevailing during the year

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

(b) recognised as income or expense in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items.

Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

8) Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

9) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

10) Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

11) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

12) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

13) Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

14) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired: (a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

15) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recogn sied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements.

16) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires. Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

17) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

18) Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

19) Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

20) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

21) First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)
By the hand of

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : April 24, 2017

For and on behalf of the Board

NIVEDITHA B.
Company Secretary
M. No. A40759

SHIVANGI KETRAPAUL
Chief Financial Officer

R.G. RAMACHANDRAN
Director
DIN:02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 24, 2017

BOARD REPORT

Dear Members,

The Directors are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS / FINANCIAL HIGHLIGHTS:

(₹ in Crore)

Particulars	**2016-17**	*2015-16*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**17.04**	*19.30*
Less: Depreciation, amortization and obsolescence	**2.86**	*2.84*
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**14.18**	*16.46*
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**14.18**	*16.46*
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**14.18**	*16.46*
Less: Provision for tax	**(12.92)**	*(2.32)*
Profit after tax from continuing operations	**27.10**	*18.78*
Profit for the period carried to the balance sheet	**27.10**	*18.78*
Add: Balance brought forward from previous year	**116.18**	*97.40*
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance available for disposal (which directors appropriate as follows)	**143.28**	*116.18*
Proposed dividend	**–**	–
General Reserve	**–**	–
Balance carried to Balance Sheet	**143.28**	*116.18*

STATE OF COMPANY AFFAIRS:

The gross revenue and other income for the financial year under review were ₹37.34 crore as against ₹39.78 crore for the previous financial year. The profit before tax from continuing operations including extraordinary and exceptional items was ₹14.18 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹27.10 crore for the financial year under review as against ₹16.52 crore and ₹18.78 respectively for the previous financial year.

CAPITAL & FINANCE

The Company has not raised funds through issue of securities or availability term loans of Non-Convertible Debentures or long term foreign currency loans.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹98.41 crore and the net fixed and intangible assets, including leased assets stood at ₹70.98 crore. Capital Expenditure during the year amounted to ₹0.15 crore.

DEPOSITS

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the notes to accounts of this Annual report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's – length.

All related party transactions (RPT) during the year have been approved in terms of the Act, adhere to the RPT Policy of its Holding Company and guidelines thereunder.

There are no material contracts or arrangements entered during the year and the disclosure as per Form AOC-2 is given to this Report in Annexure I.

AMOUNT TO BE CARRIED TO RESERVE

Appropriation of profits to any specific reserve is not applicable to the Company.

DIVIDEND

The Board of Directors of your company has not declared any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

Your Company had invoked Arbitration challenging termination of the project by Ministry of Road Transport and Highways (MORTH) and for settlement of long pending claims. While the first meeting of the Arbitral Tribunal was held on August 23, 2011 at New Delhi, the arbitral tribunal pronounced the Award on December 12, 2014 after a series of hearings wherein termination was unanimously declared as illegal and other disputes were also decided in favour of your company.

As apprehended, MoRTH has preferred an appeal under Section 34 of the Arbitration and Conciliation Act, 1996 before the High Court of Delhi and the same is pending for admission.

Pending Appeal of MORTH, in terms of the policy mooted by the NITI AAYOG, 75% of the total award amount will be paid against a bank guarantee. Process for execution of Escrow Agreement is on and upon execution of the same 75% award amount would be released.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

There were no foreign exchange earnings or outgo during the year.

RISK MANAGEMENT POLICY

The Company follows the risk management policy of its Holding Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEMS AND ITS ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" of the Auditors' report for the financial year 2016-17.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR

Mr.P.G.Suresh Kumar, Director who had retired by rotation at the Annual General Meeting held on September 29, 2016 being eligible was re-appointed as Director.

Mr.Karthikeyan.T.V resigned as Director of the Company on July 13, 2016.

The Board of Directors of the Company as on March 31, 2017 are as follows:

S. No.	Name	Designation	DIN
1	Mr.R.G.Ramachandran	Director	02671982
2	Mr.P.G.Suresh Kumar	Director	07124883
3	Mr.Mathew George	Director	07402208
4	Dr.Koshy Varghese	Independent Director	03141594
5	Mr.N.Raghavan	Independent Director	00251054

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Mr.Sreedhar Vasudevan resigned as Manager of the Company with effect from April 28, 2016.

Mr.K.V.Satishkumar was appointed as Manager of the Company with effect from October 21, 2016.

S. No.	Name	Designation	Date of Appointment
1	Mr.K.V.Satishkumar	Manager	October 21, 2016
2	Mr.K.Srinathan	Company Secretary	December 26, 1998
3	Mr.U.Poovarasan	Chief Financial Officer	October 28, 2014

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement. During the year under review five Meetings were held on the following dates.

Date	Board Strength	No. of Directors Present
April 28, 2016	5	5
July 13, 2016	5	3
October 21, 2016	5	4
January 18, 2017	5	5
March 20, 2017	5	4

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act comprising of Dr.Koshy Varghese, Mr.N.Raghavan and Mr.Mathew George as the members of the Committee.

The terms of reference of the Audit Committee are in line with the provisions of the Act read with the rules made thereunder.

Details of the meetings held during the year under review, are given below:

Date	Strength of the Committee	No. of members present
April 28, 2016	3	3
July 13, 2016	3	2
October 21, 2016	3	3
January 18, 2017	3	3
March 20, 2017	3	3

The Company has established a vigil mechanism framework for Directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Act and the Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted a Nomination and Remuneration Committee in accordance with the requirements of the Act comprising of Dr.Koshy Varghese, Mr.N.Raghavan and Mr.R.G.Ramachandran as the members of the Committee.

The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Act.

During the year under review two meetings were held and the details are given hereunder:

Date	Strength of the Committee	No. of members Present present
July 13, 2016	3	2
October 21, 2016	3	3

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of appointment of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

The Company has constituted a Corporate Social Responsibility Committee in accordance with the requirements of the Act read with the rules made thereunder comprising of Mr.N.Raghavan, Mr.P.G.Suresh Kumar and Mr.R.G.Ramachandran as the members of the committee.

The terms of reference of the Corporate Social Responsibility Committee are in line with the provisions of the Act.

During the year, one Corporate Social Responsibility committee meeting was held and the details are given below:

Date	Strength of the Committee	No. of members Present
January 18, 2017	3	3

The provisions pertaining to Corporate Social Responsibility (CSR) as prescribed under the Act are applicable to your Company and the details of CSR expenditure is enclosed to this Report as Annexure II.

DECLARATION OF INDEPENDENCE

The Company has received Declaration(s) of Independence as stipulated under Section 149(7) of the Act confirming that he is not disqualified from continuing as an Independent Director.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis; and;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees, Chairman and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all Directors in their individual capacity will be evaluated.

Due to non-availability of Independent Directors, the meeting of Independent Directors could not be held during the calendar year 2016.

The inputs given by all the Directors were discussed in the meeting of the Independent Directors held on March 20, 2017 in accordance with Schedule IV of the Act. The performance evaluation of the Board, Committees, Chairman and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

As the shares of the Company are not listed with any stock exchange hence, no information is being provided under Section 197 of the Act read with sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of the Company Secretaries of India on Board Meeting and Annual General Meeting.

PROTECTION OF WOMEN AT WORKPLACE

L&T IDPL, the Holding Company has formulated a policy on 'Protection of Women's Rights at Workplace' which was approved at its Board Meeting held on July 13, 2016 which has been adopted by the Company. The policy has been widely disseminated. There were no cases of sexual harassment during FY 2016-17.

AUDITORS

Statutory auditors

The Company in the 18th Annual General Meeting held on September 25, 2015 for the FY 2015-16 had appointed M/s. Sharp & Tannan., Chartered Accountants, (Firm Reg No: 003792S), as Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the 20th Annual General Meeting of the Company to be held during the year 2017.

The Auditors' report for the financial year 2016-17 is unqualified and there are no emphasis on matters. The Notes to the accounts referred to in the Auditors' report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Act.

EXTRACT OF ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report in Annexure III.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, Supply Chain Partners, Employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, and all the various stakeholders for their continued co-operation and support to the Company. Your Directors also wish to record their appreciation for the continued co-operation and support received from the Associates.

For and on behalf of the Board

Place : Chennai	**R. G. RAMACHANDRAN**	**P. G. SURESH KUMAR**
Date : April 27, 2017	*Director*	*Director*
	DIN: 02671982	*DIN: 07124883*

ANNEXURE I

FORM AOC-2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis: The Company has not entered into such transactions during the year.
2. Details of material contracts or arrangement or transactions at arm's length basis.

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions entered during the year.					

Date(s) of approval by the Board, if any – April 27, 2017

For and on behalf of the Board

Place : Chennai
Date : April 27, 2017

R. G. RAMACHANDRAN
Director
DIN: 02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

ANNEXURE II

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. **CORPORATE SOCIAL RESPONSIBILITY:**

   a. **Amount to be spent on CSR:**

   The CSR committee confirms that the implementation and monitoring of the CSR policy is in compliance with the CSR objectives and policy of the Company.

   As per the provisions of Section 135 of Companies Act, 2013, the amount of expenditure recommended by the CSR Committee was ₹49.87 Lakh towards specific CSR activities on various programs on enhancing the sustainable mode to ensure maximum benefit to the community out of which ₹24.82 Lakh during the FY 2016-17. The Company identified various agencies for CSR activities as approved by the CSR Committee.

   b. **Manner in which amount spent during the financial year:**

Sector in which the project is covered	Amount spent on the project / programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads
Promoting education*	2869634
Healthcare facilities	147475
Urban/Rural development	1688001

   * Road safety programmes, Empowerment of young women

For and on behalf of the Board

Place : Chennai
Date : April 27, 2017

R. G. RAMACHANDRAN
Director
DIN: 02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

ANNEXURE III

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN1997PLC039102
Registration Date	24/09/1997
Name of the Company	L&T Transportation Infrastructure Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited. * 4th Floor,'A' Wing, Trade World, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400013. (Phone: +91 22 49142700)

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on October 21, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 30, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

S. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and CIN/GLN of the Company	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding	73.76%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	41399994	6*	41400000	100	41399994	6*	41400000	100	–
e) Banks / FI									
f) Any Other									
Sub-total (A) (1):-	**41399994**	**6***	**41400000**	**100**	**41399994**	**6***	**41400000**	**100**	**–**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Phsical	Total	% of Total Shares	
(2) Foreign									
a) NRIs -Individuals									
b) Other –Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other									
Sub-total (A) (2):-	–	–	–	–	–	–	–	–	–
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	41399994	6*	41400000	100	41399994	6*	41400000	100	–
B. Public Shareholding									
1. Institutions									
a) MutualFunds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	41399994	6*	41400000	100	41399994	6*	41400000	100	–

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited	30536000	73.76%	0%	30536000	73.76%	0%	–
2	Larsen & Toubro Limited(with nominees)	10864000	26.24%	0%	10864000	26.24%	0%	–
	Total	**41400000**	**100%**	**0%**	**41400000**	**100%**	**0%**	**–**

(iii) Change in Promoters' Shareholding: NIL

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel: Nil

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹ crore)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
As on April 01, 2016				
i) Principal Amount	77.60	–	–	**77.60**
ii) Interest due but not paid	–	–	–	
iii) Interest accrued but not due	–	–	–	
Total (i+ii+iii)	**77.60**	**–**	**–**	**77.60**
Change in Indebtedness during the financial year				
Addition	–	–	–	
Reduction	18.73	–	–	**18.73**
Net Change	**-18.73**	**–**	**–**	**–18.73**
As on March 31, 2017				
i) Principal Amount	58.88	–	–	**58.88**
ii) Interest due but not paid	–	–	–	
iii) Interest accrued but not due	–	–	–	
Total (i+ii+iii)	**58.88**	**–**	**–**	**58.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

S. No.	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
		Manager: Satish Kumar K V	
1.	Gross salary	1450000	1450000
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission ₹		
	- as % of profit	–	–
	- others, specify…	–	–
5.	Others, please specify	–	–
	Total (A)	**1450000**	**1450000**
	Ceiling as per the Act	**8400000**	**8400000**

B. Remuneration to other directors:

(Amount in ₹)

S. No	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	**Mr. N. Raghavan**	**Dr. Koshy Varghese**	
	Fee for attending Board Meeting	1,25,000	1,00,000	2,25,000
	Fee for attending Committee Meeting	80,000	50,000	1,30,000
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**2,05,000**	**1,50,000**	**3,55,000**
2.	Other Non – Executive Directors			
	1. Mr. P. G. Suresh Kumar			
	2. Mr.R.G. Ramachandran			
	3. Mr.Mathew George			
	Fee for attending Board Meeting			
	Fee for attending			
	Committee Meeting			
	Commission			
	Others Please Specify			
	Total (2)			
	Total (B)=(1+2)	**2,05,000**	**1,50,000**	**3,55,000**
	Total Managerial Remuneration	**NA**		
	Overall Ceiling as per the Act	**Sitting fees not more than ₹1,00,000 per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr.U.Poovarasan, CFO and Mr. K.Srinathan, Company Secretary of the Company are employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

Place : Chennai
Date : April 27, 2017

R. G. RAMACHANDRAN
Director
DIN: 02671982

P. G. SURESH KUMAR
Director
DIN: 07124883

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T TRANSPORTATION INFRASTRUCTURE LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Transportation Infrastructure Limited** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flow and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements. Refer Note H 10 to the Ind AS financial statements;

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note H 15 to the Ind AS Financial Statements);

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: 27 April 2017

ANNEXURE 'A'TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure 'A' referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Transportation Infrastructure Limited on the Ind AS financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As informed to us, fixed assets have been physically verified by the management during the year and no discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us, the title deeds of all the immovable properties are held in the name of the Company.

(ii) The Company is engaged in the business of development, operation and maintenance of roads and does not have any inventory in its books of account. Accordingly, reporting on clause (ii) of the Order does not arise.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly reporting on clause (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to parties covered under Section 185 of the Companies Act, 2013. Accordingly, reporting under clause (iv) of the Order does not arise. Section 186 of the Companies Act, 2013 is not applicable to the company.

(v) According to the information and explanations given to us, the Company has not accepted any deposits from public. Accordingly, reporting under clause (v) of the Order does not arise.

(vi) The maintenance of cost records under Section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) is not applicable for the Company as it does not meet the threshold limit of turnover prescribed under Rule 3 of the Rules. Accordingly, reporting under clause (vi) of the Order does not arise.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company has been generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, service tax, value added tax, cess and other material statutory dues applicable to the Company with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, service tax, value added tax and other material statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax as at 31 March 2017 which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks during the year. The Company did not have any loans or borrowing from financial institutions or government or dues to debenture holders.

(ix) The Company has not taken any term loans or raised any money by way of initial public offer or further public offer (including debt instruments) during the year. Accordingly, reporting under clause (ix) of the Order does not arise.

(x) To the best of our knowledge and during the course of our examination of the books and records of the Company, and according to the information and explanations given to us, no instances of fraud by the Company, and no material instances of fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) According to the information and explanations given to us, the Company has paid or provided for, managerial remuneration during the year. However, requisite approvals mandated by the provisions of section 197 read with schedule V to the Companies Act, 2013 were not required since the total managerial remuneration paid or payable by the Company to its Manager in respect of financial year ended 31 March 2017 has not exceeded the limits computed in the manner laid down in section 198 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details disclosed in the Financial Statements, as required by the applicable Accounting Standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, reporting under clause (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) The Company is not engaged in the business of non-banking financial institution and is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934. Accordingly reporting under clause (xvi) of the Order does not arise.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: 27 April 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **L&T Transportation Infrastructure Limited** ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. Our audit is conducted in accordance with the Guidance Note on audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the ICAI and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles.

A Company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the Company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the Company are being made only in accordance with authorisations of management and directors of the Company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the Company's assets that could have a material effect on the Ind AS financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

P Rajesh Kumar
Partner
Membership No. 225366

Place: Chennai
Date: 27 April 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at 31.03.2017 ₹	*As at 31.03.2016 ₹*	*As at 01.04.2015 ₹*
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	**1,989,521**	*1,929,572*	*3,792,093*
b) Capital work-in-progress	2	**1,053,917**	–	–
c) Intangible assets	3	**707,820,021**	*736,052,412*	*762,357,797*
d) Financial Assets				
i) Loans	4	**343,070**	*343,070*	*341,480*
e) Deferred tax assets (net)		**33,223,167**	–	–
f) Other non-current assets	5	**302,762**	*318,593*	*336,253*
	A	**744,732,458**	*738,643,647*	*766,827,623*
Current assets				
a) Financial Assets				
i) Investments	6	**1,560,809,295**	*54,171,084*	*1,486,301,840*
ii) Trade receivables	7	**–**	–	–
iii) Cash and bank balances	8	**229,411,083**	*6,706,908*	*330,046,822*
iv) Loans	4	**–**	*1,769,587,182*	–
b) Other current assets	5	**7,527,856**	*398,989*	*1,132,431*
	B	**1,797,748,234**	*1,830,864,163*	*1,817,481,093*
TOTAL	A+B	**2,542,480,692**	*2,569,507,810*	*2,584,308,716*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	**414,000,000**	*414,000,000*	*414,000,000*
b) Other Equity	10	**1,432,845,775**	*1,161,849,320*	*974,039,562*
	C	**1,846,845,775**	*1,575,849,320*	*1,388,039,562*
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	**393,746,604**	*588,502,691*	*775,987,690*
b) Provisions	13	**69,436,334**	*50,642,899*	*32,924,120*
c) Deferred tax liabilities (net)		**–**	*126,654,814*	*188,276,191*
	D	**463,182,938**	*765,800,404*	*997,188,001*
Current liabilities				
a) Financial liabilities				
i) Trade payables	15	**28,873,534**	*31,478,858*	*12,217,901*
ii) Other financial liabilities	12	**196,193,800**	*188,693,800*	*166,058,800*
b) Other current liabilities	14	**3,723,635**	*2,065,463*	*17,902,481*
c) Provisions	13	**575,734**	*1,113,419*	*416,289*
d) Current tax liabilities (net)	16	**3,085,276**	*4,506,546*	*2,485,682*
	E	**232,451,979**	*227,858,086*	*199,081,153*
Total Equity and Liabilities	C+D+E	**2,542,480,692**	*2,569,507,810*	*2,584,308,716*
Contingent liabilities	F			
Commitments	G			
Other notes forming part of accounts	H			
Significant accounting policies	I			

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR
Partner
Membership No. 225366
Place : Chennai
Date : April 27, 2017

U. POOVARASAN
Chief Financial Officer

K.SRINATHAN
Company Secretary
M. No. A12711

R G RAMACHANDRAN
Director
DIN: 02671982

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED ON MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
REVENUE:					
Revenue from Operations	**17**		**250,814,395**		*257,759,240*
Other income	**18**		**122,607,155**		*140,056,477*
Total Revenue			**373,421,550**		**397,815,717**
EXPENSES					
Operating expenses	**19**		**86,647,032**		*71,795,456*
Employee benefit expenses	**20**		**11,093,353**		*11,993,589*
Finance costs	**21**		**74,760,429**		*95,683,868*
Depreciation and amortisation	**1 & 3**		**28,569,814**		*28,403,111*
Administration and other expenses	**22**		**30,646,743**		*24,751,622*
Total Expenses			**231,717,371**		**232,627,646**
Profit/(loss) before tax			**141,704,179**		*165,188,071*
Tax Expense:					
Current tax		**54,485,199**		*38,432,020*	
Deferred tax (incl MAT Credit Entitlement)		**(183,666,369)**		*(61,621,377)*	
			(129,181,170)		*(23,189,357)*
Profit after tax for the year			**270,885,349**		**188,377,428**
Other Comprehensive Income/ (expense)	**23**		**111,106**		**(567,670)**
i) Reclassifiable to profit or loss in subsequent periods			**–**		*–*
ii) Not reclassifiable to profit or loss in subsequent periods			**111,106**		*(567,670)*
Total Comprehensive Income for the year			**270,996,455**		**187,809,758**
Earnings per equity share (Basic and Diluted)	**H (8)**		**6.55**		*4.54*
Face value per equity share			**10.00**		*10.00*

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR	**U. POOVARASAN**	**K.SRINATHAN**	**R G RAMACHANDRAN**	**MATHEW GEORGE**
Partner	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No. 225366		*M. No. A12711*	*DIN: 02671982*	*DIN: 07402208*

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**142,062,086**	*164,466,381*
	Adjustment for		
	Depreciation and amortisation expense	**28,569,814**	*28,403,111*
	Interest expense	**74,572,429**	*95,683,868*
	Interest income	**(102,880,531)**	*(72,026,787)*
	(Profit)/loss on sale of current investments(net)	**(19,217,764)**	*(67,732,406)*
	(Profit)/loss on sale of fixed assets	**(12,991)**	*3,227*
	Operating profit before working capital changes	**123,093,043**	*148,797,394*
	Adjustments for:		
	Increase / (Decrease) in provisions	**14,006,674**	*15,738,086*
	Increase / (Decrease) in trade payables	**(2,605,324)**	*19,260,958*
	Increase / (Decrease) in other current liabilitites	**1,658,172**	*(15,702,018)*
	(Increase) / Decrease in other current assets	**(4,027,289)**	*731,852*
	Net cash generated from/(used in) operating activities	**132,125,276**	*168,826,272*
	Direct taxes paid (net of refunds)	**(32,349,051)**	*(36,239,476)*
	Net Cash(used in)/generated from Operating Activities	**99,776,225**	*132,586,796*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(1,451,298)**	*(242,932)*
	Sale of fixed assets	**13,000**	*4,499*
	(Purchase)/Sale of current investments	**(1,487,420,447)**	*1,499,863,162*
	Intercorporate deposits (placed)/refunded (net)	**1,765,000,000**	*(1,765,000,000)*
	Interest received	**107,467,713**	*67,439,605*
	Net cash (used in)/generated from investing activities	**383,608,968**	*(197,935,666)*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(187,268,529)**	*(165,000,000)*
	Interest paid	**(73,412,489)**	*(92,991,044)*
	Net cash (used in)/generated from financing activities	**(260,681,018)**	*(257,991,044)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**222,704,175**	*(323,339,914)*
	Cash and cash equivalents as at the beginning of the year	**6,706,908**	*330,046,822*
	Cash and cash equivalents as at the end of the year	**229,411,083**	*6,706,908*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR	**U. POOVARASAN**	**K.SRINATHAN**	**R G RAMACHANDRAN**	**MATHEW GEORGE**
Partner	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No. 225366		*M. No. A12711*	*DIN: 02671982*	*DIN: 07402208*

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

10 OTHER EQUITY AS ON 31.03.2017

Particulars	**Reserves & Surplus**		
	General Reserve	**Retained earnings**	**Total**
Balance at the beginning of the reporting period	2,029,771	1,159,819,549	**1,161,849,320**
Total comprehensive income	–	270,996,455	**270,996,455**
Balance at the end of the reporting period	**2,029,771**	**1,430,816,004**	**1,432,845,775**

OTHER EQUITY AS ON 31.03.2016

Particulars	**Reserves & Surplus**		
	General Reserve	**Retained earnings**	**Total**
Balance at the beginning of the reporting period	2,029,771	972,009,791	**974,039,562**
Total comprehensive income	–	187,809,758	**187,809,758**
Balance at the end of the reporting period	**2,029,771**	**1,159,819,549**	**1,161,849,320**

NOTES FORMING PART OF ACCOUNTS

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Land	607,315	–	–	607,315	–	–	–	–	607,315	607,315
Building	873,180	–	–	873,180	25,682	25,682	–	51,364	821,816	847,498
Plant and Equipment	1,747,010	–	–	1,747,010	1,729,143	1,953	–	1,731,096	15,914	17,867
Furniture and fixtures	18,043	52,956	2	70,997	6,154	59,086	–	65,240	5,757	11,889
Vehicles	114,959	–	–	114,959	114,957	–	–	114,957	2	2
Office equipment	58,920	66,451	4	125,367	13,191	43,000	–	56,191	69,176	45,729
Electrical installations	41,165	–	–	41,165	41,163	–	–	41,163	2	2
Air conditioning and Refrigeration	6	48,300	–	48,306	–	338	–	338	47,968	6
Computers, laptops and printers	565,155	229,674	9,377	785,452	165,891	207,364	9,374	363,881	421,571	399,264
Total	**4,025,753**	**397,381**	**9,383**	**4,413,751**	**2,096,181**	**337,423**	**9,374**	**2,424,230**	**1,989,521**	**1,929,572**
Previous year	*3,792,093*	*242,932*	*9,272*	*4,025,753*	*–*	*2,097,727*	*1,546*	*2,096,181*		

2 CAPITAL WORK-IN-PROGRESS

Particulars	Cost			
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017
Capital work in progress	–	1,053,917		1,053,917
Total	**–**	**1,053,917**	**–**	**1,053,917**
Previous year				

3 INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Toll collection rights	979,689,743	–	–	979,689,743	243,637,331	28,232,391	–	271,869,722	707,820,021	736,052,412
Total	**979,689,743**	**–**	**–**	**979,689,743**	**243,637,331**	**28,232,391**	**–**	**271,869,722**	**707,820,021**	**736,052,412**
Previous year	*979,689,743*	*–*	*–*	*979,689,743*	*217,331,946*	*26,305,385*	*–*	*243,637,331*		

(a) Capital commitments ₹ 2,41,500 (previous year - ₹ NIL)

NOTES FORMING PART OF ACCOUNTS (Contd.)

1 PROPERTY, PLANT AND EQUIPMENT

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Land	607,315	–	–	607,315	–	–	–	–	607,315	607,315
Building	873,180	–	–	873,180	–	25,682	–	25,682	847,498	873,180
Plant and Equipment	1,747,005	5	–	1,747,010	–	1,729,143	–	1,729,143	17,867	1,747,005
Furniture and fixtures	18,043	–	–	18,043	–	6,154	–	6,154	11,889	18,043
Vehicles	114,959	–	–	114,959	–	114,957	–	114,957	2	114,959
Office equipment	30,402	28,518	–	58,920	–	13,191	–	13,191	45,729	30,402
Electrical installations	41,165	–	–	41,165	–	41,163	–	41,163	2	41,165
Air conditioning and Refrigeration	6	–	–	6	–	–	–	–	6	6
Computers, laptops and printers	360,018	214,409	9,272	565,155	–	167,437	1,546	165,891	399,264	360,018
Total	**3,792,093**	**242,932**	**9,272**	**4,025,753**	**–**	**2,097,727**	**1,546**	**2,096,181**	**1,929,572**	**3,792,093**
Previous year				*3,792,093*				*–*		

3 INTANGIBLE ASSETS

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Disposals	As at March 31, 2016	As at April 01, 2015	For the year	Disposals	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	979,689,743	–	–	979,689,743	217,331,946	26,305,385	–	243,637,331	736,052,412	762,357,797
Total	**979,689,743**	**–**	**–**	**979,689,743**	**217,331,946**	**26,305,385**	**–**	**243,637,331**	**736,052,412**	**762,357,797**
Previous year	*979,689,743*			*979,689,743*				*217,331,946*		

Particulars	**March 31, 2017**			*March 31, 2016*			*April 01, 2015*		
	Current	**Non-current**	**Total**	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
4 LOANS									
a) Security deposits									
Unsecured, considered good	**–**	**343,070**	**343,070**	*–*	*343,070*	*343,070*	*–*	*341,480*	*341,480*
b) Loans to related parties									
Unsecured, considered good									
Inter-corporate deposit	**–**	**–**	**–**	*1,769,587,182*	*–*	*1,769,587,182*	*–*	*–*	*–*
	–	**343,070**	**343,070**	*1,769,587,182*	*343,070*	*1,769,930,252*	*–*	*341,480*	*341,480*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
5 OTHER NON-CURRENT AND CURRENT ASSETS									
Advances other than capital advances									
Receivable from NHAI	**7,170,797**	**–**	**7,170,797**	–	–	–	–	–	–
Advance recoverable other than in cash									
Prepaid expenses	**357,059**	**–**	**357,059**	*398,989*	–	*398,989*	*1,132,431*	–	*1,132,431*
Income tax net of previous year provisions	**–**	**302,762**	**302,762**	–	*318,593*	*318,593*	–	*336,253*	*336,253*
	7,527,856	**302,762**	**7,830,618**	*398,989*	*318,593*	*717,582*	*1,132,431*	*336,253*	*1,468,684*

Particulars	As at March 31, 2017 Current	*As at March 31, 2016 Current*	*As at April 1, 2015 Current*
	₹	₹	₹
6 INVESTMENTS			
Investments at fair value through Profit and loss			
Investments in mutual funds	**1,560,809,295**	*54,171,084*	*1,486,301,840*
	1,560,809,295	*54,171,084*	*1,486,301,840*
Aggregate book value of quoted investments	**1,560,037,078**	*52,992,160*	*1,470,160,347*
Aggregate market value of quoted investments	**1,560,809,295**	*54,171,084*	*1,486,301,840*
7 TRADE RECEIVABLES			
Unsecured, considered good			
From Related parties			
Debts outstanding for a period exceeding six months	**–**	–	–
Others			
From others			
Debts outstanding for a period exceeding six months	**9,447,000**	*9,447,000*	*9,447,000*
Others			
	9,447,000	*9,447,000*	*9,447,000*
Less: Allowance for credit losses	**9,447,000**	*9,447,000*	*9,447,000*
	–	–	–
8 CASH AND CASH EQUIVALENTS			
a) Balances with banks	**27,180,440**	*5,201,560*	*15,201,148*
b) Cash on hand	**2,181,328**	*1,505,348*	*1,486,389*
c) Fixed deposits with banks including interest accrued thereon	**200,049,315**	–	*313,359,285*
	229,411,083	*6,706,908*	*330,046,822*

Short term deposits are made for period of seven days earn interest at applicable rates of interest.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
9 SHARE CAPITAL						
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Equity shares of ₹ 10 each	**50,000,000**	**500,000,000**	*50,000,000*	*500,000,000*	*50,000,000*	*500,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*	*41,400,000*	*414,000,000*
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
At the beginning of the year	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*	*41,400,000*	*414,000,000*
Issued during the year as fully paid		**–**	–	–	–	–
Others	**–**	**–**	–	–	–	–
At the end of the year	**41,400,000**	**414,000,000**	*41,400,000*	*414,000,000*	*41,400,000*	*414,000,000*

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
L&T Infrastructure Development Projects Limited (including nominee holding)	**30,536,000**	**305,360,000**	*30,536,000*	*305,360,000*	*30,536,000*	*305,360,000*
Larsen and Toubro Limited (ultimate holding company)	**10,864,000**	**108,640,000**	*10,864,000*	*108,640,000*	*10,864,000*	*108,640,000*
	41,400,000	**414,000,000**	*41,400,000*	*414,000,000*	*41,400,000*	*414,000,000*
(vi) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited (including nominee holding)	**30,536,000**	**73.76%**	*30,536,000*	*73.76%*	*30,536,000*	*73.76%*
Larsen and Toubro Limited (including nominee holding)	**10,864,000**	**26.24%**	*10,864,000*	*26.24%*	*10,864,000*	*26.24%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
11 BORROWINGS									
Secured borrowings									
a) Term loans									
i) From banks	–	393,746,604	393,746,604	–	588,502,691	588,502,691	–	775,987,690	775,987,690
	–	393,746,604	393,746,604	–	588,502,691	588,502,691	–	775,987,690	775,987,690

Details of long term borrowings

Particulars	Effective interest rate	Terms of repayment
Term loans from banks	Base rate + applicable spread	Repayable in 162 monthly instalments from Oct 2006 to March 2020 at specified amounts

Nature of security for term loans/debentures

i) Mortgage of title deed of immovable property being flat located at Coimbatore

ii) Hypothecation of movable properties, assignment of project documents, insurance policies, investments, receivables and general assets

Presentation of Long term borrowings in the Balance Sheet is as follows:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Long term borrowings [Refer note]	393,746,604	588,502,691	775,987,690
Current maturities of long term borrowings [Refer note]	195,000,000	187,500,000	165,000,000

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
	₹	₹	₹	₹	₹	₹	₹	₹	₹
12 OTHER FINANCIAL LIABILITIES									
a) Deposits received	1,193,800	–	1,193,800	1,193,800	–	1,193,800	1,058,800	–	1,058,800
d) Current maturities of long term borrowings	195,000,000	–	195,000,000	187,500,000	–	187,500,000	165,000,000	–	165,000,000
	196,193,800	–	196,193,800	188,693,800	–	188,693,800	166,058,800	–	166,058,800
13 PROVISIONS									
Provision for employee benefits	575,734	1,825,752	2,401,486	1,113,419	3,381,396	4,494,815	416,289	3,140,440	3,556,729
Provisions for major maintenance reserve	–	67,610,582	67,610,582	–	47,261,503	47,261,503	–	29,783,680	29,783,680
	575,734	69,436,334	70,012,068	1,113,419	50,642,899	51,756,318	416,289	32,924,120	33,340,409

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
		Current	Non-current	Total	Current	Non-current	Total	Current	Non-current	Total
		₹	₹	₹	₹	₹	₹	₹	₹	₹
14	**OTHER CURRENT LIABILITIES**									
	i) Other liabilities	3,172,998	–	3,172,998	1,676,161	–	1,676,161	16,675,480	–	16,675,480
	ii) Statutory payables	550,637	–	550,637	389,302	–	389,302	1,227,001	–	1,227,001
		3,723,635	–	3,723,635	2,065,463	–	2,065,463	17,902,481	–	17,902,481

	Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
		₹	₹	₹
15	**TRADE PAYABLES**			
	Due to related parties	668,428	5,491,043	11,258,105
	Due to others	28,205,106	25,987,815	959,796
		28,873,534	31,478,858	12,217,901
16	**CURRENT TAX LIABILITIES (NET)**			
	Liabilities for current tax (net)	30,943,612	38,278,000	31,855,000
	Less: Tax Deducted at Source / Advance tax paid	(27,858,336)	(33,771,454)	(29,369,318)
		3,085,276	4,506,546	2,485,682

F CONTINGENT LIABILITIES

Contingent liabilities - Nil (previous year - NIL)

	Particulars	2016-17		2015-16	
		₹	₹	₹	₹
17	**REVENUE FROM OPERATIONS**				
	Operating revenue:				
	Toll Collections		249,601,829		256,957,918
	Other operating revenue:				
	License fee from wayside amenities & others		1,212,566		801,322
			250,814,395		257,759,240

*National Highway Authority of India

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17		*2015-16*	
		₹	₹	₹	₹
18	**OTHER INCOME**				
	Interest income from:				
	Bank deposits	**1,012,389**		*4,974,896*	
	Inter-corporate deposits	**101,868,142**		*67,051,891*	
			102,880,531		*72,026,787*
	Profit on sale of current investments		**19,217,764**		*67,732,406*
	Profit/(loss) on disposal of fixed assets		**12,991**		*(3,227)*
	Miscellaneous income		**495,869**		*300,511*
			122,607,155		*140,056,477*
19	**OPERATING EXPENSES**				
	Toll Management fees		**34,029,304**		*34,397,328*
	Security services		**16,500,419**		*14,426,762*
	Insurance		**807,120**		*652,701*
	Concession fee		**–**		*–*
	Repairs and maintenance				
	Toll road & bridge	**17,243,360**		*69,639*	
	Plant and machinery	**2,698,905**		*2,362,375*	
	Periodic major maintenance	**16,100,000**		*14,800,000*	
	Others	**1,458,622**		*3,131,536*	
			37,500,887		*20,363,550*
	Professional fees		**–**		*–*
	Power and fuel		**1,878,521**		*1,955,115*
	Claim for reimbursement of expenses		**(4,069,219)**		*–*
			86,647,032		*71,795,456*
20	**EMPLOYEE BENEFIT EXPENSES**				
	Salaries, wages and bonus		**9,006,161**		*9,233,244*
	Contributions to and provisions for:				
	Provident fund	**585,767**		*582,741*	
	Gratuity	**346,809**		*311,701*	
	Compensated absences	**92,302**		*493,699*	
	Retention pay	**(145,661)**		*145,661*	
	Others	**8,124**		*11,346*	
			887,341		*1,545,148*
	Staff welfare expenses		**1,199,851**		*1,215,197*
			11,093,353		*11,993,589*

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
21	**FINANCE COSTS**				
	Interest on borrowings		**73,374,532**		*92,954,482*
	Other borrowing cost (specify nature)		**225,957**		*36,562*
	Unwinding of discount and implicit interest expense on fair value		**4,261,518**		*2,692,824*
	Claim for reimbursement of expenses		**(3,101,578)**		-
			74,760,429		*95,683,868*
22	**ADMINISTRATION AND OTHER EXPENSES**				
	Rent, Rates and taxes		**13,189**		*14,592*
	Professional fees (Refer note (a) below)		**19,970,647**		*21,065,249*
	Postage and communication		**227,513**		*237,370*
	Printing and stationery		**407,701**		*368,002*
	Travelling and conveyance		**977,617**		*1,041,376*
	Corporate social responsibility expenses (Refer note (b) below)		**4,705,110**		*408,239*
	Repairs and Maintenance - Others		**171,136**		*743,794*
	Miscellaneous expenses		**4,173,830**		*873,000*
			30,646,743		*24,751,622*

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars	**2016-17** ₹	*2015-16* ₹
a) As auditor	**364,550**	*446,550*
b) For taxation matters	**103,500**	*196,654*
c) For company law matters	**–**	*13,740*
d) For other services	**69,000**	*109,577*
Total	**537,050**	*766,521*

(b) Details of Corporate social responsibility expenditure

(i) The amount required to be spent by the company on Corporate Social Responsibility (CSR) related activities during the year is ₹49,86,659 (previous year ₹48,84,092)

(ii) The details of amount recognized as expense in the Statement of Profit or Loss under Note 22 above on CSR related activites is follows

Particulars	₹ **Paid in cash**	₹ **Not paid in cash**	₹ **Total**
Amount spent during the year ending on 31st March, 2017:			
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than (i) above	4,271,319	433,791	4,705,110
	4,271,319	**433,791**	**4,705,110**
Amount spent during the year ending on 31st March, 2016:			
i) Construction/acquisition of any asset	–	–	–
ii) On purposes other than (i) above	408,239	–	408,239
	408,239	**–**	**408,239**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17		*2015-16*	
	₹	₹	₹	₹
23 OTHER COMPREHENSIVE INCOME/(EXPENSE)				
Reclassifiable to profit or loss in subsequent periods		**–**		–
Not reclassifiable to profit or loss in subsequent periods				
Re-estimation of provision for defined benefit plan	**169,907**		*(721,690)*	
Less: Tax on the adjustment	**(58,801)**		*154,020*	
		111,106		*(567,670)*
		111,106		*(567,670)*

H NOTES FORMING PART OF ACCOUNTS

1 Corporate Information

L&T Transportation Infrastructure Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District in the state of Tamil Nadu, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 3rd October 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The Company had completed construction of the Athupalam bridge on December 11, 1998 and the bypass on January 18, 2000. The concession period is 21 years for Athupalam bridge and 32 years for the bypass including the construction period.

2 The Company has not earned any income/incurred any expenditure in foreign currency during the year. (previous year: ₹ Nil)

3 Disclosure pursuant to Ind AS 19 “Employee benefits”:

(i) Defined contribution plan:

An amount of ₹5,85,767 (previous year : ₹5,82,741) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note M) in the Statement of Profit and loss.

(ii) Defined benefit plans: Gratuity Plan

a) Characteristics of its defined benefit plans and risks associated with them

i	Benefits offered	15/ 26 × Salary × Duration of Service
ii	Salary definition	Basic Salary including Dearness Allowance (if any)
iii	Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
iv	Vesting conditions	5 years of continuous service(Not applicable in case of death/disability)
v	Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
vi	Retirement age	58 Years

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹
A) Present value of defined benefit obligation		
- Wholly funded		–
- Wholly unfunded	**2,453,452**	*2,224,532*
	2,453,452	*2,224,532*
Less : Fair value of plan assets	**2,120,675**	–
Amount to be recognised as liability or (asset)	**332,777**	*2,224,532*
B) Amounts reflected in the Balance Sheet		
Liabilities	**332,777**	*2,224,532*
Assets	**–**	–
Net Liability / (asset)	**332,777**	*2,224,532*

NOTES FORMING PART OF ACCOUNTS (Contd.)

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
1 Current service cost	**181,438**	*168,388*
2 Interest on Defined benefit obligation	**165,371**	*143,313*
	346,809	*311,701*

d) Remeasurement recognized in other comprehensive income

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Components of actuarial gain/losses on obligations		
Due to change in financial assumptions	**138,642**	*110,018*
Due to change in demographic assumption	**–**	*65,258*
Due to experience adjustments	**(249,563)**	*546,414*
Return on plan assets excluding amounts included in interest income	**(58,986)**	*–*
	(169,907)	*721,690*

e) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Opening defined benefit obligation	**2,224,532**	*1,727,788*
Current service cost	**181,438**	*168,388*
Interest cost	**158,403**	*143,313*
Actuarial losses/(gains)		
Due to change in financial assumptions	**138,642**	*110,018*
Due to change in demographic assumption	**–**	*65,258*
Due to experience adjustments	**(249,563)**	*546,414*
Benefits paid	**–**	*(536,647)*
Closing balance of the present value of defined benefit obligation	**2,453,452**	*2,224,532*

f) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Opening balance of fair value of plan assets	**–**	*–*
Interest Income	**(6,968)**	*–*
Return on plan assets excluding amounts included interest income	**58,986**	*–*
Contribution by employer	**2,068,657**	*–*
Contribution by plan participants	**–**	*–*
Benefits paid	**–**	*–*
Closing balance of fair value of plan assets	**2,120,675**	*–*

NOTES FORMING PART OF ACCOUNTS (Contd.)

g) Principal actuarial assumptions at the Balance Sheet date:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹
1) Discount rate	**6.95%**	*7.75%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Attrition rate	**3% to 15% based on age band**	*3% to 15% based on age band*

h) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	**As at March 31, 2017**		**As at March 31, 2016**	
	Change	**Obligation**	**Change**	**Obligation**
i) Discount rate	+0.5%	2,365,298	+0.5%	2,150,134
	-0.5%	2,546,942	-0.5%	2,303,391
ii) Salary growth rate	+0.5%	2,547,348	+0.5%	2,304,013
	-0.5%	2,364,121	-0.5%	2,148,927
iii) Withdrawal rate varied by 10%	WR x 100%	2,333,551	NIL	NIL
	WR x 90%	2,333,551	NIL	NIL

i) The major categories of plan assets of the fair value of the total plan assets are as follows :

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Managed by the insurer	**2,120,675**	–	–
Total	**2,120,675**	–	–

4 Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5 Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

6 Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company :	Larsen & Toubro Limited
Holding Company :	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries :	L&T Krishnagiri Walajahpet Tollway Limited
	L&T BPP Tollway Limited
	L&T Chennai – Tada Tollway Limited
	Vadodara Bharuch Tollway Limited
	L&T Samakhiali Gandhidham Tollway Ltd
	L&T Deccan Tollways Limited
	L&T General Insurance Company Limited
Key Managerial personnel	Sathish Kumar K.V (w.e.f 28th April 2016) - Manager
	Koshy Varghese - Independent Director
	N Raghavan - Independent Director

NOTES FORMING PART OF ACCOUNTS (Contd.)

	Particulars	2016-17	2015-16
		₹	₹
b)	**Disclosure of related party transactions:**		
	Nature of transaction		
	Holding company		
	L&T Infrastructure Development Projects Limited		
	• Intercorporate deposits placed	**1,750,000,000**	*1,750,000,000*
	• Intercorporate deposits refunded	**1,750,000,000**	*1,750,000,000*
	• Interest received on Intercorporate deposit	**100,791,101**	*64,544,339*
	• Purchase of goods and services	**15,356,117**	*14,093,336*
	• Refundable deposit received for directors' nomination	**100,000**	*200,000*
	• Refundable deposit refunded for directors' nomination	**100,000**	*400,000*
	• Reimbursement of expenses to	**2,722,603**	*33,902*
	• Reimbursement of expenses from	**–**	*261,454*
	Ultimate Holding Company		
	Larsen & Toubro Limited		
	• Purchase of goods and services	**1,242,601**	*2,335,477*
	• Reimbursement of expenses	**644,134**	*1,073,281*
c)	**Fellow Subsidiaries**		
	L&T Krishnagiri Walajahpet Tollway Limited		
	• Intercorporate deposits placed/(refunded)	**(15,000,000)**	*15,000,000*
	• Interest received on Intercorporate deposit	**1,077,041**	*454,426*
	L&T BPP Tollway Limited		
	• Intercorporate deposits placed	**–**	*67,200,000*
	• Intercorporate deposits refunded	**–**	*67,200,000*
	• Interest received on Intercorporate deposit	**–**	*393,139*
	• Reimbursement of expenses from	**–**	*40,578*
	L&T Chennai – Tada Tollway Limited		
	• Purchase of Asset	**8,968**	*5*
	• Reimbursement of expenses from	**–**	*7,347*
	L&T Vadodara Bharuch Tollway Limited		
	• Intercorporate deposits placed	**–**	*50,000,000*
	• Intercorporate deposits refunded	**–**	*50,000,000*
	• Interest received on Intercorporate deposit	**–**	*1,659,986*
	• Reimbursement of expenses from	**–**	*15,081*
	L&T Samakhiali Gandhidham Tollway Ltd		
	• Purchase of Asset	**1**	*–*
	L&T Deccan Tollways Limited		
	• Reimbursement of expenses to	**35,500**	*–*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17	*2015-16*
	₹	₹
L&T General Insurance Company Limited		
• Insurance premium paid	**–**	*659,453*
Key management personnel		
Payment of Salaries / Perquisites		
• Sathish Kumar K.V (w.e.f 28th April 2016)	**1,342,740**	–
• Sreedhar Vasudevan	**–**	*1,536,000*
Payment of Sitting Fee (excl. Service Tax)		
• Koshy Varghese	**150,000**	*160,000*
• N Raghavan	**205,000**	*135,000*

d) **Amount due to and due from related parties(net):**

Particulars	Amounts due (to)/from	
	As at March 31, 2017	*As at March 31, 2016*
Holding Company		
L&T Infrastructure Development Projects Limited	(227,314)	1,749,956,706
Ultimate Holding Company		
Larsen & Toubro Limited	(441,074)	(1,269,550)
Fellow Subsidiaries	–	–
L&T Chennai – Tada Tollway Limited	(8,968)	15,408,983

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

7 **Disclosure pursuant to Ind AS 12 - “Income taxes”**

The major components of income tax expense for years ended 31 March 2017 and 31 March 2016 are :

Particulars	As at March 31, 2017	*As at March 31, 2016*
	₹	₹
Current income Tax :		
Current income tax charge	**54,544,000**	*38,278,000*
Adjustments of current tax of previous year	**–**	–
Deferred Tax		
Relating to origination and reversal of temporary differences	**(15,826,246)**	*1,188,623*
Relating to rate change or imposition of new taxes	**(29,440,123)**	–
MAT Credit entitlement	**(138,400,000)**	*(62,810,000)*
Income tax reported in the statement of profit and loss	**(129,122,369)**	*(23,343,377)*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for 31 March 2017 and 31 March 2016:

Particulars	As at March 31, 2017	As at March 31, 2016
	₹	₹
Accounting profit before tax from continuing operations	**141,704,179**	*164,466,381*
At India's Statutory income tax rate of 34.608% (31 March 2016 - 34.608%)	**49,040,982**	*56,918,525*
Change in profits on account of translational adjustments	–	*5,141,154*
Deductions under chapter VI of Income Tax Act	–	*(43,818,871)*
MAT credit entitlement	–	*16,901,580*
Other non deductible expenses	**5,503,017**	*3,135,611*
Tax as per Statement of Profit and Loss	**54,544,000**	*38,278,000*

Deferred Tax

Major components of Deferred tax liabilities and assets

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
	₹	₹	₹
Property, plant and equipment	**(145,938,013)**	*(194,174,998)*	*(193,953,750)*
Provisions - Major maintenance	**(1,784,163)**	*(3,092,397)*	*(3,050,114)*
Investments at fair value through profit or loss	**(267,249)**	*(408,002)*	*(5,586,248)*
Borrowings	**(4,985)**	*(10,289)*	*(15,481)*
Provisions - employee benefits	**526,547**	*1,170,234*	*1,086,843*
Provision for doubtful trade receivables	**3,269,418**	*3,269,418*	*3,269,418*
MAT Credit Entitlement	**177,421,612**	*62,810,000*	-
Net Deferred Tax Assets/ (Liabilities)	**33,223,167**	*(130,436,034)*	*(198,249,331)*

8 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		As at March 31, 2017	As at March 31, 2016
		₹	₹
Basic and Diluted			
Profit after tax as per accounts (₹)	A	**270,885,349**	*188,377,428*
Weighted average number of shares outstanding	B	**41,400,000**	*41,400,000*
Basic and Diluted EPS (₹)	A / B	**6.54**	*4.55*
Face value per equity share (₹)		**10.00**	*10.00*

9 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

10 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (MoRTH) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5-7 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

The company expects to incur the expenditure during the year 2018-19

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Movement in provisions:

Particulars	Major maintenance provision	
	As at March 31, 2017	*As at March 31, 2016*
Opening balance	47,261,503	29,783,680
Additional provision	16,100,000	14,800,000
Unwinding of discount and changes in discount rate	4,249,079	2,677,823
Total (Closing balance)	67,610,582	47,261,503

c) Contingent liabilities :

Contingent liabilities as at March 31, 2017 ₹ Nil (previous year: ₹ Nil)

d Contingent assets :

Arbitration with MoRTH

During the year 2009-10, the Company had received a termination notice from the Ministry of Road Transport and Highways, Government of India, (MoRTH). The Company moved the honourable High Court, New Delhi, against the notice served and the court vide its order dated January 21, 2010, directed that status-quo be maintained till the Steering Group constituted under the Concession Agreement decides on the dispute.

Subsequent to the Steering Group's meeting, the Company invoked arbitration and pending arbitration filed a petition with the High Court of Delhi, seeking interim injunction and restraining MoRTH, from taking possession of the Project and to permit the Company to collect Toll. The High Court in its order dated March 26, 2010, restrained MoRTH from taking over the possession of the project except through the due process of courts and law thereby allowing the Company to continue to collect Toll.

Arbitral Tribunal has been constituted as per the terms of the Concession Agreement. Pleadings and arguments by both parties concluded on November 30, 2013 following which written submissions have been filed with the Arbitral Tribunal. Arbitral Tribunal has pronounced the Award on December 12, 2014 in favour of the Company stating that the termination of Concession by MORTH is illegal, unwarranted and violative of stipulations in the Concession Agreement. The Tribunal also awarded, inter alia, compensation to be paid to the Company for loss of revenue at Athupalam Bridge and suitable extension of the concession period.

MoRTH has challenged the award on March 12, 2015 seeking stay of the aforesaid Tribunal award and the case has been moved to Commercial Appelliate Court of the Delhi High Court during the year. The matter was heard and was transferred to the division of Court set up for hearing cases filed under section 34 of the Arbitration and Conciliation Act 1996. The case was due for hearing on February 21, 2017 and was adjourned till May 18, 2017.

11 Disclosure as per Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise the shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

12 First time adoption of Ind AS

These financial statements, for the year ended 31 March 2016, are the first the Company has prepared in accordance with Ind AS. For periods up to and including the year ended 31 March 2015, the Company prepared its financial statements in accordance with accounting standards notified under section 133 of the Companies Act 2013, read together with paragraph 7 of the Companies (Accounts) Rules, 2014 (Indian GAAP).

Accordingly, the Company has prepared financial statements which comply with Ind AS applicable for periods ending on 31 March 2016, together with the comparative period data as at and for the year ended 31 March 2015, as described in the summary of significant accounting policies. In preparing these financial statements, the Company's opening balance sheet was prepared as at 1 April 2014, the Company's date of transition to Ind AS. This note explains the principal adjustments made by the Company in restating its Indian GAAP financial statements, including the balance sheet as at 1 April 2014 and the financial statements as at and for the year ended 31 March 2015.

NOTES FORMING PART OF ACCOUNTS (Contd.)

RECONCILIATION OF EQUITY AS AT 1ST APRIL 2015

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	3,792,093	–	3,792,093
b) Capital work-in-progress	2	–	–	–
c) Intangible assets	3	762,357,797	–	762,357,797
d) Financial Assets				
i) Loans	5	341,480	–	341,480
e) Deferred tax assets (net)		–	–	–
f) Other non-current assets	6	336,253	–	336,253
	A	766,827,623	–	766,827,623
Current assets				
a) Inventories				
a) Financial Assets				
i) Investments	7	1,470,160,347	16,141,493	1,486,301,840
iii) Cash and bank balances	9	330,046,822	–	330,046,822
iv) Loans	5	–	–	–
b) Other current assets	6	1,132,431	–	1,132,431
	B	1,801,339,600	16,141,493	1,817,481,093
Total Assets	**A+B**	**2,568,167,223**	**16,141,493**	**2,584,308,716**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	10	414,000,000	–	414,000,000
b) Other Equity	11	949,040,018	24,999,544	974,039,562
	C	1,363,040,018	24,999,544	1,388,039,562
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	12	776,032,421	(44,731)	775,987,690
b) Provisions	14	41,737,440	(8,813,320)	32,924,120
c) Deferred tax liabilities (net)		188,276,191	–	188,276,191
	D	1,006,046,052	(8,858,051)	997,188,001
Current liabilities				
a) Financial liabilities				
i) Borrowings	12	–	–	–
i) Trade payables	16	12,217,901	–	12,217,901
ii) Other financial liabilities	13	166,058,800	–	166,058,800
b) Other current liabilities	15	17,902,481	–	17,902,481
c) Provisions	14	416,289	–	416,289
d) Current tax liabilities (net)	17	2,485,682	–	2,485,682
	E	199,081,153	–	199,081,153
Total Equity and Liabilities	**C+D+E**	**2,568,167,223**	**16,141,493**	**2,584,308,716**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

RECONCILIATION OF EQUITY AS AT 31ST MARCH 2016

Particulars	Note No.	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
Non-current assets				
a) Property, Plant and Equipment	1	1,929,572	–	1,929,572
b) Capital work-in-progress	2	-	–	–
c) Intangible assets	3	736,052,412	–	736,052,412
d) Financial Assets				
i) Loans	4	343,070	–	343,070
e) Deferred tax assets (net)		-	–	–
f) Other non-current assets	5	318,593	–	318,593
	A	738,643,647	–	738,643,647
Current assets				
a) Financial Assets				
i) Investments	6	52,992,160	1,178,924	54,171,084
ii) Trade receivables	7	-	–	–
iii) Cash and bank balances	8	6,706,908	–	6,706,908
iv) Loans	4	1,769,587,182	–	1,769,587,182
b) Other current assets	5	398,989	–	398,989
	B	1,829,685,239	1,178,924	1,830,864,163
Total Assets	**A+B**	**2,568,328,886**	**1,178,924**	**2,569,507,810**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	9	414,000,000	–	414,000,000
b) Other Equity	10	1,151,137,500	10,711,820	1,161,849,320
	C	1,565,137,500	10,711,820	1,575,849,320
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	11	588,532,421	(29,730)	588,502,691
b) Provisions	13	59,578,395	(8,935,496)	50,642,899
c) Deferred tax liabilities (net)		126,654,814	–	126,654,814
	D	774,765,630	(8,965,226)	765,800,404
Current liabilities				
a) Financial liabilities				
i) Trade payables	15	4,491,048	–	4,491,048
ii) Other financial liabilities	12	188,693,800	–	188,693,800
b) Other current liabilities	14	29,133,655	–	29,133,655
c) Provisions	13	1,033,037	–	1,033,037
d) Current tax liabilities (net)	16	4,506,546	–	4,506,546
	E	227,858,086	–	227,858,086
Total Equity and Liabilities	**C+D+E**	**2,567,761,216**	**1,746,594**	**2,569,507,810**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

RECONCILIATION OF PROFIT AND LOSS AS AT 31ST MARCH, 2016

Particulars	**Note No.**	**Indian GAAP*** ₹	**Adjustments** ₹	**Ind AS** ₹
REVENUE				
Revenue from operations	**17**	257,759,240	–	257,759,240
Other income	**18**	155,019,046	(14,962,569)	140,056,477
Total income		**412,778,286**	**(14,962,569)**	**397,815,717**
EXPENSES				
Cost of materials consumed		–		
Operating expenses	**19**	74,595,456	(2,800,000)	71,795,456
Employee benefits expense	**20**	12,561,259	(567,670)	11,993,589
Finance costs	**21**	92,991,044	2,692,824	95,683,868
Depreciation, amortisation and obsolescence		28,403,111	–	28,403,111
Administration and other expenses	**22**	24,751,622	–	24,751,622
Total expenses		**233,302,492**	**(674,846)**	**232,627,646**
Profit/(loss) before tax		**179,475,794**	**(14,287,723)**	**165,188,071**
Tax Expense:				
Current tax		38,432,020	–	38,432,020
MAT credit entitlement		–		-
Deferred tax		(61,621,377)	–	(61,621,377)
		(23,189,357)	**–**	**(23,189,357)**
Profit/(loss) for the year		**202,665,151**	**(14,287,723)**	**188,377,428**
Other comprehensive income:		**–**	**(567,670)**	**(567,670)**
i) Items that will not be reclassified to profit or loss (net of tax)		–	(567,670)	(567,670)
Total comprehensive income for the year		**202,665,151**	**(14,855,393)**	**187,809,758**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

Earnings per equity share (basic and diluted) (₹)	4.90
Face value per equity share (₹)	10.00

13 Transition adjustments

The following is a brief summary of the GAAP adjustments made by the Company on account of transition to IndAS from the previous GAAP.

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 44,731 with an effect of the same amount (₹ 44,731) to retained earnings.

(ii) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹ 88,13,320. Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹ 88,13,320.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(iii) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 1,61,41,493 with a corresponding increase in the reserves.

14 Disclosure pursuant to Ind AS 17 - " Leases"

The Company has not acquired any assets either under Finance lease or under Operating lease. Hence disclosures pertaining to Ind AS 17 "Leases" are not applicable.

15 Details of Specified Business Notes held and transacted during the period 08/11/2016 to 30/12/2016 provided in the table below:

Particulars	**SBNs**	**Other Denomination notes**	**Total**
Closisng Cash in hand as on 08/11/2016	578,500	273,581	852,081
(+) Permitted receipts	551,000	10,401,003	10,952,003
(-) Permitted payments	–	2,942,049	2,942,049
(-) Amount deposited in Banks	1,129,500	6,554,917	7,684,417
Closing cash in hand as on 30/12/2016	**–**	**1,177,618**	**1,177,618**

The amount disclosed as 'permitted receipts' in other than SBNs denote the net income to the company from toll collection through cash mode. Irrespective of the denomination in which the amount is received and amount which was returned as change to the users, the amount disclosed will contain only the net amount accounted by the company as toll collected through cash.

16 Claim for reimbursement of expenses represents the amount of claim raised with NHAI vide Clause 16.6.3 of the Concession agreement with MoRTH for reimbursement of the expenses incurred during the suspension of tolling, on account of demonetization of currencies, during the period 9th Nov 2016 to 2nd Dec 2016. The claim has been placed in accordance with the Ministry directive dated 29 Nov 2016 for reimbursement of expenses incurred during the suspension period.

17 Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	**Note no.**	**As at March 31, 2017**			*As at March 31, 2016*			*As at April 01, 2015*		
		FVTPL	**FVTOCI**	**Amortized cost**	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	5	–	–	343,070	–	–	343,070	–	–	341,480
Investments	6	1,560,809,295	–		54,171,084	–	–	1,486,301,840	–	–
Trade receivables	7	–	–	–	–	–	–	–	–	–
Cash and cash equivalents	8	–	–	229,411,083	–	–	6,706,908	–	–	330,046,822
Other Current Financial Asset	4	–	–	7,170,797	–	–	1,769,587,182	–	–	–
Total Financial Asset		1,560,809,295	–	236,924,950	54,171,084	–	1,776,637,160	1,486,301,840	-	330,388,302
Financial liability										
Term Loan from Banks	11	–	–	393,746,604	–	–	588,502,691	–	–	775,987,690
Revenue Share Payable to GSRDC (Including Interest)	12	–	–	–	–	–	–	–	–	
Other Current Financial Liabilities	12	–	–	196,193,800	–	–	188,693,800	–	–	166,058,800
Trade Payables	15	–	–	28,873,534	–	–	31,478,858	–	–	12,217,901
Total Financial Liabilities		–	–	618,813,938	–	–	808,675,349	–	–	954,264,391

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

18 Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
		Carrying amount	Fair value	Carrying amount	Fair value	Carrying amount	Fair value
Financial Assets							
Security Deposits	5	343,070	343,070	343,070	343,070	341,480	341,480
Cash and cash equivalents	8	229,411,083	229,411,083	6,706,908	6,706,908	330,046,822	330,046,822
Other Current Financial Asset	4	7,170,797	7,170,797	1,769,587,182	1,769,587,182	–	–
Total Financial Assets		236,924,950	236,924,950	1,776,637,160	1,776,637,160	330,388,302	330,388,302
Financial liability							
Term Loan from Banks	11	393,746,604	393,746,604	588,502,691	588,502,691	775,987,690	775,987,690
Other Current Financial Liabilities	12	196,193,800	196,193,800	188,693,800	188,693,800	166,058,800	166,058,800
Total Financial Liabilities		589,940,404	589,940,404	777,196,491	777,196,491	942,046,490	942,046,490

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan approximate fair value as the instruments are at prevailing market rate.

19 Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	1,560,809,295	–	–	1,560,809,295
Total of Financial Assets		**1,560,809,295**	**–**	**–**	**1,560,809,295**
Financial Liabilities measured at FVTPL		**–**	**–**	**–**	**–**
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
Financial Assets					
Security Deposits	5	–	–	343,070	343,070
Total of Financial Assets		**–**	**–**	**343,070**	**343,070**
Financial Liabilities					
Term Loan from Banks	11	–	393,746,604	–	393,746,604
Other Current Financial Liabilities	12	–	196,193,800	–	196,193,800
Total Financial liabilties		**–**	**589,940,404**	**–**	**589,940,404**

NOTES FORMING PART OF ACCOUNTS (Contd.)

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
As at March 31, 2016					
Financial Asset & Liabilites Measured at FV - Recurring FVM					
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	54,171,084	–	–	54,171,084
Total of Financial Assets		**54,171,084**	**–**	**–**	**54,171,084**
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
Financial Assets					
Security Deposits	5	–	–	343,070	343,070
Total Financial Assets		**–**	**–**	**343,070**	**343,070**
Financial Liabilities					
Term Loan from Banks	11	–	588,502,691	–	588,502,691
Other Current Financial Liabilities	12	–	187,500,000	1,193,800	188,693,800
Total Financial Liabilities		**–**	**776,002,691**	**1,193,800**	**777,196,491**
As at April 01, 2015					
Financial Asset & Liabilites Measured at FV - Recurring FVM					
Financial asset measured at FVTPL					
Investments in Mutual Funds	6	1,486,301,840	–	–	1,486,301,840
Total of Financial Assets		1,486,301,840	–	–	1,486,301,840
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed					
Financial Assets					
Security Deposits	5	–	–	341,480	341,480
Total of Financial Assets		–	–	341,480	341,480
Financial Liabilities					
Term Loan from Banks	11	–	775,987,690	–	775,987,690
Other Current Financial Liabilities	12	–	165,000,000	1,058,800	166,058,800
Total of Financial Liabilities		–	940,987,690	1,058,800	942,046,490

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Effective rate of borrowing
Other Current Financial Liabilities	Income	Effective rate of borrowing

20 Asset pledged as security

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Financial Asset				
Property, Plant & Equipment	1	**1,989,521**	*1,929,572*	*3,792,093*
Capital work-in-progress	2	**1,053,917**	–	–
Financial Asset				
Investments	6	**1,560,809,295**	*54,171,084*	*1,486,301,840*
Trade receivables	8	**229,411,083**	*6,706,908*	*330,046,822*
Other Financial Asset	4	**–**	*1,769,587,182*	–
TOTAL		**1,793,263,816**	*1,832,394,746*	*1,820,140,755*

21 Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

A) Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing or no material payables in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates. The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate, which is an inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	*31.03.2016*	*01.04.2015*
Senior Debt from Banks - Variable rate borrowings	**588,746,604**	*776,002,691*	*940,987,690*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by 25 basis points	**1,705,937**	*2,146,238*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	**Note No.**	**31.03.2017**	*31.03.2016*	*01.04.2015*
Investments in Mutual Funds		**1,560,809,295**	*54,171,084*	*1,486,301,840*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 1%	**15,608,093**	*541,711*

Note - In case of decrease in NAV profit will reduce and vice versa.

B) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets

The company is exposed to liquidity risk due to bank borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	**Carrying Amount**	**upto 1 year**	**1 - 2 years**	**2 - 5 years**	**> 5 years**
Non Derivative Financial Liability					
Senior Debt from Banks	588,746,604	195,000,000	195,000,000	198,746,604	–
Trade Payables	2,140,396	2,140,396			
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at March 31, 2016					
Non Derivative Financial Liability					
Senior Debt from Banks	776,002,691	187,500,000	195,000,000	393,502,691	–
Trade Payables	4,491,048	4,491,048			
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL
As at April 01, 2015	Carrying Amount	upto 1 year	1 – 2 years	2 – 5 years	> 5 years
Non Derivative Financial Liability					
Senior Debt from Banks	940,987,690	165,000,000	187,500,000	588,487,690	
Trade Payables	12,217,901	12,217,901			
Derivative Financial Liability	NIL	NIL	NIL	NIL	NIL

NOTES FORMING PART OF ACCOUNTS (Contd.)

C) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll - plazas. Hence, the management believes that the company is not exposed to any credit risk.

22 Disclosure pursuant to Appendinx - A to Ind AS 11 - " Service Concession Arrangements"

22.1 Description and classification of the arrangment

L&T Transportation Infrastructure Limited is a Special Purpose Vehicle (SPV) incorporated for the purpose of the construction of a bypass and a bridge over the River Noyyal (known as Athupalam bridge) in Coimbatore District in the state of Tamil Nadu, under Build, Operate and Transfer (BOT) basis based on the Concession Agreement dated 3rd October 1997 with Ministry of Surface Transport, Government of India and Department of Highways, Government of Tamilnadu. The Company had completed construction of the Athupalam bridge on December 11, 1998 and the bypass on January 18, 2000. The concession period is 21 years for Athupalam bridge and 32 years for the bypass including the construction period. As per the CA, the company is entitled to charge users of the usage of the road asset, hence the service arrangement has been classified as Intangible Asset.

22.2 Significant Terms of the arrangements

i) Revision of Fees:

Fees shall be revised annually on April 01 subject to the provisions Clause 1.2.1 of Section II of the Concession Agreement (CA) dated October 03, 1997

ii) Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and perosns liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the site.

iii) Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Clause 7.5.5 of Section I of the CA

iv) Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

v) Details of Termination

CA can be terminated on account of default of the company or MoRTH in the circumstances as specified under Clause 16 of Section I of the CA.

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1 Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- Level 3 inputs for the asset or liability that are not based on observable market data (unobservable inputs).

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 (“the Act”). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 “Statement of Cash Flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

d) Fair value gains on current investments carried at fair value are included in Other income.

e) Dividend income is recognised when the right to receive the same is established by the reporting date.

f) Other items of income are recognised as and when the right to receive arises.

4 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

NOTES FORMING PART OF ACCOUNTS (Contd.)

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

Depreciation on additions / deductions is calculated pro-rata from / to the month of additions / deductions. For the assets that are transferred / sold within the group companies, depreciation is calculated up to the month preceding the month of transfer / sale within the group.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
Toll equipment	7
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets valued below ₹ 5,000/- are written off in the year of purchase / capitalisation.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

9 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer ("BOT") project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

10 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

   i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted.

   ii) Revenues and expenses at yearly average rates prevailing during the year.

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are:

   (a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

11 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

NOTES FORMING PART OF ACCOUNTS (Contd.)

12 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

13 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets.

14 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 "Operating Segments" (IND AS 108) read with SEBI's circular dated 05 July 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

15 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

17 Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

NOTES FORMING PART OF ACCOUNTS (Contd.)

18 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

19 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

20 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

21 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

22 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

23 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

24 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
3. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
4. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
5. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm registration No. 003792S
By the hand of

P RAJESH KUMAR	**U. POOVARASAN**	**K.SRINATHAN**	**R G RAMACHANDRAN**	**MATHEW GEORGE**
Partner	*Chief Financial Officer*	*Company Secretary*	*Director*	*Director*
Membership No. 225366		*M. No. A12711*	*DIN: 02671982*	*DIN: 07402208*

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS (IND AS):

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ in crore	*₹ in crore*
Profit / (loss) before depreciation, exceptional and extra ordinary items & Tax	**(8.80)**	*(10.17)*
Less: Depreciation and amortisation	**29.01**	*29.47*
Profit / (loss) before exceptional and extraordinary items and tax	**(37.81)**	*(39.64)*
Profit /(loss) before tax	**(37.81)**	*(39.64)*
Profit / (loss) after tax from continuing operations	**(37.81)**	*(39.64)*
Profit / (loss) after tax for the year carried to the balance sheet	**(37.81)**	*(39.64)*
Add: Balance brought forward from previous year	**(337.89)**	*(298.25)*
Balance carried to Balance Sheet	**(375.70)**	*(337.89)*

STATE OF COMPANY'S AFFAIRS

The Company's name was changed from "L&T Panipat Elevated Corridor Limited" to "Panipat Elevated Corridor Limited" as approved by the Registrar of Companies with effect from March 03, 2017.

The gross revenue (toll revenue) and other income for the financial year under review were ₹ 59.56 crore as against ₹ 62.21 crore for the previous financial year registering an decreasing of 4.26%. The profit before tax was ₹ (37.81) crore and the profit after tax was ₹. (37.81) crore for the financial year under review as against ₹ (39.64) crore and ₹ (39.64) respectively for the previous financial year, registering an increase of 4.62% and 4.62% respectively.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased Assets, stood at ₹ 508.06 crore and the net fixed and intangible assets, including leased assets, at ₹ 255.32 crore. Capital Expenditure during the year amounted to ₹ 0.14 crore.

Capital & Finance

The Company not raised any funds during the financial year. During the year, the Company redeemed Non-Convertible Debentures worth ₹ 15.00 crore.

DEPOSITS

The Company has not accepted deposits from the public hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY / ASSOCIATE/ JOINT VENTURE COMPANIES

The Company does not have any Subsidiary/Associate/Joint Venture, Companies.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 of the Companies Act, 2013 (ACT) except sub-section (1) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Notes F and G (i) of the audited financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions (RPT) during the year have been approved in terms of the Act which are at arm's length basis and in ordinary course of business. The Company will adhere to the RPT Policy of the Holding Company and the guidelines thereunder.

The Company has not entered into any material contracts or arrangements during the year. The disclosure as per Form AOC-2 of the Act is given in this Report as **Annexure I.**

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred by the company during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred affecting the financial position of the Company between the end of the financial year and the date of this report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company has incurred a sum of ₹.0.07 crore on foreign currency expenditure.

There were no foreign exchange earnings during the year.

RISK MANAGEMENT POLICY

The Company in its Meeting of the Audit Committee held on 20th July, 2015 had reviewed and adopted a Risk Management Policy and the same has been implemented. Risks that are faced by the Company are identified, monitored and appropriate mitigation actions are taken at various levels as needed. There are no Risks in the opinion of the Audit Committee that may threaten the existence of the Company.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Act. For the year ended March 31, 2017, the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such control are reported in "Annexure A" to Auditor's Report for the financial year 2016-17.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Companies Act 2013, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Dr. Esther Malini, Director, retired by rotation at the Annual General Meeting held on September 28, 2016 and was re-appointed as Director of the Company.

Mr. Karthikeyan T.V who has been appointed as Additional Director of the Company on July 13, 2016, and was appointed as Director of the company in the Annual General Meeting held on September 28, 2016.

Mr. Manoj Kumar Singh resigned as Director of the Company on July 13, 2016.

The Board of Directors of the Company as on March 31, 2017 are as follows:

Sr.No.	Name	Designation	DIN
1	Mr. Manoj Kumar Singh	Director	05228599
2	Dr. Esther Malini	Director	07124748
3	Mr. Mathew George	Additional Director	07402208
4	Mr. N.Raghavan	Independent Director	00251054
5	Dr. Ashwin Mahalingam	Independent Director	05126953

Ms. Niveditha.B resigned as Company Secretary of the Company on January 17, 2017.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr.No.	Name	Designation	Date of appointment
1	Mr. Priya Ranjan Giri	Chief Financial Officer	04/11/2014
2	Mr. Sanjay Tikku	Manager	20/12/2011

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary.

During the year under review 5 meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No of Directors Present
April 29, 2016	5	3
July 13, 2016	5	4
October 18, 2016	5	4
January 17, 2017	5	4
March 15, 2017	5	4

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible pubic or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The Members of the Audit Committee are Mr. N.Raghavan, Dr. Ashwin Mahalingam and Dr. Esther Malini.

During the year under review, 5 meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 29, 2016	3	3
July 13, 2016	3	3
October 18, 2016	3	2
January 17, 2017	3	3
March 15, 2017	3	3

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Chief Internal Auditor of the Holding Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Mr. N.Raghavan, Dr. Ashwin Mahalingam and Dr. Esther Malini.

During the year, one nomination and remuneration committee meetings were held and the details are given below:

Date	Strength of the Committee	No. of members present
July 13, 2016	3	2

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as per **Annexure II**.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The directors had laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The Independent Directors Meeting was proposed to be held during December 2016. However, due to non-availability of Independent Directors, the Meeting could not be scheduled. The Independent Directors at the meeting held on March 15, 2017, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions Section 197 of the Act read with rule 5(2) of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 13, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17.

AUDITOR AND AUDITOR'S REPORT

STATUTORY AUDITORS

M. K. Dandeker & Co, hold office until the conclusion of the ensuing Annual General Meeting ("AGM"). M. K. Dandeker & Co, hold office until the conclusion of the ensuing Annual General Meeting ("AGM"). The Company in the Tenth Annual General Meeting held on 24th September 2015 for the F-Y 2015-16 had appointed M.K.Dandeker & Co, Chartered Accountants, (Firm Reg no: 000679S), Chennai as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the third consecutive Annual General Meeting of the Company to be held during the year 2017.

The Auditors' Report for the financial year 2016-17 is unqualified and there are no emphasis on matter. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS

M/s. M.Alagar & Associates (COP no: 8196), a firm of Company Secretaries in practice, was appointed to conduct the secretarial audit of the Company for the financial year 2016-2017, as required under Section 204 of the Companies Act, 2013 and Rules thereunder. The secretarial audit report for the financial year 2016-2017 is attached as Annexure III to this Report and it does not contain any qualification, reservation or adverse remark.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the employees, Financial Institutions, Banks, NHAI and Central and State Government authorities, Regulatory authorities and all the other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

KARTHIKEYAN T.V	**ESTHER MALINI**
Director	*Director*
DIN: 01367727	*DIN: 07124748*

Place: Chennai
Date: April 28, 2017

ANNEXURE I

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the Company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3 of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

Name of the related party	Nature of relationship	Nature of contract/ arrangement/ transactions	Duration of contract/ arrangement/ transactions	Salient terms of contract/ arrangement/ transactions	Amount paid as advance
The Company has not entered into material contracts or arrangements or transactions during the year.					

For and on behalf of the Board

KARTHIKEYAN T.V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 28, 2017

ANNEXURE II

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2005PLC056999
Registration Date	21/07/2005
Name of the Company	PANIPAT ELEVATED CORRIDOR LIMITED*
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.BOX.979, MOUNT POONAMALLEE ROAD, MANAPAKKAM, CHENNAI- 600089
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	**NSDL Database Management Limited**** 4th Floor, Trade World A Wing, Kamala Mills Compound Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

** The name of the Company was changed from "L&T Panipat Elevated Corridor Limited" to "Panipat Elevated Corridor Limited" by Vide Certificate of Incorporation dated March 03, 2017, issued by Registrar of Companies.*

** *NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 13, 2016 and the services were transferred from Sharepro Services Limited w.e.f March 22, 2017.*

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways, if any	42101	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of shares held	Applicable Section
1	L&T Infrastructure Development Projects Limited	U65993TN2001PLC046691	Holding	99.99%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category of Shareholders

Category-wise Share Holding	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	84299992	6*	84299998	99.99	84299992	6*	84299998	99.99	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**84299992**	**6***	**84299998**	**99.99**	**84299992**	**6***	**84299998**	**99.99**	**–**

Category-wise Share Holding	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign									–
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**84299992**	**6***	**84299998**	**99.99**	**84299992**	**6***	**84299998**	**99.99**	**–**
B. Public Shareholding									–
1. Institutions									–
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									–
a) Bodies Corp	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹. 1 lakh	2	–	2	0.01	2	–	2	0.01	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**2**	**–**	**2**	**0.01**	**2**	**–**	**2**	**0.01**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
GRAND TOTAL (A+B+C)	**84299994**	**6***	**84300000**	**100**	**84299994**	**6***	**84300000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	L&T Infrastructure Development Projects Limited(including nominees)	84299998	99.99	Nil	84299998	99.99	Nil	Nil
	Total	**84299998**	**99.99**	**Nil**	**84299998**	**99.99**	**Nil**	**Nil**

(iii) Change in Promoters' Shareholding: No change in shareholding of promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	0.001	2	0.001
	Date wise Increase /Decrease in Shareholding during the year	–	–	–	–
	As on March 31, 2017	2	0.001	2	0.001

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	1	0.001	1	0.001
	Increase due to appointment of Mr. Karthikeyan T.V as director of the Company	1(increase)	0.001	1	0.001
	As on March 31, 2017	2	0.0001	2	0.0001

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars of indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	2,200,000,000	2,872,532,284	5,072,532,284
ii) Interest due but not paid	–	–	–
iii) Interest accrued but not due	222,163,934	31,739,455	253,903,389
Total (i+ii+iii)	**2,422,163,934**	**2,904,271,739**	**5,326,435,673**
Change the financial year			**–**
· Addition			–
· Reduction	163,987,273	406,056,222	570,043,495
Net Change	**(16,987,273)**	**(406,056,222)**	**(570,043,495)**
As on March 31, 2017			
i) Principal Amount	2,050,000,000	2,490,049,234	4,540,049,234
ii) Interest due but not paid			–
iii) Interest accrued but not due	208,176,661	8,166,283	216,342,944
Total (i+ii+iii)	**2,22,13,46,591**	**2,498,215,517**	**4,756,392,178**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		Mr. Sanjay Tikku, Manager	
1.	Gross salary (a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	20,29,609/-	20,29,609/-
2.	Stock Option	Nil	Nil
3.	Sweat Equity	Nil	Nil
4.	Commission - as % of profit - others, specify…	Nil	Nil
5.	Others, please specify	Nil	Nil
	Total (A)	**20,29,609/-**	**20,29,609/-**
	Ceiling as per the Act		**₹. 120,00,000/-**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
1	Independent Directors	Mr. N.Raghavan	Dr. Ashwin Mahalingam	
	Fee for attending board meeting	125,000/-	1,00,000/-	2,25,000/-
	Fee for attending committee meetings	60,000/-	50,000/-	1,10,000/-
	Commission	–	–	–
	Others	–	–	–
	Total (1)	**1,85,000/-**	**1,50,000/-**	**3,35,000/-**
2.	Other Non-Executive Directors 1. Mr. Mathew George 2. Mr. Karthikeyan T.V 3. Dr. Esther Malini No Fee for attending board / committee meetings and no Commission	Nil		
	Total (2)		**Nil**	**Nil**
	Total (B)=(1+2)	**1,85,000/-**	**1,50,000/-**	**3,35,000/-**
	Total Managerial Remuneration			**NA**
	Overall Ceiling as per the Act(Sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. Priya Ranjan Giri, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

KARTHIKEYAN T.V
Director
DIN: 01367727

ESTHER MALINI
Director
DIN: 07124748

Place: Chennai
Date: April 28, 2017

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT FOR THE FINANCIAL YEAR 2016-17

[Pursuant to Section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies(Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
PANIPAT ELEVATED CORRIDOR LIMITED
(Formerly Known as L&T Panipat Elevated Corridor Limited)

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **Panipat Elevated Corridor Limited (hereinafter called the "Company")**. Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended March 31, 2017 **("Audit Period")** complied with the statutory provisions listed hereunder and also that the Company has proper Board processes and compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by "the Company" for the financial year ended March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013('Act') and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder –Not Applicable

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings-Not Applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- Not Applicable;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not Applicable;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - Not Applicable;

  (d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - To the extent applicable to the company;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable;

I have also examined compliance with the applicable clauses of the Secretarial Standards issued by the Institute of Company Secretaries of India ('ICSI') and notified as on date.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards, etc., mentioned above.

I report that having regard to the compliance system prevailing in the Company and on examination of the relevant documents and records in pursuance thereof on test check-basis. The list of labour and industrial laws covered under the internal compliance report by the company are as follows;

a) Electricity Rules,1956

b) Information Technology Act, 2000

c) Motor Vehicles Act, 1988

d) The Central Electricity Authority (Safety Requirements for Construction, Operation and Maintenance of Electrical Plants and Electric Lines) Regulation 2011

e) The Building And Other Construction Workers' (Regulation Of Employment And Conditions Of Service) Central Rules, 1998

f) The National Highways (Collection of Fees by any Person for the use of section of national highways/ Permanent Bridge/ Temporary Bridge on National Highways)Rules,1997

g) The Prohibition Of Smoking In Public Places Rules, 2008

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Independent Directors and a Women Director. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent to them at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

I further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that except allotment of Preference shares and change of name of the company from L&T Panipat Elevated Corridor Limited to Panipat Elevated Corridor Limited there were no other specific events / actions in pursuance of the above referred laws, rules, regulations, guidelines, etc, having major bearing on the Company's affairs.

For M. Alagar & Associates

Sd/-
M. Alagar
FCS No: 7488
C P No.: 8196

Place: Chennai
Date : April 20, 2017

This Report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,

The Members

1. Our report of even date is to be read along with this letter.
2. Maintenance of Secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.
3. We have followed the audit practices and process as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in Secretarial records. We believe that the process and practices, we followed provide a reasonable basis for our opinion.
4. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.
5. Where ever required, we have obtained the Management representation about the Compliance of laws, rules and regulations and happening of events etc.
6. The Compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedure on test basis.
7. The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

For M. Alagar & Associates

Sd/-
M. Alagar
FCS No: 7488
C P No.: 8196

Place: Chennai
Date : April 20, 2017

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF PANIPAT ELEVATED CORRIDOR LIMITED

(Formerly known as L&T Panipat Elevated Corridor Limited)

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of Panipat Elevated Corridor Limited (formerly known as L&T Panipat Elevated Corridor Limited) ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of

Our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note H (10) to the Ind AS financial statements.

For M.K. DANDEKER & CO.,
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Chartered Accountants
Membership No. 223754

Place: Chennai
Date: April 28, 2017

ANNEXURE - A TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The title deeds of immovable properties are held in the name of the Company.

2. The Company is engaged in the business of infrastructure development and maintenance and hence clause 3 (ii) of the Companies (Auditor's Report) Order 2016 relating to inventory is not applicable.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The Company is maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act in respect of services carried out by the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company has not defaulted in repayment of loans or borrowings to a financial institution, bank, Government or dues to debenture holders, if any.

9. The money's raised by way of debt instruments and term loans were applied for the purposes for which those are raised.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us and based on our examination of the records of the Company, the managerial remuneration has been paid or provided in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V of the Companies Act 2013.

12. The Company is not a Nidhi Company and hence clause3 (xii) of the Companies (Auditor's Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.

15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.

16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For M.K. DANDEKER & CO.,
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Chartered Accountants
Membership No. 223754

Place: Chennai
Date: April 28, 2017

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

REPORT ON THE INTERNAL FINANCIAL CONTROLS UNDER CLAUSE (I) OF SUB-SECTION 3 OF SECTION 143 OF THE COMPANIES ACT, 2013 ("THE ACT")

We have audited the internal financial controls over financial reporting of **Panipat Elevated Corridor Limited (formerly known as L&T Panipat Elevated Corridor Limited) ("the Company")** as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

MANAGEMENT'S RESPONSIBILITY FOR INTERNAL FINANCIAL CONTROLS

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

AUDITORS' RESPONSIBILITY

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

MEANING OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

INHERENT LIMITATIONS OF INTERNAL FINANCIAL CONTROLS OVER FINANCIAL REPORTING

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

OPINION

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For M.K. DANDEKER & CO.,
(ICAI Reg. No. 000679S)

S. POOSAIDURAI
Partner
Chartered Accountants
Membership No. 223754

Place: Chennai
Date: April 28, 2017

PANIPAT ELEVATED CORRIDOR LIMITED
(Formerly known as L&T Panipat Elevated Corridor Limited)

BALANCE SHEET AS AT 31ST MARCH 2017

Particulars	Note	March 31, 2017 ₹	*March 31, 2016* ₹	*April 01, 2015* ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	**6,337,555**	*6,891,276*	*12,180,691*
b) Intangible assets	2	**2,546,913,398**	*2,834,522,262*	*3,122,778,770*
c) Financial Assets				
i) Loans	3	**751,881**	*435,175*	*46,000*
	A	**2,554,002,834**	*2,841,848,713*	*3,135,005,461*
Current assets				
a) Financial Assets				
i) Investments	5	**–**	*151,919,101*	*197,570,666*
ii) Cash and cash equivalents	6	**13,243,560**	*17,665,037*	*9,115,829*
b) Current Tax Assets (net)	4	**950,293**	*1,427,457*	*806,890*
c) Other current assets	4	**19,332,867**	*2,789,146*	*1,553,793*
	B	**33,526,720**	*173,800,741*	*209,047,178*
TOTAL	A+B	**2,587,529,554**	*3,015,649,454*	*3,344,052,639*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	**843,000,000**	*843,000,000*	*843,000,000*
b) Other Equity	8	**(3,235,237,339)**	*(3,314,557,220)*	*(2,918,168,688)*
	C	**(2,392,237,339)**	*(2,471,557,220)*	*(2,075,168,688)*
LIABILITIES				
Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	**3,948,630,484**	*4,228,152,864*	*4,393,546,269*
b) Provisions	11	**202,870,238**	*118,614,358*	*56,825,789*
	D	**4,151,500,722**	*4,346,767,222*	*4,450,372,058*
Current liabilities				
a) Financial liabilities				
i) Borrowings ST	9	**591,418,750**	*844,379,420*	*694,379,420*
ii) Trade payables	13	**7,387,269**	*19,636,133*	*19,273,402*
iii) Other financial liabilities	10	**216,342,944**	*253,903,389*	*213,553,579*
b) Other current liabilities	12	**12,461,401**	*22,110,492*	*41,577,550*
c) Provisions	11	**655,807**	*410,018*	*65,318*
	E	**828,266,171**	*1,140,439,452*	*968,849,269*
Total Equity and Liabilities	C+D+E	**2,587,529,554**	*3,015,649,454*	*3,344,052,639*
CONTINGENT LIABILITIES	F			
COMMITMENTS	G			
OTHER NOTES FORMING PART OF ACCOUNTS	H			
SIGNIFICANT ACCOUNTING POLICIES	I			

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S
by the hand of

S. POOSAIDURAI
Partner
Membership No.: 223754

Place : Chennai
Date: April 28, 2017

For and on behalf of the Board

PRIYA RANJAN GIRI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date: April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note	2016-17 ₹	2015-16 ₹
REVENUE			
Revenue from Operations	14	**584,535,408**	*590,676,506*
Other income	15	**11,039,545**	*31,384,735*
Total Revenue		**595,574,953**	*622,061,241*
EXPENSES			
Operating expenses	16	**136,521,271**	*135,487,002*
Employee benefit expenses	17	**9,991,017**	*12,052,548*
Finance costs	18	**515,466,663**	*553,079,918*
Depreciation and amortisation		**290,140,825**	*294,711,992*
Administration and other expenses	19	**21,824,835**	*23,029,871*
Total Expenses		**973,944,611**	*1,018,361,331*
Profit/(loss) before tax		**(378,369,658)**	*(396,300,090)*
Tax Expense:			
Current tax			
Profit/(loss) after tax for the year		**(378,369,658)**	*(396,300,090)*
Prior period adjustments		**–**	*–*
Profit for the year		**(378,369,658)**	*(396,300,090)*
Other Comprehensive Income			
i) Items that will not be classified to profit or loss (net of tax) Remeasurement of net defined benefit liability or asset		**(223,479)**	*88,442*
ii) Items that will be reclassified to profit or loss (net of tax)			
Total other Comprehensive Income		**(223,479)**	*88,442*
Total Comprehensive Income for the year		**(378,146,179)**	*(396,388,532)*
Earnings per equity share (Basic and Diluted)	H(8)		
Face value per equity share		**10.00**	*10.00*

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S
by the hand of

S. POOSAIDURAI
Partner
Membership No.: 223754

Place : Chennai
Date: April 28, 2017

For and on behalf of the Board

PRIYA RANJAN GIRI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date: April 28, 2017

PANIPAT ELEVATED CORRIDOR LIMITED
(Formerly known as L&T Panipat Elevated Corridor Limited)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

S. No.	Particulars	2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(378,146,179)**	*(396,388,532)*
	Adjustment for		
	Depreciation and amortisation expense	**290,140,825**	*294,711,992*
	Interest expense	**515,466,663**	*553,079,918*
	Interest income	**(105,852)**	*(45,522)*
	Provision written back	**(672,991)**	–
	(Profit)/loss on sale of current investments(net)	**(3,892,388)**	*(8,761,186)*
	(Profit)/loss on sale of fixed assets	**(53,647)**	*(2,500)*
	Operating profit before working capital changes	**422,736,431**	*442,594,170*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**71,055,114**	*55,492,647*
	Increase / (Decrease) in trade payables	**(12,248,864)**	*362,731*
	Increase / (Decrease) in other current liabilitites	**(9,649,091)**	*(19,467,058)*
	(Increase) / Decrease in other current assets	**(16,543,724)**	*(1,235,354)*
	Net cash generated from/(used in) operating activities	**455,278,949**	*477,702,661*
	Direct taxes paid (net of refunds)	**477,164**	*(620,567)*
	Net Cash(used in)/generated from Operating Activities	**455,756,113**	*477,082,094*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	**(1,374,047)**	*(1,166,069)*
	Sale of fixed assets	**122,449**	*2,500*
	Purchase of current investments	**–**	*(555,300,000)*
	(Purchase)/Sale of current investments	**155,811,489**	*609,712,751*
	Interest received	**105,852**	*45,522*
	Net cash (used in)/generated from investing activities	**154,665,743**	*53,294,704*
C	**Cash flow from financing activities**		
	Proceeds from Short term borrowings	**15,000,000**	
	Repayment of long term borrowings	**(200,579,420)**	*(200,579,420)*
	Deferred payment liability	**(199,160,670)**	*(75,000,000)*
	Interest paid	**(230,103,243)**	*(246,248,170)*
	Net cash (used in)/generated from financing activities	**(614,843,333)**	*(521,827,590)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**(4,421,477)**	*8,549,208*
	Cash and cash equivalents as at the beginning of the year	**17,665,037**	*9,115,829*
	Cash and cash equivalents as at the end of the year	**13,243,560**	*17,665,037*

Notes:

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7-Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S
by the hand of

S. POOSAIDURAI
Partner
Membership No.: 223754

Place : Chennai
Date: April 28, 2017

For and on behalf of the Board

PRIYA RANJAN GIRI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date: April 28, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT (₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2016	*Additions*	*Deductions*	**As at March 31, 2017**	*As at April 01, 2016*	*For the year*	*Deductions*	**As at March 31, 2017**	**As at March 31, 2017**	*As as March 31, 2016*
Owned										
Land	*1,299,680*	*–*	*–*	**1,299,680**	*–*	*–*	*–*	**–**	**1,299,680**	*1,299,680*
Plant and Equipment	*8,315,506*	*1,035,633*	*901,058*	**8,450,081**	*5,223,861*	*966,270*	*901,058*	**5,289,073**	**3,161,008**	*3,091,645*
Furniture and fixtures	*662,587*	*–*	*–*	**662,587**	*193,885*	*201,887*	*–*	**395,772**	**266,815**	*468,702*
Vehicles	*2,014,959*	*–*	*38,527*	**1,976,432**	*568,711*	*490,699*	*30,354*	**1,029,056**	**947,376**	*1,446,248*
Office equipment	*92,469*	*58,738*	*–*	**151,207**	*27,998*	*26,860*	*–*	**54,858**	**96,349**	*64,471*
Electrical installations	*421,427*	*–*	*–*	**421,427**	*78,096*	*63,788*	*–*	**141,884**	**279,543**	*343,331*
Computers, laptops and printers	*230,085*	*279,676*	*137,252*	**372,509**	*52,886*	*109,462*	*76,623*	**85,725**	**286,784**	*177,199*
Total	*13,036,713*	*1,374,047*	*1,076,837*	**13,333,923**	*6,145,437*	*1,858,966*	*1,008,035*	**6,996,368**	**6,337,555**	*6,891,276*
Previous year	*12,180,691*	*1,166,069*	*770,680*	*13,036,713*	*–*	*6,916,117*	*770,680*	*6,145,437*		

1.1 Refer Note H(20) for information on property, plant and equipments pledged as security.
1.2 There is no restriction on title of property, plant and equipments.
1.3 There is no contractual commitment on acquition of property, plant and equipments.

NOTE 2 : INTANGIBLE ASSETS (₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at April 01, 2016	*Additions*	*Deductions*	**As at March 31, 2017**	*As at April 01, 2016*	*For the year*	*Deductions*	**As at March 31, 2017**	**As at March 31, 2017**	*As as March 31, 2016*
Specialised Software	*–*	*–*	*–*	**–**	*–*	*–*	*–*	**–**	**–**	*–*
Toll collection rights	*5,068,361,824*	*3,475,751*	*4,620,174*	**5,067,217,401**	*2,233,839,562*	*288,281,855*	*1,817,414*	**2,520,304,003**	**2,546,913,398**	*2,834,522,262*
Total	*5,068,361,824*	*3,475,751*	*4,620,174*	**5,067,217,401**	*2,233,839,562*	*288,281,855*	*1,817,414*	**2,520,304,003**	**2,546,913,398**	*2,834,522,262*
Previous year	*5,068,361,824*	*–*	*–*	*5,068,361,824*	*1,945,583,054*	*288,256,508*	*–*	*2,233,839,562*		

2.1 DISCLOSURE OF MATERIAL INTANGIBLE ASSET

2.1.1 Toll collection rights of widening of existing two-lane of 10 kilometers Road stretch covering Panipat City on National Highway No.1 in the state of Haryana

Particulars	Remaining Amortization Period (Years)
As at March 31, 2017	8.92
As at March 31, 2016	9.92
As at April 01, 2015	10.92

2.2 There is no restriction on title of Tolling rights.
2.3 There is no contractual commitment on acquition of Tolling rights.
2.4 Refer Note H(20) for information on Intangible asset pledged as security.

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT (₹)

PARTICULARS	COST				DEPRECIATION				BOOK VALUE	
	As at April 01, 2015	*Additions*	*Deductions*	*As at March 31, 2016*	*As at April 01, 2015*	*For the year*	*Deductions*	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01, 2015*
Owned										
Land	*1,299,680*	*–*	*–*	*1,299,680*	*–*	*–*	*–*	*–*	*1,299,680*	*1,299,680*
Plant and Equipment	*7,632,107*	*951,103*	*267,704*	*8,315,506*	*–*	*5,491,565*	*267,704*	*5,223,861*	*3,091,645*	*7,632,107*
Furniture and fixtures	*674,940*	*–*	*12,353*	*662,587*	*–*	*206,238*	*12,353*	*193,885*	*468,702*	*674,940*
Vehicles	*1,961,859*	*53,100*	*–*	*2,014,959*	*–*	*568,711*	*–*	*568,711*	*1,446,248*	*1,961,859*
Office equipment	*63,951*	*28,518*	*460,633*	*-368,164*	*–*	*488,631*	*460,633*	*27,998*	*-396,162*	*63,951*
Electrical installations	*421,427*	*–*	*–*	*421,427*	*–*	*78,096*	*–*	*78,096*	*343,331*	*421,427*
Computers, laptops and printers	*126,727*	*133,348*	*29,990*	*230,085*	*–*	*82,876*	*29,990*	*52,886*	*177,199*	*126,727*
Total	*12,180,691*	*1,166,069*	*770,680*	*12,576,080*	*–*	*6,916,117*	*770,680*	*6,145,437*	*6,430,643*	*12,180,691*
Previous year				*12,180,691*				*–*		

NOTE 2 : INTANGIBLE ASSETS (₹)

PARTICULARS	COST				AMORTISATION				BOOK VALUE	
	As at April 01, 2015	*Additions*	*Deductions*	*As at March 31, 2016*	*As at April 01,2015*	*For the year*	*Deductions*	*As at March 31, 2016*	*As at March 31, 2016*	*As at April 01,2015*
Specialised Software	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*	*–*
Toll collection rights	*5,068,361,824*	*–*	*–*	*5,068,361,824*	*1,945,583,054*	*288,256,508*	*–*	*2,233,839,562*	*2,834,522,262*	*3,122,778,770*
Total	*5,068,361,824*	*–*	*–*	*5,068,361,824*	*1,945,583,054*	*288,256,508*	*–*	*2,233,839,562*	*2,834,522,262*	*3,122,778,770*
Previous year	*5,068,361,824*			*5,068,361,824*				*1,945,583,054*		

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
NOTE 3 : LOANS									
Security deposits									
Unsecured, considered good	–	751,881	751,881	–	435,175	435,175	–	46,000	46,000
	–	751,881	751,881	–	435,175	435,175	–	46,000	46,000

Particulars	March 31, 2017			March 31, 2016			April 01, 2015		
	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹	Current ₹	Non-current ₹	Total ₹
NOTE 4 : OTHER NON-CURRENT AND CURRENT ASSETS									
Advances other than capital advances									
Other advances	15,738,045	–	15,738,045	11,490	–	11,490	625,200	–	625,200
Advance recoverable other than in cash									
Prepaid Insurance	1,083,992	–	1,083,992	581,784	–	581,784	601,924	–	601,924
Prepaid expenses	368,577	–	368,577	862,507	–	862,507	326,669	–	326,669
VAT recoverable	2,142,253	–	2,142,253	1,333,365	–	1,333,365	–	–	–
Income tax net of previous year provisions	–		–	–		–	–		–
	19,332,867	–	19,332,867	2,789,146	–	2,789,146	1,553,793	–	1,553,793
Income tax									
Income tax net of provisions	950,293		950,293	1,427,457		1,427,457	806,890		806,890
	950,293	–	950,293	1,427,457	–	1,427,457	806,890	–	806,890

Particulars	As at March 31, 2017 Current ₹	As at March 31, 2016 Current ₹	As at April 01, 2015 Current ₹
NOTE 5 : INVESTMENTS			
Investments at fair value through Profit and loss			
Investments in mutual funds	–	151,919,101	197,570,666
	–	151,919,101	197,570,666
NOTE 6 : CASH AND CASH EQUIVALENTS			
a) Balances with banks	677,376	240,519	583,959
b) Cash on hand	9,147,769	16,853,513	6,595,728
c) Fixed deposits with banks including interest accrued thereon	3,418,415	571,005	1,936,142
	13,243,560	17,665,037	9,115,829

The deposits maintained by the Company with banks under Note 6 above comprise of time deposits which can be withdrawn by the Company at any point of time without prior notice or penalty on the principal.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
NOTE 7 : SHARE CAPITAL						
(i) Authorised, issued, subscribed and paid up						
Authorised:						
Authorised Share Capital	**145,000,000**	**1,450,000,000**	*145,000,000*	*1,450,000,000*	*85,000,000*	*850,000,000*
	145,000,000	**1,450,000,000**	*145,000,000*	*1,450,000,000*	*85,000,000*	*850,000,000*
Issued, subscribed and fully paid up :						
Equity shares of ₹ 10 each	**84,300,000**	**843,000,000**	*84,300,000*	*843,000,000*	*84,300,000*	*843,000,000*
	84,300,000	**843,000,000**	*84,300,000*	*843,000,000*	*84,300,000*	*843,000,000*
(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:						
At the beginning of the year	**84,300,000**	**843,000,000**	*84,300,000*	*843,000,000*	*84300000*	*843,000,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
At the end of the year	**84,300,000**	**843,000,000**	*84,300,000*	*843,000,000*	*84,300,000*	*843,000,000*
(iii) Equity component of Compulsory Convertible Preference shares						
At the beginning of the year	**–**	**–**	–	–	–	–
Issued during the year as fully paid	**45,746,606**	**457,466,060**	–	–	–	–
At the end of the year	**45,746,606**	**457,466,060**	–	–	–	–

(iv) Terms / rights attached to shares

Equity shares of ₹ 10 each

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Optionally convertible cumulative redeemable preference shares

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carry non-participating rights in the surplus funds.

Preference share holders would be paid dividend on a cumulative basis

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par.

Compulsory convertible cumulative Preference Shares of ₹ 10 each

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders shall be Non-participating rights in the surplus funds.

Preference share holders shall be Non-participating rights in the surplus assets and profit on winding up which may remain after the entire capital has been repaid

Preference share holders would be Paid dividend on non cumulative basis

Preference share holder carry voting rights as per provisions of Section 47 (2) of the Act

Since the Company does not have profits, no dividend is accrued or payable.

Preference share will be converted into equity share at the option of the company or at the completion of 10th year from the date of allotment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
(v) Details of Shares held by Holding Company/ Ultimate Holding Company/its subsidiaries or associates:						
L&T Infrastructure Development Projects Limited						
Equity shares of ₹ 10 each	**84,299,998**	**842,999,980**	*84,299,998*	*842,999,980*	*84,299,998*	*842,999,980*
	84,299,998	**842,999,980**	*84,299,998*	*842,999,980*	*84,299,998*	*842,999,980*

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
(vi) Details of Shareholders holding more than 5% shares in the company:						
L&T Infrastructure Development Projects Limited						
Equity shares of ₹ 10 each	**84,299,998**	**99.99%**	*84,299,998*	*99.99%*	*84,299,998*	*99.99%*

(vi) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

(vii) Calls unpaid : NIL; **Forfeited Shares :** NIL

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

Particulars	Equity component of compound financial instruments	Reserves & Surplus	Total ₹
		Retained earnings	
NOTE 8 : OTHER EQUITY AS ON 31.03.2017			
Balance at the beginning of the reporting period	**64,386,975**	**(3,378,944,195)**	**(3,314,557,220)**
Profit for the year		**(378,146,179)**	**(378,146,179)**
Issue of share capital	**457,466,060**	**–**	**457,466,060**
Balance at the end of the reporting period	**521,853,035**	**(3,757,090,374)**	**(3,235,237,339)**

OTHER EQUITY AS ON 31.03.2016

Particulars	*Equity component of compound financial instruments*	*Reserves & Surplus*	*Total ₹*
		Retained earnings	
Balance at the beginning of the reporting period	*64,386,975*	*(2,982,555,663)*	*(2,918,168,688)*
Profit for the year		*(396,388,532)*	*(396,388,532)*
Balance at the end of the reporting period	*64,386,975*	*(3,378,944,195)*	*(3,314,557,220)*

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	**Non-current ₹**	**Total ₹**	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
NOTE 9 : BORROWINGS									
Secured borrowings									
a) Debentures	**150,000,000**	**1,900,000,000**	**2,050,000,000**	*150,000,000*	*2,050,000,000*	*2,200,000,000*	*150,000,000*	*2,200,000,000*	*2,350,000,000*
Unsecured borrowings									
a) Deferred payment liabilities	**375,839,330**	**2,016,230,924**	**2,392,070,254**	*225,000,000*	*2,101,449,650*	*2,326,449,650*	*75,000,000*	*2,074,706,032*	*2,149,706,032*
b) Loans from related parties	**65,579,420**	**32,399,560**	**97,978,980**	*469,379,420*	*76,703,214*	*546,082,634*	*469,379,420*	*118,840,237*	*588,219,657*
	591,418,750	**3,948,630,484**	**4,540,049,234**	*844,379,420*	*4,228,152,864*	*5,072,532,284*	*694,379,420*	*4,393,546,269*	*5,087,925,689*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	Effective interest rate	Terms of Repayment			
Deferred payment liabilities	11.52%	Deferred Payment Liabilities represent the outstanding Negative Grant payable to National Highway Authority of India as per Concession Agreement. The grant is payable in 7 unequal installments commencing from October 2014 as per specified in CA.			
Loans from related parties	12.03%	Repayable in 33 quarterly unequal installments from April 2012 to Dec 2018 at specified amounts.			
Debentures	10.56%	**Amount**	**Current maturities**	**Non-current maturities**	**Redemption**
		(₹ Crore)	**(₹ Crore)**	**(₹ Crore)**	**Date**
Series "L" of 2012-13		30.00	0.00	30.00	17-Apr-24
Series "K" of 2012-13		40.00	0.00	40.00	17-Apr-23
Series "J" of 2012-13		30.00	0.00	30.00	15-Apr-22
Series "I" of 2012-13		25.00	0.00	25.00	16-Apr-21
Series "H" of 2012-13		25.00	0.00	25.00	17-Apr-20
Series "G" of 2012-13		20.00	0.00	20.00	17-Apr-19
Series "F" of 2012-13		20.00	0.00	20.00	17-Apr-18
Series "E" of 2012-13		15.00	15.00	0.00	17-Apr-17
		205.00	**15.00**	**190.00**	

Security for the Non Convertible Debentures (NCD's):

Non-Convertible Debentures rank pari passu inter se lenders and are secured by a) a first mortgage and charge on the land including buildings and erections in Pune; b)all amounts receivable ; c)all assets both tangible and intangible other than Project assets; d) all bank accounts.

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Current ₹	**Non-current ₹**	**Total ₹**	*Current ₹*	*Non-current ₹*	*Total ₹*	*Current ₹*	*Non-current ₹*	*Total ₹*
NOTE 10 : OTHER FINANCIAL LIABILITIES									
a) Interest accrued	**216,342,944**	**–**	**216,342,944**	*253,903,389*	*–*	*253,903,389*	*213,553,579*	*–*	*213,553,579*
	216,342,944	**–**	**216,342,944**	*253,903,389*	*–*	*253,903,389*	*213,553,579*	*–*	*213,553,579*
NOTE 11 : PROVISIONS									
a) Provision for employee benefits	**655,807**	**1,456,709**	**2,112,516**	*410,018*	*2,001,594*	*2,411,612*	*65,318*	*1,223,948*	*1,289,266*
b) Provisions for major maintenance reserve	**–**	**201,413,529**	**201,413,529**	*–*	*116,612,764*	*116,612,764*	*–*	*55,601,841*	*55,601,841*
	655,807	**202,870,238**	**203,526,045**	*410,018*	*118,614,358*	*119,024,376*	*65,318*	*56,825,789*	*56,891,107*
NOTE 12 : OTHER LIABILITIES									
i) Company owned car scheme	**542,716**	**–**	**542,716**	*542,716*	*–*	*542,716*	*542,716*	*–*	*542,716*
ii) Other liabilities	**10,818,292**	**–**	**10,818,292**	*21,465,418*	*–*	*21,465,418*	*15,870,434*	*–*	*15,870,434*
iii) Income received advance	**256,790**	**–**	**256,790**	*–*	*–*	*–*	*–*	*–*	*–*
iii) Statutory payables	**843,603**	**–**	**843,603**	*102,358*	*–*	*102,358*	*25,164,400*	*–*	*25,164,400*
	12,461,401	**–**	**12,461,401**	*22,110,492*	*–*	*22,110,492*	*41,577,550*	*–*	*41,577,550*
NOTE 13 : TRADE PAYABLES									
Due to related parties	**2,307,354**	**–**	**2,307,354**	*796,996*	*–*	*796,996*	*489,111*	*–*	*489,111*
Due to others	**5,079,915**	**–**	**5,079,915**	*18,839,137*	*–*	*18,839,137*	*18,784,291*	*–*	*18,784,291*
	7,387,269	**–**	**7,387,269**	*19,636,133*	*–*	*19,636,133*	*19,273,402*	*–*	*19,273,402*

NOTE F : CONTINGENT LIABILITIES

Contingent liabilities in the form of guarantees of ₹ 1,00,000/- (previous year: ₹ 1,00,000/-) to Telecom Department as at March 31st 2017

NOTE G : COMMITMENTS

The Company has an estimated amount of ₹ Nil (Previous year: ₹ NIL) contracts remaining to be executed on capital account as at March 31, 2017.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 14 : REVENUE FROM OPERATIONS				
Operating revenue:				
Toll Collections	584,535,408		590,676,506	
		584,535,408		590,676,506
		584,535,408		590,676,506
NOTE 15 : OTHER INCOME				
Interest income from:				
Bank deposits	70,072		45,522	
Others	35,780		–	
		105,852		45,522
Short term gain on sale of current investment (MF)		3,892,388		8,761,186
Profit/(loss) on disposal of Property Plant and Equipments		53,647		2,500
Provision no longer required written back		3,886,477		–
Insurance claim received		84,980		2,374,747
Other income		3,016,201		20,200,780
		11,039,545		31,384,735
NOTE 16 : OPERATING EXPENSES				
Toll Management fees		23,710,765		26,821,358
Security services		5,943,318		4,711,733
Insurance		3,444,795		2,094,453
Concession fee		1		1
Repairs and maintenance				
Toll road & bridge	11,924,348		21,649,905	
Plant and machinery	5,008,258		9,620,968	
Periodic major maintenance	71,600,000		54,715,000	
Others	2,637,821		2,733,733	
		91,170,427		88,719,606
Power and fuel		12,251,965		13,139,851
		136,521,271		135,487,002
NOTE 17 : EMPLOYEE BENEFIT EXPENSES				
Salaries, wages and bonus		6,350,504		8,175,742
Contributions to and provisions for:				
Provident fund	462,459		464,545	
Gratuity	194,434		193,221	
Compensated absences	650,543		397,967	
Retention pay	182,780		391,416	
		1,490,216		1,447,149
Staff welfare expenses		2,150,297		2,429,657
		9,991,017		12,052,548
NOTE 18 : FINANCE COSTS				
Interest on NCD / ICD to holding company		222,853,561		286,554,073
Other borrowing cost (Negative Grant-NHAI)		8,159,241		–
Other borrowing cost		196,056		43,907
Unwinding of discount and implicit interest expense on fair value		284,257,805		266,481,938
		515,466,663		553,079,918

NOTES FORMING PART OF ACCOUNTS (Contd.)

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
NOTE 19 : ADMINISTRATION AND OTHER EXPENSES				
Rent, Rates and taxes		**114,586**		*4,573,318*
Professional fees		**18,031,879**		*14,121,516*
Payment to Auditor		**838,401**		*468,551*
Postage and communication		**385,465**		*390,526*
Printing and stationery		**1,169,892**		*1,350,175*
Travelling and conveyance		**674,021**		*658,762*
Repairs and Maintenance-Others		**136,201**		*940,653*
Miscellaneous expenses		**474,390**		*526,370*
		21,824,835		*23,029,871*
(a) Professional fees includes Auditors remuneration (including service tax) as follows:				
a) As auditor		**353,980**		*251,900*
b) For taxation matters		**34,500**		*57,975*
d) For other services		**449,921**		*158,676*
Total		**838,401**		*468,551*

NOTE H : NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

Panipat Elevated Corridor Limited is a special purpose vehicle incorporated on July 21, 2005 for the purpose of widening of existing four-lane ten kilometer stretch to six lane elevated structure covering Panipat city on National Highway No.1 in the state of Haryana. The elevated structure covering specific stretches and widening and construction of peripheral lanes and operation and maintenance thereof, under the Concession Agreement dated 27th July, 2005 with National Highways Authority of India (NHAI). The Concession Agreement is for a period of 20 years from 23rd January 2006, being the Appointed Date stated in clause 1.1 of the said agreement. At the end of the concession period, the entire facility will be transferred to NHAI.

2) Disclosure pursuant to Ind AS 19 "Employee benefits": (as per IndAS reports)

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 4,62,459/- (previous year : ₹ 4,64,545/-) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 17) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) Features of its defined benefit plans:

Gratuity:

The benefit is governed by the Payment of Gratuity Act, 1972. The Key features are as under:

Plan Features

Features of the defined benefit plan	**Remarks**
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹. 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applocable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

NOTES FORMING PART OF ACCOUNTS (Contd.)

Leave Encashment:

Features of the defined benefit plan	**Remarks**
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) **The amounts recognised in Balance Sheet are as follows:**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
– Wholly funded	**840,345**	–	**–**	–
– Wholly unfunded	**–**	*855,185*	**1,041,714**	*960,532*
	840,345	*855,185*	**1,041,714**	*960,532*
Less : Fair value of plan assets	**844,710**	–	**–**	–
Net Liability / (asset)	**(4,365)**	*855,185*	**1,041,714**	*960,532*

c) **The amounts recognised in the Statement of Profit and loss are as follows:**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Current service cost	**160,339**	*143,747*	**136,950**	*99,870*
Interest on Defined benefit obligation	**34,095**	*49,474*	**69,801**	*48,013*
Past service cost and loss/(gain) on curtailments and settlement	**–**	–	**(153,563)**	–
Net value of remeasurements on the obligation and plan assets	**–**	–	**92,192**	*250,084*
Total Charge to Statement of Profit and Loss	**194,434**	*193,221*	**145,380**	*397,967*

d) **Other Comprehensive Income for the period**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:				
From changes in demographic assumptions		*61,676*		*103,481*
From changes in financial assumptions	**48,617**	*2,802*	**57,024**	*3,372*
From changes in experience	**(286,749)**	*23,964*	**35,168**	*143,231*
Return on plan assets excluding amounts included in interest income	**14,653**	–	**–**	–
Amounts recognized in Other Comprehensive Income	**(223,479)**	*88,442*	**92,192**	*250,084*

e) **Reconciliation of Defined Benefit Obligation:**

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	**855,185**	*644,747*	**960,532**	*630,980*
Add: Current service cost	**160,339**	*143,747*	**136,950**	*99,870*
Add: Interest cost	**62,953**	*49,474*	**69,801**	*48,013*
Add/(less): Actuarial losses/(gains)	**(238,132)**	*88,442*	**92,192**	*250,084*
Less: Benefits paid	**–**	*(71,225)*	**(64,198)**	*(68,415)*
Add: Past service cost	**–**	–	**(153,563)**	–
Closing balance of the present value of defined benefit obligation	**840,345**	*855,185*	**1,041,714**	*960,532*

NOTES FORMING PART OF ACCOUNTS (Contd.)

f) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	**28,858**	–	**–**	–
Return on plan assets excluding amounts included in interest income	**(14,653)**	–	**–**	–
Contributions by employer	**830,505**	–	**–**	–
Closing value of plan assets	**844,710**	–	**–**	–

g) Reconciliation of Net Defined Beneft Liability:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Net opening provision in books of accounts	**855,185**	*644,747*	**960,532**	*630,980*
Employee Benefit Expense	**194,434**	*193,221*	**145,380**	*397,967*
Amounts recognized in Other Comprehensive Income	**(223,479)**	*88,442*		
	826,140	*926,410*	**1,105,912**	*1,028,947*
Benefits paid by the Company	**–**	*(71,225)*	**(64,198)**	*(68,415)*
Contributions to plan assets	**(830,505)**	–	**–**	–
Closing provision in books of accounts	**(4,365)**	*855,185*	**1,041,714**	*960,532*

h) Principal actuarial assumptions at the Balance Sheet date:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
1) Discount rate	**6.95%**	*7.75%*
2) Salary growth rate	**6.00%**	*6.00%*
3) Attrition rate	**15% at younger ages reducing to 3% at older ages**	*15% at younger ages reducing to 3% at older ages*

i) A quantitative sensitivity analysis for significant assumption as at 31 March 2017

Particulars	Change in Assumptions	Impact on Defined Benefit Obligation	
	Increase/ (Decrease)	**Increase/(Decrease) in Assumptions**	
	%	₹	**%**
Discount Rate	**0.50%**	**809,332**	**-3.70%**
	-0.50%	**873,630**	**4.00%**
Salary Growth Rate	**0.50%**	**873,776**	**4.00%**
	-0.50%	**808,919**	**-3.70%**

j) The expected contributions to the defined benefit plan in the next annual reporting period (March 31, 2018) is ₹ 87,342/-

NOTES FORMING PART OF ACCOUNTS (Contd.)

k) **The major categories of plan assets of the fair value of the total plan assets are as follows :**

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Insurer managed funds	**100%**	–	–
Investments quoted in active markets	**–**	–	–
Cash and cash equivalents	**–**	–	–
Unquoted investments	**–**	–	–
Total	**100%**	*0%*	*0%*

l) **Details of Asset-Liability Matching Strategy**

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

3) **Disclosure pursuant to Ind AS 23 “Borrowing Costs”**

Borrowing cost capitalised during the year ₹ Nil. *(Previous year :₹ Nil)*.

4) **Disclosure of segment information pursuant to Ind AS 108 “Operating Segments”**

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting on primary segment does not arise. The Company does not have operations outside India. Hence, disclosure of secondary / geographical segment information does not arise.

5) **Disclosure of related parties / related party transactions pursuant to Ind AS 24 “Related Party Disclosures”**

a) **List of related parties**

Ultimate Holding Company :

Larsen & Toubro Limited

Holding Company :

L&T Infrastructure Development Projects Limited

Fellow Subsidiaries :

Vadodara Bharuch Tollway Limited

Krishnagiri Thopur Toll Road Limited

L&T Transportation Infrastructure Limited

L&T Samakhiali Gandhidham Tollway Limited

L&T General Insurance Company Limited

Key Managerial Personnel

Manager	Mr. Sanjay Tikku
Chief Financial Officer	Mr. Priya Ranjan Giri
Manager	Mr. K.Venkatesh
CFO	Karthikeyan T.V

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Disclosure of related party transactions:

Particulars		**2016-17**	*2015-16*
		₹	₹
Nature of transaction			
1	**Purchase of goods and services incl. taxes**		
	Ultimate Holding company Larsen & Toubro Limited	**1,941,793**	*2,549,203*
	Holding company L&T Infrastructure Development Projects Limited	**17,457,400**	*14,434,546*
	Fellow subsidiary :		
	L&T General Insurance Company Limited	**–**	*1,987,414*
		19,399,193	*18,971,163*
2	**Sale of assets**		
	Fellow subsidiary :		
	L&T Samakhiali Gandhidham Tollway Limited	**19,879**	*–*
		19,879	*–*
3	**Interest Expenses**		
	Holding company L&T Infrastructure Development Projects Limited	**237,154,266**	*286,554,073*
		237,154,266	*286,554,073*
4	**Inter corporate deposit received**		
	Holding company L&T Infrastructure Development Projects Limited	**219,000,000**	*175,000,000*
		219,000,000	*175,000,000*
5	**Reimbursement of expenses charged by**		
	Ultimate Holding company Larsen & Toubro Limited		
	Holding company L&T Infrastructure Development Projects Limited	**–**	*520*
	Fellow subsidiary :		
	Vadodara Bharuch Tollway Limited	**30,000**	*–*
	Krishnagiri Thopur Toll Road Limited	**–**	*63,000*
	L&T Transportation Infrastructure Limited		*13,314*
		30,000	*76,834*
6	**Refundable deposit received for Director's Nomination**		
	Holding company L&T Infrastructure Development Projects Limited	**–**	*200,000*
		–	*200,000*
7	**Inter corporate deposit repaid**		
	Holding company L&T Infrastructure Development Projects Limited	**254,579,420**	*225,579,420*
		254,579,420	*225,579,420*
8	**Non-Convertible Debenture paid**		
	Holding company L&T Infrastructure Development Projects Limited	**150,000,000**	*150,000,000*
		150,000,000	*150,000,000*

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	**Amounts due (to)/from**	
	As at March 31, 2017	*As at March 31, 2016*
Ultimate Holding Company		
Larsen & Toubro Limited	**(1,720,572)**	*(185,470)*
Holding Company		
L&T Infrastructure Development Projects Limited	**(2,361,669,733)**	*(3,023,418,788)*

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or

NOTES FORMING PART OF ACCOUNTS (Contd.)

received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: ₹ Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) Since there are no receivables due from reated parties, no provision for bad and doubtful debtshas been made and no expense has been recognized in relation to the said bad and doubtful debts.

f) Compensation of Key Management personnel of the group

(Amount in ₹)

Particulars	**As at March 31, 2017**	*As at March 31, 2016*
Short term employee benefits	**2,029,605**	*1,918,699*
Post employment gratuity and medical benefits	**34,152**	*32,844*
Other long term benefits	**182,780**	*391,416*
Termination benefits	**NA**	*NA*
Share based payment transactions	**NA**	*NA*

6) Disclosure pursuant to Ind AS 12-"Income taxes"

The company is not required to pay current income tax due to tax loss as determined in accordance with the Income Tax Act, 1961.

In view of losses incurred by the Company during the current year under Income Tax Act 1961, deferred tax assets on deductible temporary differences and carry forward of unused tax losses have been recognised for in the books to the extent of deferred tax liability on consideration that the taxable income will not be available in the forseable future years against which those temporary differences, losses and tax credit can be utilized.

The Company is also eligible for deduction under section 80IA of the Income Tax Act, 1961, which its propose to claim in the future years.

7) Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17**	*2015-16*
		₹	₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	**(378,146,179)**	*(396,388,532)*
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	**843,000,000**	*843,000,000*
Basic earnings per equity share (₹)	A / B	**(0.45)**	*(0.47)*
Face value per equity share (₹)		**10.00**	*10.00*

Potential equity shares that will arise on conversion of Compulsary Convertible Cumulative Preference Shares are resulting into anti dilution of EPS in the current year. Hence they have not been considered in the computation of diluted EPS in accordance with Ind AS 33 "Earnings Per Share."

8) Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

9) Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provisions:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.

For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads.

As per industry practice, the periodic maintenance is expected to occur after 5 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.

NOTES FORMING PART OF ACCOUNTS (Contd.)

b) Movement in provisions:

Particulars	As at 31 March 2017	*As at 31 March 2016*	*As at 01 April 2015*
Opening balance	**116,612,764**	*55,601,841*	*24,000,000*
Additional provision	**71,600,000**	*54,715,001*	*28,900,000*
Utilised			
Unused amounts reversed			
Unwinding of discount and changes in discount rate	**13,200,765**	*6,295,922*	*2,701,841*
Closing balance	**201,413,529**	*116,612,764*	*55,601,841*

10) Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

Particulars	SBN's	Other Denomination notes	Total
Closing cash in hand as on 08/11/2016	**1,317,000**	**7,038,755**	**8,355,755**
(+) Permitted receipts	**3,090,000**	**46,947,030**	**50,037,030**
(-) Permitted payments	**–**	**1,126,917**	**1,126,917**
(-) Amounts deposited in Banks	**4,407,000**	**44,412,105**	**48,819,105**
Closing cash in hand as on 30/12/2016	**–**	**8,446,763**	**8,446,763**

11) First time adoption of Ind AS

These are the company's first consolidated financial statements prepared in accordance with Ind AS. The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the company's date of transition). In preparing its opening Ind AS balance sheet and the balance sheet as at 31st March, 2016, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP or IGAAP).

Exemptions availed

In preparing these Ind AS financial statements, the company has availed certain exemptions and exceptions in accordance with Ind AS 101, as explained below. The resulting difference between the carrying values of the assets and liabilities in the financial statements as at the transition date under Ind AS and previous GAAP have been recognised directly in equity (retained earnings or another appropriate category of equity). This note explains the adjustments made by the company in restating its previous GAAP financial statements, including the Balance Sheet as at April 1, 2015 and the financial statements as at and for the year ended March 31, 2016.

Deemed cost of Property, plant and equipment

The company has elected to measure certain items of property, plant and equipment at fair value at the date of transition to Ind AS. Hence at the date of transition to Ind AS, measured as per the previous GAAP and use the same as deemed cost as on the date of transtion to Ind AS

Amortization of Tolling Rights

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

Exemptions availed

The company's estimates in accordance with Ind ASs at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any difference in accounting policies), unless there is objective evidence that those estimates were in error. Ind AS estimates as at 1 April 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP.

12) Transitional details

(i) Borrowings

Under Indian GAAP, transaction costs incurred in connection with borrowings are amortised over the tenor of the loan. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹ 191,79,222/- . Consequently an amount of ₹ 191,79,222/- has been derecognised from toll collection rights with an effect of ₹ 191,79,222/- to retained earnings.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(ii) Provisions

Under Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹ 2,98,55,496/-. Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹ 2,98,55,496/-.

(iii) Negative Grant/Additional Concession fee payable to the Authority

Under Indian GAAP, the amount of Negative Grant / Additional Concession fee payable over the concession period is capitalized as part of Toll Collection Rights on the "Commercial Operations Date", on an undiscounted basis by recognising a Deferred payment liability to the extent of the amount of Negative Grant/Additional Concession fee payable. For transition to IndAS, the Deferred payment liability is restated to its present value by using a discount rate that matches with the tenor of the liability and that reflects market assessments of the interest payable on such liabilities. Consequently, the toll collection rights is reduced by ₹ 2,44,86,18,579/-

(iv) Current investments

Under Indian GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. For transition, mutual fund investments are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). Any unrealised gains/losses are included in the carrying amount of such investments as at the reporting date. Consequently the carrying amount of mutual fund investments is increased by ₹ 27,29,871/- with a corresponding increase in the reserves.

13) The obligation towards negative grant payable to NHAI is recognized as deferred payment liability when the Company, in its capacity of Concessionaire, becomes entitled to exercise the right and collect toll in accordance with the terms of the concession agreement on Commercial Operations Date. The total concession fee payable from the project completion date till the end of the concession period is capitalized as a part of cost of Toll Collection Rights under intangible assets under development on recognition of deferred payment liability. The deferred payment liability shall stand reduced based on actual payment towards additional concession fee payable to NHAI as and when the same is paid.

14) The name of company is changed from L&T Panipat Elevated Corridor Limited to Panipat Elevated Corridor Limited w.e.f 3rd March 2017.

15) Capital Management

For the purpose of the Company's capital management, capital includes issued equity capital, share premium, Other equity in form of Subordinate Debt and all other reserves attributable to the equity holders of the Company.

The Company's objective for capital management is to maximize shareholder value and safeguard business continuity.

The Company determines the capital requirement based on annual operating plans and other strategic plans. The funding requirements are met through equity and operating cash flows generated.

Summary of Quantitative Data is given hereunder:

Particulars	**March 31, 2017**	*March 31, 2016*	*April 01, 2015*
	₹	₹	₹
Equity	**843,000,000**	*843,000,000*	*843,000,000*
Other Equity	**(3,235,237,339)**	*(3,314,557,220)*	*(2,918,168,688)*
Total	**(2,392,237,339)**	*(2,471,557,220)*	*(2,075,168,688)*

The company does not have any externally imposed capital requirement.

16) Disclosure pursuant to Appendinx-A to Ind AS 11-" Service Concession Arrangements"

i Description and classification of the arrangment

Panipat Elevated Corridor Limited is a special purpose vehicle incorporated on July 21, 2005 for the purpose of widening of existing four-lane ten kilometer stretch to six lane elevated structure covering Panipat city on National Highway No.1 in the state of Haryana. The elevated structure covering specific stretches and widening and construction of peripheral lanes and operation and maintenance thereof, under the Concession Agreement dated 27th July, 2005 with National Highways Authority of India (NHAI). The Concession Agreement is for a period of 20 years from 23rd January 2006, being the Appointed Date stated in clause 1.1 of the said agreement. At the end of the concession period, the entire facility will be transferred to NHAI.

ii Significant Terms of the arrangements

(a) Revision of Fees:

Fees shall be revised annually on17th July 17 as per Schedule G of the Concession Agreement dated July 27, 2005.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(b) Concession Fee

As per Article 7 of the Concession Agreement, the company is liable to pay Concession Fee ₹ 1 every year.

(c) Negative grant

As per Artilce 23 of the Concession Agreement the company is liable to pay ₹ 350.90 Crs to NHAI as per Negative grant schedule

iii Rights of the Company for use Project Highway

a To demand, collect and appropriate, Fee from vehicles and person liable for payment of Fee for using the Project Highway or any part thereof and refuse entry of any vehicle if the Fee due is not paid.

b Right of Way, access and licence to the Site.

iv Obligation of the Company

a The comapny shall not assign, transfer or sublet or create any lien or Encumbrance on the CA or the Concession granted or on the whole or any part of the Project Highway nor transfer, lease or part possession thereof, save and except as expressly permitted by CA or the Substitution Agreement.

b The company is under obligation to carry out the routine and periodic maitenance of Project Highway as per Schedule L of the CA.

v Details of any assets to be given or taken at the end of concession period

At the end of the Concession period the company shall deliver the actual or constructive possession of the Project Highway, free and clear of all encumbrances.

vi Details of Termination

CA can be terminated on account of default of the company or NHAI in the circumstances as specified under article 32 of the CA.

17) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			31.03.2016			01.04.2015		
		FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost	FVTPL	FVTOCI	Amortized cost
Financial asset										
Security Deposits	3	-	-	751,881	–	–	435,175	–	–	46,000
Investments	5	-	-	-	151,919,101	–	–	197,570,666	–	–
Trade receivables		-	-	-	–	–	–	–	–	–
Cash and cash equivalents	6	-	-	13,243,560	–	–	17,665,037	–	–	9,115,829
Other Current Financial Asset										3,210,599
Total Financial Asset		-	-	13,995,441	151,919,101	–	18,100,212	197,570,666	–	12,372,428
Financial liability										
Term Loan from Banks	9	-	-	-	–	–	–	–	–	–
Loans from related parties	9	-	-	2,147,978,980	–	–	2,746,082,634	–	–	2,938,219,657
Negative Grant (Including Interest)	9	-	-	2,400,227,335	–	–	2,326,449,650	–	–	2,149,706,032
Other Current Financial Liabilities	10	-	-	208,185,863	–	–	253,903,389	–	–	213,553,579
Trade Payables	13	-	-	7,387,269	–	–	19,636,133	–	–	19,273,402
Total Financial Liabilities		-	-	4,763,779,447	-	-	5,346,071,806	-	-	5,320,752,670

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

NOTES FORMING PART OF ACCOUNTS (Contd.)

18) Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	31.03.2017		*31.03.2016*		*01.04.2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	3	**751,881**	**751,881**	*435,175*	*435,175*	*46,000*	*46,000*
Total Financial Assets		**751,881**	**751,881**	*435,175*	*435,175*	*46,000*	*46,000*
Financial liability							
Term Loan from Banks	9	**–**	**–**	–	–	–	–
Loans from related parties	9	**2,147,978,980**	**2,147,978,980**	*2,746,082,634*	*2,746,082,634*	*2,938,219,657*	*2,938,219,657*
Negative Grant (Including Interest)	9	**2,400,227,335**	**2,400,227,335**	*2,326,449,650*	*2,326,449,650*	*2,149,706,032*	*2,149,706,032*
Total Financial Liabilities		**4,548,206,315**	**4,548,206,315**	*5,072,532,284*	*5,072,532,284*	*5,087,925,689*	*5,087,925,689*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

The carrying value of Negative Grant (Including Interest) reasonably approximates its fair value, hence their carrying value is considered to be same as their fair value.

19) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy					
As at March 31, 2017					
Financial Asset & Liabilites Measured at FV-Recurring FVM	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial asset measured at FVTPL					
Investments in Mutual Funds	**5**	**–**	**–**	**–**	**–**
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities measured at FVTPL		**–**	**–**	**–**	**–**
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	**3**	**–**	**751,881**	**–**	**751,881**
Total of Financial Assets		**–**	**751,881**	**–**	**751,881**
Financial Liabilities					
Term Loan from Banks	**9**	**–**	**–**	**–**	**–**
Loans from related parties	**9**	**–**	**2,147,978,980**	**–**	**2,147,978,980**
Negative Grant Payable (Including Interest)	**9**	**–**	**2,400,227,335**	**–**	**2,400,227,335**
Total Financial liabilties		**–**	**4,548,206,315**	**–**	**4,548,206,315**

NOTES FORMING PART OF ACCOUNTS (Contd.)

As at March 31, 2016					
Financial Asset & Liabilites Measured at FV-Recurring FVM	*Note No.*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	151,919,101	–	–	151,919,101
Total of Financial Assets		151,919,101	–	–	151,919,101
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	3	–	435,175	–	435,175
Total Financial Assets		–	435,175	–	435,175
Financial Liabilities					
Term Loan from Banks	9	–	–	–	–
Loans from related parties	9	–	2,746,082,634	–	2,746,082,634
Negative Grant Payable (Including Interest)	9	–	2,326,449,650	–	2,326,449,650
Total Financial Liabilities		–	5,072,532,284	–	5,072,532,284
As at April 1, 2015					
Financial Asset & Liabilites Measured at FV-Recurring FVM	*Note No.*	*Level 1*	*Level 2*	*Level 3*	*Total*
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	197,570,666	–	–	197,570,666
Total of Financial Assets		197,570,666	–	–	197,570,666
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		*Level 1*	*Level 2*	*Level 3*	*Total*
Financial Assets					
Security Deposits	3	–	46,000	–	46,000
Total of Financial Assets		–	46,000	–	46,000
Financial Liabilities					
Term Loan from Banks	9	–	–	–	–
Loans from related parties	9	–	2,938,219,657	–	2,938,219,657
Negative Grant Payable (Including Interest)	9	–	2,149,706,032	–	2,149,706,032
Total of Financial Liabilities		–	5,087,925,689	–	5,087,925,689

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	**Market Approach**	**NAV**
Security deposit	**Income**	**Cash flow**
Financial liabilities		
Term Loan from Banks	**Income**	**Current Bank Rate**
Loans from Related parties	**Income**	**Current Bank Rate**
Negative Grant	**Income**	**Cash flow**

20)

Particulars	Note no	31.03.2017	*31.03.2016*	*01.04.2015*
Non Current Financial Asset				
Property, Plant & Equipment	1	**6,337,555**	*6,891,276*	*12,180,691*
Intangible asset	2	**2,546,913,398**	*2,834,522,262*	*3,122,778,770*
Other Financial Asset	3	**751,881**	*435,175*	*46,000*
Current Financial Asset				
Cash and Cash Equivalents	6	**13,243,560**	*17,665,037*	*9,115,829*
Investments In Mutual Fund	5	**–**	*151,919,101*	*197,570,666*
Other Financial Asset	4	**19,332,867**	*2,789,146*	*1,553,793*
TOTAL		**2,586,579,261**	*3,014,221,997*	*3,343,245,749*

21) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a risk management policy to identify and analyze the risks faced by the Company, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management systems are reviewed periodically to reflect changes in market conditions and the Company's activities. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i. Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii. Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates.The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk.

The company's exposure to interest rate risk due to variable interest rate borrowings is as follows:

Particulars	31.03.2017	*31.03.2016*	*01.04.2015*
Inter Corporate Deposits-Variable rate borrowings	**97,978,980**	*546,082,634*	*588,219,657*

NOTES FORMING PART OF ACCOUNTS (Contd.)

Sensitivity analysis based on average outstanding Senior Debt

Interest Rate Risk Analysis	Impact on profit/ loss after tax	
	FY 2016-17	*FY 2015-16*
Increase or decrease in interest rate by by 25 basis point	**805,077**	*1,417,878*

Note: Profit will increase in case of decrease in interest rate and vice versa

iii. Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

The company measures risk through sensitivity analysis.

The company's risk management policy is to mitigate the risk by investments in diversified mutual funds.

The company's exposure to price risk due to investments in mutual fund is as follows:

Particulars	Note No.	31.03.2017	31.03.2016	01.04.2015
Investments in Mutual Funds	7	**–**	*151,919,101*	*197,570,666*

Sensitivity Analysis

	Impact on profit/ loss after tax	
	31.03.2017	*31.03.2016*
Increase or decrease in NAV by 2%	**–**	*3,038,382.02*

Note: In case of decrease in NAV profit will reduce and vice versa.

iv. Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The company is exposed to liquidity risk due to Debenture borrowings and trade and other payables.

The company measures risk by forecasting cash flows.

The Company's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due without incurring unacceptable losses or risking damage to the Company's reputation. The Company ensures that it has sufficient fund to meet expected operational expenses, servicing of financial obligations.

The following are the contractual maturities of financial liabilities

As at March 31, 2017	Carrying Amount	upto 1 year	1-2 years	2-5 years	> 5 years
Non Derivative Financial Liability					
Non Convertible Debenture & Inter Corporate Deposit	**2,147,978,980**	**200,579,420**	**237,317,668**	**700,000,000**	**1,010,081,892**
Trade Payables	**7,387,269**	**7,387,269**	**–**	**–**	**–**
Derivative Financial Liability	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
As at March 31, 2016	*Carrying Amount*	*upto 1 year*	*1-2 years*	*2-5 years*	*> 5 years*
Non Derivative Financial Liability					
Non Convertible Debenture & Inter Corporate Deposit	*2,746,082,634*	*200,579,420*	*200,579,420*	*687,317,668*	*1,657,606,126*
Trade Payables	*19,636,133*	*19,636,133*	*–*	*–*	*–*
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*
As at April 01, 2015	*Carrying Amount*	*upto 1 year*	*1-2 years*	*2-5 years*	*> 5 years*
Non Derivative Financial Liability					
Non Convertible Debenture & Inter Corporate Deposit	*2,938,219,657*	*200,579,420*	*200,579,420*	*637,897,088*	*1,899,163,729*
Trade Payables	*19,273,402*	*19,273,402*	*–*	*–*	*–*
Derivative Financial Liability	*NIL*	*NIL*	*NIL*	*NIL*	*NIL*

NOTES FORMING PART OF ACCOUNTS (Contd.)

v. **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The company generally does not have trade receivables as collection of toll income coincide as and when the traffic passes through toll-plazas. The company has other receivables primarily from government authority i.e. GSRDC. Hence, the management believes that the company is not exposed to any credit risk.

22) There are no amounts due to Micro, Small and Medium enterprises under the Micro, Small and Medium Enterprises Development (MSMED) Act 2006. Hence reporting details of principal and interest does not arise.

23) The company has re-estimated the outflow of Major maintainance from ₹ 38 Crore to ₹ 36.05 Crore and accordingly prospective effect is given in provision in current and future periods.

24) Previous Year Figures are regrouped whereever required.

25) Figures have been rounded off to the nearest rupee.

26) Reconcilation of equity as at 1st April 2015

Particulars	**Note**	*Indian GAAP**	*Adjustments*	*Ind AS*
		₹	₹	₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	*12,180,691*		*12,180,691*
c) Intangible assets	2	*4,643,131,523*	*(1,520,352,753)*	*3,122,778,770*
e) Financial Assets		–		–
i) Loans	3	*46,000*		*46,000*
	A	*4,655,358,214*	*(1,520,352,753)*	*3,135,005,461*
Current assets				
b) Financial Assets		–		–
i) Investments	5	*194,840,795*	*2,729,871*	*197,570,666*
iii) Cash and bank balances	6	*9,115,829*		*9,115,829*
c) Current Tax Assets (net)	4	*806,890*		*806,890*
d) Other current assets	4	*1,553,793*		*1,553,793*
	B	*206,317,307*	*2,729,871*	*209,047,178*
TOTAL	A+B	*4,861,675,521*	*(1,517,622,882)*	*3,344,052,639*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	*843,000,000*		*843,000,000*
b) Other Equity	8	*(2,749,331,521)*	*(168,837,167)*	*(2,918,168,688)*
	C	*(1,906,331,521)*	*(168,837,167)*	*(2,075,168,688)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities		–		–
i) Borrowings	9	*5,712,476,508*	*(1,318,930,239)*	*4,393,546,269*
b) Provisions	11	*86,681,265*	*(29,855,476)*	*56,825,789*
	D	*5,799,157,773*	*(1,348,785,715)*	*4,450,372,058*
Current liabilities				
a) Financial liabilities				
i) Borrowings ST	9	*694,379,420*		*694,379,420*
ii) Trade payables	13	*19,273,402*		*19,273,402*
iii) Other financial liabilities	10	*213,553,579*		*213,553,579*
b) Other current liabilities	12	*41,577,550*		*41,577,550*
c) Provisions	11	*65,318*		*65,318*
	E	*968,849,269*	–	*968,849,269*
Total Equity and Liabilities	C+D+E	*4,861,675,521*	*(1,517,622,882)*	*3,344,052,639*

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

27) Reconcilation of equity as at 1st April 2015

Particulars	Note	*Indian GAAP**	*Adjustments*	*Ind AS*
		₹	₹	₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	6,891,276		6,891,276
c) Intangible assets	2	4,214,534,761	(1,380,012,499)	2,834,522,262
e) Financial Assets		–		–
i) Loans	3	435,175		435,175
	A	4,221,861,212	(1,380,012,499)	2,841,848,713
Current assets				
b) Financial Assets		–		–
i) Investments	5	149,640,053	2,279,048	151,919,101
iii) Cash and bank balances	6	17,665,037		17,665,037
c) Current Tax Assets (net)	4	1,427,457		1,427,457
d) Other current assets	4	2,789,146		2,789,146
	B	171,521,693	2,279,048	173,800,741
TOTAL	A+B	4,393,382,905	(1,377,733,451)	3,015,649,454
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	843,000,000		843,000,000
b) Other Equity	8	(3,039,912,546)	(274,644,674)	(3,314,557,220)
	C	(2,196,912,546)	(274,644,674)	(2,471,557,220)
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities		–		–
i) Borrowings	9	5,286,897,088	(1,058,744,224)	4,228,152,864
b) Provisions	11	162,958,911	(44,344,553)	118,614,358
	D	5,449,856,000	(1,103,088,778)	4,346,767,222
Current liabilities				
a) Financial liabilities				
i) Borrowings ST	9	844,379,420		844,379,420
ii) Trade payables	13	19,636,133		19,636,133
iii) Other financial liabilities	10	253,903,389		253,903,389
b) Other current liabilities	12	22,110,492		22,110,492
c) Provisions	11	410,018		410,018
	E	1,140,439,452	–	1,140,439,452
Total Equity and Liabilities	C+D+E	4,393,382,906	(1,377,733,452)	3,015,649,454
			(1)	

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (Contd.)

28) Reconciliation of Profit and loss as at 31st March, 2016

Particulars	Note	*Indian GAAP**	*Adjustments*	*Ind AS*
		₹	₹	₹
REVENUE				
Revenue from Operations	14	*590,676,506*	–	*590,676,506*
Other income	15	*31,835,558*	*(450,823)*	*31,384,735*
Total Revenue		*622,512,064*	*(450,823)*	*622,061,241*
EXPENSES				
Construction contract expenses		–		–
Operating expenses	16	*156,272,002*	*(20,785,000)*	*135,487,002*
Employee benefit expenses	17	*12,052,548*	–	*12,052,548*
Finance costs	18	*286,597,980*	*266,481,938*	*553,079,918*
Depreciation and amortisation		*435,052,246*	*(140,340,254)*	*294,711,992*
Administration and other expenses	19	*23,029,871*	–	*23,029,871*
Total Expenses		*913,004,647*	*105,356,684*	*1,018,361,331*
Profit/(loss) before tax		*(290,492,583)*	*(105,807,507)*	*(396,300,090)*
Tax Expense:		–		–
Current tax		–		–
Profit/(loss) after tax for the year		*(290,492,583)*	*(105,807,507)*	*(396,300,090)*
Prior period adjustments		–		–
Profit for the year		*(290,492,583)*	*(105,807,507)*	*(396,300,090)*
Other comprehensive income:		–		
ii) Items that will be reclassified to profit or loss (net of tax)				
Total comprehensive income for the year		*(290,492,583)*	*(105,807,507)*	*(396,300,090)*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

I. SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015] and Companies (Indian Accounting Standards) Amendmend Rules, 2016.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under IndAS. Refer Note 12 for an explanation on how the transition from previous GAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items which are measured at fair values:

– Certain financial assets and liabilities

– Net defined benefit (asset) / liability

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions

NOTES FORMING PART OF ACCOUNTS (Contd.)

considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc. Changes in estimates are reflected in the financial statements in the period in which changes are made and, if material, their effects are disclosed in the notes to the financial statements.

(d) Measurement of fair values

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The fair value measurement assumes that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability, or
- In the absence of a principal market, in the most advantageous market for the asset or liability

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefit by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorized within the fair value hierarchy. The fair value hierarchy is based on inputs to valuation techniques that are used to measure fair value that are either observable or unobservable and consists of the following three levels:

Level 1 – inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities

Level 2 – inputs are other than quoted prices included within level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived prices)

Level 3 – inputs are not based on observable market data (unobservable inputs). Fair values are determined in whole or in part using a valuation model based on assumption that are neither supported by prices from observable current market transactions in the same instrument nor are they based on available market data.

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards, electronic or digital mode of payment is accounted on cash basis. The compensatation receivable for categories vehicles exempted from Toll by Concessioning Authority is accounted on cash basis except for the last month of year where it is recognised on estimated realisable value basis.

b) Interest income is recognised using effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash receipts through expected life of the financial asset to the gross carrying amount of the financial asset. When calculating the effective interest rate, the company estimates the expected cash flows by considering all the contractual terms of the financial instrument but does not consider the expected credit losses.

c) Fair value gains on current investments carried at fair value are included in Other income.

d) Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

e) Other items of income are recognised as and when the right to receive arises.

NOTES FORMING PART OF ACCOUNTS (Contd.)

4 Cash and Cash Equivalents

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

5 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

6 Property, plant and equipment (PPE)

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

In respect of Property, Plant and Equipment purchased during the year, depreciation is provided on a pro-rata basis from the date on which such asset is ready to use. Assets costing less than rupees five thousand each is fully depreciated in the year of purchase.

The residual value, useful live and method of depreciation of Property, Plant and Equipment are reviewed at each financial year end and adjusted prospectively, if appropriate.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	**Estimated useful life (in years)**
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5

NOTES FORMING PART OF ACCOUNTS (Contd.)

Category of Property, plant and equipment	Estimated useful life (in years)
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

7 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the Straight Line amortisation method prescribed under Schedule II to the Companies Act, 2013. Balance concession period as per Note 2.1.1

For transition to IndAS, the Company has availed the option to continue with the Straight Line amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous GAAP.

8 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to Gujarat State Road Development Corporation Ltd (GSRDC), if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

b) Other Intangible Assets:

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets’ revised carrying amount over its remaining useful life.

9) Investments:

Trade investments comprise investments in entities in which the Group has strategic business interest.

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

10) Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

NOTES FORMING PART OF ACCOUNTS (Contd.)

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

11) Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

12) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

NOTES FORMING PART OF ACCOUNTS (Contd.)

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

13) Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

14) Income taxes

The income tax expense or credit for the year is the tax payable on current year's taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax losses and carry forward of unused tax credits to the extent that it is probable that taxable profit will be available against which those temporary differences, losses and tax credit can be utilized, except when deferred tax asset on deductible temporary differences arise from the initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction, affects neither accounting profit nor taxable profit or loss.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

15) Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and

(b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

NOTES FORMING PART OF ACCOUNTS (Contd.)

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

16) Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only be occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the company. The company does not recognize a contingent asset but discloses its existence in the financial statements

17) Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost.

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A financial asset which is not classified in any of the above categories are measured at fair valued through profit or loss

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest, dividends, losses and gains relating to financial instruments or a component that is a financial liability shall be recognised as income or expenses in profit or loss.. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

The company derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. A financial liability is derecognized when obligation specified in the contract is discharged or cancelled or expires.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets

NOTES FORMING PART OF ACCOUNTS (Contd.)

measured at amortised cost, debt instruments at FVTOCI, trade receivable and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109. Impairment loss allowance (or reversal) recognised during the period is recognised as income / expense in the statement of profit and loss.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

18) Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

19) Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

20) Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

21) Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

NOTES FORMING PART OF ACCOUNTS (Contd.)

22) First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.

As per our report attached

M. K. DANDEKER & CO.
Chartered Accountants
Firm's Registration No. 000679S
by the hand of

S. POOSAIDURAI
Partner
Membership No.: 223754

Place : Chennai
Date: April 28, 2017

For and on behalf of the Board

PRIYA RANJAN GIRI
Chief Financial Officer

KARTHIKEYAN T.V
Director
DIN: 01367727

MATHEW GEORGE
Director
DIN: 07402208

Place : Chennai
Date: April 28, 2017

BOARD'S REPORT

The Directors of your Company are pleased to present their Report and the Company's audited financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended March 31, 2017 is summarised below:

Particulars	**2016-17**	*2015-16*
	₹ In crore	*₹ In crore*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**(220.47)**	*(122.08)*
Less: Depreciation, amortization and obsolescence	**0.04**	*20.47*
Profit before exceptional and extraordinary items and tax	**(220.51)**	*(142.55)*
Profit / (Loss) before tax	**(220.51)**	*(142.55)*
Less: Provision for tax	**–**	*–*
Profit after tax from continuing operations	**(220.51)**	*(142.55)*
Add: Balance brought forward from previous year	**(358.26)**	*(215.70)*
Balance carried to Balance Sheet	**(578.78)**	*(358.26)*

RESULTS OF OPERATIONS AND STATE OF COMPANY'S AFFAIRS

The Company was set up as a SPV for widening of existing 2 lane carriageway to 6 lane divided carriageway configuration of Pimpalgaon-Nashik-Gonde (km 380.00 to km 440.00) section of NH-3 in the State of Maharashtra, awarded by the National Highways Authority of India (NHAI). The Project achieved completion of 45.445 km of road portion on August 18, 2012 and tolling started from October 02, 2012. SPV achieved aggregate completion of 55.161 km on March 10, 2014 and tolling started from May 24, 2014. Toll Revenues are the only source of income for the Company to meet all its obligations primarily comprising cost of Operations and Maintenance, debt servicing and also returns on the capital invested by the Promoters viz. L&T, L&TIDPL and ABL. However the Company has been facing protests by various political parties demanding exemption of payment of toll from vehicles registered in Nashik (MH-15) and Malegaon (MH-41) leading to violence since October, 2012. Thus, there was a Force Majeure Event subsisting at the Toll Plaza ever since the commercial operations began affecting its ability to exercise the Company rights to collect toll, leading to a significant loss of toll revenue. The situation was brought to the notice of all concerned and a writ petition was also filed by the Company, in the High Court of Judicature at Bombay to direct the State Government of Maharashtra to ensure necessary security at the Toll Plaza to ensure law and order at the Toll Plaza so that the Company could implement the Fee Notification peacefully. However even after necessary directions to the State Government by the Honourable High Court to ensure necessary law and order support for ensuring collection of full toll revenues by the Company, there was no improvement in the enforcement of law and order. Due to these Force Majeure conditions continuing, the Concessionaire has suffered heavy losses amounting to ₹ 120 crore as on November, 2015.

As the violations at the Toll Plaza too increased and as there being no assurance from the State Government to either curb these violations or compensate the Concessionaire for the losses suffered, the Concessionaire was left with no other option but to terminate the Concession Agreement vide letter dated February 25, 2016 and requested NHAI to take over the Project immediately.

NHAI disputed the Termination by Concessionaire vide its letter dated February 25, 2016 and invoked the conciliation under Article 44.2. At the meeting held on March 04, 2016, NHAI agreed on Termination of the Concession Agreement.

It was decided that the Project Assets taking over shall be done as per procedure laid out in the concession agreement. It was decided that the demands of the Concessionaire including its outstanding claims and Termination Payments shall be examined and recommended by Independent Engineer under appropriate provisions of the Concession Agreement.

The Toll operations of the company were handed over on April 13, 2016. The incidence management and maintenance was handed over on July 30, 2016. An amount of ₹ 423 crore was made as termination payment by NHAI in March 2017, which was disputed by the company and the matter is under arbitration under sarod rules.

CAPITAL EXPENDITURE

There are no fixed and intangible assets as on March 31, 2017. Capital Expenditure during the year amounted to ₹ 1.20 crore.

DEPOSITS

The Company has not accepted deposits from the public, hence no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE

The Company has one Associate Company namely, Ashoka Concessions Limited holding 26% stake in the paid up equity Share Capital of the Company.

PARTICULARS OF LOAN GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facility, the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (Act) are not applicable to the Company. However the details of loans given, investments made and guarantees/securities provided by the Company are given in the Note F to the audited financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and at arm's length.

All related party transactions (RPT) during the year have been approved in terms of the Act. The Company will adhere to the RPT Policy of the Holding Company and guidelines thereunder.

The company has not entered into any material contracts or arrangements during 2016-17. The disclosure as per Form AOC-2 of the Act, is given in this Report as **Annexure 1**.

AMOUNT TRANSFERRED TO RESERVES

The Company incurred a loss during the financial year and no appropriation of profits to any specific reserve has been made.

DIVIDEND

The Company has posted losses during the year and no dividend is recommended.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

The details of significant and material orders are explained in detail under the head "Risk Management Policy"

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act, read with Rule 8(3) of the Companies (Accounts) Rules, 2014, conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year the Company has incurred a sum of ₹0.15 crore on foreign currency expenditure. There are no foreign exchange earnings.

RISK MANAGEMENT POLICY

Since there are no operations in the company, review of risk of the company does not arise.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under section 135 of the Companies Act 2013, it is not required under the said Act to spend during the year any amount on Corporate Social Responsibility.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Since the company has issued termination notice and there are no operations in the Company, the adequacy of internal control system does not arise.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL (KMP) APPOINTED/RESIGNED DURING THE YEAR

Changes in Directors and KMP

The Board of Directors of the Company as on March 31, 2017 is as follows:

Sr. No.	Name	Designation	DIN	Date of Appointment as Additional Director	Date of retirement by rotation and regularisation	Date of resignation
1	Mr. T.S.Venkatesan	Director	01443165	–	September 29, 2016(retirement by rotation)	–
2	Mr. P G.Suresh Kumar	Director	07124883	July 12, 2016	September 29, 2016 (regularisation)	–
3	Dr. Esther Malini	Additional Director	07124748	March 15, 2017	–	–
4	Mr. Jayanta Dixit	Additional Director	03610321	March 15, 2017	–	–
4	Mr. A.Veeraragavan	Independent Director	07138615	–	–	–
5	Mrs. Samyuktha Surendran	Independent Woman Director	07138327	–	–	–
6	Mr. Karthikeyan T.V	Director	01367727	–	–	July 12, 2016
7	Mr. Arun Kumar Jha	Director	07458418	April 5, 2016	September 29, 2016 (regularisation)	January 18, 2017
8	Mr. Paresh Mehta	Director	03474498	December 22, 2016	September 29, 2016 (regularisation)	January 18, 2017

Mr. Sanjay Prabhakar Ingle, resigned as Manager of the Company with effect from July 31, 2016.

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are as given below:

Sr. No.	Name	Designation
1	Mr. Gopal C Pande	Chief Financial Officer

NUMBER OF MEETING OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held as per business requirement.

During the year seven Board Meetings were held. The details of the Board meetings conducted during the year under review are given below:

Date	Board Strength	No of Directors Present
April 05, 2016	6	5
April 11, 2016	6	4
July 12, 2016	6	3
October 06, 2016	6	6
October 18, 2016	6	4
January 18,2017	6	4
March 15, 2017	6	5

The Agenda of the Meeting is circulated in advance to the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which inter alia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee, Nomination and Remuneration Committee, Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible public or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board (minutes of meetings are circulated to the Board). Presentations, inter alia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc. Independent Directors have the freedom to interact with the Company's management.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013. The Members of the Audit Committee are Dr. A.Veeraragavan, Mrs. Samyuktha Surendran and Mr. T.S.Venkatesan.

During the year, four audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 05, 2016	3	3
July 12, 2016	3	2
October 18, 2016	3	2
January 18,2017	3	2

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors and employees to report genuine concerns. The Compliance Officer of the Holding Company is the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Act.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Members of the Nomination and Remuneration Committee are Dr. A.Veeraragavan, Mrs. Samyuktha Surendran and Mr. T.S.Venkatesan.

During the year, three nomination and remuneration committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
April 05, 2016	3	3
July 12, 2016	3	2
March 15, 2017	3	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a declaration of independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed to this Report as **Annexure 2**.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on not going concern basis:

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionaries' also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on 07th December 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

There are no employees in the company covered by the provisions of the sub rule 2 of rule 5 of Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCES WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

A policy on 'Protection of Women's Rights at Workplace' was adopted by the Company at the Board Meeting held on July 12, 2016. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the year 2016-17 since there are no employees in the Company.

AUDITOR AND AUDITOR'S REPORT

Statutory Auditors

The Company in the Sixth Annual General Meeting held on 24th September 2015 for the FY 2015-16 had appointed M/s.Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Delhi as Statutory Auditors of the Company to hold office from the conclusion of that Annual General Meeting until the conclusion of the fifth consecutive Annual General Meeting of the Company to be held during the year 2019.

The Board recommends the ratification of the appointment of M/s.Gianender & Associates, Chartered Accountants, (Firm Reg no: 004661N), Delhi, as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Companies Act, 2013.

The Auditors' Report for the financial year 2016-17 is unqualified. The Notes to the accounts referred to in the Auditors' Report are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Companies Act, 2013.

Secretarial Auditors

R. Thamizhvanan, Company Secretary in practice, Chennai was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and Rules thereunder.

The secretarial audit report for the financial year 2016-17 is attached as **Annexure 3** to this Report.

It contains the following qualification, reservation or adverse remark:

The Company does not have a whole-time secretary as required by Rule 8A of Companies (Appointment and Remuneration of Managerial Personnel) Rules 2014.

MANAGEMENT RESPONSE:

Since the Company has issued termination Notice to NHAI and there are no operations in the Company, it is in search of a suitable candidate to be appointed as a whole time Company Secretary as per the provisions of Section 203 of the Companies Act 2013. The Management will endeavour to appoint a Company Secretary in the near future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank its employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities, NHAI and all other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

T.S.VENKATESAN — *Director* — *DIN: 01443165*

P.G.SURESH KUMAR — *Director* — *DIN: 07124883*

Place : Chennai
Date : April 27, 2017

ANNEXURE 1

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

1. Details of contracts or arrangements or transactions not at arm's length basis

   The Company has not entered into such transactions during the year.

2. Details of material contracts or arrangement or transactions at arm's length basis

   The Company has not entered into such material contracts or arrangements during the year.

For and on behalf of the Board

	T.S.VENKATESAN	**P.G.SURESH KUMAR**
Place : Chennai	*Director*	*Director*
Date : April 27, 2017	*DIN: 01443165*	*DIN: 07124883*

ANNEXURE 2

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U45203TN2009PLC070741
Registration Date	16/02/2009
Name of the Company	PNG Tollway Limited
Category / Sub-Category of the Company	Company Limited by shares/Indian Non-government Company
Address of the Registered office and contact details	P.O.Box.979, Mount Poonamallee Road, Manapakkam, Chennai- 600089 Ph. 044 - 22526060
Whether listed company Yes / No	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited * 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591*

* NSDL Database Management Limited was appointed as Registrar and Share Transfer Agent at the Board Meeting held on July 12, 2016 and the services were transferred from Sharepro Services Limited w.e.f September 23, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Construction and maintenance of motorways, streets, roads, other vehicular and pedestrian ways, highways, bridges, tunnels and subways	42101	Nil

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

S. No	Name and Address of the Company CIN/GLN	Holding/ Subsidiary/ Associate	% of shares held	Applicable Section
1	Larsen and Toubro Limited L99999MH1946PLC004768	Ultimate Holding Company	13%	2(46)
2	L&T Infrastructure Development Projects Limited U65993TN2001PLC046691	Holding Company	61%	2(46)
3	Ashoka Concessions Limited U45201MH2011PLC215760	Associate Company	26%	2(6)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	169099996	4*	169100000	100	169099996	4*	169100000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**169099996**	**4***	**169100000**	**100**	**169099996**	**4***	**169100000**	**100**	**–**

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**169099996**	**4***	**169100000**	**100**	**169099996**	**4***	**169100000**	**100**	**–**
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**169099996**	**4***	**169100000**	**100**	**169099996**	**4***	**169100000**	**100**	**–**

*Shares held by nominees of L&T Infrastructure Development Projects Limited

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 01, 2016			Shareholding as on March 31, 2017			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares#	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares#	
1	L&T Infrastructure Development Projects Limited(including nominees)	102711336	61%	24.48#	102711336	61%	24.48#	–
2	Larsen & Toubro Limited	22422660	13%	13#	22422660	13%	13#	–
3	Ashoka Concessions Limited	43966000	26%	13#	43966000	26%	13#	–
	Total	**169100000**	**100%**	**51**	**169100000**	**100%**	**51**	**–**

#Based on the information received from Promoters

(iii) Change in Promoters' Shareholding: No change in the shareholding of Promoters

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs): Nil

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	As on April 01, 2016	2	–	2	–
	Decrease due to resignation of Mr. Karthikeyan T.V	1 (decrease)	–	–	–
	At the End of the year	1	–	1	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment:

(Amount in ₹)

Particulars of Indebtedness	Secured Loans excluding deposits	Unsecured Loans	Total Indebtedness
As on April 01, 2016			
i) Principal Amount	11,926,084,441	3,532,200,000	**15,458,284,441**
ii) Interest due but not paid	202,815,808	869,411,458	**1,072,227,266**
iii) Interest accrued but not due	–	–	**–**
Total (i+ii+iii)	**12,128,900,249**	**4,401,611,458**	**16,530,511,707**
Change in Indebtedness during the financial year			
• Addition	–	519,014,927	**519,014,927**
• Reduction	2,535,374,310		**2,535,374,310**
Net Change	**(2,535,374,310)**	**519,014,927**	**(2,016,359,383)**
As on March 31, 2017			
i) Principal Amount	9,593,525,939	4,051,214,927	**13,644,740,866**
ii) Interest due but not paid	–	869,411,454	**869,411,454**
iii) Interest accrued but not due	–	–	**–**
Total (i+ii+iii)	**9,593,525,939**	**4,920,626,381**	**14,514,152,320**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: No manager as on March 31, 2017.

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		Dr. A. Veeraragavan	Mrs. Samyuktha Surendran	
1	Independent Directors			
	Fee for attending board meeting	₹ 1,50,000/-	₹ 1,50,000/-	₹ 3,00,000/-
	Fee for attending committee meetings	₹ 80,000/-	₹ 70,000/-	₹ 1, 50,000/-
	Commission	–	–	–
	Others, please specify	–	–	–
	Total (1)	₹ 2,30,000/-	₹ 2,20,000/-	₹ 4,50,000/-
2	Other Non-Executive Directors	Nil		
	1. Mr. T. S. Venkatesan			
	2. Mr. P.G.Suresh Kumar			
	3. Mr. Jayanta Dixit			
	4. Dr. Esther Malini			
	No Fee for attending board / committee meetings and no Commission			
	Total (2)	**Nil**		
	Total (B)=(1+2)	**₹ 2,30,000/-**	**₹ 2,20,000/-**	**₹ 4,50,000/-**
	Total Managerial Remuneration	**NA**	**NA**	**NA**
	Overall Ceiling as per the Act(sitting fees)	**Not more than ₹ 1,00,000/- per meeting of Board or Committee.**		

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

No remuneration was paid to KMP other than Manager of the Company. Mr. Gopal C Pande, CFO of the Company is employed by the Holding Company.

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

T.S.VENKATESAN
Director
DIN: 01443165

P.G.SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 27, 2017

ANNEXURE 3

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR 2016-17

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
PNG TOLLWAY LIMITED
P.O. BOX NO.979, MOUNT POONAMALLEE ROAD
MANAPAKKAM, CHENNAI-600089

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **PNG TOLLWAY LIMITED** (here-in-after called the 'Company') for the **Financial year 2016-2017**. The Secretarial Audit was conducted in a manner that provided me/us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of **PNG TOLLWAY LIMITED** books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report :-

That in my opinion, the company has, during the audit period has complied with the applicable statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by **PNG TOLLWAY LIMITED**, Chennai for the audit period to the provisions of

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder – **Not Applicable**;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - **Not Applicable**;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not Applicable**;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992- **Not Applicable**;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable**;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 - **Not Applicable**;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable**;

  (f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not Applicable**;

  (g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable**;

  (h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable**

I have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, etc. I have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

I have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India-**Applicable**

(j) The Listing Agreements entered into by the Company with stock Exchanges for securities-**Not Applicable**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above

I further report that:-

The Board of Directors & the Committees of the Company are duly constituted. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' view are captured and recorded as part of the minutes

I further report that there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company has complied with all requirements under the new Companies Act 2013 to the extent notified and applicable with respect to all events/actions having a major bearing on the Companies affairs **except appointment of whole-time secretary as required by Rule 8A of Companies (Appointment and remuneration of Managerial Personnel) Rules, 2014.**

Sd/-

R. THAMIZHVANAN
(COMPANY SECRETARY IN PRACTICE)
CP NO. 3721

Place: Chennai
Date: 21.04.2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF PNG TOLLWAY LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **PNG Tollway Limited** ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act read with relevant rules issued there under.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

EMPHASIS OF MATTER

We draw attention to the:

i) Note no. H(10) which state that during preceding financial year, the company had submitted intent to terminate the project and accordingly issued the notice of termination on 25th Feb 2016. The same was accepted by NHAI vide its minutes of meeting dated 7th April 2016 and conveyed that the date of termination shall be Mar 29th 2016. Consequently the toll operations were taken over by the authority on 13th April 2016 and Maintenance Operations taken over on 31st July 2016. The company has been engaged into various meeting with the authority with regard to finalization of termination proceeds and its settlement during the year. In the month of Aug 2016, NHAI released an adhoc payment of ₹ 100 Cr. Further on Feb 21st 2017 NHAI, in turn issued a Termination Notice, alleging Concessionaire's Event of Default and arbitrarily computed the Termination Payment for the project at ₹ 996.57 Cr and after adjusting the adhoc payment and other recoveries made by them, released the payment of ₹ 323.061 Cr on 26th Mar 2017, unilaterally, without granting an opportunity of being heard to the company on the above matter. The company on 3rd April 2017 replied to the Notice of Termination by NHAI and on 4th April 2017 replied to the Termination Payment advice of NHAI, stating the facts on how termination payment calculated by NHAI is not in conformity with the stated provisions of the Concession Agreement, and justifying its eligibility for termination payments for an amount ₹ 1704.41 Cr including certain contractual claims that are accepted and payable as per provisions of concession agreement. In view of the same, the company is confident of recovering the amount considered as recoverable from NHAI under current assets under Note 6.

ii) Note no. H(11) which states that Going concern assumption is not appropriate, hence financial statement have been drawn up accordingly.

iii) Secured lenders (State bank of India & Bank of Baroda) have issued "NOTICE RECALLING LOANS" for repayment of entire outstanding loans.

Our opinion is not modified in respect of this matter.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March, 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of section 143(11) of the Act, we give in the Annexure, a statement on the matters specified in the paragraph 3 and 4 of the Order.
2. As required by Section 143(3) of the Act, we report that:
   - (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.
   - (b) in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
   - (c) the balance sheet, the statement of profit and loss, the statement of cash flows and the statement of changes in equity dealt with by this Report are in agreement with the books of account;
   - (d) in our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act read with relevant rule issued there under;
   - (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;
   - (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in"Annexure -A"; and
   - (g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:
     - i. The company has not pending litigation which would impact its financial position except those disclosed in financial statements;
     - ii. The company did not have any long-term contract including derivative contract for which there were any material foreseeable losses;
     - iii. There were no amounts which were required by the company to be transferred to the Investor Education and Protection Fund, and;
     - iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and these are in accordance with the books of accounts maintained by the Company. (refer note H15)

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 27, 2017

ANNEXURE TO THE INDEPENDENT AUDITOR'S REPORT OF PNG TOLLWAY LIMITED FOR THE YEAR ENDED AS ON 31ST MARCH 2017

Annexure referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of our report on even date:-

- i. a) The company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;
  - b) The Fixed Assets were physically verified by the company before their disposal and no material discrepancies were noticed on such verification
  - c) Immovable property were held in the name of the company.
- ii. As the company is engaged in the business of infrastructure development, operations and its maintenance and there is no inventory in hand at any point of time, hence paragraph 3(ii) of the Order is not applicable to the company.
- iii. The Company has not granted any loans, secured or unsecured to companies, firms, limited liabilities partnership or other parties covered in the register maintained under section 189 of the Companies Act, 2013. Hence, reporting under clause (a) to (c) of Para 3(iii) are not applicable.
- iv. The Company has not entered into any transaction in respect of loans, investments, guarantee and securities, which attracts compliance to the provisions of the sections 185 and 186 of the Companies Act, 2013. Therefore the paragraph 3(iv) of the Order is not applicable to the company.
- v. The Company has not accepted deposits in terms of the provisions of section 73 to 76 of the Companies Act, 2013 and rules framed there under. Therefore the paragraph 3(v) of the Order is not applicable to the company.
- vi. The Company is prima-facie maintaining the cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act, 2013.

vii. a) According to the information and explanations given to us and on the basis of our examination of the books of accounts, the company has been generally regular in depositing undisputed statutory dues including provident fund, employee state insurance, income tax, service tax, value added tax, cess and other statutory dues during the year with the appropriate authorities. As on 31st March 2017, there are no undisputed statutory dues payables for period exceeding for a period more than six month from the date they become payable.

b) According to the information and explanations given to us, there were no statutory dues pending in respect of income tax, sales tax, VAT, custom duty and cess etc. on account of any dispute.

viii. In our opinion and according to the information and explanation provided to us, the company has defaulted in payment of outstanding amount of loan of State bank of India and Bank of Baroda amounting to ₹ 4,27,18,82,456and 1,13,94,59,245 respectively, as the secured lenders (State Bank of India and Bank of Baroda) have issued “NOTICE RECALLING LOANS” dues to banks. The company has not taken any loans or borrowings from Government.

ix. Money raised by way of term loans were applied for the purpose for which it was raised. The Company has not raised money by way of initial public offer or further public offer.

x. According to the information and explanation given to us by the management which have been relied by us, there were no frauds on or by the company noticed or reported during the period under audit.

xi. The Company has not paid any managerial remuneration, hence therefore para 3(xi) of the Order is not applicable to the company.

xii. The company is not a Nidhi Company, therefore para 3(xii) of the Order is not applicable to the company.

xiii. In our opinion and according to the information provided to us, the transaction entered with the related partied are in compliance with section 177 and 188 of the Act and are disclosed in the financial statements as required by the applicable accounting standards.

xiv. The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review, therefore para 3(xiv) of the Order is not applicable to the company.

xv. According to the information provided to us, the company has not entered into any non-cash transaction with directors or the persons connected with him covered under section 192 of the Companies Act 2013. Therefore, paragraph 3(xv) of the Order is not applicable to the company.

xvi. According to the information provided to us, the company is not required to be registered under section 45IA of the Reserve Bank of India Act, 1934. Therefore, paragraph 3(xvi) of the Order is not applicable to the company.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm‘s Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 27, 2017

ANNEXURE-A

Annexure referred to in paragraph 2 under the heading “Report on Other Legal and Regulatory Requirements” of our report on even date:-

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (“the Act”)

We have audited the internal financial controls over financial reporting of PNG Tollway Limited(“the Company”) as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management’s Responsibility for Internal Financial Controls

The Company’s management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company’s policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors’ Responsibility

Our responsibility is to express an opinion on the Company’s internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the “Guidance Note”) and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness.

Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for my /our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm's Registration No. 004661N)

Manju Agrawal
(Partner)
(M No. 083878)

Place: New Delhi
Date: April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note	As at 31-03-2017 ₹	*As at 31-03-2016* ₹	*As at 01-04-2015* ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	–	*56,128,447*	*69,574,438*
b) Intangible assets	2	–	*16,471,590,490*	*16,662,767,582*
c) Non-current investment	3	**940,000**	*940,000*	*940,000*
d) Financial Assets				
i) Loans	4	–	*1,068,849*	*1,021,299*
e) Other non-current assets	5	–	*48,915,295*	*48,915,295*
	A	**940,000**	*16,578,643,081*	*16,783,218,614*
Current assets				
a) Financial Assets				
i) Cash and bank balances	6	**770,896,915**	*8,978,313*	*15,525,866*
ii) Loans	4	**40,000**	–	–
b) Current Tax Assets (net)	5	**71,233,306**	*7,332,489*	*10,367,755*
c) Other financial current assets	5	**11,030,742,810**	*1,574,342*	*1,917,891*
	B	**11,872,913,031**	*17,885,144*	*27,811,512*
TOTAL	A+B	**11,873,853,031**	*16,596,528,225*	*16,811,030,126*
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	8	**1,691,000,000**	*1,691,000,000*	*1,691,000,000*
b) Other Equity	7	**(4,556,674,762)**	*(2,351,482,678)*	*(2,157,088,978)*
	C	**(2,865,674,762)**	*(660,482,678)*	*(466,088,978)*
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities				
i) Borrowings	9	–	*14,274,584,417*	*14,294,070,997*
ii) Other financial liabilities	10	–	*1,005,796,730*	*663,377,994*
b) Provisions	11	–	*209,740,967*	*126,312,310*
	D	–	*15,490,122,114*	*15,083,761,301*
Current liabilities				
a) Financial liabilities				
i) Borrowings	9	**13,644,740,866**	*1,183,700,024*	*1,691,000,000*
ii) Trade payables	13	**216,413,439**	*29,079,030*	*176,939,815*
iii) Other financial liabilities	10	**869,411,454**	*306,161,564*	–
b) Other current liabilities	12	**8,962,034**	*247,737,351*	*325,356,214*
c) Provisions	11	–	*210,820*	*61,774*
	E	**14,739,527,793**	*1,766,888,789*	*2,193,357,803*
Total Equity and Liabilities	C+D+E	**11,873,853,031**	*16,596,528,225*	*16,811,030,126*
CONTINGENT LIABILITIES	F			
Commitments	G			
Other notes forming part of accounts	H			
Significant accounting policies	I			

As per our report of attached

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm Registration No: 04661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

GOPAL C PANDE
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

P.G.SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	2015-16 ₹	2015-16 ₹
REVENUE					
Revenue from Operations	**14**		**–**		*937,633,448*
Other income	**15**		**17,653,597**		*1,771,864*
Total Revenue			**17,653,597**		*939,405,312*
EXPENSES					
Operating expenses	**16**		**19,708,367**		*307,425,744*
Employee benefit expenses	**17**		**2,344,295**		*12,075,238*
Finance costs	**18**		**108,310,175**		*1,820,668,475*
Depreciation and amortisation			**487,153**		*204,729,074*
Administration and other expenses	**19**		**1,349,738**		*20,100,481*
Total Expenses			**132,199,728**		*2,364,999,012*
Profit/(loss) before tax			**(114,546,131)**		*(1,425,593,700)*
Tax Expense:					
Current tax					
Deferred tax			**–**		*–*
Profit/(loss) after tax for the year			**(114,546,131)**		*(1,425,593,700)*
Exceptional Item (net)			**-2,090,645,953**		*–*
Profit for the year			**-2,205,192,084**		*-1,425,593,700*
Other Comprehensive Income					
Nature					
Income-tax effect					
i) Reclassifiable to profit or loss in subsequent periods					
ii) Not reclassifiable to profit or loss in subsequent periods					
Total Comprehensive Income for the year					
Earnings per equity share (Basic and Diluted)	**24**		**(7.55)**		*(4.88)*
Face value per equity share			**10.00**		*10.00*

As per our report of attached

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm Registration No: 04661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

GOPAL C PANDE
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

P.G.SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 27, 2017

CASH FLOW STATEMENT AS ON MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A	**Net profit / (loss) before tax and extraordinary items**	**(114,546,131)**	*(1,425,593,700)*
	Adjustment for		
	Depreciation and amortisation expense	**487,153**	*204,729,074*
	Interest expense	**1,368,363,442**	*1,820,668,475*
	Interest income	**(294,926)**	*(385,479)*
	(Profit)/loss on sale of current investments(net)	–	*(1,386,385)*
	Exceptional Items	**(2,090,645,953)**	–
	Operating profit before working capital changes	**(836,636,415)**	*598,031,985*
	Adjustments for:		
	Increase / (Decrease) in long term provisions	**(210,005,152)**	*69,224,828*
	Increase / (Decrease) in trade payables	**187,334,409**	*(147,860,785)*
	Increase / (Decrease) in other current liabilitites	**(238,775,317)**	*(77,618,863)*
	Increase / (Decrease) in other current financial liabilitites	**(239,466,843)**	*239,466,843*
	Increase / (Decrease) in short term provisions	**(210,820)**	*149,046*
	(Increase) / Decrease in loan term loans and advances	**1,068,849**	*(47,550)*
	(Increase) / Decrease in other non-current assets	**48,915,295**	–
	(Increase) / Decrease in short term loans and advances	**(40,000)**	–
	(Increase) / Decrease in inventories	**16,514,160,903**	–
	(Increase) / Decrease in other current assets	**(11,029,168,468)**	*343,549*
	Net cash generated from/(used in) operating activities	**4,197,176,441**	*681,689,053*
	Direct taxes paid (net of refunds)	**(63,900,817)**	*3,035,266*
	Net Cash(used in)/generated from Operating Activities	**4,133,275,624**	*684,724,319*
B	**Cash flow from investing activities**		
	Purchase of fixed assets	–	*(79,188)*
	Sale of fixed assets	**13,070,881**	*237,380*
	(Purchase)/Sale of current investments	–	*1,386,385*
	Intercorporate deposits (placed)/refunded (net)	**519,014,927**	*1,077,600,000*
	Interest received	**294,926**	*385,481*
	Net cash (used in)/generated from investing activities	**532,380,734**	*1,079,530,058*
C	**Cash flow from financing activities**		
	Repayment of long term borrowings	**(2,341,483,733)**	*(507,208,228)*
	Interest paid	**(1,562,254,023)**	*(1,263,593,702)*
	Net cash (used in)/generated from financing activities	**(3,903,737,756)**	*(1,770,801,930)*
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**761,918,602**	*(6,547,553)*
	Cash and cash equivalents as at the beginning of the year	**8,978,313**	*15,525,866*
	Cash and cash equivalents as at the end of the year	**770,896,915**	*8,978,313*

NOTES

1. Cash flow statement has been prepared under the 'Indirect Method' as set out in the Ind AS 7 - Cash Flow statements
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year's figures have been regrouped/reclassified wherever applicable.

As per our report of attached

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm Registration No: 04661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

GOPAL C PANDE
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

P.G.SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED MARCH 31, 2017

(₹ **in lakhs**)

NOTE 7 : OTHER EQUITY AS ON 31.03.2017

Particulars	Equity component of compound financial instruments	Reserve & Surplus	Total
		Retained earnings	
Balance at the beginning of the reporting period	1,231,200,000	–3,582,682,678	–2,351,482,678
Profit for the year		–2,205,192,084	–2,205,192,084
Issue of share capital			
Balance at the end of the reporting period	**1,231,200,000**	**–5,787,874,762**	**–4,556,674,762**

OTHER EQUITY AS ON 31.03.2016

Particulars	Equity component of compound financial instruments	Reserve & Surplus	Total
		Retained earnings	
Balance at the beginning of the reporting period		-2,157,088,978	-2,157,088,978
Transfer to retained earnings	1,231,200,000	–	1,231,200,000
Profit for the year	–	-1,425,593,700	-1,425,593,700
Balance at the end of the reporting period	**1,231,200,000**	**–3,582,682,678**	**–2,351,482,678**

As per our report of attached

For and on behalf of the Board

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm Registration No: 04661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

GOPAL C PANDE
Chief Financial Officer

T.S.VENKATESAN
Director
DIN: 01443165

P.G.SURESH KUMAR
Director
DIN: 07124883

Place : Chennai
Date : April 27, 2017

Place : Chennai
Date : April 27, 2017

NOTES FORMING PART OF ACCOUNTS

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2016	Additions	Deductions	As at March 31, 2017	As at April 01, 2016	For the year	Deductions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Owned										
Plant and Equipment	67,451,896	–	67,451,896	–	27,113,655	331,227	27,444,882	–	–	40,338,241
Furniture and fixtures	5,405,241	–	5,405,241	–	1,980,765	5,384	1,986,149	–	–	3,424,476
Vehicles	20,221,827	–	20,221,827	–	10,540,447	3,531	10,543,978	–	–	9,681,380
Office equipment	10,678,286	–	10,678,286	–	8,273,228	81,974	8,355,202	–	–	2,405,058
Computers, laptops and printers	1,515,913	–	1,515,913	–	1,236,621	65,037	1,301,658	–	–	279,292
Total	**105,273,163**	**–**	**105,273,163**	**–**	**49,144,716**	**487,153**	**49,631,869**	**–**	**–**	**56,128,447**
Previous year				*105,273,163*				*49,144,716*		

NOTE 2 : INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2016	Additions	Dedu-ctions	As at March 31, 2017	As at April 01, 2016	For the year	Dedu-ctions	As at March 31, 2017	As at March 31, 2017	As as March 31, 2016
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	16,876,738,788	12,048,395	16,888,787,183	–	405,148,298	253,055	405,401,353	–	–	16,471,590,490
Total	**16,876,738,788**	**12,048,395**	**16,888,787,183**	**–**	**405,148,298**	**253,055**	**405,401,353**	**–**	**–**	**16,471,590,490**
Previous year	*16,876,738,788*			*16,876,738,788*				*405,148,298*		

Company has terminated the project under the clausee dispute resolution and projects assets to NHAI on March 29, 2016

NOTE 1 : PROPERTY, PLANT AND EQUIPMENT

(Amount in ₹)

Particulars	Cost				Depreciation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Owned										
Building	–	–	–	–	–	–	–	–	–	–
Plant and Equipment	67,451,896	–	–	67,451,896	19,285,469	7,828,186	–	27,113,655	40,338,241	48,166,427
Furniture and fixtures	5,622,565	–	217,324	5,405,241	1,574,210	406,555	–	1,980,765	3,424,476	4,048,355
Vehicles	20,221,827	–	–	20,221,827	7,355,854	3,184,593	–	10,540,447	9,681,380	12,865,973
Office equipment	10,698,342	–	20,056	10,678,286	6,539,630	1,733,598	–	8,273,228	2,405,058	4,158,712
Electrical installations	–	–	–	–	–	–	–	–	–	–
Air conditioning and Refrigeration	–	–	–	–	–	–	–	–	–	–
Computers, laptops and printers	1,436,725	79,188	–	1,515,913	1,101,754	134,867	–	1,236,621	279,292	334,971
Total	**105,431,355**	**79,188**	**237,380**	**105,273,163**	**35,856,917**	**13,287,799**	**–**	**49,144,716**	**56,128,447**	**69,574,438**
Previous year				*105,431,355*				*35,856,917*		

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 2 : INTANGIBLE ASSETS

(Amount in ₹)

Particulars	Cost				Amortisation				Book Value	
	As at April 01, 2015	Additions	Deductions	As at March 31, 2016	As at April 01, 2015	For the year	Deductions	As at March 31, 2016	As at March 31, 2016	As at April 01, 2015
Specialised Software	–	–	–	–	–	–	–	–	–	–
Toll collection rights	16,876,738,788	–	–	16,876,738,788	213,971,206	191,430,147	–	405,401,353	16,471,337,435	16,662,767,582
Total	**16,876,738,788**	**–**	**–**	**16,876,738,788**	**213,971,206**	**191,430,147**	**–**	**405,401,353**	**16,471,337,435**	**16,662,767,582**
Previous year	*16,876,738,788*			*16,876,738,788*				*213,971,206*		

NOTE 3 : NON-CURRENT INVESTMENT

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land		940,000	940,000		*940,000*	*940,000*		*940,000*	*940,000*
	–	940,000	940,000	–	*940,000*	*940,000*	–	*940,000*	*940,000*

NOTE 4 : LOANS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Security deposits									
Unsecured, considered good	40,000	–	40,000	–	*1,068,849*	*1,068,849*	–	*1,021,299*	*1,021,299*
	40,000	–	40,000	–	*1,068,849*	*1,068,849*	–	*1,021,299*	*1,021,299*

NOTE 5 : OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	March 31, 2017			*March 31, 2016*			*April 01, 2015*		
	Current	Non-current	Total	*Current*	*Non-current*	*Total*	*Current*	*Non-current*	*Total*
	₹	₹	₹	₹	₹	₹	₹	₹	₹
Capital advances									
For intangible assets under development	–	–	–	–	*48,915,295*	*48,915,295*	–	*48,915,295*	*48,915,295*
Advances other than capital advances									
Other advances	11,030,742,810	–	11,030,742,810	–	–	–	–	–	–
Advance recoverable other than in cash									
Prepaid expenses	–	–	–	*1,574,342*	–	*1,574,342*	*1,917,891*	–	*1,917,891*
	11,030,742,810	–	11,030,742,810	1,574,342	*48,915,295*	*50,489,637*	1,917,891	*48,915,295*	*50,833,186*
Income tax									
Income tax net of provisions	71,233,306	–	71,233,306	*7,332,489*	–	*7,332,489*	*10,367,755*	–	*10,367,755*
	71,233,306	–	71,233,306	7,332,489	–	*7,332,489*	10,367,755	–	*10,367,755*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 6 : CASH AND CASH EQUIVALENTS

Particulars	As at March 31, 2017 ₹	As at March 31, 2016 ₹	As at April 01, 2015 ₹
a) Balances with banks	**770,795,255**	*4,743,977*	*11,597,678*
b) Cash on hand	**1,660**	*4,114,647*	*3,817,524*
c) Fixed deposits with banks including interest accrued thereon	**100,000**	*119,689*	*110,664*
	770,896,915	*8,978,313*	*15,525,866*

Short term deposits are made for varying periods between one day and 12 months, depending on the immediate cash requirement and earn interest at fixed the respective short term deposit rates.

NOTE 8 : SHARE CAPITAL

(i) Authorised, issued, subscribed and paid up

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
Authorised:						
Equity shares of ₹ 10 each	**170,000,000**	**1,700,000,000**	*170,000,000*	*1,700,000,000*	*170,000,000*	*1,700,000,000*
0.01% Optionally Convertible Cumulative Preference Share	**400,000,000**	**4,000,000,000**	*400,000,000*	*4,000,000,000*	–	–
	570,000,000	**5,700,000,000**	*570,000,000*	*5,700,000,000*	*170,000,000*	*1,700,000,000*
Issued, subscribed and fully paid up						
Equity shares of ₹ 10 each	**169,100,000**	**1,691,000,000**	*169,100,000*	*1,691,000,000*	*169,100,000*	*1,691,000,000*
0.01% Optionally Convertible Cumulative Preference Share	**123,120,000**	**1,231,200,000**	*123,120,000*	*1,231,200,000*	–	–
	292,220,000	**2,922,200,000**	**292,220,000**	*2,922,200,000*	**169,100,000**	*1,691,000,000*

(ii) Reconciliation of the number of equity shares and share capital issued, subscribed and paid-up:

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
At the beginning of the year	**170,000,000**	**1,700,000,000**	*170,000,000*	*1,700,000,000*	*170,000,000*	*1,700,000,000*
Issued during the year as fully paid	**–**	**–**	–	–	–	–
At the end of the year	**170,000,000**	**1,700,000,000**	*170,000,000*	*1,700,000,000*	*170,000,000*	*1,700,000,000*

(iii) Equity component of Convertible Preference shares

	As at March 31, 2017		As at March 31, 2016		As at April 01, 2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
0.01% Optionally Convertible Cumulative Preference Share						
At the beginning of the year	**123,120,000**	**1,231,200,000**	**123120000**	*1,231,200,000*	**–**	–
Issued during the year as fully paid	**–**	**–**	**–**	–	**–**	–
At the end of the year	**123,120,000**	**1,231,200,000**	*123,120,000*	*1,231,200,000*	–	–

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(iv) Terms / rights attached to shares

Equity shares

The Company has only one class of equity share having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

The Company has not issued any securities during the year with the right/option to convert the same into equity shares at a later date.

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

The shares issued carry equal rights to dividend declared by the company and no restrictions are attached to any specific shareholder.

Preference shares

The preference shares carry a preferential right vis-a-vis Equity Shares of the Company with respective to payment of dividend and repayment in case of a winding up or repayment of capital.

Preference share holders carry non-participating rights in the surplus funds.

Preference share holders would be paid dividend on a cumulative basis

The preference shares are redeemable after completion of the 7th year or before the completion of 10th year from date of allotment at the option of the Company. Preference shares to the extent not redeemed at the end of 10th year from the date of allotment , shall stand converted into equity shares of ₹ 10 /- per share at par.

(v) Details of Shares held by Holding Company/Ultimate Holding Company/its subsidiaries or associates:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**₹**	*No. of shares*	*₹*	*No. of shares*	*₹*
Equity Shares						
L&T Infrastructure Development Projects Limited (including nominee holding)	**102,711,340**	**1,027,113,400**	*102,711,340*	*1,027,113,400*	*81,168,000*	*811,680,000*
Larsen and Toubro Limited (ultimate holding company)	**22,422,660**	**224,226,600**	*22,422,660*	*224,226,600*	*43,966,000*	*439,660,000*
Ashoka Concessions Limited (Associate Company)	**43,966,000**	**439,660,000**	*43,966,000*	*439,660,000*	*43,966,000*	*439,660,000*
	169,100,000	**1,691,000,000**	*169,100,000*	*1,691,000,000*	*169,100,000*	*1,691,000,000*
0.01% Optionally Convertible Cumulative Preference Share						
L&T Infrastructure Development Projects Limited	**91,110,000**	**911,100,000**	**91,110,000**	*911,100,000*	**–**	–
Ashoka Concessions Limited (Associate Company)	**32,010,000**	**320,100,000**	**32,010,000**	*320,100,000*	**–**	–
	123,120,000	**1,231,200,000**	*123,120,000*	*1,231,200,000*	–	–

(vi) Details of Shareholders holding more than 5% shares in the company:

	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	No. of shares	**%**	*No. of shares*	*%*	*No. of shares*	*%*
Equity Shares						
L&T Infrastructure Development Projects Limited (including nominee holding)	**102,711,340**	**60.74%**	*102,711,340*	*60.74%*	*81,168,000*	*48.00%*
Larsen and Toubro Limited (including nominee holding)	**22,422,660**	**13.26%**	*22,422,660*	*13.26%*	*43,966,000*	*26.00%*
Ashoka Concessions Limited (Associate Company)	**43,966,000**	**26.00%**	*43,966,000*	*26.00%*	*43,966,000*	*26.00%*
0.01% Optionally Convertible Cumulative Preference Share						
L&T Infrastructure Development Projects Limited	**91,110,000**	**74.00%**	*91,110,000*	*74.00%*	–	*0.00%*
Ashoka Concessions Limited (Associate Company)	**32,010,000**	**26.00%**	*32,010,000*	*26.00%*	–	*0.00%*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(vi) a. Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: NIL

b. Details of shares issued for consideration other than cash during the period of five years immediately preceding the reporting date

Name of Shareholder	Date of allotment	No of shares allotted	Amount	Basis of allotment
L&T Infrastructure Development Projects Limited	22/12/2015	91,110,000	911,100,000	Consideration other than cash- conversion of unsecured loan to preference shares
Ashoka Concessions Limited	22/12/2015	3,20,10,000	320,100,000	

(vii) Calls unpaid : NIL; Forfeited Shares : NIL

NOTE 9 : BORROWINGS

Particulars	March 31, 2017 Current ₹	Non-current ₹	Total ₹	*March 31, 2016 Current ₹*	*Non-current ₹*	*Total ₹*	*April 01, 2015 Current ₹*	*Non-current ₹*	*Total ₹*
Secured borrowings									
a) Term loans									
i) From banks	**9,593,525,939**	**–**	**9,593,525,939**	*1,183,700,024*	*10,742,384,417*	*11,926,084,441*	–	*12,431,710,997*	*12,431,710,997*
Unsecured borrowings									
b) Loans from related parties	**4,051,214,927**	**–**	**4,051,214,927**	–	*3,532,200,000*	*3,532,200,000*	*1,691,000,000*	*1,862,360,000*	*3,553,360,000*
	13,644,740,866	**–**	**13,644,740,866**	*1,183,700,024*	*14,274,584,417*	*15,458,284,441*	*1,691,000,000*	*14,294,070,997*	*15,985,070,997*

9 **(i)** State Bank of India and Bank of Baroda has issued “Notice recalling Loan” during the year vide their letter no CAG/CHN/AMT-II/6 dated a8 April 2017 and Respectivily.

NOTE 10 : OTHER FINANCIAL LIABILITIES

Particulars	March 31, 2017 Current ₹	Non-current ₹	Total ₹	*March 31, 2016 Current ₹*	*Non-current ₹*	*Total ₹*	*April 01, 2015 Current ₹*	*Non-current ₹*	*Total ₹*
a) Interest accrued	**869,411,454**	**–**	**869,411,454**	*202,815,808*	*869,411,458*	*1,072,227,266*	–	*663,377,994*	*663,377,994*
b) Other liabilities									
i) Creditors for capital supplies	**–**	**–**	**–**	–	*136,385,272*	*136,385,272*	–	–	–
ii) Revenue share payable	**–**	**–**	**–**	*103,345,756*	–	*103,345,756*	–	–	–
	869,411,454	**–**	**869,411,454**	*306,161,564*	*1,005,796,730*	*1,311,958,294*	–	*663,377,994*	*663,377,994*

NOTE 11 : PROVISIONS

Provision for employee benefits	**–**	**–**	**–**	*210,820*	*3,051,345*	*3,262,165*	*61,774*	*1,826,517*	*1,888,291*
Provisions for major maintenance reserve	**–**	**–**	**–**	–	*206,689,622*	*206,689,622*	–	*124,485,793*	*124,485,793*
	–	**–**	**–**	*210,820*	*209,740,967*	*209,951,787*	*61,774*	*126,312,310*	*126,374,084*

NOTE 12 : OTHER LIABILITIES

i) Due to related parties									
ii) Other liabilities	**8,919,306**	**–**	**8,919,306**	*245,449,005*	–	*245,449,005*	*315,524,843*	–	*315,524,843*
iii) Statutory payables	**42,728**	**–**	**42,728**	*2,288,346*	–	*2,288,346*	*9,831,371*	–	*9,831,371*
	8,962,034	**–**	**8,962,034**	*247,737,351*	–	*247,737,351*	*325,356,214*	–	*325,356,214*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 13 : TRADE PAYABLES

	March 31, 2017		March 31, 2016		April 01, 2015	
	₹	₹	₹	₹	₹	₹
Acceptances						
Due to related parties		**213,792,842**		*10,118,442*		*145,736,154*
Due to others		**2,620,597**		*18,960,588*		*31,203,661*
		216,413,439		*29,079,030*		*176,939,815*

NOTE F : CONTINGENT LIABILITIES

Contingent liabilities as at March 31, 2017 ₹ 9,59,00,000/- (previous year: ₹ 9,59,00,000/-) represents Additional Concession Fees claimed by National Highway Authority of India, not accepted by the company due to claiming of force majeure events i.e., forced-exemptions and violitions at toll plaza. The concessionaire declared this as a Dispute under the concession agreement and invoked the process of dispute resolution be undertaken, to reach a settlement of the issue.

NOTE G : COMMITMENT

Capital commitments as at March 31, 2017 net of advances ₹ Nil/- (previous year: ₹ 29,64,82,677/-).

NOTE 14 : REVENUE FROM OPERATIONS

	2016-17		2015-16	
	₹	₹	₹	₹
Operating revenue:				
Toll Collections	**–**		*937,633,448*	
	–		*–*	
		–		*937,633,448*
		–		*937,633,448*

NOTE 15 : OTHER INCOME

	2016-17		2015-16	
Interest income from:				
Bank deposits	**1,858**		**9,025**	
Inter-corporate deposits	**293,068**		**–**	
Others	**–**		**376,454**	
		294,926		*385,479*
Profit on sale of current investments		**–**		*1,386,385*
Other income		**17,358,671**		*–*
		17,653,597		*1,771,864*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

NOTE 16 : OPERATING EXPENSES

	2016-17		2015-16	
	₹	₹	₹	₹
Toll Management fees		**1,863,219**		*30,948,590*
Security services		**–**		*14,731,525*
Insurance		**–**		*5,604,447*
Concession fee		**–**		*88,662,120*
Repairs and maintenance				
Toll road & bridge	**7,068,995**		*30,821,020*	
Plant and machinery	**5,774,341**		*12,521,907*	
Periodic major maintenance	**–**		*68,000,000*	
Others	**488,026**		*4,697,883*	
		13,331,362		*116,040,810*
Professional fees		**4,513,786**		*28,915,023*
Power and fuel		**–**		*22,523,229*
		19,708,367		*307,425,744*

NOTE 17 : EMPLOYEE BENEFIT EXPENSES

Salaries, wages and bonus		**2,084,147**		*8,748,077*
Contributions to and provisions for:				
Provident fund	**52,532**		*472,211*	
Gratuity	**–**		*206,934*	
Compensated absences	**117,760**		*347,527*	
Retention pay	**–**		*888,332*	
		170,292		*1,915,004*
Staff welfare expenses		**89,856**		*1,412,157*
		2,344,295		*12,075,238*

NOTE 18 : FINANCE COSTS

	2016-17		2015-16	
	₹	₹	₹	₹
Interest on borrowings		**1,359,438,211**		*1,440,979,516*
Other borrowing cost (Charge to NHAI)		**(1,260,053,267)**		*363,903,458*
Unwinding of discount and implicit interest expense on fair value		**8,925,231**		*15,785,501*
		108,310,175		*1,820,668,475*

NOTE 19 : ADMINISTRATION AND OTHER EXPENSES

Rent, Rates and taxes	**110,130**	*12,397,528*
Professional fees	**521,920**	*2,477,096*
Postage and communication	**90,900**	*558,487*
Printing and stationery	**40,592**	*681,499*
Travelling and conveyance	**392,226**	*1,484,345*
CSR expenses	**–**	*–*
Insurance Expenses	**–**	*–*
Repairs and Maintenance - Others	**–**	*931,704*
Miscellaneous expenses	**193,970**	*1,569,822*
	1,349,738	*20,100,481*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(a) Professional fees includes Auditors remuneration (including service tax) as follows:

Particulars		**2016-17**	*2015-16*
		₹	₹
a)	As auditor	**172,500**	*302,280*
b)	For taxation matters	**28,750**	*113,355*
c)	For company law matters	**–**	*–*
d)	For other services	**320,670**	*208,270*
Total		**521,920**	*623,905*

NOTE H : NOTES FORMING PART OF ACCOUNTS

1) Corporate Information

PNG Tollway Limited is a Special Purpose Vehicle (SPV) incorporated on 16th February 2009 for the purpose of conversion of two lane to six lane of NH3 from KM 380.00 to KM 440.00, Pimpalgaon-Nasik-Gonde Section in Nasik District of Maharashtra State, under Design, Build, Finance, Operate and Transfer (DBFOT) basis vide Concession Agreement dated 8th July 2009 jointly signed with National Highways Authority of India. The concession period is 20 years which includes construction period 30 Months and the concession period ends on January 3rd, 2029. Partial Commercial operation was achieved from October 1st 2012 and full commercial operations are achieved on March 12th 2014. The Projct has been terminated w.e.f. March 29,2016

2) The Company has not earned any income/incurred any expenditure in foreign currency during the year.
(previous year: ₹ 1496096/-)

3 Disclosure pursuant to Ind AS 19 "Employee benefits":

(i) Defined contribution plan:

The Company's provident fund and super annuation fund are the defined contribution plans. The Company is required to contribute a specified percentage of payroll costs to the recognised provident fund and Life Insurance Corporation of India respectively to fund the benefits. The only obligation of the Company with respect to these plans is to make the specified contributions.

An amount of ₹ 52,532/- (previous year : ₹ 4,72,211) being contribution made to recognised provident fund is recognised as expense and included under Employee benefit expense (Note 16) in the Statement of Profit and loss.

(ii) Defined benefit plans:

a) The Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitiled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

Plan Features

Features of the defined benefit plan	Remarks
Benefit offered	15 / 26 × Salary × Duration of Service
Salary definition	Basic Salary including Dearness Allowance (if any)
Benefit ceiling	Benefit ceiling of ₹ 10,00,000 was applied
Vesting conditions	5 years of continuous service (Not applocable in case of death / disability)
Benefit eligibility	Upon Death or Resignation / Withdrawal or Retirement
Retirement age	58 years

Leave Encashment:

Features of the defined benefit plan	Remarks
Salary for Encashment	Basic Salary
Salary for Availment	Cost to company
Benefit event	Death or Resignation or Retirement or Availment
Maximum accumulation	300
Benefit Formula	(Leave Days) × (Salary)/ (Leave Denominator)
Leave Denominator	30
Leaves Credited Annually	30
Retirement Age	58 Years

NOTES FORMING PART OF ACCOUNTS (CONTD.)

iii) The company is responsible for governance of the plan.

iv) Risk to the Plan

Following are the risk to which the plan exposes the entity :

A Actuarial Risk:

It is the risk that benefits will cost more than expected. This can arise due to one of the following reasons:

Adverse Salary Growth Experience: Salary hikes that are higher than the assumed salary escalation will result into an increase in Obligation at a rate that is higher than expected.

Variability in mortality rates: If actual mortality rates are higher than assumed mortality rate assumption than the Gratuity benefits will be paid earlier than expected. Since there is no condition of vesting on the death benefit, the acceleration of cashflow will lead to an actuarial loss or gain depending on the relative values of the assumed salary growth and discount rate.

Variability in withdrawal rates: If actual withdrawal rates are higher than assumed withdrawal rate assumption than the Gratuity benefits will be paid earlier than expected. The impact of this will depend on whether the benefits are vested as at the resignation date.

B Investment Risk:

For funded plans that rely on insurers for managing the assets, the value of assets certified by the insurer may not be the fair value of instruments backing the liability. In such cases, the present value of the assets is independent of the future discount rate. This can result in wide fluctuations in the net liability or the funded status if there are significant changes in the discount rate during the inter-valuation period.

C Liquidity Risk:

Employees with high salaries and long durations or those higher in hierarchy, accumulate significant level of benefits. If some of such employees resign / retire from the company there can be strain on the cashflows.

D Market Risk:

Market risk is a collective term for risks that are related to the changes and fluctuations of the financial markets. One actuarial assumption that has a material effect is the discount rate. The discount rate reflects the time value of money. An increase in discount rate leads to decrease in Defined Benefit Obligation of the plan benefits & vice versa. This assumption depends on the yields on the corporate / government bonds and hence the valuation of liability is exposed to fluctuations in the yields as at the valuation date.

E Legislative Risk:

Legislative risk is the risk of increase in the plan liabilities or reduction in the plan assets due to change in the legislation / regulation. The government may amend the Payment of Gratuity Act thus requiring the companies to pay higher benefits to the employees. This will directly affect the present value of the Defined Benefit Obligation and the same will have to be recognized immediately in the year when any such amendment is effective.

b) The amounts recognised in Balance Sheet are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Present value of defined benefit obligation				
– Wholly funded	**–**	–	**–**	–
– Wholly unfunded	**–**	979,239	**–**	–
	–	979,239	**–**	–
Less : Fair value of plan assets	**–**	–	**–**	–
Net Liability / (asset)	**–**	979,239	**–**	–

c) The amounts recognised in the Statement of Profit and loss are as follows:

Particulars	**Gratuity plan**		**Compensated absences**	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Current service cost	**–**	*201,450*	**–**	–
Interest on Defined benefit obligation	**–**	*61,234*	**–**	–
Acturial Gain/(Loss)	**–**	*(55,750)*	**–**	
Past service cost and loss/(gain) on curtailments and settlement	**–**	–	**–**	–
Total Charge to Statement of Profit and Loss	**–**	*206,934*	**–**	–

d) Effect of defined benefit plans on the amount , timing and uncertainity of entity's future cash flows

NOTES FORMING PART OF ACCOUNTS (CONTD.)

e) Other Comprehensive Income for the period

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Components of actuarial gain/losses on obligations:	–	–	–	–
From changes in demographic assumptions	–	–	–	–
From changes in financial assumptions	–	–	–	–
From changes in experience	–	–	–	–
Past service cost	–	–	–	–
Actuarial gain/(loss) not recognised in books	–	–	–	–
Return on plan assets excluding amounts included in interest income	–	–	–	–
Amounts recognized in Other Comprehensive Income	–	–	–	–

f) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Gratuity plan	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Opening balance of the present value of defined benefit obligation	–	*785,055*	–	–
Add: Current service cost	–	*201,450*	–	–
Add: Interest cost	–	*61,234*	–	–
Add: Contribution by plan participants	–	–	–	–
i) Employer	–	–	–	–
ii) Employee	–	–	–	–
Add/(less): Actuarial losses/(gains)	–	*(55,750)*	–	–
Less: Benefits paid	–	*(12,750)*	–	–
Add: Past service cost	–	–	–	–
Closing balance of the present value of defined benefit obligation	–	*979,239*	–	–

g) Reconciliation of Plan Assets:

Particulars	Gratuity plan		Compensated absences	
	As at March 31, 2017	*As at March 31, 2016*	**As at March 31, 2017**	*As at March 31, 2016*
	₹	₹	₹	₹
Interest Income	–	–	–	–
Return on plan assets excluding amounts included in interest income	–	–	–	–
Contributions by employer	–	–	–	–
Closing value of plan assets	–	–	–	–

l) Details of Asset-Liability Matching Strategy

There are no minimum funding requirements for a Gratuity benefits plan in India and there is no compulsion on the part of the Company to fully or partially pre-fund the liabilities under the Plan.

The trustees of the plan have outsourced the investment management of the fund to an insurance company. The insurance company in turn manages these funds as per the mandate provided to them by the trustees and the asset allocation which is within the permissible limits prescribed in the insurance regulations. Due to the restrictions in the type of investments that can be held by the fund, it may not be possible to explicitly follow an asset-liability matching strategy to manage risk actively in a conventional fund.

4) Disclosure pursuant to Ind AS 23 "Borrowing Costs"

Borrowing cost capitalised during the year ₹ Nil. (previous year :₹ Nil).

5 Disclosure of segment information pursuant to Ind AS 108 "Operating Segments"

The Company is engaged in the business of construction, operation and maintenance of Toll road projects on a Build Operate Transfer basis in a single business segment. Hence reporting of operating segments does not arise. The Company does not have operations outside India. Hence, disclosure of geographical segment information does not arise.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

6 Disclosure of related parties / related party transactions pursuant to Ind AS 24 "Related Party Disclosures"

a) List of related parties

Ultimate Holding Company	:	Larsen & Toubro Limited
Holding Company	:	L&T Infrastructure Development Projects Limited
Fellow Subsidiaries	:	Devihalli Hassan Tollway Limited
		L&T Deccan Tollways Limited
		Ahmedabad-Maliya Tollway Limited
		L&T Halol-Shamlaji Tollway Limited
		Vadodara Bharuch Tollway Limited
		L&T Krishnagiri Walahjapet Tollway Limited
		L&T Rajkot-Vadinar Tollway Limited
		L&T General Insurance Company Limited
		L&T Samakhiali Gandhidham Tollway Limited
		L&T Metro Rail (Hyderabad) Limited
		Krishnagiri Thopur Toll Road Limited
Associate company	:	Ashoka Concessions Limited
Key Management Personnel Manager	:	Sanjay Prabhakar Ingle
Chief Financial Officer	:	Gopal C Pande
Key Managerial Personnel of Holding Company	:	Manager - Mr. K.Venkatesh
		CFO- Karthikeyan T.V

b) Disclosure of related party transactions:

Nature of transaction/relationship	2016 – 17	2015 – 16
	₹	₹
Sale of assets		
Holding company		
L&T Infrastructure Development Projects Limited	**676,151**	
Fellow subsidiaries		
L&T Infrastructure Development Projects Limited		
Ahmedabad Maliya Tollway Ltd	**28,315**	
L & T BPP Tollway Ltd	**2,863,227**	
L&T Deccan Tollway Ltd	**1,312,921**	
L & T Interstate Road Corridor Limited	**8,335**	
Krishnagiri Thorpur Tollway Ltd	**77,765**	
L & T Rajkot Vadinar Tollway Ltd	**172,916**	
Vadodara Bharuch Tollway Ltd	**85,205**	
Devihalli Hassan Tollway Limited	**4,765,161**	
L&T Krishnagiri Wahellejpet Tollway Limited	**1,250,322**	
L&T Samakhiali Gandhidham Tollway Limited	**2,908,132**	*38,535*
Service received from		
Ultimate Holding company		
Larsen & Toubro Limited		
Business support service		*3,436,091*
Professional Fees	394,326	*237,458*
Holding company & fellow subsidiaries,		
L&T Infrastructure Development Projects Limited		
Business support service		*14,461,173*
O&M Fees		*9,679,159*
L&T General Insurance Company Limited		
Insurance premium		*5,560,587*

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Nature of transaction/relationship	2016 – 17	2015 – 16
	₹	₹
Interest expense		
Ultimate Holding company		
Larsen & Toubro Limited		51,766,651
Holding company		
L&T Infrastructure Development Projects Limited		240,709,631
Associate company		
Ashoka Concessions Limited		65,668,868
Reimbursement of expenses charged by		
Holding company & fellow subsidiaries		
Ahmedabad Maliya Tollway Limited		68,702
L&T Metro Rail (Hyderabad) Limited		12,750
Krishnagiri Thopur Toll Road Limited		63,000
Reimbursement of expenses charged to		
Holding company & fellow subsidiaries		
L&T Infrastructure Development Projects Limited		253,866
L&T Halol Shamlaji Tollway Limited		20,360
L&T Rajkot Vadinar Tollway Limited		1,687
ICD / Promoters Loan / Mezzanine Debt received		
L&T Infrastructure Development Projects Limited	**519,014,927**	1,037,600,000
Loan repaid by L&T Infrastructure Development Projects Limited to Larsen & Toubro Limited on behalf of company		439,660,000
Associate company		
Ashoka Concessions Limited		150,000,000
Payment of salaries/perquisites		
Manager		
Sanjay Prabhakar Ingle	**769,396**	2,157,186

c) Amount due to and due from related parties(net):

(Amount in ₹)

Particulars	Amounts due (to) / from	Amounts due (to) / from
	As at March 31, 2017	As at March 31, 2016
i. Ultimate Holding Company		
Larsen & Toubro Limited	**224,226,600**	224,226,600
EPC Cost	**212,045,923**	102,045,770
Interest on Promoters mezzanine debt	**182,025,356**	182,025,356
Reimbursement of expenses to	**–**	1,306,192
ii Holding Company		
L&T Infrastructure Development Projects Limited		
Equity Share Capital	**1,027,113,400**	1,027,113,400
Preference Share capital	**911,100,000**	911,100,000
Promoters mezzanine debt	**1,251,340,000**	1,251,340,000
Unsecured Loan	**1,801,200,000**	1,801,200,000
Interest on Loan	**502,801,729**	502,801,729
Services received	**519,014,927**	8,812,250

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Particulars	Amounts due (to) / from	*Amounts due (to) / from*
	As at March 31, 2017	*As at March 31, 2016*
iii. Associate company		
Ashoka Concessions Limited		
Equity Share Capital	**439,660,000**	*439,660,000*
Preference Share capital	**320,100,000**	*320,100,000*
Promoters mezzanine debt	**439,660,000**	*439,660,000*
Unsecured loan	**40,000,000**	*40,000,000*
Interest on Loan	**184,584,373**	*184,584,373*
EPC Cost	**6,894,685**	*6,894,685*

d) Terms and conditions of transactions with related parties

The sales to and purchases from related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the year-end are unsecured and interest free and settlement occurs in cash.There have been no guarantees provided or received for any related party receivables or payables. For the year ended 31 March 2017, the Group has not recorded any impairment of receivables relating to amounts owed by related parties (31 March 2016: INR Nil, 1 April 2015: Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates.

e) There is no provision for bad and doubtful debts to related parties with regard to outstanding expenses and there is no expense recognized in respect of bad and doubtful debts due from related parties.

f) Compensation of Key Management personnel of the group Manager : Mr.Sanjay Prabhakar Ingle

(Amount in ₹)

Particulars	As at March 31, 2017	*As at March 31, 2016*
Short term employee benefits	**769,396**	*2,157,186*
Post employment gratuity and medical benefits		
Other long term benefits		
Termination benefits		
Share based payment transactions		

7 Disclosure pursuant to Ind AS 33 "Earnings per share"

Basic and Diluted Earnings per share (EPS) computed in accordance with Ind AS 33 "Earnings per share".

Particulars		**2016-17**	*2015-16*
		₹	₹
Basic earnings per equity share:			
Profit for the year attributable to owners of the Company for calculating basic earnings per share (₹)	A	(114,546,131)	(1,425,593,700)
Weighted average number of equity shares outstanding for calculating basic earnings per share	B	169,100,000	169,100,000
Basic earnings per equity share (₹)	A / B	(0.68)	(8.43)

Potential equity shares that could arise on conversion of Optionally Convertible Cumulative Redeemable Preference Shares are not resulting into dilution of EPS in the current year. Hence, they have not been considered in the computation of diluted EPS in accordance with Accounting Standard (AS 20) "Earnings Per Share."

b) Diluted Earnings per share (EPS) computed in accordance with Accounting Standard (AS 20) "Earnings per share".

8 Exceptional items disclosed in the Statement of Profit and Loss represent the following:

a) The company issued a notice to terminate its concession with National Highways Authority of India (NHAI) under article 34.8 of the concession agreement on 25 February 2016 due to continuing Force Majeure. In terms of the said article, NHAI informed the Company regarding the acceptance of the termination w.e.f. 29 March 2016 and had took over the toll operations with effect from 13 April 2016. Consequently, the Company carried out an assessment of the carrying value of the Toll collection rights duly considering the expected payments arising out of the aforesaid termination, contractual stipulations/ interpretation of the relevant clauses, professional advise etc, an estimated amount of ₹ 2,29,73,35,575/- has been accounted towards impairment (pursuant to Accounting Standard (AS) 28 "Impairment of Assets") to the carrying value of Toll collection rights and has been disclosed as Exceptional Item in the Statement of Profit and Loss for the year ended 31 March 2017

b) Consequent to the termination of the concession, the carrying amount of resurfacing obligations (Periodic major maintenance) amounting to ₹ 20,66,89,622/- has been reversed and is presented as part of Exceptional item in the Statement of Profit and Loss for Current year

NOTES FORMING PART OF ACCOUNTS (CONTD.)

9 Capital Redemption Reserve & Dividend on Preference Shares

As the company does not have profits for the current year, Capital Redemption Reserve & dividend on Preference Shares for optionally convertible cumulitive redeemabe preference shares as defined under Section 55 of the Companies Act, 2013 has not been created.

10 During preceding financial year, the company had submitted intent to terminate the project and accordingly issued the notice of termination on February 25, 2016. The same was accepted by NHAI vide its minutes of meeting dated 7th April 2016 and conveyed that the date of termination shall be March 29, 2016. Consequently the toll operations were taken over by the authority on 13th April 2016 and Maintenance Operations taken over on 31st July 2016. The company has been engaged into various meeting with the authority with regard to finalization of termination proceeds and its settlement during the year. In the month of Aug 2016, NHAI released an adhoc payment of ₹.100 Cr. Further on Feb 21st 2017 NHAI, in turn issued a Termination Notice, alleging Concessionaire's Event of Default and arbitrarily computed the Termination Payment for the project at ₹ 996.57 Cr and after adjusting the adhoc payment and other recoveries made by them, released the payment of ₹.323.061 Cr on 26th Mar 2017, unilaterally, without granting an opportunity of being heard to the company on the above matter.

The company on 3rd April 2017 replied to the Notice of Termination by NHAI and on 4th April 2017 replied to the Termination Payment advice of NHAI, stating the facts on how termination payment calculated by NHAI is not in conformity with the stated provisions of the Concession Agreement, and justifying its eligibility for termination payments for an amount ₹,1704.41 Cr including certain contractual claims that are accepted and payable as per provisions of concession agreement.

In view of the above, the company is confident of recovering the amount considered as recoverable from NHAI under current assets under Note 5.

11 Going concern assumption is not appropriate, hence financial statement have been drawn up accordingly

12 The Company has reclassified and regrouped the previous year figures wherever considered necessary to confirm to this year's classification.

13 Disclosure pursuant to Ind AS 36 "Impairment of Assets"

Based on a review of the future discounted cash flows of the project facility, the recoverable amount is higher than the carrying amount and hence no provision for impairment is made for the year.

14 Disclosures as per Ind AS 37 - "Provisions, Contingent Liabilities and Contingent assets "

a) Nature of provision:

The company is required to operate and maintain the project highway during the entire concession period and hand over the project back to the Authority (NHAI) as per the maintenance standards prescribed in Concession agreement.For this purpose, a regular maintenance along with periodic maintenances is required to be performed. Normally periodic maintenance includes resurface of pavements, repairs of structures and other equipments and maintenance of service roads. As per industry practice, the periodic maintenance is expected to occur after 5 years. The maintenance cost / bituminous overlay may vary based on the actual usage during maintenance period. Accordingly on the grounds of matching cost concept and based on technical estimates, a provision for major maintenance expenses is reviewed and is provided for in the accounts annually.Since the project concession is terminated and the provision made till March 31, 2016 is reversed and taken to exceptional item in profit and loss statement.

b) Movement in provisions:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*	*As at 01 April 2015*
Opening balance	**206,689,622**	*124,485,793*	*124,485,793*
Additional provision		*68,000,000*	
Utilised			
Unused amounts reversed	**(206,689,622)**		
Unwinding of discount and changes in discount rate		*14,203,829*	
Closing balance	**–**	*206,689,622*	*124,485,793*

c) Contingent liabilities :

Disclosure in respect of contingent liabilities is given as part of Note no. (F) to the Balance Sheet.

15 Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016

	SBNs ₹	**Other denomination notes ₹**	**Total ₹**
Closing cash in hand as on 08.11.2016	–	1,660	1,660
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(-) Amount deposited in Banks	–	–	–
Closing cash in hand as on 30.12.2016	–	1,660	1,660

NOTES FORMING PART OF ACCOUNTS (CONTD.)

16 Disclosure pursuant to Ind AS 38 - " Intangible Assets"

Intangible asset	Useful Life	Amortisation method used	Internally generated or Acquired
Toll Collection Rights	NA	NA	NA

17 Disclosures pursuant to Ind AS 1 - "Presentation of Financial Statements"

For the purpose of the company's capital management, capital includes issued equity capital, convertible preference shares, share premium and all other equity reserves attributable to the equity holders of the parent. The primary objective of the company's capital management is to maximise shareholder value.

(Ind AS 1 requires the company to make quantitative and qualitative disclosures regarding objectives policies and processes for managing capital. Also, if comparitive amounts are reclassified, nature amount and reason to be disclosed and not just the fact of reclassification.)

18 First time adoption of Ind AS

First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

The financial statements were approved for issue by the board of directors on 27th April 2017.

19 Disclosure pursuant to Ind AS 19 - " Leases"

Future minimum rentals for non-cancellable leases as on 31st March 2017 is as follows :

Particulars	As at 31 March 2017	*As at 31 March 2016*	*As at 01 April 2015*
	₹	₹	₹
Within one year	–	–	–
After one year but not more than five years			
More than five years			
Total	–	–	–

20) Financial Instruments

Disclosure of Financial Instruments by Category

Financial instruments by categories	Note no.	31.03.2017			*31.03.2016*			*01.04.2015*		
		FVTPL	FVTOCI	Amortized cost	*FVTPL*	*FVTOCI*	*Amortized cost*	*FVTPL*	*FVTOCI*	*Amortized cost*
Financial asset										
Security Deposits	4	–	–	40,000	–	–	1,068,849	–	–	1,021,299
Cash and cash equivalents	6	–	–	770,896,915	–	–	8,978,313	–	–	15,525,866
Other Current Financial Asset	6	–	–	11,030,742,810	–	–	–	–		
Total Financial Asset		–	–	11,801,679,725	–	–	10,047,162	–	–	16,547,165
Financial liability										
Term Loan from Banks	9	–	–	9,593,525,939	–	–	11,926,084,441	–	–	12,431,710,997
Loans from related parties	9	–	–	4,051,214,927	–	–	3,532,200,000	–	–	3,553,360,000
Other Current Financial Liabilities	10	–	–	869,411,454	–	–	1,311,958,294	–	–	663,377,994
Trade Payables	13	–	–	216,413,439	–	–	29,079,030	–	–	176,939,815
Total Financial Liabilities		–	–	14,730,565,759	–	–	16,799,321,765	–	–	16,825,388,806

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Default and breaches

There are no defaults with respect to payment of principal interest, sinking fund or redemption terms and no breaches of the terms and conditions of the loan.

There are no breaches during the year which permitted lender to demand accelerated payment.

21) Fair value of Financial asset and liabilties at amortized cost

Particular	Note no.	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
		Carrying amount	Fair value	*Carrying amount*	*Fair value*	*Carrying amount*	*Fair value*
Financial Assets							
Security Deposits	4	**40,000**	**40,000**	*1,068,849*	*1,068,849*	*1,021,299*	*1,021,299*
Cash and cash equivalents	6	**770,896,915**	**770,896,915**	*8,978,313*	*8,978,313*	*15,525,866*	*15,525,866*
Other Current Financial Asset	6	**11,030,742,810**	**11,030,742,810**	–	–	–	–
Total Financial Assets		**11,801,679,725**	**11,801,679,725**	*10,047,162*	*10,047,162*	*16,547,165*	*16,547,165*
Financial liability							
Term Loan from Banks	9	**9,593,525,939**	**9,593,525,939**	*11,926,084,441*	*11,926,084,441*	*12,431,710,997*	*12,431,710,997*
Loans from related parties	9	**4,051,214,927**	**4,051,214,927**	*3,532,200,000*	*3,532,200,000*	*3,553,360,000*	*3,553,360,000*
Other Current Financial Liabilities	10	**869,411,454**	**869,411,454**	*1,311,958,294*	*1,311,958,294*	*663,377,994*	*663,377,994*
Trade Payables	13	**216,413,439**	**216,413,439**	*29,079,030*	*29,079,030*	*176,939,815*	*176,939,815*
Total Financial Liabilities		**14,730,565,759**	**14,730,565,759**	*16,799,321,765*	*16,799,321,765*	*16,825,388,806*	*16,825,388,806*

The carrying amount of current financial assets and current trade and other payables measured at amortised cost are considered to be the same as their fair values, due to their short term nature.

The carrying amount of Security Deposit measured at amortized cost is considered to be the same as its fair value due to its insignificant value.

The carrying value of Rupee Term Loan and Loan from Related Party approximate fair value as the instruments are at prevailing market rate.

22) Fair Value Measurement

Fair Value Measurement of Financial asset and Financial liabilties

Fair value hierarchy

As at March 31, 2017

Financial Asset & Liabilites Measured at FV - Recurring FVM	Note No.	Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	5	–	–	–	–
Total of Financial Assets		**–**	**–**	**–**	**–**
Financial Liabilities measured at FVTPL		–	–	–	–
Total of Financial Liabilities		**–**	**–**	**–**	**–**
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed	**Note No.**	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	40,000	–	40,000
Total of Financial Assets		**–**	**40,000**	**–**	**40,000**
Financial Liabilities					
Term Loan from Banks	9	–	9,593,525,939	–	9,593,525,939
Loans from related parties	9	–	4,051,214,927	–	4,051,214,927
Other Current Financial Liabilities	10	–	869,411,454	–	869,411,454
Trade Payables	13	–	216,413,439	–	216,413,439
Total Financial liabilties		**–**	**14,730,565,759**	**–**	**14,730,565,759**

NOTES FORMING PART OF ACCOUNTS (CONTD.)

As at March 31, 2016

Financial Asset & Liabilites Measured at FV - Recurring FVM		Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	0	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	1,068,849	–	1,068,849
Total Financial Assets		**–**	**1,068,849**	**–**	**1,068,849**
Financial Liabilities					
Term Loan from Banks	9	–	11,926,084,441	–	11,926,084,441
Loans from related parties	9	–	3,532,200,000	–	3,532,200,000
Other Current Financial Liabilities	10	–	1,311,958,294	–	1,311,958,294
Trade Payables	13	–	29,079,030	–	29,079,030
Total Financial Liabilities		**–**	**16,799,321,765**	**–**	**16,799,321,765**

As at April 1, 2015

Financial Asset & Liabilites Measured at FV - Recurring FVM		Level 1	Level 2	Level 3	Total
Financial asset measured at FVTPL					
Investments in Mutual Funds	0	–	–	–	–
Total of Financial Assets		–	–	–	–
Financial Liabilitieis measured at FVTPL		–	–	–	–
Total of Financial Liabilities		–	–	–	–
Financial Asset & Liabilites Measured at Amortized cost for which fair values are to be disclosed		**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Assets					
Security Deposits	4	–	1,021,299	–	1,021,299
Total of Financial Assets		**–**	**1,021,299**	**–**	**1,021,299**
Financial Liabilities					
Term Loan from Banks	9	–	12,431,710,997	–	12,431,710,997
Loans from related parties	9	–	3,553,360,000	–	3,553,360,000
Other Current Financial Liabilities	10	–	663,377,994	–	663,377,994
Trade Payables	13	–	176,939,815	–	176,939,815
Total of Financial Liabilities		**–**	**16,825,388,806**	**–**	**16,825,388,806**

There are no transfer between level 1 and level 2 during the year

The company policy is to recognise transfers into and transfer out of fair values hierarchy levels as at the end of the reporting period.

Valuation technique and inputs used to determine fair value

Financial assets and liabilities	Valuation method	Inputs
Financial assets		
Investment in Mutual Funds	Market Approach	NAV
Security deposit	Income	Cash flow
Financial liabilities		
Term Loan from Banks	Income	Current Bank Rate
Loans from Related parties	Income	Current Bank Rate
Negative Grant	Income	Cash flow

NOTES FORMING PART OF ACCOUNTS (CONTD.)

23) Asset pledged as security

Particulars	Note no	31.03.2017	31.03.2016	01.04.2015
Non Current Financial Asset				
Property, Plant & Equipment	1	**940,000**	*940,000*	*940,000*
Other Financial Asset	3	**–**	*1,068,849*	*1,021,299*
Current Financial Asset				
Cash and Cash Equivalents	6	**770,896,915**	*8,978,313*	*15,525,866*
Investments In Mutual Fund	5	**–**	–	–
Other Financial Asset	4	**11,030,742,810**	–	–
TOTAL		**11,802,579,725**	*10,987,162*	*17,487,165*

24) Financial Risk Management

The company's activities expose it to variety of financial risks : market risk, credit risk and liquidity risk. The company's focus is to foresee the unpredictability of financial markets and seek to minimize potential adverse effects on its financial performance. The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors oversee compliance with the Company's risk management policies and procedures, and reviews the risk management framework.

Market risk

The market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i Foreign Currency Risk

Foreign currency risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rate.

The company is not exposed to foreign currency risk as it has no borrowing in foreign currency.

ii Interest rate risk

Interest rate risk is the risk that fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

The Interest risk arises to the company mainly from Long term borrowings with variable rates.The company measures risk through sensitivity analysis.

Currently, Lending by Commercial Banks is at variable rate only, which is the inherent business risk. However in view handing over project to NHAI, interest on senior debt is claimed from NHAI due to delay in settlement of Termination Compensation. Hence there is no risk associated with variation in interest rate.

iii Price risk

Price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk).

iv Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial assets.

The payment against senior debt is linked to settlement of termination payment by NHAI.

v Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The payment against senior debt is linked to settlement of termination payment by NHAI.

25) Transitional Details

(i) Borrowings

Under previous Indian GAAP, transaction costs incurred in connection with borrowings are capitalise and amortised accordingly. For transition to IndAS, such transaction costs are adjusted with the fair value of the borrowings on initial recognition. Interest on the borrowings is accounted under the Effective Interest Rate method (EIR). Accordingly borrowings as at 31 March 2015 have been reduced by ₹. 1,05,06,903/- Consequently an amount of ₹. 1,20,48,395/- has been derecognised from toll collection rights with an effect of ₹. 15,41,492/- to retained earnings.

(ii) Provisions

Under previous Indian GAAP, the Company had accounted for provisions, including the provision periodic major maintenance at the

NOTES FORMING PART OF ACCOUNTS (CONTD.)

amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. For transition to Ind AS, the provisions are recognised at the present value of the expenditure expected to be required to settle the obligation. The difference between the carrying amount of provisions under IndAS and IGAAP is accounted for in the opening reserves amounting to ₹. 8,90,36,788/- Consequently, provision for periodic major maintenance as at the transition date is adjusted to the extent of ₹. 8,90,36,788/-

26) In lieu of discontinuation of operations and termination of project w.e.f 29th March 2016 the company has not recognised any defered tax asset/ liability.

27 Reconcilation of equity as at 1st April 2015

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	69,574,438	–	69,574,438
b) Intangible assets	2	16,662,767,582	–	16,662,767,582
c) Non-current investment	3	940,000		940,000
d) Financial Assets	–	–	–	
i) Loans	3	1,021,299	–	1,021,299
e) Other non-current assets	4	48,915,295		48,915,295
	A	**16,783,218,614**	**–**	**16,783,218,614**
Current assets				
b) Financial Assets	–	–		
i) Investments	5	–	–	–
iii) Cash and bank balances	**6**	**15,525,866**	–	*15,525,866*
c) Current Tax Assets (net)	4	10,367,755	–	10,367,755
d) Other current assets	4	1,917,891	–	1,917,891
	B	**27,811,512**	**–**	**27,811,512**
TOTAL	**A+B**	**16,811,030,126**	**–**	**16,811,030,126**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	1,691,000,000	–	1,691,000,000
b) Other Equity	8	(2,157,088,978)	–	(2,157,088,978)
	C	**(466,088,978)**	**–**	**(466,088,978)**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities	–	–	–	
i) Borrowings	9	14,294,070,997	–	14,294,070,997
ii) Other financial liabilities	10	663,377,994		663,377,994
b) Provisions	11	126,312,310	–	126,312,310
	D	**15,083,761,301**	**–**	**15,083,761,301**
Current liabilities				
a) Financial liabilities				
i) Borrowings ST	9	1,691,000,000		1,691,000,000
ii) Trade payables	13	176,939,815		176,939,815
iii) Other financial liabilities	10	–		–
b) Other current liabilities	12	325,356,214		325,356,214
c) Provisions	11	61,774		61,774
	E	**2,193,357,803**	**–**	**2,193,357,803**
Total Equity and Liabilities	**C+D+E**	**16,811,030,126**	**–**	**16,811,030,126**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

28 Reconcilation of equity as at 1st April 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
ASSETS				
(1) Non-current assets				
a) Property, Plant and Equipment	1	56,128,447	–	56,128,447
c) Intangible assets	2	16,471,590,490	–	16,471,590,490
e) Financial Assets		940,000	–	940,000
i) Loans	3	1,068,849	–	1,068,849
g) Other non-current assets	4	48,915,295		48,915,295
	A	**16,578,643,081**	**–**	**16,578,643,081**
Current assets				
b) Financial Assets	–	–	–	
i) Investments	5	–	–	–
iii) Cash and bank balances	6	8,978,313	–	8,978,313
c) Current Tax Assets (net)	4	7,332,489	–	7,332,489
d) Other current assets	4	1,574,342	–	1,574,342
	B	**17,885,144**	**–**	**17,885,144**
TOTAL	**A+B**	**16,596,528,225**	**–**	**16,596,528,225**
EQUITY AND LIABILITIES				
EQUITY				
a) Equity Share capital	7	1,691,000,000	–	1,691,000,000
b) Other Equity	8	(2,351,482,678)	–	(2,351,482,678)
	C	**(660,482,678)**	**–**	**(660,482,678)**
LIABILITIES				
(1) Non-current liabilities				
a) Financial liabilities		–	–	
i) Borrowings	9	14,274,584,417	–	14,274,584,417
ii) Other financial liabilities	10	1,005,796,730		1,005,796,730
b) Provisions	11	209,740,967	–	209,740,967
	D	**15,490,122,114**	**–**	**15,490,122,114**
Current liabilities				
a) Financial liabilities				
i) Borrowings ST	9	1,183,700,024		1,183,700,024
ii) Trade payables	13	29,079,030		29,079,030
iii) Other financial liabilities	10	306,161,564		306,161,564
b) Other current liabilities	12	247,737,351		247,737,351
c) Provisions	11	210,820		210,820
	E	**1,766,888,789**	**–**	**1,766,888,789**
Total Equity and Liabilities	**C+D+E**	**16,596,528,225**	**–**	**16,596,528,225**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

29 Reconciliation of Profit and loss as at 31st March, 2016

Particulars	Note	Indian GAAP* ₹	Adjustments ₹	Ind AS ₹
REVENUE				
Revenue from Operations	14	937,633,448	–	937,633,448
Other income	15	1,771,864	–	1,771,864
Total Revenue		**939,405,312**	**–**	**939,405,312**
EXPENSES				
Construction contract expenses				
Operating expenses	16	307,425,744	–	307,425,744
Employee benefit expenses	17	12,075,238	–	12,075,238
Finance costs	18	1,820,668,475	–	1,820,668,475
Depreciation and amortisation		204,729,074	–	204,729,074
Administration and other expenses	19	20,100,481	–	20,100,481
Total Expenses		**2,364,999,012**	**–**	**2,364,999,012**
Profit/(loss) before tax		**(1,425,593,700)**	**–**	**(1,425,593,700)**
Tax Expense:		–	–	
Current tax		–	–	–
Profit/(loss) after tax for the year		**(1,425,593,700)**	**–**	**(1,425,593,700)**
Prior period adjustments		–	–	
Profit for the year		**(1,425,593,700)**	**–**	**(1,425,593,700)**
Other comprehensive income:		–		
ii) Items that will be reclassified to profit or loss (net of tax)				
Total comprehensive income for the year		**(1,425,593,700)**	**–**	**(1,425,593,700)**

NOTE I : SIGNIFICANT ACCOUNTING POLICIES

This note provides a list of the significant accounting policies adopted in the preparation of these financial statements. These policies have been consistently applied to all the years presented, unless otherwise stated.

1. Basis of preparation

(a) Compliance with IndAS

The Company's financial statements comply in all material respects with Indian Accounting Standards (Ind AS) notified under section 133 of the Companies Act, 2013 (the Act) [Companies (Indian Accounting Standards) Rules, 2015] and other relevant provisions of the Act.

The financial statements upto to the year ended 31 March 2016 were prepared in accordance with the accounting standards notified under the Companies (Accounting Standard) Rules, 2006 as amended and other relevant provisions of the Act.

These financial statements are the first financial statements of the Company under IndAS. Refer H(15) for an explanation on how the transition from previous IGAAP to IndAS has affected the Company's financial position, financial performance and cash flows.

(b) Basis of measurement

The financial statements have been prepared on a historical cost basis, except for the following items

Items	Measurement basis
Certain financial assets and liabilities	Fair value
Net defined benefit (asset)/liability	Fair value of plan assets less present value of defined benefit obligations
Assets held for sale	fair value less costs to sell

(c) Use of estimates and judgements

The preparation of these financial statements in conformity with IndAS requires the management to make estimates and assumptions considered in the reported amounts of assets, liabilities (including contingent liabilities), income and expenses. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these

NOTES FORMING PART OF ACCOUNTS (CONTD.)

estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of property plant and equipment and intangible fixed assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, provisions for resurfacing obligations, fair value measurement etc.

(d) Measurement of fair values

A number of the accounting policies and disclosures require the measurement of fair values for both financial and non-financial assets and liabilities. Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- **Level 1** inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- **Level 2** inputs other than quoted prices included in Level 1, that are observable for the asset or liability, either directly (as prices) or indirectly (derived from prices); and
- **Level 3** inputs for the asset or liability that are not based on observable market data (unobservable inputs).""

2 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the SEBI (Listing Obligations & Disclosure Requirements) Regulations, 2015.

Amounts in the financial statements are presented in Indian Rupees rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Amounts disclosed as revenue are inclusive of duties and taxes and net of discounts, rebates and other similar allowances.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits would flow to the entity and specific criteria have been met for each of the activities described below. The Company bases its estimates on historical results, taking into consideration the type of customer, type of transaction and specifics of the arrangement.

a) Toll collections from the users of the infrastructure facility constructed by the Company under the Service Concession Arrangement is accounted for based on actual collection, net of revenue share payable under the Concession agreement wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

b) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

c) License fees for way-side amenities are accounted on accrual basis.

e) Revenue from annuity based projects is recognised in the Statement of Profit and Loss over the concession period of the respective projects based on the implicit rate of return embedded in the projected cash flows. Such income is duly adjusted for any variation in the amount and timing of the cash flows in the period in which such variation occurs.

f) Project facilitation and advisory fees are recognised using proportionate completion method based on the agreement / arrangement with customers.

g) Revenue from windmill operations is recognised based on contractual agreements with the holding company and the state electricity board.

h) Contract revenue for fixed price contracts is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

i) Fair value gains on current investments carried at fair value are included in Other income.

j) Dividend income is recognised when the right to receive the same is established by the reporting date.

k) Other items of income are recognised as and when the right to receive arises.

4 Inventories

Inventories are stated at lower of cost and net realisable value. Net realisable value represents the estimated selling price for inventories less all estimated costs of completion and costs necessary to make the sale. Project work-in-progress is carried at cost net of incidental income.

5 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term highly liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents. Bank overdrafts which are part of the cash management process is included as part of cash and cash equivalents.

6 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit/(loss) is adjusted for the effects of:

(a) transactions of a non-cash nature;

(b) any deferrals or accruals of past or future operating cash receipts or payments and,

(c) all other items of income or expense associated with investing or financing cash flows.

The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

7 Property, plant and equipment (PPE)

A. Domestic Companies

Freehold land is carried as historical cost. All other items of property, plant and equipment are stated at historical cost less accumulated depreciation and cumulative impairment. Historical cost includes expenditure that is directly attributable to acquisition of the items. Land acquired under long term lease is classified as “Property, Plant and equipment” and is depreciated over the period of lease.

Subsequent costs are included in the asset’s carrying amount or recognised as a separate asset, as appropriate, only when it is probable that the future economic benefits associated with the item will flow to the entity and the cost of the item can be measured reliably. Properties in the course for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes expenditure that is directly attributable and for qualifying assets, borrowing costs capitalised in accordance with the Company’s accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and assets under construction) less their residual values over their useful lives using the straight-line method. The estimated useful lives and residual values are reviewed at the end of each year, with the effect of any changes in estimate accounted for on a prospective basis.

The estimated useful lives of the assets are as follows:

Category of Property, plant and equipment	Estimated useful life (in years)
Buildings including ownership flats	50
Plant and equipment:	
DG Sets	12
Air-conditioning and refrigeration equipment	12
Split AC and Window AC	4
Furniture and fixtures	10
Vehicles:	
Motor cars (other than those under the Company owned car scheme)	7
Motor cars (under the Company owned car scheme)	5

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Category of Property, plant and equipment	Estimated useful life (in years)
Motor cycles, scooters and other mopeds	10
Tractors and other vehicles	8
Office equipment:	
Multifunctional devices, printers, switches and projectors	4
Other office equipments	5
Computers:	
Servers and systems	6
Desktops, laptops, etc,	3
Wind power generating plant	20
Electrical installations	10

An item of property, plant and equipment is derecognised upon disposal. Any gain or loss arising on the disposal of an item of property plant and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in the statement or profit and loss.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

B. Foreign Companies

Depreciation has been provided on methods and at the rates required/permissible by the local laws so as to depreciate the assets over their useful life.

8 Amortisation of intangible assets

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

For transition to IndAS, the Company has availed the option to continue with the Revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013 for toll collection rights recognised under service concession arrangements recognised for the period ending immediately before the beginning of the first IndAS reporting period as per the previous Indian GAAP.

9 Exceptional items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

10 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll Projects (Right to charge users)

Toll collection rights obtained in consideration for rendering construction services, represent the right to collect toll revenue during the concession period in respect of Build-Operate-Transfer (“BOT”) project undertaken by the Company. Toll collection rights are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus the present value of obligation towards negative grants and additional concession fee payable to National Highways Authority of India (“NHAI”)/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as “Change of Scope”) is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the carrying amount intangible assets to the extent of actual receipts.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Extension of concession period by the authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is more evident.

Any Viability Gap Funding (VGF) in the form of equity support in connection with project construction is accounted as a receivable and is adjusted to the extent of actual receipts.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

11 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted

ii) Revenues and expenses at yearly average rates prevailing during the year

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

(a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

(b) recognised as income or expense in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks; and

iii. exchange differences on monetary items receivable from or payable to a foreign operation for which settlement is neither planned nor likely to occur (therefore forming part of the net investment in foreign operation), which are recognised initially in other comprehensive income and reclassified from equity to profit or loss on repayment of the monetary items

d) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

e) Financial statements of foreign operations are translated into Indian Rupees as follows:

(i) assets and liabilities for each balance sheet presented are translated at the closing rate at the date of that balance sheet;

(ii) income and expenses for each income statement are translated at average exchange rates; and

(iv) all resulting exchange differences are recognised in other comprehensive income and accumulated in equity as foreign currency translation reserve (FCTR) and the same is subsequently reclassified to profit or loss on disposal of a foreign operation.

f) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

g) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

12 Government grants

Government grants are recognised when there is reasonable assurance that the Company will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Company should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

13 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Investment properties are measured initially at cost, including transaction costs. Subsequent to initial recognition, investment properties are measured in accordance with the requirements of cost model.

For transition to IndAS, the Company has elected to continue with the carrying value of all its property, plant and equipment recognised as of April 01, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost on the transition date.

14 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

‘The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company’s superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

Remeasurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognised in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

(iv) Termination benefits

Termination benefits such as compensation under Voluntary Retirement cum Pension Scheme are recognised as expense and a liability is recognised at the earlier of when the Company can no longer withdraw the offer of the termination benefit and when the entity recognises any related restructuring costs.

15 Borrowing costs

Borrowing costs include interest calculated using the effective interest method, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for acquisition, construction or production of qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

16 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / loss amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are as per Indian Accounting Standard 108 “Operating Segments” (IND AS 108) read with SEBI’s circular dated 05 July 2016. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. The identification of operating segments and reporting of amounts is consistent with performance assessment and resource allocation by the management.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under ‘unallocated revenue / expenses / assets / liabilities’.

17 Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance leases:

(a) Property, plant and equipment acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. Finance leases are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

(b) Property, plant and equipment given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

Operating leases:

(a) Property, plant and equipment acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Statement of Profit and Loss on a straight line basis over the term of the relevant lease.

(b) Property, plant and equipment leased out under operating leases are continued to be capitalised by the Company. Rental income is recognised on a straight-line basis over the term of the relevant lease.

18 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

19 Income taxes

The income tax expense or credit for the year is the tax payable on current year’s taxable income based on the applicable income tax rate adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. The current income tax charge is calculated on the basis of tax laws enacted or substantively enacted at the end of the reporting period. Management periodically

NOTES FORMING PART OF ACCOUNTS (CONTD.)

evaluates, positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation and provisions are established where appropriate on the basis of amounts expected to be paid to the tax authorities.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset when it is highly probable that future economic benefit associated with it will flow to the entity.

Deferred income tax is provided in full, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However deferred income tax is not accounted if it arises from the initial recognition of an asset or liability that at the time of the transaction affects neither the accounting profit nor taxable profit (tax loss). Deferred income tax is determined using tax rates and laws that have been enacted or substantively enacted by the end of the reporting period and are expected to apply when the related deferred income tax asset/liability is realised or settled.

Deferred tax assets are recognised for all deductible temporary differences and unused tax losses only if it is probable that future taxable amounts will be available to utilise those temporary differences and losses.

Deferred tax assets and deferred tax liabilities are offset, when the entity has a legally enforceable right to offset current tax assets and liabilities and when the deferred tax balances related to the same authority.

Current and deferred tax is recognised in profit or loss, except to the extent that it relates to items recognised in other comprehensive income or directly in equity wherein the related tax is also recognised in other comprehensive income or directly in equity.

20 Impairment of assets

The carrying values of assets / cash generating units at each balance sheet date are reviewed for impairment if any indication of impairment exists. The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

If the carrying amount of the assets exceed the estimated recoverable amount, an impairment is recognised for such excess amount. The impairment loss is recognised as an expense in the Statement of Profit and Loss, unless the asset is carried at revalued amount, in which case any impairment loss of the revalued asset is treated as a revaluation decrease to the extent a revaluation reserve is available for that asset.

The recoverable amount is the higher of the fair value less costs of disposal and its value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects the current market assessments of the time value of money and the risks specific to the asset for which the estimated future cash flows have not been adjusted.

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss, to the extent the amount was previously charged to the Statement of Profit and Loss. In case of revalued assets such reversal is not recognised.

21 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Company has a present obligation (legal or constructive) as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made.

The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material)

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, a receivable is recognsied as an asset if it is virtually certain that the reimbursement will be received and the amount of the receivable can be measured reliably.

Contingent liabilities are disclosed in notes in case of a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation or a present obligation arising from past events, when no reliable estimate is possible . Contingent assets are disclosed in the financial statements where an inflow of economic benefits are probable.

22 Financial Instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

a) Financial Assets

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

Investments in debt instruments that meet the following conditions are subsequently measured at amortised cost (unless the same are designated as fair value through profit or loss (FVTPL)):

NOTES FORMING PART OF ACCOUNTS (CONTD.)

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (unless the same are designated as fair value through profit or loss)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Debt instruments at FVTPL is a residual category for debt instruments and all changes are recognised in profit or loss.

Investments in equity instruments are classified as FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in OCI for equity instruments which are not held for trading.

Interest income, dividend income and exchange difference (on debt instrument) on FVTOCI debt instruments is recognised in profit or loss and other changes in fair value are recognised in OCI and accumulated in other equity. On disposal of debt instruments FVTOCI the cumulative gain or loss previously accumulated in other equity is reclassified to profit & loss. However in case of equity instruments at FVTOCI cumulative gain or loss is not reclassified to profit & loss on disposal of investments.

A financial asset is primarily derecognised when:

i. the rights to receive cash flows from the asset have expired, or

ii. the group has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the group has transferred substantially all the risks and rewards of the asset, or b) the group has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

b) Financial Liabilities

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using Effective Interest Rate method.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial guarantee contracts are subsequently measured at the higher of the amount of loss allowance determined as per impairment requirements of Ind AS 109 and the amount recognised less cumulative amortisation.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

Impairment of financial assets (Expected Credit Loss Model)

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset and financial guarantees not designated at FVTPL

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract/agreement and all the cash flows that the Company expects to receive (i.e.. all cash shortfalls), discounted at the original effective interest rate. The Company estimates cash flows by considering all contractual terms of the financial instrument, through the expected life of the financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the life-time expected credit losses if the credit risk on that financial instrument has increase significantly since initial recognition. If the credit risk has not increased significantly, the Company measures the loss allowance at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the life-time cash shortfalls that will result if the default occurs within 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of a change in the amount of the expected credit loss. To achieve that, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

23 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

24 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

25 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

26 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

27 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after 01 April 2015 (transition date).
2. The Company has accounted for changes in a parent's ownership in a subsidiary that does not result in loss of control in accordance with Ind AS 110, prospectively from the date of transition.
3. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
4. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.

NOTES FORMING PART OF ACCOUNTS (CONTD.)

5. Ind AS 102 Share-based Payment has not been applied to equity instruments in share-based payment transactions that vested before 01 April 2015.
6. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind ASs, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
7. The company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
8. The Company has elected not to apply Ind AS 103 Business Combinations retrospectively to past business combinations that occurred before the transition date.
9. The estimates as at 01 April 2015 and at 31 March 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.
10. The Company has not elected the option to reset the cumulative translation differences on foreign operations that exist as of the transition date to zero.
11. The Company has decided to continue with the revenue based amortisation method for existing road concessions.

As per our report of attached

For GIANENDER & ASSOCIATES
Chartered Accountants
(Firm Registration No: 04661N)
by the hand of

MANJU AGRAWAL
Partner
Membership No.: 083878

Place : Chennai
Date : April 27, 2017

For and on behalf of the Board

GOPAL C PANDE	**T.S.VENKATESAN**	**P.G.SURESH KUMAR**
Chief Financial Officer	*Director*	*Director*
	DIN: 01443165	*DIN: 07124883*

Place : Chennai
Date : April 27, 2017

BOARD'S REPORT

Directors are pleased to present their Report and the Company's audited standalone financial statement for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The Company's standalone financial performance for the year ended March 31, 2017 is summarised below:

		₹ in crore
Particulars	**2016-17**	*2015-16*
Profit before depreciation, exceptional and extraordinary items & tax	**4.68**	*20.70*
Less: Depreciation and amortization	**3.94**	*4.71*
Profit/ (loss) before exceptional and extraordinary items and tax	**0.74**	*15.99*
Less: Exceptional items	**(285.57)**	*(573.00)*
Profit / (loss) before tax	**(284.83)**	*(557.01)*
Less: Provision for tax	**(62.61)**	*1.93*
Profit/(loss) after tax for the year	**(222.22)**	*(558.94)*
Add: Balance brought forward from previous year	**588.50**	*1227.25*
Balance available for disposal (which directors appropriate as follows)	**366.28**	*668.31*
Debenture Redemption Reserve*	**(2.81)**	*(7.50)*
General Reserve	**2.81**	*7.50*
Reserve u/s 45-IC of Reserve Bank of India Act,1934	**–**	*(79.81)*
Balance carried to Balance Sheet	**366.28**	*588.50*

RESULTS OF OPERATIONS AND THE STATE OF COMPANY'S AFFAIRS

The total income for the financial year under review was ₹ 572.11 crore as against ₹ 1,024.46 crore for the previous financial year registering a decrease of ₹ 452.35 crore. The decrease is primarily on account of the completion of construction contract for M/s. Kudgi Transmission Limited during the year under review and higher revenues from this contract in the previous year.

CAPITAL & FINANCE

The Company has issued unsecured, listed, Non-Convertible Debentures worth ₹ 250 crore in December 2016. The proceeds was used to repay commercial papers of ₹ 125 crore and term loan of ₹ 125 crore.

The Company had redeemed Non-Convertible Debentures of ₹15 crore during the year. In order to meet its funding requirements, the Company has, from time-to-time, issued Commercial Papers and also issued letters of credit to some of its vendors/ contractors.

The Company received LKR 58.80 crore in June 2016 from sale of its stake in L&T IDP Lanka and in March 2017, ₹ 2042 crore from sale of its stake in its Hyderabad Metro subsidiary.

ICRA Limited, an independent professional investment information and credit rating agency in India, had pronounced rating of AA+(S) to unsecured non-convertible debentures and reaffirmed rating of AA to the non-fund based facilities and secured non-convertible debentures. ICRA Limited has also reaffirmed rating of AA(SO) for term loan and A1+ for the Commercial Papers issued by the Company.

CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets including leased assets, stood at ₹ 67.51 crore and the net fixed and intangible assets, including leased assets, at ₹ 41.24 crore.

REGISTRATION AS CORE INVESTMENT COMPANY

The Company had been issued a certificate of registration dated January 12, 2015 from Reserve Bank of India (RBI) to commence/carry on the business of Non-Banking Financial Institution without accepting public deposits subject to certain conditions as mentioned by RBI and is covered as a Systematically Important Non-Deposit Taking Core Investment Company (CIC-ND-SI) with effect from April 1, 2015.

Being a NBFC- CIC, the Company continues to draw its financial statements under the Indian Generally Accepted Accounting Principles (IGAAP). Ind AS will be applicable only from FY 2018-2019.

STATUTORY DISCLAIMER

RBI does not accept any responsibility or guarantee about the present position as to the financial soundness of the Company or for the correctness of any of the statements or representations made or opinions expressed by the company and for discharge of liability by the company.

Neither is there any provision in law to keep nor does the Company keep any part of the deposits with the RBI and by issuing the Certificate of Registration (COR) to the Company, the Reserve Bank neither accepts any responsibility nor guarantee for the payment of the deposit amount to any depositor.

DEPOSITS

The Company has not accepted deposits from the public and no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

The Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year.

SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES

During the year under review, the Company subscribed to/acquired equity/preference shares in various subsidiary companies. These subsidiaries are Special Purpose Vehicle (SPV) Companies primarily involved in infrastructure projects. The details of investments in subsidiary companies during the financial year are as under:

A) Shares acquired / subscribed to during the year:

Sr.No	Name of the Company	Face Value (₹)	No. of shares
	EQUITY SHARES		
1	L&T Sambalpur-Rourkela Tollway Limited	10	7,41,80,000
2	L&T Deccan Tollways Limited	10	5,35,00,000
3	L&T Metro Rail (Hyderabad) Limited	10	3,12,15,984
	Total		**15,88,95,984**
	PREFERENCE SHARES		
1	L&T Ahmedabad-Maliya Tollway Limited	10	2,43,15,240
2	L&T Rajkot-Vadinar Tollway Limited	10	74,50,000
3	L&T Samakhiali Gandhidham Tollway Limited	10	6,79,75,780
4	Panipat Elevated Corridor Limited	10	45,74,606
	Total		**10,43,15,626**

B) Shares sold or transferred by the Company during the year.

Sr.No	Name of the Company	Face Value (₹)	No. of shares
	EQUITY SHARES		
1	L&T Infrastructure Development Projects (Lanka) Private Limited (L&TIDP Lanka)	10	14,75,50,780
2	L&T Metro Rail (Hyderabad) Limited (L&TMRHL)	10	204,15,71,240

The Board had approved schemes of merger of two subsidiaries viz., L&T Port Kachchigarh Limited and L&T Western India Tollbridge Limited with the company with effect from April 1, 2016. The Company has made necessary applications with Ministry of Corporate Affairs.

PERFORMANCE AND FINANCIAL POSITION OF EACH SUBSIDIARY/ASSOCIATE AND JOINT VENTURE COMPANIES:

A statement containing the salient features of the financial statement of subsidiaries/associate is provided in the 'Annexure 1' to this report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since the Company is engaged in the business of developing infrastructure facilities through its subsidiaries (SPV), the provisions of Section 186 except sub-section (1) of the Companies Act, 2013 (the **"Act"**) are not applicable to the Company. The details of loans given, investments made and guarantees/securities provided by the Company are given in the Notes G and H (I) to the standalone financial statement.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All related party transactions during the year have been approved in terms of the Act and Securities and Exchange Board of India (Listing Obligations and Disclosures Requirements) Regulations, 2015. The Company has adopted Related Party Transaction Policy at the Board Meeting held on May 11, 2016 with suitable guidelines thereunder. Details of Related Party Transactions are provided in Annexure 2 (AOC-2).

AMOUNT TRANSFERRED TO RESERVES

Since the Company has incurred loss before tax for the year ended March 31, 2017 no amount is required to be transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

The Company had transferred an amount of ₹ 79.81 crore during the previous year ended March 31, 2016 in relation to the period upto March 31, 2015.

DIVIDEND

The Directors do not recommend payment of dividend for the financial year in view of losses incurred during the year.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes or commitments adversely affecting the financial position of the Company have occurred between the end of the financial year and the date of this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS

No significant or material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, Section 134(3)(m) of the Act read with Rule 8(3) of the Companies (Accounts) Rules, 2014 conservation of energy and technology absorption does not apply to the Company.

FOREIGN EXCHANGE EARNINGS AND OUTGO

Activity in foreign currency during the financial year on a standalone basis is as under:

Particulars	**₹ in lakh**
Earnings	**Nil**
Expenditure	
Subscription fees	10.70
Travelling expenses	12.68
Professional fees	4.80

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board about risk assessment and minimisation procedures and periodical review to ensure risk control. Consequent upon the resignation of Mr. N.Subramanian, as Chief Risk Officer, Mr. Mathew George, GM – Project Finance & Treasury has taken over the Risk Management responsibilities of the Company with effect from December 9, 2016 in addition to his current responsibilities.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process-driven framework for Internal Controls on Financial Reporting System within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017 the Board is of the opinion that the Company has adequate internal controls commensurate with the nature and size of its business operations and these are operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditors of the Company have reviewed the adequacy of the Internal Financial Control over Financial Reporting of the Company and the operating effectiveness of such controls are reported in "Annexure A" to Statutory Audit Report of the Company.

CORPORATE SOCIAL RESPONSIBILITY

The Company has constituted a Corporate Social Responsibility ("CSR") Committee of directors comprising of Mr. R.Shankar Raman (Chairman), Mr. Sudhakar Rao and Mr. K.Venkatesh.

Details of the various projects and programmes to be undertaken by the Company as a part of its CSR framework are available on its website www.lntidpl.com.

The average net profits of the Company during the immediately preceding three financial years is in the negative (i.e., a loss). Consequently there is no requirement during the year under review to spend on CSR activity under Section 135 of the Act and rules made thereunder.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP") APPOINTED/RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Mr. K.Venkatesh whose term as Chief Executive and Managing Director was to end on July 12, 2016, was reappointed as Chief Executive and Managing Director of the Company in the Board of Directors Meeting held on May 11, 2016. His appointment for a period upto April 7, 2018 was approved by the shareholders at the Extraordinary General Meeting held on June 16, 2016.

Mr. R.Shankar Raman and Mr. Sushobhan Sarker, who retired by rotation at the Annual General Meeting held on August 24, 2016, were reappointed as Directors.

Following is the composition of the Board of Directors of the Company as on March 31, 2017:

Sr.No.	**Name**	**Designation**
1	Mr. R Shankar Raman	Chairman (Non-Executive Director)
2	Mr. Vikram Swinder Gandhi	Non-Executive Investor Director
3	Mr. Sudhakar Rao	Independent Director

Sr.No.	Name	Designation
4	Mr. Sushobhan Sarker	Non-Executive Director
5	Ms. Shubhalakshmi Aamod Panse	Independent Director
6	Mr. K.Venkatesh	Chief Executive and Managing Director

The Key Managerial Personnel (KMP) of the Company as on March 31, 2017 are:

Sr. No.	Name	Designation
1	Mr. K. Venkatesh	Chief Executive and Managing Director
2	Mr. Karthikeyan T. V	Chief Financial Officer
3	Mr. K.C.Raman	Company Secretary

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings.

During the year four Board Meetings were held. The details of the Board meetings conducted during the year are given below:

Date	Board Strength	No of Directors Present
May 11, 2016	6	6
July 23, 2016	6	4
October 26, 2016	6	6
January 21, 2017	6	5

INFORMATION TO THE BOARD

The Board of Directors has complete access to the information within the Company which interalia includes:

- Annual revenue budgets and capital expenditure plans
- Quarterly financials and results of operations
- Financing plans of the Company
- Minutes of the meeting of the Board of Directors, Audit Committee (AC), Nomination and Remuneration Committee (NRC), Corporate Social Responsibility Committee
- Report on fatal or serious accidents
- Any materially relevant default, if any, in financial obligations to and by the Company
- Any issue which involves possible public or product liability claims of substantial nature, including any Judgement or Order, if any, which may have strictures on the conduct of the Company
- Development in respect of human resources
- Compliance or non-compliance of any regulatory, statutory nature or listing requirements and investor service
- An Action Taken Report is presented to the Board

Presentations are made regularly to the Board/NRC/Audit Committee (minutes of Board, AC and NRC are circulated to the Board), where Directors get an opportunity to interact with senior managers. Presentations, interalia cover business strategies, management structure, HR policy, management development and planning, half-yearly and annual results, budgets, treasury, review of Internal Audit, risk management, operations of subsidiaries and associates, etc.

Independent Directors have the freedom to interact with the Company's management. Interactions happen during the Board / Committee Meetings, when senior company personnel are asked to make presentations about performance to the Board.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 comprising of Mr. Sudhakar Rao (Chairman), Ms. Shubhalakshmi Aamod Panse and Mr. R. Shankar Raman.

During the year, four audit committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
May 11, 2016	3	3
July 23, 2016	3	3
October 26, 2016	3	3
January 21, 2017	3	3

As per the provisions of Section 177(9) of the Act the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a whistle blower policy in place to report concerns about unethical behaviour, actual/suspected frauds and violation of Company's Code of Conduct. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the Chairman of the Audit Committee. The Chief Internal Auditor of the Company was the co-ordinator for the Vigil Mechanism and responsible for receiving, validating, investigating and reporting to the Audit Committee during the year.

Members can view the details of the whistle blower policy under the said framework of the Company on its website www.LntidpL.com.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company had constituted the Nomination and Remuneration Committee in accordance with the requirements of the Act read with the Rules made thereunder comprising of Mr. Sudhakar Rao (Chairman), Ms. Shubhalakshmi Aamod Panse, Mr. R. Shankar Raman and Mr.Vikram Swinder Gandhi.

During the year, two Meetings of the Nomination and Remuneration Committee were held. The details of the meetings conducted during the year under review are given below:

Date	Strength of the Committee	No. of members present
May 11, 2016	4	4
July 23, 2016	4	3

The Committee had formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director and also for KMP.

DECLARATION OF INDEPENDENCE

The Company has received declaration of independence as stipulated under Section 149(7) of the Act from the Independent Directors confirming that he/she is not disqualified from continuing as an Independent Director.

EXTRACT OF THE ANNUAL RETURN

The extract of the annual return in Form No. MGT – 9 is enclosed as 'Annexure 3' to this Report.

DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms that:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any.

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d) The Directors have prepared the Annual Accounts on a going concern basis.

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively.

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

Further, the Independent Directors at the meeting held on December 28, 2016, reviewed the performance of Board, Committees, and Non-Executive Directors. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

DISCLOSURE OF REMUNERATION

The information required under Section 197(12) of the Act and the Rules made thereunder, is provided below.

The Directors of the Company are not paid any remuneration except sitting fees to certain directors. Hence, the remuneration of the Directors to that of the employees of the Company is not comparable.

REMUNERATION OF KMP

₹ in crore (Rounded off to two decimals)

Name of the KMP	Designation	Remuneration in FY 2016-17	Remuneration in FY 2015-16	% increase in remuneration of FY 2016-17 as compared to previous FY	Performance of the Company for FY 2016-2017	
					% of Revenue Decrease in revenue of FY 2016-17 as compared to FY 2015-2016	% of Profit after Tax decrease in loss of FY 2016-17 as compared to FY 2015-2016
Mr.Karthikeyan T. V	Chief Financial Officer	0.96	1.34*	(28%)	43.64	60.24
Mr.K.C.Raman	Company Secretary	0.35	0.14^	2.5 times		

No managerial remuneration has been paid to Mr. K.Venkatesh, Chief Executive & Managing Director in the FY 2016-17 and 2015-2016.

*₹.1.34 crore, includes value of exercise of Employee Stock Option Plans during financial year 2015-2016 issued by Holding Company.

^ Represents part of the financial year since the date of joining the services of the Company is August 24, 2015.

The Median Remuneration of Employees ("MRE") was ₹ 0.10 crore and ₹ 0.09 crore in the financial year 2016-17 and 2015-16 respectively. The percentage increase in MRE in the financial year 2016-17 as compared to previous financial year is 11.11%.

The number of permanent employees on the rolls of the Company as of March 31, 2017 and March 31, 2016 was 143 and 149 respectively.

The remuneration paid to the employees is as per the remuneration policy of the Company.

A statement containing the names of every employee employed throughout the financial year and in receipt of remuneration of ₹ 1.02 crore or more, or employed for part of the year and in receipt of ₹ 8.5 lakh or more a month under Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is enclosed as 'Annexure 4' to this Report.

In terms of Section 136(1) of the Act and the Rules made thereunder, the Report and Accounts are being sent to the shareholders. None of the employees listed in the said Annexure 4 are related to any Director of the Company.

CONSOLIDATED FINANCIAL STATEMENT

Your Directors have pleasure in attaching the Consolidated Financial Statement pursuant to Section 129(3) of the Act and prepared in accordance with the Accounting Standards prescribed by the Institute of Chartered Accountants of India, in this regard and has been audited by the Company's Statutory Auditors.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

The Company has adopted a policy on Protection of Women's Rights at workplace in line with the policy formulated by the parent company, Larsen & Toubro Ltd. This has been widely disseminated. There were no complaints of sexual harassment received by the Company during the year.

AUDITORS AND AUDITORS' REPORT

STATUTORY AUDITORS

The Company at the Fourteenth Annual General Meeting (AGM) held on September 28, 2015 for the Financial Year 2015-16 had appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (LLP Identification no.AAB-8737), Mumbai as Statutory Auditors of the Company to hold office from the conclusion of that AGM until the conclusion of the sixth successive AGM of the Company.

The Board recommends the ratification of the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, (LLP Identification no.AAB-8737), Mumbai as Statutory Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM. Certificate from the said audit firm has been received to the effect that they are eligible to act as Auditors of the Company under Section 141 of the Act.

The Auditors' Reports on the standalone and consolidated financial statements for the financial year 2016-17 are unqualified. The Emphasis on Matters made by the Auditors are

adequately covered in the Notes to the said financial statements. The Notes to the accounts referred to in the Auditors' Reports are self-explanatory and do not call for any further clarifications under section 134(3)(f) of the Act.

COST AUDITOR

Mr. K.Suryanarayanan, Cost Accountant (Membership No.24946), was appointed as Cost Auditor of the Company for audit of cost accounting records for the financial year 2016-2017, pursuant to the provisions of Section 148 of the Act and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2014. The Report of the Cost Auditors for the financial year 2016-2017 would be filed with the Ministry of Corporate Affairs once the same is finalised.

The remuneration of the Cost Auditor was ratified at the Annual General Meeting held on August 24, 2016. The Cost Audit Report for the year 2015-2016 was filed with MCA on September 22, 2016.

SECRETARIAL AUDIT REPORT

M/s. B.Chitra & Co, Company Secretary in practice (CP No.2928), was appointed to conduct the secretarial audit of the Company for the financial year 2016-17, as required under Section 204 of the Act and Rules thereunder. The secretarial audit report dated May 10, 2017 to the Shareholders for the financial year 2016-17 is attached as 'Annexure 6' to this Report and is unqualified and has no adverse remark.

DEBENTURE TRUSTEE

The Company had issued and allotted secured redeemable Non-convertible Debentures amounting to ₹ 180 crore during the year 2012-2013 out of which ₹ 45 crore had been redeemed till March 31, 2017. During the current financial year, unsecured Non-Convertible Debentures amounting to ₹ 250 crore were issued. As at March 31, 2017 the total outstanding Debentures were ₹ 385 crore. M/s. IDBI Trusteeship Services Limited, having their office at Asian Building, Ground Floor, 17, R.Kamani Marg, Ballard Estate, Mumbai - 400001 have been appointed as the Debenture Trustees for the same.

ACKNOWLEDGEMENT

The Board of Directors wish to express their appreciation to all the employees for their outstanding contribution to the operations of the Company during the year. Your Directors take this opportunity to thank financial institutions, banks, Central and State Government authorities, regulatory authorities, stock exchanges and all the stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

K. VENKATESH	**R. SHANKAR RAMAN**
Chief Executive &	*Chairman*
Managing Director	*DIN:00019798*
DIN:00240086	

Place : Mumbai

Date : May 10, 2017

ANNEXURE 1

STATEMENT CONTAINING THE SALIENT FEATURES OF THE FINANCIAL STATEMENTS OF SUBSIDIARIES / ASSOCIATE COMPANIES / JOINT VENTURES FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

A) SUBSIDIARIES

₹ in crore

S. No	Name of the subsidiary	Exchange Rate	Share capital	Reserves & surplus	Total assets	Total liabilities #	Invest-ments	Turnover (refer Note)	Profit / (Loss) before taxation	Provision for taxation	Profit / (Loss) after taxation	Equity shares (Nos) held by IDPL	Total (Nos) - Equity shares @ ₹.10/- each	% of Equity Share-holding
1	AMTL	–	370.64	(335.64)	1,365.07	1,330.08	0.23	169.96	(52.12)	–	(52.12)	148999900	149000000	99.99%
2	DHTL	–	90.00	142.60	546.00	313.41	2.35	48.11	(6.04)	–	(6.04)	89999900	90000000	99.99%
3	KTTRL	–	78.75	(81.77)	517.83	520.85	35.14	150.58	21.27	0.65	20.62	78749998	78750000	99.99%
4	KTL	–	192.60	(4.29)	2,897.80	2,709.49	–	111.54	6.78	8.92	(2.14)	192599998	192600000	99.99%
5	PECL	–	130.05	(328.90)	382.72	581.57	–	58.45	(24.90)	–	(24.90)	84299998	84300000	99.99%
6	PNGTL	–	292.22	(578.79)	1,187.39	1,473.95	0.09	–	(209.64)	–	(209.64)	102711340	169100000	60.74%
7	VBTL	–	43.50	(318.74)	793.99	1,069.23	185.87	265.86	12.53	2.56	9.98	43499998	43500000	99.99%
8	WATL	–	56.50	(66.23)	251.89	261.62	40.93	66.79	7.87	0.18	7.69	56499998	56500000	99.99%
9	L&T BPPTL	–	247.20	100.02	10,541.50	10,194.28	45.77	307.46	(48.57)	–	(48.57)	247199998	247200000	99.99%
10	L&T CTTL	–	42.00	(5.06)	423.43	386.49	–	–	(4.86)	–	(4.86)	41999900	42000000	99.99%
11	L&T DTL	–	206.00	(2.52)	1,105.77	902.30	2.24	–	(0.32)	–	(0.32)	205999998	206000000	99.99%
12	L&T HSTL	–	925.85	(460.47)	1,185.81	720.43	–	86.27	(95.18)	–	(95.18)	3905098000	7963363250	49.04%
13	L&T IRCL	–	57.16	(3.63)	440.39	386.86	117.83	86.42	(13.51)	–	(13.51)	57159998	57160000	99.99%
14	L&T KWTL	–	90.00	(5.12)	1,107.50	1,022.62	1.20	143.34	6.97	0.27	6.70	89997400	90000000	99.99%
15	L&T PKL	–	4.16	(4.62)	5.00	5.46	–	–	(0.02)	–	(0.02)	4160000	4160000	99.99%
16	L&T RVTL	–	235.49	(325.05)	971.68	1,061.24	–	112.76	(55.27)	–	(55.27)	109999900	110000000	99.99%
17	L&T SGTL	–	194.01	(117.64)	3,505.47	3,429.10	0.14	110.23	(55.41)	–	(55.41)	80527000	80540000	99.98%
18	L&T SRTL	–	290.03	144.85	1286.49	851.61	22.78	–	(0.56)	–	(0.56)	290029998	290030000	99.99%
19	L&T TIL	–	41.40	142.75	268.59	84.44	156.00	25.08	14.50	(13.08)	27.58	30536000	41400000	73.75%
20	L&T WIT	–	13.95	19.71	104.50	70.85	–	–	1.25	0.37	0.87	13950007	13950007	99.99%
21	L&T IDPL Trustee Manager Pte. Limited	1SG= 46.41 INR	6.16	(5.48)	0.74	0.05	–	–	(0.16)	–	(0.16)	1315000	1315000	100%

Note: Turnover includes toll collections which are treated as capital receipts # (excluding share capital and reserves & surplus)

B) ASSOCIATES

₹ in crore

S.No	Associates	No. of Shares held	Amount of investment	Extent of holding %	Net worth attributable to Shareholding as per latest audited Balance Sheet	Profit / (Loss)		Description of how there is significant influence	Reason why the associate is not consolidated
						Considered in consolidation	Not considered in consolidation		
1	ISP Haldia Private Limited	98,30,000	9.83	22.31%	14.83	1.62	Not applicable	Due to stake held and Board representation	Not applicable

C) NAMES OF SUBSIDIARIES WHICH HAVE BEEN LIQUIDATED OR SOLD DURING THE YEAR : L&T METRO RAIL (HYDERABAD) LIMITED AND L&T INFRASTRUCTURE DEVELOPMENT PROJECTS (LANKA) PRIVATE LIMITED

D) NAMES OF ASSOCIATES AND JOINT VENTURES WHICH HAVE BEEN LIQUIDATED OR SOLD DURING THE YEAR :NIL

E) NAMES OF SUBSIDIARIES WHICH ARE YET TO COMMENCE COMMERCIAL OPERATION

1. L&T DTL
2. L&T SRTL

F) NAMES OF ASSOCIATES / JOINT VENTURE WHICH ARE YET TO COMMENCE OPERATION

There is no Associate or Joint venture which are yet to commence commercial operation during the year.

For and on behalf of the Board

K. VENKATESH	**R. SHANKAR RAMAN**
Chief Executive & Managing Director	*Chairman*
DIN:00240086	*DIN:00019798*

Place : Mumbai

Date : May 10, 2017

ANNEXURE 2

FORM NO. AOC.2

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Act including certain arm's length transactions under third proviso thereto **(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)**

1. Details of contracts or arrangements or transactions not at arm's length basis

   a. Name(s) of the related party and nature of relationship

Name of the related party	Nature of relationship
Larsen and Toubro Limited ("L&T")	Holding Company

   b. Nature of contracts/arrangements/transactions

   Advance paid for Purchase of Shares of PNG Tollway Limited from Larsen & Toubro Limited

2. Details of material contracts or arrangement or transactions at arm's length basis

   a. Name(s) of the related party and nature of relationship

Name of the related party	Nature of relationship
L&T	Holding Company
L&T SRTL	Subsidiary company
KTL	Subsidiary Company

   b. Nature of contracts/arrangements/transactions

      i. An Engineering Procurement and Construction (EPC) contract entered into between L&T SRTL and L&T IDPL on 5th May, 2014 for carrying out the four laning of Sambalpur Rourkela Road Project in the State of Odisha was continued during the financial year 2015-2016.

      ii. A construction contract entered into between L&T IDPL and L&T on 11th July, 2014 for carrying out the four laning of Sambalpur Rourkela Road Project in the State of Odisha was continued during the financial year 2016-2017.

      iii. An Engineering Procurement and Construction (EPC) contract entered into between L&T KTL and L&T IDPL on 21st February, 2014 to establish Transmission System required for evacuation of power from Kudgi TPS of NTPC Limited was completed during the financial year 2016-2017.

      iv. Construction and supply contracts entered into between L&T IDPL and L&T on 27th February, 2014 to establish Transmission System required for evacuation of power from Kudgi TPS of NTPC Limited was completed during the financial year 2016-2017.

      v. A Deed of Lease was entered into between L&T IDPL and L&T on 19th October, 2015 for occupying space and availing certain business services at the premises of L&T in Chennai valid upto March 31, 2017.

      vi. A Power Supply Agreement was entered between L&T IDPL and L&T on 1st April, 2015 to meet the Captive power requirements of its Holding Company through the energy generated by the Company's wind turbines upto March 31, 2018.

   c. Duration of the contracts/arrangements/transactions

      i. L&T SRTL and L&T IDPL – 3 years.

      ii. L&T IDPL and L&T – 3 years.

      iii. L&T KTL and L&T IDPL – Until the completion of the project

      iv. L&T IDPL and L&T - Until the completion of the project

      v. L&T IDPL and L&T – 1year

      vi. L&T IDPL and L&T – 3 years

   d. Salient terms of the contracts or arrangements or transactions including the value, if any:

      i. L&T SRTL and L&T IDPL

      This is a lump sum EPC contract for carrying out the four laning of Sambalpur Rourkela Road Project in the State of Odisha. This contract includes escalation, project management consultancy services and construction of railway over bridges, special structures and the value of the contract is ₹1281.89 crore.

      ii. L&T IDPL and L&T

      This is a lump sum Construction contract for carrying out the four lane project of Sambalpur Rourkela Road in the State of Odisha. The value of the contract is ₹1118.08 crore.

iii. L&T KTL and L&T IDPL

This is an EPC contract to establish Transmission Line System required for evacuation of power from Kudgi TPS of NTPC Limited. This contract includes Engineering & Supply of Materials, Erection & Commissioning and Freight and Insurance and the value of the contract is ₹1173.11 crore.

iv. L&T IDPL and L&T

EPC and supply contracts were entered into for establishing a Transmission Line System required for evacuation of power from Kudgi TPS of NTPC Limited". The value of the contract is ₹597.84 crore.

v. L&T IDPL and L&T

This is a lease agreement for the Company to occupy space and avail administrative support services at L&T's office premises in Chennai. The rentals include electricity charges with DG back up, air conditioning, covered car parking, security, water and other amenities such as access to pantry, canteen, convention center, telepresence, etc. The value of the contract including rent and maintenance is approx. ₹4.692 crore per annum.

vi. L&T IDPL and L&T

This is an Agreement for the power generated by the Company's wind turbines in Tamil Nadu to be utilized by L&T to meet its captive power requirements in the State.

e. Date(s) of approval by the Board, if any:

The Board at its Meeting held on 1st March, 2014 approved the aforementioned Contracts (para I to iv) and the contract for the para v and vi were approved by Audit Committee on 25th July, 2015.

For and on behalf of the Board

K. VENKATESH
Chief Executive &
Managing Director
DIN:00240086

R. SHANKAR RAMAN
Chairman
DIN:00019798

Place : Mumbai

Date : May 10, 2017

ANNEXURE 3

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U65993TN2001PLC046691
Registration Date	26/02/2001
Name of the Company	L&T Infrastructure Development Projects Limited
Category / Sub-Category of the Company	Company Limited By Shares/Indian Non-Government Company
Address of the Registered office and contact details	Mount Poonamallee Road, Post Box – 979, Manapakkam, Chennai-600089. Ph.: 044 - 22526060
Whether listed company Yes / No	Yes. Non-convertible Debentures listed on National Stock Exchange of India Limited
Name, Address and Contact details of Registrar and Transfer Agent, if any	NSDL Database Management Limited* 4th Floor, Trade World A Wing, Kamala Mills Compound, Senapati Bapat Marg, Lower Parel, Mumbai – 400 013 Ph: 022 4914 2591

* At the Board of Directors Meeting held on July 23, 2016 the Directors approved appointment of “NSDL Database Management Limited” as Registrar and Transfer Agent and the services were transferred from Sharepro Services (India) Private Limited to NSDL Database Management Limited on November 10, 2016.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1	Infrastructure development	84130	12.86
2	Construction related activities	42101	87.14
	TOTAL		**100%**

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and address of the Company	Registered Office	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section of the Act
1	Larsen & Toubro Limited	L & T House, Ballard Estate, Mumbai-400 001	L99999MH1946PLC004768	Holding	97.45%	2(46)
2	L&T TIL	P.O.BOX.979, Mount Poonamallee Road, Manapakkam, Chennai-600 089	U45203TN1997PLC039102	Subsidiary	73.76%	2(87)(ii)
3	KTTRL		U45203TN2005PLC057930	Subsidiary	99.99%	2(87)(ii)
4	VBTL		U45203TN2005PLC058417	Subsidiary	99.99%	2(87)(ii)
5	WATL		U45203TN2005PLC057931	Subsidiary	99.99%	2(87)(ii)
6	L&T IRCL		U45203TN2006PLC058735	Subsidiary	99.99%	2(87)(ii)
7	PECL		U45203TN2005PLC056999	Subsidiary	99.99%	2(87)(ii)
8	AMTL		U45203TN2008PLC069211	Subsidiary	99.99%	2(87)(ii)
9	L&T HSTL		U45203TN2008PLC069210	Subsidiary	49.05% ^	2(87)(i)
10	L&T RVTL		U45203TN2008PLC069184	Subsidiary	99.99%	2(87)(ii)
11	L&T CTTL		U45309TN2008PLC066938	Subsidiary	99.99%	2(87)(ii)
12	L&T SGTL		U45203TN2010PLC074501	Subsidiary	99.98%	2(87)(ii)
13	L&T KWTL		U45203TN2010PLC075446	Subsidiary	99.99%	2(87)(ii)
14	DHTL		U45203TN2010PLC075491	Subsidiary	99.99%	2(87)(ii)
15	L&T BPPTL		U45203TN2011PLC080786	Subsidiary	99.99%	2(87)(ii)
16	L&T DTL		U45203TN2011PLC083661	Subsidiary	99.99%	2(87)(ii)
17	L&T WIT		U45203TN1999PLC042518	Subsidiary	99.99%	2(87)(ii)

S. No	Name and address of the Company	Registered Office	CIN/GLN	Holding/Subsidiary/ Associate	% of shares held	Applicable Section of the Act
18	L&T SRTL	P.O.BOX.979, Mount Poonamallee Road, Manapakkam, Chennai-600 089	U45206TN2013PLC093395	Subsidiary	99.99%	2(87)(ii)
19	L&T PKL		U45203TN2008PLC067551	Subsidiary	99.99%	2(87)(ii)
20	PNGTL		U45203TN2009PLC070741	Subsidiary	61.00%*	2(87)(ii)
22	KTL	P.O.BOX.979, Mount Poonamallee Road, Manapakkam, Chennai-600 089	U40106TN2012GOI111122	Subsidiary	99.99%	2(87)(ii)
24	L&T IDPL Trustee Manager Pte. Ltd	8 Cross Street, #10-00, PWC Building, Singapore (048424)	201326418G	Subsidiary	100%	2(87)(ii)
25	ISP (Haldia) Private Limited	Flat No.27, 5th Floor, Kohinoor Building, 105, Park street, Kolkata-700 016	U45205WB1999PTC090733	Associate	22.31%	2(6)

^ Decrease in percentage is due to SDR scheme by lenders in which part of debt was converted to equity to the extent of 50.95%

* 13% of the shares held by L&T have been acquired by the Company but the transfer is yet to be completed since approval of lenders is awaited.

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	312859090	6**	312859096	97.45%	312859090	6**	312859096	97.45%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	**312859090**	**6****	**312859096**	**97.45%**	**312859090**	**6****	**312859096**	**97.45%**	**–**
2. Foreign	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total (A) (1+2)	**312859090**	**6****	**312859096**	**97.45%**	**312859090**	**6****	**312859096**	**97.45%**	**–**
B. Public									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks /FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) VC Funds	–	–	–	–	–	–	–	–	–
f) Insurance Co.	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
h) FVC Funds	–	–	–	–	–	–	–	–	–
i) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	100	8190000	8190100	2.55%	100	8190000	8190100	2.55%	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individuals!	–	–	–	–	–	–	–	–	–
ii) Individuals*	–	–	–	–	–	–	–	–	–
c) Others	–	–	–	–	–	–	–	–	–
Sub-Total (B) (2)	**100**	**8190000**	**8190100**	**2.55%**	**100**	**8190000**	**8190100**	**2.55%**	**–**
Total (B) (1+2)	**100**	**8190000**	**8190100**	**2.55%**	**100**	**8190000**	**8190100**	**2.55%**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
GRAND TOTAL (A+B+C)	**312859190**	**8190006**	**321049196**	**100%**	**312859190**	**8190006**	**321049196**	**100%**	**–**

! holding nominal share capital upto ₹1.00 lakh: * holding nominal share capital in excess of ₹1.00 lakh

**Shares held by nominees of Larsen & Toubro Limited # Changes during the year

Category-wise Share Holding (Special Equity Shares)

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	10000	10000	100%	–	10000	10000	100%	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	**–**	**10000**	**10000**	**100%**	**–**	**10000**	**10000**	**100%**	**–**
2. Foreign	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total (A) (1+2)	**–**	**10000**	**10000**	**100%**	**–**	**10000**	**10000**	**100%**	**–**
B. Public									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks /FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) VC Funds	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Co.	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) FVC Funds	–	–	–	–	–	–	–	–	–
i) Others	–	–	–	–	–	–	–	–	–
Sub-total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individuals!	–	–	–	–	–	–	–	–	–
ii) Individuals*	–	–	–	–	–	–	–	–	–
c) Others	–	–	–	–	–	–	–	–	–
Sub-Total (B) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total (B) (1+2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
GRAND TOTAL (A+B+C)	**–**	**10000**	**10000**	**100%**	**–**	**10000**	**10000**	**100%**	**–**

! holding nominal share capital upto ₹1.00 lakh: * holding nominal share capital in excess of ₹1.00 lakh

**Shares held by nominees of Larsen & Toubro Limited # Changes during the year

Category-wise Share Holding (Preference Shares)

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1. Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	–	–	–	–	–	–	–	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Foreign	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
a) NRI Individuals	–	–	–	–	–	–	–	–	–
b) Other Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other	–	–	–	–	–	–	–	–	–
Sub Total (A) (2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total (A) (1+2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
B. Public									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks /FI	–	–	–	–	–	–	–	–	–
c) Central Govt.	–	–	–	–	–	–	–	–	–
d) State Govt (s)	–	–	–	–	–	–	–	–	–
e) VC Funds	–	–	–	–	–	–	–	–	–

Category of Shareholders	No. of Shares held as on April 1, 2016				No. of Shares held as on March 31, 2017				% #
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
f) Insurance Co.	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) FVC Funds	–	–	–	–	–	–	–	–	–
i) Others	–	–	–	–	–	–	–	–	–
Sub–total (B)(1)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	2000	–	2000	100%	2000	–	2000	100%	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individuals!	–	–	–	–	–	–	–	–	–
ii) Individuals*	–	–	–	–	–	–	–	–	–
c) Others	–	–	–	–	–	–	–	–	–
Sub-Total (B) (2)	**2000**	**–**	**2000**	**100%**	**2000**	**–**	**2000**	**100%**	**–**
Total (B) (1+2)	**2000**	**–**	**2000**	**100%**	**2000**	**–**	**2000**	**100%**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**2000**	**–**	**2000**	**100%**	**2000**	**–**	**2000**	**100%**	**–**

! holding nominal share capital upto ₹1.00 lakh: * holding nominal share capital in excess of ₹1.00 lakh

**Shares held by nominees of Larsen & Toubro Limited # Changes during the year

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding as on April 1, 2016			Shareholding as on March 31, 2017			% #
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen &Toubro Limited (Equity shares)	312859096	97.45%	–	312859096	–	–	
	Total	**312859096**	**97.45%**	**–**	**312859096**	**97.45%**	**–**	**–**
2	Larsen &Toubro Limited (Special Equity Shares)	10000	100%	–	10000	100%	–	–
	Total	**10000**	**100%**	**–**	**10000**	**100%**	**–**	**–**

Changes during the year

(iii) Change in Promoters' Shareholding (please specify, if there is no change) –
No change in Promoter's shareholding during the financial year 2016–2017

(iv) Shareholding Pattern of top ten Equity/Preference Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding as on April 1, 2016		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
Equity Shareholders					
1	Old Lane Mauritius III Ltd	8190000	2.55%	8190000	2.55%
2	CPP Investment Board Singaporean Holdings 1 Pte. Ltd.	100	0.00%	100	0.00%
3	Date wise Increase/ decrease in Shareholding during the year specifying the reasons for increase/decrease	–	–	–	–
Preference Shareholder					
1	CPP Investment Board Singaporean Holdings 1 Pte. Ltd.	2000	100%	2000	100%

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding as on April 1, 2016		Cumulative Shareholding during the Year	
	No. of shares	% of total shares of the Co.	No. of shares	% of changes during the year
At the beginning of the year/at the end of the year				
Mr. R. Shankar Raman jointly with L&T	1	0.00%	1	0.00%
Mr. K.Venkatesh jointly with L&T	1	0.00%	1	0.00%
Mr. Karthikeyan T.V jointly with L&T	1	0.00%	1	0.00%

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment as on March 31, 2017.

₹ in crore

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness as on April 1, 2016				
i) Principal Amount	150.00	457.00	–	607.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	14.01	1.63	–	15.64
Total (I + ii + iii)	**164.01**	**458.63**	**–**	**622.64**
Change in Indebtedness during the financial year				
• Addition	13.69	469.51	–	483.20
• Reduction	(30.09)	(472.49)	–	(502.58)
Net Change	**(16.40)**	**(2.98)**	**–**	**(19.38)**
Indebtedness as on March 31, 2017				
i) Principal Amount	135.00	450.00	–	585.00
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	12.61	5.65	–	18.26
Total (I + ii + iii)	**147.61**	**455.65**	**–**	**603.26**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

The Chief Executive and Managing Director of the Company is on deputation from the Holding Company and no amounts are paid towards his salary directly by the Company

B. Remuneration to other directors:

			(₹)
Particulars of Remuneration	**Name of the Directors**		**Total Amount**
Independent Directors	**Ms. Shubhalakshmi Aamod Panse**	**Mr. Sudhakar Rao**	
Fee for attending board meetings	2,00,000	2,00,000	**4,00,000**
Fee for attending committee meetings	1,75,000	1,75,000	**3,50,000**
Commission	–	–	**–**
Others	–	–	**–**
Sub Total (1)	**3,75,000**	**3,75,000**	**7,50,000**
Other Non-Executive Directors	**Mr. Sushobhan Sarker**	**Mr. Vikram Gandhi**	
Fee for attending board meetings	1,50,000	1,50,000	3,00,000
Fee for attending committee meetings	–	25,000	**25,000**
Commission	–	–	**–**
Others	–	–	**–**
Sub Total (2)	**1,50,000**	**1,75,000**	**3,25,000**
Total (1 + 2)	**5,25,000**	**5,50,000**	**10,50,000**
Total Managerial Remuneration	**–NA–**		
Ceiling as per the Act (fees for attending meetings)	Not more than ₹1,00,000/- per Director per meeting of Board or Committee.		
No fees for attending the meetings (remuneration) was paid by the Company during the financial year 2016-17 to Mr. R. Shankar Raman, Chairman (Non-Executive, Non Independent Director) and to Mr. K.Venkatesh, Chief Executive and Managing Director.			

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

(₹ in crore)

Particulars of Remuneration	Key Managerial Personnel		
	CS	CFO	Total
	Mr. K. C. Raman	Mr. Karthikeyan T.V	
Gross salary	0.35	0.96	1.31
(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961			
Stock Option exercised (of Holding Company)	–	–	–
Sweat Equity	–	–	–
Commission	–	–	–
– as % of profit			
– others, specify…			
Others, please Specify (Provident Fund)			
Total	**0.35**	**0.96**	**1.31**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

For and on behalf of the Board

K. VENKATESH
Chief Executive &
Managing Director
DIN:00240086

R. SHANKAR RAMAN
Chairman
DIN:00019798

Place : Mumbai

Date : May 10, 2017

ANNEXURE 4

INFORMATION AS PER RULE 5(2A) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

NAMES OF TOP TEN EMPLOYEES IN TERMS OF REMUNERATION

(₹ in crore)

S.NO	Employee Name	Designation	CTC
1	Mr. T S Venkatesan	Chief Executive – Roads, Bridges and Railways	1.10
2	Mr. Karthikeyan T V	Chief Financial Officer	0.96
3	Mr. R G Ramachandran	Chief Accounts Officer	0.58
4	Mr. Manoj Singh	Head Project Monitoring, Procurement & Contracts (Roads & Bridges)	0.56
5	Mr. Sethuraman K	Chief Legal Officer	0.54
6	Mr. Gandhi Rajan G	General Manager – Ports	0.53
7	Mr. J.Subramanian	Chief Internal Auditor and Compliance Officer	0.53
8	Mr. Mathew George	GM-Project Finance & Treasury & Risk Management	0.53
9	Mr. Arun Kumar Jha	Head – Implementation Projects (Roads & Bridges)	0.51
10	Mr. Suresh Kumar P G	Chief Personnel Officer	0.48

INFORMATION AS PER RULE 5(2B) OF CHAPTER XIII, THE COMPANIES (APPOINTMENT AND REMUNERATION OF MANAGERIAL PERSONNEL) RULES, 2014

NAME OF EMPLOYEE WITH REMUNERATION NOT LESS THAN ₹1.02 CRORE

(₹ in crore)

Sr. No	Employee name	Designation	Remuneration (including perquisites) Refer Note	Nature of Employment	Qualification	Total Experience (in years)	Date of commencement of employment	Age (years)	Previous employment and designation
1	Mr. T. S. Venkatesan	Chief Executive - Roads, Bridges & Railways	1.10	Permanent	B.Com-1975 ICWA-1977	36	April 01, 2012	57	L&T Ltd, Vice President

Note: Remuneration includes perquisites as defined under the Income-tax Act, 1961

For and on behalf of the Board

K. VENKATESH
Chief Executive &
Managing Director
DIN:00240086

R. SHANKAR RAMAN
Chairman
DIN:00019798

Place : Mumbai

Date : May 10, 2017

ANNEXURE 5

The expanded name of the Companies

S. No	Name Of The Subsidiary	Abbreviation
1	L&T Transportation Infrastructure Limited	L&T TIL
2	Panipat Elevated Corridor Limited	PECL
3	Krishnagiri Thopur Toll Road Limited	KTTRL
4	Western Andhra Tollways Limited	WATL
5	L&T Interstate Road Corridor Limited	L&T IRCL
6	Vadodara Bharuch Tollway Limited	VBTL
7	L&T Rajkot Vadinar Tollway Limited	L&T RVTL
8	L&T Halol Shamlaji Tollway Limited	L&T HSTL
9	Ahmedabad Maliya Tollway Limited	AMTL
10	PNG Tollway Limited	PNGTL
11	Devihalli Hassan Tollway Limited	DHTL
12	L&T Krishnagiri Walajahpet Tollway Limited	L&T KWTL
13	L&T Samakhali Gandhidham Tollway Limited	L&T SGTL
14	L&T BPP Tollway Limited	L&T BPPTL
15	L&T Chennai Tada Tollway Limited	L&T CTTL
16	L&T Sambalpur-Rourkela Tollway Limited	L&T SRTL
17	L&T Deccan Tollways Limited	L&T DTL
18	L&T Western India Tollbridge Limited	L&T WIT
19	Kudgi Transmission Limited	KTL
20	L&T Port Kachchigarh Limited	L&T PKL
21	L&T IDPL Trustee Manager Pte. Limited	L&T IDPL Trustee

ANNEXURE 6

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31.03.2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To
The Members,
L & T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED,
Mount Poonamalle Road, Post Box – 979,
Manapakkam, Chennai 600089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L & T Infrastructure Development Projects Limited (hereinafter called the "Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of the secretarial audit, We hereby report that, in our opinion, the Company has, during the audit period covering the financial year ended on 31st March 2017, generally complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder; $ (Please see note below)

(ii) *The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) *The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment which has been generally complied with and *External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

- (a) *The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- (b) *The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;
- (c) *The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- (d) *The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999;
- (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 which has been generally complied with;
- (f) *The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- (g) *The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- (h) *The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) The other laws applicable specifically to the company: Reserve Bank of India Act, 1934

We have also examined whether adequate systems and processes are in place to monitor and ensure compliance with general laws like labour laws, competition laws, environment laws etc

In respect of financial laws like Tax laws, Reserve Bank of India Act, 1934 etc we have relied on the audit reports made available during our audit for us to have the satisfaction that the Company has complied with the provisions of such laws

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards issued by The Institute of Company Secretaries of India.

(ii) Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 which has been generally complied with.

Note:

**** Denotes "NOT APPLICABLE".***

$ - Two properties of the Company as explained in Notes E(II)(A)(i) and E(II)(A)(ii)having written down values of ₹0.40 Crore and 0.10 Crore are held in the names of two erstwhile subsidiaries which got merged with the Company and in the name of L&T Holdings Limited, which is the erstwhile name of the Company.

We further report that
The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors, Women Director and Independent Directors. There were no changes in the composition of the Board of Directors that took place during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are reasonably adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period the company has the following major transactions

a. The Company has sold 14,75,50,780 equity shares in L&T Infrastructure Development Projects Lanka (Private) Limited to M/s. Steredian Capital Investments P Ltd during the period pursuant to the approval of Board at their Meeting held on 11.05.2016.

b. The Company has sold 2,04,15,71,240 equity shares of ₹10/- each in L&T Metro Rail (Hyderabad) Limited to Larsen & Toubro Limited at par during the period pursuant to the approval of Board at their Meeting held on 21.01.2017.

c. The Company has raised funds by issuance of Non Convertible Debentures of ₹250 Crores and allotted 2,500 no. of Unsecured, Non – Convertible Debentures (NCDS) of face value of ₹10,00,000/-each (Rupees Ten Lakh only) aggregating to ₹250 Crores to M/s. Kotak Mahindra Bank Limited for a Period of Ten Years.

d. 259019600 Preference shares held in L&T Halol Shamlaji Tollway Limited were split into Part A and Part B Preference shares of 129509800 preference shares each and subsequently Part A Preference shares were Converted into 12,95,09,800 equity shares.

e. The Company has been allotted 13,05,00,000 equity shares of ₹10/- each in L&T Halol Shamlaji Tollway Limited on conversion of mezzanine debt.

f. The Company had obtained approval from the Board of Directors on 21.01.2017 for the Merger of L & T Port Kachchigarh Limited and L & T Western India Tollbridge Limited with the Company :

This report has to be read along with our statement furnished in Annexure A

For B. CHITRA & CO

Place : Chennai
Date : May 10, 2017

B. CHITRA
FCS No.:4509
C P No.:2928

ANNEXURE 'A'

To,
The Members,
L & T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED,
Mount Poonamalle Road, Manapakkam,
Chennai 600089

Dear Sir(s),

Sub.: Secretarial Audit Report for the Financial Year ended 31.03.2017

Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

We have not verified the correctness and appropriateness of financial records and Books of Accounts of the Company.

Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of the management of the Company. Our examination was limited to the verification of procedures on test basis.

The Secretarial Audit Report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For B. CHITRA & CO

Place : Chennai
Date : May 10, 2017

B. CHITRA
FCS No.:4509
C P No.:2928

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of **L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, read with the matters described under Emphasis of Matters below, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to the standalone financial statements:

(a) As stated in Note R(15) of the standalone financial statements, as at 31 March 2017, an amount of ₹186.19 crores, net of estimated provision for diminution of ₹492 crores (As at 31 March 2016 ₹226.34 crores, net of estimated provision for diminution of ₹ 400 crores), is reflected as net carrying value of investments/receivables relating to two subsidiaries of the Company, engaged in infrastructure projects, which have terminated the concession agreements entered into with National Highway Authorities of India (NHAI). The nature of default and the termination amount claimed has not been accepted by the NHAI and arbitration proceedings have been initiated in respect of the disputes relating to the termination payments/claims.

The Company has carried out an assessment of its exposure in these projects duly considering the expected payments arising out of the aforesaid termination, likely outcome of the arbitration proceedings, contractual stipulations/ interpretation of the relevant clauses including the possible obligations to lenders, legal advice, etc. and believes that the amount of net investments and receivables carried in the books is good for recovery and no additional provision/adjustment to the carrying value of the said investments/receivables is considered necessary as at 31 March 2017.

(b) As explained in Note F(VII) of the standalone financial statements, the Company is carrying net investments aggregating to ₹1,331.76 crores (As at 31 March 2016 ₹1,336.15 crores) and has outstanding net loans & advances aggregating to ₹222.99 crores (As at 31 March 2016 ₹401.40 crores) provided to certain operating subsidiaries of the Company engaged in infrastructure projects whose net worth is fully eroded /undergoing restructuring due to continuous losses, as per the audited financial statements of these subsidiaries as at 31 March 2017.

Considering the gestation period required for break even for such infrastructure investments, restructuring/refinancing arrangements carried out/proposed, expected higher cash flows based on future business projections and the strategic nature of these investments, no additional provision/ adjustment to the carrying value of the said investments/ loans & advances is considered necessary by the Management as at 31 March 2017.

(c) Attention is invited to Note R (17) of the standalone financial statements on the proposed merger of L&T Port Kachchigarh Limited and L&T Western India Tollbridge Limited, subsidiaries of the Company, with the Company pursuant to the approval by the Board of Directors and the shareholders of the Company with effect from 1 April 2016 subject to the regulatory/ other required approvals.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act we report that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

   e) On the basis of the written representations received from the directors as on 31 March 2017 and taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

   f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

   g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

      iv. The Company did not have any holdings or dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the Order"/"CARO 2016") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sriraman Parthasarathy
(Partner)
(Membership No. 206834)

Place : Mumbai
Date : 10 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED ("the Company") as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sriraman Parthasarathy
(Partner)
(Membership No. 206834)

Place : Mumbai
Date : 10 May 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed/conveyance deed provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date, except the following:

Particulars of the Land and Building	Gross Block as at 31 March 2017 (₹ In Crores)	Net Block as at 31 March 2017 (₹ In Crores)	Remarks
Freehold Land and Building located at Plot No. 26 and 22, Survey No. 36A of Mouje Pali of Sudhagad Taluke, District Raigad, measuring 242 sq mts and 166.5 sq mts, respectively	0.40	0.40	The title deeds are in the name of L&T East-West Tollway Limited (EWTL) & L&T Great Eastern Highway Limited (GHTL), erstwhile subsidiaries which got merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honorable High Court(s) of judicature in the year 2014-2015. Refer Note E(II)(A)(i) of the standalone financial statements.
Building at Mumbai	0.13	0.10	The purchase deed is in the name of L&T Holdings Limited, the erstwhile name of the Company, which was changed to L&T Infrastructure Development Projects Limited in 2004. Refer Note E(II)(A)(ii) of the standalone financial statements.

Immovable properties of land and building whose title deeds have been pledged as security for borrowings obtained by the Company, are held in the name of the Company based on the confirmations directly received by us from the lenders/ Trustees.

(ii) The Company does not have any inventory and, hence, reporting under clause (ii) of the CARO 2016 is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013.

(iv) In our opinion and according to the information and explanations given to us, the Company has complied with the provisions of Sections 185 of the Companies Act, 2013 in respect of grant of loans, making investments and providing guarantees and securities, as applicable. Section 186 of the Companies Act, 2013 is not applicable to the Company.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year.

(vi) The maintenance of cost records has been specified by the Central Government under Section 148(1) of the Companies Act, 2013 for generation and transmission of electricity and for the roads and other infrastructure projects, which are applicable to the Company. We have broadly reviewed the cost records maintained by the Company pursuant to the Companies (Cost Records and Audit) Rules, 2014, as amended, prescribed by the Central Government under sub-section (1) of Section 148 of the Companies Act, 2013, and are of the opinion that, prima facie, the prescribed cost records have been made and maintained. We have, however, not made a detailed examination of the cost records with a view to determine whether they are accurate or complete.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities.

(b) There were no undisputed amounts payable in respect of Provident Fund, Income-tax, Sales Tax, Service Tax, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax and Service Tax which have not been deposited as on 31 March 2017 on account of disputes are given below:

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹in Crores)	Amount Unpaid (₹in Crores)
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2009-10	0.84	0.84
Income Tax Act, 1961	Income Tax	Commissioner of Income Tax (Appeals)	2013-14	3.05	3.05

Name of Statute	Nature of Dues	Forum where Dispute is Pending	Period to which the Amount Relates	Amount Involved (₹in Crores)	Amount Unpaid (₹in Crores)
Finance Act,1994	Service Tax	Commissioner Appeals	2008-09 to 2012-13 (upto June 2012)	1.33	1.33

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders. The Company has not availed any loans from Banks.

(ix) The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) or term loans and, hence, reporting under clause (ix) of the CARO 2016 Order is not applicable.

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no material fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) The provisions of Section 197 is not applicable to the Company. Also Refer Note R(11)(v) of the standalone financial statements

(xii) The Company is not a Nidhi Company and , hence, reporting under clause (xii) of the CARO 2016 Order is not applicable

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 177 and 188 of the Companies Act, 2013, where applicable, for all transactions with related parties and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and, hence, reporting under clause (xiv) of CARO 2016 is not applicable to the Company

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or directors of its holding, subsidiary or associate company or persons connected with them and,hence, provisions of Section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration as a Systemically Important Non-deposit taking Core Investment Company (CIC-ND-SI).

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sriraman Parthasarathy
(Partner)
(Membership No. 206834)

Place : Mumbai
Date : 10 May 2017

BALANCE SHEET AS AT 31 MARCH, 2017

Particulars	Note No.	As at 31.03.2017 ₹ Crore	As at 31.03.2017 ₹ Crore	As at 31.03.2016 ₹ Crore	As at 31.03.2016 ₹ Crore
EQUITY AND LIABILITIES:					
Shareholders' Funds					
Share capital	A	2,321.06		2,321.06	
Reserves and surplus	B	2,443.73		2,665.95	
			4,764.79		4,987.01
Non-current liabilities					
Long-term borrowings	C(I)	370.00		385.00	
Deferred tax liabilities (net)	R(4)(b)	1.64		1.26	
Other long-term liabilities	C(II)	14.30		14.30	
Long-term provisions	C(III)	5.27		5.58	
			391.21		406.14
Current liabilities					
Short-term borrowings	D(I)	200.00		207.00	
Trade payables	D(II)				
- Total outstanding dues of micro enterprises and small enterprises		–		–	
- Total outstanding dues of creditors other than micro enterprises and small enterprises		200.52		323.48	
Other current liabilities	D(III)	247.05		232.69	
Short-term provisions	D(IV)	6.32		5.02	
			653.89		768.19
TOTAL			5,809.89		6,161.34
ASSETS:					
Non-current assets					
Fixed assets					
- Tangible assets	E(I)(A)	41.13		41.48	
- Intangible assets	E(II)(A)	0.11		0.01	
			41.24		41.49
Non-current investments	F		2,754.70		4,265.87
Long-term loans and advances	G		681.69		776.47
Current assets					
Current investments	H(I)	617.00		386.97	
Trade receivables	H(II)	136.72		198.37	
Cash and bank balances	H(III)	1,270.19		19.73	
Short-term loans and advances	H(IV)	198.09		341.69	
Other current assets	H(V)	110.26		130.75	
			2,332.26		1,077.51
TOTAL			5,809.89		6,161.34
CONTINGENT LIABILITIES	I				
COMMITMENTS	J				
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS	A to R				
SIGNIFICANT ACCOUNTING POLICIES	S				

As per our report attached

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

Place : Mumbai
Date : May 10, 2017

For and on behalf of the Board of Directors

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH, 2017

Particulars	**Note No.**	**2016-17** ₹ **Crore**	**2016-17** ₹ **Crore**	*2015-16* ₹ *Crore*	*2015-16* ₹ *Crore*
REVENUE:					
Revenue from operations	**K**		**571.20**		*1,013.50*
Other income	**L**		**0.91**		*10.96*
Total revenue			**572.11**		*1,024.46*
EXPENSES:					
Construction and related operating expenses	**M**		**431.51**		*838.34*
Finance costs	**N**		**80.33**		*106.11*
Employee benefits expense	**O**		**28.68**		*29.75*
Depreciation and amortisation expense	**E**		**3.94**		*4.71*
Administration and other expenses	**P**		**26.89**		*25.71*
Provisions and contingencies	**Q**		**0.02**		*3.85*
Total expenses			**571.37**		*1,008.47*
Profit before exceptional items and tax			**0.74**		*15.99*
Exceptional items [refer note R(16)]			**(285.57)**		*(573.00)*
(Loss) before tax			**(284.83)**		*(557.01)*
Tax expense					
Current tax		**–**		*4.27*	
Additional / (excess) provision of earlier years		**0.29**		*(0.06)*	
MAT Credit Entitlement	**R(4)(a)**	**(63.28)**		*(0.83)*	
		(62.99)		*3.38*	
Deferred tax	**R(4)(b)**	**0.38**		*(1.45)*	
			(62.61)		*1.93*
(Loss) after tax carried to Balance Sheet			**(222.22)**		*(558.94)*
Earnings per equity share:	**R(5)**				
Equity Shares					
Basic (₹)			**(6.92)**		*(17.41)*
Diluted (₹)			**(6.92)**		*(17.41)*
Face value per equity share (₹)			**10.00**		*10.00*
Special Equity Shares					
Basic and diluted (₹)			**–**		*-*
Face value per equity share (₹)			**10.00**		*10.00*
NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS	**A to R**				
SIGNIFICANT ACCOUNTING POLICIES	**S**				

As per our report attached

For and on behalf of the Board of Directors

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

Place : Mumbai
Date : May 10, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017

	Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
A.	**Cash flow from Operating Activities**		
	(Loss) before tax	**(284.83)**	*(557.01)*
	Adjustments for :		
	Depreciation and amortisation	**3.94**	*4.71*
	Finance cost	**80.33**	*106.11*
	(Profit) / loss on sale of fixed assets (net)	**(0.07)**	*0.04*
	Exchange (gain) / loss on investments (net)	**(0.13)**	*–*
	Exceptional Items [refer note R(16)]	**285.57**	*573.00*
	Contingent provision against standard assets	**–**	*3.80*
	Liabilities/ provision no longer required written back	**(0.40)**	*(6.16)*
	Provision for doubtful advance	**0.02**	*0.05*
	Operating Profit before working capital changes	**84.43**	*124.54*
	Adjustments For :		
	Increase / (decrease) in liabilities and provisions	**(109.83)**	*(141.63)*
	(Increase) / decrease in trade receivables and current assets	**49.55**	*(96.32)*
	(Increase) / decrease in loans and advances	**11.43**	*80.39*
	Increase / (decrease) in earmarked bank account	**–**	*0.00*
	Cash generated from / (used in) operations	**35.58**	*(33.02)*
	Direct taxes paid (net of refund)	**(2.59)**	*3.59*
	Net cash generated from / (used in) operating activities (A)	**32.99**	*(29.43)*
B	**Cash Flow from Investing activities :**		
	Purchase of fixed assets	**(3.97)**	*(0.78)*
	Proceeds from sale of fixed assets	**0.35**	*0.40*
	Investment in subsidiaries and associates	**(213.32)**	*(903.53)*
	Proceeds from divestment of stake in subsidiaries	**2,067.45**	*–*
	Repayment of debentures by subsidiaries	**15.00**	*15.00*
	Loans given to subsidiaries	**(77.57)**	*(1,349.55)*
	Loans repaid by subsidiaries	**89.12**	*1,592.30*
	Advance towards purchase of shares	**0.00**	*(22.42)*
	Bank balances not considered as cash and cash equivalents (placed)/matured	**(299.56)**	*(0.04)*
	(Purchase) / Sale of current investments (net)	**(560.00)**	*–*
	Exchange gain / (loss) on investments	**0.13**	*–*
	Inter-corporate deposits taken from Holding Company and Subsidiaries	**887.61**	*949.35*
	Inter-corporate deposits repaid to Holding Company and Subsidiaries	**(1,094.61)**	*(742.35)*
	Net Cash generated from / (used in) Investing Activities (B)	**810.63**	*(461.62)*

CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	Particulars	2016-17 ₹ Crore	2015-16 ₹ Crore
C	**Cash Flow from Financing Activities**		
	Proceeds from issue of share capital	–	1,000.00
	Proceeds from long term borrowings	250.00	–
	Repayment of long term borrowings	(265.00)	(15.00)
	Issue / (Repayment) of Commercial Papers (net)	200.00	(393.00)
	Interest paid	(77.72)	(106.92)
	Net Cash generated from Financing Activities (C)	**107.28**	485.08
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	950.90	(5.97)
	Cash and cash equivalents at beginning of the year	19.13	25.10
	Cash and cash equivalents at end of the year [refer note H(III)]	970.03	19.13

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3: "Cash Flow Statements"
2. Also refer notes forming part of the standalone financial statements.
3. Previous year figures have been regrouped and reclassified, to the extent practical/necessary, duly considering the reporting requirements."
4. The composition of cash and cash equivalents in Cash Flow Statement is as follows :

	2016-17 ₹ crore	2015-16 ₹ crore
Balance with banks on current accounts	107.78	19.13
Bank deposits with maturity less than 3 months (including interest accrued thereon)	862.25	-
Total	**970.03**	19.13

As per our report attached

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

Place : Mumbai
Date : May 10, 2017

For and on behalf of the Board of Directors

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017

A SHARE CAPITAL

A(I) Authorised, issued, subscribed and paid-up:

Particulars	As at 31.03.2017 No. of Shares	As at 31.03.2017 ₹ Crore	As at 31.03.2016 No. of Shares	As at 31.03.2016 ₹ Crore
Authorised:				
Equity shares of ₹ 10 each	**549,000,000**	**549.00**	*549,000,000*	*549.00*
Special equity shares of ₹ 10 each	**10,000**	**0.01**	*10,000*	*0.01*
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
	549,012,000	**2,549.01**	*549,012,000*	*2,549.01*
Issued:				
Equity shares of ₹ 10 each	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹ 10 each	**10,000**	**0.01**	*10,000*	*0.01*
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
	321,061,196	**2,321.06**	*321,061,196*	*2,321.06*
Subscribed and fully paid up:				
Equity shares of ₹ 10 each	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹ 10 each	**10,000**	**0.01**	*10,000*	*0.01*
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
	321,061,196	**2,321.06**	*321,061,196*	*2,321.06*

A(II) Reconciliation of the shares outstanding at the beginning and at the end of the year:

Particulars	As at 31.03.2017 No. of Shares	As at 31.03.2017 ₹ Crore	As at 31.03.2016 No. of Shares	As at 31.03.2016 ₹ Crore
Equity shares of ₹ 10 each fully paid up				
At the beginning of the year	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Issued during the year as fully paid up	**–**	**–**	*–*	*–*
Outstanding at the end of the year	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹ 10 each fully paid up				
At the beginning of the year	**10,000**	**0.01**	*10,000*	*0.01*
Issued during the year as fully paid up	**–**	**–**	*–*	*–*
Outstanding at the end of the year	**10,000**	**0.01**	*10,000*	*0.01*
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each				
At the beginning of the year	**1,800**	**1,800.00**	*900*	*900.00*
Issued during the year as fully paid up [refer note R(5)(ii)]	**–**	**–**	*900*	*900.00*
Outstanding at the end of the year	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each				
At the beginning of the year	**200**	**200.00**	*100*	*100.00*
Issued during the year as fully paid up [refer note R(5)(ii)]	**–**	**–**	*100*	*100.00*
Outstanding at the end of the year	**200**	**200.00**	*200*	*200.00*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

A(III) Terms / rights / restrictions attached to equity shares

Equity Shares of ₹ 10 each :

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment.

Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend. The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

Special equity shares of ₹ 10 each :

The Special equity shares rank pari passu with the existing equity shares except as set out below

1. The Special equity shares carry specific incremental rights (“”Director Voting Rights””) with respect to the election, appointment and/or removal of directors of the Company. These Director Voting Rights are triggered only under specific conditions.
2. The Special equity shares carry no right to receive any dividend or other distributions of the Company, or otherwise carry any economic rights. However, upon the occurrence of the voluntary or involuntary liquidation, dissolution or winding up of the Company, the holder of Special Equity Shares is entitled to receive a maximum of ₹ 10 per special equity share.
3. The Special equity shares have no right to receive bonus shares or offers for rights shares.

Compulsorily Convertible Preference Shares Series 1 and Series 2 of ₹ 1,00,00,000 each :

These shares are allotted pursuant to the Investment agreement entered into by the Company with Larsen & Toubro Limited (the Holding Company), Old Lane Mauritius III Limited and CPP Investment Board Singaporean Holdings 1 Pte. Limited dated 21 June 2014. These shares are convertible in terms of clause 8.1 of the said agreement into equity shares based on a valuation process set out in schedule 9 of the said agreement with the earliest conversion date being 01 April 2016. These preference shares are not entitled to any dividend or any other form of distribution of profits by the Company until conversion into equity shares.

A(IV) Shares held by holding company/ ultimate holding company and/or their subsidiaries/associates:

	As at 31.03.2017		*As at 31.03.2016*	
Particulars	**No. of Shares**	**Shareholding %**	*No. of Shares*	*Shareholding %*
Equity shares of ₹ 10 each				
Larsen & Toubro Limited, the Holding Company (including shares held along with its nominees)	**312,859,096**	**97.45**	*312,859,096*	*97.45*
Special equity shares of ₹ 10 each				
Larsen & Toubro Limited, the Holding Company	**10,000**	**100.00**	*10,000*	*100.00*

A(V) Details of shareholders holding more than 5% shares in the Company:

Equity shares of ₹ 10 each				
Larsen & Toubro Limited, the Holding Company (including shares held along with its nominees)	**312,859,096**	**97.45**	*312,859,096*	*97.45*
Special equity shares of ₹ 10 each				
Larsen & Toubro Limited, the Holding Company	**10,000**	**100.00**	*10,000*	*100.00*
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each				
CPP Investment Board Singaporean Holdings 1 Pte. Limited	**1,800**	**100.00**	*1,800*	*100.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each				
CPP Investment Board Singaporean Holdings 1 Pte. Limited	*200*	*100.00*	*200*	*100.00*

A(VI) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date: **NIL**

A(VII) Calls unpaid: **NIL**; Forfeited shares: **NIL**

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

		As at 31.03.2017		*As at 31.03.2016*	
	Particulars	**₹ Crore**	**₹ Crore**	*₹ Crore*	*₹ Crore*
B	**RESERVES AND SURPLUS:**				
	Securities premium account				
	As per last balance sheet	**1,973.76**		*1,973.76*	
	Additions during the year	**–**		*–*	
			1,973.76		*1,973.76*
	Debenture redemption reserve [refer note B(I)]				
	As per last balance sheet	**16.38**		*23.88*	
	Add: Transferred (to)/from General Reserve / Surplus in Statement of Profit and Loss	**(2.81)**		*(7.50)*	
			13.57		*16.38*
	Reserve u/s 45-IC of Reserve Bank of India Act, 1934 [refer note B(II)]				
	As per last balance sheet	**79.81**		*–*	
	Add: Transferred from Surplus in Statement of Profit and Loss	**–**		*79.81*	
			79.81		*79.81*
	General Reserve				
	As per last balance sheet	**7.50**		*–*	
	Add: Transferred from Surplus in Statement of Profit and Loss	**–**		*–*	
	Add: Transfer from/(to) debenture redemption reserve [refer note B(I)]	**2.81**		*7.50*	
			10.31		*7.50*
	Surplus in Statement of Profit and Loss				
	As per last balance sheet	**588.50**		*1,227.25*	
	Less: Transfer to reserve u/s 45-IC of Reserve Bank of India Act,1934 [refer note B(II)]	**–**		*79.81*	
		588.50		*1,147.44*	
	Add: (Loss) for the year	**(222.22)**		*(558.94)*	
			366.28		*588.50*
			2,443.73		*2,665.95*

Note B(I)

Consequent to the Company becoming a Systemically Important Non-Deposit taking Core Investment Company (CIC-ND-SI) with effect from 01 April 2015, no additional amounts have been transferred to Debenture Redemption Reserve (DRR) during the year ended 31 March 2017 and 31 March 2016. Out of the Debenture Redemption Reserve created as at 01 April 2015, an amount of ₹ 2.81 crore *(previous year ₹ 7.50 crore),* representing the reserve relating to the portion of debentures repaid during the year has been transferred to General Reserve.

Note B(II)

Considering the loss before tax for the year ended 31 March 2017 and 31 March 2016, no amounts are required to be transferred to the statutory reserve as required under Section 45-IC of Reserve Bank of India (RBI) Act, 1934.

Pursuant to the registration of the Company as a CIC-ND-SI effective 01 April 2015 for which the registration certificate was obtained in January 2015, the RBI has directed the Company to transfer amounts to statutory reserve under Section 45-IC for the previous year ended 31 March 2015. Accordingly, the Company had transferred an amount of ₹ 79.81 crore during the previous year ended 31 March 2016 in relation to the period upto 31 March 2015 to ensure compliance with the RBI directive.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	As at 31.03.2017 ₹ Crore	₹ Crore	*As at 31.03.2016 ₹ Crore*	*₹ Crore*
C(I) LONG TERM BORROWINGS:				
Secured:				
Redeemable non-convertible fixed rate debentures [refer note C(I)(a)]		**120.00**		*135.00*
Unsecured:				
Redeemable non-convertible fixed rate debentures [refer note C(I)(b)]		**250.00**		–
Term Loan from bank [refer note C(I)(c)]		**–**		*250.00*
		370.00		*385.00*

Note C(I)(a):

Details of Secured Redeemable non-convertible fixed rate debentures:

10.06% p.a. interest-bearing 1,350 nos. (1,500 nos as at 31 March 2016) of debentures of face value ₹ 10,00,000 each redeemable at par as shown below.

Series	Amount (₹ Crore)	Current maturities (₹ Crore)	Non-current maturities (₹ Crore)	Redemption Date
Series "J" of 2012-13	30.00	–	30.00	27/Apr/22
Series "I" of 2012-13	25.00	–	25.00	27/Apr/21
Series "H" of 2012-13	25.00	–	25.00	27/Apr/20
Series "G" of 2012-13	20.00	–	20.00	29/Apr/19
Series "F" of 2012-13	20.00	–	20.00	27/Apr/18
Series "E" of 2012-13	15.00	15.00	-	27/Apr/17
Total	**135.00**	**15.00**	**120.00**	

Security:

The debentures referred above are secured by way of the following:

- Pledge of 2,050 nos. (2,200 nos as at 31 March 2016) of rated secured redeemable non-convertible debentures issued by Panipat Elevated Corridor Limited (subsidiary) of ₹ 10,00,000 each
- an ear-marked bank account of the Company as given in note H(III) and
- an immovable property of the Company situated in Maharashtra as given in note E(II)(A)(ii).

Note C(I)(b):

Details of Unsecured Redeemable non-convertible fixed rate debentures:

As at 31.03.2017	Rate of interest	Terms of repayments
Redeemable non-convertible fixed rate debentures (2,500 nos)	8.60% p.a. payable annually	Redeemable at face value at the end of 10 years from the date of allotment or on exercise of call/put option

Note C(I)(c):

Details of Term Loan:

As at 31.03.2016	Rate of interest	Terms of repayments
From IDFC Bank Limited (formerly known as IDFC Limited)	Benchmark rate on the date of disbursement + Applicable Spread (Interest rate as at 31 March 2016 is 10.25%)	Prepaid in two equal instalments on 22 June 2016 and on 5 January 2017 respectively

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	As at 31.03.2017 ₹ Crore	₹ Crore	*As at 31.03.2016 ₹ Crore*	*₹ Crore*
C(II) OTHER LONG-TERM LIABILITIES:				
Advance received against sale of investments [refer note C(II)(a)]		**14.30**		*14.30*
		14.30		*14.30*

Note C(II)(a):

Advance received against sale of investments represents advance of ₹ 14.30 crore received from Sical Logistics Limited (SLL) against sale of 1,43,00,000 equity shares of ₹ 10 each in Sical Iron Ore Terminals Limited (SIOTL) at cost to SLL vide Agreement for Share Sale and Purchase dated 17 December 2008. The sale is subject to the condition that it can be completed only after three years from the date of commencement of commercial operation by SIOTL as per clause 18.2.2 (i) (d) of the License agreement dated 23 September 2006 between SIOTL and Ennore Port Limited (EPL). SIOTL has not been able to commence commercial operation as of 31 March 2017 due to the ban of export of iron ore from the State of Karnataka. SIOTL has sought necessary approvals from EPL and Government of India for handling alternate commodities.

Particulars	As at 31.03.2017 ₹ Crore	₹ Crore	*As at 31.03.2016 ₹ Crore*	*₹ Crore*
C(III) LONG-TERM PROVISIONS:				
Provision for employee benefits				
Retention pay [refer note R(6)(D)]	**2.37**		*2.64*	
		2.37		*2.64*
Contingent provisions against standard assets [refer note R(18)]		**2.90**		*2.94*
		5.27		*5.58*
D(I) SHORT-TERM BORROWINGS:				
Unsecured:				
Inter corporate borrowings (repayable on demand) [refer note D(I)(a)]				
From related parties				
Subsidiaries	**–**		*207.00*	
		–		*207.00*
Commercial papers [refer note D(I)(b)]				
Issued to related parties - Subsidiaries	**50.00**		–	
Issued to others	**150.00**		–	
		200.00		–
		200.00		*207.00*

Note D(I)(a):

Details of Inter corporate borrowings:

As at 31.03.2016	Rate of interest p.,a.	Terms of repayments
From Subsidiaries	G-sec rates on the date of grant of loan (As at 31 March 2016 is 7.25 %)	On demand by giving notice of 1 working day

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Note D(I)(b):

Details of Commercial papers

As at 31.03.2017	Rate of interest p.,a.	Terms of repayments
Issued to Others/ Subsidiaries	As agreed in the deal confirmation note based on market rate (ranging from 6.50% to 8.02% during the year)	As agreed in the deal confirmation note (ranging from 7 to 176 days during the year)

Commercial papers issued/ repaid during the year is as follows:

Particulars	Tenor (Days)	Discount rate (per annum)	Date of Transaction	Redemption Date
2,000 units having face value of ₹ 5,00,000 each	30	7.70%	26-Apr-16	26-May-16
2,000 units having face value of ₹ 5,00,000 each	176	7.00%	26-May-16	18-Nov-16
3,000 units having face value of ₹ 5,00,000 each	119	8.02%	20-Jun-16	17-Oct-16
2,000 units having face value of ₹ 5,00,000 each	113	7.27%	29-Aug-16	20-Dec-16
3,000 units having face value of ₹ 5,00,000 each	93	7.00%	17-Oct-16	18-Jan-17
2,000 units having face value of ₹ 5,00,000 each	90	6.92%	15-Nov-16	13-Feb-17
2,000 units having face value of ₹ 5,00,000 each	7	6.50%	20-Dec-16	27-Dec-16
3,000 units having face value of ₹ 5,00,000 each	60	6.72%	18-Jan-17	19-Mar-17
3,000 units having face value of ₹ 5,00,000 each	45	6.77%	16-Mar-17	30-Apr-17
1,000 units having face value of ₹ 5,00,000 each	30	6.75%	27-Mar-17	26-Apr-17

	As at 31.03.2017		*As at 31.03.2016*	
Particulars	**₹ Crore**	**₹ Crore**	*₹ Crore*	*₹ Crore*
D (II) TRADE PAYABLES:				
Total outstanding dues of micro enterprises and small enterprises [refer note R(13)]		**–**		–
Total outstanding dues of creditors other than micro enterprises and small enterprises				
Acceptances	**158.08**		*231.08*	
Due to Holding company	**21.23**		*80.43*	
Due to Fellow subsidiaries	**–**		*0.23*	
Due to Others	**21.21**	**200.52**	*11.74*	*323.48*
		200.52		*323.48*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	As at 31.03.2017 ₹ Crore	₹ Crore	*As at 31.03.2016 ₹ Crore*	*₹ Crore*
D(III) OTHER CURRENT LIABILITIES:				
Current maturities of long-term borrowings [refer note C(I)(a)]		**15.00**		*15.00*
Interest accrued but not due on borrowings		**18.26**		*15.65*
Due to customers [refer note R(3)]				
From related parties				
Subsidiaries		**200.68**		*106.42*
Advance from Customers [refer note R(3)]				
From related parties				
Subsidiaries		**–**		*84.44*
Due to related parties				
Holding company	**–**		*0.47*	
		–		*0.47*
Other payables				
Gratuity [refer note R(6)(B)]	**0.95**		*0.75*	
Statutory liabilities	**3.68**		*3.35*	
Liability for capital goods	**1.94**		*–*	
Others	**6.54**		*6.61*	
		13.11		*10.71*
		247.05		*232.69*
D (IV) Short-term provisions				
Provision for employee benefits				
Compensated absences [refer note R(6)(C)]	**3.95**		*4.16*	
Retention pay [refer note R(6)(D)]	**1.87**		*–*	
		5.82		*4.16*
Contingent provisions against standard assets [refer note R(18)]		**0.50**		*0.86*
		6.32		*5.02*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

E FIXED ASSETS (Current Year)

E(I) (A) Tangible Assets

₹ crore

Particulars	Gross				Depreciation				Net carrying value
	"As at 01.04.2016"	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	For the year	Deductions	Upto 31.03.2017	As at 31.03.2017
Land									
Freehold [refer note E(II)(A)(i)]	1.50	–	–	**1.50**	–	–	–	**–**	**1.50**
Buildings									
Leased out [refer note E(II)(A)(ii)]	2.21	–	–	**2.21**	0.20	0.04	–	**0.24**	**1.97**
Plant & Equipment									
Owned	51.36	–	0.16	**51.20**	15.98	2.56	0.15	**18.39**	**32.81**
Computers									
Owned	3.05	2.70	0.37	**5.38**	2.39	0.53	0.32	**2.60**	**2.78**
Electrical Installations									
Owned	0.16	–	0.03	**0.13**	0.15	–	0.02	**0.13**	**–**
Furniture & Fixture									
Owned	1.71	–	0.35	**1.36**	1.51	0.05	0.33	**1.23**	**0.13**
Vehicles (including motor car)									
Owned	2.93	1.03	0.76	**3.20**	1.40	0.62	0.57	**1.45**	**1.75**
Office Equipments									
Owned	0.98	0.13	0.07	**1.04**	0.79	0.13	0.07	**0.85**	**0.19**
Total	**63.90**	**3.86**	**1.74**	**66.02**	**22.42**	**3.93**	**1.46**	**24.89**	**41.13**

E(II) (A) Intangible Assets

₹ crore

Particulars	Gross				Amortisation				Net carrying value
	As at 01.04.2016	Additions	Deductions	As at 31.03.2017	Upto 31.03.2016	For the year	Deductions	Upto 31.03.2017	As at 31.03.2017
Specialised Software	1.38	0.11	–	**1.49**	1.37	0.01	–	**1.38**	**0.11**
Total	**1.38**	**0.11**	**–**	**1.49**	**1.37**	**0.01**	**–**	**1.38**	**0.11**
Grand total	**65.28**	**3.97**	**1.74**	**67.51**	**23.79**	**3.94**	**1.46**	**26.27**	**41.24**

Notes:

E(II)(A) (i) Land includes ₹ 0.40 crore, being the freehold land situated at District Raigad, measuring 242.00 Sq.Mtrs and 166.50 Sq.Mtrs, the title deeds of which are in the name of L&T East - West Tollway Limited and L&T Great Eastern Highway Limited respectively, the erstwhile subsidiaries which got merged with the Company under Section 391 to 394 of the Companies Act, 1956 in terms of the approval of the Honourable High Court(s) of judicature in the year 2014-2015.

E(II)(A) (ii) Cost of leased out building includes ownership of an accommodation at Maharashtra of ₹ 0.13 crore (accumulated depreciation of ₹ 0.03 crore) by holding 5 shares of face value ₹ 50/- each in a co-operative society. The purchase deed in respect of the said building is in the name of L&T Holdings Limited, the erstwhile name of the Company, which was changed to L&T Infrastructure Development Projects Limited in 2004. The said leased out building is mortgaged to secure redeemable non-convertible fixed rate debentures [refer note C(I)(i)(a)].

E(II)(A) (iii) Total depreciation for the year is ₹ 3.94 crore comprising of ₹ 3.93 crore of tangible assets and ₹ 0.01 crore of intangible assets.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

E FIXED ASSETS (Previous Year)

E(I) (A) Tangible Assets

₹ crore

Particulars	Gross				Depreciation				Net carrying value
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the year	Deductions	Upto 31.03.2016	As at 31.03.2016
Land									
Freehold [refer note E(III)(A)(i)]	1.50	–	–	1.50	–	–	–	–	1.50
Buildings									
Leased out [refer note E(III)(A)(ii)]	2.21	–	–	2.21	0.16	0.04	–	0.20	2.01
Plant & Equipment									
Owned	51.36	–	–	51.36	12.74	3.24	–	15.98	35.38
Computers									
Owned	3.08	0.49	0.52	3.05	2.40	0.46	0.47	2.39	0.66
Electrical Installations									
Owned	0.16	–	–	0.16	0.14	0.01	–	0.15	0.01
Furniture & Fixture									
Owned	1.71	0.01	0.01	1.71	1.45	0.07	0.01	1.51	0.20
Vehicles (including motor car)									
Owned	3.85	0.22	1.14	2.93	1.39	0.76	0.75	1.40	1.53
Office Equipments									
Owned	0.92	0.06	–	0.98	0.68	0.11	–	0.79	0.19
Total	**64.79**	**0.78**	**1.67**	**63.90**	**18.96**	**4.69**	**1.23**	**22.42**	**41.48**

E(II) (A) Intangible Assets

₹ crore

Particulars	Gross				Amortisation				Net carrying value
	As at 01.04.2015	Additions	Deductions	As at 31.03.2016	Upto 31.03.2015	For the year	Deductions	Upto 31.03.2016	As at 31.03.2016
Specialised Software (acquired)	1.38	–	–	1.38	1.35	0.02	–	1.37	0.01
Total	**1.38**	**–**	**–**	**1.38**	**1.35**	**0.02**	**–**	**1.37**	**0.01**
Grand total	**66.17**	**0.78**	**1.67**	**65.28**	**20.31**	**4.71**	**1.23**	**23.79**	**41.49**

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹ Crore	**₹ Crore**	*₹ Crore*	*₹ Crore*
F NON-CURRENT INVESTMENTS (at cost unless otherwise stated)				
Long-term Investments				
Trade investments [refer notes F(I),(II), (III), (IV), (V), (VI) and (VII)]				
(i) Investments in unquoted equity/preference instruments of				
(a) Subsidiary companies				
(i) Fully paid equity shares	**2,243.48**		*3,735.65*	
(ii) Fully paid preference shares	**635.85**		*360.85*	
	2,879.33		*4,096.50*	
Less: Provision for diminution in value of investments	**339.32**		*60.32*	
	2,540.01		*4,036.18*	
(b) Associate companies	**9.83**		*9.83*	
(c) Other companies	**14.86**		*14.86*	
		2,564.70		*4,060.87*
(ii) Investments in unquoted debentures of				
(a) Subsidiary company		**190.00**		*205.00*
		2,754.70		*4,265.87*
Aggregate amount of unquoted investments at cost less diminution		**2,754.70**		*4,265.87*
Aggregate provision for diminution in value of investments		**339.32**		*60.32*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

F (I): DETAILS OF NON CURRENT INVESTMENTS

Sr. No.	Particulars	Face value ₹ per share	Number of shares				As at 31.03.2017	*As at 31.03.2016*
			As at 01.04.2016	Purchased / subscribed / reclassified during the year	Sold / reclassified / during the year	**As at 31.03.2017**		
							₹ crore	*₹ crore*
	Trade investments:							
(i)	**Unquoted equity instruments:**							
(a)	**Investment in subsidiaries:**							
	Fully paid equity shares:							
	Kudgi Transmission Limited	10	192,599,998			192,599,998	192.60	192.60
	Ahmedabad - Maliya Tollway Limited	10	148,999,900			148,999,900	149.00	149.00
	L&T BPP Tollway Limited	10	247,199,998			247,199,998	247.20	247.20
	L&T Deccan Tollways Limited [refer note F(IV)]	10	152,499,998	53,500,000		205,999,998	206.00	152.50
	Devihalli Hassan Tollway Limited	10	89,999,900			89,999,900	90.00	90.00
	L&T Halol - Shamlaji Tollway Limited [refer note F(VI)]	10	–	@ 39,05,09,700		390,509,700	390.50	-
	L&T IDPL Trustee Manager Pte. Ltd	1*	1,315,000			1,315,000	6.16	6.16
	L&T Interstate Road Corridor Limited	10	57,159,998			57,159,998	57.16	57.16
	Krishnagiri Thopur Toll Road Limited	10	78,749,998			78,749,998	78.75	78.75
	L&T Krishnagiri Walajahpet Tollway Limited	10	89,997,400			89,997,400	90.00	90.00
	L&T Metro Rail (Hyderabad) Limited [refer note F(V)]	10	2,010,355,256	31,215,984	2,041,571,240	–	–	2,010.35
	Panipat Elevated Corridor Limited	10	84,299,998			84,299,998	84.30	84.30
	L&T Port Kachchigarh Limited	10	4,159,998	2		4,160,000	4.16	4.16
	L&T Rajkot - Vadinar Tollway Limited	10	109,999,900			109,999,900	110.00	110.00
	L&T Samakhiali Gandhidham Tollway Limited	10	80,527,000			80,527,000	80.53	80.53
	L&T Transportation Infrastructure Limited	10	30,536,000			30,536,000	53.14	53.14
	Vadodara Bharuch Tollway Limited	10	43,499,998			43,499,998	43.50	43.50
	Western Andhra Tollways Limited	10	56,499,998			56,499,998	56.50	56.50
	L&T Western India Tollbridge Limited	10	13,950,005	2		13,950,007	13.95	13.95
	L&T Sambalpur - Rourkela Tollway Limited [refer noteF(IV)]	10	215,849,998	74,180,000		290,029,998	290.03	215.85
							2,243.48	*3,735.65*
	Less: Provision for diminution in value of non current investment [refer note F(VII)]						**(323.62)**	*(60.32)*
							1,919.86	*3,675.33*
(b)	**Investments in associate companies:**							
	Fully paid equity shares :							
	International Seaports Haldia (Private) Limited	10	*9,830,000*			**9,830,000**	**9.83**	*9.83*
							9.83	*9.83*
(c)	**Investment in other companies:**							
	Fully paid equity shares:							
	Second Vivekananda Bridge Tollway Company Private Limited	10	*1,000*		85	**915**	**–**	*–*
	SICAL Iron Ore Terminals Limited	10	*14,300,000*			**14,300,000**	**14.30**	*14.30*
	Indian Highway Management Company Limited	10	*555,370*			**555,370**	**0.56**	*0.56*
							14.86	*14.86*
	Investment in unquoted equity instruments - Total						**1,944.55**	*3,700.02*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Sr. No.	Particulars	Face value ₹ per share	Number of shares				As at 31.03.2017	*As at 31.03.2016*
			As at 01.04.2016	Purchased / subscribed / reclassified during the year	Sold / reclassified / during the year	**As at 31.03.2017**		
							₹ crore	*₹ crore*
(ii)	**Unquoted preference instruments:**							
(a)	**Investment in subsidiaries:**							
	Fully paid 0.01% optionally convertible cumulative redeemable preference shares:							
	Ahmedabad - Maliya Tollway Limited	10	*197,320,200*	24,315,240	^22,16,35,440	**–**	**–**	*197.32*
	L&T Halol - Shamlaji Tollway Limited [refer note F(VI)]	10	*–*	@ 25,90,19,600	^^12,95,09,800	**129,509,800**	**129.51**	*–*
	L&T Rajkot - Vadinar Tollway Limited	10	*118,042,100*	7,450,000	^12,54,92,100	**–**	**–**	*118.04*
	L&T Samakhiali Gandhidham Tollway Limited	10	*45,490,000*	67,975,780	^11,34,65,780	**–**	**–**	*45.49*
	Panipat Elevated Corridor Limited	10	*–*	45,746,606	^4,57,46,606	**–**	**–**	*–*
							129.51	*360.85*
	Fully paid 0.01% compulsorily convertible preference shares:							
	Ahmedabad - Maliya Tollway Limited	10	*–*	221,635,440		**221,635,440**	**221.64**	*–*
	L&T Rajkot - Vadinar Tollway Limited	10	*–*	125,492,100		**125,492,100**	**125.49**	*–*
	L&T Samakhiali Gandhidham Tollway Limited	10	*–*	113,465,780		**113,465,780**	**113.46**	*–*
	Panipat Elevated Corridor Limited	10	*–*	45,746,606		**45,746,606**	**45.75**	*–*
							506.34	*–*
	Less: Provision for diminution in value of non current investment [refer note F(VII)]						**(15.70)**	*–*
	Investment in unquoted preference instruments - Total						**620.15**	*360.85*
(iii)	**Unquoted debentures:**							
(a)	**Investment in subsidiaries:**							
	Panipat Elevated Corridor Limited - 10.56% secured redeemable non-convertible debentures (unquoted)	1,000,000	*2,050*	-	# 150	**1,900**	**190.00**	*205.00*
	[refer note C(I)(a)]							
	Investments in Debentures - Total						**190.00**	*205.00*
	Total Non Current Investments						**2,754.70**	*4,265.87*

* Singapore Dollar. '@ reclassified from current investments as at 31 March 2017, refer note F(VI).

^0.01% optionally convertible cumulative redeemable preference shares has been converted to 0.01% compulsorily convertible preference shares. ^^converted to equity shares.

reclassified to current portion of long-term investments, refer note H(I), R(14) and R(15).

Note F(II):

The Company has pledged its investment in the equity shares of the following companies, to the term lenders of the respective companies

Sl. No	Name of the Company	As at 31.03.2017		*As at 31.03.2016*	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
(a)	**Subsidiary companies**				
1.	Krishnagiri Thopur Toll Road Limited	**20.47**		*20.47*	
2.	Western Andhra Tollways Limited	**14.69**		*14.69*	
3.	Vadodara Bharuch Tollway Limited	**22.18**		*22.18*	
4.	L&T Krishnagiri Walajahpet Tollway Limited	**45.90**		*45.90*	
5.	L&T Metro Rail (Hyderabad) Limited [refer note F(V)]	**–**		*1,025.28*	
6.	L&T Samakhiali Gandhidham Tollway Limited	**410.68**		*41.07*	
7.	Devihalli Hassan Tollway Limited	**44.10**		*44.10*	
8.	L&T Halol - Shamlaji Tollway Limited [refer note F(VI)]	**390.50**		*–*	
9	PNG Tollway Limited [refer note R(15)]	**41.40**		*41.40*	
			989.92		*1,255.09*
			989.92		*1,255.09*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Note F(III):

Disclosures pursuant to Accounting Standard (AS 13) "Accounting for Investments"

The Company has given, inter alia, the following undertakings in respect of its investments:

(a) Jointly with Larsen & Toubro Limited (holding company), to the term lenders of L&T Transportation Infrastructure Limited (LTTIL) not to reduce the joint shareholding in LTTIL below 51% until the financial assistance received from the term lenders is repaid in full by LTTIL.

(b) Jointly with Larsen & Toubro Limited (holding company), to the term lenders of L&T Samakhiali Gandhidham Tollway Limited (LTSGTL) not to reduce the joint shareholding in LTSGTL below 51% until the financial assistance received from the term lenders is repaid in full by LTSGTL.

(c) Jointly with Larsen & Toubro Limited (holding company) and Ashoka Buildcon Limited, to the term lenders of PNG Tollway Limited (PNG) not to reduce the joint shareholding in PNG below 51% until the financial assistance received from the term lenders is repaid in full by PNG.

(d) To the term lenders of the below mentioned subsidiaries, not to divest control without the prior approval of the lenders and Gujarat State Road Development Corporation Limited.

- L&T Rajkot - Vadinar Tollway Limited
- Ahmedabad - Maliya Tollway Limited

(e) To the term lenders of L&T Sambalpur - Rourkela Tollway Limited (LTSRTL) to retain the management control of LTSRTL and not to reduce the shareholding below 51% without prior written approval of the lenders.

(f) To the term lenders of L&T Deccan Tollways Limited not to reduce its shareholding below 51% of total paid up equity share capital as per the Finance Plan during the currency of the loan without prior approval of the lenders.

(g) To the term lenders of L&T Interstate Road Corridor Limited not to reduce its shareholding below 51% until the expiry of three years from Commercial Operation Date (COD) and thereafter not to reduce its shareholding below 26% until the financial assistance received from the term lenders is repaid in full.

(h) The company has given an undertaking to the debenture trustee and term lenders of the following subsidiaries not to change the management or control in these subsidiaries and/or not to reduce its shareholding below 51% until these subsidiaries have made adequate arrangement as mutually agreed by the subsidiaries with the debenture trustee and term lenders respectively:

a. Krishnagiri Thopur Toll Road Limited

b. Western Andhra Tollways Limited

c. Vadodara Bharuch Tollway Limited

d. Devihalli Hassan Tollway Limited

(i) To the term lenders of L&T Krishnagiri Walajahpet Tollway Limited (LTKWTL) to retain management control of LTKWTL and not agree/effect any change in the management control till the final settlement date.

Note F(IV)

The entities in which the Company has investments as at 31 March 2017 are carrying out infrastructure projects which are currently under the construction phase and have not yet commenced operations. The Company does not foresee any diminution to these investments at this stage.

Note F(V)

During the current year ended 31 March 2017, the Company has sold its investment in L&T Metro Rail (Hyderabad) Limited (LTMRHL) at cost, pursuant to the agreement entered into with Larsen & Toubro Limited, the Holding Company ("Buyer") dated 29 March 2017. Further, the Company has been relieved of all its obligations/undertakings provided by the Company to the lenders of LTMRHL, post the sale of the Company's stake in favour of the Holding Company.

Note F(VI)

During the current year ended 31 March 2017, one of the subsidiaries of the Company, namely, L&T Halol Shamlaji Tollway Limited (LTHSTL), pursuant to its withdrawal of the termination letter issued to Gujarat State Road Development Corporation (GSRDC) has entered into a Master Restructuring Agreement with its lenders under the Strategic Debt Restructuring scheme of the Reserve Bank of India. Pursuant to the same,

(i) the lenders have acquired about 51% stake in LTHSTL. However the Company continues to retain Management control over LTHSTL.

(ii) the Company has entered into a deed of pledge wherein all the shares held by the Company in L&T HSTL have been pledged in favour of the lenders of LTHSTL.

(iii) the amount of Mezzanine debt given to LTHSTL amounting to ₹ 130.50 crore has been converted into equity shares.

(iv) investment in preference shares of LTHSTL has been converted into equity shares of LTHSTL to the extent of ₹ 129.51 crore.

(v) the Company has entered into a sponsor undertaking in favour of the lenders wherein the Company has sub-ordinated its rights to receive any amounts from LTHSTL in whatever form unless all obligations of the lenders including the equity portion of their debt is repaid with an agreed IRR.

(vi) the Company shall not transfer or pledge the equity shares held by it in LTHSTL, without procuring the prior written consent of the lender shareholders.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Note F(VII)

The Company is carrying net investments aggregating to ₹ 1,331.76 crore (As at 31 March 2016 ₹ 1,336.15 crore) and has outstanding net loans and advances aggregating to ₹ 222.99 crore (As at 31 March 2016 ₹ 401.40 crore) provided to certain operating subsidiaries of the Company engaged in infrastructure projects whose net worth is fully eroded/undergoing restructuring due to continuous losses, as per the audited financial statements of these entities as at 31 March 2017.

Considering the gestation period required for break even for such infrastructure investments, restructuring/refinancing arrangements carried out/ proposed, expected higher cash flows based on future business projections and the strategic nature of these investments, no additional provision/ adjustment to the carrying value of the said investments/ loans and advances is considered necessary by the Management as at 31 March 2017. [refer note R(16)].

G LONG TERM LOANS AND ADVANCES

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹ crore	₹ crore	₹ crore	₹ crore
Unsecured, considered good				
Loans and advances to related parties				
Subsidiary companies: [refer note F(VII)]				
Unsecured loans, considered good (including interest accrued thereon) [refer note G(I)]	**639.05**		*776.47*	
Advance towards equity shares in L&T Deccan Tollways Limited	**12.84**		–	
MAT credit entitlement [refer note R(4)]	**29.80**		–	
		681.69		*776.47*
		681.69		*776.47*

G(I): UNSECURED LOANS TO SUBSIDIARY COMPANIES INCLUDES:

(a) Mezzanine debt given to the following subsidiaries:

	Name of the Subsidiary	**As at 31.03.2017**	*As at 31.03.2016*
		₹ crore	₹ crore
(i)	Interest-free, Mezzanine debt given to its subsidiary, L&T Krishnagiri Walajahpet Tollway Limited as per Schedule II of the Common Loan Agreement dated 03 November 2010. As per the original terms the repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per terms of the Agreement. @	**–**	*53.96*
(ii)	Interest-free Mezzanine debt given to its subsidiary, Ahmedabad - Maliya Tollway Limited as per Schedule IX of the Common Loan Agreement dated 09 October 2009. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per the terms of the Agreement.	**100.00**	*100.00*
(iii)	Interest-free Mezzanine debt given to its subsidiary, L&T Rajkot - Vadinar Tollway Limited as per Part B of Schedule III of the Common Loan Agreement dated 28 August 2009. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per the terms of the Agreement.	**110.00**	*110.00*
(iv)	Interest-free Mezzanine debt given to its subsidiary, L&T Samakhiali Gandhidham Tollway Limited as per Schedule II of the Common Loan Agreement dated 03 July 2010. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per the terms of the Agreement.	**37.76**	*37.76*
(v)	Interest-free Mezzanine debt given to its subsidiary, L&T BPP Tollway Limited as per Schedule II of the Common Loan Agreement dated 17 November 2011. The repayment of this debt will be made only after secured obligations are discharged by the subsidiary to its lenders as per the terms of the Agreement.	**370.80**	*368.80*
	Total Mezzanine Debt (a)	**618.56**	*670.52*

@ pursuant to a refinancing exercise carried out by the subsidiary, the amount of ₹ 53.96 crore of mezzanine debt has been repaid in full by the subsidiary to the Company.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

(b) Cash support provided to the following subsidiaries (interest paid at one year G-Sec rate p.a. prevailing on the effective date of borrowing)

Name of the Subsidiary	**As at 31.03.2017** ₹ crore	*As at 31.03.2016* ₹ crore
Devihalli Hassan Tollway Limited	**11.45**	*18.15*
L&T Samakhiali Gandhidham Tollway Limited	**–**	*27.50*
Panipat Elevated Corridor Limited	**–**	*41.88*
L&T Krishnagiri Walajahpet Tollway Limited	**4.01**	*4.01*
Total Cash support (b)	**15.46**	*91.54*

(c) Interest accrued but not due on cash support

Name of the Subsidiary	**As at 31.03.2017** ₹ crore	*As at 31.03.2016* ₹ crore
Devihalli Hassan Tollway Limited	**0.88**	*0.73*
L&T Samakhiali Gandhidham Tollway Limited	**–**	*1.59*
Panipat Elevated Corridor Limited	**–**	*3.18*
L&T Krishnagiri Walajahpet Tollway Limited	**0.41**	*0.12*
Total Interest accrued but not due on cash support (c)	**1.29**	*5.62*

As per the arrangement with the subsidiaries read with the undertaking given to the lenders who have provided loan to the subsidiaries, the amount and interest thereon will be repayable by the subsidiaries to the Company after the last instalment of the borrowings are repaid by the subsidiaries to its lenders.

(d) Inter corporate deposits placed with the following Subsidiaries at RBI bank rate (presently at 6.75% p.a.)

Name of the Subsidiary	**As at 31.03.2017** ₹ crore	*As at 31.03.2016* ₹ crore
Long term loans and advances		
Panipat Elevated Corridor Limited	**3.74**	*8.79*
Total Inter corporate deposits (d)	**3.74**	*8.79*
Total Loans and advances to subsidiaries (a+b+c+d)	**639.05**	*776.47*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	As at 31.03.2017 ₹ crore	₹ crore	*As at 31.03.2016* ₹ crore	₹ crore
H(I) CURRENT INVESTMENTS (at cost or net realisable value)				
Investment in subsidiaries				
Investment held for sale				
Investment in unquoted equity instruments				
L&T Infrastructure Development Projects Lanka (Private) Limited [refer note R(14) and R(16)]	–		*63.45*	
14,80,75,980 equity shares of LKR* 10 each *(current year: Nil; previous year: 14,75,50,780 equity shares of LKR 10 each, included as non current investment)*				
Less: Diminution in value of investment	–		*(40.00)*	
		–		*23.45*
Investment in terminated projects				
Investment in unquoted equity instruments				
PNG Tollway Limited [refer note R(15) and R(16)]	**102.71**		*102.71*	
10,27,11,340 equity shares of ₹ 10 each				
L&T Halol - Shamlaji Tollway Limited [refer note F(VII) and R(16)]	–		*130.50*	
(current year: Nil [refer note F(VI)]; *previous year: 13,04,99,900* equity shares of ₹ 10 each included as non current investment)				
L&T Chennai - Tada Tollway Limited [refer note R(15) and R(16)]	**42.00**		*42.00*	
4,19,99,900 equity shares of ₹ 10 each				
Less: Diminution in value of investment	**(102.71)**		*(185.71)*	
		42.00		*89.50*
Investment in unquoted preference instruments				
PNG Tollway Limited [refer note R(15) and R(17)]	**91.11**		*91.11*	
9,11,10,000 preference shares of ₹ 10 each				
L&T Halol - Shamlaji Tollway Limited [refer note F(VII) and R(16)]	–		*259.02*	
(current year: Nil [refer note F(VI)]; previous year: 25,90,19,600 preference shares of ₹ 10 each)				
Less: Diminution in value of investment	**(91.11)**		*(91.11)*	
		–		*259.02*
Current portion of long-term investments				
Investment in unquoted debentures				
Panipat Elevated Corridor Limited - 10.56% secured non convertible debentures [refer note C (I)(a)]	**15.00**		*15.00*	
(150 nos. of ₹ 10,00,000 each) *(previous year: 150 nos. of ₹ 10,00,000 each)*				
		15.00		*15.00*
Investment in quoted mutual funds [refer note H(I)(a)]		**560.00**		*–*
		617.00		*386.97*

* Srilankan Rupee

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	NAV	No of units as at 31.03.2017	Market value	Book value
H(I) (A) DETAILS OF INVESTMENT IN QUOTED MUTUAL FUNDS				
Tata Money Market Fund Regular Plan - Growth	2,553.79	783,511.99	200.09	200.00
ICICI Prudential Money Market Fund - Growth	224.38	8,917,679.12	200.10	200.00
IDFC Cash Fund Growth (Regular Plan)	1,970.93	304,501.68	60.02	60.00
Reliance Liquidity Fund - Growth	2,442.18	204,796.57	50.02	50.00
L&T Liquid Fund Growth Regular	2,224.77	224,799.65	50.01	50.00
Aggregate book value of quoted current investment			560.24	560.00

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹ crore	₹ crore	₹ crore	₹ crore
H(II) TRADE RECEIVABLES				
Unsecured considered good				
Debts outstanding for a period of more than 6 months	**112.62**		*0.19*	
Other debts	**24.10**		*198.18*	
		136.72		*198.37*
		136.72		*198.37*

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹ crore	₹ crore	₹ crore	₹ crore
H(III) CASH AND BANK BALANCES				
Cash and cash equivalents				
Balance with banks	**107.78**		*19.13*	
Fixed deposits with banks (maturity less than 3 months)	**862.25**		–	
		970.03		*19.13*
Other bank balances				
Fixed deposits with banks (including interest accrued thereon)	**300.16**		*0.60*	
Earmarked bank account for Non Convertible Debentures issued [current year ₹ 10,000/- and *previous year ₹ 10,000*/-] [refer note C(I)(a)]	**–**		–	
		300.16		*0.60*
		1,270.19		*19.73*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	As at 31.03.2017 ₹ crore	As at 31.03.2017 ₹ crore	*As at 31.03.2016* ₹ crore	*As at 31.03.2016* ₹ crore
H (IV) SHORT-TERM LOANS AND ADVANCES				
Unsecured, considered good, unless otherwise stated				
Loans and advances to related parties				
Holding company				
Advance recoverable	**6.13**		*73.64*	
Advance paid for purchase of investments [refer note H(IV)(a)]	**22.42**		*22.42*	
Other advances	**0.35**		–	
		28.90		*96.06*
Subsidiary companies:				
Inter-corporate deposits (including interest accrued) [refer note H (IV)(b)(i), H (IV)(b)(ii) and H (IV)(b)(iii)]	**6.56**		*5.06*	
Unsecured loans and advances (including interest accrued) - considered good [refer note H (IV)(c)(i) and H (IV)(c)(ii)]	**23.15**		*142.17*	
Unsecured loans and advances (including interest accrued) - considered doubtful [refer note H (IV)(c)(i) and H (IV)(c)(ii)]	**206.18**		*206.18*	
Other advances	**5.84**		*0.95*	
Less: Provision for doubtful advance	**(206.18)**		*(206.18)*	
		35.55		*148.18*
Considered doubtful:				
Other advances - considered doubtful	**0.45**		*0.43*	
Less: Provision for doubtful advance	**(0.45)**		*(0.43)*	
		–		–
Other short term loans and advances				
Advance tax (net of provisions)	**28.41**		*25.28*	
MAT credit entitlement [refer note R(4)]	**33.48**		*0.83*	
Security deposits	**0.31**		*0.44*	
Other advances [refer note R(12)]	**71.44**		*70.90*	
		133.64		*97.45*
		198.09		*341.69*

Note H(IV):

(a) Advance paid for purchase of investments represents the advance paid to Larsen & Toubro Limited, the Holding Company towards the purchase of their stake in PNG Tollway Limited, a subsidiary of the Company.

(b) (i) Inter corporate deposits placed with the following Subsidiaries at RBI bank rate (presently at 6.75% p.a.)

Name of the Subsidiary	As at 31.03.2017 ₹ crore	*As at 31.03.2016* ₹ crore
Current maturities of Long term loans and advances		
Panipat Elevated Corridor Limited	**5.06**	*5.06*
Total Inter corporate deposits (A)	**5.06**	*5.06*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

(ii) Inter corporate deposits placed with the following Subsidiaries at one year G-Sec rate p.a. prevailing on the effective date of borrowing)

Name of the Subsidiary	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	₹ crore
Panipat Elevated Corridor Limited	**1.50**	–
Total Inter corporate deposits (B)	**1.50**	–

(iii) Interest accrued but not due on inter corporate deposits

Name of the Subsidiary	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	₹ crore
Panipat Elevated Corridor Limited		
[current year ₹ 9,202/- and *previous year nil*]	**0.00**	–
Total Interest accrued but not due on inter corporate deposits (C)	**0.00**	–
Total Inter-corporate deposits including interest accrued (A+B+C)	**6.56**	*5.06*

(c) (i) Mezzanine debt and cash support provided to the following Subsidiaries:

Name of the Subsidiary	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	₹ crore
Cash support provided to		
Kudgi Transmission Limited	**22.85**	–
PNG Tollway Limited [refer note R(15)]	**34.48**	*34.48*
L&T Chennai - Tada Tollway Limited [refer note R(15)]	**–**	*11.45*
(Interest paid at one year G-Sec rate p.a. prevailing on the effective date of borrowing)		
Less: Provision for doubtful advance	**(34.48)**	*(34.48)*
Mezzanine debt given to		
PNG Tollway Limited [refer note R(15)]	**125.13**	*125.13*
(Interest is payable at SBI bank rate+predetermined spread+0.05% after obtaining approval of lenders)		
L&T Halol - Shamlaji Tollway Limited [refer note F(VI) and F(VII)]	**–**	*130.50*
(Interest free mezzanine debt)		
Less: Provision for doubtful advance	**(125.13)**	*(125.13)*
Total Mezzanine debt and cash support (A)	**22.85**	*141.95*

(ii) Interest accrued but not due on mezzanine debt and cash support

Name of the Subsidiary	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	₹ crore
PNG Tollway Limited [refer note R(15)]	**46.57**	*46.57*
Kudgi Transmission Limited	**0.30**	–
L&T Chennai - Tada Tollway Limited [refer note R(15)]	**–**	*0.22*
Less: Provision for doubtful advance	**(46.57)**	*(46.57)*
Total (B)	**0.30**	*0.22*
Total Unsecured loans and advances (including interest accrued) (A+B)	**23.15**	*142.17*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	₹ crore	₹ crore	₹ crore	₹ crore
H(V) OTHER CURRENT ASSETS				
Net Receivable on settlement from terminated subsidiaries [refer note R(15)]	**165.35**		*101.78*	
Less: Provision for net receivable	**(92.00)**		–	
		73.35		*101.78*
Interest accrued on investments		**20.82**		*22.22*
Unamortised discount on commercial papers		**1.03**		–
Unamortised discount on letter of credit		**2.95**		*6.75*
Due from customers		**12.11**		–
		110.26		*130.75*

I CONTINGENT LIABILITIES:

(i) Income tax liability (including penalty) that may arise in respect of which Company is in appeal ₹ 10.58 crore *(previous year: ₹ 6.20 crore)*

(ii) Service tax liability (including penalty) that may arise in respect of which Company is in appeal ₹ 1.33 crore *(previous year: Nil)*

(iii) Contingent liability in respect of acceptances and guarantees issued on behalf of subsidiaries ₹ 328.53 crore *(previous year: ₹ 253.41 crore)*

(iv) The Company is contingently liable to the extent of its investments pledged [refer note F(II)] for loans taken by:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	₹ crore
Subsidiary companies	**989.92**	*1,255.09*
Other company [current year ₹10,000/- and *previous year ₹10,000*/-]	**–**	–
Total	**989.92**	*1,255.09*

(v) During the previous year contingent liability included acceptances of ₹ 7.24 crore accepted on behalf of Krishnagiri Thopur Toll Road Limited (KTTL) in favour of the vendors of KTTL.

J COMMITMENTS:

(a) Commitments quantifiable

(i) Estimated amount of committed funding by way of equity / loans to subsidiary companies ₹ 90.00 crore *(previous year ₹ 909.16 crore)*

(ii) Estimated amount of contracts remaining to be executed on capital account net of advances and not provided for ₹ Nil *(previous year ₹ Nil)*

(b) Commitments not quantifiable

(i) The Company has given undertakings to the term lenders of the following subsidiaries to meet the cost overrun to the extent of 5% of

(a) L&T Deccan Tollways Limited

(b) L&T Sambalpur - Rourkela Tollway Limited

(c) L&T Krishnagiri Walajahpet Tollway Limited

(ii) The Company has given an undertaking jointly with Larsen & Toubro Limited (holding company) to the term lenders of the L&T Samakhiali Gandhidham Tollway Limited to meet the cost overrun to the extent of 5% of the project cost.

(iii) The Company has given, inter alia, the following commitments to the term lenders of L&T Chennai - Tada Tollway Limited,

- to meet the cost overrun of the project, in future if any
- to bring in an amount upto ₹ 178.74 crore on a need basis in the form of Mezzanine debt, after drawal of loan of ₹ 475 crore in full in order to meet the reduction in the quantum of loan by the lenders and increase in the project cost as reduced by increase

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

in internal accruals. [Also refer note R(15)].

(iv) The Company has given, inter alia, the following commitments in respect of its investments:

(a) Jointly with Larsen & Toubro Limited(holding company), to the term lenders of L&T Transportation Infrastructure Limited (LTTIL) to jointly meet the shortfall in the working capital requirements of LTTIL until the financial assistance received from the term lenders is repaid in full by LTTIL.

(b) To the term lenders of L&T BPP Tollway Limited to meet shortfall as provided in the base case revenue projections for the first two years post Commercial Operation Date (COD).

(c) To the term lenders of L&T Sambalpur - Rourkela Tollway Limited to meet the cost overrun in excess of 5% of the Project Cost in such a manner that the Debt-Equity of 1.86 times is not exceeded and to fund equity as per the revised financial model in case additional funds are to be raised by way of debt to meet the cost overrun in excess of 5 % of Project Cost. The Company has also given a commitment to infuse/provide temporary funds to the Borrower during construction and operation period to meet shortfall in case of delay in receipt of Grant subject to repayment on receipt of the Grant.

(d) To the term lenders of L&T Deccan Tollways Limited (LTDTL) to meet shortfall in major maintenance and Debt Service Reserve (DSR) Account and to maintain minimum year to year Debt Service Coverage Ratio of 1.2 times in a manner satisfactory to Senior Debt Tranche A Lenders (Facility amounting to ₹ 1,080.92 crore) in line with base case revenue projections. The Company has also given an undertaking to Senior Debt Tranche B Lenders (Facility amounting to ₹ 154.42 crore) for servicing the obligation in the event of failure of repayment by LTDTL.

(e) Jointly with Ashoka Buildcon Limited, to the term lenders of PNG Tollway Limited (PNGTL) to meet the shortfall proportionate to share holding in payment of interest in respect of loans in accordance with the terms of the Common Loan Agreement during the period between partial COD till the commencement of full tolling for the entire project highway. [Also refer note R(15)]

(f) To the lenders of L&T Krishnagiri Walajahpet Tollway Limited (LTKWTL), to provide to promptly and timely service the debt service obligations of the borrower under the subordinate facility (Facility amounting to ₹ 54.00 crore) to the satisfaction of subordinate lenders, without recourse to the project assets in the event internal cash accruals are insufficient to meet debt service obligations under the subordinate facility.

(g) The Company has given an undertaking to the debenture trustee of L&T Interstate Road Corridor Limited(LTIRCL) to make payment of the Termination Shortfall amount due to Concessionaire event of default in the event that LTIRCL fails to make payment of the same within 5 business days from the due date of deposit of the Termination Payments by NHAI into the Escrow Account and also to make payment of the Operation & Maintenance(O&M) expenses shortfall amounts caused due to increase in O&M Expenses beyond the limits set out in Base Case O&M Expenses Schedule and resulting in shortfall in amounts available for debt servicing and/or DSR Amount and/or the Major Maintenance Reserve, without utilising the surplus amounts within a period of 30 (thirty) Business days from the date of demand therefore issued by the Debenture Trustee.

(h) The Company has given a commitment to the debenture trustees of Kudgi Transmission Limited under Sponsor Support and Put Option Agreements dated 29 May 2015 to fund the coupon shortfall in accordance with the terms of the agreement. The Company has also given a commitment to purchase the debentures in accordance with the terms of the put option mentioned in the agreement.

(i) The Company has given a commitment to the debenture trustees of Vadodara Bharuch Tollway Limited (VBTL) vide a Sponsor Support Agreement dated 30 September 2016 wherein the Company has undertaken/guaranteed that in the event of shortage of funds for repayment of the debentures to the debenture trustees, the Company shall immediately arrange for the repayment of the advances/loans given by VBTL to the Company or its subsidiaries.

(j) Also refer note F(III), F(V) and F(VI).

(c) Management's Assessment

The amounts shown under contingent liabilities and commitments represent the best possible estimate arrived at on the basis of the available information. Further, various government authorities/other stakeholders raise issues/clarifications in the normal course of business and the Management has provided its responses in respect of the same and no formal demands/claims have been raised in respect of the same other than those disclosed above. The obligations and possible reimbursements in respect of the above are dependent on the outcome of the various discussions/proceedings that are ongoing and, therefore, cannot be predicted accurately. The Company does not expect any financial exposure in respect of these as at 31 March 2017.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	Particulars	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
K	**REVENUE FROM OPERATIONS:**				
	Interest income:				
	From holding company				
	On inter corporate deposits	–		3.89	
	From subsidiary companies				
	On debentures	21.71		23.30	
	On inter corporate deposits	1.29		5.69	
	On other loans and advances	3.41		44.76	
	From bank deposits	0.44		0.06	
			26.85		77.70
	Dividend income from associate		1.47		2.46
	Construction activity [refer note R(3)]		497.75		892.35
	Project facilitation and advisory service fees		14.21		12.86
	Income from wind power generation		8.37		6.25
	Other operating revenues				
	Facility management services	–		0.01	
	Business support services	22.55		21.87	
			22.55		21.88
			571.20		1,013.50

	Particulars	2016-17		2015-16	
		₹ crore	₹ crore	₹ crore	₹ crore
L	**OTHER INCOME:**				
	Net gain on sale of current investments		0.10		2.99
	Profit on sale of fixed assets (net)		0.07		–
	Exchange gain (net)		0.13		–
	Interest income from others		–		1.64
	Liabilities/provision no longer required written back [refer note R(18)]		0.40		6.16
	Miscellaneous income		0.21		0.17
			0.91		10.96

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	Particulars	2016-17		*2015-16*	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
M	**CONSTRUCTION AND RELATED OPERATING EXPENSES:**				
	Construction expenses				
	Construction materials	31.69		*426.15*	
	Sub-contracting charges	392.54		*398.47*	
	Professional charges	0.16		*0.27*	
	Rates and taxes	1.72		*9.38*	
	Travelling & conveyance	–		*0.01*	
	Bank and bank guarantee charges	–		*0.02*	
			426.11		*834.30*
	Related operating expenses				
	Professional and consultancy charges	3.96		*2.05*	
	Tender document expenses	0.18		*0.12*	
	Repairs and maintenance to machinery	1.22		*1.15*	
	Insurance	0.04		*0.72*	
			5.40		*4.04*
			431.51		*838.34*

	Particulars	2016-17		*2015-16*	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
N	**FINANCE COSTS**				
	Interest expense on borrowings				
	Interest expenses	27.86		*33.84*	
	Interest on redeemable non-convertible fixed rate debentures	19.34		*15.20*	
	Amortised discount on commercial paper	16.47		*38.31*	
	Other borrowing cost	0.54		*–*	
			64.21		*87.35*
	Others				
	Discounting charges on letter of credit	16.12		*18.74*	
	Interest on delayed / deferred payment of Income-tax	–		*0.02*	
			16.12		*18.76*
			80.33		*106.11*
O	**EMPLOYEE BENEFITS EXPENSE:**				
	Salaries and wages		25.38		*26.43*
	Contribution to and provision for:				
	Provident fund and pension scheme	1.02		*1.08*	
	Gratuity [refer note R(6)(B)]	0.55		*0.75*	
	Superannuation	0.13		*0.16*	
			1.70		*1.99*
	Staff welfare expenses		1.60		*1.33*
			28.68		*29.75*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	Particulars	2016-17		*2015-16*	
		₹ crore	₹ crore	*₹ crore*	*₹ crore*
P	**ADMINISTRATION AND OTHER EXPENSES:**				
	Professional charges		**6.68**		*5.86*
	Insurance		**1.58**		*1.27*
	Rent [refer note P(i)]		**3.04**		*3.64*
	Rates and taxes		**1.04**		*0.97*
	Repairs & maintenance				
	Buildings	**0.12**		*0.11*	
	Others	**6.71**		*5.35*	
			6.83		*5.46*
	Printing & stationery		**0.14**		*0.23*
	Power & electricity charges		**0.12**		*0.20*
	Communication & postage		**0.89**		*0.92*
	Bank and bank guarantee charges		**0.43**		*1.07*
	Travelling & conveyance		**3.57**		*4.20*
	Exchange loss (net)		**–**		*0.00*
	Loss on sale of fixed assets (net)		**–**		*0.04*
	Miscellaneous expenses [refer note P(iii)]		**2.58**		*1.85*
			26.89		*25.71*

Note P(i):

The Company has taken residential premises and office premises under cancellable operating leases. These lease agreements are normally renewed on expiry. Lease rental expenses in respect of operating leases for the year is ₹ 3.04 crore *(previous year ₹ 3.64 crore)*

Note P(ii):

Miscellaneous expenses include Auditor's remuneration (excluding service tax)

Particulars	2016-17	*2015-16*
	₹ crore	₹ crore
As auditor	**0.15**	*0.15*
For taxation matters	**0.01**	*0.01*
For certification	**0.08**	*0.01*
Limited review and other services	**0.14**	*0.05*
For reimbursement of expenses	**0.01**	*0.01*
Total	**0.39**	*0.23*

Q	**PROVISIONS AND CONTINGENCIES**		
	Contingent provision against standard assets [refer note R(18)]	**–**	*3.80*
	Provision for doubtful loans and advances	**0.02**	*0.05*
		0.02	*3.85*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

R(1) Particulars in respect of loans and advances in the nature of loans as required by the Listing Obligations and Disclosure Requirements:

Name of the company	Balance as at		Maximum outstanding during	
	31.03.2017	*31.03.2016*	**2016-17**	*2015-16*
	₹ crore	₹ crore	₹ crore	₹ crore
(a) Loans and advances in the nature of loans (gross of provisions) given to holding company:				
Larsen and Toubro Limited	**–**	*–*	**–**	*300.00*
	–	*–*		
(b) Loans and advances in the nature of loans (gross of provisions) given to subsidiaries:				
Panipat Elevated Corridor Limited	**10.30**	*55.73*	**76.13**	*78.29*
Krishnagiri Thopur Toll Road Limited	**–**	*–*	**–**	*43.57*
Vadodara Bharuch Tollway Limited	**–**	*–*	**–**	*22.50*
L&T Metro Rail (Hyderabad) Limited	**–**	*–*	**–**	*80.00*
Devihalli Hassan Tollway Limited	**11.45**	*18.15*	**18.15**	*56.80*
L&T Krishnagiri Walajahpet Tollway Limited	**4.01**	*57.97*	**57.97**	*57.97*
L&T Chennai - Tada Tollway Limited	**–**	*11.45*	**11.45**	*11.45*
Ahmedabad - Maliya Tollway Limited	**100.00**	*100.00*	**109.46**	*230.95*
L&T Halol - Shamlaji Tollway Limited	**–**	*130.50*	**130.50**	*341.00*
L&T Samakhiali Gandhidham Tollway Limited	**37.76**	*65.26*	**83.62**	*108.99*
L&T BPP Tollway Limited	**370.80**	*368.80*	**370.80**	*368.80*
PNG Tollway Limited	**261.38**	*261.38*	**261.38**	*316.30*
Kudgi Transmission Limited	**22.85**	*–*	**22.85**	*–*
L&T Rajkot - Vadinar Tollway Limited	**110.00**	*110.00*	**110.00**	*209.32*
	928.55	*1,179.24*		

R(2) The Company is engaged in the business of generation of wind power. Accordingly, information as applicable to wind power operations is given below:

Particulars		**Unit of measurement**	**2016-17**	*2015-16*
Installed capacity		**MW**	**8.7**	*8.7*
Production	**(A)**	**KWH**	**18,303,611**	*11,293,187*
Power consumed for starting WTG from grid	**(B)**	**KWH**	**134,960**	*158,828*
Wheeling charges and banking charges as per wheeling agreement with TNEB	**(C)**	**KWH**	**908,434**	*513,869*
Invoicing on Larsen & Toubro Limited	**(D)**	**KWH**	**12,508,968**	*10,488,803*
Invoicing on TNEB	**(A-B-C-D)**	**KWH**	**4,751,249**	*131,687*

The Company has five wind turbine generators (WTG) in Tamil Nadu with an aggregate capacity of 8.7MW.

The Company had entered into a Power Supply Agreement dated 18 March 2010 with Larsen & Toubro Limited (L&T), the holding company, under which the Company would sell the power generated to L&T at its establishments located in Tamil Nadu and registered with Tamil Nadu Electricity Board (TNEB), as a captive consumer at rates agreed in the said agreement for the units consumed at the end of each month.

The Company had also entered into Wheeling agreement with TNEB dated 19 March 2010 under which the surplus units not consumed by Larsen & Toubro Limited would be banked and sold to TNEB at the rates agreed in the said wheeling agreements.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

R(3) Disclosure pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts"

	Particulars	**2016-17** ₹ **crore**	*2015-16* ₹ *crore*
i)	Contract revenue recognised for the financial year [refer note K]	**497.75**	*892.35*
ii)	Aggregate amounts of contract costs incurred and recognised profits (less: recognised losses) as at the end of the financial year for all contracts in progress as at that date	**1,995.76**	*1,498.01*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year [refer note D(III)]	**–**	*84.44*
iv)	Retention amounts by customers for contracts in progress as at end of the financial year	**–**	*62.34*
v)	Gross amount due to customers for contract work [refer note D(III)]	**200.68**	*106.42*
vi)	Gross amount due from customers for contract work [refer note H(V)]	**12.11**	*–*

R(4) Taxation

(a) MAT Credit

Tax expense (net) includes an amount of ₹ 63.28 crore of MAT credit recognised in the financial statements for the year ended 31 March 2017 in line with the accounting policy [refer note S(17)] followed by the Company considering the Management's assessment of the future projections as at 31 March 2017.

(b) Disclosure pursuant to Accounting Standard (AS) 22 "Accounting for Taxes on Income":

Major components of deferred tax liabilities and deferred tax assets:

Particulars	**As at 31.03.2017** ₹ **crore**	*As at 31.03.2016* ₹ *crore*
Deferred tax liabilities		
Difference between carrying amounts of fixed assets in the books and WDV for income tax purposes.	**4.68**	*4.46*
Tax effect of depreciation charged to retained earnings	**–**	*–*
Total deferred tax liabilities	**4.68**	*4.46*
Less: Deferred tax assets		
Employee benefits	**1.70**	*1.73*
Contingent provisions against standard assets	**1.18**	*1.32*
Provision for doubtful advances	**0.16**	*0.15*
Total deferred tax assets	**3.04**	*3.20*
Net deferred tax liability / (asset)	**1.64**	*1.26*
Incremental provision for deferred tax liability / (asset)	**0.38**	*(1.45)*
Net incremental provision for deferred tax liability / (asset)	**0.38**	*(1.45)*

R(5) Disclosure pursuant to Accounting Standard (AS) 20 'Earnings per Share' (EPS):

Particulars		**2016-17**	*2015-16*
A. Equity Shares			
Basic			
(Loss) / Profit after tax available to equity shareholders (₹ crore)	**A**	**(222.22)**	*(558.94)*
Weighted average number of shares outstanding (WANES)	**B**	**321,049,196**	*321,049,196*
Basic EPS (₹)	**A/B**	**(6.92)**	*(17.41)*
Diluted			
(Loss) after tax available to equity shareholders (₹ crore)	**A**	**(222.22)**	*(558.94)*
Weighted average number of shares outstanding (WANES)	**B**	**321,049,196**	*321,049,196*
Add: Weighted average number of potential equity shares on account of conversion of compulsorily convertible preference shares [refer note (ii) below]	**C**	**412,190,331**	*136,042,846*
Weighted average number of shares outstanding for diluted EPS (WANES)	**D=B+C**	**733,239,527**	*457,092,042*
Diluted EPS (₹) [refer note (iii) below]		**(6.92)**	*(17.41)*
Face value per equity share (₹)		**10.00**	*10.00*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars		**2016-17**	*2015-16*
B. Special Equity Shares [refer note (i) below]			
Profit after tax available to special equity shareholders (₹)	**A**	**-**	*-*
Weighted average number of shares (WANES)	**B**	**10,000**	*10,000*
Basic and diluted EPS (₹)	**A/B**	**–**	*–*
Face value per equity share (₹)		**10.00**	*10.00*

(i) Basic and diluted EPS for the Special Equity Shares of ₹ 10 each does not arise as the shares do not have any right to receive dividend or other distributions of the Company or otherwise carry any economic rights, except to the extent of ₹ 10 per share in the event of liquidation or dissolution of the Company.

(ii) During the previous year, the Company had allotted 900 Compulsorily Convertible Preference Shares Series 1 ("CCPS Series 1") of ₹ 1,00,00,000 each and 100 Compulsorily Convertible Preference Shares Series 2 ("CCPS Series 2") of ₹ 1,00,00,000 each to CPP Investment Board Singaporean Holdings Pte. 1 Limited pursuant to the Investment agreement dated 21 June 2014, signed between the Company, Larsen & Toubro Limited, the Holding Company, Old lane Mauritius III Limited and CPP Investment Board Singaporean Holdings Pte. 1 Limited. In terms of clause 8.1.3 of the said agreement, the CCPS Series 1 and CCPS Series 2 are convertible into equity shares of face value ₹ 10 each based on a valuation process set out in Schedule 9 of the said agreement on or before 31 March 2019 and 31 March 2021 respectively.

In order to compute the diluted earnings per share and to determine the number of potential equity shares, the Company has undertaken an internal valuation based on management's projections and estimated the number of equity shares that would be allotted upon conversion of these CCPS Series 1 and CCPS Series 2. However, the actual number of equity shares that would be allotted upon conversion may significantly differ from the above if the valuation of the Company as envisaged in the Investment agreement at the time of conversion is materially different.

(iii) The Company has 10,000 Special Equity Shares of ₹10/- each outstanding which do not have any right to receive dividend or other distributions of the Company or otherwise carry any economic rights. Consequently, earnings per share is not applicable to such Special Equity Shares.

(iv) For the year ended 31 March 2017 and 31 March 2016, the Basic and Diluted Earnings per Share is the same as it is anti-dilutive in nature.

R(6) Disclosure pursuant to Accounting Standard (AS)-15 (revised) on Employee benefits:

A. Defined Contribution Plan

The Company makes Provident Fund and Superannuation Fund contributions to defined contribution plans for qualifying employees. Under the Schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The contributions payable to the fund by the Company is as per the rules of the schemes. The Company recognised ₹ 0.20 crore *(Previous year ₹ 0.20 crore)* and ₹ 0.13 crore *(Previous year ₹ 0.16 crore)* towards Recognised Provident Fund and Superannuation Fund contribution respectively in the Statement of Profit and Loss.

B. Defined Benefit Plans:

i) Gratuity Plan:

The Company operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

ii) Trust managed provident fund plan:

The Company manages provident fund plan through the holding Company's provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

a) The amounts recognised in balance sheet are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	₹ crore	*₹ crore*	**₹ crore**	*₹ crore*
A) Present value of defined benefit obligation				
- Wholly funded	**3.45**	*3.19*	**16.08**	*15.80*
Less : Fair value of plan assets	**2.50**	*2.44*	**15.91**	*15.63*
Amount to be recognised as liability or (asset)	**0.95**	*0.75*	**0.17**	*0.17*
B) Amounts reflected in the Balance Sheet				
Liabilities	**0.95**	*0.75*	**0.17**	*0.17*
Assets	**–**	*–*	**–**	*–*
Net Liability / (asset)	**0.95**	*0.75*	**0.17**	*0.17*

b) The amounts recognised in the Statement of Profit and Loss are as follows:

	Particulars	Gratuity plan		Trust-managed provident fund plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*
		₹ crore	*₹ crore*	**₹ crore**	*₹ crore*
1	Current service cost	**0.35**	*0.32*	**0.91**	*0.94*
2	Interest on Defined benefit obligation	**0.23**	*0.19*	**1.29**	*1.22*
3	Expected return on plan assets	**(0.18)**	*(0.19)*	**(1.29)**	*(1.22)*
4	Actuarial losses/(gains)	**0.15**	*0.70*	**–**	*–*
5	Adjustment for earlier years	**–**	*(0.27)*	**–**	*–*
	Total (1 to 5)	**0.55**	*0.75*	**0.91**	*0.94*
I	Amount included in “employee benefit expenses”	**0.55**	*0.75*	**0.91**	*0.94*
II	Amount included as part of “finance costs”	**–**	*–*	**–**	*–*
	Total (I + II)	**0.55**	*0.75*	**0.91**	*0.94*
	Actual return on plan assets	**0.18**	*0.19*	**1.29**	*1.06*

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
	₹ crore	*₹ crore*	**₹ crore**	*₹ crore*
Opening balance of the present value of defined benefit obligation	**3.19**	*2.49*	**15.80**	*12.61*
Add: Current service cost	**0.35**	*0.32*	**0.91**	*0.94*
Add: Interest cost	**0.23**	*0.19*	**1.29**	*1.22*
Add: Contribution by plan participants				
i) Employer	**–**	*–*	**–**	*–*
ii) Employee	**–**	*–*	**1.51**	*1.47*
Add: Actuarial losses/(gains)	**0.11**	*0.74*	**–**	*–*
Less: Benefits paid	**(0.43)**	*(0.55)*	**(3.04)**	*(1.88)*
Add: Liabilities assumed on transfer of employees	**–**	*–*	**(0.42)**	*1.29*
Add/(less):Adjustment for earlier years	**–**	*–*	**0.03**	*0.15*
Closing balance of the present value of defined benefit obligation	**3.45**	*3.19*	**16.08**	*15.80*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

d) The changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
	₹ crore	*₹ crore*	**₹ crore**	*₹ crore*
Opening balance of fair value of plan assets	**2.44**	*2.24*	**15.63**	*12.55*
Add: Expected return on plan assets	**0.18**	*0.19*	**1.29**	*1.22*
Add/(less): Actuarial (losses)/gains	**(0.03)**	*0.04*	**0.07**	*0.06*
Add: Contribution by employer	**0.25**	*0.11*	**0.91**	*0.91*
Add: Contribution by plan participants	**–**	*–*	**1.51**	*1.47*
Less: Benefits paid	**(0.34)**	*(0.40)*	**(3.04)**	*(1.87)*
Add/(less): Transfer in/(out)	**–**	*–*	**(0.43)**	*1.29*
Add: Adjustment for earlier years	**–**	*0.26*	**(0.03)**	*–*
Closing balance of fair value of plan assets	**2.50**	*2.44*	**15.91**	*15.63*

e) The major components of plan assets as a percentage of total plan assets are as follows:

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Government of India securities	**–**	*–*	**20%**	*26%*
State government securities	**–**	*–*	**21%**	*16%*
Special deposit schemes	**–**	*–*	**8%**	*9%*
Public sector unit bonds	**–**	*–*	**33%**	*39%*
Corporate bonds	**–**	*–*	**15%**	*9%*
Mutual funds	**–**	*–*	**3%**	*1%*
Policy of insurance	**100%**	*100%*	**–**	*–*
Total	**100%**	*100%*	**100%**	*100%*

f) Principal actuarial assumptions at the Balance Sheet date:

Particulars	**2016-17**	*2015-16*
1 Discount rate:		
a) Gratuity plan	**6.95%**	*7.85%*
b) Trust managed provident fund plan	**7.19%**	*7.79%*
2 Expected return on plan assets:		
a) Gratuity plan	**6.95%**	*7.85%*
b) Trust managed provident fund plan	**8.87%**	*8.68%*
3 Salary growth rate - Gratuity plan	**6.00%**	*6.00%*
4 Attrition rate - Gratuity plan	**–**	*–*
25 and below	**15.00%**	*15.00%*
26 to 35	**12.00%**	*12.00%*
36 to 45	**9.00%**	*9.00%*
46 to 55	**6.00%**	*6.00%*
56 and above	**3.00%**	*3.00%*
5 Mortality rate	**Indian Assured Lives Mortality (2006-08) Table**	*Indian Assured Lives Mortality (2006-08) Table*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

g) The amounts pertaining to defined benefit plans are as follows:

S. No.	Particulars	As at 31.03.2017 ₹ crore	*As at 31.03.2016 ₹ crore*	*As at 31.03.2015 ₹ crore*	*As at 31.03.2014 ₹ crore*	*As at 31.03.2013 ₹ crore*
1	Gratuity plan (funded)					
	Defined benefit obligation	**3.45**	*3.19*	*2.49*	*2.03*	*2.06*
	Plan assets	**2.50**	*2.44*	*2.24*	*1.89*	*1.66*
	Surplus / (Deficit)	**(0.95)**	*(0.75)*	*(0.25)*	*(0.14)*	*(0.40)*
2	Trust managed provident fund plan					
	Defined benefit obligation	**16.08**	*15.79*	*12.61*	*10.35*	*7.52*
	Plan assets	**15.91**	*15.63*	*12.55*	*9.92*	*7.34*
	Surplus / (Deficit)	**(0.17)**	*(0.17)*	*(0.06)*	*(0.43)*	*(0.18)*
3	Experience adjustments					
	Experience adjustments on plan liabilities	**(0.05)**	*0.67*		*Refer note g(i)*	
	Experience adjustments on plan assets	**0.04**	*(0.04)*			

Note g(i)

Due to non availability of information for the previous years experience adjustment of plan liabilities and assets for the respective years has not been disclosed.

h) Expected contribution towards gratuity to be made in the next financial year is ₹ 0.95 crore *(Previous year ₹0.75 crore)*

C. Compensated Absences

The significant assumptions considered by the independent actuary in carrying out the actuarial valuation of long term compensated absences are given below:

Particulars	As at 31.03.2017	*As at 31.03.2016*
Assumptions		
Discount Rate	**6.95%**	*7.85%*
Future Salary Increase	**6.00%**	*6.00%*
Attrition Rate		
Age Band		
25 and below	**15.00%**	*15.00%*
26 to 35	**12.00%**	*12.00%*
36 to 45	**9.00%**	*9.00%*
46 to 55	**6.00%**	*6.00%*
56 and above	**3.00%**	*3.00%*

D. Retention Pay

The significant assumptions considered by the independent actuary in carrying out the actuarial valuation of retention pay are given below:

Particulars	As at 31.03.2017	*As at 31.03.2016*
Discount Rate	**6.95%**	*7.20%*
Mortality Rate	**Indian Assured Lives Mortality (2006-08) Table**	*Indian Assured Lives Mortality (2006-08) Table*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

R(7) Details of Specified Bank Notes (SBN) held and transacted during the period 08 November 2016 to 30 December 2016 as provided below:

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 08 November 2016	–	–	–
Add: Permitted receipts	–	–	–
Less: Permitted payments	–	–	–
Less: Amount deposited in banks	–	–	–
Closing cash in hand as on 30 December 2016	–	–	–

R(8) Segment information has been presented in the Consolidated Financial Statements as permitted by the Accounting Standard (AS 17) on Segment Reporting as notified under the Companies (Indian Accounting Standards) Rules, 2015.

R(9) Expenditure in foreign currency

Particulars	**2016-17** **₹ crore**	*2015-16* *₹ crore*
Subscription fee	**0.11**	*0.12*
Professional fees	**0.05**	–
Travelling expenses	**0.13**	*0.01*

R(10) Earnings in Foreign Currency - ₹ Nil *(previous year ₹ Nil)*. The Company had no foreign currency exposures as at 31 March 2017 *(previous year Nil)* .

R(11) Disclosure pursuant to Accounting Standard (AS)-18 on Related Party Disclosures

(i) List of related parties:

Holding company — Larsen & Toubro Limited

Entity excercising significant influence — CPP Investment Board Singaporean Holdings 1 Pte. Limited

Subsidiary companies

1 L&T Transportation Infrastructure Limited
2 Krishnagiri Thopur Toll Road Limited
3 Vadodara Bharuch Tollway Limited [refer note F(VII)]
4 Western Andhra Tollways Limited [refer note F(VII)]
5 L&T Interstate Road Corridor Limited
6 Panipat Elevated Corridor Limited [refer note F(VII)]
7 Ahmedabad - Maliya Tollway Limited [refer note F(VII)]
8 L&T Halol - Shamlaji Tollway Limited [refer note F(VII)]
9 L&T Rajkot - Vadinar Tollway Limited [refer note F(VII)]
10 L&T Chennai - Tada Tollway Limited [refer note R(15)]
11 L&T Samakhiali Gandhidham Tollway Limited
12 L&T Krishnagiri Walajahpet Tollway Limited [refer note F(VII)]
13 Devihalli Hassan Tollway Limited
14 L&T BPP Tollway Limited
15 L&T Deccan Tollways Limited
16 L&T Western India Tollbridge Limited
17 L&T Port Kachchigarh Limited
18 L&T Infrastructure Development Projects Lanka (Private) Limited (upto 6 May 2016) [refer note R(14)]
19 L&T IDPL Trustee Manager Pte. Limited
20 PNG Tollway Limited [refer note R(15)]
21 Kudgi Transmission Limited

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

	22 L&T Sambalpur - Rourkela Tollway Limited
	23 L&T Metro Rail (Hyderabad) Limited (upto 29 March 2017) [refer note F(V)]
Associates	International Seaports Haldia (Private) Limited
Fellow Subsidiaries	1 L&T Shipbuilding Limited
	2 L&T Hydrocarbon Engineering Limited
	3 Larsen & Toubro Infotech Limited
	4 L&T Infrastructure Engineering Limited
	5 L&T Power Development Limited
	6 L&T General Insurance Company Limited
	7 L&T Metro Rail (Hyderabad) Limited (from 29 March 2017) [refer note F(V)]
Key Management Personnel	Mr. K. Venkatesh, Chief Executive & Managing Director

(ii) Details of transactions with related parties:

Nature of transaction/ relationship/ major parties	**2016-17**		*2015-16*	
	Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
1. Purchase of goods and services incl. taxes				
Holding company, Larsen & Toubro Limited	**404.78**		*547.97*	
Subsidiaries & fellow subsidiaries	**1.03**		*1.20*	
	405.81		*549.17*	
2. Sale of Goods/Contract revenue and Services rendered incl. taxes				
Holding company, Larsen & Toubro Limited	**7.29**		*6.39*	
Subsidiaries & fellow subsidiaries, including:	**497.75**		*931.74*	
Kudgi Transmission Limited		**93.79**		*565.73*
L&T Sambalpur - Rourkela Tollway Limited		**403.96**		*313.73*
	505.04		*938.13*	
3. Purchase of assets				
Subsidiaries including	**0.09**		*–*	
PNG Tollway Limited		**0.07**		
L&T BPP Tollway Limited		**0.01**		
	0.09		*–*	
4. Sale of assets				
Holding company, Larsen & Toubro Limited	**0.08**		*0.07*	
	0.08		*0.07*	
5. Subscription to equity and preference shares (incl. advance paid)				
Subsidiaries, including:	**213.32**		*865.50*	
L&T Deccan Tollways Limited		**66.34**		*–*
L&T Ahmedabad - Maliya Tollway Limited		**14.68**		*197.32*
L&T Halol - Shamlaji Tollway Limited		**–**		*259.02*
L&T Sambalpur - Rourkela Tollway Limited		**74.18**		*119.50*
L&T Rajkot - Vadinar Tollway Limited		**7.45**		*118.04*
L&T Metro Rail (Hyderabad) Limited		**31.22**		*48.77*
	213.32		*865.50*	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Nature of transaction/ relationship/ major parties	2016-17 Amount	2016-17 Amounts for major parties	*2015-16 Amount*	*2015-16 Amounts for major parties*
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
6. Conversion of loan and interest accrued to preference shares				
Subsidiaries, including:	**103.91**		*136.60*	
Panipat Elevated Corridor Limited		**45.75**		
PNG Tollway Limited		**–**		*91.11*
L&T Samakhiali Gandhidham Tollway Limited		**48.53**		*45.49*
	103.91		*136.60*	
7. Conversion of mezzanine debt to equity shares				
Subsidiary				
L&T Halol - Shamlaji Tollway Limited	**130.50**		*–*	
	130.50		*–*	
8. Rent paid incl.taxes				
Holding company, Larsen & Toubro Limited	**2.22**		*2.54*	
	2.22		*2.54*	
9. Rent received incl. taxes				
Subsidiary	0.10		0.10	
L&T Metro Rail (Hyderabad) Limited		0.10		0.10
	0.10		0.10	
10. Interest expense				
Holding company, Larsen & Toubro Limited	**–**		*–*	
Subsidiaries including	**15.19**		*8.02*	
L&T Transportation Infrastructure Limited		**10.08**		*6.46*
L&T Western India Tollbridge Limited		**2.16**		*1.56*
Vadodara Bharuch Tollway Limited		**2.95**		*–*
	15.19		*8.02*	
11. Interest income				
Holding company, Larsen & Toubro Limited	**–**		*3.89*	
Subsidiaries including	**26.41**		*73.75*	
L&T Panipat Elevated Corridor Limited		**23.72**		*28.66*
PNG Tollway Limited		**–**		*24.07*
L&T Halol - Shamlaji Tollway Limited		**–**		*5.44*
L&T Rajkot - Vadinar Tollway Limited		**–**		*2.20*
	26.41		*77.64*	
12. Reimbursement of expenses charged from				
Holding company, Larsen & Toubro Limited	**0.00**		*0.01*	
Subsidiaries including	**0.96**		*0.54*	
L&T Sambalpur - Rourkela Tollway Limited		**0.87**		*0.41*
L&T Vadodara Bharuch Tollway Limited		**0.01**		*0.13*
	0.96		*0.55*	
13. Reimbursement of expenses charged to				
Holding company, Larsen & Toubro Limited	**0.15**		*0.61*	
Subsidiaries including	**0.24**		*0.75*	
L&T Vadodara Bharuch Tollway Limited		**0.05**		*0.28*
L&T Halol - Shamlaji Tollway Limited		**0.03**		*0.23*
Kudgi Transmission Limited		**0.12**		*0.14*
	0.40		*1.36*	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Nature of transaction/ relationship/ major parties	2016-17		*2015-16*	
	Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
	₹ crore	**₹ crore**	*₹ crore*	*₹ crore*
14. ICD / Mezzanine Debt / Unsecured Loan granted				
Holding company, Larsen & Toubro Limited	**–**		*900.00*	
Subsidiaries including	**77.57**		*449.55*	
Ahmedabad - Maliya Tollway Limited		**9.46**		*–*
Panipat Elevated Corridor Limited		**21.90**		
L&T Samakhiali Gandhidham Tollway Limited		**18.36**		
Kudgi Transmission Limited		**22.85**		
L&T Halol - Shamlaji Tollway Limited		**–**		*63.35*
PNG Tollway Limited		**–**		*147.73*
L&T BPP Tollway Limited		**2.00**		*15.00*
	77.57		*1,349.55*	
15. ICD / Mezzanine Debt / Unsecured Loan received back				
Holding company, Larsen & Toubro Limited	**–**		*900.00*	
Subsidiaries including	**89.12**		*692.30*	
Devihalli Hassan Tollway Limited		**9.70**		
L&T Krishnagiri Walajahpet Tollway Limited		**53.96**		
Panipat Elevated Corridor Limited		**25.46**		
L&T Halol - Shamlaji Tollway Limited		**–**		*216.40*
	89.12		*1,592.30*	
16. ICD / Promoters Loan / Mezzanine Debt received				
Subsidiaries including	**887.61**		*949.35*	
L&T Transportation Infrastructure Limited		*750.61*		*886.35*
Vadodara Bharuch Tollway Limited		**104.50**		*–*
	887.61		*949.35*	
17. ICD / Promoters Loan / Mezzanine Debt repaid				
Subsidiaries including	**1,094.61**		*742.35*	
L&T Transportation Infrastructure Limited		**925.61**		*711.35*
	1,094.61		*742.35*	
18. Debentures received back				
Subsidiaries including	**15.00**		*15.00*	
Panipat Elevated Corridor Limited		**15.00**		*15.00*
	15.00		*15.00*	
19. Other advances paid				
Subsidiaries including	**57.04**		*–*	
PNG Tollway Limited		*51.17*		*–*
	57.04		*–*	
20. Dividend received				
Associate	**1.47**		*2.46*	
International Seaports Haldia (Private) Limited		**1.47**		*2.46*
	1.47		*2.46*	
21. Purchase of equity shares in Subsidiary				
Holding company, Larsen & Toubro Limited	**–**		*21.54*	
	–		*21.54*	

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Nature of transaction/ relationship/ major parties	2016-17		*2015-16*	
	Amount	Amounts for major parties	*Amount*	*Amounts for major parties*
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
22. Sale of equity shares in Subsidiary at cost				
Holding company, Larsen & Toubro Limited	**2,041.57**		–	
	2,041.57		–	
23. Advance paid for purchase of equity shares				
Holding company, Larsen & Toubro Limited	–		*22.42*	
	–		*22.42*	
24. Transfer of employee scheme assets to				
Holding company, Larsen & Toubro Limited	–		*0.04*	
	–		*0.04*	
25. Transfer of employee scheme assets from				
Holding company, Larsen & Toubro Limited	–		*0.06*	
	–		*0.06*	
26. Refundable deposit paid for directors' nomination				
Subsidiaries including:	**0.33**		*0.38*	
L&T Metro Rail (Hyderabad) Limited		**0.04**		–
	0.33		*0.38*	
27. Subscription of commercial papers by subsidiaries	**150.00**		–	
Krishnagiri Thopur Toll Road Limited		**45.00**		–
Vadodara Bharuch Tollway Limited		**50.00**		–
Western Andhra Tollways Limited		**55.00**		–
	150.00		–	
28. Issue of Compulsorily Convertible Preference Shares				
Entity exercising significant influence				
CPP Investment Board Singaporean Holdings 1 Pte. Limited	–		*1,000.00*	
	–		*1,000.00*	

"Major parties" denote entities who account for 10% or more of the aggregate for that category of transaction during respective year.

(iii) Amount due to and due from related parties (Net) :

Particulars	2016-17		*2015-16*	
	Due to	Due from	*Due to*	*Due from*
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
i. Holding company				
Larsen & Toubro Limited	–	**10.91**	–	*16.05*
ii. Subsidiaries				
L&T Western India Tollbridge Limited	–	**0.34**	*32.02*	–
L&T Transportation Infrastructure Limited	–	**0.02**	*175.00*	–
Panipat Elevated Corridor Limited	–	**236.17**	–	*302.34*
Vadodara Bharuch Tollway Limited	–	**0.28**	–	*0.01*
L&T Infrastructure Development Projects Lanka (Private) Limited	–	–	–	*0.95*
Ahmedabad - Maliya Tollway Limited	–	**100.22**	–	*100.06*
L&T Halol - Shamlaji Tollway Limited	–	**0.24**	–	*130.57*
L&T Metro Rail (Hyderabad) Limited	–	–	–	*0.41*
Western Andhra Tollways Limited	**29.80**	–	–	*2.76*
L&T Interstate Road Corridor Limited	–	–	–	*0.08*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Particulars	2016-17		*2015-16*	
	Due to	Due from	*Due to*	*Due from*
	₹ crore	₹ crore	*₹ crore*	*₹ crore*
L&T Port Kachchigarh Limited	–	5.45	–	0.43
L&T Samakhiali Gandhidham Tollway Limited	–	37.99	–	66.90
L&T Krishnagiri Walajahpet Tollway Limited	–	6.00	–	58.22
Krishnagiri Thopur Toll Road Limited	19.09	–	–	3.39
L&T BPP Tollway Limited	–	370.88	–	368.89
Devihalli Hassan Tollway Limited	–	13.07	–	20.54
PNG Tollway Limited	–	359.85	–	308.83
L&T Rajkot - Vadinar Tollway Limited	–	111.02	–	110.09
L&T Deccan Tollways Limited	–	0.48	–	0.93
Kudgi Transmission Limited	–	148.01	–	84.17
L&T Sambalpur - Rourkela Tollway Limited	188.90	–	91.04	–
L&T Chennai - Tada Tollway Limited	–	12.51	–	11.67
iii. Fellow subsidiaries				
L&T Metro Rail (Hyderabad) Limited	0.01	–	–	–
L&T Shipbuilding Limited	–	1.28	–	1.00
Larsen &Toubro Infotech Limited	–	–	0.06	–
L&T Hydrocarbon Engineering Limited	–	0.04	–	0.01
L&T Infrastructure Engineering Limited	–	–	0.17	–

(iv) No amount due to or due from related parties has been written back or written off during the year or previous year. Also refer note R(16) in respect of provisions created for investments / loans and advances given to certain subsidiaries.

(v) No managerial remuneration is payable to the Chief Executive and Managing Director of the Company, who is on deputation from the Holding Company, for the year ended 31 March 2017 as per the terms of his appointment. *(Previous year Nil)*.

(vi) As per the arrangement that the Company has with its Holding Company/ Subsidiaries (together referred to as the 'Group Company'), the common cost incurred by the Company/ Group Companies are accounted for in the Financial Statements of the Company to the extent, of actual debit, raised by/ raised on the Company as/ by the Group Companies.

(vii) Also refer notes A, F, J, H and R(15).

R(12) The Company had received a notice dated 20 April 2015 from Maharashtra Airport Development Company Limited (MADC), as per which MADC has instructed to hand over the possession of 50.85 acres of vacant land taken on ninety nine years lease at Nagpur, within a period of 15 days, as the Company has not commenced commercial activities by 20 June 2013. Accordingly, the book value of premium paid to MADC as at 31 March 2017 of ₹ 14.20 crore (As at 31 March 2016 ₹ 14.20 crore) has been reclassified as Other Advances - advance recoverable in cash or kind. The Company is confident of realizing the said amount in terms of the Co-Developers Agreement dated 20 June 2008 signed by the Company with MADC.

R(13) As at 31 March 2017 and as at 31 March 2016, based on and to the extent of information received from the suppliers regarding their registration as Micro, Small and Medium Enterprises under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts outstanding in respect of these vendors and hence no disclosure of the information is required under the said Act relating to them has been made.

R(14) The Company has divested its stake in L&T Infrastructure Development Projects Lanka (Private) Limited vide Share Purchase Agreement dated 04 April 2016. The transaction has resulted in exceptional gain of ₹ 2.43 crore (₹ 37.57 crore of loss on sale less provision of ₹ 40 crore released during the current year) this amount has been disclosed as Exceptional Item in the Statement of Profit and Loss for the year ended 31 March 2017 [refer note R(16)].

R(15) As at 31 March 2017, an amount of ₹ 186.19 crore, net of estimated provision for diminution of ₹ 492 crore (As at 31 March 2016 ₹ 226.34 crore, net of estimated provision for diminution of ₹ 400 crore), is reflected as net carrying value of investments/receivables relating to two subsidiaries of the Company, engaged in infrastructure projects, which have terminated the concession agreements entered into with National Highway Authorities of India (NHAI). The nature of default and the termination amount claimed has not been accepted by the NHAI and arbitration proceedings have been initiated in respect of the disputes relating to the termination payments/claims.

The Company has carried out an assessment of its exposure in these projects duly considering the expected payments arising out of the aforesaid termination, likely outcome of the arbitration proceedings, contractual stipulations/ interpretation of the relevant clauses including the possible obligations to lenders, legal advice, etc. and believes that the amount of net investments and receivables carried in the books is good for recovery and no additional provision/adjustment to the carrying value of the said investments/receivables is considered necessary as at 31 March 2017. [refer note R(16)].

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

R(16) Exceptional Items:

Particulars	**As at 31.03.2017**	**As at 31.03.2016**	**Note Reference**
Provision (reversed)/made for diminution in value of investment in subsidiaries held for sale	**(2.43)**	40.00	*Note R(14)*
Provision for diminution in value of investment/receivables in subsidiaries where the concession agreements are terminated/ under termination	**92.00**	400.00	*Note R(15)*
Provision for diminution in value of investment/loans and advances in subsidiaries having net worth erosion	**196.00**	133.00	*Note F(VII)*
Total	**285.57**	573.00	

R(17) The Board of Directors and the shareholders of the Company approved the proposed merger of two of its subsidiaries namely, L&T Port Kachchigarh Limited and L&T Western India Tollbridge Limited with the Company with effect from 1 April 2016 subject to the regulatory/ other required approvals.

R(18) Movement in Contingent Provision against Standard Assets during the year is as under:

Particulars	**For the year ended 31 March 2017 ₹ crore**	*For the year ended 31 March 2016* **₹ crore**
Opening Balance	**3.80**	–
Additions during the year	**–**	*3.80*
Reversed/ utilised during the year	**0.40**	-
Closing Balance	**3.40**	*3.80*
Long-term Provision [refer note C(III)]	**2.90**	*2.94*
Short-term Provision [refer note D(IV)]	**0.50**	*0.86*

As required in terms of paragraph 10 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015 every Non-Banking Financial Company shall make provision for standard asset at 0.35 per cent by end of March 2017.

R(19) Core Investment Company (CIC) Compliance Ratios:

S.No	**Particulars**	**As at 31.03.2017**	*As at 31.03.2016*
(i)	Investments and loans (Net of provisions) to group companies as a proportion of Net Assets (%)	**91%**	*91%*
(ii)	Investments in equity shares and compulsorily convertible instruments of group companies (Gross) as a proportion of Net Assets (%)	**77%**	*67%*
(iii)	Investments in equity shares and compulsorily convertible instruments of group companies (Net of provisions) as a proportion of Net Assets (%)	**63%**	*62%*
(iv)	Capital Ratio (%) [Adjusted Net Worth/Risk Weighted Assets]	**100%**	*78%*
(v)	Leverage Ratio (Times) [Outside Liabilities/Adjusted Net Worth]	**0.29**	*0.29*

R(20) Schedule to the Balance Sheet of a Non-Banking Financial Company as required by RBI as per the Circular RBI/2008-09/116 DNBS(PD). CC.No. 125/ 03.05.002/ 2008-09, Guidelines for NBFC-ND-SI as regards capital adequacy, liquidity and disclosure norms:

1) Capital Risk Adequacy Ratio:

As per RBI Master Circular RBI/2015-16/13 DNBR (PD) CC. No.043 / 03.10.119 / 2015-16 maintenance of Capital Adequacy Ratio is not applicable.

2) Exposure to Real Estate Sector

Category	**2016-17**	*2015-16*
a) Direct Exposure		
(i) Residential Mortgages		
Lending secured by mortgages on residential property that is or will be occupied by the borrower or the property is rented; (Individual housing loans upto ₹ 15 lakh may be shown separately)	**Nil**	*Nil*

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Category	2016-17	*2015-16*
(ii) Commercial Real Estate		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multipurpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits;	**Nil**	*Nil*
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures		
a) Residential	**Nil**	*Nil*
b) Commercial Real Estate	**Nil**	*Nil*
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs).	**Nil**	*Nil*

3) Asset Liability Management

Maturity pattern of certain items of assets and liabilities

Assets and liabilities as at 31.03.2017

Particulars	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Advances (Net of provision)	Investments (Net of provision)
	₹ crore	₹ crore	₹ crore	₹ crore
1 day to 30/31 days (one month)	–	215.00	–	575.00
Over one month to 2 months	–	–	–	–
Over 2 months upto 3 months	–	–	–	–
Over 3 months to 6 months	–	–	–	–
Over 6 months to 1 year	–	–	135.90	42.00
Over 1 year to 3 years	–	40.00	–	40.00
Over 3 years to 5 years	–	50.00	–	50.00
Over 5 years	–	280.00	650.60	2,664.70
Total	–	585.00	786.50	3,371.70

Assets and liabilities as at 31.03.2016

Particulars	Liabilities		Assets	
	Borrowings from banks	Market Borrowings	Advances (Net of provision)	Investments (Net of provision)
	₹ crore	₹ crore	₹ crore	₹ crore
1 day to 30/31 days (one month)	–	15.00	–	15.00
Over one month to 2 months	–	–	–	–
Over 2 months upto 3 months	–	–	–	–
Over 3 months to 6 months	–	–	–	–
Over 6 months to 1 year	–	207.00	315.36	371.97
Over 1 year to 3 years	–	35.00	–	35.00
Over 3 years to 5 years	100.00	45.00	–	45.00
Over 5 years	150.00	55.00	770.85	4,185.87
Total	250.00	357.00	1,086.21	4,652.84

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

R(21) Schedule to the Balance Sheet of a non-deposit taking non-banking financial company as required in terms of paragraph 13 of Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015.

Liabilities side :

1) Loans and advances availed by the non-banking financial company inclusive of interest accrued thereon but not paid:

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	Amount Outstanding	**Amount Overdue**	*Amount Outstanding*	*Amount Overdue*
	₹ crore	₹ crore	₹ crore	₹ crore
(a) Debentures				
Secured	**147.61**	**–**	*164.02*	–
Unsecured	**255.65**	**–**	–	–
(other than falling within the meaning of public deposits)		**–**	–	–
(b) Deferred Credits		**–**	–	–
(c) Term Loans	**–**	**–**	*251.19*	–
(d) Inter-corporate loans and borrowing	**–**	**–**	*207.44*	–
(e) Commercial Paper	**200.00**	**–**	–	–
(f) Other Loans		**–**	–	–

Assets side :

2) Break-up of Loans and Advances including bills receivables (Net of provision) [other than those included in (4) below] :

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	Amount Outstanding	*Amount Outstanding*
	₹ crore	₹ crore
(a) Secured	**-**	-
(b) Unsecured	**786.50**	*1,086.21*

3) Break up of Leased Assets and stock on hire and other assets counting towards Asset Finance Company (AFC) activities:

Particulars	**As at 31.03.2017**	*As at 31.03.2016*
	Amount Outstanding	*Amount Outstanding*
	₹ crore	₹ crore
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial lease	**–**	–
(b) Operating lease	**–**	–
(ii) Stock on hire including hire charges under sundry debtors:		
(a) Assets on hire	**–**	–
(b) Repossessed Assets	**–**	–
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	**–**	–
(b) Loans other than (a) above	**–**	–

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

4) Break-up of Investments: (Amount net of provision)

Particulars	**As at 31.03.2017 Amount Outstanding (Net of diminution) ₹ crore**	*As at 31.03.2016 Amount Outstanding (Net of diminution) ₹ crore*
Current Investments: (Net of provision)		
1 Quoted :		
(i) Shares:		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	**560.00**	–
(iv) Government Securities	–	–
(v) Others	–	–
2 Unquoted:		
(i) Shares:		
(a) Equity	**42.00**	*112.95*
(b) Preference	–	*259.02*
(ii) Debentures and Bonds	**15.00**	*15.00*
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–
Long Term Investments: (Net of provision)		
1 Quoted :		
(i) Shares		
(a) Equity	–	–
(b) Preference	–	–
(ii) Debentures and Bonds	–	–
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–
2 Unquoted:		
(i) Shares:		
(a) Equity	**1,928.85**	*3,700.02*
(b) Preference	**635.85**	*360.85*
(ii) Debentures and Bonds	**190.00**	*205.00*
(iii) Units of mutual funds	–	–
(iv) Government Securities	–	–
(v) Others	–	–

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

5) **Borrower group-wise classification of assets financed as in (2) and (3) above : (Amount net of provision)**

Particulars	**As at 31.03.2017**		
	Secured	**Unsecured**	**Total**
	₹ crore	₹ crore	₹ crore
1 Related Parties			
(a) Subsidiaries	**–**	**652.37**	**652.37**
(b) Companies in the same group	**–**	**–**	**–**
(c) Other related parties	**–**	**28.90**	**28.90**
2 Other than related parties	**–**	**105.23**	**105.23**
Total	**–**	**786.50**	**786.50**

Particulars	**As at 31.03.2016**		
	Secured	**Unsecured**	**Total**
	₹ crore	₹ crore	₹ crore
1 Related Parties			
(a) Subsidiaries	**–**	**917.99**	**917.99**
(b) Companies in the same group	**–**	**–**	**–**
(c) Other related parties	**–**	**96.06**	**96.06**
2 Other than related parties	**–**	**72.16**	**72.16**
Total	**–**	**1,086.21**	**1,086.21**

6) **Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):**

Particulars	**As at 31.03.2017**		*As at 31.03.2016*	
	Market Value / Break up or Fair value or NAV	**Book Value (Net of Provision)**	*Market Value / Break up or Fair value or NAV*	*Book Value (Net of Provision)*
	₹ crore	₹ crore	₹ crore	₹ crore
1 Related Parties				
(a) Subsidiaries	**2,787.01**	**2,787.01**	*4,628.15*	*4,628.15*
(b) Companies in the same group	**–**	**–**	*–*	*–*
(c) Other related parties	**9.83**	**9.83**	*9.83*	*9.83*
2 Other than related parties	**14.86**	**14.86**	*14.86*	*14.86*
Total	**2,811.70**	**2,811.70**	*4,652.84*	*4,652.84*

Market Value / Break up or Fair value or NAV is taken as same as book value in case of unquoted shares in absence of Market value / Break up value or Fair value or NAV.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

7) Other information

Particulars	**As at 31.03.2017 ₹ crore**	*As at 31.03.2016 ₹ crore*
(i) Gross Non-Performing Assets		
(a) Related parties	–	–
(b) Other than related parties	–	–
(ii) Net Non-Performing Assets		
(a) Related parties	–	–
(b) Other than related parties	–	–
(iii) Assets acquired in satisfaction of debt	–	–

Note:

(i) The disclosures required under the Master Circular – "Systemically Important Non-Banking Financial (Non-Deposit Accepting or Holding) Companies Prudential Norms (Reserve Bank) Directions, 2015" and Master Circular– Regulatory Framework for Core Investment Companies (CICs) for CICs, as applicable to the Company has been made duly considering the nature/ other infrastructure project execution activities of the Company.

R(22) Previous period/year figures have been regrouped and reclassified, to the extent practical/necessary, duly considering the reporting requirements.

S SIGNIFICANT ACCOUNTING POLICIES

1. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention, in accordance with Generally Accepted Accounting Principles in India ["GAAP"] in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards prescribed under section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 1956 read with the Circular No.07/2014 dated 01 April 2014 of the Ministry of Corporate Affairs.

Further, the Company has been issued a certificate of registration from the Reserve Bank of India (RBI), to commence/carry on the business of non-banking financial institution without accepting public deposits subject to certain conditions as mentioned by the RBI and is covered as a systemically important non-deposit taking core investment company (CIC-ND-SI). Since the Company is covered as a CIC-ND-SI effective 01 April 01 2015, based on the letter dated 12 January 2015 acknowledged by the RBI the presentation and accounting in these financial statements has been done duly considering the same and the directions issued by the (RBI) for CIC-ND-SI, as applicable.

The accounting policies followed in the preparation of the financial statements are consistent with those followed in the previous year.

2. Use of estimates and other matters involving Management assessment

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the periods in which the results are known / materialize. Estimates include the useful lives of tangible and intangible fixed assets, provisions for resurfacing obligations, employee benefit plans, provision for income taxes and provision for diminution in the value of investments.

The financial statements of the Company have been prepared in accordance with the significant accounting policies duly considering Management's assessment of various matters relating to arbitration/termination proceedings, future projections etc, which are significant to the Company and the final outcome of these matters, including legal/contractual interpretations, where applicable, could have a significant impact on the financial statements and the Management's evaluation of the same is very critical and fundamental to the preparation of these financial statements.

3. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards and the Listing Agreement.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

4. **Revenue recognition**

(i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.

(ii) Interest income is recognized on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognized upon realization, as per guidelines issued by the Reserve Bank of India.

(iii) Profit/loss on sale of investments is recognised at the time of actual sale/redemption.

(iv) Dividend income is recognised when the right to receive the same is established by the reporting date.

(v) Revenue from windmill operations is recognised based on contractual agreements.

(vi) Contract revenue from construction activity on fixed price contracts is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using percentage of completion method.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognized in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognizing revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognized as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

(vii) Other items of income are recognised as and when the right to receive arises.

5. **Employee benefits**

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognized during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company's superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees' gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognises each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognized immediately in the Statement of Profit and Loss.

(iii) Other long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

6. **Tangible fixed assets**

   Fixed assets are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to the construction or acquisition of fixed assets or bringing the fixed assets to working condition are allocated and capitalized as part of the cost of the fixed assets.

7. **Leases**

   Finance leases :

   (i) Where the Company as a lessor leases assets under finance leases, such amounts are recognized as receivables at an amount equal to the net investment in the lease and the finance income is recognized based on a constant rate of return on the outstanding net investment.

   (ii) Assets leased by the Company in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Company are classified as finance leases. Such leases are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

   Operating leases :

   (i) Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognized as operating leases.

   (ii) Lease rentals under operating leases are recognized in the Statement of Profit and Loss on a straight-line basis over the lease term.

   (iii) Assets leased out under operating leases are capitalized. Rental income is recognized over the lease term.

8. **Depreciation**

   a. **Owned assets :**

   Depreciation on assets have been provided on straight-line method on the basis of useful life as specified in the Schedule II of the Companies Act, 2013, except for the following categories of assets:

Category of Asset	**Useful life adopted by the Company (years)**
(i) Plant & Equipment - Wind Power Generation Plant	20
(ii) Motor cars	5
(iii) Office equipments	
a) Multifunctional devices printers, switches and projectors	4
(iv) Building - Residential	50
(v) Plant and Machinery	
a) D.G. Set	12
b) Air-conditioning and refrigeration equipment	12
c) Split AC and Window AC	4

   Depreciation on additions/ deductions is calculated pro-rata from/to the month of additions/ deductions.

   The Company has carried out an assessment of the useful lives of these assets and based on technical evaluation, different useful lives have been arrived at in respect of above assets.

   The justification for adopting different useful life compared to the useful life of assets provided in Schedule II is based on the consumption pattern of the assets, past performance of similar assets and peer industry comparison duly supported by technical assessment from internal technical personnel.

   b. **Leasehold land**

   Land acquired under long term lease is classified under “tangible assets” and is depreciated over the period of lease.

9. **Intangible assets and amortisation**

   Intangible assets are recognized when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment.

Specialized software is amortized over a period of three years on straight line basis from the month in which the addition is made.

Administrative and other general overhead expenses that are directly attributable to development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

10. Impairment of assets

As at each Balance Sheet date, the carrying amount of asset is tested for impairment so as to determine :

(i) the provision for impairment loss, if any; and

(ii) the reversal of impairment loss recognised in previous periods, if any,

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined :

a. In the case of an individual asset, at the higher of the net selling price and the value in use.

b. In the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(Value in use is determined at the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life)

11. Investments

Trade investments comprise investments in entities in which the Company has strategic business interest.

Investments, which are readily realisable and are intended to be held for not more than one year and investments in subsidiaries where projects are under termination, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment.

Current investments are stated at lower of cost or market value.

12. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents.

13. Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of the Balance Sheet are also included under this category with a specific disclosure.

14. Borrowing costs

Borrowing costs include interest, amortization of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

15. Foreign currency transactions

(i) The reporting currency of the Company is the Indian Rupee.

(ii) Foreign currency transactions are recorded on initial recognition in the reporting currency, using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items carried at historical cost denominated in a foreign currency, are reported using the exchange rate on the date of the transaction.

(iii) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized as income or expense in the period in which they arise.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

16. Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

17. Taxes on income

Provision for tax expense comprises current tax and deferred tax.

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961 and other applicable tax laws.

Minimum Alternative Tax ('MAT') credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal income tax during the specified period. In the year in which the MAT credit becomes eligible to be recognized as an asset in accordance with the provisions contained in the Guidance Note issued by The Institute of Chartered Accountants of India (ICAI), the said asset is created by way of a credit to the statement of profit and loss and shown as MAT credit entitlement. The Company reviews the same at each balance sheet date and writes down the carrying amount of MAT credit entitlement to the extent there is no longer convincing evidence to the effect that the Company will pay normal Income Tax during the specified period.

Deferred tax is recognised, on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantively enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty supported by convincing evidence exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

The Company offsets deferred tax assets and deferred tax liabilities, and advance income tax and provision for tax, if it has a legally enforceable right and these relate to taxes in income levies by the same governing taxation laws.

18. Provisions, contingent liabilities and contingent assets

A provision is recognized when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are neither recognised nor disclosed in the financial statements.

Provisioning for non performing assets and standard assets are made in accordance with the asset classification and provisioning norm as issued by the Reserve Bank of India. Also refer note R(18).

19. Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

20. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

21. Operating cycle for current/non-current classification:

Based on the nature of products / activities of the Company and the normal time between acquisition of assets and their realisation in cash or cash equivalents, the Company has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

22. Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the Company are recognized as and when the same is approved by the respective authorities with whom the claim is lodged.

NOTES FORMING PART OF THE STANDALONE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH, 2017 (Contd.)

23. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to subsidiary, associate and joint venture companies and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

For and on behalf of the Board of Directors

R. SHANKAR RAMAN	**K. VENKATESH**	**KARTHIKEYAN T. V**	**K. C. RAMAN**
Chairman	*Chief Executive &*	*Chief Financial Officer*	*Company Secretary*
(DIN: 00019798)	*Managing Director*		*M. No. A9392*
	(DIN: 00240086)		

Place : Mumbai
Date : May 10, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of **L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED** ("the Holding Company") and its subsidiaries (the Holding Company and its subsidiaries together referred to as "the Group") and its associate, comprising of the Consolidated Balance Sheet as at 31 March 2017, the Consolidated Statement of Profit and Loss, the Consolidated Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

The Holding Company's Board of Directors is responsible for the preparation of these consolidated financial statements in terms of the requirements of the Companies Act, 2013 ("the Act") that give a true and fair view of the consolidated financial position, consolidated financial performance and consolidated cash flows of the Group including its Associate in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under Section 133 of the Act.

The respective Board of Directors of the companies included in the Group and of its associate are responsible for maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Group and its associate and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and the design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error, which have been used for the purpose of preparation of the consolidated financial statements by the Directors of the Holding Company, as aforesaid.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the consolidated financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Holding Company's preparation of the consolidated financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Holding Company's Board of Directors, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by other auditors in terms of their reports referred to in sub-paragraphs (a) and (b) of the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the consolidated financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, and based on the consideration of reports of the other auditors on separate financial statements of the subsidiaries and associate referred to in the Other Matters paragraph below and read with the matters described under Emphasis of Matters paragraph below, the aforesaid consolidated financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the consolidated state of affairs of the Group and its associate as at 31 March 2017, and their consolidated loss and their consolidated cash flows for the year ended on that date.

Emphasis of Matters

We draw attention to the following matters in the Notes to consolidated financial statements:

a) As stated in Note Q(25) of the consolidated financial statements as at 31 March 2017, a net amount of ₹ 134.16 crores (As at 31 March 2016 ₹ 279.31 crores), is carried as the net amount recoverable towards termination compensation by two subsidiaries of the Group, engaged in infrastructure projects, which have terminated concession agreements entered into with the National Highway Authorities of India (NHAI). The nature of default and termination amount claimed has not been accepted by NHAI and arbitration proceedings have been initiated in respect of the disputes relating to the termination payments/claims.

   The Management has carried out an assessment of its exposure in these projects duly considering the expected payments arising out of the aforesaid termination and the likely outcome of the arbitration proceedings, contractual stipulations/ interpretation of the relevant clauses including the possible obligations to lenders, legal advice, etc. and believes that the net amount of recoverable carried in the books is good for recovery and no additional provision/adjustment to the same is considered necessary as at 31 March 2017.

   The above matter has also been referred to as an Emphasis of Matter in the auditor's report of the respective subsidiaries.

b) As explained in Note Q (26) of the consolidated financial statements, the Group is carrying toll collection rights (net of amortisation/impairment) aggregating to ₹ 5,687.19 crores in seven operating subsidiaries of the Company, engaged in infrastructure projects, whose net worth is fully eroded as at 31 March 2017/undergoing restructuring due to continuous losses, as per the audited financial statements of these entities as at 31 March 2017.

Considering the gestation period required for break even for such infrastructure investments, restructuring/refinancing arrangements carried out/proposed, expected higher cash flows based on future business projections and the strategic nature of the investments etc., no additional impairment/adjustment to the carrying value of the said toll collection rights is considered necessary by the Management as at 31 March 2017.

Our opinion is not modified in respect of these matters.

Other Matters

(a) We did not audit the financial statements of 22 subsidiaries whose financial statements reflect total assets of ₹ 28,886.48 crores as at 31 March 2017, total revenues of ₹ 1,748.29 crores and net cash inflows amounting to ₹ 1,548.85 crores for the year ended on that date, as considered in the consolidated financial statements. These financial statements and certain other adjustments carried out in the consolidated financial statements in respect of these subsidiaries referred to in Note E(II)(c) of the consolidated financial statements have been audited/certified by other auditors whose reports have been furnished to us by the Management and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of these subsidiaries, and our report in terms of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid subsidiaries, are based solely on the reports/certificates of the other auditors.

(b) The consolidated financial statements also include the Group's share of net profit of ₹ 1.62 crores for the year ended 31 March 2017, as considered in the consolidated financial statements, in respect of an associate, whose financial statements have not been audited by their auditors and have been included based on the financial information certified by the Management of the associate and our opinion on the consolidated financial statements, in so far as it relates to the amounts and disclosures included in respect of this associate, is based solely on such management certified financial information. Any adjustments to these management certified financial information could have consequential effects on the consolidated financial statements. In the absence of the audit report of the associate, we are not commenting on the requirements of subsection (3) of Section 143 of the Act, in so far as it relates to the aforesaid associate. In our opinion and according to the information and explanations given to us by the Management, these financial information are not material to the Group.

Our opinion on the consolidated financial statements, and our report on Other Legal and Regulatory Requirements below is not modified in respect of the above matters with respect to our reliance on the work done and the reports/certificates of other auditors and the financial information certified by the Management.

Report on Other Legal and Regulatory Requirements

As required by Section 143(3) of the Act, based on our audit and on the consideration of the report of other auditors on separate financial statements and the other financial information of the subsidiaries, referred in the Other Matters paragraph above we report, to the extent applicable, that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid consolidated financial statements.

(b) In our opinion, proper books of account as required by law relating to preparation of the aforesaid consolidated financial statements have been kept so far as it appears from our examination of those books and the reports of the other auditors.

(c) The Consolidated Balance Sheet, the Consolidated Statement of Profit and Loss, and the Consolidated Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account maintained for the purpose of preparation of the consolidated financial statements.

(d) In our opinion, the aforesaid consolidated financial statements comply with the Accounting Standards prescribed under Section 133 of the Act.

(e) On the basis of the written representations received from the directors of the Holding Company as on 31 March 2017 and taken on record by the Board of Directors of the Holding Company and the reports of the statutory auditors of its subsidiary companies incorporated in India, none of the directors of the Group companies incorporated in India is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting and the operating effectiveness of such controls, refer to our separate Report in "Annexure A", which is based on the auditors' reports of the Holding Company and its subsidiary companies incorporated in India. Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Holding Company and its subsidiary companies incorporated in India. The audit report of the associate company is not available and, accordingly, our reporting under this clause does not cover the associate.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditor's) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The consolidated financial statements disclose the impact of pending litigations on the consolidated financial position of the Group and its associate.

   ii. Provision has been made in the consolidated financial statements, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long-term contracts including derivative contracts.

   iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Holding Company and its subsidiary companies incorporated in India.

   iv. The Holding Company has provided requisite disclosures in the consolidated financial statements as regards the holding and dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8 November 2016 of the Ministry of Finance, during the period from 8 November 2016 to 30 December 2016 of the Group entities, as applicable. Based on audit procedures performed by us and the other auditors and the representations provided to us by the Management, we report that the disclosures are in accordance with the relevant books of account maintained by these entities for the purpose of preparation of the consolidated financial statements and as produced to us and other auditors by the Management of the respective Group entities.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sriraman Parthasarathy
(Partner)
(Membership No. 206834)

Place: Mumbai
Date: 10 May 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (f) under 'Report on Other Legal and Regulatory Requirements' of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

In conjunction with our audit of consolidated financial statements of the Group as of and for the year ended 31 March 2017, we have audited the internal financial controls over financial reporting of **L&T INFRASTRUCTURE DEVELOPMENT PROJECTS LIMITED** ("the Holding Company") and its subsidiary companies, which are companies incorporated in India, as of that date.

Management's Responsibility for Internal Financial Controls

The respective Board of Directors of the Holding Company and its subsidiary companies, which are companies incorporated in India, are responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the respective company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the respective company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing, prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained and the audit evidence obtained by the other auditors of the subsidiary companies, which are companies incorporated in India, in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the Group's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion to the best of our information and according to the explanations given to us, the Holding Company and its subsidiary companies, which are companies incorporated in India, have, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017 based on the internal control over financial reporting criteria established by the respective companies considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

Other Matters

Our aforesaid report under Section 143(3)(i) of the Act on the adequacy and operating effectiveness of the internal financial controls over financial reporting insofar as it relates to 20 subsidiary companies, which are companies incorporated in India, is based on the corresponding reports of the auditors of such companies incorporated in India. The audit report of the associate company is not available and, accordingly, our reporting under Section 143(3)(i) of the Act does not cover the associate. However, the size of this associate in the context of the Group is not material.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No. 117366W/W-100018)

Sriraman Parthasarathy
(Partner)
(Membership No. 206834)

Place: Mumbai
Date: 10 May 2017

CONSOLIDATED BALANCE SHEET AS AT 31 MARCH 2017

Particulars	Note No.	As at 31 March 2017 ₹ Crore	As at 31 March 2016 ₹ Crore
EQUITY AND LIABILITIES			
SHAREHOLDER'S FUNDS			
(a) Share capital	A	2,321.06	2,321.06
(b) Reserves and surplus	B	1,865.31	1,746.69
		4,186.37	4,067.75
Share application money pending allotment		–	–
Minority interest (net)	Q(3)	144.82	5.58
LIABILITIES			
Non-current liabilities			
(a) Long term borrowings	C(I)	11,309.50	18,956.76
(b) Deferred tax liabilities (net)	Q(12)	17.07	19.56
(c) Other non-current liabilities	C(II)	10,865.00	11,254.63
(d) Long term provisions	C(III)	586.55	383.36
		22,778.12	30,614.31
Current liabilities			
(a) Short term borrowings	D(I)	150.00	7.75
(b) Trade payables	D(II)		
Total outstanding dues of micro and small enterprises		–	–
Total outstanding dues of creditors other than micro and small enterprises		311.25	575.89
(c) Other current liabilities	D(III)	3,783.40	2,293.13
(d) Short term provisions	D(IV)	18.81	14.85
		4,263.46	2,891.62
TOTAL EQUITY AND LIABILITIES		31,372.77	37,579.26
ASSETS			
Non-current assets			
Fixed assets			
(a) Tangible assets	E(I)	1,501.51	98.75
(b) Intangible assets	E(II)	21,594.64	23,206.09
(c) Capital work-in-progress	E(I)	22.61	1,679.76
(d) Intangible assets under development	E(II)	2,285.94	10,793.11
(e) Goodwill on consolidation	E(III)	–	–
(f) Non-current investments	F	29.68	29.53
(g) Long term loans and advances	G(I)	124.90	476.73
(h) Other non-current assets	G(II)	19.64	2.10
		25,578.92	36,286.07
Current assets			
(a) Current investments	H(I)	1,120.41	315.91
(b) Inventories	H(II)	–	49.13
(c) Trade receivables	H(III)	58.00	3.79
(d) Cash and bank balances	H(IV)	2,931.85	656.65
(e) Short term loans and advances	G(I)	1,678.31	222.90
(f) Other current assets	G(II)	5.28	44.81
		5,793.85	1,293.19
TOTAL ASSETS		31,372.77	37,579.26
CONTINGENT LIABILITIES	I		
COMMITMENTS	J		
NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS	Q		
SIGNIFICANT ACCOUNTING POLICIES	R		

As per our report attached

For and on behalf of the Board of Directors

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

Place : Mumbai
Date : May 10, 2017

CONSOLIDATED STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED 31 MARCH 2017

	Particulars	Note No.	2016-17 ₹ Crore	*2015-16 ₹ Crore*
I	**REVENUE**			
	(a) Revenue from operations	K	**2,165.57**	*2,456.49*
	(b) Other income	L	**52.22**	*87.62*
	Total Revenue (I)		**2,217.79**	*2,544.11*
II	**EXPENSES**			
	Operating expenses			
	(a) Cost of materials consumed		**31.68**	*426.05*
	(b) Change in inventory of work-in-progress		**–**	*5.42*
	(c) Sub-contracting charges		**392.73**	*383.19*
	(d) Financing charges		**45.69**	*79.34*
	(e) Other construction and related operating expenses	M	**391.70**	*350.54*
	Employee benefits expense	N	**55.95**	*53.41*
	Administration and other expenses	O	**77.01**	*130.81*
	Depreciation, amortisation, impairment and obsolescence	E	**491.40**	*601.02*
	Finance costs	P	**997.60**	*1,114.42*
	Total Expenditure (II)		**2,483.76**	*3,144.20*
III	**(Loss) before exceptional items and tax (I - II)**		**(265.97)**	*(600.09)*
IV	Exceptional items	Q(21)	**(69.47)**	*(226.15)*
V	**(Loss) before tax (III - IV)**		**(335.44)**	*(826.24)*
VI	Tax expense			
	Current tax	Q(5)	**19.59**	*13.74*
	MAT credit entitlement		**(77.12)**	*(7.11)*
	Deferred tax	Q(12)	**(3.29)**	*(1.34)*
			(60.82)	*5.29*
VII	(Loss) after tax before share of profit / (loss) of associate and minority interest (V - VI)		**(274.62)**	*(831.53)*
VIII	Add/(less) : Share in profit/(loss) of associate		**1.62**	*(0.22)*
			(273.00)	*(831.75)*
IX	Add/(less) : Share of profit/(loss) attributable to minority interest (net)		**(14.00)**	*(99.37)*
X	**(Loss) for the year (VII-VIII-IX)**		**(259.00)**	*(732.38)*
XI	Earnings per equity share (face value of ₹ 10 each)	Q(11)		
	(a) Equity shares			
	(1) Basic		**(8.07)**	*(22.81)*
	(2) Diluted		**(8.07)**	*(22.81)*
	(b) Special equity shares			
	(1) Basic		**–**	*–*
	(2) Diluted		**–**	*–*

See notes forming part of the consolidated financial statements

As per our report attached

For and on behalf of the Board of Directors

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

Place : Mumbai
Date : May 10, 2017

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017

	Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
A.	**Cash flow from operating activities**		
	Loss before tax, share of profit/(loss) of associate and minority interest	**(335.44)**	*(826.24)*
	Adjustments for :		
	Dividend received	**(6.07)**	*(3.59)*
	Liability no longer required written back	**2.32**	*34.59*
	Depreciation (including obsolescence), amortisation and impairment	**491.40**	*601.02*
	Finance costs	**997.60**	*1,114.42*
	Interest income	**(7.09)**	*(15.87)*
	Exceptional Items [Also Refer Note Q(21)]	**69.47**	*226.15*
	(Profit)/loss on sale of fixed assets (net)	**(0.08)**	*0.14*
	(Gain)/loss on disposal of investments (net)	**(17.36)**	*(23.51)*
	Exchange difference on items relating to financing activities	**17.59**	*19.84*
	Operating profit before working capital changes	**1,212.34**	*1,126.96*
	Adjustments for (increase)/decrease in operating assets:		
	Inventories	**49.13**	*5.42*
	Trade receivables	**(54.21)**	*2.98*
	Short term loans and advances	**64.97**	*(7.09)*
	Long term loans and advances	**8.06**	*(1.73)*
	Other current assets	**13.71**	*0.32*
	Other non-current assets	**(17.54)**	*–*
	Adjustments for increase/(decrease) in operating liabilities:		
	Trade payables	**(31.52)**	*18.92*
	Other current liabilities	**(366.45)**	*121.94*
	Other non-current liabilities	**100.26**	*(0.05)*
	Short-term provisions	**(0.24)**	*(22.53)*
	Long-term provisions	**204.86**	*138.36*
	Cash generated from operations	**1,183.37**	*1,383.50*
	Direct taxes paid (net of refunds and utilisation of MAT credit)	**(40.11)**	*(17.52)*
	Net cash generated from operating activities (A)	**1,143.26**	*1,365.98*
B.	**Cash flow from investing activities**		
	Capital expenditure on purchase of tangible/intangible assets including capital advances (net) [Refer Notes 2 and 3 below]	**(470.77)**	*(3,088.77)*
	Proceeds from sale of tangible/intangible assets	**2.77**	*6.01*
	Bank balances not considered as cash and cash equivalents - (placed)/matured [Refer Note 4 below]	**(1,282.08)**	*(7.02)*
	(Purchase)/sale of current investments (net)	**(816.40)**	*53.18*
	Interest received	**15.02**	*9.79*
	Dividend received from associate	**1.47**	*2.46*
	Dividend received from other investments	**6.07**	*3.59*
	Consideration received on disposal of subsidiaries [Also Refer Note Q(4)]	**2,067.45**	*–*
	Net cash (used in) investing activities (B)	**(476.47)**	*(3,020.76)*

CONSOLIDATED CASH FLOW STATEMENT FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

	Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
C.	**Cash flow from financing activities**		
	Proceeds from issue of share capital	**–**	*1,000.00*
	Proceeds from long term borrowings	**2,459.91**	*5,405.09*
	Repayment of long term borrowings	**(1,122.78)**	*(2,208.94)*
	Proceeds from/(repayment of) other borrowings (net)	**142.25**	*(385.25)*
	Payment (to)/from minority interest (net)	**–**	*(11.38)*
	Discharge of deferred payment liabilities	**(98.94)**	*(80.51)*
	Interest paid	**(1,054.08)**	*(1,652.01)*
	Net cash generated from financing activities (C)	**326.36**	*2,067.00*
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**993.16**	*412.22*
	Cash and cash equivalents at beginning of the year	**630.17**	*220.57*
	Effect of exchange differences on restatement of foreign currency cash and cash equivalents	**(0.04)**	*(2.62)*
	Cash and cash equivalents at end of the year [Also Refer Note H(IV)]	**1,623.29**	*630.17*

NOTES :
1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard 3: "Cash Flow Statements" as specified in the Companies (Accounting Standards) Rules, 2006.
2. Capital expenditure on purchase of tangible/intangible assets includes movement of capital work-in-progress during the year and eligible borrowing costs, negative grant and additional concession fee to NHAI. Refer Notes E(I), E(II) and E(III).
3. Capital expenditure on purchase of tangible/intangible assets is net of Viability Gap Fund recognised in respect of one of the subsidiaries. Refer Notes E(I), E(II) and E(III).
4. Refer Notes H(IV) for cash balances not available for immediate use.
5. Previous year's figures have been regrouped/reclassified wherever necessary.

See notes forming part of the consolidated financial statements

As per our report attached

DELOITTE HASKINS & SELLS LLP
Chartered Accountants

SRIRAMAN PARTHASARATHY
Partner

Place : Mumbai
Date : May 10, 2017

For and on behalf of the Board of Directors

R. SHANKAR RAMAN
Chairman
(DIN: 00019798)

K. VENKATESH
Chief Executive & Managing Director
(DIN: 00240086)

KARTHIKEYAN T. V
Chief Financial Officer

K. C. RAMAN
Company Secretary
M. No. A9392

Place : Mumbai
Date : May 10, 2017

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

A SHARE CAPITAL

A(I) Share capital authorised, issued, subscribed and paid up:

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 No. of shares*	*As at 31 March 2016 ₹ Crore*
Authorised:				
Equity shares				
Equity shares of ₹10 each	**549,000,000**	**549.00**	*549,000,000*	*549.00*
Special equity shares of ₹10 each	**10,000**	**0.01**	*10,000*	*0.01*
Preference shares				
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
Issued:				
Equity shares				
Equity shares of ₹10 each	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹10 each	**10,000**	**0.01**	*10,000*	*0.01*
Preference shares				
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
Subscribed and fully paid up:				
Equity shares				
Equity shares of ₹10 each	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹10 each	**10,000**	**0.01**	*10,000*	*0.01*
Preference shares				
Compulsorily Convertible Preference Shares Series 1 of ₹ 1,00,00,000 each	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹ 1,00,00,000 each	**200**	**200.00**	*200*	*200.00*
TOTAL	**321,061,196**	**2,321.06**	*321,061,196*	*2,321.06*

A(II) Reconciliation of the number of shares and share capital

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 No. of shares*	*As at 31 March 2016 ₹ Crore*
Equity shares of ₹10 each				
At the beginning of the year	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Issued during the year as fully paid up (face value ₹ 10 each)	**–**	**–**	*–*	*–*
Outstanding at the end of the year	**321,049,196**	**321.05**	*321,049,196*	*321.05*
Special equity shares of ₹10 each				
At the beginning of the year	**10,000**	**0.01**	*10,000*	*0.01*
Issued during the year as fully paid up	**–**	**–**	*–*	*–*
Outstanding at the end of the year	**10,000**	**0.01**	*10,000*	*0.01*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 No. of shares*	*As at 31 March 2016 ₹ Crore*
Compulsorily Convertible Preference Shares Series 1 of ₹1,00,00,000 each				
At the beginning of the year	**1,800**	**1,800.00**	*900*	*900.00*
Issued during the year as fully paid up	**–**	**–**	*900*	*900.00*
Outstanding at the end of the year	**1,800**	**1,800.00**	*1,800*	*1,800.00*
Compulsorily Convertible Preference Shares Series 2 of ₹1,00,00,000 each				
At the beginning of the year	**200**	**200.00**	*100*	*100.00*
Issued during the year as fully paid up	**–**	**–**	*100*	*100.00*
Outstanding at the end of the year	**200**	**200.00**	*200*	*200.00*
TOTAL	**321,061,196**	**2,321.06**	*321,061,196*	*2,321.06*

A(III) Terms/rights attached to shares

Equity shares of ₹ 10 each :

The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares/disinvestment. Each holder is entitled to one vote per equity share. Dividends are paid in Indian Rupees. Dividend proposed by the Board of Directors, if any, is subject to the approval of the shareholders at the Annual General Meeting, except in the case of interim dividend. The shares issued carry equal rights to dividend declared by the Company and no restrictions are attached to any specific shareholder.

Special equity shares of ₹ 10 each :

The special equity shares rank pari passu with the existing equity shares except for :

a) Specific incremental rights (i.e) Director Voting Rights ["DVR"] with respect to election, appointment and/or removal of Directors of the Company. These DVR are triggered only under specific conditions

b) No right to receive any dividend or other distributions of the Company or otherwise carry any economical rights. However, upon the occurrence of voluntary or involuntary liquidation, dissolution or winding up of the Company, the holders are entitled to a maximum of ₹ 10 per Special equity share.

c) No right to receive bonus shares or any offer of rights shares.

Compulsorily Convertible Preference Shares (CCPS) series 1 and series 2 of ₹ 1,00,00,000 each :

These shares are issued pursuant to the Investment agreement entered into by the Company with Larsen and Toubro Limited ("the Holding Company"), Old Lane Mauritius III Limited and CPP Investment Board Singaporean Holdings 1 Pte. Limited dated 21 June 2014. These shares are convertible in terms of clause 8.1 of the said agreement into equity shares based on a Retrospective valuation methodology as set out in schedule 9 of the said agreement with the earliest conversion date being 01 April 2016. These shares are not entitled to any dividend or any other form of distribution of profits made by the Company until conversion into equity shares.

A(IV) Shares held by Holding Company and/or their subsidiaries/associates

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 Shareholding %	*As at 31 March 2016 No. of shares*	*As at 31 March 2016 Shareholding %*
Equity shares of ₹10 each				
Larsen & Toubro Limited (Holding Company) (including shares held along with its nominees)	**312,859,096**	**97.45**	*312,859,096*	*97.45*
Special equity shares of ₹10 each				
Larsen & Toubro Limited (Holding Company) (including shares held along with its nominees)	**10,000**	**100.00**	*10,000*	*100.00*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

A(V) Details of shareholders holding more than 5% shares in the Company:

Particulars	As at 31 March 2017 No. of shares	As at 31 March 2017 Shareholding %	*As at 31 March 2016 No. of shares*	*As at 31 March 2016 Shareholding %*
Equity shares of ₹10 each				
Larsen & Toubro Limited (Holding Company) (including shares held along with its nominees)	**312,859,096**	**97.45**	*312,859,096*	*97.45*
Special equity shares of ₹10 each				
Larsen & Toubro Limited (Holding Company) (including shares held along with its nominees)	**10,000**	**100.00**	*10,000*	*100.00*
Compulsorily Convertible Preference Shares Series 1 of ₹1,00,00,000 each				
CPP Investment Board Singaporean Holdings Pte. 1 Limited	**1,800**	**100.00**	*1,800*	*100.00*
Compulsorily Convertible Preference Shares Series 2 of ₹1,00,00,000 each				
CPP Investment Board Singaporean Holdings Pte. 1 Limited	**200**	**100.00**	*200*	*100.00*

A(VI) Aggregate number of bonus shares issued, shares issued for consideration other than cash and shares bought back during the period of five years immediately preceding the reporting date : **NIL**

A(VII) Calls unpaid : NIL; Forfeited shares : **NIL**

Particulars	As at 31 March 2017 ₹ Crore	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 ₹ Crore*	*As at 31 March 2016 ₹ Crore*
B RESERVES AND SURPLUS				
Capital reserve [Refer Note (B)(i)]				
As per last balance sheet	**225.00**		*225.00*	
Additions during the year	**147.86**		*–*	
		372.86		*225.00*
Capital reserve on consolidation [Refer Note B(iii)]				
As per last balance sheet	**14.93**		*14.93*	
Additions during the year	**248.08**		*–*	
		263.01		*14.93*
Securities premium account				
As per last balance sheet	**1,973.76**		*1,973.76*	
Additions during the year	**–**		*–*	
		1,973.76		*1,973.76*
Debenture redemption reserve [Refer Note B(iv)]				
As per last balance sheet	**37.70**		*23.88*	
Less: Transferred to general reserve	**(2.80)**		*(7.50)*	
Add: Transferred from retained earnings	**75.50**		*21.32*	
		110.40		*37.70*
Reserve u/s 45 IC of the RBI Act, 1934 [Refer Note B(ii)]				
As per last balance sheet	**79.81**		*–*	
Add: Transferred from retained earnings	**–**		*79.81*	
		79.81		*79.81*
Foreign currency translation reserve				
As per last balance sheet	**3.85**		*7.75*	
(Deductions) during the year (net)	**(3.80)**		*(3.90)*	
		0.05		*3.85*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Particulars	As at 31 March 2017		*As at 31 March 2016*	
	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*
Hedging reserve				
As per last balance sheet	**14.57**		*2.53*	
Additions/(deductions) during the year (net)	**(14.57)**		*12.04*	
		–		*14.57*
General reserve				
As per last balance sheet	**7.65**		*0.15*	
Additions during the year	**2.85**		*7.50*	
		10.50		*7.65*
Surplus/(deficit) in the statement of profit and loss				
As per last balance sheet	**(610.58)**		*222.93*	
Add/(Less) :				
Reserve u/s 45 IC of the RBI Act, 1934	**–**		*(79.81)*	
Debenture redemption reserve	**(75.50)**		*(21.32)*	
(Loss) for the year	**(259.00)**		*(732.38)*	
		(945.08)		*(610.58)*
TOTAL		**1,865.31**		*1,746.69*

Note (B)(i):

Capital Reserve represents grant received from National Highways Authority of India ("NHAI" or "the authority")/State authorities in terms of the Concession agreements entered into by three subsidiaries *(previous year : two subsidiaries)* with NHAI/State authorities.

Note (B)(ii):

Considering the loss before tax of the Company for the year ended 31 March 2017 and 31 March 2016, no amounts have been transferred to Reserve as required under section 45-IC of Reserve Bank of India (RBI) Act, 1934 ("the Act"). Pursuant to the registration of the Company vide certificate dated 12 January 2015 as a CIC-ND-SI effective 01 April 2015, the RBI has directed the Company to transfer amounts to statutory reserve under section 45-IC of the Act for the previous year ended 31 March 2015. Accordingly, the Company has transferred an amount of ₹ 79.81 crore during the previous year ended 31 March 2016 in relation to the financial year ended 31 March 2015 in order to ensure compliance with the RBI directive.

Note (B)(iii):

Addition to Capital reserve on consolidation includes the share of net assets of minority shareholders pertaining to one of the subsidiaries, L&T Halol Shamlaji Tollway Limited (LTHSTL), pursuant to the Shareholders Agreement entered into by the Company with the lenders of LTHSTL in compliance with the conditions of the Strategic Debt Restructuring Scheme (SDR scheme) issued by the Reserve Bank of India (RBI).

Note (B)(iv):

Debenture Redemption Reserve amounting to ₹ 75.50 crore *(previous year: ₹ 21.32 crore)* has been created in terms of section 71 of the Companies Act, 2013 and the rules made thereunder. Out of the Debenture Redemption Reserve (DRR) as at 01 April 2015, an amount of ₹ 2.80 crore *(previous year : ₹ 7.50 crore)* representing the DRR pertaining to the portion of debentures repaid during the year has been transferred to general reserve.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

C (I) LONG TERM BORROWINGS

Particulars	As at 31 March 2017 Secured ₹ Crore	As at 31 March 2017 Unsecured ₹ Crore	As at 31 March 2017 Total ₹ Crore	*As at 31 March 2016 Secured ₹ Crore*	*As at 31 March 2016 Unsecured ₹ Crore*	*As at 31 March 2016 Total ₹ Crore*
Term loans [Refer Notes C(I)(i), C(I)(ii) and C(I)(iii)]						
From banks	**7,465.60**	**–**	**7,465.60**	*16,266.21*	*250.00*	*16,516.21*
From financial institutions	**461.22**	**–**	**461.22**	*214.39*	*–*	*214.39*
Redeemable non-convertible fixed rate debentures [Refer Note C(I)(iv)]	**3,132.68**	**250.00**	**3,382.68**	*1,428.19*	*750.00*	*2,178.19*
Loans from others [Refer Note C(I)(v)]	**–**	**–**	**–**	*–*	*47.97*	*47.97*
TOTAL	**11,059.50**	**250.00**	**11,309.50**	*17,908.79*	*1,047.97*	*18,956.76*

Notes :

(i) Details of term loans from banks and financial institutions:

Name of Company/ Subsidiary	As at 31 March 2017			*As at 31 March 2016*			Terms of repayment
	Secured ₹ Crore	Unsecured ₹ Crore	Total ₹ Crore	*Sec ured ₹ Crore*	*Unsecured ₹ Crore*	*Total ₹ Crore*	
L&T Infrastructure Development Projects Limited	**–**	**–**	**–**	*–*	*250.00*	*250.00*	Repayable in 5 equal annual instalments from 30 September 2019 to 30 September 2024. The loan was repaid in full during the year.
PNG Tollway Limited	**959.35**	**–**	**959.35**	*1,193.50*	*–*	*1,193.50*	Repayable in 115 unequal monthly instalments ending on 31 March 2025
L&T Rajkot Vadinar Tollway Limited	**808.05**	**–**	**808.05**	*823.38*	*–*	*823.38*	Repayable in 101 unequal monthly instalments commencing from 30 April 2016 to 31 August 2024.
Krishnagiri Thopur Tollroad Limited	**224.93**	**–**	**224.93**	*226.46*	*–*	*226.46*	Repayable in 111 unequal monthly instalments from 30 April 2016 to 30 June 2025.
Western Andhra Tollways Limited	**125.07**	**–**	**125.07**	*129.99*	*–*	*129.99*	Repayable in 38 unequal quarterly instalments from 30 June 2016 to 31 March 2026.
Vadodara Bharuch Tollway Limited	**33.93**	**–**	**33.93**	*440.40*	*–*	*440.40*	Repayable in 57 unequal monthly instalments from 30 April 2016 to 31 December 2020.
L&T Transportation Infrastructure Limited	**58.88**	**–**	**58.88**	*77.60*	*–*	*77.60*	Repayable in 48 unequal monthly instalments from 30 April 2016 to 31 March 2020.
L&T Krishnagiri Walajahpet Tollway Limited	**772.58**	**–**	**772.58**	*738.56*	*–*	*738.56*	Repayable in 132 unequal monthly instalments from 30 April 2016 to 31 March 2027.
Devihalli Hassan Tollway Limited	**107.18**	**–**	**107.18**	*107.28*	*–*	*107.28*	Repayable in 228 unequal monthly instalments from 30 April 2016 to 31 March 2035.
L&T Metro Rail (Hyderabad) Limited [Refer Note Q(4)]	**–**	**–**	**–**	*6,062.86*	*–*	*6,062.86*	Repayable in 36 unequal quarterly instalments from 30 September 2018 to 30 June 2027.
L&T Halol-Shamlaji Tollway Limited	**597.25**	**–**	**597.25**	*978.39*	*–*	*978.39*	Repayable in 102 unequal monthly instalments from 30 April 2016 to 31 July 2025
Ahmedabad-Maliya Tollway Limited	**1,100.94**	**–**	**1,100.94**	*1,142.87*	*–*	*1,142.87*	Repayable in 27 unequal quarterly instalments from 30 April 2016 to 31 October 2022
L&T BPP Tollway Limited	**1,825.99**	**–**	**1,825.99**	*1,828.09*	*–*	*1,828.09*	Repayable in 128 unequal monthly instalments from 30 April 2016 to 30 November 2026

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Name of Company/ Subsidiary	As at 31 March 2017			*As at 31 March 2016*			Terms of repayment
	Secured	Unsecured	Total	*Sec ured*	*Unsecured*	*Total*	
	₹ Crore	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*	*₹ Crore*	
L&T Samakhiali Gandhidham Tollway Limited	**866.21**	**–**	**866.21**	*894.40*	*–*	*894.40*	Repayable in 112 unequal monthly instalments from 30 April 2016 to 31 July 2025
L&T Deccan Tollways Limited	**855.89**	**–**	**855.89**	*578.38*	*–*	*578.38*	Repayable in 162 unequal monthly instalments from 30 September 2017 to 31 March 2031.
Kudgi Transmission Limited	**1,008.29**	**–**	**1,008.29**	*901.98*	*–*	*901.98*	Repayable in 182 unequal monthly instalments from 31 December 2016 to 31 January 2032.
L&T Sambalpur Rourkela Tollway Limited	**783.84**	**–**	**783.84**	*391.95*	*–*	*391.95*	Repayable in 132 unequal monthly instalments from 30 May 2018 to 30 April 2029.
L&T Chennai - Tada Tollway Limited	**342.46**	**–**	**342.46**	*342.46*	*–*	*342.46*	Repayable in 32 unequal quarterly instalments from 30 June 2016 to 31 March 2024.
TOTAL	**10,470.84**	**–**	**10,470.84**	*16,858.55*	*250.00*	*17,108.55*	
Less : Current maturities	**2,544.02**		**2,544.02**	*377.95*	*–*	*377.95*	
Term loans from banks and financial institutions [Note C[I]]	**7,926.82**	**–**	**7,926.82**	*16,480.60*	*250.00*	*16,730.60*	

ii) Security, interest rate etc.:

a) Indian rupee term loan from banks and financial institutions and redeemable non-convertible debentures are secured by a pari passu charge inter se lenders over :

(i) all immovable properties wherever applicable both present and future, including all real estate rights;

(ii) all tangible movable assets, including movable plant and machinery, equipment, machinery spares, tools and accessories, current assets and all other movable assets(except project assets), both present and future;

(iii) all rights, title, interest, benefits, claims and demands(excluding project assets), whatsoever of the borrower in any project documents, contracts and licenses to and all assets of the project;

(iv) all rights, title, interest, benefits, claims and demands in respect of the accounts, that may be opened and all guarantees/ performance bonds given, in terms of the project documents; and,

(v) all amounts owing to, received and receivable by the Group;

b) The interest rate for the above loans from banks and financial institutions vary from 9.25% p.a. to 13.30% p.a.

c) Term loans are repayable over monthly/quarterly instalments over the remaining period.

iii) As at 31 March 2017, the Group had defaulted in the repayment of term loans and interest w.r.t following subsidiaries as given below:

Name of Subsidiary	As at 31 March 2017			*As at 31 March 2016*		
	Principal	Interest	Total	*Principal*	*Interest*	*Total*
	₹ Crore	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*	*₹ Crore*
L&T Chennai Tada Tollway Limited*	**342.46**	**20.25**	**362.71**	*8.31*	*15.84*	*24.15*
L&T Halol Shamlaji Tollway Limited [Refer Note B(iii)]	**–**	**–**	**–**	*5.22*	*12.46*	*17.68*
PNG Tollway Limited*	**959.35**	**–**	**959.35**	*10.15*	*20.28*	*30.43*
Total	**1,301.81**	**20.25**	**1,322.06**	*23.68*	*48.58*	*72.26*

* The lenders of both L&T Chennai Tada Tollway Limited and PNG Tollway Limited have recalled the loans subsequent to the termination of the respective concession agreements. Also refer note Q(27) and Q(28).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

iv) Details of Redeemable non-convertible debentures:

Name of Company/ Subsidiary	As at 31 March 2017			*As at 31 March 2016*			Terms of repayment
	Secured	Unsecured	Total	*Secured*	*Unsecured*	*Total*	
	₹ Crore	₹ Crore	₹ Crore	*₹ Crore*	*₹ Crore*	*₹ Crore*	
L&T Infrastructure Development Projects Limited	**135.00**	**250.00**	**385.00**	*150.00*	*–*	*150.00*	Redeemable in 7 annual unequal instalments from 27 April 2016 to 27 April 2022
Krishnagiri Thopur Tollroad Limited	**99.80**	**–**	**99.80**	*99.90*		*99.90*	Redeemable in 33 quarterly unequal instalments from 30 June 2016 to 30 June 2024
Western Andhra Tollways Limited	**97.00**	**–**	**97.00**	*99.00*		*99.00*	Redeemable in 33 quarterly unequal instalments from 30 June 2016 to 30 June 2024
Devihalli Hassan Tollway Limited	**159.84**	**–**	**159.84**	*160.00*		*160.00*	Redeemable in 76 quarterly unequal instalments from 30 June 2016 to 31 March 2035
Kudgi Transmission Limited	**1,500.40**	**–**	**1,500.40**	*128.40*		*128.40*	The outstanding Debentures as at 31 March 2016, amounting to ₹ 128.40 Crore are redeemable on 01 June 2033 subject to a Put and call option. Pursuant to the refinancing of the existing project loans with the issue of fresh debentures, that are redeemable in 23 unequal annual instalments from 25 April 2018 to 25 April 2040.
Vadodara Bharuch Tollway Limited	**935.50**	**–**	**935.50**	*538.00*		*538.00*	Redeemable in 4 bullet instalments on 4 April 2018, 01 October 2019, 31 December 2019, and 30 June 2021.
L&T Interstate Road Corridor Limited	**270.15**	**–**	**270.15**	*330.40*		*330.40*	Redeemable in 16 semi-annual unequal instalments from 15 April 2016 to 15 October 2023.
Ahmedabad Maliya Tollway Limited	**–**	**–**	**–**	*30.00*		*30.00*	Redeemable in a single instalment on 4 April 2016.
L&T Metro Rail (Hyderabad) Limited [Refer Note Q(4)]	**–**	**–**	**–**	*–*	*750.00*	*750.00*	Redeemable in 3 semi-annual unequal instalments from 28 January 2035 to 18 June 2035 subject to Put and Call option.
TOTAL	**3,197.69**	**250.00**	**3,447.69**	*1,535.70*	*750.00*	*2,285.70*	
Less : Current maturities of non-convertible debentures	**65.01**	**–**	**65.01**	*107.51*	*–*	*107.51*	
Redeemable non convertible fixed rate debentures	**3,132.68**	**250.00**	**3,382.68**	*1,428.19*	*750.00*	*2,178.19*	

*The interest rate for the above debentures vary from 9.50% p.a. to 10.56% p.a.

v) Loans from others represent

a) Mezzanine debt received from Ashoka Concessions Limited amounting to ₹ 43.97 crore *(previous year : ₹ 43.97 crore)* by one of the subsidiaries PNG Tollway Limited. The Mezzanine Debt carries interest equal to the rate applied by banks on term loans plus a spread of 5 basis points.

b) Unsecured loan received from Ashoka Concessions Limited amounting to ₹ 4 crore *(previous year: ₹ 4 crore)* by one of the subsidiaries PNG Tollway Limited. The unsecured loan carries interest at RBI bank rate.

The above loans are repayable after the term lenders' obligations are repaid in full.

c) Subsequent to the termination of the concession agreement by the subsidiary, interest is not accrued on these loans. Also Refer Note Q(25) and Q(28).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

C (II) Other non-current liabilities

Particulars	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 ₹ Crore*
Deferred payment liabilities for acquisition of intangible assets [Refer Note Q(16)]	**10,692.09**	*10,839.86*
Interest accrued but not due on term loans and debentures	**–**	*84.24*
Interest accrued but not due - others	**58.35**	*71.96*
Liability for capital goods	**–**	*244.27*
Revenue share payable to NHAI and state authorities	**100.26**	*–*
Advance received against sale of shares [Refer Note C(II)(a)]	**14.30**	*14.30*
TOTAL	**10,865.00**	*11,254.63*

Note C(II)(a):

Advance received against sale of shares represents advance of ₹ 14.30 crore received from Sical Logistics Limited (SLL) against sale of 1,43,00,000 equity shares of ₹ 10 each in Sical Iron Ore Terminals Limited (SIOTL) at cost to SLL vide Agreement for Share Sale and Purchase dated 17 December 2008. The sale is subject to the condition that it can be completed only after three years from the date of commencement of commercial operation by SIOTL as per clause 18.2.2 (i) (d) of the License agreement dated 23 September 2006 between SIOTL and Ennore Port Limited (EPL). SIOTL has not been able to commence commercial operation as on 31 March 2017 due to the ban of export of iron ore from the State of Karnataka. SIOTL has sought necessary approvals from EPL and Government of India for handling alternate commodities.

C (III) Long term provisions

Particulars	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 ₹ Crore*
Provision for employee benefits [Refer Note Q(7)]		
Retention pay scheme	**3.59**	*5.64*
Other provisions [Refer Note Q(13)]		
Periodic major maintenance	**582.96**	*377.72*
TOTAL	**586.55**	*383.36*

D (I) Short term borrowings

	As at 31 March 2017			*As at 31 March 2016*		
Particulars	**Secured ₹ Crore**	**Unsecured ₹ Crore**	**Total ₹ Crore**	*Secured ₹ Crore*	*Unsecured ₹ Crore*	*Total ₹ Crore*
Term loan from bank	**–**	**–**	**–**	*7.75*	*–*	*7.75*
Commercial paper	**–**	**150.00**	**150.00**	*–*	*–*	*–*
TOTAL	**–**	**150.00**	**150.00**	*7.75*	*–*	*7.75*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

D (II) Trade payables

Particulars	**As at 31 March 2017 ₹ Crore**	*As at 31 March 2016 ₹ Crore*
Acceptances	**158.08**	*231.08*
Due to related parties:		
Due to Holding company	**42.82**	*315.56*
Due to fellow subsidiaries	**0.04**	*0.23*
Bonus payable	**0.07**	*–*
Due to others (construction and project related activity)	**110.14**	*28.92*
Others	**0.10**	*0.10*
TOTAL	**311.25**	*575.89*

D (III) Other current liabilities

Particulars	**As at 31 March 2017 ₹ Crore**	*As at 31 March 2016 ₹ Crore*
Forward contract payable [Refer Note Q(17)]	**–**	*15.22*
Current maturities of deferred payment liabilities for acquisition of intangible assets [Refer Note Q(16)]	**226.93**	*178.10*
Current maturities of long term borrowings [Refer Notes C(I)(i) and C(I)(iv)]	**2,609.03**	*485.46*
Interest accrued but not due on borrowings	**124.85**	*70.57*
Interest accrued and due on borrowings	**45.70**	*34.82*
Interest accrued but not due - others	**3.58**	*239.71*
Loans from others [Refer Note C(I)(v)]	**47.97**	*–*
Due to others (construction and project related activity)	**186.38**	*106.42*
Statutory liabilities	**14.31**	*–*
Deposits received	**0.87**	*19.74*
Advances from customers	**27.89**	*–*
Liability for capital goods	**212.87**	*689.69*
Dues to Holding Company	**–**	*112.98*
Revenue share payable to NHAI and state authorities	**38.44**	*106.20*
Others	**244.58**	*234.22*
TOTAL	**3,783.40**	*2,293.13*

Notes:

Current maturities of long term borrowings as at 31 March 2017 includes the following:

(i) An amount ₹ 1,008.29 crore due to the term lenders of one of the subsidiaries, Kudgi Transmission Limited, pursuant to refinance of the project loans, which have become due and payable and were repaid on 04 April 2017. Also refer note H(IV).

(ii) An amount of ₹ 959.35 Crore, including interest accrued thereon, due to the term lenders of one of the subsidiaries, PNG Tollway Limited, subsequent to the termination of its concession agreement with National Highways Authority of India ("NHAI") and the recall letters issued by the term lenders of the subsidiary.

(iii) An amount of ₹ 342.56 Crore, due to the term lenders of one of the subsidiaries, L&T Chennai Tada Tollway Limited, pursuant to the termination of its concession agreement with National Highways Authority of India ("NHAI") and the recall letters issued by the term lenders of the subsidiary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

D (IV) Short term provisions

Particulars	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 ₹ Crore*
Provision for employee benefits [Refer Note Q(7)]		
Gratuity	**1.33**	*3.59*
Compensated absences	**7.68**	*7.66*
Retention pay scheme	**2.27**	*–*
Others [Refer Note Q(13)]		
Periodic major maintenance	**1.44**	*3.60*
Provisions for income tax (Net of Advance taxes)	**6.09**	*–*
TOTAL	**18.81**	*14.85*

E FIXED ASSETS

E (I) Tangible Assets (Current year) (₹ crore)

PARTICULARS	COST					ACCUMULATED DEPRECIATION					BOOK VALUE	
	As at 01 April 2016	Additions	Deletions	Disposals [Refer Note Q(24)]	**As at 31 March 2017**	*As at 01 April 2016*	For the year	Deductions	Disposals [Refer Note Q(24)]	**As at 31 March 2017**	**As at 31 March 2017**	*As at 31 March 2016*
Freehold land	*2.71*	–	–	0.16	**2.55**	–	–	–	–	–	**2.55**	*2.71*
Buildings - Owned	*1.59*	–	0.03	–	**1.56**	*0.89*	0.02	0.03	–	**0.88**	**0.68**	*0.70*
Buildings - Leased out	*2.21*	–	–	–	**2.21**	*0.21*	–	–	–	**0.21**	**2.00**	*2.00*
Plant and equipment	*163.54*	1,464.77	4.49	–	**1,623.82**	*101.68*	44.72	2.53	–	**143.87**	**1,479.95**	*61.86*
Computers	*8.55*	4.13	1.27	2.48	**8.93**	*6.28*	0.98	0.75	1.60	**4.91**	**4.02**	*2.27*
Furniture and fixtures	*14.89*	2.38	0.74	8.19	**8.34**	*6.71*	0.74	–	2.64	**4.81**	**3.53**	*8.18*
Office equipment	*22.84*	1.00	0.75	18.52	**4.57**	*9.58*	0.53	0.12	6.28	**3.71**	**0.86**	*13.26*
Vehicles	*20.19*	4.84	1.69	0.27	**23.07**	*12.42*	3.13	0.21	0.19	**15.15**	**7.92**	*7.77*
Total	*236.52*	1,477.12	8.97	29.62	**1,675.05**	*137.77*	50.12	3.64	10.71	**173.54**	**1,501.51**	*98.75*
Add : Capital work-in-progress											**22.61**	*1,679.76*
											1,524.12	*1,778.51*

Notes:

(i) Cost of leased out building includes ownership of an accommodation at Maharashtra of ₹ 0.13 crore (accumulated depreciation of ₹ 0.03 crore) by holding 5 shares of face value ₹ 50 each in a co-operative society.

(ii) Depreciation for the year includes ₹ Nil crore *(previous year :₹ 0.01 crore)* on account of obsolescence.

(iii) Owned assets given on operating lease have been presented separately under tangible assets.

(iv) Cost/valuation as at 01 April 2016 of individual assets have been reclassified, wherever necessary.

(v) Capital work in progress includes ₹ Nil crore *(previous year: ₹103.89 crore)* being borrowing cost capitalised during the year in terms of Accounting Standard (AS) 16 Borrowing costs.

(vi) Plant and equipment includes ₹ 54.14 crore *(previous year: ₹ Nil crore)* being borrowing cost capitalised during the year in terms of Accounting Standard (AS) 16 Borrowing costs.

(vii) Plant and equipment includes amounts receivable in the form annuity payments of ₹ 1,419.23 crore *(previous year: ₹ Nil crore)*. The amount of annuity income recognised in the statement of profit and loss for the year ended 31 March 2017 is ₹ 111.54 crore *(previous year : ₹ Nil crore)*.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

E (I) Tangible Assets (Previous year) (₹ crore)

PARTICULARS	COST					ACCUMULATED DEPRECIATION					BOOK VALUE	
	As at 01 April 2015	Additions	Deletions	Reclass-ified as Held for Sale	As at 31 March 2016	As at 01 April 2015	For the year	Deductions	Reclass-ified as Held for Sale	As at 31 March 2016	As at 31 March 2016	As at 31 March 2015
Freehold land	2.56	0.24	–	0.09	2.71	–	–	–	–	–	2.71	2.56
Buildings - Owned	1.57	0.02	–	–	1.59	0.84	0.05	–	–	0.89	0.70	0.73
Buildings - Leased out	2.21	–	–	–	2.21	0.15	0.06	–	–	0.21	2.00	2.06
Plant and equipment	196.95	1.85	0.08	35.18	163.54	97.50	23.19	0.09	18.92	101.68	61.86	99.45
Computers	8.03	2.14	1.12	0.50	8.55	6.31	1.42	1.01	0.44	6.28	2.27	1.72
Furniture and fixtures	13.34	4.16	0.43	2.18	14.89	6.55	1.20	0.25	0.79	6.71	8.18	6.79
Office equipment	12.16	12.68	0.22	1.78	22.84	8.41	2.88	0.22	1.49	9.58	13.26	3.75
Vehicles	23.99	1.29	1.35	3.74	20.19	11.71	3.68	0.84	2.13	12.42	7.77	12.28
Total	260.81	22.38	3.20	43.47	236.52	131.47	32.48	2.41	23.77	137.77	98.75	129.34
Add : Capital work-in-progress											1,679.76	770.87
											1,778.51	900.21

Notes:

(i) Cost of leased out building includes ownership of an accommodation at Maharashtra of ₹ 0.13 crore (accumulated depreciation of ₹ 0.03 crore) by holding 5 shares of face value ₹ 50 each in a co-operative society.

(ii) Depreciation for the year includes ₹ 0.01 crore *(previous year :₹ 0.04 crore)* on account of obsolescence.

(iii) Owned assets given on operating lease have been presented separately under tangible assets.

(iv) Cost/valuation as at 01 April 2015 of individual assets have been reclassified, wherever necessary.

(v) Capital work in progress includes ₹ 103.89 crore *(previous year: ₹ 17.14 crores)* being borrowing cost capitalised during the year in terms of Accounting Standard (AS) 16 Borrowing costs.

E (II) Intangible assets (Current year) (₹ crore)

	COST					ACCUMULATED AMORTISATION					IMPAIRMENT	BOOK VALUE	
PARTICULARS	As at 01 April 2016	Additions	Deletions	Disposals	As at 31 March 2017	As at 01 April 2016	For the year	Deductions	Disposals	As at 31 March 2017		As at 31 March 2017	As at 31 March 2016
Toll collection rights	25,047.56	388.00	1,753.31	–	**23,682.25**	1,662.38	441.29	35.50	–	**2,068.17**	**20.00**	**21,594.08**	23,202.95
Specialised software	9.32	0.11	1.53	**5.30**	**2.60**	6.18	0.33	1.54	**2.93**	**2.04**	–	**0.56**	3.13
Total	25,056.88	388.11	1,754.84	**5.30**	**23,684.85**	1,668.56	441.62	37.04	**2.93**	**2,070.21**	**20.00**	**21,594.64**	23,206.08
Add : Intangible assets under development												**2,285.94**	10,793.11
												23,880.58	33,999.19

Notes:

a) Toll collection rights include amounts accrued towards negative grant payable and additional concession fee payable in respect of certain projects, the details of which are given in note Q(16).

b) Toll collection rights include amounts receivable in the form of annuity payments of ₹ 302.30 crore *(previous year: ₹ 345.46 crore)*. The amount of annuity income recognised in the Statement of profit and loss for the year ended 31 March 2017 is ₹ 86.42 Crore *(previous year: ₹ 86.42 crore)*.

c) The Group has made an adjustment aggregating to ₹ 636.20 crore *(previous year : ₹ 597.49 crore)* to the carrying value of Toll collection rights as at 31 March 2017 in order to ensure alignment in the method of amortisation followed by all entities in the Group. These amounts have been accounted for in the consolidated financial statements based on a certificate provided by a Chartered Accountant.

d) Intangible assets under development include ₹ 121.92 crore *(previous year ₹ 721.30 crore)* and intangible assets include ₹ Nil crore *(previous year ₹ 40.47 crore)*, being borrowing cost capitalised during the year in accordance with Accounting Standard (AS) 16 " Borrowing Costs"

e) The carrying amount of Intangible assets under development as at 31 March 2017 is net of Viability Gap Fund amounting to ₹ Nil crore *(previous year : ₹ 661.23 crore)*.

f) Consequent to the termination of the concession agreements of two subsidiaries PNG Tollway Limited(PNG) and L&T Chennai Tada Tollway Limited (LTCTTL), the toll collection rights recognised as intangible assets pertaining to PNG and the intangible assets under development pertaining to LTCTTL have been de-recognised and compensation receivable on account of termination in terms of the concession agreements is accounted as receivable and included in Loans and advances. Also Refer Note G(I).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

g) Claims for compensation/concession extension with NHAI represents, compensation receivable for loss of revenue under the concession agreements entered into with National Highways Authority of India (NHAI) by the Group, by way of extension of the concession agreement by certain number of days based on the actual loss incurred due to non-collection/partial collection of toll revenue during the period of force majeure. The group has recognised the extension of the concession period by increasing the value of Toll collection rights in accordance with the accounting policy of the Group. Also refer note K(i) under Revenue from operations.

h) On Commercial Operations Date (COD) of three subsidiaries that had entered into concession agreements with Gujarat State Road Development Corporation Limited (GSRDC), the Group had recognised provisions to the tune of ₹ 57.38 crore for balance civil works to be done under the terms of the concession agreement. Pursuant to the supplementary agreements entered into with GSRDC and their letter dated 07 February 2017, the net amount payable to GSRDC for not carrying out the said civil works was determined as ₹ 27.97 crore. Consequently the carrying amount of toll collection rights in respect of the three subsidiaries is adjusted by ₹ 27.85 crore (net of accumulated amortisation amounting to ₹ 1.56 crore) as at 31 March 2017.

E (II) Intangible assets (Previous year) (₹ crore)

	COST					ACCUMULATED AMORTISATION					IMPAIRMENT	BOOK VALUE	
PARTICULARS	*As at 01 April 2015*	*Additions*	*Deletions*	*Disposals*	*As at 31 March 2016*	*As at 01 April 2015*	*For the year*	*Deduc-tions*	*Disposals*	*As at 31 March 2016*		*As at 31 March 2016*	*As at 31 March 2015*
Toll collection rights	*14,454.08*	*10,600.35*	*6.87*	*–*	*25,047.56*	*1,179.07*	*484.83*	*1.52*	*–*	*1,662.38*	*182.23*	*23,202.95*	*13,275.01*
Specialised software	*8.47*	*0.85*	*–*	*–*	*9.32*	*5.46*	*0.72*	*–*	*–*	*6.18*	*–*	*3.14*	*3.01*
Total	*14,462.55*	*10,601.20*	*6.87*	*–*	*25,056.88*	*1,184.53*	*485.55*	*1.52*	*–*	*1,668.56*	*182.23*	*23,206.09*	*13,278.02*
Add: Intangible assets under development												*10,793.11*	*9,766.15*
												33,999.20	*23,044.17*

Notes:

a) Toll collection rights include amounts accrued towards negative grant payable and additional concession fee payable in respect of certain projects, the details of which are given in note Q(16).

b) Toll collection rights include amounts receivable in the form of annuity payments of ₹ 345.46 crore *(previous year: ₹ 388.64 crore)*. The amount of annuity income recognised in the Statement of profit and loss for the year ended 31 March 2017 is ₹ 86.42 Crore *(previous year: ₹ 86.42 crore)*.

c) The Group has made an adjustment aggregating to ₹ 597.49 crore *(previous year : ₹ 620.25 crore)* to the carrying value of Toll collection rights as at 31 March 2017 in order to ensure alignment in the method of amortisation followed by all entities in the Group. These amounts have been accounted for in the consolidated financial statements based on a certificate provided by a Chartered Accountant.

d) Intangible assets under development include ₹ 721.30 crore *(previous year ₹ 748.10 crore)* and intangible assets include ₹ 40.47 crore *(previous year ₹ Nil crore)*, being borrowing cost capitalised during the year in accordance with Accounting Standard (AS) 16 " Borrowing Costs" .

e) The carrying amount of Intangible assets under development as at 31 March 2016 is net of Viability Gap Fund amounting to ₹ 661.23 crore *(previous year : ₹ Nil crore)*.

E (III) Goodwill on consolidation (Current year) (₹ crore)

	COST				ACCUMULATED AMORTISATION				IMPAIRMENT	BOOK VALUE	
PARTICULARS	*As at 01 April 2016*	Additions	**Deletions**	**As at 31 March 2017**	*As at 01 April 2016*	For the year	**Deductions**	**As at 31 March 2017**		**As at 31 March 2017**	*As at 31 March 2016*
Goodwill on consolidation	*115.46*	–	–	**115.46**	*28.48*	–	–	**28.48**	**86.98**	–	–
Total	*115.46*	–	–	**115.46**	*28.48*	–	–	**28.48**	**86.98**	–	–

Depreciation, amortisation and impairment charged to the statement of profit and loss:

Particulars	**Depreciation**	**Amortisation**	**Impairment**	**Total**
As per note E(I), E(II) and E(III) above	**50.12**	**441.62**	**–**	**491.74**
Less : Included under Capital work-in-progress/Intangible assets under development	**0.34**	**–**	**–**	**0.34**
Charged to the statement of profit and loss	**49.78**	**441.62**	**–**	**491.40**

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

E (III) Goodwill on consolidation (Previous year) (₹ crore)

	COST				ACCUMULATED AMORTISATION				IMPAIRMENT	BOOK VALUE	
PARTICULARS	*As at 01 April 2015*	*Additions*	*Deletions*	*As at 31 March 2016*	*As at 01 April 2015*	*For the year*	*Deductions*	*As at 31 March 2016*		*As at 31 March 2016*	*As at 31 March 2015*
Goodwill on consolidation	*28.48*	*86.98*	*–*	*115.46*	*28.23*	*0.25*	*–*	*28.48*	*86.98*	*–*	*0.25*
Total	*28.48*	*86.98*	*–*	*115.46*	*28.23*	*0.25*	*–*	*28.48*	*86.98*	*–*	*0.25*

Depreciation, amortisation and impairment charged to the statement of profit and loss:

Particulars	**Depreciation**	**Amortisation**	**Impairment**	**Total**
As per note E(I), E(II) and E(III) above	**32.48**	**485.80**	**86.98**	**605.26**
Less : Included under Capital work-in-progress/Intangible assets under development	**3.72**	**0.52**	**–**	**4.24**
Charged to the statement of profit and loss	**28.76**	**485.28**	**86.98**	**601.02**

	Particulars	**As at 31 March 2017**		*As at 31 March 2016*	
		₹ Crore	**₹ Crore**	*₹ Crore*	*₹ Crore*
F	**NON-CURRENT INVESTMENTS (AT COST UNLESS OTHERWISE SPECIFIED)**				
	Trade investments, unquoted				
	Investment in associates				
	Fully paid equity shares of associate company	**9.83**		*9.83*	
	Add/(deduct):				
	Accumulated share in profit/(loss) at the beginning of the year	**4.84**		*7.52*	
		14.67		*17.35*	
	Add/(deduct):				
	Share in profit/(loss) during the year	**1.62**		*(0.22)*	
	Dividend received	**(1.47)**		*(2.46)*	
		0.15		*(2.68)*	
			14.82		*14.67*
	Investment in others				
	Other fully paid equity shares - unquoted				
	SICAL Iron Ore Terminals Limited [Refer Note C(II)(a)]		**14.30**		*14.30*
	Indian Highway Management Company Limited		**0.56**		*0.56*
	TOTAL		**29.68**		*29.53*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

G (I) LOANS AND ADVANCES

Particulars	As at 31 March 2017			As at 31 March 2016		
	Non-current ₹ Crore	Current ₹ Crore	Total ₹ Crore	Non-current ₹ Crore	Current ₹ Crore	Total ₹ Crore
Unsecured considered good						
Capital advances						
Related parties :						
Holding company	16.50	–	16.50	338.58	–	338.58
Others	1.73	–	1.73	47.08	–	47.08
Security deposits	2.90	2.14	5.04	2.97	0.51	3.48
Income tax receivable	50.25	102.71	152.96	22.86	28.50	51.36
(net of provisions)			–			–
Excise duty recoverable	51.05	–	51.05	53.34	–	53.34
Service tax receivable	–	0.57	0.57	–	–	–
VAT receivable	2.47	10.35	12.82	1.90	–	1.90
Interest receivable	–	13.78	13.78	–	–	–
Other receivable	–	1,548.76	1,548.76	10.00	193.89	203.89
Unsecured considered doubtful			–			–
Other loans and advances	–	–	–	–	3.98	3.98
Allowance for doubtful loans and advances	–	–	–	–	(3.98)	(3.98)
TOTAL	124.90	1,678.31	1,803.21	476.73	222.90	699.63

Note - Other receivable includes an amount of ₹ 1,038.47 Crore and ₹ 417.75 Crore being the net compensation receivable from National Highways Authority of India (NHAI) on account of termination of the concession agreements of two subsidiaries of the Company, PNG Tollway Limited and L&T Chennai Tada Tollway Limited respectively. The amounts due to lenders in respect of these subsidiaries in disclosed in Note D(III) Other current liabilities.

G(II) OTHER NON-CURRENT AND CURRENT ASSETS

Particulars	As at 31 March 2017			As at 31 March 2016		
	Non-current ₹ Crore	Current ₹ Crore	Total ₹ Crore	Non-current ₹ Crore	Current ₹ Crore	Total ₹ Crore
Interest accrued on investments	–	–	–	–	6.63	6.63
Unamortized ancillary borrowing costs	19.64	2.24	21.88	2.10	18.11	20.21
Unamortised discount on letter of credit	–	2.95	2.95	–	–	–
Fixed assets held for sale						
Freehold land	–	0.09	0.09	–	0.09	0.09
Plant and equipment	–	–	–	–	16.26	16.26
Computers	–	–	–	–	0.06	0.06
Office equipment	–	–	–	–	0.29	0.29
Furniture and fixtures	–	–	–	–	1.39	1.39
Vehicles	–	–	–	–	1.61	1.61
Others	–	–	–	–	0.37	0.37
TOTAL	19.64	5.28	24.92	2.10	44.81	46.91

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

H (I) CURRENT INVESTMENTS (QUOTED, AT COST UNLESS OTHERWISE STATED)

Particulars	As at 31 March 2017 ₹ Crore	As at 31 March 2016 ₹ Crore
Investment in mutual funds	1,120.41	315.91
TOTAL	1,120.41	315.91
Aggregate book value of quoted investments	1,120.41	315.91
Aggregate market value of quoted investments	1,129.98	321.03

H(II) INVENTORIES

Particulars	As at 31 March 2017 ₹ Crore	As at 31 March 2016 ₹ Crore
Project work-in-progress (including Property development land) [Refer Note Q(4)(b)]	–	49.13
TOTAL	–	49.13

H(III) TRADE RECEIVABLES

Particulars	As at 31 March 2017 ₹ Crore	As at 31 March 2016 ₹ Crore
Unsecured considered good		
Outstanding for a period exceeding 6 months	4.83	3.59
Others	53.17	0.20
Unsecured considered doubtful		
Outstanding for a period exceeding 6 months	0.94	0.94
Others	–	–
Allowance for doubtful debts	(0.94)	(0.94)
TOTAL	58.00	3.79

H(IV) CASH AND BANK BALANCES [ALSO REFER NOTE Q(15)]

Particulars	As at 31 March 2017 ₹ Crore	As at 31 March 2016 ₹ Crore
Cash and cash equivalents (As per cash flow statement)		
Cash on hand	13.53	11.36
Cheques and drafts on hand	–	0.59
Balance with banks	–	
in current accounts	471.79	35.32
in Trust retention and escrow accounts	144.62	374.18
Fixed deposits including interest accrued thereon	993.35	208.72
	1,623.29	630.17
Other bank balances		
Fixed deposits including interest accrued thereon (maturity more than 3 months)	300.16	0.64
Cash and bank balances not available for immediate use (Refer note below)	1,008.29	20.44
Margin money deposits including interest accrued thereon	0.11	5.40
	1,308.56	26.48
TOTAL	2,931.85	656.65

Notes:

(a) The Trust Retention and Escrow ("TRA") accounts carry a first charge to the extent of amount payable as per the waterfall mechanism as defined in the Concession agreement / Common loan agreement. As at 31 March 2017, there were no amounts included in this which are restricted/earmarked for any specific purposes by virtue of the said waterfall mechanism.

(b) Cash and bank balances not available for immediate use as at 31 March 2017 includes amount received on 31 March 2017 by one of the

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

subsidiaries, Kudgi Transmission Limited pursuant to the issuance of Redeemable non-convertible fixed rate debentures. This amount was utilised to repay the outstanding loans of the existing lenders on 04 April 2017. Also Refer Note D(III).

	Particulars	As at 31 March 2017 ₹ Crore	*As at 31 March 2016 ₹ Crore*
I.	**CONTINGENT LIABILITIES**		
(a)	Claims against the Group not acknowledged as debts	**151.26**	*779.07*
(b)	Income tax liability (including penalty) that may arise in respect of which the Group is in appeal.	**24.40**	*13.40*
(c)	Service tax liability (including penalty) that may arise in respect of which the Group is in appeal.	**1.33**	
(d)	Customs duty demands against which the Group has filed appeals before appellate authorities which are pending disposal	**–**	*650.39*
(e)	Guarantees given	**329.00**	*177.48*
(f)	Group's share in contingent liabilities of associate company	**112.67**	*112.67*

Notes :

(i) The Group expects reimbursements of ₹ 27.09 crore *(previous year:₹ 27.09 crore)* in respect of the above contingent liabilities.

(ii) Future cash outflows in respect of the above matters are determinable only on receipt of judgements/decisions pending at various forums/ authorities.

J. Commitments

(i) Commitments quantifiable

(a) Estimated amount of contracts remaining to be executed on capital account (net of advances) and not provided for ₹ 446.38 crore *(previous year : ₹ 5,050.32 crore)*.

(b) Estimated amount of additional concession fee payable in terms of the Concession agreement being ₹ 3,274.82 crore where Commercial Operations Date ("COD") has not been achieved *(previous year :₹ 3,274.82 crore)*.

(ii) Commitments not quantifiable

(i) The group has given undertakings to the term lenders of the following subsidiaries to meet the cost overrun to the extent of 5% of

(a) L&T Deccan Tollways Limited

(b) L&T Sambalpur - Rourkela Tollway Limited

(c) L&T Krishnagiri Walajahpet Tollway Limited

(ii) The group has given an undertaking jointly with Larsen & Toubro Limited (holding company) to the term lenders of the L&T Samakhiali Gandhidham Tollway Limited to meet the cost overrun to the extent of 5% of the project cost.

(iii) The group has given, inter alia, the following commitments to the term lenders of L&T Chennai - Tada Tollway Limited,to meet the cost overrun of the project, in future if any to bring in an amount upto ₹ 178.74 crore on a need basis in the form of Mezzanine debt, after drawl of loan of ₹ 475 crore in full in order to meet the reduction in the quantum of loan by the lenders and increase in the project cost as reduced by increase in internal accruals. Also Refer Notes Q(25) and Q(27).

(iv) The group has given, inter alia, the following commitments in respect of its investments:

(a) Jointly with Larsen & Toubro Limited (holding company), to the term lenders of L&T Transportation Infrastructure Limited (LTTIL) to jointly meet the shortfall in the working capital requirements of LTTIL until the financial assistance received from the term lenders is repaid in full by LTTIL.

(b) To the term lenders of L&T BPP Tollway Limited to meet shortfall as provided in the base case revenue projections for the first two years post COD.

(c) To the term lenders of L&T Sambalpur - Rourkela Tollway Limited to meet the cost overrun in excess of 5% of the Project Cost in such a manner that the Debt-Equity of 1.86 times is not exceeded and to fund equity as per the revised financial model in case additional funds are to be raised by way of debt to meet the cost overrun in excess of 5 % of Project Cost. The group has also given a commitment to infuse/provide temporary funds to the Borrower during construction and operation period to meet shortfall in case of delay in receipt of Grant subject to repayment on receipt of the Grant.

(d) To the term lenders of L&T Deccan Tollways Limited (LTDTL) to meet shortfall in major maintenance and Debt Service Reserve (DSR) Account and to maintain minimum year to year Debt Service Coverage Ratio of 1.2 times in a manner satisfactory to Senior Debt Tranche A Lenders (Facility amounting to ₹ 1,080.92 crore) in line with base case revenue projections. The Company has also given an undertaking to Senior Debt Tranche B Lenders (Facility amounting to ₹ 154.42 crore) for servicing the obligation in the event of failure of repayment by LTDTL.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(e) Jointly with Ashoka Buildcon Limited, to the term lenders of PNG Tollway Limited (PNGTL) to meet the shortfall proportionate to share holding in payment of interest in respect of loans in accordance with the terms of the Common Loan Agreement during the period between partial COD till the commencement of full tolling for the entire project highway. Also Refer Note Q(25) and Q(28).

(f) To the lenders of L&T Krishnagiri Walajahpet Tollway Limited (LTKWTL), to provide to promptly and timely service the debt service obligations of the borrower under the subordinate facility (Facility amounting to ₹ 54.00 crore) to the satisfaction of subordinate lenders, without recourse to the project assets in the event internal cash accruals are insufficient to meet debt service obligations under the subordinate facility.

(g) The group has given an undertaking to the debenture trustee of L&T Interstate Road Corridor Limited(LTIRCL) to make payment of the Termination Shortfall amount due to Concessionaire event of default in the event that LTIRCL fails to make payment of the same within 5 business days from the due date of deposit of the Termination Payments by NHAI into the Escrow Account and also to make payment of the Operation & Maintenance(O&M) expenses shortfall amounts caused due to increase in O&M Expenses beyond the limits set out in Base Case O&M Expenses Schedule and resulting in shortfall in amounts available for debt servicing and/or DSR Amount and/or the Major Maintenance Reserve, without utilising the surplus amounts within a period of 30 (thirty) Business days from the date of demand therefore issued by the Debenture Trustee.

(h) The group has given a commitment to the debenture trustees of Kudgi Transmission Limited under Sponsor Support and Put Option Agreements dated 29 May 2015 to fund the coupon shortfall in accordance with the terms of the agreement. The Company has also given a commitment to purchase the debentures in accordance with the terms of the put option mentioned in the agreement.

(i) The group has given a commitment to the debenture trustees of Vadodara Bharuch Tollway Limited (VBTL) vide a Sponsor Support Agreement dated 30 September 2016 wherein the Company has undertaken/guaranteed that in the event of shortage of funds for repayment of the debentures to the debenture trustees, the Company shall immediately arrange for the repayment of the advances/loans given by L&T VBTL to the Company or its subsidiaries.

(j) During the year ended 31 March 2017, one of the subsidiaries of the Company, L&T Halol Shamalji Tollway Limited (LTHSTL), pursuant to its withdrawal of the termination letter issued to Gujarat State Road Development Corporation (GSRDC) has entered into a Master Restructuring Agreement with its lenders under the Strategic Restructuring package of the Reserve Bank of India. Pursuant to the same: (a) the lenders have acquired about 51% stake in LTHSTL. However the Company continues to retain Management control over LTHSTL. (b) the Company has entered into a sponsor undertaking in favour of the lenders wherein the Company has sub-ordinated its rights to receive any amounts from LTHSTL in whatever form unless all obligations of the lenders including the equity portion of their debt is repaid with an agreed IRR.

(v) Management's assessment

The amounts shown under contingent liabilities and commitments represent the best possible estimate arrived at on the basis of the available information. Further, various government authorities/other stakeholders raise issues/clarifications in the normal course of business and the Management has provided its responses in respect of the same and no formal demands/claims have been raised in respect of the same other than those disclosed above. The obligations and possible reimbursements in respect of the above are dependent on the outcome of the various discussions/proceedings that are ongoing and, therefore, cannot be predicted accurately except those disclosed above. The Group does not expect any financial exposure in respect of these as at 31 March 2017.

	Particulars	**2016-17**		*2015-16*	
		₹ Crore	**₹ Crore**	*₹ Crore*	*₹ Crore*
K	**REVENUE FROM OPERATIONS**				
	Operating income				
	Construction and project related activity [Refer Notes Q(6) and Q(19)]	**497.75**		*879.30*	
	Annuity income	**197.96**		*86.42*	
	Income from financing activity	**0.44**		*3.95*	
	Toll collection and related activity [Net of revenue share payable of ₹ 100.10 crore *(previous year: ₹ 95.54 crore)*]	**1,433.63**		*1,477.65*	
	Income from wind power generation	**8.37**		*6.25*	
			2,138.15		*2,453.57*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Particulars	2016-17		2015-16	
	₹ Crore	₹ Crore	₹ Crore	₹ Crore
Other operational revenue				
Lease rental income	0.22		0.09	
Business support services	2.26		–	
Claims for compensation/ concession extension with NHAI	24.74		–	
Miscellaneous income	0.20		2.83	
		27.42		2.92
TOTAL		2,165.57		2,456.49

Note K(i):
Claims for compensation/concession extension with NHAI represents, compensation receivable for loss of revenue under the concession agreements entered into with National Highways Authority of India (NHAI) by the Group, by way of extension of the concession agreement by certain number of days based on the actual loss incurred due to non-collection/partial collection of toll revenue during the period of force majeure, accounted for in accordance with the accounting policy of the Group. Also Refer Note E(II).

	Particulars	2016-17		2015-16	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
L	OTHER INCOME				
	Interest income				
	From current investments	0.86		2.33	
	From banks	0.92		10.50	
	From others	5.30		3.04	
			7.09		15.87
	Dividend income				
	From trade investments	0.00		–	
	From mutual funds	6.07		2.68	
	Others	–		0.91	
			6.07		3.59
	Profit/(loss) on sale of current investments(net)		17.36		23.51
	Profit/(loss) on sale of fixed assets		0.08		–
	Liabilities/provisions no longer required written back		2.32		34.59
	Other miscellaneous income		19.30		10.06
	TOTAL		52.22		87.62

	Particulars	2016-17		2015-16	
		₹ Crore	₹ Crore	₹ Crore	₹ Crore
M	OTHER CONSTRUCTION AND RELATED OPERATING EXPENSES				
	Power and fuel		20.39		19.61
	Engineering, professional, technical and consultancy fees		18.27		7.59
	Insurance		7.69		6.85
	Rent, rates and taxes		0.12		9.70
	Vehicle running and maintenance		5.98		–
	Repairs to plant and equipment		13.85		8.20
	Repairs to buildings		1.41		0.63
	Provision for periodic major maintenance [Refer Note Q(13)]		220.52		201.42
	General repairs and maintenance		102.82		54.65
	Miscellaneous expenses		0.65		41.89
	TOTAL		391.70		350.54

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Note M(i)

Other construction and related operating expenses is net of ₹ 10.85 crore *(previous year: ₹ Nil crore)*, being reimbursement of expenses pursuant to the terms of the concession agreement due to non-collection of toll revenue pursuant to the direction from NHAI during the period from 09 November 2016 to 02 December 2016 on account of demonetisation.

	Particulars	2016-17 ₹ Crore	2016-17 ₹ Crore	*2015-16 ₹ Crore*	*2015-16 ₹ Crore*
N	**EMPLOYEE BENEFITS EXPENSE**				
	Salaries, wages and bonus		**45.54**		*45.60*
	Contribution to and provision for: [Refer Note Q(7)]				
	Provident and pension funds	**2.11**		*2.09*	
	Superannuation/employee pension schemes	**0.14**		*0.16*	
	Gratuity funds	**0.99**		*1.27*	
			3.24		*3.52*
	Staff welfare expenses		**7.17**		*4.29*
	TOTAL		**55.95**		*53.41*

Note N(i)

Employee benefits expense is net of ₹ 1.39 crore *(previous year : ₹ Nil crore)*, being reimbursement of expenses pursuant to the terms of the concession agreement due to non-collection of toll revenue pursuant to the direction from NHAI during the period from 09 November 2016 to 02 December 2016 on account of demonetisation.

	Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
O	**ADMINISTRATION AND OTHER EXPENSES**		
	Power and fuel	**0.12**	*0.20*
	Insurance	**0.39**	*1.27*
	Rent, rates and taxes	**9.32**	*13.59*
	Travelling and conveyance	**7.60**	*9.29*
	General repairs and maintenance	**6.88**	*7.66*
	Professional fees	**22.00**	*20.99*
	Telephone, postage and telegram	**1.69**	*1.69*
	Advertising and publicity	**0.89**	*1.32*
	Stationery and printing	**1.25**	*1.45*
	Bank charges	**3.63**	*2.74*
	Premium and exchange loss on derivative contracts (net)	**17.59**	*19.84*
	Loss on sale of fixed assets (net)	**–**	*0.14*
	Corporate social responsibility [Refer Note Q(14)]	**0.47**	*0.17*
	Others	**–**	*47.58*
	Miscellaneous expenses	**5.18**	*2.88*
	TOTAL	**77.01**	*130.81*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Note O(i)

Professional fees includes Auditor's remuneration as follows (including service tax wherever applicable)

Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
(i) As auditor	**0.79**	*0.64*
(ii) For Company law matters	**0.72**	*0.54*
(iii) For taxation matters	**0.14**	*0.16*
(iv) For other services	**0.18**	*–*
(v) Reimbursement of expenses	**0.04**	*0.04*
TOTAL	**1.87**	*1.38*

Note O(ii)

Administration and other expenses is net of ₹ 0.94 crore *(previous year: ₹ Nil crore)*, being reimbursement of expenses pursuant to the terms of the concession agreement due to non-collection of toll revenue pursuant to the direction from NHAI during the period from 09 November 2016 to 02 December 2016 on account of demonetisation.

	Particulars	2016-17 ₹ Crore	*2015-16 ₹ Crore*
P	**FINANCE COSTS**		
	Interest expense on term loans	**770.12**	*1,001.10*
	Interest expense on debentures	**141.99**	*55.08*
	Interest expense on other borrowings	**19.72**	*30.61*
	Other borrowing costs	**65.77**	*27.63*
	TOTAL	**997.60**	*1,114.42*

Note P(i):

Finance costs is net of ₹ 36.11 crore *(previous year : ₹ Nil crore)*, being reimbursement of interest expenses pursuant to the terms of the concession agreement due to non-collection of toll revenue pursuant to the direction from NHAI during the period from 09 November 2016 to 02 December 2016 on account of demonetisation.

Q. OTHER NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS

Q(1) Corporate Information

L&T Infrastructure Development Projects Limited ("L&T IDPL") is a public company domiciled in India. L&T IDPL is a Systemically Important Non-Deposit taking Core Investment Company ("CIC-ND-SI"), in terms of the Certificate of Registration ("CoR") received from Reserve Bank of India ("RBI"). L&T IDPL is also involved in the business of development, operation and maintenance of infrastructure projects under the Public Private Partnership ("PPP") route through its subsidiaries. The subsidiaries enter into concession agreements with National Highways Authority of India ("NHAI") / State authorities for the development, operation and maintenance of infrastructure projects under Design-Build-Finance-Operate-Transfer(DBFOT)/Build-Operate-Transfer (BOT) mode with concession periods ranging from 15 to 35 years. At the end of the said concession period, the entire facilities are transferred to the concerned government authorities.

Q(2) Additional information pursuant to Schedule III to the Companies Act, 2013

S. No.	Name of the entity	Country of Incorporation	Net assets, i.e., total assets minus total liabilities		Share in profit or loss	
			As % of consolidated net assets	Amount ₹ crore	As % of consolidated profit or loss	Amount ₹ crore
	Parent					
	L&T Infrastructure Development Projects Limited	India	133.86%	5,603.79	(24.85%)	64.37
	Indian Subsidiaries					
1	L&T Transportation Infrastructure Limited	India	1.98%	82.69	(7.85%)	20.34
2	L&T Interstate Road Corridor Limited	India	0.12%	5.01	5.22%	(13.51)
3	Krishnagiri Thopur Toll Road Limited	India	3.38%	141.30	(15.21%)	39.40
4	Panipat Elevated Corridor Limited	India	(4.73%)	(198.02)	13.69%	(35.45)
5	Vadodara Bharuch Tollway Limited	India	(2.13%)	(89.12)	(6.58%)	17.05

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

S. No.	Name of the entity	Country of Incorporation	Net assets, i.e., total assets minus total liabilities		Share in profit or loss	
			As % of consolidated net assets	Amount ₹ crore	As % of consolidated profit or loss	Amount ₹ crore
6	Western Andhra Tollways Limited	India	0.29%	12.22	(4.28%)	11.08
7	Devihalli Hassan Tollway Limited	India	3.41%	142.59	2.33%	(6.04)
8	L&T Krishnagiri Walajahpet Tollway Limited	India	(0.12%)	(4.98)	(2.64%)	6.84
9	L&T Metro Rail (Hyderabad) Limited	India	0.00%	–	(2.48%)	6.42
10	Ahmedabad Maliya Tollway Limited	India	(8.02%)	(335.64)	20.12%	(52.12)
11	L&T Halol Shamlaji Tollway Limited	India	(5.39%)	(225.63)	34.78%	(90.07)
12	L&T Port Kachchigarh Limited	India	(0.11%)	(4.61)	0.01%	(0.02)
13	L&T Samakhali Gandhidham Tollway Limited	India	(2.81%)	(117.64)	21.39%	(55.41)
14	L&T Rajkot Vadinar Tollway Limited	India	(7.76%)	(325.05)	21.34%	(55.27)
15	L&T BPP Tollway Limited	India	(2.39%)	(100.02)	18.75%	(48.57)
16	L&T Deccan Tollways Limited	India	(0.06%)	(2.52)	0.12%	(0.32)
17	L&T Western India Tollbridge Limited	India	0.47%	19.70	(0.34%)	0.87
18	L&T Chennai Tada Tollway Limited	India	(0.12%)	(5.05)	1.88%	(4.86)
19	PNG Tollway Limited	India	(11.78%)	(493.31)	24.44%	(63.31)
20	L&T Sambalpur-Rourkela Tollway Limited	India	3.46%	144.86	0.22%	(0.56)
21	Kudgi Transmission Limited	India	0.40%	16.74	0.83%	(2.14)
	Foreign Subsidiaries					
1	L&T IDPL Trustee Manager Pte. Limited	Singapore	(0.13%)	(5.48)	0.06%	(0.16)
2	L&T Infrastructure Development Projects Lanka (Private) Limited	Sri Lanka	0.00%	–	(0.93%)	2.42
	Associate Companies					
1	International Seaports haldia (Private) Limited		0.35%	14.82	(0.63%)	1.62
	Minority interest in all subsidiaries and eliminations		(2.16%)	(90.28)	0.62%	(1.60)
	TOTAL		**100.00%**	**4,186.37**	**100.00%**	**(259.00)**

Q(3) Reserves and Surplus shown in the Consolidated Balance Sheet includes the Group's share in the respective reserves of subsidiaries. Reserves attributable to minority shareholders is reported as part of minority interest in the Consolidated Balance Sheet. Movement in minority interest is given below

Particulars	₹ Crore
Balance as at 01 April 2016	**5.58**
Add : Net increase on acquisition by lenders pursuant to SDR scheme	**176.11**
Less : Share in profit/(loss) during the year (net)	**14.00**
Less : Derecognition pursuant to disposal of subsidiaries(net)	**22.87**
Balance as at 31 March 2017	**144.82**

Q(4) (a) Pursuant to the Share Purchase Agreement entered into by the Company with its Holding Company, Larsen & Toubro Limited dated 29 March 2017, the Company had sold its entire investment in one of the subsidiaries, L&T Metro Rail (Hyderabad) Limited (LTMRHL) to Larsen & Toubro Limited at cost . Consequent to the disposal, a net gain of ₹ 14.55 Crore *(previous year :₹ Nil crore)* is accounted for in the Consolidated statement of profit and loss and is included under Exceptional items.

(b) Pursuant to the Share Purchase Agreement entered into by the Company dated 04 April 2016 for the disposal of its investment in one of the subsidiaries, L&T Infrastructure Development Projects Lanka (Private) Limited (L&T IDP Lanka), a net gain of ₹ 4.85 Crore *(previous year :₹ Nil crore)* is accounted in the Consolidated statement of profit and loss and is included under Exceptional items."

Q(5) (a) Provision for current tax includes:

i) ₹ Nil crore *(previous year: ₹ 0.06 crore)* being reversal of excess provision for income tax in respect of earlier years.

ii) ₹ 0.56 crore *(previous year: ₹ 0.28)* being additional provision for income tax made during the year in respect of earlier years.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(b) MAT credit entitlement represents an amount of ₹ 77.12 crore *(previous year: ₹ 7.11 crore)*, recognised in the consolidated statement of profit and loss in line with Group's accounting policy [Refer Note R(21)], based on Management's assessment of future projections as at 31 March 2017.

Q(6) Disclosures pursuant to Accounting Standard (AS) 7 (Revised) "Construction Contracts":

Particulars		2016-17	2015-16
		₹ crore	*₹ crore*
i)	Contract revenue recognised for the financial year	**497.75**	*879.3*
ii)	Aggregate amounts of contract costs incurred and recognised profits (less: recognised losses) as at the end of the financial year for all contracts in progress as at that date	**1,995.76**	*1498.01*
iii)	Amount of customer advances outstanding for contracts in progress as at end of the financial year	**–**	–
iv)	Retention amounts by customers for contracts in progress as at end of the financial year	**–**	–

Q(7) Disclosure pursuant to Accounting Standard (AS) 15 (Revised) "Employee Benefits"

(A) Defined contribution plans:

An amount of ₹ 1.43 crore *(previous year: ₹ 1.15 crore)* is recognised as an expense and included in "employee benefits expense" in the Statement of Profit and loss and an amount of ₹ 0.31 crore *(previous year : ₹ 1.57 crore)* and ₹ 0.05 crore *(previous year : ₹ Nil crore)* is included in "Intangible assets under development" and "Capital Work-in-progress" respectively.

(B) Defined benefit plans:

(i) The amounts recognised in balance sheet are as follows:

				₹ Crore
Particulars	**Gratuity plan**		**Trust-managed provident fund plan**	
	As at 31 March 2017	*As at 31 March 2016*	**As at 31 March 2017**	*As at 31 March 2016*
A) Present value of defined benefit obligation				
– Wholly funded	**6.06**	*5.06*	**16.08**	*15.76*
– Wholly unfunded	**–**	*2.34*		–
	6.06	*7.40*	**16.08**	*15.76*
Less : Fair value of plan assets	**4.73**	*3.81*	**15.90**	*15.63*
Add : Unrecognised asset	**–**	–		*0.04*
Amount to be recognised as liability or (asset)	**1.33**	*3.59*	**0.18**	*0.17*
B) Amounts reflected in the Balance Sheet				
Liabilities	**1.33**	*3.59*	**0.18**	*0.17*
Net Liability/(asset)	**1.33**	*3.59*	**0.18**	*0.17*
Net Liability/(asset) - current	**1.33**	*3.59*	**0.18**	*0.17*
Net Liability/(asset) – Non current	**–**	–	**–**	–

(ii) The amounts recognised in the statement of profit and loss are as follows:

				₹ Crore
Particulars	**Gratuity plan**		**Trust-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
1 Current service cost	**0.79**	*0.94*	**0.91**	*0.94*
2 Interest on defined benefit obligation	**0.39**	*0.44*	**1.29**	*1.22*
3 Expected return on plan assets	**(0.26)**	*(0.26)*	**(1.29)**	*(1.22)*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

₹ Crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
4 Actuarial losses/(gains)	**0.18**	*1.06*	**–**	*(0.06)*
5 Past service cost	**–**	*–*	**–**	*–*
6 Actuarial gain/(loss) not recognised in books	**–**	*–*	**–**	*0.06*
7 Adjustment for earlier years	**–**	*(0.16)*	**–**	*–*
8 Amount capitalised out of the above	**(0.11)**	*(0.75)*	**–**	*–*
Total (1 to 8)	**0.99**	*1.27*	**0.91**	*0.94*
I Amount included in “employee benefit expenses”	**0.99**	*1.27*	**0.91**	*0.94*
II Amount included as part of “finance costs”	**–**	*–*	**–**	*–*
Total (I + II)	**0.99**	*1.27*	**0.91**	*0.94*
Actual return on plan assets	**0.26**	*0.26*	**1.29**	*1.06*

(iii) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ Crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening balance of the present value of defined benefit obligation	**7.40**	*5.62*	**15.80**	*12.62*
Add: Current service cost	**0.79**	*0.94*	**0.91**	*0.94*
Add: Interest cost	**0.39**	*0.44*	**1.29**	*1.22*
Add: Contribution by plan participants				*–*
i) Employee	**–**	*–*	**1.51**	*1.47*
Add/(less): Actuarial losses/(gains)	**0.09**	*1.10*		*–*
Less: Benefits paid	**(0.57)**	*(0.80)*	**(3.04)**	*(1.88)*
Add: Past service cost		*–*		
Add/(less) : Business combination/disposal(net)	**(2.04)**	*–*		*–*
Add/(less) : Liabilities assumed on transfer of employees	**–**	*–*	**(0.42)**	*1.29*
Add/(less) : Adjustment for earlier years	**–**	*0.10*	**0.03**	*0.10*
Closing balance of the present value of defined benefit obligation	**6.06**	*7.40*	**16.08**	*15.76*

(iv) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

₹ Crore

Particulars	Gratuity plan		Trust-managed provident fund plan	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Opening balance of fair value of plan assets	**3.81**	*3.41*	**15.63**	*12.55*
Add: Expected return on plan assets	**0.26**	*0.26*	**1.29**	*1.22*
Add/(less): Actuarial (losses)/gains	**(0.08)**	*0.04*	**0.08**	*0.06*
Add: Contribution by employer	**2.52**	*0.31*	**0.91**	*0.91*
Add: Contribution by plan participants	**–**	*–*	**1.51**	*1.47*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

₹ Crore

Particulars	**Gratuity plan**		**Trust-managed provident fund plan**	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Less: Benefits paid	**(0.42)**	*(0.48)*	**(3.04)**	*(1.88)*
Add/(less) : Transfer in/(out)	**–**	*–*	**(0.42)**	*1.29*
Add/(less) : Business combination/disposal(net)	**(1.37)**	*–*	**–**	*–*
Add: Adjustment for earlier years	**–**	*0.27*	**(0.04)**	*–*
Closing balance of fair value of plan assets	**4.72**	*3.81*	**15.92**	*15.62*

(v) The major categories of plan assets as a percentage of total plan assets are as follows :

Particulars	**Gratuity plan**		**Trust-managed provident fund plan**	
	As at 31 March 2017	*As at 31 March 2016*	**As at 31 March 2017**	*As at 31 March 2016*
Government of India securities	**–**	*–*	**20.00%**	*25.00%*
State government securities	**–**	*–*	**21.00%**	*16.00%*
Special deposit schemes	**–**	*–*	**8.00%**	*9.00%*
Public sector unit bonds	**–**	*–*	**33.00%**	*39.00%*
Corporate bonds	**–**	*–*	**15.00%**	*10.00%*
Insurer managed funds	**100.00%**	*100.00%*	**3.00%**	*1.00%*
Total	**100.00%**	*100.00%*	**100.00%**	*100.00%*

(vi) Principal actuarial assumptions at the balance sheet date:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*
1) Discount rate:		
a) Gratuity plan	**6.95% - 7.19%**	*7.70% - 8.00%*
b) Trust-managed provident fund plan	**7.19%**	*7.83%*
2) Expected return on plan assets:		
a) Gratuity plan	**6.95% - 7.19%**	*7.85%*
b) Trust Managed Provident fund plan	**8.87%**	*8.53%*
3) Future Salary Increase	**6.00%**	*6.00%*
4) Mortality rate	**Indian Assured Lives Mortality (2006-08) Table**	*Indian Assured Lives Mortality rate(2006-08) table*

5) The attrition rate for gratuity plan varies from 3% to15% *(previous year: 3%)* for various age groups.

6) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

7) The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the Statement of Profit and loss as actuarial losses.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(vii) The amounts pertaining to defined benefit plans are as follows:

₹ crore

Particulars	As at 31 March 2017	As at 31 March 2016	As at 31 March 2015	As at 31 March 2014	As at 31 March 2013
a) Gratuity plan (funded)					
Defined benefit obligation	**6.06**	*7.40*	*5.62*	*4.64*	*4.67*
Plan assets	**4.73**	*3.81*	*3.41*	*2.66*	*2.58*
Surplus/(deficit)	**(1.33)**	*(3.59)*	*(2.21)*	*(1.98)*	*(2.09)*
b) Trust-managed provident fund plan (funded)					
Defined benefit obligation	**16.08**	*15.76*	*12.61*	*10.35*	*7.52*
Plan assets	**15.90**	*15.63*	*12.55*	*9.92*	*7.34*
Surplus/(deficit)	**(0.18)**	*(0.13)*	*(0.06)*	*(0.43)*	*(0.18)*
c) Experience adjustments					
Experience adjustments on plan liabilities	**(0.24)**	*0.53*	*Refer Note below**		
Experience adjustments on plan assets	**0.08**	*(0.31)*			

*Due to non availability of information, experience adjustments of plan liabilities and assets for the respective years have not been disclosed.

(viii) General descriptions of defined benefit plans:

(A) Gratuity plan:

The Group operates gratuity plan through LIC's Group Gratuity scheme where every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

(B) Trust managed provident fund plan:

The Company manages provident fund plan through the Holding Company's provident fund trust for its employees which is permitted under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan envisages contribution by employer and employees and guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

(C) Compensated absences:

The significant assumptions considered by the independent actuary in carrying out the actuarial valuation of long term compensated absences are given below:

Particulars	As at 31 March 2017	As at 31 March 2016
1) Discount rate	**6.95% - 7.19%**	*7.70% - 7.85%*
2) Future salary increase	**6.00%**	*6.00%*
3) Attrition rate		
Age band		
25 and below	**15.00%**	*15.00%*
26 to 35	**12.00%**	*12.00%*
36 to 45	**9.00%**	*9.00%*
46 to 55	**6.00%**	*6.00%*
56 and above	**3.00%**	*3.00%*
4) Mortality rate	**Indian Assured Lives Mortality (2006-08) Table**	*Indian Assured Lives Mortality (2006-08) Table*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(D) Retention pay:

The significant assumptions considered by the independent actuary in carrying out the actuarial valuation of Retention Pay are given below:

Particulars	As at 31 March 2017	As at 31 March 2016
1) Discount rate	**6.95%**	*7.20%*
2) Mortality Rate	**Indian Assured Lives Mortality (2006-08) Table**	*Indian Assured Lives Mortality (2006-08) Table*

Q(8) Disclosure pursuant to Accounting Standard (AS) 17 "Segment Reporting"

a) Primary segments (business segments):

₹ Crore

Particulars	Financing activity		Infrastructure development		Total	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
Segment revenue	**0.44**	*3.95*	**2,165.13**	*2,452.54*	**2,165.57**	*2,456.49*
Segment result	**(45.25)**	*(75.39)*	**724.67**	*538.00*	**679.42**	*462.61*
Unallocable corporate income/expenditure (net)	–	–	–	–	**(51.01)**	*47.85*
Unallocable depreciation	–	–	–	–	**(1.40)**	*(1.50)*
Operating profit		–	**724.67**	–	**627.01**	*508.96*
Interest and other income	–	–	**52.22**	–	**52.22**	*5.37*
Interest expense		–	**997.60**	–	**997.60**	*1,114.42*
Profit/(Loss) before exceptional items and tax		–	**(265.97)**	–	**(265.97)**	*(600.09)*
Exceptional items	–	–	**69.47**		**69.47**	*(226.15)*
Profit/(Loss) before tax		–	**(335.44)**	–	**(335.44)**	*(826.24)*
Provision for current tax [net of MAT Credit]		–	**(57.53)**	–	**(57.53)**	*6.63*
Provision for deferred tax		–	**(3.29)**	–	**(3.29)**	*(1.34)*
Profit/(Loss) after tax		–	**(274.62)**	–	**(274.62)**	*(831.53)*
Share of profit/(loss) in associate		–	**1.62**	–	**1.62**	*(0.22)*
Adjustment for minority interests in subsidiaries		–	**(14.00)**	–	**(14.00)**	*99.37*
Profit/(Loss) after tax, minority interest and share in profit of associates		–	**(259.00)**	–	**(259.00)**	*(732.38)*
Segment assets	**1,887.19**	–	**29,444.34**	–	**31,331.53**	*37,243.80*
Un allocable assets	–	–	–	–	**41.24**	*335.46*
Total Assets	**1,887.19**	–	**29,444.34**		**31,372.77**	*37,579.26*
Segment liabilities	**553.26**	*415.21*	–	*13,119.84*	**553.26**	*13,535.05*
Un allocable liabilities	–	–	**30,819.51**	–	**30,819.51**	*24,044.21*
Total Liabilities	**553.26**	*415.21*	**30,819.51**	*13,119.84*	**31,372.77**	*37,579.26*
Other Information			–			
Capital expenditure (allocable)	–	*0.78*	**862.43**	*12,558.65*	**862.43**	*12,559.43*
Depreciation, amortisation and impairment included in Segment expense			**(490.00)**	*(599.52)*	**(490.00)**	*(599.52)*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

b) The Company caters mainly to domestic market and hence there are no reportable secondary/geographical segments.

c) Segment reporting, segment identification, reportable segments and definition of each reportable segment:

(i) Primary segment reporting format

The risk-return profile of the Company is determined predominantly by the nature of its products and services. Accordingly, the business segments constitute the primary segments for disclosure of segment information.

(ii) Segment identification

Business segments have been identified on the basis of the nature of products/services, the risk-return profile of individual business, the organisational structure and internal reporting system of the Company.

(iii) Reportable segments

Reportable segments have been identified as per the criteria specified in Accounting Standard (AS) 17 "Segment Reporting".

d) Segment Composition:

Infrastructure development segment comprises construction, development, operation and maintenance of toll projects including annuity based projects, development and operation of power transmission projects, development and operation of metro rail and providing related advisory services.

Financing activity segment comprises the investment and related activities undertaken as Core Investment Company (CIC - ND - SI).

Q(9) Disclosure of related parties / related party transactions pursuant to Accounting Standard (AS) 18 "Related Party Disclosures"

(i) Name of Related Parties and Nature of Relationships

Nature of Relationship	**Year Ended 31 March 2017**	*Year Ended 31 March 2016*
Holding Company	Larsen & Toubro Limited	Larsen & Toubro Limited
Entity exercising Significant Influence	CPP Investment Board Singaporean Holdings 1 Pte. Limited	CPP Investment Board Singaporean Holdings 1 Pte. Limited
Fellow subsidiaries	L&T General Insurance Company Limited	L&T General Insurance Company Limited
	L&T Marketing Networks Limited	L&T Technology Services Limited
	Larsen & Toubro Infotech Limited	Larsen & Toubro Infotech Limited
	L&T Finance Holdings Limited	L&T Infocity Limited
	L&T Metro Rail (Hyderabad) Limited (w.e.f. 29 March 2017)	L&T Infrastructure Engineering Limited
		L&T Hydrocarbon Engineering Limited
		L&T Shipbuilding Limited
Associate	International Seaports Haldia (Private) Limited	International Seaports Haldia (Private) Limited
Key Managerial Personnel	Mr. K. Venkatesh - Chief Executive and Managing Director	Mr. K. Venkatesh - Chief Executive and Managing Director

(ii) Details of transactions with related parties: (including taxes wherever applicable)

		₹ Crore
Nature of Relationship/Name/Nature of transaction	**2016-17**	*2015-16*
i. Holding Company		
Larsen & Toubro Limited		
Purchase of goods and services	**1,633.87**	*2,547.17*
Sale of goods and services	**7.29**	*6.41*
Intercorporate deposits/loans/mezzanine debt given	**–**	*900.00*
Reimbursement of expenses from	**16.27**	*47.26*
Reimbursement of expenses to	**1.91**	*1.65*
Mobilisation advance paid	**0.00**	*7.50*
Rent paid	**2.28**	*2.60*
Interest paid	**–**	*5.18*
Interest received	**–**	*3.89*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

		₹ Crore
Nature of Relationship/Name/Nature of transaction	**2016-17**	*2015-16*
Transfer of loans and advances from	**–**	*44.03*
Transfer of loans and advances to	**0.08**	*0.10*
Purchase of equity shares	**–**	*43.97*
Sale of equity shares	**2,041.57**	*–*
Advance against share capital	**6.35**	*–*
Subscription to equity shares	**0.32**	*0.49*

		₹ Crore
Nature of Relationship/Name/Nature of transaction	**2016-17**	*2015-16*
ii. Fellow Subsidiaries		
L&T Infocity Limited		
Rent paid	**–**	*0.04*
Reimbursement of expenses from	**–**	*4.98*
Reimbursement of expenses to	**–**	*–*
L&T Technology Services Limited		
Rendering of services	**–**	*0.01*
Availment of services	**–**	*–*
L&T Infrastructure Engineering Limited		
Availment of services	**–**	*0.48*
Larsen & Toubro Infotech Limited		
Availment of services	**4.09**	*6.76*
L&T General Insurance Company Limited		
Insurance premium paid	**1.43**	*7.84*
Reimbursement of expenses from	**–**	*0.36*
L&T Hydrocarbon Engineering Limited		
Rendering of services	**–**	*0.01*

		₹ Crore
Availment of services	**2016-17**	*2015-16*
L&T Marketing Networks Limited		
Reimbursement of expenses to	**0.03**	*–*
L&T Shipbuilding Limited		
Rendering of services	**–**	*2.75*
L&T Finance Holdings Limited		
Reimbursement of expenses to	**0.01**	*–*
iv. Associate Company		
International Seaports Haldia (Private) Limited		
Dividend received	**1.47**	*2.46*
vi. Entity exercising significant influence		
CPP Investment Board Singaporean Holdings 1 Pte. Limited		
Issue of Compulsorily Convertible Preference Shares	**–**	*1,000.00*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

(iii) Amount due to and due from related parties (net) :

				₹ Crore
Particulars	**2016-17**		*2015-16*	
	Due to	**Due from**	*Due to*	*Due from*
i. Holding company				
1. Larsen & Toubro Limited	**26.32**	**–**	*117.43*	*–*
ii. Fellow subsidiaries				
1. Larsen & Toubro Infotech Limited	**–**	**–**	*3.04*	*–*
2. L&T Infrastructure Engineering Limited	**–**	**–**	*0.17*	*–*
3. L&T Shipbuilding Limited	**–**	**1.28**	*–*	*1.00*
4. L&T Hydrocarbon Engineering Limited	**–**	**0.04**	*–*	*0.01*

(iv) No amounts have been written off/ written back during the current year and previous year

Q(10)Disclosure pursuant to Accounting standard (AS) 19 'Leases' :

The Group has taken various office premises, guest houses and residential premises on cancellable operating lease. These agreements are normally renewed on expiry. Lease rental expenses for the year ₹ 0.19 Crore *(previous year : ₹ 0.20 crore)* has been charged to the statement of profit and loss and ₹ 0.27 crore *(previous year : ₹ 0.29 crore)* has been included in Intangible assets under development.

Q(11)Basic and Diluted Earnings per Share ('EPS') computed in accordance with Accounting Standard (AS) 20 'Earnings per Share':

Particulars		**2016-17**	*2015-16*
Basic earnings per equity share			
Loss after tax as per accounts (₹ crore)	**A**	**(259.00)**	*(732.38)*
Weighted average number of equity shares outstanding	**B**	**321,049,196**	*321,049,196*
Basic EPS (₹)	**A/B**	**(8.07)**	*(22.81)*
Diluted earnings per equity share			
Loss after tax as per accounts (₹ crore)	**A**	**(259.00)**	*(732.38)*
Weighted average number of equity shares outstanding	**B**	**321,049,196**	*321,049,196*
Add : Weighted average number of potential equity shares on account of CCPS ^ ^	**C**	**308,458,935**	*136,042,846*
Weighted average number of shares outstanding for diluted EPS	**D=B+C**	**629,508,131**	*457,092,042*
Diluted EPS (₹) ^ ^ ^	**A/D**	**(8.07)**	*(22.81)*
Face value per share (₹)		**10.00**	*10.00*

^ ^ Pursuant to the Investment agreement dated 21 June 2014, signed between the Company, the Holding Company, Larsen & Toubro Limited, Old lane Mauritius III Limited and CPP Investment Board Singaporean Holdings 1 Pte. Limited, the Company had allotted 1800 Compulsorily Convertible Preference Shares Series 1 of ₹ 1 Crore each and 200 Compulsorily Convertible Preference Shares Series 1 of ₹ 1 Crore each to CPP Investment Board Singaporean Holdings 1 Pte. Limited. In terms of clause 8.1.3 of the said agreement, the CCPS Series 1 comprising 1800 compulsorily convertible preference shares of face value ₹ 1,00,00,000 each and CCPS Series 2 comprising 200 compulsorily convertible preference shares of face value ₹ 1,00,00,000 each are convertible into equity shares of face value ₹ 10 each based on a Valuation process set out in Schedule 9 of the said agreement on or before 31 March 2019 and 31 March 2021 respectively.

In order to compute the Diluted earnings per share and to determine the number of potential equity shares, the Company has undertaken an internal valuation based on management's projections and estimated the number of equity shares that would be allotted upon conversion of these CCPS Series 1 and CCPS Series 2. However the actual number of equity shares that would be allotted upon conversion may significantly differ from the above if the valuation of the Company as envisaged in the Investment agreement at the time of conversion is materially different.

^ ^ ^ As the potential equity shares turn anti-dilutive, the same is ignored in the computation of diluted earnings per share for the current year and the previous year.

The Company has 10,000 Special Equity Shares of ₹ 10 each outstanding which do not have any right to receive divided/other distributions of Company or otherwise carry any economic rights. Consequently, earnings per share is not applicable for such special equity shares. Also Refer Note A(III).

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Q(12) Disclosure pursuant to Accounting Standard (AS) 22 " Accounting for Taxes on Income":

				₹ crore
Particulars	*Deferred tax liabilities/ (assets) as at 31 March 2016*	**Charge/(credit) to Statement of Profit and Loss**	**Effect due to acquisitions / disposals**	**Deferred tax liabilities/ (assets) as at 31 March 2017**
Deferred tax liabilities				
Difference between book and tax depreciation	*77.24*	130.04	–	**207.28**
Total	***77.24***	**130.04**	**–**	**207.28**
Deferred tax assets				
Unpaid statutory liabilities/ Provision for employee benefits				
	1.95	0.18	–	**1.77**
Unabsorbed depreciation/brought forward business losses/losses under the head capital gains	*53.37*	(134.64)	–	**188.01**
Other items giving rise to timing differences	*2.36*	1.13	0.80	**0.43**
Total	***57.68***	**(133.33)**	**0.80**	**190.21**
Net deferred tax liability/ (asset)	***19.56***	**(3.29)**	**0.80**	**17.07**

Notes:

(i) The Group has availed tax holiday u/s 80-IA of the Income-tax Act, 1961 for some of its subsidiaries. Deferred tax assets/liabilities in such cases are not recognised to the extent they reverse within the tax holiday period.

(ii) Deferred tax assets in respect of tax losses and unabsorbed depreciation in the case of some of the subsidiaries are recognised only to the extent of deferred tax liabilities.

Q(13) Disclosure pursuant to Accounting Standard (AS) 29 "Provisions, Contingent Liabilities and Contingent Assets"

a) Movement in provision

Description	*Balance as at 01 April 2016*	**Additional provision during the year**	**Provision used/ reversed during the year**	**Balance as at 31 March 2017**
	₹ crore	₹ crore	₹ crore	**₹ crore**
Periodic major maintenance	*381.32*	220.52	(17.44)	**584.40**
	(234.67)	(201.42)	(54.77)	**(381.32)**

b) Periodic major maintenance represents provision made for resurfacing obligations in accordance with the terms of concession agreement with National Highways Authority of India (NHAI) and is expected to be settled/utilised over a period of one to seven years.

c) Previous year figures are given in brackets.

Q(14) Disclosure for Corporate Social Responsibility expenditure

a) The amount required to be spent by the Group on Corporate Social Responsibility (CSR) related activities during the year is ₹ 0.47 crore *(previous year : ₹ 0.17 crore)*.

b) The amount recognised as expense in the consolidated statement of profit and loss on CSR activities is ₹ 0.47 crore , which comprises of:

			₹ crore
Particulars	**In cash**	**Yet to be paid in cash**	**Total**
(i) Construction/acquisition of any asset	–	–	–
(ii) On purposes other than (i) above	0.43	0.04	0.47
Total	**0.43**	**0.04**	**0.47**
Previous year	*0.17*	–	*0.17*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Q(15) Details of specified Bank notes held and transacted during the period from 08 November 2016 to 30 December 2016

			₹ crore
Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on 08 November 2016	3.40	5.07	8.47
(+) Permitted receipts	31.82	73.59	105.41
(-) Permitted payments	–	3.43	3.43
(-) Amount deposited in Banks	35.22	62.60	97.82
Closing cash in hand as on 30 December 2016	–	12.62	12.62

The above disclosure is provided pursuant to notification issued by Ministry of Corporate affairs dated 30 March 2017.

Q(16) Deferred payment liability of ₹ 10,919.02 crore *(previous year: ₹ 11,017.96 crore)* represents:

a) Negative grant of ₹ 443.69 crore *(previous year: ₹ 517.70 crore)* payable to National Highways Authority of India (NHAI), in terms of the Concession agreement entered into with NHAI. Out of this an amount of ₹ 91.67 crore *(previous year : ₹ 76.59 crore)* is payable within one year.

b) Additional concession fee of ₹ 10,475.33 crore *(previous year: ₹10,500.26 crore)* payable to National Highways Authority of India (NHAI), in terms of the Concession agreement entered into with NHAI. Out of this an amount of ₹ 135.26 crore *(previous year : ₹ 101.51 crore)* is payable within one year.

Q(17) There were no open derivative positions as at 31 March 2017. The following derivative positions were open as at 31 March 2016. These transactions were undertaken to act as economic hedges for the Group's exposures to various risks in foreign exchange markets and may / may not qualify or be designated as hedging instruments. The accounting for these transactions is stated in Note R[24] and R[25] under Significant accounting policies

a) Forward exchange contracts and options (being derivative instruments), which are not intended for trading or speculative purposes but for hedge purposes to establish the amount of reporting currency required or available at the settlement date of certain payables and receivables.

(i) Outstanding forward exchange contracts entered into by the Group

				₹ crore
Currency	**Buy**	**Cross currency**	**As at 31 March 2017**	*As at 31 March 2016*
USD	Buy	Rupees	–	*3.46*
Euro	Buy	Rupees	–	*1.14*

(ii) Outstanding option contracts entered into by the Group

				₹ crore
Currency	**Buy**	**Cross currency**	**As at 31 March 2017**	*As at 31 March 2016*
USD	Buy	Rupees	–	*4.31*

b) Interest rate swaps to hedge against fluctuations in interest rate changes: No. of contracts: Nil *(previous year : ₹ Nil)*

c) Currency swaps (other than forward exchange contracts stated above) to hedge against fluctuations in changes in exchange rate. No. of contracts: Nil *(previous year: 7)*

d) The year-end foreign currency exposures that have not been hedged by a derivative instrument or otherwise are given below:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*
Payable in Indian rupees (₹ crore)	–	*201.44*
Payable in foreign currency:		
USD	–	*8,558,600*
Euro	–	*19,029,201*
GBP	–	*134,057*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Q(18) Depreciation, amortisation, impairment and obsolescence includes:

a) an amount of ₹ Nil crore *(previous year: ₹ 0.25 crore)* was amortised from goodwill arising on acquisition of subsidiary companies

b) an amount ₹ Nil crore *(previous year: ₹ 86.98 crore)* being the impairment charge of goodwill arising on consolidation of subsidiary companies

Q(19) The aggregate amounts of revenues and profit after tax (net) recognised during the year in respect of construction services is ₹ 497.75 crore *(previous year : ₹ 879.30 crore)* and ₹ 71.64 crore *(previous year: ₹ 59.64 crore)*.

Q(20) The Company received a notice on 20 April 2015, from Maharashtra Airport Development Company Limited (MADC), wherein they have instructed the Company to handover the possession of 50.85 acres of vacant land taken on 99 year lease at Nagpur, within a period of 15 days from the said date, as the Company had not commenced commercial operations by 20 June 2013. Consequently, the carrying amount of premium paid to MADC as at 31 March 2017 of ₹ 14.20 crore *(previous year : ₹ 14.20 crore)*, has been reclassified and included in Other receivable - Loans and advances. The Management is confident of realising the said amount in terms of the Co-Developers Agreement entered into with MADC dated 20 June 2008.

Q(21) Exceptional items disclosed in the Consolidated statement of profit and loss represents the following :

		₹ crore
Particulars	**2016-17**	*2015-16*
Impairment of Toll collection rights [Refer Note E(II)]	**20.00**	*182.23*
Impairment of Project work-in-progress	**–**	*43.92*
Net gain on disposal of subsidiaries [Refer Note Q(24)]	**(19.40)**	–
Provision for doubtful receivable from NHAI for terminated projects [Refer Note Q(25)]	**68.87**	–
TOTAL	**69.47**	*226.15*

Q(22) One of the subsidiaries, L&T Transportation Infrastructure Limited, which has been awarded a Build-Operate-Transfer (BOT) project for construction of a bypass toll road and a bridge over the River Noyyal in Coimbatore District of Tamil Nadu State, under the Concession Agreement dated 03 October 1997, had received a termination notice from the Ministry of Road Transport and Highways (MoRTH), Government of India. The ground of termination was Government of India's subsequent intention to go for four-laning of the existing two lane road. The subsidiary has obtained injunction from the Delhi High Court against the said termination notice of the Government and is accordingly continuing to collect toll. The tolling rights of the subsidiary are protected under the aforesaid concession agreement.

The subsidiary had also filed an application opting for arbitration for resolution of disputes and an Arbitral Tribunal had been constituted as provided in the concession agreement. The Arbitral Tribunal has pronounced the award on 12 December 2014 in favour of the Company. The Tribunal has also awarded, interalia, compensation to be paid to the Company for loss of revenue at Athupalam Bridge and suitable extension of the concession period.

MoRTH has challenged the award on 12 March 2015 seeking stay of the aforesaid tribunal award before the Hon'ble Delhi High Court. The case is transferred to Commercial Appellate Court of the Delhi High Court during the year. The matter was heard and was transferred to the division of Court set up for hearing cases filed under section 34 of the Arbitration and Conciliation Act, 1996. The case was due for hearing on 21 February 2017 and was adjourned till 18 May 2017. No amounts have been accounted for as at 31 March 2017, in respect of the said award by the tribunal, pending ultimate conclusion on the matter.

Q(23) One of the subsidiaries, L&T Western India Tollbridge Limited, had claimed for loss of revenue during the concession period due to riots, strikes, closures and compensation for execution of variances to project facilities beyond the scope of concession agreement envisaged at the time of tendering. Since the claims could not be settled amicably, they were referred to the Arbitral Tribunal constituted as per the terms of the Concession agreement. The Arbitral tribunal unanimously passed the award in favour of the Company against which the Government of India ("GOI") / Government of Gujarat (GOG) had appealed to the District Court of Kheda at Nadiad (Gujarat) . The matters were listed for a number of times and finally on 04 April 2015, the Honourable Court dismissed the appeals on account of non-persuasion by GOI/GOG. Subsequently the subsidiary had filed an execution petition against GOI before the Honourable High Court of Delhi. The same was heard on 17 March 2016 where the subsidiary had emphasized and demanded execution of the tribunal's award by GOI. During the year, the Ministry of Road Transport and Highways had taken initiatives to revive the Infrastructure sector through NITI Aayog. The proposals approved include transfer of arbitration cases existing under the old act, to the amended act and also to provide relief to the concessionaires in the form of interim payment of 75% of the Arbitral award in cases where the tribunal had granted the award, which were challenged by the implementation agencies. The subsidiary had executed the relevant agreements and undertaking as required and has received 75% of the arbitral award amounting to ₹ 69.77 Crore during the year which is accounted under other current liabilities, pending ultimate conclusion on the matter.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Q(24) The effect of disposal of subsidiaries [Refer Note R(2)(g)] during the year is given below:

		₹ crore
Particulars	**LTMRHL [Refer Note Q(4)(a)]**	**L&T IDP Lanka [Refer Note Q(4)(b)]**
Net assets at the date of disposal	2,035.15	26.87
Revenue for the period upto disposal	19.18	–
Expense for the period upto disposal	27.31	–
Profit/(Loss) for the period upto disposal	(8.13)	–

Q(25) An amount of ₹ 134.16 crore *(previous year : ₹ 279.31 crore)*, is carried as the net amount recoverable towards termination compensation by two subsidiaries of the Group, engaged in infrastructure projects, which have terminated concession agreements entered into with the National Highway Authorities of India (NHAI). The nature of default and termination amount claimed has not been accepted by NHAI and arbitration proceedings have been initiated in respect of the disputes relating to the termination payments/claims.

The Management has carried out an assessment of its exposure in these projects duly considering the expected payments arising out of the aforesaid termination and the likely outcome of the arbitration proceedings, contractual stipulations/ interpretation of the relevant clauses including the possible obligations to lenders, legal advice, etc. and believes that the net amount of recoverable carried in the books is good for recovery and no additional provision/adjustment to the same is considered necessary as at 31 March 2017. Also Refer Notes Q(21), Q(27) and Q(28).

Q(26) The Group is carrying toll collection rights (net of amortisation/impairment) aggregating to ₹ 5,687.19 crore in 7 operating subsidiaries, engaged in infrastructure projects, whose net worth is fully eroded as at 31 March 2017/undergoing restructuring due to continuous losses, as per the audited financial statements of these entities as at 31 March 2017.

Considering the gestation period required for break even for such infrastructure investments, restructuring/refinancing arrangements carried out / proposed, expected higher cash flows based on future business projections and the strategic nature of the investments etc., no additional impairment / adjustment to the carrying value of the said toll collection rights is considered necessary by the Management as at 31 March 2017.

Q(27) L&T Chennai Tada Tollway Limited, a subsidiary had entered into a concession agreement with National Highways Authority of India ("NHAI") on 03 June 2008 for the six laning of Chennai-Tada Section of National Highway 5 in the State of Tamil Nadu. Pursuant to the default of NHAI of the various conditions specified in the concession agreement, a notice was served on NHAI vide letter dated 18 March 2015. Due to the inaction of NHAI on the said matter, the subsidiary had filed an application under Section 9 of the Arbitration and Conciliation Act, 1996 (as amended), before the High Court of Delhi. On the direction of the Honourable High Court, NHAI took over the toll operations on 23 June 2016. The Court had also directed NHAI to deposit toll collections in the escrow account of the subsidiary till the completion of arbitration with respect to the termination of the project and the finalisation of the proceeds. The arbitration/judicial proceedings in respect of this matter is currently ongoing. Refer Note Q(25).

Q(28) During the preceding financial year, PNG Tollway Limited, a subsidiary, had submitted intent to terminate the project and accordingly issued the notice of termination on 25 February 2016. The same was accepted by NHAI vide its minutes of meeting dated 7 April 2016 and conveyed that the date of termination shall be 29 March 2016. Consequently, the toll operations were taken over by the authority on 13 April 2016 and the maintenance operations were taken over on 31 July 2016. The subsidiary was engaged in various meetings with the authority with regard to finalization of termination proceeds and its settlement during the year. On 30 August 2016, NHAI released an adhoc payment of ₹ 100 Crore. Further on 21 February 2017, NHAI issued a termination notice, alleging Concessionaire's Event of Default and arbitrarily released an amount of ₹ 323.06 Crore on 26 March 2017 based on termination payment computed for the project after adjusting the adhoc payment and other recoveries, unilaterally, without granting an opportunity of being heard to the subsidiary on the above matter.

The subsidiary on 3 April 2017 replied to the notice of termination by NHAI and on 4 April 2017 replied to the termination Payment advice of NHAI, stating the facts on how termination payment calculated by NHAI is not in conformity with the stated provisions of the Concession Agreement, and justifying its eligibility for termination payments as claimed by the Company certain contractual claims that are accepted and payable as per provisions of concession agreement. Necessary steps have been taken by the subsidiary to commence arbitration proceedings in respect of the above matter. Also Refer Note Q(25).

Q(29) Figures for the previous year have been regrouped/reclassified wherever necessary.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

R. SIGNIFICANT ACCOUNTING POLICIES

1 Statement of Compliance

The Group maintains its accounts on accrual basis following the historical cost convention, in accordance with the Generally Accepted Accounting Principles in India ("GAAP") in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 and Notification dated March 30/2016 read with Rule 7 of the Companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 1956 read with the Circular No. 07/2014 dated 01 April 2014 issued by the Ministry of Corporate Affairs.

Further, L&T Infrastructure Development Projects Limited ("the Company") has been issued a certificate of registration from the Reserve Bank of India (RBI), to commence/carry on the business of non-banking financial institution without accepting public deposits subject to certain conditions as mentioned by the RBI and is covered as a systemically important non-deposit taking core investment company (CIC-ND-SI). Since the Company is covered as a CIC-ND-SI effective 01 April 2015, based on the letter dated 12 January 2015 acknowledged by the RBI the presentation and accounting in these financial statements has been done duly considering the same and the directions issued by the (RBI) for CIC-ND-SI, as applicable.

The accounts of Indian subsidiaries have been prepared in accordance with the Generally Accepted Accounting Principles in India ("GAAP") in compliance with the provisions of the Companies Act, 2013 and the Accounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 and Notification dated 30 March 2016 read with Rule 7 of the Companies (Accounts) Rules, 2014 issued by the Ministry of Corporate Affairs in respect of section 133 of the Companies Act, 2013 and relevant provisions of the Companies Act, 1956 read with the Circular No. 07/2014 dated 01 April 2014 issued by the Ministry of Corporate Affairs and those of the foreign subsidiaries have been prepared in compliance with the local laws and applicable Accounting Standards. Necessary adjustments for differences in the accounting policies, wherever applicable, have been made in the Consolidated Financial Statements.

2 Principles of consolidation

The consolidated financial statements relate to L&T Infrastructure Development Projects Limited ("The Company"), its subsidiary companies and the Group's share of profit/(loss) in it's associate. The consolidated financial statements have been prepared on the following basis:

a) The financial statements of the Company and its subsidiary companies have been consolidated on a line-by-line basis by adding together like items of assets, liabilities, income and expenses, after eliminating intra-group balances and the unrealized profits/(losses) on intra-group transactions, and are presented to the extent possible, in the same manner as the Company's independent financial statements.

b) As the intangible assets recognised under service concession arrangements are acquired in exchange for infrastructure construction/ upgrading services, gains/(losses) on intra-group transactions are treated as realized and not eliminated on consolidation.

c) Investments in associate companies have been accounted for, using equity method as per Accounting Standard (AS) 23 Accounting for Investments in Associates in Consolidated Financial Statements. Accordingly, the share of profit/ loss of each of the associate companies (the loss being restricted to the cost of investment) has been added to / deducted from the cost of investments.

d) The excess of cost to the Group of its investments in the subsidiary companies / jointly controlled entities over its share of equity of the subsidiary companies / jointly controlled entities, at the dates on which the investments in the subsidiary companies / jointly controlled entities were made, is recognised as 'Goodwill' being an asset in the consolidated financial statements and is tested for impairment on annual basis. On the other hand, where the share of equity in the subsidiary companies / jointly controlled entities as on the date of investment is in excess of cost of investments of the Group, it is recognised as 'Capital Reserve' and shown under the head 'Reserves & Surplus', in the consolidated financial statements. The 'Goodwill' / 'Capital Reserve' is determined separately for each subsidiary company / jointly controlled entity and such amounts are not set off between different entities.

e) Minority Interest in the net assets of the consolidated subsidiaries consist of the amount of equity attributable to the minority shareholders at the date on which investments in the subsidiary companies were made and further movements in their share in the equity, subsequent to the dates of investments. Net profit / (loss) for the year of the subsidiaries attributable to minority interest is identified and adjusted against the profit after tax of the Group in order to arrive at the income attributable to shareholders of the Company.

f) The difference between the cost of investment in the associate and the share of net assets at the time of acquisition of shares in the associate is identified in the consolidated financial statements as Goodwill or Capital reserve as the case may be.

g) Following subsidiary companies and associates have been considered in the preparation of the consolidated financial statements:

Name of the entity	**Country of Incorporation**	**% of Holding and voting power either directly or indirectly through subsidiary as at**	
		31 March 2017	*31 March 2016*
1. Subsidiaries			
L&T Transportation Infrastructure Limited	India	**73.76**	*73.76*
L&T Interstate Road Corridor Limited	India	**99.99**	*99.99*
Krishnagiri Thopur Tollroad Limited	India	**99.99**	*99.99*
Panipat Elevated Corridor Limited	India	**99.99**	*99.99*

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Name of the entity	Country of Incorporation	% of Holding and voting power either directly or indirectly through subsidiary as at	
		31 March 2017	*31 March 2016*
Vadodara Bharuch Tollway Limited	India	**99.99**	*99.99*
Western Andhra Tollways Limited	India	**99.99**	*99.99*
Devihalli Hassan Tollway Limited	India	**99.99**	*99.99*
L&T Krishnagiri Walajahpet Tollway Limited	India	**99.99**	*99.99*
L&T Metro Rail (Hyderabad) Limited*	India	**–**	*98.99*
Ahmedabad Maliya Tollway Limited	India	**99.99**	*99.99*
L&T Halol Shamlaji Tollway Limited**	India	**49.04**	*99.99*
L&T Samakhiali Gandhidham Tollway Limited	India	**99.98**	*99.98*
L&T Rajkot Vadinar Tollway Limited	India	**99.99**	*99.99*
L&T BPP Tollway Limited	India	**99.99**	*99.99*
L&T Deccan Tollways Limited	India	**99.99**	*99.99*
L&T Sambalpur Rourkela Tollway Limited	India	**99.99**	*99.99*
PNG Tollway Limited#	India	**60.74**	*48.00*
Kudgi Transmission Limited	India	**99.99**	*99.99*
L&T Chennai Tada Tollway Limited	India	**99.99**	*99.99*
L&T Western India Tollbridge Limited	India	**99.99**	*99.99*
L&T Port Kachchigarh Limited	India	**99.99**	*99.99*
L&T Infrastructure Development Projects Lanka (Private) Limited*	Sri Lanka	**–**	*95.93*
L&T IDPL Trustee Manager Pte. Limited	Singapore	**100.00**	*100.00*
2. Associate			
International Seaports Haldia (Private) Limited@	India	**22.31**	*22.31*

*the subsidiaries were disposed during the year

#Considering substance over form, the subsidiary is consolidated @ 74% in the consolidated financial statements.

@Consolidated based on Unaudited Financial Statements certified by the Management of the Associate.

** Management control continues to be with the Company. Also Refer Note [J].

h) The gains/losses in respect of part dilution of stake in subsidiary companies are recognised directly in capital reserve under reserves and surplus in Balance Sheet. The gains/ losses in respect of disposal of subsidiary companies are recognised in consolidated statement of profit and loss.

3 Use of estimates

The preparation of the consolidated financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialize. Estimates include the useful lives of tangible and intangible fixed assets, provisions for resurfacing obligations, employee benefit plans, provision for income taxes and provision for diminution in the value of investments.

The financial statements of the Company have been prepared in accordance with the significant accounting policies duly considering Management's assessment of various matters relating to arbitration/termination proceedings, future projections etc., which are significant to the Company and the final outcome of these matters, including legal/contractual interpretations, where applicable, could have a significant impact on the financial statements and the Management's evaluation of the same is very critical and fundamental to the preparation of these financial statements.

4 Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Accounting Standard (AS) 3 "Cash Flow Statements". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimal places.

5 Inventories

Property development land is valued at lower of cost and net realizable value. Project work-in-progress is valued at cost net of incidental income.

6 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change are not included as part of cash and cash equivalents.

7 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flows from operating activities is reported using indirect method. Under the indirect method, the net profit / (loss) before extraordinary items and tax is adjusted for the effects of :

a. Transactions of non-cash nature

b. Any deferrals or accruals of past or future cash receipts or payments. Cash and cash equivalents (including bank balances) are reflected as such in the Cash Flow Statement.

9 Amortisation

Toll collection rights in respect of road projects are amortized over the period of concession using the revenue based amortisation method prescribed under Schedule II to the Companies Act, 2013. Under the revenue based method, amortisation is provided based on proportion of actual revenue earned till the end of the year to the total projected revenue from the intangible asset expected to be earned over the concession period. Total projected revenue is reviewed at the end of each financial year and is adjusted to reflect the changes in earlier estimate vis-a-vis the actual revenue earned till the end of the year so that the whole of the cost of the intangible asset is amortised over the concession period.

10 Revenue recognition

a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured.

b) Toll collections from the users of the infrastructure facility constructed by the Group under the Service Concession Arrangements are accounted for based on actual collection, net of revenue share payable under the Concession agreements wherever applicable. Revenue from sale of smart cards is accounted on cash basis.

c) Interest income is recognised on a time proportion basis taking into account the amount outstanding and the applicable rate. Interest Income on non-performing assets is recognised upon realization, as per guidelines issued by the Reserve Bank of India.

d) License fees for way-side amenities are accounted on accrual basis.

e) Project facilitation and advisory fees are recognised using proportionate completion method based on the agreement / arrangement with customers.

f) Revenue from windmill operations is recognised based on contractual agreements with the holding company and the state electricity board.

g) Contract revenue from construction activity on fixed price contracts is recognised only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognised at cost of work performed on the contract plus proportionate margin, using percentage of completion method.

Percentage of completion is determined based on the proportion of actual cost incurred to the total estimated cost of the project. The percentage of completion method is applied on a cumulative basis in each accounting period to the current estimates of contract revenue and contract costs. The effect of a change in the estimate of contract revenue or contract costs, or the effect of a change in the estimate of the outcome of a contract, is accounted for as a change in accounting estimate and the effect of which are recognised in the Statement of Profit and Loss in the period in which the change is made and in subsequent periods.

For the purposes of recognising revenue, contract revenue comprises the initial amount of revenue agreed in the contract, the variations in contract work, claims and incentive payments to the extent that it is probable that they will result in revenue and they are capable of being reliably measured.

For this purpose, actual cost includes cost of land and developmental rights but excludes borrowing cost. Expected loss, if any, on the construction activity is recognised as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract.

When it is probable that total contract costs will exceed total contract revenue, the expected loss is recognised as an expense in the Statement of Profit and Loss in the period in which such probability occurs.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

h) Profit/(loss) on sale of investments is recognised at the time of actual sale/redemption.

i) Dividend income is recognised when the right to receive the same is established by the reporting date.

j) Other items of income are recognised as and when the right to receive arises.

k) Claims/compensation from NHAI/state authorities are accounted for when the right to receive the same arises and when there is no uncertainty in realising the same. Wherever such claims/compensation is granted by way of extension of concession period, such eligible amounts are accounted for as income by a corresponding increase in Toll Collection Rights.

11 Property , Plant and Equipment (PPE)

Property, Plant and Equipment is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. For qualifying assets, borrowing costs are capitalised in accordance with the Company's accounting policy.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalised as a part of the cost of the PPE.

Property, Plant and Equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress".

Depreciation on assets have been provided on straight-line basis as per useful lives specified in the Schedule II of the Companies Act, 2013 except In respect of the following categories of assets.

Category of Assets	Revised useful life adopted based on Technical evaluation (years)
Vehicles	
Motor cars	5 to 7
Office equipment	
Multifunctional devices, printers, switches, projectors	4
Split AC and Window AC	4
Plant and Machinery	
Toll equipment	5 to 7
DG sets	12
Air conditioning and refrigeration equipment	12
Building - Residential	50
Wind power generating plant	21

Depreciation on additions/ deductions is calculated pro-rata from/to the month of additions/ deductions. For assets that are transferred/sold within the group, depreciation is calculated up to the month preceding the month of transfer/sale within the group.

The Group has carried out an assessment of the useful lives of these assets and based on technical evaluation, different useful lives have been arrived at in respect of above assets.

The justification for adopting different useful life compared to the useful life of assets provided in Schedule II is based on the consumption pattern of the assets, past performance of similar assets and peer industry comparison duly supported by technical assessment from internal technical personnel.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life. Assets individually costing less than ₹.5,000 are fully depreciated in the year of purchase.

(b) Leasehold land

Land acquired under long term lease is classified under "Property, Plant and equipment" and is depreciated over the period of lease.

12 Intangible assets

a) Rights under Service Concession Arrangements

Intangible assets are recognised when it is probable that future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment.

Toll collection rights / unconditional right to receive cash obtained in consideration for rendering construction services, represent the right to collect toll revenue / unconditional right to receive cash during the concession period in respect of Build-Operate-Transfer ("BOT")

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

projects undertaken by the Group. Toll collection rights / unconditional right to receive cash (annuity projects) are capitalized as intangible assets upon completion of the project at the cumulative construction costs plus obligation towards negative grants and additional concession fee payable to National Highways Authority of India ("NHAI")/State authorities, if any. Till the completion of the project, the same is recognised under intangible assets under development. The revenue from toll collection/other income during the construction period is reduced from the carrying amount of intangible assets under development.

The cost incurred for work beyond the original scope per Concession agreement (normally referred as "Change of Scope") is capitalized as intangible asset under development as and when incurred. Reimbursement in respect of such amounts from NHAI/State authorities are reduced from the intangible assets to the extent of actual receipts.

Extension of concession period by the Authority in compensation of claims made are capitalised as part of Toll Collection Rights at the time of admission of the claim or when there is a contractual right to extension at the estimated amount of claims admitted or computed based on average collections whichever is applicable.

The Viability Gap Funding (VGF) in the form of capital grant in connection with project construction has been reduced from the carrying amount of intangible assets under development.

b) Other intangible assets

Specialized software is amortized over a period of three to six years on straight line basis from the month in which the addition is made.

Pre-operative expenses including administrative and other general overhead expenses that are directly attributable to the development or acquisition of intangible assets are allocated and capitalized as part of cost of the intangible assets.

Intangible assets that not ready for the intended use on the date of the Balance Sheet are disclosed as "Intangible assets under development".

Amortisation on impaired assets is provided by adjusting the amortisation charge in the remaining periods so as to allocate the assets' revised carrying amount over its remaining useful life.

13 Foreign currency transactions and translations

a) Transactions in foreign currencies entered into by the Company are accounted at the exchange rates prevailing on the date of the transaction or at rates that closely approximate the rate at the date of the transaction.

b) Financial statements of overseas non-integral operations are translated as under :

   i) Assets and liabilities at rate prevailing at the end of the year. Depreciation and amortisation is accounted at the same rate at which assets are converted

   ii) Revenues and expenses at yearly average rates prevailing during the year

c) Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are :

   (a) adjusted in the cost of fixed assets specifically financed by the borrowings contracted, to which the exchange differences relate.

   (b) recognised as income or expense in the period in which they arise.

d) Exchange differences arising on settlement / restatement of short-term foreign currency monetary assets and liabilities of the Company are recognised as income or expense in the Consolidated Statement of Profit and Loss.

e) The exchange differences relating to non-integral foreign operations are accumulated in a "Foreign currency translation reserve" until disposal of the operation, in which case the accumulated balance in "Foreign currency translation reserve" is recognised as income / expense in the same period in which the gain or loss on disposal is recognised.

f) Exchange difference on long-term foreign currency monetary items: The exchange differences arising on settlement / restatement of long-term foreign currency monetary items are capitalized as part of the depreciable fixed assets to which the monetary item relates and depreciated over the remaining useful life of such assets.

g) Premium / discount on forward exchange contracts, which are not intended for trading or speculation purposes, are amortized over the period of the contracts if such contracts relate to monetary items as at the Balance Sheet date. Any profit or loss arising on cancellation or renewal of such a forward exchange contract is recognised as income or as expense in the period in which such cancellation or renewal is made.

14 Government grants

Government grants are recognised when there is reasonable assurance that the Group will comply with the conditions attached to them and the grants will be received. Government grants whose primary condition is that the Group should purchase, construct or otherwise acquire capital assets are presented by deducting them from the carrying value of the assets. Government grants in the nature of promoters' contribution like investment subsidy, where no repayment is ordinarily expected in respect thereof, are treated as capital reserve.

15 Investments

Trade investments comprise investments in entities in which the Group has strategic business interest.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Investments, which are readily realizable and are intended to be held for not more than one year, are classified as current investments. All other investments are classified as long term investments.

Long-term investments (excluding investment properties), are carried individually at cost less provision for diminution, other than temporary, in the value of such investments. Current investments are carried individually, at the lower of cost and fair value. Cost of investments include acquisition charges such as brokerage, fees and duties. The determination of carrying amount of such investments is done on the basis of weighted average cost of each individual investment

Investment properties are carried in accordance with Cost Model individually at cost less accumulated depreciation and cumulative impairment, if any. Investment properties are capitalized and depreciated (where applicable) in accordance with the policy stated for property, plant and equipment. Impairment of investment property is determined in accordance with the policy stated for Impairment of Assets.

Investment in associate companies is accounted using “equity method”. Purchase and sale of investments are recognised based on the trade date accounting.

16 Employee benefits

Employee benefits include provident fund, superannuation fund, employee state insurance scheme, gratuity fund, compensated absences, long service awards and post-employment medical benefits.

(i) Short term employee benefits

The undiscounted amount of short-term employee benefits expected to be paid in exchange for the services rendered by employees are recognised during the year when the employees render the service. These benefits include performance incentive and compensated absences which are expected to occur within twelve months after the end of the period in which the employee renders the related service.

The cost of short-term compensated absences is accounted as under :

(a) in case of accumulated compensated absences, when employees render the services that increase their entitlement of future compensated absences; and

(b) in case of non-accumulating compensated absences, when the absences occur.

(ii) Post employment benefits

(a) Defined contribution plans:

The Company’s superannuation scheme and State governed provident fund linked with employee pension scheme are defined contribution plans. The contribution paid/ payable under the scheme is recognised during the period in which the employee renders the related service.

(b) Defined benefit plans:

The employees’ gratuity fund scheme and the provident fund scheme managed by the trust of the Holding Company are the Group’s defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date. Actuarial gains and losses are recognised immediately in the Statement of Profit and Loss.

(iii) Other long term employee benefits:

The obligation for other long term employee benefits such as long term compensated absences, liability on account of Retention Pay Scheme are recognised in the same manner as in the case of defined benefit plans as mentioned in (ii)(b) above.

17 Borrowing costs

Borrowing costs include interest, amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Costs in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Consolidated Statement of Profit and Loss over the tenure of the loan. Borrowing costs, allocated to and utilized for qualifying assets, pertaining to the period from commencement of activities relating to construction / development of the qualifying asset up to the date of capitalization of such asset are added to the cost of the assets. Capitalization of borrowing costs is suspended and charged to the Consolidated Statement of Profit and Loss during extended periods when active development activity on the qualifying assets is interrupted.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

18 Segment reporting

The Group identifies primary segments based on the dominant source, nature of risks and returns and the internal organization and management structure. The operating segments are the segments for which separate financial information is available and for which operating profit / (loss) amounts are evaluated regularly by the executive Management in deciding how to allocate resources and in assessing performance.

The accounting policies adopted for segment reporting are in line with the accounting policies of the Group. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment.

Inter-segment revenue is accounted on the basis of transactions which are primarily determined based on market / fair value factors.

Revenue, expenses, assets and liabilities which relate to the Group as a whole and are not allocable to segments on reasonable basis have been included under 'unallocated revenue / expenses / assets / liabilities'.

19 Leases

Where the Group as a lessor leases assets under finance leases, such amounts are recognised as receivables at an amount equal to the net investment in the lease and the finance income is recognised based on a constant rate of return on the outstanding net investment.

Assets leased by the Group in its capacity as a lessee, where substantially all the risks and rewards of ownership vest in the Group are classified as finance leases. Such leases are capitalized at the inception of the lease at the lower of the fair value and the present value of the minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost so as to obtain a constant periodic rate of interest on the outstanding liability for each year.

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Consolidated Statement of Profit and Loss on a straight-line basis over the lease term.

20 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) for the year by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) for the year as adjusted for dividend, interest and other charges to expense or income (net of any attributable taxes) relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented. The number of equity shares and potentially dilutive equity shares are adjusted for share splits / reverse share splits and bonus shares, as appropriate.

21 Taxes on income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed for each of the entities in the Group in accordance with the provisions of the Income-tax Act, 1961 and based on the expected outcome of assessments/ appeals.

Deferred Tax is recognised on timing differences between income accounted in financial statements and taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the balance sheet date. Deferred tax assets relating to unabsorbed depreciation/business loss are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available which such deferred assets can be realised.

Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the entity has a legally enforceable right for such set off. Deferred tax assets are reviewed at each Balance Sheet date for their realisability.

Current and deferred tax relating to items directly recognised in reserves are recognised in reserves and not in the Consolidated Statement of Profit and Loss.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the entity will pay normal income tax. Accordingly, MAT is recognised as an asset in the Consolidated Balance Sheet when it is highly probable that future economic benefit associated with it will flow to the entity.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

22 Impairment of assets

As at each Balance Sheet, the carrying amount of assets is tested for impairment so as to determine :

a. The provision for impairment loss, if any, and

b. The reversal of impairment loss recognised in previous periods, if any.

The following intangible assets are tested for impairment each financial year even if there is no indication that the asset is impaired:

(a) an intangible asset that is not yet available for use; and (b) an intangible asset that is amortized over a period exceeding ten years from the date when the asset is available for use.

Impairment loss is recognised when the carrying amount of an asset exceeds it's recoverable amount.

Recoverable amount is determined :

a. In the case of an individual asset, at the higher of the net selling price and the value in use;

b. In the case of a cash generating unit (a group of assets that generates identifiable, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.)

When there is indication that an impairment loss recognised for an asset (other than a revalued asset) in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss

23 Provisions, contingent liabilities and contingent assets

A provision is recognised when the Group has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding decommissioning, restoration and other liabilities recognised as a cost of PPE) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in Note [I] to the financial statements. Contingent assets are neither recognised nor disclosed in the financial statements.

24 Hedge accounting

The Group uses foreign currency forward contracts to hedge its risks associated with foreign currency fluctuations relating to highly probable forecast transactions. The Group designates such forward contracts in a cash flow hedging relationship by applying the hedge accounting principles set out in AS 30 Financial Instruments: Recognition and Measurement issued by the ICAI. These forward contracts are stated at fair value at each reporting date. Changes in the fair value of these forward contracts that are designated and effective as hedges of future cash flows are recognised directly in “Hedging reserve account” under Reserves and surplus, net of applicable deferred income taxes and the ineffective portion is recognised immediately in the Consolidated Statement of Profit and Loss. Amounts accumulated in the “Hedging reserve account” are reclassified to the Consolidated Statement of Profit and Loss in the same periods during which the forecasted transaction affects profit or loss. Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or no longer qualifies for hedge accounting. For forecasted transactions, any cumulative gain or loss on the hedging instrument recognised in “Hedging reserve account” is retained until the forecasted transaction occurs. If the forecasted transaction is no longer expected to occur, the net cumulative gain or loss recognised in “Hedging reserve account” is immediately transferred to the Consolidated Statement of Profit and Loss.

25 Derivative contracts

The Group enters into derivative contracts in the nature of foreign currency swaps, currency options, forward contracts with an intention to hedge its existing assets and liabilities, firm commitments and highly probable transactions in foreign currency. Derivative contracts which are closely linked to the existing assets and liabilities are accounted as per the policy stated for Foreign currency transactions and translations.

Derivative contracts designated as a hedging instrument for highly probable forecast transactions are accounted as per the policy stated for Hedge Accounting.

All other derivative contracts are marked-to-market and losses are recognised in the Consolidated Statement of Profit and Loss. Gains arising on the same are not recognised, until realized, on grounds of prudence.

26 Insurance claims

Insurance claims are accounted for on the basis of claims admitted / expected to be admitted and to the extent that the amount recoverable can be measured reliably and it is reasonable to expect ultimate collection.

27 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is reasonable certainty in availing / utilizing the credits.

NOTES FORMING PART OF THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

28 Operating Cycle

Based on the nature of products / activities of the Group and the normal time between acquisition of assets and their realization in cash or cash equivalents, the Group has determined its operating cycle as 12 months for the purpose of classification of its assets and liabilities as current and non-current.

29 Claims

Claims against the Company not acknowledged as debts are disclosed under contingent liabilities. Claims made by the Company are recognised as and when the same is approved by the respective authorities with whom the claim is lodged.

Also Refer Note (I) to the Balance sheet for details.

30 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

(i) Estimated amount of contracts remaining to be executed on capital account and not provided for

(ii) Uncalled liability on shares and other investments partly paid

(iii) Funding related commitment to associate company and

(iv) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

For and on behalf of the Board of Directors

R. SHANKAR RAMAN	**K. VENKATESH**	**KARTHIKEYAN T. V**	**K. C. RAMAN**
Chairman	*Chief Executive &*	*Chief Financial Officer*	*Company Secretary*
(DIN: 00019798)	*Managing Director*		*M. No. A9392*
	(DIN: 00240086)		

Place : Mumbai
Date : May 10, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE SHAREHOLDERS OF
LARSEN AND TOUBRO T&D SA PROPRIETARY LIMITED

OPINION

We have audited the financial statements of Larsen and Toubro T&D SA Proprietary Limited set out on pages 3418 to 3426, which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of Larsen and Toubro T&D SA Proprietary Limited as at 31 March 2017, and its financial performance and cash flows for the year then ended in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa.

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the company in accordance with the Independent Regulatory Board for Auditors Code of Professional Conduct for Registered Auditors (IRBA Code) and other independence requirements applicable to performing audits of financial statements in South Africa. We have fulfilled our other ethical responsibilities in accordance with the IRBA Code and in accordance with other ethical requirements applicable to performing audits in South Africa. The IRBA Code is consistent with the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants (Parts A and B). We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

OTHER INFORMATION

The directors are responsible for the other information. The other information comprises the Directors' Report as required by the Companies Act of South Africa and the supplementary information set out on page 3427. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express an audit opinion or any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF THE DIRECTORS FOR THE FINANCIAL STATEMENTS

The directors are responsible for the preparation and fair presentation of the financial statements in accordance with International Financial Reporting Standards and the requirements of the Companies Act of South Africa, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the company or to cease operations, or have no realistic alternative but to do so.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.
- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the company's ability to continue as a going concern.

If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

GRANT THORNTON
Registered Auditors

DD Nagar
Partner
Registered Auditor
Chartered Accountant (SA)

2 May 2017

2nd Floor, 4 Pencarrow Crescent
Pencarrow Park
La Lucia Ridge Office Estate
La Lucia
4019

DIRECTORS' RESPONSIBILITIES AND APPROVAL

The directors are required in terms of the Companies Act 71 of 2008 to maintain adequate accounting records and are responsible for the content and integrity of the financial statements and related financial information included in this report. It is their responsibility to ensure that the financial statements fairly present the state of affairs of the company as at the end of the financial year and the results of its operations and cash flows for the period then ended, in conformity with International Financial Reporting Standards. The external auditors are engaged to express an independent opinion on the financial statements.

The financial statements are prepared in accordance with International Financial Reporting Standards and are based upon appropriate accounting policies consistently applied and supported by reasonable and prudent judgements and estimates.

The directors acknowledge that they are ultimately responsible for the system of internal financial control established by the company and place considerable importance on maintaining a strong control environment. To enable the directors to meet these responsibilities, the board sets standards for internal control aimed at reducing the risk of error or loss in a cost effective manner. The standards include the proper delegation of responsibilities within a clearly defined framework, effective accounting procedures and adequate segregation of duties to ensure an acceptable level of risk. These controls are monitored throughout the company and all employees are required to maintain the highest ethical standards in ensuring the company's business is conducted in a manner that in all reasonable circumstances is above reproach. The focus of risk management in the company is on identifying, assessing, managing and monitoring all known forms of risk across the company. While operating risk cannot be fully eliminated, the company endeavours to minimise it by ensuring that appropriate infrastructure, controls, systems and ethical behaviour are applied and managed within predetermined procedures and constraints.

The directors are of the opinion, based on the information and explanations given by management, that the system of internal control provides reasonable assurance that the financial records may be relied on for the preparation of the financial statements. However, any system of internal financial control can provide only reasonable, and not absolute, assurance against material misstatement or loss.

The directors have reviewed the company's cash flow forecast for the year to 31 March 2018 and, in the light of this review and the current financial position, they are satisfied that the company has or has access to adequate resources to continue in operational existence for the foreseeable future.

The external auditors are responsible for independently reviewing and reporting on the company's financial statements. The financial statements have been examined by the company's external auditors and their report is represented on page 3414.

The financial statements as set out on pages 3418 to 3426, which have been prepared on the going concern basis, were approved by the board on 2 May 2017 and were signed on its behalf by:

Place: Durban	**A SATHYAMURTHY**	**R P DESAI**
Date : 2 May 2017	*Director*	*Director*

DIRECTORS' REPORT

The directors submit their report for the year ended 31 March 2017.

1. Nature of business

The company is engaged in the supply and execution of power transmission lines, substations, rural electrification, power distribution and industrial electrification and operates principally in South Africa.

The operating results and state of affairs of the company are fully set out in the attached financial statements and do not in our opinion require any further comment.

There have been no material changes to the nature of the company's business from the prior year.

2. Review of financial results and activities

The financial statements have been prepared in accordance with International Financial Reporting Standards and the requirements of the Companies Act 71 of 2008. The accounting policies have been applied consistently compared to the prior year.

The company recorded a net profit after tax for the year ended 31 March 2017 of R 302 209 (2016: loss R(54 402)), after taxation of R (2016: R).

3. Authorised and issued share capital

There have been no changes to the authorised or issued share capital during the year under review.

4. Dividends

No dividends were declared or paid to shareholders during the year.

5. Directorate

The directors in office at the date of this report are as follows:

Name	
A S Ngcobo	
R P Desai	
M D Tharayil	Appointed 1 June 2016
A Sathyamurthy	Appointed 1 June 2016
R Sikka	Appointed 1 June 2016

The following directors resigned during the current year:

A K V shenoi	Resigned 27 September 2016
R Shanmugam	Resigned 27 September 2016
S S Juttu	Resigned 27 September 2016
R Balasubramaniam	Resigned 27 September 2016

6. Holding company

The company's holding company is Larsen and Tourbro International FZE incorporated in the United Arab Emirates.

7. Events after the reporting period

The directors are not aware of any matter or circumstance arising since the end of the financial year.

8. Going concern

We draw attention to the fact that at 31 March 2017, the company accumulated losses of R (2 102 412).

The financial statements have been prepared on the basis of accounting policies applicable to a going concern. This basis presumes that funds will be available to finance future operations and that the realisation of assets and settlement of liabilities contingent obligations and commitments will occur in the ordinary course of business.

The ability of the company to continue as a going concern is dependent on a number of factors. The most significant of these is that the directors continue to procure funding for the ongoing operations for the company and is successful in securing projects that is tendered for.

9. Auditors

Grant Thornton continued in office in accordance with section 90 of the Companies Act 71 of 2008.

10. Secretary

The company had no secretary during the year. The appointment of a company secretary is not mandatory for private companies in terms of the Companies Act 71 of 2008.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

Figures in Rand	Note(s)	2017	*2016*
Assets			
Current Assets			
Trade and other receivables	2	**26 177**	*287 493*
Cash and cash equivalents	3	**5 950 090**	*5 699 737*
		5 976 267	*5 987 230*
Equity and Liabilities			
Equity			
Share capital	4	**7 500 000**	*7 500 000*
Accumulated loss		**(2 102 412)**	*(2 404 621)*
		5 397 588	*5 095 379*
Liabilities			
Current Liabilities			
Trade and other payables	5	**578 679**	*891 851*
Total Equity and Liabilities		**5 976 267**	*5 987 230*

STATEMENT OF COMPREHENSIVE INCOME

Figures in Rand	**Note(s)**	**2017**	*2016*
Operating expenses		**(102 449)**	*(401 748)*
Operating loss		**(102 449)**	*(401 748)*
Investment revenue	**8**	**404 658**	*347 346*
Profit (loss) before taxation		**302 209**	*(54 402)*
Taxation	**9**	**–**	*–*
Profit (loss) for the year		**302 209**	*(54 402)*
Other comprehensive income		**–**	*–*
Total comprehensive income (loss) for the year		**302 209**	*(54 402)*

STATEMENT OF CHANGES IN EQUITY

Figures in Rand	Share capital	Share premium	Total share capital	Accumulated loss	Total equity
Balance at 01 April 2014	1 000	7 499 000	7 500 000	(2 350 219)	5 149 781
Loss for the year	–	–	–	(54 402)	(54 402)
Total comprehensive income for the year	–	–	–		
Total comprehensive Loss for the year	–	–	–	(54 402)	(54 402)
Balance at 1 April 2016	1 000	7 499 000	7 500 000	(2 404 621)	5 095 379
Profit for the year	–	–	–	302 209	302 209
Other comprehensive income	–	–	–	–	–
Total comprehensive income for the year	–	–	–	302 209	302 209
Balance at 31 March 2017	1 000	7 499 000	7 500 000	(2 102 412)	5 397 588
Note	4	4	4		

STATEMENT OF CASH FLOWS

Figures in Rand	Note(s)	2017	2016
Cash flows from operating activities			
Cash used in operations	11	(154 305)	(332 428)
Interest income		404 658	347 346
Net cash from operating activities		250 353	14 918
Total cash movement for the year		250 353	14 918
Cash at the beginning of the year		5 699 737	5 684 819
Total cash at end of the year	3	5 950 090	5 699 737

ACCOUNTING POLICIES

1. Presentation of Financial Statements

The financial statements have been prepared in accordance with International Financial Reporting Standards, and the Companies Act 71 of 2008. The financial statements have been prepared on the historical cost basis, and incorporate the principal accounting policies set out below. They are presented in South African Rands.

These accounting policies are consistent with the previous period.

1.1 Significant judgements and sources of estimation uncertainty

In preparing the financial statements, management is required to make estimates and assumptions that affect the amounts represented in the financial statements and related disclosures. Use of available information and the application of judgement is inherent in the formation of estimates. Actual results in the future could differ from these estimates which may be material to the financial statements. Significant judgements include:

Trade receivables

The company assesses its Trade receivables for impairment at the end of each reporting period. In determining whether an impairment loss should be recorded in profit or loss, the company makes judgements as to whether there is observable data indicating a measurable decrease in the estimated future cash flows from a financial asset.

1.2 Financial instruments

Classification

The company classifies financial assets and financial liabilities into the following categories:

- Loans and receivables
- Financial liabilities measured at amortised cost

Initial recognition and measurement

Financial instruments are recognised initially when the company becomes a party to the contractual provisions of the instruments.

The company classifies financial instruments, or their component parts, on initial recognition as a financial asset, a financial liability or an equity instrument in accordance with the substance of the contractual arrangement.

Financial instruments are measured initially at fair value, except for equity investments for which a fair value is not determinable, which are measured at cost and are classified as available for sale financial assets.

For financial instruments which are not at fair value through profit or loss, transaction costs are included in the initial measurement of the instrument.

Subsequent measurement

Loans and receivables are subsequently measured at amortised cost, using the effective interest method, less accumulated impairment losses.

Financial liabilities at amortised cost are subsequently measured at amortised cost, using the effective interest method.

Loans to shareholders, directors, managers and employees

These financial assets are classified as loans and receivables.

Trade and other receivables

Trade receivables are measured at initial recognition at fair value, and are subsequently measured at amortised cost using the effective interest rate method. Appropriate allowances for estimated irrecoverable amounts are recognised in profit or loss when there is objective evidence that the asset is impaired. Significant financial difficulties of the debtor, probability that the debtor will enter bankruptcy or financial reorganisation, and default or delinquency in payments are considered indicators that the trade receivable is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

The carrying amount of the asset is reduced through the use of an allowance account, and the amount of the loss is recognised in profit or loss within operating expenses. When a trade receivable is uncollectable, it is written off against the allowance account for trade receivables. Subsequent recoveries of amounts previously written off are credited against operating expenses in profit or loss.

Trade and other receivables are classified as loans and receivables.

Trade and other payables

Trade payables are initially measured at fair value, and are subsequently measured at amortised cost, using the effective interest rate method.

Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits, and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value. These are initially and subsequently recorded at fair value.

1.3 Impairment of assets

The company assesses at each end of the reporting period whether there is any indication that an asset may be impaired. If any such indication exists, the company estimates the recoverable amount of the asset.

Irrespective of whether there is any indication of impairment, the company also:

- tests intangible assets with an indefinite useful life or intangible assets not yet available for use for impairment annually by comparing its carrying amount with its recoverable amount. This impairment test is performed during the annual period and at the same time every period.
- tests goodwill acquired in a business combination for impairment annually.

If there is any indication that an asset may be impaired, the recoverable amount is estimated for the individual asset. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash generating unit to which the asset belongs is determined.

The recoverable amount of an asset or a cash generating unit is the higher of its fair value less costs to sell and its value in use.

If the recoverable amount of an asset is less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount. That reduction is an impairment loss.

An impairment loss of assets carried at cost less any accumulated depreciation or amortisation is recognised immediately in profit or loss. Any impairment loss of a revalued asset is treated as a revaluation decrease.

An entity assesses at each reporting date whether there is any indication that an impairment loss recognised in prior periods for assets other than goodwill may no longer exist or may have decreased. If any such indication exists, the recoverable amounts of those assets are estimated.

The increased carrying amount of an asset other than goodwill attributable to a reversal of an impairment loss does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset in prior periods.

A reversal of an impairment loss of assets carried at cost less accumulated depreciation or amortisation other than goodwill is recognised immediately in profit or loss. Any reversal of an impairment loss of a revalued asset is treated as a revaluation increase.

1.4 Share capital and equity

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities.

1.5 Revenue

Interest is recognised, in profit or loss, using the effective interest rate method.

NOTES TO THE FINANCIAL STATEMENTS

Figures in Rand	2017	2016
2. TRADE AND OTHER RECEIVABLES		
Interest accrued on deposit	**23 892**	*20 330*
Other receivables	**–**	*238 089*
VAT	**2 285**	*29 074*
	26 177	*287 493*
3. CASH AND CASH EQUIVALENTS		
Cash and cash equivalents consist of:		
Bank balances	**142 062**	*283 384*
Short term deposits	**5 808 028**	*5 416 353*
	5 950 090	*5 699 737*
4. SHARE CAPITAL		
Authorised		
5 000 Ordinary shares of R1 each	**5 000**	*5 000*
Issued		
1 000 Ordinary shares of R1 each	**1 000**	*1 000*
Share premium	**7 499 000**	*7 499 000*
	7 500 000	*7 500 000*
5. TRADE AND OTHER PAYABLES		
Accrued audit fees	**–**	*9 500*
Accrued liabilities	**533 913**	*755 161*
Accrued professional fees	**16 758**	-
Trade payables	**28 008**	*127 190*
	578 679	*891 851*

6. FINANCIAL ASSETS BY CATEGORY

2017	**Loans and receivables**	**Total**
Cash and cash equivalents	**5 950 090**	**5 950 090**
Trade and other receivables	**26 177**	**26 177**
	5 976 267	**5 976 267**

2016	*Loans and receivables*	*Total*
Cash and cash equivalents	*5 699 737*	*5 699 737*
Trade and other receivables	*287 493*	*287 493*
	5 987 230	*5 987 230*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7. FINANCIAL LIABILITIES BY CATEGORY

2017	**Financial liabilities at amortised cost**	**Total**
Trade and other payables	**578 679**	**578 679**

2016	*Financial liabilities at amortised cost*	*Total*
Trade and other payables	*891 851*	*891 851*

Figures in Rand	**2017**	*2016*
8. INVESTMENT REVENUE		
Interest revenue		
Other interest	**404 658**	*347 346*
9. TAXATION		
Reconciliation of the tax expense		
Reconciliation between accounting profit and tax expense.		
Accounting profit	**302 209**	*(54 402)*
Tax at the applicable tax rate of 28% (2016: 28%)	**84 619**	*(15 233)*
Tax effect of adjustments on taxable income		
Tax losses carried forward / (utilised)	**(84 619)**	*8 612*
Prepayments	**–**	*6 621*
	–	*–*
Unused tax losses for which no deferred tax asset has been recognised.	**1 735 116**	*2 006 568*

No provision has been made for 2017 tax as the company has no taxable income. The estimated tax loss available for set off against future taxable income is R 1 735 116 (2016: R R 2 006 568).

10. AUDITORS' REMUNERATION		
Fees	**–**	*9 500*
11. CASH USED IN OPERATIONS		
Profit / (Loss) before taxation	**302 209**	*(54 402)*
Adjustments for:		
Interest received investment	**(404 658)**	*(347 346)*
Changes in working capital:		
Trade and other receivables	**261 316**	*(182 199)*
Trade and other payables	**(313 172)**	*251 519*
	(154 305)	*(332 428)*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

12. RELATED PARTIES

Relationships

Ultimate holding company	Larsen and Toubro Limited
Holding company	Larsen and Toubro International FZE
Associate companies	Ewac Alloys Limited
	L&T Technology Services Limited
	L&T MMH IC India
Directors	M D Tharayil
	R P Desai
	R Sikka
	A S Ngcobo
	A Sathyamurthy
Shareholders	Befula Investments Proprietary Limited

Related party balances

FIGURES IN RAND	2016	*2015*
Amounts included in Trade receivable (Trade Payable) regarding related parties		
EWAC Alloys Limited	**–**	38 501
Larsen and Toubro Limited	**(469 131)**	(469 131)
Larsen and Toubro Limited	**–**	141 074
Larsen and Toubro International FZE	**(33 884)**	(27 334)
L&T Technology Services Limited	**–**	58 514
L&T MMH IC India	**(30 897)**	–

13. DIRECTORS' EMOLUMENTS

No emoluments were paid to the directors or any individuals holding a prescribed office during the year.

14. RISK MANAGEMENT

Liquidity risk

The company's risk to liquidity is a result of the funds available to cover future commitments. The company manages liquidity risk through an ongoing review of future commitments and credit facilities.

The table below analyses the company's financial liabilities and net settled derivative financial liabilities into relevant maturity groupings based on the remaining period at the statement of financial position to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances as the impact of discounting is not significant.

At 31 March 2017	**Less than 1 year**	**Between 1 and 2 years**	**Between 2 and 5 years**	**Over 5 years**
Trade and other payables	578 679	–	–	–
At 31 March 2016	*Less than 1 year*	*Between 1 and 2 years*	*Between 2 and 5 years*	*Over 5 years*
Trade and other payables	891 851	–	–	–

Interest rate risk

The company's exposure to interest rate risk is as a result of cash held in a Term Deposit Account. This account bears interest at variable rates.

Cash flow interest rate risk

Financial instrument	**Interest Rate %**	**Due in less than a year**	**Due in one to two years**	**Due in two to three years**	**Due in three to four years**	**Due after five years**
Trade and other receivables	–	–	–	–	–	–
Cash and cash equivalents	7.00	5 950 090	–	–	–	–

Credit risk

Credit risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The company only deposits cash with major banks with high quality credit standing and limits exposure to any one counter party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors.

DETAILED INCOME STATEMENT

Figures in Rand	**Note(s)**	**2017**	*2016*
Other income			
Interest received	**8**	**404 658**	*347 346*
Operating expenses			
Auditors remuneration	**10**	**–**	*(9 500)*
Bank charges		**(12 007)**	*(27 414)*
Contributions		**–**	*(34 439)*
Licenses and permits		**(676)**	*–*
Other professional fees		**(26 459)**	*(10 575)*
Postage		**(671)**	*(622)*
Service charges		**(62 636)**	*(296 364)*
Travel local		**–**	*(22 834)*
		(102 449)	*(401 748)*
Profit (loss) for the year		**302 209**	*(54 402)*

The supplementary information presented does not form part of the Financial Statements and is unaudited.

DIRECTORS' REPORT - 2016

The Directors have pleasure in presenting the Annual Report and Accounts for Larsen & Toubro Electromech LLC for the year ended December 31, 2016.

1. FINANCIAL RESULTS

RO Mn

Particulars	2016	2015
Total Income	**9.20**	*29.68*
Total Expenditure	**(11.92)**	*(30.44)*
Profit / (Loss) from Operations	**(2.72)**	*(0.76)*
Add: Interest income		
Less: Finance costs	**(0.19)**	*(0.22)*
Net Profit / (Loss) before Tax	**(2.91)**	*(0.98)*
Less: Income tax	**(0.10)**	*(0.01)*
Net Profit / (Loss) after Tax	**(3.01)**	*(0.99)*
Add: Balance brought forward from previous year	**(5.68)**	*(4.69)*
Balance available for disposal :	**(8.69)**	*(5.68)*
Dividend		
Balance to be carried forward	**(8.69)**	*(5.68)*

2. CAPITAL EXPENDITURE

As at December 31, 2016, the net Fixed Assets stood at RO 1.61 Mn. Additions during the year amounted to RO 0.11 Mn (Including CWIP) compared to the additions of RO 0.02 Mn for the corresponding previous year.

3. STATE OF COMPANY AFFAIRS

The gross sales and other income for the year under review were RO 9.20 Mn as against RO 29.68 Mn for the previous financial year, registering a drop of 69% mainly attributable to existing projects being completed and no major sales recognized from new projects. The profit / (loss) before tax from continuing operations including extraordinary and exceptional item was RO. (2.91) Mn for the year under review as against RO (0.98) Mn for the previous financial year, registering an increase in loss of 197%.

Losses incurred on Salalah Airport – Fuel Farm works along with under recovery of overheads are the major factors affecting the results during the year under review.

4. DIVIDEND

Considering the financial performance of the company, Directors do not propose any dividend payable for the year 2016.

5. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:

Mr. J. Bharath Kumar was appointed as the Chief Executive of the Company in place of Mr. Sharad Kumar w.e.f. April 12, 2016.

Following are the Company's Key Managerial Personnel as at the end of the 2016:

S. No	Name	Position	Date of Joining
1	Mr. K. Ravindranath	Member, Board of Directors	Oct 26, 2015
2	Mr. Deepraj Saxena	Member, Board of Directors	Mar 13, 2012
3	Mr. R. Venkatesh	Member, Board of Directors	Mar 16, 2015
4	Mr. C. S. Kole	Member, Board of Directors	May 28, 2015
5	Mr. Robert Ambrose	Member, Board of Directors	Sep 02, 2013
6	Mr. T.N.Ranjan	Member, Board of Directors	Sep 02, 2013
7	Mr. J. Bharath Kumar	Chief Executive	April 12, 2016
8	Mr. R. Balasubramaniyan	Chief Financial Officer	Aug 01, 2015

6. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

No meetings were held during the year under review.

7. FINANCIAL STATEMENTS:

Your Directors have pleasure in attaching the Financial Statements.

The Auditors' Report to the shareholders does not contain any qualifications. As a matter of material uncertainty related to going concern, the report draws attention without any qualification to the following observations by the auditors;

a. The company has incurred significant accumulated losses of RO.8,692,200, has a deficit of RO.8,292,200 in equity funds and has a deficit in members' funds of RO.417,123 as at 31st December 2016. However, members have agreed to continue with the operations of the company and have agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis.

As a matter of emphasis, the report draws attention without any qualification to the following observations by the auditors;

a. At the year end, deletions in scope of contract aggregating to RO.1,628,912 have been considered for revenue recognition in final contract value in company's cost to completion exer¬cise for job in progress at the year end. Though approved variation orders and client/consultant certificates are not available, the company's management is confident that no further and only above deletions would be approved and certified in due course by the client/consultant.

b. There is a difference of RO.116,119 between balance as per company's books of account of RO.145,566 and balance confirmed by related party. As per management of the company, the said difference is towards amount debited by related party without certification of ultimate client hence the company has not accepted this cost.

8. AUDITORS:

M/s. PKF LLC, are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

9. DIRECTOR'S RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

10. ACKNOWLEDGEMENTS

Your Directors acknowledge the invaluable support extended by the Government authorities in the Sultanate of Oman and takes this opportunity to thank them as well as the customers, supply chain partners, employees, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

VENKATESH RAMANUJAM — *Director*

ROBERT AMBROSE — *Director*

Date: April 12, 2017

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF LARSEN & TOUBRO ELECTROMECH L.L.C.

Opinion

We have audited the financial statements of LARSEN & TOUBRO ELECTROMECH L.L.C. (the Company), which comprise the statement of financial position as at 31st December 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31st December 2016, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Sultanate of Oman, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to note number 2.3 in the financial statements, which indicates that the company has incurred significant accumulated losses of RO.8,692,200, has a deficit of RO.8,292,200 in equity funds and has a deficit in members' funds of RO.417,123 as at 31st December 2016. However, members have agreed to continue with the operations of the company and have agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements have been prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Emphasis of Matters

We draw attention to note numbers 6 and 7 to these financial statements with regard to unapproved variations and difference in related party's balance confirmation, respectively.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

PKF L.L.C.
Chartered Accountants

Muscat
Sultanate of Oman

Date: 15th March 2017

STATEMENT OF FINANCIAL POSITION AS AT 31ST DECEMBER 2016

	Notes	2016 RO.	2015 RO.
ASSETS			
NON-CURRENT ASSET			
Property, plant and equipment	3	1,613,336	2,770,129
CURRENT ASSETS			
Inventories	4	239,290	284,234
Account and other receivables	5	7,677,580	5,088,065
Amounts due from customers for contract works	6	862,095	6,858,597
Amounts due from related parties	7	1,458,226	944,474
Cash and cash equivalents	8	448,632	108,385
		10,685,823	13,283,755
TOTAL ASSETS		12,299,159	16,053,884
EQUITY AND LIABILITIES			
MEMBERS' FUNDS			
Share capital	9	300,000	300,000
Legal reserve		100,000	100,000
Accumulated losses		(8,692,200)	(5,682,974)
Deficit in equity funds		(8,292,200)	(5,282,974)
Loan from parent company	10 (a)	7,740,339	1,539,600
Amount due to parent company	10 (b)	134,738	1,603
Deficit in members' funds		(417,123)	(3,741,771)
NON-CURRENT LIABILITY			
Staff end of service gratuity		632,851	739,846
CURRENT LIABILITIES			
Bank borrowings	11	408,594	5,103,397
Account and other payables	12	6,965,411	11,713,282
Provisions	13	462,448	143,800
Amounts due to customers for contract works	6	2,043,334	161
Amounts due to related parties	7	2,203,644	2,095,169
		12,083,431	19,055,809
TOTAL EQUITY AND LIABILITIES		12,299,159	16,053,884

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3430 and 3431.

These financial statements have been approved and authorised for issue by the Board of Directors on 15th March 2017.

For LARSEN & TOUBRO ELECTROMECH L.L.C.

VENKATESH RAMANUJAM	**ROBERT AMBROSE**
Director	*Director*
J. BHARATH KUMAR	**R. BALASUBRAMANIYAN**
Chief Executive	*Head – Finance & Accounts*

Date: April 12, 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31ST DECEMBER 2016

	Notes	2016 RO.	*2015 RO.*
Contract revenue		**8,175,332**	*28,734,269*
Contract costs	14	**(9,109,922)**	*(26,555,852)*
GROSS (LOSS)/PROFIT		**(934,590)**	*2,178,417*
Other operating income	15	**1,028,954**	*942,534*
Provision for doubtful debts		**—**	*—*
Administrative expenses	16	**(2,810,059)**	*(3,879,408)*
LOSS FROM OPERATIONS		**(2,715,695)**	*(758,457)*
Interest income		**27**	*94*
Finance costs	17	**(188,682)**	*(219,744)*
NET LOSS FOR THE YEAR BEFORE TAX		**(2,904,350)**	*(978,107)*
Income tax expense for current year	18	**—**	*—*
Income tax expense for earlier years	18	**(43,523)**	*(9,911)*
Withholding tax paid		**(61,353)**	*—*
NET LOSS FOR THE YEAR AFTER TAX		**(3,009,226)**	*(988,018)*
Other comprehensive income:			
TOTAL COMPREHENSIVE LOSS FOR THE YEAR		**(3,009,226)**	*(988,018)*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3430 and 3431.

For LARSEN & TOUBRO ELECTROMECH L.L.C.

VENKATESH RAMANUJAM
Director

ROBERT AMBROSE
Director

J. BHARATH KUMAR
Chief Executive

R. BALASUBRAMANIYAN
Head – Finance & Accounts

Date: April 12, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31ST DECEMBER 2016

	Share capital	Legal reserve	Accumulated losses	Total
	RO.	**RO.**	**RO.**	**RO.**
As at 31st December 2014	300,000	100,000	(4,694,956)	(4,294,956)
Total comprehensive loss for the year	–	–	(988,018)	(988,018)
As at 31st December 2015	300,000	100,000	(5,682,974)	(5,282,974)
Total comprehensive loss for the year	–	–	(3,009,226)	(3,009,226)
As at 31st December 2016	**300,000**	**100,000**	**(8,692,200)**	**(8,292,200)**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3430 and 3431.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31ST DECEMBER 2016

	2016 RO.	*2015 RO.*
Cash generated from operations		
Net loss for the year before tax	**(2,904,350)**	*(978,107)*
Adjustments for:		
Depreciation on property, plant and equipment	**952,372**	*1,480,648*
Finance costs	**188,682**	*219,744*
Profit on disposal of property, plant and equipment	**(186,764)**	*(86,978)*
Interest income	**(27)**	*(94)*
Operating (loss)/profit before changes in operating assets and liabilities	**(1,950,087)**	*635,213*
Decrease in inventories	**44,944**	*491,812*
Increase in account and other receivables	**(2,589,515)**	*(212,755)*
Decrease in account, other payables and provisions	**(4,429,223)**	*(2,074,594)*
Decrease in staff end of service gratuity liability	**(106,995)**	*(47,059)*
Decrease/(increase) in amounts due from/to customers for contract works (net)	**8,039,675**	*(2,908,134)*
Change in related parties' balances	**(405,277)**	*12,947*
Change in members' balance	**133,135**	*1,603*
Cash used in operating activities	**(1,263,343)**	*(4,100,967)*
Tax paid	**(104,876)**	*(9,911)*
Net cash used in operating activities (A)	**(1,368,219)**	*(4,110,878)*
Cash flows from financing activities		
Repayment of bank borrowings (net)	**(4,694,803)**	*(31,017)*
Proceeds from loan from parent company	**6,200,739**	*1,539,600*
Finance costs paid	**(188,682)**	*(219,744)*
Net cash from financing activities (B)	**1,317,254**	*1,288,839*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(110,799)**	*(15,915)*
Proceeds on disposal of property, plant and equipment	**501,984**	*690,152*
Interest received	**27**	*94*
Net cash from investing activities (C)	**391,212**	*674,331*
Net increase/(decrease) in cash and cash equivalents (A+B+C)	**340,247**	*(2,147,708)*
Cash and cash equivalents at beginning of year (Note 8)	**108,385**	*2,256,093*
Cash and cash equivalents at end of year (Note 8)	**448,632**	*108,385*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 3430 and 3431.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) **LARSEN & TOUBRO ELECTROMECH L.L.C.** is a limited liability Company, registered in Sultanate of Oman and is engaged in business of executing civil, mechanical, electrical and instrumentation engineering, construction and maintenance works. The Parent Company is Larsen and Toubro International FZE–Sharjah, a Company incorporated in United Arab Emirates and the Ultimate Parent Company is Larsen & Toubro Limited – India, a Company incorporated in India.

2. BASIS OF PREPARATION

2.1 STATEMENT OF COMPLIANCE

The financial statements are prepared in accordance with International Financial Reporting Standards, including International Accounting Standards and Interpretations, issued or adopted by the International Accounting Standards Board, and which are effective for the current accounting period, and the applicable requirements of the Oman Commercial Companies Law.

2.2 BASIS OF MEASUREMENT

The financial statements are prepared under the historical cost convention. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

2.3 GOING CONCERN CONCEPT

- The financial statements are prepared on a going concern basis.

When preparing financial statements, management shall make an assessment of an entity's ability to continue as a going concern. Financial statements shall be prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

As per the statement of financial position, the company has incurred significant accumulated losses of RO.8,692,200, has deficit in equity funds of RO.8,292,200 and has deficit of RO.417,123 in members' funds as at 31st December 2016. The company is dependent upon the continued financial support of its members, bankers and related parties. The financial statements have been prepared on a going concern basis as:

i) The company will continue to receive financial support from its bankers, members and related parties;

ii) The members have agreed to continue with the operations of the company, and the company would be able to generate sufficient net profits in future to make it an economically viable unit.

2.4 FUNCTIONAL AND PRESENTATION CURRENCY

The financial statements are prepared in Rials Omani, which is the functional and presentation currency.

2.5 SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, that have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment. Depreciation is calculated on straight line basis to write off the cost of property, plant and equipment less their estimated residual value, where material, in equal annual instalments over their estimated useful lives. Depreciation has been calculated from the date of acquisition at the following rates:

	%
Porta cabins	15
Plant, machinery and equipment	15 & 33.33
Vehicles	33.33
Furniture and Fixtures	33.33

An assessment of depreciation method, useful lives and residual values are undertaken at each reporting date and, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Capital work in progress is not depreciated until it is capitalized and transferred to one of the asset categories when the asset is ready for use.

b) Impairment

The carrying amounts of the financial and non-financial assets are reviewed at each year end to determine whether there is any indication of impairment. If any such indication exists, their recoverable amount is estimated. Recoverable amount is the higher of fair value less cost to sell and value in use. An impairment loss is recognized in the statement of comprehensive income whenever the carrying amount of the asset exceeds its recoverable amount.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

c) Inventories

Inventories are stated at the lower of cost and net realizable value after making due allowance for obsolete and slow moving items. Costs comprise of invoice value and expenses incurred in bringing each product to its present location and condition, as follows:

Stores, Spares and Consumables	Weighted Average Cost
Tools, Scaffolding Materials, tackles, etc.	Weighted average cost less amortisation over estimated useful life.
Construction Materials	Weighted Average Cost

Net realizable value is based on estimated selling price less estimated costs expected to be incurred on disposal.

Inventories bought specifically for jobs are treated/booked as job costs.

d) Account and other receivables

Account receivables are stated at original invoice amount less an allowance for any uncollectable amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off and doubtful debts are fully provided for as they arise.

e) Amounts due from/to customers for contract works

Amounts due from/to customers for contract work represents costs incurred on contracts plus recognised profits less any recognised losses foreseen in bringing the contracts to completion less progress billings. Contract costs for this purpose includes costs of materials, direct labour, direct expenses, sub-contract and an appropriate allocation of overheads.

f) Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current and call deposit accounts and deposits free of encumbrance with a maturity date of three months or less from the date of deposit.

g) Derivative financial instruments

Derivative financial instruments to hedge long-term floating interest rate, foreign exchange and commodity prices risk exposures are initially recognised at fair value on the date on which a derivative contract is entered into and are subsequently re-measured at fair value. Derivatives are carried as financial assets when the fair value is positive and as financial liabilities when the fair value is negative. The fair values of future contract is determined based on the certificate of the bank with whom such contracts are concluded. At the inception of the hedge relationship the company documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the company documents whether the hedging instruments that are used in hedging transactions are highly effective in offsetting changes in fair values or cash flows of hedged items.

For the purpose of hedge accounting, hedges are classified as cash flow hedges when there is a hedge of exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the market risk in an unrecognised firm commitment.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the significant gain or loss on the hedging instrument is recognised directly in other comprehensive income as cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised in other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised in other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss. If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss.

h) Equity

Share capital is recorded at the value of proceeds received/receivable towards interest in share capital of the company.

i) Legal reserve

There is no accretion to legal reserve during the year as the Company has already created a legal reserve equal to 33.33 % of its issued share capital as required by Article 154 of the Commercial Companies Law of Oman 1974. The reserve is not available for distribution.

j) Employees benefit costs

The Company contributes to the Social Security Scheme under Royal Decree 72/91 (Defined contribution retirement plan and occupational hazard insurance for Omani employees in accordance with Omani Social Insurance Law 1991) for Omani employees, administered by the Government of Sultanate of Oman.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

Accruals for employees end of service benefits comprising of leave salary and end of service gratuity for non-Omani employees is in accordance with Company's rules and is based on the liability which would arise if the employment of all staff were terminated at the year end. The total expenses recognised in the statement of comprehensive income for staff end of service gratuity amounts to RO.580,476 (previous year RO.706,650).

Accrual for staff passage is made on the basis of proportionate leave entitlement of employees in accordance with the Company's rules.

k) Accounts and other payables

Liabilities are recognised for amounts to be paid in future for goods or services received, whether billed by the suppliers or not, to the extent of work certified by the Company's engineers.

l) Provisions

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

m) Taxation

Provision for income tax has not been made as the Company has incurred a net tax loss during the year arrived at after making suitable adjustments, for likely disallowances as per the company's past completed income tax assessments and as per the Law of Income Tax on Companies in Oman to the net loss as per the Company's financial statements. Losses incurred shall be carried forward for a period of five years after the expiry of the tax year in which it was incurred and shall be deducted in computation of taxable income of those years. The net tax losses of RO.13,773,952 for the years 2013 to 2016 is available to set off against future taxable income in Oman.

Additional income tax liability that may arise in future on completion of pending income tax assessments for the tax years 2008, 2009 and 2012 to 2016 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the income tax assessments are completed.

n) Financial instruments

- Financial instruments of the Company comprise account and other receivables, cash and cash equivalents, account and other payables, bank borrowings, amounts due from/to related parties, loan from parent company, amount due to parent company, and amounts due from/to customers for contract works.
- Financial assets and financial liabilities are recognized when, and only when, the Company becomes a party to the contractual provisions of the instrument. Financial assets are de-recognised when, and only when, contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred. Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.
- Financial assets that have fixed or determinable payments and for which there is no active market, are stated at cost or, if the impact is material, at amortised cost using the effective interest method, less any write down for impairment losses plus reversals of impairment losses. Impairment losses and reversals thereof are recognized in the statement of comprehensive income.
- Financial liabilities, are measured at cost or, if the impact is material, at amortised cost using the effective interest method.

o) Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

p) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Revenue recognition on contracts

Contract revenues are recognised on percentage of completion method. When the outcome of a contract can be estimated reliably, contract revenue and contract costs associated with the contract are recognised as revenue and expenses respectively by reference to the stage of completion of the contract activity at the year end. When the outcome of the contract cannot be estimated reliably, contract revenue is recognised only to the extent of contract cost incurred that are likely to be recoverable.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

The stage of completion is determined on the basis of progress on each contract measured by reference to proportion that contract costs incurred for work performed to date bear to the estimated total contract costs. Conservative proportion of the profit estimated by company's management to be earned on completion of the contracts is considered by reference to the work completed at the year end. Losses, if any, on jobs not completed are provided for in full when identified.

Contract billings are recorded on the basis of progress bills prepared by the company and certified by the customer.

Interest

Interest income is recognized on a time proportion basis.

Rental income

Rental income is recognized in the statement of comprehensive income on a straight line basis over the term of the lease.

q) Operating lease rentals

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases. Operating lease rentals are recognised as an expense on a straight line basis over the lease term.

r) Finance costs

Finance costs that are directly attributable to the acquisition, construction or production of a qualifying asset are capitalised as part of the cost of that asset. Other finance costs are recognized as an expense in the year in which they are incurred.

s) Foreign currencies

Transactions in foreign currencies are recorded at the rate ruling at the date of the transactions. Monetary assets and liabilities denominated in foreign currencies are retranslated into Rials Omani at the rates of exchange ruling at the year end. The resultant exchange gains and losses are recognised in the statement of comprehensive income except for exchange differences on transactions entered into in order to hedge certain foreign currency risks (see note 2.5 (g) for hedge accounting).

2.6 SIGNIFICANT JUDGMENTS, ASSUMPTIONS AND ESTIMATES

i) The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each year end, management conducts an assessment of property, plant, equipment, and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, the assets are written down to their recoverable amount.

ii) Key assumptions made concerning the future and other key sources of estimation uncertainty at the year end, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the periods in which the estimate is revised and in any future periods affected:

Carrying values of property, plant and equipment

The useful lives and residual values of fixed assets are estimated based on intended use of assets and their economic lives. Residual values are assumed to be zero unless a reliable estimate of the current value can be obtained for similar assets of ages and conditions that are reasonably expected to exist at the end of the assets' estimated useful lives.

Inventory provisions

Management regularly undertakes a review of the Company's inventories in order to assess their likely utilisation on jobs, technological changes, age, likely obsolescence, the rate at which the materials are being used and the physical damage. Based on the assessment, assumptions are made as to the level of provisioning required.

Doubtful debts

Management regularly undertakes a review of the amounts of receivables owed to the Company either from customers or from related parties, and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates, extent of certification, and assessed creditworthiness of the debtors. Based on the assessment, assumptions are made as to the level of provisioning required and revenue recognition.

Impairment

Assessments of net recoverable amounts of property, plant, equipment and all financial assets other than receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

Staff end-of-service gratuity

The Company computes the liability to staff end-of-service gratuity assuming that all employees were to leave as of the year end. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite affects.

Contract work in progress

Contract revenues on contracts in progress at the year end are recognised on a percentage of completion basis, that requires the management to estimate the costs expected to be incurred in future to complete the contracts. Further, profit on contracts in progress is recognized only when the final outcome of the contract can be reliably estimated.

Contract matters

In the contracting industry, there are various contractual matters relating to possible penalties for delays in job completion, claims of suppliers/subcontractors, work disputes, recovery of uncerti-fied contract/variation work dues, expected costs during job warranty and defect liability period etc., that are subject to various sources of uncertainties and future negotiations. The manage-ment regularly reviews, estimates and suitably accounts for the possible financial impact of such contractual matters based on their assessment, past experience and available information.

2.7 ADOPTION OF NEW INTERNATIONAL FINANCIAL REPORTING STANDARDS

i) There are no International Financial Reporting Standards, amendments thereto and Interpreta¬tions that became effective for the first time for the current reporting period and which are applicable to the company and which could have a material impact on the financial statements.

ii) The following International Financial Reporting Standards, amendments thereto and Interpreta-tions that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods:

- IFRS 15 Revenue From Contracts With Customers (1 January 2018)
- IFRS 9 Financial Instruments (1 January 2018)
- IFRS 16 Leases (1 January 2019)

3. PROPERTY, PLANT AND EQUIPMENT

	Porta cabins RO.	Plant, machinery and equipment RO.	Furniture and fixtures RO.	Vehicles RO.	Capital work in progress RO.	Total RO.
Cost						
As at 1st January 2016	2,691,052	4,920,149	106,143	3,562,327	–	11,279,671
Addition	–	435	–	–	110,364	110,799
Disposals	(824,228)	(573,829)	(676)	(306,916)	–	(1,705,649)
As at 31st December 2016	**1,866,824**	**4,346,755**	**105,467**	**3,255,411**	**110,364**	**9,684,821**
Accumulated depreciation						
As at 1st January 2016	1,417,645	3,679,128	105,005	3,307,764	–	8,509,542
Depreciation for the year	317,886	402,560	1,100	230,826	–	952,372
Adjustment relating to disposals	(629,533)	(453,336)	(676)	(306,884)	–	(1,390,429)
As at 31st December 2016	**1,105,998**	**3,628,352**	**105,429**	**3,231,706**	**–**	**8,071,485**
Net book value						
As at 31st December 2015	1,273,407	1,241,021	1,138	254,563	–	2,770,129
As at 31st December 2016	**760,826**	**718,403**	**38**	**23,705**	**110,364**	**1,613,336**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

4. INVENTORIES

	2016	*2015*
	RO.	*RO.*
Construction materials, spares and consumables		
At sites	**123,663**	*224,360*
At central warehouses	**115,627**	*59,874*
	239,290	*284,234*

5. ACCOUNT AND OTHER RECEIVABLES

	2016	*2015*
	RO.	*RO.*
Contract receivables *	**6,750,197**	*3,808,891*
Contract retentions *	**705,273**	*674,351*
Provision for doubtful debts	**(678,657)**	*(697,407)*
	6,776,813	*3,785,835*
Prepayments	**262,337**	*326,078*
Advances to suppliers and subcontractors	**564,131**	*679,850*
Deposits	**16,303**	*31,382*
Other receivables **	**44,820**	*257,921*
Advances to staff	**78,809**	*31,317*
Provision for doubtful advances to staff	**(65,633)**	*(24,318)*
	7,677,580	*5,088,065*

a) * Contract receivables and retentions includes RO.453,128 (previous year RO.315,659) due from related parties and RO.5,607,106 (previous year RO.2,333,127) due from ultimate parent company on account of trade dealings.

b) ** Other receivables include RO.1,740 (previous year RO.171,090) due from ultimate parent company and RO.15,940 (previous year RO.34,024) due from related parties on account of trade dealings.

*** The company has accrued income of RO.15,880 (previous year RO.Nil), which has been billed to the customers subsequently. Accordingly, no provision against accrued income is required as at 31st December 2016.

- The movement in the provision for doubtful debts account is as follows:

	2016	*2015*
	RO.	*RO.*
Opening balance	**697,407**	*697,407*
Provision written back to statement of comprehensive income	**(18,750)**	–
Closing balance	**678,657**	*697,407*

- The movement in the provision for doubtful advances to staff account is as follows:

	2016	*2015*
	RO.	*RO.*
Opening balance	**24,318**	–
Provision made during the year	**41,315**	*24,318*
Advances to staff written off	**–**	–
Closing balance	**65,633**	*24,318*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

- An age analysis of contract receivables and retentions that are past due but not impaired is as follows:

	2016	*2015*
	RO.	*RO.*
3 months to 1 year	**3,225,836**	*590,534*
Over 1 year	**726,638**	*747,065*
	3,952,474	*1,337,599*

An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:

	2016	*2015*
	RO.	*RO.*
Gross value	**678,657**	*697,407*
Provision	**(678,657)**	*(697,407)*
Carrying value	**–**	*–*
Contract receivables and retentions not past due and not impaired	**2,824,339**	*2,448,236*

6. CONTRACTS IN PROGRESS

	2016	*2015*
	RO.	*RO.*
Contract costs incurred plus recognised profits less recognised losses	**26,967,163**	*113,434,294*
Progress billings	**28,148,402**	*106,575,858*
Advances received	**58,126**	*139,313*
Retentions receivable	**705,273**	*672,445*

Unapproved variations

At the year end, deletions in scope of contract aggregating to RO.1,628,912 have been considered for revenue recognition in final contract value in company's cost to completion exer-cise for job in progress at the year end. Though approved variation orders and client/consultant certificates are not available, the company's management is confident that no further and only above deletions would be approved and certified in due course by the client/consultant.

7. RELATED PARTIES

The Company enters into transactions with parties that fall within the definition of a related party as contained in International Accounting Standard 24: Related Party Disclosures. The management considers such transactions to be in the normal course of business. Related parties comprise companies under common ownership and/or common management control and members. The balances with related parties at the year end have been separately disclosed in the financial statements.

The significant related party transactions and the amounts involved are as follows:

	Ultimate parent company	**Parent company**	**Other related parties**	**Total 2016**	*Total 2015*
	RO.	**RO.**	**RO.**	**RO.**	*RO.*
Contract revenue	**3,300,480**	**–**	**652,573**	**3,953,053**	*22,113,890*
Commission income	**–**	**2,071**	**–**	**2,071**	*55,210*
Contract costs, contract expenses, sub contract costs, hire charges, etc.	**193,620**	**–**	**335,476**	**529,096**	*2,826,518*
Short term loan received	**–**	**6,200,739**	**–**	**6,200,739**	*1,539,600*
Disposal of property, plant and equipment	**8,940**	**–**	**35,206**	**44,146**	*109,814*
Expenses debit	**25,303**	**–**	**12,698**	**38,001**	*80,866*
Interest expense	**–**	**133,135**	**–**	**133,135**	*1,603*
Hire income	**9,960**	**–**	**602,609**	**612,569**	*406,663*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

The Company also provides funds to and receives funds from related parties as and when required as working capital facilities.

Amounts due from related parties

	2016 **RO.**	*2015* *RO.*
Larsen & Toubro Limited, India – (Ultimate Parent Company)	**782,246**	*555,688*
Other related parties *	**675,980**	*388,786*
	1,458,226	*944,474*

Amounts due to related parties

	2016 **RO.**	*2015* *RO.*
Larsen & Toubro Limited - India (Ultimate Parent Company)	**2,058,078**	*1,958,111*
Other related parties	**145,566**	*137,058*
	2,203,644	*2,095,169*

* There is a difference of RO.116,119 between balance as per company's books of account of RO.145,566 and balance confirmed by related party. As per management of the company, the said difference is towards amount debited by related party without certification of ultimate client hence the company has not accepted this cost.

8. CASH AND CASH EQUIVALENTS

	2016 **RO.**	*2015* *RO.*
Cash on hand	**8,983**	*14,563*
Bank balances on current and call deposit accounts	**439,649**	*93,822*
	448,632	*108,385*

9. SHARE CAPITAL

	Share **%**	**2016** **RO.**	*2015* *RO.*
Larsen & Toubro International FZE – Sharjah, U.A.E.	65	**195,000**	*195,000*
Muscat Trading Company LLC	35	**105,000**	*105,000*
	100	**300,000**	*300,000*

The share capital comprise 300,000 shares of face value of RO.1 each, fully paid up.

10. PARENT COMPANY

a) LOAN FROM PARENT COMPANY

	2016 **RO.**	*2015* *RO.*
Loan from parent company, Larsen & Toubro International FZE – Sharjah, U.A.E. is unsecured, interest ranging from 2% to 2.5% p.a. and not payable before 1st April 2017.	**7,740,339**	*1,539,600*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

b) AMOUNT DUE TO PARENT COMPANY

	2016	*2015*
	RO.	*RO.*
Larsen & Toubro International FZE – Sharjah, U.A.E.	**134,738**	*1,603*

11. BANK BORROWINGS

	2016	*2015*
	RO.	*RO.*
Bank overdrafts	**408,594**	*1,103,397*
Bank short term loan	**–**	*4,000,000*
	408,594	*5,103,397*

Bank facilities are secured against/by:

a) Irrevocable confirmed assignment of specific contract receivables against bank facilities granted by banks.

b) Assignment of all insurance policies.

c) The above facilities are subject to some restrictive covenants such as shareholding pattern, routing surplus receivables, minimum debt service coverage ratio, debt equity ratio, total gearing and current ratio, payment of dividends.

12. ACCOUNT AND OTHER PAYABLES

	2016	*2015*
	RO.	*RO.*
Trade and subcontract payables *	**1,815,145**	*5,084,886*
Accrued expenses **	**5,033,458**	*6,359,053*
Advance on contracts	**65,701**	*146,887*
Advance from customers	**51,107**	*122,456*
	6,965,411	*11,713,282*

* Trade and subcontract payables include RO.113,185 (previous year RO.825,047) due to related parties on account of trade dealings with them.

** Accrued expenses includes RO.278,768 (previous year RO.618,926) due to related parties and RO.188,349 (previous year RO.113,297) due to ultimate parent company on account of trade dealings.

13. PROVISIONS

	Provision for foreseen losses	**Contractual rectification costs**	**Total**
	RO.	**RO.**	**RO.**
Balance as at 1st January 2016	102,427	41,373	143,800
Made during the year	88,669	271,352	360,021
Payment made during the year	–	–	–
Provision reversed during the year	–	(41,373)	(41,373)
Balance as at 31st December 2016	**191,096**	**271,352**	**462,448**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

14. CONTRACT COSTS

	2016 RO.	2015 RO.
Materials consumed	2,169,325	3,578,035
Subcontracts and consultancy charges (net) *	(122,628)	5,047,046
Wages and benefits	4,383,138	10,190,429
Direct Cost expenses	1,007,975	3,038,217
Other contract overheads	1,056,680	4,628,892
Provision for foreseen loss made/written back (net)	88,669	(438,616)
Provision for contractual rectifications costs made/(written back) (net)	229,979	(88,579)
Job allocation costs	296,784	600,428
	9,109,922	26,555,852

* Excess accruals of previous year written back.

15. OTHER OPERATING INCOME

	2016 RO.	2015 RO.
Profit on disposal of property, plant and equipment	186,764	86,978
Scrap sales	58,215	139,185
Provision for doubtful debts written back	18,750	–
Rental income	763,154	661,161
Commission income	2,071	55,210
	1,028,954	942,534

16. ADMINISTRATIVE EXPENSES

	2016 RO.	2015 RO.
Staff costs	1,892,519	3,433,370
Depreciation	324,482	164,114
Provision for advances to staff made (net)	41,315	24,318
Other administrative expenses	848,527	858,034
Job allocations	(296,784)	(600,428)
	2,810,059	3,879,408

17. FINANCE COSTS

	2016 RO.	2015 RO.
Bank Interest	52,691	215,381
On loan from parent company	133,135	1,603
Bank charges	2,856	2,760
	188,682	219,744

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

18. TAXATION

a) The accounting net loss for the year has been adjusted in respect disallowances for the purpose of determining the tax loss for the year. Tax has not been provided at the applicable rate of 12% (previous year 12%) after the basic exemption in accordance with the Law of Income tax on Companies in Oman as the company has incurred a tax loss. Taxation for the tax years 2008, 2009 and 2012 to 2016 are subject to agreement with the Income Tax Authority. Additional income tax liability that may arise in future on finalisation of pending income tax assessments for the tax years 2008, 2009 and 2012 to 2016 is not expected to be material to the Company's financial position, and would be paid for and accounted in the financial statements of the year in which the income tax assessments are finalised.

b) The income tax expense as per the statement of comprehensive income comprises:

	2016	*2015*
	RO.	*RO.*
Current tax		
Charge for the current year	**–**	*–*
Charge for the earlier years	**43,523**	*9,911*
Deferred tax		
Debit/(Credit) for current year	**–**	*–*
Income tax expense	**43,523**	*9,911*

c) The reconciliation between the income tax credit/expense on the accounting net loss and income tax credit/expense in the statement of comprehensive income is as follows:

	2016	*2015*
	RO.	*RO.*
Tax saving on accounting net loss of RO.2,904,350 (previous year net loss of RO.978,107)	**(348,522)**	*(117,373)*
Add/Less: Tax effect		
On profit on disposal of property, plant and equipment of RO.124,373 (previous year RO.59,158)	**(14,925)**	*(7,099)*
On depreciation of RO.214,358 (previous year RO.367,849)	**25,723**	*44,142*
On expenses disallowed by Income Tax Authority	**16,132**	*822*
On provision for doubtful debts and staff advances made	**2,708**	*2,918*
On other provisions made/(written back) net	**38,238**	*(144,499)*
12% of tax loss carried forward for set of against future taxable net profit	**280,646**	*221,089*
Tax expense per statement of comprehensive income	**–**	*–*

d) As per the income tax assessment order for the tax year 2008, substantial subcontract expenses to related parties on adhoc percentage basis, actual exchange loss on forward contract, bad debts and service charges have been disallowed, resulting in increase in taxable net profit and income tax liability. The company had filed an objection with the H.E. The Secretary General for Taxation against the said income tax assessment order after which subcontract expenses to related parties and service charges have been fully allowed and company has expensed/paid income tax on bad debts in 2015 and on actual exchange loss on forward contracts of RO.43,523 in 2016. Thereafter company has gone into appeal on 27th January 2016 against disallowance of actual exchange loss on forward contracts and is confident of getting a favourable revised assessment.

As per the income tax assessment order for the tax year 2009, substantial part of staff food/mess expenses, transactions with parent company and service related charges have been disallowed, resulting in increase in taxable net profit by RO.313,004 and income tax liability by RO.37,561. The company has paid tax in 2015 on service related charges and on transactions with parent company after company's first objection and has filed a revised objection with the H.E. The Secretary General for Taxation against disallowance of staff food/mess expenses.

The income tax assessment for the year 2011 was completed on 26th December 2016 and additional income tax of RO.40,207 against tax fees and provision of contractual rectification cost was assessed by the Secretary General for Taxation, which the company paid and expensed in January 2017.

Further, additional income tax liability would arise if the basis for allowance of above expense as per the said income tax assessment orders is applied to the subsequent incomplete income tax assessments for tax years 2012 to 2016. However, as per the company's management the amounts involved would not be material and therefore would be paid and accounted for in the year in which company's income tax assessments would be completed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

19. FINANCIAL INSTRUMENTS

a) CREDIT, INTEREST RATE AND EXCHANGE RATE RISK EXPOSURES

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed. The primary risks to which the business is exposed comprise credit, currency, liquidity and cash flow interest rate risks.

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the Company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the Company, issued by reputed financial institutions.

The Company buys and sells goods and services in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the Rials Omani is pegged.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and non-funded facilities with banks in order to manage exposure to liquidity risk.

Borrowing facilities are regularly reviewed to ensure that the Company obtains the best available pricing, terms and conditions on it borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets which potentially expose the Company to credit risks and concentrations of credit risk comprise principally, bank current, call and smart card deposit accounts, amounts due from customers for contract work, amounts due from related parties and account and other receivables. The maximum credit risk exposure of financial assets recognised in the statement of financial position approximate to the carrying amount of the assets.

The Company's bank current, call and smart card accounts are placed with reputed financial institutions.

At the year end 75% (previous year 80%) of contract and retentions receivables were due from Ultimate Parent Company (previous year two reputed companies and from Ultimate Parent Company). At the year end, NIL (previous year 69.22%) of the amounts due from customers for contract works is due from the Ultimate Parent Company. At the year end, contract and retention receivables of RO.46,475 (previous year RO.166,183) and deletions in the scope of contracts aggregating to RO.1,628,912, are in the process of being certified by consultant/client. At the year end amounts aggregating to RO.2,722,874 (previous year RO.705,782) were due from related parties situated outside the Sultanate of Oman. Amounts due from related parties, related party debtors and other receivables include amounts aggregating to RO.1,132,017 (RO.261,927 received subsequently) due from related parties which have incurred substantial losses, have net asset deficit, have emphasis for, change in accounting policy, credit risk exposure on specific jobs, claim not acknowledged as debt, amounts due from a related party, and to the going concern concept in their audit reports. No provision for possible losses on these dues has been made in these financial statements as the company's management is confident that all the above amounts will be recovered in due course without any material impact to the profitability of the company in future.

There are no other significant concentrations of credit risk with any single debtor or group of companies or to debtors from a particular industry or to debtors outside the country in which the Company operates.

Interest rate risk

Bank current and call deposit accounts are at floating interest rates at levels which are generally obtained in Sultanate of Oman. Short term loans from parent company is at a fixed interest rate of 2% to 2.5% per annum. Most of the other financial assets and liabilities are non interest bearing.

Exchange rate risk

There are no significant exchange rate risks, as substantially most of the financial assets and financial liabilities are denominated in Rials Omani or UAE Dirhams/US Dollars to which the Rial Omani is fixed, except for the following amounts.

	Bank call deposit accounts		**Amounts due to Ultimate Parent Company**		**Amounts due from Ultimate Parent Company**	
	2016 RO.	*2015 RO.*	**2016 RO.**	*2015 RO.*	**2016 RO.**	*2015 RO.*
Euro	**426**	*724*	**–**	–	**–**	–
Great Britain Pound	**1,935**	*84,153*	**–**	–	**–**	–
Indian Rupee	**–**	–	**2,254,624**	*1,373,554*	**5,513,283**	–

Reasonably possible changes to exchange rates at the year end are unlikely to have a significant impact on the net profit or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

Liquidity risk

The company limits its liquidity risk by ensuring that adequate bank facilities are available to enable it to meet its obligations as they fall due for payment. The maturity analysis of the company's financial liabilities as at the year end is given below:

	Less than 3 months RO.	3 to 12 months RO.	1 year to 5 years RO.	More than 5 years RO.	Total RO.
As at 31st December 2016					
Other non-current liability	–	632,851	–	–	632,851
Bank borrowings	408,594	–	–	–	408,594
Account, other payables and provisions	6,935,682	492,177	–	–	7,427,859
Amounts due to customers for contract works	2,043,334	–	–	–	2,043,334
Amounts due to related parties	2,203,644	–	–	–	2,203,644
	11,591,254	1,125,028	–	–	12,716,282
As at 31st December 2015					
Other non-current liability	–	739,846	–	–	739,846
Bank borrowings	5,103,397	–	–	–	5,103,397
Account, other payables and provisions	11,160,810	696,272	–	–	11,857,082
Amounts due to customers for contract works	161	–	–	–	161
Amounts due to related parties	2,095,169	–	–	–	2,095,169
	18,359,537	1,436,118	–	–	19,795,655

b) **FAIR VALUES**

The fair values of the Company's financial assets and financial liabilities approximate to their carrying values.

20. OPERATING LEASE COMMITMENTS

The Company has entered into non cancelable operating leases for vehicles and camp. The total of future lease payments are as follows:

	2016 RO.	*2015 RO.*
Not later than one year	**149,900**	*59,949*
Between one and five years	**139,290**	*31,043*
	289,190	*90,992*

21. CONTINGENT LIABILITIES

	2016 RO.	*2015 RO.*
Banker's letters of credit and acceptances	**–**	*238,680*
Bankers' letters of guarantee	**535,695**	*2,014,924*
	535,695	*2,253,604*

Bank facilities are secured against/by:

a) Irrevocable confirmed assignment of specific contract receivables against bank facilities granted by banks.

b) Assignment of all insurance policies.

c) The above facilities are subject to some restrictive covenants such as shareholding pattern, routing surplus receivables, minimum debt service coverage ratio, debt equity ratio, total gearing and current ratio, payment of dividends.

As is common in the contracting industry, there are certain ongoing pending matters under negotiations with the clients/consultants relating to, claim of suppliers/subcontractors not accepted by the Company, work disputes, recovery of uncertified contract/variation work dues, possible penalties for delays in job completion, etc., whose actual occurrence and financial impact cannot be ascertained at the present stage.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31ST DECEMBER 2016 (Contd.)

22. CAPITAL COMMITMENTS

	2016	*2015*
	RO.	*RO.*
Authorised and contracted for	**438,337**	–

23. CAPITAL RISK MANAGEMENT

The Company's objectives when managing capital are to ensure that the Company continues as a going concern, maintains an optimal capital structure to reduce the cost of capital, and to provide the shareholders with a rate of return on their investment commensurate with the level of risk assumed. Capital comprises equity funds as presented in the Statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

For LARSEN & TOUBRO ELECTROMECH L.L.C.

VENKATESH RAMANUJAM	**ROBERT AMBROSE**
Director	*Director*
J. BHARATH KUMAR	**R. BALASUBRAMANIYAN**
Chief Executive	*Head – Finance & Accounts*

Date: April 12, 2017

DIRECTORS' STATEMENT

The directors are pleased to present their statement to the member together with the audited financial statements of L&T IDPL Trustee Manager Pte. Ltd. (the Company) for the financial year ended 31 March 2017.

Opinion of the Directors

In the opinion of the Directors,

(i) the financial statements of the Company are drawn up so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and the financial performance, changes in equity and cash flows of the Company for the financial year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

Directors

The directors of the Company in office at the date of this statement are:

T V Karthikeyan

Lee Keen Whye

Lim Teck Leong David

Raju Shukla

T S Venkatesan

Arrangements to enable directors to acquire shares and debentures

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' interests in shares and debentures

No director who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under section 164 of the Singapore Companies Act, Cap. 50, an interest in shares, share options, warrants or debentures of the Company, or of related corporations, either at the beginning of the financial year, or date of appointment if later, or at the end of the financial year.

Share options

During the financial year, there were:

(i) no options granted by the Company to any person to take up unissued shares in the Company: and

(ii) no shares issued by virtue of any exercise of options to take up unissued shares of the Company.

As at the end of financial year, there were no unissued shares of the Company under option.

Auditor

Ernst & Young LLP have expressed their willingness to accept reappointment as auditor of the Company.

On behalf of the board of directors,

T V KARTHIKEYAN
Director

T S VENKATESAN
Director

28 April 2017

INDEPENDENT AUDITOR'S REPORT

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

INDEPENDENT AUDITOR'S REPORT TO THE MEMBER OF L&T IDPL TRUSTEE MANAGER PTE. LTD.

Report on the audit of the financial statements

We have audited the financial statements of L&T IDPL Trustee Manager Pte. Ltd. (the "Company"), which comprise the balance sheet as at 31 March 2017, the statement of comprehensive income, statement of changes in equity and cash flow statement of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

Opinion

In our opinion, the accompanying financial statements are properly drawn up in accordance with the provisions of the Companies Act, Chapter 50 (the Act) and Financial Reporting Standards in Singapore (FRSs) so as to give a true and fair view of the financial position of the Company as at 31 March 2017 and of the financial performance, changes in equity and cash flows of the Company for the year ended on that date.

Basis for opinion

We conducted our audit in accordance with Singapore Standards on Auditing (SSAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the Accounting and Corporate Regulatory Authority (ACRA) Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities (ACRA Code) together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other information

Management is responsible for other information. The other information comprises directors' statement set out on page 3450.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and directors for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and FRSs, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related

disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other legal and regulatory requirements

In our opinion, the accounting and other records required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
28 April 2017

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	2017	*2016*
		S$	*S$*
Revenue		–	*–*
Other expenses	4	(33,293)	*(169,698)*
Loss before tax		(33,293)	*(169,698)*
Income tax expense	5	–	*–*
Loss for the year, representing total comprehensive income for the year		(33,293)	*(169,698)*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Note	2017 S$	*2016 S$*
ASSETS			
Current assets			
Cash at bank		**158,592**	*186,115*
Total asset		**158,592**	*186,115*
LIABILITY			
Current liability			
Other payable	6	**11,770**	*6,000*
Total liability		**11,770**	*6,000*
Net current asset		**146,822**	*180,115*
Net assets		**146,822**	*180,115*
Equity			
Share capital	7	**1,315,000**	*1,315,000*
Accumulated losses		**(1,168,178)**	*(1,134,885)*
Capital surplus		**146,822**	*180,115*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Note	Share capital	Accumulated losses	Total
		S$	S$	S$
Balance as at 01 April 2016		1,315,000	(965,187)	349,813
Loss representing total comprehensive loss for the year		–	(169,698)	(169,698)
Balance at 31 March 2016		1,315,000	(1,134,885)	180,115
Loss representing total comprehensive loss for the year		–	(33,293)	(33,293)
Balance at 31 March 2017		1,315,000	(1,168,178)	146,822

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CASH FLOW STATEMENT
FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	2017	2016
	S$	S$
Cash flow from operating activities		
Loss before tax	(33,293)	(169,698)
Adjustment for:		
Diminution in value of investment	–	1
Operating cash flow before changes in working capital	(33,293)	(169,697)
Changes in working capital:		
Decrease in other receivables and prepayment	-	107,000
Increase/(Decrease) in other payable	5,770	(126,686)
Net cash flow used in operating activities	(27,523)	(189,383)
Net decrease in cash and cash equivalent	(27,523)	(189,383)
Cash and cash equivalent at beginning of year	186,115	375,498
Cash and cash equivalent at end of year	158,592	186,115

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

These notes form an integral part of and should be in conjunction with the accompanying financial statements.

1. CORPORATE INFORMATION

L&T IDPL Trustee Manager Pte. Ltd. (the "Company") is a limited liability company, which is domiciled and incorporated in Singapore. It is a wholly-owned subsidiary company of L&T Infrastructure Development Projects Limited which is incorporated in India and its ultimate holding entity is Larsen & Toubro Limited, a company incorporated in India. The address of its registered office and the principal place of business of the Company is 8 Cross Street #10-00 PWC Building Singapore 048424.

The principal activities of the Company are those relating to investment advisory and property fund management and the Company is the trustee-manager for L&T IDPL Roads Trust Pte Ltd.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The Company's functional currency is Singapore dollars ("S$") and the financial statements are presented in Singapore Dollars ("S$")

2.2 Standards issued but not yet effective

The Company has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 7 Disclosure Initiative	1 January 2017
Amendments to FRS 12 Recognition of Deferred Tax Assets for Unrealised Losses	1 January 2017
FRS 109 Financial Instruments	1 January 2018

The directors expect that the adoption of the standards above will have no material impact on the financial statements in the period of initial application.

2.3 Foreign currency

The financial statements are presented in Singapore Dollars, which is also the Company's functional currency. Items included in the financial statements of the Company are measured using that functional currency.

Transactions in foreign currencies are measured in the respective functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in income statement.

2.4 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

De-recognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On de-recognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (Contd.)

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Company becomes a party to the contractual provisions of the financial instrument. The Company determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The measurement of financial liabilities depends on their classification as follows:

Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

De-recognition

A financial liability is de-recognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a de-recognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

2.5 Impairment of financial assets

The Company assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Company considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

2.6 Revenue

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Company has concluded that it is acting as a principal in all of its revenue arrangements. The following specific recognition criteria must also be met before revenue is recognized.

Fees from the provision of fund management services (management fee, performance fee, trustee fee and acquisition fee from L&T IDPL Roads Trust) are recognised when the services have been rendered.

2.7 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Company's cash management.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (Contd.)

2.8 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

2.9 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Company operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, the carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- Where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised.

Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

2.10 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

3. SIGNIFICANT ACCOUNTING JUDGMENTS AND ESTIMATES

The preparation of the Company’s financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (Contd.)

Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

There are no significant judgment and estimates made which have significant effect on the amounts recognised in financial statements.

4. OTHER EXPENSES

	2017	*2016*
	S$	*S$*
Legal and professional fees	**27,433**	*163,697*
Audit fees	**5,770**	*6,000*
Bank charges	**90**	*–*
Diminution in value of investment	**–**	*1*
	33,293	*169,698*

5. TAXATION

No income tax has been provided as there was no taxable income derived by the Company during the year.

The reconciliation between the tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the respective financial periods is as follows:

	2017	*2016*
	S$	*S$*
Accounting loss before tax	**(33,293)**	*(169,698)*
Taxation at statutory tax rate of 17%	**(5,660)**	*(28,849)*
Adjustments:		
Expenses not deductible for tax purposes	**–**	*6,000*
Deferred tax asset not recognized	**5,660**	*22,849*
Income tax expense recognised in profit or loss	**–**	*–*

The potential tax benefits arising from the unutilised tax losses have not been recognised in the financial statements as it is not probable that future taxable profits will be available against which the Company can utilise the benefits.

6. OTHER PAYABLE

	2017	*2016*
	S$	*S$*
Accrual	**11,770**	*6,000*
Total other payable	**11,770**	*6,000*

All the Company's other payable are denominated in Singapore Dollars.

The amount are non-trade and non-interest bearing.

7. SHARE CAPITAL

	2017	*2016*
	S$	*S$*
Issued and fully paid ordinary shares:	**11,770**	*6,000*
At beginning and end of financial year		
1,315,000 (2016: 1,315,000) ordinary shares	**1,315,000**	*1,315,000*

The holder of ordinary shares is entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017 (Contd.)

8. RELATED PARTY TRANSACTIONS

Other than those disclosed in the financial statement, there is no other significant transactions took place between the Company and related parties at terms agreed between the parties during the financial year.

9. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Company is exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks are liquidity risk and capital risk. The Company's overall risk management strategy seeks to minimize adverse effects from the unpredictability of financial markets on the Company's financial performance. The Company sets policies, strategies and mechanism, which aim at effective management of these risks within its unique operating environment.

Risk management is carried out in accordance with established policies and guidelines approved by the Board of directors. Management continually monitors the Company's risk management process to ensure that an appropriate balance between risk and control is achieved. Risk management objectives and policies are reviewed regularly to reflect changes in market conditions and the Company's activities.

(a) Liquidity risk

The Company has minimal liquidity risk because its immediate holding company has agreed to provide continuing financial support to enable the Company to continue to operate as a going concern.

The Company's financial assets and liabilities based on contractual undiscounted cash flows approximate their carrying amounts on the balance sheet and are due within 1 year from the balance sheet date.

(b) Capital risk

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern and to maintain an optimal capital structure so as to maximise shareholder value. In order to maintain or achieve an optimal capital structure, the Company may adjust the amount of dividend payment, return capital to shareholder, issue new shares, obtain new borrowings or sell assets to reduce borrowings.

As at balance sheet date, the Company does not have any external borrowings and total capital is the same as the total equity.

10. FAIR VALUE OF ASSETS AND LIABILITIES

Management has determined that the carrying amounts of cash at bank and current other payable based on their notional amounts, reasonably approximate their fair values because these are short-term in nature.

11. AUTHORIZATION OF FINANCIAL STATEMENTS

These financial statements of the Company for the year ended 31 March 2017 were authorised for issue in accordance with a resolution of the directors on 28 April 2017.

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Sixth Annual Report of the Company with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31, 2017 as compared to the previous financial year ended March 31, 2016 is given below:

(₹ in Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	2.28	487.71
Less: Total Expenses	91.94	545.34
Profit/ (Loss) before Tax	(89.66)	(57.63)
Provision for Tax / (Deferred Tax Asset)	4.22	423.81
Profit/ (Loss) after Tax	(93.88)	(481.44)
Other Equity	**(1817.70)**	**(1,723.82)**

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The Company, primarily, continues to be a vehicle for distribution of financial products/services of L&T Financial Services Group companies.

During the year under review, the Company had earned a gross income of ₹ 2.28 Lakh as against ₹ 487.71 Lakh earned by it in the previous financial year. Loss for the financial year ended March 31, 2017 was at ₹ 93.88 Lakh as against ₹ 481.44 Lakh reported in the previous financial year. Networth of the Company as on 31st March 2017 was ₹ 317.3 Lakh as against negative ₹ 1123.82 Lakh as on March 31, 2016.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of financial year to which these financial statements relate and date of this Report.

DIVIDEND

No dividend was declared for the current financial year due to the loss incurred by the Company.

RESOURCES

During the year under review, the Company has allotted 1,53,50,000 equity shares of ₹ 10/- each, aggregating to ₹ 15,35,00,000/- (Rupees Fifteen Crore Thirty Five Lakhs only) to L&T Finance Holdings Limited on rights basis.

SHARE CAPITAL

During the year under review, the authorised capital of the Company was increased from ₹ 10,00,00,000/- (Rupees Ten Crore only) to ₹ 21,50,00,000/- (Rupees Twenty One Crore Fifty Lakh only), divided into 2,15,00,000 equity shares of ₹ 10/- each.

During the year under review, the paid-up capital of the Company was increased from ₹ 6,00,00,000/- (Rupees Six Crore only) to ₹ 21,35,00,000/- (Rupees Twenty One Crore Thirty Five Lakh only), divided into 2,13,50,000 equity shares of ₹ 10/- each.

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

During the year under review, Mr. Vasudevan Ramaswami and Mr. G. K. Shettigar have resigned from the Board of the Company with effect from April 30, 2016 and March 17, 2017, respectively, consequent upon relinquishment of their association with L&T Financial Services Group. Further, Mr. Dinanath Dubhashi has resigned from the Board of the Company with effect from April 30, 2016 due to his other professional engagements. The Board placed on record its appreciation of the valuable services rendered by them as a Director of the Company.

Further, Mr. Raju Dodti was appointed as an Additional Director of the Company, effective from March 17, 2017 in terms of the provisions of Section 161 of the Companies Act, 2013 ("the Act").

The composition of the Board is in accordance with the provisions of Section 149 of the Act. As on March 31, 2017, the Board comprises the following Directors:

- Mr. Muralidharan Rajamani — Non Executive Director
- Mr. Sachinn Joshi — Non Executive Director
- Mr. Raju Dodti — Additional Director

The Company has received a notice in writing from a member proposing the candidature of Mr. Raju Dodti for appointment as Non- Executive Director of the Company at the ensuing Annual General Meeting ("AGM").

Further, Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every annual general meeting, not less than two-third of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Muralidharan Rajamani, Non Executive Director, will retire by rotation at the ensuing AGM and being eligible, have offered himself for re-appointment.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, no listed company or a company belonging to such class or classes of companies as may be prescribed, can appoint or re-appoint an audit firm as auditor for more than two terms of five consecutive years and said appointment is subject to ratification by Members of the Company at every AGM.

The Members at their Third AGM, held on September 10, 2014, had appointed M/s. Sharp & Tannan, Chartered Accountants (ICAI Firm's Registration Number 109982W) as the Statutory Auditors of the Company for a period of three years, to hold office from the conclusion of Third AGM till the conclusion of the Sixth AGM, subject to ratification by the Members at every intervening AGM of the Company.

Since the tenure of M/s. Sharp & Tannan, Chartered Accountants would end at the forthcoming AGM, the Audit Committee and Board of Directors of the Company have recommended the re-appointment of M/s. Sharp & Tannan, Chartered Accountants as the Statutory Auditors of the Company for a period of two years, to hold office from the conclusion of the forthcoming AGM i.e. Sixth AGM till the conclusion of the Eighth AGM, subject to the approval of the Members at the ensuing AGM of the Company.

In this regard, the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

PARTICULARS OF EMPLOYEES

During the year under review, the Company does not have any employee. Accordingly, information required to be given pursuant to the provisions of Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 is not applicable to the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company, being a financial services company and substantially operating from leased premises, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no foreign exchange earnings and outgo.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. It has no subsidiary or associate company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Act, that:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;
2) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3) the directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the directors have prepared the annual accounts on a going concern basis; and

5) the directors have devised proper systems to ensure compliance with the provisions of all laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROLS AND THEIR ADEQUACY

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit Function. The scope and authority of Internal Audit Function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficiency and adequacy of the internal control systems in the Company and its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit Function, process owners undertake corrective action in their respective areas and thereby strengthen the controls.

BOARD MEETINGS

During the financial year 2016-17, the Board of Directors of the Company met six (6) times i.e. on April 29, 2016, July 21, 2016, September 21, 2016, October 21, 2016, January 21, 2017 and March 22, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Sachinn Joshi	00040876	NED	6	6
Mr. Muralidharan Rajamani	01690363	NED	6	6
Mr. Raju Dodti(1)	06550896	NED	6	1

Note:
(1) Mr. Raju Dodti was appointed as an Additional Director with effect from March 17, 2017.

NED - Non-Executive Director

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee ("AC") of the Company consists of three members, Mr. Muralidharan Rajamani, Mr. Sachinn Joshi and Mr. Raju Dodti.

The role, terms of reference, authority and powers of the AC are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the AC are considered and accepted by the Board from time to time.

During the financial year 2016 -2017, the Committee met four times i.e. on April 29, 2016, July 21, 2016, October 21, 2016 and January 21, 2017.

The attendance of the Members of the Audit Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Mr. Sachinn Joshi	4	3
Mr. Muralidharan Rajamani	4	3
Mr. Raju Dodti(1)	4	-

Note:
(1) Mr. Raju Dodti was appointed as an Additional Director with effect from March 17, 2017.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework ("the framework"), to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up a "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on this matter. The Chief Internal Auditor of L&T Financial Services is acting as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls and fraudulent reporting of financial information. The mechanism framed by the Company is in compliance with the requirements of the Act.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and securities provided, if any, as covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 17, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

All RPTs which are not at arm's length and/or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has in place a mechanism to inform the Board Members about the risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against Sexual Harassment and right to work with dignity.

During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of Annual Return in MGT 9 as required under provisions of Section 92(3) of the Companies Act, 2013 and prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014 is annexed as **'Annexure A'.**

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by any Regulators during the year under review.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Central and State Governments, Association of Mutual Funds in India and other Regulatory, Government Authorities, Financial Institutions, Intermediaries, Asset Management Companies & Trustee Companies, Insurance Companies and the Company's bankers for the ongoing support extended by them.

The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels.

For and on behalf of the Board

Sachinn Joshi	**Muralidharan Rajamani**
(Director)	**(Director)**
DIN: 00040876	**DIN: 01690363**

Place: Mumbai
Date: May 3, 2017

Registered Office:
Plot No. 177, Vidyanagari Marg,
CST Road, Kalina, Santacruz (East)
Mumbai -400098

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on March 31, 2017

Pursuant to Section 92(3) of the Companies Act, 2013 and
Rule 12(1) of the Companies (Management and Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS

i)	CIN	U65100MH2011PLC284632
ii)	Registration Date	November 29, 2011
iii)	Name of the Company	L&T Access Distribution Services Limited
iv)	Category / Sub- Category of the Company	Company Limited by Shares/ Indian Non-Government Company
v)	Address of the Registered office & contact details	Plot No. 177, Vidyanagari Marg, CST Road, Kalina, Santacruz (East), Mumbai- 400098 Tel: +91 22 6212 5300 Fax: +91 22 6212 5398
vi)	Whether listed company	No
vii)	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/services	NIC Code of the Product /Service	% to total turnover of the Company
1	Distribution of Financial Services/ Products	66190	100

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited Address: L&T House, N. M. Marg, Ballard Estate, Mumbai - 400001.	L67120MH2008PLC181833	Holding Company	100.00	2(46)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % of total Equity)

i) Category-wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-----	6#	6#	0	-----	6#	6#	0	----	---
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Bodies Corp.		59,99,994	59,99,994	100		2,13,49,994	2,13,49,994	100	255.8%	
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL:(A) (1)		**60,00,000**	**60,00,000**	**100**		**2,13,50,000**	**2,13,50,000**	**100**	**255.8%**	

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(2) Foreign										
a) NRI- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Other Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (A) (2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		**60,00,000**	**60,00,000**	**100**		**2,13,50,000**	**2,13,50,000**	**100**	**255.8%**	
B. PUBLIC SHAREHOLDING	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
(1) Institutions	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
a) Mutual Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Central Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Venture Capital Fund	-----	-----	-----	-----	-----	-----	-----	-----	----	---
f) Insurance Companies	-----	-----	-----	-----	-----	-----	-----	-----	----	---
g) FIIS	-----	-----	-----	-----	-----	-----	-----	-----	----	---
h) Foreign Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (B)(1):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
(2) Non Institutions	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
a) Bodies corporate	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Indian	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Overseas	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (B)(2):	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**---**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**---**
C. Shares held by Custodian for GDRs & ADRs	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**---**
Grand Total (A+B+C)		**60,00,000**	**60,00,000**	**100**		**2,13,50,000**	**2,13,50,000**	**100**	**255.8%**	

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 Members jointly with L&T Finance Holdings Limited.

ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	60,00,000*	100	----	2,13,50,000*	100	0	255.8%
	Total	**60,00,000***	**100**	**----**	**2,13,50,000***	**100**	**0**	**255.8%**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 Members jointly with L&T Finance Holdings Limited.

iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.		Share holding at the beginning of the Year (As on April 1, 2016)		Cumulative Share holding during the year (April 1, 2016 to March 31, 2017)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1.	L&T Finance Holdings Limited				
	At the beginning of the year	60,00,000*	100.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.)	-	-	Date of Allotment – 30/09/2016 Allotment of1,53,50,000 equity shares of face value ₹10/- each on right basis	100
	At the end of the year			2,13,50,000*	100

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 Members jointly with L&T Finance Holdings Limited.

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) : Nil

v) Shareholding of Directors & KMP

Sr. No		Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
	For Each of the Directors & KMP	**No. of shares**	**% of total shares of the Company**	**No of shares**	**% of total shares of the Company**
1	Mr. Dinanath Dubhashi* (Director)				
	At the beginning of the year	1	0	1	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	--------	--------	--------	--------
	At the end of the year			1#	0
2	Mr. Sachinn Joshi* (Director)				
	At the beginning of the year	1	0	1	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	--------	--------	--------	--------
	At the end of the year			1	0
3	Mr. Raju Dodti* (Director)				
	At the beginning of the year	1	0	1	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	--------	--------	--------	--------
	At the end of the year			1	0

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, shares held jointly with L&T Finance Holdings Limited.

Mr. Dinanath Dubhashi resigned as a Director from the Company with effect from April 30, 2016 but continues to hold 1 share in the Company jointly with L&T Finance Holdings Limited.

V. INDEBTEDNESS

(₹ In Crore)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	-	14.56	14.56
ii) Interest due but not paid	-	-	Nil	Nil
iii) Interest accrued but not due	-	-	0.60	0.68
Total (i+ii+iii)	**-**	**-**	**15.24**	**15.24**
Change in Indebtedness during the financial year				
Additions	-	-	5.81	5.81
Reduction	-	-	20.37	20.37
Net Change	**-**	**-**	**-14.56**	**-14.56**
Indebtedness at the end of the financial year				
i) Principal Amount	-	-	0	0
ii) Interest due but not paid	-	-	0	0
iii) Interest accrued but not due	-	-	0	0
Total (i+ii+iii)	**-**	**-**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager: Not Applicable

Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.		
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	------	------
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	------	------
Stock option	------	------
Sweat Equity	------	------
Commission		
-as % of profit	------	------
-others (specify)		
Others, please specify	------	------
Total (A)	------	------
Ceiling as per the Act	------	------

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors		
	(a) Fee for attending board and Committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify	------	------
	Total (1)	**------**	**------**
2	Other Non Executive Directors	------	------
	(a) Fee for attending board committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify	------	------
	Total (2)	**------**	**------**
	Total (B)=(1+2)	**------**	**------**
	Total Managerial Remuneration	**------**	**------**
	Overall Ceiling as per the Act	**------**	**------**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
1	**Gross Salary**	**CEO**	**Company Secretary#**	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	------	------	------	------
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	------	------	------	------
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	------	------	------	------
2	Stock Option	------	------	------	------
3	Sweat Equity	------	------	------	------
4	Commission	------	------	------	------
	as % of profit	------	------	------	------
	others, specify	------	------	------	------
5	Others, please specify	------	------	------	------
	Total	**------**	**------**	**------**	**------**

Draw remuneration from another company within the L&T Financial Services Group.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013): NONE

INDEPENDENT AUDITORS' REPORT

To the members of L&T Access Distribution Services Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Access Distribution Services Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income,cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of section 143(11)

of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 23 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and are in accordance with books of account maintained by the Company refer note 08 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 3 May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The Company does not have any immovable properties, accordingly, reporting on clause (i) (c) of the Order is not applicable.

2 According to the information and explanations given to us, the Company is engaged primarily in services related to financial product distribution and advisory activity and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a),(b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of disputed dues	Amount ₹ in Lakhs	Period to which the amount relates	Forum where disputes are pending
Income-tax Act, 1961	Income tax, Penalty and Interest	5.00	2012-13	CIT(I), Mumbai

*Net of pre-deposit paid in getting the stay/appeal admitted

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided for during the year, accordingly, reporting on clause (xi) of the Order is not applicable.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting on clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him, Accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting on clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 3 May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of L&T Access Distribution Services Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 3 May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakh)

	Particulars	Note No	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
I	**ASSETS**							
	Non-current assets							
(a)	Property, Plant and Equipment	2	2.52		5.90		9.54	
(b)	Intangible Assets	3	0.04	2.56	0.10	6.00	0.16	9.70
(c)	Deferred tax assets (net)	29		-		4.11		427.92
(d)	Non Current Assets- Current Year Income Tax (net)	4		-		50.26		60.65
(e)	Other Non -Current Assets	5		143.72		220.38		156.63
	Current assets							
(a)	Financial Assets							
(i)	Investments	6		74.73		-		-
(ii)	Trade receivables	7		-		66.10		71.94
(iii)	Cash and cash equivalents	8		2.88		5.57		16.78
(b)	Other current assets	9		98.26		100.38		119.96
	TOTAL			**322.15**		**452.80**		**863.58**
II	**EQUITY AND LIABILITIES**							
	Equity							
(a)	Equity Share capital	10		2,135.00		600.00		600.00
(b)	Other Equity	11		(1,817.70)		(1,723.82)		(1,259.29)
	LIABILITIES							
	Non-current liabilities							
(a)	Deferred tax liabilities (net)	29		0.11		-		-
(b)	Provisions	12		-		12.30		17.26
	Current liabilities							
(a)	Financial Liabilities							
(i)	Borrowings	13		-		1,524.85		1,377.63
(ii)	Trade Payables	14		0.09		11.56		6.48
(iii)	Other Financial Liabilities	15		4.38		24.51		67.68
(b)	Other Current Liabilities	16		0.27		2.39		6.63
(c)	Provisions	17		-		1.01		47.19
	TOTAL			**322.15**		**452.80**		**863.58**
	Summary of significant accounting policies	1						
	Other notes forming part of the financial statements	2 to 36						

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

For and behalf of the Board of Directors of
L&T Access Distribution Services Limited

R. P. Acharya
Partner
Membership no. 039920

Sachinn Joshi
Director
DIN : 00040876

Muralidharan Rajamani
Director
DIN : 01690363

Moushumee Hazarika
Company Secretary
M. No. A15535

Mumbai, May 03, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

Particulars	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	18	(3.57)	486.98
Other Income	19	5.85	0.73
Total Revenue		**2.28**	**487.71**
Expenses :			
Employee benefits expense	20	1.71	279.94
Finance costs	21	69.51	140.66
Depreciation and amortization expense		3.44	4.51
Other expenses	22	17.28	120.23
Total Expenses		**91.94**	**545.34**
Profit before exceptional and extraordinary items and tax		(89.66)	(57.63)
Exceptional items		-	-
Profit before extraordinary items and tax		(89.66)	(57.63)
Extraordinary items		-	-
Profit before tax		(89.66)	(57.63)
Tax expenses :	29		
Current tax		-	-
Deferred tax		4.22	423.81
Profit for the year		**(93.88)**	**(481.44)**
Other Comprehensive Income		-	16.39
Total Comprehensive Income for the year		**(93.88)**	**(465.05)**
Earning per equity share:	27		
Basic and Diluted		(0.69)	(8.02)
Summary of significant accounting policies	1		
Other notes forming part of the financial statements	2 to 36		

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, May 03, 2017

For and behalf of the Board of Directors of
L&T Access Distribution Services Limited

Sachinn Joshi
Director
DIN : 00040876

Muralidharan Rajamani
Director
DIN : 01690363

Moushumee Hazarika
Company Secretary
M. No. A15535

STATEMENT OF CHANGE IN EQUITY FOR YEAR ENDED MARCH 31, 2017

(₹ in lakh)

a. Equity Share Capital

Balance as at 1st April 2015	Change during period	Balance as at March 31, 2016
600	-	600
Balance as at 1st April 2016	**Change during period**	**Balance as at March 31, 2017**
600	1,535	2,135

b. Other Equity

Particulars	Reserves and Surplus		Total
	Retained Earnings	Other Reserve (arising on the grant of ESOPs)	
Balance as at 1st April 2015	**(1,262.99)**	**3.70**	**(1,259.29)**
Total Comprehensive Income for the period	(465.05)	0.52	(464.53)
Balance as at March 31, 2016	**(1,728.04)**	**4.22**	**(1,723.82)**
Balance as at March 31, 2016	**(1,728.04)**	**4.22**	**(1,723.82)**
Total Comprehensive Income for the period	(93.88)	-	(93.88)
Balance as at March 31, 2017	**(1,821.92)**	**4.22**	**(1,817.70)**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, May 03, 2017

For and behalf of the Board of Directors of
L&T Access Distribution Services Limited

Sachinn Joshi
Director
DIN : 00040876

Muralidharan Rajamani
Director
DIN : 01690363

Moushumee Hazarika
Company Secretary
M. No. A15535

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

Particulars		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities			
Profit / (Loss) before taxation		**(89.66)**	**(57.63)**
Adjustments			
Depreciation		3.44	4.51
Gain on sale of current investments		(1.19)	-
Finance Cost		69.51	140.66
Expense on fair valuation of ESOP		-	0.52
Operating cash flows before working capital changes		**(17.90)**	**88.06**
Adjustments for			
Increase/ (decrease) in long term liabilities		(12.30)	(4.96)
Increase/ (decrease) in trade payables		(11.45)	5.08
Increase/ (decrease) in other current liabilities		(12.80)	3.87
Increase/ (decrease) in short term provisions		(10.47)	(81.06)
(Increase)/ decrease in trade receivables		66.10	5.84
(Increase)/ decrease in other current assets		2.12	19.57
(Increase)/ decrease in other non-current assets		81.00	-
Cash flow from / (used in) operations		**84.30**	**36.40**
Direct taxes paid		45.92	(53.36)
Net cash flows from / (used in) operating activities	**A**	**130.22**	**(16.96)**
Net cash generated from investing activities			
Purchase of fixed assets		-	(0.81)
Current investments :			
- Purchased		(241.20)	-
- Proceeds from sale		167.65	-
Net cash from/ (used in) investing activities	**B**	**(73.55)**	**(0.81)**
Cash flow from financing activities			
Short term borrowings (inter corporate borrowings)		(1,594.36)	6.56
Proceeds from issue of share capital		1,535.00	-
Net cash generated from financing activities	**C**	**(59.36)**	**6.56**
Net Decrease in cash and cash equivalents	**(A+B+C)**	**(2.69)**	**(11.21)**
Cash and cash equivalents as at the beginning of the year		**5.57**	**16.78**
Cash and cash equivalents as at the end of the year		**2.88**	**5.57**

Notes:

1. Cash flow statement has been prepared under in accordance with Indian Accounting Standard (Ind AS) 7 "Statement of cash flows".
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped/reclassified wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, May 03, 2017

For and behalf of the Board of Directors of
L&T Access Distribution Services Limited

Sachinn Joshi
Director
DIN : 00040876

Muralidharan Rajamani
Director
DIN : 01690363

Moushumee Hazarika
Company Secretary
M. No. A15535

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017

1 Summary of significant accounting policies:

1.1 Background

L&T Access Distribution Services Limited (the 'Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The principal shareholder of the Company as at 31st March, 2017 is L&T Finance Holdings Limited.

The Company's principal activity is to act as a distributor for in-house products and cross sell to existing customers.

1.2 Basis of preparation

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from 1st April 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 34 for an explanation of how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31st March 2016 and 1st April 2015 and of the comprehensive net income for the year ended 31st March 2016

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

1.3 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

1.4 Revenue recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

1.5 Employee benefits

Short term

All employee benefits payable wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, wages, short term compensated absences etc. and expected cost of bonus, ex-gratia are recognized in the period in which the employee renders the related service

Long term

The obligation for long term employee benefits such as Gratuity is recognised as defined benefits plan

Defined contribution plans

The Company's provident fund scheme is a defined contribution plan. The contribution paid/ payable under the scheme is recognized during the year in which the employee renders the related services

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

Defined benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life.

The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of services as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rates used for determining the present value of the obligation under defined benefit plans, is based on the market yields on Government securities of a maturity period equivalent to the weighted average maturity profile of the related obligation at the balance sheet date.

Actuarial gains and losses are recognized in the period in which they incur directly in the other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Past service cost is recognized as expense on a straight-line basis over the average period until the benefits become vested.

1.6 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made.

Contingent Liability is disclosed for (i) Possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) Present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation can not be made. Contingent Assets are not recognised.

Provisions, contingent assets and contingent liabilities are reviewed at each Balance sheet data.

1.7 Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible temporary differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent it is probable that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

1.8 Cash and cash equivalents (for purposes of Cash Flow Statement)

Cash and bank balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the cash flow statement

1.9 Earnings per share

EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year. Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

1.10 Property, plant and equipment and intangible assets

Property, plant and equipment are stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of fixed assets or bringing the fixed assets to working

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

condition are allocated and capitalised as a part of the cost of the fixed assets.

Transition to Ind AS

On Transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment recognised at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

1.11 Depreciation and Amortisation

Depreciation/Amortisation on assets carried at historical cost is provided based on useful life prescribed in Schedule II to the Companies Act, 2013. Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of purchase. Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

1.12 Impairment of Assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's fair value less cost of disposal or its value in use.

2 Property, Plant and Equipment

(₹ in lakh)

Description	Cost / Valuation				Depreciation / Amortisation				Net Book Value	
	Deemed Cost as at April 1, 2015	Additions	Deductions	As at March 31, 2016	Revised Opening as at April 1, 2015	For the year	Deductions	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible										
Owned Assets										
Computers	9.54	0.81	-	10.35	-	4.45	-	4.45	5.90	9.54
Total	**9.54**	**0.81**	**-**	**10.35**	**-**	**4.45**	**-**	**4.45**	**5.90**	**9.54**

Description	Cost / Valuation				Depreciation / Amortisation				Net Book Value	
	Revised Opening April 1, 2016	Additions	Deductions	As at March 31, 2017	Revised Opening April 1, 2016	For the year	Deductions	Up to March 31, 2017	As at March 31, 2017	As at March 31, 2016
Tangible										
Owned Assets										
Computers	10.35	-	-	10.35	4.45	3.38	-	7.83	2.52	5.90
Total	**10.35**	**-**	**-**	**10.35**	**4.45**	**3.38**	**-**	**7.83**	**2.52**	**5.90**

3 Intangible Assets

(₹ in lakh)

Description	Cost / Valuation				Depreciation / Amortisation				Net Book Value	
	Deemed Cost as at April 1, 2015	Additions	Deductions	As at March 31, 2016	Revised Opening as at April 1, 2015	For the year	Deductions	Up to March 31, 2016	As at March 31, 2016	As at March 31, 2015
Intangible										
Software	0.17	-	-	0.17	0.01	0.06		0.07	0.10	0.16
Total	**0.17**	**-**	**-**	**0.17**	**0.01**	**0.06**	**-**	**0.07**	**0.10**	**0.16**

Description	Cost / Valuation				Depreciation / Amortisation				Net Book Value	
	Revised Opening April 1, 2016	Additions	Deductions	As at March 31, 2017	Revised Opening April 1, 2016	For the year	Deductions	Up to March 31, 2017	As at March 31, 2017	As at March 31, 2016
Intangible										
Software	0.17	-	-	0.17	0.07	0.06		0.13	0.04	0.10
Total	**0.17**	**-**	**-**	**0.17**	**0.07**	**0.06**	**-**	**0.13**	**0.04**	**0.10**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

4 Non Current Assets- Current Year Income Tax (net) (₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance Tax Installments current year	-	50.26	60.65
	-	**50.26**	**60.65**

5 Other Non Current Assets (₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Income Tax prior years			
Income Tax balance net of provisions	143.72	139.38	75.63
Advance premium deposit with General Insurance	-	81.00	81.00
	143.72	**220.38**	**156.63**

6 Investments (₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Investments in Mutual Funds	74.73	-	-
	74.73	**-**	**-**

7 Trade receivables (₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Receivable from related parties		-		-		61.93
Unsecured - outstanding for a period of more than Six months from the date they become payable						
Considered Good						
Doubtful	3.89		66.10		10.01	
Less: Allowance for bad and doubtful debts	(3.89)	-	-	66.10	-	10.01
		-		**66.10**		**71.94**

8 Cash and cash equivalents (₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with bank			
in current account	2.88	5.57	16.78
	2.88	**5.57**	**16.78**

Note- There is no cash on hand as on 8th November, 2016. Also, the company has no transaction in cash during the period from 8th November, 2016 to 30th December, 2016.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

9 Other current assets

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Service tax credit receivable	98.26	97.31	108.74
Others	-	3.07	11.22
	98.26	**100.38**	**119.96**

10 Share capital

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Authorised	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**
Equity Shares of ₹ 10 each	21,500,000	2,150.00	10,000,000	1,000.00	10,000,000	1,000.00
	21,500,000	**2,150.00**	**10,000,000.00**	**1,000.00**	**10,000,000.00**	**1,000.00**
Issued, subscribed and fully paid up	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**
Equity Shares of ₹ 10 each fully paid	150,000	15.00	6,000,000	600.00	6,000,000	600.00
	150,000	**15.00**	**6,000,000**	**600.00**	**6,000,000**	**600.00**
Reconciliation of number of shares	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**	**No. of Shares**	**₹ lakh**
Balance at the beginning of the year	6,000,000	600.00	6,000,000	600.00	6,000,000	600.00
Addition during the year	15,350,000	1,535.00	-	-	-	-
Balance at the end of the year	**21,350,000**	**2,135.00**	**6,000,000**	**600.00**	**6,000,000**	**600.00**

Terms / Rights attached to Equity shares

The Company has only one class of equity shares having a par value of ₹10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

Equity Shares held by Holding Company

The entire issued, subscribed and paid up equity shares 1,00,000 is held by the holding company, L&T Finance Holdings Limited

Details of shareholding more than 5% shares in the Company	**As at 31-03-2017**		**As at 31-03-2016**		**As at 01-04-2015**	
	No. of Shares	% holding	No. of Shares	% holding	No. of Shares	% holding
L&T Finance Holdings Limited (Holding company) (100%)	21,350,000	100%	6,000,000	100%	6,000,000	100%
	21,350,000	**100%**	**6,000,000**	**100%**	**6,000,000**	**100%**

There are no shares allotted for consideration other than cash since the incorporation date.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

11 Other Equity

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
(i) Surplus in the Statement of Profit and Loss						
Surplus / (deficit) in the statement of profit and loss						
As per last balance sheet	(1,728.04)		(1,262.99)		(1,026.16)	
Add: net loss for the period/year	(93.88)	(1,821.92)	(465.05)	(1,728.04)	(236.83)	(1,262.99)
(ii) Other Reserve (arising on the grant of ESOPs)						
Opening	4.22		3.70		3.70	
Add: during the period	-	4.22	0.52	4.22	-	3.70
Total Other Equity		**(1,817.70)**		**(1,723.82)**		**(1,259.29)**

12 Provisions

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Provision for employee benefits						
Gratuity	-		4.30		17.26	
Leave Encashment	-		8.00	12.30	-	17.26
		-		**12.30**		**17.26**

13 Borrowings

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Inter corporate borrowings (unsecured)			
- L&T Finance Holdings Limited	-	1,524.85	1,377.63
(including interest accrued thereon)			
	-	**1,524.85**	**1,377.63**

14 Trade Payables

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Payable to related parties	0.09		8.75		3.10	
Others	-	0.09	2.81	11.56	3.38	6.48
		0.09		**11.56**		**6.48**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

15 Other Financial Liabilities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Others liabilities	0.46	1.45	0.95
Accrued expenses	3.92	13.60	6.00
Other provisions	-	9.46	60.73
	4.38	**24.51**	**67.68**

16 Other Current Liabilities

(₹ in lakh)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues payable	0.27	2.39	6.63
	0.27	**2.39**	**6.63**

17 Provisions

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Provision for employee benefits						
Gratuity	-		0.12		0.42	
Leave encashment	-		0.89	1.01	46.77	47.19
		-		**1.01**		**47.19**

18 Revenue from operations

(₹ in lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Commission from insurance	(18.95)	354.95
Brokerage / commission from mutual fund, securities, etc	15.38	1.03
Commission from home loans, auto loans, etc	-	131.00
	(3.57)	**486.98**

19 Other Income

(₹ in lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Miscellaneous Income	4.62	-
Notice pay recovery	0.04	0.73
Gain on sale of current investments	1.19	-
	5.85	**0.73**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

20 Employee benefits expense

(₹ in lakh)

	For the year ended March 31, 2017		For the year ended March 31, 2016	
Salaries		0.63		264.23
Contribution to and provision for				
Provident fund, EDLI, pension fund, ESIC, etc	(0.73)		12.71	
Gratuity	3.49		8.82	
Leave encashment	(4.53)	(1.77)	(26.47)	(4.94)
Expenses on ESOP		-		0.59
Staff welfare		2.13		18.56
Expenses on Employee MGS scheme		0.72		1.50
		1.71		**279.94**

21 Finance costs

(₹ in lakh)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on inter corporate borrowings	69.51	140.66
	69.51	**140.66**

22 Other expenses

(₹ in lakh)

	For the year ended March 31, 2017		For the year ended March 31, 2016	
Printing & stationery		(0.04)		0.21
Telephone and communication expenses		(0.05)		3.03
Travelling expenses		(2.14)		26.97
Professional fees		(2.24)		49.29
Payment to auditors:				
Audit fees	2.24		0.75	
Tax audit	0.25		0.25	
Limited review fees	1.05		0.90	
Certification fees	0.10	3.64	0.15	2.05
Payroll data processing charges		0.28		2.03
Filling fees		0.35		0.21
Rates and Taxes		0.07		0.44
Stamp Duty		12.49		-
Support charges		-		26.31
Bad Debts Written off		3.89		-
Miscellaneous expenses		1.03		9.69
		17.28		**120.23**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

23 Contingent liability / capital commitment

The Company does not have any contingent liabilities / capital commitments as at 31 March 2017 (as at 31st March 2016 ₹ Nil; as at 1st April 2015 ₹ Nil).

24 Segment Reporting

The Company operates mainly in the business segment of financial product distribution and advisory activity. Further, all activities are carried out within India. As such, there are no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

25 Related party disclosures

A Related parties with whom a controlling relationship exists and/or with whom transactions have taken place:

(i)	Ultimate Holding Company	Larsen & Toubro Limited
(ii)	Holding Company	L&T Finance Holdings Limited
(iii)	Fellow Subsidiary	L&T Housing Finance Limited
(iv)	Fellow Subsidiary	L&T Finance Limited (Erstwhile Family Credit)
(v)	Fellow Subsidiary	L&T Investment Management Limited
(vi)	Subsidiary of the ultimate holding company	L&T General Insurance Company Limited (till 8th September, 2016)
(vii)	Key Management Personnel	Nil

B Details of Transactions with Related Parties (₹ in lakh)

Sr. No.	Nature of Transactions / Entity name	2016-17	2015-16
1	**Subscription of equity shares**		
	L&T Finance Holdings Limited	1,535.00	-
2	**ESOP charges**		
	L&T Finance Holdings Limited	-	0.07
3	**Interest on ICB borrowed**		
	L&T Finance Holdings Limited	69.51	140.66
4	**Professional fees paid**		
	Larsen & Toubro Limited	0.50	2.03
5	**Support Charges**		
	L&T Finance Limited (Erstwile Family Credit Limited)	-	26.24
6	**Commission income earned on home loan**		
	L&T Housing Finance Limited	-	172.48
7	**Software Expenses**		
	Larsen & Toubro Limited	0.09	-
8	**Commission income earned from Insurance**		
	L&T General Insurance Company Limited	-	354.61
9	**Inter-corporate borrowings taken**		
	L&T Finance Holdings Limited	580.75	1,456.39
10	**Inter-corporate borrowings taken**		
	L&T Finance Holdings Limited	2,037.14	1,317.24

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

C. Amount due to / from related parties (₹ in lakh)

Sr. No.	Entity name	As at 31/03/2017	As at 31/03/2016	As at 01/04/2015
1	**Advance premium Deposit**			
	L&T General Insurance Company Limited	-	81.00	81.00
2	**Account receivables**			
	L&T Housing Finance Limited	-	-	41.82
	L&T Finance Limited (Erstwhile Family Credit Limited)	-	-	0.50
	L&T General Insurance Company Limited	-	62.21	19.61
3	**Accrued Interest on ICB borrowed**			
	L&T Finance Holdings Limited	-	68.46	60.39
4	**Account payables**			
	L&T Finance Holdings Limited	-	-	1,377.72
	Larsen & Toubro Limited	0.09	1.48	2.70
	L&T Investment Management	-	-	0.03
	L&T Finance Limited (Erstwhile Family Credit Limited)	-	2.03	0.25
	L&T General Insurance Company Limited	-	1.32	0.03
	L&T Housing Finance Limited	-	3.91	-

26 Micro and Small Enterprises

There are no dues to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 which are outstanding as at the balance sheet date. This information has been determined on the basis of information available with the Company.

27 Earnings per share

In accordance with Indian Accounting Standard (Ind AS) 33 on Earnings per share as prescribed under the Companies (Accounting Standard) Rules, 2014, the computation of earnings per share is set out below:

Particulars	2016 – 17	2015 – 16
Profit available to equity shareholders (A)	(93.88)	(481.44)
Profit / (Loss) after tax (₹ lakh)		
Weighted average number of equity shares		
Number of shares at the beginning of the year	6,000,000	6,000,000
Shares issued during the year	15,350,000	-
Total number of equity shares outstanding at the end of the year	21,350,000	6,000,000
Weighted average number of equity shares (B)	13,696,027	6,000,000
Nominal value of equity shares	10.00	10.00
Basic earnings per share [(A)/(B)]	(0.69)	(8.02)
Diluted earnings per share [(A)/(B)]	(0.69)	(8.02)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

28 Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 "Employee Benefits"

i. Defined contribution plans: The Company makes provident fund contribution to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.An amount of ₹ (0.73 lakhs), (previous year ₹ 12.71 lakhs) towards contribution (Reversal) to provident fund is recognised as an expense / (income) and included in employee benefit expenses in the statement of profit and loss. The contributions payable to these plans by the Company are at the rates specified in the rules of the schemes.

ii. Defined benefit plans: (₹ in lakh)

The Company offers the gratuity under employee benefit schemes to its employees.

a) The amounts recognised in Balance Sheet are as follows:

Sr No.	Particulars	Gratuity plan		
		As at 31/03/2017	**As at 31/03/2016**	**As at 01/04/2015**
	Present value of defined benefit obligation			
A)	– Wholly funded	-	-	-
	– Wholly unfunded	-	4.42	17.68
		-	4.42	17.68
	Less: Fair value of plan assets	-	-	-
	Amount to be recognised as liability or (asset)	**-**	**4.42**	**17.68**
B)	Amounts reflected in the Balance Sheet			
	Liabilities	-	4.42	17.68
	Assets	-	-	-
	Net liability/(asset)	**-**	**4.42**	**17.68**

(₹ in lakh)

b) The amounts recognised in Statement of Profit and Loss are as follows:

	Particulars	**Gratuity plan**	
		31/03/2017	**31/03/2016**
1	Current service cost	3.49	6.88
2	Interest cost	-	1.94
3	Expected (Return) on Plan Assets	-	-
4	Interest income on plan assets	-	-
5	Actuarial losses/(gains)	-	-
6	Actuarial losses/(gains)- diff between actual return on plan assets and interest income	-	-
7	Actuarial losses/ (gains)-others	-	-
8	Past service cost	-	-
9	Effect of any curtailment or settlement	-	-
10	Actuarial gain/(loss) not recognised in books	-	(16.39)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

Particulars	Gratuity plan	
	31/03/2017	31/03/2016
11 Adjustment for earlier years	-	-
12 Effect of the limit in para 64(b)	-	-
13 Business Combination	-	-
14 Translation adjustments	-	-
15 Amount capitalized out of the above	-	-
Total	**3.49**	**(7.57)**

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ in lakh)

Particulars	Gratuity plan	
	As at 31/03/2017	As at 31/03/2016
Opening balance of the present value of defined benefit obligation	4.42	17.67
Add: Current service cost	3.49	6.88
Add: Interest cost	-	1.94
Add: Contribution by plan participants		
i) Employer	-	-
ii) Employee	-	-
iii) Transfer-in/(out)	-	-
Add/(less): Actuarial losses/(gains)	-	(16.39)
Less: Benefits paid	(4.72)	(3.28)
Add: Past service cost	-	-
Add: Liabilities assumed on transfer of employees	(3.19)	(2.40)
Add: Business combination/acquisition	-	-
Add: Adjustment for earlier years	-	-
Add/(less): Translation adjustments	-	-
Closing balance of the present value of defined benefit obligation	**-**	**4.42**

(₹ in lakh)

d) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Gratuity Plan	As at 31/03/2017	As at 31/03/2016
Discount rate:	-	8.05%
Salary Growth rate:	-	6.00%

The discount rate as on 31st March 2016 is based on the prevailing market yields of Indian government securities as at 31 March 2016 for the estimated term of the obligations.The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

(₹ in lakh)

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in salary growth rate	-	0.53	-	0.58
Impact of change in discount rate	-	(0.58)	-	(0.54)

e) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	As at 31/03/2017	As at 31/03/2016
Gratuity plan	-	1 year

29 Disclosure pursuant to Ind AS 12 "Income Taxes"

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(₹ in lakh)

Sr No.	Particulars	2016-17	2015-16
(a)	i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	-	-
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	4.22	14.55
	Effect of reversal of previously recognised tax losses and tax offsets during the current year to increase deferred tax expense		409.27
	Income tax expense reported in the statement of profit or loss	**4.22**	**423.81**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Sr No	Particulars	2016-17	2015-16
1	Profit before tax	(89.66)	(57.63)
2	Applicable Corporate tax rate as per Income tax Act, 1961	30.90%	30.90%
3	PBT*Tax tax rate of 30.90%	(27.70)	(17.81)
4 (a)	Items of expense not deductible for tax purposes:		
	Effect of reversal of previously recognised tax losses and tax offsets during the current year to increase deferred tax expense	-	409.27
	Tax Effect of losses of current year on which no deferred tax benefit is recognised	27.70	17.81
	Effect of Items disallowed u/s 43B	4.12	15.79
	Difference in Book and Income tax depreciation	(0.59)	(0.19)
	Other items	0.69	(1.05)
5	**Effective tax Rate**	**-4.71%**	**-735.40%**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

Items for which no deferred tax asset is recognised in the balance sheet

(₹ in lakh)

Particulars	As at 31.03.2017			As at 31.03.2016			As at 1.4.2015		
	Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit
Tax losses (revenue in nature) (business loss on which no tax asset is created)									
Year of expiry:									
AY 21-22	1,317.04	406.97	AY 13-14	1,317.04	406.97	AY 13-14	-	-	
AY 22-23	69.93	21.61	AY 14-15	69.93	21.61	AY 14-15	-	-	
AY 23-24	225.60	69.71	AY 15-16	225.60	69.71	AY 15-16	227.67	70.35	AY 15-16
AY 24-25	88.41	27.32	AY 16-17	87.68	27.09	AY 16-17	-	-	
AY 25-26	84.15	26.00	AY 17-18	-	-				
Total	**1785.14**	**551.61**		**1700.25**	**525.38**		**227.67**	**70.35**	

Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(₹ in lakh)

Sr No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		31.3.17	**31.3.16**	**31.3.15**	**2016-17**	**2015-16**
(a)	Items disallowed u/s 43B	-	(4.12)	(19.91)	4.12	15.79
(b)	Difference in Book and Income tax depreciation	0.47	1.06	1.25	(0.59)	(0.19)
(c)	Carried forward business loss	-	-	(409.26)	-	409.26
(d)	Other items	(0.36)	(1.05)	-	0.69	(1.05)
	Deferred tax expense/ (income)				**4.22**	**423.81**
	Net deferred tax (assets) / liabilites	**0.11**	**(4.11)**	**(427.92)**		

Reconciliation of deferred tax (assets) / liabilities (₹ in lakh)

Sr No.	Particulars	2016-17	2015-16
(a)	Opening Balance of Deferred tax (assets)/ liabilities on April 1	(4.11)	(427.92)
(b)	Tax (income)/ expense during the period recognised in statement of Profit and Loss in Profit & Loss section	4.22	423.81
(c)	Tax (income)/ expense during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/ liabilities as on 31st March	**0.11**	**(4.11)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

30 Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

(₹ in lakh)

Sr No.	Particulars	As at 31.03.2017			As at 31.03.2016			As at 1.4.2015		
		Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated
1	Computer	-	10.35	-	-	10.35	-	-	9.54	-
2	Software	-	0.17	-	-	0.17	-	-	0.17	-

31 Disclosure pursuant to Ind AS 107 "Financial Instruments"

Fair value measurement

(₹ in lakh)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Trade receivables (incl. related party)	-	-	-	-	-	66.10	-	-	71.94
Cash and cash equivalents	-	-	2.88	-	-	5.57	-	-	16.78
Investments in Mutual Funds	74.73	-	-	-	-	-	-	-	-
Total financial assets	**74.73**	**-**	**2.88**	**-**	**-**	**71.67**	**-**	**-**	**88.72**
Financial liabilities									
Short Term Borrowings	-	-	-	-	-	1,524.85	-	-	1,377.63
Other Financial Liabilities	-	-	4.38	-	-	24.51	-	-	67.68
Trade Payable	-	-	0.09	-	-	11.56	-	-	6.48
Total financial liabilities	**-**	**-**	**4.48**	**-**	**-**	**1,560.92**	**-**	**-**	**1,451.79**

Items of Income, expense, gains or losses

(₹ in lakh)

Particulars	FY 16-17	FY 15-16
Net gain/ (losses) on financial assets and financial liabilities		
Mandatorily measured at fair value through P&L		
Gain/ (loss) on fair valuation or sale of investment in mutual fund units	1.19	-
Interest Expenses		
Financial liabilities that are not measured at fair value through P&L	69.51	140.66

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

Maturity profile of financial liabilities (Amount at undiscounted value) (₹ in lakh)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Short term borrowings	-	-	-	1,675.51	-	1,675.51	1,515.39	-	1,515.39
Trade Payables	0.09	-	0.09	11.56	-	11.56	6.48	-	6.48
Other Current Financial Liabilities	4.38	-	4.38	24.51	-	24.51	67.68	-	67.68

(i) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ in lakh)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	6				
Investment in Mutual funds					
At March 31, 2017		74.73	-	-	74.73
At March 31, 2016		-	-	-	-
At April 1, 2015		-	-	-	-

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between levels 1 and levels 2 and levels 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

(iii) Sensitivity analysis for Asset carried at fair value through OCI and P&L

(₹ in lakh)

Financial instruments by category	FY 16-17 Impact on profit or loss	FY 15-16 Impact on profit or loss
A. Assets carried at fair value through P&L		
a.Investment in mutual fund (impact of increase)	0.49	-
Liquid mutual funds-Interest rate increased by 1%	0.49	-
b.Investment in mutual fund (impact of decrease)	(0.49)	-
Liquid mutual funds-Interest rate decreased by 1%	(0.49)	-
B. Assets carried at fair value through OCI	-	-

32 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), the details of the stock options granted to the employees of the Company are as under:

(₹ in lakh)

Company	Status	2016-17	2015-16
L&T Finance Holdings Limited	Holding Company	-	0.59

33 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-
- Investment in Mutual Fund carried at FVPL.

34 Explanation Of Transition To Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliations (₹ in lakh)

Particulars	Notes	As at 31/03/2016	As at 01/04/2015
As reported under previous GAAP		(1,123.82)	(659.29)
Equity under Ind AS		**(1,123.82)**	**(659.29)**

(ii) Net income reconciliations (₹ in lakh)

Particulars	Notes	Year ended 31/03/2016
Net income / (loss) under previous GAAP		(464.53)
Employee stock option expense recognised based on fair value method	a	(0.52)
Net income under Ind AS		**(465.05)**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS: MARCH 31, 2017 (Contd.)

Notes to reconciliations between Previous GAAP and Ind AS

(a) Change in fair valuation of investments in mutual funds:

Under previous GAAP, cost of equity settled employee share-based plan were recognised using intrinsic value method. Under IND AS, the cost of equity settled employee share based plan is recognised based on fair value of the options as at the grant date. Consequently, the loss for the year ended 31st March 2016 increased by ₹ 0.52 lakhs.

35 Proposed amalgamation of L&T Access Distribution Services Limited with L&T Capital Markets Limited:

On March 21, 2017 the Board of Directors of L&T Capital Markets Ltd (LTCM) and on March 22, 2017 the Board of Directors of L&T Access Distribution Services Limited (LTA) have approved the scheme of Amalgamation of LTA with LTCM.Considering that no business is intended to be carried out under LTA and since the business object of LTA is similar to LTCM, it was proposed to merge / amalgamate LTA with LTCM. The amalgamation will bring about simplicity in work, reduce various statutory and regulatory compliances and related costs, which presently have to be duplicated, reduce operational and administrative expenses and overheads, and ensure better cost and operational efficiencies.

On 31st March 2017 (Friday), 2 separate Company Applications have been filed on behalf of the Transferor (LTA) & Transferee (LTCM) Companies along with copy of the Scheme before the NCLT, Mumbai. The appointed date, as per the scheme of amalgamation is April 1, 2017 or such other date as may be directed by the National Company Law Tribunal, Mumbai bench.Thereafter on April 28, at hearing, NCLT has directed for holding of the meetings of the equity shareholders and dispensing with the convening of meetings of the secured and unsecured creditors of the Companies.

36 Previous year figures have been regrouped/ reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, May 3, 2017

For and behalf of the Board of Directors of
L&T Access Distribution Services Limited

Sachinn Joshi
Director
DIN- 00040876

Muralidharan Rajamani
Director
DIN : 01690363

Moushumee Hazarika
Company Secretary
M. No. A15535

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Fifth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ended March 31, 2017 as compared to the previous financial year ended March 31, 2016 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	6,211.87	2,929.19
Less: Total Expenses	5,780.26	5,395.21
Profit/ (Loss) before Tax	431.61	(2,466.02)
Provision for Tax	(9.17)	-
Deferred tax	155.82	(0.12)
Profit/ (Loss) after Tax	578.26	(2,465.90)
Other Comprehensive Income	22.31	(4.60)
Total Comprehensive Income for the year	600.57	(2,470.50)
Add: Balance brought forward from previous years	(4,209.63)	(1,739.13)
Surplus / (Deficit) in the Statement of Profit and Loss	**(3,609.06)**	**(4,209.63)**

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

- **Performance of Businesses**

  The Company is in the business of distribution of financial products. The Company also has a PMS license from SEBI and has recently received SEBI license for Investment Advisory Services. The Company operates from 9 locations in India and Dubai. The Company helps high networth individuals with their investment decisions across financial products. The Company has tie ups in place with Mutual Funds, PMS Service Providers, AIF Managers, Equity Broking, Debt desk, Estate Planning Services & Real Estate Service Providers. The Company caters to Individuals, Trusts and Corporate Clients. The Company is a registered licensed service provider in Dubai International Financial Centre. It caters to investment solutions for clients based in the Middle East. It has tie ups with banks, Insurance companies and brokers for catering to its clients from Dubai.

The Company caters to more than 5000 clients and currently has Average Assets Under Advise of more than ₹ 13,500 Crore.

- **Financial Performance**

  - The Average Assets Under Service ("AAUS") has increased by 46%, from ₹ 9,31,600 Lakhs in the financial year 2015-16 to ₹ 13,62,300 Lakhs in the financial year 2016-17.
  - Networth of the Company as on March 31, 2017 was ₹ 1557.49 Lakhs as against ₹ 707.61 Lakhs as on March 31, 2016.

Initiatives undertaken during the year

After the restructuring process beginning FY17, the wealth management division reported better sales productivity, asset growth, revenue growth and client retention as well as profitability.

The number of clients increased from around 4,000 to 5,400 at the end of FY17. The main drivers of productivity included increase in the AUS/RM and revenue /RM by more than 100% each. Increase in the products offered played a key driver for increased revenues. Dubai division provided strong shoulders by providing revenues which accounted for 15% of the business revenues.

Going forward, the newly acquired advisory license and cross sell of internal products will help in improving the growth of the firm.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of financial year to which this financial statement relate and the date of this Report.

DIVIDEND

The Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the financial year ended March 31, 2017.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 55,00,00,000/- (Rupees Fifty Five Crores only) divided into 5,50,00,000 (Five Crore Fifty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each.

During the financial year 2016-17, the Company has allotted 20,00,000 (Twenty Lakhs) Equity Shares of ₹ 10/- (Rupees Ten only) each, aggregating to ₹ 2,00,00,000 (Rupees Two Crores only) to L&T Finance Holdings Limited, the Holding Company. As on March 31, 2017, the Paid-up Capital of the Company stands at ₹ 49,75,00,000/- (Rupees Forty Nine Crore Seventy Five Lakhs only).

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 **("the Act")**, with an appropriate combination of Non-Executive Directors and Independent Directors. As on March 31, 2017, the Board comprises the following Directors:

- Mr. Thomas Mathew T. - Independent Director
- Dr. (Mrs.) Rajani R. Gupte - Independent Director
- Mr. Dinanath Dubhashi - Non-Executive Director

Following changes took place in the Board of the Company during the year under review:

- Mr. Dinanath Dubhashi and Mr. G. Krishnamurthy were appointed as Non-Executive Directors on April 13, 2016 and April 28, 2016, respectively.
- Ms. Raji Vishwanathan and Mr. G. Krishnamurthy have resigned from the Board with effect from April 19, 2016 and June 8, 2016, respectively, due to their relinquishment of their employment with L&T Financial Services Group.

The Board places on record its appreciation of the valuable services rendered by the aforesaid Directors during there tenure as the Directors of the Company.

Terms and conditions of appointment of Independent Directors are placed on the website of the Company under the link http://www.ltfs.com.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. Dinanath Dubhashi, Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

Section 149(8) of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The Independent Directors of the Company met on April 28, 2016 and October 21, 2016, pursuant to the provisions of the Act.

DECLARATION BY INDEPENDENT DIRECTORS

Both the Independent Directors have submitted the declaration of independence, pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

KEY MANAGERIAL PERSONNEL

As on March 31, 2017, the Company has the following Key Managerial Personnel:

Mr. Manoj Shenoy - Chief Executive Officer

Ms. Bharti Jain* - Company Secretary

Mr. Rahul Mehta - Head – Accounts (discharging functions of the Chief Financial Officer)

** Resigned effective May 2, 2017 and Ms. Urvashi Singh has been appointed as the Company Secretary effective May 2, 2017.*

COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

A) Background

Section 178 of the Companies Act, 2013 ("the Act") requires the Nomination and Remuneration Committee ("NRC") of the Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of the Company and recommend the same for approval of the Board. Further, Section

178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board's Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B) Brief Framework of the Policy

The objective of this Policy is:

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors, and Senior Management;

c) to lay down criteria/evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, KMP and other employees.

C) Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, as the case may be. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before their appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-Time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy position as a Managing Director/Whole-Time Director beyond the age of seventy years, unless their appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

The Company has framed a Code of Conduct for its Directors. The Directors have to abide by the Code of Conduct and ensure compliance of the same.

D) Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/ Employees

- **Non-Executive Directors/Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & attendance – Board and Committee Meetings
  - Contribution during such meetings
  - Active participation in strategic decision making
  - Inputs to executive management on matters of strategic importance
  - Such other matters as the NRC/Board may determine from time to time

- **Senior Management/KMPs/Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the KMP/Senior Management Personnel/ Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E) Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback provided to each Director.

c. Chairperson Evaluation:

- Evaluation done by Board members is submitted to the Chairperson of Nomination and Remuneration Committee of L&T Finance Holdings Limited, the holding company and feedback is provided to the Chairperson of the Company.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, Members at their Fourth AGM held on August 23, 2016 have appointed M/s. Sharp and Tannan, Chartered Accountants as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Fourth AGM till the conclusion of the Ninth AGM.

Further, in terms of Section 139(1) of the Act the appointment of statutory auditor is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp and Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the Members at the ensuing Fifth AGM.

In this regard the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India (“ICAI”).

AUDITORS’ REPORT

The Auditors’ Report to the Shareholders for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **Annexure A** of this Report.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Considering the Company is a wealth management company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, the actual inflows and outflows of foreign exchange are as follows:

- Foreign exchange inflows – ₹ 839.31 Lakhs (previous year ₹ 262.34 Lakhs)
- Foreign exchange outflows – ₹ 738.38 Lakhs (previous year ₹ 509.05 Lakhs)

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. It has no subsidiary, joint venture or associate company.

Accordingly, disclosures under Rule 8(1) and Rule 8(5) (iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function of L&T Financial Services Group. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit Department monitors and evaluates the efficiency and adequacy of internal control system in the Company, its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of Internal Audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee.

BOARD MEETINGS

During the financial year 2016-17, the Board of Directors of the Company met 5 (five) times on April 28, 2016, July 20, 2016, October 21, 2016, January 20, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 was as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Thomas Mathew T.	00130282	C-ID	5	5
Dr.(Mrs.) Rajani R. Gupte	03172965	ID	5	5
Mr. Dinanath Dubhashi	03545900	NED	5	5

C-Chairperson ID - Independent Director NED - Non-Executive Director

The Agenda of the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their approval.

COMPOSITION OF THE AUDIT COMMITTEE

As on date of report, the Audit Committee comprises Dr. (Mrs.) Rajani R. Gupte, Mr. Thomas Mathew T. and Mr. Dinanath Dubhashi.

The role, terms of reference, authority and powers of the Audit Committee are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

During the financial year 2016-17, 5 (five) such Meetings of the Audit Committee were held on April 28, 2016, July 20, 2016, October 21, 2016, January 20, 2017 and March 22, 2017.

The attendance of Members at the Meetings held during the FY 2016-17 was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Dr.(Mrs.) Rajani R. Gupte	5	4
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	5	5

COMPOSITION OF NOMINATION AND REMUNERATION COMMITTEE

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

During the financial year the committee met 4 (four) times i.e. on April 28, 2016, July 20, 2016, September 14, 2016 and January 20, 2017.The attendance of members at the meetings held during FY 2016-17 was as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Dr.(Mrs.) Rajani R. Gupte	4	4
Mr. Thomas Mathew T.	4	4
Mr. Dinanath Dubhashi	4	4

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up a "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on this matter. The Chief Internal Auditor of L&T Financial Services is acting as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls and fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with the requirements of the Act and available on the website of the Company at http://www.ltfs.com.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE, GUARANTEE GIVEN AND SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and securities provided, if any, are covered under the provisions of Section 186 of the Act and are given in the notes to the financial statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and pursuant to the recommendations of the Audit Committee ("AC"), the Board of Directors at its meeting held on July 17, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), for the Company. The same is also available on the website of the Company at http://www.ltfs.com. The Policy intends to ensure that proper reporting approval and disclosure processes are in place for all transactions between the Company and related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The

AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.

All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company had framed and implemented Risk Management Policy which deals with the identification of risk in the business of the Company and which may threaten the existence of the Company. Further, the said Policy also lays down mitigants and process for periodical review to ensure that executive management controls risk by means of a properly designed framework.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of Annual Return in Form No. MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure B** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Also, no penalties have been levied by any Regulators or Courts during the year under review.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Central and State Governments, Reserve Bank of India, Securities and Exchange Board of India, Association of Mutual Funds in India, Dubai International Financial Centre, Dubai Financial Services Authority and Other Regulatory, Government Authorities, Financial Institutions, Intermediaries, Asset Management Companies and Trustee Companies and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Thomas Mathew	**Dinanath Dubhashi**
Chairperson	Director
DIN: 00130282	DIN: 03545900

Place : Mumbai
Date : May 2, 2017

ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2017
[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management & Administration) Rules, 2014.]

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	U67190MH2013PLC240261
ii)	**Registration Date**	February 7, 2013
iii)	**Name of the Company**	L&T Capital Markets Limited
iv)	**Category / Sub- Category of the Company**	Public Limited Company by Share/ Indian Non Government Company
v)	**Address of the Registered office & contact details**	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001, Maharashtra, India. Website : www.ltfs.com
vi)	**Whether listed company**	No
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company shall be stated: -

Sr. No.	Name & Description of main products/services	NIC Code of the Product / service	% to total turnover of the company
1	Other financial service activities, except insurance and pension funding activities.	64990	100

III. PARTICULARS OF HOLDING , SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name of the Company	CIN/GLN	Holding/ subsidiary/ associate	% of shares held	Applicable section
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	L67120MH2008PLC181833	Holding Company	100.00	2(46)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category-wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-	6*	6*	-	-	6*	6*	-	-
b) Central Govt.	-	-	-	-	-	-	-	-	-
c) State Govt(s)	-	-	-	-	-	-	-	-	-
d) Bodies Corporates	-	4,77,49,994	4,77,49,994	100	-	4,97,49,994	4,97,49,994	100	-
e) Bank/FI	-	-	-	-	-	-	-	-	-
f) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL(A) (1)	**-**	***4,77,50,000**	***4,77,50,000**	**100**	**-**	***4,97,50,000**	***4,97,50,000**	**100**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
(2) Foreign	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) NRI- Individuals	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**-**	***4,77,50,000**	***4,77,50,000**	**100**	**-**	***4,97,50,000**	***4,97,50,000**	**100**	**-**
B. PUBLIC SHAREHOLDING	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(1) Institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Mutual Funds	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-
C) Central Govt.	-	-	-	-	-	-	-	-	-
d) State Govt(s)	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-
g) FIIS	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Non Institutions	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Bodies corporates	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**-**	***4,77,50,000**	***4,77,50,000**	**100**	**-**	***4,97,50,000**	***4,97,50,000**	**100**	**-**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited

(ii) SHARE HOLDING OF PROMOTERS

S.No	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	* L&T Finance Holdings Limited	4,77,50,000	100	0	4,97,50,000	100	0	0
	Total	4,77,50,000	100	0	4,97,50,000	100	0	0

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	4,77,50,000	100		
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)#	#		#	
	At the End of the year	4,97,50,000	100		

Shares allotted during the year as given below:

Sr. No.	Name	Shareholding		Date	Allotment of Shares	Reason	Cumulative Shareholding during the year (01-04-16 to 31-03-17)	
		No. of Shares at the beginning (01-04-16) / end of the year (31-03-17)	% of total shares of the Company				No. of Shares	% of total shares of the Company
1.	L&T Finance Holdings Limited	4,77,50,000	100	30.06.2016	20,00,000	Allotment of Shares on Right Basis	4,97,50,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors & KMP

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	**No. of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
1	* Mr. Dinanath Dubhashi				
	At the beginning of the year	1	0.0	1	0.0
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the End of the year	1	0.0	1	0.0
	TOTAL	1	0.0	1	0.0

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, shares held jointly with L&T Finance Holdings Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----
Change in Indebtedness during the financial year				
Additions	-----	-----	-----	-----
Reduction	-----	-----	-----	-----
Net Change	-----	-----	-----	-----
Indebtedness at the end of the financial year	-----	-----	-----	-----
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	-----	-----	-----	-----

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. *Remuneration to Managing Director, Whole-time Director and/or Manager:

(Amount in ₹)

Particulars of Remuneration	Manager	Total Amount
Gross salary		
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-----	-----
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-----	-----
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-----	-----
Stock option	-----	-----
Sweat Equity	-----	-----
Commission	-----	-----
- as % of profit	-----	-----
- others (specify)	-----	-----
Others, please specify	-----	-----
Total (A)	-----	-----
Ceiling as per the Act	-----	-----

B. *Remuneration to other directors:

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
		Mr. Thomas Mathew T.	Dr. Mrs. Rajani R. Gupte	
1	Independent Directors			
	(a) Fee for attending board and Committee meetings	3,20,000	3,00,000	6,20,000
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (1)	**3,20,000**	**3,00,000**	**6,20,000**
2	Other Non Executive Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (2)	**-**	**-**	**-**
	Total (B)=(1+2)	**3,20,000**	**3,00,000**	**6,20,000**
	Total Managerial Remuneration (A+B)	**-**	**-**	**6,20,000**
	Overall Ceiling as per the Act	**₹ 48.16 Lakhs (being 11% of net profits of the Company calculated as per Section 198 of the Companies Act, 2013.**		

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD

(Amount in ₹)

Sr. No.	Particulars of Remuneration	Key Managerial Personnel			
		Mr. Manoj Shenoy, CEO	***Company Secretary**	***CFO**	**Total**
1	**Gross Salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	21,56,83,968	-	-	
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961		-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**21,56,83,968**	**-**	**-**	**-**

*The Company Secretary and CFO of the Company, drew their remuneration from another company within the L&T Financial Services Group.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

INDEPENDENT AUDITOR'S REPORT

To the members of L&T Capital Markets Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind ASfinancial statements of L&T Capital Markets Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statementand the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The transition date opening balance sheet as at 1 April 2015 included in the standalone Ind AS financial statement, is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by other auditors on which they expressed an unmodified opinion dated 21 April 2015. The adjustments to these financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our report is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 32 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and are in accordance with books of account maintained by the Company refer note 28 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 02 May 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets;

(b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The company does not have any immovable properties, accordingly,reporting on clause (i)(c) of the Order is not applicable.

2 According to the information and explanations given to us, the Company is engaged primarily in services related to financial services activities and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly,reporting on clause (iii)(a),(b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders as at the balance sheet date,accordingly,reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has paid/provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V of the Act.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting under clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting under clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 02 May 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of L&T Capital Markets Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 02 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ In lakhs)

	Particulars	Notes	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	ASSETS							
	Non-current assets							
(a)	Property, Plant and Equipment	4	38.45		72.93		75.27	
(b)	Intangible assets	4	42.31		11.16		16.12	
(c)	Capital work-in-progress	4	18.47		10.94		1.39	
(d)	Financial Assets							
	(i) Long-term loans and advances	5	217.77		178.90		77.27	
(e)	Deferred tax assets (net)	13	154.40		-		-	
(f)	Other non-current assets	6	-		-		2.43	
				471.40		273.93		172.48
	Current assets							
(a)	Financial Assets							
	(i) Current investments	7	512.24		532.19		470.57	
	(ii) Cash and cash equivalents	8	542.21		120.27		140.90	
	(iii) Short-term loans and advances	9	69.76		0.37		118.56	
	(iv) Trade receivables	10	1,010.37		467.31		280.03	
	(v) Other assets	11	8.81		18.50		8.35	
(c)	Other current assets	12	49.84		47.42		39.93	
				2,193.23		1,186.06		1,058.34
	Total			**2,664.63**		**1,459.99**		**1,230.82**
	EQUITY AND LIABILITIES							
	EQUITY							
(a)	Share capital	14	4,975.00		4,775.00		2,275.00	
(b)	Other Equity							
	(i) Retained Earnings	15	(3,609.06)		(4,209.63)		(1,739.15)	
	(ii) ESOP		191.55		142.24		43.10	
				1,557.49		707.61		578.95
	LIABILITIES							
	Non-current liabilities							
(a)	Long-term provisions	16	130.14		86.18		49.54	
(b)	Deferred tax liabilities (net)	13	-		1.42		1.54	
				130.14		87.60		51.08
	Current liabilities							
(a)	Other current liabilities	17	593.08		468.00		424.02	
(b)	Short-term provisions	18	383.92		196.78		176.77	
				977.00		664.78		600.79
	Total			**2,664.63**		**1,459.99**		**1,230.82**

The accompanying notes form an integral part of the financial statements

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.: 109982W
by the hand of

For and on behalf of the Board of Directors of
L&T Capital Markets Limited

Firdosh D. Buchia
Partner
Membership No.: 38332

T. Thomas Mathew
Chairperson
DIN: 00130282

Dinanath Dubhashi
Director
DIN: 03545900

Urvashi Singh
Company Secretary
M. No. A50298

Rahul Mehta
Head-Accounts

Place: Mumbai
Date: May 2, 2017

Place: Mumbai
Date: May 2, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
Income			
Revenue from operations	19	4,965.98	2,896.28
Other income	20	1,245.89	32.91
Total Income (I)		**6,211.87**	**2,929.19**
Expenditure			
Employee benefit expenses	21	4,712.96	3,839.13
Other expenses	22	1,021.04	1,504.31
Depreciation and amortisation expense		46.26	51.77
Total Expenditure (II)		**5,780.26**	**5,395.21**
Profit / (Loss) before tax (III)=(I)-(II)		431.61	(2,466.02)
Tax Expense (IV)			
Current Tax		83.03	-
MAT credit entitlement		(73.86)	-
Deferred Tax		(155.82)	(0.12)
Net profit / (Loss) for the year (V)=(III)-(IV)		**578.26**	**(2,465.90)**
Other Comprehensive Income (VI)		22.31	(4.60)
Total Comprehensive Income for the year (V)+(VI)		**600.57**	**(2,470.50)**
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic earnings per equity share (₹)		1.17	(7.28)
Diluted earnings per equity share (₹)		1.17	(7.28)

The accompanying notes form an integral part of the financial statements

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.: 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No.: 38332

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors of
L&T Capital Markets Limited

T. Thomas Mathew
Chairperson
DIN: 00130282

Dinanath Dubhashi
Director
DIN: 03545900

Urvashi Singh
Company Secretary
M. No. A50298

Rahul Mehta
Head-Accounts

Place: Mumbai
Date: May 2, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
Cash flow from operating activities				
Profit / (Loss) before tax		431.61		(2,466.02)
Other comprehensive Income		22.31		(4.60)
		453.92		**(2,470.62)**
Adjustments for:				
Foreign - Exchange Gain / Loss	14.83		0.56	
Loss on sale of fixed assets	2.49		-	
Provision for gratuity	22.36		36.65	
Provision for leave benefits	122.19		65.18	
Profit on sale of current investments (net)	(23.41)		(31.77)	
Depreciation on tangible & intangible assets	46.26		51.76	
Provision for clawback	15.00		(41.35)	
Write off	25.50		-	
ESOP Expenses	49.31		99.14	
		274.53		180.17
Operating loss before working capital changes		**728.45**		**(2,290.45)**
Movements in working capital				
(Increase) / decrease in long term loans and advances	44.52		(52.88)	
(Increase) / decrease in short term loans and advances	(69.39)		18.60	
(Increase) / decrease in trade receivables	(568.56)		(187.27)	
(Increase) / decrease in Other Assets	7.27		(10.15)	
Increase / (decrease) in other current liabilities and provisions	151.01		40.17	
		(435.15)		(191.53)
Cash used in operating activities		293.30		(2,481.98)
Direct taxes paid		(46.94)		45.77
Net cash generated from / (used in) operating activities (A)		**246.36**		**(2,436.21)**
Cash flows from investing activities				
Purchase of tangible & intangible assets	(59.77)		(54.02)	
Sale of tangible & intangible assets	6.82		-	
Purchase of current investments	(5,047.00)		(2,895.00)	
Proceeds on sale of current investments	5,090.36		2,865.16	
Net cash used in investing activities (B)		**(9.59)**		**(83.86)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ In lakhs)

Particulars	For the year ended March 31, 2017		For the year ended March 31, 2016	
Cash flows from financing activities				
Proceeds from issue of share capital	200.00		2,500.00	
Net cash from financing activities (C)		**200.00**		**2,500.00**
Net increase / (decrease) in cash and cash equivalents (A+B+C)		**436.77**		**(20.07)**
Cash and cash equivalents as at beginning of the year		120.27		140.91
Add: Effect of exchange differences on cash and cash equivalants held in foreign currency		(14.83)		(0.57)
Cash and cash equivalents as at end of the year		**542.21**		**120.27**
Cash and cash equivalents comprises of:				
Cash on hand	0.30		0.73	
Balance with bank	541.91		119.54	
Total cash and cash equivalents (refer note 8)		**542.21**		**120.27**

The accompanying notes are an integral part of financial statements

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.: 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No.: 38332

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors of
L&T Capital Markets Limited

T. Thomas Mathew
Chairperson
DIN: 00130282

Dinanath Dubhashi
Director
DIN: 03545900

Urvashi Singh
Company Secretary
M. No. A50298

Rahul Mehta
Head-Accounts

Place: Mumbai
Date: May 2, 2017

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

a. Equity Share Capital

Balance as at April 1, 2015	Change during year	Balance as at March 31, 2016
2,275.00	2,500.00	4,775.00
Balance as at April 1, 2016	**Change during year**	**Balance as at March 31, 2017**
4,775.00	200.00	4,975.00

b. Other Equity

Particulars	Retained Earnings	Total
Balance as at April 1, 2015	**(1,739.13)**	**(1,739.13)**
Change in accounting policy/prior period error	-	-
Restated balance at the beginning of the reporting period	-	-
Total Comprehensive Income for the period	(2,470.50)	(2,470.50)
Dividends	-	-
Transfer to retained earnings	-	-
Any other change (to be specified)	-	-
Balance as at March 31, 2016	**(4,209.63)**	**(4,209.63)**

Particulars	Retained Earnings	Total
Balance as at April 1, 2016	**(4,209.63)**	**(4,209.63)**
Change in accounting policy/prior period error	-	-
Restated balance at the beginning of the reporting period	-	-
Total Comprehensive Income for the period	600.57	600.57
Dividends	-	-
Transfer to retained earnings	-	-
Any other change (to be specified)	-	-
Balance as at March 31, 2017	**(3,609.06)**	**(3,609.06)**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No.: 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership No.: 38332

Place: Mumbai
Date: May 2, 2017

For and on behalf of the Board of Directors of
L&T Capital Markets Limited

T. Thomas Mathew
Chairperson
DIN: 00130282

Dinanath Dubhashi
Director
DIN: 03545900

Urvashi Singh
Company Secretary
M. No. A50298

Rahul Mehta
Head-Accounts

Place: Mumbai
Date: May 2, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Background

L&T Capital Markets Limited (the 'Company') is a public company domiciled in India and incorporated on February 7, 2013 under the provisions of the Companies Act, 1956. The principal shareholder of the Company as at March 31, 2017 is L&T Finance Holdings Limited.

The Company's principal activity is distribution of third party investment products and investment advisory services to corporates and high networth individuals.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 35 for an explanation of how the transition from previous GAAP to Ind AS has been affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016 (Refer Note 35).

The financial statements have been prepared on accrual basis and under the historical cost convention along with other permissible measurement basis.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current–non current classification of assets and liabilities.

2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

The gains / losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

2.3 Share Capital

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.4 Tangible Assets

Fixed assets are stated at cost, net of accumulated depreciation and accumulated impairment losses, if any. Cost comprises purchase price, borrowing costs if capitalization criteria are met and any attributable cost of bringing the asset to its working condition for the intended use.

Gains or losses arising from sale of fixed assets are measured as difference between the net disposal proceeds and the carrying amount of the asset and are recognized in the statement of profit and loss.

2.5 Depreciation on Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management. Leasehold improvements are amortised over the primary lease period. Fixed assets costing up to ₹ 5,000 individually are depreciated fully in the year of purchase.

2.6 Intangible Assets and Amortization

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortization and accumulated impairment losses, if any. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in the statement of profit and loss in the year in which the expenditure is incurred. Intangible assets are amortized on a straight line basis over the estimated useful economic life.

2.7 Impairment on Tangible and Intangible Assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the Company estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's net price and its value in use. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

After impairment, depreciation is provided on the revised carrying amount of the asset over its remaining useful life.

2.8 Leases (where the company is lessee)

Leases where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item are classified as operating leases. Operating lease payments are recognized as an expense in the statement of profit and loss on a straight-line basis over the lease term.

2.9 Employee benefits

Short term

Short term employee benefits include salaries, allowances and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

Long term

The Company offers its employees long term benefits by way of defined contribution and defined benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, by the Company along with its employees.

(a) Defined contribution plans - Provident Fund and Family Pension Fund

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident Fund and Family Pension Fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(b) Defined benefit plans - Gratuity

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employees' working life using the projected unit credit method. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceed the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income in the year in which they arise.

(c) Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such year, the benefit is measured as present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on the basis of independent actuarial valuation using the projected unit credit method. The Company records an obligation for such compensated absences in the period in which the employee renders the services. The obligations are classified as current and are presented as short term provisions since the company does not have an unconditional right to defer settlement for at least months after the reporting period, regardless of when the actual settlement is expected to occur.

(d) Employee Stock Options schemes

The Employee Stock Options Scheme ("the Scheme") has been established by the ultimate holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the ultimate holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999. The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company.

2.10 Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below:

(a) Dividend income

Dividend income is recognised when the right to receive payment is established.

(b) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

(c) Profit or loss on Sale of Investments

The gains/losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a First in First out basis.

2.11 Claw-back Provision

Claw-back means recovery of upfront commission on distribution of units of mutual fund. Claw-back occurs when invested money is redeemed/switched out to any other mutual fund scheme or "Direct Plan" before completion of exit load period. Such recovery is made on a pro-rata basis, depending upon the number of days for which the investment continued in the fund before being redeemed/switched out.

Provision towards such claw-back of the upfront

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

commission on distribution of units of mutual fund is made based on management estimate of premature redemption of the mutual fund units by the clients.

2.12 Foreign Currency Transactions

All transactions in foreign currency are recognized at the exchange rate prevailing on the date of transaction.

Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

Exchange difference arising on the settlement of monetary items or on the restatement of company's monetary items at rates different from those at which they were initially recorded during the year, or reported in the previous year financial statement are recognized as income or as expenses in the year in which they arise.

2.13 Overhead Support Charges

Overhead support charges represent common costs allocated by group companies pursuant to cost sharing agreements

2.14 Income Taxes

Income taxes are accounted for in accordance with Ind AS 12 "Income Taxes". Tax expense comprises both current tax and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilised.

2.15 Provisions, Contingent Liabilities & Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent Liabilities are disclosed by way of notes to Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

Contingent Assets are disclosed in the financial statement when an inflow of economic benefits are probable.

2.16 Earning Per Share

Basic earning per share is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares which would have been issued on the conversion of all dilutive potential shares.

3 Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Accounting estimates could change from period to period. Actual results could differ from these estimates and the differences between the actual results. The estimates are recognised in the periods in which the results are known/materialise.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense, payable and tax credits - There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

4 FIXED ASSETS

(₹ In lakhs)

Particulars	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
	As at April 1, 2016	Addition	Disposal	As at March 31, 2017	As at March 31, 2016	Charge for the period	Disposal	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Property, Plant and Equipment										
Computers	59.83	5.67	-	65.50	20.89	21.48	-	42.37	23.13	38.94
Furniture and fixtures	13.90	-	2.97	10.93	1.89	1.19	1.27	1.81	9.12	12.01
Office equipments	16.00	-	4.85	11.15	3.45	3.06	1.29	5.22	5.93	12.55
Leasehold improvements	24.49	-	9.54	14.95	15.06	5.11	5.49	14.68	0.27	9.43
(A)	**114.23**	**5.67**	**17.36**	**102.54**	**41.30**	**30.84**	**8.05**	**64.09**	**38.45**	**72.93**
Intangible Assets										
Software	25.04	46.57	-	71.61	13.88	15.42	-	29.30	42.31	11.16
(B)	**25.04**	**46.57**	**-**	**71.61**	**13.88**	**15.42**	**-**	**29.30**	**42.31**	**11.16**
Total (A+B)	**139.27**	**52.24**	**17.36**	**174.15**	**55.18**	**46.26**	**8.05**	**93.39**	**80.76**	**84.09**
Add : Capital Work-in-Progress									18.47	10.94
									99.23	**95.03**

(₹ In lakhs)

Particulars	Gross Block (at cost)				Depreciation / Amortisation				Net Block	
	As at April 1, 2015	Addition	Disposal	As at March 31, 2016	As at April 1, 2015	Charge for the period	Disposal	As at March 31, 2016	As at March 31, 2016	As at April 1, 2015
Property, Plant and Equipment										
Computers	30.04	29.79	-	59.83	-	20.89	-	20.89	38.94	30.04
Furniture and fixtures	10.99	2.91	-	13.90	-	1.89	-	1.89	12.01	10.99
Office equipments	11.56	4.44	-	16.00	-	3.45	-	3.45	12.55	11.56
Leasehold improvements	22.67	1.82	-	24.49	-	15.07	-	15.07	9.42	22.67
(A)	**75.27**	**38.96**	**-**	**114.23**	**-**	**41.30**	**-**	**41.30**	**72.93**	**75.27**
Intangible Assets										
Software	19.53	5.51	-	25.04	3.41	10.47	-	13.88	11.16	16.12
(B)	**19.53**	**5.51**	**-**	**25.04**	**3.41**	**10.47**	**-**	**13.88**	**11.16**	**16.12**
Total (A+B)	**94.80**	**44.47**	**-**	**139.27**	**3.41**	**51.77**	**-**	**55.18**	**84.09**	**91.39**
Add : Capital Work-in-Progress									10.94	1.39
									95.03	**92.78**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

5 Long-term loans and advances

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Security deposits	47.55	92.07	36.21
Advance income tax	96.36	86.83	41.06
MAT Credit Entitlement	73.86	-	-
Total	**217.77**	**178.90**	**77.27**

6 Other non-current assets

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Prepaid expenses	-	-	2.43
Total	**-**	**-**	**2.43**

7 Current investments

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (valued at lower of cost and fair value; unless stated otherwise)			
Unquoted mutual funds			
L&T Liquid Fund	512.24	532.19	470.57
No. of units: 2,804.260 (March 31, 2016: 25,612.090)			
Total	**512.24**	**532.19**	**470.57**
Notes:			
a) Aggregate amount of unquoted investments	512.24	532.19	470.57
b) Aggregate amount of quoted investments	-	-	-

8 Cash and cash equivalents

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash on hand	0.30	0.73	0.37
Balances with banks -			
In current accounts	541.91	119.54	140.53
Total	**542.21**	**120.27**	**140.90**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

9 Short term loans and advances

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Loans and advances to related parties	65.60	-	-
Advances recoverable in cash or kind			
Cenvat credit	4.15	0.36	118.55
Others	0.01	0.01	0.01
Total	**69.76**	**0.37**	**118.56**

10 Trade receivables

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Debts outstanding for a period exceeding six months	34.93	2.75	-
Less: Provision for bad and doubtful debts	(34.93)	-	-
	-	2.75	-
Others	1,010.37	464.56	280.03
Total	**1,010.37**	**467.31**	**280.03**

11 Other assets

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Employee Recoverable	8.81	18.50	8.35
Total	**8.81**	**18.50**	**8.35**

12 Other current assets

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance for expenses	26.68	4.86	2.02
Prepaid expenses	23.16	42.56	37.91
Total	**49.84**	**47.42**	**39.93**

13 Deferred tax assets / (liability)

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax assets / (liability)	154.40	(1.41)	(1.54)
Total	**154.40**	**(1.41)**	**(1.54)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

14 Share capital (₹ In lakhs)

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount	No. of Shares	Amount	No. of Shares	Amount
Authorised						
Equity shares of ₹ 10 each	50,000,000	5,000.00	50,000,000	5,000.00	30,000,000	3,000.00
Issued, subscribed and fully paid-up						
Equity shares of ₹ 10 each fully paid up	49,750,000	4,975.00	47,750,000	4,775.00	22,750,000	2,275.00
Total	**49,750,000**	**4,975.00**	**47,750,000**	**4,775.00**	**22,750,000**	**2,275.00**

(a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting period

Particulars	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)	No. of Shares	Amount (₹ in Lakhs)
Balance at the beginning of the year	47,750,000	4,775.00	22,750,000	2,275.00	16,750,000	1,675.00
Add: Shares issued during the year	2,000,000	200.00	25,000,000	2,500.00	6,000,000	600.00
Balance at the end of the year	**49,750,000**	**4,975.00**	**47,750,000**	**4,775.00**	**22,750,000**	**2,275.00**

(b) The Company has one class of equity shares having a par value of ₹10 per share. Each shareholder is eligible for one vote per share held. The dividend proposed by the Board of Directors is subject to approval of the shareholders in the ensuing Annual General Meeting. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholding.

(c) Shares in the Company held by the holding company

49,750,000 Equity Shares as at March 31, 2017 (March 31, 2016: 47,750,000 shares; March 31, 2015: 22,750,000 shares) are held by L&T Finance Holdings Limited, the holding company including 6 equity shares held by nominees of the holding company where the beneficial ownership is with the holding company.

(d) Shares in the Company held by shareholders more than 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer note c above)	49,750,000	100%	47,750,000	100%	22,750,000	100%

(e) There are no shares allotted for consideration other than cash since the incorporation date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

15 Retained Earnings

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Surplus / (deficit) in statement of profit and loss			
Balance as at the beginning of the year	(4,209.63)	(1,739.13)	(1,293.41)
Add: Net profit/(loss) for the year	600.57	(2,470.50)	(445.74)
Balance at the end of the year	**(3,609.06)**	**(4,209.63)**	**(1,739.15)**

16 Long term provisions

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Gratuity	130.14	86.18	49.54
Total	**130.14**	**86.18**	**49.54**

17 Other current liabilities

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Expenses and other payable	27.90	55.54	10.78
Statutory dues payable	96.15	89.30	59.12
Employee benefits payable	360.91	249.97	316.05
Others liabilities	108.12	73.19	38.07
Total	**593.08**	**468.00**	**424.02**

18 Short term provisions

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for employee benefits			
Provision for leave benefits	312.29	185.77	124.41
Provision for tax	45.62	-	-
Provision for claw back of mutual fund brokerage	26.01	11.01	52.36
Total	**383.92**	**196.78**	**176.77**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

19 Revenue from operations

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Brokerage and commission on:		
Mutual fund products	3,232.53	1,905.77
Equity products	77.01	83.41
Debt products	26.22	70.33
Loan products	0.92	-
Realty deals	165.27	146.15
Other products	267.33	149.30
Referral and other fees	1,196.70	541.32
Total	**4,965.98**	**2,896.28**

20 Other income

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit on sale of investment/Gain on fair valuation	23.41	31.77
Other income	1,222.48	1.14
Total	**1,245.89**	**32.91**

21 Employee benefit expenses

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries, wages and bonus	4,305.06	3,568.95
Staff welfare	61.84	53.07
Contribution to provident and other funds		
Provident fund	137.08	120.52
Other funds	42.12	(0.63)
Gratuity	44.67	32.04
Leave benefits	122.19	65.18
Total	**4,712.96**	**3,839.13**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

22 Other expenses (₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Rent	171.21	242.63
Rates and taxes	33.94	214.96
Overhead support charges	-	312.78
Legal and professional fees	159.84	104.99
Travelling and conveyance	99.83	140.79
Repairs & maintenance	70.17	112.76
Electricity charges	10.61	26.57
Printing and stationery	14.55	18.31
Membership and subscription	39.97	31.79
Communication charges	40.89	44.40
Software running expenses	157.69	127.07
Training and recruitment expenses	8.34	31.81
Business promotion	37.91	32.83
Auditors' remuneration (refer details below)	13.14	6.91
Referral fees paid	56.55	30.69
Directors sitting fees	6.21	3.80
Loss on sale of fixed assets	2.49	-
Foreign - Exchange Gain/Loss	14.83	0.56
Provision for Doubtful Debt	34.93	-
Write off	25.50	-
Miscellaneous expenses	22.44	20.66
Total	**1,021.04**	**1,504.31**

Auditors' remuneration:		
Statutory audit	4.50	3.50
Tax audit	1.00	1.00
Limited review	2.25	1.53
Other fees	5.39	0.88
Total	**13.14**	**6.91**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

23 Fair value measurement

a) Classification of Financial Assets and Financial Liabilities (₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial Assets									
Security deposits	-	-	47.55	-	-	92.07	-	-	36.21
Investments in units of mutual funds	512.24	-	-	532.19	-	-	470.57	-	-
Advances recoverable in cash or kind - Others	-	-	0.01	-	-	0.01	-	-	0.01
Trade receivables (incl. related party)	-	-	1,075.97	-	-	467.31	-	-	280.03
Cash and cash equivalents	-	-	542.21	-	-	120.27	-	-	140.90
Total Financial Assets	512.24	-	1,665.74	532.19	-	679.66	470.57	-	457.15
Financial Liabilities									
Trade payables	-	-	27.90	-	-	55.54	-	-	10.78
Other current liabilities	-	-	469.03	-	-	323.16	-	-	354.12
Total Financial Liabilities	-	-	496.93	-	-	378.70	-	-	364.90

b) Items of Income, expense, gains or losses (₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
Net gain/(losses) on financial assets and financial liabilities		
Financial asssets measured at amortised cost		
Provision for doubtful debts (other than expected credit loss) (net)	34.93	-
Bad debts written off (net)	25.50	-
Financial liabilities measured at amortised cost		
Exchange differences gain/loss on re-valuation or settlement of items denominated in foreign currency (creditors, borrowing availed, etc)	14.83	0.56
Mandatorily measured at fair value through P&L		
Gain/(loss) on fair valuation or sale of investment in mutual fund units	23.41	31.77
Interest Revenue		
Financial asssets measured at amortised cost		
FS Business	0.30	0.55

c) Maturity profile of financial liabilities (Amount at undiscounted value) (₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Trade payables	27.90	-	27.90	55.54	-	55.54	10.78	-	10.78
Other current liabilities	469.03	-	469.03	323.16	-	323.16	354.12	-	354.12
Total Financial Liabilities	**496.93**	**-**	**496.93**	**378.70**	**-**	**378.70**	**364.90**	**-**	**364.90**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

d) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In lakhs)

Financial Assets and Liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial Assets					
Financial Investments at FVTPL	7				
Mutual funds- growth plan					
At March 31, 2017		512.24	-	-	512.24
At March 31, 2016		532.19	-	-	532.19
At April 1, 2015		470.57	-	-	470.57

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between level 1 and level 2 and level 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

e) ECL Reconciliation on Trade Receivable (₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
Provision for doubtful debts		
Opening Balance	-	-
Loss allowance based on Expected credit loss	-	-
Additional provision	(34.93)	-
Write off as bad debts	-	-
Change in loss allowance (provision for doubtful debts)	(34.93)	-
Closing Balance	(34.93)	-

f) Asset carried at fair value through OCI and Profit and Loss (₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
A. Assets carried at fair value through Profit and Loss		
a. Investment in Mutual fund (impact of increase)	5.12	5.32
Liquid mutual funds- Interest rate increased by 1%	5.12	5.32
b. Investment in Mutual fund (impact of decrease)	(5.12)	(5.32)
Liquid mutual funds- Interest rate decreased by 1%	(5.12)	(5.32)
B. Assets carried at fair value through OCI	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

24 Pursuant to the Employees Stock Options Scheme established by L&T Finance Holdings Limited ('the holding company'), stock options were granted to the employees of the Company during the financial year 2013-14.

The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company amounting to ₹ 49.31 lakh (₹ 99.14 lakh for FY15-16)

25 Disclosure as required under Indian Accounting Standard –19 on "Employee Benefits" is as under:

Gratuity

The following disclosures have been set out in accordance with the requirements of Indian Accounting Standard 19 on "Employee Benefits".

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below:

a) The amounts recognised in Balance Sheet are as follows:

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016	April 1, 2015
Present value of defined benefit obligation	130.14	86.18	49.54
– Wholly funded	-	-	-
– Wholly unfunded	130.14	86.18	49.54
Less: Fair value of plan assets	-	-	-
Amount to be recognised as liability or (asset)	**130.14**	**86.18**	**49.54**
Amounts reflected in the Balance Sheet			
Liabilities	130.14	86.18	49.54
Assets			
Net liability/(asset)	**130.14**	**86.18**	**49.54**

b) Change in the present value of the defined benefit obligation are as follows:

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Opening Present Value of Obligation	86.18	49.54
Current Service Cost	37.93	28.14
Interest Cost on Defined Benefit Obligation	6.74	3.90
Actuarial Losses/(Gain) recognise to Other comprehensive income	(22.31)	4.60
Liabilities assumed on Acquistion/(Settled on Divestiture)	24.20	-
Benefits paid	(2.60)	-
Closing present value of obligation	130.14	86.18
Liability recognised in the Balance Sheet	**130.14**	**86.18**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

c) Expenses recognized in the Statement of Profit and Loss and Other Comprehensive Income

(₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Current Service Cost	37.93	28.14
Past Service Cost	-	-
Interest Cost	6.74	3.90
Total amount recognised in profit & loss	**44.67**	**32.04**
Remeasurement during the period resulted in:		
Impact of changes in financial assumptions	8.72	0.56
Impact of experience adjustments	(31.03)	4.04
Total amount recognised in other comprehensive income	**(22.31)**	**4.60**
Total amount recognised	**22.36**	**36.64**

d) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Particulars	2016-17	2015-16
Discount Rate (per annum)	7.35%	7.85%
Salary Escalation Rate (per annum)	6.00%	6.00%
Mortality Rate	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and othe relevant factors. The above information is certified by the actuary and relied upon by the Auditors.

e) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

(₹ in lakhs)

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in salary growth rate	19.33	11.82	17.70	10.96
Impact of change in discount rate	(17.43)	(10.75)	19.20	(11.70)

f) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	March 31, 2017	March 31, 2016
Gratuity Plan	14.04	14.04

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

26 Related party disclosure

Disclosure as required by IND AS – 24 "Related Party Disclosure" notified under Companies Act, 2013 is as follows:

(a) List of related parties:

A. Ultimate Holding Company

Larsen & Toubro Limited

B. Holding Company

L&T Finance Holdings Limted

C. Fellow Subsidiaries

L&T Finance Limited (erstwhile known as Family Credit Limited)

L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)

L&T Housing Finance Limited

L&T Investment Management Limited

Larsen & Toubro Limited (Realty Div)

L&T Parel Project LLP

L&T Construction Equipment Limited

L&T Infotech Limited

D. Key Management Personnel

Mr. Manoj Shenoy Chief Executive Officer

(b) Details of transactions with related parties

(₹ in lakhs)

	Nature of transactions	March 31, 2017	March 31, 2016
1	**Remuneration paid - KMP**		
	Mr. Manoj Shenoy	218.12	-
2	**Subscription of Equity Shares**		
	L&T Finance Holdings Limited		
	Balance at the beginning of the year	4,775.00	2,275.00
	Add: Shares issued during the year	200.00	2,500.00
	Balance at the end of the year	4,975.00	4,775.00
3	**Overhead support charges paid**		
	L&T Finance Holdings Limited	-	175.95
	L&T Finance Limited (erstwhile known as Family Credit Limited)	-	180.52
4	**ESOP Charges Paid**		
	L&T Finance Holdings Limited	-	0.12
5	**Rent paid**		
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	22.13	16.19
	L&T Finance Limited (erstwhile known as Family Credit Limited)	70.84	9.53
	Larsen & Toubro Limited	-	109.48

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakhs)

Nature of transactions		March 31, 2017	March 31, 2016
6	**Other expenses paid to**		
	Larsen & Toubro Limited	14.82	28.89
	L&T Infotech Limited	0.80	-
	L&T Finance Limited (erstwhile known as Family Credit Limited)	-	7.85
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	6.23	8.08
7	**Brand license fee**		
	Larsen & Toubro Limited	4.01	-
8	**Brokerage & Commission earned from**		
	L&T Finance Limited (erstwhile known as Family Credit Limited)	-	5.08
	Larsen & Toubro Ltd (Realty Div)	6.34	3.06
	L&T Parel Project LLP	-	(2.56)
	L&T Housing Finance Ltd	0.72	4.05
	L&T Investment Management Limited	853.20	68.82
	L&T Construction Equipment Ltd	2.22	-

(c) Amount due to/ from related parties

(₹ in lakhs)

	Nature of transactions	March 31, 2017	March 31, 2016	April 1, 2015
1	**Other expenses payable**			
	Larsen & Toubro Limited	**15.01**	50.24	3.24
	L&T Finance Limited (erstwhile known as Family Credit Limited)	**(62.61)**	4.47	-
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	**0.39**	-	-
2	**Other expenses receivable**			
	Larsen & Toubro Ltd (Realty Div)	**0.20**	0.20	-
3	**Brokerage & Commission receivable**			
	L&T Finance Limited (erstwhile known as Family Credit Limited)	**6.87**	6.87	1.79
	Larsen & Toubro Ltd (Realty Div)	**7.29**	-	3.26
	L&T Parel Project LLP	**-**	-	10.24
	L&T Investment Management Limited	**111.99**	16.72	7.45
	L&T Housing Finance Ltd	**2.99**	0.45	-
4	**Security Deposit- Rent**			
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	**6.60**	6.60	6.60
5	**ESOP charges payable**			
	L&T Finance Holdings Limited	**-**	-	0.15

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

27 Segment disclosure

a) Primary Segment (Geographic Segment)

The Company operates mainly in the business segment of Portfolio Management & Investment Advisory and hence, there is no business segment seprately reportable. However, the company has identified geographic segments as its primary segment since, the above mentioned business activities are carried out in India and Outside India.

(₹ in lakhs)

Sr. No.	Particulars	Year ended March 31, 2017	Year ended March 31, 2016
I	**Gross geographical segment revenue from continuing operations**		
a	India	4,144.17	2,633.94
b	Outside India	821.81	262.34
	Total	**4,965.98**	**2,896.28**
	Less: Inter Segment revenue	-	-
	Net segment revenue from continuing operations	**4,965.98**	**2,896.28**
II	**Geographical Segment Result (Profit/(loss) before tax)**		
a	India	355.11	(2,214.15)
b	Outside India	76.50	(251.87)
	Profit before tax	**431.61**	**(2,466.02)**
III	**Geographical Segment assets**		
a	India	2,176.89	1,403.61
b	Outside India	487.74	56.38
	Total segment assets	**2,664.63**	**1,459.99**
IV	**Geographical Segment liabilities**		
a	India	1,102.40	744.84
b	Outside India	4.74	7.54
	Total segment liabilities	**1,107.14**	**752.38**
V	**Geographical Capital employed (Segment assets less segment liabilities)**		
a	India	1,074.49	658.78
b	Outside India	483.00	48.83
	Total capital employed	**1,557.49**	**707.61**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

28 The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

(₹ in lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	-	0.20	0.20
Add- permitted receipts	-	-	-
Less- permitted payments	-	-	-
Less- amount deposited in Banks	-	-	-
Closing cash in hand as on 30th December, 2016	-	0.20	0.20

29 Earnings per Share

Particulars	Unit	March 31, 2017	March 31, 2016
Net Profit/(loss) after tax	₹ in lakhs	578.26	(2,465.90)
Nominal value of equity shares	₹	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	49,256,849	33,864,754
Basic and diluted earnings per share	₹	1.17	(7.28)

30 Capital and other commitments

The Company has an outstanding capital commitment amount of as on March 31, 2017 of ₹ 22.43 lakhs (March 31, 2016: ₹ 14.32 lakhs; March 31, 2015: ₹ 0.26 lakhs)

31 Expenditure in foreign currency (₹ in lakhs)

Particulars	March 31, 2017	March 31, 2016
Professional fees	65.15	41.78
Salaries, wages and bonus	550.29	336.23
Other expenses	122.94	131.04
Total	**738.38**	**509.05**

32 Contingent liabilities

Contingent liabilities as on March 31, 2017 is Nil (March 31, 2016: Nil; March 31, 2015: Nil)

33 Disclosure pursuant to Ind AS 12 "Income Taxes"

(a) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(₹ In lakhs)

Sr. No.	Particulars	2016-17	2015-16
i)	**Profit and Loss section**		
	Current Income tax:		
	Current income tax charge	83.03	-
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	(229.68)	(0.12)
	Income tax expense reported in the statement of profit or loss	**(146.65)**	**(0.12)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(b) Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

(₹ In lakhs)

Sr No.	Particulars	2016-17	2015-16
1	Profit before tax	431.61	(2466.02)
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax (tax rate of 34.608%)	149.37	(853.44)
4 (a)	Items of expense not deductible for tax purposes:		
	Effect of fair valuation gain	(1.34)	(0.12)
	Effect of different tax rates of subsidiaries	(66.34)	853.43
	Effect of Items disallowed u/s 43B	(103.25)	
	Difference in Book and Income tax depreciation	(1.20)	
	Other items	(50.03)	
	MAT credit	73.86	
5	**Effective tax Rate**	**-33.98%**	**0.00%**

(c) Items for which no deferred tax asset is recognised in the balance sheet

(₹ In lakhs)

Sr No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry
	Tax losses (revenue in nature) (business loss on which no tax asset is created)									
	Year of loss:									
	AY 2015-16	280.19	96.97	AY 2023-24	280.19	-	AY 2023-24	280.19	-	AY 2023-24
	AY 2016-17	2,250.27	778.77	AY 2024-25	2,250.27	-	AY 2024-25			
	Total	**2,530.46**	**875.74**		**2,530.46**	**-**		**280.19**	**-**	

(d) Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(₹ In lakhs)

Sr No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		March 31, 2017	March 31, 2016	April 1, 2015	2016-17	2015-16
(a)	Fair valuation gain (FVTPL)	0.08	1.42	-	(1.34)	(0.12)
(b)	Items disallowed u/s 43B	(103.25)	-	-	(103.25)	-
(c)	Difference in Book and Income tax depreciation	(1.20)	-	-	(1.20)	-
(d)	MAT credit	(73.86)	-	-	(73.86)	-
(e)	Other items	(50.03)	-	-	(50.03)	-
	Deferred tax expense/ (income)				**(229.67)**	**(0.12)**
	Net deferred tax (assets) / liabilites	**(228.26)**	**1.42**	**-**		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(e) Reconciliation of deferred tax (assets)/liabilities (₹ In lakhs)

Sr No.	Particulars	2016-17	2015-16
(a)	Opening Balance of Deferred tax (assets)/liabilities on April 1	1.42	1.54
(b)	Tax income/(expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	(229.67)	(0.12)
(c)	Tax income/(expense) during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/liabilities as on March 31	(228.25)	1.42

34 Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

(₹ In lakhs)

Sr No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated
1	Computer	-	65.51	-	-	59.85	-	-	30.05	-
2	Office Equipment		11.15			16.00			11.56	
3	Furniture and Fixture		25.88			38.39			33.66	
4	Specialised Softwares	-	71.61	-	-	25.04	-	-	19.53	-

35 Explanation of Transition to Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with previous GAAP to Ind AS are explained below:

Reconciliations between previous GAAP and Ind AS

(i) Equity reconciliations (₹ in lakhs)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
As reported under previous GAAP		696.48	569.83
Fair value gains on investments in mutual funds	a	3.15	3.44
Security Deposits - Lease income	b	(0.30)	(0.85)
Rent Amortisation	b	0.30	0.83
Lease Equalisation	c	7.98	5.70
Equity under Ind AS		**707.61**	**578.95**

(ii) Net income reconciliations (₹ in lakhs)

Particulars	Notes	Year ended March 31, 2016
Net income under previous GAAP		**(2,373.38)**
Fair value loss on investments in mutual funds	a	(0.28)
Security Deposits - Lease income	b	0.55
Rent Amortisation	b	(0.53)
Lease Equalisation	c	2.28
Fair valuation of ESOP	d	(99.14)
Net income under Ind AS		**(2,470.50)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Notes to reconciliations between Previous GAAP and Ind AS

Change in fair valuation of investments in mutual funds:

(a) Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.

(b) Security deposits paid, being financial assets are remeasured at amortised cost and interest on remeasured of security deposit adjusted with advance lease rentals.

(c) Lease equalisation expense is reversed under Ind AS. Accounting for lease rentals on accrual basis under IND AS v/s straight line basis under IGAAP.

(d) Under previous GAAP, cost of equity settled employee share-based plan were recognised using intrinsic value method. Under Ind AS, the cost of equity settled employee share based plan is recognised based on fair value of the options as at the grant date.

36 Dues to micro, small and medium enterprises

There are no amounts that need to be disclosed in accordance with the Micro Small and Medium Enterprise Development Act, 2006 (the 'MSMED') pertaining to micro or small enterprises.

For the year ended March 31, 2017, no supplier is getting covered under MSMED.

37 On March 21, 2017 the Board of Directors of L&T Capital Market Limited (LTCM) and on March 22, 2017 the Board of Directors of L&T Access Distribution Services Limited (LTA) have approved the scheme of Amalgamation of LTA with LTCM.

Considering that no business is intended to be carried out under LTA and since the business object of L&T Access is similar to LTCM, it was proposed to merge/amalgamate LTA with LTCM. The amalgamation will bring about simplicity in work, reduce various statutory and regulatory compliances and related costs, which presently have to be duplicated, reduction in operational and administrative expenses and overheads and better cost and operational efficiencies.

On March 31, 2017, two separate Company Applications have been filed on behalf of the Transferor (LTA) & Transferee (LTCM) Companies along with copy of the Scheme before the NCLT, Mumbai.

The appointed date, as per the scheme of amalgamation is April 1, 2017 or such other date as may be directed by the National Company Law Tribunal, Mumbai bench.

Thereafter on April 28, 2017 at hearing, NCLT has directed for holding of the meetings of the equity shareholders and dispensing with the convening of meetings of the secured and unsecured creditors of the Companies.

38 Previous year figures

Previous year figures have been regrouped/reclassified, wherever necessary, to conform to current year's classification.

SHARP & TANNAN Chartered Accountants Firm's Registration No.: 109982W by the hand of	For and on behalf of the Board of Directors of **L&T Capital Markets Limited**	
Firdosh D. Buchia Partner Membership No.: 38332	**T. Thomas Mathew** Chairperson DIN: 00130282	**Dinanath Dubhashi** Director DIN: 03545900
	Urvashi Singh Company Secretary M. No. A50298	**Rahul Mehta** Head-Accounts
Place: Mumbai Date: May 2, 2017	Place: Mumbai Date: May 2, 2017	

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty Fourth Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year 2016-17 as compared to the previous financial year 2015-16 is given below:

(₹ in Lakh)

Particulars	For the year ended March 31, 2017 #	For the year ended March 31, 2016 #
Total Income	4,14,497.54	77,284.97
Less: Total Expenses	4,11,655.80	63,853.40
Profit / (Loss) before tax	**2,841.74**	**13,431.57**
Less: Provision for tax	1,237.57	4,692.06
Profit after tax from operations	**1,604.17**	**8,739.51**
Profit for the period carried to the balance sheet	**1,604.17**	**8,739.51**
Add: Balance brought forward from previous year (Deficit)/Surplus	(10,136.12)	(17,127.73)
Less: Transferred to Special Reserve u/s 45-IC of RBI Act, 1934	320.83	1,747.90
Dividend paid for the previous year (Including dividend distribution tax)	16,890.02	-
Net surplus/ (deficit) in the Statement of Profit and Loss	**(25,742.80)**	**(10,136.12)**

The data for March 31, 2016 is of the standalone entity whereas the data for March 31, 2017 is of the merged entity i.e. post merger of L&T Finance Limited and L&T FinCorp Limited with the Company effective February 13, 2017.

APPROPRIATIONS

During the current financial year, the Company has not transferred any amount to General Reserve. Your Company proposes to transfer ₹ 320.83 Lakh (previous year: ₹ 1747.90 Lakh) to Special Reserve created under Section 45-IC of the Reserve Bank of India Act, 1934.

YEAR IN RETROSPECT – THE HIGHLIGHTS

During the year under review, the scheme of amalgamation of L&T Finance Limited and L&T FinCorp Limited with the Company was filed for approval. On receipt of the order(s) of amalgamation from the Hon'ble High Court of Calcutta and National Company Law Tribunal, Mumbai Bench dated November 28, 2016 and January 24, 2017, respectively, approving the scheme of amalgamation, the amalgamation became effective from February 13, 2017. Consequent to the amalgamation, the name of the Company changed to "L&T Finance Limited".

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

PERFORMANCE OF BUSINESSES

Farm Equipment Finance

This includes loans in respect of products such as farm equipment i.e. Tractor and Harvester. The product is intended for farmers and hence there is an element of seasonality that coincides with the harvest cycle. Farm Equipment Finance is one of our core businesses and the growth trajectory here has been regained in the second half of the year after the onset of normal monsoons this year.

Two Wheeler Finance

The two wheeler finance portfolio includes loans made in respect of two wheelers. Two wheeler finance is one of the core businesses of the Company. The past year was a year of transformation which saw us launch the Sangam platform which gives us a competitive advantage of lowest TAT over the competition.

Microfinance

Microfinance business includes loans made to women in rural areas under the joint liability group model. The year saw rapid expansion in the first half and then a swift move to cashless disbursement post demonetization. We have started business in Chattisgarh also in this financial year.

Mid and Large Corporations

This includes products such as Lease, Structured Term

Loans and Loan against Securities.

During the year under review, the Company has improved deal origination and sourcing capabilities. Further, the risk monitoring of portfolio has been made more frequent as well as more intensive. The Company introduced new products in this segment to enhance growth in this segment. Various resolution and recovery mechanisms helped maintain control over the GNPA ratio.

FINACIAL PERFORMANCE OF THE COMPANY

The Company has achieved enhanced business performance during the year under review, in comparison with the year ended March 31, 2016, in spite of the challenging economic environment and slowdown in several sectors. The performance of the Company is summarised as follows:

- Disbursement during the year under review increased from ₹ 3,52,354 Lakh to ₹ 34,33,918 Lakh, primarily driven by loans in respect of two wheelers and corporate lending.
- Momentum in overall disbursement growth with focus on high yield products led to revenue growth with income from operations growing from ₹ 77,114.56 Lakh in the year ended March 31, 2016 to ₹ 4,08,205.22 Lakh in the year under review. Total income has also grown from ₹ 77,284.97 Lakh to ₹ 4,14,497.54 Lakh in the same period.
- Gross portfolio assets recorded growth from ₹ 5,15,203 Lakh as at March 31, 2016 to ₹ 29,24,445.12 Lakh as at March 31, 2017.
- Net worth of the Company as on March 31, 2017 was ₹ 6,87,938.89 Lakh and ₹ 63,196.89 Lakh as on March 31, 2016.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Directors have considered it financially prudent in the long-term interest of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, Credit Analysis and Research Limited ("CARE") and ICRA Limited had reviewed the ratings on various issues of non-convertible debentures ("NCDs") and reaffirmed these at AA+ [Double A Plus] rating. The said rating agencies, have also reaffirmed the ratings assigned to the unsecured NCDs issued by the Company, in the nature of perpetual debt, at "CARE AA" (Double A) by CARE and "ICRA AA" (Double A) by ICRA Limited. All these ratings carry a stable outlook.

CARE has also reaffirmed the rating assigned to the commercial papers issued by the Company at A1+ (A One Plus) and its borrowings by way of loan from various banks at AA+ [Double A Plus], with a "Stable" outlook.

The instruments/bank facilities with long term ratings of AA+ are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The instruments with short term ratings of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

RESOURCES

During the year under review, the Company met its funding requirements through issue of NCDs, Commercial Papers ("CPs"), Inter Corporate Deposits ("ICDs") and Bank borrowings from Banks.

During the year, the net borrowings have increased from ₹ 4,492.61 Crore as at March 31, 2016 to ₹ 23,468.25 Crore as at March 31, 2017, primarily due to merging of the other entities.

The aggregate debt (NCDs, CPs and Bank borrowings) outstanding as on March 31, 2017 was ₹ 27,960.86 Crore.

SHARE CAPITAL

During the year under review, in accordance with the terms of scheme of amalgamation of L&T Finance Limited ("LTF") and L&T FinCorp Limited ("LTFC") with the Company, the Authorised Capital of the Company was increased from ₹ 3,64,30,96,100 (Rupees Three Hundred Sixty Four Crore Thirty Lakh Ninety Six Thousand and One Hundred Only) divided into 35,43,09,610 equity shares of ₹ 10/- each and 10,00,000 preference shares of ₹ 100/- each to ₹ 26,64,30,96,100 (Rupees Two Thousand Six Hundred Sixty Four Crore Thirty Lakh Ninety Six Thousand and One Hundred Only) divided into 2,65,43,09,610 equity shares of ₹ 10/- each and

10,00,000 preference shares of ₹ 100/- each. During the year, the Company issued and allotted 1,23,57,37,684 (One Hundred Twenty Three Crore Fifty Seven Lakh Thirty Seven Thousand Six Hundred and Eight Four) equity shares to L&T Finance Holdings Limited i.e. the shareholder of LTF and LTFC in terms of the scheme of amalgamation.

As on March 31, 2017, the paid-up share capital of the Company stands at ₹ 1440,04,72,940 (Rupees One Thousand Four Hundred and Forty Crore Four Lakh Seventy Two Thousand Nine Hundred and Forty Only) divided into 1,44,00,47,294 (One Hundred and Forty Four Crore Forty Seven Thousand Two Hundred and Ninety Four) equity shares of ₹ 10/- each.

FIXED DEPOSITS

The Company being a Non- Deposit taking Non Banking Financial Company ("NBFC") has not accepted any deposits from the public during the year under review.

DIRECTORS

During the year under review, Mr. N. Sivaraman and Mr. Kailash Kulkarni, Non – Executive Directors, had resigned from the Board with effect from April 12, 2016 and March 17, 2017, respectively. The Board places on record its appreciation of the valuable service rendered by them during their tenure as Directors of the Company.

The Board of Directors of the Company has appointed effective March 18, 2017:

- Mr. Y. M. Deosthalee, as an Additional Director and designated him as the Chairperson of the Company and the Board. Mr. Deosthalee holds office up to the date of forthcoming Annual General Meeting ("AGM"). His candidature for appointment as a Director would be placed before the forthcoming AGM and he will be liable to retire by rotation.

- Mr. P. V. Bhide, as an Additional Director in the Independent category, who qualified for the said position, pursuant to the provisions of Section 149(6) of the Companies Act, 2013 ("the Act"). The Members may further note that Mr. P. V. Bhide possesses relevant expertise and experience and fulfills the criteria pertaining to Independent Directors as stated in Section 149 (6) of the Act, for being appointed as an Independent Director. Mr. Bhide holds office up to the date of forthcoming AGM. His candidature for appointment as Independent Director would be placed before the forthcoming AGM.

- Mr. Pavninder Singh, as an Additional Director of the Company, in terms of the provisions of Section 161 of the Act. The appointment of Mr. Singh was pursuant to the terms and conditions of the 'Investor Agreement' which the promoter of the Company i.e. L&T Finance Holdings Limited ("LTFH") had entered into with BC Investments VI Limited and BC Asia Growth Investments, in connection with the raising of funds by issuing equity shares/ warrants on a private placement basis. Pursuant to the merger / amalgamation of L&T Finance Limited and L&T FinCorp Limited with the Company, the Company has become a material subsidiary of LTFH. Mr. Singh holds office up to the date of forthcoming AGM. His candidature for appointment as director would be placed before the forthcoming AGM and he will not be liable for retirement by rotation.

Further, Mr. Dinanath Dubhashi was appointed as the Chairperson of the Board of the Company with effect from July 21, 2016.

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors. As on March 31, 2017, the Board comprises the following Directors:

Mr. Y.M. Deosthalee	Non-Executive Director, Chairperson
Mr. P. V. Bhide	Independent Director
Mr. Mannil Venugopalan	Independent Director
Dr. (Mrs.) Rajani R. Gupte	Independent Director
Mr. Dinanath Dubhashi	Non – Executive Director
Mr. Pavninder Singh	Non – Executive Director
Mr. Prabhakar B.	Non – Executive Director

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Mr. Prabhakar B. Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

Terms and conditions of appointment of Independent Directors are placed on the website of the Company http://www.ltfs.com

DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149 (6) of the Act and are not disqualified from continuing as Independent Directors.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Further, all the Directors meet the Fit and Proper criteria stipulated by RBI pursuant to the revised regulatory framework notified during the year.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Vamshidhar Chevendra had resigned as the Manager of the Company, and Mr. Muralidharan R. was appointed as a Manager with effect from April 29, 2016. Further, Mr. Muralidharan R. had stepped down as the Manager of the Company and Mr. Sunil Prabhune was appointed as the Manager of the Company with effect from February 13, 2017.

During the year under review, Mr. Saurabh Zawar had resigned as Head – Accounts, to take up other responsibilities within Group and Ms. Sonika Kapoor was appointed as Head – Accounts to discharge the functions of Chief Financial Officer and was accordingly designated as Key Managerial Personnel (“KMP”) with effect from April 6, 2016. Further, Ms. Sonika Kapoor had stepped down as Head– Accounts and Mr. Amol Joshi was appointed as Head – Accounts and designated as KMP with effect from October 21, 2016, to discharge duties as required to be performed by a Chief Financial Officer under the Act.

Accordingly, as at March 31, 2017, the Company has the following KMP:

1) Mr. Sunil Prabhune – Manager
2) Mr. Amol Joshi – Head– Accounts
3) Mr. Amit Bhandari – Company Secretary

COMPANY’S POLICY ON DIRECTORS’ APPOINTMENT AND REMUNERATION

A) Background

Section 178 of the Companies Act, 2013 (“the Act”) requires the Nomination and Remuneration Committee (“NRC”) of the Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel (“KMP”) and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board’s Report shall include a statement on Company’s Policy on directors’ appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors’ appointment and remuneration for Directors, KMP and other employees.

B) Brief Framework of the Policy

The objective of this Policy is:

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors, and Senior Management;

c) to lay down criteria/evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, KMPs and other employees.

C) Appointment of Director(s)

The NRC identifies and ascertain the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, as the case may be. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before their appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-Time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule

V and rules there under. The NRC ensures that a person does not occupy position as a Managing Director/Whole-Time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment shall be made earlier than one year before the expiry of term.

The Company has framed a Code of Conduct for its Directors. The Directors have to abide by the Code of Conduct and ensure compliance of the same.

D) Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/ Employees

- Non-Executive Directors/Independent Directors

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & attendance – Board and Committee Meetings
  - Contribution during such meetings
  - Active participation in strategic decision making
  - Inputs to executive management on matters of strategic importance
  - Such other matters as the NRC/Board may determine from time to time

- Senior Management/ Key Managerial Personnel/ Employees

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the KMP/Senior Management Personnel/ Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E) Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback provided to each Director.

CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. The report on Corporate Governance for the year under review is appended as **'Annexure A'**.

In accordance with the master circular issued by RBI on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015", the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twenty Third AGM held on June 15, 2016 has appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twenty Third AGM till the conclusion of the Twenty Eighth AGM.

Further, in terms of section 139(1) of the Act, the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the members at the ensuing Twenty Fourth AGM.

In this regard, the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Alwyn Jay & Co., Company Secretaries to undertake the Secretarial Audit of the Company for the Financial Year 2016-17.

The Secretarial Audit Report is appended as **'Annexure B'** to this Report.

There is no adverse remark, qualification or reservation in the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended herewith as **'Annexure C'**.

In terms of the first proviso to the provisions of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the employees listed in the said annexure is related to any Directors of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Considering the Company being a NBFC, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year, there were no foreign exchange earnings (previous year ₹ Nil). The expenditure in foreign currency was ₹ 15.02 Lakh (previous year ₹ 2.58 Lakh) for professional fees and ₹ 1.08 Lakh (previous year ₹ 1.11 Lakh) for software license fees.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. It has no subsidiary and joint venture company.

Pursuant to the merger of LTFS group entities with the Company, Grameen Capital India Private Limited has become an Associate of the Company. During the financial year 2015 - 2016, L&T Finance Limited (now merged with the Company) had invested ₹ 2.13 Crore into the equity share capital, constituting 26% of the paid up capital of Grameen and ₹ 3.87 Crore in compulsorily convertible preference shares.

Further, pursuant to merger of LTFS group entities with the Company, the shares held by transferee companies have been transferred to the Company, and now it holds 28.28% of equity share of L&T Infra Debt Funds Limited.

The disclosures required to be made under Rule 8(1) and Rule 8(5)(iv) of the Companies (Accounts) Rules, 2014 relating to associate company are enclosed to this report as **'Annexure D'**.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Such system forms a part of review by the Internal Audit functions. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of LTFS monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee from time to time.

BOARD MEETINGS

During the financial year 2016-2017, 7 (seven) Board meetings were held on April 6, 2016, April 29, 2016, July 21, 2016, October 21, 2016, January 20, 2017, February 13, 2017 and March 21, 2017.

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act and RBI directions. The details of the same are disclosed in the Corporate Governance Report.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE:

In accordance with the requirements of Section 135 of Companies Act, 2013, the Company has constituted the CSR Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report. The Company has also formulated a Corporate Social Responsibility Policy which is available on the website of the Company at www.ltfs.com.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **'Annexure E'** to this Report.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up "Whistle Blower Investigation Committee" ("the Committee"). The Chairperson of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on aforesaid matter. The Chief Internal Auditor of L&T Financial Services is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at www.ltfs.com.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE OR GUARANTEE OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and security provided, if any, as covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 17, 2014 had approved the policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The same is also available on the website of the Company http://www.ltfs.com The RPT policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has formulated a risk management framework to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee.

The Risk Management framework is also covered in detail in Management Discussion & Analysis Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaint in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **'Annexure F'** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

During the year under review, orders were received from the Hon'ble High Court of Calcutta and National Company Law Tribunal, Mumbai Bench ("NCLT") dated November 28, 2016 and January 24, 2017 respectively, approving the scheme of amalgamation of L&T Finance Limited and L&T FinCorp Limited with the Company, which interalia provided that post merger, the name of the amalgamated company i.e. Family Credit Limited be changed to L&T Finance Limited.

No penalties have been levied by RBI/any other Regulators during the year under review.

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

RBI REGULATION

The Company has complied with all the applicable regulations of RBI as on March 31, 2017.

OTHER DISCLOSURES

During the year under review, the Company has obtained Corporate Agency License from Insurance Regulatory and Development Authority ("IRDA") for distribution of Insurance Products. Further, the Company has not obtained any registration/license/authorisation, by whatever name called from any other financial sector regulators.

The Company has applied to the Regional Director, Eastern Region, Ministry of Corporate Affairs for the shifting of its registered office from the State of West Bengal to the State of Maharashtra and is awaiting approval.

ACKNOWLEDGEMENT

Your Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, BSE Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. Your Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Dinanath Dubhashi	**Prabhakar B.**
Non – Executive Director	Non – Executive Director
DIN 03545900	DIN 02101808

Place : Mumbai
Date : May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this report, the Board comprises seven Non-Executive Directors including three Independent Directors viz. Mr. Y. M. Deosthalee, Mr. P. V. Bhide, Mr. Mannil Venugopalan, Dr. (Mrs.) Rajani R. Gupte, Mr. Dinanath Dubhashi, Mr. Prabhakar B. and Mr. Pavninder Singh.

During the year, Mr. N. Sivaraman and Mr. Kailash Kulkarni, had stepped down as Directors of the Company. Further, Mr. Y. M. Deosthalee, Mr. P. V. Bhide and Mr. Pavninder Singh were appointed as Additional Directors on the Board of the Company with effect from March 18, 2017, to hold the office till the conclusion of the forthcoming Annual General Meeting.

Mr. Y. M. Deosthalee was appointed as the Chairperson of the Board and Company with effect from March 18, 2017.

While Mr. Dinanath Dubhashi, Mr. Prabhakar B., Mr. Y. M. Deosthalee and Mr. Pavninder Singh are Non-Executive Directors on the Board of the Company; Mr. Mannil Venugopalan, Dr. (Mrs.) Rajani R. Gupte and Mr. P. V. Bhide are Independent Directors on the Board.

During the FY 2016-17, 7 (seven) meetings of the Board of Directors were held on April 6, 2016, April 29, 2016, July 21, 2016, October 21, 2016, January 20, 2017, February 13, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Y. M. Deosthalee(1)	00001698	C	7	1
Mr. Dinanath Dubhashi	03545900	NED	7	7
Mr. P. V. Bhide(1)	03304262	ID	7	1
Mr. Mannil Venugopalan	00255575	ID	7	7
Dr. (Mrs.) Rajani R. Gupte	03172965	ID	7	6
Mr. Prabhakar B	02101808	NED	7	7
Mr. Pavninder Singh(1)	03048302	NED	7	1
Mr. Kailash Kulkarni(2)	07242982	NED	7	4

Notes:
(1) Appointed as Directors on the Board of the Company with effect from March 18, 2017.
(2) Ceased to be a Director with effect from March 17, 2017.

C - Chairperson ID - Independent Director NED - Non-Executive Director

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The five core Committees constituted by the Board in this connection are:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors
- Stakeholders Relationship Committee

The details of various Committees of the Company and their composition, as on the date of the report, are as under:

1) Audit Committee

The Audit Committee has been set up pursuant to the provisions of Section 177 of the Companies Act, 2013, as well as the RBI directions for Non-Banking Financial Companies ("NBFCs"). During the FY 2016-17, the Committee was re-constituted. Further, during the FY 2016-17, the Committee met 7 (seven) times, i.e. April 6, 2016, April 28, 2016, July 20, 2016, October 21, 2016, December 7, 2016, January 20, 2017 and March 21, 2017. The Committee comprises the following Members:

- Mr. P. V. Bhide – Chairperson
- Dr. (Mrs.) Rajani R. Gupte
- Mr. Dinanath Dubhashi

The attendance of the Members of the Audit Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Mr. Mannil Venugopalan(1)	7	6
Mr. P. V. Bhide (2)	7	1
Dr. (Mrs.) Rajani R. Gupte	7	6
Mr. Dinanath Dubhashi(3)	7	4
Mr. Kailash Kulkarni(4)	7	3

Notes:
(1)Ceased to be a Member with effect from March 18, 2017.
(2)Appointed as a Member with effect from March 18, 2017.
(3)Ceased to be a Member with effect from July 21, 2016 and again appointed as a Member with effect from March 18, 2017.
(4)Ceased to be a Member with effect from March 17, 2017

Role of the Committee:

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013.

Terms of reference of the Committee are as follows:

i. Recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii. Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process;

iii. Examine the financial statement and the auditors' report thereon;

iv. Approval or any subsequent modification of transactions of the Company with related parties;

v. Scrutiny of inter-corporate loans and investments;

vi. Valuation of undertakings or assets of the Company, wherever it is necessary;

vii. Evaluation of internal financial controls and risk management systems;

viii. Monitoring the end use of funds raised through public offers and other related matters;

ix. Functioning of the Vigil Mechanism Framework of the Company;

x. Access to information contained in the records of the Company and external professional advice;

xi. Investigation of any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;

xii. Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;

xiii. Recommendation of appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;

xiv. Discussion with the auditors periodically on internal control systems, scope of audit including observations of the auditors and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system;

xv. Ensure Information System Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI;

xvi. Recommend on financial management including audit report which shall be binding on the Board;

xvii. Investigation into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;

xviii. Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.

The Board had duly accepted the recommendations made by the Audit Committee from time to time.

2) Nomination and Remuneration Committee

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated Fit & Proper Policy for directors' appointment and policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the FY 2016-17, the Committee was re-constituted and met 5 (five) times, i.e. April 28, 2016, July 21, 2016, September 14, 2016, October 21, 2016 and January 20, 2017.

The Committee comprises the following Members:

- Mr. Mannil Venugopalan - Chairperson
- Dr. (Mrs.) Rajani R. Gupte
- Mr. Y. M. Deosthalee
- Mr. Dinanath Dubhashi

The attendance of the Members of the Nomination and Remuneration Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Nomination and Remuneration Committee Meetings held during the year	No. of Nomination and Remuneration Committee Meetings attended
Mr. Mannil Venugopalan	5	4
Dr. (Mrs.) Rajani R. Gupte	5	5
Mr. Y. M. Deosthalee[1]	-	-
Mr. Dinanath Dubhashi	5	5

Note:
[1]Appointed as a Member with effect from March 18, 2017.

Role of the Committee:

Terms of reference of the Committee are as follows:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Ensure that:
  a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.
- Ensure fit and proper status of existing/ proposed reference directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.
- Undertake process of due diligence undertaken at the time of initial appointment and also prior to reappointment.
- Decide based on the information provided in the declaration, the acceptance (and/or otherwise) and may make references where considered necessary to the appropriate person/authority to ensure their compliance with the requirements indicated.
- Obtain annual declaration confirming that the information already provided had not undergone change and if there is any change requisite details would be furnished by the directors forthwith.
- Focus on evaluating senior level employees their remuneration, promotion etc.

3) Corporate Social Responsibility Committee

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility ("CSR") Committee. During the year, the Committee was re-constituted. During the FY 2016-17, the Committee met 1 (one) time, i.e. September 14, 2016. The Committee comprises the following Members:

- Mr. Y. M. Deosthalee - Chairperson
- Mr. Mannil Venugopalan
- Mr. Dinanath Dubhashi

The attendance of the Members of the CSR Committee at the Meeting held during the FY 2016-17 is as follows:

Name of the Director	CSR Committee Meetings held during the year	No. of CSR Committee Meetings attended
Mr. Y. M. Deosthalee[1]	-	-
Mr. Dinanath Dubhashi	1	1
Mr. Mannil Venugopalan	1	-
Mr. Kailash Kulkarni [2]	1	1

Notes:
[1] Appointed as Member with effect from March 18, 2017.
[2] Ceased to be a Member with effect from March 17, 2017.

Role of the Committee:

i. Formulation of CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Companies Act, 2013 and recommendation of the same to the Board;

ii. Determine the amount to be spent on CSR from time to time and recommend the same to the Board;

iii. Monitoring the CSR Policy of the Company from time to time.

4) Committee of Directors ("COD")

During the year, the Committee was re-constituted. The Committee comprises the following Members:

- Mr. Y. M. Deosthalee
- Mr. Pavninder Singh
- Mr. Dinanath Dubhashi

Role of the Committee:

The COD is entrusted with the powers of general management of the affairs of the Company.

The Committee of Directors met 22 (twenty-two) times during the FY 2016-2017.

5) Stakeholders Relationship Committee

In terms of the requirement of Companies Act, 2013, the Company has constituted the Stakeholders Relationship Committee on March 18, 2017. During the FY 2016-17, there was no meeting of the Committee.

The Committee comprises the following Members:

- Mr. Dinanath Dubhashi – Chairperson
- Mr. Sunil Prabhune
- Mr. Sachinn Joshi

Role of the Committee:

The role of the Committee inter-alia is to consider and resolve the grievances of the Debenture holders and any other security holders from time to time.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 29, 2016 and October 21, 2016, pursuant to the provisions of the Act.

REMUNERATION TO DIRECTORS

The Non-Executive Directors on the Board (except those Directors who were in the services of L&T Financial Services Group) are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meetings attended	Sitting Fees for Committee Meetings attended@	Commission	Total
Mr. Mannil Venugopalan	1,80,000	2,00,000	12,00,000	15,80,000
Mr. P. V. Bhide#	20,000	20,000	-	40,000
Dr. (Mrs.) Rajani R. Gupte	1,60,000	2,20,000	8,95,000	12,75,000
Mr. Prabhakar B.	1,40,000	-	7,25,000	8,65,000
Mr. Pavninder Singh#	20,000	-	-	20,000

@ *Includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.*

Appointed as Directors on the Board of the Company with effect from March 18, 2017.

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board members about the restriction on number of other directorships and expects them to comply with the same.

RESPONSIBILITIES OF THE BOARD

The operation of the Company are run by the Manager under the supervision and guidance of the Board.

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

Your Company ensures necessary training to the Directors relating to its business through formal/ informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/

discharge his duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

DEBENTURE TRUSTEES

The debenture trustees of the Company are:

IDBI Trusteeship Services Limited
Asian Building, Ground Floor, 17,
R. Kamani Marg, Ballard Estate,
Mumbai – 400001.
Tel: +91 022-4080 7000
Fax: +91 022-663I 1776
E-mail: itsl@idbitrustee.com
Website: www.idbitrustee.com

Catalyst Trusteeship Limited (erstwhile GDA Trusteeship Limited)
GDA House, Plot No 85, Bhusari Colony (Right),
Paud Road, Pune - 411 038.

Tel: +91 020 2528 0081
Fax: +91 020 2528 0275
E-mail: dt@ctltrustee.com
Website: www.catalysttrustee.com

DISCLOSURES

During the Financial Year ended March 31, 2017:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of the Companies Act, 2013, the Company has implemented all Sections as applicable to it and accordingly, it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

Means of Communication

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submit "Half Yearly Communication" to Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Reports are displayed on the website of the Company http://www.ltfs.com.

Place: Mumbai
Date: May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
L&T Finance Limited (Erstwhile known as Family Credit Limited)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Finance Limited** (hereinafter called "the Company"). Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on our verification of Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of Secretarial Audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment,Overseas Direct Investment and External Commercial Borrowings **- Not applicable to the Company.**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 **- Not applicable to the Company;**

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 **- Not applicable to the Company;**

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 **- Not applicable to the Company;**

  d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 **- Not applicable to the Company;**

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client **- Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 **- Not applicable to the Company; and**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998

(vi) Other specific business/industry related laws are applicable to the company, viz.:

The Company has complied with the provisions of Prevention of Money Laundering Act 2002 and guidelines issued by Reserve Bank of India, Non- Banking Finance Companies Regulations issued by the Reserve Bank of India and notifications, other directions issued by the Reserve Bank of India. Further, the Company has complied with the applicable general laws, rules, regulations and guidelines.

We have also examined the compliance with-

(i) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, with respect to the Company's listing of Non-Convertible Debentures.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards Mentioned above.

We further report that –

(a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors;

(b) the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

(c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

(d) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

(i) On 7th April, 2016, the members at the Extra-Ordinary General Meeting had approved issuance of Non-Convertible Debentures/ Bonds to various investors from time to time on private placement basis up to ₹ 6000 Crores in aggregate pursuant to the provisions of Section 42 and 71 of the Companies Act, 2013.

(ii) On 7th April, 2016, the members at the Extra-Ordinary General Meeting had approved the alteration of the Memorandum of Association of the Company pursuant to the provisions of Section 13 and 14 of the Companies Act, 2013.

(iii) On 7th April, 2016, the approval of the members at the Extra-Ordinary General Meeting was obtained for adoption of new sets of Articles of Association in substitution and to the entire exclusion of the Articles contained in the existing Articles of Association of the Company pursuant to the provisions of Section 14 of the Companies Act, 2013.

(iv) On 10th November, 2016, approval of the members at the Extra-Ordinary General Meeting was obtained for revision in the borrowing limits to the extent of sum of ₹ 47,000 Crore under Section 180(1)(c) of the Companies Act, 2013

(v) On 10th November, 2016, the members at the Extra-Ordinary General Meeting had accorded their approval to offer, issue and allot, in one or more tranches, Secured or Unsecured Non-convertible Debentures/ Bonds on Private Placement basis, during the financial year 2016-17, for an amount not exceeding ₹ 23,000 Crore pursuant to the provisions of Section 42 and 71 of the Companies Act, 2013.

(vi) The Company has obtained necessary approval from the Hon'ble High Court of Judicature at Calcutta for the amalgamation of L&T Finance Limited, L&T Fincorp Limited with the Company.

(vii) On 13th February, 2017, the members at the Extra-Ordinary General Meeting had approved the change of name of the Company from Family Credit Limited to L&T Finance Limited.

Place : Mumbai
Date : 24th April, 2017

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.[Certificate of Practice No.7991]

[Vijay Sonone FCS.7301]
(Partner)

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the company for the financial year.(1)</td><td colspan="2">Not Applicable</td></tr>
<tr><td>2</td><td>The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)</td><td colspan="2">Manager – Not Applicable(2)
Chief Financial Officer (Head - Accounts) - Not Applicable(2)
Company Secretary - 7%</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year.</td><td colspan="2">The median remuneration of employees in the financial year was increased by 4.4 %</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of company.</td><td colspan="2">8,261 employees</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</td><td>Employees other than managerial personnel</td><td>Managerial Personnel</td></tr>
<tr><td>6%</td><td>Not Applicable(2)</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per remuneration policy of the Company</td><td colspan="2">We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.</td></tr>
</table>

(1) For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.

(2) Drew their remuneration from another company within the L&T Financial Services Group.

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

Form AOC-I

(Statement pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries,associate companies and joint ventures

Part A: Subsidiaries: Not Applicable

Part B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act , 2013 related to Associate Companies and Joint Ventures

Name of Associates		Grameen Capital India Pvt. Ltd.	L&T Infra Debt Fund Ltd.
1.	Latest audited balance sheet date	March 31, 2016	March 31, 2017
2.	Date on which the Associate or Joint Venture was associated or acquired	-	-
3.	Shares of associates held by the company as at March 31,2017		
	Number of Shares	2,126,000	133,133,329
	Amount of investment in Associates (₹ lakh)	212.60	15,670.00
	Extend of Holding %	26 % of shareholding	28.29% of shareholding
4.	Description of significant influence	26 % of shareholding	28.29% of shareholding
5.	Reason of non consolidation of the associate	NA	NA
6.	Networth attributable to shareholding as per latest audited balance sheet (₹ lakh)	NA	19,902.55
7.	Profit/ Loss for the year 2016-17		
	i. Considered in Consolidation (₹ lakh)	-	2,662.00
	ii. Not Considered in Consolidation (₹ lakh)	-	-

Names of associates or joint ventures which are yet to commence operations

(i) Nil

Names of associates or joint ventures which have been liquidated or sold during the year.

(i) Nil

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")
(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

As required under Section 135(4) of the Companies Act, 2013 ("the Act") and Rule 9 of the Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs :**

   L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at http://www.ltfs.com.

2) **Composition of CSR Committee:**

   The Composition of CSR is disclosed in the Corporate Governance Report.

3) **Average Net Profit of the Company for the last three financial years is ₹ 10,418.80 Lakh.**

4) **Prescribed CSR Expenditure and details of CSR spend :**

Particulars	**(₹ in Lakh)**
Prescribed CSR Expenditure	208.38
Amount spent as CSR	208.51
Amount unspent	---

5) **Manner in which amount spent during the financial year:** **(₹ in Lakh)**

Sr. No.	**CSR project or activity identified**	**Sector in which project is covered**	**Projects or program coverage**	**Amount outlay (budget) project or programs wise**	**Amount spent on the projects or programs. Sub heads- (a) Direct Expenditure & (b) Overheads**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Rural Development & women empowerment project through livelihoods generation	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	State: Madhya Pradesh Districts: Betul & Hoshangabad	96.35	96.35	96.35	Indirect**
2	Quality Education through supporting best practices in Zila Parishad schools	ii) Promoting Education	State: Maharashtra District: Pune	15.00	15.00	15.00	Indirect**
3	Quality Education through Govt school support	ii) Promoting Education	State: Tamil Nadu District: Dharmapuri	48.00	48.00	48.00	Indirect**
4	Promotion of Road Safety among muncipal school children & larger eco system; training and deployment of community youth as traffic wardens	ii) Promoting Education ii) Livelihoods enhancement project	State: Maharashtra District: Mumbai	20.63	20.63	20.63	Indirect**

Sr. No.	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Program Coverage	Amount Outlay (budget) project or Programs wise	Amount Spent on the Projects or Programs. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency
5	Rural Development Project for Tamilnadu flood relief and rehabilitation	(x) rural development projects	State: Tamil Nadu District: Cuddalore	1.26	1.26	1.26	Indirect**
6	Community Development through digital & financial literacy	ii) Promoting education	State: Tamil Nadu District: Chennai State: Maharashtra District: Mumbai State: Karnataka District: Bangalore State : Delhi District : Delhi	3.35	3.35	3.35	Indirect**
7	Rural development through - Watershed Management- drought relief Project	(x) rural development projects	State: Maharashtra District: Beed	23.65	23.65	23.65	Indirect**
8	CSR Administration, NGO capacity building	Capacity building	State: Maharashtra District: Beed	0.27	0.27	0.27	Direct*
	Total CSR Spend in FY 16-17			208.51	208.51	208.51	

Note:

Direct* = CSR projects/ initiatives directly implemented by the Organisation.

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For L&T Finance Limited
(Erstwhile Family Credit Limited)

Y. M. Deosthalee
Non-Executive Director
& Chairperson of the CSR Committee
DIN: 00001698

ANNUAL REPORT 2016-17 - ANNEXURE 'F' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS

I	CIN	U65910WB1993FLC060810
II	Registration Date	24-11-1993
III	Name of the Company	L & T Finance Limited (erstwhile Family Credit Limited)
IV	Category/Sub-category of the Company	Company Limited by Shares
V	Address of the Registered office & contact details	Technopolis, 7th Floor, A Wing, Plot No.4, Block-BP, Sec-V, Salt Lake, Kolkata – 700091 Tel: +91 22 66217300/7400
VI	Whether listed company	Yes (Only Debentures are listed)
VII	Name, Address & contact details of the Registrar& Transfer Agent, if any.	Mr. Ganesh Jadhav Assistant Vice President M/s. Link Intime (India) Private Limited C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6262 Email Id: ganesh.jadhav@linkintime.co.in

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Non-Banking Finance Company (NBFC)	64990	100%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited[1] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India	L67120MH2008PLC181833	Holding Company	100%	2(46)
2	L&T Infra Debt Fund Limited Plot No 177, CTS No. 6970, 6971, Vidyanagari Marg, CST Road, Kalina, Santacruz(east), Mumbai - 400098	U67100MH2013PLC241104	Associate Company	28.29%	2(6)
3	Grameen Capital India Private Limited 402, 36 Turner Road, Bandra (West), Mumbai - 400050	U65923MH2007PTC168721	Associate Company	26%	2(6)

(1) Change of registered office effective June 15, 2017

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	----	7 *	7*	0.00	---	7*	7*	0.00	----	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	15,43,09,603	5,00,00,000	20,43,09,603	100	1,44,00,47,287	-----	1,44,00,47,287	100	--	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL:(A) (1)	**15,43,09,603**	**5,00,00,007**	**20,43,09,610**	**100**	**1,44,00,47,287**	**7***	**1,44,00,47,294**	**100**	**---**	**-----**
(2) Foreign	-	-	-	-	-	-	-	-	-	-
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other…										
SUB TOTAL (A) (2)	-	-	-	-	-	-	-	-	-	-
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**15,43,09,603**	**5,00,00,007**	**20,43,09,610**	**100**	**1,44,00,47,287**	**7***	**1,44,00,47,294**	**100**	**---**	**-----**
B. PUBLIC SHAREHOLDING	-	-	-	-	-	-	-	-	-	-
(1) Institutions	-	-	-	-	-	-	-	-	-	-
a) Mutual Funds										
b) Banks/FI										
c) Central Govt.										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIs										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):	-	-	-	-	-	-	-	-	-	-
(2) Non Institutions	-	-	-	-	-	-	-	-	-	-
a) Bodies corporate										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):	-	-	-	-	-	-	-	-	-	-
Total Public Shareholding (B)= (B)(1)+(B)(2)	-	-	-	-	-	-	-	-	-	-
C. Shares held by Custodian for GDRs & ADRs	-	-	-	-	-	-	-	-	-	-
Grand Total (A+B+C)	**15,43,09,603**	**5,00,00,007**	**20,43,09,610**	**100**	**1,44,00,47,287**	**7***	**1,44,00,47,294**	**100**	**--**	**-----**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 members jointly with L&T Finance Holdings Limited

(ii) SHARE HOLDING OF PROMOTERS

Sr. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	20,43,09,610*	100	--------	1,44,00,47,294*	100.00	--------	--------
	Total	**20,43,09,610***	**100.00**	**--------**	**1,44,00,47,294***	**100.00**	**--------**	**--------**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 members jointly with L&T Finance Holdings Limited.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)

Sr. No.	Particulars	Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	20,43,09,610*	100		
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	-	-	1,23,57,37,684 (shares allotted pursuant to scheme of amalgamation of fellow subsidiary companies)	100
3	At the end of the year	-	-	1,44,00,47,294*	100

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 7 shares are held by 7 members jointly with L&T Finance Holdings Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs): Nil

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	-	-	-	-
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	-	-	-	-
3	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors & Key Managerial Personnel

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year:	1*	0	1*	0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year:	2*	0	2*	0

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, shares held jointly with L&T Finance Holdings Limited.

V. INDEBTEDNESS

(₹ In Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	12,54,169.12	10,14,617.00	-	**22,68,786.12**
ii) Interest due but not paid	-	-	-	**-**
iii) Interest accrued but not due	51,381.97	2,846.32	-	**54,228.29**
Total (i+ii+iii)	**13,05,551.09**	**10,17,463.32**	**-**	**23,23,014.41**
Change in Indebtedness during the financial year				
Additions	45,16,169.62	1,28,55,769.60	-	**1,73,71,939.22**
Reduction	46,35,919.53	1,22,08,985.60	-	**1,68,44,905.13**
Net Change	**(1,19,749.906)**	**6,46,784.00**	**-**	**5,27,034.09**
Indebtedness at the end of the financial year				
i) Principal Amount	11,34,419.21	16,61,401.00	-	**27,95,820.21**
ii) Interest due but not paid	-	-	-	**-**
iii) Interest accrued but not due	52,345.60	2,570.57	-	**54,916.17**
Total (i+ii+iii)	**11,86,764.80**	**16,63,971.57**	**-**	**28,50,736.38**

The figures shown in the above table for April 1, 2016 and March 31, 2017 are of the merged entity.

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr. No.	Particulars of Remuneration	Name of the MD/WTD/Manager			Total Amount (₹)
		Mr. Vamshidhar Chevendra (Manager)(1)	Mr. Muralidharan Rajamani (Manager)(2)	Mr. Sunil Prabhune (Manager)(3)	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	4,63,130	NA	16,83,374	**21,46,504**
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	3,771	**3,771**
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	**-**
2	Stock option	-	-	-	**-**
3	Sweat Equity	-	-	-	**-**
4	Commission	-	-	-	**-**
--	as % of profit	-	-	-	**-**
--	others (specify) - Contribution to Provident	-	-	-	**-**
5	Others, please specify – Performance Bonus	-	-		**-**
	Total (A)	**463,130**	**-**	**1,687,145**	**21,50,275**
	Ceiling as per the Act	**₹ 1,50,56,000 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**			

(1) Remuneration data till April 29, 2016.
(2) Mr. Muralidharan drew this remuneration from another company within the L&T Financial Services Group.
(3) Remuneration data from February 13, 2017 to March 31, 2017.

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors			Total Amount (₹)
1	Independent Directors	Mr. Mannil Venugopalan	Dr. (Mrs). Rajani R. Gupte	Mr. P. V. Bhide(1)	
	(a) Fee for attending Board/Committee meetings(2)	3,80,000	3,80,000	40,000	8,00,000
	(b) Commission	12,00,000	8,95,000	-	20,95,000
	(c) Others, please specify	-	-	-	-
	Total (1)	**15,80,000**	**12,75,000**	**40,000**	**28,95,000**
2	Other Non Executive Directors	Mr. Prabhakar B	Mr. Pavninder Singh(1)	-	
	(a) Fee for attending board committee meetings (2)	1,40,000	20,000	-	1,60,000
	(b) Commission	7,25,000	-	-	7,25,000
	(c) Others, please specify.	-	-	-	-
	Total (2)	**8,65,000**	**20,000**	**-**	**8,85,000**
	Total (B)=(1+2)	**-**	**-**	**-**	**37,80,000**
	Total Managerial Remuneration (A+B)	**-**			**59,30,275**
	Overall Ceiling as per the Act	**₹ 3,31,22,000 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**			

(1) Mr. P. V. Bhide and Mr. Pavninder Singh were appointed as Additional Directors on the Board of the Company with effect from March 18, 2017. Hence, payment of commission to them is Nil.

(2) Committee Meeting includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

C. Remuneration To Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No.	Particulars of Remuneration	Key Managerial Personnel					Total
		CEO	Company Secretary	CFO			
		NA	Mr. Amit Bhandari	Mr. Saurab Zawar[1]	Ms. Sonika Kapoor [1]	Mr. Amol Joshi [2]	
1	**Gross Salary**						
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	NA	15,24,474	Not Applicable	Not Applicable	29,22,571	**44,47,045**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-	-	**-**
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-	**-**
2	Stock Option	-					
3	Sweat Equity	-	-	-	-	-	**-**
4	Commission	-	-	-	-	-	**-**
	as % of profit	-	-	-	-	-	**-**
	others, specify	-	-	-	-	-	**-**
5	Others, please specify	-	-	-	-	-	**-**
	Total	**-**	**15,24,474**	**-**	**-**	**29,22,571**	**44,47,045**

[1] *Drew their remuneration from another company within the L&T Financial Services Group.*

[2] *Remuneration data from October 21, 2016 to March 31, 2017.*

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013):

During the year under review, the National Company Law Tribunal (NCLT), Kolkata Bench passed compounding orders with respect to year 2012, in relation to violation of provisions of Section 220 and Section 372A (3) of the Companies Act, 1956.

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (Purchase Managers Indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time. Also the effect of various loan waivers on credit culture in the rural areas is still to be seen.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

RURAL FINANCE

The Company's strength in Rural Finance makes us one of the fastest growing NBFCs in this sector. Your Company is now a single brand under L&T Financial Services (LTFS) offering through multi channels, multiple financing products like Farm Equipment Finance, Two-Wheeler Finance and Microfinance.

Farm Equipment Finance

The tractor industry grew ~15% in FY17 after two continuous years of market contraction. The positive growth was on account of a normal monsoon cycle which has helped reinvigorate the demand in this sector. With monsoons expected to be normal, this industry is expected to grow at ~18-20% this year.

During the year, your Company gained market share, doubling its share of the pie of farm equipment financing to 9.4% in the second half of FY17, from 4.2% in the first half. However, the business witnessed a Y-o-Y contraction by 11% in disbursement, along with a book De-growth of 6%. This trend is expected to reverse in the current year which will help excellent growth in both disbursements and book.

Competitive Advantage

- Proven ability to last through the cycles
- Differentiated value proposition for top dealers
- Analytics driven business mix and channel management
- Technology led sourcing and credit decisioning for superior service proposition

Future Strategy

- Create a right portfolio mix across geographies, Original Equipment Manufacturers (OEMs) and distributors
- Digitise the entire process and provide a differentiated value proposition to the Company partners
- Capture higher counter share at chosen dealers through differentiated value proposition

Two-Wheeler Finance

The two-wheeler industry posted a healthy Y-o-Y growth of 8%. The market in FY18 is expected to remain stable with a demand influenced by structural factors like a growing middle class segment and urbanisation.

Technology - led sourcing along with analytics driven channel segmentation enabled the Company to gain market share. The Company's domain expertise and in-depth knowledge in chosen geographies have laid the foundation of its strong business growth. A well-established network and tie-ups with OEMs enabled your Company to retain a strong market position. In FY17, the two-wheeler finance business witnessed a Y-o-Y growth of 10% in disbursement, along with a book growth of 20%.

Competitive Advantage

- Technology led sourcing and decisioning
- Analytics driven channel selection and differentiated value proposition for top dealers
- Market depth in chosen geographies

Future Strategy

- Enhance TAT proposition through mobility solutions and automated credit decisioning
- Further increase market penetration in our chosen geographies and develop new locations
- Increase market depth by exploring entry into self-financed segment

Microfinance

The microfinance industry has recorded a 26% Y-o-Y growth in FY17. However, there has been a trend of decrease in growth since demonetisation. We believe that the decrease is not entirely attributable to demonetisation as other external factors and vested interests also impacted performance in certain geographies. Industry looks to be cautious and a pause in growth can be expected in the short term.

During FY17, your Company launched mobility solutions, aimed towards improving the operational efficiencies and making the disbursement process simpler. This move enabled your Company to achieve the highest single month disbursement of ₹ 470 Crores in September, 2016. The Company continued its key initiatives of enhancing customer reach, building scalability, and managing risks effectively, attaining process excellence and cost excellence. Microfinance business witnessed a Y-o-Y growth of 39% in disbursement, along with a book growth of 59%.

The post demonetisation period was marked with increased delays in repayments in certain geographies. While the situation has improved significantly from March 2017 onwards, your Company expects stress in some areas to continue for some more time. In line with its conservative polices, your Company has made adequate loan loss provisions in FY17 and will look to continue to do so based on how the situation develops.

Competitive Advantage

- Robust risk management framework
- Best in Industry productivity through differentiated business model
- Proven ability to scale rapidly
- An efficient and technology enabled delivery channel

Future Strategy

- Transform Microfinance into a steady state retail business by moving further towards a technology and analytics driven platform
- Expand into under penetrated new geographies to further enhance customer reach
- Further strengthen risk management framework, processes and systems

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. **Risk Appetite Statement (RAS)**

   A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. **Risk Dashboards & Early Warning Signals (EWS)**

   Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. **Treasury Risk Management**

   This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. **Risk-adjusted Pricing**

   This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing.Thus giving more clarity on value creation by products/portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on internal control systems and their adequacy, refer Board Report.

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 8,261 employees.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

1. **Clarity and Communications of Management Intent**

   The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

2. **A Well-honed Execution Engine**

   Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T FINANCE LIMITED (formerly FAMILY CREDIT LIMITED)

Report on the Standalone Financial Statements

We have audited the accompanying standalone financial statements of L&T FINANCE LIMITED(formerly FAMILY CREDIT LIMITED)(the "Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Standalone Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 (the "Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Emphasis of Matter

We draw attention to note 29.15 of the financial statements which explains the basis for recording interim dividend paid by an amalgamating company in the financial statements of the Company.

Our opinion is not modified in respect of these matters.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit,we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2017taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. To the best of our information and according to the information and explanations given to us, we report that, except where, for reasons explained in note no. 29.14 to the financial statements, the disclosures with regard to the Specified Bank Notes ("SBNs") were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts by the customers for which information relating to SBNs was not available has been classified as "Permitted receipts/ Other Denomination Notes", the Company has provided requisite disclosures in the financial statements as regards its holding and dealings in SBNs, as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained for the purpose of preparation of the financial statements and as produced before us by the management.

2. As required by the Companies (Auditor's Report) Order, 2016 (the "CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, 2nd May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 (the "Act")

We have audited the internal financial controls over financial reporting of L&T FINANCE LIMITED(formerly Family Credit Limited) (the "Company") as of March 31, 2017 in conjunction with our audit of the standalonefinancial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, 2nd May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed and other relevant document which evidences title provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet, except the following:

Particulars of the land and building	Carrying amount as at 31 Mar 2017 ₹ lakh	Remarks
Building located at Baroda	8.33	The title deeds are in the name of L&T FinCorp Limited, erstwhile Company that was merged with the Company in terms of the approval of the Honourable High Courts of judicature.
Building located at Mumbai	3,039.13	The title deeds are in the name of L&T Finance Limited, erstwhile Company that was merged with the Company in terms of the approval of the Honourable High Courts of judicature.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor's Report) Order, 2016 (the "CARO 2016 Order") is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Custom Duty, Excise Duty and corresponding cess during the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, , Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) Details of dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, and Value Added Tax which have not been deposited as on March 31, 2017 on account of disputes are given below:

Name of statute	Nature of dues	Forum where dispute is pending	Period to which the amount relates	Amount involved ₹ lakh	Amount unpaid ₹ lakh
The Central Sales Tax Act, 1956 and Local Sales Tax Acts	Disallowance of exemption claimed for deemed sale in the course of interstate and import transactions	Joint Commissioner (Appeal)	2000-01 2004-05 2007-08 2008-09 2011-12	100.71 111.19 547.27 53.76 366.94	83.21 104.19 513.27 48.39 366.94
		Deputy Commissioner (Appeal)	1995-96 1996-97 1998-99 2000-01 2002-03 2011-12 2012-13	0.40 5.29 1.07 0.31 0.40 27.69 4.16	0.32 4.00 1.07 0.19 - 22.15 3.74
		Tribunal	1996-97 2003-04 2006-07 2007-08	9.78 4.78 17.50 30.03	9.78 4.27 - -
		Appellate Board	2007-08 2010-11	210.19 13.25	210.19 13.25
	Refusal of input tax credit (ITC)	Joint Commissioner (Appeal)	2009-10 2011-12 2012-13 2013-14	16.77 47.83 21.78 9.22	16.77 47.83 19.98 9.22
		High Court	2006-07 to 2013-14	678.14	452.10
	Local hire purchase turnover made taxable	High Court	1999-00	7.05	7.05
Service Tax under Finance Act, 1994	Service tax levied on receipt of interest on delayed payment	Service tax levied on receipt of interest on delayed payment	2005-06 to 2011-12	90.14	90.14

There are no dues of Customs Duty, Excise Duty, and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the information and explanations given to us, money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised. The Company has not raised any funds by way of initial public offer/ further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no materialfraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid / provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is required to be registered under section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Sanjiv V. Pilgaonkar
Partner
(Membership No. 39826)

Mumbai, 2nd May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in Lakh)

		Note No	As at March 31, 2017		As at March 31, 2016	
A.	**EQUITY AND LIABILITIES:**					
1.	**Shareholders' funds**					
	Share capital	**2**	144,004.73		20,430.96	
	Reserves and surplus	**3**	543,934.16		42,765.93	
				687,938.89		63,196.89
2.	**Non-current liabilities**					
	Long-term borrowings	**4**	1,531,439.66		280,398.88	
	Other long term liabilities	**5**	14,792.86		2,280.13	
	Long-term provisions	**6**	8,838.26		911.97	
				1,555,070.78		283,590.98
3.	**Current liabilities**					
	Short-term borrowings	**7**	997,051.60		114,291.66	
	Current maturities of long term borrowings	**4**	254,479.00		54,570.33	
	Trade payables	**8**				
	Total outstanding dues of micro enterprises and small enterprises		-		-	
	Total outstanding dues of creditors other than micro enterprises and small enterprises		6,529.13		1,559.13	
	Other current liabilities	**9**	91,594.75		13,702.96	
	Short-term provisions	**10**	5,018.69		4,818.44	
				1,354,673.17		188,942.52
	Total equity and liabilities			**3,597,682.84**		**535,730.39**
B.	**ASSETS:**					
1.	**Non-current assets**					
	Fixed assets	**11**				
	Tangible assets		16,025.31		295.21	
	Intangible assets		262,143.54		95.44	
	Capital work-in-progress		20.31		-	
	Intangible assets under development		65.42		41.50	
	Non-current investments	**12**	123,624.81		4,190.00	
	Deferred tax assets (net)	**13**	37,253.96		5,169.16	
	Long-term loans and advances	**14**	16,331.71		332.43	
	Long-term loans and advances towards financing activities	**15**	1,781,833.50		277,088.27	
	Other non-current assets	**16**	16,914.26		2,624.58	
				2,254,212.82		289,836.59
2.	**Current assets**					
	Current investments	**17**	186,072.17		171.05	
	Trade receivables	**18**	1,491.84		-	
	Cash and cash equivalents	**19**	29,487.59		4,431.39	
	Short-term loans and advances	**20**	6,056.95		4,468.49	
	Short-term loans and advances towards financing activities	**21**	217,123.82		-	
	Current maturities of long term loans and advances towards financing activities	**15**	829,716.52		226,078.97	
	Other current assets	**22**	73,521.13		10,743.90	
				1,343,470.02		245,893.80
	Total assets			**3,597,682.84**		**535,730.39**
	See accompanying notes forming part of the financial statements	**1 to 29**				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 2, 2017

For and on behalf of board of directors of
L&T Finance Limited (Erstwhile Family Credit Limited)

Dinanath Dubhashi
Director
(DIN : 03545900)

Prabhakar B.
Director
(DIN : 02101808)

Amit Bhandari
Company Secretary
M. No. A25871

Amol Joshi
Head Accounts
(Chief Financial Officer)

Place : Mumbai
Date : May 2, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakh)

		Note No	Year ended March 31, 2017		Year ended March 31, 2016	
A.	**INCOME:**					
1.	Revenue from operations	23	408,205.22		77,114.56	
2.	Other income	24	6,292.32		170.41	
3.	**Total Income (1+2)**			**414,497.54**		**77,284.97**
B.	**EXPENSES:**					
	Finance costs	25	195,951.53		30,599.31	
	Employee benefits expense	26	30,087.20		5,325.85	
	Administration and other expenses	27	36,016.53		16,356.54	
	Allowances and write offs	28	78,833.74		11,304.92	
	Depreciation and amortisation		70,766.80		266.78	
4.	**Total expenses**			**411,655.80**		**63,853.40**
5.	**Profit before tax (3-4)**			**2,841.74**		**13,431.57**
	Tax expense:					
	Current tax			13,783.40		5,542.01
	Deferred tax			(12,545.83)		(849.95)
6.	**Tax expense**			**1,237.57**		**4,692.06**
7.	**Profit after tax (5-6)**			**1,604.17**		**8,739.51**
	Earnings per equity share:	**29.6**				
	Basic earnings per equity share (₹)			0.11		4.28
	Diluted earnings per equity share (₹)			0.11		4.28
	Face value per equity share (₹)			10.00		10.00
	See accompanying notes forming part of the financial statements	**1 to 29**				

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 2, 2017

For and on behalf of board of directors of
L&T Finance Limited (Erstwhile Family Credit Limited)

Dinanath Dubhashi
Director
(DIN : 03545900)

Prabhakar B.
Director
(DIN : 02101808)

Amit Bhandari
Company Secretary
M. No. A25871

Amol Joshi
Head Accounts
(Chief Financial Officer)

Place : Mumbai
Date : May 2, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in Lakh)

		Year ended March 31, 2017	Year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit before tax	**2,841.74**	**13,431.57**
	Adjustments for:		
	Depreciation and amortisation	70,766.80	266.78
	(Profit)/ Loss on sale of investments (net)	(6,175.74)	(58.41)
	(Profit)/ Loss on sale of fixed assets (net)	1,467.19	(2.29)
	Provision for Gratuity	287.94	41.96
	Provision for diminution in value of investments	2,588.18	138.74
	Loss on foreclosure of loans and bad debts write offs	23,764.26	9,018.15
	Provision for non-performing assets	35,900.85	2,945.29
	Provision for standard assets	16,400.22	(347.39)
	Provision for restructured assets	180.23	87.00
	Operating profit before working capital changes	**148,021.67**	**25,521.40**
	Changes in working capital		
	(Increase)/ Decrease in trade and other receivables and advances	10,297.87	(4,459.41)
	Increase/ (Decrease) in trade and other payables	(39,253.36)	4,934.68
	Cash generated from operations	**119,066.18**	**25,996.67**
	Direct taxes paid	(21,359.72)	(2,745.01)
	Loans disbursed (net of repayments)	(345,637.85)	(175,318.77)
	Net cash flow from/(used in) operating activities (A)	**(247,931.39)**	**(152,067.11)**
B.	**Cash flow from investing activities**		
	Add : Inflow from investing activities		
	Proceeds from sale of fixed assets	2,600.75	2.91
	Sale of current investments	161,782.14	135,307.99
	Interest income	5,061.64	-
	Sale of non current investments	810.15	-
		170,254.68	135,310.90
	Less : Outflow from investing activities		
	Purchase of fixed assets (including capital work in progress)	1,613.01	282.59
	Purchase of non current investments	99,250.87	1,890.00
	Purchase of current investments	320,279.95	120,250.00
		421,143.83	122,422.59
	Net cash from/(used in) investing activities (B)	**(250,889.15)**	**12,888.31**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
C. Cash flow from financing activities		
Add : Inflow from financing activities		
Proceeds from long term borrowings	6,650,681.09	1,139,658.91
Net proceeds from short term borrowings	516,454.08	-
	7,167,135.17	**1,139,658.91**
Less : Outflow from financing activities		
Repayments of long term borrowings	6,641,500.06	981,846.54
Net repayments of short term borrowings	-	16,575.49
Shares / Debenture issue expenses	190.23	95.87
Dividend paid (including dividend distribution tax)	16,890.02	-
	6,658,580.31	998,517.90
Net cash generated from/(used in) financing activities (C)	**508,554.86**	**141,141.01**
Net cash increase / (decrease) in cash and cash equivalents (A+B+C)	9,734.32	1,962.21
Cash and cash equivalents as at beginning of the year	4,426.51	2,464.30
Cash and cash equivalent transferred under Scheme of merger	15,321.47	-
Cash and cash equivalents as at end of the year	**29,482.30**	**4,426.51**
Reconciliation of Cash and Cash Equivalents		
Closing Balance as per Balance Sheet	29,487.59	4,431.39
Less : Deposits with original maturity for more than 3 months	5.29	4.88
Cash and cash equivalents as at end of the year	**29,482.30**	**4,426.51**

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Accounting Standard (AS) 3 Cash Flow Statements.
2. Purchase of fixed assets includes movements of capital work in progress during the year.
3. Cash and cash equivalents represent cash and bank balances.
4. Previous year figures have been regrouped/reclassified wherever applicable.
5. Net cash used in operating activities is determined after adjusting the following:

	Year ended March 31, 2017	Year ended March 31, 2016
Interest received	359,663.39	61,118.44
Dividend received	-	-
Interest paid	203,445.92	11,280.25

6. Non cash items:
   Net cash used in investing activities excludes investment aggregating ₹ 2,718.28 lakh (previous year ₹ Nil) acquired against claims.

In terms of our report attached
For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Sanjiv V. Pilgaonkar
Partner

Place : Mumbai
Date : May 2, 2017

For and on behalf of board of directors of L&T Finance Limited (Erstwhile Family Credit Limited)

Dinanath Dubhashi
Director
(DIN : 03545900)

Prabhakar B.
Director
(DIN : 02101808)

Amit Bhandari
Company Secretary
M. No. A25871

Amol Joshi
Head Accounts
(Chief Financial Officer)

Place : Mumbai
Date : May 2, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017

1. Basis of accounting and preparation of financial statements and summary of significant accounting policies

1.1 Basis of accounting and preparation of financial statements

The financial statements of the Company have been prepared in accordance with Generally Accepted Accounting Principles in India (Indian GAAP). The Company has prepared these financial statements to comply in all material respects with the Accounting Standards notified under section 133 of the Companies Act 2013, and the provisions of the Reserve Bank of India ('RBI') as applicable to a non banking financial company. The financial statements have been prepared under historical cost convention on an accrual basis.

The accounting policies adopted in preparation of financial statements are consistent with those used in the previous year.

1.2 Summary of significant accounting policies

1.2.1 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expense during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

1.2.2 Cash flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

1.2.3 Tangible and Intangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets not ready for the intended use on the date of balance sheet are disclosed as "Intangible assets under development".

1.2.4 Depreciation on Tangible Fixed Assets

Depreciation on tangible fixed assets is provided on the straight line method using the rates arrived at based on useful life of the assets prescribed under Schedule II of the Companies Act, 2013 which is also as per the useful life of the assets estimated by the management.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software- 3 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

Particulars	Nature	Useful Life adopted (in years)	Useful Life as per Schedule II (in years)
Plant & Equipments	Operating Lease	8.84	15
Motor car	Operating Lease	6.67	8

Fixed assets costing upto ₹ 5,000 individually are depreciated fully in the year of purchase.

1.2.5 Impairment of tangible and intangible assets

Tangible fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

1.2.6 Investments

Investments which are readily realisable and intended to be held for not more than a year from the date on which such investments are made, are classified as current investments. All other investments are classified as long-term investments. Current investments are valued scrip-wise and depreciation/appreciation is aggregated for each category. Net appreciation in each category, if any, is ignored, while net depeciation is provided for.

Long-term investments are carried at acquisition/amortised cost. Investment in debentures which are, in substance, in the nature of credit substitutes are classified as a part of Loans towards financing activities and are measured in accordance with the criteria applied for the measurement of loans towards financing activities. Provision is made for diminution other than temporary on an individual investment basis.

1.2.7 Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

1.2.8 Other Income

Dividend is accounted when the right to its receipt is established.

1.2.9 Classification and provisioning of loan portfolio

Loans towards financing activities are classified under four categories i.e. (i) Standard Assets (ii) Sub- Standard Assets (iii) Doubtful Assets and (iv) Loss Assets in accordance with RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of advances where interest is not serviced, provision for diminution is made as per parameter applicable to Non-Performing Advances.

Provision on restrcutured advances/corporate debt restructure advances is made at in accordance with the guidelines issued by the RBI.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Provision on standard assets is made as per provisioning policy of the Company subject to minimum as stipulated as in RBI Guidelines or where additional specific risks are identified by the Management, based on such identification.

1.2.10 Retirement and other employee benefits

i) Defined–Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

ii) Defined–Benefits Plans

The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the "Projected Unit Credit" method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the period / year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months, the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

1.2.11 Foreign Currency Transactions

(i) All transactions in foreign currency are recognised at the exchange rate prevailing on the date of the transaction.

(ii) Foreign currency monetary items are reported using the exchange rate prevailing at the close of the financial year.

(iii) Exchange differences arising on the settlement of monetary items or on the restatement of Company's monetary items at rates different from those at which they were initially recorded during the year, or reported in previous financial statements, are recognised as income or as expenses in the year in which they arise.

1.2.12 Borrowing Costs

Borrowing costs include interest and amortisation of ancillary costs incurred. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

1.2.13 Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

1.2.14 Provisions Contingent liabilities and Contingent Assets

(i) A provision is recognised when the company has a present obligation as a result of past event, that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(ii) Contingent Liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

1.2.15 Leases

Where the company is lessee

Operating lease:

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term in accordance with Accounting Standard 19 on 'Leases' as notified under the Rule 7 of the Companies (Accounts) Rules, 2014. Initial direct costs incurred specifically for operating leases are recognised as expenses in the year in which they are incurred.

Where the company is lessor

Finance Lease:

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

Operating Lease:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

1.2.16 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

1.2.17 Employee Stock Option Plan

The Employees Stock Options Scheme ("the Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited).

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest in a graded manner. The options may be exercised with in specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans. Stock options were granted to the employees of the Company during the financial year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The cost incurred by the holding company, in respect of options granted to employees of the Company are being charged to the statement of profit and loss during the period and recovered by the holding Company.

1.2.18 Earnings Per Share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard (“AS”) 20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

1.2.19 Debenture Issue Expenses

Expenses incurred on issue of debentures are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

1.2.20 Share Issue Expenses

Share issue expense is charged to the Statement of Profit and Loss in the year in which it is incurred.

1.2.21 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

2 Share capital

(₹ in Lakh)

(I) Share capital authorised, issued and subscribed

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
Authorised Shares				
Equity shares of ₹ 10 each	2,664,309,610	266,430.96	354,309,610	35,430.96
Preference Shares of ₹ 100 each	1,000,000	1,000.00	1,000,000	1,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each fully paid up	1,440,047,294	144,004.73	204,309,610	20,430.96
		144,004.73		**20,430.96**

(II) Reconciliation of the Number of shares outstanding at the beginning and at the end of the reporting period/year

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
At the beginning of the year	204,309,610	20,430.96	204,309,610	20,430.96
Issued during the year	1,235,737,684	123,573.77	-	-
Outstanding at the end of the year	**1,440,047,294**	**144,004.74**	**204,309,610**	**20,430.96**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(III) Aggregate number and class of shares allotted as fully paid up pursuant to contract(s) without payment being received in cash, bonus shares and shares bought back for the period of 5 years immediately preceding the Balance Sheet date:

Equity Shares	As at March 31, 2017	As at March 31, 2016
	No. of Shares	No. of Shares
Fully paid up pursuant to contract(s) without payment being received in cash	1,235,737,684	-

(IV) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.During the year, the company has declared and paid interim dividedn of ₹ 5.141 per share (previous year : ₹ Nil per equity share).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(V) Shares held by holding company

	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	₹ in lakh	No. of Shares	₹ in lakh
L&T Finance Holdings Limited(Holding company) directly or through it's nominee				
(Equity Shares of ₹ 10 each fully paid)	1,440,047,294	144,004.73	204,309,610	20,430.96

(VI) Details of shareholders holding more than 5% shares in the company

Equity Shares	As at March 31, 2017		As at March 31, 2016	
	No. of Shares	% holding	No. of Shares	% holding
L&T Finance Holdings Limited(Holding company) directly or through it's nominee				
(Equity Shares of ₹ 10 each fully paid)	1,440,047,294	100%	204,309,610	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

3 Reserves & Surplus (₹ in Lakh)

		As at March 31, 2017	As at March 31, 2016
(I)	**Securities premium account**		
	Balance as per last financial statements	45,709.95	45,805.82
	Addition during the year	518,886.25	-
	Less: Debenture issue expenses adjusted during the year (net of tax ₹ 65.84 lakhs, previous year ₹ 50.87 lakhs)	124.39	95.87
	Closing Balance	**564,471.81**	**45,709.95**
(II)	**Debenture redemption reserve**		
	Balance as per last financial statements	-	-
	Add: Transferred from Transferror company on Amalgmation	10,212.16	-
	Less: Transferred to Amalgamation Adjustment Account	2,690.27	-
	Closing Balance	**7,521.89**	**-**
(III)	**Reserve u/s 45-IC of RBI Act, 1934**		
	Balance as per last financial statements	6,872.10	5,124.20
	Add: Transferred from Transferror company on Amalgmation	45,448.80	-
	Add: Transferred from surplus in the statement of Profit and Loss	320.83	1,747.90
	Closing Balance	**52,641.73**	**6,872.10**
(IV)	**Capital redemption reserve**		
	Balance as per last financial statements	320.00	320.00
	Closing Balance	**320.00**	**320.00**
(V)	**Reserve u/s 36(1)(viii) of Income tax Act**		
	Balance as per last financial statements	-	-
	Add: Transferred from Transferror company on Amalgmation	881.45	-
	Closing Balance	**881.45**	**-**
(VI)	**Amalgamation Adjustment Reserve**		
	Balance as per last financial statements	-	-
	Add : Transferred from Transferror company on Amalgmation	(56,542.41)	-
	Add : Transferred from Debenture Redemption Reserve	2,690.27	-
	Closing Balance	**(53,852.14)**	**-**
(VII)	**Unamortised loss on sale of loans**		
	Balance as per last financial statements	-	-
	Adjustment during the year	(2,307.78)	-
	Closing Balance	**(2,307.78)**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

3 Reserves & Surplus (₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
(VII) Surplus in the statement of Profit and Loss		
Balance as per last financial statements	(10,136.12)	(17,127.73)
Add: Net profit for the year	1,604.17	8,739.51
Less : Appropriations		
Interim Dividend paid during the year	14,033.20	-
Dividend Distribution Tax	2,856.82	-
Transfer to reserve u/s 45-IC of RBI Act, 1934	320.83	1,747.90
Unamortised loss on sale of loans	-	-
Net surplus in the statement of profit and loss	**(25,742.80)**	**(10,136.12)**
Total reserves and surplus	**543,934.16**	**42,765.93**

4 Long term borrowings (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
	Non current portion	Current maturities	Non current portion	Current maturities
(I) Secured				
Redeemable non convertible debentures (refer note 4(a))	482,072.22	215,425.00	61,400.00	50,400.00
Less : Buy Back	(1,890.23)	-	-	-
Term loans				
- From banks (refer note 4(b))	404,757.67	18,584.00	82,498.88	4,170.33
- Foreign currency loan	-	12,970.00	-	-
Working capital demand loan (refer note 4(c))	192,000.00	-	-	-
Total I	**1,076,939.66**	**246,979.00**	**143,898.88**	**54,570.33**
(II) Unsecured				
Redeemable non convertible debentures (refer note 4(a))	109,000.00	7,500.00	26,500.00	-
Working capital demand loan (refer note 4(c))	345,500.00	-	110,000.00	-
Total II	**454,500.00**	**7,500.00**	**136,500.00**	**-**
Total Long Term Borrowings (I + II)	**1,531,439.66**	**254,479.00**	**280,398.88**	**54,570.33**

4.(I).(i) Security: The Debentures are secured by way of first/second charge, having pari passu rights, as the case may be, on the company's specified immovable properties and specified Lease/Term Loan receivables.

4. (I).(ii) During the year, the Company has bought back and extinguished NIL (Previous year Nil) nos. of debentures of ₹ 1,000 each aggregating to ₹ NIL (Previous year ₹ Nil). Apart from this, the Company has bought back and is holding 45,773 nos. (Previous year 32,618 nos.) debentures of ₹ 1000 each aggregating to ₹ 457.73 Lakhs (Previous year ₹ 326.18 Lakhs) as on March 31, 2017, pending extinguishment / re-issue of the same.

4.(I).(iii) Term loan from bank is secured by hypothecation of specified lease/term loan receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a
Secured Redeemable Non Convertible Debentures as on March 31,2017

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES A OF FY 2013-14	₹ 10 Lakh each	03/01/14	40,000.00	40,000.00	-	9.05%	05/04/18	Redeemable at par at the end of 1553 days from the date of allotment
SERIES L FY 14-15	₹ 100 Lakh each	13/03/15	10,000.00	-	10,000.00	9.10%	28/03/18	Redeemable at par at the end of 1111 days from the date of allotment
SERIES Q FY 2014-15	₹ 100 Lakh each	13/03/15	15,000.00	-	15,000.00	9.10%	28/03/18	Redeemable at par at the end of 1111 days from the date of allotment
SERIES A FY 2016-17 OPT 1	₹ 25 Lakh each	13/04/16	14,500.00	-	14,500.00	8.64%	28/03/18	Redeemable at par at the end of 714 days from the date of allotment
SERIES P FY 2014-15 Opt V	₹ 25 Lakh each	24/02/15	2,200.00	-	2,200.00	9.24%	06/03/18	Redeemable at par at the end of 1106 days from the date of allotment
SERIES P FY 2014-15 Opt II	₹ 25 Lakh each	24/02/15	500.00	-	500.00	9.24%	23/02/18	Redeemable at par at the end of 1095 days from the date of allotment
SERIES P FY 14-15 OPT I	₹ 25 Lakh each	24/02/15	500.00	-	500.00	9.15%	07/02/18	Redeemable at par at the end of 1079 days from the date of allotment
SERIES N - OPT II FY 14-15	₹ 25 Lakh each	21/01/15	12,000.00	-	12,000.00	9.20%	19/01/18	Redeemable at par at the end of 1094 days from the date of allotment
SERIES L FY 14-15 OPT III	₹ 25 Lakh each	26/12/14	900.00	-	900.00	9.06%	06/12/17	Redeemable at par at the end of 1076 days from the date of allotment
SERIES P FY 2014-15 Opt IV	₹ 25 Lakh each	24/02/15	2,500.00	2,500.00	-	9.25%	24/02/20	Redeemable at par at the end of 1826 days from the date of allotment
SERIES I FY 14-15 OPT III	₹ 25 Lakh each	07/11/14	900.00	-	900.00	9.31%	07/11/17	Redeemable at par at the end of 1096 days from the date of allotment
SERIES I FY 14-15 OPT II	₹ 25 Lakh each	28/10/14	1,000.00	-	1,000.00	9.57%	27/10/17	Redeemable at par at the end of 1095 days from the date of allotment
SERIES P FY 14-15 OPT III	₹ 25 Lakh each	24/02/15	15,000.00	15,000.00	-	9.22%	15/06/18	Redeemable at par at the end of 1207 days from the date of allotment
SERIES L FY 15-16 OPT I	₹ 25 Lakh each	29/10/15	12,500.00	-	12,500.00	8.61%	29/09/17	Redeemable at par at the end of 701 days from the date of allotment
SERIES K FY 15-16	₹ 25 Lakh each	26/10/15	10,000.00	-	10,000.00	8.61%	25/09/17	Redeemable at par at the end of 700 days from the date of allotment
SERIES L FY 15-16 OPT II	₹ 25 Lakh each	29/10/15	10,000.00	-	10,000.00	8.61%	25/09/17	Redeemable at par at the end of 697 days from the date of allotment
SERIES A FY 2015-16 OPT 7	₹ 25 Lakh each	17/04/15	11,000.00	11,000.00	-	8.85%	17/04/18	Redeemable at par at the end of 1096 days from the date of allotment
SERIES D FY 2015-16 OPT 1	₹ 25 Lakh each	31/08/15	12,500.00	-	12,500.00	8.93%	31/08/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES A FY 2015-16 OPT 9	₹ 25 Lakh each	17/04/15	1,800.00	1,800.00	-	8.86%	24/04/18	Redeemable at par at the end of 1103 days from the date of allotment
SERIES A FY 2015-16 OPT 8	₹ 25 Lakh each	17/04/15	2,225.00	2,225.00	-	8.86%	19/04/18	Redeemable at par at the end of 1098 days from the date of allotment
SERIES A FY 2015-16 OPT 6	₹ 25 Lakh each	17/04/15	6,000.00	6,000.00	-	8.86%	16/04/18	Redeemable at par at the end of 1095 days from the date of allotment
SERIES A FY 2015-16 OPT 5	₹ 25 Lakh each	17/04/15	175.00	175.00	-	8.86%	12/04/18	Redeemable at par at the end of 1091 days from the date of allotment
SERIES C FY 2015-16 OPT 1	₹ 25 Lakh each	07/08/15	10,000.00	-	10,000.00	8.97%	07/08/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES C FY 2015-16 OPT 2	₹ 25 Lakh each	07/08/15	4,000.00	-	4,000.00	8.98%	04/08/17	Redeemable at par at the end of 728 days from the date of allotment

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a
Secured Redeemable Non Convertible Debentures as on March 31,2017 (Contd.)

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES F FY 15-16 OPT VI	₹ 25 Lakh each	12/06/15	2,200.00	-	2,200.00	8.80%	01/08/17	Redeemable at par at the end of 781 days from the date of allotment
SERIES A FY 2015-16 OPT 4	₹ 25 Lakh each	29/04/15	850.00	850.00	-	8.92%	23/04/18	Redeemable at par at the end of 1090 days from the date of allotment
SERIES K FY 14-15 OPT II	₹ 25 Lakh each	30/01/15	12,500.00	-	12,500.00	8.62%	28/07/17	Redeemable at par at the end of 910 days from the date of allotment
SERIES G FY 2015-16 OPT 2	₹ 25 Lakh each	26/06/15	2,925.00	-	2,925.00	8.90%	27/07/17	Redeemable at par at the end of 762 days from the date of allotment
SERIES F FY 15-16 OPT V	₹ 25 Lakh each	12/06/15	150.00	-	150.00	8.80%	24/07/17	Redeemable at par at the end of 773 days from the date of allotment
SERIES H FY 2015-16 OPT 2	₹ 25 Lakh each	21/07/15	5,000.00	-	5,000.00	8.91%	21/07/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES B FY 2015-16 OPT 5	₹ 25 Lakh each	11/05/15	200.00	200.00	-	8.86%	07/05/18	Redeemable at par at the end of 1092 days from the date of allotment
SERIES B FY 2015-16 OPT 4	₹ 25 Lakh each	11/05/15	600.00	600.00	-	8.85%	30/04/18	Redeemable at par at the end of 1085 days from the date of allotment
SERIES G FY 2015-16 OPT 2	₹ 25 Lakh each	13/07/15	1,000.00	-	1,000.00	8.98%	13/07/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES H FY 2015-16 OPT 1	₹ 25 Lakh each	21/07/15	1,550.00	-	1,550.00	8.92%	12/07/17	Redeemable at par at the end of 722 days from the date of allotment
SERIES G FY 2015-16 OPT 1	₹ 25 Lakh each	13/07/15	5,000.00	-	5,000.00	8.99%	06/07/17	Redeemable at par at the end of 724 days from the date of allotment
SERIES C FY 2015-16 OPT 5	₹ 25 Lakh each	20/05/15	2,600.00	2,600.00	-	8.87%	20/05/20	Redeemable at par at the end of 1827 days from the date of allotment
SERIES C FY 2015-16 OPT 3	₹ 25 Lakh each	20/05/15	1,500.00	1,500.00	-	8.91%	18/05/18	Redeemable at par at the end of 1094 days from the date of allotment
SERIES C FY 2015-16 OPT 8	₹ 25 Lakh each	20/05/15	3,200.00	3,200.00	-	8.91%	22/05/18	Redeemable at par at the end of 1098 days from the date of allotment
SERIES G FY 2015-16 OPT 1	₹ 25 Lakh each	26/06/15	17,500.00	-	17,500.00	8.90%	26/06/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES C FY 2015-16 OPT 4	₹ 25 Lakh each	20/05/15	4,700.00	4,700.00	-	8.90%	11/06/18	Redeemable at par at the end of 1118 days from the date of allotment
SERIES C FY 2015-16 OPT 2	₹ 25 Lakh each	20/05/15	3,000.00	3,000.00	-	8.91%	15/05/18	Redeemable at par at the end of 1091 days from the date of allotment
SERIES C FY 2015-16 OPT 1	₹ 25 Lakh each	20/05/15	625.00	625.00	-	8.91%	14/05/18	Redeemable at par at the end of 1090 days from the date of allotment
SERIES F 15-16	₹ 25 Lakh each	30/06/15	1,800.00	-	1,800.00	8.96%	26/06/17	Redeemable at par at the end of 727 days from the date of allotment
SERIES D FY 2015-16 OPT 3	₹ 25 Lakh each	27/05/15	4,050.00	4,050.00	-	8.88%	27/05/19	Redeemable at par at the end of 1461 days from the date of allotment
SERIES E FY 2015-16 OPT 2	₹ 25 Lakh each	04/06/15	300.00	-	300.00	8.80%	20/06/17	Redeemable at par at the end of 747 days from the date of allotment
SERIES C F.Y.14-15 - III	₹ 25 Lakh each	25/06/14	2,400.00	-	2,400.00	9.76%	19/06/17	Redeemable at par at the end of 1090 days from the date of allotment
SERIES F FY 15-16 OPT IV	₹ 25 Lakh each	12/06/15	225.00	-	225.00	8.82%	19/06/17	Redeemable at par at the end of 738 days from the date of allotment
SERIES E FY 2015-16 OPT 2	₹ 25 Lakh each	23/06/15	2,800.00	-	2,800.00	8.96%	19/06/17	Redeemable at par at the end of 727 days from the date of allotment

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a
Secured Redeemable Non Convertible Debentures as on March 31,2017 (Contd.)

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES F FY 15-16 OPT III	₹ 25 Lakh each	12/06/15	300.00	-	300.00	8.82%	12/06/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES E FY 2015-16 OPT 4	₹ 25 Lakh each	04/06/15	500.00	500.00	-	8.85%	04/06/18	Redeemable at par at the end of 1096 days from the date of allotment
SERIES E FY 2015-16 OPT 7	₹ 25 Lakh each	04/06/15	2,500.00	2,500.00	-	8.88%	04/06/19	Redeemable at par at the end of 1461 days from the date of allotment
SERIES E FY 2015-16 OPT 6	₹ 25 Lakh each	04/06/15	2,000.00	2,000.00	-	8.85%	24/12/18	Redeemable at par at the end of 1299 days from the date of allotment
SERIES E FY 2015-16 OPT 5	₹ 25 Lakh each	04/06/15	1,700.00	1,700.00	-	8.85%	22/11/18	Redeemable at par at the end of 1267 days from the date of allotment
SERIES E FY 2015-16 OPT 3	₹ 25 Lakh each	04/06/15	3,700.00	3,700.00	-	8.85%	04/06/18	Redeemable at par at the end of 1096 days from the date of allotment
SERIES D FY 2015-16 OPT 4	₹ 25 Lakh each	12/06/15	600.00	-	600.00	8.91%	12/06/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES D FY 2015-16 OPT 3	₹ 25 Lakh each	12/06/15	2,500.00	-	2,500.00	8.91%	07/06/17	Redeemable at par at the end of 726 days from the date of allotment
SERIES E FY 2015-16 OPT 1	₹ 25 Lakh each	23/06/15	200.00	-	200.00	8.95%	06/06/17	Redeemable at par at the end of 714 days from the date of allotment
SERIES D FY 2015-16 OPT 2	₹ 25 Lakh each	12/06/15	400.00	-	400.00	8.91%	05/06/17	Redeemable at par at the end of 724 days from the date of allotment
SERIES F FY 15-16 OPT II	₹ 25 Lakh each	12/06/15	250.00	-	250.00	8.82%	31/05/17	Redeemable at par at the end of 719 days from the date of allotment
SERIES C FY 2015-16 OPT 4	₹ 25 Lakh each	27/05/15	1,500.00	-	1,500.00	8.91%	29/05/17	Redeemable at par at the end of 733 days from the date of allotment
SERIES D FY 2015-16 OPT 2	₹ 25 Lakh each	27/05/15	500.00	-	500.00	8.80%	26/05/17	Redeemable at par at the end of 730 days from the date of allotment
SERIES C FY 2015-16 OPT 2	₹ 25 Lakh each	27/05/15	500.00	-	500.00	8.91%	24/05/17	Redeemable at par at the end of 728 days from the date of allotment
SERIES C FY 2015-16 OPT 2	₹ 25 Lakh each	27/05/15	1,650.00	-	1,650.00	8.91%	22/05/17	Redeemable at par at the end of 726 days from the date of allotment
SERIES E FY 2015-16 OPT 3	₹ 25 Lakh each	23/06/15	500.00	500.00	-	8.95%	07/01/19	Redeemable at par at the end of 1294 days from the date of allotment
SERIES B FY 2015-16 OPT 3	₹ 25 Lakh each	11/05/15	1,050.00	-	1,050.00	8.86%	15/05/17	Redeemable at par at the end of 735 days from the date of allotment
SERIES C FY 2015-16 OPT 7	₹ 25 Lakh each	20/05/15	1,225.00	-	1,225.00	8.81%	15/05/17	Redeemable at par at the end of 726 days from the date of allotment
SERIES G FY 2015-16 OPT 4	₹ 25 Lakh each	26/06/15	500.00	500.00	-	8.90%	26/06/18	Redeemable at par at the end of 1096 days from the date of allotment
SERIES C FY 2015-16 OPT 1	₹ 25 Lakh each	27/05/15	250.00	-	250.00	8.90%	09/05/17	Redeemable at par at the end of 713 days from the date of allotment
SERIES G FY 2015-16 OPT 3	₹ 25 Lakh each	26/06/15	1,000.00	1,000.00	-	8.91%	20/06/18	Redeemable at par at the end of 1090 days from the date of allotment
SERIES A FY 2015-16 OPT 3	₹ 25 Lakh each	29/04/15	1,825.00	-	1,825.00	8.87%	04/05/17	Redeemable at par at the end of 736 days from the date of allotment
SERIES B FY 2015-16 OPT 2	₹ 25 Lakh each	11/05/15	4,900.00	-	4,900.00	8.80%	02/05/17	Redeemable at par at the end of 722 days from the date of allotment
SERIES H FY 2015-16 OPT 3	₹ 25 Lakh each	08/07/15	6,000.00	6,000.00	-	8.92%	06/07/18	Redeemable at par at the end of 1094 days from the date of allotment

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a
Secured Redeemable Non Convertible Debentures as on March 31,2017 (Contd.)

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES H FY 2015-16 OPT 4	₹ 25 Lakh each	08/07/15	2,600.00	2,600.00	-	8.93%	17/07/18	Redeemable at par at the end of 1105 days from the date of allotment
SERIES H FY 2015-16 OPT 2	₹ 25 Lakh each	08/07/15	3,500.00	3,500.00	-	8.93%	05/07/18	Redeemable at par at the end of 1093 days from the date of allotment
SERIES H FY 2015-16 OPT 1	₹ 25 Lakh each	08/07/15	3,500.00	3,500.00	-	8.93%	02/07/18	Redeemable at par at the end of 1090 days from the date of allotment
SERIES A FY 2015-16 OPT 4	₹ 25 Lakh each	17/04/15	2,200.00	-	2,200.00	8.81%	27/04/17	Redeemable at par at the end of 741 days from the date of allotment
SERIES D FY 2015-16 OPT 1	₹ 25 Lakh each	27/05/15	1,500.00	-	1,500.00	8.80%	27/04/17	Redeemable at par at the end of 701 days from the date of allotment
SERIES A FY 2015-16 OPT 1	₹ 25 Lakh each	29/04/15	1,700.00	-	1,700.00	8.87%	26/04/17	Redeemable at par at the end of 728 days from the date of allotment
SERIES A FY 2015-16 OPT 1	₹ 25 Lakh each	29/04/15	2,450.00	-	2,450.00	8.87%	25/04/17	Redeemable at par at the end of 727 days from the date of allotment
SERIES L FY 14-15 OPT IV	₹ 25 Lakh each	13/02/15	1,025.00	-	1,025.00	9.02%	17/04/17	Redeemable at par at the end of 794 days from the date of allotment
SERIES A FY 2015-16 OPT 3	₹ 25 Lakh each	17/04/15	5,500.00	-	5,500.00	8.80%	17/04/17	Redeemable at par at the end of 731 days from the date of allotment
SERIES I FY 2015-16 OPT 2	₹ 25 Lakh each	19/08/15	2,500.00	2,500.00	-	8.80%	17/08/18	Redeemable at par at the end of 1094 days from the date of allotment
SERIES I FY 2015-16 OPT 3	₹ 25 Lakh each	19/08/15	1,800.00	1,800.00	-	8.80%	03/09/18	Redeemable at par at the end of 1111 days from the date of allotment
SERIES I FY 2015-16 OPT 1	₹ 25 Lakh each	19/08/15	3,000.00	3,000.00	-	8.80%	16/08/18	Redeemable at par at the end of 1093 days from the date of allotment
SERIES J FY 15-16 OPT I	₹ 25 Lakh each	27/08/15	3,000.00	3,000.00	-	8.81%	20/08/18	Redeemable at par at the end of 1089 days from the date of allotment
SERIES A FY 2015-16 OPT 2	₹ 25 Lakh each	17/04/15	3,575.00	-	3,575.00	8.81%	06/04/17	Redeemable at par at the end of 720 days from the date of allotment
SERIES L FY 14-15 OPT III	₹ 25 Lakh each	13/02/15	500.00	-	500.00	9.03%	04/04/17	Redeemable at par at the end of 781 days from the date of allotment
SERIES A FY 2015-16 OPT 1	₹ 25 Lakh each	17/04/15	475.00	-	475.00	8.81%	04/04/17	Redeemable at par at the end of 718 days from the date of allotment
SERIES B FY 2015-16 OPT 6	₹ 25 Lakh each	11/05/15	4,000.00	-	4,000.00	8.85%	04/04/17	Redeemable at par at the end of 694 days from the date of allotment
SERIES N OF FY 15-16	₹ 25 Lakh each	29/03/16	18,500.00	18,500.00	-	8.90%	29/04/19	Redeemable at par at the end of 1126 days from the date of allotment
SERIES A FY 2016-17 OPT 7	₹ 25 Lakh each	13/04/16	400.00	400.00	-	8.68%	30/09/19	Redeemable at par at the end of 1265 days from the date of allotment
SERIES A FY 2016-17 OPT 6	₹ 25 Lakh each	13/04/16	7,500.00	7,500.00	-	8.68%	12/09/19	Redeemable at par at the end of 1247 days from the date of allotment
SERIES A FY 2016-17 OPT 5	₹ 25 Lakh each	13/04/16	27,500.00	27,500.00	-	8.69%	13/06/19	Redeemable at par at the end of 1156 days from the date of allotment
SERIES A FY 2016-17 OPT 4	₹ 25 Lakh each	13/04/16	2,500.00	2,500.00	-	8.69%	31/05/19	Redeemable at par at the end of 1143 days from the date of allotment
SERIES A FY 2016-17 OPT 3	₹ 25 Lakh each	13/04/16	1,000.00	1,000.00	-	8.70%	12/04/19	Redeemable at par at the end of 1094 days from the date of allotment
SERIES A FY 2016-17 OPT 2	₹ 25 Lakh each	13/04/16	17,000.00	17,000.00	-	8.69%	12/03/19	Redeemable at par at the end of 1063 days from the date of allotment

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a
Secured Redeemable Non Convertible Debentures as on March 31,2017 (Contd.)

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES B FY 2015-16 OPT 1	₹ 25 Lakh each	11/05/15	3,000.00	-	3,000.00	8.78%	03/04/17	Redeemable at par at the end of 693 days from the date of allotment
SERIES A FY 16-17	₹ 25 Lakh each	20/04/16	1,000.00	1,000.00	-	8.80%	19/04/19	Redeemable at par at the end of 1094 days from the date of allotment
SERIES B FY 2016-17	₹ 25 Lakh each	20/04/16	30,000.00	30,000.00	-	8.65%	20/08/19	Redeemable at par at the end of 1217 days from the date of allotment
SERIES B FY 16-17 OPT 2	₹ 25 Lakh each	20/05/16	2,000.00	2,000.00	-	8.80%	20/05/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES B FY 16-17 OPT 1	₹ 25 Lakh each	20/05/16	5,000.00	5,000.00	-	8.80%	18/05/18	Redeemable at par at the end of 728 days from the date of allotment
SERIES A FY 2016-17 OPT 1	₹ 25 Lakh each	20/05/16	12,500.00	12,500.00	-	8.80%	21/06/19	Redeemable at par at the end of 1127 days from the date of allotment
SERIES C FY 16-17 OPT 2	₹ 25 Lakh each	24/05/16	300.00	300.00	-	8.64%	28/06/19	Redeemable at par at the end of 1130 days from the date of allotment
SERIES C FY 2016-17 OPT 1	₹ 25 Lakh each	24/05/16	5,000.00	5,000.00	-	8.65%	24/05/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES C FY 16-17 OPT 2	₹ 25 Lakh each	13/06/16	1,000.00	1,000.00	-	8.80%	11/06/21	Redeemable at par at the end of 1824 days from the date of allotment
SERIES C FY 2016-17 OPT 1	₹ 25 Lakh each	13/06/16	1,000.00	1,000.00	-	8.80%	13/06/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES D OF FY 2016-17 OPT 1	₹ 25 Lakh each	14/06/16	5,000.00	5,000.00	-	8.72%	14/06/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES E OF FY 2016-17 OPT 2	₹ 25 Lakh each	29/06/16	250.00	250.00	-	8.71%	22/07/19	Redeemable at par at the end of 1118 days from the date of allotment
SERIES E OF FY 2016-17 OPT 1	₹ 25 Lakh each	29/06/16	13,000.00	13,000.00	-	8.72%	28/06/19	Redeemable at par at the end of 1094 days from the date of allotment
SERIES F OF FY 2016-17 OPT 1	₹ 25 Lakh each	22/07/16	20,000.00	20,000.00	-	8.70%	20/07/18	Redeemable at par at the end of 728 days from the date of allotment
SERIES G FY 16-17 OPT II	₹ 25 Lakh each	03/08/16	7,500.00	7,500.00	-	8.45%	02/08/19	Redeemable at par at the end of 1094 days from the date of allotment
SERIES G FY 16-17 OPT I	₹ 25 Lakh each	03/08/16	5,000.00	5,000.00	-	8.40%	03/08/18	Redeemable at par at the end of 730 days from the date of allotment
SERIES H OF FY 2016-17 OPT 1	₹ 25 Lakh each	05/08/16	7,500.00	7,500.00	-	7.37%	05/08/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES B FY 16-17 OPT 2	₹ 25 Lakh each	05/08/16	500.00	500.00	-	8.65%	05/08/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES B FY 16-17 OPT 1	₹ 25 Lakh each	05/08/16	1,000.00	1,000.00	-	8.65%	03/08/18	Redeemable at par at the end of 728 days from the date of allotment
SERIES I FY 16-17	₹ 25 Lakh each	09/08/16	5,000.00	5,000.00	-	8.40%	09/08/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES D OF FY 2016-17 OPT 1	₹ 25 Lakh each	18/08/16	250.00	250.00	-	8.55%	05/08/19	Redeemable at par at the end of 1082 days from the date of allotment
SERIES E OF FY 2016-17 OPT 1	₹ 25 Lakh each	23/08/16	1,175.00	1,175.00	-	8.54%	30/09/19	Redeemable at par at the end of 1133 days from the date of allotment
SERIES F OF FY 16-17	₹ 25 Lakh each	08/09/16	5,000.00	5,000.00	-	8.31%	06/09/19	Redeemable at par at the end of 1093 days from the date of allotment
SERIES G 16-17	₹ 25 Lakh each	12/09/16	20,000.00	20,000.00	-	8.31%	12/09/19	Redeemable at par at the end of 1095 days from the date of allotment
SERIES J FY 16-17 OPT II	₹ 25 Lakh each	19/01/17	15,000.00	15,000.00	-	7.83%	20/01/20	Redeemable at par at the end of 1096 days from the date of allotment

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a

Secured Redeemable Non Convertible Debentures as on March 31,2017 (Contd.)

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate % p.a.	Date of Redemption	Redeemable Terms
SERIES J FY 16-17 OPT I	₹ 25 Lakh each	19/01/17	5,000.00	5,000.00	-	7.66%	18/01/19	Redeemable at par at the end of 729 days from the date of allotment
SERIES C FY 2016-17 OPT 1	₹ 25 Lakh each	22/03/17	5,000.00	5,000.00	-	7.71%	22/06/18	Redeemable at par at the end of 457 days from the date of allotment
SERIES D OPT II 16-17	₹ 25 Lakh each	27/03/17	2,500.00	2,500.00	-	7.90%	27/03/20	Redeemable at par at the end of 1096 days from the date of allotment
SERIES D OPT I 16-17	₹ 25 Lakh each	27/03/17	5,000.00	5,000.00	-	7.75%	26/04/19	Redeemable at par at the end of 760 days from the date of allotment
SERIES E FY 16-17	₹ 25 Lakh each	29/03/17	10,000.00	10,000.00	-	7.90%	29/06/20	Redeemable at par at the end of 1188 days from the date of allotment
SERIES F FY 16-17	₹ 25 Lakh each	31/03/17	30,000.00	30,000.00	-	8.07%	29/05/20	Redeemable at par at the end of 1155 days from the date of allotment
NCD 2009 SERIES 4	₹ 1000 each	17/09/09	45,981.99	45,981.99	-	10.24%	17/09/19	Redeemable at par at the end of 3652 days from the date of allotment
			695,606.99	**480,181.99**	**215,425.00**			

Unsecured Redeemable Non Convertible Debentures as on March 31,2017

Series Details	Face Value per Debenture	Date of Allotment	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)	Interest Rate %p.a.	Date of redemption	Redeemable Terms
Series F of FY 2011-12	₹ 10 Lakh each	30/12/11	20,000.00	20,000.00	-	11.50%	30/12/21	Redeemable at par at the end of 3653 days from the date of allotment
SERIES I - PD	₹ 10 Lakh each	30/03/16	5,000.00	5,000.00	-	10.10%	30/03/26	Redeemable at par at the end of 3652 days from the date of allotment
Series H of FY 2007-08	₹ 10 Lakh each	20/02/08	7,500.00	-	7,500.00	10.50%	20/02/18	Redeemable at par at the end of 3653 days from the date of allotment
Series J of FY 2012-13	₹ 10 Lakh each	21/12/12	27,500.00	27,500.00	-	9.80%	21/12/22	Redeemable at par at the end of 3652 days from the date of allotment
SERIES C OF FY 2013-14	₹ 10 Lakh each	28/02/14	2,500.00	2,500.00	-	10.90%	28/04/24	Redeemable at par at the end of 3712 days from the date of allotment
SERIES F FY 2013-14	₹ 10 Lakh each	27/03/14	5,000.00	5,000.00	-	10.90%	27/03/24	Redeemable at par at the end of 3653 days from the date of allotment
SERIES I FY 13-14	₹ 10 Lakh each	27/03/14	5,000.00	5,000.00	-	10.35%	27/03/24	Redeemable at par at the end of 3653 days from the date of allotment
SERIES E FY 14-15	₹ 10 Lakh each	30/06/14	4,000.00	4,000.00	-	10.40%	28/06/24	Redeemable at par at the end of 3651 days from the date of allotment
SERIES M FY 14-15	₹ 10 Lakh each	31/12/14	5,000.00	5,000.00	-	9.95%	31/12/24	Redeemable at par at the end of 3653 days from the date of allotment
Series S FY 14-15	₹ 10 Lakh each	30/03/15	5,000.00	5,000.00	-	9.95%	28/03/25	Redeemable at par at the end of 3651 days from the date of allotment
SERIES J FY 15-16	₹ 10 Lakh each	09/09/15	10,000.00	10,000.00	-	9.25%	09/09/25	Redeemable at par at the end of 3653 days from the date of allotment
SERIES F 15-16	₹ 10 Lakh each	29/01/16	3,200.00	3,200.00	-	9.35%	29/01/27	Redeemable at par at the end of 4018 days from the date of allotment
Series G FY 2015-16	₹ 10 Lakh each	09/02/16	1,800.00	1,800.00	-	9.35%	09/02/26	Redeemable at par at the end of 3653 days from the date of allotment
SERIES H FY 15-16	₹ 10 Lakh each	04/03/16	5,000.00	5,000.00	-	9.48%	04/03/26	Redeemable at par at the end of 3652 days from the date of allotment
SERIES M OF FY 15-16	₹ 10 Lakh each	23/03/16	10,000.00	10,000.00	-	9.30%	23/03/26	Redeemable at par at the end of 3652 days from the date of allotment
			116,500.00	**109,000.00**	**7,500.00**			

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4a

Secured Redeemable Non Convertible Debentures as on March 31,2016

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule										
1-3 Yrs	8.01% - 9.00%	1	10,000.00			-	-	-	-	10,000.00
	9.01% - 10.00%	4	39,500.00	-	-			-	-	39,500.00
	10.01% - 11.00%	1	900.00			-	-	-	-	900
Above 3 years	8.01%-9.00%	-	-		-			4	39,000.00	39,000.00
	9.01% - 10.00%	-	-	-	-	-	-	3	22,400	22,400
			50,400.00		**-**		**-**		**61,400.00**	**111,800.00**

Unsecured Redeemable Non Convertible Debentures as on March 31,2016

(₹ in Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule										
Above 3 years	10%-11%	-	-	-	-	-	-	3	26,500.00	26,500.00
			-		**-**		**-**		**26,500.00**	**26,500.00**

Note 4 (b)

Term loans from bank (Secured) as on March 31, 2017

Repayment Term	Tenure	Interest Range	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)
Bullet	Above 5 Years	8.00% - 9.00%	225,000.00	225,000.00	-
	Above 5 Years	9.00% - 10.00%	40,000.00	40,000.00	-
Half Yearly	Up to 5 Years	8.00% - 9.00%	250.00	-	250.00
	Up to 5 Years	9.00% - 10.00%	12,709.00	-	12,709.00
	Above 5 Years	8.00% - 9.00%	58,300.00	58,300.00	-
	Above 5 Years	9.00% - 10.00%	62,291.00	62,291.00	-
Quartely	Up to 5 Years	8.00% - 9.00%	1,666.67	-	1,666.67
	Up to 5 Years	9.00% - 10.00%	3,958.33	-	3,958.33
	Above 5 Years	8.00% - 9.00%	17,500.00	17,500.00	-
	Above 5 Years	9.00% - 10.00%	1,666.67	1,666.67	-
Total			**423,341.67**	**404,757.67**	**18,584.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 4 (b)
Term loan from bank (Secured) as on March 31,2016

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Due after 3 Years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Quarterly repayment schedule										
1-3 Yrs	10.01%-11%	6	4,170.33	6	20,949.55	12.00	61,549.33	-	-	86,669.21
			4,170.33		**20,949.55**	**-**	**61,549.33**	**-**	**-**	**86,669.21**

Note 4 (c)
Line of Credit (Secured) as on March 31, 2017

Repayment Term	Tenure	Interest Range	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)
Bullet	Up to 5 Years	8.00% - 9.00%	192,000.00	192,000.00	-
Total			**192,000.00**	**192,000.00**	**-**

Line of Credit (Unsecured) as on March 31,2017

Repayment Term	Tenure	Interest Range	Balance as at March 31,2017 (₹ lakhs)	Non-Current Portion (₹ lakhs)	Current Maturities (₹ lakhs)
Bullet	Up to 5 Years	8.00% - 9.00%	295,500.00	295,500.00	-
		9.00% - 10.00%	50,000.00	50,000.00	-
Total			**345,500.00**	**345,500.00**	**-**

Note 4 (c)
Line of Credit (Secured) as on March 31,2016

(₹ in Lakh)

Original maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Above 3 years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Bullet repayment schedule										
1-3 Yrs	10%-11%	-	-	-	110,000.00	-	-	-	-	110,000.00
			-		**110,000.00**	**-**	**-**	**-**	**-**	**110,000.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

5 Other long term liabilities

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Others		
Interest accrued but not due on debentures	12,588.39	2,246.79
Security deposits and margin money received	1,348.50	-
Construction finance - Debt Service Reserve amount and interest payable thereon	452.78	33.34
Others	403.19	-
Total other long term liabilities	**14,792.86**	**2,280.13**

6 Long term provisions

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Others		
Contingent provision against standard assets	6,428.29	911.97
Interest capitalised on restructured assets	2,409.97	-
Total long term provisions	**8,838.26**	**911.97**

7 Short term borrowings

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
(I) Secured *				
Bank overdraft/ Cash Credit		7,658.42		11,259.37
Total I		**7,658.42**		**11,259.37**
(II) Unsecured				
Commercial papers	985,050.00		104,500.00	
Less : Unexpired discounting charge	20,007.82	965,042.18	1,467.98	103,032.02
Loans and advances from related parties (ICDs)		24,351.00		0.27
Total II		**989,393.18**		**103,032.29**
Total short term borrowings Total (I + II)		**997,051.60**		**114,291.66**

* Secured by first exclusive charge on specific receivables.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

8 Trade payable

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
- Dues to Micro and Small Enterprises (see note below)	-	-
- Others	6,529.13	1,559.13
Total trade payable	**6,529.13**	**1,559.13**

Note : On the basis of replies received by the company in respone to enquiries made, there are no dues payable at the year end to Micro,Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 2013 or the Micro,Small and Medium Enterprises Development Act, 2006.

9 Other current liabilities

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Interest accrued but not due on borrowings	42,327.78	9,485.50
Deferred income on loan processing and assignments	530.22	-
Security deposits and cash margin money received	1,106.19	-
Short term obligations	1,307.55	-
Statutory dues	3,405.20	374.14
Advance from customers	22,957.81	1,210.25
Trade payable for capital goods	11.79	-
Bank book credit balance	1,852.38	-
Accrued expenses	11,158.48	2,441.38
Gratuity payable to fund	319.33	56.66
Other liabilities	6,618.02	135.03
Total other current liabilities	**91,594.75**	**13,702.96**

Note : No amount was due for transfer to the Investor Education and Protection Fund under section 125 of the Companies Act,2013.

10 Short term provisions

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
For employee benefits :		
Leave Encashment	831.33	260.08
Others :		
Contingent provision against standard assets	4,187.36	797.75
Provision for tax (net of advance tax)	-	3,760.61
Total short term provisions	**5,018.69**	**4,818.44**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

11 Fixed Assets

(₹ in Lakh)

Particulars	Gross Block					Accumulated Depreciation				Net Block	
	As at 1-Apr-16	Acquisition through business combination*	Additions	Sale / Adjustment	As at 31-Mar-17	Upto 1-Apr-16	For the year	Deductions	Upto 31-Mar-17	As at 31-Mar-17	As at 1-Apr-16
Tangible Assets											
Owned Assets											
Buildings	-	2,663.44	-	-	2,663.44	-	52.81	-	52.81	2,610.63	-
	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	304.70	422.81	100.72	182.78	645.45	244.45	174.92	165.82	253.55	391.90	60.25
	(297.18)	-	(15.42)	(7.90)	(304.70)	(225.11)	(26.89)	(7.55)	(244.45)	(60.25)	(72.07)
Furniture and fixtures	165.12	677.02	123.85	116.20	849.79	163.16	205.21	84.63	283.74	566.05	1.96
	(167.62)	-	(5.57)	(8.07)	(165.12)	(166.22)	(4.96)	(8.02)	(163.16)	(1.96)	(1.40)
Leasehold Renovation	632.53	1,295.10	432.63	281.05	2,079.21	555.86	560.32	237.39	878.79	1,200.42	76.67
	(596.91)	-	(90.94)	(55.32)	(632.53)	(588.68)	(22.28)	(55.10)	(555.86)	(76.67)	(8.23)
Computers	1,272.24	1,322.12	388.57	671.24	2,311.69	1,115.92	749.24	672.72	1,192.44	1,119.25	156.32
	(1,203.30)	-	(73.86)	(4.92)	(1,272.24)	(1,027.26)	(93.58)	(4.92)	(1,115.92)	(156.32)	(176.04)
Motor car	10.13	-	-	-	10.13	10.13	-	-	10.13	-	-
	(10.13)	-	-	-	(10.13)	(10.13)	-	-	(10.13)	-	-
Owned Assets Leased out											
Plant and Machinery	-	5,298.85	-	1,247.62	4,051.23	-	795.77	-	795.77	3,255.46	-
	-	-	-	-	-	-	-	-	-	-	-
Office Equipment	-	81.03	-	3.97	77.06	-	35.17	3.57	31.60	45.46	-
	-	-	-	-	-	-	-	-	-	-	-
Furniture and fixtures	-	1,032.24	-	44.44	987.80	-	212.20	19.64	192.56	795.24	-
	-	-	-	-	-	-	-	-	-	-	-
Motor car	-	10,200.25	182.68	2,590.46	7,792.47	-	1,901.01	-	1,901.01	5,891.46	-
	-	-	-	-	-	-	-	-	-	-	-
Vehicles	-	140.26	-	89.92	50.34	-	50.34	-	50.34	-	-
	-	-	-	-	-	-	-	-	-	-	-
Computers	-	243.08	-	24.03	219.05	-	69.61	-	69.61	149.44	-
	-	-	-	-	-	-	-	-	-	-	-
(A)	**2,384.72**	**23,376.20**	**1,228.45**	**5,251.71**	**21,737.66**	**2,089.52**	**4,806.60**	**1,183.77**	**5,712.35**	**16,025.31**	**295.20**
	(2,275.14)	**-**	**(185.79)**	**(76.21)**	**(2,384.72)**	**(2,017.40)**	**(147.71)**	**(75.59)**	**(2,089.52)**	**(295.20)**	**(257.74)**
Intangible Assets											
Specialised software	1,380.74	421.31	855.89	5.38	2,652.56	1,285.30	613.98	5.38	1,893.90	758.66	95.44
	(1,307.47)	-	(73.27)	-	(1,380.74)	(1,166.23)	(119.07)	-	(1,285.30)	(95.44)	(141.24)
Distribution and Customer Network Rights	-	43,880.00	-	-	43,880.00	-	8,776.00	-	8,776.00	35,104.00	-
	-	-	-	-	-	-	-	-	-	-	-
Goodwill	-	282,851.10	-	-	282,851.10	-	56,570.22	-	56,570.22	226,280.88	-
	-	-	-	-	-	-	-	-	-	-	-
(B)	**1,380.74**	**327,152.41**	**855.89**	**5.38**	**329,383.66**	**1,285.30**	**65,960.20**	**5.38**	**67,240.12**	**262,143.54**	**95.44**
	(1,307.47)	**-**	**(73.27)**	**-**	**(1,380.74)**	**(1,166.23)**	**(119.07)**	**-**	**(1,285.30)**	**(95.44)**	**(141.24)**
Total (A) + (B)	**3,765.46**	**350,528.61**	**2,084.34**	**5,257.09**	**351,121.32**	**3,374.82**	**70,766.80**	**1,189.15**	**72,952.47**	**278,168.85**	**390.64**
	(3,582.61)	**-**	**(259.06)**	**(76.21)**	**(3,765.46)**	**(3,183.63)**	**(266.78)**	**(75.59)**	**(3,374.82)**	**(390.64)**	**(398.98)**

Note : Previous year figurese are shown in brackets

* Transfer on account of amalgamation (refer note 29.15)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

12 Non current investments

	Face Value	As at March 31, 2017		As at March 31, 2016	
	₹	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
12.(I) Trade Investments (valued at cost unless stated otherwise)					
Unquoted equity instruments					
Investment in Associates					
L&T Infra Debt Fund Limited	10	133,133,329	15,670.00	35,599,996	4,190.00
Grameen Capital India Limited	10	2,126,000	212.60	-	-
Total (A)			**15,882.60**		**4,190.00**
12.(II) Other Investments (valued at cost unless stated otherwise)					
A) Quoted instruments					
Investment in equity					
Integrated Digital Info Services Limited	10	383,334	11.73	-	-
Elque Polyesters Limited	10	194,300	19.43	-	-
Monnet Industries Limited	10	5,640	2.26	-	-
Monnet Ispat And Energy Limited	10	3,008	0.75	-	-
Monnet Project Developers Limited	10	11,280	4.51	-	-
Jaypee Infratech Limited	10	3,785,221	1,331.01	-	-
B) Unquoted instruments					
Investment in equity					
Invent Assets Securitisation & Reconstruction Private Limited	10	7,100,000	1,597.50	-	-
Alpha Micro Finance Consultants Private Limited	10	200,000	20.00	-	-
Metropoli Overseas Limited	10	99,400	14.91	-	-
Anil Chemicals and Industries Limited	10	40,000	8.00	-	-
Investments in Debentures					
Indian Overseas Bank	1,000,000	3,399	33,966.92	-	-
Punjab National Bank	1,000,000	5,000	50,000.00	-	-
Compulsory Convertible Debentures					
Bhoruka Power Corporation Limited	100,000	3,800	3,800.00	-	-
Investments in Preference Shares					
3I Infotech Limited	5	3,896,954	194.85	-	-
Grameen Capital India Limited	10	3,874,000	387.40	-	-
Investment in Units					
KKR India debt Opportunities Fund II	1,000	875,000	8,750.00	-	-
KKR India debt Opportunities Fund III	1,000	178,249	1,782.49	-	-
Security Receipt					
Phoenix ARF Scheme 6	1,000	9,843	98.43	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

12 Non current investments (Contd.)

	Face Value	As at March 31, 2017		As at March 31, 2016	
	₹	No. of shares / Debentures	₹ in Lakh	No. of shares / Debentures	₹ in Lakh
Phoenix ARF Scheme 9	62	6,612	4.10		
Phoenix ARF Scheme 10	982	18,889	185.49		
Phoenix ARF Scheme 11	1	44,208	0.44		
Phoenix ARF Scheme 13	1,000	27,404	274.04		
Phoenix ARF Scheme 14	1,000	34,882	348.82		
JM Financial Asset Reconstruction Company Private Limited (Series I - JMFARC-IRIS December 2016 - Trust)	1,000	6,885	68.85		
EARC Trust SC - 258 - Series I	1,000	646,510	6,465.10		
LTFL Securitisation Trust 2002			0.01		-
12% National Saving Certificate 2002			0.04		-
(Deposited as security with sales tax authorities)					
Total (B)			**109,337.08**		**-**
(A + B)			**125,219.68**		**4,190.00**
Less : Provision for diminution in the value of Investments			1,594.87		-
Total non current investments			**123,624.81**		**4,190.00**
Note:					
Aggregate amount of unquoted investments			39,883.07		4,190.00
Aggregate amount of listed and quoted investments			1,369.69		-
Aggregate market value of listed and quoted investments			397.45		-
Aggregate amount of listed but not quoted investments			83,966.92		-

13 Deferred tax assets (net)

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Component		
Deferred tax liability		
Difference between book depreciation and tax depreciation	568.49	-
Amount transferred to Special Reserve	-	-
Other item giving rise to timing difference	771.00	-
	1,339.49	**-**
Deferred tax assets		
Provision for NPA/interest receivable	27,148.98	4,715.76
Provision on Standard Assets	9,669.41	-
Difference between book depreciation and tax depreciation	-	226.99
Provision for gratuity and leave encashment	398.22	109.62
Other item giving rise to timing difference	1,376.84	116.79
	38,593.45	**5,169.16**
Net deferred tax assets	**37,253.96**	**5,169.16**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

14 Long term loans and advances (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
Unsecured (Considered good)				
Security Deposit		5,256.08		265.23
Capital Advances		290.38		67.20
Advance taxes (net of provision for tax ₹ 152,934.86 lakhs)		10,472.54		-
Advances recoverable in cash or in kind or for value to be received	345.26		32.55	
Less : Provision for other doubtful loans and advances	(32.55)	312.71	(32.55)	-
Total long term loans and advances		**16,331.71**		**332.43**

15 Long term loans and advances towards financing activities (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
	Non current portion	**Current maturities**	**Non current portion**	**Current maturities**
(I) Secured				
Considered good				
Term loans	1,555,533.42	514,551.56	222,941.79	183,934.72
Finance Lease	4,436.09	2,513.17	-	
Debentures	68,123.50	18,882.16	13,000.00	-
Less : Allowances for non-performing assets	73,780.81	-	9,492.12	-
Less: Provision on Restructured Assets	1,690.53	-	-	-
Less : Allowances for standard assets	17,324.15	-	-	-
Total I	**1,535,297.52**	**535,946.89**	**226,449.67**	**183,934.72**
(II) Unsecured				
Term loans	196,011.77	293,139.63	36,963.26	42,144.25
Debentures	53,500.00	630.00	14,000.00	-
	249,511.77	**293,769.63**	**50,963.26**	**42,144.25**
Less : Allowances for non-performing assets	2,975.79	-	324.66	-
Total II	**246,535.98**	**293,769.63**	**50,638.60**	**42,144.25**
Total long term loans and advances towards financing activities (I + II)	**1,781,833.50**	**829,716.52**	**277,088.27**	**226,078.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

16 Other non current assets

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Accrued interest/premium on debentures and loans	14,651.52	2,233.60
Unamortised premium	10.27	390.98
Margin money deposits	2,252.47	-
Total other non current assets	**16,914.26**	**2,624.58**

17 Current investments

Non-trade Investments (valued at cost unless stated otherwise)	**Face Value**	**As at March 31, 2017**		**As at March 31, 2016**	
	₹	**No. of shares / units**	**₹ in Lakh**	**No. of shares / units**	**₹ in Lakh**
Investment in Equity shares					
Quoted instruments					
SVOGL Oil Gas and Energy Limited	10	1,940,514	460.87	-	-
Bhushan Steel Limited	2	1,023,392	700.00	475,146	325.00
Glodyne Technoserve Limited	6	319,262	22.67	-	-
Jaihind Projects Limited	10	150,000	8.63	-	-
Diamond Power Infrastructure Limited	10	2,889,921	1,192.96	-	-
3I Infotech Limited	10	2,426,383	242.64	-	-
Gol Offshore Limited	10	1,552,907	680.32	-	-
Investment in Debenture/Bonds:					
IDFC Bank Limited	1,000,000	400	4,683.98	-	-
IFMR Capital Mosec Azeroth	1	598,664,559	2,920.85	-	-
Zlatan IFMR Capital 2016	1	1,233,958,721	8,345.61	-	-
Bajaj Finance Limited	1,000,000	1,000	10,082.36	-	-
Madhya Pradesh Uday Bond	100	1,413,000	1,413.00	-	-
Tamil Nadu Uday Bond	100	10,000,000	10,090.16	-	-
Telangana Uday Bond	100	13,019,000	13,032.22	-	-
Piramal Finance Limited	1,000,000	3,900	39,000.00	-	-
TATA AIG General Insurance Co Ltd	1,000,000	1,530	15,300.00	-	-
U. P. Power Corporation Ltd	1,000,000	2,940	29,400.00	-	-
Frey IFMR capital	1	16,674,322	172.35	-	-
Zion IFMR capital	3	19,237,467	599.35	-	-
Goldstein IFMR Capital	43	857,170	384.04	-	-
Libertas IFMR Capital	1	3,519,752	36.03	-	-
Martell IFMR Capital	2	35,504,403	725.86	-	-
Mjolnir IFMR Capital	2	7,330,422	152.26	-	-
Napoleon IFMR Capital	1	52,118,415	543.53	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

17 Current investments (Contd.)

Non-trade Investments (valued at cost unless stated otherwise)	Face Value	As at March 31, 2017		As at March 31, 2016	
	₹	No. of shares / units	₹ in Lakh	No. of shares / units	₹ in Lakh
Smith IFMR Capital	4	12,096,782	507.60	-	-
Syme IFMR Capital	1	14,210,515	148.24	-	-
Fubelt IFMR Capital	1	80,878,031	842.84	-	-
Moses IFMR Capital	1	2,250,000	23.77	-	-
Oracle IFMR Capital	194	261,793	528.81	-	-
Sentinel IFMR capital	19	887,538	174.79	-	-
10% Sew Vizag Coal Terminal Private Limited	10	4,091,423	407.51	-	-
Unquoted instruments					
Investment in Equity shares					
VMC Systems Limited	10	733,611	1,529.44	-	-
Saumya Mining Limited	10	1,077,986	517.64	-	-
Investment in Mutual Funds			**44,000.00**		**-**
			188,870.33		325.00
Less : Provision for diminution in the value of Investments			2,798.16		153.95
Total current investments			**186,072.17**		**171.05**
Note:					
Aggregate amount of unquoted investments			46,454.59		-
Aggregate amount of quoted investments			3,308.09		325.00
Aggregate market value of quoted investments			2,261.13		171.05
Aggregate amount of listed but not quoted investments			139,107.65		-

18 Trade receivable (₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
Secured				
Considered good				
Debts outstanding for a period exceeding six months	-		-	
Other	951.21	951.21	-	-
Unsecured				
Considered good				
Debts outstanding for a period exceeding six months	-		-	
Other	540.63	540.63	-	-
Total trade receivable		**1,491.84**		**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

19 Cash and cash equivalents

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Balance with Banks		
In Current Account	23,130.15	2,628.87
In Deposit account	361.29	-
(Deposits with original maturity of less than three months)		
Cash on hand	5,990.86	1,797.64
Deposits with original maturity for more than 12 months	4.84	4.43
Margin money deposits*	0.45	0.45
Total cash and cash equivalents	**29,487.59**	**4,431.39**

* Margin money deposit includes margin money against bank guarantee ₹ 0.04 lakhs (previous year ₹ 0.04 lakhs)

20 Short term loans and advances

(₹ in Lakh)

	As at March 31, 2017	As at March 31, 2016
Advances recoverable in cash or in kind or for value to be received (net of provision)	6,056.95	4,468.49
	6,056.95	**4,468.49**

21 Short term loans and advances towards financing activities

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
(I) Secured				
Term loans		816.40		-
	Total I	**816.40**	**Total I**	**-**
(II) Unsecured				
Term loans		216,307.42		-
	Total II	**216,307.42**	**Total II**	**-**
Total short term loans and advances towards financing activities	**Total (I + II)**	**217,123.82**	**Total (I + II)**	**-**

22 Other current assets

(₹ in Lakh)

	As at March 31, 2017		As at March 31, 2016	
Accrued interest on loan towards financing activities (Net of provision on interest receivable ₹ 36,264.45 lakhs previous year ₹ 3,709.85 lakhs)		72,230.42		8,915.63
Unamortised loss on sale of NPAs	2,307.78		-	
Less : Reserve created	(2,307.78)	-	-	-
Assets acquired in settlement of claims		477.98		
Others		812.73		1,828.27
Total other current assets		**73,521.13**		**10,743.90**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

23 Revenue from operations

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Term Loans and other financing activity (net of reversal)	380,282.18	77,197.28
Less : Provision made / (reversal) for interest receivables	3,575.95	441.24
	376,706.23	**76,756.04**
Lease	6,240.64	-
Bill Discounting	12,654.97	-
Financial Advisory Fees	9,469.69	-
Other operational income	3,133.69	358.52
Total revenue from operations	**408,205.22**	**77,114.56**

24 Other Income

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Income from investments (Trade)				
- Interest and dividend on investments	4,877.52		-	
- Profit on sale / redemption of investments	1,114.10	5,991.62	57.99	57.99
Profit on sale of fixed assets		-		2.29
Interest on fixed deposits		184.12		0.31
Others		116.58		109.82
Total other Income		**6,292.32**		**170.41**

25 Finance cost

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Interest expenses	194,126.28	30,401.21
Other borrowing cost	1,425.28	198.10
Total finance cost	**195,951.53**	**30,599.31**

26 Employee benefits expense

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Salaries and bonus		27,421.32		4,781.01
Contribution to and provision for:				
Provident fund and Pension fund	1,202.19		298.50	
Gratuity fund	287.94		41.96	
Superannuation fund	36.35	1,526.48	-	340.46
Expenses on Employee Stock Option Plans (refer note 29.9)		8.92		0.02
Staff welfare expense		1,130.48		204.36
Total employee benefits expense		**30,087.20**		**5,325.85**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

27 Administration and other expenses

(₹ in Lakh)

	Year ended March 31, 2017		Year ended March 31, 2016	
Travelling and conveyance		1,870.94		206.12
Printing and stationery		728.29		270.07
Telephone and postage		1,262.07		402.58
Directors' Sitting fees		34.98		7.60
Non Executive Directors Remunerations		134.41		-
Brokerage and service charges		2,418.18		3,808.05
Stamping charges		2,642.89		-
Advertising and publicity		136.65		208.41
Repairs and maintenance		4,160.43		852.56
Rent		4,188.91		959.06
Rates and taxes		739.78		531.72
Electricity charges		501.69		132.76
Insurance		129.67		14.53
Auditors remuneration				
Audit fees	40.00		6.00	
Tax audit fees	5.00		1.80	
Limited Review	22.50		4.50	
Certification	24.00		2.32	
Expenses reimbursed	3.30		7.60	
		94.80		22.22
Professional fees		6,132.55		826.12
Loan processing charges		822.10		853.39
Collection charges		6,624.05		5,098.77
Bank Charges		832.80		908.76
Filling fees		0.41		0.28
Loss on sale of fixed assets		1,467.19		-
Brand license fees		103.77		-
Corporate social responsibilities		212.57		150.96
Corporate support Charges		532.06		507.82
Miscellaneous expenses		245.34		594.76
Total administration and other expenses		**36,016.53**		**16,356.54**

28 Allowances and write offs

(₹ in Lakh)

	Year ended March 31, 2017	Year ended March 31, 2016
Provision for standard assets	16,400.22	(347.39)
Provision for non-performing assets	35,900.85	3,032.29
Provision for restructured assets	180.23	-
Provision for diminution in value of investments	2,588.18	138.74
Loss on foreclosure of loans (net)	23,764.26	8,481.28
Total allowances and write offs	**78,833.74**	**11,304.92**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29 Other notes forming part of financial statements

29.1 Employee Benefits:

i) Defined Contribution Plans :

The company recognised charges of ₹ 990.40 lakh(previous year ₹ 172.43 lakh) for Provident fund contributions, ₹ 40.88 lakh (previous year ₹ Nil) for Superannuation fund contributions and ₹ 202.16 lakh (previous year ₹ 126.07 lakh) for Employee State Insurance Scheme contributions in the Statement of Profit and Loss.

ii) Defined Benefit Gratuity Plans :

a) The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Present Value of Defined Benefit Obligation		
- Wholly Funded	908.80	134.87
Less: Fair value of Plan Assets	(589.47)	(78.20)
Unrecognised Past Service Costs	-	-
Amount to be recognised as liability or (asset)	319.33	56.67
Amounts reflected in the Balance Sheet		
Liability	319.33	56.67
Assets	-	-
Net liability bifurcated as follows:		
Current	-	-
Non Current	319.33	56.67

b) The amount recognised in the Statement of profit and loss are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	2016-2017	2015-2016
1 Current Service Cost	284.23	30.04
2 Interest on Defined Benefit Obligation	98.31	11.55
3 Expected Return on Plan Assets	(51.75)	(6.90)
4 Actuarial Losses/(Gains)	(42.85)	7.27
5 Past Service Cost	-	-
Total included in Employee Benefit Expenses	287.94	41.96
Actual Return on Plan Assets	65.99	7.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the present value of Defined Benefit Obligation	134.86	117.80
Add: Current Service Cost	284.24	30.04
Add: Interest Cost	98.31	11.55
Add/(less): Actuarial Losses/(Gain)	(28.61)	6.99
Liability Assume on acquisition / (Settled on Divestitures)	791.74	(1.54)
Less: Benefits paid	(371.74)	(29.98)
Closing balance of the present value of Defined Benefit Obligation	908.80	134.86

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Lakh)

Particulars	Gratuity Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	78.20	93.55
Add: Expected Return on plan assets	51.75	6.90
Add/(less): Actuarial gains/(losses)	14.24	(0.27)
Add: Contributions by Employer	257.65	8.00
Add:Assets acquired on acquisition	559.37	-
Less: Benefits Paid	(371.74)	(29.98)
Closing balance of the plan assets	589.47	78.20

e) Asset Information:

Particulars		Gratuity Plan			
		As at March 31, 2017		As at March 31, 2016	
		%	₹ lakh	%	₹ lakh
1	Government of India Securities	32%	190.43	0%	-
2	Corporate Bonds	35%	207.33	0%	-
3	Special Deposit Scheme	5%	28.85	0%	-
4	Equity Shares of Listed Companies	0%	-	0%	-
5	Property	0%	-	0%	-
6	Insurer Managed Funds	6%	36.66	100%	78.20
7	Others	22%	126.20	0%	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

f) Financial assumptions at the valuation date :

(₹ in Lakh)

	Particulars	As at March 31, 2017	As at March 31, 2016
1	Discount rate (per annum)	7.20%	8.00%
2	Expected rate of return on assets (per annum)	8.00%	7.50%
3	Salary escalation rate (per annum)	6.00%	6.00%
4	Mortality rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

g) Experience Adjustments:

(₹ in Lakh)

Particulars	As at March 31,				
	2017	2016	2015	2014	2013
Defined Benefit Obligation	908.80	134.87	117.80	103.34	100.97
Plan Assets	589.47	78.20	93.56	128.16	122.82
Surplus/(Deficit)	(319.33)	(56.67)	(24.24)	24.82	21.86
Experience Adjustments on Plan Liabilities	(117.91)	8.86	9.88	(6.11)	10.57
Experience Adjustments on Plan Assets	14.24	(0.27)	(1.38)	2.35	0.52

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The contributions expected to be made by the company during the financial year 2017-18 amounts to ₹ 300.00 lakhs (Previous year ₹ Nil)

iii) Defined Benefit Provident Fund Plan:

a) The amounts recognised in Balance Sheet are as follows:

(₹ in Lakh)

	Particulars	Provident Fund Plan	
		As at March 31, 2017	As at March 31, 2016
A.	**Net (Liability) / Asset recognized in the Balance Sheet**		
	Present Value of Funded Obligation	-	-
	Present Value of Unfunded obligation	-	-
	Add: Assets acquired on acquisition	(5,152.12)	-
	Less: Fair value of Plan Assets	5,182.88	-
	Amount to be recognised in the Balance Sheet as (liability) or asset	30.76	-
B.	**Amounts to be recognised in the Balance Sheet**		
	Liability	-	-
	Assets	30.76	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

b) Expenses recognised in the statement of Profit & Loss:

(₹ in Lakh)

	Particulars	Provident Fund Plan	
		2016-2017	**2015-2016**
1	Current Service Cost	394.97	-
2	PF Transfer In	-	-
3	Interest on Defined Benefit Obligation	425.74	-
4	Expected Return on Plan Assets	(425.74)	-
5	Net Actuarial Losses/(Gains)	62.62	-
6	Actuarial gain/(loss) not recognized in books	(62.62)	-
7	Expenses recognized in the statement of Profit & Loss Account	394.97	-
8	Actual Return of Plan Asset	363.12	-

c) The changes in value of defined benefit Obligation representing reconciliation of opening and closing balance thereof are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2017	**As at March 31, 2016**
Opening balance of the present value of Defined Benefit Obligation	-	-
Add:Assets acquired on acquisition	5,311.22	-
Transfer in/out	(316.46)	-
Add: Current Service Cost	394.97	-
Add: Interest Cost	425.74	-
Add: Contribution by Plan Participants	780.81	-
Add: Actuarial Losses / (Gain)	-	-
Less: Benefits paid	(1,444.16)	-
Closing balance of the present value of Defined Benefit Obligation	**5,152.12**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ in Lakh)

Particulars	Provident Fund Plan	
	As at March 31, 2017	As at March 31, 2016
Opening balance of the fair value of the plan assets	-	-
Add:Assets acquired on acquisition	5,325.47	-
Transfer in/out	(316.46)	-
Add: Expected Return on plan assets	425.74	-
Add/(less): Actuarial gains/(losses)	(62.62)	-
Add: Contributions by Employer	431.23	-
Add: Contribution by Plant participants	823.68	-
Less: Benefits Paid	(1,444.16)	-
Closing balance of the plan assets	**5,182.88**	**-**

e) The major categories of plan assets as a percentage of total plan assets, are as follows:

(₹ in Lakh)

	Particulars	Provident Fund Plan	
		As at March 31, 2017	As at March 31, 2016
1	Government of India Securities	20%	0%
2	State Government Scheme	21%	0%
3	Special Deposit Scheme	8%	0%
4	Public Sector Unit Bond	33%	0%
5	Corporate Bonds	15%	0%
6	Others (cheques on hand)	3%	0%
		100%	0%

29.2 Segment Reporting : Accounting Standard (AS) 17

(i) The Company has identified business segments as its primary segment and geographic segments as its secondary segment. Business segments are primarily Rural, Housing, Wholesale and Defocused Business. Revenue and expenses directly attributable to segments are reported under each reportable segment. Expenses which are not directly attributable to each reportable segment have been allocated on the basis of associated revenue of the segment and manpower efforts. All other expenses which are not attributable or allocable to segments have been disclosed as unallocated expenses. Assets and liabilities that are directly attributable or allocable to segments are disclosed under each reportable segment. All other assets and liabilities are disclosed as unallocable. As the operations of the Company are carried out within India, there are no geographical segments.

(ii) Information about Business Segment composition :

Segment composition :

Rural Business comprises of Farm Equipments, Micro Finance and Two Wheeler Finance.

Housing Business comprises of Loan against Property and Real Estate Finance.

Wholesale Business comprises of Infrastructure Finance, Structured Corporate Loans and Supply Chain Finance.

Defocused Business comprises of Commercial Vehicle Finance, Construction Equipment Finance, SME term loans and Leases.

Unallocated represents tax assets and tax liabilities

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(ii) Information about Business Segment composition : (Contd.)

(₹ in Lakh)

Sr. No.	Particulars	Rural Business		Housing Business		Wholesale Business		Defocused Business		TOTAL	
		For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016
1	**Revenue**	180,098.97	42,464.83	41,103.41	3,402.23	139,269.69	12,731.63	47,733.16	18,515.87	408,205.22	77,114.56
2	Less : Inter segment revenue	-	-	-	-	-	-	-	-	-	-
3	Total revenue (1) - (2)	**180,098.97**	**42,464.83**	**41,103.41**	**3,402.23**	**139,269.69**	**12,731.63**	**47,733.16**	**18,515.87**	**408,205.22**	**77,114.56**
4	Segment result	30,638.77	9,917.79	18,787.83	1,755.34	40,211.07	3,036.10	(21,344.65)	(1,277.65)	68,293.01	13,431.57
5	Unallocated expenses	-	-	-	-	-	-	-	-	65,451.27	-
6	Operating profit (4)-(5)	30,638.77	9,917.79	18,787.83	1,755.34	40,211.07	3,036.10	(21,344.65)	(1,277.65)	2,841.74	13,431.57
7	Income tax expenses (Including deferred tax)	-	-	-	-	-	-	-	-	-	-
8	**Net profit (6)-(7)**	**30,638.77**	**9,917.79**	**18,787.83**	**1,755.34**	**40,211.07**	**3,036.10**	**(21,344.65)**	**(1,277.65)**	**2,841.74**	**13,431.57**
9	Segment assets	1,026,167.14	222,779.22	372,908.66	49,159.47	1,640,346.43	144,979.06	248,912.76	113,643.49	3,288,335.00	530,561.23
10	Unallocable assets[1]	-	-	-	-	-	-	-	-	309,347.84	5,169.16
11	**Total assets (9) + (10)**	**1,026,167.14**	**222,779.22**	**372,908.66**	**49,159.47**	**1,640,346.43**	**144,979.06**	**248,912.76**	**113,643.49**	**3,597,682.84**	**535,730.39**
12	Segment liabilities	908,022.92	196,834.66	329,975.11	43,434.43	1,451,490.78	128,095.02	220,255.15	100,403.77	2,909,743.95	468,767.88
13	Unallocable liabilities[2]	-	-	-	-	-	-	-	-	-	3,765.61
14	**Total liabilities (12)+(13)**	**908,022.92**	**196,834.66**	**329,975.11**	**43,434.43**	**1,451,490.78**	**128,095.02**	**220,255.15**	**100,403.77**	**2,909,743.95**	**472,533.50**
15	Capital Expenditure (tangible and intangible fixed assets)	2,104.27	164.75	738.88	35.54	3,302.51	105.08	10,638.31	85.28	16,783.97	390.65
16	Depreciation & amortisation expenses (included in segment expense)	1,477.16	112.51	44.81	24.27	373.41	71.76	3,525.21	58.24	5,420.58	266.78

Note :

1 Includes tax paid in advance/tax deducted at source (net) and deferred tax asset (net)

2 Includes provision for tax (net) and deferred tax liabilities (net)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.3 Related Party Disclosures: Accounting Standard - 18

(a) List of Related Parties (with whom transactions were carried out during current or previous year)

A. Ultimate Holding Company

1 Larsen & Toubro Limited

B. Holding Company

2 L&T Finance Holdings Limited

C. Fellow Subsidiary Companies

3 L&T Infrastructure Finance Company Limited

4 Larsen & Toubro Infotech Limited

5 L&T Capital Company Limited

6 L&T Capital Markets Limited

7 L&T General Insurance Company Limited

8 L&T Housing Finance Limited

9 L&T Access Distribution Services Limited

10 L&T Investment Management Limited

11 L&T Vrindavan Properties Limited

12 L&T Infra Investment Partners Advisory Private Limited

13 Ewac Alloys Limited

D. Associates

14 L&T Infra Debt Fund Limited

E. Fellow Associates

15 Feedback Infrastructure Services Private Limited

16 Metro Tunneling Group

17 Salzer Electronics Limited

18 Magtorq Private Limited

19 JSK Electricals Private Limited

F. Key Management Personnel

20 Mr. Vamsidhar Chevendra - upto April 28, 2016

21 Mr. Muralidharan Rajamani - April 29, 2016 to February 12, 2017

22 Mr. Sunil Prabhune - W.e.f February 13, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(b) Disclosure of related party transactions :- (₹ in Lakh)

Sr. No.	Nature of Transaction	2016-17	2015-16
	Transactions		
1	**Inter corporate deposits borrowed**		
	L&T Finance Holdings Limited	765,606.10	216,650.00
	L&T Infrastructure Finance Company Limited	81,350.00	-
	L&T Housing Finance Limited	42,915.00	-
	L&T Capital Company Limited	760.00	-
	L&T Investment Management Limited	1,435.00	-
	L&T Finance Limited	-	27,700.00
2	**Inter corporate deposits repaid**		
	L&T Finance Holdings Limited	754,590.10	216,650.00
	L&T Infrastructure Finance Company Limited	77,850.00	-
	L&T Housing Finance Limited	42,915.00	-
	L&T Capital Company Limited	557.00	-
	L&T Investment Management Limited	1,435.00	-
	L&T Finance Limited	-	27,700.00
	Metro Tunneling Group	3,000.00	-
3	**Interest expense on inter corporate deposits**		
	L&T Finance Holdings Limited	2,149.46	438.00
	L&T Infrastructure Finance Company Limited	78.34	-
	L&T Capital Company Limited	55.51	-
	L&T Housing Finance Limited	80.70	-
	Metro Tunneling Group	20.83	-
	L&T Investment Management Limited	2.03	-
	L&T Finance Limited	-	22.00
4	**Inter corporate deposits given**		
	L&T Infrastructure Finance Company Limited	67,752.00	1,000.00
	L&T Housing Finance Limited	33,800.00	19,900.00
	L&T Finance Limited	-	2,400.00
	L&T Fincorp Limited	-	3,100.00
5	**Inter corporate deposits received back**		
	L&T Infrastructure Finance Company Limited	67,752.00	1,000.00
	L&T Housing Finance Limited	33,800.00	19,900.00
	L&T Finance Limited	-	2,400.00
	L&T Fincorp Limited	-	3,100.00
6	**Interest received on inter corporate deposits**		
	L&T Infrastructure Finance Company Limited	34.32	0.65
	L&T Housing Finance Limited	29.98	23.00
	L&T Finance Limited	-	3.00
	L&T Fincorp Limited	-	2.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(b) Disclosure of related party transactions :- (₹ in Lakh)

Sr. No.	Nature of Transaction	2016-17	2015-16
7	**Interest paid on NCD**		
	L&T Finance Holdings Limited	-	378.00
	Interest received on loan given		
	Magtorq Private Limited	2.06	-
	JSK Electricals Private Limited	10.29	-
	Feedback Infra Private Limited	850.83	-
8	**Portfolio related transaction**		
	L&T Housing Finance Limited	62.89	66.00
	L&T Finance Limited	-	46,761.00
9	**Investment**		
	L&T Infra debt fund	-	1,890.00
10	**Corporate support charges paid**		
	L&T Finance Holdings Limited	497.00	6.00
	L&T Finance Limited	-	500.00
11	**Branch sharing cost paid to**		
	L&T Housing Finance Limited	52.03	13.00
	L&T Financial Consultants Limited	1,769.97	16.00
	L&T Finance Limited	-	224.00
12	**Branch sharing cost recovered from**		
	L&T Infrastructure Finance Company Limited	23.60	-
	L&T Finance Holdings Limited	7.53	-
	L&T Infra Investment Partners Advisory Private Limited	3.43	-
	L&T Investment Management Limited	163.85	-
	L&T Capital Market Limited	70.84	-
	L&T Housing Finance Limited	346.75	30.00
	L&T Finance Limited	-	80.00
13	**Managerial Remuneration**		
	Vamsidhar Chevendra	4.63	72.00
	Muralidharan Rajamani	87.70	-
	Sunil Prabhune	16.87	-
14	**IT/Professional fees**		
	Larsen & Toubro Limited	602.35	120.00
	Larsen & Toubro Infotech Limited	71.34	33.00
15	**Sale/Assignment of Loan Portfolio**		
	L&T Infra Debt Fund Limited	27,474.29	-
16	**Brand License Fees**		
	Larsen & Toubro Limited	96.31	-
17	**ESOP Cost**		
	L&T Finance Holdings Limited	8.29	0.02

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(₹ in Lakh)

Sr. No.	Nature of Transaction	As at March 31,2017	As at March 31,2016
	Balances		
1	**Equity Share Capital**		
	L&T Finance Holdings Limited	144,004.73	20,431.00
2	**Inter Corporate Borrowings**		
	L&T Finance Holdings Limited	20,091.00	-
	L&T Infrastructure Finance Company Limited	3,500.00	-
	L&T Capital Company Limited	760.00	-
3	**Interest accrued but not due on Inter Corporate Borrowings**		
	L&T Finance Holdings Limited	27.43	-
	L&T Infrastructure Finance Company Limited	0.78	-
	L&T Capital Company Limited	0.02	-
4	**Investment**		
	L&T Infra Debt Fund Limited	15,670.00	4,190.00
5	**Rent Deposit**		
	L&T Financial Consultant Limited	381.44	2.00
6	**Account payable**		
	Larsen & Toubro Limited	-	38.00
	L&T Finance Holdings Limited	24.94	-
	L&T Investment Management Limited	-	0.10
	Larsen & Toubro Infotech Limited	-	5.00
	L&T Capital Market Limited	69.61	-
	L&T Housing Finance Limited	-	38.00
	L&T Finance Limited	-	392.00
7	**Account receivable**		
	L&T Finance Holdings Limited	27.83	-
	L&T Infrastructure Finance Company Limited	44.38	-
	L&T Investment Management Limited	9.71	-
	L&T Housing Finance Limited	24.27	15.00
8	**Security Deposit Payable**		
	L&T Investment Management Limited	22.05	-
9	**Portfolio**		
	L&T Finance Limited	-	2,681.00
10	**Reimbursement of expenses**		
	Larsen & Toubro Limited	292.43	123.00
11	**Outstanding Balance of Term Loan Given**		
	Feedback Infra Private Limited	7,500.00	-
	Magtorq Private Limited	35.67	-
12	**Other Receivables**		
	L&T Access Distribution Services Ltd	-	0.07

Note: Transactions shown above are excluding of Service Tax, if any.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.4 Finance Lease:

In accordance with Accounting Standard 19 on 'Leases' as notified under Rule 7 of the Companies (Accounts) Rules, 2014, the following disclosures in respect of Finance Leases are made:

Assets given on lease:

The Company has given assets on finance lease to its customers with respective underlying assets as security. The details of gross investments, unearned finance income and present value of rentals As at March 31, 2017 in respect of these assets are as under:

(₹ in Lakh)

Particulars	2016-2017	2015-2016
Gross Investments :		
- Within one year	2827.26	-
- Later than one year and not later than five years	5,039.97	-
- Later than five years	-	-
Total	**7,867.23**	**-**
Unearned Finance Income :		
- Within one year	649.75	-
- Later than one year and not later than five years	864.56	-
- Later than five years	-	-
Total	**1,514.31**	**-**
Present Value of Rentals :		
- Within one year	2,177.27	-
- Later than one year and not later than five years	4,175.32	-
- Later than five years	-	-
Total	**6,352.59**	**-**

29.5 Operating Lease :

(i) The Company has taken vehicles under operating leases. Gross rental expenses of ₹ 31.56 lakh recognised in the Statement of Profit and Loss. The total of future minimum lease payments under non-cancellable operating leases are :

(₹ in Lakh)

Particulars	2016-2017	2015-2016
- Within one year	26.75	-
- Later than one year and not later than five years	37.23	-
- Later than five years	-	-
Total	**63.98**	**-**

(ii) The Company has taken IT assets under operating lease. Lease Payments includes ₹ 563.53 lakhs (previous year ₹ Nil lakh) recognised in the Statement of Profit and Loss. The total of future minimum lease payments under non-cancellable operating leases are :

(₹ in Lakh)

Particulars	2016-2017	2015-2016
- Within one year	108.98	-
- Later than one year and not later than five years	-	-
- Later than five years	-	-
Total	**108.98**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(iii) The Company has taken premises under operating lease. Lease Payments includes ₹ 1208.35 lakhs (previous year ₹ 508 lakh) recognised in the Statement of Profit and Loss. The total of future minimum lease payments under non-cancellable operating leases are :

(₹ in Lakh)

Particulars	2016-2017	2015-2016
- Within one year	2,025.48	406.00
- Later than one year and not later than five years	1,407.54	1,305.00
- Later than five years	-	200.00
Total	**3,433.02**	**1,911.00**

Assets given on lease:

The total of future minimum lease payments under non-cancellable operating leases are:

(₹ in Lakh)

Particulars	2016-2017	2015-2016
- Within one year	3,404.30	-
- Later than one year and not later than five years	4,006.49	-
- Later than five years	145.43	-
Total	**7,556.22**	**-**

29.6 Earnings Per Share:

Particulars		2016-2017	2015-2016
Basic			
Profit after tax as per statement of profit and loss (₹ lakh)	A	1,604.17	8,739.51
Weighted average number of equity shares outstanding during the year (Nos.)	B	1,440,047,294	204,309,610
Basic Earning Per Share (₹)	**A/B**	**0.11**	**4.28**
Diluted			
Profit after tax as per statement of profit and loss (₹ lakh)	A	1,604.17	8,739.51
Weighted average number of equity shares outstanding (Nos.)	B	1,440,047,294	204,309,610
Diluted Earning Per Share (₹)	**A/B**	**0.11**	**4.28**
Nominal value of shares (₹)		**10**	**10**

29.7 Contingent Liabilities and commitments:

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Contingent Liabilities:		
a) Claim against the Company not acknowledged as debt:		
- Income Tax matter in dispute*	71.49	-
- Sales tax/ VAT / Service Tax matter in dispute*	2,380.45	167.55
- Legal matter in dispute*	106.00	-
b) Bank Guarantees;	2,120.00	0.26

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.7 Contingent Liabilities and commitments: (Contd.)

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
c) Other money for which the Company is contingently liable; Liability towards Letter of Credit(net of margin money)	5,259.00	-
Commitments		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	698.67	115.00
b) Undisbursed Commitment	4,100.00	-

* In respect of disputes, the Company is hopeful of succeeding in apeals and does not expect any significant liabilities to materialise.

29.8 Sale and Assignment of Receivables :

a) The Company has sold receivables amounting to ₹ 24,069.74 lakh (previous year ₹ Nil). This sale are without recourse to the Company.

(₹ in Lakh)

Particulars	2016-2017	2015-2016
Loans & receivables Assigned		
Total Number of Loan	12,037	-
Book Value of Loan	20,476.51	-
Sale Consideration Received	20,476.51	-
Gain / (Loss) on Sale	-	-
Gain / (Loss) Amortised to P&L*	-	-
Form and Quantum (outstanding value) of services provided by way of		
Credit Enhancement	2,252.47	-
Liquidity Support	-	-
Post-Securitisation Asset Servicing	-	-

* Gain / (Loss) includes profit amortisation of earlier transaction

b) The Company has assigned receivables amounting to ₹ 15,713.41 lakh (previous year ₹ NIL). This assignment are without recourse to the Company.

(₹ in Lakh)

Particulars	2016-2017	2015-2016
Loans & receivables Sold		
Total Number of Loan	7,388	-
Book Value of Loan	12,252.14	-
Sale Consideration Received	12,720.38	-
Gain / (Loss) on Sale	468.24	-
Gain / (Loss) Amortised to P&L*	31.55	-
Form and Quantum (outstanding value) of services provided by way of		
Credit Enhancement	-	-
Liquidity Support	-	-
Post-Securitisation Asset Servicing	-	-

* Gain / (Loss) includes profit amortisation of earlier transaction

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.9 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), stock options granted to the employees of the Company. Total cost incurred by the holding company in respect of options granted to employees of the company amounts, recovery of the same and future period expense details are following:

(₹ in Lakh)

Financial Year (A)	Total cost incurred by holding company (i.e. L&T Finance Holdings Limited) (B)	Expense recovered by holding company till end of financial year (C)	Expenses charged/ (Reversed) to statement of profit and loss for the year (D)	Remaining expenses to be recovered in future year / period (E = B-C)
2016-17	86.36	8.29	8.29	78.07
2015-16	1.77	1.77	0.02	-

29.10 Expenditure in foreign currency:

(₹ in Lakh)

Particulars	2016-2017	2015-2016
Professional Fees	15.02	3.00
License Fees	1.08	1.00

29.11 Frauds committed against the company:

Particulars	2016-2017	2015-2016
No. of fraud occurred during the year	20	7
Amount involved	59.21	24.84
Amount recovered	11.23	6.48
Amount provided/loss	0.72	15.45

29.12 The Company has entered into currency swap transactions with a view to hedge the currency risk of its USD borrowings. The foreign currency amounts are tabulated as below:

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Liability – External Commercial Borrowings	USD 2,00,00,000	-
Assets – Currency Swap Contracts	USD 2,00,00,000	-

29.13 i) Appropriations to the Special Reserve under Section 45-IC of the Reserve Bank of India Act,1934 are carried out of the distributable profits of the company. Further during the year, the company has not appropriated any profits towards Special Reserve under Section 36(1)(viii) of Income Tax Act,1961.

ii) During the year, appropriations to the Debenture Redemption Reserve has not been created in absence of distributable profits of the company in terms of Section 71 (4) of the Companies Act, 2013.

iii) During the year, the company has charged off debenture issue expenses net of tax of ₹ 124.39 lakh (Previous year ₹ 95.87 lakh) to the Securities Premium Account in accordance with Section 52 of the companies Act,2013.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.14 Disclosure required by notification dated 30th March, 2017 issued by Ministry of Company Affairs.

(₹ in Lakh)

Particulars	SBNs (refer foot note)	Other denomination notes (refer foot note)	Total
Closing cash in hand as on November 8,2016	6,014.23	17.86	6,032.09
(+) Permitted receipts	4171.75	36,494.48	40,666.26
(-) Permitted payments	-	-	-
(-) Amount deposited in Banks	(10,185.98)	(35,882.95)	(46,068.93)
Closing cash in hand as on December 30, 2016	-	629.39	629.39

Includes amounts directly deposited by the borrowers into the bank accounts.

L & T Finance Ltd is a Non-Banking Finance Company ("NBFC"). The Company offers a wide range of products such as micro finance, tractor loans, two-wheeler loans and other rural lending products to a large number of customers. The operations are geographically wide-spread with significant volume of transactions including cash collections. The above information covers cash received at the Company's offices as well as direct deposits in Company's bank accounts by the borrowers and is based on informantion and records available in the Company.

As the Company took steps not to accept Specified Bank Notes at its offices after November 8, 2016 and there were amount deposited into Company's bank accounts by the borrowers, all amounts directaly deposited into the Company bank accounts by borrowers have been classified as "permitted receipts" and were details of denomination were not available, the same have been shown as "other denomination notes".

29.15 Amalgamation of L&T Finance Ltd and L&T Fincorp Ltd with Family Credit Limited

1 The board of the directors of L&T Fincorp Limited (LTFC) in July 19, 2016 and the board of Directors of erstwhile L&T Finance Limited Credit Limited (FCL) on July 21, 2016 had approved the Scheme of Amalgamation (Scheme) of erstwhile L&T Finance Limited and L&T FinCorp Limited (together referred as Transferor Companies) with Family Credit Limited (Transferee Company) effective from April 01,2016 (Appointed date). The Honourable High Court of Calcutta at his hearing held on November 28,2016 and the National Company Law Tribunal , Mumbai Bench ("NCLT") at its hearing held on January 24,2017,have sanctioned the Scheme of Amalgamation of L&T Finance Ltd and L&T FinCorp Limited with Family Credit Limited. The certified copies of the Orders of the Court and NCLT,sanctioning the Scheme were filed with the Registrar of Companies, Kolkata on February 13, 2017 (the "Effective Date").

The purchase consideration of ₹ 6,42,460.02 lakhs for acquisition of Transferor Companies was through issue of 123,57,37,684 equity shares of ₹ 10/- each at a price of ₹ 51.99 per share to the shareholder of erstwhile L&T Finance Limited and L&T FinCorp Limited as per following share exchange ratio

a) 350 equity shares of face value of ₹ 10 each for every 100 equity shares of face value of ₹ 10 each held in L&T Finance pre merger

b) 147 equity shares of face value of ₹ 10 each for every 100 equity shares of face value of ₹ 10 each held in L&T FinCorp pre merger

The amalgamation has been accounted for under the "Purchase Method" as prescribed by AS 14 - Accounting for Amalgamations and as per the specific provisions of the Scheme. Accordingly, the Scheme has been given effect to in these financial statements and all assets and liabilities and income and expenditure of the Transferor Company stand transferred to and vested in the Transferee Company. Accordingly, the financial statements have been recast for the year ended on March 31, 2017.

2. Consequent to the Scheme becoming effective, net assets of Transferor Companies aggragating to ₹ 315,728.92 lakh as at the appointed Date have been transferred to the Transferee Company at their respective fair values and the fair value of Distribution and Customer Network Rights ("DCNR") as determined by an independent Valuer, have been recognised as an intangible asset at a valuation of ₹ 43,880.00 lakhs. The balance amount of ₹ 282,851.10 lakhs has been recorded as goodwill on amalgamation. These intangible assets, i.e. the DCNR and goodwill on amalgamation, are being amortised on a straight line basis over a period of 5 years with effect from April 01, 2016.

   Break down of the purchase consideration into net assets and goodwill is as under:

(₹ in Lakh)

Particulars	LTF	LTFC	Total
I. Consideration paid for acquisition	**433,845.07**	**208,614.95**	**642,460.02**
II. Assets acquired on appointed date			
Tangible assets	22,817.12	559.07	23,376.19
Intangible assets (including DCNR)	44,301.31	-	44,301.31
Non-current investments	14,050.49	12,966.01	27,016.50
Deferred tax assets (net)	14,829.50	4,709.47	19,538.97
Long-term loans and advances	9,758.62	5,170.16	14,928.78
Long-term loans and advances towards financing activities	786,245.11	469,640.11	1,255,885.22
Other non-current assets	7,337.49	8,215.84	15,553.33
Current investments	256.75	19,559.55	19,816.30
Trade receivables	743.84	88.35	832.19
Cash and bank balances	15,562.22	80.06	15,642.28
Short-term loans and advances	7,316.08	-	7,316.08
Current maturities of long-term loans and advances towards financing activities	368,747.75	123,303.87	492,051.62
Short-term Loans and advances towards financing activities	233,882.83	77,453.52	311,336.35
Other current assets	42,501.17	19,795.02	62,296.19
Total (A)	**1,568,350.28**	**741,541.03**	**2,309,891.31**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(₹ in Lakh)

Particulars	LTF	LTFC	Total
Long-term borrowings	630,438.29	430,327.67	1,060,765.96
Other long term liabilities	10,265.10	11,576.96	21,842.06
Long-term provisions	3,225.23	2,077.25	5,302.48
Short-term borrowings	235,709.69	130,596.17	366,305.86
Current maturities of long term borrowings	329,290.10	53,844.33	383,134.43
Trade payables	12,727.68	1,028.70	13,756.38
Other current liabilities	82,962.98	8,511.12	91,474.10
Short-term provisions	6,101.12	1,600.00	7,701.12
Total (B)	**1,310,720.19**	**639,562.20**	**1,950,282.39**
Net Assets (A - B)	**257,630.09**	**101,978.83**	**359,608.92**
III. Goodwill (I - II)	**176,214.98**	**106,636.12**	**282,851.10**

3 Statutory reserves created by Transferor Companies prior to appointed date pursuant to the requirements of apilicable statue and are required to be maintained for specified period, are transferred to Transferee Company in the same form in which they appeared in the financials statements of the Transferor Companies so long as their identity is required to be maintained to comply with the relevant statute. The statutory reserves are recorded in the financial statements of the transferee company by a corresponding debit to 'Amalgamation Adjustment Account' which is disclosed as a part of 'Reserve and Surplus' in the balance sheet.

Details of Statutory Reserves of Transferor Company recorded in Transferee Company is as under:

(₹ in Lakh)

Particulars	LTF	LTFC	Total
Debenture redemption reserve under Section 71(4) of the Companies Act	10,212.16	-	10,212.16
Reserve under section 45-IC of Reserve Bank of India Act	37,133.87	8,314.93	45,448.80
Reserve under section 36(1)(viii) of Income Tax Act	20.45	861.00	881.45
Total	**47,366.48**	**9,175.93**	**56,542.41**

4 Due to the amalgamation of Transferor Company with the Transferee Company from appointed date of April 01, 2016, the figures of the current year will not be comparable to the corresponding figures of the previous year.

5 L&T Fincorp Limited, one of the amalgamating company had declared and paid an interim dividend of ₹ 14,003.20 lakhs prior to the effective date of amalgamation and the Company has incorporated the payment in its financial statements as at and for the year ended March 31, 2017.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Note 29.16: Details of accounts restructured during the year ended March 31, 2017.

(₹ in Lakh)

	Type of Restructuring		Under CDR Mechanism					Others					Total				
	Asset Classification		Standard	SubStandard	Doubtful	Loss	Total	Standard	SubStandard	Doubtful	Loss	Total	Standard	SubStandard	Doubtful	Loss	Total
1	"Restructured Accounts as on April 1, 2016"	No. of borrowers	-	-	-	-	-	-	1	-	-	1.00	-	1.00	-	-	1.00
		Amount outstanding Restructured facility only	-	-	-	-	-	-	1,443.58	-	-	1,443.58	-	1,443.58	-	-	1,443.58
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	378.89	-	-	378.89	-	378.89	-	-	378.89
2	Restructured Accounts transfer on account of amalgamation	No. of borrowers	1.00	-	-	-	1.00	6	-	-	-	6.00	7	-	-	-	7.00
		Amount outstanding Restructured facility only	1,590.46	-	-	-	1,590.46	12,402.07	-	-	-	12,402.07	13,993	-	-	-	13,992.53
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	410.51	-	-	-	410.51	2,351.11	-	-	-	2,351.11	2,762	-	-	-	2,761.62
3	Movement in balance for accounts appearing under opening balance	No. of borrowers	1.00	-	-	-	1.00	6	1	-	-	7	7.00	1.00	-	-	8
		Amount outstanding Restructured facility only	(89.11)	-	-	-	(89.11)	(1,019.92)	(27.70)	-	-	(1,047.62)	(1,109.02)	(27.70)	-	-	(1,137)
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	1,203.84	-	-	-	1,203.84	1,525.22	350.74	-	-	1,875.96	2,729.07	350.74	-	-	3,080
4	Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	3,883	-			3,883	3,883	-	-	-	3,883
		Amount outstanding Restructured facility only	-	-	-	-	-	13,559.53	-	-	-	13,560	13,560	-	-	-	13,560
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	677.98	-	-	-	678	678	-	-	-	678
5	Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
6	Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
7	Downgradations of restructured accounts during the FY	No. of borrowers	(1)	-	1	-	-	(2.00)	(1)	3	-	-	(3)	(1)	4	-	-
		Amount outstanding Restructured facility only	(1,501.35)	-	1,501.35	-	-	(3,600.86)	(1,415.87)	5,016.73	-	-	(5,102.21)	(1,415.87)	6,518.09	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	(1,614.35)	-	1,614.35	-	-	(1,337.73)	(729.62)	2,067.35	-	-	(2,952.08)	(729.62)	3,681.70	-	-
8	Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
9	"Restructured Accounts as on March 31, 2017"	No. of borrowers	-	-	1.00	-	1.00	3,887	-	3	-	3,890	3,887	-	4	-	**3,891**
		Amount outstanding Restructured facility only	-	-	1,501.35	-	1,501.35	21,341	-	5,017		26,358	21,341	-	6,518	-	**27,859**
		Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
		Provision thereon	-	-	1,614.35	-	1,614.35	3,217	-	2,067	-	5,284	3,217	-	3,682	-	**6,898**

Foot note:
1. Amount outstanding includes FITL created for each account.
2.Provision includes provision towards dimunition in fair value and provision for standard assets
3. There are no restructuring under SME Debt Restructuring Mechanism.
4.The above disclosure includes accounts restructured under aegis of the extant RBI guidelines issued on January 23, 2014; whereby special regulatory treatement for asset classification was availed by the Company

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

29.17 Schedule to the Balance Sheet of a non-deposit taking Non-Banking Financial Company (as required in terms of paragraph 18 of Master Direction Non Banking Financial Company-Systematically Important Non-Deposit taking Company and Deposit taking Company(Reserve Bank) Directions,2016 by the non banking financial company) issued vide Master Direction DNBR P.D 008/03.10.119/2016-17 dated September 01,2016 as amended.

Liability Side:

1 Loans and advances availed inclusive of interest accrued thereon but not paid:

(₹ in Lakh)

Particular	Amount Outstanding		Amount Overdue	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
(a) Debentures :				
- Secured	747,823.06	122,864.59	-	-
- Unsecured	119,042.34	27,059.64	-	-
(Other than falling within the meaning of Public Deposits)*				
(b) Deferred Credits	-	-	-	-
(c) Term Loans	958,967.94	196,777.27	36.52	-
(d) Inter-Corporate Loans and borrowings	24,379.23	0.27	-	-
(e) Commercial Paper (Net off unexpired discounting charges)	965,042.18	103,032.02	-	-
(f) Public Deposits	-	-	-	-
(g) Other Loans	-	-	-	-
i) Foreign Currency Loan	12,973.26	-	-	-
ii) Bank Overdraft,Cash credit & Working Capital Demand Loan	9,658.42	11,259.37	-	-

* Refer footnote 1 below

2 Break-up of 1(f) above (Outstanding public deposits inclusive of interest accrued thereon but not paid):

a) In the form of unsecured debentures

b) In the form of partly secured debentures i.e debenture where there is a shortfall in the value of security

c) Other Public deposits

ASSETS SIDE:

3 Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]

(₹ in Lakh)

Particulars	Amount Outstanding	
	As at March 31, 2017	As at March 31, 2016
(a) Secured (net of provision)	2,072,060.81	410,515.85
(b) Unsecured (net of provision)	756,613.03	94,870.64

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

4 Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities

(₹ in Lakh)

Particulars	Amount Outstanding	
	As at March 31, 2017	As at March 31, 2016
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

5 Break-up of Investments (net off diminution)

(₹ in Lakh)

Particulars	Amount Outstanding	
	As at March 31, 2017	As at March 31, 2016
CURRENT INVESTMENTS		
1 Quoted		
(i) Shares :		
(a) Equity	2,262.18	171.05
(b) Preference	-	-
2 Unquoted		
(i) Shares :		
(a) Equity	294.83	-
(b) Preference	407.51	-
(ii) Debentures and Bonds	139,107.65	-
(iii) Units of Mutual Funds	44,000.00	-
LONG TERM INVESTMENTS		
1 Quoted		
(i) Shares :		
(a) Equity	397.45	-
(b) Preference	-	-
(ii) Debentures and Bonds	87,766.92	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

2 Unquoted		
(i) Shares :		
(a) Equity	16,969.23	4,190.00
(b) Preference	582.25	-
(ii) Government Securities	0.05	-
(iii) Others :		
(a) Security receipts	7,376.42	-
(b) Investment in Units	10,532.49	-

6 Borrower group-wise classification of assets financed as in (2) and (3) above: (see footnote 2 below)

(₹ in Lakh)

Category	Secured		Unsecured	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1 Related Parties				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	7,500.00	-	35.67	-
2 Other than related parties	2,064,560.81	410,384.39	756,577.36	92,782.85
Total	**2,072,060.81**	**410,384.39**	**756,613.03**	**92,782.85**

7 Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted):

(₹ in Lakh)

Category	Market Value / Break up or fair value or NAV		Book Value (Net of Provisions)	
	As at March 31, 2017	As at March 31, 2016	As at March 31, 2017	As at March 31, 2016
1 Related Parties**				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	16,270.00	4,190.00	16,270.00	4,190.00
2 Other than related parties	297,820.01	325.00	293,426.98	171.05
Total	**314,090.01**	**4,515.00**	**309,696.98**	**4,361.05**

** As per Accounting Standard issued by the Institute of Chartered Accountants of India (see footnote 3 below)

8 Other Information

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
(i) Gross Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	190,521.56	26,735.95
(ii) Net Non-Performing Assets		
(a) Related parties	-	-
(b) Other than related parties	113,764.96	16,919.17
(iii) Assets acquired in satisfaction of debt (Gross)	6,435.51	325.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

Footnotes:

1. As defined in point xix of paragraph 3 of chapter-2 of the Directions.
2. Provisioning norms shall be applicable as prescribed in the Directions.
3. All Accounting Standards represents to Companies Act,2013 and Companies Rules and Guidance Notes issued by the Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/Net Asset Value in respect of unquoted investments have been disclosed irrespective of whether they are classified as long term or current in (4) above.

29.18 The Company has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower name		**No. of shares held as bailee**	
		As at March 31, 2017	**As at March 31, 2016**
i)	Saumya Mining Limited	513,012	-
ii)	Sew Vizag Coal Terminal Private Limited	703,833*	-
iii)	Bhushan Steel Limited	7,189,089	3,022,354
iv)	Sterling International Enterprises Limited	217,309	-
v)	Tulip Telecom Limited	1,401,762	-
vi)	Punj Lloyed Limited	5	-
vii)	Golden Tobacco Limited	10,000	-
viii)	Gujurat Highway Corporation Limited	70,000	-

* Share held on behalf of L&T Infrastructure finance Company Limited

29.19 The following additional information (other than what is already disclosed elsewhere) is disclosed in the terms of Master Direction DNBR P.D 008/03.10.119/2016-17 dated September 01,2016 as amended.

1 Capital Risk Adequacy Ratio (CRAR) :

(₹ in Lakh)

Particulars		**As at March 31, 2017**	**As at March 31, 2016**
i)	CRAR (%)	16.42%	16.36%
ii)	CRAR – Tier I Capital (%)	13.36%	11.95%
iii)	CRAR – Tier II Capital (%)	3.06%	4.41%
iv)	Amount of subordinated debt raised during the year as Tier-II capital	-	10,000.00
v)	Amount raised during the year by issue of Perpetual Debt Instruments	-	5,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

2 Investments

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
1 Value of Investments		
(i) Gross Value of Investments		
(a) In India	314,090.01	4,514.99
(b) Outside India	-	-
(ii) Provisions for Depreciation		
(a) In India	4,393.03	153.94
(b) Outside India	-	-
(iii) Net Value of Investments		
(a) In India	309,696.98	4,361.05
(b) Outside India	-	-

2 Investments (Contd.)

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
2 Movement of provisions held towards depreciation on investments.		
(i) Opening balance	153.95	15.20
(ii) Add: Transfer on account of Amalgamation(Refer Note 29.15)	1,650.91	-
(iii) Add : Provisions made during the year	2,827.01	138.74
(iv) Less : Write-off / write-back of excess provisions during the year	238.83	-
(v) Closing balance	4,393.04	153.95

3 Derivatives

I) Forward Rate Agreement / Interest Rate Swap (also includes currency interest rate swaps)

(₹ in Lakh)

Particulars	2016-17	2015-16
(i) The notional principal of swap agreements	12,970.00	-
(ii) Losses which would be incurred if counterparties failed to fulfill their obligations under the agreements	266.00	-
(iii) Collateral required by the NBFC upon entering into swaps	-	-
(iv) Concentration of credit risk arising from the swaps	-	-
(v) The fair value of the swap book	266.00	-

II) Exchange Traded Interest Rate (IR) Derivatives: The Company has not traded in Interest Rate Derivative during the financial year ended March 31,2017(Previous year:NIL)

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

III) Disclosures on Risk Exposure in Derivatives

Qualitative Disclosure

The Company has a Treasury Risk Management Policy approved by the Assets Liability Committee and the Board. This policy provides the framework for managing various risks including interest rate risk and currency risk. The policy provides for use of derivative instruments in managing the risks.

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI.

4 Securitisation:

I) No transactions for Special Purpose Vehicle during the financial year. (Previous year:NIL)

II) Refer note no. 29.8 for details of assignment transactions.

III) Details of Non performing financial assets purchased/sold: During the current and previous year, no Non performing financial assets has been purchased/sold from/to other NBFCs.

Financial asset sold to securitisation/Reconstruction company for asset reconstruction:

Particulars		2016-17	2015-16
1	No. of accounts sold	2	-
2	Aggragarte value (net of provision) of accounts sold to SC/RC (₹ lakh)	10,683.04	-
3	Aggregate consideration (₹ lakh)	7,687.00	-
4	Additional consideration realized in respect of accounts transferred in earlier years (₹ lakh)	-	-
5	Aggregate Gain/(Loss) over net book Value (₹ lakh)	(2,996.04)	-

During the year, the Company sold certain Non Performing Assets (NPA) to Reconstruction Company. In term of notification RBI/2015-16/423/DBR.No.BP.BC.102/21.04.048/2015-16 dated June 13, 2016, any shortfall of sale value over the net book value has been spread over a period of four quarters.

5 Exposures

I) Exposure to Real Estate Sector

(₹ in Lakh)

Particulars		As at March 31, 2017	As at March 31, 2016
	Direct Exposure		
(i)	Residential Mortgages -		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented	304,486.38	6,544.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

(₹ in Lakh)

Particulars		As at March 31, 2017	As at March 31, 2016
(ii)	Commercial Real Estate -	136,021.14	21,271.00
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits		
(iii)	Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
	a. Residential	-	-
	b. Commercial Real Estate	-	-
	Total Exposure to Real Estate Sector	**440,507.52**	**27,815.00**

II) Exposure to Capital Market

(₹ in Lakh)

Particulars		As at March 31, 2017	As at March 31, 2016
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	28,047.87	325.00
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	255,450.11	39,540.00
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds does not fully cover the advances;	-	-
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	6000.00
(vii)	bridge loans to companies against expected equity flows / issues;	-	-
(viii)	all exposures to Venture Capital Funds (bothregistered and unregistered)	10,532.49	-
	Total Exposure to Capital Market	**294,030.47**	**45,865.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

III) Details of financing of parent company products: Nil (Previous year Nil)

IV) The company has not exceeded the Single Borrower Limit (SBL) or Group Borrower Limit (GBL) as defined in RBI.

V) The particulars of Unsecured Advances net off provision are given below:

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Term loans	702,483.03	26,140.94
Debentures	54,130.00	14,000.00
Personal Loans	-	52,641.91

6 Miscellaneous

I) Registration obtained from other financial sector regulators : No registration has been obtained from other financial sector regulators.

II) Penalties imposed by RBI and other regulators : No penalties has been imposed by RBI or other regulators during the year. (Previous Year: NIL)

IV) Ratings assigned by credit rating agencies and migration of ratings during the Year

Particular		2016-2017		2015-2016	
		CARE	ICRA	CARE	ICRA
(i)	Commercial Paper	CARE A1+	Not Rated	CARE A1+	Not Rated
(ii)	Non-Convertible Debentures	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+	ICRA AA+ (Stable)
(iii)	Bank Loans :				
	Long Term	CARE AA+ (Stable)	Not Rated	CARE AA+	Not Rated
	Short Term	CARE AA+ (Stable)	Not Rated	CARE AA+	Not Rated
(iv)	Subordinate Debts	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+	ICRA AA+ (Stable)
(v)	Perpetual Debt	CARE AA (Stable)	ICRA AA (Stable)	CARE AA	ICRA AA (Stable)
(vi)	Non-Convertible Debentures(Publice Issue)	CARE AA+ (Stable)	ICRA AA+ (Stable)	-	-

V) Postponements of revenue recognition: Current year:NIL (Previous year: NIL)

VI) Note:In respect of Non performing assets, the revenue is recognised in terms of requirement of Master Direction DNBR P.D 008/03.10.119/2016-17 dated September 01,2016 as amended.

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

7 Provisions and Contingencies

I) Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account

(₹ in Lakh)

Particulars	2016-2017	2015-2016
Provisions for depreciation on Investment	2,588.18	138.74
Provision towards Non Performing Assets	35,900.85	3,032.29
Provision made towards Income tax		
- Current Tax	13,783.44	5,542.01
- Deferred Tax	(12,545.87)	(849.95)
Other Provision and Contingencies (with details)		
Provision for Standard Assets	16,400.22	(347.39)
Provision of Restructured Assets	180.23	-
Loss on foreclosure of loans (net)	23,764.26	8,481.28

II) Drawn down from reserve: No draw down from reserve during the year (Previous year:NIL)

8 Concentration of Advances, Exposures and NPAs

I) Concentration of Advances

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Advances to twenty largest borrowers	587,747.03	118,536.56
Percentage of Advances to twenty largest borrowers to Total Advances of the Company	20.10%	23.01%

II) Concentration of Exposures

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to twenty largest borrowers / customers	683,746.03	118,625.00
Percentage to Total Exposure to twenty largest borrowers / customers to Total Exposure of the Company on borrowers / customers #	20.06%	22.96%

Undisbursed commitments are considered as NIL on account of conditions precedent to disbursements

III) Concentration of NPA

(₹ in Lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
Total Exposure to top four NPA accounts	23,212.41	5,449.00

IV) Sector-wise NPAs

(₹ in Lakh)

	Particulars	Percentage to Total Advances in that Sector As at March 31, 2017	Percentage to Total Advances in that Sector As at March 31, 2016
1	Agriculture & allied activities	13.35%	-
2	MSME	4.61%	69.78%
3	Corporate borrowers	3.85%	0.97%
4	Services	17.68%	-
5	Unsecured personal loans	0.59%	0.79%
6	Auto loans	3.30%	7.57%
7	Other personal loans	6.32%	0.34%

9 Movement of NPAs

(₹ in Lakh)

	Particulars	2016-17	2015-16
(i)	Net NPAs to Net Advances (%)	3.99%	3.36%
(ii)	Movement of NPAs (Gross)		
	(a) Opening balance	26,735.95	10,548.57
	(b) Transfer on account of amalgamantion	91,162.68	-
	(c) Additions during the year	213,534.35	23,824.85
	(d) Reductions during the year	140,911.42	7,637.48
	(e) Closing balance	190,521.56	26,735.95
(iii)	Movement of Net NPAs		
	(a) Opening balance	16,919.17	3,927.75
	(b) Transfer on account of amalgamantion	60,453.12	-
	(c) Additions during the year	146,599.02	15,327.62
	(d) Reductions during the year	110,206.35	2,336.20
	(e) Closing balance	113,764.97	16,919.17
(iv)	Movement of provisions for NPAs (excluding provisions on standard assets)		
	(a) Opening balance	9,816.78	6,620.82
	(b) Transfer on account of amalgamantion	30,709.56	-
	(c) Additions during the year	66,935.33	8,497.24
	(d) Reductions during the year	30,705.07	5,301.28
	(e) Closing balance	76,756.60	9,816.78

NOTES TO THE FINANCIAL STATEMENTS FOR THE PERIOD ENDED MARCH 31, 2017 (Contd.)

10 Disclosure of Customer Complaints

Particulars		2016-17	2015-16
(i)	No. of complaints pending at the beginning of the year	-	3
(ii)	No. of complaints transferred from Transferor company	1	-
(iii)	No. of complaints received during the year	3,964	1,788
(iv)	No. of complaints redressed during the year	3,965	1,791
(v)	No. of complaints pending at the end of the year	-	-

29.20 **Asset Liability Management Maturity pattern of certain items of Assets and Liabilities**

(₹ in Lakh)

March 31, 2017	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	122,097.51	166,272.90	129,050.04	222,023.10	407,396.80	973,266.35	385,499.45	518,838.97	2,924,445.12
Investments	46,557.01	-	-	-	139,515.16	34,878.24	53,994.85	34,751.72	309,696.98
Borrowings*	80,925.00	311,150.00	333,853.67	261,072.67	277,144.67	1,279,340.21	163,600.00	89,000.00	2,796,086.21
Foreign Currency assets	-	-	-	-	-	-	-	-	-
Foreign Currency liabilities*	-	-	-	13,635.97	-	-	-	-	13,635.97

March 31, 2016	1 day to 30/31 days (1 month)	Over 1 month to 2 months	Over 2 months to 3 months	Over 3 months to 6 months	Over 6 months to 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	-	-	-	-	-	-	-	-	-
Advances	21,312.00	18,697.00	21,218.00	67,443.00	106,969.00	207,424.00	58,078.00	3,974.00	505,115.00
Investments	-	-	-	-	171.00	-	-	4,190.00	4,361.00
Borrowings*	3,000.00	48,337.00	100,333.00	5,833.00	4,567.00	262,159.00	-	26,500.00	450,729.00
Foreign Currency assets	-	-	-		-	-	-	-	-
Foreign Currency liabilities	-	-	-	-	-	-	-	-	-

* Including ECB loan

29.21 Previous year figures have been regrouped/ reclassified wherever necessary.

For and on behalf of board of directors of
L&T Finance Limited (Erstwhile Family Credit Limited)

Dinanath Dubhashi
Director
(DIN : 03545900)

Prabhakar B.
Director
(DIN : 02101808)

Amit Bhandari
Company Secretary
M. No. A25871

Amol Joshi
Head Accounts
(Chief Financial Officer)

Place : Mumbai
Date : May 2, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Sixth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year 2016-17 as compared to the previous financial year 2015-16 is given below:

(₹ In Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	5,354.76	1,663.19
Profit / (Loss) before exceptional and extraordinary items and taxes	(816.56)	(2,257.85)
Exceptional Item	-	-
Provision for Tax including Deferred Tax	(2,483.57)	226.96
Profit / (Loss) after Tax	**1,667.01**	**(2,430.09)**
Add: Items that will be reclassified to profit or loss	(1.05)	(6.34)
Total Comprehensive Income for the year	**1,665.96**	**(2,491.15)**
Add: Balance brought forward from previous year (Deficit)/Surplus	3,736.76	7,900.28
Total	**5,402.72**	**5,409.13**
Transfer to Debenture Redemption Reserve	-	(1,672.37)
Surplus / (Deficit) in the statement of Profit and Loss	**5,402.72**	**3,736.76**

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

- Performance of Businesses

  In order to reflect the nature of the business of the Company i.e Merchant Banking, to be undertaken by the Company, the name of the Company has been changed from "L&T Vrindavan Properties Limited" to "L&T Financial Consultants Limited" with effect from October 10, 2016, after obtaining the requisite approvals as required under the Companies Act, 2013.

  During the year, the Company made an application to Securities and Exchange Board of India (SEBI) for seeking Merchant Banking license under the SEBI (Merchant Bankers) Regulations, 1992, to diversify its activities. The Company has received the Certificate of Registration dated January 17, 2017 to act as Merchant Banker.

  On March 24, 2017 all the listed Non Convertible Debentures of the Company have been duly redeemed and accordingly, the Company is no longer a listed company within the meaning of Companies Act, 2013 and SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015 is not applicable to the Company.

- **Financial Performance of the Company**

  During the year under review, the Company earned a gross income of ₹ 5354.76 Lakhs as against ₹ 1,663.19 Lakhs earned by it in the previous year. The gross income mainly represents the lease rental income along with the dividend received on investments and interest income earned on deployment of surplus funds in short term avenues.

  The expenditure incurred by the Company during the year under review mainly comprises finance costs of ₹ 4,075.31 Lakhs as against ₹ 3,214.20 Lakhs in the previous year. The profit/loss reported by the Company for the financial year ended March 31, 2017 is ₹ 1,667.01 Lakhs.

  The Net Worth of the Company as at March 31, 2017 is ₹ 10,646.56 Lakhs as against ₹ 8,980.60 Lakhs as at March 31, 2016.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

With a view to conserve capital for future growth, no dividend is recommended for the financial year ended March 31, 2017.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 25,00,00,000/- (Rupees Twenty Five Crore Only) divided into 2,50,00,000 (Two Crore Fifty Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

As on March 31, 2017, the paid-up capital of the Company stands at ₹ 18,75,00,000/- (Rupees Eighteen Crore Seventy Five Lakh Only) divided into 1,87,50,000 (One Crore Eighty Seven Lakh and Fifty thousand Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, Mr. Dinanath Dubhashi and Mr. G. Krishnamurthy ceased to be Directors on the Board of the Company with effect from April 29, 2016. The Board places on record its appreciation of the valuable services rendered by the aforesaid Directors during their tenure as the Directors of the Company.

During the year, Mr. Raju Dodti and Mr. Sunil Prabhune were appointed as Directors on the Board of the Company effective April 28, 2016 and May 18, 2016, respectively.

As on March 31, 2017, the Board comprises the following Directors:

- Mr. Subramaniam N. - Independent Director
- Dr. (Mrs.) Rajani R. Gupte - Independent Director
- Mr. Sunil Prabhune - Non-Executive Director
- Mr. Raju Dodti - Non-Executive Director

Terms and conditions of appointment of Independent Directors are placed on the website of the Company at http://www.ltfs.com.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

Section 152 of the Act provides that unless the articles provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Raju Dodti, Non-Executive Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, as required pursuant to section 149(7) of the Act, stating that they meet the criteria of independence as provided in sub-section (6) and are not disqualified from continuing as an Independent Directors.

KEY MANAGERIAL PERSONNEL

Mr. Madan Sarwate resigned from the position of Manager of the Company with effect from October 24, 2016. The Board of Directors at its meeting held on October 24, 2016 has appointed Mr. Suresh Darak as the Manager of the Company, who is the Key Managerial Personnel in accordance with the provisions of the Act.

Further, Mr. Swanand Shintre resigned from the position of Company Secretary with effect from November 5, 2016.

As on March 31, 2017 the Company has the following Key Managerial Personnel:

1) Mr. Suresh Darak - Manager
2) Mr. Romesh Sankhe - Head-Accounts (Discharging the functions of the Chief Financial Officer)

The Board of Directors at its meeting held on May 2, 2017 appointed Mr. Kailash Purohit as the Company Secretary of the Company.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A. Background

Section 178 of the Companies Act, 2013 and rules thereof ("the Act"), require the Nomination and Remuneration Committee ("NRC") of a Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B. Brief framework of the Policy

The objective of this Policy is:

a) to determine inter-alia, qualifications, positive attributes and independence of a Director;

b) to guide on matters relating to appointment and removal of Directors, and Senior Management;

c) to lay down criteria/evaluate performance of the Directors; and

d) to guide on determination of remuneration of the Directors, KMP and other employees.

C. Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules there under. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before the appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation Criteria of Directors and Senior Management/KMP/Employees

- **Non-Executive Directors/Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & Attendance - Board and Committee Meetings.
  - Contribution during such meetings.
  - Active participation in strategic decision making.
  - Inputs to executive management on matters of strategic importance.
  - Such other matters, as the NRC/Board may determine from time to time.

- **Senior Management/KMP/Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMP/Senior Management Personnel/ employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/

other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees and Individual Directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. **Board and Committee Evaluation:**

   Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. **Independent / Non-Executive Directors Evaluation:**

   Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and Individual feedback is provided to each Director.

REPORT ON CORPORATE GOVERNANCE

It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices. The Corporate Governance Report is furnished as **'Annexure A'** to this Report.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Fifth Annual General Meeting ("AGM"), had appointed M/s. Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years i.e. from the conclusion of Fifth AGM held on August 31, 2016 till the conclusion of Tenth AGM.

Further, in terms of section 139(1) of the Act the appointment of statutory auditor is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the members at the ensuing Sixth AGM.

In this regard, the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn Jay & Co., Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is annexed herewith as **'Annexure B'**.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **'Annexure C'** to this Report.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Remuneration Policy of the Company and none of the employees listed in the said Annexure is related to any Director of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

CONSERVATION OF ENERGY & TECHNOLOGY ABSORPTION

The particulars relating to conservation of energy and technology absorption in terms of Section 134(3)(m) of the Act and Rule 8 (3) of the Companies (Accounts) Rules, 2014 are given as under

(A) Conservation of Energy

The steps taken or impact on conservation of energy:

The operations of your Company are not energy intensive. However, following measures have been initiated to reduce energy consumption:

- Efficient building envelope achieved by use of flash blocks and double glazed glass units
- Ample day light and views for all office spaces
- Use of treated wastewater for landscape and cooling tower make up water there by reducing portable water use
- Use of materials with low content of Volatile Organic Compounds
- Electric car charging facilities in basement parking area

The steps taken by the Company for utilizing alternate sources of energy:

The Company has incorporated solar panels for external lighting in group's owned office premises.

The capital investment on energy conservation equipments: Nil

(B) TECHNOLOGY ABSORPTION: None

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and expenditure during the year under review.

HOLDING AND SUBSIDIARIES

The Company is a wholly owned subsidiary of L&T Finance Holdings Limited ("LTFH").

Mudit Cement Private Limited is the wholly owned subsidiary of the Company. The Company has no joint venture or associate company.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

As required under Rule 5 and Rule 8(1) of the Companies (Accounts) Rules, 2014, a report on the performance and financial position of the subsidiary of the Company has been appended as **'Annexure D'** to this Report.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis;
5) the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and are operating effectively; and
6) the Directors have devised proper systems to ensure compliance with the provisions of all laws and

that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficiency and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board from time to time.

NUMBER OF BOARD MEETINGS

The Board of Directors of the Company met 7 (seven) times during the financial year 2016-2017 i.e. on April 6, 2016, April 28, 2016, July 20, 2016, August 30, 2016, October 24, 2016, January 20, 2017 and March 21, 2017.

COMPOSITION OF AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act. The composition of Audit Committee is mentioned in the Corporate Governance Report.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of Section 135 of Companies Act, 2013, the Company has constituted a Corporate Social Responsibility **("CSR")** Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report. The Company has also formulated a CSR Policy

As the Company did not have any net profits computed in accordance with the provisions of Section 135 of the Companies Act, 2013, no amount was spent on activities under the CSR.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee of this matter. The Chief Internal Auditor of L&T Financial Services is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at http://www.ltfs.com.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, guarantees given, investments made and security provided as per the provisions of Section 186 of the Act are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 11, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.

All RPTs that were entered into during FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT

The Company has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES THEREUNDER

The extract of Annual Return in Form No. MGT 9 as required under provisions of Section 92(3) of the Act, 2013 and prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014 is appended as **'Annexure E'** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by any regulators during the year under review.

ACKNOWLEDGEMENTS

The Directors express their sincere gratitude to the Securities and Exchange Board of India, BSE Limited, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions, Rating Agencies and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company resulting in successful performance during the year.

For and on behalf of the Board

Sunil Prabhune	**Raju Dodti**
Director	Director
DIN-07517824	DIN-06550896

Place : Mumbai
Date : May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this Report, the Board comprises of four Directors viz. Mr. Subramaniam N., Dr. (Mrs.) Rajani R. Gupte, Mr. Raju Dodti and Mr. Sunil Prabhune. Mr. Raju Dodti and Mr. Sunil Prabhune are Non-Executive Directors of the Company. Mr. Subramaniam N. and Dr. (Mrs.) Rajani R. Gupte are the Independent Directors.

Mr. Suresh Darak is the Manager of the Company and functions under the superintendence and control of the Board of Directors.

During the financial year 2016-17, the Board of the Company met 7 (seven) times i.e. on April 6, 2016, April 28, 2016, July 20, 2016, August 30, 2016, October 24, 2016, January 20, 2017 and March 21, 2017. The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Subramaniam N.	00166621	ID	7	6
Dr.(Mrs.) Rajani Rajiv Gupte	03172965	ID	7	6
Mr. Dinanath Dubhashi(1)	03545900	NED	7	1
Mr. G. Krishnamurthy(2)	06560170	NED	7	2
Mr. N. Sivaraman(3)	00001747	NED	7	0
Ms. Raji Vishwanathan(4)	02680148	NED	7	0
Mr. Sunil Prabhune(5)	07517824	NED	7	5
Mr. Raju Dodti(6)	06550896	NED	7	5

Notes:
(1) Ceased to be a Director with effect from April 29, 2016
(2) Ceased to be a Director with effect from April 29, 2016
(3) Ceased to be a Director with effect from April 12, 2016
(4) Ceased to be a Director with effect from April 6, 2016
(5) Appointed as a Director with effect from May 18, 2016
(6) Appointed as a Director with effect from April 28, 2016

ID - Independent Director NED - Non-Executive Director

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The four core Committees constituted by the Board in this connection are:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors

The details of various committees of the Company and its composition as on date of the report are as under:

AUDIT COMMITTEE:

The Audit Committee has been set up pursuant to the provisions of Section 177 of the Companies Act, 2013 and the Committee comprises three Members as stated below:

Mr. Subramaniam N. - Chairman
Dr. (Mrs.) Rajani R. Gupte
Mr. Sunil Prabhune

During the financial year the Committee met 5 (five) times i.e. on April 28, 2016, July 20, 2016, October 24, 2016, January 20, 2017 and March 22, 2017. The attendance of the Members at the Meetings held during FY 2016-17 is as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Mr. Subramaniam N.	5	4
Dr.(Mrs.) Rajani R. Gupte	5	4
Mr. Sunil Prabhune(1)	5	4

(1) Appointed as member with effect from May 18, 2016

Role of the Committee

i) To make recommendation for appointment, remuneration and terms of appointment of auditors of the Company;

ii) To review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii) To examine the financial statement and the auditors' report thereon;

iv) To approve or make any subsequent modification of transactions of the Company with related parties;

v) To scrutinise inter-corporate loans and investments;

vi) To cause valuation of undertakings or assets of the company, wherever it is necessary;

vii) To evaluate internal financial controls and risk management systems;

viii) To monitor the end use of funds raised through public offers and related matters;

ix) To investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company; and

x) Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.

NOMINATION AND REMUNERATION COMMITTEE:

The Nomination and Remuneration Committee has been set up pursuant to the provisions of Section 178 of the Companies Act, 2013 and it currently comprises three Members as stated below:

Dr. (Mrs.) Rajani R. Gupte – Chairperson
Mr. Subramaniam N.
Mr. Sunil Prabhune

During the financial year the Committee met 4 (four) times i.e. on April 28, 2016, July 20, 2016, September 14, 2016 and January 20, 2017. The attendance of the Members at the Meetings held during FY 2016-17 is as follows:

Name of the Director	No. of Meetings held during the year	No. of Meetings attended
Dr. (Mrs.) Rajani R. Gupte	4	4
Mr. Subramaniam N.	4	2
Mr. Sunil Prabhune(1)	4	3

(1) Appointed as members with effect from May 18, 2016

Role of the Committee

i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii) Ensure that

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate Directors of the quality required to run the Company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to Directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

iv) Ensure 'fit and proper' status of existing/proposed directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE:

The Corporate Social Responsibility ("CSR") Committee has been set up pursuant to the provisions of Section 135 of the Companies Act, 2013 and it comprises three Members as stated below:

Mr. Sunil Prabhune - Chairman
Dr. (Mrs.) Rajani R. Gupte
Mr. Raju Dodti

Role of the Committee

- Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board.
- Recommending to the Board the amount to be spent on CSR from time to time.

- Monitoring the CSR Policy of the Company from time to time.

There was no meeting of CSR during the year.

COMMITTEE OF DIRECTORS:

The Committee of Directors comprises two Members as stated below:

Mr. Sunil Prabhune
Mr. Raju Dodti

Role of the Committee

The Committee of Directors is entrusted with the powers of general management of the affairs of the Company. During the Financial Year, the committee met three times.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 6, 2016 and October 24, 2016, pursuant to the provisions of the Act.

NUMBERS OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board members about the restriction on number of other directorships and they have confirmed compliance with the same.

DISCLOSURES

During the Financial Year ended March 31, 2017:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of the Companies Act, 2013, the Company has implemented all Sections as applicable to it and accordingly, it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

RESPONSIBILITIES OF THE BOARD

The operations of the Company are run by the Manager under the supervision and the guidance of the Board.

Presentation to the Board in areas such as financial results, budgets, business prospects etc., give the Directors an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

The Company ensures necessary training to the Directors including their Independent Directors relating to its business through formal/informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable / discharge his duties. The Directors are given time to study the data and contribute effectively to Board discussions. The Non-Executive Directors/Independent Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The systems of risk management and compliance with statutory requirements are in place.

MEANS OF COMMUNICATION

- Half yearly results are published in one daily English newspaper of national prominence.
- The Company submits the " Half Yearly Communication" to the Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Reports displayed on the website of the Company http://www.ltfs.com/companies/financial_consultants.html

Place: Mumbai
Date: May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR-3
SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017
[Pursuant to section 204(1) of the Companies Act, 2013 and Rule 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited)

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Financial Consultants Limited** (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **March 31, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment,Overseas Direct Investment and External Commercial Borrowings- **Not applicable to the Company;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011- **Not applicable to the Company;**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015- **Not applicable to the Company;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- **Not applicable to the Company;**

d) Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014- **Not applicable to the Company;**

e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client- **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**

g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009- **Not applicable to the Company and**

h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998- **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**

(vi) Other specific business/industry related laws are applicable to the company:

The Company is registered as Merchant Banker in Category- I under the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992 on 17th January, 2017. The Company has complied with the provisions of the Securities and Exchange Board of India (Merchant Bankers) Regulations, 1992. Further, the Company has complied with other applicable general laws, rules, regulations and guidelines.

We have also examined the compliance with the following to the extent applicable-

(i) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with BSE Limited and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, with respect to the Company's listing of Non-Convertible Debentures.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

We further report that –

(a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors;

(b) the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

(c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

(d) The minutes of the Board meetings have not identified any dissent by members of the Board, hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

(i) On 19th April, 2016, the members at the Extra-Ordinary General Meeting had approved issuance of Non-convertible Debentures/ Bonds on private placement basis to various investors from time to time during the Financial Year 2016-17 for an amount not exceeding ₹ 500 Crores in aggregate pursuant to the provisions of Section 42 and 71 of the Companies Act, 2013.

(ii) On 19th April, 2016, the members at the Extra-Ordinary General Meeting had approved the alteration of the Memorandum of Association and Adoption of New Set of Articles of Associations of the Company pursuant to the provisions of Section 13 and 14 of the Companies Act, 2013.

(iii) On 8thSeptember, 2016, the members at the Extra-Ordinary General Meeting had approved the alteration of the object clause of Memorandum of Association of the Company pursuant to the provisions of Section 13 of the Companies Act, 2013.

(iv) On 8th September, 2016, the members at the Extra-Ordinary General Meeting had approved the change of name of the Company from L&T Vrindavan Properties Limited to L&T Financial Consultants Limited.

Place : Mumbai
Date : April 24, 2017

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

ALWYN JAY & CO.
Company Secretaries

[Vijay Sonone FCS.7301]
(Partner)
[Certificate of Practice No. 7991]

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

FORM AOC-1

[Statement pursuant to first proviso to sub-section (3) of Section 129 read with Rule 5 of Companies (Accounts) Rules, 2014]

Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures

Part-A: Subsidiaries

(₹ in Lakhs)

Name of the subsidiaries	**Mudit Cement Private Limited**
Date of acquisition	27/12/2013
Share capital	210.48
Reserves & surplus	(1,574,11)
Total assets	3,947.63
Total Liabilities	3,947.63
Investments	-
Turnover	-
Profit / (loss) before taxation	(480.93)
Provision for taxation	67.81
Profit/ (loss) after taxation	(548.74)
Proposed Dividend (Including dividend paid)	-
% of shareholding	100%

Name of Subsidiaries which are yet to commence operations

(i) Mudit Cement Private Limited

Part-B: Associates and Joint Ventures

Statement pursuant to the provisions of Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

– NIL

Names of associates or joint ventures which have been liquidated or sold during the year

– NIL

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	U65100TN2011PLC081100
ii)	**Registration Date**	June 16, 2011
iii)	**Name of the Company**	L&T Financial Consultants Limited (Formerly known as L&T Vrindavan Properties Limited)
iv)	**Category / Sub- Category of the Company**	Company Limited by Shares/ Indian Non-Government Company
v)	**Address of the Registered office & contact details**	Mount Poonamallee Road, Manapakkam, Chennai – 600089, Tamil Nadu. Tel: 022 – 66217300 Website: www.ltfs.com
vi)	**Whether listed company**	No, During the year the Company has redeemed all its debentures which were listed.
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any**	M/s. Link Intime India Private Limited C 101,247 Park, L B S Marg, Vikhroli West, Mumbai-400083

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

All business activities contributing 10% or more of the total turnover of the Company has been considered.

Sr. No.	Name & Description of main products/ services	NIC Code of the Product / Service	% to total turnover of the Company
1.	Dealing in Real Estate properties	68100	69%
2.	Merchant Banking Fees	64990	16%

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES -

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1.	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	L67120MH2008PLC181833	Holding Company	100.00	2(46)
2.	Mudit Cement Private Limited Address: 5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi 110001	U26942DL1990PTC041941	Subsidiary Company	100.00	2(87)

IV. SHAREHOLDING PATTERN (Equity Share capital Breakup as % of total Equity)

i) Category-wise Shareholding :-

Category of Shareholders	No. of shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-----	6#	6#	0	-----	6#	6#	0	----	---
b) Central Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) State Govt(s)										
d) Bodies Corp.		1,87,49,994	1,87,49,994	100	-----	1,87,49,994	1,87,49,994	100	----	---
e) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
f) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
Sub- total:(A) (1) :-	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**---**
(2) Foreign										
a) NRIs- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Other- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
Sub -total (A) (2) :-	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
Total shareholding of Promoter (A)= (A)(1)+(A)(2)	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**---**
B. Public Shareholding										
(1) Institutions										
a) Mutual Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Central Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) State Govt(s)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
f) Insurance Companies	-----	-----	-----	-----	-----	-----	-----	-----	----	---
g) FIIs	-----	-----	-----	-----	-----	-----	-----	-----	----	---
h) Foreign Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
Sub -total (B)(1):	-----	-----	-----	-----	-----	-----	-----	-----	----	---

Category of Shareholders	No. of shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total shares	Demat	Physical	Total	% of Total shares		
(2) Non-Institutions										
a) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Indian	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Overseas	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Individual shareholders holding nominal share capital upto ₹1 lakh	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Others (specify)	--	--	--	--	--	--	--	----	----	---
Sub -total (B)(2):	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**--**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**--**
C. Shares held by Custodian for GDRs & ADRs	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**--**
Grand Total (A+B+C)	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**1,87,50,000**	**1,87,50,000**	**100**	**----**	**---**

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited

ii) Shareholding of Promoters:

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged/ encumbered to total shares	
1	**L&T Finance Holdings Limited**	1,87,50,000*	100.00	0	1,87,50,000*	100.00	0	0
	Total	**1,87,50,000**	**100.00**	**0**	**1,87,50,000**	**100.00**	**0**	**0**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited

iii) Change in Promoters' Shareholding (please specify, if there is no change) - There is no change in the Promoters shareholding

Sr. No.		Shareholding at the beginning of the Year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/bonus/sweat equity etc)#	------	------	------	------
	At the End of the year				

iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) :

Sr. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

v) Shareholding of Directors & Key Managerial Personnel:

Sr. No		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	Mr. Sunil Prabhune*	1	0		
	At the beginning of the year	----	-----		
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	------	------	-----	-----
	At the End of the year			1	0
2	Mr. Raju Dodti*				
	At the beginning of the year	------	------	1	0
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	------	------	-----	-----
	At the End of the year			1	0

* Held Jointly with L&T Finance Holdings Limited for the purpose of complying with the provisions regarding minimum number of members pursuant to provisions of the Companies Act, 2013.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakhs)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-----	38,871.17	-----	38,871.17
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	282.92	-----	282.92
Total (i+ii+iii)	**-----**	**39,154.09**	**-----**	**39,154.09**
Change in Indebtedness during the financial year				
Additions	-----	38,179.82	-----	38,179.82
Reduction	-----	38,871.17	-----	38,871.17
Net Change	**-----**	**(691.35)**	**-----**	**(691.35)**
Indebtedness at the end of the financial year	**-----**	**-----**	**-----**	**-----**
i) Principal Amount	-----	38,179.82	-----	38,179.82
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	463.36	-----	463.36
Total (i+ii+iii)	**-----**	**38,643.18**	**-----**	**38,643.18**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr. No.	Particulars of Remuneration	Name of the Manager		Total Amount
		Madan Sarwate[(1)]	Suresh Darak[(1)]	
1	**Gross salary**	N.A.	N.A.	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
--	as % of profit	-	-	-
--	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**-**	**-**	**-**
	Ceiling as per the Act	**N.A.**		

(1) Manager of the Company drew his remuneration from another company within the L&T Financial Services Group.

B. Remuneration to other directors: (Amount in ₹)

Sl. No.	Particulars of Remuneration	Mr. Subramaniam N.	Dr. Rajani Gupte	Total Amount
1	Independent Directors			
	(a) Fee for attending board and Committee meetings	2,60,000	3,00,000	5,60,000
	(b) Commission	Nil	Nil	Nil
	(c) Others, please specify	-	-	-
	Total (1)	**2,60,000**	**3,00,000**	**5,60,000**
2	Other Non Executive Directors	-	-	-
	(a) Fee for attending board committee meetings	-	-	-
	(b) Commission	-	-	-
	(c) Others, please specify	-	-	-
	Total (2)	**-**	**-**	**-**
	Total (B)=(1+2)	**2,60,000**	**3,00,000**	**5,60,000**
	Total Managerial Remuneration	**-**	**-**	**5,60,000**
	Overall Ceiling as per the Act#	N.A.	N.A.	N.A.

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: Not Applicable#

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**Company Secretary**	**CFO**	**Total**
			Swanand Shintre[1]	Romesh Sankhe[1]	
1	**Gross Salary**	NA	NA	NA	-
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**-**	**-**	**-**	**-**

(1) The above KMPs drew their remuneration from another company within the L&T Financial Services Group.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act , 2013): NONE

INDEPENDENT AUDITORS' REPORT

To the members of L&T Financial Consultants Limited (formerly L&T Vrindavan Properties Limited)

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Financial Consultants Limited (formerly L&T Vrindavan Properties Limited) ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income,cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central

government of India in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 34.7 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and are in accordance with books of account maintained by the Company. - refer note 12 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets;

(b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The title deeds of the immovable properties are held in the name of the Company.

2 According to the information and explanations given to us, the Company is engaged primarily in services related to financial services activities and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a),(b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable..

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable to the Company.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid/provided for during the year, accordingly, reporting under clause (xi) of the Order is not applicable.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting under clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, reporting on clause 3(xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting under clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of L&T Financial Consultants Limited (formerly L&T Vrindavan Properties Limited) ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ In Lakh)

	Particulars	Notes	As at 31-March-17	As at 31-March-16	As at 1-April-15
I.	**ASSETS**				
1)	**Non-current assets**				
	(a) Property, Plant and Equipment	2	3,306.54	3,716.17	102.53
	(b) Investment Property	3	36,252.77	38,346.85	38,977.02
	(c) Other Intangible assets	4	3.09	5.94	-
	(d) Financial Assets				
	(i) Investments	5	426.10	426.10	426.10
	(ii) Loans	6	59.68	3,826.12	270.76
	(iii) Others	7	-	-	379.63
	(e) Deferred tax assets (net)	34.10	1,546.38	311.81	538.77
	(f) Current Year Income Tax (net)	8	1,836.48	156.03	1,200.00
	(g) Other non-current assets	9	1,356.03	1,200.00	6.61
			44,787.07	**47,989.02**	**41,901.42**
2)	**Current assets**				
	(a) Financial Assets				
	(i) Investments	10	-	1,483.61	17,211.88
	(ii) Trade receivables	11	9.67	11.54	24.09
	(iii) Cash and cash equivalents	12	84.24	44.44	50.31
	(iv) Loans	13	730.29	131.02	32.30
	(v) Others Financial Assets	14	3,658.33	432.85	3,202.23
	(b) Other current assets	15	60.16	61.10	16.78
	Assets classified as held for sale	16	2,003.76	-	-
			6,546.45	**2,164.56**	**20,537.59**
	TOTAL		**51,333.52**	**50,153.58**	**62,439.01**
II.	**EQUITY AND LIABILITIES**				
1)	**Equity**				
	a) Equity share capital	17	1,875.00	1,875.00	1,875.00
	b) Other equity	18	8,771.56	7,105.60	9,596.66
			10,646.56	**8,980.60**	**11,471.66**
2)	**Liabilities**				
	Non-current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	19	-	291.43	20,039.19
	(ii) Other financial liabilities	20	1,275.62	1,232.58	1,053.04
	(b) Provisions	21	18.77	18.43	42.54
	(c) Other non-current liabilities	22	140.13	281.38	388.25
			1,434.52	**1,823.82**	**21,523.02**
	Current liabilities				
	(a) Financial Liabilities				
	(i) Borrowings	23	38,643.17	18,603.96	15,569.05
	(ii) Current Maturities of Long term Borrowings	24	-	20,258.69	13,179.66
	(iii) Other financial liabilities	25	466.64	450.88	662.41
	(b) Other current liabilities	26	129.10	19.69	24.62
	(c) Provisions	27	13.53	15.94	8.59
			39,252.44	**39,349.16**	**29,444.33**
	TOTAL		**51,333.52**	**50,153.58**	**62,439.01**

Significant accounting policies 1
Other notes to financials statements 34

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

For and on behalf of the board of directors of
L&T Financial Consultants Limited

R. P. Acharya
Partner
Membership no. 039920

Raju Dodti
Director
(DIN-06550896)

Sunil Prabhune
Director
(DIN-07517824)

Place: Mumbai
Date: 02 May, 2017

Romesh S.A. Sankhe
Head Accounts

Kailash Purohit
Company Secretary
M. No. A28740

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ In Lakh)

	Particulars	Notes	Year ended 31st March 17	Year ended 31st March 16
I.	**INCOME:**			
	Revenue from operations	28	4,548.64	1,198.12
	Other income	29	806.12	465.07
	Total Income		**5,354.76**	**1,663.19**
II.	**EXPENSES:**			
	Employee benefits expense	30	362.04	55.44
	Finance costs	31	4,075.31	3,214.20
	Depreciation and amortization expense	2,3,4	756.19	239.73
	Other expenses	32	427.34	411.68
	Provisions and contingencies	33	550.44	-
	Total Expenses		**6,171.32**	**3,921.05**
	Profit/(loss) before exceptional items and tax		**(816.56)**	**(2,257.85)**
	Exceptional Items		**-**	**-**
	Profit/(loss) before tax		**(816.56)**	**(2,257.85)**
	Less:			
	Tax expense:			
	Deferred tax		(1,234.57)	226.96
	MAT Credit Entitlement		(1,249.00)	-
			(2,483.57)	**226.96**
	Profit/(Loss) for the period/ year from Continuing operations		**1,667.01**	**(2,484.81)**
	Profit/(loss) from discontinued operations			
	Less: Tax expense of discontinued operations		-	-
	Profit/(loss) from Discontinued operations (after tax)		**-**	**-**
	Profit/(loss) for the period/ year		**1,667.01**	**(2,484.81)**
III.	**Other comprehensive income for the year**			
	Items that may be reclassified to profit or loss			
	Remeasurements of the net defined benefit plans		(1.05)	(6.34)
	Income tax relating to these items			
	Items that will not be reclassified to profit or loss		**-**	**-**
	Total comprehensive income for the year		**1,665.96**	**(2,491.15)**
	Earnings per equity share :			
	Basic	34.5	8.89	(13.25)
	Diluted	34.5	8.89	(13.25)

Significant accounting policies 1
Other notes to financials statements 34
As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

For and on behalf of the board of directors of L&T Financial Consultants Limited

R. P. Acharya
Partner
Membership no. 039920

Raju Dodti
Director
(DIN-06550896)

Sunil Prabhune
Director
(DIN-07517824)

Place: Mumbai
Date: 02 May, 2017

Romesh S.A. Sankhe
Head Accounts

Kailash Purohit
Company Secretary
M. No. A28740

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

a. Equity Share Capital

Balance as at 1st April 2015	Change during period	Balance as at 31st March 2016
1,875.00	-	1,875.00

Balance as at 1st April 2016	Change during period	Balance as at 31st March 2017
1,875.00	-	1,875.00

b. Other Equity

Particulars	Reserves and Surplus				
	Debenture Redemption Reserve	Retained Earnings	Other Reserve (arising on the grant of ESOPs)	General Reserve	Total
Balance at 1 April 2015	1,696.00	7,900.28	0.39	-	9,596.67
Total Comprehensive Income for the year	-	(2,491.15)		-	(2,491.15)
Transferred from surplus in the Statement of Profit and Loss	1,672.37	(1,672.37)	0.08	-	0.08
Balance at 31 March 2016	**3,368.37**	**3,736.76**	**0.47**	**-**	**7,105.60**

Particulars	Reserves and Surplus				
	Debenture Redemption Reserve	Retained Earnings	Other Reserve (arising on the grant of ESOPs)	General Reserve	Total
Balance at 1 April 2016	3,368.37	3,736.76	0.47		7,105.60
Total Comprehensive Income for the year		1,665.96			1,665.96
Transfer from Debenture Redemption Reserve	(3,368.37)			3,368.37	-
Balance at 31 March 2017	**-**	**5,402.72**	**0.47**	**3,368.37**	**8,771.56**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

For and on behalf of the board of directors of
L&T Financial Consultants Limited

R. P. Acharya
Partner
Membership no. 039920

Raju Dodti
Director
(DIN-06550896)

Sunil Prabhune
Director
(DIN-07517824)

Place: Mumbai
Date: 02 May, 2017

Romesh S.A. Sankhe
Head Accounts

Kailash Purohit
Company Secretary
M. No. A28740

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ In Lakh)

		2016-17	2015-16
A.	**Cash flow from operating activities**		
	Profit/(loss) before tax as per statement of profit and loss	(816.56)	(2,257.85)
	Adjustment for:		
	Provision for employee benefits	14.65	11.09
	Depreciation	756.19	239.73
	Profit on sale of current investment	(16.39)	(49.63)
	Profit on sale of Fixed Assets	(156.94)	-
	Interest/Dividend income on ICD/FD/ Investment	(627.72)	(415.41)
	Lease rental income on amortisation of security deposit	(124.03)	(111.23)
	Expense on fair valuation of ESOP	-	0.08
	Interest expenses	4,067.25	3,206.12
	Provisions and contingencies	550.44	
	Operating profit before working capital changes	**3,646.89**	**622.89**
	Changes in working capital		
	(Increase)/ Decrease in Financial Assets-Loans	73.07	301.31
	(Increase)/ Decrease in Trade Receivables	1.87	12.55
	(Increase)/ decrease in other financial assets and other current assets	(255.01)	113.17
	Increase/ (decrease) in current and non current liabilities and financial liabilities and provisions	29.29	(132.45)
	Cash generated from operations	**3,496.11**	**917.47**
	Direct taxes paid	(587.48)	(189.43)
	Net cash generated from operating activities (A)	**2,908.63**	**728.04**
B.	**Cash flows from investing activities**		
	Add : Inflows from investing activities		
	Sale/ Redemption of current investments	1,500.00	15,777.90
	Inter corporate deposits recovered	385.27	2,898.95
	Interest received from investing activities	627.72	415.41
	Sale of Investment Properties	500.00	-
		3,012.99	19,092.26
	Less : Outflow for investing activities		
	Inter corporate Deposit given	767.29	3,861.38
	Purchase of property, plant and equipment and Investment properties	646.89	3,229.14
		1,414.18	7,090.52
	Net cash from generated from investing activities (B)	**1,598.81**	**12,001.73**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ In Lakh)

		2016-17	2015-16
C.	**Cash flows from financing activities**		
	Add : Inflows from financing activities		
	Proceeds from long term borrowings	-	290.00
	Proceeds from short term borrowings (net)	19,598.65	3,804.19
		19,598.65	4,094.19
	Less : Outflows for financing activities		
	Interest expenses paid	3,776.29	3,673.25
	Repayment of long term borrowings	20,290.00	13,156.58
		24,066.29	16,829.83
	Net cash used in financing activities (C)	**(4,467.64)**	**(12,735.64)**
	Net increase/(decrease) in cash and cash equivalents (A+B+C)	**39.80**	**(5.87)**
	Cash and cash equivalents as at beginning of the year	44.44	50.31
	Cash and cash equivalents as at end of the year	84.24	44.44

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Ind AS 7.
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped/reclassified wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. Acharya
Membership no. 039920

Place: Mumbai
Date: 02 May, 2017

For and on behalf of the board of directors of
L&T Financial Consultants Limited

Raju Dodti
Director
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(DIN-07517824)

Romesh S.A. Sankhe
Head Accounts

Kailash Purohit
Company Secretary
M. No. A28740

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Significant accounting policies

A. Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from 1st April 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 34.12 for an explanation of how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31st March 2016 and 1st April 2015 and of the comprehensive net income for the year ended 31st March 2016.

All assets and liabilities have been classified as current or non-current as per the Company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

The financial statements are presented in 'Indian Rupees' (INR), which is Company's functional and presentation currency and the same has been rounded off to the nearest lakhs.

B. Financial Instruments

(a) Financial Assets:

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities:

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

C. Use of Estimates

The preparation of financial statements requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Actual results could differ from these estimates. Any change in such estimates is recognised prospectively.

D. Revenue Recognition

- Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured.
- Income from services is recognized as per the terms of contracts on accrual basis.
- Interest income on deposits is recognised on a time proportion basis taking into account the amount outstanding and the rate applicable..
- Dividend is accounted when the right to its receipt is established.
- Rental income is recognised on accrual basis.

E. Property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Intangible fixed assets comprising of software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as “Capital Work in Progress”.

Transition to Ind AS

On Transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment recognised at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

F. Investment Properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset’s carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight line method over their estimated useful lives.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with carrying value of all its investment properties recognised at 1st April 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

G. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in financial statements. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent it is probable certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

Minimum Alternate Tax (MAT) credit is recognised as an asset only when and to the extent there is convincing evidence that the Company will pay normal Income Tax during the specified period. In the year in which the MAT credit becomes eligible to be recognised as an asset in accordance with the Guidance Note issued by the ICAI, the said assets is created by way of a credit to the Statement of Profit and Loss.

H. Provisions and Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The Company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are not recognised.

I. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

J. Trade Receivables:

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment.

K. Leases

Where the company is lessee

Operating lease:

Operating leases, where the lessor effectively retains substantially all the risks and benefits of ownership of the leased item, are classified as operating leases. Operating lease payments are recognized as an expense in the Statement of Profit and Loss on a straight-line basis over the lease term. Initial direct costs incurred specifically for operating leases are recognised as expenses in the year in which they are incurred.

Where the company is lessor

Finance Lease:

Leases in which the company transfers substantially all the risks and benefits of ownership of the asset are classified as finance leases. Assets given under finance lease are recognized as a receivable at an amount equal to the net investment in the lease. After initial recognition, the company apportions lease rentals between the principal repayment and interest income so as to achieve a constant periodic rate of return on the net investment outstanding in respect of the finance lease. The interest income is recognized in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

Operating Lease:

Leases in which the company does not transfer substantially all the risks and benefits of ownership of the asset are classified as operating leases. Assets subject to operating leases are included in fixed assets. Lease income on an operating lease is recognized in the Statement of Profit and Loss on a straight-line basis over the lease term. Costs, including depreciation, are recognized as an expense in the Statement of Profit and Loss. Initial direct costs such as legal costs, brokerage costs, etc. are recognized immediately in the Statement of Profit and Loss.

L. Depreciation and Amortisation

Depreciation/Amortization on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are greater than or equal to the corresponding rate prescribed in Schedule II of the Companies Act, 2013.

- Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of installation.
- Depreciation is charged for the full month in the month of purchase/sale even used for part of the month.

M. Earnings per share

Basic and diluted earnings per share are computed in accordance with Ind AS 33 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

N. Retirement and other employee benefits

Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the services are classified as short-term employee benefits. Benefits such as salaries, short term compensated absences etc. and estimated variable remuneration are recognized in the period in which the employee renders the related service.

Post employment benefits:

(a) Defined contribution plans:

The Company's provident fund and pension are defined contribution plans. The contribution paid/payable under the scheme is recognized during the period in which the employee renders the related services.

(b) Defined benefit plan

The Company's gratuity scheme is defined benefit plan. The employee gratuity obligation is determined based on actuarial valuation using Projected Unit Credit method which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognized in the period in which they incur directly in the other comprehensive income. They are included in retained earnings in the statement of changes in equity and in the balance sheet.

Long Term Employee Benefits:

Accumulated leave, which is expected to be utilized within the next twelve months, is treated as short-term employee benefit. The Company measures the expected cost of such absences as the additional amount that it expects to pay as a result of the unused entitlement that has accumulated at the reporting date.

The Company treats accumulated leave expected to be carried forward beyond twelve months, as long-term employee benefit for measurement purposes. Such long-term compensated absences are provided for based on the actuarial valuation using the projected unit credit method at the reporting date. Actuarial gains/losses are immediately taken to the statement of profit and loss and are not deferred.

The Company presents the entire leave as a current liability in the balance sheet, since it does not have an Unconditional right to defer its settlement for twelve months after the reporting date.

O. Impairment of Assets

Property, plant and equipment and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

P. Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and disclosed as follows:-

a. Estimated amount of contracts remaining to be executed on capital account are not provided for.

b. Other non cancellable commitments, if any to the extent they are considered material and relevant in the opinion of the management.

Q. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest rate method.

R. Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the construction of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

S. Cash flow Statements

Cash flows are reported using the indirect method whereby cash flows from operating, investing and financing activities of the Company are segregated and profit before tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments.

T. Extraordinary and exceptional items

Income or expenses that arise from events or transactions that are clearly distinct from the ordinary activities of the Company are classified as extraordinary items. Specific disclosure of such events/transactions is made in the financial statements. Similarly, any external event beyond the control of the Company, significantly impacting income or expense, is also treated as extraordinary item and disclosed as such.

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ In Lakh)

2

Particulars	Cost/Valuation				Depreciation				Book Value	
	Deemed Cost as at 1st April, 2015	Additions	Deduct-ions	As at 31st March 2016	Revised Opening as at 1st April, 2015	For the year	Deduct-ions	As at 31-March-16	As at 31st March 2016	As at 31st March 2015
Office equipments	60.30	490.25	-	550.55	-	51.69	-	51.69	498.86	60.30
Computers	1.75	17.63	-	19.38	-	6.08	-	6.08	13.30	1.75
Furniture and Fixtures	40.48	507.85	-	548.33	-	12.49	-	12.49	535.84	40.48
Electrical & Installation	-	2,711.11	-	2,711.11	-	42.94	-	42.94	2,668.17	-
Total	**102.53**	**3,726.84**	**-**	**3,829.37**	**-**	**113.20**	**-**	**113.20**	**3,716.17**	**102.53**

(₹ In Lakh)

2

Particulars	Cost/Valuation				Depreciation				Book Value	
	Deemed Cost as at 1st April, 2016	Additions	Deduct-ions	As at 31st March 2017	Revised Opening as at 1st April, 2016	For the year	Deduct-ions	As at 31st March 2017	As at 31st March 2017	As at 31st March 2016
Office equipments	550.55	16.84	-	567.39	51.69	112.25	-	163.94	403.45	498.86
Computers	19.38	3.26	-	22.64	6.08	7.22	-	13.30	9.34	13.30
Furniture and Fixtures	548.33	-	-	548.33	12.49	52.70	-	65.19	483.14	535.84
Electrical & Installation	2,711.11	-	-	2,711.11	42.94	257.56	-	300.50	2,410.61	2,668.17
Total (a)	**3,829.37**	**20.10**	**-**	**3,849.47**	**113.20**	**429.73**	**-**	**542.93**	**3,306.54**	**3,716.17**

3 **Investment Properties** (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16
Gross Carrying Amount		
Opening gross carrying amount/ Deemed cost	38,470.77	38,977.02
Add: Additions	626.80	(506.25)
Less: Classified as Assets held for sale	(2,178.60)	
Less: Sale during the year	(366.37)	
Closing gross carrying amount	**36,552.60**	**38,470.77**
Accumulated Depreciation and Impairment		
Opening accumulated depreciation	123.92	
Add: Depreciation and Impairment	323.62	123.92
Less: Classified as Assets held for sale	(124.40)	
Less: Deduction due to sale	(23.31)	-
Closing accumulated depreciation	**299.83**	**123.92**
Net Carrying Amount	**36,252.77**	**38,346.85**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(i) Amount recognised in profit or loss for investment properties

(₹ In Lakh)

	As at 31-March-17	As at 31-March-16
Rental Income	3,711.64	1,198.12
Direct Operating Expenses from property that generated rental income	284.19	358.60
Direct Operating Expenses from property that did not generate rental income	-	-
Profit from investment properties before depreciation	**3,427.45**	**839.52**
Depreciation and impairment	323.62	123.92
Profit from investment properties	**3,103.83**	**715.60**

(ii) Contractual obligations

Refer to Note 34.7 for disclosure of contractual obligations to purchase, construct or develop investment property or for its repairs, maintenance or enhancements.

(iii) Leasing arrangements

Certain investment properties are leased to tenants under long term operating leases with rentals payable monthly.

Minimum lease payments receivable under non-cancellable operating leases of investment properties are:

Particulars	As at 31-March-17	As at 31-March-16
Within one year	2,265.88	3,104.43
Later than one year but not later than 5 years	2,583.33	7,003.80
Later than 5 years	-	-
	4,849.21	**10,108.23**

(₹ In Lakh)

4

Particulars	Cost/Valuation				Depreciation				Book Value	
	Deemed Cost as at 1st April, 2015	Additions	Deductions	As at 31st March 2016	Revised Opening as at 1st April, 2015	For the year	Deductions	As at 31st March 2016	As at 31st March 2016	As at 31st March 2015
Computer Sotware	-	8.55	-	8.55	-	2.61	-	2.61	5.94	-
Total	**-**	**8.55**	**-**	**8.55**	**-**	**2.61**	**-**	**2.61**	**5.94**	**-**

(₹ In Lakh)

4

Particulars	Cost/Valuation				Depreciation				Book Value	
	Deemed Cost as at 1st April, 2016	Additions	Deductions	As at 31st March 2017	Revised Opening as at 1st April, 2016	For the year	Deductions	As at 31-March-17	As at 31-March-17	As at 31st March 2016
Computer Sotware	8.55	-	-	8.55	2.61	2.85	-	5.46	3.09	5.94
Total (a)	**8.55**	**-**	**-**	**8.55**	**2.61**	**2.85**	**-**	**5.46**	**3.09**	**5.94**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

5 Non Current Financial Assets- Investments

(₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Investments in Equity Instruments:			
Investments in Subsidiary Companies			
Mudit Cements Private Limited	426.10	426.10	426.10
(21,04,800 Equity Shares of ₹ 10 each fully paid)			
Total	**426.10**	**426.10**	**426.10**

6 Non Current Financial Assets- Loans

(₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Security Deposit			
Secured Considered Good:	19.88	16.86	16.51
Loans and advances to related parties			
Secured Considered Good:	-	-	-
Unsecured Considered Good:	39.80	3,809.26	254.25
Total	**59.68**	**3,826.12**	**270.76**

7 Non Current Financial Assets- Others

(₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Capital Advance	-	-	379.63
Total	**-**	**-**	**379.63**

8 Non Current Assets- Current Year Income Tax (net)

(₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Advance Tax Instalments current year	587.48	156.03	-
MAT Credit Entitlement	1249.00	-	1200.00
	1,836.48	156.03	1,200.00
Less: Provision for current year tax	-	-	-
Total	**1,836.48**	**156.03**	**1,200.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

9 Other Non Current Assets (₹ In Lakh)

Particulars	**As at 31-March-17**	**As at 31-March-16**	**As at 1-April-15**
Income Tax prior years			
MAT Credit Entitlement	1200.00	1,200.00	-
Income Tax balance net of provisions	156.03	-	-
Others	-	-	6.61
Total	**1,356.03**	**1,200.00**	**6.61**

10 Current Financial Assets- Investments (₹ In Lakh)

Particulars	**As at 31-March-17**	**As at 31-March-16**	**As at 1-April-15**
Investment in Non Convertible Debentures			
(Listed but not quoted)			
9.63% Jindal Steel & Power Limited	-	1,483.61	-
(150 debentures of ₹ 10 lakh each)			
Investment in Mutual Fund			
L&T Short Term Opportunities Fund Direct Plan - Dividend	-	-	10,378.12
L&T Liquid Fund Direct Plan - Daily Dividend	-	-	4,698.09
L&T Arbitrage Opportunities Fund Direct Monthly Dividend	-	-	2,135.67
Total	**-**	**1,483.61**	**17,211.88**

11 Current Financial Assets- Trade receivables (₹ In Lakh)

Particulars	**As at 31-March-17**	**As at 31-March-16**	**As at 1-April-15**
Trade Receivable			
Secured, considered good			
Unsecured, considered good	9.67	11.54	24.09
Doubtful			
Total	**9.67**	**11.54**	**24.09**
Trade Receivable from related parties out of the above	9.67	11.54	24.09
Total	**9.67**	**11.54**	**24.09**

12 Current Financial Assets-Cash and cash equivalents (₹ In Lakh)

Particulars	**As at 31-March-17**	**As at 31-March-16**	**As at 1-April-15**
Balances with banks			
in current accounts	84.24	44.44	50.31
Cash on Hand	-	-	-
Total	**84.24**	**44.44**	**50.31**

Note- There is no cash on hand as on 8th November, 2016. Also, the company has no transaction in cash during the period from 8th November, 2016 to 30th December, 2016.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

13 Current Financial Assets- Loans (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Loans and advances to related parties			
Secured Considered Good	-	-	-
Unsecured Considered Good	730.29	131.02	32.30
Doubtful	-	-	-
Less: Allowance for bad and doubtful loans	-	-	-
Total	**730.29**	**131.02**	**32.30**

14 Other Financial Assets (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Current maturity of loans and advances to related parties	4,158.33	432.85	3,202.23
Less: Provision on Advances	(500.00)	-	-
	3,658.33	432.85	3,202.23
Total	**3,658.33**	**432.85**	**3,202.23**

15 Other current assets (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Others	60.16	61.10	16.78
Total	**60.16**	**61.10**	**16.78**

16 Assets classified as held for sale (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Land	81.61	-	-
Building	1922.15	-	-
Total	**2,003.76**	**-**	**-**

Land and Building classified as held for sale was measured at lower of carrying amount and fair value less costs to sell at the time of the reclassification, resulting in write down of ₹ 50.44 lakhs as provision on assets held for sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

17 Equity share capital (₹ In Lakh)

Particulars	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	₹ In Lakh	Number	₹ In Lakh	Number	₹ In Lakh
Authorised						
Equity shares of ₹ 10 each	25,000,000	2,500.00	25,000,000	2,500.00	25,000,000	2,500.00
Issued, Subscribed & Paid up shares						
Equity shares of ₹ 10 each	18,750,000	1,875.00	18,750,000	1,875.00	18,750,000	1,875.00
Total Issued, Subscribed & Paid up shares capital	**18,750,000**	**1,875.00**	**18,750,000**	**1,875.00**	**18,750,000**	**1,875.00**

(I) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting year	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	₹ lakh	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the year	18,750,000	1,875.00	18,750,000	1,875.00	18,750,000	1,875.00
Shares issued during the year	-	-	-	-	-	-
Shares outstanding at the end of the year	**18,750,000**	**1,875.00**	**18,750,000**	**1,875.00**	**18,750,000**	**1,875.00**

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

(III) Equity shares in the Company held by the holding company	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	₹ lakh	Number	₹ lakh	Number	₹ lakh
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its beneficially nominees.	18,750,000	1,875.00	18,750,000	1,875.00	18,750,000	1,875.00

(IV) Details of shareholders holding more than 5% shares in the Company	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	% Holding	Number	% Holding	Number	% Holding
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its beneficially nominees.	18,750,000	100%	18,750,000	100%	18,750,000	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

18 Other Equity (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
(I) Debenture Redemption Reserve			
As per last Balance sheet	3,368.37	1,696.00	-
Add : Transferred from surplus in the Statement of Profit and Loss	-	1,672.37	1,696.00
Less: Transferred to General Reserve	(3,368.37)	-	-
Closing balance	**-**	**3,368.37**	**1,696.00**
(II) Other Reserve (arising on the grant of ESOPs)			
As per last Balance sheet	0.47	0.39	-
Add : Transferred from surplus in the Statement of Profit and Loss	-	0.08	0.39
Closing Balance	**0.47**	**0.47**	**0.39**
(III) General Reserve			
As per last Balance sheet	-	-	-
Add: Transferred from Debenture Redemption Reserve	3,368.37	-	-
Closing balance	**3,368.37**	**-**	**-**
(III) Surplus in the Statement of Profit and Loss			
As per last Balance sheet	3,736.76	7,900.28	(1,927.23)
Add : Profit for the year	1,667.01	(2,484.81)	11,523.51
Add : Other comprehensive income	(1.05)	(6.34)	-
Less: Transferred to Debenture Redemption Reserve	-	1,672.37	1,696.00
Closing balance	**5,402.71**	**3,736.76**	**7,900.28**
Total reserves and surplus	**8,771.56**	**7,105.60**	**9,596.66**

19 Non Current Financial Liabilities - Borrowings (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Secured			
Redeemable non-convertible debentures	-	-	20034.19
Unsecured			
Inter corporate borrowings	-	291.43	5.00
Total (a+b)	**-**	**291.43**	**20,039.19**

20 Other financial liabilities (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Security deposit	1275.62	1,232.58	1053.04
Total	**1,275.62**	**1,232.58**	**1,053.04**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

21 Provisions (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
For employee benefit			
Gratuity	18.77	18.43	10.06
Other			
Tax provisions (net of advance tax)	-	-	32.48
Total	**18.77**	**18.43**	**42.54**

22 Other Non Current Liabilities (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Other Non Current Liabilities	140.13	281.38	388.25
Total	**140.13**	**281.38**	**388.25**

23 Current Financial Liabilities - Borrowings (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Unsecured			
Inter corporate borrowings	38,643.17	18,603.96	15569.05
Total (a+b)	**38,643.17**	**18,603.96**	**15,569.05**

24 Current Financial Liabilities - Current Maturities of Long term Borrowings (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Secured			
Current maturities of Redeemable non convertible debenture	-	20,258.69	-
Total (a)	-	20,258.69	-
Unsecured			
Inter corporate borrowings	-	-	13,179.66
Total (b)	-	-	13,179.66
Total	**-**	**20,258.69**	**13,179.66**

25 Current Financial Liabilities -Other financial liabilities (₹ In Lakh)

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Accrued expenses	273.48	114.37	35.76
Payable to related parties	8.51	69.77	479.99
Advance money received	24.48	-	-
Other Liabilities	160.17	266.74	146.66
Total	**466.64**	**450.88**	**662.41**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

26 Other Current Liabilities (₹ In Lakh)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Statutory dues	129.10	19.69	24.62
Total	**129.10**	**19.69**	**24.62**

27 Provision (₹ In Lakh)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Provision for employee benefit			
Gratuity	0.26	0.34	0.22
Leave encashment	13.27	15.60	8.37
Total	**13.53**	**15.94**	**8.59**

28 Revenue from operations (₹ In Lakh)

	As at 31-March-17	As at 31-March-16
Lease rental income	3711.64	1,198.12
Arranger Fees	837.00	-
Total	**4,548.64**	**1,198.12**

29 Other Income (₹ In Lakh)

	As at 31-March-17	As at 31-March-16
Dividend on investments	-	4.83
Interest on investments	1.18	78.54
Profit on sale of current investments	16.39	49.63
Interest income on inter corporate deposit/ FD	626.54	332.04
Profit on sale of Fixed Assets	156.94	-
Other Income	5.07	0.03
Total	**806.12**	**465.07**

30 Employee benefits expense (₹ In Lakh)

	As at 31-March-17		As at 31-March-16	
Salaries		320.06		276.22
Contribution to and provision for:				
Provident fund	12.01		10.01	
ESIC	-		-	
Gratuity	6.36		3.25	
Leave encashment	8.29		7.84	
		26.66		21.10
Corporate Expenses Charged to group company		-		(263.22)
ESOP charges		-		0.09
Staff welfare		15.32		21.25
Total		**362.04**		**55.44**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

31 Finance costs

(₹ In Lakh)

	As at 31-March-17	As at 31-March-16
Interest on debentures	2041.02	1,624.06
Interest on Inter corporate deposits	1922.32	1,483.85
Interest on Security Deposit	103.91	98.21
Others	8.06	8.08
Total	**4,075.31**	**3,214.20**

32 Other expenses

(₹ In Lakh)

	As at 31-March-17		As at 31-March-16	
Professional and legal fees		39.00		25.50
Travelling and conveyance		41.90		2.00
Printing and stationery		0.33		0.62
Electricity charges (net)		42.26		102.43
Insurance		0.78		10.35
Telephone and communication		10.98		2.07
Advertising and publicity		0.06		1.14
Auditors remuneration				
Audit fees	1.50		0.75	
Tax Audit Fees	0.50		0.25	
Limited review fees	1.55		0.90	
Other services	2.12	5.67	1.28	3.18
Rates & taxes		23.33		0.02
Repairs & maintenance (net)		241.93		256.17
Listing and Custodian fees		0.33		0.30
Miscellaneous expenses		20.77		7.90
Total		**427.34**		**411.68**

33 Provisions and contingencies

(₹ In Lakh)

	As at 31-March-17	As at 31-March-16
Provision on loans and advances	500.00	-
Provision on assets held for sale	50.44	-
Total	**550.44**	**-**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

34.1 Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 "Employee Benefits"

i. Defined contribution plans: The Company makes provident fund contribution to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits.An amount of ₹ 12.01 lakhs, (previous year ₹ 10.01 lakhs) towards contribution to provident fund is recognised as an expense and included in employee benefit expenses in the statement of profit and loss. The contributions payable to these plans by the Company are at the rates specified in the rules of the schemes.

ii. Defined benefit plans:

The Company offers the gratuity under employee benefit schemes to its employees.

a) The amounts recognised in Balance Sheet are as follows: (₹ In Lakh)

Sr No.	Particulars	Gratuity plan		
		As at 31.03.2017	**As at 31.03.2016**	**As at 01.04.2015**
	Present value of defined benefit obligation			
A)	– Wholly funded	-	-	-
	– Wholly unfunded	19.03	18.77	10.28
		19.03	18.77	10.28
	Less: Fair value of plan assets	-	-	-
	Amount to be recognised as liability or (asset)	**19.03**	**18.77**	**10.28**
B)	Amounts reflected in the Balance Sheet			
	Liabilities	19.03	18.77	10.28
	Assets	-	-	-
	Net liability/(asset)	**19.03**	**18.77**	**10.28**

b) The amounts recognised in Statement of Profit and Loss are as follows: (₹ In Lakh)

	Particulars	Gratuity plan	
		FY 2016-17	**FY 2015-16**
1	Current service cost	4.86	2.44
2	Interest cost	1.50	0.81
3	Expected (Return) on Plan Assets	-	-
4	Interest income on plan assets	-	-
5	Actuarial losses/(gains)	-	-
6	Actuarial losses/(gains)- diff between actual return on plan assets and interest income	-	-
7	Actuarial losses/ (gains)-others	1.05	6.34
8	Past service cost	-	-
9	Effect of any curtailment or settlement	-	-
10	Actuarial gain/(loss) not recognised in books	-	-
11	Adjustment for earlier years	-	-
12	Effect of the limit in para 64(b)	-	-
13	Business Combination	-	-
14	Translation adjustments	-	-
15	Amount capitalized out of the above	-	-
	Total	**7.41**	**9.59**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ In Lakh)

Particulars	Gratuity plan As at 31.03.2017	Gratuity plan As at 31.03.2016
Opening balance of the present value of defined benefit obligation	18.77	10.28
Add: Current service cost	4.86	2.44
Add: Interest cost	1.50	0.81
Add: Contribution by plan participants		
i) Employer	-	-
ii) Employee	-	-
iii) Transfer-in/(out)	-	-
Add/(less): Actuarial losses/(gains)	1.05	6.34
Less: Benefits paid	(9.10)	(1.26)
Add: Past service cost	-	-
Add: Liabilities assumed on transfer of employees	1.95	0.16
Add: Business combination/acquisition	-	-
Add: Adjustment for earlier years	-	-
Add/(less): Translation adjustments	-	-
Closing balance of the present value of defined benefit obligation	**19.03**	**18.77**

(₹ In Lakh)

d) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Gratuity Plan	As at 31.03.2017	As at 31.03.2016
Discount rate (p.a.)	7.50%	8.05%
Salary Growth rate (p.a.)	8.00%	8.00%

The discount rate as on 31st March 2017 is based on the prevailing market yields of Indian government securities as at 31 March 2017 for the estimated term of the obligations.The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

(₹ In Lakh)

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	2015-16	2016-17	2015-16
Impact of change in salary growth rate	3.14	3.18	2.88	2.92
Impact of change in discount rate	(2.88)	(2.92)	(3.17)	(3.21)

e) The average duration of the defined benefit plan obligations at the end of the reporting period is as follows:

Particulars	As at 31.03.2017	As at 31.03.2016
Gratuity plan	17 years	13.65 years

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

34.2. Borrowing Cost :

Borrowing costs capitalized during the year is Nil. (previous year : ₹ 462.02 lakh).

34.3. Segment Reporting :

The company has a single reportable segment which has similar risk and return for the purpose of AS 17 on "segment reporting". The company operates in a single geographical segment i.e. domestic.

34.4. Related party disclosures: Accounting Standard - 24

(a) List of related party and relationships:

Ultimate Holding Company

- Larsen & Toubro Limited

Holding Company

- L&T Finance Holdings Limited

Subsidiary Company

- Mudit Cement Private Limited

Fellow Subsidiary Company

- L&T Finance Limited (Erstwhile Family Credit Limited)
- L&T Infrastructure Finance Company Limited
- L&T Housing Finance Limited
- L&T Investment Management Limited
- L&T Capital Markets Limited
- L&T Infra Debt Fund Limited
- L&T General Insurance Company Limited (till September 8, 2016)

Key Managerial Personnel

- Mr. Pradeep Shintre – Manager (Upto February 26, 2016)
- Mr. Suresh Darak- Manager (From October 25, 2016)

(b) Related Party Transaction: (Exclusive of service tax)

Sr. No.	Nature of Transactions	2016-17 ₹ in lakh	2015-16 ₹ in lakh
1	**Inter Corporate Borrowings taken from**		
	- L&T Finance Holdings Limited	38,179.82	19,146.17
2	**NCD repaid:**		
	- L&T Finance Holdings Limited	500.00	-
3	**Inter Corporate Deposit given to**		
	- Mudit Cement Private Limited	767.29	3,861.38
4	**Inter Corporate Borrowings repaid**		
	- L&T Finance Holdings Limited	18,871.17	28,208.55
5	**Inter Corporate Deposit repaid by**		
	- Mudit Cement Private Limited	385.27	2,898.95
6	**Interest Expended on NCD**		
	- L&T Finance Holdings Limited	50.86	52.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Sr. No.	Nature of Transactions	2016-17 ₹ in lakh	2015-16 ₹ in lakh
7	**Interest expended on Inter Corporate Borrowings**		
	- L&T Finance Holdings Limited	1,922.32	1,483.85
8	**Lease Rental Income**		
	- L&T Finance Limited (Erstwhile Family Credit Limited)	1,514.62	245.79
	- L&T Infrastructure Finance Company Limited	982.62	126.74
	- L&T Housing Finance Limited	214.87	31.46
	- Larsen & Toubro Limited	12.05	13.77
	- L&T Investment Management Limited	744.31	602.58
	- L&T Capital Markets Limited	22.12	14.21
	- L&T Infra Debt Fund Limited	4.82	4.82
	- L&T General Insurance Company Limited	-	47.53
	- L&T Finance Holdings Limited	63.54	-
9	**Interest Income on ICD given to**		
	- Mudit Cement Private Limited	414.66	332.04
10	**Professional Fees paid to**		
	- Larsen & Toubro Limited	2.10	1.74
11	**ESOP charges debited by**		
	- L&T Finance Holdings Limited	-	0.01
12	**Construction charges debited by**		
	- Larsen & Toubro Limited	532.38	195.00
13	**Corporate support charges recovered**		
	- L&T Finance Limited	-	263.22
14	**Security Deposit taken from**		
	- L&T Investment Management Limited	-	81.33
15	**Security Deposit repaid to**		
	- L&T Finance Limited (Erstwhile Family Credit Limited)	22.69	-
	- L&T General Insurance Company Limited	21.90	-
	- L&T Housing Finance Limited	9.72	-
	- Larsen & Toubro Limited	6.56	-
16	**Expenses recovered from**		
	- L&T Investment Management Limited	117.85	81.64
	- L&T Finance Limited (Erstwhile Family Credit Limited)	255.36	59.68
	- L&T General Insurance Company Limited	11.74	31.44
	- L&T Housing Finance Limited	47.65	15.38
	- L&T Infrastructure Finance Company Limited	120.82	10.64
	- L&T Capital Markets Limited	6.23	7.07
	- Larsen & Toubro Limited	-	0.21
	- L&T Finance Holdings Limited	11.76	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(c) Amount due to/from related party:-

Sr. No.	Nature of Transactions	As at March 31, 2017 ₹ in lakh	As at March 31, 2016 ₹ in lakh	As at April 1, 2015 ₹ in lakh
1	**Account payable to**			
	- Larsen & Toubro Limited	3.46	69.35	67.62
	- L&T Finance Holdings Limited	-	0.42	412.36
	- L&T Finance Limited (Erstwhile Family Credit Limited)	-	-	0.20
2	**Outstanding balance of ICB**			
	- L&T Finance Holdings Limited	38,179.82	18,871.17	27,933.55
3	**Outstanding balance of NCD**			
	- L&T Finance Holdings Limited	-	500.00	500.00
4	**Interest accrued but not due ICB**			
	- L&T Finance Holdings Limited	463.36	260.12	820.16
5	**Interest accrued but not due on NCD**			
	- L&T Finance Holdings Limited	-	0.57	0.85
6	**Outstanding balance of ICD**			
	- Mudit Cement Private Limited	4,497.66	4,115.63	3,153.20
7	**Interest accrued but not due on ICD**			
	- Mudit Cement Private Limited	430.76	114.62	298.52
8	**Outstanding Security Deposit taken from**			
	- L&T Infrastructure Finance Company Limited	721.18	721.18	721.18
	- L&T Finance Limited (erstwhile Family Credit Limited)	381.43	404.12	404.12
	- L&T Investment Management Limited	352.64	352.64	271.31
	- L&T Finance Holdings Limited	30.63	30.63	30.63
	- L&T General Insurance Company Limited	-	21.90	21.90
	- L&T Housing Finance Limited	2.51	12.23	12.23
	- L&T Capital Markets Limited	6.60	6.60	6.60
	- Larsen & Toubro Limited	-	6.56	6.56
	- L&T Infra Debt Fund Limited	2.41	2.41	2.41
9	**Receivable from**			
	- Larsen & Toubro Limited	-	-	15.25
	- L&T Housing Finance Limited	-	-	0.55
	- L&T Investment Management Limited	-	10.29	3.92
	- L&T Infrastructure Finance Company Limited	-	-	2.58
	- L&T Capital Markets Limited	0.39	-	-
	- L&T General Insurance Company Limited	4.22	0.89	1.98
	- L&T Finance Limited (erstwhile Family Credit Limited)	-	0.36	-
10	**Equity Investment**			
	- Mudit Cement Private Limited	426.10	426.10	426.10

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

34.5. Earnings Per Share: Ind AS 33

Particulars	2016-17	2015-16
Basic & Diluted		
Profit / (Loss) after tax as per statement of profit and loss (₹ lakh) (i)	1,667.01	(2,484.81)
Weighted average number of equity shares outstanding (ii)	1,87,50,000	1,87,50,000
Basic & Diluted EPS (₹) iii (i/ii)	8.89	(13.25)

34.6. Provision for tax has been made in these financial statements in view of book profit under section 115 JB of Income Tax Act, 1961 for the previous year.

34.7. Contingent Liabilities and commitment : Ind AS 37

i. There are no contingent liabilities as on March 31st 2017 (March 31st 2016: Nil, April 1st 2015: Nil).

ii. The Company has outstanding capital commitments amounting of ₹ Nil. (March 31st 2016: ₹ 155.72, April 1st 2015: ₹ 2,984.60).

34.8. The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2017. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the Company.

34.9 Disclosure pursuant to Ind AS 12 "Income Taxes"

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(₹ In Lakh)

Sr No.	Particulars	2016-17	2015-16
(a)	i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	-	-
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	536.11	307.30
	MAT credit recognised	(1,249.00)	-
	Effect of previously recognised tax losses and tax offsets used during the current year to reduce deferred tax expense	(1,770.68)	(80.34)
	Income tax expense / (income) reported in the statement of profit or loss	**(2,483.57)**	**226.96**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Sr No	Particulars	2016-17	2015-16
1	Profit before tax	(816.56)	(2257.85)
2	Applicable Corporate tax rate as per Income tax Act, 1961	30.90%	30.90%
3	PBT*Tax tax rate of 30.9%	(252.32)	(697.68)
4 (a)	Items of expense not deductible for tax purposes:		
	Effect of previously recognised tax losses and tax offsets used during the current year to reduce deferred tax expense	(1,770.68)	(80.34)
	Tax Effect of losses of current year on which no deferred tax benefit is recognised	625.20	1,032.77
	Other items	163.21	(27.79)
	MAT Credit	(1,249.00)	-
5	**Effective tax Rate**	**304.15%**	**-10.05%**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Items for which no deferred tax asset is recognised in the balance sheet (₹ In Lakh)

Sr No.	Particulars	As at 31.03.2017			As at 31.03.2016			As at 1.4.2015		
		Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit
	Tax losses (revenue in nature) (business loss on which no tax asset is created)									
	Year of expiry:									
	AY 21-22	-	-	AY 13-14	-	-	AY 13-14	-	-	AY 13-14
	AY 22-23	-	-	AY 14-15	-	-	AY 14-15	-	-	AY 14-15
	AY 23-24	-	-	AY 15-16	2,388.03	737.90	AY 15-16	2,648.04	818.24	AY 15-16
	AY 24-25	-	-	AY 16-17	3,342.31	1,032.77	AY 16-17	-	-	AY 16-17
	AY 25-26	2,023.31	625.20	AY 17-18	-	-		-	-	
Total		**2023.31**	**625.20**		**5,730.34**	**1,770.68**		**2,648.04**	**818.24**	

Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(₹ In Lakh)

Sr No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		31.03.17	**31.03.16**	**01.04.15**	**2016-17**	**2015-16**
(a)	Fair valuation gain on investments (FVTPL)	-	-	-	-	-
(b)	Difference in Book and Income tax depreciation	1,198.80	662.42	312.11	536.38	350.31
('c)	Carried forward business loss	(2,730.59)	(959.91)	(879.57)	(1,770.68)	(80.34)
(d)	MAT credit receivable	(2,449.00)	(1,200.00)	(1,200.00)	(1,249.00)	-
(e)	Other items	(14.59)	(14.32)	28.69	(0.27)	(43.01)
	Deferred tax expense/ (income)				**(2483.57)**	**226.96**
	Net deferred tax (assets) / liabilites	**(3,995.38)**	**(1,511.81)**	**(1,738.77)**		

Reconciliation of deferred tax (assets) / liabilities

(₹ In Lakh)

Sr No.	Particulars	2016-17	2015-16
(a)	Opening Balance of Deferred tax (assets)/ liabilities on April 1	(1,511.81)	(1,738.77)
(b)	Tax (income) / expense during the period recognised in statement of Profit and Loss in Profit & Loss section	(2483.57)	226.96
(c)	Tax (income) / expense during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/ liabilities as on 31st March	**(3,995.38)**	**(1,511.81)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

34.10 Details of Useful life, restrictions and hypothecation of Property Plant and Equipment, Investment property, and Intangible Assets

(₹ In Lakh)

Sr No.	Particulars	As at 31.03.2017			As at 31.03.2016			As at 1.4.2015		
		Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothecated
1	Office Equipments		567.39			550.55			60.30	
2	Computers		22.64			19.38			1.75	
3	Furniture and Fixtures		548.33			548.33			40.48	
4	Electrical & Installation		2,711.11			2,711.11			-	
5	Computer Sotware		8.55			8.55			-	
6	Investment Property		36,552.60			38,470.77			38,977.02	

34.11 Disclosure pursuant to Ind AS 107 "Financial Instruments"

Fair value measurement

(₹ In Lakh)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Trade receivables (incl. related party)	-	-	9.67	-	-	11.54	-	-	24.09
Cash and cash equivalents	-	-	84.24	-	-	44.44	-	-	50.31
Investments	-	-	426.10	1,483.61	-	426.10	17,211.88	-	426.10
Loans to related parties			4,448.30			4,389.99			3,505.29
Others									379.63
Total financial assets	-	-	4,968.31	1,483.61	-	4,872.07	17,211.88	-	4,385.42
Financial liabilities									
Long Term Borrowings			-			291.43			20,039.19
Current maturity of long term borrowings			-			20,258.69			13,179.66
Short Term Borrowings	-	-	38,643.17	-	-	18,603.96	-	-	15,569.05
Security Deposit			1,275.62			1,232.58			1,053.04
Other Financial Liabilities	-	-	466.64	-	-	450.88	-	-	662.41
Total financial liabilities	-	-	40,385.43	-	-	40,837.54	-	-	50,503.35

Items of Income, expense, gains or losses

(₹ In Lakh)

Particulars	FY 16-17	FY 15-16
Net gain/ (losses) on financial assets and financial liabilities		
Dividend Income from Investment measured at FVTPL (Mutual Funds)	-	4.83
Gain / (loss) on fair valuation or sale of investment in mutual funds/ equity	16.39	49.63
Interest Revenue		
Financial assets that are measured at amortised cost	626.54	332.07
Interest Expenses		
Financial liabilities that are not measured at fair value through P&L	4,075.31	3,214.20

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Maturity profile of financial liabilities (Amount at undiscounted value) (₹ In Lakh)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total	Less than 12 months	More than 12 months	Total
Long Term borrowings	-	-	**-**	321.12	-	**321.12**	24,113.36	-	**24,113.36**
Non current financial liability		1,275.62	**1,275.62**		1,232.58	**1,232.58**	-	1,053.04	**1,053.04**
Short Term Borrowings	42,464.98	-	**42,464.98**	20,499.71		**20,499.71**	17,164.88		**17,164.88**
Current maturity of long term borrowings	-	-	**-**	22,323.06	-	**22,323.06**	13,179.66	-	**13,179.66**
Accrued expenses	273.48		**273.48**	114.37		**114.37**	35.76		**35.76**
Payable to related parties	8.51		**8.51**	69.77		**69.77**	479.99		**479.99**
Advance money received	24.48		**24.48**	-	-	**-**	-		**-**
Other Liabilities	160.17		**160.17**	266.74		**266.74**	146.66		**146.66**

(i) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In Lakh)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total	Remarks
Financial assets						
Financial assets at Amortised Cost:						
Loans and advances to related parties						
At March 31, 2017		-	4,428.42	-	**4,428.42**	Carrying cost approximates FV
At March 31, 2016		-	4,373.13	-	**4,373.13**	Carrying cost approximates FV
At April 1, 2015		-	3,488.78	-	**3,488.78**	Carrying cost approximates FV
Financial assets at fair value						
Investments						
Investment in Non Convertible Debentures						
At March 31, 2017		-	-	-	**-**	
At March 31, 2016		-	-	1,483.61	**1,483.61**	Carrying cost approximates FV
At April 1, 2015		-	-	-	**-**	
Investment in Mutual Fund						
At March 31, 2017		-	-	-	**-**	
At March 31, 2016		-	-	-	**-**	
At April 1, 2015		17,211.88	-	-	**17,211.88**	At NAV
Financial Liabilities						
Financial liabilities at Amortised Cost:						
Redeemable non convertible debenture						
At March 31, 2017		-	-	-	**-**	
At March 31, 2016		-	20,258.69	-	**20,258.69**	Carrying cost approximates FV
At April 1, 2015		-	20,034.19	-	**20,034.19**	Carrying cost approximates FV
Inter corporate borrowings		-		-		
At March 31, 2017		-	38,643.17	-	**38,643.17**	Carrying cost approximates FV
At March 31, 2016		-	18,895.39	-	**18,895.39**	Carrying cost approximates FV
At April 1, 2015		-	28,753.71	-	**28,753.71**	Carrying cost approximates FV

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between levels 1 and levels 2 and levels 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

(iii) Interest rate risk (₹ In Lakh)

Particulars	31.03.17	31.03.16	01.04.15
Interest Rate Risk:			
Borrowings at fixed interest rates	38,643.17	39,154.09	48,787.91

(iv) Carrying amount of collateral given (₹ In Lakh)

Particulars	31.03.17	31.03.16	01.04.15
Investment Property	349.40	349.40	349.40

34.12 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), the details of the stock options granted to the employees of the Company are as under:

(₹ In Lakh)

Company	Status	2016-17	2015-16
L&T Finance Holdings Limited	Holding Company	-	0.01

34.13 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

Investment in Mutual Fund carried at FVPL.

34.14 Explanation Of Transition To Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliations (₹ In Lakh)

Particulars	As at 31st March 2016	As at 1st April 2015
As reported under previous GAAP	9,034.01	11,464.10
Remeasurement of Security Deposits	(57.99)	(71.01)
Amortised cost of borrowings at EIR (net of tax)	4.58	8.78
Valuation of Investments (net of tax)	-	69.80
Equity under Ind AS	**8,980.60**	**11,471.66**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(ii) Net income reconciliations (₹ In Lakh)

Particulars	Notes	Year ended 31st March 2016
Net income under previous GAAP		(2,430.09)
Remeasurement of Security Deposits	a	13.02
Amortised cost of borrowings at EIR	b	(4.21)
Fair valuation of ESOP	c	(0.08)
Valuation of Investments	d	(69.80)
Net income under Ind AS		**(2,491.15)**

Note to reconciliations between Previous GAAP and Ind AS

(a) Security deposits received, being financial liabilities are remeasured at amortised cost. Consequently, the rental income for year ended 31st March 2016, has increased by ₹ 111. 23 lakhs and finance cost has increased by ₹ 98.21 , the net effect on profit for year ended 31st March 2016, is increase by ₹ 13.02 lakhs

(b) Borrowings have been recognised at fair value, net of transaction costs incurred and subsequently measured at amortised cost. Consequently, the profit for the year ended 31st March 2016 increased by ₹ 4.21 lakhs (net of deferred tax).

(c) Under previous GAAP, cost of equity settled employee share-based plan were recognised using intrinsic value method. Under IND AS, the cost of equity settled employee share based plan is recognised based on fair value of the options as at the grant date. Consequently, the profit for the year ended 31st March 2016 decreased by ₹ 0.08 lakhs.

(d) Investments in mutual funds have been measured at Fair Value through profit or loss as on 31st March 2015, resulting in gain of ₹ 69.80 lakhs (net of deferred tax). In F.Y. 2015-16, the investments have been sold and hence, the gain recognised as on 31st March 2015 has been reversed, resulting in decrease in profit for year ended 31st March 2016 by ₹ 69.80 lakhs (net of deferred tax).

34.15 Previous year figures have been regrouped / reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Place: Mumbai
Date: 02 May, 2017

For and on behalf of the board of directors of
L&T Financial Consultants Limited

Raju Dodti
Director
(DIN-06550896)

Sunil Prabhune
Director
(DIN-07517824)

Romesh S.A. Sankhe
Head Accounts

Kailash Purohit
Company Secretary
M. No. A28740

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty Third Annual Report of the Company with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of financial results of the Company for the financial year ended March 31, 2017 is as under:

(₹ In Lakh)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Total Income	95,389.22	65,875.70
Less: Total Expenses	74,368.46	56,946.89
Profit before Tax	21,020.76	8,928.81
Provision for Tax	7,628.08	3,566.92
Deferred tax	(248.47)	(442.10)
Profit after Tax	**13,641.15**	**5,803.99**
Add: Balance brought forward from previous years	1,794.71	(2,848.48)
Appropriations:		
Less: Transfer to Special Reserve u/s 29C of the NHB Act	2,729.93	1,160.80
Net surplus in the Statement of Profit and Loss	12,714.44	1,794.71

APPROPRIATIONS

Your Company proposes to transfer ₹ 2,729.93 Lakh (previous year: ₹ 1,160.80 Lakh) to the Special Reserve created under Section 29C of the National Housing Bank Act, 1987.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

- **Performance of businesses**

  The year was marked by unprecedented events for the real estate market like passing of Real Estate Regulation Act (RERA), demonetization etc. All these resulted in a temporary slowdown in tertiary sale of properties. However, we believe that in mid to long term, these measures will be positive for the sector help in making markets more resilient and mature. The Company has managed to disburse close to ₹ 3,400 Crore of retail and construction finance loans.

  The yields for incremental business for retail loans (home loans & loan against property) have increased by 75 basis points on a year on year basis. This is attributed to focused sourcing of loan against property business to tide over the slump in housing sales.

  During the year under review, loans were disbursed amounting to over ₹ 3,400 Crore, constituting retail loans to individuals as well as construction finance to builders. Disbursals in loan against property business have grown by 25% in the financial year ending March 31, 2017. Loan book for retail business has grown by 20% while loan book for the construction funding business has grown by 22% in the financial year ending March 31, 2017 against preceding year. Profits grew from ₹ 58 Crore last fiscal to ₹ 137 Crore this fiscal.

  The cost to income ratio was bettered from 49.67% in FY16 to 26.24% in FY17 on account of augmented efficiency, revamped processes and better utilization of resources.

- **Initiatives undertaken during the year**

  During the financial year 2016-17, the Company has undertaken several initiatives with an objective to diversify products, distribution channels, improve customer experience and overall focus on process improvement. Some key initiative taken are as under:

  For home loans & LAP business

  - In our endeavor to improve margins and ROE, as a first step, sourcing of salaried home loan cases though DSA vertical was stopped.
  - Further, a framework for sourcing home loans through construction finance projects was also created in order to leverage our existing relationships.
  - Product proposition was tweaked to strengthen offering to self employed customer for HL and LAP product.

- End to end loan process was revamped this year to deliver faster sanction and disbursement TAT to the customer.
- Business coverage was consolidated from 42 to 24 locations by closing locations with low productivity, potential and/or higher delinquency.
- Drive for improvement in average fee income from 0.4% to 1% of loan amount through credit life insurance product was successfully undertaken.

For Construction finance business

- Strategy has been to focus on category A and B (large and mid size) developer to manage heightened market risk and build regular source of business.
- Developing end to end product offering to address funding requirements across project lifecycle.
- Actively coordinating with L&T Ecosystem for business growth and developer feedback.
- Reengineered entire process and now offering market competitive TAT.
- Focus has been on 5 key markets with local team presence.

- **Financial Performance of the Company**

  The Company has achieved significantly better performance during the year under review, in comparison to the year ended March 31, 2016, the highlights of which are as below:

  - Gross Portfolio Assets grew from ₹ 6,85,881.73 Lakh as at March 31, 2016 to ₹ 8,33,566.67 Lakh as at March 31, 2017.
  - Total Income grew from ₹ 65,875.70 Lakh in 2015-16 to ₹ 95,389.22 Lakh in 2016-17.
  - Profit before Tax (PBT) grew from ₹ 8,928.81 Lakh in 2015-16 to ₹ 21,020.76 Lakh in 2016-17.
  - Profit after Tax (PAT) grew from ₹ 5,803.99 Lakh in 2015-16 to ₹ 13,641.15 Lakh in 2016-17.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, CARE Limited and ICRA Limited had reviewed the ratings on various debt instruments of the Company. The ratings on non-convertible debentures ("NCDs"), bank loans and subordinated bonds were reaffirmed at AA+ [Double A Plus] rating. The rating assigned to the company's perpetual debt was also reaffirmed at AA [Double A]. The above mentioned ratings carry a stable outlook from both the rating agencies. CARE and ICRA have also reaffirmed ratings assigned to the commercial papers ("CPs") issued by the company at A1+ [A One Plus].

The instruments/bank facilities with long term ratings of AA+/AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk. The instruments with short term ratings of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

There was no change in rating during financial year 2016-17.

RESOURCES

During the year under review, the Company met its funding requirements mainly through issue of NCDs, CPs, inter corporate deposits ("ICDs") and bank borrowings.

During the year under review,the Company has raised ₹1,88,350 Lakh through issue of NCDs on a private placement basis from various investors. Out of which ₹ 1,500 Lakh were raised through issue of NCDs, in the nature of perpetual debt. The Company also redeemed

NCDs worth ₹ 93,025 Lakh during the financial year 2016-17.

During the year, the net borrowings have increased from ₹ 6,29,231.23 Lakh as at March 31, 2016 to ₹ 7,44,775.84 Lakh as at March 31, 2017.

During the year under review, the Company has allotted 82,50,825 equity shares of ₹ 10/- each at a premium of ₹ 80.90/- per share (total consideration of ₹ 90.90/- per share) aggregating to ₹ 74,99,99,992.50/- (Seventy Four Crore Ninety Nine Lakh Ninety Nine Thousand Nine Hundred & Ninety Two Rupees Fifty Paisa only) to L&T Finance Holdings Limited on a rights basis.

SHARE CAPITAL

During the year under review, in accordance with the terms of scheme of amalgamation of Consumer Financial Services Limited with the Company, the Authorised Capital of the Company was increased from ₹ 1,68,00,00,000/- (Rupees One Hundred and Sixty Eight Crore only) divided into 16,60,00,000 equity shares of ₹ 10/- each and 2,00,000 preference shares of ₹ 100/- each to ₹ 1,69,00,00,000/- (Rupees One Hundred and Sixty Nine Crore only) divided into 16,70,00,000 equity shares of ₹ 10/- each and 2,00,000 preference shares of ₹ 100/- each.

During the year under review, the paid-up capital of the Company was increased from ₹ 1,21,40,00,000/- (Rupees One Hundred Twenty One Crore and Forty Lakh only), divided into 12,14,00,000 equity shares of ₹ 10/- each to ₹ 129,65,08,250/- (Rupees One Hundred and Twenty Nine Crore Sixty Five Lakh Eight Thousand Two Hundred and Fifty only), divided into 12,96,50,825 equity shares of ₹ 10/- each.

FIXED DEPOSITS

The Company is a deposit accepting housing finance company. However, the Company had stopped accepting fresh deposits as well as renewal of existing deposits several years earlier, and as such, during the year, the Company has not accepted any public deposits.

DIRECTORS

During the year under review, Mr. N. Sivaraman, had stepped down as a Director of the Company effective from the close of business hours of April 11, 2016 consequent upon his retirement from the services of L&T Financial Services Group. The Board records its appreciation of the valuable contribution made by Mr. N. Sivaraman as a Director of the Company.

Further, Mr. Dinanath Dubhashi was appointed as the Chairperson of the Board of the Company with effect from July 21, 2016.

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors. As on March 31, 2017, the Board comprises the following Directors:

- Mr. Dinanath Dubhashi — Non-Executive Director, Chairperson
- Dr. (Mrs.) Rajani R. Gupte — Independent Director
- Mr. Subramaniam N. — Independent Director
- Mr. Prabhakar B. — Non-Executive Director
- Mr. Pavninder Singh — Non-Executive Director

Further, Section 152 of the Act provides that unless the Articles of Association provide for retirement of all directors at every annual general meeting, not less than two-third of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Mr. Prabhakar B., Non Executive Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

Terms and conditions of appointment of Independent Directors are placed on the website of the Company http://www.ltfs.com.

DECLARATION BY INDEPENDENT DIRECTORS

The Independent Directors have submitted the declaration of Independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149 (6) of the Act and are not disqualified from continuing as Independent Directors.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Further, all the Directors meet the fit and proper criteria stipulated by National Housing Bank (NHB) pursuant to the regulatory framework notified during the year.

The Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

During the year under review, Mr. Vasudevan Ramaswami, Manager and Chief Executive of the Company had resigned from his position with effect from close of business hours of April 4, 2016. Also, Mr. Girijakanta Misra, who was appointed as a Manager on April 6, 2016 had resigned on January 20, 2017 and Mr. Srikanth J has been appointed as the Manager of the Company with effect from January 20, 2017.

The Board records its appreciation of the valuable contribution made by Mr. Vasudevan Ramaswami and Mr. Girijakanta Misra during their tenure as the Manager of the Company.

Accordingly, as on March 31, 2017, the Company has the following Key Managerial Personnel ("KMP"):

- Mr. Srikanth J – Manager
- Mr. Saurabh Zawar - Head–Accounts*
- Ms. Chunni Singh - Company Secretary

** Effective May 2, 2017, Mr. Sandeep Somani has been appointed as the Head - Accounts of the Company in place of Mr. Saurabh Zawar to discharge the duties and responsibilities as required to be performed by the Chief Financial Officer under the Act.*

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A. Background

Section 178 of the Companies Act, 2013 and rules thereof ("the Act"), require the Nomination and Remuneration Committee ("NRC") of a Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel ("KMP") and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMP and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B. Brief Framework of the Policy

The objective of this Policy is:

a) To determine inter-alia, qualifications, positive attributes and independence of a Director;

b) To guide on matters relating to appointment and removal of Directors, and Senior Management;

c) To lay down criteria/evaluate performance of the Directors; and

d) To guide on determination of remuneration of the Directors, KMP and other employees.

C. Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, as the case may be. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before their appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules thereunder. The NRC ensures that a person does not occupy position as a Managing Director/Whole-time Director beyond the age of seventy years, unless their appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

The Company has framed a Code of Conduct for its Directors. The Directors have to abide by the Code of Conduct and ensure compliance of the same.

D. Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/ Employees

- Non-executive Directors/Independent Directors

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & attendance - Committee and Board Meetings
  - Contribution during such meetings
  - Active participation in strategic decision making
  - Inputs to executive management on matters of strategic importance
  - Such other matters, as the NRC/Board may determine from time to time.

- Senior Management/Key Managerial Personnel/Employees

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the KMP/Senior Management Personnel/ employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/ Non-Executive Directors and Chairperson.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback provided to each Director.

c. **Chairperson Evaluation :**

Evaluation by the other members of the Board, is submitted to the Chairperson of the NRC of L&T Finance Holdings Limited, the holding company and individual feedback is provided to the Chairperson.

CORPORATE GOVERNANCE

It has always been the Company's endeavor to excel through better Corporate Governance and fair and transparent practices. The Corporate Governance Report is furnished as **'Annexure A'** to this Report.

In accordance with the Housing Finance Companies – Corporate Governance (National Housing Bank) Directions, 2016, dated February 9, 2017, as amended from time to time, the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twenty Second AGM held on June 17, 2016, have appointed M/s. Deloitte Haskins & Sells LLP, Chartered Accountants (ICAI Firm's Registration Number 117366W/W-100018) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twenty Second AGM till the conclusion of the Twenty Seventh AGM.

Further, in terms of section 139(1) of the Act, the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Deloitte Haskins & Sells LLP, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Members at the ensuing Twenty Third AGM.

In this regard, the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn Jay & Co, practising company secretary to undertake the secretarial audit of the Company.

The Secretarial Audit Report is appended as **'Annexure B'** to this Report.

There is no adverse remark, qualification or reservation in the Secretarial Audit Report.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended herewith as **'Annexure C'.**

In terms of provisions of the first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and 5(3) of the Rules. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Policy on Director's appointment and remuneration for Directors, Key Managerial Personnel and other Employees and none of the employees listed in the said Annexure is related to any Director of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

Considering the Company is a Housing Finance Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

FOREIGN EXCHANGE EARNINGS AND OUTGO

There were no foreign exchange earnings and outgo during the year (previous year ₹ Nil). The expenditure in foreign currency for software license fees and for professional fees was nil (previous year ₹ Nil).

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited.

During the year under review, Consumer Financial Services Limited, the wholly-owned subsidiary of the Company has been amalgamated with the Company, with effect from October 28, 2016.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Act, that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company at the end of the financial year and of the profit and loss of the company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the company and that such internal financial controls are adequate and were operating effectively; and
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of L&T Financial Services monitors and evaluates the efficiency and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies at all locations of the Company. Based on the report of Internal Audit function, process owners undertake corrective action in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee from time to time.

BOARD MEETINGS

During the financial year 2016-17, the Board of Directors of the Company met six (6) times i.e. on April 6, 2016, April 29, 2016, July 21, 2016, October 24, 2016, January 20, 2017 and March 21, 2017.

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013 and regulations framed by the National Housing Bank ("NHB"). The details of the same are provided in the Corporate Governance report.

COMPOSITION OF THE CORPORATE SOCIAL RESPONSIBILITY ("CSR") COMMITTEE

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted the CSR Committee. The composition and terms of reference of the CSR Committee are provided in the Corporate Governance Report.

The Company has also formulated a policy on Corporate Social Responsibility, which is available on the website of the Company http://www.ltfs.com. Annual Report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **'Annexure D'** to this Report.

VIGIL MECHANISM/ WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up a "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of this Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee on aforesaid matters. The Chief Internal Auditor of L&T Financial Services Group acts as the 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal accounting controls or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of the Act and available on the website of the Company http://www.ltfs.com.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE OR GUARANTEE OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and securities provided, if any, as covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

In line with the requirements of the Companies Act, 2013 and pursuant to the recommendations of the Audit Committee ("AC"), the Board of Directors at its meeting held on July 17, 2014 had approved the policy on transactions with related parties ("RPT Policy"), for the Company. The same is also available on the website of the Company http://www.ltfs.com. The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs which are not at arm's length and/or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT FRAMEWORK

The Company has formulated a risk management framework to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee.

The risk management framework is also covered in more detail in Management Discussion & Analysis Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaint in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of the Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies

(Management and Administration) Rules, 2014 is appended as **'Annexure E'** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators/Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by NHB/any other Regulators during the year under review.

NATIONAL HOUSING BANK GUIDELINES

The Company continues to comply with all the requirements prescribed by the National Housing Bank, from time to time, as applicable to it.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/license/authorisation, by whatever name called, from any other financial sector regulators.

ACKNOWLEDGEMENT

Your Directors express their sincere gratitude to the National Housing Bank, Reserve Bank of India, Securities and Exchange Board of India, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in your Company. Your Directors sincerely appreciate the commitment displayed by the employees of the Company across all levels, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Dinanath Dubhashi
Chairperson
DIN 03545900
Place: Mumbai
Date: May 2, 2017

Registered Office:
L&T House,
Ballard Estate,
Mumbai - 400001

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this Report, the Board comprises five Non-Executive Directors including two Independent Directors. Dr. (Mrs.) Rajani R. Gupte and Mr. Subramaniam N. are Independent Directors. Mr. Dinanath Dubhashi is the Non-Executive Director and Chairperson while Mr. Prabhakar B. and Mr. Pavninder Singh are the Non-Executive Directors on the Board of the Company.

During the financial year 2016-17, the Board of Directors of the Company met six (6) times i.e. on April 6, 2016, April 29, 2016, July 21, 2016, October 24, 2016, January 20, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Dinanath Dubhashi	03545900	C	6	6
Mr. Subramaniam N.	00166621	ID	6	6
Dr.(Mrs.) Rajani Rajiv Gupte	03172965	ID	6	5
Mr. Prabhakar B	02101808	NED	6	6
Mr. Pavninder Singh	03048302	NED	6	3

C - Chairperson ID - Independent Director NED - Non-Executive Director

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The four core committees constituted by the Board are as under:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors

The details of various Committees of the Company, as on date of the report are as under:

1) Audit Committee

The Audit Committee has been set up pursuant to provisions of Section177 of the Act as well as NHB directions for housing finance companies. During the financial year 2016-17 the Committee met seven times, i.e. on April 6, 2016, April 28, 2016, July 20, 2016, October 24, 2016, December 7, 2016, January 20, 2017 and March 21, 2017.

The Committee comprises of the following Members:

Dr. (Mrs.) Rajani R. Gupte
Mr. Subramaniam N.
Mr. Dinanath Dubhashi

The attendance of the Members of the Audit Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Dr. (Mrs.) Rajani R. Gupte	7	6
Mr. Subramaniam N.	7	6
Mr. Dinanath Dubhashi	7	7

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013.

Terms of reference of the Committee are as follows:

i) Recommendation for appointment, remuneration and terms of appointment of auditors of the company.

ii) Reviewing and monitoring the auditor's independence and performance, and effectiveness of audit process.

iii) Examination of the financial statement and the auditors' report thereon.

iv) Approval or any subsequent modification of transactions of the company with related parties.

v) Scrutiny of inter-corporate loans and investments.

vi) Valuation of undertakings or assets of the company, wherever it is necessary.

vii) Evaluation of internal financial controls and risk management systems.

viii) Monitoring the end use of funds raised through public offers and related matters.

ix) Functioning of the Vigil Mechanism Framework of the Company.

x) Access to information contained in the records of the Company and external professional advice.

xi) Investigation of any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice.

xii) Oversight of the Companys' financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible.

xiii) Recommendation of appointment and removal of external auditor, fixation of audit fees and also approve payment for other services.

xiv) Discussion with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system.

xv) Recommendation on financial management including audit report shall be binding on the Board.

xvi) Investigation into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the company.

xvii) Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company.

xviii) Ensuring Information Systems Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by NHB.

The Board had duly accepted the recommendations made by the Audit Committee from time to time.

2) Nomination and Remuneration Committee

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated a policy on fit and proper criteria for directors' appointment and policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the financial year 2016-17, the Committee met four times, i.e. on July 21, 2016, September 14, 2016, October 24, 2016 and January 20, 2017.

The Committee comprises the following Members:

Dr. (Mrs.) Rajani R. Gupte, Chairperson
Mr. Subramaniam N.
Mr. Dinanath Dubhashi

The attendance of the Members of the Nomination and Remuneration Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Nomination and Remuneration Committee Meetings held during the year	No. of Nomination and Remuneration Committee Meetings attended
Dr. (Mrs.) Rajani R. Gupte	4	4
Mr. Subramaniam N.	4	3
Mr. Dinanath Dubhashi	4	4

Role of the Committee:

Terms of reference of the Committee are as follows:

i) Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down, recommend to the Board their appointment and removal and carry out evaluation of every director's performance.

ii) Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii) Ensure that:

(a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;

(b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

(c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

iv) Ensure fit and proper status of existing/ proposed reference directors by obtaining necessary information and declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.

v) Undertake process of due diligence at the time of initial appointment and also prior to re-appointment.

vi) Decide based on the information provided in the declaration, the acceptance (and/ or otherwise) and make references where considered necessary to the appropriate person/authority to ensure their compliance with the requirements indicated.

vii) Obtain annual declaration confirming that the information already provided had not undergone change and if there is any change requisite details would be furnished by the directors forthwith.

viii) Focus on evaluating senior level employees their remuneration, promotion etc.

3) Corporate Social Responsibility Committee

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee ("CSR"). During the financial year 2016-17, the Committee met once, i.e. on September 14, 2016 and all the members were present. The Committee comprises the following Members:

Dr. (Mrs.) Rajani R. Gupte
Mr. Dinanath Dubhashi
Mr. Prabhakar B.

Role of the Committee

- Formulation of CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board.
- Recommending to the Board the amount to be spent on CSR from time to time.
- Monitoring the CSR Policy of the Company from time to time.

4) Committee of Directors:

The Committee comprises the following Members:

Mr. Dinanath Dubhashi
Mr. Prabhakar B.
Mr. Pavninder Singh

Role of the Committee

The Committee of Directors is entrusted with the powers of general management of the affairs of the Company.

During the financial year 2016-17, the Committee met twenty-three times.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ("the Act") read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 29, 2016 and October 24, 2016, pursuant to the provisions of the Act.

REMUNERATION OF DIRECTORS

The Non-Executive Directors on the Board (except those Directors who were in the services of L&T Financial Services Group) are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Sitting fees for Board meetings attended	Sitting fees for Committee meetings attended@	Commission	Total
Dr. (Mrs.) Rajani R. Gupte	1,20,000	2,20,000	11,55,000	14,95,000
Mr. Subramaniam N.	1,40,000	1,80,000	11,90,000	15,10,000
Mr. Prabhakar B.	1,20,000	20,000	9,25,000	10,65,000
Mr. Pavninder Singh	60,000	-	7,25,000	7,85,000

Notes:

@Includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board members about the restriction on number of other directorships and expects them to comply with the same.

RESPONSIBILITIES OF THE BOARD

The operations of the Company are run by the Manager under the supervision and the guidance of the Board.

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

Your Company ensures necessary training to the Directors including the Independent Directors relating to its business through formal/informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/discharge his duties. The Directors are given time to study the data and contribute effectively to the Board discussions. The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board. The system of risk assessment and compliance with statutory requirements are in place.

DEBENTURE TRUSTEE

The debenture trustees of the Company are:

Catalyst Trusteeship Limited (erstwhile GDA Trusteeship Limited)

GDA House, Plot No 85, Bhusari Colony (Right),

Paud Road, Pune - 411 038

Tel: +91 020 2528 0081

Fax: +91 020 2528 0275

E-mail:dt@ctltrustee.com

Website: www.catalysttrustee.com

DISCLOSURES

During the financial year ended March 31, 2017:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of Companies Act, 2013, the Company is in compliance with all relevant and applicable provisions of Companies Act, 2013.

MEANS OF COMMUNICATION

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submits the "Half Yearly Communication" to the Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Reports are displayed on the website of the Company http://www.ltfs.com.

Place: Mumbai
Date: May 2, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
L&T Housing Finance Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Housing Finance Limited** (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, **as applicable;**

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company;**

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not Applicable to the Company;**

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable to the Company;**

d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company;**

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993;

h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**

i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not applicable** and

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the National Housing Bank Act, 1987 and notifications, and other directions pertaining to Housing Finance Companies issued by the National Housing Bank. Further, the Company has complied with the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance of the following to the extent applicable:

(a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(b) Listing Agreements entered into by the Company with BSE Limited and National Stock Exchange of India Limited and SEBI (Listing Obligations and Disclosures Requirements) Regulations, 2015, with respect to the Company's listing of Non-Convertible Debentures.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

We further report that

(a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors.

(b) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting; and

(c) The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. The Company has obtained approval from the members at the Extra Ordinary General Meeting for revision in borrowing powers of the Company under section 180(1)(c) of the Companies Act, 2013 up to sum of ₹ 15,000 Crores.
2. The Company has obtained Shareholders' Approval for issuance of Non-Convertible Debentures/bonds on private placement basis to various investors from time to time during the financial year 2016-17 up to ₹ 6000 Crores.
3. Approval of the Shareholders of the Company has been obtained for Alteration of the Articles of Association of the Company.
4. Bombay High Court vide its order dated 10th July, 2015 and 18th November, 2016 & Delhi High Court vide its order dated 29th August, 2016 approved the Scheme of Amalgamation of Consumer Financial Services Limited with the Company & thereafter, the order of Delhi High Court was filed with Registrar of Companies on 27th October, 2016 & order of Bombay High Court was filed with Registrar of Companies on 28th October, 2016. Therefore, the amalgamation was effective on 28th October, 2016.

Place : Mumbai
Date : 24th April, 2017

ALWYN JAY & CO.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Vijay Sonone FCS.7301]
(Partner)
[Certificate of Practice No.7991]

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)</td><td colspan="2">Not Applicable</td></tr>
<tr><td>2</td><td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)</td><td colspan="2">Manager – 15%
Chief Financial Officer (Head- Accounts) - 12%
Company Secretary - 7%</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year.</td><td colspan="2">The median remuneration of employees in the financial year was increased by 8.9%.</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of Company.</td><td colspan="2">404 employees</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</td><td>Employees other than managerial personnel</td><td>Managerial Personnel</td></tr>
<tr><td>9%</td><td>15%</td></tr>
<tr><td></td><td colspan="3"><u>Justification :</u>
Considering the responsibilities entrusted upon the Managerial Personnel, the Management feels that the percentile increase in remuneration of Managerial Personnel is justified.</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per remuneration policy of the Company</td><td colspan="2">We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.</td></tr>
</table>

(1) For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.

ANNUAL REPORT 2016-17 - ANNEXURE ‘D’ TO BOARD’S REPORT

Annual Report on Corporate Social Responsibility (“CSR”)
Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) **A brief outline of the company’s CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization’s core CSR thrust areas as integrated water resource management and financial inclusion. The policy defines the Company’s CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at http://www.ltfs.com.

2) **Composition of CSR Committee:**

The Composition of CSR Committee is disclosed in the Corporate Governance Report.

3) **Average Net Profit of the Company for the last three financial years is ₹ 5259.72 Lakh.**

4) **Prescribed CSR expenditure and details of CSR spend:**

Particulars	₹ in Lakh
Prescribed CSR Expenditure	105.19
Amount spent as CSR	105.19
Amount unspent	-

5) **Manner in which amount spent during the financial year:** **(₹ ₹₹ Lakh)**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent: Direct or through implementing agency
1	**Rural Development Project - para-veterinary services for livestock and enhancing livelihoods for community youth**	ii) Livelihoods enhancement project x) Rural Development project	State: Odisha District: Cuttack, Jajpur & Bhadrak	1.87	1.87	1.87	Indirect**
2	**Rural development through - Watershed management-drought relief project**	(x) rural development projects	State: Maharashtra District: Beed	103.32	103.32	103.32	Indirect**
	Total CSR Spend in FY 16-17			105.19	105.19	105.19	

Note:

Indirect** = CSR activities/projects have been carried out by partnering with several Non-Governmental Organisations/Charitable Institutions.

6) **Responsibility Statement:**

The CSR Committee confirms that the implementation and monitoring of CSR Policy is in compliance with CSR objectives and Policy of the Company.

For and on behalf of the Board of Directors

Dinanath Dubhashi
Director and Member of CSR Committee
DIN 03545900

Prabhakar B.
Director and Member of CSR Committee
DIN 02101808

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS

I	CIN	U45200MH1994PLC259630
II	Registration Date	31-08-1994
III	Name of the Company	L&T Housing Finance Limited
IV	Category/Sub-category of the Company	Company Limited by Shares
V	Address of the Registered office & contact details[(1)]	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000
VI	Whether listed company	Yes (Only Debentures are listed)
VII	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Mr. Ganesh Jadhav Assistant Vice President M/s. Link Intime (India) Private Limited C 101, 247 Park, L.B.S.Marg, Vikhroli (West), Mumbai - 400083. Tel: +91 22 4918 6262 Email Id: ganesh.jadhav@linkintime.co.in

[(1)] Change of registered office effective June 15, 2017

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

Sr. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	Housing Finance – Home loan, loan against property, construction funding.	64990	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited[(1)] Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000	L67120MH2008PLC181833	Holding Company	100	2(46)

[(1)] Change of registered office effective June 15, 2017

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % of total Equity)
(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
a) Individual/ HUF	-	6#	6#	0	-	6#	6#	0	-	-
b) Central Govt. or State Govt.	-	-	-	-	-	-	-	-	-	-
c) Bodies Corporate	43,923,072	77,476,922	121,399,994	100	12,96,50,819	-	12,96,50,819	100	6.79	
d) Bank/FI	-	-	-	-	-	-	-	-	-	-
e) Any other	-	-	-	-	-	-	-	-	-	-
SUB TOTAL:(A) (1)	**43,923,072**	**77,476,928**	**121,400,000**	**100**	**12,96,50,819**	**6**	**12,96,50,825**	**100**	**6.79**	**-**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(2) Foreign										
a) NRI- Individuals	-	-	-	-	-	-	-	-	-	-
b) Other Individuals	-	-	-	-	-	-	-	-	-	-
c) Bodies Corp.	-	-	-	-	-	-	-	-	-	-
d) Banks/FI	-	-	-	-	-	-	-	-	-	-
e) Any other…	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (A) (2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**43,923,072**	**77,476,928**	**121,400,000**	**100**	**12,96,50,819**	**6**	**12,96,50,825**	**100**	**6.79**	**-**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-	-	-	-	-	-	-	-	-	-
b) Banks/FI	-	-	-	-	-	-	-	-	-	-
c) Central Govt	-	-	-	-	-	-	-	-	-	-
d) State Govt.	-	-	-	-	-	-	-	-	-	-
e) Venture Capital Fund	-	-	-	-	-	-	-	-	-	-
f) Insurance Companies	-	-	-	-	-	-	-	-	-	-
g) FIIs	-	-	-	-	-	-	-	-	-	-
h) Foreign Venture Capital Funds	-	-	-	-	-	-	-	-	-	-
i) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(1):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
(2) Non Institutions										
a) Bodies corporate	-	-	-	-	-	-	-	-	-	-
i) Indian	-	-	-	-	-	-	-	-	-	-
ii) Overseas	-	-	-	-	-	-	-	-	-	-
b) Individuals	-	-	-	-	-	-	-	-	-	-
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-	-	-	-	-	-	-	-	-	-
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-	-	-	-	-	-	-	-	-	-
c) Others (specify)	-	-	-	-	-	-	-	-	-	-
SUB TOTAL (B)(2):	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
C. Shares held by Custodian for GDRs & ADRs	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Grand Total (A+B+C)	**43,923,072**	**77,476,928**	**121,400,000**	**100**	**12,96,50,819**	**6**	**12,96,50,825**	**100**	**6.79**	-

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	121,400,000*	100	--------	12,96,50,825*	100		--------
	Total	**121,400,000***	**100**	**--------**	**12,96,50,825***	**100**		**--------**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING - (SPECIFY IF THERE IS NO CHANGE)

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
1	L&T Finance Holdings Limited				
	At the beginning of the year	1,21,400,000*	100		
	Date wise increase/ decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity etc)	-	-	Date of Allotment – 24/01/2017 Allotment of 82,50,825 equity shares of face value ₹ 10/- each at a premium of ₹ 80.90/- per share (aggregating ₹ 90.90/- per share) on right basis	100
	At the end of the year			12,96,50,825*	100

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, 6 shares are held by 6 members jointly with L&T Finance Holdings Limited.

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs): Nil

(v) Shareholding of Directors & Key Managerial Personnel

Sr. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
	For Each of the Directors & KMP	**No. of Shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	At the beginning of the year				
	Mr. Dinanath Dubhashi * (Director)	1	0	1	0.0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/ bonus/sweat equity etc)	---	---	---	---
	At the end of the year				
	Mr. Dinanath Dubhashi * (Director)	1	0	1	0.0

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of Members, shares held jointly with L&T Finance Holdings Limited.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(₹ in Lakh)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	5,09,630.56	1,19,300.00	Nil	6,28,930.56
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	15,729.63	603.26	Nil	16,332.89
Total (i+ii+iii)	**5,25,360.19**	**1,19,903.26**	**Nil**	**6,45,263.45**
Change in Indebtedness during the financial year				
Additions	13,25,106.07	28,51,932.62	2,21,225.00	43,98,263.69
Reduction	12,13,460.42	28,47,732.98	2,21,225.00	42,82,418.40
Net Change	**1,11,645.65**	**4,199.64**	**0.00**	**1,15,845.29**
Indebtedness at the end of the financial year				
i) Principal Amount	6,21,276.21	1,23,499.64	Nil	7,44,775.85
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	20,699.60	691.60	Nil	21,391.20
Total (i+ii+iii)	**6,41,975.81**	**1,24,191.24**	**Nil**	**7,66,167.05**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr. No	Particulars of Remuneration	Name of the MD/WTD/ Manager			Total Amount
		Mr. Vasudevan Ramaswami (Manager)(1)	Mr. Girijakanta Misra (Manager)(2)	Mr. Srikanth J (Manager)(3)	
1	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	NA	79,44,566	NA	
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
--	as % of profit	-	-	-	-
--	others (specify)	-	-	-	-
5	Others, please specify	-	-	-	-
	Total (A)	**-**	**79,44,566**	**-**	**79,44,566**
	Ceiling as per the Act	**₹ 10,53,17,000 (being 5% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**			

(1) Mr. Vasudevan Ramaswami drew his remuneration from another company within the L&T Financial Services Group.
(2) Remuneration data till January 20, 2017.
(3) Mr. Srikanth J draws his remuneration from another company within the L&T Financial Services Group.

B. REMUNERATION TO OTHER DIRECTORS:

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
1	**Independent Directors**	**Mr. Subramaniam N.**	**Dr. (Mrs.) Rajani. R. Gupte**	
	a) Fees for attending Board/Committee Meetings[1]	3,20,000	3,40,000	6,60,000
	b) Commission	11,90,000	11,55,000	23,45,000
	c) Others, please specify	-	-	-
	Total (1)	**15,10,000**	**14,95,000**	**30,05,000**
2	**Other Non executive Directors**	**Mr. Prabhakar B.**	**Mr. Pavninder Singh**	
	a) Fees for attending Board/Committee Meetings[1]	1,40,000	60,000	2,00,000
	b) Commission	9,25,000	7,25,000	16,50,000
	c) Others, please specify	-	-	-
	Total (2)	**10,65,000**	**7,85,000**	**18,50,000**
	Total (B)=(1+2)	**25,75,000**	**22,80,000**	**48,55,000**
	Total Managerial Remuneration (A+B)	**-**	**-**	**1,27,99,566**
	Overall Ceiling as per the Act	**₹ 23,16,98,000 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**		

[1] Committee Meeting includes Audit Committee, Nomination and Remuneration Committee and Corporate Social Responsibility Committee.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
		CEO NA	**Ms. Chunni Singh Company Secretary**	**Mr. Saurabh Zawar CFO**	**Total**
1	**Gross Salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	4,73,542	7,99,475	**12,73,017**
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**-**	**4,73,542**	**7,99,475**	**12,73,017**

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

MANAGEMENT DISCUSSION AND ANALYSIS

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. RERA too will cause some turbulence and consolidation in the real estate sector. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

HOUSING FINANCE

Your Company has identified housing finance as one of its core business based on the long term growth prospects of this industry. The Company's products in this sector include Home loans, Loan Against Property and Real Estate Finance.

Home Loans & Loan Against Property (LAP)

The housing finance industry growth slowed to 16% in FY17 from 19% in FY16, with the overall housing credit at ₹ 14.4 lakh crs. in FY17 (₹ 12.4 lakh crs. in FY16). While this slowdown was across the industry, the decline was higher for banks because of operational constraints caused by demonetisation. The growth in the sector was also impacted by a slowdown in new project launches with buyers deferring their purchase decisions, with an expectation of a downward revision in prices.

At beginning of FY17, your Company realigned its focus towards disbursing loans to self-employed customers. Despite challenging market situations, your Company's Home Loan and LAP book grew by 21% during the year, touching a new milestone of ₹ 7,500 crs.

Competitive Advantage

- Sharpened proposition to strengthen the product offering to self-employed customers
- Streamlined processes to deliver faster sanctions and disbursement TAT to the customer

Future Strategy

- Achieve best in class TAT through digitisation and automation
- Use of analytics for direct sourcing and cross selling
- Drive operational efficiency through focus on key locations and manpower productivity

Real Estate Finance

Real Estate is transitioning towards a more regulated industry with the introduction of Real Estate (Regulation and Development) Act, 2016 (RERA). Demonetisation also had a temporary negative impact on the sector. Demand in residential, primarily on account of affordable housing segment, is expected to see a revival after a slowdown over the past 2-3 years. In the commercial office segment, major metros have seen strong demand for Grade A office space leading to a higher occupancy and robust rental growth. At the start of FY17, a Real Estate Finance vertical was created to cater to various funding requirements of developers in both residential and commercial spaces. Our objective behind creating this vertical was to establish the LTFS Real Estate business as a key player in the development finance market. Real Estate Finance business achieved loan disbursements of ₹ 3,841 crs. and a Loan Book of ₹ 4,865 crs.

Competitive Advantage

- Comprehensive product suite to address top developers' funding requirements
- Robust risk management and early warning signal mechanism
- Strong processes to deliver faster TAT

Future Strategy

- Focus on top real estate developers with the aim to build sustainable relationships
- Build a wider product portfolio and focus on Syndication/Sell down for risk distribution
- Leverage L&T ecosystem for business growth and market intelligence

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. **Risk Appetite Statement (RAS)**

   A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. **Risk Dashboards & Early Warning Signals (EWS)**

   Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. **Treasury Risk Management**

   This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. **Risk-adjusted Pricing**

   This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on internal control systems and their adequacy, refer Board Report.

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 404 employees.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

1. Clarity and Communications of Management Intent

The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

2. A Well-honed Execution Engine

Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HOUSING FINANCE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of **L&T HOUSING FINANCE LIMITED** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss and the Cash Flow Statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards prescribed under section 133 of the Act.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on thesefinancial statements based on our audit.

In conducting our audit, we have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence obtained by us and the audit evidence obtained by the branch auditors and other auditors in terms of their reports referred to in the Other Matters paragraph below, is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31st March, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by Section 143 (3) of the Act, based on our audit,we report, to the extent applicable that:

   a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the relevant books of account.

d) In our opinion, the aforesaid financial statements comply with the Accounting Standards prescribed under section 133 of the Act.

e) On the basis of the written representations received from the directors as on 31st March, 2017taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure A". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, as amended, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone financial statements.

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

   iv. To the best of our information and according to the information and explanations given to us, we report that, except where, for reasons explained in note no. 25.9 to the financial statements, the disclosures with regard to the Specified Bank Notes ("SBNs") were restricted to readily available information and also considering that certain amounts directly deposited into the bank accounts by the customers for which information relating to SBNs was not available has been classified as "Permitted receipts/ Other Denomination Notes", the Company has provided requisite disclosures in the financial statements as regards its holding and dealings in SBNs, as defined in the Notification S.O. 3407(E) dated 8th November, 2016, of the Ministry of Finance, during the period from November 9, 2016 to December 30, 2016. Based on audit procedures performed by us and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of accounts maintained for the purpose of preparation of the financial statements and as produced before us by the management.

2. As required by the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") issued by the Central Government in terms of Section 143(11) of the Act, we give in "Annexure B" a statement on the matters specified in paragraphs 3 and 4 of the Order.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, 2nd May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 1(f) under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

Report on the Internal Financial Controls Over Financial Reporting under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of **L&T HOUSING FINANCE LIMITED** ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditor's Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") issued by the Institute of Chartered Accountants of India and the Standards on Auditing prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, to the best of our information and according to the explanations given to us, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, 2nd May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in paragraph 2 under 'Report on Other Legal and Regulatory Requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which, in our opinion, provides for physical verification of all the fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records examined by us and based on the examination of the registered sale deed / transfer deed and other relevant document provided to us, we report that, the title deeds, comprising all the immovable properties of land and buildings which are freehold, are held in the name of the Company as at the balance sheet date.

(ii) The Company does not have any inventory and hence reporting under clause (ii) of the Companies (Auditor's Report) Order, 2016 ("the CARO 2016 Order") is not applicable.

(iii) The Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

(iv) The Company has not granted any loans, made investments or provide guarantees and hence reporting under clause (iv) of the CARO 2016 Order is not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposit during the year. According to the information and explanations given to us, no order has been passed by the Company Law Board or the National Company Law Tribunal or the Reserve Bank of India or any Court or any other Tribunal.

(vi) The maintenance of cost records has not been specified by the Central Government under section 148(1) of the Companies Act, 2013.

(vii) According to the information and explanations given to us, in respect of statutory dues:

(a) The Company has generally been regular in depositing undisputed statutory dues, including Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Value Added Tax, cess and other material statutory dues applicable to it to the appropriate authorities. To the best of our knowledge and belief, the Company was not required to deposit or pay any dues in respect of Custom Duty, Excise Duty and corresponding cess during the year.

(b) There were no undisputed amounts payable in respect of Provident Fund, Employees' State Insurance, Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty, Value Added Tax, cess and other material statutory dues in arrears as at March 31, 2017 for a period of more than six months from the date they became payable.

(c) There are no dues of Income-tax, Sales Tax, Service Tax, Customs Duty, Excise Duty and Value Added Tax as on March 31, 2017 on account of disputes.

(viii) In our opinion and according to the information and explanations given to us, the Company has not defaulted in the repayment of loans or borrowings to financial institutions, banks and government and dues to debenture holders.

(ix) In our opinion and according to the informationand explanations given to us, money raised by wayof term loans have been applied by the Companyduring the year for the purposes for which theywere raised. The Company has not raised any funds by way of initial public offer/ further public offer (including debt instruments).

(x) To the best of our knowledge and according to the information and explanations given to us, no fraud by the Company and no fraud on the Company by its officers or employees has been noticed or reported during the year.

(xi) In our opinion and according to the information and explanations given to us, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) The Company is not a Nidhi Company and hence reporting under clause (xii) of the CARO 2016 Order is not applicable.

(xiii) In our opinion and according to the information and explanations given to us the Company is in compliance with Section 188 and 177 of the Companies Act, 2013, where applicable, for all transactions with the related parties and the details of related party transactions have been disclosed in the financial statements etc. as required by the applicable accounting standards.

(xiv) During the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause (xiv) of CARO 2016 Order is not applicable to the Company.

(xv) In our opinion and according to the information and explanations given to us, during the year the Company has not entered into any non-cash transactions with its directors or persons connected with him and hence provisions of section 192 of the Companies Act, 2013 are not applicable.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm's Registration No.117366W/W-100018)

Mukesh Jain
(Partner)
(Membership No. 108262)

Mumbai, 2nd May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakh)

Particulars	Note No	As at 31-Mar-17	As at 31-Mar-16
EQUITY AND LIABILITIES			
Shareholder's funds			
Share capital	**3**	12,965.08	12,140.00
Reserves and surplus	**4**	67,563.40	47,299.68
		80,528.48	**59,439.68**
Non-current liabilities			
Long-term borrowings	**5**	698,477.00	555,110.78
Other long-term liabilities	**6**	3,747.74	7,949.51
Long-term provisions	**7**	3,431.25	2,922.43
		705,655.99	**565,982.72**
Current liabilities			
Short-term borrowings	**8**	11,623.84	15,691.48
Trade payables			
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises	**9**	875.72	465.08
Current maturities of long term borrowings	**5**	34,675.00	63,919.78
Other current liabilities	**10**	46,997.07	51,593.90
Short-term provisions	**7**	1,268.70	1,050.83
		95,440.33	**132,721.07**
TOTAL		**881,624.80**	**758,143.47**
ASSETS			
Non-current assets			
Fixed assets	**11**		
Tangible assets		236.75	267.24
Intangible assets		45.52	89.47
Intangible assets under development		120.04	7.27
Capital Work in progress		6.90	40.51
Non-current investments	**12**	8,499.24	35.01
Deferred tax assets (net)	**14**	874.44	625.97
Long-term loans and advances	**13**	49.56	128.50
Long-term loans and advances towards financing activities	**13**	788,149.44	652,270.15
		797,981.89	**653,464.12**
Current assets			
Current investments	**12**	35,050.41	63,848.12
Cash and cash equivalents	**16**	266.91	3,128.62
Short-term loans and advances	**13**	162.48	253.85
Current Maturities of Long-term loans towards financing activities	**13**	40,342.39	31,635.58
Other current assets	**15**	7,820.72	5,813.18
		83,642.91	**104,679.35**
TOTAL		**881,624.80**	**758,143.47**
See accompanying notes forming part of financial statements	**1-25**		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Mukesh Jain
Partner

May 02, 2017
Mumbai

For and on behalf of the Board of Directors of
L&T Housing Finance Limited

Dinanath Dubhashi
Chairperson
DIN - 03545900

Chunni Singh
Company Secretary
M. No. A41074

Sandeep Somani
Head Accounts (CFO)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

Particulars	Note No	Year Ended March 31, 2017	Year Ended March 31, 2016
Income			
Revenue from operations	**17**	94,842.34	65,784.98
Other income	**18**	546.88	90.72
Total revenue (I)		**95,389.22**	**65,875.70**
Expenses			
Employee benefit expenses	**19**	4,715.10	4,999.97
Finance costs	**20**	58,415.36	40,879.45
Other expenses	**21**	6,803.89	8,552.92
Depreciation and amortization expense	**22**	203.15	228.83
Provisions and Contingencies	**23**	4,230.96	2,285.72
Total expenses (II)		**74,368.46**	**56,946.89**
Profit before tax (III)=(I)- (II)		**21,020.76**	**8,928.81**
Tax expenses			
Current tax		7,628.08	3,566.92
Deferred tax		(248.47)	(442.10)
Total tax expense (IV)		**7,379.61**	**3,124.82**
Profit for the year (III)-(IV)		**13,641.15**	**5,803.99**
Earnings per equity share			
Nominal value per equity share (₹)		**10.00**	**10.00**
Basic and Diluted earnings per equity share (₹)	**25.4**	**11.10**	**5.81**
See accompanying notes forming part of financial statements	**1-25**		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Mukesh Jain
Partner

May 02, 2017
Mumbai

For and on behalf of the Board of Directors of L&T Housing Finance Limited

Dinanath Dubhashi
Chairperson
DIN - 03545900

Chunni Singh
Company Secretary
M. No. A41074

Sandeep Somani
Head Accounts (CFO)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

Particulars			**Year Ended March 31, 2017**	**Year Ended March 31, 2016**
A.	**Cash Flows from Operating Activities**			
	Net Profit / (Loss) before Taxation		**21,020.76**	**8,928.81**
	Adjustments for:			
	Income from investments		(266.27)	(3.51)
	Dividend received		-	(43.37)
	Profit on sale of fixed assets		(8.73)	(0.61)
	Depreciation and amortisation		203.15	228.83
	Provision for non-performing assets		1,942.72	968.41
	Provision for standard assets		1,820.75	1,156.71
	Bad debts written off - housing and other loans		469.78	160.65
	Profit on sale of Current Investment		(180.35)	(27.91)
	Provision for diminution in value of investments		(2.29)	(0.05)
	Operating profit/(Loss) before working capital changes		**24,999.52**	**11,367.96**
	Movements in Working Capital:			
	Decrease/(increase) in long term loans and advances		91.37	(41.14)
	Decrease/(increase) in short term loans and advances		78.94	(27.01)
	Decrease/(increase) in long term loans and advances towards financing activities		(148,154.75)	(300,050.39)
	Decrease/(increase) in other current assets		(1,876.09)	(2,355.76)
	Increase/(decrease) in other current liabilities		(4,596.76)	4,684.55
	Increase/(decrease) in trade payables		409.77	254.65
	Increase/(decrease) in other long term liabilities		(4,201.77)	13,720.07
	Decrease/(increase) in short term provision		(136.38)	136.67
	Cash generated from / (used in) operations		**(133,386.15)**	**(272,310.40)**
	Direct taxes paid (Including TDS)		(7,391.87)	(3,391.76)
	Net cash flows (used in) Operating Activities	**(A)**	**(140,778.02)**	**(275,702.16)**
B.	**Cash Flows from Investing Activities:**			
	Proceeds from sale of fixed assets		10.90	0.61
	Purchase of Long Term Investments		(8,494.23)	-
	Loans Given			
	- Fellow Subsidiaries		(51,815.00)	-
	Loans realised			
	- Fellow Subsidiaries		51,815.00	-
	Dividend		-	43.37
	Income from investments		135.75	3.51
	Current investments not considered as Cash and cash equivalents			
	- Purchased		(240,250.00)	(263,250.00)
	- Proceeds from sale		269,230.34	225,486.08
	Purchase of fixed assets		(210.04)	(213.40)
	Net cash generated from Investing Activities	**(B)**	**20,422.72**	**(37,929.83)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakh)

Particulars		Year Ended March 31, 2017	Year Ended March 31, 2016
C. Cash Flows from Financing Activities			
Proceeds from Issue of share capital		7,500.00	19,988.46
Debentures Issue Expense		(93.06)	(102.84)
Proceeds / (repayment) of short-term borrowing (net)		(4,067.64)	10,923.51
Proceeds of long term borrowings		2,214,064.00	1,166,811.59
Repayment of long term borrowings		(2,099,942.56)	(881,263.87)
Net cash generated from Financing Activities	**(C)**	**117,460.74**	**316,356.85**
Net (Decrease) /Increase in Cash and Cash Equivalent	**(A+B+C)**	**(2,894.56)**	**2,724.86**
Cash and Cash Equivalents at the beginning of the year		**3,128.62**	**403.76**
Net Cash and Cash Equivalents transferred on account of merger (Refer note 25.8)		**21.85**	**-**
Cash and Cash Equivalents at the end of the year *		**255.91**	**3,128.62**
Components of Cash and Cash Equivalents at the year end			
Cash on hand		142.74	217.88
Cheques on Hand		-	1,192.03
With Banks - on current account		113.17	1,718.71
Total		**255.91**	**3,128.62**
* Net cash used in operating activity is determined after adjusting the following:			
i) Interest Received		83,175.45	56,985.38
ii) Interest Paid		53,030.42	32,619.44
iii) Dividend received		-	43.37
See accompanying notes forming part of financial statements	1-25		

In terms of our report attached.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants

Mukesh Jain
Partner

May 02, 2017
Mumbai

For and on behalf of the Board of Directors of
L&T Housing Finance Limited

Dinanath Dubhashi
Chairperson
DIN - 03545900

Chunni Singh
Company Secretary
M. No. A41074

Sandeep Somani
Head Accounts (CFO)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1. Corporate Information

L&T Housing Finance Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 2013. The Company is engaged in the business of disbursing loans against the security of house property to meet housing and other requirements of the borrowers. The Company is registered with the National Housing Bank.

2. **Basis of accounting and preparation of financial statements**

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013, and in accordance with Housing Finance Companies, (NHB) Directions, 2010 as amended from time to time. The financial statements have been prepared on an accrual basis and under the historical cost convention. The accounting policies adopted in the preparation of financial statements are consistent with those followed in the previous year.

2.1 Summary of significant accounting policies

2.1.1 Use of Estimates

The preparation of financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expense during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.1.2 Cash flow Statements

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.1.3 Tangible and Intangible Fixed Assets

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

Intangible assets not ready for the intended use on the date of Balance Sheet are disclosed as "Intangible assets under development".

2.1.4 Depreciation on Fixed Assets

Depreciation on tangible fixed assets is provided on the straight line method as per the useful life prescribed under Schedule II of the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Computer software- 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

2.1.5 Impairment of tangible and intangible assets

Tangible fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

2.1.6 Investments

The Company being regulated as a Housing Finance Company (HFC) by the NHB, investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the NHB guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'. Investments in debentures which are, in substance, in the nature of credit substitutes are classified as a part of Loans towards Financing Activities and are measured in accordance with the criteria applied for the measurement of Loans towards Financing Activities.

Long Term Investments are carried at acquisition / amortised cost. A provision is made for diminution other than temporary on an individual investment basis.

Current Investments are carried at the lower of cost and fair value on an individual investment basis.

2.1.7 Revenue Recognition

(i) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(ii) Interest income / fees on housing and other loans given are recognised under the internal rate of return method on accrual basis, except in case of interest on non-performing assets and charges for delayed payments and cheque bouncing, if any, which are recognised only when realised.

(iii) Loan origination income i.e. processing fees and other charges collected upfront, are recognised at the inception of the loan.

(iv) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured."

2.1.8 Other Income

Dividend is accounted when the right to its receipt is established.

2.1.9 Loans towards Financing Activities

Loans towards financing activities are classified under four categories i.e. (i) Standard Assets (ii) Sub- Standard Assets (iii) Doubtful Assets and (iv) Loss Assets in accordance with NHB guidelines.

In respect of Loans and Debentures / Bonds in the nature of advances where interest is not serviced, provision for diminution is made as per parameter applicable to Non-Performing Advances. Provision on standard assets is made as per provisioning policy of the Company subject to minimum as stipulated as per NHB Guidelines or where additional specific risks are identified by the Management, based on such identification.

2.1.10 Employee benefits

i) Defined–Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

the year into separate funds under certain statutory / fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

ii) Defined–Benefits Plans

The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the "Projected Unit Credit" method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

iii) Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the period / year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months, the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

2.1.11 Foreign Currency Transactions

(i) All transactions in foreign currency are accounted at the exchange rate prevailing on the date of the transaction.

(ii) Foreign currency monetary items are reported using closing rate.

(iii) Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Profit and Loss.

2.1.12 Borrowing Costs

Borrowing costs include interest and amortisation of ancillary costs incurred. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

2.1.13 Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

2.1.14 Provisions, Contingent liabilities and Contingent Assets

(i) A provision is recognised when the company has a present obligation as a result of past event and it is probable that an outflow of resources will be required

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These estimates are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

(ii) Contingent Liabilities are disclosed in the notes. Contingent assets are not recognised in the financial statements.

2.1.15 Operating Lease

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

2.1.16 Special Reserve

The Company creates Special Reserve every year out of its profits in terms of Section 29C of the National Housing Bank Act, 1987.

2.1.17 Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.1.18 Employee Stock Option Plan

The Employees Stock Options Scheme (“the Scheme”) has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest in a graded manner. The options may be exercised with in specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans. Stock options were granted to the employees of the Company during the financial year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The cost incurred by the holding company, in respect of options granted to employees of the Company are being charged to the statement of profit and loss during the period and recovered by the holding Company.

2.1.19 Earnings Per Share (EPS)

Basic and diluted earnings per share are computed in accordance with Accounting Standard (“AS”) 20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

2.1.20 Debenture Issue Expenses

Expenses incurred on issue of debentures are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

2.1.21 Share Issue Expenses

Share issue expense is charged to the Statement of Profit and Loss in the year in which it is incurred.

2.1.22 Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3. Share capital

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Authorized shares		
167,000,000 (March 31, 2016 : 166,000,000) Equity Shares of ₹ 10 each	16,700.00	16,600.00
200,000 (March 31, 2016 : 200,000) Preference Shares of ₹ 100 each	200.00	200.00
Issued, subscribed and fully paid-up shares		
129,650,825 (March 31, 2016 : 121,400,000) Equity Shares of ₹ 10 each fully paid	12,965.08	12,140.00
Total issued, subscribed and fully paid-up share capital	**12,965.08**	**12,140.00**

(a) Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

Equity shares	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
At the beginning of the year	121,400,000	12,140.00	81,423,078	8,142.31
Issued during the year	8,250,825	825.08	39,976,922	3,997.69
Outstanding at the end of the year	**129,650,825**	**12,965.08**	**121,400,000**	**12,140.00**

(b) Terms/ rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each shareholder is eligible for one vote per share held. The dividend, if any, proposed by the Board of Directors is subject to the approval of the shareholders in the ensuing Annual General Meeting except in case of interim dividend. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

c) Equity shares in the Company held by the holding company

	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	(₹ in lakh)	No. of Shares	(₹ in lakh)
Equity shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding Company) directly or through its beneficially nominees.	129,650,825	12,965.08	121,400,000	12,140.00

(d) Details of shareholders holding more than 5% shares in the Company

	As at 31-03-2017		As at 31-03-2016	
	No. of Shares	% holding in the class	No. of Shares	% holding in the class
Equity shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding Company) directly or through its beneficially nominees.	129,650,825	100%	121,400,000	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

4. Reserves and surplus

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Securities premium account		
As per last Balance sheet	40,537.36	24,613.84
Add: Additions on fresh issue of equity shares	6,674.92	15,990.77
Less: Debenture/share issue expenses adjusted during the year (Net of tax of ₹ 32.20 lakhs, previous year ₹ 35.59 lakhs)	(60.86)	(67.25)
Closing Balance	**47,151.42**	**40,537.36**
Reserve u/s 29C of National Housing Bank (Refer Note 25.11)		
(As per Section 29C of National Housing Bank Act, 1987)		
As per last Balance sheet	4,832.87	3,672.07
Add: Transferred from surplus in the statement of profit and loss	2,729.93	1,160.80
Closing Balance	**7,562.80**	**4,832.87**
General Reserve		
As per last Balance sheet	134.74	134.74
Add: Transferred from surplus in the statement of profit and loss	-	-
Closing Balance	**134.74**	**134.74**
Surplus/ (deficit) in the statement of profit and loss		
As per last Balance sheet	1,794.71	(2,848.48)
Add: Transfer on account of merger of Consumer Financial Services Limited with the company (Refer note 25.8)	8.51	-
Add: Net Profit for the year	13,641.15	5,803.99
Less: Transfer to special reserve under section 29C of National Housing Bank Act, 1987	(2,729.93)	(1,160.80)
Net surplus/ (deficit) in the statement of profit and loss	**12,714.44**	**1,794.71**
Total reserves and surplus	**67,563.40**	**47,299.68**

5. Long-term borrowings

(₹ in lakh)

	Non-current portion		Current maturities	
	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
Term loans from Banks				
Secured	273,650.00	215,835.78	5,450.00	46,394.78
Unsecured	89,927.00	88,000.00	-	-
Redeemable Non - Convertible Debentures				
Secured	312,000.00	229,875.00	29,225.00	17,525.00
Unsecured	22,900.00	21,400.00	-	-
	698,477.00	**555,110.78**	**34,675.00**	**63,919.78**
The above amount includes				
Secured borrowings	585,650.00	445,710.78	34,675.00	63,919.78
Unsecured borrowings	112,827.00	109,400.00	-	-
Net amount	**698,477.00**	**555,110.78**	**34,675.00**	**63,919.78**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note 5A
As at 31-3-2017
Secured Redeemable Non-convertible Debentures : (privately placed) (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redemption	Redeemable Term
NCD - Series A/14-15 Opt 2	25	28-May-14	450	-	450	9.75%	15-May-17	Redeemable at par on maturity date
NCD - Series E/14-15 OPT I	25	03-Jul-14	750	-	750	9.71%	03-Jul-17	Redeemable at par on maturity date
NCD - Series E/14-15 OPT II	25	03-Jul-14	1,000	1,000	-	9.79%	28-Jun-19	Redeemable at par on maturity date
NCD - Series F/14-15	25	28-Aug-14	6,000	6,000	-	9.75%	28-Aug-19	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 6	25	05-Sep-14	300	-	300	9.71%	31-Aug-17	Redeemable at par on maturity date
NCD - Series H/14-15 OPT 1	25	19-Sep-14	5,000	5,000	-	9.80%	17-Sep-21	Redeemable at par on maturity date
NCD - Series J/14-15 OPT II	25	07-Nov-14	1,500	1,500	-	9.45%	07-Nov-19	Redeemable at par on maturity date
NCD - Series J/14-15 OPT III	25	07-Nov-14	1,000	1,000	-	9.45%	06-Nov-21	Redeemable at par on maturity date
NCD - Series K/14-15 OPT 1	25	28-Nov-14	2,400	-	2,400	9.01%	04-Dec-17	Redeemable at par on maturity date
NCD - Series L/14-15 OPT 1	25	15-Dec-14	1,000	1,000	-	9.15%	13-Dec-19	Redeemable at par on maturity date
NCD - Series L/14-15-OPT 2	25	15-Dec-14	2,000	2,000	-	9.15%	15-Dec-21	Redeemable at par on maturity date
NCD - Series M/14-15	25	07-Jan-15	4,400	-	4,400	9.07%	15-Jan-18	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 1	25	16-Jan-15	3,000	-	3,000	9.11%	16-Jan-18	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 2	25	16-Jan-15	30,000	30,000	-	9.20%	16-Jan-20	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 3	25	16-Jan-15	7,000	7,000	-	9.20%	14-Jan-22	Redeemable at par on maturity date
NCD - Series P/14-15 OPT 1	25	24-Feb-15	2,000	2,000	-	9.10%	24-Feb-20	Redeemable at par on maturity date
NCD - Series P/14-15 OPT 2	25	24-Feb-15	1,000	1,000	-	9.10%	24-Feb-22	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 1	25	23-Mar-15	2,000	-	2,000	9.06%	22-Mar-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 5	25	23-Mar-15	825	825	-	9.05%	25-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 6	25	23-Mar-15	500	500	-	9.05%	02-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 7	25	23-Mar-15	5,000	5,000	-	9.05%	03-Apr-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 1	25	16-Apr-15	2,500	-	2,500	8.93%	10-Apr-17	Redeemable at par on maturity date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note 5A
As at 31-3-2017
Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.) (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redemption	Redeemable Term
NCD - Series A/15-16 OPT 2	25	16-Apr-15	700	700	-	8.96%	20-Apr-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 3	25	16-Apr-15	500	-	500	8.95%	28-Mar-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 4	25	16-Apr-15	1,000	1,000	-	8.95%	16-Apr-20	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 5	25	16-Apr-15	4,000	4,000	-	8.95%	15-Apr-22	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 1	25	15-May-15	900	-	900	8.81%	02-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 2	25	15-May-15	875	-	875	8.81%	22-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 3	25	15-May-15	150	-	150	8.81%	15-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 4	25	15-May-15	1,700	-	1,700	8.88%	12-May-17	Redeemable at par on maturity date
NCD - Series C/15-16 OPT II	25	26-May-15	1,200	1,200	-	8.91%	25-May-18	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25	26-May-15	1,000	1,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25	26-May-15	2,000	2,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series D/15-16 OPT I	25	05-Jun-15	1,600	-	1,600	8.80%	01-Jun-17	Redeemable at par on maturity date
NCD - Series D/15-16 OPT II	25	05-Jun-15	1,600	1,600	-	8.90%	05-Jun-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT III	25	05-Jun-15	1,000	1,000	-	8.88%	24-Dec-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25	05-Jun-15	1,500	1,500	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series G/15-16	25	03-Jul-15	8,000	8,000	-	9.01%	03-Jul-18	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 1	25	17-Jul-15	200	-	200	8.94%	06-Jun-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25	17-Jul-15	2,500	-	2,500	8.95%	17-Jul-17	Redeemable at par on maturity date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note 5A
As at 31-3-2017
Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.) (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redemption	Redeemable Term
NCD - Series I/15-16 OPT 2	25	17-Jul-15	2,500	-	2,500	8.95%	17-Jul-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 3	25	17-Jul-15	2,500	-	2,500	8.95%	17-Aug-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 4	25	17-Jul-15	1,000	1,000	-	8.95%	17-Jul-25	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 1	25	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 2	25	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 3	25	28-Jul-15	300	300	-	8.90%	28-Jul-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	200	200	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	600	600	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	450	450	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25	20-Oct-15	2,000	2,000	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 1	25	20-Oct-15	375	375	-	8.65%	19-Oct-18	Redeemable at par on maturity date
NCD - Series P/15-16 OPT 2	25	26-Oct-15	2,500	2,500	-	8.65%	26-Oct-20	Redeemable at par on maturity date
NCD - Series Q/15-16 OPT 1	25	19-Nov-15	6,000	6,000	-	8.56%	18-May-18	Redeemable at par on 19.05.2017-if call option exercised & on 18.05.2018-if call option not exercised
NCD - Series R/15-16	25	27-Nov-15	1,000	1,000	-	8.60%	27-Nov-20	Redeemable at par on maturity date
NCD - Series S/15-16 Opt 1	25	25-Feb-16	2,000	2,000	-	8.86%	25-Feb-21	Redeemable at par on maturity date
NCD - Series T/15-16	25	29-Mar-16	15,500	15,500	-	8.90%	29-Apr-19	Redeemable at par on maturity date
NCD - Series A/16-17	25	18-Apr-16	2,000	2,000	-	8.75%	16/04/2021	Redeemable at par on maturity date
NCD - Series B/16-17 Opt 1	25	20-Apr-16	1,000	1,000	-	8.70%	19/04/2019	Redeemable at par on maturity date
NCD - Series B/16-17 Opt 3	25	20-Apr-16	500	500	-	8.65%	20/04/2026	Redeemable at par on maturity date
NCD - Series C/16-17 Opt 1	25	05-May-16	500	500	-	8.70%	03/05/2019	Redeemable at par on maturity date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note 5A
As at 31-3-2017
Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.)

(₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redemption	Redeemable Term
NCD - Series C/16-17 Opt 2	25	05-May-16	1,000	1,000	-	8.70%	05/05/2021	Redeemable at par on maturity date
NCD - Series D/16-17 Opt 1	25	10-May-16	5,000	5,000	-	8.80%	10/05/2018	Redeemable at par on 11.05.2017-if call option exercised & on 10.05.2018-if call option not exercised
NCD - Series D/16-17 Opt 2	25	10-May-16	3,000	3,000	-	8.70%	10/05/2019	Redeemable at par on maturity date
NCD - Series F/16-17 Opt 1	25	14-Jun-16	3,500	3,500	-	8.75%	14/06/2019	Redeemable at par on maturity date
NCD - Series F/16-17 Opt 2	25	14-Jun-16	450	450	-	8.75%	25/06/2019	Redeemable at par on maturity date
NCD - Series F/16-17 Opt 3	25	14-Jun-16	2,500	2,500	-	8.75%	14/06/2021	Redeemable at par on maturity date
NCD - Series G/16-17 Opt 1	25	01-Jul-16	1,000	1,000	-	8.75%	30/06/2023	Redeemable at par on maturity date
NCD - Series G/16-17 Opt 2	25	01-Jul-16	250	250	-	8.74%	22/07/2019	Redeemable at par on maturity date
NCD - Series H/16-17 Opt 1	25	22-Jul-16	3,000	3,000	-	8.70%	22/07/2019	Redeemable at par on maturity date
NCD - Series H/16-17 Opt 2	25	22-Jul-16	1,600	1,600	-	8.70%	21/07/2023	Redeemable at par on maturity date
NCD - Series H/16-17 Opt 3	25	22-Jul-16	500	500	-	8.70%	22/07/2021	Redeemable at par on maturity date
NCD - Series I/16-17	25	26-Jul-16	6,000	6,000	-	8.71%	26/07/2021	Redeemable at par on maturity date
NCD - Series J/16-17	25	28-Jul-16	25,000	25,000	-	8.70%	28/07/2021	Redeemable at par on maturity date
NCD - Series K/16-17	25	02-Aug-16	16,800	16,800	-	8.70%	02/08/2021	Redeemable at par on maturity date
NCD - Series L/16-17 Opt 1	25	12-Aug-16	250	250	-	8.40%	05/08/2019	Redeemable at par on maturity date
NCD - Series L/16-17 Opt 2	25	12-Aug-16	25,000	25,000	-	8.40%	12/08/2019	Redeemable at par on maturity date
NCD - Series M/16-17	25	09-Sep-16	12,500	12,500	-	8.34%	09/09/2021	Redeemable at par on maturity date
NCD - Series N/16-17 Opt 2	25	22-Sep-16	2,000	2,000	-	8.25%	22/09/2021	Redeemable at par on maturity date
NCD - Series O/16-17	25	23-Sep-16	20,000	20,000	-	7.98%	23/10/2018	Redeemable at par on 23.10.2017-if call option exercised & on 23.10.2018-if call option not exercised

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Note 5A
As at 31-3-2017
Secured Redeemable Non-convertible Debentures : (privately placed) (Contd.) (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of Redemption	Redeemable Term
NCD - Series P/16-17	25	27-Sep-16	10,000	10,000	-	8.00%	03/10/2018	Redeemable at par on 03.10.2017-if call option exercised & on 03.10.2018-if call option not exercised
NCD - Series Q/16-17	25	29-Sep-16	10,000	10,000	-	8.10%	27/09/2019	Redeemable at par on maturity date
NCD - Series R/16-17	25	07-Oct-16	10,000	10,000	-	7.85%	07/10/2019	Redeemable at par on maturity date
NCD - Series S/16-17	25	25-Oct-16	1,000	1,000	-	7.90%	23/10/2026	Redeemable at par on maturity date
NCD - Series T/16-17	25	17-Feb-17	9,000	9,000	-	8.05%	17-Feb-20	Redeemable at par on maturity date
NCD - Series U/16-17 Opt 1	25	22-Feb-17	2,500	2,500	-	8.05%	24-Feb-20	Redeemable at par on maturity date
NCD - Series U/16-17 Opt 2	25	22-Feb-17	1,000	1,000	-	8.05%	22-Feb-22	Redeemable at par on maturity date
NCD - Series V/16-17	25	29-Mar-17	10,000	10,000	-	7.95%	28-Feb-20	Redeemable at par on maturity date
Total			341,225	312,000	29,225			

All redeemable non-convertible debentures are secured by
1. Exclusive first charge on specific receivables of the Company and
2. On a pari passu basis by a first ranking charge by way of legal mortgage on the premises situated at Egmore, Chennai in the state of Tamil Nadu

4.(II).(i) Unsecured Redeemable Non-convertible Debentures : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % P.a.	date of redemption
NCD-Tier II Series O/14-15	10.00	29-Jan-15	10,000.00	10,000.00		9.35%	29-Jan-25
NCD-Tier II Series H/15-16	10.00	14-Jul-15	1,400.00	1,400.00		9.32%	14-Jul-25
NCD-Tier II Series J/15-16	10.00	24-Jul-15	5,000.00	5,000.00		9.30%	24-Jul-25
			16,400.00	**16,400.00**	**-**		

4.(II).(ii) Perpetual debt (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	date of redemption
NCD-PD Series U/15-16	10.00	30-Mar-16	5,000.00	5,000.00	-	9.90%	30-Mar-26
NCD-PD Series E/16-17	10.00	03-Jun-16	1,500.00	1,500.00	-	9.60%	03-Jun-26
			6,500.00	6,500.00	-		
Total			**22,900.00**	**22,900.00**	**-**		

All redeemable non-convertible debentures are secured by
1. Exclusive first charge on specific receivables of the Company and
2. On a pari passu basis by a first ranking charge by way of legal mortgage on the premises situated at Egmore, Chennai in the state of Tamil Nadu

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private Placement : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount(₹)	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of redemption	Redeemable term
NCD - Series A/14-15 Opt 1	25.00	28-May-14	7,500	-	7,500	9.89%	28-May-16	Redeemable at par on maturity date
NCD - Series A/14-15 Opt 2	25.00	28-May-14	450	450	-	9.75%	15-May-17	Redeemable at par on maturity date
NCD - Series B/14-15	25.00	30-May-14	1,000	-	1,000	9.68%	06-Apr-16	Redeemable at par on maturity date
NCD - Series E/14-15 OPT I	25.00	03-Jul-14	750	750	-	9.71%	03-Jul-17	Redeemable at par on maturity date
NCD - Series E/14-15 OPT II	25.00	03-Jul-14	1,000	1,000	-	9.79%	28-Jun-19	Redeemable at par on maturity date
NCD - Series F/14-15	25.00	28-Aug-14	6,000	6,000	-	9.75%	28-Aug-19	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 1	25.00	05-Sep-14	3,100	-	3,100	9.71%	30-Aug-16	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 2	25.00	05-Sep-14	500	-	500	9.70%	05-Sep-16	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 3	25.00	05-Sep-14	1,800	-	1,800	9.71%	13-Sep-16	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 4	25.00	05-Sep-14	500	-	500	9.70%	19-Sep-16	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 5	25.00	05-Sep-14	1,300	-	1,300	9.70%	28-Sep-16	Redeemable at par on maturity date
NCD - Series G/14-15 OPT 6	25.00	05-Sep-14	300	300	-	9.71%	31-Aug-17	Redeemable at par on maturity date
NCD - Series H/14-15 OPT 1	25.00	19-Sep-14	5,000	5,000	-	9.80%	17-Sep-21	Redeemable at par on maturity date
NCD - Series J/14-15 OPT I	25.00	07-Nov-14	600	-	600	9.54%	31-Oct-16	Redeemable at par on maturity date
NCD - Series J/14-15 OPT II	25.00	07-Nov-14	1,500	1,500	-	9.45%	07-Nov-19	Redeemable at par on maturity date
NCD - Series J/14-15 OPT III	25.00	07-Nov-14	1,000	1,000	-	9.45%	06-Nov-21	Redeemable at par on maturity date
NCD - Series K/14-15 OPT 1	25.00	28-Nov-14	2,400	2,400	-	9.01%	04-Dec-17	Redeemable at par on maturity date
NCD - Series K/14-15 OPT 2	25.00	28-Nov-14	400	-	400	9.01%	24-Nov-16	Redeemable at par on maturity date
NCD - Series L/14-15 OPT 1	25.00	15-Dec-14	1,000	1,000	-	9.15%	13-Dec-19	Redeemable at par on maturity date
NCD - Series L/14-15-OPT 2	25.00	15-Dec-14	2,000	2,000	-	9.15%	15-Dec-21	Redeemable at par on maturity date
NCD - Series M/14-15	25.00	07-Jan-15	4,400	4,400	-	9.07%	15-Jan-18	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 1	25.00	16-Jan-15	3,000	3,000	-	9.11%	16-Jan-18	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 2	25.00	16-Jan-15	30,000	30,000	-	9.20%	16-Jan-20	Redeemable at par on maturity date
NCD - Series N/14-15 OPT 3	25.00	16-Jan-15	7,000	7,000	-	9.20%	14-Jan-22	Redeemable at par on maturity date
NCD - Series P/14-15 OPT 1	25.00	24-Feb-15	2,000	2,000	-	9.10%	24-Feb-20	Redeemable at par on maturity date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private Placement : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount(₹)	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of redemption	Redeemable term
NCD - Series P/14-15 OPT 2	25.00	24-Feb-15	1,000	1,000	-	9.10%	24-Feb-22	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 1	25.00	23-Mar-15	2,000	2,000	-	9.06%	22-Mar-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 2	25.00	23-Mar-15	525	-	525	9.05%	06-Mar-17	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 3	25.00	23-Mar-15	125	-	125	9.02%	19-Dec-16	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 4	25.00	23-Mar-15	175	-	175	9.04%	06-Feb-17	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 5	25.00	23-Mar-15	825	825	-	9.05%	25-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 6	25.00	23-Mar-15	500	500	-	9.05%	02-Apr-18	Redeemable at par on maturity date
NCD - Series Q/14-15 OPT 7	25.00	23-Mar-15	5,000	5,000	-	9.05%	03-Apr-18	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 1	25.00	24-Jun-15	5,000	5,000	-	9.10%	25-Jul-17	Redeemable at par on 25.07.2016-if call option exercised & on 25.07.2017-if call option not exercised
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	500	500	-	9.11%	25-Sep-17	Redeemable at par on 23.09.2016-if call option exercised & on 25.09.2017-if call option not exercised
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	2,000	2,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	5,000	5,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	2,500	2,500	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series E/15-16 OPT 2	25.00	24-Jun-15	10,000	10,000	-	9.11%	25-Sep-17	Redeemable at par on maturity date
NCD - Series F/15-16	25.00	29-Jun-15	30,000	30,000	-	9.11%	20-Sep-17	Redeemable at par on 20.09.2016-if call option exercised & on 20.09.2017-if call option not exercised
NCD - Series A/15-16 OPT 1	25.00	16-Apr-15	2,500	2,500	-	8.93%	10-Apr-17	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 2	25.00	16-Apr-15	700	700	-	8.96%	20-Apr-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 3	25.00	16-Apr-15	500	500	-	8.95%	28-Mar-18	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 4	25.00	16-Apr-15	1,000	1,000	-	8.95%	16-Apr-20	Redeemable at par on maturity date
NCD - Series A/15-16 OPT 5	25.00	16-Apr-15	4,000	4,000	-	8.95%	15-Apr-22	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 1	25.00	15-May-15	900	900	-	8.81%	02-May-17	Redeemable at par on maturity date

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private Placement : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount(₹)	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of redemption	Redeemable term
NCD - Series B/15-16 OPT 2	25.00	15-May-15	875	875	-	8.81%	22-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 3	25.00	15-May-15	150	150	-	8.81%	15-May-17	Redeemable at par on maturity date
NCD - Series B/15-16 OPT 4	25.00	15-May-15	1,700	1,700	-	8.88%	12-May-17	Redeemable at par on maturity date
NCD - Series C/15-16 OPT II	25.00	26-May-15	1,200	1,200	-	8.91%	25-May-18	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25.00	26-May-15	1,000	1,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series C/15-16 OPT V	25.00	26-May-15	2,000	2,000	-	8.90%	26-May-25	Redeemable at par on maturity date
NCD - Series C/15-16 OPT VI	25.00	26-May-15	2,500	2,500	-	8.80%	23-Jun-17	Redeemable at par on maturity date
NCD - Series D/15-16 OPT I	25.00	05-Jun-15	1,600	1,600	-	8.80%	01-Jun-17	Redeemable at par on maturity date
NCD - Series D/15-16 OPT II	25.00	05-Jun-15	1,600	1,600	-	8.90%	05-Jun-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT III	25.00	05-Jun-15	1,000	1,000	-	8.88%	24-Dec-18	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT IV	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-20	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25.00	05-Jun-15	1,500	1,500	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series D/15-16 OPT V	25.00	05-Jun-15	1,000	1,000	-	8.90%	05-Jun-25	Redeemable at par on maturity date
NCD - Series G/15-16	25.00	03-Jul-15	8,000	8,000	-	9.01%	03-Jul-18	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 1	25.00	17-Jul-15	200	200	-	8.94%	06-Jun-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Jul-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 2	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Jul-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 3	25.00	17-Jul-15	2,500	2,500	-	8.95%	17-Aug-17	Redeemable at par on maturity date
NCD - Series I/15-16 OPT 4	25.00	17-Jul-15	1,000	1,000	-	8.95%	17-Jul-25	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 1	25.00	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 2	25.00	28-Jul-15	2,200	2,200	-	8.93%	27-Jul-18	Redeemable at par on maturity date
NCD - Series K/15-16 OPT 3	25.00	28-Jul-15	300	300	-	8.90%	28-Jul-22	Redeemable at par on maturity date
NCD - Series L/15-16	25.00	14-Sep-15	3,000	3,000	-	8.96%	26-Sep-17	Redeemable at par on 26.09.2016-if call option exercised & on 26.09.2017-if call option not exercised

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

As at 31-03-2016

Secured Redeemable Non-convertible Debentures - Private Placement : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount(₹)	Non Current Portion	Current Maturities	Interest rate % p.a.	Date of redemption	Redeemable term
NCD - Series M/15-16	25.00	23-Sep-15	5,000	5,000	-	8.97%	23-Oct-17	Redeemable at par on 21.10.2016-if call option exercised & on 23.10.2017-if call option not exercised
NCD - Series N/15-16	25.00	28-Sep-15	10,000	10,000	-	8.90%	18-Oct-17	Redeemable at par on 18.10.2016-if call option exercised & on 18.10.2017-if call option not exercised
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	200	200	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	600	600	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	450	450	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 3	25.00	20-Oct-15	2,000	2,000	-	8.65%	20-Oct-22	Redeemable at par on maturity date
NCD - Series O/15-16 OPT 1	25.00	20-Oct-15	375	375	-	8.65%	19-Oct-18	Redeemable at par on maturity date
NCD - Series P/15-16 OPT 2	25.00	26-Oct-15	2,500	2,500	-	8.65%	26-Oct-20	Redeemable at par on maturity date
NCD - Series Q/15-16 OPT 1	25.00	19-Nov-15	6,000	6,000	-	8.56%	18-May-18	Redeemable at par on 19.05.2017-if call option exercised & on 18.05.2018-if call option not exercised
NCD - Series R/15-16	25.00	27-Nov-15	1,000	1,000	-	8.60%	27-Nov-20	Redeemable at par on maturity date
NCD - Series S/15-16 Opt 1	25.00	25-Feb-16	2,000	2,000	-	8.86%	25-Feb-21	Redeemable at par on maturity date
NCD - Series T/15-16	25.00	29-Mar-16	15,500	15,500	-	8.90%	29-Apr-19	Redeemable at par on maturity date
			247,400	**229,875**	**17,525**			

4.(II).(i) Unsecured Redeemable Non-convertible Debentures : (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % P.a.	date of redemption
NCD-Tier II Series O/14-15	10.00	29-Jan-15	10,000.00	10,000.00		9.35%	29-Jan-25
NCD-Tier II Series H/15-16	10.00	14-Jul-15	1,400.00	1,400.00		9.32%	14-Jul-25
NCD-Tier II Series J/15-16	10.00	24-Jul-15	5,000.00	5,000.00		9.30%	24-Jul-25
			16,400.00	**16,400.00**	**-**		

4.(II).(ii) Perpetual debt (₹ in Lakh)

Series	Face value per Debentures	Date of allotment	Amount	Non Current Portion	Current Maturities	Interest rate % p.a.	date of redemption
NCD-PD Series U/15-16	10.00	30-Mar-16	5,000.00	5,000.00		9.90%	30-Mar-26
Total			**21,400.00**	**21,400.00**	**-**		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Refer note 5 long-term borrowings
Terms of repayment of Term Loans from banks as on March 31, 2017

(₹ in lakh)

Oringinal maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Above 3 years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Quarterly repayment schedule										
1-3 Yrs	8.01%-9.00%		-	4	12,000.00	8	24,000.00			36,000.00
			-		**12,000.00**		**24,000.00**		**-**	**36,000.00**
Half Yearly repayment schedule										
1-3 Yrs	8.01%-9.00%		-	1	7,166.67	2	14,333.33			21,500.00
			-		**7,166.67**		**14,333.33**		**-**	**21,500.00**
Annual repayment schedule										
1-3 Yrs	8.01%-9.00%	1	250.00	1	250.00	1	250.00	-	-	750.00
3-5 years	8.01%-9.00%	-	-	-	-	-	-	4	2,500.00	2,500.00
3-5 years	9.01%-10.00%	1	1,250.00	1	1,250.00	1	1,250.00	1	1,250.00	5,000.00
Above 5 years	8.01%-9.00%	2	1,450.00	2	1,450.00	2	1,450.00	10	5,000.00	9,350.00
Above 5 years	9.01%-10.00%			1	1,250.00	1	1,250.00	6	7,500.00	10,000.00
			2,950.00		**4,200.00**		**4,200.00**		**16,250.00**	**27,600.00**
Bullet repayment schedule										
1-3 Yrs	8.01%-9.00%	-	-	10	256,427.00	-	-	-	-	256,427.00
1-3 Yrs	9.01%-10.00%	-	-	1	625.00	-	-	-	-	625.00
3-5 years	8.01%-9.00%	-	-	-	-	-	-	1	2,500.00	2,500.00
3-5 years	9.01%-10.00%	-	-	1	5,000.00	1	625.00	1	625.00	6,250.00
Above 5 years	9.01%-10.00%	3	2,500.00	5	4,375.00	5	4,375.00	8	6,875.00	18,125.00
			2,500.00		**266,427.00**		**5,000.00**		**10,000.00**	**283,927.00**
Total			**5450**		**289,793.67**		**47,533.33**		**26,250.00**	**369,027.00**

Refer note 5 long-term borrowings
Terms of repayment of Term Loans from banks as on March 31, 2016

(₹ in lakh)

Oringinal maturity of loan	Interest rate	Due within 1 year		Due in 1 to 2 Years		Due in 2 to 3 Years		Above 3 years		Total
		No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	No. of installments	Amount	
Quarterly repayment schedule										
1-3 Yrs	9%-10%			1	666.67	2	1,333.33			2,000.00
3-5 years	9%-10%	5	2,667.00	4	2,000.00	1	125.00			4,792.00
Above 5 years	9%-10%	4	500.00	4	500.00	2	250.00			1,250.00
			3,167.00		**3,166.67**		**1,708.33**			**8,042.00**
Half Yearly repayment schedule										
1-3 Yrs	9%-10%	5	8,750.00	9	15,416.67	2	5,833.00			29,999.67
Above 5 years	9%-10%	2	1,111.11	6	7,277.78	4	7,000.00	1	2,500.00	17,888.89
			9,861.11		**22,694.44**		**12,833.00**		**2,500.00**	**47,888.56**
Annual repayment schedule										
1-3 Yrs	9%-10%	1	250.00	1	250.00	1	625.00			1,125.00
3-5 years	9%-10%			1	4,000.00	4	4,250.00	13	14,834.00	23,084.00
Above 5 years	9%-10%	3	3,117.00	7	5,617.00	8	7,492.00	37	30,865.00	47,091.00
			3,367.00		**9,867.00**		**12,367.00**		**45,699.00**	**71,300.00**
Bullet repayment schedule										
1-3 Yrs	9%-10%	4	30,000.00	16	190,500.00		-			220,500.00
3-5 years	9%-10%							1	2,500.00	2,500.00
			30,000.00		**190,500.00**		**-**		**2,500.00**	**223,000.00**
Total			**46,395.11**		**226,228.11**		**26,908.33**		**50,699.00**	**350,230.56**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

6. Other long-term liabilities

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Others	-	58.09
Installments received in advance	65.94	85.29
Interest accrued but not due on non-convertible debentures	3,681.80	7,806.13
	3,747.74	**7,949.51**

7. Provisions

(₹ in lakh)

	Long-term		Short-term	
	As at 31-Mar-17	**As at 31-Mar-16**	**As at 31-Mar-17**	**As at 31-Mar-16**
Provision for Taxation (Net of Advance tax ₹ 4,970 lakh (previous year ₹ 2,366 lakh))	-	-	855.61	657.17
Provision for employee benefits				
Gratuity	-	101.81	-	-
Compensated absences	-	-	184.68	219.25
	-	**101.81**	**1,040.29**	**876.42**
Others				
For contingent provisions against standard assets	3,431.25	2,820.62	228.41	174.41
	3,431.25	**2,820.62**	**228.41**	**174.41**
	3,431.25	**2,922.43**	**1,268.70**	**1,050.83**

8. Short-term borrowings

(₹ in lakh)

		As at 31-Mar-17	As at 31-Mar-16
A. Secured*			
Overdraft facility from bank		1,444.47	922.17
	(A)	**1,444.47**	**922.17**
C. Unsecured			
Term loans from Banks		-	8,000.00
Cash Credit from Banks		5,000.00	
	(C)	**5,000.00**	**8,000.00**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

8. Short-term borrowings (Contd.)

(₹ in lakh)

		As at 31-Mar-17	As at 31-Mar-16
D. Unsecured			
Commercial Papers		-	1,900.00
Less: Unexpired discounting charges		-	(130.69)
Overdraft facility from bank		5,179.37	5,000.00
	(D)	**5,179.37**	**6,769.31**
* Term loans and overdrafts facilities from banks are secured by hypothecation of specific loan receivables.			
	Total (A+B+C)	**11,623.84**	**15,691.48**

9. Trade Payables

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Micro, Small and Medium Enterprises (Refer Footnote)	-	-
Sundry Creditors for Expenses	875.72	465.08
	875.72	**465.08**

Footnote: Dues to micro enterprise and small enterprises have been determined to the extent such parties have been identified on the basis of information collected by Management. This has been relied upon by the auditors.

10. Other current liabilities

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Provision for Expenses	1,593.87	1,722.71
Book overdraft	24,896.06	38,006.03
Interest accrued but not due on borrowings	17,709.39	8,526.75
Statutory Dues payable	95.93	179.83
Debt service reserve account (Construction finance)	46.19	72.37
Installments received in advance	896.52	692.34
Stale cheques	873.39	1,423.86
Other liabilities	885.72	970.01
	46,997.07	**51,593.90**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11. Fixed assets (at cost less depreciation)

(₹ in lakh)

Tangible assets	Gross Block				Depreciation & Amortization				Net Book Value
	As at April 01, 2016	Additions during the period	Disposals during the Period	As at March 31, 2017	As at April 01, 2016	For the year	Disposals during the Period	As at March 31, 2017	As at March 31, 2017
Tangible									
Freehold Land	2.89	-	-	2.89	-	-	-	-	2.89
	(2.89)			(2.89)	-				(2.89)
Building	13.44	-	-	13.44	13.44	-	-	13.44	-
	(13.44)			(13.44)	(13.44)			(13.44)	-
Office equipments	47.36	8.01	7.86	47.51	27.83	6.68	7.68	26.83	20.68
	(30.91)	(16.94)	(0.49)	(47.36)	(23.57)	(4.75)	(0.49)	(27.83)	(19.53)
Furniture and Fittings	154.93	9.73	80.29	84.37	110.86	6.79	78.30	39.35	45.02
	(148.02)	(13.62)	(6.71)	(154.93)	(110.78)	(6.79)	(6.71)	(110.86)	(44.07)
Leasehold Improvements	54.73	64.52	-	119.25	12.25	28.56	-	40.81	78.44
	-	(54.73)	-	(54.73)	-	(12.25)	-	(12.25)	(42.48)
Computers	569.82	14.52	-	584.34	411.55	83.07	-	494.62	89.72
	(477.56)	(92.26)	-	(569.82)	(340.51)	(71.04)	-	(411.55)	(158.27)
Total Tangible Assets (A)	**843.17**	**96.78**	**88.15**	**851.80**	**575.93**	**125.10**	**85.98**	**615.05**	**236.75**
	(672.82)	(177.55)	(7.20)	(843.17)	(488.30)	(94.83)	(7.20)	(575.93)	(267.24)
Intangible									
Computer software	694.44	34.11		728.55	604.98	78.05		683.03	45.52
	(658.59)	(35.85)	-	(694.44)	(470.98)	(134.00)	-	(604.98)	(89.46)
Total Intangible assets (B)	**694.44**	**34.11**		**728.55**	**604.98**	**78.05**	**-**	**683.03**	**45.52**
	(658.59)	(35.85)	-	(694.44)	(470.98)	(134.00)	-	(604.98)	(89.46)

Note: Previous years figures are shown in brackets.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

12. Investments (₹ in lakh)

		Non-current		Current	
	Face Value ₹	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
Non-trade investment (valued at cost unless stated otherwise)					
Investment in subsidiary (Unquoted equity instruments)					
Consumer Financial Services Limited - 1,000,000 Equity shares of ₹ 10 each fully paid	10	-	100.00	-	-
Less: Provision for diminution in the value of investment		-	(70.00)	-	-
		-	**30.00**	**-**	**-**
Others (Unquoted)					
The Kalyan Janatha Sahakari Bank Limited - 20,000 Equity shares of ₹ 25 each fully paid	10	5.00	5.00	-	-
The Malad Sahakari Bank Limited - 100 Equity shares of ₹ 10 each fully paid	10	0.01	0.01	-	-
		5.01	**5.01**	**-**	**-**
(A)		**5.01**	**35.01**	**-**	**-**
Government of India securities (Quoted)					
14,000 units of 7.50% Government of India Stock 2034	100			14.17	14.17
40,000 units of 6.13% Government of India Stock 2028	100			38.22	38.22
Less: Provision for diminution in the value of investments				(1.98)	(4.27)
(B)		**-**	**-**	**50.41**	**48.12**
Investment in Mutual Fund (Unquoted)					
Mutual Funds		-	-	35,000.00	63,800.00
(C)		**-**	**-**	**35,000.00**	**63,800.00**
Investment in Debentures (Unquoted)					
Indian Overseas Bank	1000000	8,494.23			
(D)		**8,494.23**	**-**	**-**	**-**
Total (A+B+C+D)		**8,499.24**	**35.01**	**35,050.41**	**63,848.12**
Aggregate amount of quoted investments		-	-	50.41	48.12
Aggregate amount of unquoted investments		5.01	35.01	35,000.00	63,800.00
Aggregate amount of listed but not quoted investments		8,494.23	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

13. Loans and advances (₹ in lakh)

	Non-current		Current	
	As at 31-Mar-17	As at 31-Mar-16	As at 31-Mar-17	As at 31-Mar-16
A. Loans and advances towards financing activities (Secured)				
Considered good				
Housing Loans - Individuals	394,775.70	370,430.27	14,098.62	12,381.32
Construction Finance	68,525.10	52,932.95	2,572.62	4,653.66
Debentures	-	3,400.00	3,000.00	-
Loan Against Property	303,232.96	212,319.74	19,508.08	13,881.01
Other Loans	18,938.71	10,252.37	1,163.07	719.59
	785,472.47	**649,335.33**	**40,342.39**	**31,635.58**
Considered doubtful				
Housing Loans - Individuals	3,729.07	2,313.99	-	-
Loan Against Property	3,781.10	2,586.75	-	-
Others	241.64	10.08	-	-
	7,751.81	**4,910.82**	**-**	**-**
(I)	**793,224.28**	**654,246.15**	**40,342.39**	**31,635.58**
			-	-
Less: Provision for doubtful assets				
Housing Loans (Individuals)	1,696.87	1,065.70	-	-
Loan Against Property and other loans	2,221.85	910.30	-	-
(II)	**3,918.72**	**1,976.00**	**-**	**-**
Less: Provision for contingencies (III)	**1,156.12**	**-**		
A (I-II-III)	**788,149.44**	**652,270.15**	**40,342.39**	**31,635.58**
B. Advances recoverable in cash or kind				
Unsecured, considered good	46.74	128.50	0.90	2.70
	46.74	**128.50**	**0.90**	**2.70**
C. Others				
Unsecured, considered good				
Advance to third parties	-	-	45.64	139.62
Gratuity Deposit	-	-	25.11	-
Prepaid expenses	2.82	-	90.83	111.53
	2.82	**-**	**161.58**	**251.15**
Other Loans and Advances (B+C)	**49.56**	**128.50**	**162.48**	**253.85**
Total Loans and Advances (A+B+C)	**788,199.00**	**652,398.65**	**40,504.87**	**31,889.43**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

14. Deferred tax asset (net)

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Deferred tax assets		
Provisions for performing / non-performing assets	3,022.83	1,720.37
Other non-deductible expenses for tax purposes	218.35	262.21
Provisions for interest on stress cases	150.75	-
Deferred tax asset	**3,391.93**	**1,982.58**
Deferred tax liabilities		
Accelerated depreciation for tax purposes	16.73	(3.35)
Deduction of Section 36(1)(viia)	(432.65)	
Amount transferred to Special Reserve	(2,101.57)	(1,353.26)
Deferred tax liabilities	**(2,517.49)**	**(1,356.61)**
Deferred tax asset (Net)	**874.44**	**625.97**

15. Other assets

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Interest accrued but not due on portfolio loans (Secured, considered good)	5,934.77	4,661.93
Interest accrued and due on portfolio loans (Secured, considered good)	2,163.40	1,143.80
Interest accrued but not due on investment	131.46	0.94
Others	26.69	6.51
	8,256.32	**5,813.18**
Less:Provision on interest accrued but not due on stress cases	(81.42)	-
Less:Provision on interest accrued and due on stress cases	(354.18)	-
Total other current assets	**7,820.72**	**5,813.18**

16. Cash and cash equivalents

(₹ in lakh)

	As at 31-Mar-17	As at 31-Mar-16
Cash and cash equivalents		
Balances with banks:		
On current accounts	113.17	1,718.71
Cash on hand	142.74	217.88
Cheques on hand	-	1,192.03
	255.91	**3,128.62**
Other bank balances		
Deposits with original maturity of more than 3 months but less than 12 months	11.00	-
	11.00	**-**
Total Cash and Cash Equivalents	**266.91**	**3,128.62**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

17. Revenue from operations

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Interest income		
Interest on housing and other loans	85,678.89	58,636.77
Less: Provision made / (reversal) for interest receivable	(435.60)	-
	85,243.29	**58,636.77**
Other operating revenue		
Fees and other charges	8,088.84	4,577.76
Recovery against loans written off	198.78	337.86
Others	1,311.43	2,232.59
	94,842.34	**65,784.98**

18. Other income

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Income from fixed deposits with bank	0.73	-
Income from investments	266.27	3.51
Interest on inter corporate deposits	88.85	-
Dividend income on long term investment	-	43.37
Profit on sale of current investments	180.35	27.91
Profit on sale of fixed assets	8.73	0.61
Miscellaneous income	1.95	15.32
	546.88	**90.72**

19. Employee benefit expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Salaries and bonus	4,317.82	4,500.02
Contribution to provident fund	155.30	162.26
Contribution to ESIC	12.52	18.10
Gratuity	22.03	47.37
Compensated absences	59.03	110.96
Staff welfare expenses	148.40	161.26
	4,715.10	**4,999.97**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

20. Finance costs

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Interest expenses	58,088.73	40,645.03
Other borrowing costs	326.63	234.42
	58,415.36	**40,879.45**

21. Other expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Travelling and conveyance	204.46	293.99
Printing and stationery	46.50	65.46
Telephone expenses	40.03	38.72
Postage and courier expenses	25.53	37.79
Advertisement and business promotion	67.05	1,038.95
Repairs and maintenance - others	83.45	70.33
Rent, rates and taxes	726.00	404.32
Electricity charges	14.93	30.26
Insurance charges	3.90	2.64
Payment to Auditors' (refer details below)	38.75	22.42
Professional and legal fees	591.20	732.83
Non Executive Directors commission	30.75	37.51
Loan sourcing cost	2,230.14	2,774.59
Application processing expenses	778.15	1,023.00
Computer maintenance	204.03	205.43
Collection expenses	423.40	369.98
Record storage expenses	111.95	98.63
Corporate support charges	160.65	804.83
Corporate social responsibility	105.02	60.67
Brand License fees	767.60	191.90
Miscellaneous expenses	138.43	241.83
Directors' Sitting fees	11.97	6.84
	6,803.89	**8,552.92**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

21. Other expenses (Contd.)

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
As auditor:		
Audit fees	12.00	5.50
Tax audit fees	2.00	1.50
Limited review	7.50	4.00
In other capacity:		
Certification and other services	11.75	7.68
Reimbursement of expenses	2.78	2.39
Service Tax on above	2.72	1.34
	38.75	**22.42**

22. Depreciation and amortization expenses

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Depreciation of fixed assets	203.15	228.83
	203.15	**228.83**

23. Provisions and write-offs

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Contingent provision against standard assets	1,820.75	1,156.71
Provision for non-performing assets	1,942.72	968.41
Bad debts written off - housing and other loans	469.78	160.65
Provision for diminution in value of investments	(2.29)	(0.05)
	4,230.96	**2,285.72**

24. Earnings per share (EPS)

The following reflects the profit and share data used in the basic and diluted EPS computations:

(₹ in lakh)

	Year ended 31-Mar-17	Year ended 31-Mar-16
Net profit for calculation of basic EPS	13,641.15	5,803.99
Net profit for calculation of diluted EPS	**13,641.15**	**5,803.99**
	No. of shares	**No. of shares**
Weighted average number of equity shares in calculating basic EPS	122,914,535	99,962,695
Effect of dilution:		
Weighted average number of equity shares in calculating diluted EPS	122,914,535	99,962,695

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.1 Contingent liabilities and commitments (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Contingent liability		
Matter related to legal dispute (Refer Footnote)	3.09	0.63
Commitments		
Capital Commitments	32.95	75.23
Undisbursed commitments	33,271.14	42,990.52

Footnote: The company is hopeful of succeeding in appeal and doesn't expect any significant liability to materialise.

25.2 Employee Benefit Plans

1. **Defined-Contribution Plans**

The Company recognised charges of ₹ 155.30 lakh (previous year ₹ 162.26 lakh) for provident fund contribution in the Statement of Profit and Loss.

2. **Defined-Benefit Plans**

The Company offers the following employee benefit schemes to its employees:

i. Gratuity expense which included in Employee benefit expenses in Note 19.

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements as at March 31, 2017:

Net Liability / (Asset) Recognised in the Balance sheet (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Closing Present Value of obligations	100.74	143.68
Less: Closing Fair Value of plan assets	125.85	41.87
Liability / (Asset) Recognised in the Balance Sheet	**(25.11)**	**101.81**

Expenses recognized in the Statement of Profit and Loss (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Current Service Cost	55.25	35.09
Past Service Cost	-	-
Interest Cost	14.18	11.31
Expected Return on Plan Assets	(3.61)	(4.74)
Actuarial Losses / (Gain)	(43.76)	5.70
Losses / (Gains) on "Curtailments and Settlements"	-	-
Total Expenses to be recognized in the Profit and Loss Account	**22.06**	**47.37**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Change in in the present value of the defined benefit obligation are as follows: (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Opening Present Value of Obligation	143.68	110.06
Current Service Cost	55.25	35.09
Interest on Defined Benefit Obligation	14.18	11.31
Benefits Paid	(73.34)	(18.41)
Net Actuarial Losses / (Gains) Recognized in Year	(40.97)	4.75
Past Service Cost	-	-
Liabilities Assumed on Acqusition/(Settled on Divestiture)	1.95	0.88
Closing Present Value of Obligations	**100.74**	**143.68**

Changes in the fair value of plan assets are as follows: (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Opening Fair Value of Plan Assets	41.87	56.24
Expected Return on Plan Assets	3.61	4.74
Actuarial Gains / (Losses)	2.78	(0.96)
Contributions by Employer	150.93	0.25
Benefits Paid	(73.34)	(18.41)
Closing Fair Value of Plan Assets	**125.85**	**41.87**

Major categories of Plan Assets as a percentage of total Plan Assets:

Particulars	31-Mar-17	31-Mar-16
Government of India Securities	0%	0%
Corporate Bonds	0%	0%
Special Deposit Scheme	0%	0%
Equity Shares of Listed Companies	0%	0%
Property	0%	0%
Insurer Managed Funds	100%	100%

The principal assumptions used in determining gratuity obligation for the Company's plans are shown below:

Particulars	31-Mar-17	31-Mar-16
Discount Rate (per annum)	7.20%	8.00%
Expected Rate of Return on Plan Assets (per annum)	8.00%	8.00%
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08)Ult table	Indian Assured Lives Mortality (2006-08)Ult table

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The contributions expected to be made by the Company during the financial year 2017-18 amounts to ₹ 50 lakh (previous year ₹ 50 lakh).

Experience Adjustment (₹ in Lakh)

Particulars	31-Mar-17	31-Mar-16	31-Mar-15	31-Mar-14	31-Mar-13
Defined benefit obligation	100.74	143.68	110.06	65.44	54.82
Plan Assets	125.85	41.87	56.24	53.40	60.54
Surplus / (Deficit)	25.11	(101.81)	(53.82)	(12.04)	5.73
Experience adjustments on plan liabilities	(50.80)	6.14	(3.49)	7.63	(10.09)
Experience adjustments on plan assets	2.78	(0.96)	(0.29)	0.61	0.19

Compensated Absences

Assumptions at the Valuation Date

Description	31-Mar-17	31-Mar-16
Discount Rate	7.20%	8.00%
Salary Escalation Rate	7.00%	7.00%

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

25.3 Related Party Disclosures:

As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

(a) List of related parties:

A. Ultimate Holding Company

1) Larsen & Toubro Limited

B. Holding Company

2) L&T Finance Holding Ltd

C. Fellow Subsidiaries

3) L&T Finance Limited (formerly Family Credit Limited) *
4) L&T Access Financial Advisory Services Private Limited
5) L&T Capital Markets Limited
6) L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)
7) Larsen & Toubro Infotech Limited
8) L&T Infrastructure Finance Company Limited
9) L&T Investment Management Limited

* L&T Finance Limited and L&T Fincorp Limited merged with Family Credit Limited w.e.f 13.02.2017

D. Key Management Personnel

10) Vasudevan Ramaswami (upto April 5, 2016)
11) Girijakanta Mishra (w.e.f. April 6, 2016 to January 20, 2017)
12) Srikant JR (w.e.f. January 20, 2017)

Note : The above list contain name of only those related parties with whom the company has undertaken transaction in current or previous year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(b) Disclosure of related party transactions: (₹ in lakh)

S. No.	Nature of transactions	March 31, 2017	March 31, 2016
1	**Equity Capital infused by (including share premium)**		
	L&T Finance Holdings Limited	7,500.00	19,988.46
2	**Inter corporate deposits borrowed**		
	L&T Finance Holdings Limited	184,325.00	229,095.00
	L&T Finance Limited	-	39,275.00
	L&T Infrastructure Finance Company Limited	3,100.00	-
	L&T Finance Limited (formerly Family Credit Limited)	33,800.00	19,900.00
3	**Inter corporate deposits repaid**		
	L&T Finance Holdings Limited	184,325.00	229,095.00
	L&T Finance Limited	-	39,275.00
	L&T Infrastructure Finance Company Limited	3,100.00	-
	L&T Finance Limited (formerly Family Credit Limited)	33,800.00	19,900.00
4	**Interest expense on inter corporate deposits**		
	L&T Finance Holdings Limited	597.92	411.31
	L&T Finance Limited	-	32.94
	L&T Infrastructure Finance Company Limited	3.82	-
	L&T Finance Limited (formerly Family Credit Limited)	29.98	23.28
5	**Inter corporate deposits given**		
	L&T Infrastructure Finance Company Limited	8,900.00	-
	L&T Finance Limited (formerly Family Credit Limited)	42,915.00	-
6	**Inter corporate deposits received back**		
	L&T Infrastructure Finance Company Limited	8,900.00	-
	L&T Finance Limited (formerly Family Credit Limited)	42,915.00	-
7	**Interest received on inter corporate deposits**		
	L&T Infrastructure Finance Company Limited	8.15	-
	L&T Finance Limited (formerly Family Credit Limited)	80.70	-
8	**Investment Purchased**		
	L&T Infrastructure Finance Company Limited	8,494.23	-
9	**Brand license fees paid to**		
	Larsen & Toubro Limited	712.39	178.93
10	**Corporate support charges paid**		
	L&T Finance Limited	-	668.48
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	-	1.90
	L&T Finance Holdings Limited	127.00	6.08
	L&T Finance Limited (formerly Family Credit Limited)	22.79	-
11	**Rent paid to**		
	L&T Finance Limited	-	214.11
	L&T Finance Limited (formerly Family Credit Limited)	323.96	29.93
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	214.87	31.46
12	**Rent recovered from**		
	L&T Finance Limited	-	22.76
	L&T Finance Limited (formerly Family Credit Limited)	52.03	13.43
	L&T Investment Management Limited	5.81	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(b) Disclosure of related party transactions: (₹ in lakh)

S. No.	Nature of transactions	March 31, 2017	March 31, 2016
13	**Commission Expenses**		
	L&T Access Financial Advisory Services Private Limited	-	172.48
	L&T Capital Markets	0.71	3.55
14	**Professional Fees Expense**		
	Larsen & Toubro Limited	19.73	23.19
	Larsen & Toubro Infotech Limited	4.93	6.41
15	**Advertising & Publicity**		
	L&T Finance Holdings Limited	-	95.20
16	**Computer Maintenance**		
	Larsen & Toubro Infotech Limited	-	42.09
	Larsen & Toubro Limited	41.31	36.20
17	**Maintenance Charges**		
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	47.65	13.48
18	**Servicing Fees Received**		
	L&T Finance Limited (formerly Family Credit Limited)	62.89	66.23
19	**Managerial remuneration ****		
	Vasudevan Ramaswami	-	129.27
	Girijakanta Mishra	77.23	-
	Srikanth J R	22.79	-

(b) Amount due to / from related parties: (₹ in lakh)

S. No.	Nature of transactions	March 31, 2017	March 31, 2016
1	**Balance payable / (receivable)**		
	L&T Finance Limited	-	94.54
	L&T Investment Management Limited	(0.14)	0.27
	L&T Capital Markets Limited	2.99	0.45
	L&T Finance Limited (formerly Family Credit Limited)	24.27	(23.87)
	L&T Access Financial Advisory Services Private Limited	-	(3.91)
	Larsen & Toubro Limited	791.95	373.59
	Larsen & Toubro Infotech Limited	1.42	4.46
	L&T Finance Holdings Limited	33.34	-
	L&T Infrastructure Finance Company Limited	(0.16)	-
2	**Rent Deposit**		
	L&T Financial Consultants Limited (Formerly L&T Vrindavan Properties Limited)	2.51	12.23

Note:

1) Transactions shown above are exclusive of service tax, if any.

2) ** Managerial Remuneration excludes provision for gratuity, pension and leave encashment, since it is provided on acturial basis for the comapany as a whole.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.4 Earnings per Share (EPS)

Basic and Diluted	31-Mar-17	31-Mar-16
Profit after tax as per statement of profit and loss account (₹ in Lakh)	13,641.15	5,803.99
Weighted average number of equity shares for computation of Basic / Diluted earnings per share	122,914,535	99,962,695
Basic and Diluted earnings per equity share	11.10	5.81
Nominal value of equity shares (₹)	10.00	10.00

25.5 Segment Reporting

The Company's main business is to provide finance for housing loans, Construction loans and Loan against properties. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no seperate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

25.6 Leases

Office premises are taken on operating lease.There are no sub leases. Lease payments during the year are charged to the statement of profit and loss

(₹ in lakh)

Description	31-Mar-17	31-Mar-16
Operating lease payment recognized during the year	726.00	404.32
Not later than one year	-	2.77
Later than one year but not later than five years	-	-
Later than five years	-	-

25.7 Corporate Social Responsibility

Expenditure related to Corporate Social Responsibility as per Section 135 of the Companies Act, 2013 read with Schedule VII thereof : ₹ 105.02 lakh

(₹ in lakh)

Particulars	Paid	Payable	Total
(a) Gross amount required to be spent	105.02	-	105.02
(a) Amount spent during the year on:			
(i) Construction/ acquisition of any asset	-	-	
(ii) On purposes other than (i) above	105.02		105.02

25.8 The Company had filed a Scheme of Amalgamation (the "Scheme") for the amalgamation of Consumer Financial Services Ltd. ("CFSL"), wholly owned subsidiary formed for business of distribution of Financial Products, with the Company with the Honourable High Court of Bombay for the Company and Honourable High Court of Delhi for CFSL. The Honourable High Court of Bombay had sanctioned the Scheme with effect from April 01, 2015, (the "Appointed Date") vide its Order dated July 10, 2015 and The Honourable High Court of Delhi sanctioned the Scheme with effect from April 01, 2015, (the "Appointed Date") vide its Order dated August 29, 2016. The certified copies of the Order of the Courts sanctioning the Scheme were filed with the Registrar of Companies, Maharashtra on October 28, 2016 (the "Effective Date").

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

During the year, the amalgamation has been accounted under the "Pooling of Interest Method" as prescribed by Accounting Standard 14 (AS 14)- Accounting for Amalgamations and as per the specific provisions of the approved scheme. Accordingly, all assets and liabilities and income and expenditure as on effective date of the erstwhile CFSL stand transferred to and vested in the Company.

CFSL being wholly owned subsidiary of the company no shares were issued. Net identifiable assets of CFSL of ₹ 38.51 lakh (including Cash and cash equivalents of ₹ 21.85 lakh) as at 1st April, 2016 were transferred against the carrying value of investment in books of Company amounting to ₹ 30 lakh (net of provision of ₹ 70 lakh) . Excess of ₹ 8.51 lakhs have been added to the opening balance of statement of profit and loss.

25.9 Disclosure with regard to Specified Bank Notes to be read with footnote: (₹ in lakh)

Particulars	Specified Bank Notes (SBNs)	Other denomination notes	Total
Closing cash in hand as on November 8, 2016	232.31	1.75	234.06
Add- permitted receipts*	-	182.35	182.35
Less- permitted payments	-	-	-
Less- amount deposited in Banks*	(232.31)	(171.79)	(404.10)
Closing cash in hand as on December 30, 2016	-	12.31	12.31

*includes amount directly deposited by the borrowers into the bank accounts.

Footnote:

As a Housing Finanace Company, the Company offers mortgage lending products to a large number of customers. The operation are geographically wide-spread with signficant volumes of transactions including cash collections. The above information covers cash received at the Company's offices as well as direct deposit in company's bank accounts by the borrowers and is based on information and records available with the Company.

As the Company took steps not to accept Specified Bank Notes at its offices after November 8, 2016 and there were amounts directly deposited into Company's bank accounts by the borrowers, all amounts directly deposited into the Company's bank account by borrowers have been classified as "Permitted receipts" and where details of denomination were not available, the same have been show as "Other denomination notes".

Disclosures in terms of Notification No. NHB.HFC.CG-DIR.1/MD&CEO/2016. dated February 9,2017:

25.10. Capital (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
CRAR (%)	15.39%	14.11%
CRAR – Tier I Capital (%)	11.54%	9.97%
CRAR – Tier II Capital (%)	3.85%	4.14%
Amount of subordinated debt raised as Tier- II Capital	-	6,400.00
Amount raised by issue of Perpetual Debt Instruments	1,500.00	5,000.00

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.11. Reserve Fund u/s 29C of NHB Act, 1987

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Balance at the beginning of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	922.62	871.85
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	3,910.25	2,800.22
c) Total u/s 29C	4,832.87	3,672.07
Addition / Appropriation / Withdrawal during the year		
Add:	567.68	50.77
a) Amount transferred u/s 29C of the NHB Act, 1987		
b) Amount of special reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	2,162.25	1,110.03
Less:	-	-
a) Amount appropriated from the Statutory Reserve u/s 29C of the NHB Act, 1987"		
b) Amount withdrawn from the Special Reserve u/s 36(1)(viii) of Income Tax Act, 1961 taken into account which has been taken into account for the purpose of provision u/s 29C of the NHB Act, 1987	-	-
Balance at the end of the year		
a) Statutory Reserve u/s 29C of the National Housing Bank Act, 1987	1,490.30	922.62
b) Amount of special reserve u/s 36(1)(viii)of Income Tax Act, 1961 taken into account for the purposes of Statutory Reserve under Section 29C of the NHB Act, 1987	6,072.50	3,910.25
c) Total	7,562.80	4,832.87

25.12. Investments

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
1. Value of Investments		
(i) Gross value of Investments		
(a) In India	43,551.63	63,957.40
(b) Outside India		
(ii) Provisions for Depreciation		
(a) In India	(1.98)	(74.27)
(b) Outside India		

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.12. Investments (Contd.)

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(iii) Net value of Investments		
(a) In India	43,549.65	63,883.13
(b) Outside India		
2. Movement of provisions held towards depreciation on investments		
(i) Opening balance	74.27	74.32
(ii) Add: Provisions made during the year	-	-
(iii) Less: Write-off / Written-bank of excess provisions during the year	2.29	0.05
(iv) Less: Written back on account of merger (Refer note 25.8)	70.00	-
(v) Closing balance	1.98	74.27

25.13. Derivatives

25.13 (1) Forward Rate Agreement (FRA) / Interest Rate Swap (IRS)

The company has not traded in Forward Rate Agreement/ Interest Rate Swap during the financial year March 31, 2017 (Previous year - Nil)

25.13 (2) Exchange Traded Interest Rate (IR) Derivative

The company has not traded in Exchange Traded Interest Rate Derivative during the financial year March 31, 2017 (Previous year - Nil)

25.13 (3) Disclosures on Risk Exposure in Derivatives

The Company has a Treasury Risk Management Policy approved by the Assets Liability Committee and the Board. This policy provides the framework for managing various risks including interest rate risk and currency risk. The policy provides for use of derivative instruments in managing the risks.

25.14 Securitisation

Company has not entered into any securitisation transaction during the year (Previous year - Nil)

25.14 (1) Details of Financial Assets sold to Securitisation / Reconstruction Company for Asset Reconstruction

During the current and previous year no financial assets are sold to Securitisation/Reconstruction company for Asset Reconstruction

25.14 (2) Details of Assignment transactions undertaken by HFCs

During the current and previous year no assignment transactions has been undertaken.

25.14 (3) Details of non-performing financial assets purchased / sold

During the current and previous year no non-performing financial assets has been purchased / sold from / to other HFC's.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.14 (4) Assets Liability Management (Maturity pattern of certain items of Assets and Liabilities)

For Financial Year ended 2016-17

(₹ in lakh)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	11,623.84	-	-	3,250.00	2,200.00	337,327.00	17,150.00	5,900.00	3,200.00	-	380,650.84
Market Borrowing	2,500.00	4,075.00	1,800.00	8,550.00	12,300.00	200,050.00	93,800.00	10,150.00	30,900.00	-	364,125.00
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,626.49	2,839.24	2,930.13	8,970.08	22,963.45	128,871.53	142,590.67	128,793.60	171,821.87	221,159.61	833,566.67
Investments	35,000.00	-	-		50.41	8,494.23				5.01	43,549.65
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

For Financial Year ended 2015-16

(₹ in lakh)

Particulars	Up to 30/31 days (one month)	Over 1 month & up to 2 months	Over 2 months & up to 3 months	Over 3 months & up to 6 months	Over 6 month & up to 1 year	Over 1 year & up to 3 years	Over 3 years & up to 5 years	Over 5 years & up to 7 years	Over 7 years & up to 10 years	Over 10 Years	Total
Liabilities											
Deposits	-	-	-	-	-	-	-	-	-	-	-
Borrowings from Bank	5,836.84	666.67	1,792.00	6,722.22	45,214.00	256,972.00	30,734.00	10,065.00	6,150.00	-	364,152.73
Market Borrowing	1,000.00	7,500.00	-	7,200.00	3,594.31	134,325.00	65,500.00	23,550.00	27,900.00	-	270,569.31
Foreign Currency Liabilities	-	-	-	-	-	-	-	-	-	-	-
Assets											
Advances	2,217.98	2,513.29	2,440.60	7,739.56	16,724.16	107,576.11	118,643.04	101,559.68	137,259.36	189,207.96	685,881.73
Investments	63,830.00	-	-		-					53.13	63,883.13
Foreign Currency Assets	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.15 Exposure

25.15 (1) Exposure to Real Estate Sector

(₹ in lakh)

Category	31-Mar-17	31-Mar-16
a) Direct Exposure		
(i) Residential Mortgages -		
Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented;		
Individual housing loans upto ₹ 15 lakh	36,929.42	35,696.32
Individual housing loans above ₹ 15 lakh	375,540.75	348,511.89
Other loans	328,350.97	255,501.71
(ii) Commercial Real Estate -		
Lending secured by mortgages on commercial real estates (office buildings, retail space, multi- purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based (NFB) limits	102,379.85	52,613.94
(iii) Investments in Mortgage Backed Securities (MBS) and other securitised exposures -		
a) Residential	Nil	Nil
b) Commercial Real Estate	Nil	Nil
b) Indirect Exposure		
Fund based and non-fund based exposures on National Housing Bank (NHB) and Housing Finance Companies (HFCs)	Nil	Nil

Note : Above mentioned amounts are excluding undisbursed commitment.

25.15 (2) Exposure to Capital Market

(₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(i) direct investment in equity shares, convertible bonds, convertible debentures and units of equity- oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	5.01	35.01
(ii) advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs / ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii) advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	-	-
(iv) advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds / convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.15 (2) Exposure to Capital Market (Contd.) (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(v) secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi) loans sanctioned to corporates against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	-	-
(vii) bridge loans to companies against expected equity flows / issues;	-	-
(viii) All exposures to Venture Capital Funds (both registered and unregistered)	-	-
Total Exposure to Capital Market	**5.01**	**35.01**

25.15 (3) Details of financing of parent company products : Nil (Previous year - Nil)

25.15 (4) Details of Single Borrower Limit (SGL) / Group Borrower Limit (GBL) exceeded by the HFC : Nil (Previous year - Nil)

25.15 (5) Unsecured Advances : Nil (Previous year - Nil)

25.16 Miscellaneous

25.16 (1) Registration obtained from other financial sector regulators

No registration has been obtained from other financial sector regulator

25.16 (2) Disclosure of Penalties imposed by NHB and other regulators : Nil (Previous year - Nil)

25.16 (3) Rating assigned by Credit Rating Agencies and migration of rating during the year

Instrument	31-Mar-17		31-Mar-16	
	CARE	ICRA	CARE	ICRA
Non Convertible Debentures	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Subordinated Debt	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Perpetual Debt	CARE AA (Stable)	ICRA AA (Stable)	CARE AA (Stable)	ICRA AA (Stable)
Fixed Deposit	CARE AA+ (FD)	ICRA MAA+ (Stable)	CARE AA+ (FD)	ICRA MAA+ (Stable)
Bank Lines	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Commercial Paper	CARE A1+	ICRA A1+	CARE A1+	ICRA A1+

25.16 (4) Postponement of Revenue Recognition : Nil (Previous year - Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.17 Additional Disclosures

25.17 (1) Provisions and Contingencies

(₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	31-Mar-17	31-Mar-16
1. Provisions for depreciation on Investment	(2.29)	(0.05)
2. Provision made towards Income tax		
Current Tax	7,628.08	3,566.92
Deffered Tax	(248.47)	(442.10)
3. Provision towards NPA	1,942.72	968.41
4. Provision for Standard Assets (with details like teaser loan, CRE, CRE-RH etc.)	1,820.75	1,156.71
CRE	99.18	107.33
CRE - RH	984.46	210.95
Others (HL, LAP and Other Loans)	737.11	838.43
5. Other Provision and Contingencies (with details)		
Bad debts written off - housing and other loans	469.78	160.65

(₹ in lakh)

Break up of Loan & Advances and Provisions thereon	Housing		Non-Housing	
	31-Mar-17	31-Mar-16	31-Mar-17	31-Mar-16
Standard Assets				
a) Total Outstanding Amount *	468,936.77	437,713.59	366,967.91	249,699.44
b) Provisions made *	3,542.67	1,931.36	1,728.62	1,063.66
Sub-Standard Assets				
a) Total Outstanding Amount	2,068.29	1,148.28	2,101.14	1,571.64
b) Provisions made	544.34	233.14	836.50	335.27
Doubtful Assets – Category-I				
a) Total Outstanding Amount	770.61	592.99	1,077.00	484.40
b) Provisions made	364.73	285.14	697.09	217.01
Doubtful Assets – Category-II				
a) Total Outstanding Amount	339.91	79.99	826.57	522.21
b) Provisions made	237.54	54.70	670.22	339.44
Doubtful Assets – Category-III				
a) Total Outstanding Amount	18.04	-	-	-
b) Provisions made	18.04	-	-	-
Loss Assets				
a) Total Outstanding Amount	532.23	492.73	18.03	18.57
b) Provisions made	532.23	492.73	18.03	18.57
TOTAL				
a) Total Outstanding Amount	472,665.85	440,027.58	370,990.65	252,296.26
b) Provisions made	5,239.55	2,997.07	3,950.46	1,973.95

* Including additional provision created on interest ₹ 455.51 lakhs. (Previous year - Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.17 (2) Draw Down from Reserves

No drawdown from the reserves during the year (Previous year - Nil)

25.17 (3) Concentration of Public Deposits, Advances, Exposures and NPAs

25.17 (3) (1) Concentration of Public Deposits (for Public Deposit taking/holding HFCs) : Nil (Previous Year Nil)

25.17 (3) (2) Concentration of Loans & Advances (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Loans & Advances to twenty largest borrowers	65,777.74	56,602.67
Percentage of Loans & Advances to twenty largest borrowers to Total Advances of the HFC	7.89%	8.25%

Note : Above mentioned amounts are excluding undisbursed commitment.

25.17 (3) (3) Concentration of all Exposure (including off-balance sheet exposure) (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Exposure to twenty largest borrowers / customers	68,271.60	57,834.91
Percentage of Exposures to twenty largest borrowers / customers to Total Exposure of the HFC on borrowers / customers	8.09%	8.35%

Note : Above mentioned amounts are excluding undisbursed commitment.

25.17 (3) (4) Concentration of NPAs (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
Total Exposure to top ten NPA accounts	2,322.34	1,719.99

25.17 (4) Sector-wise NPAs

Sector	Percentage of NPAs to Total Advances in that sector
A. Housing Loans:	
1. Individuals	0.92%
2. Builders/Project Loans	-
3. Corporates	-
4. Others (specify)	-
B. Non-Housing Loans:	
1. Individuals	1.16%
2. Builders/Project Loans	-
3. Corporates	1.17%
4. Others (specify)	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

25.17 (5) Movement of NPAs (₹ in lakh)

Particulars	31-Mar-17	31-Mar-16
(I) Net NPAs to Net Advances (%)	0.46%	0.43%
(II) Movement of NPAs (Gross)		
a) Opening balance	4,910.82	3,582.65
b) Additions during the year	9,780.13	5,137.65
c) Reductions during the year	(6,939.13)	(3,809.48)
d) Closing balance	7,751.82	4,910.82
(III) Movement of Net NPAs		
a) Opening balance	2,934.82	2,575.05
b) Additions during the year	5,498.87	2,841.15
c) Reductions during the year	(4,600.59)	(2,481.38)
d) Closing balance	3,833.10	2,934.82
(IV) Movement of provisions for NPAs (excluding provisions on standard assets)		
a) Opening balance	1,976.00	1,007.60
b) Provisions made during the year	4,281.26	2,296.50
c) Write-off/write-back of excess provisions	(2,338.54)	(1,328.10)
d) Closing balance	3,918.72	1,976.00

25.17 (6) Overseas Assets : Nil (Previous year Nil)

25.17 (7). Off-balance Sheet SPVs sponsored (which are required to be consolidated as per accounting Norms) : Nil (Previous year - Nil)

25.18 Disclosure of Complaints

25.18(1) Customers Complaints

Particulars	31-Mar-17	31-Mar-16
a) No. of complaints pending at the beginning of the year	80	5
b) No. of complaints received during the year	2605	3169
c) No. of complaints redressed during the year	2680	3094
d) No. of complaints pending at the end of the year	5	80

25.19 Previous year figures have been re-grouped / re-arranged and re-classified wherever necessary, to conform to current year's classification.

For and on behalf of the Board of Directors of
L&T Housing Finance Limited

Dinanath Dubhashi
Chairperson
DIN 03545900

Chunni Singh
Company Secretary
M. No. A41074

Sandeep Somani
Head Accounts (CFO)

Place: Mumbai
May 02, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Eleventh Annual Report with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17, as compared to previous FY 2015-16 is given below:

(₹ in Lakhs)

Particulars	2016-2017	2015-2016
Gross Income	2,67,841.71	2,43,615.09
Profit before Tax	1,891.65	35,351.36
Provision for Tax	(2,329.01)	11,347.80
Profit after Tax	4,220.66	24,003.56
Add : Balance brought forward from previous year	42,623.90	37,337.61
Less : Depreciation adjustment	-	-
Balance available for appropriation	46,844.56	61,341.17
Appropriations:		
Interim Dividend	8,600.00	-
Interim Dividend Distribution Tax	1,750.75	-
Special Reserve u/s 45-IC of Reserve Bank of India Act, 1934	844.13	4,800.71
Special Reserve u/s 36(1) (viii) of the Income Tax Act, 1961	9,734.72	10,431.17
Transfer to Debenture Redemption Reserve	67.15	3,485.39
Transferred to Unamortised loss on sale of NPAs	13,944.77	-
Transfer to General reserve	-	-
Surplus in the Statement of Profit and Loss	**11,903.04**	**42,623.90**

APPROPRIATIONS:

The Company proposes to transfer ₹ 844.13 Lakhs (previous year: ₹ 4,800.71 Lakhs) to Special Reserve created u/s 45 – IC of Reserve Bank of India Act, 1934; ₹ 9,734.72 Lakhs (previous year: ₹ 10,431.17 Lakhs) to Special Reserve created u/s 36 (1)(viii) of the Income Tax Act,1961; ₹ 67.15 Lakhs (previous year: ₹ 3,485.39 Lakhs) to Debenture Redemption Reserve and retain ₹ 11,903.04 Lakhs (previous year: ₹ 42,623.90 Lakhs) in the Statement of Profit and Loss of the Company. During the year under review, the Company had transferred ₹ 13,944.77 Lakhs to other liability towards unamortised loss on sale of Non Performing Assets ("NPA") to Asset Reconstruction Company ("ARC") in compliance with the regulatory requirements. During the year under review, the Company had declared interim dividend of ₹ 0.964 per equity share aggregating to ₹ 8,600.00 Lakhs (previous year ₹ Nil). Dividend distribution tax on above dividend is ₹ 1,750.75 Lakhs.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

While posting consistent growth in income during the year, the Company has maintained the leading position in its focus sectors due to its solution oriented offerings that emanate from the specialised domain skills evolved over the years.

Nearly 80% of the disbursements during FY 2016-17 were towards these focussed sectors; renewable energy, road and transmission projects - the segments wherein the Company has developed an expertise over the years. The share of operational projects in the total assets book has stabilized at about 60% in line with last year's proportion. This trend augurs well from a risk return profile perspective. Further, the level of churn in the assets book over last year increased substantially, by over 50%, through enhanced down-selling of underwritten loans to banks, Financial Institutions ("FIs") and Non-Banking Financial Companies ("NBFC"). This is an outcome of Company's conscious strategy to lead transactions and subsequently down-sell a significant portion, resulting in a healthy boost to the underwriting fee income.

On the assets quality front, the Company is pro-active in dealing with the stressed assets portfolio and closely engages with both promoters, co-lenders and regulatory authorities concerned to evolve resolution strategies. This approach, coupled with conservative accelerated provisioning policies followed by the Company have helped in strengthening the balance sheet during the year.

On the assets quality front, the Company saw an increase in the Gross Non Performing Assets ("GNPA") due to deterioration of certain legacy accounts however the Company was proactive in making provisions on identified stressed assets well over the regulatory requirement. This helped keep the provision coverage ratio on NPAs at an acceptable level.

The Directors also take pleasure in informing Members that the Company has been awarded for excellent work in Renewable Financing by Central Board of Irrigation & Power (A Government of India body) in this year.

The year witnessed several policy measures from Government of India with a view to revive the infrastructure sector growth and boost the overall economy. The Company remains optimistic of the ongoing revival of the infrastructure sector in the Country.

The highlights of the performance of the Company during FY 2016-2017 are given below:-

- Gross loan assets against grant of financial assistance grew 2.06% from ₹ 21,51,376.28 Lakhs as at March 31, 2016 to ₹ 21,95,711.19 Lakhs as at March 31, 2017.
- Total income grew by 9.94% from ₹ 2,43,615.09 Lakhs in FY 2015-16 to ₹ 2,67,841.71 Lakhs in FY 2016-17.
- Profit before tax (PBT) was ₹ 35,351.36 Lakhs in FY 2015-16 while it is ₹ 1,891.65 Lakhs in FY 2016-17.
- Consequently, profit after tax (PAT) was ₹ 24,003.56 Lakhs in FY 2015-16 compared to ₹ 4,220.66 Lakhs in FY 2016-17.
- The net worth of the Company as at March 31, 2017 is ₹ 2,88,084.42 Lakhs as against ₹ 2,86,336 Lakhs as at March 31, 2016.
- The decrease in the profit is primarily due to accelerated provisions made during the year under review by your Company.

MATERIAL CHANGES AND COMMITMENTS:

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

During the year under review, the Board of Directors declared and paid interim dividend of ₹ 0.964 per equity share of ₹ 10/- each.

The Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No final dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, Credit Analysis and Research Limited ("CARE") and ICRA Limited had reviewed the ratings of various issues of Non-convertible Debentures and Subordinated bonds, and reaffirmed these at AA+ [Double A Plus] rating. The said agencies have also reaffirmed the rating assigned to borrowings by the Company by way of loan from various banks at AA+ [Double A Plus], and reaffirmed the ratings of the perpetual debt at AA [Double A]. These ratings also carry a stable outlook from both the rating agencies. CARE & ICRA have also reaffirmed the ratings assigned to the commercial papers issued by the Company at A1+.

The instruments/bank facilities with long term ratings of AA+ / AA are considered to have high degree of safety regarding timely servicing of financial obligations. Such instruments carry very low credit risk.

The instruments with short term ratings of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations. Such instruments carry lowest credit risk.

RESOURCES

During the year under review, the Company met its funding requirements by availing Bank facilities and capital market issuances in the form of Non-Convertible Debenture ("NCDs") and Commercial Papers ("CPs").

During the year under review, the net borrowings have increased from ₹ 20,19,814.24 Lakhs as on March 31, 2016 to ₹ 20,54,560.42 Lakhs as on March 31, 2017.

The Company has till date raised an amount of ₹ 28,000 Lakhs by way of issue of Perpetual Debt Instrument, which constitutes 9.56% of its Tier I Capital.

SHARE CAPITAL

During the year under review, the Company has issued in total 4,58,33,333 Equity Shares on a rights basis at the face value of ₹ 10 per share and a premium of ₹ 38 per share. Pursuant to the allotment of the Equity Shares, the paid-up share capital of the Company was ₹ 8,92,08,76,090 as at March 31, 2017 as compared to ₹ 8,46,25,42,760 as at March 31, 2016.

FIXED DEPOSITS

The Company being a non - deposit taking NBFC has not accepted any deposits from the public during the year under review.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013, ("the Act") with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, Mr. G. Krishnamurthy ceased to be the Whole-time Director of the Company with effect from May 26, 2016 consequent upon his resignation from the services of L&T Financial Services Group and also Mr. B. V. Bhargava, Independent Director ceased to be Director with effect from November 1, 2016. The Board recorded its sincere appreciation of the valuable role played by Mr. G. Krishnamurthy in the growth of the Company. The Board also placed on record it appreciation of the valuable contribution by Mr. B.V. Bhargava during his tenure as a Director of the Company.

Mr. Pradeep Kumar P. was appointed as an Additional Director on the Board of the Company with effect from November 1, 2016 and the Members at their meeting held on November 17, 2016, have approved appointment of Mr. Pradeep Kumar P. as an Independent Director.

Mr. Thomas Mathew T. was appointed as an Additional Director of the Company with effect from January 23, 2017. Members may further note that Mr. Thomas Mathew T. possesses relevant expertise and experience and fulfilled the criteria pertaining to Independent Directors as stated in Section 149(6) of the Act, for being appointed as an Independent Director. He holds office as an Additional Director till the conclusion of the ensuing Annual General Meeting. His candidature for appointment as an Independent Director would be placed before the forthcoming Annual General Meeting.

As on the date of this Report, the Board comprises the following Directors:

Name of Director	Designation
Mr. Y. M. Deosthalee - Chairperson	Non-Executive Director
Mr. Dinanath Dubhashi	Non-Executive Director
Mr. A. K. Jain	Independent Director
Mr. Pradip Roy	Independent Director
Mr. S.H. Bhojani	Independent Director
Mr. Pradeep Kumar Panja	Independent Director
Mr. Thomas Mathew T.	Independent Director
Ms. Falguni Nayar	Non-Executive Director
Mr. Pavninder Singh	Non-Executive Director

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every Annual General Meeting ("AGM"), not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Ms. Falguni Nayar, Director will retire by rotation at the ensuing AGM and being eligible, has offered herself for re-appointment.

The terms and conditions of appointment of Independent Directors are placed on the website of the Company http://www.ltfs.com.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

Fit and Proper Criteria & Code of Conduct

All the Directors meet the fit and proper criteria stipulated by RBI.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

Consequent upon resignation of Mr. G. Krishnamurthy as the Whole-time Director of the Company, Mr. Virender Pankaj was appointed as the Manager of the Company with effect from July 19, 2016. Further, consequent upon resignation of Mr. Shekhar Prabhudesai as the Company Secretary of the Company, Mr. Ankit Sheth was appointed as the Company Secretary of the Company with effect from March 21, 2017. As at March 31, 2017, the Company had the following KMPs:

1) Mr. Virender Pankaj – Manager

2) Mr. Sachinn Joshi – Chief Financial Officer

3) Mr. Ankit Sheth – Company Secretary

BOARD MEETINGS

The Board of Directors of the Company met 6 (six) times during FY 2016-2017 i.e on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act and RBI directions. The details of the same are disclosed in the Corporate Governance Report.

REPORT ON CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better corporate governance and fair and transparent practices. The report on Corporate Governance for the year under review is appended as **Annexure A**.

In accordance with master circular issued by RBI on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015", the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Companies Act, 2013 and the rules made thereunder, the Members at their Tenth AGM held on June 17, 2016, had appointed M/s. B.K. Khare & Co. Chartered Accountants (ICAI Firm's Registration Number 105102W) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Tenth AGM till the conclusion of the Fifteenth AGM.

Further, in terms of Section 139(1) the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. B.K. Khare & Co. Chartered Accountants as the Statutory Auditors of the Company, is placed for ratification by the Members at the ensuing Eleventh AGM.

The Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not contain any qualification. The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Companies Act, 2013 and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company had appointed M/s. Naina R. Desai, Practising Company Secretaries to undertake the Secretarial Audit of the Company for FY 2016-17.

The Secretarial Audit Report is appended as **Annexure B** to this Report.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

POLICY OF THE COMPANY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A) Background and Objectives

Section 178 of the Act requires the Nomination and Remuneration Committee ("NRC") of the Company to formulate a policy relating to the remuneration for the Directors, KMPs and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board's Report shall include a statement on Company's policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B) Brief Framework of the Policy

The objective of the Policy is:

- To guide the Board in relation to appointment and removal of Directors.
- To evaluate the performance of the Members of the Board including Independent Directors.
- To formulate criteria for evaluation of Independent Directors and the Board.
- To determine criteria for payment of remuneration to Directors, KMPs, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including KMPs, Senior Management and Employees, if required.

C) Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder, as the case may be. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company at its General Meeting. No re-appointment is made earlier than one year before the expiry of term.

D) Evaluation Criteria of Directors and Senior Management/Key Managerial Personnel/ Employees

- **Non-Executive Directors / Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & attendance – Board and Committee Meetings
  - Contribution during such meetings
  - Active participation in strategic decision making
  - Inputs to executive management on matters of strategic importance.
  - Such other matters, as the NRC/Board may determine from time to time.

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending

March 31st. The evaluation is on the basis of Key Performance Indicators ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of each ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management/ KMPs/ Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/ employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E) Criteria for Remuneration

NRC while determining the criteria for remuneration for Directors, KMPs and Senior Management/other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to Directors, KMPs and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, its Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Chairperson, Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback provided to each Director.

c. Chairperson

- Evaluation as done by Board members is submitted to the Chairperson of NRC of L&T Finance Holdings Limited, the holding company and feedback provided to the Chairperson.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company, has been appended as **Annexure C**.

In terms of the first proviso to the provisions of Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to Rule 5(2) and Rule 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said Annexure is available for inspection by the Members at the Registered Office of the Company during the business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirms that the remuneration paid to employees of the Company is as per the Policy on Directors' appointment and remuneration for Directors, KMPs and other Employees and none of the employees listed in the said Annexure is related to any Directors of the Company.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

The Company being a NBFC, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 have not been considered significant enough to warrant disclosure.

FOREIGN EXCHANGE EARNINGS AND OUTGO

During the year under review, there were no foreign exchange earnings. The expenditure in foreign currency was ₹ 174.53 Lakhs for professional fees and other charges.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. It has two wholly owned subsidiaries – L&T Infra Investment Partners Advisory Private Limited and L&T Infra Investment Partners Trustee Private Limited. The Company holds 48.36% of equity shares of L&T Infra Debt Fund Limited and holds 23% of equity shares of Feedback Infra Private Limited, which are the associate companies.

A report on the performance and financial position of each of the subsidiaries and associates of the Company has been appended as **Annexure D** to this Report.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES THERE UNDER

The extract of Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure E** to this Report.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE, GUARANTEE GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans, guarantees and investments covered under the provisions of Section 186 of the Act, are given in the notes to the Financial Statements.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the period under review, the Company had not received any complaint in this regard.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014 read with Section 177(9) of the Act, the Company has framed and adopted the Vigil Mechanism framework to enable Directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee of this matter. The Chief Internal Auditor of L&T Financial Services ("LTFS") is acting as the Chief Ethics Officer.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at www.ltfs.com.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Testing of such system forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of L&T Financial Services monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of Internal Audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors confirm, to the best of their knowledge and belief that:

1. in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
3. the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. the Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;
6. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report. The Company has also formulated a CSR Policy which is available on the website of the Company at www.ltfs.com.

An Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure F** to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 17, 2014 has approved the policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.
- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, KMPs or body corporate(s),

which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPTs as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a framework to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee.

The Risk Management framework is also covered in more detail in Management Discussion & Analysis.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the year under review.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration/license/authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Finance, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, lenders, financial institutions and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Dinanath Dubhashi	**S.H. Bhojani**
Director	Director
DIN 03545900	DIN 00196767

Place: Mumbai
Date: May 3, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

BUSINESS PERFORMANCE

Your Company is focussed on Infrastructure Project Financing, Structured Corporate Finance, Debt Capital Market and Supply Chain Financing. The Company's strength lies in its strong underwriting ability, structuring and syndication capabilities.

Infrastructure Financing

Over the last year, the Government of India introduced several policy changes targeted at speeding up the infrastructure development in the country. The Renewable Energy sector reported a record capacity addition of over 11 gigawatts (GW) in FY17, an increase of around 60% over 7.1 GW reported in FY16. The outlook for the road sector has improved through improvements in dispute resolution framework, focus on EPC contracts and generating financial resources for future road construction.

The infrastructure book in its focus sectors of renewables, roads and transmission showed a healthy growth. The infrastructure lending platform saw its fee income doubling in FY17 through larger underwriting and advisory mandates. This was ably supported by the down-selling desk which doubled its down-sell quantum in this year. Considering the stress in the overall infra sector, the Company proactively made accelerated provisions over and above the regulatory requirements in order to strengthen the balance sheet. Infrastructure Finance business witnessed a YoY growth of 21% in disbursement, along with a book growth of 19%. In FY17, your Company was awarded as the "Best Finance Company in Renewable Energy" at the annual "Central Board of Irrigation & Power Awards".

Competitive Advantage

- In depth sector knowledge, efficient transaction processing and management capabilities
- Superior advice to customers through all stages of the project life cycle
- Minimal turnaround time

Future Strategy

- Broaden the sectoral expertise and develop framework for new sectors

- Leverage successful PE interface in renewables for entry into new sectors
- Sharper focus on selection and structuring of project parameters

Structured Corporate Finance

In FY17, bank credit slowed down to a 60-year low of 5.1% on the back of lower credit demand and increased reliance on the bond market for debt requirement.

Despite the above trend, your Company's structured corporate finance expanded its asset base in FY17 with persistent focus on both growth and profitability. The growth trajectory has been backed by robust origination ability and detailed appraisal process. The structured corporate finance asset size showed a healthy 28% growth and doubling of disbursement numbers in FY17.

Competitive Advantage

- Robust origination ability and exhaustive appraisal process
- Expanded product suite with introduction of IPO funding in response to conducive market environment

Future Strategy

- Deliver steady state high spreads along with high fee income through superior structuring of financing solutions

Debt & Capital Market (DCM)

Your Company's DCM business invests in select infra project issuances and financial institutions. Additionally DCM entered structured finance segment in FY17.

The DCM desk doubled its disbursements, sell downs and profitability to demonstrate excellent investment and portfolio management philosophy.

Competitive Advantage

- Credit focussed approach to the business
- Large ticket size underwriting capability

Future Strategy

- Aim to take sole / anchor investor positions thereby positioning LTFS as a significant player

Supply Chain Finance

During FY17, your Company tied up with marquee names in the distribution business of information technology and mobility segment. The supply chain business showed consistent disbursements while increasing the profitability through increase in margins and opex control.

Supply Chain Finance business witnessed a YoY growth of 10% in disbursement, however, along with a book degrowth of 7%.

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. **Risk Appetite Statement (RAS)**

   A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. **Risk Dashboards & Early Warning Signals (EWS)**

   Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. **Treasury Risk Management**

   This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. **Risk-adjusted Pricing**

   This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on internal control systems and their adequacy, refer Board Report.

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 155 employees.

The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of the Company to being the prime driver of the change in culture required for the successful transformation of the Company.

Your Company firmly believes that any transformation journey needs to be sustainable. While the strategy we have embarked upon for delivering a top quartile RoE is a 4-year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

1. **Clarity and Communications of Management Intent**

   The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

2. **A Well-honed Execution Engine**

   Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

3. **Culture**

   A culture of 'ownership' and 'Results not Reasons' is the hallmark of LTFH 2.0. In fact, the endeavour of our HR interventions for creating this culture, is to use Culture as a Competitive Advantage. This is done through a right mix of 'Execution Design and Method' and 'Employee Value Proposition'.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this report, the Board comprises of 9 (nine) Non-Executive Directors viz. Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi, Mr. A. K. Jain, Mr. S. H. Bhojani, Mr. Pradip Roy, Mr. Pradeep Kumar P., Mr. Thomas Mathew T., Ms. Falguni Nayar and Mr. Pavninder Singh.

Mr. Deosthalee is the Non-Executive Chairperson of the Board. While Mr. Dinanath Dubhashi, Mr. Pavninder Singh and Ms. Falguni Nayar are designated as Non-executive Directors of the Company, Mr. A. K. Jain, Mr. S. H. Bhojani, Mr. Pradip Roy, Mr. Pradeep Kumar P. and Mr. Thomas Mathew T. are the Independent Directors of the Company.

During the period under review, 6 (six) meetings of the Board of Directors were held on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Y. M. Deosthalee	00001698	C	6	6
Mr. Dinanath Dubhashi[(1)]	03545900	NED	4	4
Mr. A. K. Jain	02155213	ID	6	6
Mr. Pradip Roy	00026457	ID	6	6
Mr. S. H. Bhojani	00196767	ID	6	6
Mr. Pradeep Kumar Panja[(2)]	03614568	ID	2	2
Mr. Thomas Mathew T.[(3)]	00130282	ID	2	2
Ms. Falguni Nayar	00003633	NED	6	2
Mr. Pavninder Singh	03048302	NED	6	4
Mr. B. V. Bhargava[(4)]	00001823	ID	4	3
Mr. G. Krishnamurthy[(5)]	06560170	WTD	2	2

Notes:
[(1)] Appointed as a Non-executive Director with effect from April 29, 2016
[(2)] Appointed as an Independent Director with effect from November 1, 2016
[(3)] Appointed as an Additional Director with effect from January 23, 2017
[(4)] Ceased to be the Independent Director with effect from November 1, 2016
[(5)] Ceased to be the Whole-time Director with effect from May 26, 2016

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The five core Committees constituted by the Board under the Companies Act, 2013 in this connection are:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors
- Stakeholders Relationship Committee

The details of various Committees of the Company and their composition, as on the date of the report, are as under:

1) **Audit Committee:**

The Audit Committee has been set up pursuant to the provisions of Section 177 of the Companies Act, 2013 as well as RBI directions for non – banking financial companies. During the year under review, the Committee met 7 times i.e. April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, November 4, 2016, January 23, 2017 and March 22, 2017. As on date of report, the Committee comprises of 3 Members as stated below:

- Mr. S. H. Bhojani - Chairperson
- Mr. Pradip Roy
- Mr. Dinanath Dubhashi

The attendance of the Members of the Audit Committee at the Meeting held during FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Mr. Dinanath Dubhashi[(1)]	5	5
Mr. S. H. Bhojani	7	7
Mr. Pradip Roy	7	7
Mr. B. V. Bhargava[(2)]	4	3
Mr. G. Krishnamurthy[(3)]	1	1

Notes:
[(1)] Appointed as a Non-executive Director with effect from April 29, 2016
[(2)] Ceased to be the Independent Director with effect from November 1, 2016
[(3)] Ceased to be the Whole-time Director with effect from May 26, 2016

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013.

Terms of reference of the Committee are as follows:

i. Recommend to the Board appointment, remuneration and terms of appointment of auditors of the company;

ii. Review and monitor the auditor's independence and performance, and effectiveness of audit process;

iii. Examine the financial statement and the auditors' report thereon;

iv. Approve transactions of the Company with related parties or any subsequent modification thereof;

v. Scrutinise inter-corporate loans and investments;

vi. Cause valuation of undertakings or assets of the company, wherever it is necessary;

vii. Evaluation of internal financial controls and risk management systems;

viii. Monitoring the end use of funds raised through public offers and other related matters;

ix. Functioning of the Vigil Mechanism Framework of the Company;

x. Ensure Information System Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI.

xi. Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the Company;

xii. Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the Company.

The Board had duly accepted the recommendations made by the Audit Committee from time to time.

2) Nomination and Remuneration Committee:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the year under review, the Committee met 6 times i.e. April 6, 2016, April 27, 2016, July 19, 2016, September 14, 2016, October 22, 2016, and January 23, 2017.

The Committee as on date of report, comprises the following four directors:

- Mr. A. K. Jain - Chairperson
- Mr. S. H. Bhojani
- Mr. Y. M. Deosthalee
- Mr. Dinanath Dubhashi

The attendance of the Members of the Nomination and Remuneration Committee at the Meeting held during the FY 2016-17 is as follows:

Name of the Director	NRC Committee Meetings held during the year	No. of NRC Meetings attended
Mr. A. K. Jain(1)	1	1
Mr. Dinanath Dubhashi(2)	4	4
Mr. S. H. Bhojani	6	6
Mr. Y. M. Deosthalee	6	6
Mr. B. V. Bhargava(3)	5	4

Notes:
(1) Appointed as Member with effect from January 23, 2017
(2) Appointed as a Non-executive Director with effect from April 29, 2016
(3) Ceased to be the Independent Director with effect from November 1, 2016

Role of the Committee

Terms of reference of the Committee are as follows:

i. Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.

ii. Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.

iii. Ensure that:

   a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the Company successfully;

   b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and

   c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the Company and its goals.

iv. Ensure fit and proper status of existing/proposed directors by obtaining necessary information an declaration from them and undertake a process of due diligence to determine suitability of the person for appointment/continuing to hold appointment as Director on the Board based upon qualification, expertise, track record, integrity and other relevant factors.

v. Undertake the process of due diligence at the time of initial appointment and also prior to reappointment.

3) Corporate Social Responsibility Committee:

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee ("CSR"). During the year under review, the Committee met once i.e. September 14, 2016 and all the members were present. The Committee as on date of report, comprises the following three directors:

- Mr. Dinanath Dubhashi – Chairperson[1]
- Mr. A. K. Jain
- Mr. S. H. Bhojani

[1] *Mr. Dinanath Dubhashi was appointed as Member w.e.f. April 29, 2016, Mr. G. Krishnamurthy steped down as Committee Member pursuant to his resignation from the Board w.e.f. May 26, 2016.*

Role of the Committee

i. Formulation of CSR Policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board for its consideration and due approval;

ii. Recommending to the Board the amount to be spent on CSR from time to time.

iii. Monitoring due implementation of the CSR Policy of the Company from time to time.

4) Committee of Directors:

The Committee as on date of report comprises of three Directors as per details given below.

- Mr. Y. M. Deosthalee
- Mr. Pavninder Singh
- Mr. Dinanath Dubhashi

Role of the Committee

The Committee of Directors is entrusted with the powers of general management of the affairs of the Company.

During the year under review, the Committee met 62 times.

5) Stakeholders Relationship Committee:

In terms of the requirement of Companies Act, 2013, the Company has constituted the Stakeholders Relationship Committee.

The Committee as on date of report, comprises the following three members:

- Mr. Dinanath Dubhashi - Chairperson
- Mr. Virender Pankaj
- Mr. Sachinn Joshi

Role of the Committee

The role of the Committee inter-alia is to consider and resolve the grievances of the security holders of the Company.

During the year under review, the Committee met once i.e. March 21, 2017 and all the members were present.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 6, 2016 and October 22, 2016, pursuant to the provisions of the Act.

REMUNERATION OF DIRECTORS

The Non-executive Directors (except those Directors who were in the services of L&T Financial Services Group and Non-exectuve Chairperson of the Company) are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meeting	Sitting Fees for Committee Meeting[#]	Commission	Total
Mr. A. K. Jain	1,20,000	40,000	9,60,000	11,20,000
Mr. S. H. Bhojani	1,20,000	3,80,000	15,40,000	20,40,000
Mr. B. V. Bhargava[*]	60,000	3,40,000	12,00,000	16,00,000
Mr. Pradip Roy	1,20,000	1,80,000	12,00,000	15,00,000
Ms. Falguni Nayar	40,000		11,00,000	11,40,000
Mr. Pavninder Singh	1,00,000	60,000	4,50,000	6,10,000
Mr. Pradeep Kumar Panja[##]	40,000	-	2,60,000	3,00,000
Mr. Thomas Mathew T.[###]	40,000	-	-	40,000

[#] Includes fees for Audit Committee, Nomination & Remuneration Committee and Corporate Social Responsibility Committee.

[*] Ceased to be director with effect from November 1, 2016

[##] Appointed as director with effect from November 1, 2016

[###] Appointed as director with effect from January 23, 2017

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board members about the restriction on number of other directorships and expects them to comply with the same.

RESPONSIBILITIES OF THE BOARD

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

Your Company ensures necessary training to the Directors relating to its business through formal/ informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/ discharge his duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

DISCLOSURES

During the Financial Year ended March 31, 2017:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of the Companies Act, 2013, the Company has implemented all Sections as applicable to it and accordingly, it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

DEBENTURE TRUSTEE

The debenture trustees of the Company are:
Catalyst Trusteeship Limited
(Formerly GDA Trusteeship Limited)

GDA House, S No 94/95, Plot No 85
Bhusari Colony (Right), Paud Road, Pune - 411 038

Tel: +91 20 2528 0081
Fax: +91 20 2528 0275
E-mail: dt@ctltrustee.com
Website: www.gdatrustee.com

MEANS OF COMMUNICATION

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submit "Half Yearly Communication" to Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Report is displayed on the website of the Company http://www.ltfs.com.

Place: Mumbai
Date: May 3, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,

L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T INFRASTRUCTURE FINANCE COMPANY LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanismin place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

- a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;
- b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**
- c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;
- d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**
- e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;
- f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;
- g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and
- h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws are applicable to the company, **viz. -**

- NBFC-Infrastructure Finance Company – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Guidelines, Notifications, etc.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), applicable, as follows:

- **Debt Listing Agreements have been entered into with BSE Limited and National Stock Exchange of India Limited.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Non-Executive Directors, and Independent Directors. The changes in the composition of the Board of Directors or Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I am informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like -

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.–

- **Issue of Non-Convertible Debentures, Series A to Series Y, aggregating ₹ 2858.50 Crore, on private placement basis.**

(ii) Redemption/buy-back of securities-

- **Non-Convertible Debentures redeemed during FY 2016-17 is ₹ 3578.25 Crore and buyback is ₹ 74.23 Crore.**

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013-

- **Increase in borrowing limits from ₹ 30,000 Crore to ₹ 33,000 Crore, at the Extraordinary General Meeting held on April 7, 2016, pursuant to section 180(1)(c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**
- **Revision in Borrowing limits of the Company from ₹ 33,000 Crore to ₹ 25,000 Crore at the Board Meeting held on March 21, 2017, subject to the approval of Members at a General Meeting, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**

(iv) Merger / amalgamation / reconstruction, etc. – **NIL.**

(v) Foreign technical collaborations – **NIL.**

(vi) Any other Events – **NIL.**

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

'Annexure I'

To,

The Members
L&T INFRASTRUCTURE FINANCE COMPANY LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule, 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.[1]</td><td colspan="2">N.A.</td></tr>
<tr><td>2</td><td>The percentage increase in remuneration of each director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.[1]</td><td colspan="2">Manager - N.A.[2]
Chief Financial Officer - N.A.[3]
Company Secretary - N.A.[3]</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year.</td><td colspan="2">12.2%.</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of company.</td><td colspan="2">155 employees</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</td><td>Employees other than managerial personnel</td><td>Managerial personnel</td></tr>
<tr><td>11%</td><td>N.A.</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per remuneration policy of the Company.</td><td colspan="2">We affirm that the remuneration paid is as per the Nomination and Remuneration Policy of the Company.</td></tr>
</table>

[1] *For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.*

[2] *Appointed with effect from July 19, 2016.*

[3] *Draws remuneration from another Company within L&T Financial Services Group.*

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

Form AOC-I

(Statement pursuant to first proviso to sub-section (3) of section 129 read with Rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of the financial statement of subsidiaries, associate companies and joint ventures

Part – A: Subsidiaries (₹ in Lakhs)

Sl. No.	**1**	**2**
Name of subsidiary	**L&T Infra Investment Partners Advisory Pvt. Ltd.**	**L&T Infra Investment Partners Trustee Pvt. Ltd.**
Share Capital	500.00	10.00
Date of acquisition	-	-
Reserves & Surplus	805.04	-4.65
Total Assets	1,519.89	8.28
Total Liabilities	214.85	2.94
Investments	1,335.10	7.45
Turnover	1,274.69	2.81
Profit Before taxation	754.21	0.26
Provision for taxation	266.77	0.09
Profit After taxation	487.45	0.17
Proposed Dividend (Including dividend paid)	-	-
% of shareholding	100%	100%

Names of Subsidiaries which are yet to commence operations
(i) Nil

Names of Subsidiaries which have been liquidated or sold during the year.
(i) NIL

Part – B: Associates and Joint Ventures

Statement pursuant to Section 129 (3) of the Companies Act, 2013 related to Associate Companies and Joint Ventures

Name of Associates	**Feedback Infra Private Ltd**	**L&T Infra Debt Fund Limited**
1. Latest audited Balance Sheet Date	March 31, 2017	March 31, 2017
2. Date on which the Associate or Joint Venture was associated or acquired	September 28, 2012	-
3. Shares of associates held by the Company as at March 31, 2017		
No.	3,790,000	227,600,000
Amount of investment in Associates (₹ in Lakhs)	3,790.00	26,790.00
4. Description of significant influence	23.16 % of shareholding	48.36 % of shareholding
5. Reason of non consolidation of the associate	N.A.	N.A.
6. Networth attributable to Shareholding as per latest Audited Balance Sheet	2493.22	34,026.85
7. Profit/ Loss for the year		
i. Considered in Consolidation (₹ in Lakhs)	574.73	4,551.14
ii. Not Considered in Consolidation (₹ in Lakhs)	-	4,859.82

Names of associates or joint ventures which are yet to commence operations - NIL

Names of associates or joint ventures which have been liquidated or sold during the year - NIL

ANNUAL REPORT 2016-17 - ANNEXURE E TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS

i	CIN	U67190TN2006PLC059527
ii	Registration Date	April 18, 2006
iii	Name of the Company	L&T Infrastructure Finance Company Limited
iv	Category/Sub-category of the Company	Company having share capital
v	Address of the Registered office & contact details	Mount Poonamallee Road, Manapakkam, Chennai, Tamil Nadu – 600089.
vi	Whether listed company	Yes (Debt Listed)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**M/s. Link Intime India Private Limited** C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083, Maharashtra Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail:bonds.helpdesk@linkintime.co.in Toll Free: 1800 227 796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/services	NIC Code of the Product /service	% to total turnover of the company
1	Non-Banking Finance Company (Infrastructure Finance Company)	64910	100

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited[1] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	L67120MH2008PLC181833	Holding Company	100	2(46)
2	L&T Infra Investment Partners Advisory Private Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	U67190MH2011PTC218046	Subsidiary Company	100	2(87)
3	L&T Infra Investment Partners Trustee Private Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	U67190MH2011PTC220896	Subsidiary Company	100	2(87)
4	L&T Infra Debt Fund Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	U67100MH2013PLC241104	Associate Company	48.36	2(6)
5	Feedback Infra Private Limited 311, 3rd floor, Vardhaman Plaza, Plot No.6, Sector 12, New Delhi	U74899DL1990PTC040630	Associate Company	23.16	2(6)

[1] Change of registered office effective June 15, 2017.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Phys-ical	Total	% of Total Shares	Demat	Physi-cal	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF										
b) Central Govt.or State Govt.										
c) Bodies Corporate	84,62,54,270	6*	84,62,54,276	100	89,20,87,603	6*	89,20,87,609	100	Nil	Nil
d) Bank/FI										
e) Any other										
SUB TOTAL:(A) (1)	84,62,54,270	6*	84,62,54,276	100	89,20,87,603	6*	89,20,87,609	100	-----	-----
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other…										
SUB TOTAL (A) (2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Shareholding of Promoter										
(A)= (A)(1)+(A)(2)	84,62,54,270	6*	84,62,54,276	100	89,20,87,603	6*	89,20,87,609	100	-----	-----
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Total Public Shareholding										
(B)= (B)(1)+(B)(2)	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
C. Shares held by Custodian for GDRs & ADRs	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Grand Total (A+B+C)	84,62,54,270	6*	84,62,54,276	100	89,20,87,603	6*	89,20,87,609	100	-----	-----

*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

(ii) SHARE HOLDING OF PROMOTERS

Sl. No	Shareholders Name	Shareholding at the begginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited*	846,254,276	100	--------	892,087,609	100	--------	0
2	--------	--------	--------	--------	--------	--------	--------	--------
	Total	***846,254,276**	**100**	**--------**	***892,087,609**	**100**	**--------**	**0**

*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

(iii) CHANGE IN PROMOTERS' SHAREHOLDING - Change

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	*846,254,276	100	--	
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	Date of Allotment – March 29, 2017 4,58,33,333 [Issue of Shares on Rights Basis]	-
	At the end of the year			*892,087,609	100

*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) Nil

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	At the beginning of the year	-	-	-	-
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	3*	0.00	3*	0.00
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year	3*	0.00	3*	0.00

*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	1,43,24,65,78,699.76	59,12,25,00,000.00	-	2,02,36,90,78,699.76
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	7,59,94,45,436.57	34,13,40,618.93	-	7,94,07,86,055.50
Total (i+ii+iii)	**1,50,84,60,24,136.33**	**59,46,38,40,618.93**	**-**	**2,10,30,98,64,755.26**
Change in Indebtedness during the financial year				
Additions	1,16,01,36,35,102.29	10,02,84,66,00,000.00	-	11,18,86,02,35,102.29
Reduction	1,16,08,06,37,522.04	9,99,38,91,00,000.00	-	11,15,46,97,37,522.04
Net Change	**(67,002,419.75)**	**3,457,500,000.00**	**-**	**3,390,497,580.25**
Indebtedness at the end of the financial year				
i) Principal Amount	1,43,17,95,76,280.01	62,58,00,00,000.00	-	2,05,75,95,76,280.01
ii) Interest due but not paid	-	-	-	-
iii) Interest accrued but not due	10,06,53,38,161.97	51,58,20,854.28	-	10,58,11,59,016.25
Total (i+ii+iii)	**1,53,24,49,14,441.98**	**63,09,58,20,854.28**	**-**	**2,16,34,07,35,296.26**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Director (WTD) and/or Manager:

S. No	Particulars of Remuneration	Name of the MD/WTD/Manager		Total Amount
		Mr. G. Krishnamurthy (Whole-Time Director)(1)	Mr. Virender Pankaj (Manager)(2)	
1	**Gross salary**			
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	8,34,426	85,89,476	94,23,902
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	5,45,000	88,080	6,33,080
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-
2	Stock option	-	-	-
3	Sweat Equity	-	-	-
4	Commission	-	-	-
--	as % of profit	-	-	-
--	others (specify)	-	-	-
5	Others, please specify	-	-	-
	Total (A)	**13,79,426**	**86,77,556**	**1,00,56,982**
	Ceiling as per the Act	**As on March 31, 2017 ₹ 2,20,34,870 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**		

(1) Remuneration data till May 26, 2016.

(2) Remuneration data from July 19, 2016.

B. Remuneration to other directors

S. No	Particulars of Remuneration	Name of the Directors						Total Amount
	Independent Directors	**Mr. B. V. Bhargava#**	**Mr. S. H. Bhojani**	**Mr. A. K. Jain**	**Mr. Pradip Roy**	**Mr. Pradeep Kumar Panja&**	**Mr. Thomas Mathew T.**	
	(a) Fee for attending board and Committee meetings	4,00,000	5,00,000	1,60,000	3,00,000	40,000	40,000	14,40,000
	(b) Commission	12,00,000	15,40,000	9,60,000	12,00,000	2,60,000	-	51,60,000
	(c) Others, please specify	-	-	-	-	-	-	-
	Total (1)	**16,00,000**	**20,40,000**	**11,20,000**	**15,00,000**	**3,00,000**	**40,000**	**66,00,000**
	Other Non Executive Directors	**Mr.Yeshwant M. Deosthalee**	**Mr. Dinanath Dubhashi**	**Ms. Falguni Nayar**	**Mr. Pavninder Singh**			
	(a) Fee for attending board and Committee meetings	-	-	40,000	1,60,000	-	-	2,00,000
	(b) Commission	-	-	11,00,000	4,50,000	-	-	15,50,000
	(c) Others, please specify.	-	-	-	-	-	-	-
	Total (2)	**-**	**-**	**11,40,000**	**6,10,000**	**-**	**-**	**17,50,000**
	Total (B)=(1+2)	**16,00,000**	**20,40,000**	**22,60,000**	**21,10,000**	**3,00,000**	**40,000**	**83,50,000**
	Total Managerial Remuneration	**-**	**-**	**-**	**-**	**-**	**-**	**184,06,982**
	Overall Ceiling as per the Act	**As on March 31, 2017 ₹ 2,20,34,870 (being 11% of Net Profits of the Company calculated as per Section 198 of the Companies Act, 2013)**						

resigned w.e.f November 1, 2016

& appointed w.e.f November 1, 2016

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Nil

Sl. No.	Particulars of Remuneration		Key Managerial Personnel			
1	**Gross Salary**	**CEO**	**Mr. Sachinn Joshi (CFO)[1]**	**Mr. Shekhar Prabhudesai (CS)[1]**	**Mr. Ankit Sheth (CS)[1]**	**Total**
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961.	-	-	-	-	-
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-	-	-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**-**	**-**	**-**	**-**	**-**

[1] Draws remuneration from another Company within L&T Financial Services Group.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act , 2013): NONE

ANNUAL REPORT 2016-17 - ANNEXURE F TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")
(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013 and is available on the website of the Company at https://www.ifts.com/csr.html.

2) Composition of CSR Committee:

The Composition of CSR Committee is disclosed in the Corporate Governance Report.

3) Average Net Profit of the Company for the last three financial years is ₹ 35,090.81 Lakhs.

4) Prescribed CSR Expenditure and details of CSR spend:

Particulars	Amount (₹ in Lakhs)
Prescribed CSR Expenditure	701.82
Amount spent as CSR	701.84
Amount unspent	-

5) Manner in which amount spent during the financial year: **(₹ in Lakhs)**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
1	**Quality Education, capacity building and Livelihoods Enhancement through- Teachers Training Program**	ii) Promoting education & employment enhancement skills among women	State -Maharashtra District: Mumbai	65	65	65	Indirect**
2	**Quality Education through supporting a school catering to students from slum population**	II) Promoting Education	State -Telangana District: Hyderabad	58.52	58.52	58.52	Indirect**
3	**Integrated village Development**	ii) Promoting education & employment enhancement skills among women (x) rural development projects	State -Tamilnadu District: Villupuram	100	100	100	Indirect**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
4	**Promoting education in Municipal schools**	II) Promoting Education	State -Maharashtra District: Mumbai	62.62	62.62	62.62	Indirect**
5	**Art & culture**	v) art & culture	State: Tamilnadu District: Chennai State: Maharashtra District: Pune, Mumbai, Nagpur State: Gujarat District: Surat State: West Bengal District: Kolkata State: Rajasthan District: Jaipur	111.25	111.25	111.25	Indirect**
6	**Rural development through - Watershed Management- drought relief Project**	(x) rural development projects	State -Maharashtra District: Beed	126.85	126.85	126.85	Indirect**
7	**Integrated Rural development through health camps**	(i) promoting preventive health care and sanitation and making available safe drinking water: (x) rural development projects	State -Maharashtra District: Amaravati, Akola, Bhandara	53.44	53.44	53.44	Indirect**
8	**Promotion of Road Safety among municipal school children & larger eco system; training and deployment of community youth as traffic wardens**	ii) Promoting Education ii) Livelihoods enhancement project	State -Maharashtra District: Mumbai	5.46	5.46	5.46	Direct / Indirect**
9	**Rural Development Project - para-veterinary services for livestock and enhancing livelihoods for community youth**	ii) Livelihoods enhancement project x) Rural Development project	State: Odisha District: Cuttack, Jajpur & Bhadrak	64.12	64.12	64.12	Indirect**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overheads	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
10	**Rural Development & women empowerment project through livelihoods generation**	iii) Promoting gender equality, empowering women for reducing inequalities faced by socially and economically backward groups x) Rural Development project	State: Madhya Pradesh Districts: Betul & Hoshangabad	38.65	38.65	38.65	Indirect**
11	**Community Development through digital & financial literacy**	ii) Promoting education	State: Tamilnadu District: Chennai State: Maharashtra District: Mumbai State: Karnataka District: Bangalore State : Delhi District : Delhi	14.82	14.82	14.82	Indirect**
12	**CSR Administration, NGO capacity building**	Capacity building	State -Maharashtra District: Mumbai	1.09	1.09	1.09	Direct*
	Total CSR Spend in FY 2016-17 (in INR.)			**701.84**	**701.84**	**701.84**	

Note:

Direct* = CSR projects/ initiatives directly implemented by the Organisation.

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) Responsibility Statement:

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For L&T Infrastructure Finance Company Limited

Y. M. Deosthalee
Non-Executive Director &
Chairperson of the CSR Committee
DIN : 00001698

INDEPENDENT AUDITORS' REPORT

To the Members of L&T Infrastructure Finance Company Limited

Report on the Standalone Financial Statements

1. We have audited the accompanying standalone financial statements of L&T Infrastructure Finance Company Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these standalone financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 29 to the financial statements.

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. According to the information and explanations given to us and as indicated in Note 44 to the standalone financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the standalone financial statements of L&T Infrastructure Finance Company Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The fixed assets were physically verified during the year by the Management in accordance with a regular programme of verification which in our opinion provides for physical verification of all fixed assets at reasonable intervals. According to the information and explanation given to us, no material discrepancies were noticed on such verification.

   (iii) The Company does not have any immovable properties of freehold or leasehold land and building and hence reporting under clause 3(i)(c) of the Order is not applicable.

2. The Company does not hold any inventories and hence Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The provisions of section 185 and 186 of the Companies Act are not applicable to the Company. Consequently, reporting under clause 3(iv) of the Order is not applicable.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.

   (b) There were no undisputed amounts payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or other material statutory dues in arrears as at March 31, 2017.

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a financial institutions, banks and government and dues to debenture holders.

9. According to the records of the Company examined by us and the information and explanations given to us, the Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) and money raised by way of term loans have been applied by the Company during the year for the purposes for which they were raised.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

16. According to the information and explanations given to us the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT

of even date on the Financial Statements of L&T Infrastructure Finance Company Limited

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Infrastructure Finance Company Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakh)

		Note no.	As at 31-03-2017	As at 31-03-2016
A.	**EQUITY AND LIABILITIES**			
1.	**Shareholders' funds**			
	Share capital	**2**	89,208.76	84,625.43
	Reserves and surplus	**3**	198,875.66	201,710.63
			288,084.42	**286,336.06**
2.	**Non - current liabilities**			
	Long - term borrowings	**4**	1,768,117.96	1,623,751.43
	Other long - term liabilities	**5**	54,181.81	29,509.41
	Long - term provisions	**6**	12,428.50	23,701.39
			1,834,728.27	**1,676,962.23**
3.	**Current liabilities**			
	Short - term borrowings	**7**	93,935.35	128,287.19
	Trade payables	**8**		
	Total outstanding dues of micro enterprises and small enterprises		-	-
	Total outstanding dues of creditors other than micro enterprises and small enterprises		49.40	1,182.80
	Other current liabilities	**9**	269,017.10	331,497.52
	Short - term provisions	**10**	652.79	663.02
			363,654.64	**461,630.53**
	Total equity and liabilities		**2,486,467.33**	**2,424,928.82**
B.	**ASSETS**			
1.	**Non - current assets**			
	Fixed assets	**11**		
	Tangible assets		91.92	133.83
	Intangible assets		104.47	60.09
			196.39	**193.92**
	Non - current investments	**12**	176,481.23	143,460.91
	Deferred tax assets (net)	**13**	33,497.29	13,491.51
	Long - term loans towards financing activities	**14**	1,981,265.85	1,971,671.15
	Long - term loans and advances	**15**	27,791.79	26,578.29
	Other non - current assets	**16**	18,929.95	19,269.79
			2,237,966.11	**2,174,471.65**
2.	**Current assets**			
	Current investments	**17**	73,802.36	60,272.60
	Trade receivables	**18**	3,827.32	-
	Cash and cash equivalents	**19**	11,824.77	5,702.83
	Current maturities of long - term loans towards financing activities	**20**	126,072.51	149,925.59
	Short-term loans and advances	**21**	5,103.53	8,339.94
	Other current assets	**22**	27,674.34	26,022.29
			248,304.83	**250,263.25**
Total assets			**2,486,467.33**	**2,424,928.82**
Significant accounting policies		**1**		
Notes forming part of financial statements		**2 to 45**		

In terms of our report attached.

For B.K.Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place: Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of
L&T Infrastructure Finance Company Limited

Dinanath Dubhashi
Director
DIN 03545900

S.H. Bhojani
Director
DIN 00196767

Sachinn Joshi
Chief Financial Officer

Ankit Sheth
Company Secretary
M.No. A27521

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

		Note no.	Year ended 31-03-2017	Year ended 31-03-2016
A.	**REVENUE:**			
1.	Revenue from operations	**23**	264,805.76	242,097.23
2.	Other income	**24**	3,035.95	1,517.86
3.	**Total revenue (1+2)**		**267,841.71**	**243,615.09**
B.	**EXPENSES:**			
	Employee benefits expense	**25**	3,128.35	3,040.17
	Finance costs	**26**	182,527.06	174,772.68
	Depreciation and amortisation expense	**11**	106.07	117.53
	Other expenses	**27**	5,195.37	5,852.96
	Provisions and contingencies	**28**	74,993.21	24,480.39
4.	**Total expenses**		**265,950.06**	**208,263.73**
5.	**Profit before tax (3-4)**		**1,891.65**	**35,351.36**
6.	**Tax expenses:**			
	Current tax		17,676.77	15,339.53
	Deferred tax		(20,005.78)	(5,315.03)
	Prior year tax adjustment		-	1,323.30
	Total tax expenses		**(2,329.01)**	**11,347.80**
7.	**Profit after tax (5-6)**		**4,220.66**	**24,003.56**
	Earnings per equity share	**33**		
	Basic earnings per equity share (₹)		**0.50**	**2.87**
	Diluted earnings per equity share (₹)		**0.50**	**2.87**
	Face value per equity share (₹)		**10.00**	**10.00**
Significant accounting policies		**1**		
Notes forming part of financial statements		**2 to 45**		

In terms of our report attached.

For B.K.Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place: Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of
L&T Infrastructure Finance Company Limited

Dinanath Dubhashi
Director
DIN 03545900

S.H. Bhojani
Director
DIN 00196767

Sachinn Joshi
Chief Financial Officer

Ankit Sheth
Company Secretary
M.No. A27521

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

		Year ended 31-03-2017	Year ended 31-03-2016
A	**Cash flow from operating activities:**		
	Profit before taxation	1,891.65	35,351.36
	Adjustment for:		
	Depreciation and amortisation expense	106.07	117.53
	Provision for compensated absences	51.19	59.02
	Provision for gratuity	54.78	40.46
	Dividend from long term investments	(56.85)	(56.85)
	Net loss/ (gain) on sale of investments	(1,450.20)	(553.93)
	Provision for diminution in value of investments	1,331.91	4,296.51
	Provision on standard assets	20,647.55	3,848.52
	Provision on restructured assets	(1,168.78)	(2.35)
	Provision for bad and doubtful debts	-	3.71
	Amortisation loss on sale of Non-Performing Assets	15,743.78	11,945.15
	Provision on Non-Performing Assets	38,438.75	4,388.85
	Operating profit before working capital changes:	**75,589.85**	**59,437.98**
	Changes in working capital		
	Adjustment for (increase) / decrease in operating assets:		
	Trade receivables	(3,827.32)	255.15
	Short-term loans and advances	(3,483.51)	33.51
	Long-term loans and advances	8.46	(173.60)
	Loans towards financing activities	(101,362.00)	(297,299.65)
	Other current assets	7,418.07	(3,850.25)
	Other non current assets	339.84	(4,990.09)
	Adjustment for increase / (decrease) in operating liabilities:		
	Trade payables	(1,133.40)	(33.81)
	Other current liabilities	2,437.51	22,915.79
	Other long-term liabilities	24,622.93	(1,153.44)
	Long term provision	(12,228.24)	3,960.46
	Short term provision	(91.18)	(178.28)
	Cash generated from/(used in) operations	**(11,708.99)**	**(221,076.23)**
	Net income tax paid	(19,889.57)	(22,364.09)
A	**Net cash flow (used in) operating activities (A)**	**(31,598.56)**	**(243,440.32)**
B	**Cash flows from investing activities:**		
	Capital expenditure on fixed assets, including capital advances	(108.53)	(110.43)
	Current investments not considered as Cash and cash equivalents :		
	- Purchased	(2,702,000.00)	(3,369,303.61)
	- Proceeds from sale	2,675,830.85	3,344,851.11
	Dividend from long term investments	56.85	56.85
	Purchase of Bond/Debentures	(2,900.00)	-
	Redemption of Bond/Debentures	32,490.00	-
	Purchase of long-term investments :		
	- Units of Funds	(4,766.84)	(8,022.06)
	- Equity Shares	-	(12,090.00)
	- Security receipts	(25,834.90)	-
	Redemption of long-term investment :		
	- Cumulative Compulsory Convertible Debentures	-	300.00
	- Security receipts	-	282.45
	- Preference shares	6,250.00	6,525.00
	Net cash from/(used in) investing activities (B)	**(20,982.57)**	**(37,510.69)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakh)

		Year ended 31-03-2017	Year ended 31-03-2016
C	**Cash flows from financing activities:**		
	Proceeds from long-term borrowings	764,875.00	1,248,800.00
	Repayment of long-term borrowings	(693,561.40)	(1,105,539.21)
	(Repayments)/proceeds from short-term borrowings	(34,351.84)	109,966.72
	Debenture issue expenses	(258.69)	(636.30)
	Proceeds from issue of share capital (including share premium)	22,000.00	8,000.00
	Net cash generated from financing activities (C)	**58,703.07**	**260,591.21**
	Net increase / (decrease) in cash and cash equivalents (A+B+C)	**6,121.94**	**(20,359.80)**
	Cash and cash equivalents as at beginning of the year	**5,702.83**	**26,062.63**
	Cash and cash equivalents as at end of the year (refer footnote below)	**11,824.77**	**5,702.83**
	Net (decrease)/increase in cash and cash equivalents	**6,121.94**	**(20,359.80)**
	Foot notes:		
	1. Cash and cash equivalent as per AS - 3		
	Cash and bank balance as at end of the year *	11,824.77	5,702.83
	Less: Term deposits with original maturity greater than 3 months	-	-
	Cash and cash equivalents as at end of the year	11,824.77	5,702.83
	* includes balance in earmarked accounts ₹ 1,158.96 lakh (previous period ₹ 1,740.40 lakh).		
	2. Net cash used in operating activity is determined after adjusting the following		
	Interest received	259,164.28	228,959.38
	Dividend received	56.85	823.11
	Interest paid	155,937.71	153,854.45
	3. Non cash items		
	Net cash used in investing activities excludes investment aggregating ₹ 26,100.69 lakh (previous period₹ 27,688.76 lakh) acquired against claims.		

In terms of our report attached.

For B.K.Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place: Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of
L&T Infrastructure Finance Company Limited

Dinanath Dubhashi
Director
DIN 03545900

S.H. Bhojani
Director
DIN 00196767

Sachinn Joshi
Chief Financial Officer

Ankit Sheth
Company Secretary
M.No. A27521

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017

NOTE – 1: Significant accounting policies

A. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards prescribed under Section 133 of the Companies Act, 2013 read together with paragraph 7 of companies (Accounts) Rules 2014 and the Companies (Accounting Standards) Amendment Rules, 2016 to the extent applicable and along with the applicable guidelines issued by Reserve Bank of India ("RBI"). The financial statements have been prepared on accrual basis and under historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current and non – current as per the Company's normal operating cycle and other criteria set out in the Schedule III of the Companies Act, 2013. Based on the nature of services and their realisation in cash and cash equivalents, the Company has ascertained its operating cycle as 12 months for the purpose of current / non-current classification of assets and liabilities

B. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

C. Tangible and Intangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

Capital Work in Progress: Projects under which tangible Fixed assets are not yet ready for their intended use are carried at cost, comprising direct cost, related incidental expenses and attributable interest.

D. Investments

The Company being regulated as a Non-Banking Financial Company (NBFC) by the RBI, investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'.Investments in debentures which are, in substance, in the nature of credit substitutes are classified as a part of Loans towards Financing Activities and are measured in accordance with the criteria applied for the measurement of Loans towards Financing Activities.

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution other than temporary.

'Quoted Current Investments' are grouped into following categories viz.

(a) Equity shares,

(b) Preference shares

(c) Debentures and Bonds,

(d) Government securities including treasury bills,

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(e) Units of mutual fund and

(f) Others.

Quoted current investments for each category shall be valued at cost or market value whichever is lower. For this purpose, the investments in each category shall be considered scrip-wise and the cost and market value aggregated for all investments in each category. If the aggregate market value for the category is less than the aggregate cost for that category, the net depreciation is provided for or charged to the statement of profit and loss. If the aggregate market value for the category exceeds the aggregate cost for the category, the net appreciation shall be ignored. Depreciation in one category of investments is not set off against appreciation in another category.

Unquoted current Investment:

Unquoted equity/preference shares to be valued at cost or Break-up/fair value whichever is lower. Investments in the units of mutual funds to be valued at the net asset value declared by the mutual fund in respect of each particular scheme.

E. Loans towards Financing Activities

Loans towards Financing Activities are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced, provision for diminution is made as per the parameter applicable to Non-Performing Advances.

Provision on restructured advances /corporate debt restructure advances is made at in accordance with the guidelines issued by the RBI.

Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum as stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

F. Foreign Currency Transactions, Forward Contracts and Derivatives

Foreign currency transactions are accounted at the exchange rates prevailing on the date of each transaction. Foreign currency monetary items outstanding as at the Balance Sheet date are reported using the closing rate. Gains and losses resulting from the settlement of such transactions and translation of monetary assets and liabilities denominated in foreign currencies are recognised in the statement of Profit and Loss.

The Company has exercised the option granted under notification F.No.17/33/2008/CL-V dated March 31, 2009, issued by the Ministry of Corporate Affairs and subsequent Notification No G.S.R.913(E) (F.No. 17/133/2008-CL.V) dated December 29, 2011 and is accordingly, amortising the foreign currency translation differences on long term foreign currency monetary items over the shorter of their maturity period and the balance period upto March 31, 2020. The unamortised balance as at the period end is presented as "Foreign Currency Monetary Item Translation Difference Account" on the assets side of the Balance Sheet.

Premium in respect of forward contracts is charged to statement of Profit and Loss over the period of the contract. Forward contracts outstanding as at the Balance Sheet date are revalued at the closing rate.

G. Derivative contracts

Currency interest rate swaps

As per the risk management policy, the Company has taken foreign currency swap to cover the risk exposure on account of foreign currency loans. These transactions are structured in such a way that the Company's foreign currency liability is crystallized at a rate of exchange prevailing on the date of taking the swap. The foreign currency loans are valued at the exchange rate prevailing on the reporting date. Foreign currency swaps are marked to market on reporting date and resultant gain or loss is charged to Statement of profit and loss.

Cross currency Interest rate swaps in the nature of hedge, taken to manage currency risk as well as interest rate risk on foreign currency liabilities, whereby variable interest rate in foreign currency is swapped for fixed interest rate in Indian rupees or vice-versa. Such Interest rate swaps are marked to

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

market at each reporting date and resultant gain or loss is recognised in Statement of profit and loss

Currency interest rate swaps in the nature of hedge, booked with the objective of managing the currency and interest rate risk on foreign currency liabilities are recorded on accrual basis and these transactions are not marked to market. The foreign currency balances on account of principal of currency interest rate swaps outstanding as at the Balance Sheet date are revalued using the closing rate.

H. Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any. Interest and other dues in the case of non-performing loans is recognised upon realisation, as per the income recognition and asset classification norms prescribed by the RBI.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

(d) Guarantee fees is recognized on pro-rata basis over the period of the guarantee.

I. Other income

Dividend is accounted when the right to receive dividend is established.

J. Employee Benefits

Defined–Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory / fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

Defined–Benefits Plans

The Company makes annual contributions to the Fund administered by trustees and managed by an insurance company. The Company accounts for the net present value of its obligations for gratuity benefits based on an independent external actuarial valuation determined on the basis of the "Projected Unit Credit" method carried out at the Balance Sheet date. Actuarial gains and losses are immediately recognised in the Statement of Profit and Loss.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the period / year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months, the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

K. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software- 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

L. Borrowing costs

Borrowing costs include interest,amortisation of ancillary costs incurred and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

M. Impairment of assets

Tangible fixed assets and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

N. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

O. Taxes on Income

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the Company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

P. Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates.

A disclosure of contingent liability is made in the notes when there is:

A Possible obligation arising from a past event, the existence of which will be confirmed by occurance or non-occurance of one or moreuncertain future events not within the control of the NBFC; or

A present obligation arising from a past event which is not recognised as it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made.

Contingent assets are not recognised in the financial statements.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Q. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

R. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

S. Employee Stock Option Plan

The Employees Stock Options Scheme ("the Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the company that vest in a graded manner. The options may be exercised with in specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 and the Guidance Note on Accounting for Employee Share-based Payments, issued by The Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans. Stock options were granted to the employees of the Company during the financial year 2010-11, 2011-12, 2012-13, 2013-14, 2014-15 and 2015-16. The cost incurred by the holding company, in respect of options granted to employees of the Company are being charged to the statement of profit and loss during the period and recovered by the holding Company.

T. Service tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

U. Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard ("AS") 20 – Earnings per share.

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share is computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

V. Share Issue Expenses

Share issue expenses are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

W. Debenture Issue Expenses

Expenses incurred on issue of debentures are charged-off against the securities premium account in accordance with the provisions of section 52 of the Companies Act, 2013.

X. Earnings Per Share :

Basic earnings per share is calculated by dividing the net profit or loss for the period attributable to equity shareholders by the weighted average number of equity shares outstanding during the period. Earnings considered in ascertaining the Company's earnings per share is the net profit for the period after deducting preference dividends and any attributable tax thereto for the period. The weighted average number of equity shares outstanding during the period and for all periods presented is adjusted for events, such as bonus shares, sub-division of shares etc. that have changed the number of equity shares outstanding, without a corresponding change in resources. For the purpose of calculating diluted earnings per share, the net profit or loss for the period attributable to equity shareholders and the weighted average number of shares outstanding during the period is adjusted for the effects of all dilutive potential equity shares.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2 Share capital

	As at 31-03-2017		As at 31-03-2016	
	Number	**₹ lakh**	**Number**	**₹ lakh**
Authorised				
Equity shares of ₹ 10 each	2,000,000,000	200,000.00	2,000,000,000	200,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each	892,087,609	89,208.76	846,254,276	84,625.43
Total Issued, Subscribed & Paid up shares capital	**892,087,609**	**89,208.76**	**846,254,276**	**84,625.43**

(I) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting year	As at 31-03-2017		As at 31-03-2016	
	Number	**₹ lakh**	**Number**	**₹ lakh**
Shares outstanding at the beginning of the year	846,254,276	84,625.43	829,233,000	82,923.30
Shares issued during the year	45,833,333	4,583.33	17,021,276	1,702.13
Shares outstanding at the end of the year	**892,087,609**	**89,208.76**	**846,254,276**	**84,625.43**

(II) Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. During the year, the Company has declared interim dividend of ₹ 0.964 per equity share (previous year: ₹ Nil).

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

(III) Equity shares in the Company held by the holding company	As at 31-03-2017		As at 31-03-2016	
	Number	**₹ lakh**	**Number**	**₹ lakh**
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its nominees.	892,087,609	89,208.76	846,254,276	84,625.43

(IV) Details of shareholders holding more than 5% shares in the Company	As at 31-03-2017		As at 31-03-2016	
	Number	**% Holding**	**Number**	**% Holding**
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its nominees.	892,087,609	100%	846,254,276	100%

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

3 Reserves & surplus (₹ in lakh)

		As at 31-03-2017	As at 31-03-2016
(I)	**Securities Premium Account**		
	As per last Balance sheet	53,482.43	47,600.65
	Add : Addition during the year	17,416.67	6,297.87
	Less : Securities issue expenses adjusted during the year (Net of tax of ₹ 81.92 lakh, previous year ₹ 220.21 lakh) (refer note 41)	176.78	416.09
	Closing balance	**70,722.32**	**53,482.43**
(II)	**Debenture Redemption Reserve**		
	As per last Balance sheet	30,638.00	28,940.00
	Add : Transferred from surplus in the Statement of Profit and Loss	67.15	3,485.39
	Less : Transferred to General Reserve	1,855.77	1,787.39
	Closing balance	**28,849.38**	**30,638.00**
(III)	**Reserve u/s 45-IC of Reserve Bank of India Act, 1934**		
	As per last Balance sheet	36,127.74	31,327.03
	Add : Transferred from surplus in the Statement of Profit and Loss	844.13	4,800.71
	Closing balance	**36,971.87**	**36,127.74**
(IV)	**Reserve u/s 36(1)(viii) of Income tax Act, 1961**		
	As per last Balance sheet	35,581.17	25,150.00
	Add : Transferred from surplus in the Statement of Profit and Loss	9,734.72	10,431.17
	Closing balance	**45,315.89**	**35,581.17**
(V)	**General reserves**		
	As per last Balance sheet	3,257.39	1,470.00
	Add : Transferred from Debenture Redemption Reserve	1,855.77	1,787.39
	Closing balance	**5,113.16**	**3,257.39**
(VI)	**Surplus in the Statement of Profit and Loss**		
	As per last Balance sheet	42,623.90	37,337.61
	Add : Profit for the year	4,220.66	24,003.56
	Less: Transfer to reserve u/s. 45-IC of Reserve Bank of India Act,1934	844.13	4,800.71
	Less: Transfer to reserve u/s 36(1)(viii) of Income tax Act, 1961	9,734.72	10,431.17
	Less: Interim Dividend	8,600.00	-
	Less: Dividend Distribution Tax on Interim Dividend	1,750.75	-
	Less: Transfer to debenture redemption reserve	67.15	3,485.39
	Less : Provision for Unamortised Loss on Sale of NPAs	13,944.77	-
	Closing balance	**11,903.04**	**42,623.90**
	Total reserves and surplus	**198,875.66**	**201,710.63**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4 Long-term borrowings

(₹ in lakh)

	Non current portion		Current maturities	
	As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
(I) Secured				
Redeemable non convertible debentures (refer note 4a)	633,867.96	498,547.01	154,931.10	139,150.12
Term Loans (refer note 4b)				
External Commercial Borrowings	-	3,312.75	3,242.50	6,625.50
From banks	535,000.00	650,666.67	34,333.33	122,000.00
Total (I)	**1,168,867.96**	**1,152,526.43**	**192,506.93**	**267,775.62**
(II) Unsecured				
Redeemable non convertible debentures (refer note 4a)	224,250.00	145,250.00	-	-
Term Loans (refer note 4b)				
From banks	375,000.00	325,975.00	-	-
Total (II)	**599,250.00**	**471,225.00**	**-**	**-**
Total (III) = (I)+(II)	**1,768,117.96**	**1,623,751.43**	**192,506.93**	**267,775.62**
Less: Amount disclosed under the head "other current liabilities" (refer Note 9)	-	-	192,506.93	267,775.62
Total long-term borrowings	**1,768,117.96**	**1,623,751.43**	**-**	**-**

Note 4a:
Secured redeemable, Non convertible Debentures (Privately placed)

(₹ in lakh)

	As at March 31, 2017		As at March 31, 2016	
Residual Maturity	**Balance outstanding**	**Interest Rate (%)**	**Balance outstanding**	**Interest Rate (%)**
Fixed Rate	**636,925.00**		**478,400.00**	
Above 5 years	84,850.00	7.95%-9.00%	130,150.00	8.35%-9.70%
3-5 years	144,150.00	7.80%-9.70%	92,450.00	8.62%-9.80%
1-3 years	295,500.00	7.90%-9.80%	217,475.00	8.35%-9.70%
upto 1 year	112,425.00	8.60%-9.55%	38,325.00	8.70%-9.90%
Floating Rate				
Above 5 years	-		-	
3-5 years	-		-	
1-3 years	-		-	
Total	**636,925.00**		**478,400.00**	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Note 4a:

Unsecured redeemable, Non convertible Debentures (Privately placed)

Residual Maturity	As at March 31, 2017 Balance outstanding	As at March 31, 2017 Interest Rate (%)	As at March 31, 2016 Balance outstanding	As at March 31, 2016 Interest Rate (%)
Fixed Rate	**224,250.00**		**145,250.00**	
Above 5 years	174,250.00	8.05%-10.35%	145,250.00	8.75%-10.35%
3-5 years	50,000.00	8.19%	-	
1-3 years	-		-	
Floating Rate				
Above 5 years	-		-	
3-5 years	-		-	
1-3 years	-		-	
Total	**224,250.00**		**145,250.00**	

Long term Infrastructure Bonds Secured redeemable, Non convertible Debentures (Public issue)

Residual Maturity	As at March 31, 2017 Balance outstanding	As at March 31, 2017 Interest Rate (%)	As at March 31, 2016 Balance outstanding	As at March 31, 2016 Interest Rate (%)
Fixed Rate	**151,874.06**		**159,297.13**	
Above 5 years	-		-	
3-5 years	15,965.91	7.50%	15,965.91	7.50%
1-3 years	93,402.05	7.75%-9.00%	42,506.10	7.75%-8.30%
upto 1 year	42,506.10	7.75%-8.30%	100,825.12	8.70%-9.00%
Floating Rate				
Above 5 years	-		-	
3-5 years	-		-	
1-3 years	-		-	
Total	**151,874.06**		**159,297.13**	

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Note 4b
As at 31-03-2017
Term loans from bank (Secured)

Repayment terms	Balance as at 31.03.17 (₹ lakh)	Current Maturities (₹ lakh)	Non Current Portion (₹ lakh)	Tenure	Range of rate of interest
Bullet repayment	430,000	10,000	420,000	15 months to 5 years	MCLR
Equated annual installments	-	-	-		
Equated semi annual installments	82,576	7,576	75,000	3 years to 5 years	MCLR & Base Rate
Equated quarterly installments	60,000	20,000	40,000	5 years to 7 years	MCLR
Total	**572,575.83**	**37,575.83**	**535,000.00**		

Above loans are secured by first exclusive charge on specific receivables.

Term loans from bank (Unsecured)

Repayment terms	Balance as at 31.03.17 (₹ lakh)	Current Maturities (₹ lakh)	Non Current Portion (₹ lakh)	Tenure	Range of rate of interest
Bullet repayment	**375,000**	-	375,000.00	15 months	MCLR
Total	**375,000.00**	**-**	**375,000.00**		

As at 31-03-2016
Term loans from bank (Secured)

Repayment terms	Balance as at 31.03.16 (₹ lakh)	Current Maturities (₹ lakh)	Non Current Portion (₹ lakh)	Tenure	Range of rate of interest
Bullet repayment	402,500.00	-	402,500.00	15 months to 5 years	Base Rate
Equated annual installments	10,000.00	10,000.00	-	4 year	Base Rate
Equated semi annual installments	254,268.58	83,289.17	170,979.42	5 years to 6 years	Base Rate
Equated quarterly installments	115,836.33	35,336.33	80,500.00	5 years to 7 years	Base Rate
Total	**782,604.91**	**128,625.50**	**653,979.42**		

Above loans are secured by first exclusive charge on specific receivables.
Term loans from bank (Unsecured)

Repayment terms	Balance as at 31.03.16 (₹ lakh)	Current Maturities (₹ lakh)	Non Current Portion (₹ lakh)	Tenure	Range of rate of interest
Bullet repayment	325,975.00	-	325,975.00	15 months	Base Rate plus Spread (0% to 0.25%)
Total	**325,975.00**	**-**	**325,975.00**		

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

5 Other long-term liabilities

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Deferred income on loan processing	4,029.69	3,864.20
Interest accrued but not due on Bonds/Debentures	50,134.96	25,596.86
Unamortised discount on Debentures Loan	17.16	48.35
Total other long-term liabilities	**54,181.81**	**29,509.41**

6 Long-term provisions

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
For contingent provisions against standard assets	7,291.55	6,336.20
For interest capitalised on restructured assets	5,136.95	17,365.19
(Includes ₹ Nil (Previous Year ₹ 2,764.27 lakh) converted to Investments)		
Total long-term provisions	**12,428.50**	**23,701.39**

7 Short-term borrowings

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
(I) Secured*		
Bank overdraft/ Cash Credit	420.69	12,163.74
Total I	**420.69**	**12,163.74**
(II) Unsecured		
Commercial paper	93,514.66	116,123.45
(Net of unexpired discount ₹ 3,035.34 lakhs (previous year ₹ 3,876.55 lakh)		
Total II	**93,514.66**	**116,123.45**
Total short-term borrowings (I+II)	**93,935.35**	**128,287.19**

*Secured by first exclusive charge on specific receivables.

8 Trade Payable

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Micro, Small and Medium Enterprises (See Note below)	-	-
Other than Micro and Small Enterprises	49.40	1,182.80
	49.40	**1,182.80**

Note: On the basis of replies received by the Company in response to enquiries made, there are no dues payable at the year end to Micro, Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 2013 or the Micro, Small and Medium Enterprises Development Act, 2006.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

9 Other current liabilities

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Current maturities of long-term debt (refer note 4)	192,506.93	267,775.62
Interest accrued but not due on debentures	58,678.78	57,339.13
Interest accrued but not due on other borrowings	33.19	348.42
Deferred income on loan processing	1,375.37	754.33
Dividend Payable	8,600.00	-
Dividend distribution tax payable	1,750.75	-
Other Payables:		
Advance from customers	2,929.78	1,740.21
Accrued expenses	1,429.07	1,337.76
Unclaimed infrastructure bonds application money	71.70	73.86
Unclaimed interest on infrastructure bonds	1,087.26	1,666.54
Cash margin collected	-	168.35
Statutory liabilities	518.57	247.31
Unamortised discount on Debentures Loan	35.70	45.99
Total other current liabilities	**269,017.10**	**331,497.52**

Note: No amount was due for transfer to the Investor Education and Protection Fund under Section 125 of the Companies Act, 2013.

10 Short-term provisions

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
For employee benefits:		
Gratuity (Net Liability)	27.01	13.94
Compensated absences	181.61	179.89
Others:		
For contingent provisions against standard assets	444.17	469.19
Total short-term provisions	**652.79**	**663.02**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

11 Fixed assets (at cost less depreciation)

(₹ in lakh)

Description	Gross Block				Depreciation & Amortisation				Net Book Value
	Opening as at 01.04.2016	Additions during the year	Deductions during the year	Closing as at 31.03.2017	Up to 01.04.2016	Charge during the year	Deductions / Adjustments during the year	Up to 31.03.2017	As at 31.03.2017
Tangible									
Computers	342.24	11.79	-	354.03	238.27	46.23	-	284.50	69.53
	(290.13)	(52.11)	-	(342.24)	(185.75)	(52.52)	-	(238.27)	(103.97)
Furniture and Fittings	28.91	-	1.56	27.37	12.78	2.56	1.34	14.00	13.37
	(28.91)	-	-	(28.91)	(10.21)	(2.57)	-	(12.78)	(16.13)
Office Equipment	66.41	2.10	0.88	67.63	52.68	6.78	0.85	58.61	9.02
	(64.76)	(1.65)	-	(66.41)	(38.68)	(14.00)	-	(52.68)	(13.73)
Total tangible assets (A)	**437.56**	**13.89**	**2.44**	**449.03**	**303.73**	**55.57**	**2.19**	**357.11**	**91.92**
	(383.80)	(53.76)	-	(437.56)	(234.64)	(69.09)	-	(303.73)	(133.83)
Intangible									
Computer Software	629.06	94.88	-	723.94	568.97	50.50	-	619.47	104.47
	(577.72)	(51.34)	-	(629.06)	(520.53)	(48.44)	-	(568.97)	(60.09)
Total intangible assets (B)	**629.06**	**94.88**	**-**	**723.94**	**568.97**	**50.50**	**-**	**619.47**	**104.47**
	(577.72)	(51.34)	-	(629.06)	(520.53)	(48.44)	-	(568.97)	(60.09)
Total (A+B)	**1,066.62**	**108.77**	**2.44**	**1,172.97**	**872.70**	**106.07**	**2.19**	**976.58**	**196.39**
Previous Year	**(961.52)**	**(105.10)**	**-**	**(1,066.62)**	**(755.17)**	**(117.53)**	**-**	**(872.70)**	**(193.92)**

Note: Previous year figures are shown in brackets.

12 Non-current investments

		Face Value	As at 31-03-2017		As at 31-03-2016	
		₹	Quantity	₹ lakh	Quantity	₹ lakh
(A)	**Trade investment, valued at cost, fully paid:**					
(I)	**Investments in Subsidiaries:**					
	Equity shares (Unquoted)					
	L&T Infra Investment Partners Advisory Private Limited	10	5,000,000	500.00	5,000,000	500.00
	L&T Infra Investment Partners Trustee Private Limited	10	100,000	10.00	100,000	10.00
(II)	**Investments in Associates:**					
	Equity shares (Unquoted)					
	Feedback Infra Private Limited	10	3,790,000	3,790.00	3,790,000	3,790.00
	L&T Infra Debt Fund Limited	10	227,600,000	26,790.00	227,600,000	26,790.00
(B)	**Non Trade investment, valued at cost, fully paid:**					
(1)	**Investments in others:**					
(I)	**Debentures or Bonds**					
	Compulsory Convertible Debentures (CCDs)					
	Tikona Digital Networks Private Limited	2,840	579,772	16,465.52	579,772	16,465.52
	Bhoruka Power Corporation Limited	100,000	21,971	21,971.00	21,971	21,971.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

12 Non-current investments (Contd.)

		Face Value	As at 31-03-2017		31-03-2016	
		₹	Quantity	₹ lakh	Quantity	₹ lakh
	Multiple Option Exchangeable Debentures (MOEDs)					
	Mission Holdings Private Limited	100,000	5,500	5,500.00	5,500	5,500.00
(II)	**Equity shares (Unquoted)**					
	Tikona Digital Networks Private Limited	10	605	17.18	605	17.18
	Bhoruka Power Corporation Limited	10	100	0.85	100	0.85
	Bhoruka Power India Investments Private Limited	10	10	0.02	10	0.02
	Soma Tollways Private Limited	10	6,413,216	32,910.30	4,449,987	22,855.50
	Mission Holdings Private Limited	10	100	0.01	100	0.01
	Indian Highways Management Company Limited	10	1,500,000	150.00	1,500,000	150.00
(III)	**Preference shares:**					
	Cumulative Redeemable Preference Shares					
	Anrak Aluminium Limited	10	-	-	62,500,000	6,250.00
	Cumulative Compulsorily Convertible Preference Shares					
	SKS Ispat Power Limited	10	9,773,621	922.15	9,773,621	922.15
(IV)	**Units of fund**					
	LICHFL Urban Development Fund	10,000	10,000	728.74	10,000	784.83
	L&T Infra Investments Partner Fund					
	Class B	100	23,142,361	23,142.36	18,319,428	18,319.43
	Class C	100	500,000	500.00	500,000	500.00
	Class D	10	10,000	1.00	10,000	1.00
(V)	**Security Receipts**					
	Phoenix ARC private Limited					
	Phoenix Trust FY 14-9	1,000	1,108,935	11,089.35	1,108,935	11,089.35
	Edelweiss Asset Reconstruction Company Limited					
	EARC Trust - SC 105 Trust	1,000	1,190,000	11,617.55	1,190,000	11,617.55
	EARC Trust - SC 132 Trust	1,000	8,500	85.00	8,500	85.00
	EARC Trust - SC 258 Trust	1,000	2,583,490	25,834.90	-	-
	Total non - current investments			**182,025.93**		**147,619.39**
	Less: Provision for diminution in the value of investments			5,544.70		4,158.48
	Net non-current Investments			**176,481.23**		**143,460.91**
	Note 1: a) Aggregate amount of unquoted investments			182,025.93		147,619.39
	b) Aggregate amount of quoted investments and market value thereof			-		-
	c) Aggregate amount of listed but not quoted investments			-		-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

13 Deferred tax assets (net)

(₹ in lakh)

	As at 31-03-2017		As at 31-03-2016	
Component	**Assets**	**Liabilities**	**Assets**	**Liabilities**
Timing difference between book balance and tax balance of fixed assets	-	15.28	-	19.53
Provision on loan assets/interest receivable	33,352.12	-	13,448.78	-
Employee benefits	62.85	-	62.26	-
Others	97.60	-	-	-
	33,512.57	**15.28**	**13,511.04**	**19.53**
Net Deferred Tax Asset	**33,497.29**		**13,491.51**	

Note : No deferred tax liability has been recognised on Special Reserve created under section 36(1)(viii) of the Income Tax Act, 1961 based on the Management's evaluation that possibility of withdrawal there from is remote.

14 Long-term loans and advances towards financing activities

(₹ in lakh)

	Non current		Current	
	As at 31-03-2017	**As at 31-03-2016**	**As at 31-03-2017**	**As at 31-03-2016**
Term Loans	1,885,224.62	1,815,080.61	116,869.55	145,274.36
Debentures	184,414.06	186,370.08	9,202.96	4,651.23
Gross Loans	**2,069,638.68**	**2,001,450.69**	**126,072.51**	**149,925.59**
Less: Provision for contingencies	26,234.15	4,910.83	-	-
Less: Provision against Restructured Assets	8,055.78	9,224.56	-	-
Less: Provision against Non Performing Assets	41,771.71	13,477.76	-	-
Less: Provision against Interest capitalised on Non Performing Assets	12,311.19	2,166.39	-	-
Net Loans	**1,981,265.85**	**1,971,671.15**	**126,072.51**	**149,925.59**
Less: Amount disclosed under the "note 20"	-	-	126,072.51	149,925.59
	1,981,265.85	**1,971,671.15**	**-**	**-**
The above amount includes:				
Secured	2,041,618.70	1,973,430.71	126,072.51	149,925.59
Unsecured	28,019.98	28,019.98	-	-
Total	**2,069,638.68**	**2,001,450.69**	**126,072.51**	**149,925.59**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

15 Long-term loans and advances (₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Security deposits	721.18	732.09
(Unsecured, considered good)		
Others:		
Forward contract receivable	-	1,072.75
Prepaid expenses	26.09	23.64
Advance payment of Service tax (under protest)	454.80	454.80
Advance payment of Income Tax (net of provision for tax ₹ 1,03,677.81 lakh, previous year ₹ 73,226.09 lakh)	26,589.72	24,295.01
Total other long term loans and advances	**27,791.79**	**26,578.29**

16 Other non-current assets (₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Others:		
(Secured, considered good)		
Accrued interest on debentures	13,346.22	16,122.00
(Net of provision on interest receivable ₹ 2,113.76 lakhs, previous year ₹ 3,002.33 lakhs)		
(Unsecured, considered good)		
Accrued interest on debentures	4,083.69	2,128.12
Accrued Interest on loans towards financing activities	1,500.04	424.16
Unamortised Premium on Debentures	-	595.51
Total other non-current assets	**18,929.95**	**19,269.79**

17 Current Investments

	Face Value	As at 31-03-2017		31-03-2016	
	₹	Quantity	₹ lakh	Quantity	₹ lakh
(A) Non Trade investment, valued at lower of cost or market value, fully paid:					
(I) Equity shares					
Quoted					
C&C Construction Limited	10	-	-	2,578,789	386.82
B.L. Kashyap & Sons Limited	1	-	-	531,910	27.93
Unity Infra Project	2	694,370	191.09	694,370	191.09
Monnet Ispat & Energy Limited	10	1,798,245	615.00	1,798,245	615.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

17 Current Investments (Contd.)

		Face Value	As at 31-03-2017		31-03-2016	
		₹	Quantity	₹ lakh	Quantity	₹ lakh
	Shiv vani Oil Gas and Energy Limited	10	1,496,658	240.36	-	-
	Gol Offshore Limited	10	9,791,408	4,289.62	-	-
	Unquoted					
	Coastal Projects Limited	10	7,896,884	2,209.58	7,896,884	2,209.58
	ICOMM Tele Limited	10	41,667	50.00	41,667	50.00
	VMC Systems Limited	10	173,653	401.50	173,653	401.50
	Hanjer Biotech Energies Private Limited	10	208,716	944.31	208,716	944.31
	Soma Enterprises Limited	10	2,946,155	8,450.85	68,159	72.62
	Mediciti Healthcare Services Private Limited	10	1,635,003	50.00	1,635,003	50.00
	Warasgaon Lakeview Hotels Limited	10	63,849	572.00	-	-
(II)	**Preference shares**					
	Sew Vizag Coal Terminal Private Limited	10	703,833	70.10	-	-
(III)	**Investment in mutual funds**					
	L&T Liquid Fund Direct Plan- Growth	-	1,123,998	25,000.00	1,204,205	25,000.00
	Reliance Liquid Fund	-	341,530	13,500.00	-	-
	UTI-Money Market Fund	-	743,282	13,500.00	-	-
(IV)	**Investment in Debenture/Bonds**					
	Indian Overseas Bank (Perpetual Bond)	1,000,000	-	-	3,249	32,490.00
	Dewan Housing Finance Limited (Perpetual Debt)	1,000,000	290	2,900.00	-	-
(V)	**Investment in Share Application Money**					
	Shiv vani Oil Gas and Energy Limited	-	-	-	-	3,347.35
	NSL Tidong Power Generation Private Limited	-	-	6,277.24	-	-
	Total Current Investments			**79,261.65**		**65,786.20**
	Less: Provision for diminution in value of investments			5,459.29		5,513.60
	Net Current Investments			**73,802.36**		**60,272.60**
	Note :					
	a) Aggregate amount of unquoted investments			67,998.22		25,866.08
	b) Aggregate amount of quoted investments and market value thereof			2,904.14		1,916.52
	c) Aggregate amount of listed but not quoted investments			2,900.00		32,490.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

18 Trade receivables

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Unsecured - outstanding for a period of less than Six months from the date when they become payable	3,827.32	-
(Unsecured, considered doubtful)		
Outstanding for a period of more than Six months from the date when they become payable		
Doubtful	101.92	101.92
Less: Allowance for bad and doubtful debts	101.92	101.92
Total trade receivables	**3,827.32**	**-**

19 Cash and Bank balances

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Cash and cash equivalents as defined in AS - 3		
Cash on hand	0.01	0.27
Balances with Banks		
In Current Account	10,665.80	3,962.16
Balances with Banks in Fixed Deposit Account (with original maturity of less than three months)	-	-
Others		
In earmarked accounts		
-unclaimed infrastructure bonds application money	71.70	73.86
-unclaimed interest on infrastructure bonds	1,087.26	1,666.54
Total Cash and Bank balance	**11,824.77**	**5,702.83**

20 Current maturities of long - term loans towards financing activities

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
(Secured, considered good) (refer Note 14)		
Current maturities of long - term loans towards financing activities	126,072.51	149,925.59
Total current maturities of long - term loans towards financing activities	**126,072.51**	**149,925.59**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

21 Short term loans and advances - others

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Security deposits	-	108.00
Receivable from related parties (refer Note 31)	44.30	157.13
Others		
Prepaid expenses	113.88	99.41
Forward contract receivable	1,002.50	2,145.50
Other Charges Receivable	442.85	252.98
Inter Corporate Deposit Given	3,500.00	-
Unamortised loss on sale of NPAs (refer note 42(4)(ii))	13,944.77	5,576.92
Less: Provision for Unamortised loss on sale of NPA	(13,944.77)	-
Total other short term loans and advances	**5,103.53**	**8,339.94**

22 Other current assets

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
(Secured, considered good)		
Accrued Interest on loans towards financing activities	7,631.28	15,234.48
(Net of provision on interest receivable ₹ 4,043.11 lakh, previous year ₹ 5,646.67 lakh)		
Accrued income on debentures	2,697.02	1,824.77
(Net of provision on interest receivable ₹ 5,299.56 lakh, previous year ₹ Nil)		
(Unsecured, considered good)		
Accrued Interest on loans towards financing activities	110.96	189.80
Accrued income on Debentures	64.85	65.71
Unamortised Premium on Debentures	-	134.35
Accrued interest on investment in Debentures/ Fixed Deposit	188.76	507.38
Accrual of Fee Income	16.11	170.56
Assets acquired in settlement of claims	16,965.36	7,895.24
Total other current assets	**27,674.34**	**26,022.29**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

23 Revenue from operations

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Interest and dividend income		
Interest on loans and advances towards financing activities	223,784.77	217,667.64
Less : Provision made for interest receivables	2,807.43	7,584.00
	220,977.34	**210,083.64**
Interest on debentures	26,343.00	22,812.65
Interest on bank deposits/ ICD/ Bonds	4,183.80	3,898.05
Dividend Income from preference shares	-	362.65
Other operating income		
Fee Income	9,059.43	135.73
Gain / (loss) on loans sell down of loan assets/ amortisation of premium	1,226.71	1,503.85
Other Income from preference shares	3,015.48	3,300.66
Total revenue from operations	**264,805.76**	**242,097.23**

24 Other income

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Gain / (loss) on sale of Current Investments	1,450.20	553.93
Dividend/other income on current investments	70.00	403.61
Dividend income on long term investment	56.85	56.85
Asset Management fee/ Corporate Support Charges	1,058.26	304.64
Others	400.64	198.83
Total other income	**3,035.95**	**1,517.86**

25 Employee benefit expenses

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Salaries	2,894.99	2,801.00
Contribution to provident and other funds	125.12	114.32
Gratuity Expense	54.78	40.46
Staff Welfare Expenses	57.87	64.14
Expenses on Employees Stock Option Plans (refer Note 40)	-	0.85
Reimbursement of costs of staff on deputation	(4.41)	19.40
Total employee benefit expenses	**3,128.35**	**3,040.17**

26 Finance cost

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Interest expenses	181,500.23	173,947.08
Other borrowing costs	1,026.83	825.60
Total finance cost	**182,527.06**	**174,772.68**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

27 Other expenses

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Rent	1,198.18	676.10
Property maintenance and other charges	174.30	117.39
Telephone and communication	115.38	112.53
Printing & stationery	15.08	30.67
Membership & subscription	46.63	73.80
Training and conference	7.80	17.27
Travelling and conveyance	88.21	227.60
Professional fees	1,491.85	1,297.71
Auditors' remuneration (refer note a below)	53.16	67.82
Directors' fees	24.92	20.93
Commission to Non-executive Directors	86.60	51.51
Rates and taxes	61.62	18.39
Brand license Fee	240.28	1,300.43
Support charges	-	375.86
Management fees	467.09	330.98
Repairs & maintenance - IT Assets	149.28	197.61
Corporate Social Responsibility Expenses	702.27	777.11
Miscellaneous expenses	272.72	159.25
Total other expenses	**5,195.37**	**5,852.96**

Note (a): Auditors' Remuneration comprises the following (net of service tax set off):

	Year ended 31-03-2017	Year ended 31-03-2016
	₹ lakh	₹ lakh
Statutory Audit Fee	15.00	21.00
Limited Review fee	15.00	16.50
Tax audit Fee	4.00	4.50
Other services	13.35	22.06
Reimbursement of expenses	0.91	0.48
Service tax (net of input credit)	4.90	3.28
	53.16	**67.82**

28 Provisions and contingencies

(₹ in lakh)

	Year ended 31-03-2017	Year ended 31-03-2016
Provision for standard assets	20,647.55	3,848.52
Provision against restructured assets	(1,168.78)	(2.35)
Provision against non-performing assets	38,438.75	4,388.85
Provision for diminution in value of Investments	1,331.91	4,296.51
Provision for Bad and doubtful debts	-	3.71
Bad debt write off	15,743.78	11,945.15
Total provisions and contingencies	**74,993.21**	**24,480.39**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

29 Contingent liabilities and commitments: (₹ in lakh)

	As at March 31, 2017	As at March 31, 2016
(I) Contingent Liabilities:		
a) Claims against the Company not acknowledged as debt:		
1. Income Tax matter in dispute*	794.66	794.66
2. Service Tax matter in dispute*	465.21	465.21
b) Bank Guarantees	5,000.00	92.86
c) Other money for which the Company is contingently liable:		
1. Liability towards Letter of Comfort	50,081.59	-
2. Liability towards Letter of Credit	24,175.71	13,858.16
(II) Commitments:		
a) Other Commitments:		
1. Undisbursed Commitment	62,162.33	74,318.22
2. Capital Commitment	33.31	-

*In respect of disputes, the Company is hopeful of succeeding in appeals and does not expect any significant liabilities to materialise.

30 Segments Reporting (AS 17): The Company's main business is to provide finance for infrastructure projects. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

31 As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

Related party disclosures:

(a) List of related parties and relationships:

A. Ultimate holding company:

1. Larsen & Toubro Limited

B. Holding company:

2. L&T Finance Holdings Limited

C. Subsidiary company:

3. L&T Infra Investment Partners Advisory Private Limited
4. L&T Infra Investment Partners Trustee Private Limited

D. Fellow subsidiary company:

5. L&T Finance Limited (earlier known as Family Credit Limited)
6. L&T Sargent & Lundy Limited
7. L&T InfoTech Limited
8. L&T Housing Finance Limited
9. L&T Electromech LLC
10. L&T Financial Consultants Limited (Erstwhile L&T Vrindavan Properties Limited)
11. L&T Investment Management Limited
12. L&T ENC Hydorcarbon Limited
13. L&T Infrastructure Engineering Limited

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

E. Associates:

14. L&T Infra Debt Fund Limited
15. Feedback Infra Private Limited

F. Key Management Personnel:

16. Mr. Gopalakrishnan Krishnamurthy till 25th May, 2016
17. Mr. Virender Pankaj w.e.f. 19th July, 2016

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous year.

(b) Related party transactions:

(₹ in lakh)

Sr. No.	Nature of Transactions	2016-17	2015-16
1	Interest expenditure on inter corporate borrowings		
	• L&T Finance Holdings Limited	334.31	304.16
	• L&T Finance Limited (Erstwhile Family Credit Limited)	34.32	1.90
	• L&T Housing Finance Limited	8.15	-
2	Interest income on inter corporate deposit given		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	78.34	-
	• L&T Housing Finance Limited	3.82	-
3	Dividend income received		
	• Feedback Infra Private Limited	56.85	56.85
4	Interim Dividend to Holding Company		
	• L&T Finance Holdings Limited	8,600.00	-
5	Sitting Fees received		
	• Feedback Infra Private Limited	1.25	0.75
6	Premium on Sale of Loan assets		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	-	307.35
7	Asset Management Fee/ Corporate Support Charges		
	• L&T Infra Debt Fund Limited	610.60	304.64
	• L&T Infra Investment Partners Advisory Pvt. Ltd.	447.65	-
8	Reimbursement of staff cost /ESOP		
	• L&T Finance Holdings Limited	-	0.85
	• L&T Investment Management Limited	-	18.15
9	Support charges paid		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	-	277.82
	• L&T Finance Holdings Limited	-	72.60
10	Rent and maintenance charges paid		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	23.60	259.15
	• L&T Financial Consultants Limited (Erstwhile L&T Vrindavan Properties Limited)	1,103.44	137.38
	• Larsen & Toubro Limited	-	13.31
11	Brand license fees		
	• Larsen & Toubro Limited	223.10	1,209.70

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(₹ in lakh)

Sr. No.	Nature of Transactions	2016-17	2015-16
12	Management fees		
	• L&T Finance Holdings Limited	434.00	308.75
13	Professional fees and other expenses paid		
	• L&T Sargent & Lundy Limited	1.35	3.00
	• Larsen & Toubro Limited	47.07	46.95
	• L&T InfoTech Limited	26.12	44.29
	• Feedback Infra Private Limited	19.25	22.75
	• L&T Finance Holdings Limited	-	21.21
	• L&T Infrastructure Engineering Limited	4.50	-
14	Interest income on Cumulative compulsory convertible debenture (CCCD)		
	• L&T Infra Investment Partners Advisory Pvt. Ltd.	-	8.22
15	Sale of loan Assets		
	• L&T Infra Debt Fund Limited	50,911.94	136,206.41
	• L&T Finance Limited (Erstwhile Family Credit Limited)	-	48,924.12
16	Sale of investments		
	• L&T Finance Limited (Erstwhile Family Credit Limited) (Net)	23,973.71	-
	• L&T Housing Finance Limited (Net)	8,494.23	-
17	Inter corporate borrowing taken		
	• L&T Finance Holdings Limited	2,70,135.00	4,77,360.00
	• L&T Finance Limited (Erstwhile Family Credit Limited)	67,752.00	5,700.00
	• L&T Housing Finance Limited	8,900.00	-
18	Inter corporate borrowing repaid		
	• L&T Finance Holdings Limited	2,70,135.00	4,77,360.00
	• L&T Finance Limited (Erstwhile Family Credit Limited)	67,752.00	5,700.00
	• L&T Housing Finance Limited	8,900.00	-
19	Inter corporate deposit given		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	81,350.00	-
	• L&T Housing Finance Limited	3,100.00	-
20	Inter corporate deposit recovered		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	77,850.00	-
	• L&T Housing Finance Limited	3,100.00	-
21	Outstanding balance of Inter corporate deposit given		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	3,500.00	-
22	Interest accrued on Inter corporate deposit given		
	• L&T Finance Limited (Erstwhile Family Credit Limited)	0.78	-
23	Redemption of Cumulative compulsory convertible debenture		
	• L&T Infra Investment Partners Advisory Private Limited	-	300.00
24	Investment in Equity Shares		
	• L&T Infra Debt Fund Limited	-	12,090.00

(₹ in lakh)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Sr. No.	Nature of Transactions	2016-17	2015-16
25	Key management personnel – remuneration		
	• Mr. Gopalakrishnan Krishnamurthy	68.99	204.82
	• Mr. Virender Pankaj	86.78	-
26	Account payable		
	• Larsen & Toubro Limited	14.63	1,300.86
	• Larsen & Toubro Electromech LLC	1.50	1.64
	• L&T InfoTech Limited	4.66	22.22
	• L&T ENC Hydrocarbon Limited	2.01	-
	• L&T Infra Debt Fund Limited	2.53	-
	• L&T Finance Limited (Erstwhile Family Credit Limited)	-	4.70
	• Feedback Infra Private Limited	-	11.02
	• L&T Housing Finance Limited	0.16	-
27	Account receivable		
	• L&T Infra Debt Fund Limited	-	152.00
	• L&T Finance Limited (Erstwhile Family Credit Limited)	44.38	3.30
	• L&T Finance Holdings Limited	-	0.99
28	Capital infusion		
	• L&T Finance Holdings Limited	22,000.00	8,000.00

Note: Transactions shown above are exclusive of Service Tax, if any.

32 The Company holds certain premises under operating leases. Rent includes net expenses of ₹ 1,198.18 lakh (previous year ₹ 676.10 lakh). The committed lease rentals in the future are:

(₹ in lakh)

Particulars	2016-17	2015-16
Not later than one year	1,225.76	1,190.26
Later than one year and not later than five years	1,395.16	2,620.91
Later than five years	-	-

33 Earnings per share:

Basic and Diluted	2016-17	2015-16
Profit after tax as per statement of Profit and Loss (₹ lakh)	4,220.66	24,003.56
Weighted average number of equity shares for computation of Basic earnings per share	84,66,30,988	83,49,53,265
Weighted average number of equity shares for computation of diluted earnings per share	84,66,30,988	83,49,53,265
Number of equity shares outstanding	89,20,87,609	84,62,54,276
Basic earnings per share (₹)	0.50	2.87
Diluted earnings per share (₹)	0.50	2.87
Nominal Value of Shares (₹)	10	10

34 Expenditure in Foreign Currencies (₹ in lakh)

Nature of expense	2016-17	2015-16
Professional Fees	157.42	171.05
Other expenses	17.11	0.39

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

35 Employee Benefits

I. Defined-Contribution Plans

The Company recognised charges of ₹125.12 lakh (previous year ₹114.32 lakh) for provident fund contribution in the Statement of Profit and Loss.

II. Defined-Benefit Plans

The Company offers the following employee benefit schemes to its employees:

i. Gratuity expense which included in Employee benefit expenses in Note 25.

The following table sets out the funded status of the defined benefit scheme and the amount recognised in the financial statements as at March 31, 2017:

a) The amounts recognised in the balance sheet are as follows:

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Present Value of Funded Obligations	157.45	145.37
Fair Value of Plan Assets	(130.44)	(131.43)
Present Value of Unfunded Obligations	-	-
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset (limit in para 59(b))	-	-
Net Liability	27.01	13.94
Amounts in Balance Sheet		
Liability	27.01	13.94
Assets	-	-
Net Liability is bifurcated as follows:		
Current	27.01	13.94
Non Current	-	-
Net Liability	27.01	13.94

b) The amounts recognised in the Statement of profit and loss are as follows:

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Current Service Cost	37.74	31.50
Interest on Defined Benefit Obligation	14.26	12.31
Expected Return on Plan Assets	(10.70)	-
Net Actuarial Losses/(Gains) recognised in the Year	13.48	(3.35)
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Losses/(Gains) on "Acquisition/Divestiture"	-	-
Effects of the limit in Para 59(b)	-	-
Total, included in "Employee Benefit Expense"	54.78	40.46
Actual Return on Plan Assets	10.08	4.96

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

c) Reconciliation of Benefit Obligation & Plan Assets for the year (₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	145.37	126.47
Current Service Cost	37.74	31.50
Interest Cost on Defined Benefit Obligation	14.26	12.31
Actuarial Losses/(Gain) recognized	12.85	1.61
Past Service Cost	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	3.92	0.15
Benefits Paid	(56.69)	(26.67)
Closing Defined Benefit Obligation	157.45	145.37
Change in Fair Value of Plan Assets		
Opening Fair Value of Plan Assets	131.43	-
Expected Return on Plan Assets	10.70	-
Actuarial Gain / (Losses)	(0.62)	4.96
Assets Distributed on Settlements	-	-
Contributions by Employer	45.62	153.14
Benefits Paid	(56.69)	(26.67)
Closing Fair Value of Plan Assets	130.44	131.43

d) Asset Information

	As at 31-03-2017	As at 31-03-2016	As at 31-03-2017	As at 31-03-2016
Category of Assets (% Allocation)	%	%	₹ lakh	₹ lakh
Government of India Securities	-	-	-	-
Corporate Bonds	-	-	-	-
Special Deposit Scheme	-	-	-	-
Equity Shares of Listed Companies	-	-	-	-
Property	-	-	-	-
Insurer Managed Funds	100%	100%	130.44	131.43
Others	-	-	-	-

e) Experience Adjustment (₹ in lakh)

	2016-17	2015-16	2014-15	2013-14	2012-13
Defined Benefit Obligation	157.45	145.37	126.47	96.84	92.62
Plan Assets	130.44	131.43	-	-	-
Surplus / (Deficit)	(27.01)	(13.94)	(126.47)	(96.84)	(92.62)
Experience adjustments on Plan Liabilities	3.46	1.61	29.62	(14.81)	19.88
Experience adjustments on Plan Assets	(0.63)	4.96	-	-	-

f) Financial assumptions at the valuation date (₹ in lakh)

	2016-17	2015-16
Discount Rate (per annum)	7.40%	7.90%
Expected Rate of Return on Assets (per annum)	8.00%	8.00%
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult table.	Indian Assured Lives Mortality (2006-08) Ult table.

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

The contributions expected to be made by the Company during the financial year 2017-18 amounts to ₹ 10.00 lakh (previous year ₹ 10 lakh).

36 Appropriations to the Special Reserve under Section 36 (1) (viii) of the Income Tax Act, 1961 and the Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934 are carried out of distributable profits of the Company.

37 Appropriation to the Debenture Redemption Reserve has been created in terms of Section 71(4) of the Companies Act, 2013 is carried out of distributable profits of the Company.

38 The Company has invoked pledge of equity shares in the following borrower companies, pledged with it as collateral by the borrowers and these shares are being held by the Company as bailee. As and when the shares are sold, the proceeds would be adjusted against the overdue portion of the loan then remaining outstanding.

Borrower Name	No. of shares held as bailee	
	2016-17	2015-16
Hanjer Biotech Energies Private Limited	3,25,096	3,25,096
VMC Systems Ltd	1,79,608*	1,79,608*
KSK Energy Ventures Limited	2,26,813	2,26,813

*Excluding 5,38,128 shares held on behalf of L&T Finance Limited (Erstwhile Family Credit Limited)

39 **Foreign currency exposure**

The Company has entered into currency swap transactions with a view to convert its USD borrowings into Indian rupee borrowing. Accordingly, the Company has revalued the foreign currency borrowing and currency swap at the balance sheet date.

Particulars	2016-17	2015-16
Liability – External Commercial Borrowings	USD 5,000,000	USD 15,000,000
Assets – Currency Swap	USD 5,000,000	USD 15,000,000

40 Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of options granted to employees of the Company amounts, recovery of the same and future period expense details are following:

(₹ in lakh)

Financial year	Total cost incurred by holding company (i.e. L&T Finance Holdings Limited)	Expense recovered by holding company till end of financial year	Expenses charged to statement of profit and loss for the year	Remaining expenses to be recovered in future period
(A)	(B)	(C)	(D)	(E = B-C)
2012-13	209.44	161.28	63.42	48.16
2013-14	246.45	189.75	28.47	56.70
2014-15	192.67	166.26	(23.49)	26.41
2015-16	167.11	167.11	0.85	-
2016-17	167.11	167.11	-	-

41 During the year the Company has charged-off security issue expenses net of tax of ₹ 176.78 lakh (previous year ₹ 416.09 lakh) to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42 The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of Master Direction - Non-Banking Financial Company - Systemically Important, Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

42(1): Capital

(₹ in lakh)

Particulars		2016-17	2015-16
(i)	CRAR (%)	19.69%	19.85%
(ii)	CRAR - Tier I Capital (%)	12.89%	13.94%
(iii)	CRAR - Tier II Capital (%)	6.80%	5.91%
(iv)	Amount of subordinated debt raised as Tier-II capital during the year	29,000.00	42,250.00
(v)	Amount raised by issue of Perpetual Debt Instruments during the year	-	23,000.00

42(2): Investments (₹ in lakh)

Sl. No.	Particulars	2016-17	2015-16
(1)	Value of Investment		
	(i) Gross value of Investment		
	(a) In India	2,61,287.58	2,13,405.59
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	11,003.99	9,672.08
	(b) Outside India	-	-
	(iii) Net Value of Investment		
	(a) In India	2,50,283.59	2,03,733.51
	(b) Outside India	-	-
(2)	Movement of Provision held towards depreciation of Investment		
	(i) Opening balance	9,672.08	5,375.57
	(ii) Add: Provisions made during the year	1,331.91	4,296.51
	(iii) Less: Write off/write back of excess provision during the year	-	-
	(iv) Closing balance	11,003.99	9,672.08

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(3): Derivatives

42(3) (i): Forward rate agreement/ Interest rate swap (also includes Currency Interest rate Swaps):

(₹ in lakh)

Sl. No.	Particulars	2016-17	2015-16
(i)	The notional principal of swap agreement	3,242.50	9,938.25
(ii)	Losses which would be incurred if counterparties failed to fulfill their obligation under the agreements.	1,002.50	3,218.25
(iii)	Collateral required by NBFC upon entering into Swaps	-	-
(iv)	Concentration of credit risk arising from Swaps	-	-
(v)	The fair value of Swap	3,245.35	1,00,44.67

42(3) (ii): Exchange traded Interest rate (IR) Derivatives: The company has not traded in Interest rate Derivative during the financial year ended March 31, 2017 (Previous year: Nil)

42(3) (iii): Disclosure on Risk Exposure in Derivatives:

(A) Qualitative Disclosure:

The Company has a Treasury Risk Management Policy approved by the Assets Liability Committee and the Board. This policy provides the framework for managing various risks including interest rate risk and currency risk. The policy provides for use of derivative instruments in managing the risks.

The Company has sourced External Commercial Borrowing in foreign currency. The same has been hedged as required by RBI.

42(4): Securitization:

42(4) (i): No transaction for Special Purpose Vehicle during the Financial year (Previous year – Nil)

42(4) (ii): Financial asset sold to Securitisation/Reconstruction company for Asset reconstruction:

Sl No.	Particulars	2016-17	2015-16
(i)	No. of Accounts	2	1
(ii)	Aggregate value (net of provision) of accounts sold to SC/RC (₹ lakh)	48,987.03	1,500.00
(iii)	Aggregate consideration (₹ lakh)	30,394.00	1,500.00
(iv)	Additional consideration realized in respect of accounts transferred in earlier years (₹ lakh)	-	-
(v)	Aggregate Gain/(loss) over Net book value (₹ lakh)	18,593.03	-

*During the current year, the Company sold certain Non Performing Assets (NPA) to Reconstruction Company (RC). In terms of notification DBR.No.BP.BC.102/21.04.048/2015-16 dated June 13, 2016, any shortfall of sale value over the Net Book Value has been spread over a period of four quarters.

42(4) (iii): Details of Assignment transactions undertaken by NBFC: During the current and previous year no assignment transaction has been undertaken.

42(4) (iv): Details of Non performing Financial assets purchased/Sold: During the current and previous year no Non performing Financial Assets has been purchased/sold from/to other NBFCs.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(5): Maturity pattern of certain items of assets and liabilities

(₹ in lakh)

	Year	One month	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-
Advances	2016-17	6,429.26	3,397.80	13,409.35	29,815.83	73,020.27	3,03,481.57	3,55,690.70	14,10,466.41	21,95,711.19
	2015-16	17,967.78	4,924.36	13,016.19	37,573.30	76,443.96	3,46,397.13	4,00,849.60	12,54,203.96	21,51,376.28
Investment	2016-17	57,336.07	-	6,277.24	-	15,648.34	-	-	1,82,025.93	2,61,287.58
	2015-16	26,220.84	-	3,347.35	-	36,218.01	-	6,250.00	1,41,369.39	2,13,405.59
Borrowing*	2016-17	12,082.96	7,563.00	71,302.67	90,163.17	1,05,330.48	10,32,235.38	4,76,782.58	2,59,100.00	20,54,560.24
	2015-16	18,873.46	4,750.00	83,748.33	80,087.42	2,08,603.60	10,26,102.19	3,17,749.24	2,79,900.00	20,19,814.24
Foreign Currency Assets (Excluding Principal)	2016-17	-	-		1,002.50	-	-	-	-	1,002.50
	2015-16	-	-	-	1,072.75	1,072.75	1,072.75	-	-	3,218.25
Foreign Currency Liabilities (ECB Loan)	2016-17	-	-	-	3,242.50	-	-	-	-	3,242.50
	2015-16	-	-	-	3,312.75	3,312.75	3,312.75	-	-	9,938.25

*Including ECB loan

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(6): Exposures

42(6)(i): Exposure to Real estate sector:

(₹ in lakh)

Sl No.	Category	2016-17	2015-16
	Direct Exposure		
(i)	Residential mortgages		
	Lending fully secured by mortgages on residential property that is or will be occupied by the borrower or that is rented.	-	-
(ii)	Commercial real estate		
	Lending secured by mortgages on commercial real estates (office buildings, retail space, multi-purpose commercial premises, multi-family residential buildings, multi-tenanted commercial premises, industrial or warehouse space, hotels, land acquisition, development and construction, etc.). Exposure would also include non-fund based limits.	2,51,928.23	1,17,714.73
(iii)	Investment in Mortgage backed securities (MBS) and other securitized exposure-		
	a. Residential	-	-
	b. Commercial real Estate	-	-
	Total exposure to Real estate sector	**2,51,928.23**	**1,17,714.73**

42(6)(ii): Exposure to Capital Market:

(₹ in lakh)

Sl No.	Category	2016-17	2015-16
	Direct Exposure		
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	1,27,738.56	1,04,549.46
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	-	-
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	48,782.21	57,409.43
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	9,444.66	19,753.19
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	-	-
(vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	25,520.00	30,601.02
(vii)	bridge loans to companies against expected equity flows / issues;	9,470.68	9,479.30
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	32,743.34	32,916.59
	Total exposure to capital Market	**2,53,699.44**	**2,54,708.99**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(6) (iii): Financing of parent company products: Nil, (Previous Year - Nil)

42(6) (iv): Details of Single borrower limit (SBL)/ Group borrower limit (GBL) exceeded by NBFC: Nil (Previous Year - Nil)

42(6) (v): Unsecured advances: (₹ in lakh)

Facility Type	As at 31.03.2017	As at 31.03.2016
Term Loans	15,000.00	15,000.00
Debentures	13,019.98	13,019.98
Total	**28,019.98**	**28,019.98**

42(7): Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

42(8): Penalties imposed by RBI or other regulators: No Penalties has been imposed by RBI or other regulators during the year (Previous Year- Nil).

42(9): Ratings assigned by credit rating agencies and migration during the year:

	2016-17		2015-16	
	CARE	ICRA	CARE	ICRA
Commercial Paper	CARE A1+	ICRA A1+	CARE A1+	ICRA A1+
Non Convertible Debenture	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Bank Loans	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Subordinate Debt	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Infra Bonds	CARE AA+ (Stable)	ICRA AA+ (Stable)	CARE AA+ (Stable)	ICRA AA+ (Stable)
Perpetual Debt	CARE AA (Stable)	ICRA AA (Stable)	CARE AA (Stable)	ICRA AA (Stable)
Non Fund Based Bank Limits	-	ICRA A1+	-	ICRA A1+

Note: No rating migrations in FY 2016-17

42(10): Provisions and contingencies (₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2016-17	2015-16
Provisions for depreciation on Investment	1,331.91	4,296.51
Provision towards Non Performing Assets	38,438.75	4,388.85
Provision made towards Income tax (Shown below profit before tax)		
Current Tax	17,676.77	16,662.83
Deferred Tax	(20,005.78)	(5,315.03)
Other Provision and Contingencies:		
Restructured Accounts	(1,168.78)	(2.35)
Amortisation of loss on sale of Non-Performing Assets	15,743.78	11,945.15
Bad and doubtful debts	-	3.71
Provision for Standard Assets	20,647.55	3,848.52

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(11): Drawdown from reserves: No drawdown from reserves during the year (previous year: nil).

42(12): Concentration of deposits, advances, exposures and NPAs:

42(12) (i): Concentration of deposits: (₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total deposit of twenty largest depositors	-	-
2.	Percentage of deposit of twenty large depositors to total deposit of NBFC	-	-

42(12) (ii): Concentration of advances: (₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total advances to twenty largest borrowers	7,04,514.13	6,66,082.12
2.	Percentage of advances to twenty largest borrowers to total advances of NBFC	32.09%	30.99%

42(12) (iii): Concentration of exposures: (₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total exposure to twenty largest depositors/customers	9,96,395.33	9,02,156.11
2.	Percentage of exposure to twenty large borrowers/customers to total exposure of NBFC on borrowers/customers.	25.08%	25.99%

42(12) (iv): Concentration of Non Performing Assets: (₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total exposure to top four NPA accounts	66,494.21	35,206.71

42(12) (v): Sector wise Non Performing Assets:

Percentage of Non Performing Assets to total advances in that sector (₹ in lakh)

Sl No.	Sector	2016-17	2015-16
1.	Agriculture & Allied activities	-	-
2.	MSME	-	-
3.	Corporate borrowers	5.30%	2.36%
4.	Services	-	-
5.	Unsecured personal loans	-	-
6.	Auto loans	-	-
7.	Other personal loans	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(13): Non- Performing Assets (₹ in lakh)

Sl No.		Particulars	2016-17	2015-16
(i)		Net NPAs to Net Advances (%)	2.91%	1.64%
(ii)		Movement of NPAs Gross		
	(a)	Opening balances	50,732.29	35,861.65
	(b)	Additions during the year	1,21,641.58	15,834.44
	(c)	Reduction during the year	56,037.95	963.80
	(d)	Closing balance	1,16,335.92	50,732.29
(iii)		Movement of Net NPAs		
	(a)	Opening balance	35,088.14	24,606.35
	(b)	Addition during the year	77,287.05	11,042.78
	(c)	Reduction during the year	50,122.17	560.99
	(d)	Closing balance	62,253.02	35,088.14
(iv)		Movement of provision for NPAs (excluding provision on standard assets)		
	(a)	Opening balance	15,644.15	11,255.30
	(b)	Provision made during the year	44,354.53	4,791.66
	(c)	Write off/ Write back of excess provision made during the year	5,915.78	402.81
	(d)	Closing balance	54,082.90	15,644.15

42(14): Overseas Assets: Nil (Previous Year Nil)

42(15): Off Balance sheet Special purpose Vehicles (SPV) sponsored (which are required to consolidated as per accounting norms): Nil (Previous Year Nil)

42(16): Disclosure of Customer Complaints:

No. of complaints pending as on 01.04.2016	No. of complaints received during the FY 16-17	No. of complaints resolved during the FY 16-17	No. of complaints Pending as on 31.03.2017
1	174	163	12

42(17): Postponement of revenue recognition: Nil (Previous Year Nil)

Note: In respect of Non Performing Asset, the revenue is recognised in terms of requirement of Non-Banking Financial Companies - Corporate governance (Reserve Bank) Directions, 2016).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

42(18): Movement of Restructured Accounts:

Particulars		Under CDR Mechanism					Others					Total				
		Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total	Standard	Sub Standard	Doubtful	Loss	Total
Restructured Accounts as on April 1, 2016	No. of borrowers	8	1	2	-	11	9	2	1	-	12	17	3	3	-	23
	Amount outstanding Restructured facility only	81,960	16,386	4,162	-	1,02,508	75,480	8,758	7,891	-	92,129	1,57,440	25,144	12,053	-	1,94,637
	Amount outstanding other facility	18,226	-	-	-	18,226	23,774	60	-	-	23,834	42,000	60	-	-	42,060
	Provision thereon	18,872	3,734	2,863	-	25,469	6,128	1,058	1,578	-	8,764	25,000	4,792	4,441	-	34,233
Movement in balance for accounts appearing under opening balance	No. of borrowers	5	1	2	-	8	9	1	-	-	10	14	2	2	-	18
	Amount outstanding Restructured facility only	(441)	(27)	(98)	-	(566)	(9,925)	(454)	-	-	(10,379)	(10,366)	(481)	(98)	-	(10,945)
	Amount outstanding other facility	(13,217)	-	180	-	(13,037)	881	(20)	-	-	861	(12,336)	(20)	180	-	(12,176)
	Provision thereon	(2,450)	5,293	14,273	-	17,116	(511)	43	4,892	-	4,424	(2,961)	5,336	19,165	-	21,540
Fresh restructuring during the year	No. of borrowers	-	-	-	-	-	4	-	-	-	4	4	-	-	-	4
	Amount outstanding Restructured facility only	-	-	-	-	-	64,661	-	-	-	64,661	64,661	-	-	-	64,661
	Amount outstanding other facility	-	-	-	-	-	8,110	-	-	-	8,110	8,110	-	-	-	8,110
	Provision thereon	-	-	-	-	-	3,233	-	-	-	3,233	3,233	-	-	-	3,233
Upgradations to restructured standard category during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured standard advances which cease to attract higher provisioning and / or additional risk weight at the end of the FY and hence need not be shown as restructured standard advances at the beginning of the next FY	No. of borrowers	(1)	-	-	-	(1)	(1)	-	-	-	(1)	(2)	-	-	-	(2)
	Amount outstanding Restructured facility only	(399)	-	-	-	(399)	(1,841)	-	-	-	(1,841)	(2,240)	-	-	-	(2,240)
	Amount outstanding other facility	-	-	-	-	-	(1,552)	-	-	-	(1,552)	(1,552)	-	-	-	(1,552)
	Provision thereon	(17)	-	-	-	(17)	(92)	-	-	-	(92)	(109)	-	-	-	(109)
Downgradations of restructured accounts during the FY	No. of borrowers	(5)	2	3	-	-	-	(2)	2	-	-	(5)	-	5	-	-
	Amount outstanding Restructured facility only	(62,311)	12,695	49,616	-	-	-	(8,304)	8,304	-	-	(62,311)	4,391	57,920	-	-
	Amount outstanding other facility	(2,320)	355	1,965	-	-	-	(40)	40	-	-	(2,320)	315	2,005	-	-
	Provision thereon	(12,320)	2,664	9,656	-	0	-	(1,101)	1,101	-	-	(12,320)	1,563	10,757	-	0
Write-offs of restructured accounts during the FY	No. of borrowers	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding Restructured facility only	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Amount outstanding other facility	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
	Provision thereon	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Restructured Accounts as on March 31, 2017	No. of borrowers	2	3	5	-	10	12	-	3	-	15	14	3	8	-	25
	Amount outstanding Restructured facility only	18,809	29,054	53,680	-	1,01,543	1,28,375	-	16,195	-	1,44,570	1,47,184	29,054	69,875	-	2,46,113
	Amount outstanding other facility	2,689	355	2,145	-	5,189	31,213	-	40	-	31,253	33,902	355	2,185	-	36,442
	Provision thereon	4,085	11,691	26,792	-	42,568	8,758	-	7,571	-	16,329	12,843	11,691	34,363	-	58,897

Note: There were no restructuring during the year under SME debt Restructuring Mechanism.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

43: The following information is disclosed in terms of RBI circular DBR No.BP.BC.34/21.04.132/2016-17 dated November 10, 2016.

43(1)Disclosure on flexible structuring of existing loans: (₹ in lakh)

Period	No of borrowers taken up for flexible restructuring	Amount of loans taken up for flexible restructuring		Exposure weighted average duration of loans taken up for flexible structuring	
		Classified as Standard	Classified as NPA	Before applying flexible structuring	After applying flexible structuring
FY 15-16	1	5,480.77	-	15	25
FY 16-17	4	56,065.14	-	13	23

43(2): Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period)

(₹ in lakh)

No. of accounts where SDR has been invoked	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity has taken place	
	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA	Classified as standard	Classified as NPA
13	81,796.86	-	50,984.01	-	30,812.85	-

43(3): Disclosures on change in ownership outside SDR Scheme (accounts which are currently under the stand-still period)

(₹ in lakh)

No. of accounts where banks have decided to effect change in ownership	Amount outstanding as on the reporting date		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares is pending		Amount outstanding as on the reporting date with respect to accounts where conversion of debt to equity/invocation of pledge of equity shares has taken place		Amount outstanding as on the reporting date with respect to accounts where change in ownership is envisaged by issuance of fresh shares or sale of promoters equity	
	Classified as standard	classified as NPA	Classified as standard	classified as NPA	Classified as standard	classified as NPA	Classified as standard	classified as NPA
4	10,947.91	-	10,947.91	-	-	-	-	-

43(4): Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period)-: Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

44 The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

(₹ in lakh)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	0.01	0.01
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.01	0.01

Schedule to the
Balance Sheet of a non-deposit taking non-banking financial company

(as required in terms of paragraph 18 of Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016)

Liability Side:

1. Loans and advances availed by the Non-Banking Financial Companies inclusive of interest accrued thereon but not paid:

(₹ in lakh)

	Particular	As at 31.03.2017 Amount outstanding	As at 31.03.2017 Amount Overdue	As at 31.03.2016 Amount outstanding	As at 31.03.2016 Amount overdue
(a)	Debentures :				
	Secured	8,89,399.78	-	7,13,521.34	-
	Unsecured	2,32,463.02	-	1,52,361.78	-
	(Other than falling within the meaning of Public Deposits)				
(b)	Deferred Credits	-	-	-	-
(c)	Term Loans	9,44,337.88	-	10,98,903.12	-
(d)	Inter-Corporate Loans and borrowings	-	-	-	-
(e)	Commercial Paper	93,514.66	-	1,16,123.45	-
(f)	Other Loans				
	i) Foreign Currency Loan	3,268.16	-	10,016.75	-
	ii) Bank Overdraft , Cash credit & Working Capital Demand Loan	423.67	-	12,172.21	-
	Total	**21,63,407.17**	**-**	**21,03,098.65**	**-**

Asset Side:

2. Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]

(₹ in lakh)

	Particular	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
(a)	Secured (Net of Provision)	20,79,318.38	20,93,576.76
(b)	Unsecured	28,019.98	28,019.98

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

3. Break-up of Leased Assets and Stock on Hire and hypothecation loans counting towards AFC activities:

(₹ in lakh)

Particular	**As at 31-03-2017 Amount outstanding**	**As at 31-03-2016 Amount outstanding**
(i) Lease assets including lease rentals under sundry debtors :		
(a) Financial Lease	-	-
(b) Operating Lease	-	-
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on Hire	-	-
(b) Repossessed Assets	-	-
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed	-	-
(b) Loans other than (a) above	-	-

4. Break-up of Investments

(₹ in lakh)

	As at 31.03.2017 Amount outstanding	**As at 31.03.2016 Amount outstanding**
Current Investments		
1. Quoted (Includes listed investments)		
(i) Shares : (a) Equity	5,336.07	1,220.84
(b) Preference	-	-
(ii) Debentures and Bonds	2,900.00	32,490.00
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (Share application money)	-	3,347.35
2. Unquoted :		
(i) Shares : (a) Equity	12,678.24	3,728.01
(b) Preference	70.10	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	52,000.00	25,000.00
(iv) Government Securities	-	-
(v) Others (Share application money)	6,277.24	-
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	-	-
(b) Preference	-	-
(ii) Debentures and Bonds	-	-
(iii) Units of Mutual Funds	-	-
(iv) Government Securities	-	-
(v) Others (please specify)	-	-
2. Unquoted :		
(i) Shares : (a) Equity	64,168.36	54,113.56
(b) Preference	922.15	7,172.15
(ii) Debentures and Bonds	43,936.52	43,936.52
(iii) Units of Mutual Funds / Venture Capital Fund	24,372.10	19,605.26
(iv) Government Securities	-	-
(v) Others (Security Receipts)	48,626.80	22,791.90

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

5. Borrower group-wise classification of assets financed as in (2) and (3) above (see footnote 2 below):

(₹ in lakh)

Category	Amount (net of provisions)	
	As at 31-03-2017	As at 31-03-2016
1. Related Parties **		
(a) Subsidiaries	-	-
(b) Companies in the same group	-	-
(c) Other related parties	-	-
2. Other than related parties		
Secured (Net of Provision)	20,79,318.38	20,93,576.76
Unsecured	28,019.98	28,019.98
Total	**21,07,338.36**	**21,21,596.74**

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (see footnote 3 below)

(₹ in lakh)

Category	As at 31-03-2017		As at 31-03-2016	
	Market Value/ Breakup Value/ Fair value / NAV	Book Value (Net of Provisions)	Market Value/ Breakup Value/ Fair value / NAV	Book Value (Net of Provisions)
1. Related Parties **				
(a) Subsidiaries	510.00	510.00	510.00	510.00
(b) Companies in the same group	-	-	-	-
(c) Other related parties	30,580.00	30,580.00	30,580.00	30,580.00
2. Other than related parties	2,30,197.58	2,19,193.59	1,82,315.59	1,72,643.51
Total	**2,61,287.58**	**2,50,283.59**	**2,13,405.59**	**2,03,733.51**

** As per Accounting Standard issued by the Institute of Chartered Accountants of India (see footnote 3 below)

7. Other information

(₹ in lakh)

	Particulars	As at 31-03-2017	As at 31-03-2016
		Amount	Amount
(i)	Gross Non-Performing Assets	1,16,335.92	50,732.29
	(a) Related parties	-	-
	(b) Other than related parties	1,16,335.92	50,732.29
(ii)	Net Non-Performing Assets	62,253.02	35,088.14
	(a) Related parties	-	-
	(b) Other than related parties	62,253.02	35,088.14
(iii)	Assets acquired in satisfaction of debt	75,159.46	39,969.09

NOTES FORMING PART OF THE FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Footnotes:

1. As defined in paragraph 2 (1) (xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms have been applied as prescribed in Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016.
3. All Accounting Standards represents to Companies Act, 2013 and Companies Rules and Guidance Notes issued by the Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/Net Asset Value in respect of unquoted investments have been disclosed irrespective of whether they are classified as long term or current in (4) above.

Note 45: Previous year's figures have been regrouped / reclassified wherever necessary to correspond with the current year's classification / disclosure.

For and on behalf of the Board of Directors of
L&T Infrastructure Finance Company Limited

Dinanath Dubhashi
Director
DIN 03545900

S.H. Bhojani
Director
DIN 00196767

Sachinn Joshi
Chief Financial Officer

Ankit Sheth
Company Secretary
M.No. A27521

Place: Mumbai
Date : May 3, 2017

BOARD'S REPORT

Dear Members,

The Directors of the Company have pleasure in presenting the Sixth Annual Report together with the Audited Financial Statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year 2016-17, as compared to the previous financial year 2015-16 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Gross Income	1273.50	1,228.31
Expenses	520.48	371.67
Profit before Tax/(Loss)	753.02	856.64
Provision for Tax including Deferred tax and MAT credit	266.37	266.12
Profit after Tax/(Loss)	486.65	590.52
Other Comprehensive Income	-	1.98
Total Comprehensive Income for the year	486.65	592.50
Add: Balance brought forward from previous year	319.03	(273.47)
Balance available for appropriation	805.68	319.03
Surplus/ (Deficit) in the Statement of Profit and Loss	805.68	319.03

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company, which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

In order to conserve the reserves of the Company, the directors have decided not to recommend any dividend for the year under review.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY PERFORMANCE OF THE COMPANY

The Company is acting as an Investment Manager of L&T Infra Investment Partners (Private Equity Fund). The corpus of the fund as at the end of the year is ₹ 59,400 Lakhs.

During the year, the Company has earned management fees of ₹ 1,188 Lakhs same as the fees received in the preceding financial year.

FINANCIAL PERFORMANCE

During the year under review, the Company has earned a gross income of ₹ 1273.50 Lakhs as against ₹ 1,228.31 Lakhs earned by it in the previous year. The profit before tax was ₹ 753.02 Lakhs, the profit after tax was ₹ 486.65 Lakhs and Other comprehensive income was ₹ Nil for the financial year under review as against ₹ 856.64 Lakhs, ₹ 590.52 Lakhs and ₹ 1.98 Lakhs respectively for the previous financial year.

SHARE CAPITAL

The authorised share capital of the Company is ₹ 5,00,00,000/- (Rupees Five Crore only) divided into 50,00,000 (Fifty Lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each.

As on March 31, 2017, the paid-up capital of the Company stands at ₹ 5,00,00,000/- (Rupees Five Crore only) divided into 50,00,000 (Fifty Lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each.

PUBLIC DEPOSIT

The Company has not accepted or invited any deposits from the public within the ambit of the provisions of Section 73 of the Companies Act, 2013 ("the Act") and the Companies (Acceptance of Deposits) Rules, 2014, during the year under review.

DIRECTORS

The composition of the Board is in accordance with the provisions of the Companies Act, 2013 **("the Act")**. As on March 31, 2017, the Board comprises of the following Directors:

- Mr. Y. M. Deosthalee Non-Executive Director
- Mr. Dinanath Dubhashi Non-Executive Director
- Mr. Virender Pankaj Non-Executive Director

Following changes took place in the Board of the Company during the year under review:

- **Appointment:**

  Mr. Dinanath Dubhashi and Mr. Virender Pankaj who were appointed as an Additional Director by the Board at its meeting held on April 29, 2016 and July 19, 2016 respectively, have been appointed as a Non-Executive Directors of the Company after obtaining the approval of the Members at their meeting held on August 17, 2016.

- **Cessation:**

  Mr. N. Sivaraman, Mr. G. Krishnamurthy and Mr. Akshay A. Singh had resigned from the Board with effect from April 12, 2016, May 26, 2016 and September 3, 2016, respectively, due to other professional commitments.

  The Board placed on record its appreciation of the valuable services rendered by the aforesaid directors.

  Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every annual general meeting, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Mr. Dinanath Dubhashi, Non - Executive Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

  The Directors of the Company hereby affirms compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL

Ms. Ishwari Chavan, Company Secretary was the Key Managerial personnel of the Company.

BOARD MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors.

During the financial year 2016-2017, the Board of Directors of the Company met Four (4) times on April 27, 2016, July 19, 2016, October 21, 2016 and January 19, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Y. M. Deosthalee	00001698	NED	4	4
Mr. Dinanath Dubhashi(5)	03545900	NED	4	3
Mr. N. Sivaraman(1)	00001747	NED	4	-
Mr. Dhananjay Mungale(2)	00007563	ID	4	1
Mr. Akshay A. Singh(3)	01613142	NED	4	2
Mr. Virender Pankaj	07554897	NED	4	2
Mr. G. Krishnamurthy(4)	06560170	NED	4	-

Notes:
(1) Ceased to be a Director with effect from April 12, 2016.
(2) Ceased to be a Director with effect from April 28, 2016.
(3) Ceased to be a Director with effect from September 3, 2016.
(4) Appointed as director on the Board of the Company with effect from April 27, 2016 and ceased to be a Director with effect from May 26, 2016.
(5) Appointed as director on the Board of the Company with effect from April 29, 2016.

ID - Independent Director NED - Non-Executive Director

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

Though the constitution of Audit Committee (“AC”) is not mandatory for the Company under the provision of section 177 of Companies Act, 2013, the Company has voluntarily constituted an Audit Committee.

As at March 31, 2017, the Audit Committee comprises of Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi and Mr. Virender Pankaj.

The role, terms of reference, authority and powers of the AC are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

During the financial year 2016 -2017, Four (4) such Meetings of the AC were held on April 27, 2016, July 19, 2016, October 21, 2016 and January 19, 2017.

The attendance of the Members of the Audit Committee at the Meetings held during the FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Mr. Y. M. Deosthalee	4	4
Mr. Dinanath Dubhashi	4	3
Mr. Dhananjay Mungale	4	1
Mr. Akshay A. Singh	4	1
Mr. Virender Pankaj	4	2

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(1) of the Act and the rules made thereunder, Members at the Fifth Annual General Meeting ("AGM") of the Company held on August 17, 2016 had appointed M/s. Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company for a period of five years i.e. from the conclusion of Fifth AGM till the conclusion of Tenth AGM.

Further, in terms of section 139(1) the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp and Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the members at the ensuing Sixth AGM.

In this regard the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act.

AUDITORS' REPORT

The Auditors' Report to the Shareholders for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The Company did not have any employee during the year under review. Accordingly, the information required pursuant to the provisions of Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company does not apply.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities carried on by the Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, are not relevant to its activities.

There were no foreign exchange earnings or outgo during the period under review.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly owned subsidiary of L&T Infrastructure Finance Company Limited. Further, the Company has no subsidiary, joint venture or associate companies.

Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure A** to this Report.

PARTICULARS OF LOAN GIVEN, INVESTMENT MADE GUARANTEE GIVEN AND SECURITY PROVIDED BY THE COMPANY UNDER SECTION 186 OF THE ACT

The Company has not made any loans or given any guarantees or provided security to other bodies corporate or person under provisions of Section 186 of the Act. The Company has also not acquired any securities of any other body corporate.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work

Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity. During the period under review, the Company had not received any complaint in this regard.

VIGIL MECHANISM / WHISTLE BLOWER POLICY

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules 2014 read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework (the framework) to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee of this matter. The Chief Internal Auditor of L&T Financial Services is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

The Company has internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit (IA) function of LTFS Group. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department of LTFS monitors and evaluates the efficacy and adequacy of the internal control systems in the Company, and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of internal audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthens the controls. Significant audit observations and corrective actions thereon are presented to the Audit Committee of the Board from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

The Directors, based on the representations received from the operational management, confirm in pursuance of Section 134(5) of the Companies Act, 2013, that:

1. In the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2. The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;
3. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4. The Directors have prepared the annual accounts on a going concern basis;
5. the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and
6. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY (CSR)

In accordance with the requirements of Section 135 of Companies Act, 2013, the Company has constituted a Corporate Social Responsibility Committee ("CSR Committee"). As at March 31, 2017 CSR Committee comprises of Mr. Y.M. Deosthalee, Mr. Dinanath Dubhashi and Mr. Virender Pankaj. The Company has also formulated a Corporate Social Responsibility Policy.

Annual report on CSR activities as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure B** to this Report.

During the year under review, CSR Committee had met once in a year i.e. September 14, 2016 and all the members were present.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Board of Directors at its meeting held on July 21, 2014 had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has a framework in place to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that risk is controlled by means of a properly designed framework.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by any Regulator during the year under review.

ACKNOWLEDGEMENTS

The Directors wish to express their deep sense of appreciation for the support and the co-operation extended by the Company's bankers and its stakeholders.

For and on behalf of the Board of Directors

Dinanath Dubhashi	**Virender Pankaj**
Director	Director
DIN: 03545900	DIN: 07554897

Date: April 28, 2017
Place: Mumbai

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017

[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

1. Registration details of Company –

CIN	U67190MH2011PTC218046
Registration date	May 30, 2011
Name of the Company	L&T Infra Investment Partners Advisory Private Limited
Category/Sub-Category of the Company	Company limited by shares/Indian Non-Government Company
Address of the Registered office and contact details	Plot No. 177, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai – 400 098 Phone: +91 22 62125000 Fax: +91 22 62125398
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

2. Principal business activities of the Company

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Providing investment advisory/ management services.	66190	100%

3. Particulars of its holding, subsidiary and associate companies –

Sr. No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary / Associate	% of shares held	Applicable Section
1.	L&T Infrastructure Finance Company Limited Mount Poonamallee Road, Manapakkam, Chennai – 600089, Tamil Nadu, India	U67190TN2006PLC059527	Holding	100%	2(46)

4. Shareholding pattern of the Company (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF	-----	*2	2	0	-----	*2	2	0	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	-----	49,99,998	49,99,998	100	-----	49,99,998	49,99,998	100	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL:(A) (1)	**------**	**50,00,000**	**50,00,000**	**100**	**-----**	**50,00,000**	**50,00,000**	**100**	**-----**
(2) Foreign									
a) NRI- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
b) Other Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	-----
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other…	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL (A) (2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**-----**	**50,00,000**	**50,00,000**	**100**	**-----**	**50,00,000**	**50,00,000**	**100**	**-----**
B. PUBLIC SHAREHOLDING									
(1) Institutions									
a) Mutual Funds	-----	-----	-----	-----	-----	-----	-----	-----	-----
b) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Cenntral govt	-----	-----	-----	-----	-----	-----	-----	-----	-----
d) State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Venture Capital Fund	-----	-----	-----	-----	-----	-----	-----	-----	-----
f) Insurance Companies	-----	-----	-----	-----	-----	-----	-----	-----	-----
g) FIIS	-----	-----	-----	-----	-----	-----	-----	-----	-----
h) Foreign Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	-----
i) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL (B)(1):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**
(2) Non Institutions									
a) Bodies corporates	-----	-----	-----	-----	-----	-----	-----	-----	-----
i) Indian	-----	-----	-----	-----	-----	-----	-----	-----	-----
ii) Overseas	-----	-----	-----	-----	-----	-----	-----	-----	-----
b) Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	-----
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL (B)(2):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**
C. Shares held by Custodian for GDRs & ADRs	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**
Grand Total (A+B+C)	**------**	**50,00,000**	**50,00,000**	**100**	**-----**	**50,00,000**	**50,00,000**	**100**	**-----**

* The Company is a wholly-owned subsidiary of L&T Infrastructure Finance Company Limited. For the purpose of complying with the provisions regarding minimum number of Members, 2 shares held by individuals jointly with L&T Infrastructure Finance Company Limited.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			
		No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the Company	% of shares pledged encumbered to total shares	% change in share holding during the year
1	L&T Infrastructure Finance Company Limited (LTIF)	*50,00,000	100	-------	50,00,000	100	------	------

* The Company is a wholly-owned subsidiary of L&T Infrastructure Finance Company Limited. For the purpose of complying with the provisions regarding minimum number of Members, 2 shares held by individuals jointly with L&T Infrastructure Finance Company Limited.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sr. No		Share holding at the beginning of the Year (As on April 1, 2016)		Cumulative Share holding during the year (April 1, 2016 to March 31, 2017)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	50,00,000	100	-------	-------
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for Increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--------	--------	--------	--------
3	At the end of the year	--------	----------	50,00,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No	Name of Shareholder	Shareholding at the end of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	--------	--------	--------	--------
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
3	At the end of the year (or on the date of separation, if separated during the year)	--------	--------	--------	--------

(v) Shareholding of Directors & Key Managerial Personnel (KMP)

Sr. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	*1	0.0	1	0.0
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year	*1	0.0	1	0.0
	*** One share held by Mr. Dinanath Dubhashi jointly with L&T Infrastructure Finance Company Limited (Bodies Corporate)**				

V. Indebtedness

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**Nil**	**Nil**	**Nil**
Changes in Indebtedness during the financial Year				
• Addition	Nil	Nil	Nil	Nil
• Reduction (Principal)	Nil	Nil	Nil	Nil
Net Changes (Principal)	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year				
i) Principal amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing directors, Whole – Time Director and/or Manager: @

Sr. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	----	----
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	----	----
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	----	----
2	Stock Option	----	----
3	Sweat Equity	----	----
4	Commission		
	- as % of profit	----	----
	- others, specify…	----	----
5	Others, please specify	----	----
	Total (A)	----	----
	Ceiling as per the Act	----	----

@ Pursuant to the provisions of the Companies Act, 2013, the Company is not required to have a Manager.

B) Remuneration to other directors

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors	Total Amount
		Mr. Dhananjay Mungale	
1.	Independent Directors		
	• Fee for attending board / committee meetings	Nil	Nil
	• Commission	Nil	Nil
	• Others, please specify	Nil	Nil
	Total (1)	Nil	Nil
3	Other Non-Executive		
	Directors		
	• Fee for attending board / committee meetings	40,000	40,000
	• Commission	Nil	Nil
	• Others, please specify	Nil	Nil
	Total (2)	40,000	40,000
	Total (B)=(1+2)	40,000	40,000
	Total Managerial Remuneration	40,000	40,000
	Overall Ceiling as per the Act	Not Applicable	

C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD

Sr. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS Ms. Ishwari Chavan[1]**	**CFO**	**Total**
1.	Gross salary	N.A.	N.A.	N.A.	N.A.
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961				
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961				
	(c) Profits in lieu of salary under section 17(3) Income – tax Act, 1961				
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission				
	- as % of profit				
	- others, specify…	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	**N.A.**	**N.A.**	**N.A.**	**N.A.**

[1] Not applicable, as part of group functions

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013): NONE

ANNUAL REPORT 2016-17 - ANNEXURE - B TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")
(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) **A brief outline of the company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013.

2) **Composition of CSR Committee:**

The Composition of CSR Committee is disclosed in the Board's Report.

3) **Average Net Profit of the Company for the last three financial years is ₹ 482.92 lakh**

4) **Prescribed CSR Expenditure and details of CSR spend:**

Particulars	₹ in Lakh
Prescribed CSR Expenditure	9.66
Amount spent as CSR	9.66
Amount unspent	-

5) **Manner in which amount spent during the financial year:(Amount in lakhs)**

Sr. No.	CSR Project or Activity Identified	Sector in which Project is Covered	Projects or Program Coverage	Amount Outlay (budget) project or Programs wise	Amount Spent on the Projects or Programs. Sub Heads- (a) Direct Expenditure & (b) Overheads	Cumulative Expenditure upto the reporting period	Amount spent: Direct or through implementing Agency
1	Rural development through - Watershed Management - drought relief Pro ject	x) Rural development projects	State: Maharashtra District: Beed	9.66	9.66	9.66	Indirect**
Total CSR Spend in FY 16-17 (in INR.)				**9.66**	**9.66**	**9.66**	

Note:

Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) **Responsibility Statement:**

The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director and Member of CSR Committee
DIN: 03545900

Virender Pankaj
Director and Member of CSR Committee
DIN: 07554897

INDEPENDENT AUDITORS' REPORT

To the members of L&T Infra Investment Partners Advisory Private Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Infra Investment Partners Advisory Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income,cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The transition date opening balance sheet as at 1 April 2015 included in the standalone Ind AS financial statement, is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by other auditors on which they expressed a unmodified opinion dated 22 April 2015. The adjustments to these financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our report is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 28 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and are in accordance with books of account maintained by the Company refer note 09 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) According to the information and explanations given to us, there were no fixed assets during the year and hence reporting on clause (i) (a), (b) and (c) of the Order is not applicable.

2 According to the information and explanations given to us, the Company is engaged primarily in services related to investment advisory / management services and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a),(b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holder, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided for during the year and hence reporting on clause (xi) of the Order is not applicable;

12 According to the information and explanation given to us the Company is not a Nidhi Company,

accordingly, reporting on clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non-cash transactions with directors or persons connected with him. Accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting on clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of L&T Infra Investment Partners Advisory Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Currency: ₹)

			Note No	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**ASSETS**					
		Non-current assets				
	(a)	Property, Plant and Equipment				
		Other Intangible assets		-	-	1,038
	(b)	Financial Assets				
		Non-current investments	4	10,000	10,000	10,000
	(c)	Deferred tax asset (net)	11	46,608	5,085,049	12,844,460
	(d)	Income tax assets/ Advance income tax	5	14,052,085	12,914,395	23,028,978
	(e)	Other non-current assets	6	804,289	1,072,385	1,340,481
		Current Assets				
	(a)	Financial Assets				
	(i)	Current investments	7	133,595,848	86,113,852	46,137,992
	(ii)	Trade receivables	8	5,350	-	122,468
	(iii)	Cash and cash equivalents	9	1,049,465	1,437,584	2,982,712
	(b)	Other current assets	10	2,489,259	823,007	682,883
		TOTAL		**152,052,904**	**107,456,272**	**87,151,012**
II	**EQUITY AND LIABILITIES**					
		EQUITY				
	(a)	Equity Share capital	12	50,000,000	50,000,000	50,000,000
	(b)	Other Equity				
		Reserves and surplus	13	80,567,880	31,902,981	(27,346,742)
		LIABILITIES				
		Non-current Liabilities				
	(a)	Financial Liabilities				
	(i)	Long term borrowings	14	-	-	35,488,766
	(b)	Employee benefit obligations (Non-current)	15	-	2,454,883	1,675,144
		Current liabilities				
	(a)	Financial Liabilities				
		Trade payables	16	5,672,090	11,936,827	23,678,399
		Other current liabilities	17	3,006,839	1,115,421	1,100,419
	(b)	Current tax liabilities (net)	18	12,806,095	6,895,674	-
	(c)	Employee benefit obligations (Current)	19	-	3,150,486	2,555,026
		TOTAL		**152,052,904**	**107,456,272**	**87,151,012**

The accompanying notes form an integral part of this financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director
DIN : 03545900

Virender Pankaj
Director
DIN : 07554897

Ishwari Chavan
Company Secretary
M. No. A32102
Mumbai, April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

		Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
I	Revenue from operations	20	118,800,000	118,800,000
II	Other Income	21	8,549,994	4,031,017
III	**Total Income (I+II)**		**127,349,994**	**122,831,017**
IV	**Expenses :**			
	Employee benefits expense	22	3,674,512	25,974,805
	Finance cost	23	-	821,919
	Depreciation and amortisation		-	1,038
	Other expenses	24	48,373,176	10,369,510
	Total Expenses (IV)		**52,047,688**	**37,167,272**
V	Profit/(Loss) before tax		75,302,306	85,663,745
VI	Tax expenses :			
	Current tax		24,686,095	18,852,853
	Excess tax provision for earlier year		(1,973,938)	
	MAT Credit Entitlement		(1,113,190)	-
	Deferred tax		5,038,440	7,759,411
	Tax Expenses		**26,637,407**	**26,612,264**
VII	**Profit for the year (V-VI)**		**48,664,899**	**59,051,481**
VIII	**Other Comprehensive Income**			
	Actuarial Gain/(Loss) on employee benefits		-	198,244
IX	**Total Comprehensive Income for the year (VII+VIII)**		**48,664,899**	**59,249,725**
	Earning per equity share (Face Value of ₹ 10 per share)	33		
	Basic and Diluted		**9.73**	**11.81**
	The accompanying notes form an integral part of this financial statements			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director
DIN : 03545900

Virender Pankaj
Director
DIN : 07554897

Ishwari Chavan
Company Secretary
M. No. A32102
Mumbai, April 28, 2017

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

A. Equity Share Capital

Balance as at April 1, 2015	Change during year	Balance as at March 31, 2016
50,000,000	-	50,000,000

Balance as at April 1, 2016	Change during year	Balance as at March 31, 2017
50,000,000	-	50,000,000

B. Other Equity

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance as at April 1, 2015	(27,346,744)	(27,346,744)
Total Comprehensive Income for the year	59,249,725	59,249,725
Balance as at March 31, 2016	31,902,981	31,902,981

Particulars	Reserves and Surplus	Total
	Retained Earnings	
Balance as at March 31, 2016	**31,902,981**	**31,902,981**
Total Comprehensive Income for the year	48,664,899	48,664,899
Balance as at March 31, 2017	**80,567,880**	**80,567,880**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director
DIN : 03545900

Virender Pankaj
Director
DIN : 07554897

Ishwari Chavan
Company Secretary
M. No. A32102
Mumbai, April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities			
Profit / (Loss) before taxation		75,302,306	85,663,745
Other comprehensive Income		-	198,244
		75,302,306	85,861,989
Adjustments			
Depreciation		-	1,038
Amortisation of expenses		268,096	268,096
Dividend income		(1,046,768)	(2,862,153)
Profit on sale of Mutual Fund		(7,503,226)	(713,707)
Interest on Cumulative Cumpulsory Convertible Debentures (CCCD's - net of TDS)		-	739,727
Operating cash flows before working capital changes		**67,020,408**	**83,294,990**
Adjustments for			
(Increase)/Decrease in current assets		(1,671,602)	(17,656)
Increase / (Decrease) in non-current liabilities		(2,454,883)	779,739
Increase / (Decrease) in current liabilities		(7,523,804)	(11,131,112)
Cash used in operations		**55,370,119**	**72,925,961**
Income taxes paid (incl TDS)		(16,826,236)	(1,842,596)
Net cash flows used in operating activities	**A**	**38,543,883**	**71,083,365**
Cash flows from Investing Activities			
Dividend received		1,046,768	2,862,153
Interest received		-	-
Net Investment in Mutual Fund		(39,978,770)	(39,262,153)
Net cash used in investing activities	**B**	**(38,932,002)**	**(36,400,000)**
Cash flows from financing activities			
Repayment of Cumulative Cumpulsory Convertible Debentures		-	(30,000,000)
Interest paid		-	(6,228,493)
Proceeds from receipt of share application money		-	-
Net cash generated from financing activities	**C**	**-**	**(36,228,493)**
Net increase / (decrease) in cash and cash equivalents	**(A+B+C)**	**(388,119)**	**(1,545,128)**
Cash and cash equivalents as at the beginning of the year		**1,437,584**	**2,982,712**
Cash and cash equivalents as at the end of the period/year		**1,049,465**	**1,437,584**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flow".
2. Cash and cash equivalents represent cash and bank balances.
3. Previous period/year figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director
DIN : 03545900

Virender Pankaj
Director
DIN : 07554897

Ishwari Chavan
Company Secretary
M. No. A32102
Mumbai, April 28, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Background

L&T Infra Investment Partners Advisory Private Limited ('the Company') was incorporated on 30 May 2011 under the provisions the Companies Act, 1956 and obtained certificate of commencement of business on the same date. The Company is a 100% subsidiary of L&T Infrastructure Finance Company Limited. The Company is engaged in the business of providing investment advisory / management services.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from April 1, 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 34 for an explanation of how the transition from previous GAAP to Ind AS has been affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at March 31, 2016 and April 1, 2015 and of the comprehensive net income for the year ended March 31, 2016 (Refer Note 37).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

2.3 Share Capital

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.4 Intangible Assets- Computer software

Intangible assets- Computer software are amortised in the statement of profit and loss over their estimated useful lives, from the date that they are available for use based on the expected pattern of consumption of economic benefits of the asset. Accordingly, at present, these are being amortised on straight line basis.

2.5 Employee benefits

Short term

Short term employee benefits include salaries, allowances and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, by the Company along with its employees.

(a) Defined contribution plans- Provident fund and family pension fund

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These comprise of contributions to the employees' provident fund and family pension fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

(b) Defined benefit plans- Gratuity

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life using the projected unit credit method. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceed the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan.

The net interest cost is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets. This cost is included in employee benefit expense in the statement of profit and loss.

Re-measurement gains and losses arising from experience adjustments and changes in actuarial assumptions are recognised in the statement of other comprehensive income in the year in which they arise.

(c) Compensated Absences

The employees can carry-forward a portion of the unutilised accrued compensated absences and utilise it in future service periods or receive cash compensation on termination of employment. Since the compensated absences do not fall due wholly within twelve months after the end of the year in which the employees render the related service and are also not expected to be utilised wholly within twelve months after the end of such year, the benefit is measured as present value of expected future payments to be made in respect of services provided by employees up to the end of the reporting period on the basis of independent actuarial valuation using the projected unit credit method. The Company records an obligation for such compensated absences in the period in which the employee renders the services. The obligations are classified as current and are presented as short term provisions since the company does not have an unconditional right to defer settlement for at least months after the reporting period, regardless of when the actual settlement is expected to occur.

(d) Employee Stock Options schemes

The Employee Stock Options Scheme ("the Scheme") has been established by the ultimate holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the ultimate holding company that vest in a graded manner. The options may be exercised within a specified

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999.

The cost incurred by the holding company, in respect of options granted to employees of the Company is being charged to the statement of profit and loss, with a corresponding adjustment to equity over the vesting period and recovered by the holding Company.

2.6 Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

(a) Advisory Fees

Advisory fees are recognised quarterly on an accrual basis, in accordance with the terms of contract.

(b) Dividend income

Dividend income is recognised when the right to receive payment is established.

(c) Interest income

Interest income is recognised on a time proportion basis taking into account the amount outstanding and the interest rate applicable.

(d) Profit or loss on Sale of Investments

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a First in First out basis.

2.7 Professional Fees

Professional fees paid by the Company to underwriters / placement agencies to secure capital commitments, which are incremental and directly related to obtain investment commitments, are capitalized and amortized over the life of the fund, i.e. ten years.

2.8 Income Taxes

Income taxes are accounted for in accordance with Ind AS 12 "Income Taxes". Tax expense comprises both current tax and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised.

2.9 Provisions, Contingent Liabilities & Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent Liabilities are disclosed by way of notes to Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

Contingent Assets are disclosed in the financial statement when an inflow of economic benefits are probable.

2.7 Earning Per Shares

Basic earning per shares is calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of Equity shares outstanding during the year.

Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares.

The amount of equity shares to be issued by the Company on conversion of the Cumulative Compulsory Convertible Debentures ('CCCD') is currently not determinable. Hence the effect on the same is not considered.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3 Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and payable - There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Recognition of deferred tax assets for carried forward tax losses - The company has not recognised deferred tax assets on carried forward tax losses. The losses can be carried forward for a period of 8 years as per tax regulations and the Company does not expect to recover the losses in forseable future.

4 Non current investments

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Sponsoror's contribution to trustee	10,000	10,000	10,000
	10,000	**10,000**	**10,000**

5 Income tax assets/ Advance income tax

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance tax (net of provision) for earlier years	270,166	245,666	10,156,748
Advance tax (net of provision for tax)	-	-	203,501
MAT credit entitlement	13,781,919	12,668,729	12,668,729
	14,052,085	**12,914,395**	**23,028,978**

6 Other non current assets

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unamortised professional fees (Placement Fees)	804,289	1,072,385	1,340,481
	804,289	**1,072,385**	**1,340,481**

7 Current investments

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unquoted			
Mutual Fund units			
420,214.982 (March 31, 2016: 300,053.492 units; April 1, 2015: 175,069.768 units) units of ICICI Prudential Flexible Income - Direct Growth	133,595,848	86,113,852	46,137,992
	133,595,848	**86,113,852**	**46,137,992**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

8 Trade receivables (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, considered good (unless otherwise stated)			
Trade receivables	5,350	-	122,468
	5,350	**-**	**122,468**

9 Cash and cash equivalents (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Cash in hand	-	3,246	8,244
Balances with bank			
- in current account	1,049,465	1,434,338	2,974,468
	1,049,465	**1,437,584**	**2,982,712**

Note- There is no cash on hand as on 8th November, 2016. Also, the company has no transaction in cash during the period from 8th November, 2016 to 30th December, 2016.

10 Other current assets (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Service tax credit receivable	2,202,548	210,706	153,682
Unamortised Professional Fees	268,096	268,096	268,096
Prepaid Expenses	18,615	344,205	261,105
	2,489,259	**823,007**	**682,883**

11 Deferred tax assets / (liability) (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Carry forward of unabsorbed Tax losses	-	-	12,844,460
(Gain) on FVTPL of investments made in mutual funds	(31,690)	(71,022)	-
Provision for gratuity and leave encashment	-	1,853,303	-
Difference between book depreciation and tax depreciation	296	741	-
Other item giving rise to timing difference	78,002	3,302,027	-
	46,608	**5,085,049**	**12,844,460**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

12 Share capital

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
50,00,000 equity shares of ₹ 10 each	50,000,000	50,000,000	50,000,000
	50,000,000	**50,000,000**	**50,000,000**
Issued, subscribed and fully paid up			
50,00,000 equity shares of ₹ 10 each	50,000,000	50,000,000	50,000,000
	50,000,000	**50,000,000**	**50,000,000**
Reconciliation of number of shares outstanding at the beginning and at end of the period			
Number of shares at the beginning	5,000,000	5,000,000	5,000,000
Addition during the period/year	-	-	-
Number of shares at the end	**5,000,000**	**5,000,000**	**5,000,000**

Terms / Rights attached to Equity shares

The Company has only one class of Equity shares having a par value of ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend repayment of capital and voting. In the event of liquidation of the Company the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity Shares held by Holding Company

The entire issued, subscribed and paid up equity shares of 50,00,000 is held by the holding company, L&T Infrastructure Finance Company Limited and it's nominees. (Previous year 50,00,000)

Details of shareholding more than 5% shares in the Company

L&T Infrastructure Finance Company Limited (100%)

There are no shares allotted for consideration other than cash since the incorporation date.

13 Reserves and surplus

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statement of profit and loss			
Balance at the beginning of the year	31,902,981	(27,346,744)	(71,209,347)
Additions during the year	48,664,899	59,249,725	43,862,605
Balance at the end of the year	**80,567,880**	**31,902,981**	**(27,346,742)**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

14 Long term borrowings

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured			
Cumulative Compulsory Convertible Debentures (CCCD's)	-	-	35,488,766
	-	**-**	**35,488,766**

Details of Long term Cumulative Compulsory Convertible Debentures (CCCD's) are as follows:

Sr. No.	Date of allotment	Date of conversion	Rate of Interest*
1	20.03.2013	20.03.2025	10%

The above mentioned CCCD's are being held by L&T Infrastructure Finance Company Limited

* Rate of Interest is 10% per annum (or pooled rate of interest but subject to an upper cap of 10%).

15 Employee benefit obligations (Non-current)

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity- non-current portion	-	2,454,883	1,675,144
	-	**2,454,883**	**1,675,144**

16 Trade payables

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables to related parties	395,900	535,132	902,064
Trade payables to others	5,238,011	710,655	870,440
Other provisions	38,179	10,691,040	21,905,895
	5,672,090	**11,936,827**	**23,678,399**

17 Other current liabilities

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory Dues	3,006,839	1,115,421	1,100,419
	3,006,839	**1,115,421**	**1,100,419**

18 Current tax liabilities (net)

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provision for current tax (net of advance tax)	12,806,095	6,895,674	-
	12,806,095	**6,895,674**	**-**

19 Employee benefit obligations (Current)

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gratuity- current portion	-	134,276	6,069
Leave Encashment	-	3,016,210	2,548,957
	-	**3,150,486**	**2,555,026**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

20 Revenue from Operations (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Advisory fees	118,800,000	118,800,000
	118,800,000	**118,800,000**

21 Other income (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Dividend on mutual fund	1,046,768	2,862,153
Profit on sale of mutual fund/ Gain on fair valuation	7,503,226	713,707
Interest on income tax refund	-	455,157
	8,549,994	**4,031,017**

22 Employee benefits expenses (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Salaries and bonus	3,523,749	22,995,275
Contribution to provident fund	605,896	1,763,828
Employee stock compensation expense	-	-
Staff welfare	3,883	109,512
Gratuity	(459,016)	1,106,190
	3,674,512	**25,974,805**

23 Finance costs (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on Cumulative Compulsory Convertible Debentures (CCCD's)	-	821,919
	-	**821,919**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

24 Other Expenses (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional charges	383,450	1,325,670
Travel expenses	583,270	3,225,134
Filing fees	-	600
Repairs and maintenance - others	83,968	101,660
Sitting fees to directors	40,000	80,000
Mobile expenses	59,060	177,464
Conference fees, membership & subscription fees	183,846	153,957
Office Rent	342,977	-
Miscellaneous expenses	8,533	7,471
Brand License Fee	227,984	160,969
Corporate Social Responsibility	966,000	-
Rates and Taxes	233,839	2,500
Corporate Support Charges	44,765,249	4,874,085
Payment to auditors		
As auditors	110,000	75,000
For tax audit	60,000	50,000
For Limited review	150,000	120,000
For other services	175,000	15,000
	48,373,176	**10,369,510**

Disclosure pursuant to Ind AS 107 "Financial Instruments"

25 Fair value measurement (Currency: ₹)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Sponsoror's contribution to trustee	-	-	10,000	-	-	10,000	-	-	10,000
Investments in units of mutual funds	133,595,848	-	-	86,113,852	-	-	46,137,992	-	-
Trade receivables	-	-	5,350	-	-	-	-	-	122,468
Cash and cash equivalents	-	-	1,049,465	-	-	1,437,584	-	-	2,982,712
Total financial assets	133,595,848	-	1,064,815	86,113,852	-	1,447,584	46,137,992	-	3,115,180
Financial liabilities									
Trade payables	-	-	5,672,090	-	-	11,936,827	-	-	23,678,399
Other current liabilities			3,006,839			1,115,421			1,100,419
Total financial liabilities	-	-	8,678,929	-	-	13,052,248	-	-	24,778,818

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Items of Income, expense, gains or losses (Currency: ₹)

Particulars	FY 16-17	FY 15-16
Net gain/ (losses) on financial assets and financial liabilities		
Dividend Income from Investment measured at FVTPL		
Mutual Fund	1,046,768	2,862,153
Designated as at fair value thru P&L		
Mandatorily measured at fair value through P&L		
Gain/ (loss) on fair valuation or sale of investment in mutual fund units	7,503,226	713,707
Interest Expenses		
Financial liabilities that are not measured at fair value through P&L	-	821,919

(i) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Currency: ₹)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	7				
Mutual funds- growth plan					
At March 31, 2017		133,595,848	-	-	**133,595,848**
At March 31, 2016		86,113,852	-	-	**86,113,852**
At April 1, 2015		46,137,992	-	-	**46,137,992**

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between levels 1 and levels 2 and levels 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(iii) Sensitivity analysis for Asset carried at fair value through OCI and P&L

Financial instruments by category	FY 16-17 Impact on profit or loss	FY 15-16 Impact on profit or loss
A. Assets carried at fair value through P&L		
a. Investment in mutual fund (impact of increase)	1,336,458	861,639
Debt oriented mutual funds-Interest rate increased by 5%	500	500
Liquid mutual funds-Interest rate increased by 1%	1,335,958	861,139
b. Investment in mutual fund (impact of decrease)	(1,336,458)	(500)
Debt oriented mutual funds-Interest rate decreased by 5%	(500)	(500)
Liquid mutual funds-Interest rate decreased by 1%	(1,335,958)	(861,139)
B. Assets carried at fair value through OCI	-	-

26 Financial risk management

The Company's activites expose it to credit risk, liquidity risk and market risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables, Other financial assets measured at amortised cost	Ageing Analysis	Diversification of both deposits and credit limits
Liquidity risk	Trade payables and Other current liabilities	Rolling cash flow forecasts	Working capital management
Market risk-security prices	Investments in units of mutual funds	Sensitivity Analysis	Portfolio diversification

The table below analyse the financial liabilities into relevant maturity grouping for contractual maturities:-

(Currency: ₹)

Contractual Maturity of Financial liabilities	Less than one year		
	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Trade payables	5,672,090	11,936,827	23,678,399
Other Current Liabilities	3,006,839	1,115,421	1,100,419

27 Capital management

The entity objectives when managing capital are to:

- safeguard there ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and
- maintain an optimal capital structure to reduce the cost of capital."

28 Contingent liabilities and Capital commitments

The Company does not have any contingent liabilities / capital commitments as at March 31, 2017 (Previous Year: Nil)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

29 Segment Reporting

The company operates mainly in the business segment of investment advisory/ management services. Further all activities are carried out within India. As

such, there are no separate reportable segments as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

30 Disclosure as required under Indian Accounting Standard –19 on "Employee Benefits" is as under:

Gratuity

The following disclosures have been set out in accordance with the requirements of Indian Accounting Standard 19 on "Employee Benefits".

Reconciliation of opening and closing balance of the present value of the defined benefit obligation for gratuity benefits is given below

	For the Year Ended	
	31-Mar-17	**31-Mar-16**
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	2,589,159	1,681,213
Current Service Cost	-	901,135
Interest Cost	-	205,055
Actuarial Losses / (Gain)	-	(198,244)
Liabilities Extinguished on Settlements	(459,016)	-
Benefits Paid	(2,130,143)	-
Closing Defined Benefit Obligation	-	2,589,159
Current Service Cost	-	901,135
Interest Cost	-	205,055
(Gains)/ Loss on Settlements	(459,016)	-
Total amount recognised in profit & loss	(459,016)	1,106,190
Actuarial Losses / (Gain)		(198,244)
Total amount recognised in other comprehensive income	-	(198,244)

	For the Year Ended	
	31-Mar-17	**31-Mar-16**
Expected Employer's Contribution Next Year	-	134,276

a) Discount Rate

The discount rate is based on the prevailing market yields of Indian government securities as at the balance sheet date for the estimated term of the obligations.

b) Salary escalation rate

The estimates of future salary increases considered takes into account the inflation, seniority, promotion and other relevant factors.

c) Expected return on plan assets

This is based on our expectation of the average long term rate of return expected on investments of the Fund during the estimated term of the obligations.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Experience adjustments for five years are given below:

Particulars	31-Mar-13	31-Mar-14	31-Mar-15	31-Mar-16	31-Mar-17
Defined benefit obligation	534,339	1,108,169	1,681,213	2,589,159	-
Plan assets	-	-	-	-	-
Surplus / (Deficit)	(534,339)	(1,108,169)	(1,681,213)	(2,589,159)	-
Exp adjustment on Plan Liabilities	16,377	94,459	(396,921)	(183,322)	-
Exp adjustment on Plan Assets	-	-	-	-	-

31 Share based payments

Pursuant to the Employees Stock Options Scheme established by the ultimate holding company (i.e. L&T Finance Holdings Limited), stock options were granted to the employees of the Company during the financial year 2013-14 and 2012-13. The total cost incurred by the holding company, in respect of options granted to employees of the Company amounts to ₹ 14,48,803 which has already been recovered from the Company over the period of vesting (₹ 81,577 during F.Y. 2014-15, ₹ 2,50,583 during F.Y. 2013-14 and ₹ 11,16,643 during F. Y. 2012-13) and has been charged to the Statement of Profit and Loss.

32 Micro and Small Enterprises

There are no dues to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 which are outstanding as at the Balance Sheet date. This information has been determined on the basis of information available with the Company.

33 Earnings per Share

EPS is computed by dividing the net profit after tax by the weighted average number of equity shares.

Particulars	Unit	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit available to equity shareholders (A)			
Profit / (Loss) after tax	₹	48,664,899	59,051,481
Weighted average number of equity shares			
Number of shares at the beginning of the year	No.	5,000,000	5,000,000
Shares issued during the year	No.	-	-
Total number of equity shares outstanding at the end of the year	No.	5,000,000	5,000,000
Weighted average number of equity shares (B)	No.	5,000,000	5,000,000
Nominal value of equity shares	₹	10/-	10/-
Basic and Diluted earnings per share [(A)/(B)]	₹	9.73	11.81

34 Related party disclosures

A Related parties with whom a controlling relationship exists and/or with whom transactions have taken place:

(i) Holding Company	L & T Infrastructure Finance Company Limited
(ii) Enterprises that have control over the Company	L&T Finance Holdings Limited.
(iii) Subsidiaries	Nil
(iv) Fellow Subsidiaries	L&T Finance Limited
(v) Ultimate Holding Company	Larsen &Toubro Limited.
(vi) Key Management Personnel	Akshay A Singh (Manager till July 19, 2016)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

B Details of Transactions with Related Parties

		March 31, 2017	March 31, 2016
(a)	**Holding Company :**		
	L&T Infrastructure Finance Company Limited		
	Interest on CCCDs	-	821,919
	Balances as at year end		
	Outstanding payable balances as at year end	-	-
	Outstanding receivable balances as at year end	-	-
(b)	**Ultimate Holding Company :**		
	Larsen & Toubro Limited		
	Brand License Fee	**227,984**	160,969
	Support Charges	**84,492**	142537
	Outstanding balances as at year end	**18,731**	535,132
(c)	**Fellow Subsidiary Company :**		
	L&T Finance Limited		
	Support Charges	-	48,74,085
	Rent Cost	**342,977**	-
	Outstanding balances as at year end	-	-
	L&T Infrastructure Finance Company Limited		
	Support Charges	**44,765,249**	-
	Outstanding balances as at year end	-	-
	L&T Infra Investment Partners Trustee Private Limited		
	Support Charges	-	-
	Outstanding balances as at year end	**(5,350)**	-

35 Disclosure pursuant to Ind AS 12 "Income Taxes"

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(Currency: ₹)

Sr No.	Particulars	2016-17	2015-16
(a)	i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	24,686,095	27,578,852
	Effect of prior period adjustments	(1,973,938)	(8,725,999)
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	3,925,250	7,759,411
	Income tax expense reported in the statement of profit or loss	**26,637,407**	**26,612,264**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Sr No	Particulars	2016-17	2015-16
1	Profit before tax	75,302,306	85,663,745
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax tax rate of 34.608%	26,060,622	29,646,509
4 (a)	Items of income /expense not taxable /deductible for tax purposes:		
	Dividend income	(362,265)	(990,534)
	CSR expenses	(167,157)	-
	Effect of prior period adjustments	(1,973,938)	(8,725,999)
	Effect of fair valuation gain	41,170	(76,210)
	Effect of Items disallowed u/s 43B	(117,885)	-
	Effect of different tax rate applicable then considered above	(1,153,557)	(1,000,913)
	Difference in Book and Income tax depreciation	(310)	-
	Other items	5,423,917	7,759,411
	MAT credit	(1,113,190)	-
5	**Effective tax Rate**	**35.37%**	**31.07%**

Items for which no deferred tax asset is recognised in the balance sheet

(Currency: ₹)

Particulars	Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit	Base Amount	Deferred Tax	Year of loss/ MAT credit
Tax losses (revenue in nature) (business loss on which no tax asset is created)									
Year of expiry:									
AY 22-23	12,263,472	-	AY 14-15	12,263,472	-	AY 14-15	12,263,472	-	AY 14-15
AY 24-25	1,518,44	-	AY 16-17	1,518,44	-	AY 16-17	-	-	
Total	**12,263,472**	**-**		**12,263,472**	**-**		**12,263,472**	**-**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(Currency: ₹)

Sr No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		31.3.17	31.3.16	31.3.15	2016-17	2015-16
(a)	Carried forward business loss	(78,298)	(5,156,070)	(12,844,460)	5,077,772	7,688,390
(b)	MAT credit receivable	(14,895,109)	(12,668,729)	(12,668,729)	(2,226,380)	-
(c)	Other items	1,144,880	71,022	-	1,073,858	71,022
	Deferred tax expense/ (income)				**3,925,250**	**7,759,412**
	Net deferred tax (assets) / liabilites	**(13,828,527)**	**(17,753,777)**	**(25,513,189)**		

Reconciliation of deferred tax (assets) / liabilities

(Currency: ₹)

Sr No.	Particulars	2016-17	2015-16
(a)	**Opening Balance of Deferred tax (assets)/ liabilities on April 1**	(17,753,777)	(25,513,189)
(b)	Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	3,925,250	7,759,412
(c)	Tax income / (expense) during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/ liabilities as on 31st March	**(13,828,527)**	**(17,753,777)**

36 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP: - Investment in Mutual Fund carried at FVPL.

37 Explanation Of Transition To Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliations (Currency: ₹)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
As reported under previous GAAP		81,759,194	22,653,258
Fair value gains on investments in mutual funds	a	143,787	-
Equity under Ind AS		**81,902,981**	**22,653,258**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(ii) Net income reconciliations

Particulars	Notes	Year ended March 31, 2016
Net income under previous GAAP		59,105,938
Fair value loss on investments in mutual funds	a	143,787
Net income under Ind AS		**59,249,725**

Notes to reconciliations between Previous GAAP and Ind AS

(a) Change in fair valuation of investments in mutual funds:

Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Advisory Private Limited

Dinanath Dubhashi
Director
DIN : 03545900

Virender Pankaj
Director
DIN : 07554897

Ishwari Chavan
Company Secretary
M. No. A32102
Mumbai, April 28, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Sixth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS:

The summary of the Company's financial performance for the financial year 2016-17, as compared to the previous financial year 2015-16 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Gross Income	2.81	2.84
Expenses	2.55	2.07
Profit before Tax/(Loss)	0.26	0.77
Provision for Tax	0.09	0.09
Profit after Tax/(Loss)	0.17	0.68
Add: Balance brought forward from previous year	(4.82)	(5.50)
Balance available for appropriation	(4.65)	(4.82)
Surplus / (Deficit) in the Statement of Profit and Loss	(4.65)	(4.82)

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

PERFORMANCE OF THE COMPANY

The Company is acting as the Trustee of L&T Infra Investment Partners (Private Equity Fund). The corpus of the fund as at the end of the year is ₹ 594 Crores.

During the year, the Company has earned trusteeship fees of ₹ 2,50,000 same as the preceding financial year.

DIVIDEND

In order to conserve the reserves of the Company, the directors have decided not to recommend any dividend for the year under review.

PUBLIC DEPOSITS

During the year under review, the Company has not accepted or invited any deposits from public within the ambit of Section 73 of the Companies Act, 2013 and the Companies (Acceptance of Deposits) Rules, 2014.

SHARE CAPITAL

As on March 31, 2017, the Authorised Share Capital of the Company is ₹ 10,00,000/- (Rupees Ten Lakh only) divided into 1,00,000 (One Lakh) Equity Shares of ₹ 10/- (Rupees Ten only) each.

As on March 31, 2017, the Paid-up Capital of the Company stands at ₹ 10,00,000/- (Rupees Ten Lakh only).

DIRECTORS

The composition of the Board is in accordance with the provisions the Companies Act, 2013 **("the Act")**. As on March 31, 2017, the Board comprises the following Directors:

- Mr. S. V. Subramanian Non-Executive Director
- Mr. T. S. Sundaresan Non-Executive Director
- Mr. Vipin Shukla Non-Executive Director

During the year under review, the Company has appointed Mr. Vipin Shukla, as an Additional Director on the Board of the Company effective from August 19, 2016, in terms of the provisions of Section 161 of the Companies Act, 2013 ("the Act"). Mr. Shukla will hold office as a Director up to the date of the forthcoming Annual General Meeting ("AGM").Your company has received a notice in writing from a Member proposing his candidature for the office of Director.

In accordance with the provisions of Section 152(6) of the Companies Act, 2013, Mr. T. S. Sundaresan, Non-Executive Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

BOARD MEETINGS

A calendar of meetings is prepared and circulated in advance to the Directors.

During the financial year 2016-2017, the Board of Directors of the Company met 4 (Four) times on April 26, 2016, August 22, 2016, October 20, 2016 and January 21, 2017. The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. S. V. Subramanian	00009857	Non- Executive Director	4	4
Mr. T. S. Sundaresan	00524616	Non- Executive Director	4	4
Mr. Vipin J. Shukla*	00010544	Non- Executive Director	4	2

* Appointed as a Non-executive Director with effect from August 19, 2016.

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(1) of the Act and the rules made thereunder,Members at their Fifth Annual General Meeting (“AGM”) of the Company held on August 17, 2016, had been appointed M/s. Sharp &Tannan, Chartered Accountants as Statutory Auditors of the Company for a period of five years i.e. from the conclusion of Fifth AGM till the conclusion of Tenth AGM, subject to ratification in every intervening AGM.

Further, in terms of section 139(1) the appointment of statutory auditor is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp &Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the members at the ensuing Sixth AGM.

In this regard the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of section 141 of the Act.

AUDITORS’ REPORT

The Auditors’ Report to the Shareholders for the year under review does not contain any qualification. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

PARTICULARS OF EMPLOYEES

The Company did not have any employee during the year under review. Accordingly, the information required pursuant to the provisions of Section 197 read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of employees of the Company does not apply.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities carried on by the Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to the provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

During the period under review, the details of foreign exchange inflow or outgo is as follows:

Foreign Exchange Earnings : Nil

Foreign Exchange Outgo : Nil

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly owned subsidiary of L&T Infrastructure Finance Company Limited. Further, the Company has no subsidiary, joint venture or associate companies.

Accordingly, disclosures under Rule 8(1) and Rule 8(5)(iv) of Companies (Accounts) Rules, 2014 relating to subsidiary, joint venture and associate companies are not applicable to the Company.

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS’ RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures, if any;
2) the directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;
3) the directors have taken proper and sufficient care for the maintenance of adequate accounting

records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6) the directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS

The Company has an internal control system,commensurate with the size, scale and complexity of its operations.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not made any loans or given any guarantees or provided security to other bodies corporate or person under provisions of Section 186 of the Companies Act 2013. The Company has also not acquired any securities of any other body corporate.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 18, 2014 has approved the Policy on Related Party Transactions (RPT Policy), which is in line with requirements of the Companies Act, 2013.

The Policy intends to ensure that proper reporting; approval and disclosure processes are in place for all transactions between the Company and Related Parties.

All related party transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant related party transactions made by the Company with Promoters, Directors, Key Managerial Personnel,Bodies Corporate(ies), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under Section 134(3) (h) of the Companies Act, 2013 in Form AOC 2 is not applicable. The Directors draw attention of the members to Note No. 13(5)to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has framed and implemented a risk management framework which deals with identification of risk in the business of the Company and which may threaten the existence of the Company. Further, the said framework also lays down mitigants and periodical review to ensure that executive management controls risk by means of a properly designed framework.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE COMPANIES ACT, 2013 AND RULES THERE UNDER

The extract of Annual Return in Form MGT 9 as required under the provisions of Section 92(3) of the Act and as prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure A** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by any Regulator during the year under review.

ACKNOWLEDGMENT

The Directors wishes to express their deep sense of appreciation for the support and co-operation extended by the Company's bankers and its stakeholders.

For and on behalf of the Board of Directors

Director	**Director**
S. V. Subramanian	**Vipin Shukla**
DIN: 00009857	**DIN: 00010544**

Mumbai
April 28, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

Form No. MGT-9
EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31st March, 2017
[Pursuant to Section 92(1) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. Registration details of Company –

CIN	U67190MH2011PTC220896
Registration date	August 12, 2011
Name of the Company	L&T Infra Investment Partners Trustee Private Limited
Category /Sub Category of the Company	Company having share capital/ Indian Non-Government Company
Address of the Registered office and contact details	Plot No. 177, Vidyanagari Marg, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400098 Phone: +91 22 62125000 Fax: +91 22 62125398
Whether listed company	No
Name, Address & contact details of the Registrar & Transfer Agent, if any.	Not Applicable

II. Principal business activities of the Company

Sr. No	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the Company
1.	Providing trusteeship services	66190	100%

III. Particulars of its holding, subsidiary and associate companies –

Sr. No	Name & Address of the Company	CIN/GLN	Holding/Subsidiary /Associate	% of shares held	Applicable Section
1.	L&T Infrastructure Finance Company Limited Mount Poonamallee Road, Manapakkam, Chennai – 600089, Tamil Nadu, India	U67190TN2006PLC059527	Holding	100%	2(46)

IV. Shareholding pattern of the Company (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-----	*1	1	0	-----	*1	1	0	-----	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	-----	99,999	99,999	100	-----	99,999	99,999	100	-----	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL:(A) (1)	**------**	**100,000**	**100,000**	**100**	**-----**	**100,000**	**100,000**	**100**	**-----**	**-----**

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
(2) Foreign										
a) NRI- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
b) Other Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
e) Any other…	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
SUB TOTAL (A) (2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**-----**	**100,000**	**100,000**	**100**	**-----**	**100,000**	**100,000**	**100**	**-----**	**-----**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
b) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
c) Cenntralgovt	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
d) State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
e) Venture Capital Fund	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
f) Insurance Companies	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
g) FIIS	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
h) Foreign Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
i) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
SUB TOTAL (B)(1):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
(2) Non Institutions										
a) Bodies corporates	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
i) Indian	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
ii) Overseas	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
b) Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
c) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
SUB TOTAL (B)(2):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
C. Shares held by Custodian for GDRs & ADRs	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
Grand Total (A+B+C)	**------**	**100,000**	**100,000**	**100**	**-----**	**100,000**	**100,000**	**100**	**-----**	**-----**

* Includes one share held by an individual jointly with L&T Infrastructure Finance Company Limited for the purpose of complying with the provisions regarding minimum number of members pursuant to the provisions of the Companies Act, 2013.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholder's Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No. of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Infrastructure Finance Company Limited (LTIF)	*100,000	100	--------	*100,000	100	--------	--------
	Total	**100,000**	**100**	**--------**	**100,000**	**100**	**--------**	**--------**

* Includes one share held by a Individual jointly with L&T Infrastructure Finance Company Limited for the purpose of complying with the provisions regarding minimum number of members pursuant to provisions of the Companies Act, 2013.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING - There is no change in the Promoters shareholding

Sr. No.	Name of Promoter	Share holding at the beginning of the Year (As on April 1, 2016)		Cumulative Share holding during the year (As on March 31, 2017)	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	L&T Infrastructure Finance Company Limited				
1	At the beginning of the year			-------	--------
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for Increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	--------	--------	--------	--------
3	At the end of the year	-------	--------		

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sr. No	For Each of the Top 10 Shareholders	Shareholding at the end of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31, 2017)	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	--------	--------	--------	--------
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
3	At the end of the year (or on the date of separation, if separated during the year)	--------	--------	--------	--------

(v) Shareholding of Directors & KMP

Sr. No	For Each of the Directors & KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No of shares	% of total shares of the company
1	At the beginning of the year	--------	--------	--------	--------
2	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
3	At the end of the year	--------	--------	--------	--------

V. Indebtedness –

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

	Secured Loan excluding deposits	Unsecured Loans	Deposits	Total indebtedness
Indebtedness at the beginning of the financial year				
i) Principal amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**Nil**	**Nil**	**Nil**
Changes in Indebtedness during the financial Year				
• Addition	Nil	Nil	Nil	Nil
• Reduction	Nil	Nil	Nil	Nil
Net Changes	**Nil**	**Nil**	**Nil**	**Nil**
Indebtedness at the end of the financial year				
i) Principal amount	Nil	Nil	Nil	Nil
ii) Interest due but not paid	Nil	Nil	Nil	Nil
iii) Interest accrued but not due	Nil	Nil	Nil	Nil
Total (i + ii + iii)	**Nil**	**Nil**	**Nil**	**Nil**

VI. Remuneration of Directors and Key Managerial Personnel

A) Remuneration to Managing directors, Whole – Time Director and/or Manager- Not Applicable

Sr. No	Particulars of Remuneration	Name of MD/WTD/ Manager	Total Amount
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1)of the Income-tax Act,1961	----	----
	(b) Value of perquisites u/s17(2) Income-tax Act,1961	----	----
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	----	----
2	Stock Option	----	----
3	Sweat Equity	----	----
4	Commission		
	- as % of profit	----	----
	- others, specify…	----	----
5	Others, please specify	----	----
	Total (A)	----	----
	Ceiling as per the Act (5% of Net Profit of the Company)	----	----

B) Remuneration to other directors

(Amount in ₹)

Sr. No	Particulars of Remuneration	Name of Directors			Total Amount
		S.V. Subramanian	T.S. Sundaresan	Vipin Shukla	
1.	Independent Directors	NA	NA	NA	NA
	• Fee for attending board / committee meetings				
	• Commission				
	• Others, please specify				
	Total (1)	NA	NA	NA	NA
2.	Other Non-Executive Directors				
	• Fee for attending board / committee meetings	40,000	40,000	20,000	1,00,000
	• Commission	Nil	Nil	Nil	Nil
	• Others, please specify	Nil	Nil	Nil	Nil
	Total (2)	40,000	40,000	20,000	1,00,000
	Total (B)=(1+2)	40,000	40,000	20,000	1,00,000
	Total Managerial Remuneration = (A + B)	40,000	40,000	20,000	1,00,000
	Overall Ceiling as per the Act	NA			

C) Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD – Not Applicable

Sr. No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	**CS**	**CFO**	**Total**
1.	Gross salary (a) Salary as per provisions contained in section 17(1)of the Income-tax Act,1961 (b) Value of perquisites u/s17(2) Income-tax Act,1961 (c) Profits in lieu of salary under section 17(3) Income – tax Act, 1961	N.A.	N.A.	N.A.	N.A.
2	Stock Option	----	----	----	----
3	Sweat Equity	----	----	----	----
4	Commission	----	----	----	----
	- as % of profit				
	- others, specify…				
5	Others, please specify	----	----	----	----
	Total	**N.A.**	**N.A.**	**N.A.**	**N.A.**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES (Under the Companies Act, 2013): NONE

INDEPENDENT AUDITORS' REPORT

To the members of L&T Infra Investment Partners Trustee Private Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Infra Investment Partners Trustee Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income,cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The transition date opening balance sheet as at 1

April 2015 included in the standalone Ind AS financial statement, is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by other auditors on which they expressed a unmodified opinion dated 20 April 2015. The adjustments to these financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 20 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and are in accordance with books of account maintained by the Company refer note 06 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) According to the information and explanations given to us, there were no fixed assets during the year and hence reporting on clause (i) (a), (b) and (c) of the Order is not applicable;

2 According to the information and explanations given to us, the Company is engaged primarily in services related to trusteeship services and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a),(b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided for during the year and hence reporting on clause (xi) of the Order is not applicable.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting on clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting on clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm’s registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of L&T Infra Investment Partners Trustee Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 28 April 2017

BALANCE SHEET AS AT MARCH 31, 2017

(Currency: ₹)

		Note No	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
I	**ASSETS**				
	Non-current assets				
(a)	Advance income tax	4	47,237	31,257	15,631
	Current assets				
(a)	Financial Assets				
(i)	Current investments	5	745,150	670,532	576,559
(ii)	Cash and cash equivalents	6	36,006	17,668	29,592
(b)	Other current assets	7	-	1,400	10,844
	TOTAL		**828,393**	**720,857**	**632,626**
II	**EQUITY AND LIABILITIES**				
	EQUITY				
(a)	Equity Share capital	8	1,000,000	1,000,000	1,000,000
(b)	Other Equity				
(i)	Reserves and Surplus	9	(465,126)	(482,072)	(549,962)
	LIABILITIES				
	Current liabilities				
(a)	Financial Liabilities				
(i)	Trade Payables	10	6,650	18,869	25,288
(ii)	Other Current Liabilities	11	-	3,060	-
(b)	Provisions	12	286,869	181,000	157,300
	TOTAL		**828,393**	**720,857**	**632,626**

The accompanying notes form an integral part of the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Trustee Private Limited

S. V. Subramanian
Director
DIN : 00009857

Vipin Shukla
Director
DIN : 00010544

Mumbai, April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

	Note No	For the year ended March 31, 2017	For the year ended March 31, 2016
Revenue from operations	13	250,000	250,000
Other Income	14	30,750	33,973
Total Revenue		**280,750**	**283,973**
Expenses :			
Other expenses	15	254,786	206,709
Total Expenses		**254,786**	**206,709**
Profit before tax		25,964	77,264
Tax expenses :			
Current tax (MAT Payable)		9,018	9,374
Profit for the year		**16,946**	**67,890**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**16,946**	**67,890**
Earning per equity share:	24		
Basic and Diluted		**0.17**	**0.68**
The accompanying notes form an integral part of the financial statements			

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

For and behalf of the Board of Directors
L&T Infra Investment Partners Trustee Private Limited

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

S. V. Subramanian
Director
DIN : 00009857

Vipin Shukla
Director
DIN : 00010544

Mumbai, April 28, 2017

STATEMENT OF CHANGE IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

a. Equity Share Capital

Balance as at April 1, 2015	Change during period	Balance as at March 31, 2016
1,000,000	-	1,000,000
Balance as at April 1, 2016	**Change during period**	**Balance as at March 31, 2017**
1,000,000	-	1,000,000

b. Other Equity

Particulars	Reserves and Surplus Retained Earnings	Total
Balance as at April 1, 2015	(549,962)	(549,962)
Total Comprehensive Income for the year	67,890	67,890
Balance as at March 31, 2016	**(482,072)**	**(482,072)**
Balance as at March 31, 2016	(482,072)	(482,072)
Total Comprehensive Income for the period	16,946	16,946
Balance as at March 31, 2017	**(465,126)**	**(465,126)**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Trustee Private Limited

S. V. Subramanian
Director
DIN : 00009857

Vipin Shukla
Director
DIN : 00010544

Mumbai, April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(Currency: ₹)

		For the year ended March 31, 2017	For the year ended March 31, 2016
Cash flows from operating activities			
Profit / (Loss) before taxation		**25,964**	**77,264**
Adjustments			
Profit on sale of Mutual Funds		(1,781)	(5,903)
Dividend on Mutual Funds		(28,969)	(28,070)
Interest income on fixed deposits		-	-
Operating cash flows before working capital changes		**(4,786)**	**43,291**
Adjustments for			
Decrease in Other current assets		1,400	9,444
Increase in current liabilities		90,590	20,341
Cash flow from / (used in) operations		**87,204**	**73,076**
Income taxes paid (incl TDS)		(24,998)	(25,000)
Net cash flows from / (used in) operating activities	**A**	**62,206**	**48,076**
Net cash generated from investing activities			
Profit on sale of Mutual Funds		1,781	5,903
Dividend received on Mutual Fund		28,969	28,070
Investment in Mutual Fund		(74,618)	(93,973)
Net cash from/ (used in) investing activities	**B**	**(43,868)**	**(60,000)**
Cash flow from financing activities			
Proceeds from issue of share capital		-	-
Net cash generated from financing activities	**C**	**-**	**-**
Net Decrease in cash and cash equivalents	**(A+B+C)**	**18,338**	**(11,924)**
Cash and cash equivalents as at the beginning of the year		**17,668**	**29,592**
Cash and cash equivalents as at the end of the year		**36,006**	**17,668**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Accounting Standard (AS) 3 "Cash Flow Statements".
2. Cash and cash equivalents represent cash and bank balances.
3. Previous year figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

For and behalf of the Board of Directors
L&T Infra Investment Partners Trustee Private Limited

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

S. V. Subramanian
Director
DIN : 00009857

Vipin Shukla
Director
DIN : 00010544

Mumbai, April 28, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Background

L&T Infra Investment Partners Trustee Private Limited ('the Company') was incorporated on 12 August 2011 under the Companies Act, 1956 and obtained the certificate of commencement of business on the same date. The Company is a 100% subsidiary of L&T Infrastructure Finance Company Limited. The Company is engaged in the business of providing trusteeship services.

2 Significant accounting policies

2.1 Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from 1st April 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the Company under Ind AS. Refer Note 25 for an explanation of how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31st March 2016 and 1st April 2015 and of the comprehensive net income for the year ended 31st March 2016 (Refer Note 26).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

The financial statements are presented in 'Indian Rupees' (INR), which is Company's functional and presentation currency and the same has been rounded off to the nearest Rupee.

2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

2.3 Share Capital

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

2.4 Revenue Recognition

Trustee fee is recognised in the statement of profit and loss on an accrual basis, in accordance with the terms of the contract.

2.5 Income Taxes

Income-tax expense comprises current tax (i.e. amount of tax for the period determined in accordance with the income-tax law) and deferred tax charge or credit (reflecting the tax effects of

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

timing differences between accounting income and taxable income for the period). Income-tax expense is recognised in the profit and loss statement.

2.6 Provisions and contingent liabilities

The Company recognizes a provision when there is a present obligation as a result of a past event that probably requires an outflow of resources and a reliable estimate can be made of the amount of the obligation. A disclosure for a contingent liability is made when there is a possible obligation or a present obligation that may, but probably will not, require an outflow of resources. When there is a possible obligation or a present obligation in respect of which the likelihood of outflow of resources is remote, no provision or disclosure is made.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources would be required to settle the obligation, the provision is reversed.

Contingent assets are not recognized in the financial statements. However, contingent assets are assessed continually and if it is virtually certain that an inflow of economic benefits will arise, the asset and related income are recognized in the period in which the change occurs.

2.7 Earnings per share ('EPS')

EPS is computed by dividing the net profit attributable to the equity shareholders by the weighted average number of equity shares outstanding during the reporting year. Number of equity shares used in computing diluted EPS comprises the weighted average number of shares considered for deriving basic earnings per share and also weighted average number of equity shares, which would have been issued on the conversion of all dilutive potential shares. Diluted EPS is computed using the weighted average number of equity and dilutive equity equivalent shares outstanding during the year except where the results would be anti-dilutive.

3 Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and payable - There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

4 Advance income tax

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Previous year advance Income Tax (net of provision for tax ₹ 18,743; ₹ 9,369 as at 31st March, 2016; Nil as at 1st April, 2015)	31,257	15,631	-
Current year advance Income Tax (net of provision for tax ₹ 4,248; ₹ 9,374 as at 31st March, 2016; ₹ 9,369 as at 1st April, 2015)	15,980	15,626	15,631
	47,237	**31,257**	**15,631**

5 Current investments

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Current investments (Unquoted) (at fair value)			
Investments in units of mutual funds (unquoted)			
7446.394 units (NIL as at 31st March, 2016; 5762.337 as at 1st April, 2015) units of ICICI Prudential Liquid - Direct - Daily Dividend	745,150	-	576,559
NIL units (2989.618 units as at March 31, 2016; NIL as at 1st April, 2015 :) of ICICI Prudential Liquid - Direct - Growth	-	670,532	
	745,150	**670,532**	**576,559**

6 Cash and cash equivalents

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with bank			
in current account	36,006	17,668	29,592
	36,006	**17,668**	**29,592**

Note- There is no cash on hand as on 8th November, 2016. Also, the company has no transaction in cash during the period from 8th November, 2016 to 30th December, 2016.

7 Other current assets

(Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Service tax credit receivable	-	1,400	10,844
	-	**1,400**	**10,844**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

8 Share capital (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised			
1,00,000 (As at March 31, 2016 : 1,00,000; As at April 1, 2015 : 1,00,000) equity shares of ₹ 10 each	1,000,000	1,000,000	1,000,000
	1,000,000	**1,000,000**	**1,000,000**
Issued, subscribed and fully paid up			
1,00,000 (As at March 31, 2016 : 1,00,000; As at April 1, 2015 : 1,00,000) equity shares of ₹ 10 each	1,000,000	1,000,000	1,000,000
	1,000,000	**1,000,000**	**1,000,000**
Reconciliation of number of shares			
Balance at the beginning of the year	100,000	100,000	100,000
Addition during the year	-	-	-
Balance at the end of the year	**100,000**	**100,000**	**100,000**

Terms / Rights attached to Equity shares

The Company has only one class of Equity shares having a par value of ₹ 10 per share. All these shares have the same rights and preferences with respect to payment of dividend, repayment of capital and voting. In the event of liquidation of the Company the holders of the equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts.The distribution will be in proportion to the number of equity shares held by the shareholders.

Equity Shares held by Holding Company

The entire issued, subscribed and paid up equity shares 1,00,000 is held by the holding company, L&T Infrastructure Finance Company Limited

Details of shareholding more than 5% shares in the Company

L&T Infrastructure Finance Company Limited (100%)

There are no shares allotted for consideration other than cash since the incorporation date.

9 Reserves and surplus (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balance in the statement of profit and loss			
At the beginning of the year	(482,072)	(549,962)	(591,322)
Additions during the year	16,946	67,890	41,360
Balance at the end of the year	**(465,126)**	**(482,072)**	**(549,962)**

10 Trade Payables (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Other payables	6,650	18,869	25,288
	6,650	**18,869**	**25,288**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11 Other Current Liabilities (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Statutory dues	-	3,060	-
	-	**3,060**	**-**

12 Provisions (Currency: ₹)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Provisions	286,869	181,000	157,300
	286,869	**181,000**	**157,300**

13 Revenue from operations (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Trusteeship fees	250,000	250,000
	250,000	**250,000**

14 Other Income (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Profit on sale of mutual fund	1,781	5,903
Dividend on mutual fund	28,969	28,070
	30,750	**33,973**

15 Other expenses (Currency: ₹)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Legal and professional charges	6,125	16,854
Sitting Fees to Directors	100,000	80,000
Travelling expenses	1,325	55,734
Miscellaneous expenses	836	121
Payment to auditors:		
As Auditors	29,000	20,000
For Limited Review	37,500	30,000
For Other Services	80,000	4,000
	254,786	**206,709**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Disclosure pursuant to Ind AS 107 "Financial Instruments"

16 Fair value measurement

(Currency: ₹)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments in units of mutual funds	745,150	-	-	670,532	-	-	576,559	-	-
Trade receivables	-	-	-	-	-	-	-	-	-
Cash and cash equivalents	-	-	36,006	-	-	17,668	-	-	29,592
Total financial assets	745,150	-	36,006	670,532	-	17,668	576,559	-	29,592
Financial liabilities									
Trade payables	-	-	6,650	-	-	18,869	-	-	25,288
Other Current Liabilities			-			3,060			-
Total financial liabilities	-	-	6,650	-	-	21,929	-	-	25,288

Items of Income, expense, gains or losses

(Currency: ₹)

Particulars	FY 16-17	FY 15-16
Net gain/ (losses) on financial assets and financial liabilities		
Dividend Income from Investment measured at FVTPL		
Mutual Fund	28,969	33,973
Designated as at fair value thru P&L		
Mandatorily measured at fair value through P&L		
Gain/ (loss) on fair valuation or sale of investment in mutual fund units	1,781	-
Interest Expenses		
Financial liabilities that are not measured at fair value through P&L	-	-

(i) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(Currency: ₹)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL	5				
Mutual funds- Dividend plan					
At 31st March 2017		745,150	-	-	**745,150**
Mutual funds- Growth plan					
At 31st March 2016		670,532	-	-	**670,532**
At 1st April 2015		576,559	-	-	**576,559**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between levels 1 and levels 2 and levels 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade payables and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

(iii) Sensitivity analysis for Asset carried at fair value through OCI and P&L

Financial instruments by category	FY 16-17	FY 15-16
	Impact on profit or loss	Impact on profit or loss
A. Assets carried at fair value through P&L		
a.Investment in mutual fund (impact of increase)	**7,452**	**6,705**
Liquid mutual funds-Interest rate increased by 1%	7,452	6,705
b.Investment in mutual fund (impact of decrease)	**(7,452)**	**(6,705)**
Liquid mutual funds-Interest rate decreased by 1%	(7,452)	(6,705)
B. Assets carried at fair value through OCI	-	-

17 Financial risk management

The Company's activites expose it to credit risk, liquidity risk and market risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Other financial assets measured at amortised cost	Ageing Analysis	Diversification of both deposits and credit limits
Liquidity risk	Trade payables and Other current liabilities	Rolling cash flow forecasts	Worrking capital management
Market risk- security prices	Investments in units of mutual funds	Sensitivity Analysis	Portfolio diversification

The table below analyse the financial liabilities into relevant maturity grouping for contractual maturities:-

(Currency: ₹)

Contractual Maturity of Financial liabilities	Less than one year		
	As at 31-March-17	As at 31-March-16	As at 1-April-15
Trade payables	6,650	18,869	25,288
Other Current Liabilities	-	3,060	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

18 Capital management

The entity objectives when managing capital are to:

- safeguard there ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

19 Disclosure pursuant to Ind AS 12 "Income Taxes"

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(Currency: ₹)

Sr No.	Particulars	2016-17	2015-16
(a)	i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge	9,018	9,374
	Income tax expense reported in the statement of profit or loss	9,018	9,374

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Sr No	Particulars	2016-17	2015-16
1	Profit before tax	25,964	77,264
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax tax rate of 34.608%	8,986	26,740
4 (a)	Items of income /expense not taxable /deductible for tax purposes:		
	Dividend income	(10,026)	-
	Expenses in relation to exempt income	1,115	-
	Effect of different tax rate applicable then considered above	8,943	(17,366)
	Other items		
5	**Effective tax Rate**	**34.73%**	**12.13%**

Items for which no deferred tax asset is recognised in the balance sheet

(Currency: ₹)

	March 31, 2017			March 31, 2016			April 1, 2015		
Particulars	**Base Amount**	**Deferred Tax**	**Year of loss/ MAT credit**	**Base Amount**	**Deferred Tax**	**Year of loss/ MAT credit**	**Base Amount**	**Deferred Tax**	**Year of loss/ MAT credit**
Tax losses (revenue in nature) (business loss on which no tax asset is created)									
Year of expiry:									
AY 20-21	52,743	-	AY 12-13	52,743	-	AY 12-13	52,743	-	AY 12-13
AY 21-22	357,120	-	AY 13-14	357,120	-	AY 13-14	357,120	-	AY 13-14
Total	**409,863**	**-**		**409,863**	**-**		**409,863**	**-**	

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

20 Contingent liability / capital commitment

The Company does not have any contingent liabilities / capital commitments as at March 31, 2017 (Previous Year ₹ Nil).

21 Segment Reporting

The Board of directors are the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance.

Presently, the Company is engaged in only one segment viz 'providing trusteeship services to L&T Infra Investment Partners' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

22 Related party disclosures

A Related parties with whom a controlling relationship exists and/or with whom transactions have taken place:

(i)	Ultimate Holding Company	Larsen & Toubro Limited*
(ii)	Holding Company	L & T Infrastructure Finance Company Limited*
(iii)	Fellow Subsidiary	L & T Infra Investment Partners Advisory Private Limited*
(iv)	Subsidiary	Nil
(v)	Key Management Personnel	Nil

* No transaction during the year

B Details of Transactions with Related Parties

Particulars	2016 – 17	2015 – 16
Transaction during the year		
Professional Fees		
Larsen & Toubro Limited	-	15,000
Balances as at year ended		
Outstanding payable		
Larsen & Toubro Limited	-	15,000
L & T Infra Investment Partners Advisory Private Limited	5,350	-

23 Micro and Small Enterprises

There are no dues to micro and small enterprises as defined in the Micro, Small and Medium Enterprises Development Act, 2006 which are outstanding as at the balance sheet date. This information has been determined on the basis of information available with the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

24 Earnings per share

In accordance with Accounting Standard 20 on Earnings per share as prescribed under the Companies (Accounting Standard) Rules, 2014, the computation of earnings per share is set out below:

Particulars	2016 – 17	2015 – 16
Profit available to equity shareholders (A)	16,946	67,890
Profit / (Loss) after tax		
Weighted average number of equity shares		
Number of shares at the beginning of the year	100,000	100,000
Shares issued during the year	-	-
Total number of equity shares outstanding at the end of the year	100,000	100,000
Weighted average number of equity shares (B)	100,000	100,000
Nominal value of equity shares	10	10
Basic earnings per share [(A)/(B)]	0.17	0.68
Diluted earnings per share [(A)/(B)]	0.17	0.68

25 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

- Investment in Mutual Fund carried at FVPL.

26 Explanation Of Transition To Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliations (Currency: ₹)

Particulars	Notes	As at March 31, 2016	As at April 1, 2015
As reported under previous GAAP		517,928	450,038
Fair value gain/(loss) on investments in mutual funds	a	-	-
Tax effects of fair valuation		-	-
Equity under Ind AS		**517,928**	**450,038**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(ii) Net income reconciliations (Currency: ₹)

Particulars	Notes	Year ended March 31, 2016
Net income under previous GAAP		67,890
Fair value gain/(loss) on investments in mutual funds	a	-
Net income under Ind AS		**67,890**

Notes to reconciliations between Previous GAAP and Ind AS Reconciliations between Previous GAAP and Ind AS

(a) Change in fair valuation of investments in mutual funds:

Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No: 109982W
by the hand of

R. P. Acharya
Partner
Membership no. 039920

Mumbai, April 28, 2017

For and behalf of the Board of Directors
L&T Infra Investment Partners Trustee Private Limited

S. V. Subramanian
Director
DIN : 00009857

Vipin Shukla
Director
DIN : 00010544

Mumbai, April 28, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting the Twenty First Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in lakhs)

Particulars	2016-17	2015-16
Gross Income	35,186.24	24,917.21
Less: Gross Expenses	(37,767.72)	(30,106.77)
Loss b/f from previous year	(42,026.56)	(36,837.00)
Profit After Tax	(2,581.48)	(5,189.56)
Surplus / (Deficit) in the statement of Profit and Loss	(44,608.04)	(42,026.56)
Amount proposed to be carried to reserves	-	-

INFORMATION ON THE STATE AFFAIRS OF THE COMPANY

FY17 has been a good year for the Company with business maintaining the strong growth trajectory achieved over the last few years. Average Assets Under Management (AAUM) as on March 31, 2017 stood at ₹ 393,000 lakhs compared to ₹ 259,450 lakhs as on March 31, 2016, a growth of 51% in comparison to the industry growth rate of 35%.

Our assets in fixed income have grown from ₹ 138,710 lakhs in March 2016 to ₹ 238,200 lakhs in March 2017, a gain of 73%. Similarly our equity business has grown from ₹ 109,010 lakhs in March 2016 to ₹ 169,550 lakhs in March 2017, a gain of 55%.

The above growth has come due to strong fund performance across fixed income and equity which has led to the Company reporting a business profit of ₹ 445 lakhs during the financial year 2016-17 before amortization of intangible assets.

The gross income of the Company (in the form of management fees) for the financial year 2016-2017 was ₹ 34,594.35 lakhs as against ₹ 24,518.99 lakhs for the previous financial year registering an increase of 41%.

The point of highlight is that the Company has reported a business profit of ₹ 4,451.32 lakhs during the financial year 2016-2017 before amortization of the intangible assets.

The net worth of the Company has increased from ₹ 12,966.03 lakhs as at March 31, 2016 to ₹ 17,472.80 lakhs as at March 31, 2017 with increase in operating profits.

The loss from continuing operations including extraordinary and exceptional items was ₹ 2,581.48 lakhs for FY 2016-2017 as against ₹ 5,189.56 lakhs for the previous financial year, registering a decline of 50%.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this report.

DIVIDEND

In view of the loss incurred, no dividend is recommended on equity shares for the financial year ended March 31, 2017.

SHARE CAPITAL

During the year under review, your Company had not issued any further capital.

The paid up equity share capital of your Company as on March 31, 2017 was ₹ 25182.43 lakhs.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

During FY 2016 - 2017, the Company did not have any subsidiaries or associate companies or joint ventures as defined under the Companies Act, 2013 ("the Act").

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

a) At present, the Board comprises of Mr. Dinanath Dubhashi, Mr. R. Shankar Raman, Mr. M. V. Nair, Mr. P. H. Ravikumar and Ms. Anisha Motwani and as Directors of the Company.

b) Ms. Raji Viswanathan resigned as a Director of the Company with effect from June 21, 2016 due to other professional commitments. The Board places on record its appreciation of the valuable services rendered by Ms. Raji Viswanathan during her tenure as a director of the Company.

c) Ms. Rupa Rege Nitsure was appointed as an Additional Director of the Company with effect from June 21, 2016 and resigned on January 20, 2017. The Board places on record its appreciation of the valuable services rendered by Ms. Rupa Rege Nitsure.

d) Mr. Dinanath Dubhashi and Ms. Anisha Motwani were appointed as Additional Directors on the Board of the Company with effect from January 21, 2017 and April 10, 2017 respectively and will hold office till the forthcoming Annual General Meeting ("AGM") of the Company.

e) Mr. M.V. Nair, Mr. P. H. Ravikumar and Ms. Anisha Motwani* are the Independent Directors of the Company in accordance with the requirements of the Act and also as per the Securities and Exchange Board of India (Mutual Funds) Regulations, 1996 and they have given declarations that they meet the criteria of independence as provided under Section 149 (7) of the Act.

f) Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) shall be persons whose period of office is liable to determination by retirement of Directors by rotation. Accordingly Mr. R. Shankar Raman, Director will retire by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

*appointed effective from April 10, 2017 and holds office till the forthcoming annual general meeting

SEPARATE MEETING OF THE INDEPENDENT DIRECTORS

Section 149(8) of the Act read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management.

The Independent Directors of the Company met once, pursuant to the provisions of the Act.

KEY MANAGERIAL PERSONNEL

During the year under review, Ms. Apurva Rathod ceased to be the Company Secretary of the Company with effect from October 25, 2016 and Ms. Jalpa Jadav was appointed as the Company Secretary of the Company with effect from January 21, 2017. As at March 31, 2017, the Company had the following KMPs:

a) Mr. Kailash Kulkarni - Chief Executive Officer;

b) Mr. Sandeep Somani - Chief Financial Officer;* and

c) Ms. Jalpa Jadav - Company Secretary.

*Mr. Ashish Jain has been appointed as the Chief Financial Officer effective from April 28, 2017 in place of Mr. Sandeep Somani.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

A. Background:

Section 178 of the Companies Act, 2013 ("the Act") and rules thereof, require the Nomination and Remuneration Committee ("NRC") of a Company to formulate a Policy relating to the remuneration for the Directors, Key Managerial Personnel and other employees of the Company and recommend the same for approval of the Board.

Further Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for key managerial personnel and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMP and other employees.

B. Brief framework of the Policy

The objective of this Policy is:

a) determining inter-alia, qualifications, positive attributes and independence of a Director;

b) determining matters relating to appointment and removal of Directors, and Senior Management;

c) evaluation of performance of the Directors; and

d) determining remuneration of the Directors, Key Managerial Personnel and other employees.

C. Appointment of Director(s)

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before the appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in general meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation Criteria of Directors and Senior Management/KMP/Employees

- **Non-Executive Directors/Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & Attendance - Board and Committee Meetings.
  - Contribution during such meetings.
  - Active participation in strategic decision making.
  - Inputs to executive management on matters of strategic importance.
  - Such other matters, as the NRC/Board may determine from time to time.

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs"), if any, every year ending March 31st. The evaluation is on the basis of Key Performance Indicators ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of each ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management/KMP/Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the Department Head(s)/ Management concerned. KPIs are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

  The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMP/Senior Management Personnel/ employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

The Committee, while determining the criteria for remuneration for Directors and Senior Management/ other employees ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees and individual directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees and Independent Directors/Non-Executive Directors of the Company.

The process of the annual performance evaluation broadly comprises:

a. Board and Committee Evaluation:

Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b. Independent / Non-Executive Directors Evaluation:

Evaluation done by Board members excluding the Director being evaluated is submitted to the Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback is provided to each Director.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(2) of the Act and the rules made thereunder, the Members at their Twentieth Annual General Meeting ("AGM") held on May 21, 2016, had appointed M/s Sharp & Tannan, Chartered Accountants (ICAI Firm's Registration Number 109982W) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Twentieth AGM held on May 21, 2016 till the conclusion of the Twenty Fifth AGM.

Further, in terms of section 139(1), the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Member at the ensuing Twenty First AGM.

With respect to aforesaid appointment, the Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014 in respect of the employees of the Company, has been appended as **Annexure A**.

CONSERVATION OF ENERGY AND TECHNOLOGY ABSORPTION

In view of the nature of activities which are being carried on by the Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant.

During the period under review, the details of foreign exchange inflow or outgo is as follows:

Foreign Exchange Earnings: Nil

Foreign Exchange Outgo: Nil

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirms that, to the best of their knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for that period;

3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL FINANCIAL CONTROL AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit (IA) function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the internal audit function, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, are presented to the Audit Committee.

MEETINGS OF THE BOARD OF DIRECTORS

A calendar of meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met 4 (four) times during FY 2016-17, April 25, 2016, July 14, 2016, October 20, 2016 and January 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. R Shankar Raman	00019798	NED	4	2
Mr. Dinanath Dubhashi(1)	03545900	NED	1	1
Mr. M V Nair	02284165	ID	4	4
Mr. P H Ravikumar	00280010	ID	4	2
Ms. Anisha Motwani(2)	06943493	ID	--	--

Notes:

(1) Appointed as a Non-executive Director with effect from January 21, 2017

(2) Appointed as an Additional (Independent Director) with effect from April 10, 2017 (after the financial year)

The Agenda of the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee ("AC") of the Company consists of Mr. P.H. Ravikumar, Chairperson, Mr. R. Shankar Raman, Member and Mr. M.V. Nair, Member.

The role, terms of reference, authority and powers of the AC are in conformity with the provisions of Section 177 of the Act and rules thereof. Further, recommendations made by the Audit Committee are considered and accepted by the Board from time to time.

During the financial year 2016 -2017, five such Meetings of the AC were held on April 25, 2016, October 20, 2016, December 7, 2016, January 21, 2017 and March 22, 2017.

The attendance of the Members of the AC held during FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Board Meetings attended
Mr. R Shankar Raman	5	4
Mr. M V Nair	5	4
Mr. P H Ravikumar	5	4

VIGIL MECHANISM / WHISTLE BLOWER POLICY

The Company has formulated and established a Vigil Mechanism framework to enable Directors and employees to report genuine concerns about unethical behaviour, actual or suspected fraud or violation of Code of Conduct. Under this framework, the Company has set up a “Whistle Blower Investigation Committee”. The Chairperson of this Whistle Blower Investigation Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the AC on this matter. The Chief Internal Auditor of L&T Financial Services Group acts as the ‘Chief Ethics Officer’.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls or fraudulent reporting of financial information.

CORPORATE SOCIAL RESPONSIBILITY COMMITTEE

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility (“CSR”) Committee. The CSR Committee consists of Mr. M.V. Nair, Mr. P.H. Ravikumar and Mr. R. Shankar Raman. The Board, on recommendation of the CSR Committee, had approved the CSR Policy of the Company which is available on the website of the Company at https://www.ltfs.com/csr.html.

The Company does not have any “net profits” calculated as per the provisions of the Act and therefore the Company was not required to spend any amount towards the activities specified under the Act towards discharging its corporate social responsibility. However, during FY 2016-17, the Company has made a donation of ₹ 50,000 to Anglo Scottish Education Society for education purposes.

During the year under review, the Committee had met once in a year i.e. January 21, 2017 and all the Members were present.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has not given any loans or guarantees or made any investments pursuant to the provisions of Section 186 of the Act and the rules thereof during FY 2016-17.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:

The Board of Directors at its meeting held on October 21, 2014 had approved the Policy on transactions with related parties (“RPT Policy”), pursuant to recommendation of the same by the Audit Committee (“AC”). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties (“RPTs”) are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

All RPTs which are not at arm’s length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision.All RPTs that were entered into during FY 2016-17 were on an arm’s length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has framed and implemented a risk management framework which deals with identification of risk in the business of the Company and which may threaten the existence of the Company. Further, the said framework also lays down mitigants and periodical review to ensure that executive management controls risk by means of a properly designed framework.

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed M/s. Alwyn Jay & Co., Company Secretaries to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended as **Annexure B** to this Report.

There is no adverse remark, qualifications or reservation in the Secretarial Audit Report.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and the right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure C** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by RBI/any other Regulators during the year under review.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration / license / authorisation, by whatever name called from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Securities and Exchange Board of India, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Company's Bankers, Custodians, Registrars and most of all, the investors of L&T Mutual Fund, for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company resulting in successful performance during the year.

On behalf of the Board
For L&T Investment Management Limited

Dinanath Dubhashi	**R. Shankar Raman**
Director	Director
DIN 03545900	DIN 00019798

Place: Mumbai
Date: April 28, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

FORM NO. MR.3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To

The Members,
L&T Investment Management Limited

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T Investment Management Limited** (hereinafter called "the Company").

The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts and statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder for compliance in respect of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015;

c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable to the Company;**

d) The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015;

e) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company;**

f) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable to the Company;**

g) The Securities and Exchange Board of India (Debenture Trustees) Regulations, 1993 - **Not Applicable to the Company;**

h) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client - **Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;**

i) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company;** and

j) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not applicable as the Company has not bought back / proposed to buy-back any of its securities during the financial year under review.**

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the SEBI (Mutual Funds) Regulations, 1996, SEBI (Portfolio Managers) Regulations, 1996 and the applicable general laws, rules, regulations and guidelines.

We have also examined compliance of the following to the extent applicable:

(a) the Secretarial Standards with regards to Meeting of Board of Directors (SS-1) and General Meeting (SS-2) issued by the Institute of Company Secretaries of India; and

(b) Listing Agreements entered into by the Company with National Stock Exchange of India Limited as the Company's Mutual Funds Units are listed.

During the period under review, the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines and Standards mentioned above.

We further report that –

(a) the Board of Directors of the Company is duly constituted with proper balance of Non-Executive and Independent Directors;

(b) the changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act;

(c) Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting;

(d) The minutes of the Board meetings and Committee Meetings have not identified any dissent by members of the Board /Committee of the Board, respectively hence we have no reason to believe that the decisions by the Board were not approved by all the directors present; and

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the audit period there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

The Company has obtained approval from the members at the Extra Ordinary General Meeting for adoption of New Set of Articles of Association of the Company.

Place: Mumbai
Date: 20th April, 2017

ALWYN JAY & Co.
Company Secretaries

Office Address :
Annex-103, Dimple Arcade,
Asha Nagar, Kandivali (East),
Mumbai 400101.

[Jay D'Souza FCS.3058]
(Partner)
[Certificate of Practice No.6915]

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

FORM NO. MGT 9
EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017
Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014

I. REGISTRATION AND OTHER DETAILS

i	CIN	U65991MH1996PLC229572
ii	Registration Date	April 25, 1996
iii	Name of the Company	L&T Investment Management Limited
iv	Category/Sub-category of the Company	Company having share capital
v	Address of the Registered office & contact details[1]	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000 Fax: +91 22 6212 5398 Website : www.ltfs.com
vi	Whether listed company	No
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 Mr. Sanjay Jadhav Contact No. 022 4918 6000, 022 4918 6060, dematremat@linkintime.co.in

[1] Change of registered office effective June 15, 2017.

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/ services	NIC Code of the Product /service	% to total turnover of the company
1	Asset Management Company to L&T Mutual Fund	66301	100

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

Sr . No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLIC-ABLE SECTION
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India [1]	L67120MH2008PLC181833	Holding Company	100	2(46)

[1] Change of registered office effective June 15, 2017.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
(a)*Individual/HUF										
*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited	-----	7	7	0.01	-----	7	7	0.01	-----	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	22,59,67,122	2,58,57,200	25,18,24,322	99.99	25,18,24,322	---	25,18,24,322	99.99	-----	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
SUB TOTAL:(A) (1)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other…										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter										
(A)= (A)(1)+(A)(2)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
C) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporate										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):										
Total Public Shareholding										
(B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for										
GDRs & ADRs										
Grand Total (A+B+C)	22,59,67,122	2,58,57,207	25,18,24,329	100	25,18,24,322	7	25,18,24,329	100	-----	-----

(ii) SHARE HOLDING OF PROMOTERS

S.No	Share- holders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	*L&T Finance Holdings Limited	25,18,24,329	100	--------	25,18, 24,329	100	--------	100
	Total	**25,18,24,329**	**100**	**--------**	**25,18, 24,329**	**100**	**--------**	**100**

* The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members jointly with L&T Finance Holdings Limited

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE) – There is no change in the Promoters shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	--------	--------	--------	--------
	Date wise increase/decrease in Promoters Shareholding during the year specifying the reasons for increase/ decrease (e.g.allotment/transfer/bonus/sweat equity etc)	--------	--------	--------	--------
	At the end of the year	--------	--------	--------	--------

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	--------	--------	--------	--------
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g.allotment/transfer/bonus/sweat equity etc)	--------	--------	--------	--------
	At the end of the year (or on the date of separation, if separated during the year)	--------	--------	--------	--------

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Mr. R. Shankar Raman and L&T Finance Holdings Limited	1*	0.01	1	0.01
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year				
	Mr. R. Shankar Raman and L&T Finance Holdings Limited	1*	0.01	1	0.01
	Mr. Dinanath Dubhashi and L&T Finance Holdings Limited	1*	0.01	1	0.01

* Held Jointly with L&T Finance Holdings Limited for the purpose of complying with the provisions regarding minimum number of members pursuant to provisions of the Companies Act, 2013.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	**-----**	**-----**	**-----**	**-----**
Change in Indebtedness during the financial year				
Additions	-----	-----	-----	-----
Reduction	-----	-----	-----	-----
Net Change	**-----**	**-----**	**-----**	**-----**
Indebtedness at the end of the financial year	**-----**	**-----**	**-----**	**-----**
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	**-----**	**-----**	**-----**	**-----**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr.No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-----	-----
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-----	-----
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-----	-----
2	Stock option	-----	-----
3	Sweat Equity	-----	-----
4	Commission	-----	-----
--	as % of profit	-----	-----
--	others (specify)	-----	-----
5	Others, please specify	-----	-----
	Total (A)	**-----**	**-----**
	Ceiling as per the Act	**-----**	**-----**

B. Remuneration to other directors:

S.No.	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors		
	(a) Fee for attending board and Committee meetings	Mr. P.H. Ravikumar	₹ 1,80,000
		Mr. M.V. Nair	₹ 2,40,000
	(b) Commission	-----	-----
	(c) Others, please specify	------	------
	Total (1)	**------**	**₹ 4,20,000**
2	Other Non-Executive Directors	------	------
	(a) Fee for attending board committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify.	------	------
	Total (2)	**------**	**------**
	Total (B)=(1+2)	**------**	**₹ 4,20,000**
	Total Managerial Remuneration	**------**	**₹ 4,20,000**
	Overall Ceiling as per the Act.	**------**	**------**

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel				
1	**Gross Salary**	**CEO**	**Company Secretary**		**CFO**	**Total**
		Mr. Kailash Kulkarni	**Ms. Apurva Rathod [1]**	**Ms. Jalpa Jadav[2]**	**Mr. Sandeep Somani**	
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	1,63,34,140	32,82,642	-	23,03,526	2,19,20,308
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	15,57,540	-	-	-	15,57,540
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-	-
2	Stock Option	-	-	-	-	-
3	Sweat Equity	-	-	-	-	-
4	Commission	-	-	-	-	-
	as % of profit	-	-	-	-	-
	others, specify	-	-	-	-	-
5	Others, please specify	-	-	-	-	-
	Total	**1,78,91,680**	**32,82,642**	**-**	**23,03,526**	**2,34,77,848**

[1] Remuneration data for Ms. Apruva Rathod till October 25, 2016
[2] Not applicable, as part of group functions.

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

INDEPENDENT AUDITORS' REPORT

To the members of L&T Investment Management Limited

Report on the standalone financial statements

We have audited the accompanying standalone financial statements of L&T Investment Management Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss, the cash flow statement for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's responsibility for the standalone financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone financial statement in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its loss and its cash flows for the year ended on that date.

Other matters

The financial statements of the Company for the year ended 31 March 2016 were audited by other auditor whose report dated 25 April 2016 expressed an unmodified opinion on the statement.

Our opinion is not qualified in respect of this matter.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of sub-section (11) of section 143 of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143 (3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, and the cash flow statement dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone financial statements comply with the Accounting Standards specified under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014;

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – refer note 25 to the standalone financial statement;

   ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

   iii. There are no amounts required to be transferred to the Investor Education and Protection Fund by the Company; and

   iv. The Company has provided requisite disclosures in the financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016. Based on audit procedures and relying on the management representation we report that the disclosures are in accordance with books of account maintained by the Company and as produced to us by the Management – refer note 24 to the standalone financial statement;

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 28 April, 2017

ANNEXURE "A" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The company does not have any immovable properties, accordingly, reporting on clause (i) (c) of the Order is not applicable.

2 According to the information and explanations given to us, the Company is engaged primarily in services related to asset management services and its activities do not require it to hold any inventories, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanations given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of section 73 to 76 or any other relevant provision of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanation given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the statute	Nature of the disputed dues	Amount ₹ in Lakhs*	Period to which the amount relates	Forum where disputes are pending
Income-tax Act, 1961	Income Tax	12.05	A.Y. 2011-12 F.Y. 2010-11	Deputy Commissioner of Income Tax
Service tax rules, 1994	Service Tax	14.16	Financial Year 2009-10	Commissioner of Service Tax (Appeal) – I

*Net of pre-deposit paid in getting the stay/appeal admitted

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has paid/ provided managerial remuneration in accordance with the requisite approvals mandated by the provisions of section 197 read with schedule V to the Act.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly reporting on clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transaction with directors or persons connected with him, accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting on clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 28 April, 2017

ANNEXURE "B" TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Investment Management Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility

of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

Firdosh D. Buchia
Partner
Membership No. 038332

Mumbai, 28 April, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(INR Lakhs)

Particulars	Note No.	As at 31st March, 2017	As at 31st March, 2016
EQUITY AND LIABILITIES			
Shareholders' funds			
Share capital	3	25,182.43	25,182.43
Reserves and surplus	4	21,281.35	23,862.83
		46,463.78	**49,045.26**
Non-current liabilities			
Other long term liabilities	5	72.43	56.23
		72.43	**56.23**
Current liabilities			
Trade payables	6		
(i) Total outstanding dues of micro enterprises and small enterprises		-	-
(ii) Total outstanding dues of creditors other than micro enterprises and small enterprises		52.31	1,090.45
Other current liabilities	7	4,850.02	1,650.40
Short term provisions	8	341.60	280.59
		5,243.93	**3,021.44**
TOTAL		**51,780.14**	**52,122.93**
ASSETS			
Non-current assets			
Fixed assets			
(i) Tangible assets	9	102.29	172.25
(ii) Intangible assets	10	28,984.02	36,063.36
(iii) Capital work-in-progress		1.91	5.10
(iv) Intangible assets under development		6.96	15.87
		29,095.18	**36,256.58**
Non-current investments	11	1,387.00	1,337.00
Long term loans and advances	12	4,147.78	2,948.54
Other non-current assets	13	438.92	22.22
		5,973.70	**4,307.76**
Current assets			
Current investments	14	9,550.14	6,600.00
Trade receivables	15	1,666.66	988.75
Cash and cash equivalents	16	296.74	247.96
Short term loans and advances	17	4,212.41	3,448.12
Other current assets	18	985.31	273.76
		16,711.26	**11,558.59**
TOTAL		**51,780.14**	**52,122.93**
See accompanying Notes to the Financial statements	**1 to 36**		

As per our report attached
For SHARP AND TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Jalpa Jadav
Company Secretary
M. No. A35648

Ashish Jain
Chief Financial Officer
Mumbai
Date: 28th April, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(INR Lakhs)

	Note No.	For the year ended 31st March, 2017	For the year ended 31st March, 2016
REVENUE			
Revenue from operations (net of service tax)	19	34,594.35	24,518.99
Other income	20	591.89	398.22
Total revenue		**35,186.24**	**24,917.21**
EXPENSES			
Employee benefit expenses	21	5,040.45	5,208.99
Depreciation and amortisation expenses (other than amortisation of asset management rights and goodwill on amalgamation)	22	163.69	300.09
Other expenses	23	25,530.78	17,545.62
Total expenses		**30,734.92**	**23,054.70**
Earnings before amortisation of asset management rights and goodwill on amalgamation, exceptional items and tax		**4,451.32**	**1,862.51**
Amortisation of asset management rights and goodwill on amalgamation	10	7,032.80	7,052.07
Profit / (loss) before tax		**(2,581.48)**	**(5,189.56)**
Tax expense:			
(a) Current tax expenses		-	-
(b) Deferred tax	35	-	-
Total		**-**	**-**
Profit / (loss) for the year from operations		**(2,581.48)**	**(5,189.56)**
Basic and diluted earnings per equity share in ₹	**34**	**(1.03)**	**(2.08)**
Nominal value per share in INR		10.00	10.00
See accompanying Notes to the Financial statements	**1 to 36**		

As per our report attached
For SHARP AND TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

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Director
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Jalpa Jadav
Company Secretary
M. No. A35648

Ashish Jain
Chief Financial Officer
Mumbai
Date: 28th April, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(INR Lakhs)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Cash flow from operating activities				
Profit / (loss) before tax		(2,581.48)		(5,189.56)
Adjustments for:				
Interest on income tax refund	-		(34.24)	
Interest on inter-corporate deposits	(2.03)		-	
Depreciation on tangible assets	66.28		158.74	
Amortisation on intangible assets	7,130.21		7,193.42	
Profit on sale of current investments (net)	(589.83)		(356.60)	
Fixed assets written off	0.77		-	
Decrease in liability for operating lease obligation	26.56		34.55	
Provision for compensated expenses	82.65		42.31	
Provision for gratuity	73.29		89.75	
Loss/ (Gain) on disposal of assets (net)	9.88		(3.67)	
		6,797.78		**7,124.26**
Operating profit/(loss) before working capital changes		**4,216.30**		**1,934.70**
Changes in working capital				
Adjustment for (increase) / decrease in operating assets				
Trade receivables	(677.92)		(58.50)	
Short term loans and advances	(764.30)		1,298.29	
Long term loans and advances	(686.09)		1,000.42	
Other current assets	(711.55)		10.73	
Other non-current assets	(416.70)		177.40	
Adjustment for increase / (decrease) in operating liabilities				
Trade payables	(1,038.12)		294.88	
Other current liabilities	3,195.24		133.66	
Short term provisions	(94.93)		(191.94)	
		(1,194.37)		2,664.94
Cash generated from / (used) in operations		**3,021.93**		**4,599.64**
Net taxes (paid) / refunded		(513.15)		133.90
Net cash generated from operating activities (A)		**2,508.78**		**4,733.54**
Cash flows from investing activities				
Purchase of fixed assets	(55.18)		(141.95)	
Proceeds on sale of tangible assets	3.46		8.62	
Purchase of current investments in mutual funds	(136,230.00)		(46,515.00)	
Proceeds on redemption of current investments in mutual funds	133,869.69		43,271.73	
Interest income on inter-corporate deposits	2.03		-	
Inter-corporate deposits given	(3,480.00)		-	
Inter-corporate deposits received back	3,480.00		-	
Purchase of non-current investments in mutual funds	(50.00)		(1,182.00)	
Net cash (used in) investing activities (B)		**(2,460.00)**		**(4,558.60)**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(INR Lakhs)

Particulars	For the year ended 31st March, 2017		For the year ended 31st March, 2016	
Cash flows from financing activities				
Repayment of advance from Holding Company	-		(5,000.00)	
Proceeds from issue of share capital	-		4,927.00	
Net cash generated from / (used in) financing activities (C)		**-**		**(73.00)**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		**48.78**		**101.94**
Cash and cash equivalents as at beginning of the year		**247.96**		**146.02**
Cash and cash equivalents as at end of the year		**296.74**		**247.96**
Cash and cash equivalents comprise:				
Cash on hand		0.18		1.48
Balance with banks in current account		296.56		246.48
Total		**296.74**		**247.96**
See accompanying Notes to the Financial statements				

As per our report attached
For SHARP AND TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Jalpa Jadav
Company Secretary
M. No. A35648

Ashish Jain
Chief Financial Officer
Mumbai
Date: 28th April, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017

1 Background

L&T Investment Management Limited (the 'Company') is a public company domiciled in India. The principal shareholder of the Company as at 31st March, 2017 is L&T Finance Holdings Limited.

The Company's principal activity is to act as an investment manager to L&T Mutual Fund (the "Fund") and to provide Portfolio Management Services ("PMS") to clients under Securities and Exchange Board of India ("SEBI") (Portfolio Managers) Regulations, 1993. The Company is registered with Securities and Exchange Board of India ("SEBI") under the SEBI (Mutual Funds) Regulations, 1996 (the "SEBI" regulation). The Company manages the investment portfolios of the Fund and provides various administrative services to the Fund as laid down in the Investment Management Agreement dated 23rd October, 1996.

2 Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India ("Indian GAAP") to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014 and the relevant provisions of the Companies Act, 2013 (the "2013 Act") / Companies Act, 1956 (the "1956 Act"), as applicable. The financial statements have been prepared on accrual basis under the historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current and non-current classification of assets and liabilities.

2.2 Use of estimates

The preparation of the financial statements in conformity with Indian GAAP requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

2.3 Tangible assets & depreciation

Tangible fixed assets acquired by the Company are reported at acquisition cost, with deductions for accumulated depreciation and impairment losses, if any. The acquisition cost includes the purchase price (excluding refundable taxes) and expenses directly attributable to the asset to bring it to the site and in working condition for its intended use.

Depreciation is provided on a straight line basis as per the useful lives prescribed in Schedule II to the Companies Act, 2013, except:

(A) Fixed assets costing less than INR 5,000 are fully depreciated in the year of purchase and

(B) A lower useful life of 6.67 years has been considered for Vehicles after taking into account the nature of the asset, the estimated usage of the asset, past history of replacement, etc.

2.4 Intangible assets & amortisation

Intangible assets are valued at cost less amortisation. These generally comprise costs incurred to acquire computer software licenses, implementing the software for internal use (including software coding, installation, testing and certain data conversion), the asset management rights ("AMR") acquired and goodwill on amalgamation. Software licenses are being amortised over their useful lives which is estimated at 3 years. The AMR and goodwill on amalgamation are being amortised on a straight line basis over a period of 10 years and 5 years respectively.

2.5 Impairment of assets

The carrying value of assets at each balance sheet date is reviewed for impairment, if any indication of impairment exists. The intangible assets that is

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

not yet available for use are tested for impairment each financial year even if there is no indication that the asset is impaired. The recoverable amount of such assets is estimated and impairment is recognised, if the carrying amount of these assets exceeds their recoverable amount. The recoverable amount is the greater of the net selling price and their value in use. Value in use is arrived at by discounting the future cash flows to their present value based on an appropriate discount factor. When there is indication that an impairment loss recognised for an asset in earlier accounting periods no longer exists or may have decreased, such reversal of impairment loss is recognised in the Statement of Profit and Loss.

2.6 Investments

Investments that are readily realisable and are intended to be held for not more than one year from the date on which such investments are made, are classified as current investments. All other investments are classified as non-current investments. Current investments are carried at cost or fair value, whichever is lower. Long-term investments are carried at cost. Cost of investments includes acquisition charges such as brokerage, fees and duties. However, provision for diminution is made to recognise a decline, other than temporary, in the value of the investments, such reduction being determined and made for each investment individually.

2.7 Revenue recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation / collection.

Investment management fees

Investment management fees are recognised on an accrual basis in accordance with the Investment Management Agreement and SEBI Regulations, based on average assets under management ("AUM") of L&T Mutual Fund schemes, over the period of the agreement in terms of which, services are performed.

Portfolio management fees

Portfolio management fees are recognised on an accrual basis in accordance with Portfolio Management Agreement entered into with respective clients over the period of the agreement in terms of which the services are rendered.

Investment management fees and portfolio management fees recognised as aforesaid are exclusive of service tax.

Gain or loss on sale of investments

The gains/ losses on sale of investments are recognised in the Statement of Profit and Loss on the trade date. Gain or loss on sale of investments is determined after consideration of cost on a weighted average basis.

Other income

Interest income is accounted on accrual basis by taking into account, the amount outstanding in the financial instrument and applicable interest rate. Dividend income is accounted for when the right to receive it is established.

2.8 Employee benefits

A. Short term

Short term employee benefits include salaries and performance incentives. A liability is recognised for the amount expected to be paid under short-term cash bonus or profit sharing plans if the Company has a present legal or informal obligation to pay this amount as a result of past service provided by the employee, and the obligation can be estimated reliably. These costs are recognised as an expense in the Statement of Profit and Loss at the undiscounted amount expected to be paid over the period of service rendered by the employees to the Company.

B. Long term

The Company offers its employees long term benefits by way of defined-contribution and defined-benefit plans, of which some have assets in special funds or securities. The plans are financed by the Company and in the case of some defined contribution plans, by the Company along with its employees.

Defined contribution plans

These are plans in which the Company pays pre-defined amounts to separate funds and does not have any legal or informal obligation to pay additional sums. These

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

comprise of contributions to the employees' provident fund, family pension fund and superannuation fund. The Company's payments to the defined-contribution plans are reported as expenses during the period in which the employees perform the services that the payment covers.

Defined benefit plans

Expenses for defined-benefit gratuity plan are calculated as at the balance sheet date by an independent actuary in a manner that distributes expenses over the employee's working life using the projected unit credit method. These commitments are valued at the present value of the expected future payments, with consideration for calculated future salary increases, using a discount rate corresponding to the interest rate on government bonds with a remaining term that is almost equivalent to the average balance working period of employees. The fair values of the plan assets are deducted in determining the net liability. When the fair value of plan assets exceed the commitments computed as aforesaid, the recognised asset is limited to the net total of any cumulative past service costs and the present value of any economic benefits available in the form of any refunds from the plan or reductions in future contributions to the plan. Actuarial losses or gains are recognised in the Statement of Profit and Loss in the year in which they arise.

C. Other employee benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be availed in twelve months immediately following the year in which the employee has rendered service are reported as expenses during the year in which the employees perform the services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefits.

Where there are restrictions on availment of such accrued benefit or where the availment is otherwise not expected to wholly occur in the next twelve months, the liability on account of the benefit is actuarially determined using the projected unit credit method.

D. Employee share based payments

The Company has constituted an Employee Stock Option Plan during the financial year 2009-2010. The plan provides for grant of options to employees of the Company in a specific category to acquire equity shares of the Company that vest in a graded manner on meeting specified conditions and that are to be exercised within a specified period. Employee stock options granted are accounted under the 'Fair Value Method' stated in the Guidance Note on Employee Share Based Payments issued by the Institute of Chartered Accountants of India ("ICAI").

A separate Employees Stock Options Scheme (the "Scheme") has been established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity shares of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-Based Payments, issued by ICAI. The holding company follows the intrinsic value method to account for its stock based employee compensation plans. The cost incurred by the holding company, in respect of options granted to employees of the Company, is being recovered by them and it is charged to the Statement of Profit and Loss of the Company over the period of vesting.

2.9 Foreign currency transactions

Transactions in foreign currencies are translated to the reporting currency based on the exchange rate on the date of the transaction. Exchange differences arising on settlement thereof during the year are recognised as income or expenses in the Statement of Profit

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

and Loss. Monetary assets and liabilities in foreign currencies as at the balance sheet date are valued at closing-date rates, and unrealised translation differences are included in the Statement of Profit and Loss.

2.10 Provisions, contingent liabilities and contingent assets

Provisions are recognised only when there is a present obligation as a result of past events and when a reliable estimate of the amount of the obligation can be made. Contingent liability is disclosed for (i) possible obligations which will be confirmed only by future events not wholly within the control of the Company or (ii) present obligations arising from past events where it is not probable that an outflow of resources will be required to settle the obligation or a reliable estimate of the amount of the obligation cannot be made. Contingent assets are not recognised in the financial statements since this may result in the recognition of income that may never be realised.

2.11 Taxes on income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the applicable tax rates and the provisions of the Income Tax Act, 1961.

Minimum Alternate Tax (MAT) paid in accordance with the tax laws, which gives future economic benefits in the form of adjustment to future income tax liability, is considered as an asset if there is convincing evidence that the Company will pay normal income tax. Accordingly, MAT is recognised as an asset in the balance sheet when it is probable that future economic benefit associated with it will flow to the Company.

Deferred tax is recognised on timing differences, being the differences between the taxable income and the accounting income that originate in one period and are capable of reversal in one or more subsequent periods. Deferred tax is measured using the tax rates and the tax laws enacted or substantially enacted as at the reporting date. Deferred tax liabilities are recognised for all timing differences. Deferred tax assets are recognised for timing differences of items other than unabsorbed depreciation and carry forward losses only to the extent that reasonable certainty exists that sufficient future taxable income will be available against which these can be realised. However, if there are unabsorbed depreciation and carry forward of losses and items relating to capital losses, deferred tax assets are recognised only if there is virtual certainty supported by convincing evidence that there will be sufficient future taxable income available to realise the assets. Deferred tax assets and liabilities are offset if such items relate to taxes on income levied by the same governing tax laws and the Company has a legally enforceable right for such set off. Deferred tax assets are reviewed at each balance sheet date for their realisability.

2.12 Segment reporting

The Company identifies its primary segments based on the dominant source, nature of risks and returns and the internal organisation and management structure. The Company's operations predominantly relate to providing asset management services. It acts as an investment manager to schemes launched by the Fund. It also provides portfolio management services ('PMS') to certain corporate and high net worth individuals and advisory services.

The fund management services rendered to the Mutual Funds and its PMS have been identified as separate business segments for which whole separate financial information is available and for which operating profit/loss amounts are evaluated regularly by the management in deciding how to allocate resources and assessing performance. Segment revenue, segment expenses, segment assets and segment liabilities have been identified to segments on the basis of their relationship to the operating activities of the segment. Revenue, expenses, assets and liabilities which relate to the Company as a whole and are not allocable to segments on reasonable basis have been included under "unallocated revenue / expenses / assets / liabilities".

Secondary segment reporting does not require separate disclosure as all activities of the Company are within India.

Segment accounting policies are in line with accounting policies of the Company.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

2.13 Leases

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the Statement of Profit and Loss on a straight-line basis over the period of the lease.

2.14 Cash and cash equivalents (for purposes of cash flow statement)

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition) and highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

2.15 Cash flow statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

2.16 Earnings per share

Basic earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) by the weighted average number of equity shares outstanding during the year. Diluted earnings per share is computed by dividing the profit / (loss) after tax (including the post tax effect of extraordinary items, if any) as adjusted for dividend, interest and other charges to expense or income relating to the dilutive potential equity shares, by the weighted average number of equity shares considered for deriving basic earnings per share and the weighted average number of equity shares which could have been issued on the conversion of all dilutive potential equity shares. Potential equity shares are deemed to be dilutive only if their conversion to equity shares would decrease the net profit per share from continuing ordinary operations. Potential dilutive equity shares are deemed to be converted as at the beginning of the period, unless they have been issued at a later date. The dilutive potential equity shares are adjusted for the proceeds receivable had the shares been actually issued at fair value (i.e. average market value of the outstanding shares). Dilutive potential equity shares are determined independently for each period presented.

2.17 Service tax input credit

Service tax input credit is recognised in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilising the credits.

2.18 Commission

All commission costs are accounted on accrual basis.

In respect of open ended schemes, the Company has paid / accrued commission to certain distributors and has the right of recovery of such commission under pre-defined circumstances (which includes investor exit upto the "exit period" of the respective mutual fund scheme). On this account, an asset is recognised at the time of actual payment or amount becoming due for payment and charged evenly to the Statement of Profit and Loss over the exit period of the respective scheme. At each balance sheet date, the asset value is reassessed against the net present value of expected future benefits and the shortfall, if any, is charged to the Statement of Profit and Loss.

Commission paid / accrued in respect of close ended schemes has been amortised over the tenure of such schemes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3 Share capital

The Company has issued equity share capital, the details in respect of which are given below:

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at 31st March, 2017		As at 31st March, 2016	
	Number	(INR Lakhs)	Number	(INR Lakhs)
Authorised				
Equity shares of INR 10 each with voting rights	551,257,920	55,125.79	551,257,920	55,125.79
Compulsory convertible preference shares of INR 100 each	3,300,000	3,300.00	3,300,000	3,300.00
Non-convertible preference shares of INR 100 each	22,000,000	22,000.00	22,000,000	22,000.00
Non-convertible preference shares of INR 10 each	650,000,000	65,000.00	650,000,000	65,000.00
Issued				
Equity shares of INR 10 each #	311,285,190	31,128.52	311,285,190	31,128.52
Subscribed and Paid-up				
Equity shares of INR 10 each fully paid up	251,824,329	25,182.43	251,824,329	25,182.43
Total	**251,824,329**	**25,182.43**	**251,824,329**	**25,182.43**

Includes 59,460,861 (59,460,861 as at 31st March, 2016) equity shares of INR 10 each which are issued but not subscribed / allotted.

(a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year

Particulars	As at 31st March, 2017		As at 31st March, 2016	
	Number	(INR Lakhs)	Number	(INR Lakhs)
Balance at the beginning of the year	251,824,329	25,182.43	240,875,445	24,087.54
Add : Shares issued and subscribed during the year	-	-	10,948,884	1,094.89
Less : Shares bought back during the year	-	-	-	-
Balance at the end of the year	251,824,329	25,182.43	251,824,329	25,182.43

(b) The Company has issued only one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

(c) Shares in the Company held by shareholders with more than 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	As at 31st March, 2017		As at 31st March, 2016	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited (including its nominee) (Refer footnote (d) below)	251,824,329	100%	251,824,329	100%

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

3 Share capital (Contd.)

(d) Shares in the Company held by the holding company

251,824,329 equity shares (251,824,329 as at 31st March, 2016) are held by the holding company, including 7 equity shares (7 as at 31st March, 2016) held by nominees of the holding company where the beneficial ownership is with the holding company.

(e) There are no shares allotted as fully paid up by way of bonus shares during 5 years immediately preceding 31st March, 2017.

4 Reserves and surplus (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Securities premium account		
Balance as at the beginning of the year	65,889.39	62,057.28
Add : Addition during the year	-	3,832.11
Balance as at the year end	65,889.39	65,889.39
Surplus / (Deficit) in Statement of Profit and Loss		
Balance as at the beginning of the year	(42,026.56)	(36,837.00)
Add : Net Profit/(Loss) for the year	(2,581.48)	(5,189.56)
Balance as at the year end	(44,608.04)	(42,026.56)
Total	**21,281.35**	**23,862.83**

5 Other long term liabilities (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Liability for operating lease obligation	72.43	56.23
(on straight lining - Refer Note 2.13)		
Total	**72.43**	**56.23**

6 Trade payables (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Sundry creditors for goods and services (Refer Note 29)	52.31	1,090.45
Total	**52.31**	**1,090.45**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

The details of amounts outstanding to Micro, Small and Medium Enterprises based on information available with the Company is as under:

	As at 31st March, 2017	As at 31st March, 2016
Principal amount due and remaining unpaid	-	-
Interest due on above and the unpaid interest	-	-
Interest paid	-	-
Payment made beyond the appointed day during the year	-	-
Interest due and payable for the period of delay	-	-
Interest accrued and remaining unpaid	-	-
Amount of further interest remaining due and payable	-	-

7 Other current liabilities (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Liability for operating lease obligation	12.18	1.81
(on straight lining - Refer Note 2.13 and 33)		
Statutory dues (including provident fund, withholding taxes, etc.)	114.09	97.99
Dues to related parties (Refer Note 32)	11.44	40.07
Payables for fixed assets (Refer Note 32)	1.37	7.34
Other current liabilities (for goods and services) (Refer Note 32)	4,638.54	1,444.71
Other current liabilities (other than for goods and services) (Refer Note 32)	72.40	58.48
Total	**4,850.02**	**1,650.40**

8 Short term provisions (INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Provision for employee benefits -		
Gratuity (Refer Note 2.8 and 30 B)	126.14	90.88
Compensated absences (Refer Note 2.8)	215.46	189.71
Total	**341.60**	**280.59**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

9 Tangible assets
(Refer Notes 2.3, 2.5 and 26)

(INR Lakhs)

Description	Gross block				Depreciation				Net book value
	Opening as at 01-Apr-16	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-17	Up to 01-Apr-16	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-17	As at 31-Mar-17
Own assets									
Leasehold improvements	110.11	-	43.23	66.88	66.45	18.88	33.69	51.64	15.23
Computers- Hardware	247.60	9.51	0.43	256.68	172.91	32.89	-	205.80	50.88
Computers- Server	41.20	-	-	41.20	27.15	4.78	-	31.93	9.27
Furniture and fittings	12.36	-	2.87	9.49	5.93	0.62	1.04	5.51	3.98
Office equipments	101.43	0.92	2.30	100.05	68.21	9.11	-	77.32	22.73
Vehicles	4.07	-	-	4.07	3.87	-	-	3.87	0.20
Total	**516.77**	**10.43**	**48.83**	**478.37**	**344.52**	**66.28**	**34.73**	**376.07**	**102.29**

Description	Gross block				Depreciation				Net book value
	Opening as at 01-Apr-15	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-16	Up to 01-Apr-15	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-16	As at 31-Mar-16
Own assets									
Leasehold improvements	407.12	26.04	323.05	110.11	289.57	99.93	323.05	66.45	43.66
Computers- Hardware	196.11	53.50	2.01	247.60	142.14	30.77	-	172.91	74.69
Computers- Server	38.32	2.88	-	41.20	21.62	5.53	-	27.15	14.05
Furniture and fittings	29.01	0.54	17.19	12.36	17.28	4.58	15.93	5.93	6.43
Office equipments	94.55	8.56	1.68	101.43	51.06	17.15	-	68.21	33.22
Vehicles	4.07	-	-	4.07	3.09	0.78	-	3.87	0.20
Total	**769.18**	**91.52**	**343.93**	**516.77**	**524.76**	**158.74**	**338.98**	**344.52**	**172.25**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

10 Intangible assets (Refer Notes 2.4, 2.5 and 26)

(INR Lakhs)

Description	Gross block				Amortisation				Net book value
	Opening as at 01-Apr-16	Additions during the year	Disposals / retirements during the year	Closing as at 31-Mar-17	Up to 01-Apr-16	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-17	As at 31-Mar-17
Internally generated (A)	-	-	-	-	-	-	-	-	-
Others (B)									
Own assets									
Software and licences	645.27	50.88	-	696.15	508.73	97.41	-	606.14	90.00
Total (I)	645.27	50.88	-	696.15	508.73	97.41	-	606.14	90.00
Asset management rights	48,655.00	-	-	48,655.00	16,307.14	4,862.83	-	21,169.97	27,485.03
Goodwill on amalgamation	10,855.78	-	-	10,855.78	7,276.82	2,169.97	-	9,446.79	1,408.99
Total (II)	59,510.78	-	-	59,510.78	23,583.96	7,032.80	-	30,616.76	28,894.02
Total (B=I+II)	60,156.05	50.88	-	60,206.93	24,092.69	7,130.21	-	31,222.90	28,984.02
Total (A + B)	**60,156.05**	**50.88**	**-**	**60,206.93**	**24,092.69**	**7,130.21**	**-**	**31,222.90**	**28,984.02**

Description	Gross block				Amortisation				Net book value
	Opening as at 01-Apr-15	Additions during the year	Disposals / Retirements during the year	Closing as at 31-Mar-16	Up to 01-Apr-15	Charge for the year	On disposals/ retirements during the year	Closing as at 31-Mar-16	As at 31-Mar-16
Internally generated (A)									
Others (B)									
Own assets									
Software and licences	601.43	43.84	-	645.27	367.38	141.35	-	508.73	136.54
Total (I)	601.43	43.84	-	645.27	367.38	141.35	-	508.73	136.54
Asset management rights	48,655.00	-	-	48,655.00	11,430.98	4,876.16	-	16,307.14	32,347.86
Goodwill on amalgamation	10,855.78	-	-	10,855.78	5,100.91	2,175.91	-	7,276.82	3,578.96
Total (II)	59,510.78	-	-	59,510.78	16,531.89	7,052.07	-	23,583.96	35,926.82
Total (B=I+II)	60,112.21	43.84	-	60,156.05	16,899.27	7,193.42	-	24,092.69	36,063.36
Total (A + B)	**60,112.21**	**43.84**	**-**	**60,156.05**	**16,899.27**	**7,193.42**	**-**	**24,092.69**	**36,063.36**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

11 Non-current Investments (INR Lakhs)
(Refer Note 2.6)

Details of Non-current investments				
Particulars	**No. of shares / units**		**INR Lakhs**	
	As at 31st March, 2017	**As at 31st March, 2016**	**As at 31st March, 2017**	**As at 31st March, 2016**
Non-trade Investments (at cost) (unquoted)				
Investments in open ended mutual funds				
L&T Arbitrage Opportunity Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Business Cycle Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Resurgent India Corporate Bond Fund - Direct Plan - Growth	500,000	500,000	50.00	50.00
L&T Floating Rate Fund - Direct Plan - Growth	365,789	365,789	50.00	50.00
L&T Ultra Short Term Fund - Direct Plan - Growth	217,696	217,696	50.00	50.00
L&T Short Term Opportunities Fund- Direct Plan - Growth	367,947	367,947	50.00	50.00
L&T Cash Fund Direct Plan - Growth	4,375	4,375	50.00	50.00
L&T Liquid Fund - Direct Plan - Growth	2,585	2,585	50.00	50.00
L&T Equity Fund - Direct Plan - Growth	79,561	79,561	50.00	50.00
L&T Global Real Assets Fund - Direct Plan - Growth (Mergered with L&T Infrastructure Fund - Direct Plan - Growth wef 11th May, 2016)	-	252,755	-	50.00
L&T Infrastructure Fund - Direct Plan - Growth	694,601	245,455	77.00	27.00
L&T Dynamic Equity Fund - Direct Plan - Growth	235,213	235,213	48.00	48.00
L&T India Large Cap Fund - Direct Plan - Growth	243,072	243,072	50.00	50.00
L&T India Prudence Fund - Direct Plan - Growth	255,493	255,493	50.00	50.00
L&T India Special Situations Fund - Direct Plan - Growth	140,359	140,359	50.00	50.00
L&T India Value Fund - Direct Plan - Growth	383,794	383,794	96.00	96.00
L&T Midcap Fund - Direct Plan - Growth	58,207	58,207	50.00	50.00
L&T Tax Advantage Fund - Direct Plan - Growth	132,721	132,721	50.00	50.00
L&T Flexi Bond Fund - Direct Plan - Growth	331,794	331,794	50.00	50.00
L&T Gilt Fund - Direct Plan - Growth	142,010	142,010	50.00	50.00
L&T Income Opportunities Fund - Direct Plan - Growth	317,088	317,088	50.00	50.00
L&T Banking and PSU Debt Fund - Direct Plan - Growth	344,758	344,758	43.00	43.00
L&T Equity Savings Fund - Direct Plan - Growth	276,932	276,932	40.00	40.00
L&T Monthly Income Plan - Direct Plan - Growth	178,522	178,522	50.00	50.00
L&T Short Term Income Fund - Direct Plan - Growth	340,894	340,894	50.00	50.00
L&T Triple Ace Bond Fund - Direct Plan - Growth	135,208	135,208	50.00	50.00
L&T Tax Saver Fund - Direct Plan - Growth	114,239	114,239	28.00	28.00
LT Emerging Bussiness Cycle Fund - Direct Plan - Growth	332,358	-	50.00	-
Other Investments				
Investment in equity shares of MF Utilities India Private Limited of INR 1 each, fully paid up	500,000	500,000	5.00	5.00
Total Non-current investments			**1,387.00**	**1,337.00**
Aggregate value of unquoted investments at cost			1,387.00	1,337.00
Aggregate value of unquoted investments at Net Asset Value			1,711.21	1,382.14

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

12 Long-term loans and advances

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Capital advances	0.65	0.65
Security deposits	383.93	368.85
Other loans and advances -		
Loans and advances to vendors and employees	0.53	-
Prepaid expenses (Refer Note 2.18)	1,463.39	792.90
Advance income tax (net of provision for tax)		
Considered good	2,274.42	1,761.28
Considered doubtful	-	18.59
	2,274.42	1,779.87
Less: Provision for doubtful advances	-	18.59
	2,274.42	1,761.28
Advance fringe benefit tax (net of provision for tax)	24.86	24.86
Total	**4,147.78**	**2,948.54**

13 Other non- current assets (Refer Note 2.18)

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Other assets for goods and services	438.92	22.22
Total	**438.92**	**22.22**

14 Current investments (Refer Note 2.6)

(INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Current investments (unquoted) (at lower of cost and fair value)		
Investments in open ended mutual funds	9,550.14	6,600.00
Total	**9,550.14**	**6,600.00**

Details of current investments

Particulars	No. of shares / units		INR Lakhs	
	As at 31st March, 2017	As at 31st March, 2016	As at 31st March, 2017	As at 31st March, 2016
Current investments				
Investments in open ended mutual funds				
L&T Liquid Fund - Direct Plan - Growth	208,617.63	318,014.08	4,650.14	6,600.00
L&T Banking and PSU Debt Fund - Direct Plan - Growth	27,200,892.19	-	4,000.00	-
L&T Floating Rate Fund - Direct Plan - Growth	5,559,879.91	-	900.00	-
			9,550.14	6,600.00
Total current investments			**9,550.14**	**6,600.00**
Aggregate value of unquoted investments at cost			9,550.14	6,600.00
Aggregate value of unquoted investments at Net Asset Value			9,557.08	6,608.01

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

15 Trade receivables

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Outstanding for a period exceeding 6 months from the date they are due for payment	-	-
Others	1,666.66	988.75
Total	**1,666.66**	**988.75**

16 Cash and cash equivalents (Refer Note 2.14)

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Cash and cash equivalents (as per AS 3- Cash Flow Statement)		
Cash on hand	0.18	1.48
Cheques on hand	-	-
Balances with banks -		
in current accounts	296.56	246.48
Total	**296.74**	**247.96**

17 Short term loans and advances

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Security deposits	10.54	40.47
Service tax asset (net of service tax liability)	25.49	257.88
Other loans and advances -		
Loans and advances to related parties (Refer Note 32)	-	0.70
Loans and advances to vendors and employees	35.61	156.41
Prepaid expenses (Refer Note 2.18)	4,140.77	2,992.66
Total	**4,212.41**	**3,448.12**

18 Other current assets (Refer Note 2.18)

(INR Lakhs)

	As at 31st March, 2017	As at 31st March, 2016
Unsecured, considered good (unless otherwise stated)		
Other assets for goods and services	985.31	273.76
Total	**985.31**	**273.76**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

19 Revenue from operations (Refer Note 2.7)

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Investment management fees	34,594.35	24,518.99
Total	**34,594.35**	**24,518.99**

20 Other income

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Gain on sale of current investments (net)	589.83	356.60
Interest on income tax refund	-	34.24
Interest on inter-corporate deposits	2.03	-
Gain on disposal of assets (net)	-	3.67
Miscellaneous income	0.03	3.71
Total	**591.89**	**398.22**

21 Employee benefit expenses (Refer Note 2.8)

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Salaries, wages and bonus	4,634.92	4,746.33
Contribution to provident and other funds		
Provident fund (Refer Note 30 A)	164.79	137.79
Pension fund (Refer Note 30 A)	9.52	36.66
Superannuation fund (Refer Note 30 A)	69.83	82.01
Gratuity (Refer Note 30 B)	73.29	89.75
ESOP expense (Refer Note 31)	-	0.01
Staff welfare	88.10	116.44
Total	**5,040.45**	**5,208.99**

22 Depreciation and amortisation expense (other than amortisation of asset management rights and goodwill on amalgamation) Refer Note 2.3 and 2.4)

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Depreciation on tangible assets (Refer Note 9)	66.28	158.74
Amortisation on intangible assets (Refer Note 10 B (I))	97.41	141.35
Total	**163.69**	**300.09**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

23 Other expenses

(INR Lakhs)

	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Rent (Refer Note 2.13 and 33)	1,016.83	1,071.87
Rates and taxes	56.08	5.03
Electricity charges	15.36	41.41
Travelling and conveyance	162.51	176.33
Telephone, postage and courier	100.87	160.17
Printing and stationery	47.03	61.60
Outsource service charges	407.88	324.90
Repairs and maintenance -office equipment	0.09	2.10
Repairs and maintenance -others	601.60	446.60
Fixed assets written off	0.77	-
Membership and subscription	265.06	239.63
Professional fees	791.00	547.68
Filing fees	46.51	32.37
Insurance	5.96	6.33
Directors' fees	4.20	4.60
Business promotion expenses (including PMS)	1,704.53	946.22
Mutual fund scheme and distribution expenses (Refer footnote 1 and Note 2.18)	20,237.84	12,932.39
Loss on disposal of assets (net)	9.88	-
Auditors' remuneration towards		
- for audit	15.50	14.65
- for review	7.50	10.50
- for tax audit	3.00	2.50
- for other services	5.55	-
- for reimbursement of expenses	0.71	0.26
Corporate support charges (Refer Note 32)	-	485.38
Corporate social responsibilities expenses (Refer Note 28)	0.50	23.99
Miscellaneous expenses	24.02	9.11
Total	**25,530.78**	**17,545.62**

Footnotes:

1) Mutual fund scheme and distribution expenses: Expenses of Mutual funds include expenses incurred for the activities of the Mutual Fund Schemes which are borne by the Company in respect of schemes launched by the Fund, other distribution expenses based on the terms of the related offer documents and the SEBI (Mutual Fund) Regulations, 1996.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

24 The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

(INR Lakhs)

Particulars	SBNs	Other denomination notes	Total
Closing cash in hand as on 8th November, 2016	0.05	0.56	0.61
Add- permitted receipts	-	0.30	0.30
Less- permitted payments	-	(0.29)	(0.29)
Less- amount deposited in Banks	(0.05)	(0.05)	(0.10)
Closing cash in hand as on 30th December, 2016	-	0.52	0.52

25 Contingent liabilities

Claims against the Company not acknowledged as debts (INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Disputed service tax liability (including penalties)	14.16	14.16

The Company does not have any pending litigations which would impact its financial position other than the specified above.

26 Commitments (to the extent not provided for)

Estimated amount of contracts remaining unexecuted on capital account (net of advances) for tangible assets - INR 0.75 Lakhs and for intangible assets - Nil (as at 31st March, 2016- for tangible assets - INR 13.46 Lakhs and for intangible assets INR 15.98 Lakhs).

27 Foreign currency expenditure (INR Lakhs)

A

Particulars	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Membership and subscription	-	3.88
Repairs and maintenance -others	-	4.47
Total	**-**	**8.35**

B Realised foreign exchange loss recognised in the Statement of Profit and Loss during the year is Nil (INR 0.08 Lakhs for financial year 2015-16)

28 Segment Reporting

In accordance with Accounting Standard-17 “Segment Reporting” as notified under Section 211 (3C) [Companies (Accounting Standards) Rules, 2006, as amended] of the Companies Act, 1956, the Company’s business segment is providing Asset Management Services to L&T Mutual Fund and it has no other primary reportable segments. There is no distinguishable component of the Company engaged in providing services in a different economic environment. The Company renders services in one geographical segment and has no offices outside India. Hence there are no reportable geographical segments.

29 Disclosure required under Section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on the information received by the Company from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006, there are no amounts due to any suppliers covered under this Act as at the balance sheet date and hence, disclosures relating to amounts unpaid as at the year end together with interest paid / payable as required under the said Act have not been given. Auditors have relied on this.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

30 Disclosure as required under Accounting Standard –15 on "Employee Benefits" is as under:

A Defined contribution plans

The Company makes provident fund, pension fund and superannuation fund contributions to defined contribution plans for qualifying employees. Under the schemes, the Company is required to contribute a specified percentage of the payroll costs to fund the benefits. The Company has recognised INR 164.79 Lakhs (Previous Year – INR 137.79 Lakhs) for provident fund contributions, INR 9.52 Lakhs (Previous Year – INR 36.66 Lakhs) for family pension fund and INR 69.83 Lakhs (Previous Year – INR 82.01 Lakhs) for superannuation fund contributions in the Statement of Profit and Loss. The contributions payable to these plans by the Company are at the rates specified in the rules of the schemes.

B Defined benefit plans

The Company offers the gratuity under employee benefit schemes to its employees.

The following tables sets out the fund status of the defined benefit schemes and the amount recognised in the financials.

(INR Lakhs)

Gratuity (Funded plan)	As at 31st March, 2017	As at 31st March, 2016
Projected benefit obligation:		
As at beginning of the year	268.61	316.77
Liabilities assumed on acquisition	(3.78)	(1.89)
Service cost	49.64	53.89
Interest cost	24.91	29.00
Actuarial losses / (gains)	11.03	18.85
Benefits paid	(67.61)	(148.01)
As at end of the year	282.80	268.61
Change in plan assets:		
Fair value of plan assets as at beginning of the year	177.73	184.57
Expected returns on plan assets	16.38	16.87
Employer's contribution	34.25	129.18
Benefits paid	(67.61)	(148.01)
Actuarial gain / (loss)	(4.09)	(4.88)
Fair value of plan assets as at end of the year	156.66	177.73
Expected employer's contribution next year	60.00	60.00
Amount recognised in the balance sheet:		
Liability at the end of the year	282.80	268.61
Fair value of plan assets as at end of the year	(156.66)	(177.73)
Amount recognised in the balance sheet	126.14	90.88
Movement in net liability recognised in the balance sheet:		
Opening net liability	90.88	132.20
Liabilities assumed on acquisition / (settled on divestiture)	(3.78)	(1.89)
Expenses	73.29	89.75
Contribution	(34.25)	(129.18)
Closing net liability	126.14	90.88

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(INR Lakhs)

Cost of the defined benefit plan for the year	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Current service cost	49.64	53.89
Interest on obligation	24.91	29.00
Expected return on plan assets	(16.38)	(16.87)
Net actuarial losses / (gains) recognised in the year	15.12	23.73
Net cost/ (gain) recognised in the Statement of Profit and Loss	73.29	89.75
Key assumptions:		
Indian Assured Mortality Ult. table of the year	2006-2008	2006-2008
Discount rate	7.40%	7.90%
Future salary increase	6.00%	6.00%
Expected rate of return on plan assets	8.00%	8.00%

The discount rate is based on the prevailing market yields of Government of India securities as at the balance sheet date for the estimated term of the obligations.

The estimate of future salary increases considered, takes into account inflation, seniority, promotion, increments and other relevant factors.

As the gratuity fund is managed by the life insurance company, details of investment are not available with the Company.

(INR Lakhs)

Particulars	For the year ended / As at 31st March, 2017	For the year ended / As at 31st March, 2016	For the year ended / As at 31st March, 2015	For the year ended / As at 31st March, 2014	For the year ended / As at 31st March, 2013
Defined benefit obligation	282.80	268.61	316.77	202.18	228.54
Plan assets	156.66	177.73	184.57	139.13	130.48
Surplus / (deficit)	(126.14)	(90.88)	(132.20)	(63.05)	(98.06)
Experience adjustment on plan liabilities	(5.85)	18.86	23.19	(18.05)	(232.82)
Experience adjustment on plan assets	(4.09)	(4.88)	(1.39)	3.48	3.17

31 Employee Stock Option Plan (“ESOP”)

ESOP from the holding company

Pursuant to Plan being established by the holding company (i.e. L&T Finance Holdings Limited), stock options were granted to the employees of the Company during the financial year 2014-15, 2012-13 and 2010-11. Cost incurred by the holding company in this financial year, in respect of options granted to employees of the Company amounts to Nil (Nil for financial year 2015-16). Total cost incurred by the holding company till date is being recovered from the Company over the period of vesting. Accordingly, a sum of Nil has been recovered from the Company during the year (INR 0.01 Lakhs during financial year 2015-16), which has been charged to the Statement of Profit and Loss.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

32 Related party disclosure

Disclosure as required by AS – 18 "Related Party Disclosure" notified under the Companies Act, 2013 is as follows:

A Name of the related parties and description of relationship

(i)	Ultimate Holding Company	Larsen & Toubro Limited ("L&T Limited")
(ii)	Holding Company	L&T Finance Holdings Limited ("LTFH")
(iii)	Fellow subsidiary (with whom Company had transactions)	L&T Finance Limited (formerly known as Family Credit Limited till 12th February, 2017) ("FCL")
		L&T Finance Limited (w.e.f. 28th March, 2013 till 31st March, 2016) (Subsequently, mergered with Family Credit Limited w.e.f. 1st April, 2016) ("LTF")
		L&T Financial Consultants Limited (formerly known as L&T Vrindavan Properties Limited till 9th October, 2016) ("LTFCL")
		L&T Access Distribution Services Limited ("LTADSL")
		L&T Infrastructure Finance Company Limited ("LTIFCL")
		L&T Capital Markets Limited ("LTCML")
		L&T Mutual Fund Trustee Limited ("LTMFTL")
		L&T Infotech Limited ("LTIL")
		L&T General Insurance Company Limited (till 8th September, 2016) ("LTGICL")
		L&T Housing Finance Limited ("LTHFL")
(iv)	Key management personnel	Ashu Suyash (Chief Executive Officer w.e.f. 22nd July, 2014 till 31st May, 2015)
		Kailash Kulkarni (Chief Executive Officer w.e.f. 1st June, 2015)

(Note: Related parties have been identified by the Management)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

B Details of Transactions with Related Parties

(INR Lakhs)

Particulars	L&T Limited	LTFH	LTF	LTFCL	LTADSL	LTIFCL	LTCML	LTIL	LTGICL	FCL	LTHFL	Key Management Personnel	Total
Nature of Transaction													
Income													
Interest on inter-corporate deposits	-	-	-	-	-	-	-	-	-	2.03	-	-	2.03
	-	-	-	-	-	-	-	-	-	-	-	-	-
Expense													
Remuneration paid (Refer Footnote 3)	-	-	-	-	-	-	-	-	-	-	-	178.92	178.92
	-	-	-	-	-	-	-	-	-	-	-	(356.88)	(356.88)
Deputation cost recovery	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(18.15)	-	-	(18.15)	-	-	(10.45)	-	-	-	(46.75)
ESOP expense	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(0.01)	-	-	-	-	-	-	-	-	-	-	(0.01)
Electricity charges	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	-	(0.83)	-	-	-	-	-	-	-	-	(0.83)
Rent	-	-	-	739.47	-	-	-	-	-	163.85	5.81	-	909.13
	(10.57)	-	(29.76)	(682.54)	-	-	-	-	-	-	-	-	(722.87)
Travelling and conveyance	4.83	-	-	-	-	-	-	-	-	-	-	-	4.83
	-	-	-	(0.85)	-	-	-	-	-	-	-	-	(0.85)
Repairs and maintenance -others	2.67	-	-	122.69	-	-	-	12.64	-	-	-	-	138.00
	(17.08)	-	-	-	-	-	-	(16.14)	-	-	-	-	(33.22)
Professional fees	51.48	-	-	-	-	-	-	-	-	-	-	-	51.48
	(56.65)	-	-	-	-	-	-	(21.31)	-	-	-	-	(77.96)
Business promotion expenses (including PMS)	0.26	-	-	-	-	-	-	-	-	-	-	-	0.26
	(5.85)	(36.80)	-	-	-	-	-	-	-	-	-	-	(42.65)
Mutual fund scheme and distribution expenses	-	-	-	-	-	-	853.19	-	-	-	-	-	853.19
	-	-	(0.15)	-	(2.23)	-	(68.82)	-	-	-	-	-	(71.20)
Corporate support charges	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(199.30)	(286.08)	-	-	-	-	-	-	-	-	-	(485.38)
Others													
Advance repaid	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(5,000.00)	-	-	-	-	-	-	-	-	-	-	(5,000.00)
Intercorporate deposit given	-	-	-	-	-	-	-	-	-	3,480.00	-	-	3,480.00
	-	-	-	-	-	-	-	-	-	-	-	-	-
Intercorporate deposit received back	-	-	-	-	-	-	-	-	-	3,480.00	-	-	3,480.00
	-	-	-	-	-	-	-	-	-	-	-	-	-
Capital infusion of equity shares	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	(4,927.00)	-	-	-	-	-	-	-	-	-	-	(4,927.00)
Fixed assets purchased	-	-	-	-	-	-	-	17.37	-	-	-	-	17.37
	-	-	-	-	-	-	-	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

B Details of Transactions with Related Parties

(INR Lakhs)

Particulars	L&T Limited	LTFH	LTF	LTFCL	LTADSL	LTIFCL	LTCML	LTIL	LTGICL	FCL	LTHFL	Key Management Personnel	Total
Balance outstanding as at end of the year													
Receivables:													
Long-term loans and advances-Security deposits	-	-	-	352.64	-	-	-	-	-	22.05	-	-	374.69
	-	-	-	(352.64)	-	-	-	-	-	-	-	-	(352.64)
Short term loans and advances	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(0.29)	-	-	-	-	-	(0.03)	(0.10)	(0.28)	-	(0.70)
Payables:													
Trade payables	-	-	-	-	-	-	-	-	-	-	-	-	-
	-	-	(74.75)	-	(0.23)	-	(16.72)	-	-	-	-	-	(91.70)
Dues to related parties	0.96	-	-	-	-	-	-	0.63	-	9.71	0.14	-	11.44
	(1.22)	-	(1.04)	(0.97)	-	-	-	(3.27)	(4.55)	-	-	-	(11.05)
Other current liabilities	-	-	-	-	-	-	111.99	-	-	-	-	-	111.99
	(1.78)	-	(7.65)	(9.32)	-	-	-	-	-	-	-	-	(18.75)
Payable for fixed assets	-	-	-	-	-	-	-	1.37	-	-	-	-	1.37
	-	-	(7.34)	-	-	-	-	-	-	-	-	-	(7.34)

Footnotes:

1) Reimbursement of expense has not been considered for reporting related party transactions.
2) Previous year figures have been shown in brackets.
3) The above excludes contribution to gratuity fund and provision for leave encashment, which are based on an actuarial valuation and group insurance premium towards medical and life cover.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

33 Operating leases

The Company has significant operating leases for premises and furniture & fixtures, which include both cancellable and non-cancellable leases. Most of the leases are renewable for further period on mutually agreeable terms and also include escalation clauses.

Lease payments recognised in the Statement of Profit and Loss during the year was INR 1,016.83 Lakhs (Previous Year – INR 1,071.87 Lakhs).

Future minimum rentals payable under non-cancellable operating leases are as follows:

(INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Within one year	743.88	741.02
After one year but not more than five years	848.35	1,493.51
More than five years	-	-

34 Earnings per share

Particulars	Unit	For the year ended 31st March, 2017	For the year ended 31st March, 2016
Profit / (loss) for the year from the continuing operations	(INR Lakhs)	(2,581.48)	(5,189.56)
Nominal value of equity shares	INR	10.00	10.00
Weighted average equity shares for basic and diluted earnings per share	No.	251,824,329	249,879,855
Basic and diluted earnings per share	INR	(1.03)	(2.08)

35 Deferred tax:

The Company has recognised deferred tax asset and deferred tax liability as under:

(INR Lakhs)

Particulars	As at 31st March, 2017	As at 31st March, 2016
Deferred tax liability		
Timing difference on account of depreciation and amortisation expenses	3,562.79	4,000.63
Deferred tax asset		
Unabsorbed loss and depreciation restricted upto the amount of deferred tax liability	3,394.37	4,000.63
Other item giving rise to timing difference	168.42	-
Net deferred tax liability	**Nil**	**Nil**
Deferred tax expense for the year ended	**Nil**	**Nil**

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

Deferred tax asset in respect of unabsorbed depreciation and amortisation expense is recognised considering the deferred tax liability in respect of timing differences arising in respect of depreciation and amortisation expense. Additional deferred tax assets have not been recognised in the absence of virtual certainty of future taxable profits against which such assets can be offset.

36 Previous year figures have been reclassified to confirm to current year's classification.

As per our report attached
For SHARP AND TANNAN
Chartered Accountants
Firm's registration no. 109982W
by the hand of

Firdosh D. Buchia
Partner
Membership no. 38332

Mumbai
Date: 28th April, 2017

For and on behalf of the Board of Directors

R. Shankar Raman
Director
DIN- 00019798

Dinanath Dubhashi
Director
DIN- 03545900

Jalpa Jadav
Company Secretary
M. No. A35648

Ashish Jain
Chief Financial Officer

Mumbai
Date: 28th April, 2017

BOARD'S REPORT

Dear Members,

The Directors of your Company have pleasure in presenting their Twenty Seventh Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL HIGHLIGHTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in Lakhs)

Particulars	For the year ended March 31, 2017	For the year ended March 31, 2016
Gross Income	-	-
Less: Total Expenses	480.93	394.97
Less: Deferred Tax	67.81	171.06
Loss incurred during the year under review	(548.74)	(566.03)
Balance brought forward from previous year	(1,025.37)	(459.34)
Surplus / (Deficit) in the statement of Profit and Loss	(1,574.11)	(1,025.37)

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The Company has completed the construction of its property in the month of January 2017 and not in receipt of any income during the year under review. During the year under review, the Company has incurred a total expenditure of ₹ 480.93 Lakhs (previous year ₹ 394.97 Lakhs), mainly comprising of finance costs. The accumulated loss as at March 31, 2017 is ₹ 1,574.11 Lakhs (previous year loss of ₹ 1,025.37 Lakhs).

The Company sourced its funds requirements through debt financing from the parent company i.e. L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited).

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

In view of the accumulated losses, your Directors do not recommend any dividend for the year under review.

SHARE CAPITAL

The Authorised Share Capital of the Company is ₹ 2,50,00,000/- (Rupees Two Crore Fifty Lakhs Only) divided into 25,00,000 (Twenty Five Lakhs Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

As on March 31, 2017, the Paid-up Share Capital of the Company stands at ₹ 2,10,48,000/- (Rupees Two Crore Ten Lakh and Forty Eight Thousand Only) divided into 21,04,800 (Twenty One Lakh Four Thousand and Eight Hundred Only) Equity Shares of ₹ 10/- (Rupees Ten Only) each.

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 **("the Act")**.

During the year under review, Ms. Raji Vishwanathan and Mr. G. Krishnamurthy ceased to be Directors of the Company effective April 29, 2016 and May 26, 2016, respectively, due to their relinquishment of their employment with L&T Financial Services Group.

During the year under review, Mr. Raju Dodti and Mr. Sunil Prabhune were appointed as the Directors of the Company effective April 28, 2016. Further Mr. Sachinn Joshi was also appointed as Director of the Company effective July 20, 2016.

As on March 31, 2017, the Board comprises the following Directors:

- Mr. Sunil Prabhune Non-Executive Director
- Mr. Sachinn Joshi Non-Executive Director
- Mr. Raju Dodti Non-Executive Director

Section 152 of the Act provides that unless the articles provide for the retirement of all directors at every AGM, not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Raju Dodti, Director, will retire by rotation at the ensuing Annual General Meeting ("AGM") and being eligible, has offered himself for re-appointment.

STATUTORY AUDITORS

At the AGM of the Company held on September 24, 2014, M/s. Sharp & Tannan, Chartered Accountants, had been appointed as Statutory Auditors of the Company for a period of five years i.e. from the conclusion of the Twenty Fourth AGM till the conclusion of Twenty Ninth AGM.

Further, in terms of Section 139(1) of the Act, the appointment of statutory auditor is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s. Sharp & Tannan, Chartered Accountants, as the Statutory Auditors of the Company, is placed for ratification by the members at the ensuing Twenty Seventh AGM.

In this regard the Company has received a Certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report is unqualified. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

PARTICULARS OF EMPLOYEES

The Company did not have any employee during the year. Accordingly, the information required pursuant to the provisions of Section 197 of the Act read with Rule 5(2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company does not apply.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Since no activities were carried on by the Company during the year under review, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, have not been considered significant enough to warrant disclosure.

There were no foreign exchange earnings or outgo during the year under review.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARY, JOINT VENTURE AND ASSOCIATE COMPANIES

The Company is a wholly-owned subsidiary of L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited). It has no subsidiary, joint venture or associate company.

Accordingly, disclosures under Rule 8(1) and Rule 8(5) (iv) of Companies (Accounts) Rules, 2014, relating to subsidiary, joint venture and associate companies are not applicable to the Company.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors confirm that, to the best of their knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed and there have been no material departures;
2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the loss of the Company for that period;
3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
4) the Directors have prepared the annual accounts on a going concern basis; and
5) the Directors have devised proper systems to ensure compliance with the provisions of all laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations.

NUMBER OF BOARD MEETINGS

A calendar of Meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met 4 (Four) times during the financial year 2017 i.e. on April 28, 2016, July 20, 2016, October 24, 2016 and January 20, 2017.

The attendance of the Members of the Board at the Meetings held during the FY 2016-17 was as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. G. Krishnamurthy[(1)]	06560170	NED	4	1
Ms. Raji Vishwanathan[(2)]	02680148	NED	4	1
Mr. Sunil Prabhune[(3)]	07517824	NED	4	3
Mr. Sachinn Joshi[(4)]	00040876	NED	4	1
Mr. Raju Dodti[(5)]	06550896	NED	4	3

Notes:

(1) Ceased to be a Director with effect from May 26, 2016

(2) Ceased to be a Director with effect from April 29, 2016

(3) Appointed as a Director with effect from April 28, 2016

(4) Appointed as a Director with effect from July 20, 2016

(5) Appointed as a Director with effect from April 28, 2016

NED - Non-Executive Director

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not made any loans or given any guarantees or provided securities to other bodies corporate or person under provisions of Section 186 of the Act. The Company has also not acquired securities of any other body corporate.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All Related Party Transactions that were entered into during the financial year were on an arm's length basis and were in the ordinary course of business. There were no materially significant Related Party Transactions made by the Company with Promoters, Directors, Key Managerial Personnel, and Bodies Corporate, which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of Related Party Transactions as required under the provisions of Section 134(3)(h) of the Act in Form AOC 2 is not applicable.

RISK MANAGEMENT

The Company has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity. During the year under review, the Company has not received any complaints in this regard.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in Form No. MGT 9 as required under the provisions of Section 92(3) of the Act, 2013 and prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014 is appended as **Annexure A** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the regulators / courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by any regulators during the year under review.

ACKNOWLEDGEMENT

The Directors wish to express their deep sense of appreciation for the support and co-operation extended by the Company's bankers and its stakeholders.

For and on behalf of the Board of Directors

Raju Dodti	**Sunil Prabhune**
Director	Director
DIN : 06550896	DIN : 07517824

Place: Mumbai
Date: May 2, 2017

ANNEXURE "A" TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on March 31, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and Rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

i)	**CIN**	U26942DL1990PTC041941
ii)	**Registration Date**	November 1, 1990
iii)	**Name of the Company**	Mudit Cement Private Limited
iv)	**Category / Sub- Category of the Company**	Company Limited by Shares/ Indian Non-Government Company
v)	**Address of the Registered office & contact details**	5th Floor, DCM Building, 16, Barakhamba Road, Cannaught Place, New Delhi-110 001 Tel: 022 6621 7300 Fax: 022 66217515
vi)	**Whether listed company**	No
vii)	**Name, Address & contact details of the Registrar & Transfer Agent, if any.**	Not Applicable

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/services	NIC Code of the Product /Service	% to total turnover of the company
1	Nil, Since no activity was carried on by the Company during the year under review.	-	Nil

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited) Mount Poonamallee Road, Manapakkam, Chennai-600089, Tamil Nadu	U65100TN2011PLC081100	Holding Company	100.00	2(46)

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % of total Equity)

(i) Category-wise Share holding :

Category of Shareholders	No. of Shares held at the beginning of the year (As on April 1, 2016)				No. of Shares held at the end of the year (As on March 31, 2017)				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-----	10#	10#	0	-----	10#	10#	0	----	---
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Bodies Corp.	------	21,04,790	21,04,790	100	-----	21,047,90	21,04,790	100	----	---
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL:(A) (1)	**-----**	**21,04,800**	**21,04,800**	**100**	**----**	**21,04,800**	**21,04,800**	**100**	**----**	**---**
(2) Foreign										
a) NRI- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Other Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (A) (2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)		**21,04,800#**	**21,04,800#**	**100**		**21,04,800#**	**21,04,800#**	**100**	**----**	**---**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	----	---
C) Central Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
d) State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	----	---
e) Venture Capital Fund	-----	-----	-----	-----	-----	-----	-----	-----	----	---
f) Insurance Companies	-----	-----	-----	-----	-----	-----	-----	-----	----	---
g) FIIS	-----	-----	-----	-----	-----	-----	-----	-----	----	---
h) Foreign Venture Capital Funds	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (B)(1):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
(2) Non Institutions										
a) Bodies corporates	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Indian	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Overseas	-----	-----	-----	-----	-----	-----	-----	-----	----	---
b) Individuals	-----	-----	-----	-----	-----	-----	-----	-----	----	---
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	-----	-----	-----	-----	-----	-----	-----	-----	----	---
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakh	-----	-----	-----	-----	-----	-----	-----	-----	----	---
c) Others (specify)	-----	-----	-----	-----	-----	-----	-----	-----	----	---
SUB TOTAL (B)(2):	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**	**---**
C. Shares held by Custodian for GDRs & ADRs	**----**	**----**	**-----**	**-----**	**-----**	**----**	**-----**	**----**	**---**	**--**
Grand Total (A+B+C)	**---**	**21,04,800#**	**21,04,800#**	**100**	**--**	**21,04,800#**	**21,04,800#**	**100**	**----**	**---**

Held Jointly with L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited)

(ii) Shareholding of Promoters:

S. No.	Shareholders Name	Shareholding at the beginning of the year (As on April 1, 2016)			Shareholding at the end of the year (As on March 31, 2017)			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Financial Consultants Limited	21,04,800*	100	0	21,04,800	100	0	0
	Total	**21,04,800**	**100**	**0**	**21,04,800**	**100**	**0**	**0**

*Includes ten shares held by an Individual Jointly with L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited)

(iii) Change in Promoters' Shareholding (please specify, if there is no change) : There is no change in the Promoters shareholding

S. No.		Share holding at the beginning of the Year (As on April 1, 2016)		Cumulative Share holding during the year (April 1, 2016 to March 31, 2017)	
		No. of Shares	% of total shares of the Company	No of shares	% of total shares of the Company
1.	L&T Financial Consultants Limited				
	At the beginning of the year	21,04,800*	100.00		
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity, etc.)	----	----	----	---
	At the End of the year	21,04,800*	100.00	21,04,800*	100.00

*Includes ten shares held by an Individual Jointly with L&T Financial Consultants Limited (Erstwhile known as L&T Vrindavan Properties Limited)

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs) : Not Applicable

Sr. No.		Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31. 2017)	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc)	-	-	-	-
	At the End of the year (or on the date of separation, if separated during the year)	-	-	-	-

(v) Shareholding of Directors & KMP : NIL

Sr. No		Shareholding at the beginning of the year (As on April 1, 2016)		Cumulative Shareholding during the year (April 1, 2016 to March 31. 2017)	
	For Each of the Directors & KMP	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	-	-	-	-
	Date wise Increase/Decrease in Promoters Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/ transfer/ bonus/ sweat equity, etc)	-	-	-	-
	At the End of the year	-	-	-	-
	TOTAL	**-**	**-**	**-**	**-**

V. INDEBTEDNESS

(₹ in Crore)

Indebtedness of the Company including interest outstanding/accured but not due for payment.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	-	41.16	-	41.16
ii) Interest due but not paid	-	Nil	-	Nil
iii) Interest accrued but not due	-	1.15	-	1.15
Total (i+ii+iii)	**-**	**42.31**	**-**	**42.31**
Change in Indebtedness during the financial year				
Additions	-	11.82	-	11.82
Reduction	-	4.84	-	4.84
Net Change	**-**	**6.98**	**-**	**6.98**
Indebtedness at the end of the financial year				
i) Principal Amount	-	44.98	-	44.98
ii) Interest due but not paid	-	Nil	-	Nil
iii) Interest accrued but not due	-	4.31	-	4.31
Total (i+ii+iii)	**-**	**49.29**	**-**	**49.29**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Director and/or Manager: Not Applicable

Particulars of Remuneration	Manager	Total Amount
Gross salary	Not Applicable	Not Applicable
(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-
(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-
Stock option	-	-
Sweat Equity	-	-
Commission	-	-
- as % of profit		
- others (specify)		
Others, please specify	-	-
Total (A)	**-**	**-**
Ceiling as per the Act	**-**	**-**

B. Remuneration to other directors: Not Applicable

Sr. No.	Particulars of Remuneration	Name of the Directors	Total Amount (₹ In Lakhs)
1	Independent Directors		
	Not Applicable	Not Applicable	
	(a) Fee for attending Board and Committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify	------	------
	Total (1)	**------**	**------**
2	Other Non Executive Directors	NIL	NIL
	(a) Fee for attending Board committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify	------	------
	Total (2)	------	------
	Total (B)=(1+2)	**------**	**------**
	Total Managerial Remuneration	**------**	**------**
	Overall Ceiling as per the Act	**------**	**------**

C. Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD : Not Applicable

Sr. No.	Particulars of Remuneration	Key Managerial Personnel (₹ In Lakhs)			
1	**Gross Salary**	**CEO**	**Company Secretary**	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES(Under Companies Act 2013) : NONE

There are no penalties levied or punishment or Compounding done during the Financial Year 2016-17.

INDEPENDENT AUDITORS' REPORT

To the members of Mudit Cement Private Limited

Report on the standalone Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying standalone Ind AS financial statements of Mudit Cement Private Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income,cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Other matters

The comparative financial information of the Company for the year ended 31 March 2016 and the transaction date opening balance sheet as at 1 April 2015 included in the standalone Ind AS financial statement, is based on the previously issued statutory financial statements prepared in accordance with the Companies (Accounting Standards) Rules, 2006 which were audited by us and on which we expressed a unmodified opinion dated 28 April 2016 and 21 April 2015 respectively. The adjustments to these financial statements for the differences in the accounting principles adopted by the Company on transition to the Ind AS have been audited by us.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government of India in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.

2. As required by section 143(3) of the Act, we report that:

   a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;

   d) in our opinion, the aforesaid standalone Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);

   e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164 (2) of the Act;

   f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

   g) with respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

      i. The Company does not have any pending litigations which would impact its financial position – refer note 25 to the standalone Ind AS financial statements;

      ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

      iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

      iv. The Company has provided requisite disclosures in its standalone Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8 November, 2016 to 30 December, 2016 and are in accordance with books of account maintained by the Company. - refer note 7 to the standalone Ind AS financial statements.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 under 'Report on other legal and regulatory requirements' section of our report of even date)

1 (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets;

(b) As explained to us, fixed assets have been physically verified by the management, which in our opinion is reasonable, having regard to the size of the Company and the nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) The title deeds of immovable properties are held in the name of the Company.

2 According to the information and explanations given to us, no activity was carried on by the Company during the year and hence it does not hold any inventory, accordingly, reporting on clause (ii) of the Order is not applicable.

3 According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under section 189 of the Act, accordingly, reporting on clause (iii) (a), (b) and (c) of the Order is not applicable.

4 According to the information and explanations given to us, the Company has complied with the provisions of section 185 and 186 of the Act, with respect to the loans, investments, guarantees, and security, as applicable.

5 In our opinion and according to the information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under, accordingly, reporting on clause (v) of the Order is not applicable.

6 According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act for any of the services rendered by the Company, accordingly, reporting on clause (vi) of the Order is not applicable.

7 (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there were no disputed amount payable as at 31 March 2017, in respect of income tax, sales tax, service tax, duty of custom, duty of excise and value added tax.

8 According to the records of the Company examined by us and the information and explanations given to us, during the year the Company has not availed any facility from the financial institution, bank, government or debenture holders as at the balance sheet date, accordingly, reporting on clause (viii) of the Order is not applicable.

9 The Company has neither raised money by way of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, reporting on clause (ix) of the Order is not applicable.

10 During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company nor on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

11 According to the information and explanation given to us and based on our examination of the records of the Company, no managerial remuneration has been paid or provided for during the year and hence reporting under clause (xi) of the Order is not applicable.

12 According to the information and explanation given to us the Company is not a Nidhi Company, accordingly, reporting under clause (xii) of the Order is not applicable.

13 According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the standalone Ind AS financial statements as required by the applicable accounting standards.

14 According to information and explanations given to us during the year the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures, accordingly, reporting on clause (xiv) of the Order is not applicable.

15 According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, reporting on clause (xv) of the Order is not applicable.

16 According to the information and explanations given to us the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934, accordingly, reporting under clause (xvi) of the Order is not applicable.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 (the 'Act')

We have audited the internal financial controls over financial reporting of Mudit Cement Private Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of standalone Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of standalone Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the standalone Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on internal financial controls over financial reporting issued by the ICAI.

Sharp & Tannan
Chartered Accountants
Firm's registration no. 109982W

R.P. Acharya
Partner
Membership No. 039920

Mumbai, 2 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ In lakhs)

Particulars	Notes	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
ASSETS							
Non-current assets							
Property, Plant and Equipment	4	38.63		0.22		-	
Investment Property	5	3,850.86		3,584.23		3,232.34	
Other Intangible assets	4	0.07		0.46		0.72	
Financial Assets							
Other financial assets	6	11.01		11.01		11.01	
			3,900.56		3,595.92		3,244.07
Current assets							
Financial Assets							
Cash and cash equivalents	7	4.37		3.80		1.64	
Other financial assets	8	42.70		43.21		-	
			47.07		47.01		1.64
TOTAL ASSETS			**3,947.63**		**3,642.93**		**3,245.71**
EQUITY AND LIABILITIES							
Equity							
Equity Share capital	9	210.48		210.48		210.48	
Other Equity	10	(1,574.11)		(1,025.37)		(459.34)	
			(1,363.63)		(814.89)		(248.86)
LIABILITIES							
Non-current liabilities							
Financial liabilities							
Long-Term Borrowings	11	209.46		3,809.26		263.26	
			209.46		3,809.26		263.26
Deferred Tax Liabilities (net)	12		238.87		171.06		-
Current liabilities							
Financial liabilities							
Short-Term Borrowings	13	590.73		134.80		24.09	
Current Maturities of Long term Borrowings	11	4,128.23		286.20		3,201.44	
Other financial liabilities	14	143.97		56.50		5.78	
			4,862.93		477.50		3,231.31
TOTAL EQUITY AND LIABILITIES			**3,947.63**		**3,642.93**		**3,245.71**
See accompanying notes forming part of the financial statements	1 to 26						

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. : 109982W
by the hand of

For and on behalf of Board of Directors of
Mudit Cement Private Limited

R. P. Acharya
Partner
Membership No. 039920
Mumbai, May 2, 2017

Sunil Prabhune
Director
(DIN-07517824)
Mumbai, May 2, 2017

Raju Dodti
Director
(DIN-06550896)

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

Particulars	Notes	For the year ended March 31, 2017	For the year ended March 31, 2016
INCOME			
Other income		-	-
Total Income		**-**	**-**
EXPENSES			
Employee benefit expenses		-	-
Finance costs	15	414.66	332.04
Other expenses	16	16.17	17.44
Depreciation expense		50.10	45.49
Total Expenditure		**480.93**	**394.97**
Profit before tax		(480.93)	(394.97)
Tax Expense:			
Provision for Deferred Tax		67.81	171.06
Profit after tax		**(548.74)**	**(566.03)**
Other Comprehensive Income		-	-
Total Comprehensive Income for the year		**(548.74)**	**(566.03)**
Earnings per equity share			
Nominal value per equity share (₹)		10.00	10.00
Basic (computed on the basis of total loss for the year)		(26.07)	(26.89)
Diluted (computed on the basis of total loss for the year)		(26.07)	(26.89)
See accompanying notes forming part of the financial statements	1 to 26		

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. : 109982W
by the hand of

For and on behalf of Board of Directors of
Mudit Cement Private Limited

R. P. Acharya
Partner
Membership No. 039920
Mumbai, May 2, 2017

Sunil Prabhune
Director
(DIN-07517824)
Mumbai, May 2, 2017

Raju Dodti
Director
(DIN-06550896)

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

		For the year ended March 31, 2017	For the year ended March 31, 2016
A.	**Cash flow from operating activities**		
	Profit/(loss) before tax as per the statement of profit and loss	(480.93)	(394.97)
	Adjustment for:		
	Depreciation and amortisation	50.10	45.49
	Interest expense	414.66	332.04
	Operating profit before working capital changes	(16.17)	(17.44)
	Adjustment for :		
	(Increase)/ Decrease in trade and other financial assets	0.51	(43.21)
	Increase/ (Decrease) in other financial liabilities	87.47	75.28
	Cash (used in)/generated from operations	71.81	14.63
	Direct taxes paid	-	-
	Net cash flow generated from operating activities (A)	**71.81**	**14.63**
B.	**Cash flows from investing activities**		
	Add : Inflows from investing activities		
	Sale of investments (net)	-	-
	Less : Outflow from investing activities		
	Purchase of fixed asset	354.74	397.35
		354.74	397.35
	Net cash used in investing activities (B)	**(354.74)**	**(397.35)**
C.	**Cash flows from financing activities**		
	Add : Inflows from financing activities		
	Proceeds from long term borrowings	196.00	3,730.37
	Proceeds from short term borrowings (net)	440.27	107.73
		636.27	3,838.10
	Less : Outflows from financing activities		
	Repayment of long term borrowings	254.25	2,875.66
	Interest expense paid	98.52	577.56
		352.77	3,453.22
	Net cash generated from/(used in) financing activities (C)	**283.50**	**384.88**
	Net cash increase/(decrease) in cash and cash equivalents (A+B+C)	**0.57**	**2.16**
	Cash and cash equivalents as at beginning of the year	**3.80**	**1.64**
	Cash and cash equivalents as at end of the year	**4.37**	**3.80**

Notes:

1. Cash flow statement has been prepared under indirect method as set out in the Indian Accounting Standard (Ind AS) 7 Statement of Cash Flows.
2. Purchase of fixed assets includes movements of capital work in process during the year.
3. Cash and cash equivalents represent cash, bank balances and deposit with maturity period of less than 3 months.
4. Previous year figures have been regrouped wherever applicable.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. : 109982W
by the hand of

For and on behalf of Board of Directors of
Mudit Cement Private Limited

R. P. Acharya
Partner
Membership No. 039920
Mumbai, May 2, 2017

Sunil Prabhune
Director
(DIN-07517824)
Mumbai, May 2, 2017

Raju Dodti
Director
(DIN-06550896)

STATEMENT OF CHANGE IN EQUITY FOR YEAR ENDED MARCH 31, 2017

(₹ In lakhs)

A. Equity Share Capital

Balance as at April 1, 2015	Change during year	Balance as at March 31, 2016
210.48	-	210.48

Balance as at April 1, 2016	Change during year	Balance as at March 31, 2017
210.48	-	210.48

B. Other Equity

Particulars	Reserves and Surplus Retained Earnings	Total
Balance as at April 1, 2015	**(459.34)**	**(459.34)**
Total Comprehensive Income for the year	(566.03)	(566.03)
Balance as at March 31, 2016	**(1,025.37)**	**(1,025.37)**

Particulars	Reserves and Surplus Retained Earnings	Total
Balance as at March 31, 2016	**(1,025.37)**	**(1,025.37)**
Total Comprehensive Income for the year	(548.74)	(548.74)
Balance as at March 31, 2017	**(1,574.11)**	**(1,574.11)**

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. : 109982W
by the hand of

R. P. Acharya
Partner
Membership No. 039920
Mumbai, May 2, 2017

For and on behalf of Board of Directors of
Mudit Cement Private Limited

Sunil Prabhune
Director
(DIN-07517824)
Mumbai, May 2, 2017

Raju Dodti
Director
(DIN-06550896)

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017

1 Background

The company has currently completed construction of its property and hence was not in receipt of any income during the year under review. The property is a commercial office building, which could be offered on lease to group companies. The company sourced its fund requirements through debt financing from the parent company i.e. L&T Financial Consultants Limited.

2 Summary of Significant Accounting Policies

A. Basis of preparation of financial statements

These financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from 1st April 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These financial statements are the first financial statements of the company under Ind AS. All assets and liabilities have been classified as current or non-current as per the company's normal operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013.

The financial statements are presented in 'Indian Rupees' (INR), which is company's functional and presentation currency and the same has been rounded off to the nearest lakhs.

B. Financial Instruments

(a) Financial Assets:

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets. Financial assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of its business model test and contractual cash flows characteristics.

Trade receivables are recognised initially at fair value and subsequently measured at amortised cost using the effective interest method, less provision for impairment. The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities:

Trade and other payables represent liabilities for goods and services provided to the company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

C. Use of Estimate

The preparation of financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) as of the date of the financial statements and the reported income and expenses during the reporting year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognized in the period in which the results are known/materialize.

D. Property, plant and equipment and intangible assets

Property, plant and equipment are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated depreciation.

Property, plant and equipment not ready for the intended use on the date of the Balance Sheet are disclosed as "Capital Work in Progress".

Intangible fixed assets comprising of software licenses are stated at cost of acquisition including any cost attributable for bringing the asset to its working condition, less accumulated amortisation. Any expenses on such software licenses for support and maintenance payable annually are charged to the Statement of Profit and Loss."

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with the carrying value of all its property, plant and equipment recognised at 1st April, 2015 measured as per previous GAAP and use that carrying value as the deemed cost of the property, plant and equipment.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

E. Investment Properties

Property that is held for long term rental yields or for capital appreciation or both, and that is not occupied by the company, is classified as investment property. Investment property is measured initially at cost, including related transaction costs and where applicable borrowing costs. Subsequent expenditure is capitalized to the asset's carrying amount only when it is probable that future economic benefits associated with the expenditure will flow to the group and the cost of the item can be measured reliably. All other repairs and maintenance costs are expensed when incurred. When part of investment property is replaced, the carrying amount of the replaced part is derecognized.

Investment properties are depreciated using the straight line method over their estimated useful lives.

Transition to Ind AS

On transition to Ind AS, the group has elected to continue with carrying value of all its investment properties recognised at 1st April, 2015 measured as per the previous GAAP and use that carrying value as the deemed cost of investment properties.

F. Investments

'Long Term Investments' are carried at acquisition / amortised cost. A provision is made for diminution other than temporary on an individual investment basis.

'Current Investments' are carried at the lower of cost or fair value on an individual investment basis.

G. Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis.

(c) Revenues from the various services that the company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

(d) Dividend is accounted when the right to its receipt is established.

H. Depreciation and Amortisation

Depreciation / Amortisation on fixed assets is calculated on a straight-line which reflect the management's estimate of the useful lives of respective fixed assets and are greater than or equal to the corresponding rate prescribed in Schedule II of the Companies Act, 2013. Fixed assets costing ₹ 5,000/- or less are fully depreciated in the year of installation. Depreciation is charged for the full month in the month of purchase / sale even used for part of the month.

I. Impairment of assets

Tangible and intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the asset's carrying amount exceeds its recoverable amount, which is the higher of the asset's net selling price or its value in use.

J. Borrowings

Borrowings are initially recognised at fair value, net of transaction costs incurred. Borrowings are subsequently measured at amortised cost. Any difference between the proceeds (net of transaction costs) and the redemption amount is recognised in profit or loss over the period of the borrowings using effective interest rate method.

K. Borrowing Costs

Borrowing cost includes interest and exchange differences arising from foreign currency borrowings to the extent they are regarded as an adjustment to the interest cost.

Borrowing costs that are attributable to the construction of a qualifying asset are capitalised as part of cost of such asset till such time the asset is ready for its intended use. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use. All other borrowing costs are recognised as an expense in the period in which they are incurred.

L. Income Taxes

Current tax is determined as the amount of tax payable in respect of taxable income for the year as determined in accordance with the provision of Income Tax Act, 1961.

Deferred tax is recognised on timing differences, between taxable income and accounting income

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

that originated in one period and is capable of reversal in one or more subsequent periods. Deferred tax assets are recognised with regard to all deductible timing differences to the extent it is probable that taxable profit will be available against which deductible timing differences can be utilised. When the company carries forward unused tax losses and unabsorbed depreciation, deferred tax assets are recognised only to the extent there is virtual certainty backed by convincing evidence that sufficient future taxable income will be available against which deferred tax assets can be realised. The carrying amounts of deferred tax assets are reviewed at each balance sheet date and reduced by the extent that it is no longer probable that sufficient taxable profit will be available to allow all or a part of the deferred tax asset to be utilised.

M. Provisions, Contingent liabilities and Contingent assets

A provision is recognised when the company has a present legal or constructive obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation, in respect of which reliable estimate can be made. Provisions are not discounted to their present value and are determined based on best estimate required to settle the obligation at the Balance Sheet date. These are reviewed at each Balance Sheet date and adjusted to reflect the current best estimates. Contingent assets are not recognised.

A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the company or a present obligation that is not recognized because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in extremely rare cases where there is a liability that cannot be recognized because it cannot be measured reliably. The company does not recognize a contingent liability but discloses its existence in the financial statements. Contingent Assets are not recognised.

N. Cash and Cash Equivalents

Cash and Bank Balances that have insignificant risk of change in value including term deposits, which have original durations up to three months, are included in cash and cash equivalents in the Cash Flow Statement.

O. Earnings per share

Basic and diluted earnings per share are computed in accordance with Ind AS 33 – Earnings per share

Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

P. Commitments

Commitments are future liabilities for contracted expenditure. Commitments are classified and disclosed as follows:-

a) Estimated amount of contracts remaining to be executed on capital account are not provided for.

   Other non cancellable commitments, if any to the extent they are considered material and relevant in the opinion of the management.

3 Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Accounting estimates could change from period to period. Actual results could differ from these estimates and the differences between the actual results. The estimates are recognised in the periods in which the results are known / materialise.

The areas involving critical estimates or judgements are:

Estimation of current tax expense and payable - There are transactions and calculations for which the ultimate tax determination is uncertain and would get

(i) finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4 : Fixed assets

(₹ In lakhs)

	Gross Block (At cost)				Depreciation				Net Block	
	As at April 1, 2016	Additions	Deductions	As at March 31, 2017	As at April 1, 2016	For the period	Deductions	As at March 31, 2017	As at March 31, 2017	As at March 31, 2016
Tangible assets										
Property, Plant and Equipment										
Plant & Machinery	-	39.05	-	39.05	-	0.62	-	0.62	38.43	-
Furniture & Fixtures	0.23	-	-	0.23	0.01	0.02	-	0.03	0.20	0.22
'A'	**0.23**	**39.05**	**-**	**39.28**	**0.01**	**0.64**	**-**	**0.65**	**38.63**	**0.22**
Intangible asset										
Software	1.13	-	-	1.13	0.67	0.39	-	1.06	0.07	0.46
'B'	**1.13**	**-**	**-**	**1.13**	**0.67**	**0.39**	**-**	**1.06**	**0.07**	**0.46**
'A' + 'B'	**1.36**	**39.05**	**-**	**40.41**	**0.68**	**1.03**	**-**	**1.71**	**38.70**	**0.68**

(₹ In lakhs)

	Gross Block (At cost)				Depreciation				Net Block	
	As at April 1, 2015	Additions	Deductions	As at March 31, 2016	As at April 1, 2015	For the period	Deductions	As at March 31, 2016	As at March 31, 2016	As at March 31, 2015
Tangible assets										
Property, Plant and Equipment										
Furniture & Fixtures	-	0.23	-	0.23	-	0.01	-	0.01	0.22	-
'A'	**-**	**0.23**	**-**	**0.23**	**-**	**0.01**	**-**	**0.01**	**0.22**	**-**
Intangible asset										
Software	1.00	0.13	-	1.13	0.28	0.39	-	0.67	0.46	0.72
'B'	**1.00**	**0.13**	**-**	**1.13**	**0.28**	**0.39**	**-**	**0.67**	**0.46**	**0.72**
'A' + 'B'	**1.00**	**0.36**	**-**	**1.36**	**0.28**	**0.40**	**-**	**0.68**	**0.68**	**0.72**

5 Investment Properties

(₹ In lakhs)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Gross Carrying Amount			
Opening gross carrying amount/ Deemed cost	3,047.72	3,047.72	3,047.72
Add: Additions	950.26	-	-
Less: Classified as Assets held for sale	-	-	-
Less: Sale during the year	-	-	-
Closing gross carrying amount	**3,997.98**	**3,047.72**	**3,047.72**
Accumulated Depreciation and Impairment			
Opening accumulated depreciation	102.56	57.47	12.37
Add: Depreciation and Impairment	49.06	45.09	45.10
Less: Classified as Assets held for sale	-	-	-
Less: Deduction due to sale	-	-	-
Closing accumulated depreciation	**151.62**	**102.56**	**57.47**
Capital work in progress	4.50	639.07	242.09
Net Carrying Amount	**3,850.86**	**3,584.23**	**3,232.34**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

6 Non current financial assets - Others (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured, Considered Good			
Security Deposits	11.01	11.01	11.01
	11.01	**11.01**	**11.01**

7 Cash and cash equivalents (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Balances with banks			
- in Current Accounts	4.37	3.80	1.64
	4.37	**3.80**	**1.64**

Note - There is no cash on hand as on 8th November, 2016. Also, the company has no transaction in cash during the period from November 8, 2016 to December 30, 2016.

8 Current financial assets - Others (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Advance recoverable in cash or kind	42.52	42.49	-
Prepaid expenses	0.18	0.72	-
	42.70	**43.21**	**-**

9 Share Capital

9.1 Share capital authorised, issued and subscribed (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Authorised Share Capital			
2,500,000 Equity Shares of ₹ 10/- each	250.00	250.00	250.00
Issued, Subscribed and Paid-up Capital			
2,104,800 Equity Shares of ₹ 10/- each fully paid up	210.48	210.48	210.48
	210.48	**210.48**	**210.48**

9.2 Reconciliation of the shares outstanding at the beginning and at the end of the reporting year

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
Equity Shares of ₹ 10/- each fully paid	**No. of Shares**	**₹ Lakh**	**No. of Shares**	**₹ Lakh**	**No. of Shares**	**₹ Lakh**
At the beginning of the year	2,104,800	210.48	2,104,800	210.48	2,104,800	210.48
Issued during the year	-	-	-	-	-	-
Outstanding at the end of the year	**2,104,800**	**210.48**	**2,104,800**	**210.48**	**2,104,800**	**210.48**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

9.3 Terms/rights attached to equity shares

The Company has only one class of equity shares having a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

9.4 Shares held by holding company

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No. of Shares	₹ Lakh	No. of Shares	₹ Lakh	No. of Shares	₹ Lakh
Equity Shares of ₹ 10/- each fully paid	2,104,800	210.48	2,104,800	210.48	2,104,800	210.48

9.5 Shares in the Company held by each shareholder holding more than 5%

Name of the Shareholder	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	No of Shares held	% of Holding	No of Shares held	% of Holding	No of Shares held	% of Holding
Equity Shares of ₹ 10/- each fully paid						
L&T Financial Consultants Limited (Holding company) and its nominees	2,104,800	100%	2,104,800	100%	2,104,800	100%

10 Other Equity (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Surplus/(deficit) in the statement of profit and loss			
As at the commencement of year	(1,025.37)	(459.34)	(107.01)
Add: Addition for the year	(548.74)	(566.03)	(352.33)
Balance carried to Balance Sheet	**(1,574.11)**	**(1,025.37)**	**(459.34)**

11 Long-Term Borrowings (₹ In lakhs)

	As at March 31, 2017		As at March 31, 2016		As at April 1, 2015	
	Non current portion	Current portion	Non current portion	Current portion	Non current portion	Current portion
Unsecured						
- Intercorporate Deposits	209.46	4,128.23	3,809.26	286.21	263.26	3,201.44
	209.46	**4,128.23**	**3,809.26**	**286.21**	**263.26**	**3,201.44**

12 Deferred tax liability (net) (₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Deferred tax liability			
Difference between book depreciation and tax depreciation	238.87	171.06	-
Deferred tax assets	-	-	-
Net deferred tax liability/ assets	**238.87**	**171.06**	**-**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

13 Short-Term Borrowings

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
Unsecured Loan			
- Intercorporate Deposits	590.73	134.80	24.09
	590.73	**134.80**	**24.09**

14 Other Current Liabilities

(₹ In lakhs)

	As at March 31, 2017	As at March 31, 2016	As at April 1, 2015
- Statutory Dues	4.23	32.41	3.54
- Payable to related party	-	0.91	-
- Other Liabilities	139.74	23.18	2.24
	143.97	**56.50**	**5.78**

15 Finance Cost

(₹ In lakhs)

	For the year ended March 31, 2017	For the year ended March 31, 2016
Interest on inter corporate borrowing	414.66	332.04
	414.66	**332.04**

16 Administration and other expenses

(₹ In lakhs)

	For the year ended March 31, 2017		For the year ended March 31, 2016	
Rates and taxes		0.27		0.39
ROC Filling Fees		0.04		0.09
Repairs and maintenance		11.11		6.64
Electricity and water charges		1.88		3.00
Auditors remuneration				
Audit fees	0.50		0.45	
Limited review fees	0.52		0.30	
Other charges	0.82		0.19	
		1.84		0.94
Professional fees		1.00		2.18
Corporate support charges		-		3.98
Miscellaneous expenses		0.03		0.22
		16.17		**17.44**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

17 Fair value measurement

a) Classification of Financial Assets and Financial Liabilities

(₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Security deposits	-	-	11.01	-	-	11.01	-	-	11.01
Cash and cash equivalents	-	-	4.37	-	-	3.80	-	-	1.64
Advances recoverable in cash or kind	-	-	42.70	-	-	43.21	-	-	-
Total financial assets	**-**	**-**	**58.08**	**-**	**-**	**58.02**	**-**	**-**	**12.65**
Financial liabilities									
Long-term borrowings	-	-	209.46	-	-	3,809.26	-	-	263.26
Short-term borrowings	-	-	590.73	-	-	134.80	-	-	24.09
Current maturities of long term borrowings	-	-	4,128.23	-	-	286.21	-	-	3,201.44
Other current liabilities	-	-	139.74	-	-	24.09	-	-	2.24
Total financial liabilities	**-**	**-**	**5,068.16**	**-**	**-**	**4,254.35**	**-**	**-**	**3,491.03**

b) Items of Income, expense, gains or losses

(₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16
Interest Expenses		
FS Business	414.66	332.04

c) Maturity profile of financial liabilities (Amount at undiscounted value)

(₹ In lakhs)

Financial instruments by category	March 31, 2017			March 31, 2016			April 1, 2015		
	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total	Less than twelve months	More than twelve months	Total
Long-term borrowings	-	229.34	229.34	-	4,428.96	4,428.96	-	289.59	289.59
Short-term borrowings	646.79	-	646.79	427.40	-	427.40	26.50	-	26.50
Current maturities of long term borrowings	4,520.00	-	4,520.00	35.11	-	35.11	3,521.63	-	3,521.63
Other current liabilities	139.74	-	139.74	24.09	-	24.09	2.24	-	2.24
Total financial liabilities	**5,306.53**	**229.34**	**5,535.87**	**486.60**	**4,428.96**	**4,915.56**	**3,550.37**	**289.59**	**3,839.96**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

d) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(₹ In lakhs)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial liabilities					
Financial liabilities at amortised cost					
Long-term borrowings	11				
At March 31, 2017		-	-	209.46	**209.46**
At March 31, 2016		-	-	3,809.26	**3,809.26**
At April 1, 2015		-	-	263.26	**263.26**
Short-term borrowings	13				
At March 31, 2017		-	-	590.73	**590.73**
At March 31, 2016		-	-	134.80	**134.80**
At April 1, 2015		-	-	24.09	**24.09**
Current maturities of long term borrowings	11				
At March 31, 2017		-	-	4,128.23	**4,128.23**
At March 31, 2016		-	-	286.21	**286.21**
At April 1, 2015		-	-	3,201.44	**3,201.44**

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable.

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between level 1 and level 2 and level 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables, other current liabilities and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

e) Interest rate and equity risk

(₹ In lakhs)

Particulars	FY 2016-17	FY 2015-16	FY 2014-15
Interest rate risk			
Borrowings at fixed interest rates	4,928.42	4,230.26	3,488.79

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

18 Disclosure pursuant to Ind AS 12 "Income Taxes"

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

(₹ In lakhs)

Sr. No.	Particulars	2016-17	2015-16
(a)	**Profit and Loss section**		
	Current Income tax :		
	Current income tax charge	-	-
	Deferred Tax:		
	Relating to origination and reversal of temporary difference	67.81	171.06
	Income tax expense reported in the statement of profit or loss	**67.81**	**171.06**

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

(₹ In lakhs)

Sr. No.	Particulars	2016-17	2015-16
1	Profit before tax	(480.93)	(394.97)
2	Applicable Corporate tax rate as per Income tax Act, 1961	34.608%	34.608%
3	PBT*Tax (tax rate of 34.608%)	(166.44)	(136.69)
4	Effect of fair valuation gain	166.44	136.69
	Difference in Book and Income tax depreciation	67.81	171.06
	Other items	-	
	MAT credit	-	-
5	Effective tax Rate	**-14.10%**	**-43.31%**

Items for which no deferred tax asset is recognised in the balance sheet

(₹ In lakhs)

Sr. No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry	Base Amount	Deferred Tax	Year of expiry
	Tax losses (revenue in nature) (business loss on which no tax asset is created)									
	Year of loss:									
	AY 2015-16	577.88	199.99	AY 2023-24	577.88	0.00	AY 2023-24	577.88	0.00	AY 2023-24
	AY 2016-17	593.10	205.26	AY 2024-25	593.10	0.00	AY 2024-25			
	Total	**1,170.98**	**405.25**		**1,170.98**	**-**		**577.88**	**-**	

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(₹ In lakhs)

Sr. No.	Particulars	Balance Sheet			Statement of Profit & Loss	
		March 31, 2017	March 31, 2016	April 1, 2015	2016-17	2015-16
(a)	Difference in Book and Income tax depreciation	238.87	171.06	-	67.81	171.06
	Deferred tax expense/ (income)				**67.81**	**171.06**
	Net deferred tax (assets) / liabilites	**238.87**	**171.06**	**-**		

Reconciliation of deferred tax (assets) / liabilities (₹ In lakhs)

Sr. No.	Particulars	2016-17	2015-16
(a)	**Opening Balance of Deferred tax (assets)/ liabilities on April 1**	**171.06**	**-**
(b)	Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	67.81	171.06
(c)	Tax income / (expense) during the period recognised in statement of Profit and Loss under OCI section	-	-
	Closing balance of Deferred tax (assets)/ liabilities as on March 31	**238.87**	**171.06**

19 Details of Useful life, restrictions and hypothecation of Property, Plant and Equipment, Investment property and Intangible Assets

(₹ In lakhs)

Sr. No.	Particulars	March 31, 2017			March 31, 2016			April 1, 2015		
		Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothe-cated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothe-cated	Restriction on title-Yes	Restriction on title-No	Pledged/ Hypothe-cated
1	Owned Plant and Equipment	-	39.05	-	-	-	-	-	-	-
2	Furniture and Fixture	-	0.24	-	-	0.24	-	-	-	-
3	Investment Property	-	3,997.98	-	-	3,629.32	-	-	3,232.34	-
4	Specialised Softwares	-	1.12	-	-	1.12	-	-	1.00	-

Disclosures pursuant to Indian Accounting Standards (Ind AS) 40 "Investment Property"

Particulars	2016-17	2015-16	2014-15
Depreciation on Investment Property	49.06	45.10	-

20 Segment Reporting

Primary Segment (Business Segment)

The Company operates mainly in the business segment of designing, developing, owing and operating of commercial and residential premises. Accordingly, separate segment information for different business segments is not disclosed.

Secondary Segment (Geographical Segment)

The company operates only in the domestic market. As a result separate segment information for different geographical segments is also not disclosed.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

21 Related Party Disclosures

(a) List of Related Parties (with whom transactions were carried out during the current or previous year)

A. Ultimate Holding Company

- Larsen & Toubro Limited

B. Holding Company (from December 27, 2013)

- L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)

C. Fellow Subsidiary Company

- L&T Finance Limited

(b) Disclosures of related Party Transaction: (₹ In lakhs)

Sr. No.	Nature of Transactions	2016-17	2015-16
1	**Inter corporate deposit taken**		
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	767.29	3,861.38
2	**Inter corporate deposit repaid**		
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	385.27	2,898.95
3	**Interest on inter corporate deposits**		
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	414.66	332.04
4	**Corporate support charges paid to**		
	L&T Finance Limited	-	3.98
5	**Professional fees paid to**		
	Larsen & Toubro Limited	0.23	0.34

(c) Amount due to/from related Parties: (₹ In lakhs)

Sr. No.	Nature of Transactions	March 31, 2017	March 31, 2016	April 1, 2015
1	**Outstanding balance of inter corporate deposit taken**			
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	4,497.66	4,115.64	3,153.20
2	**Interest Accrued but not due on inter corporate deposits taken**			
	L&T Financial Consultants Limited (erstwhile known as L&T Vrindavan Properties Limited)	430.76	114.62	335.59
3	**Payable to**			
	L&T Finance Limited	-	0.91	-
	Larsen & Toubro Limited	-	-	-

Note: Transactions shown above are inclusive of Service Tax, if any.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

22 Earnings per share :

Particulars		**2016-17**	**2015-16**
Basic			
Profit/(loss) after tax as per statement of profit and loss (₹ Lakh)	A	(548.74)	(566.03)
Weighted average number of equity shares outstanding	B	2,104,800	2,104,800
Basic EPS (₹)	**A / B**	**(26.07)**	**(26.89)**
Diluted			
Profit after tax as per statement of profit and loss (₹ Lakh)	A	(548.74)	(566.03)
Weighted average number of equity shares outstanding	B	2,104,800	2,104,800
Add : Weighted average number of equity shares on account of share application money	C	--	--
Weighted average number of shares outstanding for diluted EPS	D=B+C	2,104,800	2,104,800
Diluted EPS (₹)	**A / D**	**(26.07)**	**(26.89)**
Nominal Value (₹)		10	10

23 The Company has no amounts due to suppliers under the Micro, Small and Medium Enterprises Development Act, 2006 as at 31st March, 2017. This information is given in respect of such vendors as could be identified as 'Micro'/'Medium'/'Small Enterprises' on the basis of information available with the Company.

24 The Company has an outstanding capital commitments amount of Nil (March 31, 2016: ₹ 299.60 lakh; March 31, 2015: ₹ 407.91 lakh).

25 Contingent liability as on March 31, 2017 is Nil (March 31, 2016: Nil; March 31, 2015: Nil).

26 Previous year figures have been regrouped/ reclassified wherever necessary.

As per our report attached
SHARP & TANNAN
Chartered Accountants
Firm's Registration No. : 109982W
by the hand of

R. P. Acharya
Partner
Membership No. 039920
Mumbai, May 2, 2017

For and on behalf of Board of Directors of
Mudit Cement Private Limited

Sunil Prabhune
Director
(DIN-07517824)
Mumbai, May 2, 2017

Raju Dodti
Director
(DIN-06550896)

BOARD'S REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Twenty First Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance for the Financial Year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ in lakhs)

Particulars	2016-17	2015-16
Gross Income	14.48	15.80
Less: Gross Expenses	(13.64)	(11.97)
Profit Before Tax	0.84	3.83
Tax Credit/ (Expense)	1.17	(1.18)
Profit After Tax	2.01	2.65
Loss b/f from previous year	(15.66)	(18.31)
Surplus / (Deficit) in the statement of Profit and Loss	(13.65)	(15.66)

INFORMATION ON THE STATE AFFAIRS OF THE COMPANY

The gross income of the Company (in form of Trustee fees) for the FY 2016 -2017 was ₹ 5 lakhs.

The profit from continuing operations including extraordinary and exceptional items was ₹ 2.01 lakhs as against profit of ₹ 2.65 lakhs for the previous FY.

The net worth of the Company has increased from ₹ 157.10 lakhs as at March 31, 2016 to ₹ 159.11 lakhs as at March 31, 2017.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

Considering the amount of profit, it is not proposed to declare the dividend.

SHARE CAPITAL

During the year under review, your Company had not issued any further capital.

The paid up equity share capital as on March 31, 2017 was ₹ 15,00,000.

DISCLOSURE RELATING TO HOLDING, SUBSIDIARIES / ASSOCIATES / JOINT VENTURES

During the financial year 2016 - 2017, your Company did not have any subsidiaries or associate companies or joint ventures as defined under the Companies Act, 2013.

FIXED DEPOSITS

The Company has not accepted any deposits from the public since inception.

DIRECTORS

At present, the Board comprises Mr. Y. M. Deosthalee, Mr. V. Natarajan, Mr. Hemant Joshi and Mr. Jairaj Purandare as Directors of the Company.

Mr. V. Natarajan, Mr. Hemant Joshi and Mr. Jairaj Purandare are the Independent Directors of the Company in accordance with the requirements of Securities Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

Section 152 of the Act provides that unless the articles provide for the retirement of all directors at every AGM, not less than two-third of the total number of directors of a public company (excluding the Independent Directors) are required to be persons whose period of office is liable to determination by retirement of directors by rotation. Accordingly, Mr. Jairaj Purandare retires by rotation at the ensuing AGM and being eligible, has offered himself for re-appointment.

STATUTORY AUDITORS

Pursuant to the provisions of Section 139(1) of the Companies Act, 2013 and the rules made thereunder, the Members at their Nineteenth Annual General Meeting ("AGM") held on July 28, 2015, had appointed M/s Price Waterhouse, Chartered Accountants (ICAI Firm's Registration Number 301112E) as the Statutory Auditors of the Company for a term of five years, i.e. from the conclusion of Nineteenth AGM till the conclusion of the Twenty Fourth AGM.

Further, in terms of Section 139(1) the appointment of Statutory Auditors is required to be placed for ratification at every AGM. Accordingly, the appointment of M/s Price Waterhouse, Chartered Accountants, as the Statutory Auditors of the Company, has been placed for ratification by the Members at the ensuing Twenty First AGM.

With respect to the aforesaid appointment, the Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

PARTICULARS OF EMPLOYEES

During the year under review there were no employees covered by the Rule 5 (2) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

In view of the nature of activities which are being carried on by the Company, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014 are not relevant to its activities.

FOREIGN EXCHANGE EARNINGS AND OUTGOING

During the period under review, there are no foreign exchange earnings or outgo.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Board of Directors confirm that, to the best of their knowledge and belief:

1) in the preparation of the annual accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

2) the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for that period;

3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively; and

6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has an internal control system, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Audit department, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, are presented to the Audit Committee.

MEETINGS OF THE BOARD OF DIRECTORS

A calendar of meetings is prepared and circulated in advance to the Directors.

The Board of Directors of the Company met 6 (six) times during FY 2016-17 i.e. on April 25, 2016, June 14, 2016, July 14, 2016, October 20, 2016, December 7, 2016 and January 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Director-ship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Y. M. Deosthalee	00001698	NED	6	6
Mr. Venkat Natarajan*	00049409	ID	6	5
Mr. Hemant Joshi*	01519739	ID	6	6
Mr. Jairaj Purandare*	00159886	ID	6	4

* appointment as an Independent Director as per Securities Exchange Board of India (Mutual Funds) Regulations, 1996

The Agenda of the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Audit Committee (“AC”) of the Board consists of Mr. V Natarajan - Member, Mr. Y. M. Deosthalee - Member and Mr. Hemant Joshi - Member.

The role, terms of reference, authority and powers of the Audit Committee are in conformity with requirements under the Securities and Exchange of India (Mutual Funds) Regulations, 1996.

During FY 2016-2017, 6 (six) such Meetings of the Audit Committee were held on April 25, 2016, July 14, 2016, October 20, 2016, December 7, 2016, January 21, 2017 and March 22, 2017.

The attendance of the Members of the Audit Committee at the Meetings held during FY 2016-17 is as follows:

Name of the Director	Audit Committee Meetings held during the year	No. of Audit Committee Meetings attended
Mr. Y. M. Deosthalee	6	6
Mr. Venkat Natarajan	6	5
Mr. Hemant Joshi	6	6

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN BY THE COMPANY

The Company has not given any loans or guarantees or made any investments pursuant to the provisions of Section 186 of the Act and rules thereof during the financial year ended 2016-17.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on October 21, 2014 had approved the policy on transactions with related parties (“RPT”), pursuant to the recommendation of the Audit Committee (“AC”). The RPT Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties (“RPTs”) are referred to AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

All RPTs which are not at arm’s length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during FY 2016-17 were on an arm’s length basis and were in the ordinary course of business and disclosed in the Financial Statements. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has framed and implemented a risk management framework which deals with identification of risk in the business of the Company and which may threaten the existence of the Company.

AUDITORS’ REPORT

The Auditors’ Report is unqualified. The Notes to the Accounts referred to in the Auditors’ Report are self-explanatory and therefore do not call for any further clarifications under Section 134(3)(f) of the Act.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF THE ACT AND RULES MADE THEREUNDER

The extract of Annual Return in MGT-9 as required under Section 92(3) of the Act and prescribed in Rule 12 of the Companies (Management and Administration) Rules, 2014 is appended as **Annexure A** to this Report.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant and material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations. Further, no penalties have been levied by the RBI/any other Regulators during the year under review.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Securities and Exchange Board of India, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Registrar of Companies, other government and regulatory authorities, the Company's bankers and most of all, the Investors of L&T Mutual Fund, for the ongoing support extended by them. The Directors sincerely appreciate the commitment displayed by the employees of the Company resulting in successful performance during the year.

On behalf of the Board
For L&T Mutual Fund Trustee Limited

Y.M. Deosthalee	**Hemant Joshi**
Director	Director
DIN : 00001698	DIN : 01519739

Place: Mumbai
Date: April 28, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
as on financial year ended on March 31, 2017

Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.

I. REGISTRATION AND OTHER DETAILS

I	CIN	U65993MH1996PLC211198
II	Registration Date	April 30, 1996
III	Name of the Company	L&T Mutual Fund Trustee Limited
IV	Category/Sub-category of the Company	Company having share capital
V	Address of the Registered office & contact details[1]	Brindavan, Plot No. 177, C.S.T Road, Kalina, Santacruz (East), Mumbai - 400 098, Maharashtra, India Phone: +91 22 6212 5000 Fax: +91 22 6212 5398 Website : www.ltfs.com
Vi	Whether listed company	No
Vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	Link Intime India Private Limited C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 Mr. Sanjay Jadhav Contact No. 022 4918 6000, 022 4918 6060, dematremat@linkintime.co.in

[1] Change of registered office effective June 15, 2017.

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S.No.	Name & Description of main products/ services	NIC Code of the Product / service	% to total turnover of the company
1	Trustee Company to L&T Mutual Fund	66190	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S.No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098, Maharashtra, India[1]	L67120MH2008PLC181833	Holding Company	100	2(46)

[1] Change of registered office effective June 15, 2017.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) *Individual/HUF										
*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members pursuant to provisions of section 89 of the Companies Act, 2013.	-----	7	7	0.01	-----	7	7	0.01	-----	----

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
b) Central Govt.or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
c) Bodies Corporates	49,993	1,00,000	149,993	99.99	1,49,993	-----	149,993	99.99	-----	----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
SUB TOTAL:(A) (1)	**49,993**	**1,00,007**	**1,50,000**	**100**	**1,49,993**	**7**	**1,50,000**	**100**	**-----**	**----**
(2) Foreign										**----**
a) NRI- Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
b) Other Individuals	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
c) Bodies Corp.	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
d) Banks/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
e) Any other…	-----	-----	-----	-----	-----	-----	-----	-----	-----	----
SUB TOTAL (A) (2)	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**-----**	**----**
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**49,993**	**1,00,007**	**1,50,000**	**100**	**1,49,993**	**7**	**1,50,000**	**100**	**-----**	**----**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
c) Cenntral govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):										
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹ 1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):										
Total Public Shareholding										
(B)= (B)(1)+(B)(2)										
C. Shares held by Custodian for GDRs & ADRs										
Grand Total (A+B+C)	**49,993**	**1,00,007**	**1,50,000**	**100**	**1,49,993**	**7**	**1,50,000**	**100**	**-----**	**----**

(ii) SHARE HOLDING OF PROMOTERS

S.No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	* L&T Finance Holdings Limited	1,50,000	100	--------	1,50,000	100	--------	100
2	--------	--------	--------	--------	--------	--------	--------	--------
	Total	1,50,000	100	--------	1,50,000	100	--------	100

*The Company is a wholly-owned subsidiary of L&T Finance Holdings Limited. For the purpose of complying with the provisions regarding minimum number of members, 7 shares are held by 6 members pursuant to provisions of section 89 of the Companies Act, 2013.

(iii) CHANGE IN PROMOTERS' SHAREHOLDING (SPECIFY IF THERE IS NO CHANGE)- NO CHANGE

Sl. No.		Share holding at the beginning of the Year		Cumulative Share holding during the year	
		No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year	1,50,000	100	1,50,000	100
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year	1,50,000	100	1,50,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)				
	At the end of the year (or on the date of separation, if separated during the year)				

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	No.of shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year				
	Mr. Y.M. Deosthalee and L&T Finance Holdings Limited	2*	0.01	2	0.01
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment/transfer/bonus/ sweat equity etc)	--------	--------	--------	--------
	At the end of the year				
	Mr. Y.M. Deosthalee and L&T Finance Holdings Limited	2	0.01	2	0.01

* Held for the purpose of complying with the provisions regarding minimum number of members pursuant to provisions of section 89 of the Companies Act, 2013.

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment				
	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	**-----**	**-----**	**-----**	**-----**
Change in Indebtedness during the financial year				
Additions	-----	-----	-----	-----
Reduction	-----	-----	-----	-----
Net Change	**-----**	**-----**	**-----**	**-----**
Indebtedness at the end of the financial year	**-----**	**-----**	**-----**	**-----**
i) Principal Amount	-----	-----	-----	-----
ii) Interest due but not paid	-----	-----	-----	-----
iii) Interest accrued but not due	-----	-----	-----	-----
Total (i+ii+iii)	**-----**	**-----**	**-----**	**-----**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole time director and/or Manager:

Sr.No	Particulars of Remuneration	Name of the MD/ WTD/Manager	Total Amount
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax. 1961.	-----	-----
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961	-----	-----
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-----	-----
2	Stock option	-----	-----
3	Sweat Equity	-----	-----
4	Commission	-----	-----
--	as % of profit	-----	-----
--	others (specify)	-----	-----
5	Others, please specify	-----	-----
	Total (A)	**-----**	**-----**
	Ceiling as per the Act	**-----**	**-----**

B. Remuneration to other directors:

S.No.	Particulars of Remuneration	Name of the Directors	Total Amount
1	Independent Directors*		
	(a) Fee for attending board and Committee meetings	V. Natarajan	₹ 1,50,000
		Hemant Joshi	₹ 1,80,000
		Jairaj Purandare	₹ 70,000
	(b) Commission	------	------
	(c) Others, please specify	------	------
	Total (1)	**------**	------
2	Other Non-Executive Directors	------	------
	(a) Fee for attending board committee meetings	------	------
	(b) Commission	------	------
	(c) Others, please specify.	------	------
	Total (2)	**------**	**₹ 4,00,000**
	Total (B)=(1+2)	**------**	**₹ 4,00,000**
	Total Managerial Remuneration	**------**	**₹ 4,00,000**
	Overall Ceiling as per the Act.	**------**	**------**

* Independent Directors under Securities and Exchange Board of India (Mutual Funds) Regulations, 1996.

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	Particulars of Remuneration	Key Managerial Personnel			
1	**Gross Salary**	**CEO**	**Company Secretary**	**CFO**	**Total**
	(a) Salary as per provisions contained in section 17(1) of the Income Tax Act, 1961.	-	-	-	-
	(b) Value of perquisites u/s 17(2) of the Income Tax Act, 1961	-	-	-	-
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961	-	-	-	-
2	Stock Option	-	-	-	-
3	Sweat Equity	-	-	-	-
4	Commission	-	-	-	-
	as % of profit	-	-	-	-
	others, specify	-	-	-	-
5	Others, please specify	-	-	-	-
	Total	-	-	-	-

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013) : NONE

INDEPENDENT AUDITORS' REPORT

Report on special purpose financial statements

1. This report is issued in accordance with the terms of our agreement dated April 24, 2017.

2. We have audited the accompanying special purpose financial statements of &T Mutual Fund Trustee Limited (the "Company") which comprise the balance sheet as at March 31, 2017,and the statement of profit and lossand cash flow statement for the year ended on that date and a summary of significant accounting policies and other explanatory information, which we have signed under reference to this report.

Management's Responsibility for the Financial Statements

3. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements to give a true and fair view of the financial position, financial performance (including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards specified in the Companies (Indian Accounting Standards) Rules, 2015 (as amended) under Section 133 of the Act, to the extent considered relevant by it for the purpose for which these special purpose financial statements have been prepared (the "accounting principles generally accepted in India"). The responsibility includes the design, implementation and maintenance of internal control relevant to the preparation of special purpose financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

4. Our responsibility is to express an opinion on these special purpose financial statements based on our audit. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Companies Act, 2013 ("the Act") and other applicable authoritative pronouncements issued by the Institute of Chartered Accountants of India. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

5. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the special purpose financial statements.The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by Management, as well as evaluating the overall presentation of the financial statements.

6. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

7. Based on our audit, we report that:

   a. We have obtained all the information and explanations which, to the best of our knowledge and belief, were necessary for the purposes of our audit;

   b. The Balance Sheet and Statement of Profit and Loss dealt with by this report are in agreement with the books of account;

   c. In our opinion and to the best of our information and according to the explanations given to us, the special purpose financial statements, together with the notes thereon and attached thereto, fairly present, in all material respects, in conformity with the accounting principles generally accepted in India:

      (i) in the case of the Balance Sheet, the state of affairs of the Company as at March 31, 2017;

      (ii) in the case of the Statement of Profit and Loss, the profit for the year ended on that date; and

      (iii) in the case of the Cash flow statement, of the cash flows for the year ended on that date.

Emphasis of Matter – Basis of Preparation

8. We draw attention to Note 2.1to the special purpose financial statements, which describes the basis of its preparation. The special purpose financial statements are not the statutory financial statements of the Company, and are not intended to, and do not, comply with the disclosure provisions applicable to statutory financial statements prepared under the Companies Act, 1956/Companies Act, 2013 as those are considered irrelevant by the Management and the intended users of the special purpose financial statements for the purposes for which those have been prepared. Our opinion is not qualified in respect of this matter.

Other Matter

9. The special purpose financial statements dealt with by this report, have been prepared for the express purpose of furnishing the Ind AS Financial Statements to the Holding Company for consolidation purposes.

Restriction on Use

10. Our obligations in respect of this report are entirely separate from, and our responsibility and liability is in no way changed by, any other role we may have (or may have had) as auditors of the Company or otherwise. Nothing in this report, nor anything said or done in the course of or in connection with the services that are the subject of this report, will extend any duty of care we may have in our capacity as auditors of any financial statements of the Company.

11. This report is addressed to the Board of Directors of the Company and has been prepared for and only for the purposes set out in paragraph 9 above.This report should not be otherwise used or shown to or otherwise distributed to any other party or used for any other purpose except with our prior consent in writing. Price Waterhouse neither accepts nor assumes any duty, responsibility or liability to any other party or for any other purpose.

For Price Waterhouse
Firm Registration No. 301112E
Chartered Accountants

Alpa Kedia
Partner
Membership No.100681

Place: Mumbai
Date: April 28, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(INR Lakhs)

Particulars	Notes	As at 31-March-17	As at 31-March-16	As at 1-April-15
ASSETS				
Non-current assets				
a) Deferred tax assets (net)	14	0.86	-	-
b) Income tax assets/ Advance income tax	4	17.62	17.06	18.11
c) Other non-current assets	5	4.79	3.95	3.75
		23.27	**21.01**	**21.86**
Current assets				
a) Financial assets				
(i) Current investments	9	133.06	134.19	130.23
(ii) Trade receivables	6	1.31	1.31	1.28
(iii) Cash and cash equivalents	7	5.22	3.13	2.21
b) Other current assets	8	0.70	0.70	0.70
		140.29	**139.33**	**134.42**
TOTAL		**163.56**	**160.34**	**156.28**
EQUITY AND LIABILITIES				
Equity				
a) Equity share capital	10	15.00	15.00	15.00
b) Other equity				
(i) Reserves and surplus	11	144.11	142.10	139.45
		159.11	**157.10**	**154.45**
Non-current liabilities				
a) Deferred tax liability (net)	14	-	0.06	0.07
Current liabilities				
a) Financial liabilities				
Trade payables	12	4.39	2.89	1.70
b) Other current liabilities	13	0.06	0.29	0.06
		4.45	**3.18**	**1.76**
TOTAL		**163.56**	**160.34**	**156.28**
The accompanying notes are integral part of the financial statements.				

In terms of our report attached.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia
Partner
Membership Number : 100681

Place: Mumbai
Date: April 28, 2017

Y.M. Deosthalee
Director
DIN: 00001698

Hemant Joshi
Director
DIN: 01519739

Place: Mumbai
Date: April 28, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(INR Lakhs)

Particulars		Notes	Year ended 31st March 17	Year ended 31st March 16
I.	**INCOME:**			
	Revenue from operations (net of service tax)	15	5.00	5.00
	Other income	16	9.48	10.80
	Total Income		**14.48**	**15.80**
II.	**EXPENSES:**			
	Other expenses	17	13.64	11.97
	Total Expenses		**13.64**	**11.97**
	Profit/(Loss) before tax		**0.84**	**3.83**
	Less:			
	Tax expense:			
	Current tax	18	0.20	1.19
	Deferred tax	18	(0.92)	(0.01)
	Excess Provision for earlier years		(0.45)	-
			(1.17)	1.18
	Profit/(Loss) for the year		**2.01**	**2.65**
	Other comprehensive income for the year (Net of tax)		**-**	**-**
	Total comprehensive income for the year		**2.01**	**2.65**
	Basic/Diluted earnings per equity share in INR	**24**	**1.34**	**1.77**
	Nominal value per share in INR		**10**	**10**
	The accompanying notes are integral part of the financial statements.			

In terms of our report attached.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Alpa Kedia
Partner
Membership Number : 100681

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Y. M. Deosthalee
Director
DIN: 00001698

Hemant Joshi
Director
DIN: 01519739

Place: Mumbai
Date: April 28, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(INR Lakhs)

a. Equity Share Capital

Balance as at 1st April 2015	Change during period	Balance as at 31st March 2016
15.00	-	15.00

Balance as at 1st April 2016	Change during period	Balance as at 31st March 2017
15.00	-	15.00

b. Other Equity

Particulars	Reserves and Surplus		Total
	Capital Reserve	Retained Earnings	
Balance as at 1st April 2015	157.76	(18.31)	139.45
Profit for the year	-	2.65	2.65
Balance as on 31st March 2016	**157.76**	**(15.66)**	**142.10**
Balance as at 1st April 2016	157.76	(15.66)	142.10
Profit for the year	-	2.01	2.01
Balance as on 31st March 2017	**157.76**	**(13.65)**	**144.11**

The accompanying notes are integral part of the financial statements.

In terms of our report attached.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Alpa Kedia
Partner
Membership Number : 100681

Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Y.M. Deosthalee
Director
DIN: 00001698

Hemant Joshi
Director
DIN: 01519739

Place: Mumbai
Date: April 28, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(INR Lakhs)

Particulars	Year ended 31st March 17		Year ended 31st March 16	
Cash flows from operating activities				
Profit/(Loss) before tax		**0.84**		**3.83**
Adjustments for:				
Interest on income tax refund	(0.02)		(0.15)	
Interest Income	-		-	
Profit on sale of current investments (net)	(9.59)		(10.46)	
Adjustment on fair value of current investments	0.13		(0.19)	
Adjustments		(9.48)		(10.80)
Operating profit/(loss) before working capital changes		**(8.64)**		**(6.97)**
Changes in Operating assets and liabilities				
Trade receivables	-		(0.03)	
Other current assets	-		-	
Other non-current assets	(0.84)		(0.20)	
Trade payables	1.50		1.19	
Other current liabilities	(0.23)		0.23	
Changes in working capital		0.43		1.19
Cash generated from operations		**(8.21)**		**(5.78)**
Income taxes (paid)/refund		(0.30)		0.01
Net cash flows from operating activities (A)		**(8.51)**		**(5.77)**
Cash flows from investing activities				
Purchase of current investments	(666.82)		(534.00)	
Proceeds from sale of current investments	677.42		540.69	
Net cash flows from investing activities (B)		**10.60**		**6.69**
Net cash flows from financing activities (C)		**-**		**-**
Net Increase / (Decrease) in cash and cash equivalents (A+B+C)		**2.09**		**0.92**
Cash and cash equivalents as at beginning of the year		3.13		2.21
Cash and cash equivalents as at end of the year		**5.22**		**3.13**
The accompanying notes are integral part of the financial statements.				

In terms of our report attached.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

For and on behalf of the Board of Directors

Alpa Kedia
Partner
Membership Number : 100681

Place: Mumbai
Date: April 28, 2017

Y.M. Deosthalee
Director
DIN: 00001698

Place: Mumbai
Date: April 28, 2017

Hemant Joshi
Director
DIN: 01519739

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017

1 Background

L&T Mutual Fund Trustee Limited ('the Company') is a public company domiciled in India and incorporated under the provisions of the Companies Act, 1956. The Company's principal activity is to provide trusteeship service to ""L&T Mutual Fund"" having its registered office at L&T House, NM Marg, Ballard Estate, Mumbai 400001.The principal shareholder of the Company as at 31st March, 2017 is L&T Finance Holdings Limited.

The financial statements were authorised for issue in accordance with a resolution of the Board of Directors passed in their meeting held on April 28, 2017.

2 Summary of Significant Accounting Policies

2.1 Basis of Preparation

These Special Purpose financial statements have been prepared in accordance with Indian Accounting Standard (Ind AS) notified under the Companies (Indian Accounting Standard) Rules, 2015 read with Section 133 of the Companies Act, 2013 with effect from 1st April 2016. Previous period numbers in the financial statements have been restated to Ind AS.

These Special Purpose are the first financial statements of the Company under Ind AS. Refer Note 25 for an explanation of how the transition from previous GAAP to Ind AS has affected the financial position, financial performance and cash flows. The Company has presented a reconciliation from the presentation of financial statements under Accounting Standards notified under the Companies (Accounting Standards) Rules, 2006 ("Previous GAAP") to Ind AS of Shareholders' equity as at 31st March 2016 and 1st April 2015 and of the comprehensive net income for the year ended 31st March 2016 (Refer Note 27).

The financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets at fair value through profit or loss.

These Special Purpose Financial Statements has been prepared by the Management of the Company, in connection the Company's obligation to furnish the aforesaid to Larsen and Toubro Limited, (the "Ultimate Holding Company) for the preparation of its Consolidated Financial Statements.

All assets and liabilities have been classified as current or non-current as per the Company's operating cycle and other criteria set out in the Schedule III to the Companies Act, 2013. The Company has ascertained its operating cycle as 12 months for the purpose of current – non current classification of assets and liabilities.

The financial statements are presented in 'Indian Rupees' (INR), which is Company's functional and presentation currency and the same has been rounded off to the nearest lakhs.

2.2 Financial Instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(a) Financial Assets

All financial assets are recognised initially at fair value. Transaction costs that are attributable to the acquisition of the financial asset (other than financial assets recorded at fair value through profit or loss) are added to the fair value measured on initial recognition of financial assets.

Financials assets are subsequently measured either at amortised cost, fair value through other comprehensive income (FVTOCI) or fair value through profit or loss (FVTPL) based on assessment of it's business model test and contractual cash flows characteristics.

The gains/ losses on sale of investments are recognised in the statement of profit and loss on the trade day. Profit or loss on sale of investments is determined on weighted average cost basis.

(b) Financial Liabilities

Trade and other payables represent liabilities for goods and services provided to the Company prior to the end of financial year which are unpaid. Trade and other payables are initially recognised at fair value, and subsequently carried at amortised cost.

2.3 Share Capital

Ordinary equity shares are classified as equity. Incremental costs directly attributable to the issuance of new ordinary shares are deducted against the share capital account.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

2.4 Revenue Recognition

Revenue is recognised when there is reasonable certainty of its ultimate realisation/collection. The company recognises revenue when the amount of revenue can be reliably measured; when it is probable that future economic benefits will flow to the entity; and when specific criteria have been met for each of the Company's activities, as described below.

Trusteeship Fees

Trusteeship Fees are accounted on an accrual basis in accordance with the Trust Deed and are dependent on the net asset value as recorded by the schemes of L&T Mutual Fund

2.5 Income Taxes

Income taxes are accounted for in accordance with Ind AS 12 "Income Taxes". Tax expense comprises both current tax and deferred tax.

Current income tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities.

Deferred tax is provided using the liability method on temporary differences between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes at the reporting date. Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised. "

2.6 Provisions, Contingent Liabilities & Contingent Assets

The Company recognizes a provision when there is a present obligation as a result of past event on which it is probable that there will be outflow of resources to settle the obligation in respect of which reliable estimates can be made.

Contingent Liabilities are disclosed by way of notes to Financial Statements after careful evaluation by the management of the facts and legal aspects of the matter involved.

Contingent Assets are disclosed in the financial statement when an inflow of economic benefits are probable.

2.7 Earning Per Shares

Basic earning per shares are calculated by dividing the profit for the year attributable to equity shareholders by the weighted average number of Equity shares outstanding during the year.

3 Critical Estimates and judgements

The preparation of the financial statements in conformity with Ind AS requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

The areas involving critical estimates or judgements are:

(i) Estimation of current tax expense and payable :- There are transactions and calculations for which the ultimate tax determination is uncertain and would get finalized on completion of assessment by tax authorities. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred tax provisions in the period in which such determination is made.

(ii) Recognition of deferred tax assets for carried forward tax losses:- The Company has not recognised deferred tax assets on carried forward tax losses. The losses can be carried forward for a period of 8 years as per tax regulations and the Company does not expects to recover the losses in forceable future.

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

4 Income tax assets/ Advance income tax (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Advance income tax	17.62	17.06	18.11
Total	**17.62**	**17.06**	**18.11**

5 Other non-current assets (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Service tax credit receivable	4.79	3.95	3.75
Total	**4.79**	**3.95**	**3.75**

6 Trade receivables (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Unsecured, considered good (unless otherwise stated)			
Trade receivables	1.31	1.31	1.28
Total	**1.31**	**1.31**	**1.28**

7 Cash and cash equivalents (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Balances with banks			
in current accounts	5.22	3.13	2.21
Total	**5.22**	**3.13**	**2.21**

Note- There is no cash on hand as on 8th November, 2016. Also, the Company has no transaction in cash during the period from 8th November, 2016 to 30th December, 2016.

8 Other current assets (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Unsecured, considered good (unless otherwise stated)			
Service tax credit receivable	0.70	0.70	0.70
Advances to vendors	-	-	-
Total	**0.70**	**0.70**	**0.70**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

Financial assets

9 Investments (INR Lakhs)

Investments at fair value through profit & loss

Particulars	As at 31-March-17	As at 31-March-16	As at 1-April-15
Current investments (Unquoted) (at fair value)			
Investments in units of mutual funds	133.06	134.19	130.23
Total	**133.06**	**134.19**	**130.23**

Details of current investments

Particulars	No. of Units			Amount		
	As at 31-March-17	As at 31-March-16	As at 1-April-15	As at 31-March-17	As at 31-March-16	As at 1-April-15
Current investments						
Investments in units of mutual funds (unquoted)						
L&T liquid fund - direct plan -growth	5,966.734	6,458.143	6,787.7960	133.06	134.19	130.23
Total current investments	**5,966.734**	**6,458.14**	**6,787.80**	**133.06**	**134.19**	**130.23**

10 Share capital

The Company has issued Equity Share Capital, the details in respect of which are given below

Number, face value and amount of shares authorised, issued, subscribed and paid-up	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	Amount (INR Lakhs)	Number	Amount (INR Lakhs)	Number	Amount (INR Lakhs)
Authorised						
Equity shares of ₹ 10 each with voting rights	250,000	25.00	250,000	25.00	250,000	25.00
Issued, Subscribed and Paid-up						
Equity shares of ₹ 10 each fully paid up	150,000	15.00	150,000	15.00	150,000	15.00
Total	**150,000**	**15.00**	**150,000**	**15.00**	**150,000.00**	**15.00**

(a) Reconciliation of the number of shares outstanding at the beginning and end of the reporting year

Particulars	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	Number	Amount (INR Lakhs)	Number	Amount (INR Lakhs)	Number	Amount (INR Lakhs)
Balance at the beginning of the year	150,000	15.00	150,000	15.00	150,000	15.00
Add : Shares issued during the year	-	-	-	-	-	-
Less : Shares bought back during the year	-	-	-	-	-	-
Balance at the end of the year	**150,000**	**15.00**	**150,000**	**15.00**	**150,000**	**15.00**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(b) The Company has one class of equity shares having a par value of INR 10 per share. Each shareholder is eligible for one vote per share held. In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts in proportion to their shareholdings.

(c) Shares in the Company held by the holding company

150,000 Equity Shares (previous year 150,000) are held by L&T Finance Holdings Limited, the Holding Company.

(d) Shares in the Company held by shareholders more than of 5% of the aggregate equity shares as at the reporting date

Name of Shareholder	As at 31-March-17		As at 31-March-16		As at 1-April-15	
	No. of Shares held	% of Holding	No. of Shares held	% of Holding	No. of Shares held	% of Holding
L&T Finance Holdings Limited	150,000	100%	150,000	100%	150,000	100%

11 Reserves and surplus

(INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Capital reserve			
Balance at the beginning of the year	157.76	157.76	157.76
Adjustment during the year	-	-	-
Balance at the end of the year	157.76	157.76	157.76
Retained earnings			
Balance at the beginning of the year	(15.66)	(18.31)	(3.28)
Add : Net profit/(loss) for the year	2.01	2.65	(15.03)
Balance at the end of the year	(13.65)	(15.66)	(18.31)
Total	**144.11**	**142.10**	**139.45**

12 Trade payables

(INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Trade payables	4.39	2.89	1.70
Total	**4.39**	**2.89**	**1.70**

13 Other current liabilities

(INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Statutory dues (including withholding taxes)	0.04	0.27	0.04
Other current liabilities	0.02	0.02	0.02
Total	**0.06**	**0.29**	**0.06**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

14 Deferred tax assets / (liability) (INR Lakhs)

	As at 31-March-17	As at 31-March-16	As at 1-April-15
Gain on FVTPL of investments made in mutual fund (Includes MAT Credit of ₹ 0.88 Lakhs)	0.86	(0.06)	(0.07)
Total	**0.86**	**(0.06)**	**(0.07)**

Movement in deferred tax assets

	Tax losses	Other items	Total
At 1-April-15			
(Charged)/ credited:			
- to profit or loss	-	(0.06)	(0.06)
- to other comprehensive income	-	-	-
At 31-March-16	**-**	**(0.06)**	**(0.06)**
(Charged)/ credited:			
- to profit or loss	-	0.86	0.86
- to other comprehensive income	-	-	-
At 31-March-17	**-**	**0.86**	**0.86**

15 Revenue from operations (INR Lakhs)

	Year ended 31st March 17	Year ended 31st March 16
Trusteeship fees	5.00	5.00
Total	**5.00**	**5.00**

16 Other income (INR Lakhs)

	Year ended 31st March 17	Year ended 31st March 16
Profit on sale of current investments (net)	9.59	10.46
IndAS - Gain/(Loss) on FV of Investments	(0.13)	0.19
Interest on income tax refund	0.02	0.15
Total	**9.48**	**10.80**

17 Other expenses (INR Lakhs)

	Year ended 31st March 17	Year ended 31st March 16
Travelling and conveyance	0.58	2.46
Bank Charges	0.02	0.02
Professional fees	4.77	2.17
Office Expenses	0.01	0.09
Filing fees	-	0.01
Directors' fees	4.10	4.50
Auditors' remuneration		-
- Audit	1.68	1.30
- Limited review	2.32	1.20
- Reimbursement of expenses	0.12	0.18
Rates and Taxes	-	0.03
Miscellaneous expenses	0.04	0.01
Total	**13.64**	**11.97**

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

18 Tax expense

(INR Lakhs)

	Year ended 31st March 17	Year ended 31st March 16
(i) Income tax expense		
Current tax		
Current tax on profit for the year	0.20	1.19
Adjustment for current tax of prior period	(0.45)	-
Total current tax expense	(0.25)	1.19
Deferred tax		
Decrease / (increase) in deferred tax assets	(0.86)	-
(Decrease) / increase in deferred tax liabilities	(0.06)	(0.01)
Total deferred tax expense / (benefit)	(0.92)	(0.01)
Income tax expense	**(1.17)**	**1.18**

The Company has not recognised deferred tax assets on carried forward tax losses of INR 11.36 Lakhs. The losses can be carried forward for a period of 8 years as per tax regulations and the Company does not expects to recover the losses in forceable future.

(ii) Reconciliation of tax expense and the accounting profit multiplied by India's tax rate

(INR Lakhs)

	Year ended 31st March 17	Year ended 31st March 16
Profit/(Loss) before tax	0.84	3.83
Tax at the Indian tax rate of 30.90% (PY 2015-16 - 30.90%)	0.26	1.19
Tax effect of amounts which are not deductible (taxable) in calculating taxable income:		
Unrealised gain on fair valuation of investments	0.02	0.01
MAT credit of previous year	0.70	-
Tax effect of carried forward losses offsetted against profit for the year	0.26	-
Adjustments for current tax of prior periods	0.45	-
Income tax expense	**(1.17)**	**1.18**

19 Fair value measurement

(INR Lakhs)

Financial instruments by category	31st March 17			31st March 16			1st April 15		
	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost	FVTPL	FVOCI	Amortised cost
Financial assets									
Investments in units of mutual funds	133.06	-	-	134.19	-	-	130.23	-	-
Trade receivables	-	-	1.31	-	-	1.31	-	-	1.28
Cash and cash equivalents	-	-	5.22	-	-	3.13	-	-	2.21
Total financial assets	133.06	-	6.53	134.19	-	4.44	130.23	-	3.49
Financial liabilities									
Trade payables	-	-	4.39	-	-	2.89	-	-	1.70
Total financial liabilities	-	-	4.39	-	-	2.89	-	-	1.70

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(i) Fair value hierarchy

This section explains the estimates and judgements made in determining the fair values of the financial instruments that are (a) recognised and measured at fair value and (b) measured at amortised cost and for which fair values are disclosed in financial statements. To provide an indication about the reliability of the inputs used in determining the fair value, the Company has classified its financial instruments into three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

(INR Lakhs)

Financial assets and liabilities measured at fair value- recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVTPL					
Mutual funds- growth plan					
At 31st March 2017	9	133.06	-	-	133.06
At 31st March 2016	9	134.19	-	-	134.19
At 1st April 2015	9	130.23	-	-	130.23

Level 1 hierarchy- It includes financial instruments measured using quoted prices in active markets for identical assets or liabilities.. This includes mutual funds which are valued using the closing NAV.

Level 2 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

Level 3 hierarchy- It includes financial instruments measured using valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable.

There are no transfers between levels 1 and levels 2 and levels 3 during the year.

(ii) Fair value of financial assets and liabilities measured at amortised cost

The carrying amounts of trade receivables, trade payables and cash and cash equivalents are considered to be the same as their fair values, due to short-term nature.

20 Financial risk management

The Company’s activites expose it to credit risk, liquidity risk and market risk.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables, Other financial assets measured at amortised cost	Ageing Analysis	Diversification of both deposits and credit limits
Liquidity risk	Trade payables	Rolling cash flow forecasts	Working capital management
Market risk- security prices	Investments in units of mutual funds	Sensitivity Analysis	Portfolio diversification

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

The table below analyse the financial liabilities into relevant maturity grouping for contractual maturities:-

Contractual Maturity of Financial liabilities	Less than one year		
	As at 31-March-17	As at 31-March-16	As at 1-April-15
Trade payables	4.39	2.89	1.70

21 Capital management

The entity objectives when managing capital are to:

- safeguard there ability to continue as a going concern so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

- maintain an optimal capital structure to reduce the cost of capital.

22 Disclosure required under section 22 of the Micro, Small and Medium Enterprises Development Act, 2006

Based on the information received by the Company from “suppliers” regarding their status under the Micro, Small and Medium Enterprises Development Act, 2006 there are no amounts due to any suppliers covered under this Act as at the Balance Sheet date.

23 Related party disclosure:

A Name of the related parties and description of relationship

(i)	Ultimate Holding Company	Larsen & Toubro Limited*
(ii)	Holding Company	L&T Finance Holdings Limited*
(iii)	Fellow Associate	L&T Investment Management Limited*
(iv)	Trusteeship	L&T Mutual Fund

* No transaction during the year.

B Details of Transactions with Related Parties

Particulars	L&T Mutual Fund
Nature of Transaction	**(INR Lakhs)**
Trusteeship Fees	5.00 (5.00)
Investments purchased	666.82 (534.00)
Investments redeemed	677.42 (540.69)
Receivable as on 31-Mar-17	1.31
Receivable as on 31-Mar-16	(1.31)
Receivable as on 1-April-15	(1.31)

Note:

Previous year figures have been shown in brackets

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

24 Earnings per Share

Particulars	Unit	For the year ended 31st March, 17	For the year ended 31st March, 16
Earnings			
Net Profit/(Loss) after tax	INR Lakhs	2.01	2.65
Nominal Value of Equity Shares	INR	10	10
No. of Equity Shares	No.	150,000	150,000
Basic EPS	INR	1.34	1.77
Diluted EPS	INR	1.34	1.77

25 Segment Note:

The Board of directors are the Company's chief operating decision-maker. Management has determined the operating segments based on the information reviewed by the chief operating decision-maker for the purposes of allocating resources and assessing performance.

Presently, the Company is engaged in only one segment viz 'providing trusteeship services to L&T Mutual Fund' and as such there is no separate reportable segment as per Ind AS 108 'Operating Segments'. Presently, the Company's operations are predominantly confined in India.

26 Ind AS mandatory exceptions:

An entity's estimates in accordance with Ind AS at the date of transition to Ind AS shall be consistent with estimates made for the same date in accordance with previous GAAP (after adjustments to reflect any differences in accounting policies), unless there is objective evidence that those estimates were in error.

Ind AS estimates as of April 1, 2015 are consistent with the estimates as at the same date made in conformity with previous GAAP. The group made estimates for following item in accordance with Ind AS at the date of transition as these were not required under previous GAAP:-

- Investment in Mutual Fund carried at FVPL.

27 Explanation Of Transition To Ind AS

The transition as at April 1, 2015 to Ind AS was carried out from Previous GAAP. The exemptions and exceptions applied by the Company in accordance with Ind AS 101 First–time Adoption of Indian Accounting Standards, the reconciliations of equity and total comprehensive income in accordance with Previous GAAP to Ind AS are explained below:

Exemptions from retrospective application:

(a) Business combinations:

The Company has elected to apply Ind AS 103 Business Combinations prospectively to business combinations occurred after transition date i.e. 1st April, 2015.

Reconciliations between Previous GAAP and Ind AS

(i) Equity reconciliations (INR Lakhs)

Particulars	Notes	As at 31st March 2016	As at 1st April 2015
As reported under previous GAAP		156.97	154.29
Fair value gain/(loss) on investments in mutual funds	26	0.19	0.23
Tax effects of fair valuation		(0.06)	(0.07)
Equity under Ind AS		157.10	154.45

NOTES FORMING PART OF FINANCIAL STATEMENTS - MARCH 31, 2017 (Contd.)

(ii) Net income reconciliations (INR Lakhs)

Particulars	Notes	Year ended 31st March 2016
Net income under previous GAAP		2.68
Fair value gain/(loss) on investments in mutual funds	26	(0.03)
Net income under Ind AS		2.65

Notes to reconciliations between Previous GAAP and Ind AS Reconciliations between Previous GAAP and Ind AS

(a) Change in fair valuation of investments in mutual funds:

Under previous GAAP, current investments were measured at lower of cost or fair value whereas under Ind AS, financial assets including Investment in Mutual Funds, have been classified as fair value through statement of profit and loss and changes in fair value are recognised in statement of profit or loss.

In terms of our report attached.

For Price Waterhouse
Firm Registration Number : 301112E
Chartered Accountants

Alpa Kedia
Partner
Membership Number : 100681
Place: Mumbai
Date: April 28, 2017

For and on behalf of the Board of Directors

Y.M. Deosthalee
Director
DIN: 00001698
Place: Mumbai
Date: April 28, 2017

Hemant Joshi
Director
DIN: 01519739

BOARD'S REPORT

Dear Members,

The Directors of your Company have the pleasure in presenting the Fourth Annual Report together with the audited financial statements for the financial year ended March 31, 2017.

FINANCIAL RESULTS

The summary of the Company's financial performance for the financial year ("FY") 2016-17 as compared to the previous FY 2015-16 is given below:

(₹ In Lakhs)

Particulars	2016-2017	2015-2016
Gross Income	34,623.58	11,407.33
Total Expenses	25,212.62	7,478.26
Profit before Tax/(Loss)	9,410.96	3,929.07
Provision for Tax	-	-
Profit after Tax (Loss)	9,410.96	3,929.07
Add: Balance brought forward from the previous year	6,197.89	3,658.22
Balance available for appropriation	15,608.85	7,587.29
Appropriation:		
Special Reserve u/s 45- IC of Reserve Bank of India Act, 1934	1,882.19	785.81
Dividend paid on preference shares including dividend distribution tax	603.60	603.59
Surplus in the Statement of Profit and Loss	13,123.06	6,197.89

APPROPRIATIONS

The Company proposes to transfer ₹ 1,882.19 Lakhs (Previous year: ₹ 785.81 Lakhs) to Special Reserve created u/s 45 – IC of Reserve Bank of India Act, 1934 and retain ₹ 13,123.06 Lakhs (Previous year: ₹ 6,197.89 Lakhs) in the Statement of Profit and Loss of the Company.

INFORMATION ON THE STATE OF AFFAIRS OF THE COMPANY

The policy and regulatory framework for Infrastructure Debt Funds ("IDF") announced by the Government of India ("GoI") and the Reserve Bank of India ("RBI") respectively, are targeted at providing an innovative solution to the asset-liability mismatch and group exposure issues faced by the banking system in India. It was also intended that IDFs would help channelize pension/ insurance funds to infrastructure as well as play a role in deepening the bond market in India.

In FY 2016-17, the third full year of operations, the Company has been able to make significant progress towards achieving all the objectives indicated by GoI, as well as improve the viability of projects by providing long-tenor and low-cost structured refinance solutions.

During the year under review, the Company has earned a profit of ₹ 9,410.96 Lakhs on an asset base of ₹ 4,00,428.55 Lakhs as on March 31, 2017, diversified across multiple sectors including transportation (roads), renewable energy (solar & wind power) and power transmission.

The Company has sourced funds through the issue of long term bonds of tenors ranging from 5 to 20 years from over 150 high quality institutional investors, principally insurers & pension/ provident funds. The net worth of the Company as on March 31, 2017 was ₹ 80,669.14 Lakhs as compared to ₹ 71,366.55 Lakhs on March 31, 2016.

Going forward, the Company expects to further diversify into new sectors, geographies & promoter groups, tap new sources of funding and optimise its leverage & returns.

MATERIAL CHANGES AND COMMITMENTS

There were no material changes and commitments affecting the financial position of the Company which occurred between the end of the financial year to which these financial statements relate and the date of this Report.

DIVIDEND

The Board of Directors had declared and paid an interim dividend @ 5.00% per annum in respect of 1,003 Cumulative Redeemable Non-Convertible Preference Shares ("CRPS") of the face value of ₹ 10,00,000/- each of the Company for the FY 2016-17, entailing an outflow of ₹ 501 Lakhs (excluding dividend distribution tax). No final dividend is proposed to be paid on CRPS.

Further, with respect to declaration of dividend on the equity shares of the Company, the Directors have considered it financially prudent in the long-term interests of the Company to reinvest the profits into the business of the Company to build a strong reserve base and grow the business of the Company. No dividend has therefore been recommended for the year ended March 31, 2017.

CREDIT RATING

During the year under review, CRISIL Limited ("CRISIL"), Credit Analysis and Research Limited ("CARE") and ICRA Limited ("ICRA") had reviewed the ratings on various issues of Non-Convertible Debentures and reaffirmed these at AAA [Triple A]. CRISIL's rating of Preference shares were also reaffirmed at AAA [Triple A]. All these ratings carry a stable outlook. CARE has also reaffirmed the rating assigned to its short term bank facilities at A1+ and assigned a rating to the commercial paper programme of the Company at A1+.

Instruments with rating of AAA carry the highest degree of safety regarding timely servicing of financial obligations and carry the lowest credit risk. Instruments with rating of A1+ are considered to have very strong degree of safety regarding timely payment of financial obligations and carry lowest credit risk.

RESOURCES

In FY 2016-17, the Company raised an aggregate amount of ₹ 142,000 Lakhs from twenty two separate issues of AAA rated listed long-tenor Non-Convertible Debentures ("NCDs"). The issues found widespread acceptance from the investor community, more specifically insurance and pension/ provident funds.

The Company also expects to raise additional capital in the forthcoming year based on its requirements.

SHARE CAPITAL

During the year under review, the Company has allotted 50 CRPS of face value of ₹ 10,00,000/- each aggregating to Rupees Five Crore. Consequent upon the issue of CRPS, the paid up capital of your Company as at March 31, 2017 (including equity share capital) is ₹ 5,759,666,660.

FIXED DEPOSITS

The Company being a non - deposit taking Non Banking Financial Company ("NBFC") has not accepted any deposits from the public during the year under review.

DIRECTORS

The composition of the Board is in accordance with the provisions of Section 149 of the Companies Act, 2013 ("the Act"), with an appropriate combination of Non-Executive Directors and Independent Directors.

During the year under review, Mr. G. Krishnamurthy ceased to be the Whole-time Director of the Company with effect from May 26, 2016 consequent upon his resignation from the services of L&T Financial Services Group. The Board recorded its sincere appreciation of the valuable role played by Mr. G. Krishnamurthy in the growth of the Company.

As on the date of this Report, the Board comprises the following Directors:

Mr. Arun Ramanathan - Chairperson & Independent Director

Mr. Thomas Mathew T. - Independent Director

Mr. Y. M. Deosthalee - Non-Executive Director

Mr. Dinanath Dubhashi - Non-Executive Director

Dr. Rupa Rege Nitsure - Non-Executive Director

Section 152 of the Act provides that unless the Articles of Association provide for the retirement of all directors at every Annual General Meeting ("AGM"), not less than two-thirds of the total number of directors of a public company shall be persons whose period of office is liable to determination by retirement of directors by rotation (excluding Independent Directors). Accordingly, Dr. Rupa Rege Nitsure, Director will retire by rotation at the ensuing AGM and being eligible, has offered herself for re-appointment.

The terms and conditions of appointment of Independent Directors are placed on the website of the Company https://www.ltfs.com/companies/lt-infra-debt.html.

DECLARATION BY INDEPENDENT DIRECTORS

All Independent Directors have submitted the declaration of independence, as required pursuant to the provisions of Section 149(7) of the Act, stating that they meet the criteria of independence as provided in Section 149(6) of the Act and are not disqualified from continuing as Independent Directors.

FIT AND PROPER CRITERIA & CODE OF CONDUCT

Further, all the Directors meet the fit and proper criteria stipulated by RBI.

All the Directors of the Company have affirmed compliance with the Code of Conduct of the Company.

KEY MANAGERIAL PERSONNEL ("KMPs")

The Company has the following KMPs as at March 31, 2017:

1. Mr. Shiva Rajaraman - Manager
2. Mr. Ashish Jain* - Head Accounts (Discharging the functions of the Chief Financial Officer)
3. Ms. Radhika Parmanandka - Company Secretary

* Mr. Ashish Ranka resigned as CFO with effect from September 23, 2016.

BOARD MEETINGS

The Board of Directors of the Company met 6 (six) times during FY 2016-17 i.e on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

The Agenda for the Meetings were circulated to the Directors well in advance. The Minutes of the Meetings of the Board of Directors were circulated amongst the Members of the Board for their perusal.

COMPOSITION OF THE AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Act and Reserve Bank of India ("RBI") directions. The details of the same are disclosed in the Corporate Governance Report.

REPORT ON CORPORATE GOVERNANCE

It has always been the Company's endeavour to excel through better Corporate Governance and fair and transparent practices. The report on Corporate Governance for the year under review is appended as **Annexure A** to this Report.

In accordance with master circular issued by RBI on "Non-Banking Financial Companies – Corporate Governance (Reserve Bank) Directions, 2015", the Company has adopted the Internal Guidelines on Corporate Governance.

STATUTORY AUDITORS

During the year under review, M/s. Deloitte Haskins & Sell LLP, Chartered Accountants, ("Deloitte") Registration No. 117366W/W-100018, Statutory Auditors of the Company had expressed its unwillingness to continue as Statutory Auditors of the Company and tendered its resignation dated July 1, 2016. Accordingly, M/s. B. K. Khare & Co, Firm Registration No.105102W), has been appointed to hold office to fill causal vacancy until the conclusion of forthcoming Annual General Meeting ("AGM") of the Company.

Further, pursuant to the provisions of Section 139 (2) of Companies the Act, 2013 and rules made thereunder, the Board of Directors of the Company recommends appointment of M/s. B. K. Khare & Co, Chartered Accountants for a period of five years i.e. from the conclusion of the Fourth AGM to Ninth AGM of the Company, subject to ratification by the Members at every intervening AGM of the Company.

With respect to the aforesaid appointment, the Company has received a certificate from the Auditors to the effect that ratification of their appointment, if made, would be in accordance with the provisions of Section 141 of the Act. They have also confirmed that they hold a valid Peer Review Certificate issued to them by the Institute of Chartered Accountants of India ("ICAI").

AUDITORS' REPORT

The Auditors' Report to the Members for the year under review does not content any qualification. The Notes to the Accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further clarifications under provisions of Section 134(3)(f) of the Act.

SECRETARIAL AUDIT

Pursuant to the provisions of Section 204 of the Act and the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, the Company has appointed Ms. Naina R. Desai, Practising Company Secretary to undertake the Secretarial Audit of the Company. The Secretarial Audit Report is appended herewith as **Annexure B** to this Report.

There is no adverse remark, qualifications or reservations in the Secretarial Audit Report.

COMPANY'S POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

A. Background and Objectives

Section 178 of the Companies Act, 2013 ('the Act') requires the Nomination and Remuneration Committee ("NRC") to formulate a Policy relating to the remuneration for the Directors, KMPs, Senior Management and other employees of the Company and recommend the same for approval of the Board. Further, Section 178(4) of the Act stipulates that the policy shall be disclosed in the Board's Report.

Further, Section 134 of the Act stipulates that the Board Report shall include a statement on Company's Policy on Directors' appointment and remuneration including criteria for determining qualifications, positive attributes, independence of director and remuneration for KMPs and other employees.

The Board of Directors has, based on the recommendation of the NRC of the Company, approved the policy on Directors' appointment and remuneration for Directors, KMPs and other employees.

B. Brief Framework of the Policy

The objective of this Policy is :

- To guide the Board in relation to appointment and removal of Directors.
- To evaluate the performance of the Members of the Board including Independent Directors.
- To formulate criteria for evaluation of Independent Director and the Board.
- To determine criteria for payment of remuneration to Directors, KMPs, Senior Management and Employees.
- To recommend to the Board on remuneration payable to the Directors including KMP, Senior Management and Employees, if required.

C. Appointment of Director(s) - Criteria Identification

The NRC identifies and ascertains the integrity, professional qualification, expertise and experience of the person, who is proposed to be appointed as a director and appropriate recommendation is made to the Board with respect to his/her appointment.

Appointment of Independent Directors is subject to the provisions of Section 149 of the Act read with Schedule IV and rules thereunder. The NRC satisfies itself that the proposed person satisfies the criteria of independence as stipulated under Section 149(6) of the Act, before the appointment as an Independent Director.

No person is eligible to be appointed as a Director, if he/she is subject to any disqualifications as stipulated under the Act or any other law(s) for the time being in force.

Appointment of Managing Director and Whole-time Director is subject to provisions of Sections 196, 197, 198 and 203 of the Act read with Schedule V and rules there under. The NRC ensures that a person does not occupy the position as a Managing Director/Whole-time Director beyond the age of seventy years, unless the appointment is approved by a Special Resolution passed by the Company in General Meeting. No re-appointment is made earlier than one year before the expiry of term.

D. Evaluation Criteria of Directors and Senior Management/KMPs/Employees

- **Non-Executive Directors/Independent Directors**

  The NRC carries out evaluation of performance of Independent Directors/Non-Executive Directors every year ending March 31st on the basis of the following criteria:

  - Membership & Attendance - Board and Committee Meetings.
  - Contribution during such meetings.
  - Active participation in strategic decision making.
  - Inputs to executive management on matters of strategic importance.
  - Such other matters, as the NRC/Board may determine from time to time.

- **Executive Directors**

  The NRC carries out evaluation of performance of Executive Directors ("EDs") every year ending March 31st. The evaluation is on the basis of Key Performance Indicators ("KPI"), which are identified well in advance for EDs and weights assigned for each measure of performance keeping in view the distinct roles of each ED. The identified KPI for EDs are approved by the Board, pursuant to recommendation of the NRC, if required.

- **Senior Management/KMPs/Employees**

  The HR Department carries out the evaluation of the aforementioned persons every year ending March 31st, with the concerned Department Head(s)/Management. KPI are identified well in advance at the commencement of the financial year. Performance benchmarks are set and evaluation of employees is done by the respective reporting Manager(s)/ Management to determine whether the performance benchmarks are achieved. The payment of remuneration/annual increment to the aforementioned persons is determined after the satisfactory completion of evaluation process.

The HR Department of the Company is authorized to design the framework for evaluating the EDs/KMPs/Senior Management Personnel/Employees. The objective of carrying out the evaluation by the Company is to identify and reward those with exceptional performances during any financial year. Training and Development Orientation programs on a need basis are provided to employees, whose performance during any financial year does not meet the benchmark criteria.

E. Criteria for Remuneration

NRC while determining the criteria for remuneration for Directors, KMPs/Senior Management and other Employees, the NRC ensures that:

- the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
- relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
- remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

PERFORMANCE EVALUATION

Pursuant to the provisions of the Act, the Board has carried out an annual performance evaluation of its own performance, the directors individually, as well as the Committees of the Board.

Manner of Evaluation

The NRC and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees and individual Directors has to be made.

It includes circulation of evaluation forms separately for evaluation of the Board and its Committees, Independent Directors/Non-Executive Directors and Chairperson of the Company.

The process of the annual performance evaluation broadly comprises:

a) Board and Committee Evaluation:

- Evaluation of Board as a whole and the Committees is done by the individual directors, followed by submission of collation to NRC and feedback to the Board.

b) Independent / Non-Executive Directors Evaluation:

- Evaluation done by Board members excluding the Director being evaluated is submitted to Chairperson of L&T Finance Holdings Limited, the holding company and individual feedback provided to each Director.

c) Chairperson:

- Evaluation as done by Board members is submitted to the Chairperson of NRC of L&T Finance Holdings Limited, the holding company and feedback provided to the Chairperson.

PARTICULARS OF EMPLOYEES

The information required pursuant to the provisions of Section 197 of the Act read with Rule 5(1) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014, in respect of employees of the Company has been appended as **Annexure C** to this Report. In terms of first proviso to Section 136 of the Act, the Report and Accounts are being sent to the Members and others entitled thereto, excluding the information on employees' particulars as required pursuant to provisions of Rule 5(2) and 5(3) of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014. The said information is available for inspection by the Members at the Registered Office of the Company during business hours on working days of the Company up to the date of the ensuing AGM. If any Member is interested in obtaining a copy thereof, such Member may write to the Company Secretary in this regard.

The Board of Directors affirm that the remuneration paid to employees of the Company is as per the Remuneration Policy of the Company and none of the employees listed in the said Annexure/information is related to any Director of the Company.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

Considering the Company's activities as an IDF-NBFC, the particulars regarding conservation of energy and technology absorption as required to be disclosed pursuant to provisions of Rule 8(3) of the Companies (Accounts) Rules, 2014, are not significant relevant to its activities.

There were no Foreign Exchange earnings or outgo during the period.

EXTRACT OF ANNUAL RETURN AS REQUIRED AND PRESCRIBED UNDER SECTION 92(3) OF COMPANIES ACT, 2013 AND RULES MADE THEREUNDER

The extract of Annual Return in Form No. MGT 9 as required under Section 92(3) of the Act and prescribed in Rule 12 of Companies (Management and Administration) Rules, 2014, is appended as **Annexure D** to this Report.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Details of loans given, investments made, guarantees given and security provided as per the provisions of Section 186 of the Act are given in the Notes to the Financial Statements.

POLICY FOR PREVENTION, PROHIBITION AND REDRESSAL OF SEXUAL HARASSMENT AT WORKPLACE

The Company has in place a Policy for Prevention, Prohibition and Redressal of Sexual Harassment at Work Place. Appropriate reporting mechanisms are in place for ensuring protection against sexual harassment and right to work with dignity.

During the year under review, the Company has not received any complaints in this regard.

VIGIL MECHANISM

Pursuant to Rule 7 of the Companies (Meetings of Board and its Powers) Rules, 2014, read with Section 177(9) of the Act, the Company has framed and adopted Vigil Mechanism Framework to enable directors and employees to report genuine concerns about unethical behavior, actual or suspected fraud or violation of Code of Conduct.

Under the framework, the Company has set up "Whistle Blower Investigation Committee" ("the Committee"). The Chairman of the Committee is the Chief Ethics Officer of the Company responsible for receiving, validating, investigating and reporting to the Audit Committee of this matter. The Chief Internal Auditor of L&T Financial Services ("LTFS") is acting as 'Chief Ethics Officer'.

The objective of this mechanism is to maintain a redressal system which can process all complaints concerning questionable accounting practices, internal controls, or fraudulent reporting of financial information.

The mechanism framed by the Company is in compliance with requirement of Companies Act, 2013 and available on the website of the Company at http://www.ltidf.com/investor_governance.html#.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

The Company has internal control systems, commensurate with the size, scale and complexity of its operations. Testing of such systems forms a part of review by the Internal Audit function. The scope and authority of the Internal Audit function is defined in the Internal Audit Charter.

The Internal Audit department monitors and evaluates the efficacy and adequacy of the internal control system in the Company and its compliance with operating systems, accounting procedures and policies of the Company. Based on the report of the Internal Audit department, process owners undertake corrective action, if any, in their respective areas and thereby strengthen the controls. Significant audit observations and corrective actions, if any, are presented to the Audit Committee (AC) of the Board from time to time.

DIRECTORS' RESPONSIBILITY STATEMENT

Pursuant to the provisions of Section 134(5) of the Act, the Directors, to the best of their knowledge and belief, confirm that:

1) in the preparation of the annual accounts, the applicable accounting standards have been

followed along with proper explanation relating to material departures, if any;

2) the Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company as at March 31, 2017 and of the profit of the Company for the year ended as on that date;

3) the Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

4) the Directors have prepared the annual accounts on a going concern basis;

5) the Directors have laid down internal financial controls to be followed by the Company and that such internal financial controls are adequate and operating effectively;

6) the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

CORPORATE SOCIAL RESPONSIBILITY

In accordance with the requirements of the provisions of Section 135 of the Act, the Company has constituted a Corporate Social Responsibility ("CSR") Committee. The composition and terms of reference of the CSR Committee is provided in the Corporate Governance Report.

The Company has also formulated a CSR Policy which is available on the website of the Company at http://www.ltidf.com/pdf/LTFS_CSR_Policy.pdf. Annual Report on activities under as required under the Companies (Corporate Social Responsibility Policy) Rules, 2014 has been appended as **Annexure E** to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Board of Directors at its meeting held on July 18, 2014, had approved the Policy on transactions with related parties ("RPT Policy"), pursuant to recommendation of the same by the Audit Committee ("AC"). The Policy intends to ensure that proper reporting, approval and disclosure processes are in place for all transactions between the Company and the related parties.

Key features of the RPT Policy are as under:

- All transactions with related parties ("RPTs") are referred to the AC of the Company for approval irrespective of its materiality. The AC, on the recommendation of the management, approves certain transactions with related parties which would occur on a regular basis or at regular intervals. The AC, at the end of each year, appraises the position of the approved transactions to ensure that all necessary requirements are being complied with.

- All RPTs which are not at arm's length and / or which are not in the ordinary course of business are presented to the Board for an appropriate decision. All RPTs that were entered into during the FY 2016-17 were on an arm's length basis and were in the ordinary course of business and disclosed in the Financial Statement. There were no materially significant RPTs made by the Company with Promoters, Directors, Key Managerial Personnel or body corporate(s), which had a potential conflict with the interest of the Company at large. Accordingly, the disclosure of RPT as required under the provisions of Section 134(3)(h) of the Act in Form AOC-2 is not applicable. The Directors draw attention of the Members to Notes to the Financial Statements which sets out related party disclosures.

RISK MANAGEMENT POLICY

The Company has formulated a Risk Management Policy and has in place a framework to inform the Board Members about risk assessment, minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The Audit Committee is kept apprised of the proceedings of the Risk Management Committee.

The Risk Management framework is also covered more detailed in Management Discussion & Analysis.

SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS

There are no significant material orders passed by the Regulators / Courts which would impact the going concern status of the Company and its future operations.

Further, no penalties have been levied by RBI/any other Regulators during the year under review.

OTHER DISCLOSURES

During the year under review, the Company has not obtained any registration / license / authorisation, by whatever name called, from any other financial sector regulators.

ACKNOWLEDGEMENT

The Directors express their sincere gratitude to the Reserve Bank of India, Securities and Exchange Board of India, BSE Limited, National Stock Exchange of India Limited, Ministry of Corporate Affairs, Registrar of Companies, Insurance Regulatory and Development Authority, other government and regulatory authorities, lenders, financial institutions, credit rating agencies, investors and the Company's bankers for the ongoing support extended by them. The Directors also place on record their sincere appreciation for the continued support extended by the Company's stakeholders and trust reposed by them in the Company. The Directors sincerely appreciate the commitment displayed by the employees of the Company, resulting in successful performance during the year.

For and on behalf of the Board of Directors

Arun Ramanathan	**Dinanath Dubhashi**
Chairperson	Director
DIN: 00308848	DIN: 03545900

Place: Mumbai
Date: May 3, 2017

MANAGEMENT DISCUSSION AND ANALYSIS REPORT

MACRO-ECONOMIC REVIEW

India, a large and the fastest growing economy, continues to be a bright spot in the global landscape. It has been underpinned by strong private consumption and gradual introduction of significant domestic reforms. In FY17, the economy has grown by 7.1% and the foreign exchange reserves have grown to US$ 370 billion. India's Current Account Deficit (CAD) narrowed to 0.7% of it's GDP in FY17, compared with 1.1% in FY16, on the back of a contraction in trade deficit. Foreign Direct Investment inflows touched a new high of US$ 60.1 billion.

The move of demonetising in November 2016, made with the objective to curb black money in circulation, weighed on growth during the second half of FY17. This reflected in relatively weaker growth in manufacturing and rural consumption as well as services sector PMIs (purchase managers indices) in H2, FY17. However, it is expected to have a positive long-term impact on the economy through better tax compliance, increase in Tax-to-GDP ratio and higher tax collections. Continued fiscal consolidation and an anti-inflationary monetary policy stance helped cement macro-economic stability.

OUTLOOK FOR FY18

Major leading indicators suggest that the economic activity is gradually improving. This is driven by improving global demand and a remonetisation-led pick-up in domestic activity. The International Monetary Fund (IMF) expects India to resume the 8% growth path in the medium term. This should happen as soon as the short-term dislocation to consumption from demonetisation passes. The nation is expected to remain the fastest growing economy on the back of high private consumption levels and gradually implemented domestic reforms.

Your Company sees growth picking up significantly, supported by a normal monsoon, modest costs of borrowing, pay hikes for state government employees and stronger export demand. Other growth supportive factors will be Government's continued thrust on physical infrastructure and the Real Estate (Regulation and Development) Act, 2016 (RERA), which will pave way for greater transparency and accountability in the real estate sector. The Goods & Services Tax, (GST) implemented in July 2017, will also have long term structural benefits, despite short-term execution and adjustment risks during the course of FY18.

POSSIBLE THREATS

As we get into an environment which is likely to be largely positive over medium to long term, there may be significant roadblocks in the shorter term. The implementation of GST is likely to cause certain short term disturbances. Despite recent push by the RBI, the resolution of stressed assets in the system is likely to take more time.

Your Company acknowledges these possible negative factors and has a plan to mitigate them through its deep domain knowledge, strong risk framework and an efficient collection mechanism.

BUSINESS PERFORMANCE

The policy and regulatory framework for Infrastructure Debt Funds ("IDF") announced by the Government of India ("GoI") and the Reserve Bank of India ("RBI") respectively, are targeted at providing an innovative solution to the asset-liability mismatch and group exposure issues faced by the banking system in India. It was also intended that IDFs would help channelize pension/ insurance funds to infrastructure as well as play a role in deepening the bond market in India.

In FY 2016-17, the third full year of operations, the Company has been able to make significant progress towards achieving all the objectives indicated by GoI, as well as improve the viability of projects by providing long-tenor and low-cost structured refinance solutions.

During the year under review, the Company has earned a profit of ₹ 9,410.96 Lakhs on an asset base of ₹ 4,00,428.55 Lakhs as on March 31, 2017, diversified across multiple sectors including transportation (roads), renewable energy (solar & wind power) and power transmission.

The Company has sourced funds through the issue of long term bonds of tenors ranging from 5 to 20 years from over 150 high quality institutional investors, principally insurers & pension/ provident funds. The net worth of the Company as on March 31, 2017 was ₹ 80,669.14 Lakhs as compared to ₹ 71,366.55 Lakhs on March 31, 2016.

Going forward, the Company expects to further diversify into new sectors, geographies & promoter groups, tap new sources of funding and optimise its leverage & returns.

RISK MANAGEMENT

The transformation journey embarked by the Company involves rapid growth in our chosen businesses. Having embarked on this transformational journey, the Company recognises the criticality of risk management practices towards a longer term success. We have a robust management framework covering various families of risk like credit risk, portfolio risk, market risk and operational risk.

During FY17, your Company engaged a leading global risk management consultancy to further strengthen its risk management framework. Based on their recommendations, your Company is strengthening its capabilities in the four key areas to ensure that the businesses operate fearlessly within the defined risk appetite and risk tolerance levels.

1. **Risk Appetite Statement (RAS)**

   A robust RAS is set up that acts as a governing framework from board to front line to facilitate trade-offs between risk, value and growth. It helps in effective risk and return management while providing greater clarity and autonomy to businesses.

2. **Risk Dashboards & Early Warning Signals (EWS)**

   Dashboards should provide cross-risk view and are anchored to the Company's Risk Appetite Statement. It leverages risk measurement and analytics to further enhance early warning capabilities and to use those in driving decisions. EWS helps in timely identification of portfolios with increasing risk, enabling timely remedial measures (where applicable) and eventually driving lower NPAs.

3. **Treasury Risk Management**

   This gives the ability to effectively manage the Market Risk (liquidity and interest rate risks) emanating from the core businesses of the Company. A robust governance framework is set up to monitor and manage the Market Risk Operations.

4. **Risk-adjusted Pricing**

   This tool helps in tracking transaction level and portfolio level actual pricing vis-à-vis risk-adjusted pricing. Thus giving more clarity on value creation by products/portfolios. The pricing tool incorporates weighted average tenor, based on behavioural maturity in order to align with expected cash-flows.

INTERNAL CONTROL SYSTEMS AND THEIR ADEQUACY

For details on internal control systems and their adequacy, refer Board Report.

HUMAN RESOURCES

As on March 31, 2017, your Company had a total workforce of 11 employees.

The role of Human Resources has significantly transformed since 2016, from being a function which used to manage the human resources of the Company to being the prime driver of the change in culture required for the successful transformation of the Company.

Your Company firmly believes that any transformation journey needs to be sustainable. While the strategy we have embarked upon for delivering a top quartile RoE is a 4-year strategy, superior value generation for the shareholders will come only if the new way of 'Results not Reasons' becomes a way of life.

Your Company believes that this journey will become sustainable if we get three aspects right:

- Clarity and Communication of Management Intent
- A well-honed Execution Engine
- A performance oriented Culture

The Company's endeavour is to ensure that its HR processes are completely aligned with the above three aspects and they work towards creating leadership which makes the transformation smooth and sustainable.

1. **Clarity and Communications of Management Intent**

   The intent of the management is quite clear – to deliver top quartile RoE by profitable growth in the Company's focussed businesses. We take all efforts to make sure that this is communicated clearly across all levels of the organisation. This is done through a series of town halls which are a two-way communication platform between the organisation and employees to share a 360-degree update on the Company's mission of superior shareholder value creation. Also, very clear communication of expected performance and behaviours is ensured. These town halls are organised every quarter end, across cities, departments, functions and grades.

2. **A Well-honed Execution Engine**

   Your Company's chosen method of ensuring efficient execution is through a series of projects touching each aspect of strategy execution. These projects are towards creating Centres of Excellence in various aspects of the business. We have developed our own unique way of not only ensuring that these contribute to delivering results in line with the decided milestones, but also ensuring that these are used for effective Leadership Development. Each of these projects is headed by a hand-picked middle level executive. This develops the leadership qualities of the person as it requires working with multi-functional teams and also exposes the person to close senior management reviews.

3 Culture

A culture of 'ownership' and 'Results not Reasons' is the hallmark of LTFH 2.0. In fact, the endeavour of our HR interventions for creating this culture, is to use Culture as a Competitive Advantage. This is done through a right mix of 'Execution Design and Method' and 'Employee Value Proposition'.

CORPORATE SOCIAL RESPONSIBILITY

Corporate Social Responsibility (CSR) witnessed a transformation during FY17. The Company's over-arching theme of sustainable Livelihoods was revisited to align to the larger needs of the rural ecosystem - through Integrated Water Resource Management (IWRM). LTFS committed itself to come up with long-term innovative solutions benefitting the water-deprived communities. The IWRM programme engaged with communities to implement interventions in order to address their core needs in water and facilitate the rural economy through agriculture and allied activities.

In addition to this, your Company also focussed on Financial Literacy. It helped in spreading the message of financial literacy to rural India, resulting in enhanced absorption of facilities and schemes granted by the Government and other financial institutions.

Thrust areas were re-modelled to rake in the 3S approach which believes in:

- Social Impact through right projects aligned with Company's focussed businesses
- Sustainable development creating right structures
- Achieve scale by collaborating with right partners

Highlights

- Constructing water harvesting structures, known as Dohas
- Creating disaster relief shelters, towards the Tamil Nadu floods
- Nurturing 100 Integrated livelihood development centres in villages
- Initiating remedial education programmes
- Garnering volunteers from the organisation (Boondein) to contribute towards CSR initiatives

ANNUAL REPORT 2016-17 - ANNEXURE 'A' TO BOARD'S REPORT

CORPORATE GOVERNANCE REPORT

BOARD OF DIRECTORS

The Board of Directors ("the Board") along with its Committees provides leadership and guidance to the Company's management and directs, supervises and controls the activities of the Company.

As on the date of this Report, the Board comprises 5 (five) Non-Executive Directors including 2 Independent Directors viz. Mr. Arun Ramanathan, Mr. Thomas Mathew T., Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure.

Mr. Y. M. Deosthalee, Mr. Dinanath Dubhashi and Dr. Rupa Rege Nitsure are designated as non-executive Director of the Company while Mr. Arun Ramanathan and Mr. Thomas Mathew T. are Independent Directors of the Company.

During the period under review, 6 (six) meetings of the Board of Directors were held on April 6, 2016, April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 21, 2017.

The attendance of the Members of the Board at the Meetings held during FY 2016-17 is as follows:

Name of the Director	DIN	Nature of Directorship	Board Meetings held during the year	No. of Board Meetings attended
Mr. Arun Ramanathan	00308848	ID	6	6
Mr. Thomas Mathew T.	00130282	ID	6	6
Mr. Y. M. Deosthalee	00001698	NED	6	6
Mr. Dinanath Dubhashi(1)	03545900	NED	4	4
Ms. Raji Vishwanathan(2)	02680148	NED	0	0
Dr. Rupa Rege Nitsure(3)	07503719	NED	4	3
Mr. G. Krishnamurthy(4)	06560170	NED	2	2

Notes:

(1) Appointed as Non-executive Director w.e.f April 29, 2016

(2) Ceased to be Non-executive Director w.e.f. April 7, 2016

(3) Appointed as Non-executive Director w.e.f April 27, 2016

(4) Ceased to be Non-executive Director w.e.f. May 26, 2016

Mr. Shiva Rajaraman is the Manager & Chief Executive of the Company and functions under the supervision and control of the Board of Directors.

The Board functions either as a full Board or through various Committees constituted to oversee specific areas. The Committees have oversight of operational issues assigned to them by the Board. The four core Committees constituted by the Board in this connection are:

- Audit Committee
- Nomination and Remuneration Committee
- Corporate Social Responsibility Committee
- Committee of Directors

The details of various Committees of the Company and their composition, as on the date of the report, are as under:

1) Audit Committee:

The Audit Committee has been set up pursuant to provisions of Section 177 of the Act as well as RBI directions for non–banking financial companies. During the year under review, the Committee met 5 times i.e. April 27, 2016, July 19, 2016, October 22, 2016, January 23, 2017 and March 22, 2017. As on date of report, the Committee comprises three Directors as per details given below:

- Mr. Arun Ramanathan – Chairperson
- Mr. Thomas Mathew T.
- Mr. Dinanath Dubhashi.

The attendance of the Members of the Audit Committee at the Meetings held during FY 2016-17 is as follows:

Name of the Director	Audit Meetings held during the year	No. of Audit Meetings attended
Mr. Arun Ramanathan	5	5
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	4	4
Mr. Y. M. Deosthalee(1)	1	1

Notes:

(1) Ceased to be Member w.e.f April 27, 2016

Role of the Committee

The role, terms of reference, authority and powers of the Audit Committee are in conformity with Section 177 of the Companies Act, 2013.

Terms of reference of the Committee are as follows:

- Recommend to the Board appointment, remuneration and terms of appointment of auditors of the company;
- Review and monitor the auditor's independence and performance, and effectiveness of audit process;
- Examine the financial statement and the auditors' report thereon;
- Approval or any subsequent modification of transactions of the company with related parties;
- Scrutiny of inter-corporate loans and investments;
- Valuation of undertakings or assets of the company, wherever it is necessary;
- Evaluation of internal financial controls and risk management systems;
- Monitoring the end use of funds raised through public offers and other related matters;
- Functioning of the Vigil Mechanism Framework of the Company;
- Full access to information contained in the records of the Company and external professional advice;
- Investigate any activity within its terms of reference, seek information from an employee, obtain outside legal/professional advice;
- Oversight of the Company's financial reporting process and the disclosure of its financial information to ensure that the financial statement is correct, sufficient and credible;
- Recommend appointment and removal of external auditor, fixation of audit fees and also approve payment for other services;
- Discuss with the auditors periodically on internal control systems, scope of audit including observations of the auditors, and review the half yearly and annual financial statements before submission to the Board and ensure compliance of internal control system;
- Ensure Information System Audit of the internal systems and processes to assess operational risks faced by the Company in accordance with the requirements stipulated by RBI.
- Recommend on financial management including audit report which shall be binding on the Board;
- Investigate into any matter in relation to the items given above or referred to it by the Board and power to obtain professional advice from external sources and have full access to information contained in the records of the company; and
- Right to call for the comments of the auditors about internal control systems, the scope of audit, including the observations of the auditors and review of financial statement before their submission to the Board and discuss any related issues with the internal and statutory auditors and the management of the company.

The Board had duly accepted the recommendations made by the Audit Committee from time to time.

2) Nomination and Remuneration Committee:

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013, read with the rules made thereunder. The Committee has formulated a policy on directors' appointment and remuneration including recommendation of remuneration of the Key Managerial Personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director. During the year, the Committee met 5 times i.e. April 27, 2016, July 19, 2016, September 14, 2016, October 22, 2016 and January 23, 2017.

The Committee as on date of report comprises the following three directors:

- Mr. Thomas Mathew T. - Chairperson
- Mr. Arun Ramanathan
- Mr. Dinanath Dubhashi

The attendance of the Members of the Nomination and Remuneration Committee at the Meetings held during FY 2016-17 is as follows:

Name of the Director	NRC Meetings held during the year	No. of NRC Meetings attended
Mr. Arun Ramanathan	5	5
Mr. Thomas Mathew T.	5	5
Mr. Dinanath Dubhashi	4	4
Mr. G. Krishnamurthy [(1)]	1	1

Notes:

(1) Ceased to be Non-executive Director w.e.f May 26, 2016

Role of the Committee

Terms of reference of the Committee are as follows:

- Identify persons who are qualified to become directors and who may be appointed in senior management in accordance with the criteria laid down recommend to the Board their appointment and removal and shall carry out evaluation of every director's performance.
- Formulate the criteria for determining qualifications, positive attributes and independence of a director and recommend to the Board a policy, relating to the remuneration for the directors, key managerial personnel and other employees.
- Ensure that:
  - a) the level and composition of remuneration is reasonable and sufficient to attract, retain and motivate directors of the quality required to run the company successfully;
  - b) relationship of remuneration to performance is clear and meets appropriate performance benchmarks; and
  - c) remuneration to directors, key managerial personnel and senior management involves a balance between fixed and incentive pay reflecting short and long-term performance objectives appropriate to the working of the company and its goals.

3) Corporate Social Responsibility Committee (CSR Committee):

In terms of the requirement of the Companies Act, 2013, the Company has constituted the Corporate Social Responsibility Committee ("CSR").During the year, the Committee was re-constituted. During the year under review, the Committee met once i.e. September 14, 2016 and all the members were present. The Committee as on date of report comprises the following three directors:

- Mr. Y.M. Deosthalee – Chairperson
- Mr. Arun Ramanathan
- Dr. Rupa Rege Nitsure[(1)].

Note:

(1) Dr. Rupa Rege Nitsure was appointed as a Member w.e.f. July 19, 2016, Mr. G. Krishnamurthy step down as Committee Member pursuant to his resignation from the Board w.e.f. May 26, 2016.

Role of the Committee

i. Formulation of CSR policy indicating the activities to be undertaken by the Company as specified in Schedule VII of the Act and recommendation of the same to the Board;

ii. Recommending to the Board the amount to be spent on CSR from time to time.

iii. Monitoring the CSR Policy of the Company from time to time.

4) Committee of Directors ("COD") :

The Committee currently comprises two Directors as per details given below:

- Mr. Dinanath Dubhashi
- Dr. Rupa Rege Nitsure.

Role of the Committee

The COD has been entrusted with the powers of general management of the affairs of the Company.

The COD met 43 times during the financial year ended 2016-17.

MEETING OF INDEPENDENT DIRECTORS:

Section 149(8) of the Companies Act, 2013 ('the Act') read with Schedule IV of the Act require the Independent Directors of the Company to hold at least one meeting in a year, without the attendance of non-independent directors and members of management. The Independent Directors of the Company met twice on April 6, 2016 and October 22, 2016, pursuant to the provisions of the Act.

REMUNERATION TO DIRECTORS

The Non-executive Directors (except those Directors who were in the services of L&T Financial Services Group and Non-exectuve Chairperson of the Company) are paid sitting fees for attending the meetings of the Board and/or any Committee thereof and commission on net profits.

REMUNERATION TABLE

The details of remuneration paid to the Directors for the year ended March 31, 2017 are as follows:

(Amount in ₹)

Name of the Director	Sitting Fees for Board Meetings	Sitting Fees for Committee Meetings	Commission (up to)	Total
Mr. Arun Ramanathan	120,000	280,000	14,10,000	18,10,000
Mr. Thomas Mathew T.	120,000	260,000	10,00,000	13,80,000

NUMBER OF COMPANIES IN WHICH AN INDIVIDUAL MAY BECOME A DIRECTOR

The Company has apprised its Board members about the restriction on number of other directorships and expects them to comply with the same.

RESPONSIBILITIES OF THE BOARD

Presentations to the Board in areas such as financial results, budgets, business prospects etc. give the Directors, an opportunity to interact with senior managers and other functional heads. Directors are also updated about their role, responsibilities and liabilities.

Your company ensures necessary training to the Directors relating to its business through formal/informal interactions. Systems, procedures and resources are available to ensure that every Director is supplied, in a timely manner, with precise and concise information in a form and of a quality appropriate to effectively enable/discharge his duties. The Directors are given time to study the data and contribute effectively to the Board discussions.

The Non-Executive Directors through their interactions and deliberations give suggestions for improving overall effectiveness of the Board and its Committees. Their inputs are also utilized to determine the critical skills required for prospective candidates for election to the Board.

DISCLOSURES

During the Financial Year ended March 31, 2017:

- There was no materially significant related party transaction with the Directors that have a potential conflict with the interests of the Company.
- The related party transactions have been disclosed in the Notes to Accounts forming part of the Annual Financial Statements.
- Since introduction of the Companies Act, 2013, the Company has implemented all Sections as applicable to it and accordingly, it is in compliance with all relevant and applicable provisions of Companies Act, 2013.

Debenture Trustee

The debenture trustees of the Company are:
Catalyst Trusteeship Limited

GDA House, S No 94/95, Plot No 85
Bhusari Colony (Right), Paud Road, Pune - 411 038

Tel: +91 20 2528 0081
Fax: +91 20 2528 0275
E-mail: dt@clttrustee.com
Website:www.catalysttrustee.com

Means of Communication

- Half Yearly Results are published in one daily English newspaper of national prominence.
- The Company submit "Half Yearly Communication" to Stock Exchanges as per the requirement of the Debt Listing Agreement and Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015.
- Annual Report is displayed on the website of the Company http://www.ltfs.com.

Place: Mumbai
Date: May 3, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'B' TO BOARD'S REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED March 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,

The Members,
L&T INFRA DEBT FUND LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T INFRA DEBT FUND LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the Company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism place to the extent, in the manner and subject to the reporting made hereinafter:

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017, according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), **as applicable:-**

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; **presently, (Prohibition of Insider Trading) Regulations, 2015;**

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; **presently (Share Based Employee Benefits) Regulations, 2014;**

  e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) Other specific business/industry related laws are applicable to the company, **viz. -**

  - **NBFC-Infrastructure Debt Fund – The Reserve Bank of India Act, 1934 and all applicable Laws, Rules, Guidelines, Notifications, etc.**

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), applicable, as follows :

- **Debt Listing Agreements have been entered into with BSE Limited and National Stock Exchange of India Limited.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that the Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed, there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the **following** events / actions have taken place, having a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc., like –

(i) Public/Right/Preferential issue of shares / debentures/sweat equity, etc.–

- **Issue of Secured, Redeemable, Non-Convertible Bonds/Debentures, Series A to Series V, aggregating ₹ 1420 Crore, on private placement basis;**
- **Issue of 50, Cumulative, Non-Convertible Compulsorily Redeemable Preference Shares of Face Value ₹ 10 lakhs each, for an aggregate amount upto ₹ 5 Crore, on private placement basis.**

(ii) Redemption / buy-back of securities – **NIL.**

(iii) Major decisions taken by the members in pursuance to Section 180 of the Companies Act, 2013 -

- **Increase of Borrowing limits of the Company from ₹ 4,000 Crore to ₹ 10,000 Crore, at the Extraordinary General Meeting held on April 7, 2016, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**
- **Revision in Borrowing limits of the Company from ₹ 10,000 Crore to ₹ 8,500 Crore at the Board Meeting held on March 21, 2017, subject to the approval of Members at a General Meeting, pursuant to Section 180(1) (c) and creation of charge thereon, pursuant to Section 180(1)(a), respectively, of Companies Act, 2013.**

(iv) Merger / amalgamation / reconstruction, etc. – **NIL.**

(v) Foreign technical collaborations – **NIL**.

(vi) Other Events – **NIL.**

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

This report is to be read with our letter of even date which is annexed as Annexure I and forms an integral part of this report.

'Annexure I'

To,

The Members
L&T INFRA DEBT FUND LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the Company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the Company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
Membership No. 1351
Certificate of Practice No.13365

Place: Mumbai
Date: April 26, 2017

ANNUAL REPORT 2016-17 - ANNEXURE 'C' TO BOARD'S REPORT

L&T INFRA DEBT FUND LIMITED

PARTICULARS OF EMPLOYEES

Information required pursuant to Section 197 read with Rule 5 of The Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014:

<table>
<tr><th>Sr. No.</th><th>Particulars</th><th colspan="2">Disclosure</th></tr>
<tr><td>1</td><td>The ratio of the remuneration of each director to the median remuneration of the employees of the Company for the financial year.(1)</td><td colspan="2">N.A.</td></tr>
<tr><td>2</td><td>The percentage increase in remuneration of each Director, Chief Financial Officer, Chief Executive Officer, Company Secretary or Manager, if any, in the financial year.(1)</td><td colspan="2">Manager - N.A.(2)
Chief Financial Officer - N.A.(3)
Company Secretary - 14%</td></tr>
<tr><td>3</td><td>The percentage increase in the median remuneration of employees in the financial year.</td><td colspan="2">The median remuneration of employees in the financial year was increased by 9.3%.</td></tr>
<tr><td>4</td><td>The number of permanent employees on the rolls of Company.</td><td colspan="2">11 employees</td></tr>
<tr><td rowspan="2">5</td><td rowspan="2">Average percentile increase already made in the salaries of employees other than the managerial personnel in the last financial year and its comparison with the percentile increase in the managerial remuneration and justification thereof and point out if there are any exceptional circumstances for increase in the managerial remuneration.</td><td>Employees other than managerial personnel</td><td>Managerial personnel</td></tr>
<tr><td>9%</td><td>NA</td></tr>
<tr><td>6</td><td>Affirmation that the remuneration is as per remuneration policy of the Company</td><td colspan="2">We affirm that the remuneration paid is as per the said the Nomination and Remuneration Policy of the Company.</td></tr>
</table>

(1) *For the purpose of determining the ratio of remuneration and percentage increase in remuneration of directors as stipulated in Sr. No. 1 & 2 above, only remuneration of Executive Directors is considered.*

(2) *Draws remuneration from another Company within L&T Financial Services Group.*

(3) *Mr. Ashish Ranka resigned as Chief Financial Officer (CFO) with effect from September 23, 2016 and Mr. Ashish Jain was appointed as CFO with effect from October 22, 2016 and both drew remuneration from another Company within L&T Financial Services Group.*

ANNUAL REPORT 2016-17 - ANNEXURE 'D' TO BOARD'S REPORT

FORM NO. MGT 9

EXTRACT OF ANNUAL RETURN
as on financial year ended on 31.03.2017

[Pursuant to Section 92 (3) of the Companies Act, 2013 and rule 12(1) of the Company (Management & Administration) Rules, 2014.]

I. REGISTRATION AND OTHER DETAILS

i	CIN	U67100MH2013PLC241104
ii	Registration Date	March 19, 2013
iii	Name of the Company	L&T Infra Debt Fund Limited
iv	Category/Sub-category of the Company	Company limited by shares
v	Address of the Registered office & contact details	Plot No 177, Vidyanagari Marg, CST Road, Kalina, SantaCruz (East), Mumbai- 400098
vi	Whether listed company	Yes (Debt & Preference Shares Listed)
vii	Name, Address & contact details of the Registrar & Transfer Agent, if any.	**Link Intime India Pvt. Ltd.** C 101, 247 Park, L.B.S. Marg, Vikhroli West, Mumbai - 400 083 Tel: +91 22 4918 6262 Fax: +91 22 4918 6060 E-mail: bonds.helpdesk@linkintime.co.in Toll Free: 1800 227 796

II. PRINCIPAL BUSINESS ACTIVITY OF THE COMPANY

S. No.	Name & Description of main products/services	NIC Code of the Product/ Service	% to total turnover of the company
1	Non-Banking Finance Company – Infra Debt Fund (IDF-NBFC)	64910	100

III. PARTICUALRS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name & Address of the Company	CIN/GLN	HOLDING/ SUBSIDIARY/ ASSOCIATE	% OF SHARES HELD	APPLICABLE SECTION
1	L&T Finance Holdings Limited[(1)] Brindavan, Plot No. 177, CST Road, Kalina, Santacruz (East), Mumbai 400098	L67120MH2008PLC181833	Holding Company	23.36	2(46)
2	L&T Infrastructure Finance Company Limited Mount Poonamallee Road, Manapakkam, Chennai, Tamil Nadu – 600 089	U67190TN2006PLC059527	Associate Company	48.36	2(6)
3	L&T Finance Limited (Erstwhile Family Credit Limited) 7th Floor, Technopolis, A-Wing Plot No. 4, Block – BP, Sector – V Salt Lake, Kolkata 700 091	U65910WB1993FLC060810	Associate Company	28.28%	2(6)

[(1)] Change of registered office effective June 15, 2017.

IV. SHAREHOLDING PATTERN (Equity Share capital Break up as % to total Equity)

(i) Category – wise Share Holding :-

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year	
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares		
A. Promoters										
(1) Indian										
a) Individual/HUF	-----				-----				-----	-----
b) Central Govt. or State Govt.	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
c) Bodies Corporates	4,70,666,662	4*	4,70,666,666	100.00	4,70,666,662	4*	4,70,666,666	100.00	-----	-----
d) Bank/FI	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
e) Any other	-----	-----	-----	-----	-----	-----	-----	-----	-----	-----
SUB TOTAL:(A) (1)	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**-----**	**-----**
(2) Foreign										
a) NRI- Individuals										
b) Other Individuals										
c) Bodies Corp.										
d) Banks/FI										
e) Any other…										
SUB TOTAL (A) (2)										
Total Shareholding of Promoter (A)= (A)(1)+(A)(2)	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**-----**	**-----**
B. PUBLIC SHAREHOLDING										
(1) Institutions										
a) Mutual Funds										
b) Banks/FI										
c) Central govt										
d) State Govt.										
e) Venture Capital Fund										
f) Insurance Companies										
g) FIIS										
h) Foreign Venture Capital Funds										
i) Others (specify)										
SUB TOTAL (B)(1):	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
(2) Non Institutions										
a) Bodies corporates										
i) Indian										
ii) Overseas										
b) Individuals										
i) Individual shareholders holding nominal share capital upto ₹1 lakhs										
ii) Individuals shareholders holding nominal share capital in excess of ₹ 1 lakhs										
c) Others (specify)										
SUB TOTAL (B)(2):	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Total Public Shareholding (B)= (B)(1)+(B)(2)	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
C. Shares held by Custodian for GDRs & ADRs	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**	**Nil**
Grand Total (A+B+C)	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**4,70,666,662**	**4***	**4,70,666,666**	**100**	**-----**	**-----**

*For the purpose of complying with the provisions regarding minimum number of members, 4 shares are held by 4 members jointly with L&T Infrastructure Finance Company Limited.

(ii) SHARE HOLDING OF PROMOTERS

Sr. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	No of shares	% of total shares of the company	% of shares pledged encumbered to total shares	
1	L&T Finance Holdings Limited	10,99,33,333	23.36%	--------	10,99,33,333	23.36%	--------	0
	Total	**10,99,33,333**	**23.36%**	**--------**	**10,99,33,333**	**23.36%**	**--------**	**0**

(iii) CHANGE IN PROMOTERS' SHAREHOLDING

Sl. No.		Date	Share holding at the beginning of the Year		Cumulative Share holding during the year	
			No. of Shares	% of total shares of the company	No of shares	% of total shares of the company
	At the beginning of the year		10,99,33,333	23.36%	10,99,33,333	23.36%
	At the end of the year		10,99,33,333	23.36%	10,99,33,333	23.36%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters & Holders of GDRs & ADRs)

Sl. No		Date	Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders		No.of shares	% of total shares of the company	No of shares	% of total shares of the company
1.	**L&T Infrastructure Finance Company Ltd.**					
	At the beginning of the year		22,76,00,000	48.36%	22,76,00,000	48.36%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc.)		-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		22,76,00,000	48.36%	22,76,00,000	48.36%
2.	**L&T Finance Ltd.**					
	At the beginning of the year		13,31,33,329	28.28%	13,31,33,329	28.28%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc.)		-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		13,31,33,329	28.28%	13,31,33,329	28.28%
3.	**L&T Finance Holding Ltd.**					
	At the beginning of the year		10,99,33,333	23.36%	10,99,33,333	23.36%
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (eg. Allotment/ transfer/bonus/sweat equity etc.)		-	-	-	-
	At the end of the year (or on the date of separation, if separated during the year)		10,99,33,333	23.36%	10,99,33,333	23.36%

(v) Shareholding of Directors & KMP

Sl. No		Shareholding at the end of the year		Cumulative Shareholding during the year	
	For Each of the Directors & KMP	**No.of shares**	**% of total shares of the company**	**No of shares**	**% of total shares of the company**
	At the beginning of the year	2*	0.00	2*	0.00
	Date wise increase/decrease in Promoters Share holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus / sweat equity etc)	---	---	---	---
	At the end of the year	2*	0.00	2*	0.00

* For the purpose of complying with the provisions regarding minimum number of members, 4 shares are held by 4 members jointly with L&T Infrastructure Finance Company Limited.

V. INDEBTEDNESS

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtness at the beginning of the financial year				
i) Principal Amount	18,300,000,000.00			18,300,000,000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	417,982,019.00			417,982,019.00
Total (i+ii+iii)	**18,717,982,019.00**	**-**	**-**	**18,717,982,019.00**
Change in Indebtedness during the financial year				
Additions	14,200,000,000.00			14,200,000,000.00
Reduction				
Net Change	14,200,000,000.00			14,200,000,000.00
Indebtedness at the end of the financial year				
i) Principal Amount	32,500,000,000.00	-		32,500,000,000.00
ii) Interest due but not paid				
iii) Interest accrued but not due	1,056,047,312.00			1,056,047,312.00
Total (i+ii+iii)	**33,556,047,312.00**	**-**	**-**	**33,556,047,312.00**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director (MD), Whole-time Director (WTD) and/or Manager:

Sr. No	Particulars of Remuneration	Name of the MD/WTD/Manager	Total Amount
		Mr. Shiva Rajaraman[(1)]	NIl
1	**Gross salary**		
	(a) Salary as per provisions contained in section 17(1) of the Income Tax, 1961		
	(b) Value of perquisites u/s 17(2) of the Income tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) of the Income Tax Act, 1961		
2	Stock option		
3	Sweat Equity		
4	Commission		
--	as % of profit		
--	others (specify)		
5	Others, please specify		
	Total (A)		**Nil**
	Ceiling as per the Act		-

[(1)] *Draws remuneration from another Company within L&T Financial Services Group.*

B. Remuneration to other directors:

Sr. No.	Particulars of Remuneration	Name of the Directors		Total Amount
1	Independent Directors	**Mr. Arun Ramanathan**	**Mr. Thomas Mathew T.**	
	(a) Fee for attending Board and Committee meetings	4,00,000	3,80,000	7,80,000
	(b) Commission	14,10,000	10,00,000	24,10,000
	(c) Others, please specify	-		-
	Total	**18,10,000**	**13,80,000**	**31,90,000**
	Total Managerial Remuneration		**------**	**31,90,000**
	Overall Ceiling as per the Act	**As on March 31, 2017 ₹ 10,38,78,390 (being 11% of Net Profit of the Company calculated as per Section 198 of the Companies Act, 1013)**		

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. No.	**Particulars of Remuneration**	**Key Managerial Personnel**				
1	**Gross Salary**	**Shiva Rajaraman (CEO)[1]**	**Radhika Parmanandka (CS)**	**Ashish Ranka (CFO)[2]**	**Ashish Jain (CFO)[2]**	**Total**
	(a) Salary as per provisions contained in Section 17(1) of the Income Tax Act, 1961	-	7,29,733	-	-	7,29,733
	(b) Value of perquisites under Section 17(2) of the Income Tax Act, 1961	-	-		-	-
	(c) Profits in lieu of salary under Section 17(3) of the Income Tax Act, 1961	-	-		-	-
2	Stock Option	-	-		-	-
3	Sweat Equity	-	-		-	-
4	Commission	-	-		-	-
	as % of profit	-	-		-	-
	others, specify	-	-		-	-
5	Others, please specify	-	-		-	-
	Total	**-**	**7,29,733**	**-**	**-**	**7,29,733**

(1) *Draws remuneration from another Company within L&T Financial Services Group.*

(2) *Mr. Ashish Ranka resigned as Chief Financial Officer (CFO) with effect from September 23, 2016 and Mr. Ashish Jain was appointed as CFO with effect from October 22, 2016 and both drew remuneration from another Company within L&T Financial Services Group.*

VIII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES (Under Companies Act, 2013):

NONE

ANNUAL REPORT 2016-17 - ANNEXURE 'E' TO BOARD'S REPORT

Annual Report on Corporate Social Responsibility ("CSR")

(Pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

As required under Section 135(4) of the Companies Act, 2013 and Rule 9 of Companies (Accounts) Rules, 2014, the details with respect to CSR are as follows:

1) **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs:**

   L&T Financial Services aspires to bring in inclusive social transformation of the rural communities by nurturing and creating opportunities for sustainable livelihoods. The policy clearly states the organization's core CSR thrust areas as Integrated Water Resource Management and Financial Inclusion. The policy defines the Company's CSR vision with a clear implementation methodology. The CSR Policy has been formulated in accordance with the provisions of Section 135 of the Companies Act, 2013.

2) **Composition of CSR Committee:**

   The Composition of CSR Committee is disclosed in the Corporate Governance Report.

3) **Average Net Profit of the Company for the last three financial years is ₹ 3,093.63 Lakhs.**

4) **Prescribed CSR Expenditure and details of CSR spend:**

Particulars	₹ (in Lakhs)
Prescribed CSR Expenditure	61.87
Amount spent as CSR	61.87
Amount unspent	-

5) **Manner in which amount spent during the financial year:** **(₹ in Lakhs)**

Sr. No.	CSR project or activity identified	Sector in which project is covered	Projects or program coverage	Amount outlay (budget) project or programs wise	Amount spent on the projects or programs. Sub heads- (a) Direct expenditure & (b) Overhead	Cumulative expenditure upto the reporting period	Amount spent - Direct or through implementing Agency
1	**Rural development through - Watershed Management- drought relief Project**	x) Rural development	State: Maharashtra District: Beed	59.68	59.68	59.68	Indirect**
2	**CSR Administration, NGO capacity building expenditure**	Capacity building	State: Maharashtra District: Mumbai	2.19	2.19	2.19	Direct*
	Total CSR Spend in FY 16-17 (in INR.)			**61.87**	**61.87**	**61.87**	

Note:
Direct* = CSR projects/ initiatives directly implemented by the Organisation.
Indirect** = CSR activities/ projects have been carried out by partnering with several Non-Governmental Organisations/ Charitable Institutions.

6) **Responsibility Statement:**

   The CSR Committee confirms that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.

For L&T Infra Debt Fund Limited

Y. M. Deosthalee
Non-Executive Director &
Chairperson of the CSR Committee
Date : May 3, 2017

INDEPENDENT AUDITORS' REPORT

To the Members of L&T Infra Debt Fund Limited

Report on the Financial Statements

1. We have audited the accompanying financial statements of L&T Infra Debt Fund Limited ("the Company"), which comprise the balance sheet as at March 31, 2017, and the related statements of profit and loss and cash flow for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

2. The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance and cash flows of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended). This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

3. Our responsibility is to express an opinion on these financial statements based on our audit.

4. We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

5. We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

6. An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

7. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

8. In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India of the state of affairs of the Company as at March 31, 2017, and its profit and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

9. As required by the Companies (Auditor's Report) Order, 2016, issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act (the "Order"), and on the basis of such checks of the books and records of the Company as we considered appropriate and according to the information and explanations given to us, we give in the Annexure I a statement on the matters specified in paragraphs 3 and 4 of the Order.

10. As required by Section 143(3) of the Act, we report that:

    a. we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purpose of our audit;

    b. in our opinion proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

    c. the Balance Sheet, the Statement of Profit and Loss and Cash Flow dealt with by this Report are in agreement with the books of account;

    d. In our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (as amended);

    e. on the basis of written representations received from the directors as on March 31, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act.

    f. With respect to the adequacy of internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure II.

    g. With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014(as amended), in our opinion and to the best of our information and according to the explanations given to us:

        i. The Company has disclosed the impact of pending litigations on its financial position in its financial statements – Refer Note 25 to the financial statements.

        ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any on long-term contracts including derivative contracts.

        iii. There has been no delay in transferring amounts, required to be transferred, to the Investor Education and Protection Fund by the Company.

        iv. According to the information and explanations given to us and as indicated in Note 37 to the financial statements, management has represented that the Company neither has any cash transactions nor does it hold any cash, and accordingly, the disclosure requirements specified in Rule 11(d) of the Companies (Audit and Auditors Rules), 2014, as amended, are not applicable. Based on our audit procedures and relying on the management representation as aforesaid, we report that the same is as per the books of account of the Company.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

ANNEXURE I TO THE AUDITOR'S REPORT

Referred to in paragraph 9 of our report of even date on the financial statements of L&T Infra Debt Fund Limited for the year ended March 31, 2017

1. (i) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets.

   (ii) The Company does not have any tangible fixed assets and hence no physical verification of fixed assets has been carried out during the year by the Company.

   (iii) The Company does not have any immovable properties of freehold or leasehold land or building and hence reporting under clause 3(i)(c) of the Order is not applicable.

2. The Company does not hold any inventories and hence Clause 3(ii) of the Companies (Auditor's Report) Order, 2016 is not applicable to the Company.

3. The Company has not granted any loans, secured or unsecured to companies, firms or other parties covered in the register maintained under section 189 of the Act. Accordingly, the provisions of para 3(iii) of the Order are not applicable to the Company.

4. The Company has not granted any loans or provided any guarantees or security to the parties covered under Section 185 and 186. According to the information and explanations given to us and to the best of our knowledge, the provisions of section 185 and 186 have been complied with in respect of the investments made by the Company.

5. In our opinion and according to the information and explanations given to us, the Company has not accepted any deposits from the public. Consequently, no order has been passed by the Company Law Board or National Company Law Commission or Reserve Bank of India or any court or any other tribunal on the Company. The clause 3(v), therefore is not applicable to the company.

6. The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for the Company.

7. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is regular in depositing the undisputed statutory dues, including provident fund, employees' state insurance, income tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities. According to the information and explanations given to us no undisputed amounts payable in respect of such statutory dues are in arrears, as on March 31, 2017 for a period of more than six months from the date they became payable.

   (b) There were no undisputed amounts payable in respect of income tax or sales tax or service tax or duty of customs or duty of excise or value added tax or other material statutory dues in arrears as at March 31, 2017.

8. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of dues to debenture holders. The Company has not taken any loans or borrowings from financial institutions, bank and government.

9. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments) or term loans during the year and hence the reporting under para 3(ix) of the Order are not applicable.

10. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instance of material fraud by the Company or on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of any such case by the Management.

11. The Company has paid/ provided for managerial remuneration in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

12. According to the information and explanations given to us, the Company is not a Nidhi Company and hence, the provisions of para 3(xii) of the Order are not applicable to the Company.

13. According to the information and explanations given to us, the related party transactions entered into by the Company are in accordance with the provisions of Section 177 and 188 of the Act and the details of related party transactions have been disclosed in the financial statements as required by the applicable accounting standards.

14. During the year, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures and hence reporting under clause 3(xiv) of the Order is not applicable to the Company.

15. According to the information and explanations given to us and to the best of our knowledge and belief, the Company has not entered into any non-cash transactions with its directors or persons connected with them. Accordingly, the provisions of para 3(xv) of the Order are not applicable to the Company.

16. According to the information and explanations given to us the Company is required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934 and it has obtained the registration.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

ANNEXURE II TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE ON THE FINANCIAL STATEMENTS OF L&T INFRA DEBT FUND LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Infra Debt Fund Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the financial statements of the Company for year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India. These responsibilities include the design, implementation and maintenance of adequate internal financial controls that operate effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of internal financial controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For B. K. Khare & Co.
Chartered Accountants
Firm's Registration Number 105102W

Padmini Khare Kaicker
Partner
Membership Number: 044784

Mumbai
May 03, 2017

BALANCE SHEET AS AT MARCH 31, 2017

(₹ in lakh)

Particulars	Note no.	As at 31-03-2017	As at 31-03-2016
A. EQUITY AND LIABILITIES			
1. Shareholders' funds			
Share capital	2	57,596.67	57,096.67
Reserves and surplus	3	23,294.89	15,053.24
		80,891.56	**72,149.91**
2. Non - current liabilities			
Long - term borrowings	4	325,000.00	183,000.00
Other Long -term liabilities	5	410.85	193.47
Long - term provisions	6	2,525.51	1,269.97
		327,936.36	**184,463.44**
3. Current liabilities			
Trade payables	7		
Total outstanding dues of micro enterprises and small enterprises		-	-
Total outstanding dues of creditors other than micro enterprises and small enterprises		4.27	742.49
Other current liabilities	8	12,396.67	4,808.00
Short - term provisions	9	82.37	24.36
		12,483.31	**5,574.85**
Total equity and liabilities		**421,311.23**	**262,188.20**
B. ASSETS			
1. Non - current assets			
Fixed Asset	10		
Tangible assets		-	-
Intangible assets (software)		3.00	-
		3.00	**-**
Long - term loans towards financing activities	11	382,313.57	230,028.27
Long - term loans and advances	12	3,261.65	883.22
Other non - current assets	13	194.66	3,250.96
		385,769.88	**234,162.45**
2. Current assets			
Current investments	14	-	18,175.00
Cash and cash equivalents	15	16,690.93	2,125.94
Current maturities of long - term loans towards financing activities	16	18,114.98	6,993.35
Short term loans and advances	17	126.96	78.12
Other current assets	18	605.48	653.34
		35,538.35	**28,025.75**
Total assets		**421,311.23**	**262,188.20**
Significant accounting policies	**Note 1**		
Notes forming part of the financial statements.	**Note 2 to 39**		

In terms of our report attached.
For B.K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place : Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of
L&T Infra Debt Fund Limited

Dinanath Dubhashi
Director
DIN 03545900

Rupa Nitsure
Director
DIN 00075003719

Ashish Mutha
Head Accounts (CFO)

Radhika Parmanandka
Company Secretary
M. No. A31939

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

Particulars	Note no.	Year ended 31-03-2017	Year ended 31-03-2016
A. INCOME:			
Revenue from operations	**19**	30,299.40	10,155.11
Other income	**20**	4,324.18	1,252.22
Total income		**34,623.58**	**11,407.33**
B. EXPENSES:			
Employee benefits expense	**21**	158.39	85.94
Finance costs	**22**	22,545.10	6,104.17
Depreciation and amortisation expense	**10**	0.18	-
Other expenses	**23**	1,618.30	682.28
Provisions for contingencies	**24**	890.65	605.87
Total expenses		**25,212.62**	**7,478.26**
Profit before tax		**9,410.96**	**3,929.07**
Tax expenses			
Current tax		-	-
Deferred tax		-	-
Total tax expenses		**-**	**-**
Profit after tax / balance carried to Balance Sheet		**9,410.96**	**3,929.07**
Earnings per equity share			
Basic earnings per equity share (₹)	**29**	1.87	0.99
Diluted earnings per equity share (₹)	**29**	1.87	0.99
Face value per equity share (₹)		10.00	10.00
Significant accounting policies	**Note 1**		
Notes forming part of the financial statements.	**Note 2 to 39**		

In terms of our report attached.
For B.K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place : Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of L&T Infra Debt Fund Limited

Dinanath Dubhashi
Director
DIN 03545900

Rupa Nitsure
Director
DIN 00075003719

Ashish Mutha
Head Accounts (CFO)

Radhika Parmanandka
Company Secretary
M. No. A31939

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakh)

	Particulars	Year ended 31-03-2017	Year ended 31-03-2016
A	**Cash flow from operating activities:**		
	Profit Before Taxation	9,410.96	3,929.07
	Adjustment for:		
	Depreciation and amortisation expense	0.18	-
	Provision for standard assets	890.65	605.87
	Gratuity	2.89	0.72
	Leave encashment	5.13	1.61
	Gain on sale of current investments	(3,527.18)	(1,218.08)
	Operating profit before working capital changes:	**6,782.63**	**3,319.19**
	Adjustment for increase/(decrease) in operating liabilities:		
	Other short- term and long-term liabilities	217.38	193.47
	Short term and long-term provisions	2.29	-
	Trade payables	(738.22)	697.48
	Other current liabilities	7,588.67	2064.75
	Adjustment for (increase)/decrease in operating Assets:		
	long term loans and advances	31.95	(42.45)
	other current assets	47.86	(60.34)
	short term loans and advances	(48.84)	(48.43)
	other non current assets	3,056.30	(3,128.98)
	loans towards financing activities	(163,406.93)	(201,520.83)
	Cash generated from/(used in) operations	**(146,466.91)**	**(198,526.14)**
	Net Income Tax (Paid)	(2,410.38)	(586.69)
A	**Net cash flow (used in) operating activities (A)**	**(148,877.29)**	**(199,112.83)**
B	**Cash flows from investing activities:**		
	Bank balances not considered as Cash and cash equivalents		
	- Placed	(12,763.41)	-
	Capital expenditure on fixed assets, including capital advances	(3.18)	-
	Current investments not considered as Cash and cash equivalents		
	- Purchased	(2,626,203.50)	(742,964.04)
	- Proceeds from sale	2,647,905.68	746,365.77
	Net cash from/(used in) investing activities (B)	**8,935.59**	**3,401.73**

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017 (Contd.)

(₹ in lakh)

Particulars	**Year ended 31-03-2017**	**Year ended 31-03-2016**
C Cash flows from financing activities:		
Proceeds from issue of Preference share / Equity share	500.00	25,000.00
Proceeds from long-term borrowings	142,000.00	138,000.00
Dividend paid on preference share	(501.50)	(501.49)
Dividend distribution tax on preference share	(102.10)	(102.10)
Debenture issue expenses	(153.12)	(921.87)
Net cash generated from financing activities (C)	**141,743.28**	**161,474.54**
Net Increase / (decrease) in cash and cash equivalents (A+B+C)	**1,801.58**	**(34,236.56)**
Cash and cash equivalents as at beginning of the year	2,125.94	36,362.50
Cash and cash equivalents as at end of the year (refer note below)	3,927.52	2,125.94
Net (Decrease)/Increase in cash and cash equivalents	**1,801.58**	**(34,236.56)**
Foot notes:		
1. Cash and cash equivalents reconciliation		
Cash and cash equivalents at the end of the year	16,690.93	2,125.94
Less: Term deposits with original maturity greater than 3 months	12,763.41	-
Cash and cash equivalents at the end of the year	**3,927.52**	**2,125.94**
2. Net cash used in operating activity is determined after adjusting the following		
Interest received	31,668.23	7,506.81
Dividend received	-	34.14
Interest paid	16,123.51	4,125.78

In terms of our report attached.
For B.K. Khare & Co.
Chartered Accountants

Padmini Khare Kaicker
Partner
Membership No : 044784
Firm Registration No : 105102W

Place : Mumbai
Date : May 3, 2017

For and on behalf of the board of directors of L&T Infra Debt Fund Limited

Dinanath Dubhashi
Director
DIN 03545900

Rupa Nitsure
Director
DIN 00075003719

Ashish Mutha
Head Accounts (CFO)

Radhika Parmanandka
Company Secretary
M. No. A31939

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017

Note1: Brief Profile and Significant accounting policies.

A. Brief Profile :

L&T Infra Debt Fund Limited (the "Company") has been incorporated under the Companies Act, 1956 on 19th March, 2013 to carry out the business of a specialized financial institution classified as an Infrastructure Debt Fund – Non - Banking Financial Company (IDF-NBFC) under the Infrastructure Debt Fund – Non-Banking Financial Companies (Reserve Bank) Directions, 2011 of the Reserve Bank of India ("RBI"). The Company received Certificate of Registration ("CoR") from RBI as an IDF -NBFC on 21st October, 2013.

B. Significant Accounting Policies:

I. Basis of Accounting

The financial statements of the Company have been prepared in accordance with the Generally Accepted Accounting Principles in India (Indian GAAP) to comply with the Accounting Standards specified under Section 133 of the Companies Act, 2013, read with relevant rules issued thereunder and along with the applicable guidelines issued by Reserve Bank of India ("RBI"). The financial statements have been prepared on accrual basis and under historical cost convention. The accounting policies adopted in the preparation of the financial statements are consistent with those followed in the previous year.

II. Use of Estimates

The preparation of the financial statements in conformity with Indian GAAP requires the Management to make estimates and assumptions considered in the reported amounts of assets and liabilities (including contingent liabilities) and the reported income and expenses during the year. The Management believes that the estimates used in preparation of the financial statements are prudent and reasonable. Future results could differ due to these estimates and the differences between the actual results and the estimates are recognised in the periods in which the results are known / materialise.

III. Tangible and Intangible Fixed Assets:

Fixed assets are carried at cost less accumulated depreciation/amortisation and impairment losses, if any. The cost of fixed assets comprises its purchase price net of any trade discounts and rebates, any import duties and other taxes (other than those subsequently recoverable from the tax authorities), any directly attributable expenditure on making the asset ready for its intended use, other incidental expenses and interest on borrowings attributable to acquisition of qualifying fixed assets up to the date the asset is ready for its intended use.

Fixed assets acquired in full or part exchange for another asset are recorded at the fair market value or the net book value of the asset given up, adjusted for any balancing cash consideration. Fair market value is determined either for the assets acquired or asset given up, whichever is more clearly evident. Fixed assets acquired in exchange for securities of the Company are recorded at the fair market value of the assets or the fair market value of the securities issued, whichever is more clearly evident.

IV. Revenue Recognition

(a) Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured and there exists reasonable certainty of its recovery.

(b) Interest from interest-bearing assets is recognised on an accrual basis over the life of the asset based on the constant effective yield. The effective interest is determined on the basis of the terms of the cash flows under the contract including related fees, premiums, discounts or debt issuance costs, if any. Interest and other dues in the case of non-performing loans is recognised upon realisation,as per the income recognition and asset classification norms prescribed by the RBI.

(c) Revenues from the various services that the Company renders are recognised when the following criteria are met: persuasive evidence of an arrangement exists, the services have been rendered, the fee or commission is fixed or determinable, and collectability is reasonably assured.

V. Other Income

Dividend is accounted when the right to its receipt is established.

VI. Operating Leases

Lease arrangements where the risks and rewards incidental to ownership of an asset substantially vest with the lessor are recognised as operating leases. Lease rentals under operating leases are

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

recognised in the Statement of Profit and Loss on a straight-line basis over the lease term.

VII. Taxes on Income

Current tax is the amount of tax payable on the taxable income for the year as determined in accordance with the provisions of the Income Tax Act, 1961.

As no income tax is payable on the company's income from the financial year 2014-15, no deferred tax asset / liabilities has been recognised.

VIII. Provisions, Contingent Liabilities and Contingent Assets

A provision is recognised when the Company has a present obligation as a result of past events and it is probable that an outflow of resources will be required to settle the obligation in respect of which a reliable estimate can be made. Provisions (excluding retirement benefits) are not discounted to their present value and are determined based on the best estimate required to settle the obligation at the balance sheet date. These are reviewed at each balance sheet date and adjusted to reflect the current best estimates. Contingent liabilities are disclosed in the Notes. Contingent assets are not recognised in the financial statements.

IX. Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit / (loss) before extraordinary items and tax is adjusted for the effects of transactions of non-cash nature and any deferrals or accruals of past or future cash receipts or payments. The cash flows from operating, investing and financing activities of the Company are segregated based on the available information.

X. Cash and Cash Equivalents

Cash comprises cash on hand and demand deposits with banks. Cash equivalents are short-term balances (with an original maturity of three months or less from the date of acquisition), highly liquid investments that are readily convertible into known amounts of cash and which are subject to insignificant risk of changes in value.

XI. Earnings per share

Basic and diluted earnings per share are computed in accordance with Accounting Standard ("AS") -20 Earnings per Share. Basic earnings per share is calculated by dividing the net profit or loss after tax for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year. Diluted earnings per equity share are computed using the weighted average number of equity shares and dilutive potential equity shares outstanding during the year, except where the results are anti-dilutive.

XII. Share Issue Expenses

Share issue expenses are charged to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

XIII. Investment

The Company, being regulated as a IDF Non-Banking Financial Company (NBFC) by the RBI, investments are classified under two categories i.e. Current and Long Term and are valued in accordance with the RBI guidelines and the Accounting Standard (AS) 13 on 'Accounting for Investments'. Investments in debentures which are,in substance, in the nature of credit substitutes are classified as a part of Loans towards Financing Activities and are measured in accordance with the criteria applied for the measurement of Loans towards Financing Activities.

XIV. Loans towards Financing Activities:

Loans towards Financing Activities are classified under four categories i.e. (i) Standard Assets, (ii) Sub-standard Assets, (iii) Doubtful Assets and (iv) Loss Assets in accordance with the RBI Guidelines.

In respect of Loans and Debentures / Bonds in the nature of an advance, where interest is not serviced or where repayments on account of principal are in arrears, provision for diminution is made as per the parameters applicable to Non-Performing Advances.

Provision on Standard Assets is made as per the provisioning policy of the Company subject to minimum stipulated in RBI Guidelines or where additional specific risks are identified by the management, based on such identification.

XV. Employee Benefit

I. Employee Benefits

Defined–Contribution Plans

The Company offers its employees defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain statutory/ fiduciary-type arrangements. Both the employees and the

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary.

Defined–Benefits Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The gratuity scheme is not funded. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to statement of Profit and Loss.

Other Employee Benefits

Compensated absences which accrue to employees and which can be carried to future periods but are expected to be encashed or availed in the 12 months immediately following the period / year end are reported as expense during the year in which the employees perform services that the benefit covers and the liabilities are reported at the undiscounted amount of the benefit after deducting amounts already paid.

Where there are restrictions on availment / encashment of such benefits or where the availment is otherwise not expected to wholly occur in the next 12 months (actuarially estimated), the liability on account of the benefits is actuarially determined using the Projected Unit Credit method.

XVI. Depreciation and Amortisation

Depreciable amount for assets is the cost of an asset, or other amount substituted for cost, less its estimated residual value.

Depreciation on tangible fixed assets has been provided on the straight-line method as per the useful life prescribed in Schedule II to the Companies Act, 2013.

Intangible assets are amortised over their estimated useful life on straight line method as follows:

Computer software- 3 years

The estimated useful life of the intangible assets and the amortisation period are reviewed at the end of each financial year and the amortisation period is revised to reflect the changed pattern, if any.

XVII. Borrowing Cost

Borrowing costs include interest expenses and other expenses incurred in connection with borrowings. Interest cost in connection with the borrowing of funds to the extent not directly related to the acquisition of qualifying assets are charged to the Statement of Profit and Loss over the tenure of the loan.

XVIII. Employee Stock Option Plan (ESOP)

The Employees Stock Options Scheme ("the Scheme") has established by the holding company (i.e. L&T Finance Holdings Limited). The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within a specified period. Measurement and disclosure of Employee Share-based Payment Plan is done in accordance with SEBI (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Guidance Note on Accounting for Employee Share-based Payments, issued by the Institute of Chartered Accountants of India. The company follows the intrinsic value method to account for its stock based employee compensation plans.

XIX. Service Tax input credit

Service tax input credit is accounted for in the books in the period in which the underlying service received is accounted and when there is no uncertainty in availing / utilizing the credits.

XX. Debenture Issue Expenses

Expenses incurred on issue of debentures have been charged off against the Securities Premium Account in accordance with the provisions of Section 52 of the Companies Act, 2013.

XXI. Premium payable on Redemption of Preference Shares

Premium payable on redemption of preference shares is calculated based on effective interest rate and charged off against the Securities Premium Account in accordance with the provisions of section 55 (2) (d) (ii) of Companies Act, 2013.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 2: Share capital

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Authorised				
Equity shares of ₹ 10 each	1,000,000,000	100,000.00	1,000,000,000	100,000.00
Preference shares of ₹ 1,000,000 each	4,000	40,000.00	4,000	40,000.00
Issued, Subscribed & Paid up shares				
Equity shares of ₹ 10 each	470,666,666	47,066.67	470,666,666	47,066.67
Preference shares of ₹ 1,000,000 each	1,053	10,530.00	1,003	10,030.00
Total Issued, Subscribed & Paid up shares capital	**470,667,719**	**57,596.67**	**470,667,669**	**57,096.67**

(I) Reconciliation of the shares and amount outstanding at the beginning and at the end of the reporting year

	As at March 31, 2017		As at March 31, 2016	
Equity Shares of ₹ 10 each	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the year	470,666,666	47,066.67	304,000,000	30,400.00
Shares issued during the year	-	-	166,666,666	16,666.67
Shares outstanding at the end of the year	**470,666,666**	**47,066.67**	**470,666,666**	**47,066.67**

Preference Shares of ₹ 1,000,000 each	As at March 31, 2017		As at March 31, 2016	
Cumulative Non Convertible Redeemable Preference Shares ("CRPS")	Number	₹ lakh	Number	₹ lakh
Shares outstanding at the beginning of the year	1,003	10,030.00	1,003	10,030.00
Shares issued during the year	50	500.00	-	-
Shares bought back during the year	-	-	-	-
Shares outstanding at the end of the year	**1,053**	**10,530.00**	**1,003**	**10,030.00**

(II) Terms/rights attached to shares

Equity Shares

The Company has equity shares having a par value of ₹ 10 per share. Members of the Company holding equity shares capital therein have a right to vote, on every resolution placed before the Company and right to receive dividend. The voting rights on a poll is in proportion to the share of the paid up equity capital of the Company held by the shareholders. The Company declares dividends in Indian rupees. The final dividend proposed by the Board of Directors is subject to the approval of the Shareholders in the ensuing Annual General Meeting.

In the event of liquidation of the Company, the holders of equity shares will be entitled to receive remaining assets of the Company, after distribution of all preferential amounts. The distribution will be in proportion to the number of equity shares held by the shareholders.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Cumulative Non Convertible Redeemable Preference Shares ("CRPS")

a. Details relating to ISIN INE235P04024:

The CRPS do not have voting rights other than in respect of matters directly affecting the rights attached to the CRPS. In the event of any due and payable dividends remain unpaid for an aggregate period of at least 2 years prior to the start of any general meeting of the equity shareholders, CRPS holders shall have voting rights in line with the voting rights of the equity shareholders. The CRPS are redeemable in three annual tranches beginning from 01-Oct-2020 and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The CRPS will be repaid in annual tranches of ₹ 3309.09 lakh each commencing from 01-Oct-2020. The holders of CRPS will be entitled to an annual dividend of 5% subject to the provisions of the applicable laws and regulations.

On winding up or repayment of capital, CRPS holders enjoy preferential rights vis-à-vis equity shareholders, for repayment of capital paid up and shall include any unpaid Dividends and any fixed premium (if applicable).

b. Details relating to ISIN INE235P04040

The CRPS are redeemable in three annual tranches beginning from 29-Aug-2022 and the payment of dividend would be in accordance with the terms agreed at the time of issuance of Preference Shares. The CRPS will be repaid in two tranches of ₹ 165.00 lakh each commencing from 29-Aug-2022 & third tranche of ₹ 170.00 lakh on 29-Aug-2024. The holders of CRPS will be entitled to an annual dividend of 5% subject to the provisions of the applicable laws and regulations.

(III) Equity shares in the Company held by the holding company

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	₹ lakh	Number	₹ lakh
Equity Shares of ₹ 10 each fully paid held by L&T Finance Holdings Limited (Holding company) directly or through its beneficially nominees.	470,666,666	47,066.67	470,666,666	47,066.67

(IV) Details of shareholders holding more than 5% shares in the Company

Particulars	As at March 31, 2017		As at March 31, 2016	
	Number	% Holdings	Number	% Holdings
Equity Shares of ₹ 10 each fully paid held by				
L&T Infrastructure Finance Company Limited	227,600,000	48.36	227,600,000	48.36
L&T Finance Limited (Erstwhile Family Credit Limited)	133,133,329	28.28	133,133,329	28.28
L&T Finance Holdings Limited	109,933,333	23.36	109,933,333	23.36
CRPS of ₹ 1,000,000 each fully paid held by				
Pioneer Independent Trust	750	75.00	750	75.00
L&T Employees Welfare Foundation	200	20.00	160	16.00
L&T Welfare Company Limited	100	10.00	90	9.00

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 3: Reserves and surplus (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(I) Securities Premium Account		
Opening balance	7,090.54	-
Add : Addition during the year	-	8,333.33
Less: Redemption premium on CRPS (Refer Note 35)	412.59	320.92
Less: Securities issue expenses adjusted during the year	153.12	921.87
Closing balance	**6,524.83**	**7,090.54**
(II) Reserve u/s 45-IC of Reserve Bank of India Act, 1934		
Opening balance	1,764.81	979.00
Add : Transferred from surplus in the Statement of Profit and Loss	1,882.19	785.81
Closing balance	**3,647.00**	**1,764.81**
(III) Surplus in the Statement of Profit and Loss		
Opening balance	6,197.89	3,658.22
Add : Profit for the year	9,410.96	3,929.07
Less: Appropriations		
Transfer to reserve u/s. 45-IC of Reserve Bank of India Act,1934	1,882.19	785.81
Dividend paid on Preference shares including dividend distribution tax	603.60	603.59
Closing balance	**13,123.06**	**6,197.89**
Total reserves and surplus	**23,294.89**	**15,053.24**

Note 4: Long-term borrowings (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(I) Secured		
Redeemable non convertible debentures [Refer Footnote 4 (i)]	325,000.00	183,000.00
Total Long-term borrowings	**325,000.00**	**183,000.00**

Note 4(i)

Secured redeemable, Non convertible Debentures (Privately placed) (₹ in lakh)

Residual Maturity	As at March 31, 2017		As at March 31, 2016	
	Balance outstanding	Interest Rate (%)	Balance outstanding	Interest Rate (%)
Fixed Rate				
Above 5 years	222,600.00	8.05% - 9.70%	132,000.00	8.49% - 9.70%
3-5 years	94,900.00	7.85% - 9.70%	43,500.00	8.55% - 9.70%
1-3 years	7,500.00	9.60%	7,500.00	9.60%
Upto 1 year	-		-	
Floating Rate				
Above 5 years	-		-	
3-5 years	-		-	
1-3 years	-		-	
Upto 1 year	-		-	
Total	**325,000.00**		**183,000.00**	

The debentures mentioned above are secured by mortgage of a certain immovable property created under the terms of it's operating lease arrangement and hypothecation of specific receivables.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 5: Other Long-term liabilities (₹ in lakh)

Particulars	**As at 31-03-2017**	**As at 31-03-2016**
Deferred Income on Loan processing	410.85	193.47
Total Long-term liabilities	**410.85**	**193.47**

Note 6: Long-term provisions (₹ in lakh)

Particulars	**As at 31-03-2017**	**As at 31-03-2016**
For employee benefits:		
Gratuity	8.16	4.38
Others:		
Redemption Premium payable on redemption of Preference Shares	988.10	575.51
For contingent provisions against standard assets	1,529.25	690.08
Total Long-term provisions	**2,525.51**	**1,269.97**

Note 7 : Trade payables (₹ in lakh)

Particulars	**As at 31-03-2017**	**As at 31-03-2016**
Sundry Creditors for expenses (Other than Micro and Small Enterprises)	4.27	742.49
Total Trade payables	**4.27**	**742.49**

Note: On the basis of response received by the Company in response to enquiries made, there are no dues payable at the year end to Micro, Small and Medium Enterprises nor are there other particulars that are required to be disclosed under the Companies Act, 2013 or the Micro, Small and Medium Enterprises Development Act, 2006.

Note 8: Other current liabilities (₹ in lakh)

Particulars	**As at 31-03-2017**	**As at 31-03-2016**
Interest accrued but not due on debentures	10,560.47	4,179.82
Deferred Income on Loan processing	56.51	24.11
Statutory liabilities	127.45	112.02
Accrued expenses	813.57	56.51
Advance from Customer	838.67	435.54
Total other current liabilities	**12,396.67**	**4,808.00**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 9: Short - term provisions

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
For employee benefits:		
Compensated absences	9.53	3.38
Gratuity	0.38	-
Others		
For contingent provisions against standard assets	72.46	20.98
Total Short-term provisions	**82.37**	**24.36**

Note 10: Fixed assets (at cost less depreciation)

(₹ in lakh)

Description	Gross Block (at cost)				Depreciation / Amortization				Net Block	
	Opening as at 01.04.2016	Additions	Deductions	Closing as at 31.03.2017	Upto 01.04.2016	Charge during the year	Deductions / Adjustments	Upto 31.03.2017	As at 31.03.2017	As at 31.03.2016
Intangible assets										
Computer Sotware	-	3.18	-	3.18	-	0.18	-	0.18	3.00	-
Total	**-**	**3.18**	**-**	**3.18**	**-**	**0.18**	**-**	**0.18**	**3.00**	**-**

Note 11: Long - term loans towards financing activities

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Secured - considered good)		
Debentures	209,766.35	150,903.88
Term Loan	172,547.22	79,124.39
Total Long - term loans towards financing activities	**382,313.57**	**230,028.27**

Note 12: Long-term loans and advances

(₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Security deposit	2.41	2.41
Others:		
Advance income taxes (net of provision ₹ 460.00 lakhs, Previous Year ₹ 460 lakhs)	3,234.67	824.29
Service tax credit receivable	24.57	56.52
Prepaid expenses	-	-
Total other long term loans and advances - others	**3,261.65**	**883.22**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 13: Other non - current assets (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Unamortised expenses		
Ancillary borrowing costs	79.53	101.94
Unamortised Premium on Debentures	115.13	546.53
(Secured, considered good)		
Interest accrued but not due on debentures	-	2,602.49
Total Other non - current assets	**194.66**	**3,250.96**

Note 14: Current investments (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Non Trade investment, valued at lower of cost or market value, fully paid:		
Investment in mutual funds		
Investments in Mutual Funds [Refer Footnote 14(i)]	-	18,175.00
Total Current investments	**-**	**18,175.00**

Note 14 (i)
Details of Mutual Fund Investment:

	As at 31-03-2017			As at 31-03-2016		
Scheme Name	**NAV**	**No. of Units**	**₹ lakh**	**NAV**	**No. of Units**	**₹ lakh**
L&T Liquid Fund Direct Plan - Growth	-	-	-	2,077.90	152,934.06	3,175.00
Reliance Liquid Fund - Treasury Plan-Direct- Growth	-	-	-	3,695.02	135,442.61	5,000.00
Uti-Money Market Fund-Institutional Plan-Direct - Growth	-	-	-	1,698.77	294,612.81	5,000.00
SBI Premier Liquid Fund - Direct - Growth	-	-	-	2,380.96	210,274.28	5,000.00
Total			**-**			**18,175.00**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 15: Cash and bank balance (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
Cash and cash equivalents as defined in AS - 3		
Cash on hand	0.08	0.14
Balances with Banks		
In Current Account	3,919.05	1,125.80
In Other deposits accounts (with original maturity of less than 3 months)	8.39	1,000.00
Total cash and Cash equivalents	**3,927.52**	**2,125.94**
Other bank balances		
Balances with Banks in Fixed Deposit Account (with original maturity of more than three months)	12,763.41	-
Total cash and bank balance	**16,690.93**	**2,125.94**

Note 16: Current maturities of long - term loans towards financing activities (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Secured - considered good)		
Debentures	5,367.96	4,134.57
Term Loan	12,747.02	2,858.78
Total current maturities of long-term loans towards financing activities	**18,114.98**	**6,993.35**

Note 17: Short term loans and advances (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Prepaid expenses	121.65	78.12
Receivable from related parties	5.31	-
Total Short term loans and advances	**126.96**	**78.12**

Note 18: Other current assets (₹ in lakh)

Particulars	As at 31-03-2017	As at 31-03-2016
(Unsecured, considered good)		
Unamortised Ancillary borrowing costs	22.29	22.25
Unamortised Premium on Debentures	5.47	112.64
(Secured, considered good)		
Interest accrued but not due on debentures	363.90	482.36
Interest accrued but not due on fixed deposits	116.53	0.22
Interest accrued but not due on Loans and advances	97.29	35.87
Total other current assets	**605.48**	**653.34**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 19: Revenue from operations (₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest on debentures	15,567.51	6,815.13
Interest on Term Loan	12,657.60	1,233.77
Financial advisory fees	1,132.85	98.00
Upfront fees	41.54	-
Interest on bank deposits	899.90	2,008.21
Total Revenue from operation	**30,299.40**	**10,155.11**

Note 20: Other income (₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Income from current investment	-	34.14
Gain on sale of current investments	3,527.18	1,218.08
Gain/(loss) on sale of Loan/Amortisation of Premium	773.04	-
Other	23.96	-
Total other income	**4,324.18**	**1,252.22**

Note 21: Employee benefit expenses (₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Salaries	148.45	81.64
Contribution to provident and other funds	5.48	3.54
Gratuity	2.89	0.76
Staff Welfare	1.57	-
Total Employee benefit expenses	**158.39**	**85.94**

Note 22: Finance cost (₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Interest expenses	22,504.16	6,058.31
Other borrowing cost	40.94	45.86
Total Finance cost	**22,545.10**	**6,104.17**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 23: Other expenses

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Directors Sitting fees	7.69	7.27
Commission to non executive director	24.84	25.02
Professional fees	203.11	17.14
Guarantee fees	78.14	35.38
Listing and custodian fees	-	5.68
Travelling and conveyance	6.14	9.72
Rent	5.93	5.16
Asset Management Fee / Hold Period Fee	657.06	349.36
Auditors' remuneration (Refer note below)	18.29	17.77
Brand license fee	535.88	133.86
Stamp duty	-	25.06
Rates and Taxes	1.04	0.08
Corporate Social Responsibility	61.87	36.03
Miscellaneous expenses	18.31	14.75
Total other expenses	**1,618.30**	**682.28**

Note: Auditors' remuneration comprises the following

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Statuory Audit Fees	4.00	3.00
Limited Review Fees	4.00	4.50
Tax Audit Fees	0.50	0.50
Other service	8.76	8.91
Service tax on above	1.03	0.86
	18.29	**17.77**

Note 24: Provisions and contingencies

(₹ in lakh)

Particulars	Year ended 31-03-2017	Year ended 31-03-2016
Provision for standard assets	890.65	605.87
Total provision and contingencies	**890.65**	**605.87**

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 25: Contingent liabilities and commitments to the extent not provided for:

(₹ in lakh)

Particulars	As at March 31, 2017	As at March 31, 2016
(I) Contingent Liabilities:		
Claims against the Company not acknowledged as debt:	-	-
(II) Commitments:		
a) Estimated amount of contracts remaining to be executed on capital account and not provided for	-	-
b) Other Commitments:		
Undisbursed Commitments	-	-

Note 26:Segments Reporting (AS 17): The Company's main business is to provide finance for infrastructure projects. All other activities revolve around the main business. Further, all activities are carried out within India. As such, there are no separate reportable segments as per the provisions of Accounting Standard (AS) 17 on 'Segment Reporting'.

Note 27: As per the Accounting Standard (AS) 18 on 'Related Party Disclosures', the related parties, nature and volume of transactions carried out with them in the ordinary course of business are as follows:

(a) List of related parties and relationship

A. Ultimate holding company:

1. Larsen & Toubro Limited

B. Holding company :

1. L&T Finance Holdings Limited

C. Fellow subsidiary company :

1. L&T Infrastructure Finance Company Limited
2. L&T Finance Limited (erstwhile Family Credit Limited)
3. L&T Financial Consultants Limited (earlier known as L&T Vrindavan Properties Limited)
4. L&T Capital Company Limited

Note: The above list contain name of only those related parties with whom the Company has undertaken transactions in current or previous year.

(b) Related party transactions

(₹ in lakh)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
1	Equity capital infused by (including share premium):-		
	• L&T Infrastructure Finance Company Limited	-	12,090.00
	• L&T Finance Holdings Limited	-	5,840.00
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	7070.00
2	Rent		
	• L&T Financial Consultants Limited	4.82	4.82
	• L&T Finance Limited (erstwhile Family Credit Limited)	0.69	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Sr. No.	Nature of Transactions	2016-2017	2015-2016
3.	Other Expenses Paid		
	• Larsen & Toubro Limited	0.68	0.14
	• L&T Finance Holdings	-	4.70
	• L&T Capital Company Limited	12.20	-
4.	Brand License Fee		
	• Larsen & Toubro Limited	497.34	121.89
5.	Asset Management Fee / Hold Period Fee		
	• L&T Infrastructure Finance Company Limited	610.60	304.64
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	8.99
6.	Purchase of Loan Assets		
	• L&T Infrastructure Finance Company Limited	50,911.94	1,36,206.41
	• L&T Finance Limited (erstwhile Family Credit Limited)	27,474.29	11,890.24
7.	Trade Payable		
	• L&T Infrastructure Finance Company Limited	-	152.00
	• L&T Finance Limited (erstwhile Family Credit Limited)	-	0.08
	• Larsen & Toubro Limited	1.08	111.70
8.	Trade Receivable		
	• L&T Infrastructure Finance Company Limited	2.53	-
	• L&T Finance Limited (erstwhile Family Credit Limited)	2.78	-

Note 28: The Company holds certain premises under operating leases. Rent expenses for current year is ₹ 5.93 lakh (previous year ₹ 5.16 lakh). The committed lease rentals in the future are:

(₹ in lakh)

Particulars	2016-17	2015-16
Not later than one year	4.82	4.82
Later than one year and not later than five years	2.81	7.63
Later than five years	-	-

Note 29: Earnings per share computed as per the Accounting Standard (AS) 20 'Earnings Per Share ("EPS")' issued by the Institute of Chartered Accountants of India, is as follows:

Basic & Diluted	2016-17	2015-16
Profit after tax as per Statement of Profit and Loss (₹ lakh)	9,410.96	3,929.07
Less: preference share dividend (including dividend distribution Tax) (₹ lakh)	621.32	603.59
Net profit attributable to equity shareholders (₹ lakh)	8,789.64	3,325.48
Weighted average number of equity shares for computation of Basic earnings per share	470,666,666	337,591,985
Weighted average number of equity shares for computation of diluted earnings per share	470,666,666	337,591,985
Number of equity shares outstanding	470,666,666	470,666,666
Basic earnings per share (₹)	1.87	0.99
Diluted earnings per share (₹)	1.87	0.99
Nominal Value of Shares (₹)	10	10

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 30: Employee Benefits

I. Defined-Contribution Plans

The Company offers its employee defined contribution plans in the form of provident fund and family pension fund. Provident fund and family pension funds cover substantially all regular employees. Contributions are paid during the year into separate funds under certain fiduciary-type arrangements. Both the employees and the Company pay predetermined contributions into provident fund and family pension fund. The contributions are normally based on a certain proportion of the employee's salary. The Company recognised charges of ₹ 5.48 lakh (previous year ₹ 3.54 lakh) for provident fund contribution in the Statement of Profit and Loss.

II. Defined-Benefit Plans

The Company offers its employees defined-benefit plans in the form of a gratuity scheme (a lump sum amount). Benefits under the defined benefit plans are typically based on years of service and the employee's compensation (generally immediately before retirement). The gratuity scheme covers substantially all regular employees. The gratuity scheme is not funded. Commitments are actuarially determined at year-end. On adoption of the revised Accounting Standard (AS) 15 on "Employee Benefits", actuarial valuation is based on "Projected Unit Credit" method. Gains and losses of changed actuarial assumptions are charged to Statement of Profit and Loss. The following tables set out the amounts recognised in the Company's financial statements as at March 31, 2017 in respect of Gratuity benefits:

a) The amounts recognised in the balance sheet are as follows:

(₹ in lakh)

	As at 31-03-2017	**As at 31-03-2016**
Present Value of Funded Obligations	-	-
Fair Value of Plan Assets	-	-
Present Value of Unfunded Obligations	8.54	4.38
Unrecognised Past Service Cost	-	-
Amount not Recognised as an Asset (limit in Para 59 (b))	-	-
Net Liability	8.54	4.38
Amounts in Balance Sheet		
Liability	8.54	4.38
Assets	-	-

b) The amounts recognised in the Statement of profit and loss are as follows:

(₹ in lakh)

	As at 31-03-2017	**As at 31-03-2016**
Current Service Cost	1.07	0.87
Interest on Defined Benefit Obligation	0.42	0.35
Expected Return on Plan Assets	-	-
Net Actuarial Losses/(Gains) recognised in the Year	1.40	(0.46)
Past Service Cost	-	-
Losses/(Gains) on "Curtailments & Settlements"	-	-
Losses/(Gains) on "Acquisition/Divestiture"	-	-
Effects of the limit in Para 59(b)	-	-
Total, included in "Employee Benefit Expense"	2.89	0.76
Actual Return on Plan Assets	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

c) Reconciliation of Benefit Obligation & Plan Assets for the year

(₹ in lakh)

	As at 31-03-2017	As at 31-03-2016
Change in Defined Benefit Obligation		
Opening Defined Benefit Obligation	4.38	3.66
Current Service Cost	1.07	0.87
Interest Cost on Defined Benefit Obligation	0.42	0.35
Actuarial Losses/(Gain) recognized	1.40	(0.46)
Past Service Cost	-	-
Actuarial Losses/(Gain) due to "Curtailment & Settlements"	-	-
Liabilities Extinguished on "Settlements"	-	-
Liabilities assumed on Acquisition/(Settled on Divestiture)	2.55	(0.04)
Exchange Difference on Foreign Plans	-	-
Benefits Paid	(1.28)	-
Closing Defined Benefit Obligation	8.54	4.38

d) Experience Adjustment

(₹ in lakh)

	2016-17	2015-16	2014-15
Defined Benefit Obligation	8.54	4.38	3.66
Plan Assets	-	-	-
Surplus / (Deficit)	(8.54)	(4.38)	(3.66)
Experience adjustments on Plan Liabilities	0.33	(0.39)	-
Experience adjustments on Plan Assets	-	-	-

e) Financial assumptions at the valuation date

	2016-17	2015-16
Discount Rate (per annum)	7.25%	8.05%
Expected Rate of Return on Assets (per annum)	Not applicable	Not applicable
Salary Escalation Rate (per annum)	7.00%	7.00%
Mortality Rate	Indian Assured Lives Mortality (2006-08) Ult table	Indian Assured Lives Mortality (2006-08) Ult table

The estimates of future salary increases, considered in actuarial valuation, take account of inflation, seniority, promotion and other relevant factors.

The contributions expected to be made by the Company during the financial year 2017-18 amounts to ₹ 0.38 Lakh (previous year ₹ 0.33 Lakh).

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 31: Appropriations to the Special Reserve under Section 45-IC of Reserve Bank of India Act, 1934 are carried out of distributable profits of the Company.

Note 32: Under the Employees Stock Options Scheme established by the holding company (i.e. L&T Finance Holdings Limited) no stock options were granted to the employees of the Company during FY 16-17.

Note 33: During the period the Company has charged-off debenture/share issue expenses of ₹ 153.12 lakh (previous year ₹ 921.87 lakh) to the Securities Premium Account in accordance with Section 52 of the Companies Act, 2013.

Note 34: The following additional information (other than what is already disclosed elsewhere) is disclosed in terms of Master Direction - Non-Banking Financial Company - Systemically Important, Non-Deposit taking Company and Deposit taking Company (Reserve Bank) Directions, 2016.

Note 34 (1): Capital

(₹ in lakh)

Capital to Risk Assets Ratio (CRAR)		2016-17	2015-16
(i)	CRAR (%)	39.32%	51.38%
(ii)	CRAR - Tier I Capital (%)	33.50%	43.69%
(iii)	CRAR - Tier II Capital (%)	5.82%	7.69%
(iv)	Amount of subordinated debt raised as Tier-II capital raised during the year.	-	-
(v)	Amount raised by issue of Perpetual Debt Instruments raised during the year	-	-

Note 34(2): Investments

(₹ in lakh)

Sr. No.	Particulars	2016-17	2015-16
(1)	Value of Investment		
	(i) Gross value of Investment		
	(a) In India	-	18,175.00
	(b) Outside India	-	-
	(ii) Provision for Depreciation		
	(a) In India	-	-
	(b) Outside India	-	-
	(iii) Net Value of Investment		
	(a) In India	-	18,175.00
	(b) Outside India	-	-
(2)	Movement of Provision held towards depreciation of Investment		
	(i) Opening balance	-	-
	(ii) Add: Provisions made during the year	-	-
	(iii) Less: Write off/write back of excess provision during the year	-	-
	(iv) Closing balance	-	-

Note 34(3): Derivatives:

Note 34(3) (i): Forward rate agreement/ Interest rate swap (also includes Currency Interest rate Swaps): The company has not entered into forward rate agreements/ interest rate swaps during the financial year ended March 31, 2017 (Previous year: Nil)

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 34(3) (ii): Exchange traded Interest rate (IR) Derivatives: The company has not traded in Interest rate Derivative during the financial year ended March 31, 2017 (Previous year: Nil)

Note 34(3) (iii): Disclosure on Risk Exposure in Derivatives : Nil (Previous year –Nil)

Note 34(4): Securitization:

Note 34(4) (i): No transaction for Special Purpose Vehicle during the Financial year (Previous year – Nil)

Note 34(4) (ii):Financial asset sold to Securitization/Reconstruction company for Asset reconstruction: Nil (Previous year- Nil)

Note 34(4) (iii): Details of Assignment transactions undertaken by NBFC: During the current and previous year no assignment transaction has been undertaken.

Note 34(4) (iv): Details of Non performing Financial assets purchased/Sold: During the current and previous year no Non performing Financial Assets has been purchased/sold from/to other NBFCs.

Note 34(5): Maturity pattern of certain items of assets and liabilities (₹ in lakh)

	Year	One month	Over one month to 2 months	Over 2 months upto 3 months	Over 3 months upto 6 months	Over 6 months upto 1 year	Over 1 year to 3 years	Over 3 years to 5 years	Over 5 years	Total
Deposits	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-
Advances	2016-17	1,173.66	499.99	2,286.66	3,493.83	10,660.84	40,621.01	54,440.41	2,87,252.15	4,00,428.55
	2015-16	795.01	46.39	1,057.32	1,807.81	3,286.82	18,369.91	31,573.85	180,084.51	2,37,021.62
Investment	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	18,175.00	-	-	-	-	-	-	-	18,175.00
Borrowing	2016-17	-	-	-	-	-	7,500.00	82,400.00	2,35,100.00	3,25,000.00
	2015-16	-	-	-	-	-	-	39,000.00	1,44,000.00	1,83,000.00
Foreign Currency Assets	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-
Foreign Currency Liability	2016-17	-	-	-	-	-	-	-	-	-
	2015-16	-	-	-	-	-	-	-	-	-

Note 34(6): Exposures

Note 34(6) (i) Exposure to Real Estate Sector:

Category		For the year ended 2016-17	For the year ended 2015-2016
a)	**Direct Exposure**		
	Residential Mortgages	Nil	Nil
	Infrastructure Real Estate (SEZs, Industrial Parks, IT Parks)	Nil	Nil
	Commercial Real Estate	Nil	Nil
	Investment in Mortgage Backed Securities (MBS) and other securitised exposures	Nil	Nil
b)	**Indirect Exposure**	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 34(6)(ii): Exposure to Capital Market:

(₹ in lakh)

Sl No.	Category	2016-17	2015-16
	Direct Exposure		
(i)	direct investment in equity shares, convertible bonds, convertible debentures and units of equity-oriented mutual funds the corpus of which is not exclusively invested in corporate debt;	Nil	Nil
(ii)	advances against shares / bonds / debentures or other securities or on clean basis to individuals for investment in shares (including IPOs/ESOPs), convertible bonds, convertible debentures, and units of equity-oriented mutual funds;	Nil	Nil
(iii)	advances for any other purposes where shares or convertible bonds or convertible debentures or units of equity oriented mutual funds are taken as primary security;	Nil	Nil
(iv)	advances for any other purposes to the extent secured by the collateral security of shares or convertible bonds or convertible debentures or units of equity oriented mutual funds i.e. where the primary security other than shares / convertible bonds/ convertible debentures / units of equity oriented mutual funds 'does not fully cover the advances;	Nil	Nil
(v)	secured and unsecured advances to stockbrokers and guarantees issued on behalf of stockbrokers and market makers;	Nil	Nil
(vi)	loans sanctioned to corporate against the security of shares / bonds / debentures or other securities or on clean basis for meeting promoter's contribution to the equity of new companies in anticipation of raising resources;	Nil	Nil
(vii)	bridge loans to companies against expected equity flows / issues;	Nil	Nil
(viii)	all exposures to Venture Capital Funds (both registered and unregistered)	Nil	Nil
	Total exposure to capital Market	Nil	Nil

Note 34(6) (iii): Financing of parent company products: Nil (Previous Year - Nil).

Note 34(6) (iv): Details of Single borrower limit (SBL)/ Group borrower limit (GBL) exceeded by NBFC: Nil (Previous Year - Nil)

Note 34(6) (v): Unsecured advances: Nil (Previous Year - Nil).

Note 34(7): Registration obtained from other financial sector regulators: No registration has been obtained from other financial sector regulators.

Note 34(8): Penalties imposed by RBI or other regulators: No Penalties has been imposed by RBI or other regulators during the year (Previous Year- Nil).

Note 34(9): Ratings assigned by credit rating agencies and migration during the year:

	2016-2017			2015-16		
	CARE	CRISIL	ICRA	CARE	CRISIL	ICRA
Non Convertible Debentures	AAA (stable)	AAA (stable)	AAA (stable)	AAA (stable)	AAA (stable)	AAA (stable)
Bank Loan	A1+	-	-	A1+	-	-
Redeemable Preference Shares	-	AAA (stable)	-	-	AAA (stable)	-
Commercial Paper	A1+	-	-	-	-	-

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 34(10): Provisions and contingencies

(₹ in lakh)

Break up of 'Provisions and Contingencies' shown under the head Expenditure in Profit and Loss Account	2016-17	2015-16
Provisions for depreciation on Investment	-	-
Provision towards Non Performing Assets	-	-
Provision made towards Income tax	-	-
Other Provision and Contingencies (with details)	-	-
Provision for Standard Assets	890.65	605.87

Note 34(11): Drawdown from reserves: No drawdown from reserves during the year (previous year: nil).

Note 34(12): Concentration of deposits, advances, exposures and NPAs:

Note 34(12) (i): Concentration of deposits:

(₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total deposit of twenty largest depositors	N.A.	N.A.
2.	Percentage of deposit of twenty large depositors to total deposit of NBFC	N.A.	N.A.

Note 34(12) (ii):Concentration of advances:

(₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total advances to twenty largest borrowers	3,17,577.03	2,37,021.62
2.	Percentage of advances to twenty largest borrowers to total advances of NBFC	79.31%	100%

Note 34(12) (iii): Concentration of exposures:

(₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total exposure to twenty largest depositors/customers	3,86,014.64	3,18,635.58
2.	Percentage of exposure to twenty large borrowers/customers to total exposure of NBFC on borrowers/customers.	63.18%	91%

Note 34(12) (iv): Concentration of Non Performing Assets:

(₹ in lakh)

Sl No.	Particulars	2016-17	2015-16
1.	Total exposure to top four NPA accounts	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Note 34(12) (v): Sector wise Non Performing Assets:

Percentage of Non Performing Assets to total advances in that sector (₹ in lakh)

Sl No.	Sector	2016-17	2015-16
1.	Agriculture & Allied activities	Nil	Nil
2.	MSME	Nil	Nil
3.	Corporate borrowers	Nil	Nil
4.	Services	Nil	Nil
5.	Unsecured personal loans	Nil	Nil
6.	Auto loans	Nil	Nil
7.	Other personal loans	Nil	Nil

Note 34(13) : Non- Performing Assets : NIL

Note 34(14) : Overseas Assets: Nil (Previous Year Nil)

Note 34(15) : Off Balance sheet Special purpose Vehicles (SPV) sponsored (which are required to consolidated as per accounting norms): Nil (Previous Year Nil)

Note 34(16) : Disclosure of Customer Complaints: Nil (Previous Year Nil)

Note 34(17) : Postponement of revenue recognition: Nil

Note 35 : The premium on redemption of the preference shares determined on effective interest rate basis aggregates ₹ 412.59 lakh for the year (previous year ₹ 320.92 lakh). The sum has been transferred out of the Securities premium into a liability account (which has been classified under “Long-term Provisions”).

Note 36(1) : Disclosures on Flexible Structuring of Existing Loans : Nil

Note 36(2) : Disclosures on Strategic Debt Restructuring Scheme (accounts which are currently under the stand-still period): Nil

Note 36(3) : Disclosures on Change in Ownership outside SDR Scheme (accounts which are currently under the stand-still period): Nil

Note 36(4) : Disclosures on Change in Ownership of Projects Under Implementation (accounts which are currently under the stand-still period): Nil

Note 37: The details of Specified Bank Notes (SBN) held and transacted during the period 8th November, 2016 to 30th December, 2016 is as under:

(₹ in lakh)

	SBNs	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	-	0.08	0.08
(+) Permitted Receipts	-	-	-
(-) Permitted Payments	-	-	-
(-) Amount deposited in Banks	-	-	-
Closing cash in hand as on 30.12.2016	-	0.08	0.08

Note 38 : The Company is an Infra Debt Fund - Non Banking Finance Company (IDF - NBFC) registered with the Reserve Bank of India on October 21, 2013. Therefore, income of the Company is exempt under sections 10(47) of the Income Tax Act, 1961.

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Schedule to the
Balance Sheet of a non-deposit taking non-banking financial company
(as required in terms of paragraph 18 of Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016)

Liability Side:

1. Loans and advances availed by the Non Banking Financial Company inclusive of interest accrued thereon but not paid:

(₹ in lakh)

	Particular	As at 31-03-2017 Amount outstanding	As at 31-03-2017 Amount overdue	As at 31-03-2016 Amount outstanding	As at 31-03-2016 Amount overdue
(a)	Debentures :				
	Secured	3,35,560.47	Nil	1,87,179.82	Nil
	Unsecured	Nil	Nil	Nil	Nil
	(Other than falling within the meaning of public deposits*)				
(b)	Deferred Credits	Nil	Nil	Nil	Nil
(c)	Term Loans	Nil	Nil	Nil	Nil
(d)	Inter-corporate loans and borrowings	Nil	Nil	Nil	Nil
(e)	Commercial Paper	Nil	Nil	Nil	Nil
(f)	Other Loans	Nil	Nil	Nil	Nil

* Please see footnote (1) below

Asset Side:

2. Break-up of Loans and Advances including bills receivables [Other than those included in (4) below]

(₹ in lakh)

	Particular	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
(a)	Secured	4,00,428.55	2,37,021.62
(b)	Unsecured	Nil	Nil

3. Break-up of Leased Assets and stock on hire and other assets counting towards AFC activities

(₹ in lakh)

Particular	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
(i) Lease assets including lease rentals under sundry debtors		
(a) Financial Lease		
(b) Operating Lease	Nil	Nil
(ii) Stock on hire including hire charges under sundry debtors		
(a) Assets on hire		
(b) Repossessed assets	Nil	Nil
(iii) Other loans counting towards AFC activities		
(a) Loans where assets have been repossessed		
(b) Loans other than (a) above	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

4. Break-up of Investments (₹ in lakh)

Particulars	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
Current Investments		
1. Quoted		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil
2. Unquoted :		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	-	18,175.00
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil

	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
Long Term Investments		
1. Quoted		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others	Nil	Nil
2. Unquoted :		
(i) Shares : (a) Equity	Nil	Nil
(b) Preference	Nil	Nil
(ii) Debentures and Bonds	Nil	Nil
(iii) Units of Mutual Funds / Venture Capital Fund	Nil	Nil
(iv) Government Securities	Nil	Nil
(v) Others (Security Deposit)	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

5. Borrower group-wise classification of assets financed as in (2) and (3) above :

(see footnote 2 below) (₹ in lakh)

Category	As at 31-03-2017 Amount outstanding	As at 31-03-2016 Amount outstanding
1. Related Parties **		
(a) Subsidiaries	Nil	Nil
(b) Companies in the same group	Nil	Nil
(c) Other related parties	Nil	Nil
2. Other than related parties (Secured)	4,00,428.55	2,37,021.62
Total	**4,00,428.55**	**2,37,021.62**

6. Investor group-wise classification of all investments (current and long term) in shares and securities (both quoted and unquoted): (see footnote 3 below)

(₹ in lakh)

Category	As at 31-03-2017		As at 31-03-2016	
	Market Value/ Breakup Value/ Fair value /NAV	Book Value (Net of Provisions)	Market Value/ Breakup Value/ Fair value /NAV	Book Value (Net of Provisions)
1. Related Parties **				
(a) Subsidiaries	-	-	-	-
(b) Companies in the same group	-	-	-	-
(c) Other related parties	-	-	-	-
2. Other than related parties	-	-	18,175.00	18,175.00
Total	**-**	**-**	**18,175.00**	**18,175.00**

** As per Accounting Standard issued by Institute of The Chartered Accountants of India. (See footnote 3 below)

7. Other information (₹ in lakh)

Particulars	As at 31-03-2017 Amount	As at 31-03-2016 Amount
(i) Gross Non-Performing Assets	Nil	Nil
(a) Related parties	Nil	Nil
(b) Other than related parties	Nil	Nil
(ii) Net Non-Performing Assets	Nil	Nil
(a) Related parties	Nil	Nil
(b) Other than related parties	Nil	Nil
(iii) Assets acquired in satisfaction of debt	Nil	Nil

NOTES FORMING PART OF THE FINANCIAL STATEMENTS AS AT MARCH 31, 2017 (Contd.)

Footnotes:

1. As defined in paragraph 2(1)(xii) of the Non-Banking Financial Companies Acceptance of Public Deposits (Reserve Bank) Directions, 1998.
2. Provisioning norms have been applied as prescribed in Master direction - Non-Banking Financial Company – Systemically Important Non-Deposit taking Company and Deposit taking (Reserve Bank) Directions, 2016.
3. All Accounting Standards represents to Companies Act and Companies rules and Guidance Notes issued by the Institute of Chartered Accountants of India are applicable including for valuation of investments and other assets as also assets acquired in satisfaction of debt. However, market value in respect of quoted investments and break up/fair value/Net Asset Value in respect of unquoted investments have been disclosed irrespective of whether they are classified as long term or current in (4) above.

Note 39 : The previous year's figures have been regrouped / reclassified to conform to the current year's classification.

For and on behalf of the Board of Directors of
L & T Infra Debt Fund Limited

Dinanath Dubhashi
Director
DIN 03545900

Rupa Nitsure
Director
DIN 00075003719

Ashish Mutha
Head Accounts (CFO)

Radhika Parmanandka
Company Secretary
M. No. A31939

Mumbai, May 03, 2017

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their Tenth report and Audited Accounts for the year ended March 31, 2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	2016-17	2015-16
	₹	₹
Profit /(Loss) Before Depreciation, exceptional and extra ordinary items & Tax	**(67,26,227)**	*(2,160.00)*
Less: Depreciation, amortization and obsolescence	**(21,16,112)**	–
Add: Transfer from Revaluation Reserve	–	–
Profit / (Loss) before exceptional and extraordinary items and tax	**(88,42,339)**	*(2,160.00)*
Add: Exceptional Items	–	–
Profit / (Loss) before extraordinary items and tax	**(88,42,339)**	*(2,160.00)*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**(88,42,339)**	*(2,160.00)*
Less: Provision for tax	**10,500**	*7,500.00*
Profit / (Loss) after tax from continuing operations	**(88,52,839)**	*(9,660.00)*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit / (Loss) for the period carried to the balance sheet	**(88,52,839)**	*(9,600.00)*
Add: Balance brought forward from previous year	**(1,83,279)**	*(1,73,619.00)*
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Balance available for disposal (which directors appropriate as follows)	**(90,36,118)**	*(1,83,279.00)*
Balance Carried to Balance Sheet	**(90,36,118)**	*(1,83,279.00)*

2. **INCREASE IN AUTHORISED SHARE CAPITAL:**

   The Authorised Share Capital of the Company has been increased to ₹ 10,00,00,000 divided into 1,00,00,000 equity shares of ₹ 10 each. During the year under review the Company has allotted 73,88,796 equity shares of ₹ 10 each amounting to ₹ 7,38,87,960 to Larsen & Toubro Limited in accordance with the terms of the Scheme of Arranagement between L&T Valves Limited and the Company for transfer of Manapakkam Undertaking from L&T Valves Limited to the Company approved vide order of the National Company Law Tribunal dated April 27, 2017.

3. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

   The Company has not given any loans or made any investments or given any guarantee or provided any security in terms of Section 186 of the Companies Act, 2013.

4. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

   The Company has not entered into any related party transactions during the Financial Year 2016-17.

5. **STATE OF COMPANY AFFAIRS:**

   During the year under review, the Company did not carry on any business activities. The net balance in the Profit and Loss account for the year represents preliminary / pre-operative expenses incurred by the Company, charged off as per policy of the Company.

   During the year under review, the Company has amended the main objects of the Memorandum and Articles of Association so as to include the business for manufacturing of Valves which will be essential as a result of the Transfer of the Manpakkam Undertaking from L&T Valves Limited to the Company.

6. **DIVIDEND:**

   The Directors do not recommend any dividend for the Financial Year 2016-17.

7. MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

Subsequent to the year under review, on April 27, 2017 the Company has received approval of National Company Law Tribunal for the Scheme of Arrangement for acquiring the Manapakkam undertaking from L&T Valves Limited under the provisions of section 230 to 232 of the Companies Act, 2013. The appointed date of the scheme was November 1, 2016 and the effective date of the scheme is May 9, 2017.

8. CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO:

a. The Company has not commenced commercial operations and hence there are no details which are required to be furnished as per Rule 8 Companies (Accounts) Rules, 2014.

b. No technology has been developed and / or imported by way of foreign collaboration.

c. During the year, the total foreign exchange earnings is ₹ NIL. The total foreign exchange outgo is ₹ NIL.

9. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. S C Bhargava, Mr. N Hariharan and Mr. Arnob Mondal are the present Directors of the Company.

Mr. N. Hariharan retires by rotation in the forthcoming Annual General Meeting and is eligible for re-appointment. The notice convening the AGM will include a resolution for his re-appointment.

10. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review five meetings were held on April 25, 2016, July 26, 2016, October 27, 2016, November 3, 2016 and February 13, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

11. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departure;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

12. AUDITORS:

The Auditors Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting (AGM). Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of S&T as Auditors of the Company from the conclusion of the 10th AGM until the conclusion of the 15th AGM.

13. ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls (‘IFC’) within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company’s operations.

14. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on ‘Protection of Women’s Rights at Workplace’ which is applicable to all group companies. This has been widely disseminated. The Company doesn’t have any women employees.

15. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

16. **EXTRACT OF ANNUAL RETURN:**

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as **Annexure 1**.

17. **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

18. **ACKNOWLEDGEMENT:**

The Directors acknowledge the invaluable support extended to the Company by the staff and management of the parent company and other fellow subsidiaries.

For and on behalf of the Board

S. C. BHARGAVA	**N. HARIHARAN**
Director	*Director*
DIN: 00008146	*DIN: 00001668*

Place: Mumbai
Date: May 16, 2017

ANNEXURE 1

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

CIN	U31501MH2007PLC176667
Registration Date	15/02/2006
Name of the Company	L&T ELECTRICALS AND AUTOMATION LIMITED
Category	Public Company
Sub-Category of the Company	Company having share capital
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022 67525656. Email: Prasad.Shanbhag@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY:

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products/services	NIC Code of the Product/service	% to total turnover of the company

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No	Name and address of the Company	CIN/GLN	Holding/Subsidiary/Associate	% of Shares held	Applicable Section
1	Larsen and Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	HOLDING	100	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY):

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	–	50000	50000	100	–	7438796	7438796	100	NIL
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**–**	**50000**	**50000**	**100**	**–**	**7438796**	**7438796**	**100**	**NIL**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**50000**	**50000**	**100**	**–**	**7438796**	**7438796**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
C. Shares held by Custodian for GDRs & ADRs	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL	NIL
Grand Total (A+B+C)	**–**	**50000**	**50000**	**100**	**–**	**7438796**	**7438796**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl. No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	LARSEN AND TOUBRO LIMITED	50000	100	NIL	7438796	100	NIL	NIL
	Total	**50000**	**100**	**NIL**	**7438796**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	50000	100	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	10/05/2017 Allotment of 7388796 equity shares of ₹ 10 each pursuant to the Scheme of Arrangement between L&T Valves Limited and the Company	100	7438796	100
	At the End of the year	7438796	100	7438796	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Top 10 Shareholders	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase/Decrease in Share holding during the year specifying the reasons for increase/ decrease (e.g. allotment/transfer/bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifyingthe reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc.):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL
Change in Indebtedness during the financial year				
• Addition	NIL	NIL	NIL	NIL
• Reduction	NIL	NIL	NIL	NIL
Net Change	NIL	NIL	NIL	NIL
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	NIL	NIL	NIL
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	NIL	NIL	NIL	NIL

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
		---	----	----	-----	
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961					
2.	Stock Option				NIL	
3.	Sweat Equity					
4.	Commission					
	- as % of profit					
	- others, specify…					
5.	Others, please specify					
	Total (A)					
	Ceiling as per the Act					

B. Remuneration to other directors: (₹)

Sl. no.	Particulars of Remuneration	Name of Directors			Total Amount
		N. Hariharan	S.C. Bhargava	Arnob Kumar Mondal	
1.	Independent Directors				
	• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (1)	NIL	NIL	NIL	NIL
2.	Other Non-Executive Directors				
	• Fee for attending board/committee meetings	NIL	NIL	NIL	NIL
	• Commission	NIL	NIL	NIL	NIL
	• Others, please specify	NIL	NIL	NIL	NIL
	Total (2)	NIL	NIL	NIL	NIL
	Total (B)=(1+2)	NIL	NIL	NIL	NIL
	Total Managerial Remuneration	NIL	NIL	NIL	NIL
	Overall Ceiling as per the Act	NIL	NIL	NIL	NIL

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	NIL	NIL	NIL	NIL
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	NIL	NIL	NIL	NIL
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL	NIL
	- as % of profit				
	- others, specify				
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total	NIL	NIL	NIL	NIL

VII. PENALTIES/PUNISHMENT/COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty/ Punishment/ Compounding fees imposed	Authority [RD/ NCLT/COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T ELECTRICALS & AUTOMATION LIMITED

Report on the Indian Accounting Standards (Ind AS) financial statements

We have audited the accompanying Ind AS financial statements of L&T Electricals & Automation Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of income and expenditure during the pre-operational period (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'Ind AS financial statements').

Management's responsibility for the Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Ind AS prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the financial position of the Company as at 31 March 2017, and its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ('the Order') issued by the central government in terms of section 143(11) of the Act, we give in Annexure A a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) The balance sheet, the statement of income and expenditure during pre-operational period, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid Ind AS financial statements comply with the Indian Accounting Standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;
    f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position in its Ind AS financial statements;

ii. The Company did not have any long term contracts including derivative contracts, for which there were any material foreseeable;

iii. There were no amount which were required to be transferred to the Investor Education and Protection Fund by the Company; and

iv. The Company did not have any cash balances during the period from 8 November 2016 to 30 December 2016. Hence the requisite disclosures in its Ind AS financial statements as regards to holdings as well as dealings in Specified Bank Notes as per MCA Notification G.S.R. 308(E) dated 30 March 2017 are not applicable to the Company.

SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No.39920

Place: Mumbai
Date: May 16, 2017.

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (1) under 'Report on other legal and regulatory requirements' section of our report of even date)

(i) (a) The Company has maintained proper records showing full particulars, including quantitative details and situation of fixed assets;

(b) The Company has physically verified the fixed assets during the year. In our opinion, no material discrepancies were noticed on such verification; and

(c) The title deeds of immovable properties of land and buildings are not held in the name of the Company. The details are as follows:

₹ in crore

Type of Asset	Leasehold/ Freehold	Gross block as at 31 March 2017	Net block as at 31 March 2017	Remarks
Land	Freehold	**0.23**	**0.23**	Conveyance is yet to be executed
Buildings	Freehold	**6.69**	**6.50**	Conveyance is yet to be executed

(ii) According to the information and explanations given to us the company has no inventories and Accordingly, the requirements of the Paragraph 3(ii) of the Order is not applicable.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, limited liability partnerships or other parties covered in the register maintained under section 189 of the Act. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable to the Company.

(iv) According to the information and explanations given to us, the provisions of section 185 and 186 of the Act in respect of loans, investments, guarantees and securities are not applicable to the Company.

(v) In our opinion and according to information and explanation given to us, the Company has not accepted deposits as per the directives issued by the Reserve Bank of India under the provisions of sections 73 to 76 or any other relevant provisions of the Act and the rules framed there under. Accordingly, paragraph 3(v) of the Order is not applicable to the Company.

(vi) According to the information and explanations given to us, the central government has not prescribed the maintenance of cost records under section 148(1) of the Act. Accordingly, paragraph 3(vi) of the Order is not applicable to the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income tax, service tax, sales tax, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. As explained to us the Company did not have any dues on account of sales tax, duty of customs, duty of excise, employees's state insurance and value added tax. According to the information and explanations given to us, no undisputed amounts payable in respect of provident fund, income tax, service tax, cess and other material statutory and other material statutory dues were in arrears as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no amounts of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which are under dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not taken any loans or borrowing from any financial institution, bank, and government or raised any funds by way of issue to debenture holders as at balance sheet date.

(ix) The Company has neither raised money by sale of initial public offer or further public offer (including debt instruments) nor by way of term loans and, accordingly, paragraph 3(ix) of the Order is not applicable to the Company.

(x) According to the information and explanations given to us, there were no material frauds by the Company or on the Company by its officers or employees that have been noticed or reported during the year.

(xi) According to the information and explanation given to us paragraph 3(xi) regarding managerial remuneration in accordance with the requirements of section 197 read with schedule V of the Act is not applicable to the Company.

(xii) In our opinion and according to the information and explanation given to us, the Company is not a nidhi company. Accordingly, paragraph 3(xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanation given to us and based on our examination of the records of the Company, transactions with the related parties are in compliance with sections 177 and 188 of the Act where applicable and details of such transactions have been disclosed in the financial statements as required by the applicable accounting standards.

(xiv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or partly convertible debentures during the year. Accordingly, paragraph 3(xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanation given to us and based on our examination of the records of the Company, the Company has not entered into non- cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable to the Company.

(xvi) The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No.39920

Place: Mumbai
Date: May 16, 2017.

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

Report on the internal financial controls under clause (i) of sub-section 3 of section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L&T Electricals & Automation Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company during the pre-operational period for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No.39920

Place: Mumbai
Date: May 16, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31.03.2017 ₹	As at 31.03.2017 ₹	*As at 31.03.2016* ₹	*As at 31.03.2016* ₹	*As at 01.04.2015* ₹	*As at 01.04.2015* ₹
ASSETS							
Non-current assets							
Property, plant and equipment	A		**68,654,022**		–		–
Financial assets							
Loans	B		**3,117,830**		–		–
			71,771,852		–		–
Current assets							
Financial assets							
Cash and cash equivalents	C		**599,642**		*568,033*		*546,941*
Other current assets	D		**2,046**		–		*690*
			601,688		*568,033*		*547,631*
Total Assets			**72,373,540**		*568,033*		*547,631*
EQUITY AND LIABILITIES							
Equity							
Equity share capital	E		**74,387,960**		*500,000*		*500,000*
Other equity	F		**(9,036,118)**		*(183,279)*		*(173,619)*
Liabilities							
Current liabilities							
Financial liabilities							
Trade payables	G	**6,967,134**		*214,896*		*184,707*	
Other financial liabilities	H	**46,962**		*31,962*		*30,318*	
Current tax liabilities (net)	I	**7,602**		*4,454*		*6,225*	
			7,021,698		*251,312*		*221,250*
Total Equity and Liabilities			**72,373,540**		*568,033*		*547,631*
			–				
Contingent liabilities and commitments	**N5 and N6**						
Significant Accounting Policies	**M**						
Other Notes forming part of Financial Statements	**N**						

See accompanying notes to the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 16, 2017

For and on behalf of the Board

S. C. BHARGAVA
Director
DIN: 00008146

N. HARIHARAN
Director
DIN: 00001668

Place : Mumbai
Date : May 16, 2017

STATEMENT OF INCOME AND EXPENDITURE FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME					
Other income	**J**		**34,741**		*23,966*
Total Income			**34,741**		*23,966*
EXPENDITURE					
Employee benefits expense	**K**		**297,287**		–
Sales, administration and other expenses	**L**		**6,463,681**		*26,126*
Depreciation, amortisation and obsolescence expense		**2,116,112**		–	
			2,116,112		–
Total Expenditure			**8,877,080**		*26,126*
Excess of expenditure over income during the pre operational period before tax			**(8,842,339)**		*(2,160)*
Tax expense:					
Current tax		**10,500**		*7,500*	
			10,500		*7,500*
Excess of expenditure over income during the pre operational period after tax			**(8,852,839)**		*(9,660)*
Balance carried to Balance Sheet					
Other Comprehensive Income			**–**		–
Total Comprehensive Income			**(8,852,839)**		*(9,660)*
Earnings per equity share - (Basic and Diluted)	**N 7**		**(1.19)**		*(0.19)*
Face value per equity share (₹)	**N 7**		**10.00**		*10.00*
Significant Accounting Policies	**M**				
Other Notes forming part of Financial Statements	**N**				

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

S. C. BHARGAVA
Director
DIN: 00008146

N. HARIHARAN
Director
DIN: 00001668

Place : Mumbai
Date : May 16, 2017

Place : Mumbai
Date : May 16, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**Cash flow from operating activities**		
	Excess of expenditure over income during the pre operational period before tax	**(8,842,339)**	*(2,160)*
	Adjustments for:		
	Depreciation, amortisation and obsolescence expnese	**2,116,112**	-
	Interest income	**(34,741)**	*(23,966)*
	Operating profit before working capital changes	**(6,760,968)**	*(26,126)*
	Adjustments for:		
	(Increase)/decrease in financial assets	**–**	–
	Increase/(decrease) in provisions		
	Increase/(decrease) in trade payables	**6,752,238**	*30,189*
	Increase/(decrease) in other financial liabilities	**15,000**	*1,644*
	Cash (used in)/ generated from operations	**6,270**	*5,707*
	Direct taxes (paid)/refunds	**(9,398)**	*(8,581)*
	Net cash (used in)/ generated from operating activities	**(3,128)**	*(2,874)*
B.	**Cash flow from investing activities**		
	Add: Inflow from investing activities		
	Interest income	**34,741**	*23,966*
	Less: Outflow from investing activities		
	Purchase of property, plant and equipment	**4**	–
	Net cash (used in)/from investing activities	**34,737**	*23,966*
C.	**Cash flow from financing activities**	**–**	–
	Net (decrease)/increase in cash and cash equivalents (A+B+C)	**31,609**	*21,092*
	Cash and cash equivalents at the beginning of the year	**568,033**	*546,941*
	Cash and cash equivalents at the end of the year	**599,642**	*568,033*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7: “Statement of cash flows”
2. Cash and cash equivalents at the end of the year represent cash and bank balances.
3. Previous year figures have been regrouped wherever necessary.

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

S. C. BHARGAVA
Director
DIN: 00008146

N. HARIHARAN
Director
DIN: 00001668

Place : Mumbai
Date : May 16, 2017

Place : Mumbai
Date : May 16, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

EQUITY SHARE CAPITAL

FOR THE YEAR ENDED 31 MARCH 2017

Balance as at 31 March 2016 (Rupees)	**Change in equity share capital during the year (Rupees)**	**Balance as at 31 March 2017 (Rupees)**
500,000	73,887,960	**74,387,960**

FOR THE YEAR ENDED 31 MARCH 2016

Balance as at 31 March 2015 (Rupees)	**Change in equity share capital during the year (Rupees)**	*Balance as at 31 March 2016 (Rupees)*
500,000	–	*500,000*

OTHER EQUITY

FOR THE YEAR ENDED 31 MARCH 2017

Particulars	**Retained earnings (Rupees)**
Balance as at 31 March 2016	*(183,279)*
Excess of expenditure over income during the pre operational period	(8,852,839)
Other comprehensive income/(loss) for the year	–
Balance as at 31 March 2017	**(9,036,118)**

FOR THE YEAR ENDED 31 MARCH 2016

Particulars	**Retained earnings (Rupees)**
Balance as at 31 March 2015	*(173,619)*
Excess of expenditure over income during the pre operational period	(9,660)
Other comprehensive income/(loss) for the year	–
Balance as at 31 March 2016	*(183,279)*

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

Place : Mumbai
Date : May 16, 2017

S. C. BHARGAVA
Director
DIN: 00008146

N. HARIHARAN
Director
DIN: 00001668

Place : Mumbai
Date : May 16, 2017

NOTES FORMING PART OF FINANCIAL STATEMENT

A. Property, plant and equipment	Cost/valuation				Depreciation				Book value		
	As at 01.04.2016	Transfer on business combination	Deductions	As at 31.03.2017	As at 01.04.2016	Transfer on business combination	Deductions	As at 31.03.2017	As at 31.03.2017	As at 31.03.2016	As at 01.04.2015
	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹	₹
Land											
Freehold land	–	2,267,212	–	2,267,212	–	–	–	–	2,267,212	–	–
Sub–total	**–**	**2,267,212**	**–**	**2,267,212**	**–**	**–**	**–**	**–**	**2,267,212**	**–**	**–**
Buidings											
Buidings	–	66,689,130	–	66,689,130	–	1,717,218	–	1,717,218	64,971,912	–	–
Ownership flats	–	218,296	–	218,296	–	218,296	–	218,296	–	–	–
Sub–total	**–**	**66,907,426**	**–**	**66,907,426**	**–**	**1,935,514**	**–**	**1,935,514**	**64,971,912**	**–**	**–**
Plant and equipment											
Plant and equipment general	–	1,216,151	–	1,216,151	–	89,857	–	89,857	1,126,294	–	–
Electrical installation	–	379,345	–	379,345	–	90,741	–	90,741	288,604	–	–
Sub–total	**–**	**1,595,496**	**–**	**1,595,496**	**–**	**180,598**	**–**	**180,598**	**1,414,898**	**–**	**–**
Total	**–**	**70,770,134**	**–**	**70,770,134**	**–**	**2,116,112**	**–**	**2,116,112**	**68,654,022**	**–**	**–**
Previous year	–	–	–	–	–	–	–	–	–	–	–
Add: Capital work in progress									**68,654,022**		
									–		
									68,654,022		

Note:

Transfer of business combination (Refer Note N 1).

Cost / valuation of freehold land of ₹ 2,267,212 and buildings of ₹ 66,689,130 and ownership flats of ₹ 218,296 for which conveyance is yet to be executed.

Depreciation, amortisation and obsolescence for the year on property, plant and equipment includes ₹ NIL (Previous year NIL) on account of obsolescence.

Depreciation on property, plant and equipment is calculated from 1 November 2016 to 31 March 2017.

Non-current Assets	**As at 31-03-2017**		*As at 31-03-2016*		*As at 01-04-2015*	
Financial assets	₹	₹	₹	₹	₹	₹
B Loans						
Unsecured						
Security deposits:						
Unsecured considered good:						
Deposit paid	**3,117,830**		–		–	
		3,117,830		–		–

Note

Deposits paid includes telephone deposit of ₹ 53,000 and electricity deposit of ₹ 3,064,830 which are transferred from L&T Values Limited on 1 November 2016 as per the scheme of arrangement.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

Current Assets	**As at 31-03-2017**		*As at 31-03-2016*		*As at 01-04-2015*	
Financial assets	₹	₹	₹	₹	₹	₹
C Cash and Cash equivalents						
Balances with banks						
Current account	**199,749**		*199,983*		*200,353*	
Fixed deposits (including interest thereon) with original maturity of less than 3 months	**399,893**		*368,050*		*346,588*	
		599,642		*568,033*		*546,941*
D Other Current Assets						
Income Tax Balance Net of Previous Year Provisions	**2,046**		–		*690*	
		2,046		–		*690*

E Equity Share Capital	**As at 31-03-2017**		*As at 31-03-2016*		*As at 01-04-2015*	
	₹	₹	₹	₹	₹	₹
Authorised						
10,000,000 Equity shares of ₹ 10 each (Previous year 50,000 Equity shares of ₹ 10 each)	**10,000,000**	**100,000,000**	*50,000*	*500,000*	*50,000*	*500,000*
Issued and subscribed and fully paid up:						
7,438,796 Equity shares of ₹ 10 each (Previous year 50,000 Equity shares of ₹ 10 each)	**7,438,796**	**74,387,960**	*50,000*	*500,000*	*50,000*	*500,000*
		74,387,960		*500,000*		*500,000*

Note

The Authorised share capital of the Company was increased from ₹ 500,000 consisting of 50,000 equity shares of ₹ 10 each to ₹ 100,000,000 consisting of 10,000,000 shares of ₹ 10 each on 27 October 2016.

i) **Reconciliation of number of shares**

Particulars	**As at 31-03-2017**		*As at 31-03-2016*		*As at 01-04-2015*	
	₹	₹	₹	₹	₹	₹
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year	**50,000**	**500,000**	*50,000*	*500,000*	*50,000*	*500,000*
Add: Shares issued as per scheme of arrangement (Refer Note N 1)	**7,388,796**	**73,887,960**	–	–	–	–
Issued, subscribed and fully paid up equity shares outstanding at the end of the year	**7,438,796**	**74,387,960**	*50,000*	*500,000*	*50,000*	*500,000*

ii) Rights, preferences and restrictions attached to shares

The Company has one class of equity shares having a par value of 10 per share. Each shareholder is eligible for one vote per share held.

iii) All the equity shares are held by Larsen & Toubro Limited, the holding company and its nominees.

iv) The shares in the Company held by each shareholder holding more than 5% shares - (Please see note (iii) above).

v) The aggregate number of equity shares allotted as fully paid up by way of bonus shares in immediately preceding five years ended 31 March 2017 is Nil. (previous period of five years ended 31 March 2016: Nil)

vi) During the year, the Company has alloted 7,388,796 shares of ₹ 10 each under scheme of arrangement with L&T Valves Limited for a consideration other than cash. (Refer Note N 1)

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

F	Other Equity	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		₹	₹	₹	₹	₹	₹
	Retained earnings						
	As per last Balance Sheet						
	Income/(expenditure) during pre-operational period						
	Opening Balance	**(183,279)**		*(173,619)*		*(160,118)*	
	Income/(expenditure) during pre-operational period	**(8,852,839)**		*(9,660)*		*(13,501)*	
	Other comprehensive income	**–**		–		–	
			(9,036,118)		*(183,279)*		*(173,619)*

G	Financial Liabilities	As at 31-03-2017		As at 31-03-2016		As at 01-04-2015	
		₹	₹	₹	₹	₹	₹
	Trade payables						
	Due to related parties (Refer N 9)	**6,967,134**		*214,896*		*184,707*	
			6,967,134		*214,896*		*184,707*

H	Other financial liabilities						
	Due to others						
	Others payable	**46,962**		*31,962*		*30,318*	
			46,962		*31,962*		*30,318*

I	Liabilities for current tax (net)						
	Provision for Current year tax	**10,500**		*7,500*		*9,100*	
	Less : TDS Certificate Receivables Current Year	**2,898**		*3,046*		*2,875*	
			7,602		*4,454*		*6,225*

J	Other Income	As at 31-03-2017		As at 31-03-2016	
		₹	₹	₹	₹
	Interest received from banks	**34,741**		*23,966*	
			34,741		*23,966*

K	Employee benefits expense	As at 31-03-2017		As at 31-03-2016	
		₹	₹	₹	₹
	Employees welfare expenses				
	Welfare contribution to canteen	**297,287**		–	
			297,287		–

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

L	Sales, administration and other expenses	As at 31-03-2017		*As at 31-03-2016*	
		₹	₹	₹	₹
	Rates and Taxes	**1,063,040**		*3,480*	
	Power	**2,209,217**			
	Travelling and conveyance	**430,270**		–	
	General repairs and maintenance	**2,713,885**		–	
	Professional fees	**41,719**		*16,853*	
	Audit fees	**5,000**		*5,000*	
	Bank charges	**230**		*793*	
	Miscellaneous expenses	**320**		–	
			6,463,681		*26,126*

M SIGNIFICANT ACCOUNTING POLICIES

Brief description of the Company.

L&T Electrical and Automation Limited is an unlisted public limited company incorporated under the provisions of the Company Act, 1956, having its registered office at L&T House, Ballard Estate, Mumbai – 400 001. The main objects of the Company inter alia are as follows:

a) manufacturing of low and medium voltage switchgear products, electrical systems, energy meters and automation solutions for various sectors such as industry, utility, building & home, infrastructure and agriculture segments;

b) manufacturing of different types of valves including industrial and pipe line valves.

c) The Company has not yet commenced commercial operations.

(i) Basis of accounting

These financial statements are prepared in accordance with Indian Accounting Standards (Ind AS) under the historical cost convention on the accrual basis except for certain financial instruments which are measured at fair values, the provisions of the Companies Act , 2013 (‘Act’) (to the extent notified). The Ind AS are prescribed under Section 133 of the Act read with Rule 3 of the Companies (Indian Accounting Standards) Rules, 2015 and Companies (Indian Accounting Standards) Amendment Rules, 2016.

The Company has adopted all the Ind AS standards and the adoption was carried out in accordance with Ind AS 101 First time adoption of Indian Accounting Standards. The transition was carried out from Indian Accounting Principles generally accepted in India as prescribed under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014 (IGAAP), which was the previous GAAP. Accounting policies have been consistently applied except where a newly issued accounting standard is initially adopted or a revision to an existing accounting standard requires a change in the accounting policy hitherto in use.

(ii) Presentation of financial statements

The Balance Sheet and the Statement of income and expenditure during pre-operational period are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 (“the Act”) and Ind AS. The Cash flow statement has been prepared and presented as per the requirements of Indian Accounting Standard (Ind AS) 7 “Statement of cash flows”. The disclosure requirements with respect to items in the Balance Sheet and Statement of income and expenditure during pre-operational period, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind AS.

(iii) Use of estimates

The preparation of financial statements requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to the contingent liabilities as of the date of the financial statements. Any revisions to accounting estimates are recognised prospectively in the current and future periods. Wherever changes in presentation are made, comparative figures of the previous year are regrouped accordingly.

(iv) Operating cycle for current and non-current classification :

Operating cycle for the business activities of the Company is taken as twelve months for classification of its assets and liabilities into current / non-current.

(v) Revenue recognition

Other income - Interest income is accrued at applicable interest rate.

(vi) Property, plant and equipment (Ind AS) 16

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation.

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

For transition to Ind AS, the carrying value of PPE under i-GAAP as on 1 April 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment.

Depreciation is calculated on a straight-line method on the basis of the useful life as specified in Schedule II to the Companies Act, 2013.

(vii) Income taxes (Ind AS) 12

Income taxes for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognised and carried forward to the extent that there is a virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

(viii) Provisions, contingent liabilities and contingent assets (Ind AS) 37

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a) the Company has a present obligation as a result of a past event;

b) a probable outflow of resources is expected to settle the obligation; and

c) the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation;

b) a present obligation arising from past events, when no reliable estimate is possible; and

c) a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

(ix) Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for and,

b) Uncalled liability on shares and other investments partly paid.

(x) Cash flow statement (Ind AS) 7

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities.

Cash flow from operating activities is reported using indirect method. Under the indirect method, the excess of expenditure over income is adjusted for the effects of:

I. transactions of a non-cash nature

II. any deferrals or accruals of past or future operating cash receipts or payments and

III. items of income or expense associated with investing or financing cash flows.

Cash and cash equivalents (including bank balances) are reflected as such in the Cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

N OTHER NOTES FORMING PART OF FINANCIAL STATEMENTS

1) During the year, the Company acquired the Manapakkam Undertaking (hereafter referred to as the Undertaking) from L&T Valves Limited under a scheme of arrangement sanctioned by the National Company Law Tribunal on 8 May 2017.

The scheme is effective from the appointed date, i.e. 1 November 2016.

Disclosures pursuant to Ind AS 103 – Business Combinations:

Details of the purchase consideration and net assets acquired are as follows:

Purchase consideration	**Amount in ₹**
Equity shares issued	73,887,960
Cash paid	4
Total purchase consideration	**73,887,964**

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

The Company issued 7,388,796 shares of ₹ 10 each on 10 May 2017 under the scheme of arrangement for consideration other than cash and balance ₹ 4 paid in cash as a consideration for the acquisition of the Undertaking. Since the purchase consideration was equal to the value of the identifiable assets acquired, the transaction did not result in either goodwill or capital reserve.

The assets and liabilities recognised as a result of the acquisition are as follows:

Assets transferred	**Amount in ₹**
Freehold land	2,267,212
Buildings	66,689,130
Ownership flats	218,296
Plant and equipment general	1,216,151
Electrical installation	379,345
Deposits	3,117,830
Net identifiable assets acquired	**73,887,964**

Expenses of ₹ 5,650,659 relating to Manpakkam Undertaking for the period from 1 November 2016 to 31 March 2017 were transferred from L&T Valves Limited to the Company.

2) Cash and cash equivalents represent current account balance and fixed deposit with a bank as at 31 March 2017, as at 31 March 2016 and as at 1 April 2015. The current account balance and fixed deposit are held with HDFC Bank Ltd.

3) Preliminary and pre-operative expenses incurred prior to commencement of commercial business operations has been charged to the "Statement of income & expenditure during pre-operational period".

4) There are no amounts due to Micro and Small enterprises as defined in Micro, Small and Medium Enterprises Development Act, 2006.

5) There are no Contingent liabilities as at 31 March 2017. (Previous year: Nil)

6) Capital commitments as on 31 March 2017 ₹ Nil (Previous year: Nil)

7) Basic and diluted earnings per share (EPS):

Particulars	**2016-17**	*2015-16*
	₹	₹
Excess of expenditure over income as per Statement of income and expenditure during pre-operational period after tax	**(8,852,839)**	*(9,660)*
Weighted average number of shares outstanding	**7,438,796**	*50,000*
Basic and diluted earnings per equity share	**(1.19)**	*(0.19)*
Face value per equity share	**10.00**	*10.00*

8) Auditor's remuneration (excluding taxes) and expenses charged to the accounts :

Particulars	**2016-17**	*2015-16*
	₹	₹
Audit fees	**5,000**	*5,000*
Certification fees	**28,000**	*18,725*

9) Related party disclosures:

i.	List of related parties which exercise control:
	Larsen & Toubro Limited
ii.	Names of related parties with whom transactions were carried out during the year and description of relationship:
	Larsen & Toubro Limited – Holding company
	L&T Valves Limited – Fellow subsidiary

NOTES FORMING PART OF FINANCIAL STATEMENT (Contd.)

iii.	Disclosure of related party transactions		
		2016-17	*2015-16*
		₹	₹
	Reimbursement of expenses to Larsen & Toubro Limited – Holding Company	**1,110,309**	*26,126*
	Amount due to Larsen & Toubro Limited – Holding Company as at year end	**1,316,475**	*214,896*
	Amount due to L&T Valves Limited – Fellow Subsidiary as at year end	**5,650,659**	–
	Commitments to / from related parties	**–**	–

10) Estimated amount of contracts remaining to be executed on capital account (net of advances) : Nil (Previous year Nil)

11) The Company has not entered into any derivative transactions during the year ending 31 March 2017 and the year ending 31 March 2016. The Company does not have any assets and liabilities which are denominated in a currency other than Indian Rupees.

12) There are no pending litigations having impact on the financial position of the Company as on balance sheet date.

13) There are no amounts which are required to be transferred to the Investor Education and Protection fund by the Company.

14) The Company did not hold any balances in cash during the year. Hence the disclosures in respect of Specified Bank Notes as per MCA Notification G.S.R. 308(E) dated 30 March 2017 are not applicable to the Company.

15) Figures for the previous year have been regrouped/reclassified wherever necessary.

See accompanying notes to the financial statements

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm Registration No.109982W
by the hand of

R. P. ACHARYA
Partner
Membership No. 039920

S. C. BHARGAVA
Director
DIN: 00008146

N. HARIHARAN
Director
DIN: 00001668

Place : Mumbai
Date : May 16, 2017

Place : Mumbai
Date : May 16, 2017

DIRECTORS' REPORT

The Directors have pleasure in presenting their seventh Annual Report and Audited Financial Accounts of the Company for the year ended 31st March 2017.

1. FINANCIAL RESULTS

(₹ In Lakhs)

Particulars	2016-17	2015-16
Revenue from operation & other Income	**15785.62**	*13874.12*
Profit / (Loss) before Depreciation & Tax (PBDT)	**3493.15**	*3358.70*
Depreciation	**441.27**	*440.01*
Profit / (Loss) before tax (PBT)	**3051.88**	*2918.69*
Provision for taxes	**1189.32**	*1127.50*
Profit / (Loss) after tax (PAT)	**1862.55**	*1791.18*
Balance brought forward from previous year	**958.78**	*(832.40)*
Balance carried to Balance Sheet	**2821.33**	*958.78*

CAPITAL & FINANCE

During the year under review, the Company has not allotted any equity shares. The Total Equity Share Capital as on 31st March, 2017, is ₹ 30 Crore.

CAPITAL EXPENDITURE

Gross tangible and intangible assets including leased assets are ₹ 5597 Lakhs (Previous Year: ₹ 5573 Lakhs). During the year company spent ₹ 26 Lakhs (Previous Year: ₹ 67 Lakhs) on capital expenditure.

DEPOSITS

During the year under review, the Company has not accepted deposits from the public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder.

APPROPRIATIONS

During the year under review, your Company has not made any appropriations.

2. PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

The Company has not given any loan, guarantees, security or made any investment for the Financial Year 2016-17 as specified under section 186 of Companies Act, 2013.

3. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee has approved the Related Party Transactions for the Financial Year 2016-17.

All the related party transactions were in the ordinary course of business and at arm's length. Statement containing details of all material transactions/ contracts/ arrangements is attached as Annexure 'B' to this report.

There are no materially significant related party transactions that may have conflict with the interest of the Company.

4. STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were ₹ 157.85 crore as against ₹ 138.74 crore for the previous financial year registering an increase of 13.77%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹ 30.51 crore and the profit after tax from continuing operations including extraordinary and exceptional items of ₹ 18.62 crore for the financial year under review as against ₹ 29.18 crore and ₹ 17.91 crore respectively for the previous financial year.

5. DIVIDEND

Considering the capital requirement for ongoing business expansion/internal restructuring, the Board of Directors do not recommend any dividend on its equity shares.

6. MATERIAL CHANGES, IF ANY, BETWEEN BALANCE SHEET DATE AND DATE OF DIRECTORS' REPORT

There are no material changes between Balance Sheet date and date of Directors' Report.

7. CONSERVATION OF ENERGY, RESEARCH & DEVELOPMENT, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNING & OUTGO AS PER FORM A (RULE 2) OF COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 1988

A) Conservation of Energy:

Change of lighting in the plant to LED lighting.

B) Technology Absorption:

1. Technology has been imported by way of technology transfer agreements for Axial Fans with Howden Denmark A/S, Denmark and for Rotary Air Pre heaters with Howden UK Limited, Northern Ireland.
2. The effort was made to use more efficient Air Preaheater element profile to increase the efficiency and reduce the weight. The reduction of element weight was to the extent of 9%.
3. Retrofitting of first NTPC power plant with FGD. L&T Howden supplied booster fans and successfully commissioned them.
4. Import substitution for Air Pre heater soot blowing system was completed and implemented in Khargone project.
5. Import Substitution for Inverter Panel, and instrument panel for Air Pre heater was completed and commissioned in Chhabra project.
6. Import Substitution for ID Fan, FD Fan and PA Fan couplings was completed and implemented in Malwa project.
7. Enhancement of the production capacity of element line by 100% by working round the clock, thus lowering the fixed cost of element.

C) During the year, the Company has foreign exchange earnings and the outgo is as under:

(1) Foreign Exchange Earnings:

(₹ In Lakhs)

Particulars	**2016-17**	***2015-16***
Sales & Services	**4316.11**	*4082.76*

(2) Expenditure in Foreign Currency (on accrual basis):

(₹ In Lakhs)

Particulars	**2016-17**	***2015-16***
Project Imports	**1765.51**	*2381.84*
Royalty & Trade Mark Fees	**390.62**	*343.57*
Interest	**292.84**	*317.12*
Sales Commission	**24.60**	*84.88*
Travelling	**3.47**	*19.69*

8. RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members and the Audit Committee Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

9. CORPORATE SOCIAL RESPONSIBILITY

The Company has formulated the Corporate Social Responsibility (CSR) Committee. The Committee has been reconstituted by the Board of Directors and presently comprises of Mr. Martinus Zijlmans, Mr. Shekhar Sharda and Mr. K. Vaidyanathan as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The detail of the amount to be spent during the current financial year and the manner in which it was spent has been attached as Annexure – 'C' to this report.

10. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

Mr. Shailendra Roy, Mr. Shekhar Sharda, Mr. Ian Brander, Mr. Elias Zabaneh, Mr. Martinus Zijlmans, Mr. Derek Michael Shah, Mr. K. P. Singh and Mr. K. Vaidyanathan are the present directors of the Company.

Alternate directors:

Mr. Allan Kristensen is an alternate director to Mr. Ian Brander. He was appointed as an alternate director on 24th November, 2016.

Mr. James McParland is an alternate director to Mr. Elias Zabaneh.

Mr. Sabyasachi Mitra is an alternate director to Mr. Martinus Zijlmans. He was appointed as an alternate director on 24th November, 2016.

Mr. Shekhar Sharda was appointed as an Additional Director nominated by Larsen & Toubro Limited from 22nd August, 2016. Mr. Sharda's, being eligible for appointment, was appointed as the Director of the Company at it's Annual General Meeting held during the year 2016-17.

During the year under review, Mr. P. S. Kapoor and Mr. Siddharth Shrivastav resigned from the Board of Directors. Mr. V. Murali and Mr. Pramod Jadhav resigned as Manager and Company Secretary respectively. The Board of Directors placed on record its appreciation for the contributions made by the Directors and Key Managerial Personnel.

Mr. Derek Michael Shah retires by rotation in the forthcoming Annual General Meeting and being eligible, has offered himself for re-appointment.

Mr. Martinus Zijlmans was appointed as the Director nominated by Howden Holdings B.V. with effect from 24th November, 2016 to fill up the casual vacancy caused by the cessation of Mr. Siddharth Shrivastav as Director. His appointment shall be confirmed at the forthcoming Annual General Meeting.

Mr. Parvesh Mittal has been appointed as the Manager (designated as Chief Executive) of the Company with effect from 7th February, 2017. Mr. Atul Tandon is the Chief Financial Officer of the Company. Mr. Amit Gulgulia has been appointed as the Company Secretary of the Company with effect from 24th May, 2017.

11. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 4 meetings were held on May 3, 2016, August 22, 2016, November 24, 2016 and February 7, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal

12. AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

During the year under review, four Meetings of the Audit Committee were held on May 3, 2016, August 22, 2016, November 24, 2016 and February 7, 2017.

The Audit Committee has been re-constituted by the Board of Directors and presently the Committee comprises of Mr. K. Vaidyanathan, Mr. K. P. Singh and Mr. Shekhar Sharda as Members. The Members elect one amongst themselves as the Chairman of the Meeting.

The Internal Auditor monitors and evaluates the efficacy and adequacy of the internal control system of the Company, its compliances with operating systems and accounting procedures and policies of the Company. The observations and corrective measures are presented to the Audit Committee.

During the year under review, the company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns.

13. COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

During the year under review, the committee met on May 3, 2016, November 24, 2016 and February 7, 2017.

The Nomination and Remuneration Committee comprises of Mr. Shailendra Roy, Mr. K. Vaidyanathan, Mr. K. P. Singh and Mr. Martinus Zijlmans. The Members elect one amongst themselves as the Chairman of the Meeting.

14. DECLARATION OF INDEPENDENCE

The Company has received Declarations of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that they are not disqualified from continuing as an Independent Directors.

15. DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

16. INTERNAL FINANCIAL CONTROLS

The Company has in place adequate internal financial controls with reference to financial statements. The Board is of the opinion that the Company has sound IFC commensurate with the nature and size of the business operations. The Company has in place the process to continuously monitor the same and identify gaps, if any, and implement new and/or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

During the year, such controls were tested and no reportable material weaknesses were observed.

17. PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEE AND DIRECTORS

The Board of Directors has laid down the manner, specific criteria and grounds in which formal annual evaluation of the performance of the Board, Committees and individual directors shall be carried out. It includes circulation of questionnaires to all the Directors for evaluation of the Board, its committees and individual directors. The Chairman of the Nomination and Remuneration Committee analyzes the individual directors' responses on the questionnaires to arrive at unbiased conclusions.

During the year under review, the Company has completed the performance evaluation of the Board, its Committee(s) and Directors and the summary of the evaluation shall be shared with the members of the Nomination and Remuneration Committee and the Board.

18. MEETING OF THE INDEPENDENT DIRECTOR'S

The Meeting of the Independent Director's was held on May 23 2017, without the presence of Executive / Non – Executive Directors. They reviewed the summary of the performance evaluation of the Board, its Committee(s) and Directors. They further accessed the quality, quantity and timeliness of the flow of information between management and the Board.

19. AUDITORS' REPORT

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments of Directors.

20. AUDITORS

The Auditors, M/s. Sharp & Tannan (S&T), hold office until the conclusion of the ensuing Annual General Meeting. The Board recommends the appointment of S&T as Auditors of the Company for a period of three continuous years i.e. from the conclusion of the 7th Annual General Meeting till the conclusion of 10th Annual General Meeting of the Company. Their appointment shall be ratified at every Annual General Meeting of the Company.

Certificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

21. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

22. PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during the financial year 2016-17.

23. OTHER DISCLOSURES

- No disclosure is required under Section 67(3)(c) of the Companies Act, 2013, in respect of voting rights not exercised directly by the employees of the Company as the provisions of the said Section are not applicable.
- Reporting of Frauds: The Auditors of the Company have not reported any fraud as specified under section 143(12) of the Companies Act, 2013.
- Credit Rating: India Ratings – the credit rating agency assigned A category rating to the Company during the year signifying stable outlook.

24. EXTRACT OF ANNUAL RETURN

As per provision of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure 'A' to this report.

25. DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

26. ACKNOWLEDGEMENTS

The Directors acknowledge the invaluable support extended to the Company by the employees and management of the promoter companies and other fellow subsidiaries.

For and on behalf of the Board

	SHAILENDRA ROY	**SABYASACHI MITRA**
	Director	*Director*
Place: Faridabad	*DIN: 02144836*	*DIN: 01481697*
Date: 24th May, 2017		

Annexure A

FORM NO. MGT–9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS

CIN	U31401MH2010PTC204403
Registration Date	17/06/2010
Name of the Company	L&T Howden Private Limited
Category / Sub-Category of the Company	Private Limited Company
Address of the Registered office and contact details	L&T House, N.M. Marg, Ballard Estate, Mumbai – 400001. Tel:- 022-67525656. Email: Subhodh.shetty@larsentoubro.com
Whether listed company	No
Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10% or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product / service	% to total turnover of the company
1	FAN Assembly & Air Preheater Parts	25133	100

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No.	Name and Address of the company	CIN/GLN	Holding / Subsidiary / associate	% of Shares held	Applicable Section
1	Larsen &Toubro Limited Add: L&T House, N.M. Marg, Ballard Estate Mumbai – 400001	L99999MH1946PLC004768	Holding	50.1	2(46)

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters **(1) Indian**									
a) Individual/HUF									
b) Central Govt									
c) State Govt(s)									
d) Bodies Corp.	–	15030000	15030000	50.10	–	15030000	15030000	50.10	NIL
e) Banks / FI									
f) Any Other									
Sub-total (A) (1)	–	15030000	15030000	50.10	–	15030000	15030000	50.10	NIL
(2) Foreign									
a) NRIs -Individuals									
b) Other- Individuals									
c) Bodies Corp.	–	14970000	14970000	49.90	–	14970000	14970000	49.90	NIL
d) Banks / FI									
e) Any Other									
Sub-total (A) (2)	–	14970000	14970000	49.90	–	14970000	14970000	49.90	NIL
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	–	30000000	30000000	100.00	–	30000000	30000000	100.00	NIL

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1)									
2. Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2)									
Total Public Shareholding (B)=(B)(1)+ (B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
GRAND TOTAL (A+B+C)	–	30000000	30000000	100.00	–	30000000	30000000	100.00	NIL

(ii) Shareholding of Promoters

S. No.	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	15030000	50.10	NIL	15030000	50.10	NIL	NIL
2	Howden Holdings B.V	14970000	49.90	NIL	14970000	49.90	NIL	NIL
	Total	**30000000**	**100.00**	**NIL**	**30000000**	**100.00**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding –There is no change in the Promoter' Shareholding

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the end of the year	**NIL**	**NIL**	**NIL**	**NIL**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	**NIL**	**NIL**	**NIL**	**NIL**

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the Company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	**NIL**	**NIL**	**NIL**	**NIL**

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment (Amount in ₹)

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	360898613	Nil	Nil	360898613
ii) Interest due but not paid		Nil	Nil	
iii) Interest accrued but not due	2522273	Nil	Nil	2522273
Total (i+ii+iii)	**363420886**	**Nil**	**Nil**	**363420886**
Change in Indebtedness during the financial year				
Addition	Nil	Nil	Nil	Nil
Reduction	96622324	Nil	Nil	96622324
Net Change	**96622324**	**Nil**	**Nil**	**96622324**
Indebtedness at the end of the financial year				
i) Principal Amount	264591574	Nil	Nil	264591574
ii) Interest due but not paid		Nil	Nil	
iii) Interest accrued but not due	2206988	Nil	Nil	2206988
Total (i+ii+iii)	**266798562**	**Nil**	**Nil**	**266798562**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: (₹)

Sl. No.	Particulars of Remuneration	Total Amount	
		Mr. V. Murali*	**Mr. Mittal#**
1.	**Gross salary**	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961		
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961		
2.	Stock Option	NIL	NIL
3.	Sweat Equity	NIL	NIL

Sl. No.	Particulars of Remuneration	Total Amount	
		Mr. V. Murali*	Mr. Mittal#
4.	Commission		
	– as % of profit		
	– others, specify		
5.	Others, please specify	NIL	NIL
	Total (A)	**NIL**	**NIL**
	Ceiling as per the Act	NA	

* Resigned with effect from 13th January, 2017

Appointed with effect from 7th February, 2017

B. Remuneration to other directors: (₹)

Sl. No.	Particulars of Remuneration	Name of Directors						Total Amount
				Mr. K. P. Singh		Mr. K. Vaidyanathan		
1.	Independent Directors							
	• Fee for attending board / committee meetings			150000		170000		**320000**
	• Commission			500000		500000		**1000000**
	• Others, please specify							
	Total (1)			**650000**		**670000**		**1320000**
		Mr. Roy	**Mr. Shah@**	**Mr. Sharda***	**Mr. Zijlmans**	**Mr. Brander**	**Mr. Zabaneh**	**Total Amount**
2.	Other Non-Executive Directors							
	• Fee for attending board / committee meetings	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**
	• Commission	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**
	• Others, please specify	NIL	NIL	NIL	NIL	NIL	NIL	**NIL**
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)							**1320000**
	Total Managerial Remuneration Overall Ceiling as per the Act							**3051883**

Note: @ Appointed with effect from May 3, 2016

* Appointed with effect from August 22, 2016

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD (₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		Total Amount
		Company Secretary – Mr. Pramod Jadhav**	CFO – Mr. Atul Tandon	
1.	Gross salary	NIL	NIL	NIL
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961			
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			
2.	Stock Option	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL
4.	Commission	NIL	NIL	NIL
	– as % of profit			
	– others, specify			
5.	Others, please specify	NIL	NIL	NIL
	Total			**NA**

** Resigned with effect from 30th November, 2016

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD /NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

Annexure 'B'

FORM NO. AOC–2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Part A

Details of contracts or arrangements or transactions not at arm's length basis : Nil

Part B

Details of Material contracts or arrangements or transactions at arm's length basis :

Name(s) of the related party	Nature of relationship	Nature of contracts /arrangements / transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any	Date(s) of approval by the Board, if any
L & T MHPS Boiler Pvt Ltd	Member of same group	Sale of Goods & Services	Apr 16 - Mar 17	1,072,338,386	
Howden Axial Fans ApS	Member of same group	Purchase of Project Goods & Services	Apr 16 - Mar 17	131,096,273	
Howden UK Limited	Member of same group	Purchase of Project Goods & Services	Apr 16 - Mar 17	3,230,155	
Howden Hua Engineering Co Ltd	Member of same group	Purchase of Project Goods & Services	Apr 16 - Mar 17	3,375,019	
Howden Group Limited	Member of same group	Royalty and Trademark Fees	Apr 16 - Mar 17	15,727,899	
Howden Axial Fans ApS	Member of same group	Royalty and Trademark Fees	Apr 16 - Mar 17	11,609,697	
Howden UK Limited	Member of same group	Royalty and Trademark Fees	Apr 16 - Mar 17	11,725,258	
Larsen & Toubro Limited	Holding Company	Purchase (Sale) of Fixed Assets	Apr 16 - Mar 17	45,770	
		Training Fees	Apr 16 - Mar 17	606,709	
		ESOPs Cost	Apr 16 - Mar 17	71,463	
		Infrastructure Charges	Apr 16 - Mar 17	20,617,838	
		Administration & Sales Overheads	Apr 16 - Mar 17	21,186,713	

Annexure 'C'

CSR ACTIVITIES FOR 2016-17

1. **A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken**

   The Company's CSR framework details the mechanisms for undertaking various programmes in accordance with Section 135 of the Companies Act 2013 for the benefit of the community.

   The Company will primarily focus on the following verticals as a part of its CSR programme viz.

   Water & Sanitation – may include but not limited to support for programmes making clean drinking water available, conservation, purification of water and proper sanitation facilities.

   Education – may include but not limited to construction and renovation of schools, libraries, science laboratories etc., education infrastructure support to educational Institutions, educational programmes& nurturing talent at various levels.

   Governance and Technology would be the key drivers across all the CSR initiatives.

2. **Composition of the CSR Committee**

   The CSR Committee of the Board was re-constituted by the Board at its Meeting held on 24th November, 2016. It presently comprises of Two Non-Executive Directors and one Independent Director as Members. The Company Secretary acts as the Secretary to the Committee.

   The present Committee comprises of Mr. K. Vaidyanathan, Mr. Martinus Zijlmans and Mr. Shekhar Sharda as Members. The Committee elects one amongst them as the Chairman. During the year under review, the Committee met twice on 3rd May, 2016 and 24th November, 2016.

3. **Average net profit of the Company for the last three financial years**

   The average net profit of the Company for the last three financial years is ₹ 9.22 Crores.

4. **Prescribed CSR expenditure (two percent of the amount as in item 3 above)**

   The Company was required to spend an amount of ₹ 1,844,533 as CSR expenditure during the financial year 2016-17.

5. **Details of CSR spent during the financial year 2016-17**

   a. **Total amount to be spent for the financial year**

Particulars	**Amount (₹ in crs)**
Average Net Profit of the Company for the last three financial years	9.22
Amount to be spent as CSR	0.18
Amount unspent, if any	Nil

   b. **Manner in which the amount was spent in the financial year is detailed below:**

(Amount in ₹)

S. No.	**CSR Project or activity identified**	**Sector in which the project is covered**	**Projects or programs (1) Local area or Other(2) Specify the State and district where projects or programs was undertaken**	**Amount outlay (budget) project or programme wise**	**Amount spent on the projects or programs Subheads: (1) Direct expenditure on projects or programs. (2)Overheads:**	**Cumulative expenditure upto the reporting period**	**Amount spent: Direct or through implementing agency**
1	Education	Education	Govt Primary School, Santosh Nagar, Faridabad, District, Haryana	20,69,001	18,46,086	18,46,086	Direct

6. **Reasons for not spending the amount during the financial year:** Nil

7. **CSR Committee Responsibility Statement**

   The CSR Committee hereby affirms that:

   - The Company has formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee as well as the various internal committees formed for implementation of the CSR policy;
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
   - The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy.

SABYASACHI MITRA	**SHEKHAR SHARDA**	**K VAIDYANATHAN**
Director	*Director*	*Chairman of the CSR Committee*
(DIN:01481697)	*(DIN:00348214)*	*(DIN:00063692)*

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HOWDEN PRIVATE LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of L&T Howden Private Limited (the 'Company'), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss , the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters in section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with Rule 7 of the Companies (Accounts) Rules, 2014. This responsibility also includes the maintenance of adequate accounting records in accordance with the provision of the Act for safeguarding of the assets of the Company and for preventing and detecting the frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of internal financial control, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made there under.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS:

(a) in the case of the Balance Sheet, of the state of affairs of the company as at 31st March 2017,

(b) in the case of the Statement of Profit and Loss, of the profit for the year ended on that date,

(c) in the case of the Cash Flow Statement, of the cash flows for the year ended on that date, and

(d) in the case of Statement of Changes in Equity, of the changes in equity for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1. As required by the Companies (Auditor's Report) Order, 2016 (the 'Order') issued by the Central Government of India in terms of Section 143(11) of the Act, we give in the Annexure 'A', a Statement on the matters specified in paragraphs 3 and 4 of the Order, to the extent applicable.

2. As required by Section 143(3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, Statement of Profit and Loss, Cash Flow Statement and Statement of Changes in Equity dealt with by this report are in agreement with the books of account.

   (d) in our opinion, the Balance Sheet, Statement of Profit and Loss Cash Flow Statement and Statement of Changes in Equity comply with the Indian accounting standards specified under section 133 of the Companies Act, 2013, read with Rule 7 of the Companies (Accounts) Rules, 2014.

(e) on the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act; and

(f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in Annexure 'B';

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(1) there are no pending litigations which would impact the financial position of the Company.

(2) the Company does not foresee any material losses on long term contracts including derivative contracts, and hence no provision is made on such contracts.

(3) there were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

(4) the Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November, 2016 to 30th December, 2016 and these are in accordance with the books of accounts maintained by the Company.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 092507

Place: New Delhi
Date: 24th May, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 1 of our report of even date)

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) As explained to us, these fixed assets have been physically verified by the management in accordance with a phased programme of verification, which in our opinion is reasonable, considering the size of the Company and nature of its assets. The frequency of physical verification is reasonable and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and on the basis of our examination of the records of the Company, the title / lease deeds of the immovable properties are held in the name of the Company.

(ii) As explained to us, inventories (excluding materials in transit) have been physically verified by the management during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted loans, secured or unsecured to companies covered in the register maintained under Section 189 of the Act. Accordingly, the Paragraph 3 (iii) (a) to (c) of the Order is not applicable.

(iv) According to the information and explanations given to us, the Company has not given any loans, made any investments, given any guarantees and security. Accordingly, the Paragraph 3 (iv) of the Order are not applicable.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of Section 73 to section 76 or any other relevant provisions the Companies Act, 2013 and the rules framed there under.

(vi) We have broadly reviewed the books of account maintained by the Company pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Act in respect of Rotary Pre heater and Axial Fans and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. However, we have not made a detailed examination of the records.

(vii) (a) According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income tax, duty of customs, duty of excise , sales tax, service tax, cess and any other statutory dues, where applicable, to the appropriate authorities. According to the information and explanations given to us, there are no arrears of outstanding statutory dues as at the last day of the financial year for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records examined by us, the particulars of income tax, sales tax, service tax, duty of customs, duty of excise, and value added tax as at 31st March, 2017 which have not been deposited on account of a dispute pending, are as under:

Name of the statute	Nature of the disputed dues	Amount * (₹ in Lacs)	Period to which the amount relates	Forum where disputes are pending
Service Tax under Finance Act, 1994	Disallowances of CENVAT Credit	6.61	October, 2013 to March, 2015	Commissioner (Appeal)

* Net of pre deposit.

(viii) According to the information and explanations given to us and as per the records of the Company examined by us, the Company has not defaulted in repayment of dues to banks. The Company did not have any outstanding dues to any financial institution. The Company has not issued any debentures. Accordingly, the Paragraph 3 (viii) of the Order is not applicable to the Company.

(ix) According to the information and explanations given to us, the Company has not raised money by way of initial public offer or further public offer (including debt instruments). Accordingly, the Paragraph 3 (ix) of the Order is not applicable to the Company.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any fraud by the Company or any fraud on the Company by its officers or employees noticed or reported during the year.

(xi) According to the information and explanations given to us, the managerial remuneration has been paid / provided in accordance with the requisite approvals mandated by the provisions of Section 197 read with Schedule V to the Act.

(xii) According to the information and explanations given to us, the Company is not a Nidhi company. Accordingly, the Paragraph 3 (xii) of the Order is not applicable to the Company.

(xiii) According to the information and explanations given to us, all the transactions with the related parties are in compliance with Sections 177 and 188 of the Act and the relevant details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company had not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year. Accordingly, the Paragraph 3 (xiv) of the Order is not applicable to the Company.

(xv) According to the information and explanations given to us, the Company had not entered into any non-cash transactions with directors or persons connected with him during the year. Accordingly, compliance with the provisions of Section 192 of the Act is not applicable to the Company.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

RAJKUMAR KHULLAR
Partner

Place: New Delhi
Membership No. 092507

Date: 24th May, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) of our report of even date)

We have audited the internal financial controls over financial reporting of L&T Howden Private Limited (the 'Company') as of 31st March, 2016 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the 'Guidance Note') issued by the Institute of Chartered Accountants of India (ICAI). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 (the 'Act').

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

The Company's Management has appointed M/s DBS & Associates, Chartered Accountants to carryout review of Internal Finance Control as put in place by the management. They have carried out an audit of the internal financial controls established by the Company as per the guidelines issued by ICAI on Internal Finance Control Over Financial Reporting. The audit report containing the observations, recommendations and their opinion as shared by them has been relied upon by us.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31st March, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

SHARP & TANNAN
Chartered Accountants
Firm's Registration No. 000452N
by the hand of

RAJKUMAR KHULLAR
Partner
Membership No. 092507

Place: New Delhi
Date: 24th May, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	**As At 31.03.207 ₹**	*As At 31.03.2016 ₹*	*As At 1.4.2015 ₹*
ASSETS				
Non-Current Assets				
Property, Plant and Equipment	**1.1**	**350,476,227**	*389,155,084*	*422,527,966*
Other Intangible assets	**1.2**	**3,762,270**	*6,561,429*	*10,527,552*
Capital Work in Progress		**–**	*–*	*–*
Other Non-current assets	**2**	**2,453,091**	*7,576,328*	*7,210,868*
Current Assets				
Inventories	**3**	**170,873,666**	*155,777,529*	*36,857,082*
Financial Assets				
Trade receivables	**4**	**526,607,768**	*251,134,398*	*405,710,395*
Cash and bank balances	**5.1**	**36,267,408**	*54,840,792*	*3,146,898*
Other Bank Balances	**5.2**	**58,472,760**	*68,679,488*	*7,933,248*
Loans	**6**	**1,683,498**	*3,287,503*	*1,926,832*
Other financial assets	**7**	**11,659,090**	*22,481,599*	*349,733*
Other current assets	**8**	**783,765,861**	*657,171,249*	*443,003,486*
TOTAL		**1,946,021,639**	*1,616,665,399*	*1,339,194,059*
I. EQUITY AND LIABILITIES				
EQUITY				
Equity Share Capital	**9**	**300,000,000**	*300,000,000*	*300,000,000*
Other Equity	**10**	**280,713,341**	*95,971,523*	*(83,240,668)*
LIABILITIES				
Non Current Liabilities				
Financial Liabilities				
Borrowings	**11**	**97,707,666**	*278,875,438*	*341,053,796*
Deferred tax liabilities (Net)	**12**	**1,580,066**	*6,885,491*	*7,775,683*
Provisions	**13**	**11,139,276**	*8,511,645*	*7,433,005*
Current Liabilities				
Financial Liabilities				
Borrowings				
Current maturities of long term borrowings	**14**	**169,090,896**	*84,545,448*	*–*
Trade payables	**15**	**574,837,566**	*334,047,589*	*481,135,423*
Other Financial Liabilities	**16**	**2,069,528**		
Other current liabilities	**17**	**255,601,416**	*297,468,967*	*199,055,874*
Provisions	**18**	**253,281,883**	*210,359,297*	*85,980,946*
TOTAL EQUITY AND LIABILITIES		**1,946,021,639**	*1,616,665,399*	*1,339,194,059*
Significant Accounting Policies & Other Explanatory Information forming part of the Accounts	**26**			

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.92507

Place : New Delhi
Date: May 24, 2017

For and on behalf of the Board

PARVESH MITTAL
Chief Executive

SHAILENDRA ROY
Director
DIN: 02144836

SABYASACHI MITRA
Director
DIN: 01481697

ATUL TANDON
Chief Financial Officer

AMIT GULGULIA
Company Secretary
M. No. A37744

Place: Faridabad
Date: May 24, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No.	2016-17 ₹	2015-16 ₹
INCOME			
Revenue from operations	19	**1,571,011,234**	*1,379,760,112*
Other Income	20	**7,551,420**	*7,652,052*
		1,578,562,654	*1,387,412,164*
EXPENDITURE			
Materials, manufacturing & operating Expenses	21	**965,926,901**	*924,748,234*
Increase/(Decrease) in inventories	22	**50,215,101**	*(87,739,753)*
Employee benefits expenses	23	**73,294,105**	*66,145,217*
Sales, administration & other expenses	24	**108,394,793**	*116,333,288*
Finance costs	25	**31,415,932**	*32,054,194*
Depreciation and amortisation		**44,127,490**	*44,001,333*
		1,273,374,322	*1,095,542,514*
Profit before tax		**305,188,332**	*291,869,650*
Provision for income tax		**30,000,000**	*30,000,000*
– MAT/I Tax		**123,521,696**	*111,700,000*
– MAT Credit		**–**	*–*
– Deferred tax		**(4,589,252)**	*1,050,991*
Profit after tax		**186,255,888**	*179,118,659*
Profit for the year		**186,255,888**	*179,118,659*
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of Post employment benefit obligation		**(245,847)**	*135,358*
Income Tax relating to these items		**85,083**	*(41,826)*
Items that will be reclassified subsequently to profit or loss			
Fair Value changes on cash flow hedges		**(2,069,529)**	*–*
Income Tax relating to these items		**716,223**	*–*
Total Comprehensive Income		**184,741,817**	*179,212,191*
Earning Per Share (Face value of ₹ 10 each)			
– Basic & Diluted		**6.21**	*5.97*
Weighted Average No. of Shares		**30,000,000**	*30,000,000*
Significant Accounting Policies & Other Explanatory Information forming part of the Accounts	26		

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.92507

Place : New Delhi
Date: May 24, 2017

For and on behalf of the Board

PARVESH MITTAL
Chief Executive

SHAILENDRA ROY
Director
DIN: 02144836

SABYASACHI MITRA
Director
DIN: 01481697

ATUL TANDON
Chief Financial Officer

AMIT GULGULIA
Company Secretary
M. No. A37744

Place: Faridabad
Date: May 24, 2017

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

		2016-17 ₹	2015-16 ₹
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Net Profit / (Loss) before tax	**305,188,332**	*291,869,650*
	Adjustments for:		
	Depreciation	**44,127,490**	*44,001,333*
	Unrealized forex (gain) /loss	**(607,584)**	*(3,223,588)*
	(Profit)/Loss on sale of fixed assets (net)	**–**	*(28,215)*
	Interest (Net)	**25,787,068**	*25,087,085*
	Operating profit / (Loss) before working capital changes	**374,495,306**	*357,706,266*
	Adjustment for:		
	(Increase) / decrease in Non current Loans and Advances	**5,123,237**	*(365,460)*
	(Increase) / decrease in Trade Receivables	**(290,309,631)**	*88,194,171*
	(Increase) / decrease in Other Current Assets	**(126,594,612)**	*(153,526,299)*
	(Increase) / decrease in Inventories	**(15,096,138)**	*(118,920,447)*
	Increase / (decrease) in Trade Payables	**256,233,823**	*(156,887,463)*
	Increase / (decrease) in Other Current Liabilities	**(41,867,551)**	*80,875,183*
	Increase / (decrease) in Current Loans and advances	**1,604,005**	*–*
	Increase / (decrease) in Other Financial Assets	**10,822,509**	*–*
	Increase / (decrease) in Long Term Provisions	**2,466,867**	*1,081,260*
	Increase / (decrease) in Short Term Provisions	**(80,599,060)**	*23,546,587*
	Cash flow from operating activities (A)	**96,278,756**	*121,703,797*
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Sale / (Purchase) of fixed assets	**(2,649,475)**	*(6,287,000)*
	Interest received	**5,628,864**	*6,992,847*
	Net cash flow (used in) /from investing activities (B)	**2,979,389**	*705,847*
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Share capital		*–*
	ECB from ANZ Singapore	**(96,622,324)**	*22,419,670*
	Bank Borrowings	**–**	*–*
	Interest Paid	**(31,415,932)**	*(32,079,933)*
	Net cash flow / (used in) from financing activities (C)	**(128,038,256)**	*(9,660,263)*
	Net increase in cash and cash equivalents (A+B+C)	**(28,780,111)**	*112,749,381*
	Cash and cash equivalents at beginning of the period	**123,520,279**	*10,770,898*
	Cash and cash equivalents at end of the period	**94,740,168**	*123,520,279*
	Net increase in cash and cash equivalents	**(28,780,111)**	*112,749,381*

Notes:

1) Cash flow statement has been prepared under the indirect method as set out in Indian Accounting Standard (IND AS) 7 - Cash Flow Statements.
2) Additions to property, plant and equipment and intangible assets include movements of capital work-in-progress and intangible assets under development respectively during the year
3) Cash Balance equivalent to ₹ 7,842,349/- is not available for use.

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.92507

Place : New Delhi
Date: May 24, 2017

For and on behalf of the Board

PARVESH MITTAL
Chief Executive

SHAILENDRA ROY
Director
DIN: 02144836

SABYASACHI MITRA
Director
DIN: 01481697

ATUL TANDON
Chief Financial Officer

AMIT GULGULIA
Company Secretary
M. No. A37744

Place: Faridabad
Date: May 24, 2017

STATEMENT OF CHANGES IN EQUITY

	Amount ₹
A. Equity Share Capital	
As at 1 April 2015	*300,000,000*
Changes in Equity Share Capital	
As at 31 March 2016	*300,000,000*
Changes in Equity Share Capital	
As at 31 March 2017	**300,000,000**

B. Other Equity

Particulars	Reserve & Surplus Retained Earning ₹	Other Reserve Hedging Reserve ₹	Total ₹
As at 1 April 2015	*(83,240,668)*		*(83,240,668)*
Profit for the Year	*179,118,659*		*179,118,659*
Other Comprehensive Income	*93,532*		*93,532*
As at 31 March 2016	*95,971,523*		*95,971,523*
Profit for the Year	**186,255,888**		**186,255,888**
Other Comprehensive Income	**(160,764)**	**(1,353,306)**	**(1,514,071)**
As at 31 March 2017	**282,066,647**	**(1,353,306)**	**280,713,341**

NOTES FORMING PART OF ANNUAL ACCOUNTS

1.1 : PROPERTY, PLANT AND EQUIPMENTS

Following are the changes in carrying value of property, plant and equipment for the year ended March 31, 2017:

Particulars	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equiments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2016	35,052,301	165,873,379	310,899,735	5,559,987	3,573,250	7,720,426	**528,679,079**
Additions/Adjustments	–	1,093,686	41,340.43	124,905	1,259,931		
Deductions/Adjustments					(236,813)		**(236,813)**
Gross Carrying Value as at 31.03.2017	**35,052,301**	**165,873,379**	**311,993,421**	**5,559,987**	**3,377,778**	**7,845,331**	**529,702,197**
DEPRECIATION / AMORTISATION upto 01.04.2016	1,681,802	17,232,491	109,519,187	2,033,627	2,814,142	6,242,745	**139,523,995**
For the year	354,064	4,638,638	33,722,687	554,806.56	405,550.03	263,043	**39,938,788**
Adjustment					(236,813)		**(236,813)**
DEPRECIATION / AMORTISATION upto 31.03.2017	**2,035,866**	**21,871,129**	**143,241,874**	**2,588,433**	**2,982,879**	**6,505,788**	**179,225,970**
Net Carrying Value as at 31.03.2017	**33,016,435**	**144,002,249**	**168,751,547**	**2,971,554**	**394,898**	**1,339,543**	**350,476,227**

Following are the changes in carrying value of property,plant and equipment for the year ended March 31, 2016

Particulars	Leasehold Land	Buildings	Plant & Equipments	Furniture & Fixtures	Office Equiments	Computers	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2015	*35,052,301*	*165,356,803*	*305,429,452*	*5,501,237*	*3,573,250*	*7,291,371*	*522,204,415*
Additions / Adjustments	–	*516,576.00*	*5,470,283*	*58,750*	*0.00*	*629,714*	*6,675,323*
Deductions / Adjustments						*(200,659)*	*(200,659)*
Gross Carrying Value as at 31.03.2016	*35,052,301*	*165,873,379*	*310,899,735*	*5,559,987*	*3,573,250*	*7,720,426*	*528,679,079*
DEPRECIATION / AMORTISATION upto 01.04.2015	*1,327,739*	*12,610,305*	*75,976,987*	*1,481,758*	*2,338,917*	*5,940,743*	*99,676,449*
For the year	*354,064*	*4,622,186*	*33,542,201*	*551,869.05*	*475,224.98*	*489,666*	*40,035,211*
Adjustment						*(187,664)*	*(187,664)*
DEPRECIATION / AMORTISATION upto 31.03.2016	*1,681,802*	*17,232,491*	*109,519,187*	*2,033,627*	*2,814,142*	*6,242,745*	*139,523,995*
Net Carrying Value as at 31.03.2016	*33,370,499*	*148,640,887*	*201,380,548*	*3,526,360*	*759,108*	*1,477,681*	*389,155,084*
Net Carrying Value as at 01.04.2015	*33,724,562*	*152,746,498*	*229,452,465*	*4,019,479*	*1,234,333*	*1,350,628*	*422,527,966*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

1.2 INTANGIBLE ASSETS

Following are the changes in carrying value of property,plant and equipment for the year ended March 31, 2 017

Particulars	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2016	*6,303,124*	*22,365,000*	**28,668,124**
Additions/Adjustments	*1,389,543*	*0.00*	**1,389,543**
Deductions/Adjustments			
Gross Carrying Value as at 31.03.2017	*7,692,667*	*22,365,000*	**30,057,667**
DEPRECIATION / AMORTISATION upto 01.04.2016	*4,417,020*	*17,689,676*	**22,106,695**
For the year	*1,309,188*	*2,879,514*	**4,188,702**
Adjustment			
DEPRECIATION / AMORTISATION upto 31.03.2017	**5,726,207**	**20,569,190**	**26,295,397**
Net Carrying Value as at 31.03.2017	**1,966,460**	**1,795,811**	**3,762,270**

Following are the changes in carrying value of property,plant and equipment for the year ended March 31, 2016

Particulars	Software	Technical Know-how	SUB TOTAL (A)
Gross Carrying Value as at 01.04.2015	*6,303,124*	*22,365,000*	**28,668,124**
Additions/Adjustments			
Deductions/Adjustments			
Gross Carrying Value as at 31.03.2016	*6,303,124*	*22,365,000*	**28,668,124**
DEPRECIATION / AMORTISATION upto 01.04.2015	*3,330,411*	*14,810,162*	**18,140,572**
For the year	*1,086,609*	*2,879,514*	**3,966,123**
Adjustment			
DEPRECIATION / AMORTISATION upto 31.03.2016	*4,417,020*	*17,689,676*	**22,106,695**
Net Carrying Value as at 31.03.2016	*1,886,104*	*4,675,325*	**6,561,429**
Net Carrying Value as at 01.04.2015	*2,972,713*	*7,554,839*	**10,527,552**

	Note No.	**As At 31.3.207 ₹**	*As At 31.3.2016 ₹*	*As At 1.4.2015 ₹*
NOTE 2 : NON CURRENT ASSETS				
I Tax Previous Year	2	**2,453,091**	*7,576,328*	*7,210,868*
NOTE 3 : CURRENT ASSETS	3			
Inventories (at cost or net realisable value whichever is lower)				
Raw materials and components		**101,652,584**	*53,402,662*	*20,425,711*
Work in Progress		**7,278,389**	*1,373,694*	*2,331,723*
Components in Transit		**21,468,940**	*2,044,844*	*1,078,652*
Finished goods		**39,573,714**	*95,693,510*	*6,995,729*
Stores & Spares		**900,039**	*3,262,818*	*6,025,267*
		170,873,666	*155,777,529*	*36,857,082*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

	Note No.	As At 31.3.207 ₹	As At 31.3.2016 ₹	As At 1.4.2015 ₹
NOTE 4 : TRADE RECEIVABLE	4			
Trade Receivables				
Unsecured				
Debts outstanding for more than six months.				
Considered good		**32,428,226**	*78,310,606*	*14,270,804*
Considered Doubtful		**8,104,673**	*2,365,532*	*403,989*
Other Debts				
Considered good		**494,179,543**	*172,823,792*	*391,439,591*
	(A)	**534,712,441**	*253,499,930*	*406,114,384*
Less: Provision for Doubtful Debts (Expected Credit Loss allowance)	(B)	**8,104,673**	*2,365,532*	*403,989*
TOTAL	(A–B)	**526,607,768**	*251,134,398*	*405,710,395*
NOTE 5.1: CASH & CASH EQUIVALENTS	5.1			
Cash on Hand		–	*25,990*	*14,179*
Balance with Bank in current account		**36,267,408**	*54,814,802*	*3,132,719*
NOTE 5.2: OTHER BANK BALANCES	5.2			
Short Term Deposits with Bank with maturity >3 months and <12 months		**7,842,349**	*28,679,488*	*7,933,248*
Short Term Deposits with Bank with maturity< 3 months		**50,630,411**	*40,000,000*	
		94,740,168	*123,520,280*	*11,080,146*
NOTE 6: LOANS				
– Security Deposit/Earnest Money Deposit	6	**1,683,498**	*3,287,503*	*1,926,832*
		1,683,498	*3,287,503*	*1,926,832*
NOTE 7: OTHER FINANCIAL ASSETS				
–Derivative Asset	7	**11,659,090**	*22,481,599*	*349,733*
		11,659,090	*22,481,599*	*349,733*
NOTE 8: OTHER CURRENT ASSETS	8			
– Advance to Suppliers		**68,942,271**	*47,983,680*	*36,981,617*
– Advances recoverable in cash or in kind or for value to be received		**40,247,926**	*3,105,289*	*3,742,385*
– Input Credit Receivable for Excise & VAT		**170,835,678**	*185,356,139*	*125,914,043*
– Advance Tax		**113,200,000**	*89,180,624*	*8,214,608*
– TDS Receivable (Net)		**2,459,934**	*1,207,311*	*2,232,910*
– Retentions- Customer		**388,080,052**	*330,338,207*	*265,917,924*
		783,765,861	*657,171,249*	*443,003,486*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Particulars	Note No.	As At 31.3.207 ₹	*As At 31.3.2016* ₹	*As At 1.4.2015* ₹
NOTE 9 : SHARE CAPITAL	**9**			
Authorised				
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of ₹ 10/-each		**300,000,000**	*300,000,000*	*300,000,000*
Issued, Subscribed & Paid up				
3,00,00,000 (Previous year 3,00,00,000) Equity Shares of ₹ 10/-each		**300,000,000**	*300,000,000*	*300,000,000*
		300,000,000	*300,000,000*	*300,000,000*

a. Equity Shares held by party with substantial interest

Name of Shareholder	Relationship	31-3-2017		*31-3-2016*		*01-4-2015*	
		Number	Amount (₹)	Number	Amount (₹)	Number	Amount (₹)
Larsen & Toubro Limited	JV Partner	**15,030,000**	**150,300,000**	*15,030,000*	*150,300,000*	*15,030,000*	*150,300,000*
Howden Holding B.V.	JV Partner	**14,970,000**	**149,700,000**	*14,970,000*	*149,700,000*	*14,970,000*	*149,700,000*

b. Equity Shares in the company held by each shareholder holding more than 5% share

Name of Shareholder	Relationship	31-3-2017		*31-3-2016*		*01-4-2015*	
		Number	Amount (₹)	Number	Amount (₹)	Number	Amount (₹)
Larsen & Toubro Limited	JV Partner	**15,030,000**	**50.10%**	*15,030,000*	*50.10%*	*15,030,000*	*50.10%*
Howden Holding B.V.	JV Partner	**14,970,000**	**49.90%**	*14,970,000*	*49.90%*	*14,970,000*	*49.90%*

c. Reconciliation of the shares outstanding at the beginning and at end of the reporting period

Name of Shareholder	31-3-2017		*31-3-2016*		*01-4-2015*	
	Number	Amount (₹)	Number	Amount (₹)	Number	Amount (₹)
Shares outstanding at the beginning of the year	**30,000,000**	**300,000,000**	*30,000,000*	*300,000,000*	*30,000,000*	*300,000,000*
Shares Issued during the year	**–**	**–**	–	–	–	–
Shares outstanding at the end of the year	**30,000,000**	**300,000,000**	*30,000,000*	*300,000,000*	*30,000,000*	*300,000,000*

d. Terms/Rights attached to the Equity Shares

The company has only one class of Equity Shares having a par value of ₹ 10 Per Share. Each holder of Equity Shares is entitled to one vote per share.

	Note No.	As At 31.3.2007 ₹	*As At 31.3.2016* ₹	*As At 1.4.2015* ₹
NOTE 10 : OTHER EQUITY	**10**			
Profit (Loss) as per last Balance Sheet		**95,971,523**	*(83,240,668)*	*(103,203,239)*
Profit (Loss) for the year		**186,255,888**	*179,118,659*	*19,962,571*
Other Comprehensive Income		**(160,764)**	*93,532*	–
Hedging Reserve		**(1,353,306)**	–	–
		280,713,341	*95,971,523*	*(83,240,668)*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

	Note No.	As At 31.3.2007 ₹	*As At 31.3.2016 ₹*	*As At 1.4.2015 ₹*
NOTE 11 : NON CURRENT LIABILITIES	**11**			
Financial Liabilities				
Borrowings		**97,707,666**	*278,875,438*	*341,053,796*
		97,707,666	*278,875,438*	*341,053,796*

Nature of Security and repayment terms:

a. Term loans are in the form of External Commercial Borrowing from foreign bank secured by way of first charge of all movable fixed assets, present and future by way of Hypothecation

	Note No.	As At 31.3.2007 ₹	*As At 31.3.2016 ₹*	*As At 1.4.2015 ₹*
NOTE 12 : DEFERRED TAX LIABILITIES (NET)	**12**	**1,580,066**	*6,885,491*	*7,775,6*
		1,580,066	*6,885,491*	*7,775,683*
NOTE 13 : PROVISIONS	**13**			
Provision for Gratuity & Compensated Absences		**11,139,276**	*8,511,645*	*7,433,005*
		11,139,276	*8,511,645*	*7,433,005*
NOTE 14 : CURRENT LIABILITIES				
Financial Liabilities				
Current Maturities of Long Term Borrowings				
Secured Term Loan from Bank	**14**	**169,090,896**	*84,545,448*	–
		169,090,896	*84,545,448*	–
NOTE 15: TRADE PAYABLES	**15**			
Total Outstanding dues of micro enterprises and small enterprises				
Amounts due to MSMED Suppliers		**37,993,124**	*5,663,000*	*21,559,988*
Interest Accrued & due to MSMED Suppliers		**398,665**	–	*440,326*
Total Outstanding dues of other than micro enterprises and small enterprises				
Liability for Revenue Goods		**41,474,032**	*60,384,723*	*93,330,374*
Other Payables		**494,971,745**	*267,999,866*	*365,804,735*
		574,837,566	*334,047,589*	*481,135,423*
NOTE 16: OTHER FINANCIAL LIABILITIES	**16**	**2,069,528**	–	–
NOTE 17: OTHER CURRENT LIABILITIES	**17**			
Advance from Customers		**239,023,223**	*277,504,364*	*181,331,576*
Duties & Taxes		**6,192,704**	*10,276,226*	*12,141,391*
Personal Ledger Balance		**8,859,457**	*8,525,737*	*4,619,890*
Security Deposit Received		**90,037**	*77,337*	*104,882*
Provision for Retirement Benefits		**1,435,996**	*1,085,303*	*858,135*
		255,601,416	*297,468,967*	*199,055,874*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

	Note No.	As At 31.3.2007 ₹	*As At 31.3.2016 ₹*	*As At 1.4.2015 ₹*
NOTE 18 : PROVISIONS	18			
Provision for Product warranty		**73,761,580**	*58,118,972*	*55,902,955*
Provision for Contingencies		**57,307,298**	*48,874,493*	*30,077,991*
Provision for Current Tax		**122,213,005**	*103,365,832*	–
		253,281,883	*210,359,297*	*85,980,946*

	Note No.	2016-17 ₹		2015-16 ₹	
NOTE 19 : REVENUE FROM OPERATIONS	19				
Sale of Products :					
Gross Sales		**1,583,274,389**		*1,391,266,668*	
Less : Excise Duty		**31,718,601**		*18,306,385*	
Sales (Net)			**1,551,555,788**		*1,372,960,283*
Sale of Services			**19,455,446**		*6,799,828*
			1,571,011,234		*1,379,760,112*
NOTE 20 : OTHER INCOME					
Interest Income on Bank Deposits				**5,628,864**	*6,992,847*
Miscellaneous Income				**1,922,557**	*630,990*
Gain on Sale of Fixed Asset				**–**	*28,215*
				7,551,420	*7,652,052*
NOTE 21 : MATERIALS, MANUFACTURING & OPERATING EXPENSES					
Materials,components & service consumed			**904,965,926**		*884,195,374*
Royalty & trademark fees on sales			**39,062,854**		*34,357,207*
Power, Fuel and Water			**4,028,934**		*(21,150)*
Other Direct Expenses			**17,869,187**		*6,216,803*
			965,926,901		*924,748,234*
NOTE 22 : (INCREASE) / DECREASE IN INVENTORIES					
Opening Stocks					
Work-In-Progress		**1,373,694**	**–**		
Finished Goods		**95,693,510**		*9,327,452*	
Less : Closing Stocks			**97,067,205**		*9,327,452*
Work-In-Progress		**7,278,389**		*1,373,694*	
Finished Goods		**39,573,714**		*95,693,510*	
			46,852,104		*97,067,205*
			50,215,101		*(87,739,753)*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

	Note No.	2016-17 ₹	2015-16 ₹
NOTE 23 : EMPLOYEE BENEFITS EXPENSES			
Salaries & Wages		**65,059,106**	*58,548,766*
Contribution to Provident & Other Funds		**1,828,523**	*1,679,873*
Expenses on Employee Stock Option Scheme (ESOP)		**71,463**	*792,493*
Staff Welfare		**3,198,684**	*3,231,744*
Leave Encashment		**2,337,572**	*1,171,319*
Gratuity		**798,757**	*721,022*
		73,294,105	*66,145,217*
NOTE 24 : SALES, ADMINISTRATION & OTHER EXPENSES			
Rent		**8,820,204**	*8,851,451*
Rates & Taxes		**742,449**	*912,630*
Insurance		**415,418**	*89,668*
Audit & Certification Fees		**540,858**	*492,050*
Travelling		**8,486,304**	*9,953,533*
Vehicle Running & Maintenance		**4,901,330**	*5,010,610*
Recruitment Expenses		**234,304**	*257,983*
Printing & Stationery		**348,291**	*287,337*
Office Running & Maintenance		**3,322,245**	*4,127,239*
Communication Expenses		**1,049,925**	*1,047,569*
Warranty & Contingencies Cost		**28,520,987**	*21,482,151*
Freight Forwarding Exp		**5,559,287**	*1,737,225*
Legal and Professional		**2,719,624**	*4,301,571*
IT Software Exp		**4,965**	*1,359,408*
Training Fees		**672,526**	*1,094,317*
Miscellaneous		**2,448,611**	*406,756*
Provision for Expected credit loss		**5,739,144**	*1,961,543*
Bank Charges		**1,811,471**	*2,852,010*
Foreign Currency Fluctuation (Net)		**(2,677,114)**	*10,915,661*
Networking Fee		**24,679,455**	*25,607,827*
Corporate Infrastructure Charges		**10,054,510**	*13,584,750*
		108,394,793	*116,333,288*
NOTE 25 : FINANCE COSTS			
Interest Expense:			
Term Loans		**29,284,845**	*31,712,654*
Others		**2,131,087**	*341,541*
Other Borrowing Cost		**–**	*–*
		31,415,932	*32,054,194*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

NOTE : 26

Company Overview

L&T Howden Private Limited (LTHPL), a joint venture between Larsen & Toubro Ltd and Howden Group U.K., design, engineer, manufacture, supply and provides aftermarket services for axial fans and rotary air pre-heaters for super critical thermal power plants.

26 : SIGNIFICANT ACCOUNTING POLICIES

A. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 and sub-section (1) of Section 210A of the Companies Act, 1956 Upto the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of i-GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

B. Basis of Accounting

The Company maintains its accounts on accrual basis following the historical cost convention, except for certain items of property, plant and equipment that were revalued in accordance with the previous GAAP principles and the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment. The preparation of financial statements in conformity with IND AS requires management to make estimates and assumptions that affect the reported balances of assets and liabilities and disclosures relating to contingent assets and liabilities as at the date of the financial statements and reported amounts of income and expenses during the period. Examples of such estimates include provisions for operating expenses, future obligations under Income Tax and useful lives of fixed assets. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

C. Presentation of financial statements

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards

D. Revenue Recognition

Revenue is recognized based on the nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

a) Revenue from sale of goods is recognized when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract where there is no uncertainty as to measurement or collectability of consideration.

b) Revenue from engineering and service fees is recognized as per the terms of contract.

c) Interest income is accrued on a time basis at effective interest rate applicable.

E. Property, Plant and Equipment (PPE)

PPE is recognised when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Property, plant and equipment acquired on hire purchase basis are stated at their cash values. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under i-GAAP as on April 1, 2015 is regarded as its deemed cost. The carrying value was original cost less accumulated depreciation and cumulative impairment. The Company depreciates property, plant and equipment over their estimated useful lives using the straight-line method. The estimated useful lives of assets are as follows;

	Useful life (in years)					
Particulars	**As on 01.04.2015**		**As on 31.03.2016**		**As on 31.03.2017**	
	Minimum	**Maximum**	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Leasehold Land	*99*	*99*	*99*	*99*	**99**	**99**
Buildings	*30*	*60*	*30*	*60*	**30**	**60**
Plant & Equipment	*7*	*15*	*7*	*15*	**7**	**15**

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

	Useful life (in years)					
Particulars	**As on 01.04.2015**		**As on 31.03.2016**		**As on 31.03.2017**	
	Minimum	**Maximum**	**Minimum**	**Maximum**	**Minimum**	**Maximum**
Furniture &Fixtures	10	10	10	10	10	10
Office Equipment	5	5	5	5	5	5
Computers	3	3	3	3	3	3

F. Intangible Assets

Intangible assets are at stated at cost, less accumulated depreciation and impairment, if any. Intangible assets are amortized over their estimated useful lives using the straight-line method.

G. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realizable value.

b) Manufacturing work-in-progress at lower of cost including related overheads or net realizable value.

c) Finished goods at lower of weighted average cost or net realizable value.

H. Foreign Currency Transactions

The reporting currency of company is Indian Rupee. Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rates at the date of transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Any resulting loss /gain is charged / taken to the Profit & Loss Account. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate are recognized in profit or loss in the period in which they arise except for:

i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs;

ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks

I. Employee Benefits

(a) Short term employee benefits:

All employee benefits falling due within twelve months of rendering the service are classified as short term employee benefits, which include benefits like salaries, short term compensated absences, expected cost of performance incentives, ex-gratia etc. are recognised as expense in the period in which the employee renders the related service.

(b) Long term employee benefits:

Long term employee benefits including compensated absences that are not expected to occur within twelve months after the end of the period in which the employee renders related services are recognised as a liability at the present value of the defined benefit obligation based on actuarial valuation (under projected unit credit method) carried out at the Balance Sheet date.

(c) Post Employment Benefits:

i. Defined-contribution plans:
The Company has defined contribution plans (where Company pays pre-defined amounts and does not have any legal or informal obligation to pay additional sums) for post employment benefits (viz. Provident Fund), the Company's contributions thereto are charged to Profit and Loss Account every year.

ii. Defined-benefit plan:
The Company has a defined benefit plan (viz., Gratuity) for employees, the liability for which is determined on the basis of valuation carried out by an independent actuary (under projected unit credit method) at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses are recognized immediately in other comprehensive income and reflected in retained earnings and are not reclassified to profit & loss.

J. Taxes on Income:

- Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of Income Tax Act, 1961, and based on the expected outcome of assessments / appeals.
- Deferred tax liability is recognized, subject to the consideration of prudence, on timing differences, being the difference between taxable incomes and accounting income that originate in one period and are capable of reversal in one or more subsequent periods. The tax effect is calculated on the accumulated timing differences at the end of an accounting period based on prevailing, enacted or substantially enacted regulations.

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

- Other Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

K. Provisions, Contingent Liabilities and Contingent Assets

- Provisions are recognized for liabilities that can be measured only by using a substantial degree of estimation, if
  a) the Company has a present obligation as a result of a past event,
  b) a probable outflow of resources is expected to settle the obligation; and
  c) the amount of the obligation can be reliably estimated.
- Contingent liability is disclosed in case of
  a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation,
  b) a present obligation when no reliable estimate is possible; and
  c) a possible obligation arising from past events where the probability of outflow of resources is not remote.
- Contingent Assets are neither recognized, nor disclosed.

Provisions, Contingent Liabilities and Contingent Assets are reviewed at each Balance Sheet date.

L Impairment of Assets

At the Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine

a) the provision for impairment loss required, if any, or
b) the reversal required of impairment loss recognized in previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

a) in the case of an individual asset, at higher of the net selling price and the value in use;
b) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at higher of the cash generating unit's net selling price and the value in use.

Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.

M Borrowing Cost

Borrowing cost that are attributable to the acquisition, construction or production of qualifying assets are capitalized as part of such assets till such time as the asset is ready for intended use or sale. Qualifying asset is an asset that necessarily takes a substantial period of time to get ready for intended use or sale. All other borrowing costs are recognized as an expense in the year in which they are incurred.

N Financial Instruments:

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments. All financial assets are initially measured at fair value. Further, in case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial assets are also included in the initial measurement.

i) Financial Assets carried at amortized cost:

A Financial Asset is subsequently measured at amortised cost if the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and the contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest (SPPI) on the principal amount outstanding.

ii) Financial Assets at fair value through other comprehensive income:

A Financial Asset is subsequently measured at fair value through other comprehensive income if the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and the contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Other Financial Assets are recognized in Profit or Loss

iv) Financial liabilities including loans and borrowings are measured at amortized cost using Effective Interest Rate (EIR) method applied.

v) Cash Flow Hedges:

The Company designates certain hedging instruments, which include derivatives, in respect of foreign currency risk, as cash flow hedges. The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognized in other comprehensive income and accumulated in equity under the heading of hedging reserve. The gain or loss relating to the ineffective portion is recognized immediately in profit or loss.

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

vi) Impairment of Financial Assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, trade receivables and other contractual rights to receive cash or other financial asset. For the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and forecast of future economic conditions based on reasonable and supportable information which is available at the reporting date.

O Cash and Cash Equivalent

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation.

P Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

26. OTHER EXPLANATORY INFORMATION:

1.1 Capital and other commitments

Particulars	**2016-17** ₹	*2015-16* ₹
Estimated amount of contracts remaining to be executed on capital account and not provided for	**–**	–
Total	**–**	**–**

1.2 Income in Foreign Currency (on accrual basis)

Particulars	**2016-17** ₹	*2015-16* ₹
Sales & Services - Deemed Exports	**431,611,566**	*408,275,977*
Total	**431,611,566**	*408,275,977*

1.3 Expenditure in Foreign Currency (on accrual basis)

Particulars	**2016-17** ₹	*2015-16* ₹
Royalty & Trade Mark Fees	**39,062,854**	*34,357,207*
Interest	**29,284,845**	*31,712,654*
Sales Commission	**24,60,567**	*84,88,349*
Travelling	**3,47,031**	*19,69,221*
Total	**68,347,699**	*66,069,861*

1.4. Value of imports calculated on CIF basis

Particulars	**2016-17** ₹	*2015-16* ₹
Capital Expenses	**–**	*3,179,119*
Project Imports	**176,551,123**	*238,183,729*
Total	**176,551,123**	*238,183,729*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

1.5 Remuneration to Auditor

Particulars	2016-17 ₹	2015-16 ₹
Statutory Audit	**185,000**	*150,000*
For Taxation Matters	**135,000**	*135,000*
For Certification works	**180,826**	*39,999*
Out of Pocket Expenses	**35,565**	*31,751*
Total	**536,391**	*356,750*

1.6 Employee Benefits – Disclosure for Defined Benefit Plans as per IND AS 19 are as under:

The company provides for gratuity to employees in accordance with Payment of Gratuity Act 1972 wherein every employee is entitled to the benefit equivalent to 15 days salary last drawn for each completed year of service. The same is payable on termination of service, or retirement whichever is earlier. The benefit vests after five years of continuous service

Particulars	2016-17 ₹	2015-16 ₹
(a) Reconcilliation of opening and closing balances of Defined Benefit obligation		
Defined Benefit obligation at beginning of the year	**2,778,383**	*2,332,877*
Past Service Cost	**–**	*–*
Current Service Cost	**579,647**	*538,931*
Interest Cost	**219,110**	*223,917*
Actuarial (gain) / Loss	**245,847**	*(135,358)*
Benefits paid	**(147,438)**	*(181,984)*
Defined Benefit obligation at year end	**3,675,549**	*2,778,383*
(b) Reconciliation of opening and closing balances of fair value of plan assets		
Fair value of plan assets at beginning of the year		
Expected return on plan assets		
Actuarial gain / (loss)		
Employer contribution	**147,438**	*181,984*
Benefits paid	**(147,438)**	*(181,984)*
Fair Value of plan assets at year end		
(c) Expense recognised during the year		
Current Service Cost	**579,647**	*581,776*
Past Service Cost		
Interest Cost	**219,110**	*181,072*
Expected return on plan assets		
Actuarial Losses / (Gain) recognized		
Net Cost	**798,757**	*762,848*
Principal assumptions used in determining Gratuity obligations are as under:		
Discount rate	**7.3**	*8.2*
Expected rate of return on assets	**0.00%**	*0.00%*
Future salary increase	**7.00%**	*7.00%*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Amount Recorded in Other Comprehensive Income:

The total amount of remeasurement items and impact of liabilities assumed or settled, if any, which is recorded immediately in Other Comprehensive Income (OCI) during the period is shown in the table below:

Particulars	2016-17 ₹	*2015-16* ₹
Opening amount recognized in OCI outside profit and loss account	**(135,358)**	–
Remeasurement during the period due to		
Changes in Financial assumptions	**329,871**	*(81,055)*
Changes in demographic assumptions		
Experience adjustments	**(84,024)**	*(54,303)*
Actual return on plan assets less interest on plan assets	–	–
Adjustment to recognize the effect of asset ceiling	–	–
Closing amount recognized in OCI outside profit and loss account	**110,489**	*(135,358)*

Sensitivity Analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising because an increase or decrease in the reported assumption by 50 basis points.

Particulars	**Period Ended 2016-17**		*Period Ended 2015-16*	
	Discount Rate	**Salary Escalation Rate**	*Discount Rate*	*Salary Escalation Rate*
Impact of increase in 50 bps on DBO	**-5.37%**	**5.33%**	*-5.46%*	*5.39%*
Impact of decrease in 50 bps on DBO	**5.86%**	**-4.91%**	*5.97%*	*-4.95%*

1.7 Segment Reporting:

The Company operates in only one business segment (design, engineer, manufacture, supply and aftermarket services for axial fans and rotary air pre-heaters for super critical thermal power plants) and in one geography viz. India. The Company has all it Non-Current Assets in India. Disclosure Pursuant to IND AS 108:

Details of Addition to Non-Current Assets

Particulars	**Additions during the year**	
	2016-17 ₹	*2015-16* ₹
Tangible Fixed Assets	**12,59,931**	*66,75,323*
Intangible Assets	**13,89,543**	–
Other Non-Current Assets	**–**	–
Total	**26,49,475**	*66,75,323*

1.8 ESOPs Cost

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 18,47,069. The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 14,99,117 (P.Y. 1427654) has been recovered by the holding company upto current year, out of which, ₹ 71,463 was recovered during the year. Balance ₹ 3,47,952 will be recovered in future periods.

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

1.9 Details of Inventory Write Down (Cost less Net Realisable Value)

Particulars	2016-17 ₹	2015-16 ₹
Raw materials and components	**961,552**	*704,507*
Work in Progress	–	–
Components in Transit	–	–
Finished goods	–	–
Stores & Spares	**2,566,144**	*2,824,910*
Total	**3,527,696**	*3,529,417*

1.10 Inventory Pledged as Security

Particulars	As at 31-3-2017 ₹	*As at 31-3-2016* ₹	*As at 04/01/2015* ₹
Raw materials and components	**101,652,584**	*53,402,662*	*20,425,711*
Work in Progress	**7,278,389**	*1,373,694*	*2,331,723*
Components in Transit	**21,468,940**	*2,044,844*	*1,078,652*
Finished goods	**39,573,714**	*95,693,510*	*6,995,729*
Stores & Spares	**900,039**	*3,262,818*	*6,025,267*
Total	**170,873,666**	*155,777,529*	*36,857,082*

1.11 Details of Current Assets and Current Liabilities expected to be recovered within twelve months and after 12 months:

(in ₹)

	31.03.2017			*31.03.2016*			*31.03.2015*		
Particulars	**Within 12 months**	**After 12 months**	**Total**	*Within 12 months*	*After 12 months*	*Total*	*Within 12 months*	*After 12 months*	*Total*
Inventory	**170,873,666**		**170,873,666**	*151,362,568*	*4,414,961*	*155,777,529*	*33,327,665*	*3,529,417*	*36,857,082*
Trade receivables	**526,607,768**		**526,607,768**	*251,134,398*		*251,134,398*	*405,710,395*		*405,710,395*
Cash and bank balances	**36,267,408**		**36,267,408**	*54,840,792*		*54,840,792*	*3,146,898*		*3,146,898*
Other Bank Balances	**58,472,760**		**58,472,760**	*61,055,488*	*7,624,000*	*68,679,488*	*309,248*	*7,624,000*	*7,933,248*
Loans	**1,683,498**		**1,683,498**	*2,987,212*	*300,291*	*3,287,503*	*1,805,712*	*121,120*	*1,926,832*
Other financial assets	**11,659,090**		**11,659,090**	*22,481,599*	*0*	*22,481,599*	*349,733*		*349,733*
Other current assets									
– Advance to Suppliers	**68,942,271**		**68,942,271**	*3,296,755*	*44,686,925*	*47,983,680*	*18,091,720*	*18,889,897*	*36,981,617*
– Advances recoverable in cash or in kind or for value to be received	**40,247,926**		**40,247,926**	*3,105,289*		*3,105,289*	*3,742,385*		*3,742,385*
– Input Credit Receivable for Excise & VAT	**170,835,678**		**170,835,678**	*185,356,139*		*185,356,139*	*125,914,043*		*125,914,043*
– Advance Tax	**113,200,000**		**113,200,000**	*89,180,624*		*89,180,624*	*8,214,608*		*8,214,608*
– TDS Receivable (Net)	**2,459,934**		**2,459,934**	*1,207,311*		*1,207,311*	*2,232,910*		*2,232,910*
– Retentions - Customer	**188,362,952**	**199,717,100**	**388,080,052**	*115,445,711*	*214,892,496*	*330,338,207*	*53,931,972*	*211,985,952*	*265,917,924*
Total	**1,389,612,952**	**199,717,100**	**1,589,330,052**	*941,453,885*	*271,918,673*	*1,213,372,558*	*656,777,288*	*242,150,385*	*898,927,674*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

(in ₹)

Particulars	31.03.2017 Within 12 months	31.03.2017 After 12 months	31.03.2017 Total	31.03.2016 Within 12 months	31.03.2016 After 12 months	31.03.2016 Total	31.03.2015 Within 12 months	31.03.2015 After 12 months	31.03.2015 Total
Financial Liabilities									
Current maturities of long term borrowings	**169,090,896**		**169,090,896**	*84,545,448*		*84,545,448*			
Trade payables	**574,837,566**		**574,837,566**	*334,047,589*		*334,047,589*	*481,135,423*		*481,135,423*
Other Financial Liabilities	**2,069,528**		**2,069,528**						
Other current liabilities									
Advance from Customers	**239,023,223**		**239,023,223**	*229,605,448*	*47,898,917*	*277,504,364*	*146,918,072*	*34,413,505*	*181,331,576*
Duties & Taxes	**6,192,704**		**6,192,704**	*10,276,226*		*10,276,226*	*12,141,391*		*12,141,391*
Personal Ledger Balance	**8,859,457**		**8,859,457**	*8,525,737*		*8,525,737*	*4,619,890*		*4,619,890*
Security Deposit Received	**90,037**		**90,037**	*77,337*		*77,337*	*104,882*		*104,882*
Provision for Retirement Benefits	**1,435,996**		**1,435,996**	*1,085,303*		*1,085,303*	*858,135*		*858,135*
Provisions									
Provision for Product warranty	**51,630,812**	**22,130,768**	**73,761,580**	*43,345,764*	*14,773,208*	*58,118,972*	*24,992,567*	*30,910,388*	*55,902,955*
Provision for Contingencies	**30,499,070**	**26,808,228**	**57,307,298**	*24,761,476*	*24,113,017*	*48,874,493*	*5,245,544*	*24,832,447*	*30,077,991*
Provision for Current Tax	**122,213,005**		**122,213,005**	*103,365,832*		*103,365,832*			*0*
Total	**1,205,942,294**	**48,938,996**	**1,254,881,290**	*839,636,160*	*86,785,141*	*926,421,301*	*676,015,902*	*90,156,340*	*766,172,242*

1.12 The Following reconciliations provides the effect of transition to IND AS from IGAAP in accordance with IND AS 101

Reconciliation of equity as previously reported undefr IGAAP to IND AS

Particulars	Opening Balance Sheet as at April 1, 2015 IGAAP ₹	Effect of transition to IND AS ₹	IND AS ₹	Balance Sheet as at March 31, 2016 IGAAP ₹	Effect of transition to IND AS ₹	IND AS ₹
ASSETS						
Non Current Assets						
Property, Plant and Equipment	*422,527,966*		*422,527,966*	**389,155,084**		**389,155,084**
Other Intangible assets	*10,527,552*		*10,527,552*	**6,561,429**		**6,561,429**
Capital Work in Progress	–		–	**–**		**–**
Other non -current assets	*7,210,868*		*7,210,868*	**7,576,328**		**7,576,328**
Current Assets						
Inventories	*36,857,082*		*36,857,082*	**155,777,529**		**155,777,529**
Financial Assets						
Trade receivables	*406,114,384*	*403,989*	*405,710,395*	**253,499,929**	**2,365,531**	**251,134,398**
Cash and bank balances	*3,146,898*		*3,146,898*	**54,840,792**		**54,840,792**

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Particulars	Opening Balance Sheet as at April 1, 2015			Balance Sheet as at March 31, 2016		
	IGAAP	*Effect of transition to IND AS*	*IND AS*	**IGAAP**	**Effect of transition to IND AS**	**IND AS**
	₹	₹	₹	₹	₹	₹
Other Bank Balances	*7,933,248*		*7,933,248*	**68,679,488**		**68,679,488**
Loans	*1,926,832*		*1,926,832*	**3,287,503**		**3,287,503**
Other financial assets	*349,733*		*349,733*	**22,481,599**		**22,481,599**
Other current assets	*443,003,486*		*443,003,486*	**657,171,249**		**657,171,249**
	1,339,598,048	*403,989*	*1,339,194,059*	**1,619,030,930**	**2,365,531**	**1,616,665,399**
I. EQUITY AND LIABILITIES						
Equity						
Equity Share Capital	*300,000,000*		*300,000,000*	**300,000,000**		**300,000,000**
Other Equity	*(98,257,962)*	*15,017,294*	*(83,240,668)*	**63,302,200**	**32,669,323**	**95,971,523**
Liabilities						
Non Current Liabilities						
Financial Liabilities						
Borrowings	*341,053,796*		*341,053,796*	**278,875,438**		**278,875,438**
Deferred tax liabilities (Net)	*8,671,604*	*(895,921)*	*7,775,683*	**8,765,820**	**(1,880,329)**	**6,885,491**
Other long term liabilities						
Provisions	*7,433,005*		*7,433,005*	**8,511,645**		**8,511,645**
Current Liabilities						
Financial Liabilities						
Borrowings						
Current maturities of long term borrowings	–		–	**84,545,448**		**84,545,448**
Trade payables	*481,135,423*		*481,135,423*	**334,047,589**		**334,047,589**
Other current liabilities	*213,581,236*	*(14,525,362)*	*199,055,874*	**330,623,492**	**(33,154,525)**	**297,468,967**
Provisions	*85,980,946*		*85,980,946*	**210,359,297**		**210,359,297**
Total Equity and Liabilities	*1,339,598,048*	*(403,989)*	*1,339,194,059*	**1,619,030,930**	**(2,365,531)**	**1,616,665,399**

Reconciliation of equity as previously reported under IGAAP to IND AS

Particulars	Year ended March 31, 2016		
	IGAAP	**Effect of transition to IND AS**	**IND AS**
	₹	₹	₹
INCOME			
Revenue from operations	*1,379,760,112*		*1,379,760,112*
Other Income	*7,652,052*		*7,652,052*
	1,387,412,164		*1,387,412,164*
EXPENDITURE			
Materials, manufacturing & operating Expenses	*927,079,957*		*927,079,957*
(Increase)/(Decrease) in inventories	*(90,071,476)*		*(90,071,476)*
Employee benefits expenses	*66,006,581*	*138,636*	*66,145,217*
Sales, administration & other expenses	*133,046,063*	*(16,712,775)*	*116,333,288*
Finance costs	*32,054,194*		*32,054,194*
Depreciation and amortisation	*44,001,333*		*44,001,333*
	1,112,116,653	*(16,574,139)*	*1,095,542,514*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Particulars	Year ended March 31, 2016 IGAAP	Effect of transition to IND AS	IND AS
	₹	₹	₹
Profit before tax	*275,295,511*		*291,869,650*
Provision for income tax			
– MAT/I Tax	*111,700,000*		*111,700,000*
– MAT Credit	–		–
– Deferred tax	*2,035,349*	*(984,358)*	*1,050,991*
Profit after tax	*161,560,161*	*(17,558,497)*	*179,118,659*
Other Comprehensive Income			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement of Post employment benefit obligation		*135,358*	*135,358*
Income Tax relating to these items		*(41,826)*	*(41,826)*
Total Comprehensive Income	*161,560,161*	*(17,652,029)*	*179,212,191*

1.13 Financial Instruments by category

The carrying value and fair value of financial instruments by category

Categories of financial assets	**As at March 2017**	*As at March 2016*	*As at April 2015*
	₹	₹	₹
Measured at amortised cost			
a. Non-current investment -others			
c. loans	**1,683,498**	*3,287,503*	*1926832*
d. cash and bank balances	**94,740,168**	*123,520,280*	*11,080,146*
e. other financial assets			
f. Trade receivable	**526,607,768**	*251,134,398*	*405,710,395*
Measured at FVTOCI			
a. Govt Securities,bonds and debentures			
b) Derivative instruments designated as cash flow hedges	**11,659,090**	*22,481,599.00*	*349,733*
Total financial assets	**634,690,524**	*400,423,780*	*419,067,106*

Categories of financial assets	**As at March 2017**	*As at March 2016*	*As at April 2015*
	₹	₹	₹
Measured at amortised cost			
a. Borrowings	**266,798,562**	*363,420,886*	*341,053,796*
b. other financial liabilities			
c. Trade Payables	**574,837,566**	*334,047,589*	*481,135,423*
Measured at FVTOCI			
a) Derivative instruments designated as cash flow hedges	**2,069,528**		
Total financial liabilities	**843,705,657**	*697,468,475*	*822,189,219*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Fair Value Hierarchy

The Following table presents fair value hierarchy of Financial assets and liabilities measured at fair value on a recurring basis as of March 31, 2017

Particulars	Level 1 ₹	Level 2 ₹	Level 3 ₹
Financial Assets			
a) Derivative instruments designated as cash flow hedges		**11,659,090**	
Financial Liabilities			
a) Derivative instruments designated as cash flow hedges		**2,069,528**	

* Level 2 -Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly

1.14 The following table presents Net gain/(losses) on Financial assets and Financial liabilities

Particulars	Period ended March 2017 ₹	*Period ended March 2016* ₹
Net gain/(losses) on financial assets and financial liabilities:		
Financial assets that are measured at FVTOCI		
Gain recognised in OCI during the year	**(1,514,071)**	*93,532*
Financial assets measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (debtors, loans given etc)	**(14,836,260)**	*14,499,918*
Allowance for expected Credit Loss during the year	**(5,739,144)**	*(2,365,532)*
Financial Liabilities measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (Creditors, borrowings availed)	**15,443,845**	*(25,415,578)*
Interest Revenue:		
Financial assets that are measured at amortised cost	**5,628,864**	*6,992,847*
Interest Expenses:		
Financial liabilities that are not measured at FVTPL	**(29,284,845)**	**(31,712,654)**
TOTAL	**(30,301,611)**	**(37,907,467)**

1.15 The Following table gives details in respect of outstanding hedge instruments

(in ₹)

Particulars	31.03.2017				*31.03.2016*	*01.04.2015*			
	Nominal Amount	**Avg Rate**	**Upto 12 months**	**more than 12 months**	*Nominal Amount*	*Nominal Amount*	*Avg Rate*	*Upto 12 months*	*more than 12 months*
Cash flow hedge									
a. Currency exposure									
Foreign currency Swap									
(a) Payable hedges									
USD	**253,636,343**	**62**	**169,090,895**	**84,545,448**	*338,181,790*	*338,181,790*	*62*		*338,181,790*
b. Interest rate exposure									
Interest rate swaps									
USD	**19,862,896**	**62**	**17,025,339**	**2,837,557**	*49,184,314*	*79,451,584*	*62*	*30,267,270*	*49,184,314*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Carrying amounts of hedge instruments

(in ₹)

Particulars	31.03.2017		*31.03.2016*		*01.04.2015*
	Currency Exposure	**Interest rate Exposure**	*Currency Exposure*	*Interest rate Exposure*	*Currency Exposure*
Swap Contracts					
Current					
Other Financial Assets	**11,659,090**		*22,481,599*		*349,733*
Other Financial Liability		**2,069,528**			

1.16 The following table provides the reconciliation of cash flow hedge reserve for period ended March 31, 2017

Movement of Hedging Reserve	2016-17 ₹
Heading Reserve	
Opening	
Add: Changes in fair value of swap	**(2,069,528)**
Less; deferred tax related to above	**716,223**
Closing Balance	**(1,353,305)**

1.17 The following table provides details of Maturity Profile of Financial assets and Financial liabilities

(in ₹)

Particulars	31.03.2017			*31.03.2016*			*01.04.2015*		
	Within 12 months	**After 12 months**	**Total**	*Within 12 months*	*After 12 months*	*Total*	*Within 12 months*	*After 12 months*	*Total*
Financial Assets									
Trade receivables	**526,607,768**		**526,607,768**	*251,134,398*		*251,134,398*	*405,710,395*		*405,710,395*
Cash and bank balances	**36,267,408**		**36,267,408**	*54,840,792*		*54,840,792*	*3,146,898*		*3,146,898*
Other Bank Balances	**58,472,760**		**58,472,760**	*61,055,488*	*7,624,000*	*68,679,488*	*309,248*	*7,624,000*	*7,933,248*
Loans	**1,683,498**		**1,683,498**	*2,987,212*	*300,291*	*3,287,503*	*1,805,712*	*121,120*	*1,926,832*
Other financial assets	**11,659,090**	**0**	**11,659,090**	*22,481,599*	*0*	*22,481,599*	*349,733*		*349,733*
Total	**634,690,524**	**0**	**634,690,524**	*392,499,489*	*7,924,291*	*400,423,780*	*411,321,986*	*7,745,120*	*419,067,106*
Financial Liabilities									
Current maturities of long term borrowings	**169,090,896**		**169,090,896**	*84,545,448*		*84,545,448*			
Trade payables	**574,078,905**		**574,078,905**	*334,047,589*		*334,047,589*	*481,135,423*		*481,135,423*
Borrowing		**97,707,666**	**97,707,666**		*278,875,438*	*278,875,438*		*341,053,796*	*341,053,796*
Other Financial Liabilities	**2,069,528**		**2,069,528**						
Total	**745,239,329**	**97,707,666**	**842,946,996**	*418,593,037*	*278,875,438*	*697,468,475*	*481,135,423*	*341,053,796*	*822,189,219*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

1.18 The Following table gives detail of carrying amount of Financial Assets pledged as security

(in ₹)

Particulars	31.03.2017 Total	31.03.2016 Total	01.04.2015 Total
Financial Assets			
Current			
Trade receivables	**526,607,768**	*251,134,398*	*405,710,395*
Cash and bank balances	**36,267,408**	*54,840,792*	*3,146,898*
Other Bank Balances	**58,472,760**	*68,679,488*	*7,933,248*
Loans	**1,683,498**	*3,287,503*	*1,926,832*
Other financial assets	**11,659,090**	*22,481,599*	*349,733*
Total	**634,690,524**	*400,423,780*	*419,067,106*

1.19 Details of allowance for expected credit loss on customer balances

Movement in Expected Credit Loss

Particulars	2016-17 (in ₹)	2015-16 (in ₹)
Opening	**2,365,532**	*403,989*
Loss Allowance based on Expected Credit Loss	**5,739,144**	*1,961,543*
Closing	**8,104,676**	*2,365,532*

1.20 Details of Amount of write off for contractual amount outstanding during the period and are still subject to enforcement activity

Particulars	2016-17 (in ₹)	2015-16 (in ₹)
Amount of financial assets written off during the period but still enforceable	**51,378,813**	–

1.21 The Company's exposure to foreign currency risk at the end of reporting period expressed in INR, as below:

Particulars	31.03.2017				31.03.2016		
Financial Instrument	**DKK**	**USD**	**Euro**	**GBP**	*USD*	*Euro*	*GBP*
Trade Payable	**349,011**	**357,288**	**122,229,343**	**23,669,797**	*8,923,500*	*52,859,602*	*6,688,382*
Trade Receivable		**2,330,406**	**93,007,025**	**30,533,882**	*3,134,450*	*7,567,719*	*10,547,659*
Net Exposure	**349,011**	**(1973118)**	**29,222,319**	**(6864085)**	*5,789,050*	*45,291,883*	*(3859276)*

1.22 Sanctity

The sensitivity to profit and loss to changes in the exchange rates arises mainly from foreign currency denominated financial instruments

Particulars	Impact on profit after tax	
	Mar'17 ₹	*Mar'16* ₹
USD Sentivity		
INR/USD - increase by 5%	**34,143**	*100,174*
INR/USD - decerase by 5%	**(34143)**	*-100,174*
Euro Sentivity		
INR/Euro - increase by 5%	**(505663)**	*-783,731*
INR/Euro - decrease by 5%	**505663**	*783,731*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Particulars	Impact on profit after tax	
	Mar'17	*Mar'16*
	₹	₹
GBP Senstivity		
INR/GBP - increase by 5%	**118776**	*66,781*
INR/GBP - decrease by 5%	**(118776)**	*-66,781*
DKK Senstivity		
INR/DKK- increase by 5%	**(6039)**	*0*
INR/DKK- decrease by 5%	**6039**	*0*

1.23 Income Taxes

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred Tax is recognized on timing differences between the accounting income and the taxable income for the year, and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets are recognized and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realized.

The major components of tax expense for the year ended March 31, 2017 and March 31, 2016

Particulars	2016-17	2015-16
	₹	₹
Consolidated statement of Profit and Loss:		
(i) Profit and Loss section		
Current Income tax :		
Current income tax charge	**123,521,696**	*111,700,000*
Deferred Tax:		
Relating to origination and reversal of temporary differences	**(4,589,252)**	*1,050,991*
Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	**0**	
Effect on deferred tax balances due to the change in income tax rate	**0**	
Income tax expense reported in the statement of profit or loss	**118,932,444**	*112,750,991*
Other Comprehensive Income (OCI) Section:		
Current Income tax :		
Net loss/ (gain) on remeasurement of defined benefit plans	**85,083**	*(41,826)*
Deferred Tax:		
Net gain / (loss) on cash flow hedges	**716,223**	
Unrealised gain / (loss) on debt securities (FVTOCI)		
Income tax expense reported in the OCI section	**801,306**	*(41,826)*

Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016

Particulars	2016-17	2015-16
	₹	₹
Profit before tax	**305,188,332**	*291,869,650*
Applicable tax rate	**34.61%**	*34.61%*
PBT * applicable tax rate (1*2)	**105,619,578**	*101,010,248*
Items of expense not deductible for tax purposes:		
CSR Expenses	**640,248**	
Provision for warranty and contigency	**12,672,618**	*11,740,743*
Tax expense recognised during the year	**118,932,444**	*112,750,992*
Èffective tax Rate	**38.97%**	*38.63%*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

1.24 Items for which no deferred tax asset is recognised in the Balance Sheet

Unused tax credits (MAT credit not recognised in books)

(in ₹)

Particulars	31.03.2017			31.03.2016		
	Base Amount	**Deferred Tax**	**Expiry date**	*Base Amount*	*Deferred Tax*	*Expiry date*
AY 2015-16	**2,053,468**	**710,664**	**31.03.2025**	*2,053,468*	*710,664*	*31.03.2025*
AY 2013-14	**3,226,276**	**1,116,550**	**31.03.2023**	*3,226,276*	*1,116,550*	*31.03.2023*
Unused tax credits (MAT credit not recognised in books)	**5,279,744**	**1,827,214**		*5,279,744*	*1,827,214*	

1.25 Components of Deferred Tax Assets and Liabilities recognised in the Balance Sheet and Statement of Profit & Loss

(in ₹)

Particulars	Balance Sheet			Statement of Profit & Loss	
	31.3.2017	*31.3.2016*	*01.04.2015*	*2016-17*	*2015-16*
Difference in Book and Income tax depreciation	**36,268,482**	*38,072,046*	*35,582,323*	*(1,803,564)*	*2,489,723*
Provision for compensated absences disallowed u/s 43B	**(3,080,016)**	*(2,359,769)*	*(1,933,158)*	*(720,247)*	*(426,611)*
Provision for Gratuity	**(1,272,034)**	*(961,543)*	*(756,902)*	*(310,491)*	*(204,641)*
Provision for Contingency	**(9,758,804)**	*(9,758,804)*	*(9,758,804)*		
Preliminary Expenses			*(176,878)*		*176,879*
Business loss available for offsetting against future taxable income	**(10,946,365)**	*(10,946,365)*	*(10,946,365)*		
Other Timing Difference	**(976,416)**	*(1,207,669)*	*(771,088)*	*231,253*	*(436,581)*
Provision towards Expected credit loss and doubtful debts	**(2,658,813)**	*(672,610)*	*(124,833)*	*(1,986,203)*	*(547,777)*
Changes in Fair value of cash flow hedges	**(716,228)**				
Deferred tax expense / (income)				*(4,589,252)*	*1,050,991*
Net deferred tax (assets) / liabilities	**6,859,805**	*12,165,285*	*11,114,294*		

1.26 The Gross movement in the deferred income tax account during the year:

Particulars	**2016-17**	*2015-16*
	₹	₹
Opening Balance as on April 1	**12,165,285**	*11,114,294*
Tax income / (expense) during the period recognised in statement of Profit and Loss in Profit & Loss section	**(4,589,252)**	*1,050,991*
Tax income / (expense) during the period recognised in statement of Profit and Loss in OCI Section	**(716,228)**	–
Closing Balance as on March 31	**6,859,805**	*12,165,285*

1.27 Operating Leases:

The company has taken office premises and flats under cancelable operating leases. These lease agreements are normally renewed on expiry.

1.28 Detail of Sales, raw material and components:

A) Sales:

Class of Goods	2016-17	2015-16
	₹	₹
Rotary Air Preheater & Axial Fans	**157,10,11,234**	*137,97,60,112*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

Class of Goods		2016-17 ₹	2015-16 ₹
B)	**Raw Material & Components Consumed:**		
	Steel and structure and other materials	**955,181,027**	*79,64,55,621*
C	**Inventories**		
	Steel and structure and other materials	**170,873,666**	*15,57,77,529*

1.29 Term loan of USD 10 Million was taken in year 2012-13 from HSBC Mauritius to finance capital expenditure. The same has been refinanced from ANZ Bank, Singapore to the extent of USD 5.45 Million. To hedge the risk of adverse movement in foreign exchange rate and interest rate linked to LIBOR, the company has entered into a swap agreement with Kotak Bank under which all risk of foreign exchange and interest rate movement has been transferred to Kotak Bank.

1.30 During the year the company has not paid any remuneration to its Directors.

1.31 Disclosures required by pursuant to IND AS 37 "Provisions, Contingent Liabilities and Contingent Assets":

A. Movement in Provision

Particulars	Product Warranties	Contingencies & Foreseeable Losses
Opening Balance as on 01-04-2016	*58,118,972*	*48,874,493*
Provision made during the year	**26,551,847**	**17,151,708**
Provision used during the year	**(10,909,239)**	**(87,19,902)**
Balance as on 31-03-2017	**73,761,580**	**57,307,299**

B. Nature of provision

i) Product Warranties: The Company gives warranties on certain products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Provision made as at March 31, 2017 represents the amount of the expected cost of meeting such obligations of rectifications/replacement. The timing of the outflows is expected to be within a period of two years from the date of Balance Sheet.

ii) Provision for Contingencies & Foreseeable losses: It is mainly in respect of estimated cost which company is likely to incur as per the contractual obligations including liquidity damages

1.32 Related Party Disclosure

A) List of related parties with whom transactions have taken place during the year

Name	Relationship
Larsen & Toubro Limited	JV partner
Howden Holding B.V.	JV partner
Howden Hua Engineering Co Ltd	Member of same group
Howden Axial Fans ApS	Member of same group
Howden Spain Ltd	Member of same group
Howden Group Limited	Member of same group
Howden UK Limited	Member of same group
L&T - MHI Boilers Pvt. Limited	Member of same group
Nabha Power Limited	Member of same group

B) Balances of Related Parties

	2016-17		*2015-16*	
Particulars	**JV Partner**	**Member of same group**	*JV Partner*	*Member of same group*
Trade Receivables	**–**	**716,730,017**	*14,030*	*81,708,804*
Advance To Vendors	**–**	**59,689,555**	*–*	*40,901,500*
Trade Payables	**60,286,175**	**149,472,534**	*54,740,456*	*62,881,751*
Advance From Customer	**–**	**226,142,510**	*–*	*217,781,037*

NOTES FORMING PART OF ANNUAL ACCOUNTS (Contd..)

C. **Transactions with Related Parties**

	2016-17		2015-16	
Particulars	**JV Partner**	**Member of same group**	*JV Partner*	*Member of same group*
Sale of Goods & Services	–	**1,072,338,386**	–	*543,204,579*
Purchase of Project Goods & Services	–	**137,701,447**	–	*201,161,882*
Purchase (Sale) of Fixed Assets	**45,770**	–	*516,576*	*2,879,175*
Training Fees	**606,709**	–	*1,804,846*	–
ESOPs Cost	**71,463**	–	*792,494*	–
Royalty & Trade Mark Fees	–	**39,062,854**	–	*34,357,207*
Networking Fee	**20,617,838**	–	*17,250,001*	–
Administration & Sales Overheads	**21,186,713**		*23,333,518*	*302,422*

1.33 Contingent Liabilities

Particulars		**2016-17**	**2015-16**
		₹	₹
(i)	Bank Guarantees	**24,79,15,287**	**33,08,79,365**
(ii)	Letter of Credit	**52,69,473**	**27,41,815**
(iii)	Show cause notice- Service Tax	**9,84,079**	**9,84,079**
		25,41,68,839	**334,605,259**

1.34 Disclosure on Specified Bank Notes (SBN): During the year the Company had specified bank notes or other Denomination note as specified in the MCA notification G.S.R. 308(E) dated March 31,2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8 2016 to December 30, 2016. Denomination wise SBNs and other notes as per the notification is given below:

Particulars	**SBNs**	**Other Denomination Notes**	**Total** ₹
Closing cash in hand as on 08/11/2016	**5,000**	**266**	**5,266**
(+) Permitted Receipts		**55,000**	**55,000**
(-) Permitted Payments	**5,000**	**20,650**	**25,650**
(-) Amount deposited in Bank			
Closing cash in hand as on 30/12/2016		**34,616**	**34,616**

1.33 Earnings Per Share

Particulars	**2016-17**	**2015-16**
	₹	₹
Net profit/(loss) after tax available for Equity Shareholders	**186,255,888**	*179,118,659*
Weighted Average Number of Equity Shares (in numbers)	**30,000,000**	*30,000,000*
Face Value Per Share	**10**	*10*
Basic and Diluted Earnings Per Share	**6.21**	*5.97*

1.34 The corresponding previous year figures have been regrouped where necessary

As per our report attached

SHARP & TANNAN
Chartered Accountants
ICAI Registration No: 000452N
By the hand of

RAJKUMAR KHULLAR
Partner
Membership No.92507

Place : New Delhi
Date: May 24, 2017

For and on behalf of the Board

PARVESH MITTAL
Chief Executive

SHAILENDRA ROY
Director
DIN: 02144836

SABYASACHI MITRA
Director
DIN: 01481697

ATUL TANDON
Chief Financial Officer

AMIT GULGULIA
Company Secretary
M. No. A37744

Place: Faridabad
Date: May 24, 2017

DIRECTORS' REPORT

The Directors have pleasure in presenting the Eighth Annual Report and Audited Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS

₹ Crore

Particulars	**2016-17**	*2015-16*
Turnover (gross)	**8786.61**	*7198.59*
Profit before Depreciation, Interest, Taxes & Amortisation	**825.65**	*288.27*
Less: Depreciation & Amortisation	**94.28**	*101.41*
Profit before Interest & Taxes	**731.37**	*186.86*
Less: Interest	**28.01**	*78.08*
Profit before Tax	**703.36**	*108.78*
Less: Tax (including deferred tax provision)	**267.04**	*34.50*
Profit after Tax	**436.32**	*74.28*
Add: Balance brought forward from previous year	**(583.60)**	*(659.52)*
Less: Dividend (including Dividend Distribution Tax)	**–**	–
Less: Additional charge to retained earnings on revision of useful life	**–**	–
Add: Gain/(Loss) on re-measurement of the Net defined benefit plans	**(0.15)**	*1.64*
Add: Reserves transferred under Scheme of Arrangement	**68.48**	–
Balance carried to Balance Sheet	**(78.95)**	*(583.60)*

YEAR IN RETROSPECT

The gross sales for the financial year under review were ₹ 8786.61 crore as against ₹ 7198.59 crore for the previous financial year registering growth of 22%. The Profit before tax for FY 16-17 is ₹ 703.36 crore as against ₹ 108.78 crore for FY 15-16. The Profit after tax at ₹ 436.32 crore for the FY 16-17 represents more than fivefold increase as against previous year's Profit after tax of ₹ 74.28 crore.

The significant increase in profit is on account of major projects reaching threshold level of profit recognition, man power rationalisation and improved project execution.

CAPITAL & FINANCE

1. **Share Capital as on March 31, 2017:**

   Equity Share Capital:

Name Of Shareholder	**No. of Shares**	**Percentage**
Larsen & Toubro Limited (along with nominee shareholders)	100,00,50,000	100

Preference Share Capital:

10 % Preference Shares of ₹ 10/- each

Name Of Shareholder	**No. of Shares**	**Percentage**
Larsen & Toubro Limited	50,00,00,000	100
TOTAL	**50,00,00,000**	**100**

12% Preference Shares of ₹ 10/ - each

Name Of Shareholder	**No. of Shares**	**Percentage**
Larsen & Toubro Limited	26,00,00,000	100
TOTAL	**26,00,00,000**	**100**

2. **Inter Corporate Deposits from holding company outstanding as on March 31, 2017 stood at ₹ 2.23 crore.**

CAPITAL EXPENDITURE

As at March 31, 2017, the gross fixed and intangible assets, stood at ₹ 983.02 crore and the net fixed and intangible assets, at ₹ 782.9 crore. Capital expenditure during the year amounted to ₹ 95.35 crore, mainly for new jetty at Kattupalli Yard.

TRANSFER TO RESERVES

There were no appropriations for the financial year 2016-17.

DEPOSITS

The Company has not accepted any deposits from public falling within the ambit of Section 73 of the Companies Act, 2013 and the Rules framed thereunder during the financial year ended March 31, 2017. There are no deposits outstanding as of March 31, 2017.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:

The Company has disclosed the full particulars of the loans given & investments made in the Annual Accounts.

There are no guarantees given or securities provided by the company.

A statement containing salient features of the financial statement of subsidiaries/associates/joint ventures is provided as Annexure 'A' to this Report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee has approved the Related Party Transactions for financial year 2016-17.

All the related party transactions were in the ordinary course of business and at arm's length.

Material transactions which need to be disclosed in the Directors Report under Sec. 134 (3) (h) of the Companies Act, 2013 read with Companies (Audit and Accounts) Rules, 2014 are given as Annexure F.

DIVIDEND

In order to support the growth targets for the year 2017-18 and conserve cash, the Directors do not recommend any dividend on preference or equity shares.

MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:

There are no material changes and commitments affecting the financial position of the Company, between the end of the financial year and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

Information as required to be given under Section 134(3)(m) read with Rule 8(3) of the Companies (Accounts) Rules, 2014 relating to Conservation of Energy, Technology Absorption, Foreign Exchange Earnings and Outgo is provided in Annexure 'B' forming part of this Report.

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and mitigation procedures.

A detailed note on risk management is given under financial review section of the Management Discussion and Analysis of this Annual Report.

CORPORATE SOCIAL RESPONSIBILITY

The Company has a Corporate Social Responsibility committee comprising of Mr. Vikram Singh Mehta, Mrs. Bhagyam Ramani and Mr. K. Ravindranath as the Members.

The details of the various projects and programmes to be undertaken by the Company as a part of its CSR framework is available on its website www.lnthydrocarbon.com.

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure 'D' to the Board report.

LIST OF DIRECTORS & KEY MANAGERIAL PERSONNEL:

A. Directors of the Company as on March 31, 2017 are -

1. Mr. K. Venkataramanan
2. Mr. R. Shankar Raman
3. Mr. Subramanian Sarma
4. Mr. K. Ravindranath
5. Mr. Vikram Singh Mehta
6. Dr. Ashok Kumar Balyan
7. Mr. Sarthak Behuria
8. Mrs. Bhagyam Ramani

B. Directors appointed during the year:

During the year, following appointments were made on Board:-

Mr. K. Ravindranath, Whole-time director, was re-appointed with effect from April 07, 2017 to October 01, 2017.

Mr. K. Venkataramanan and Mr. R. Shankar Raman, retire by rotation and being eligible, offer themselves for re-appointment at the ensuing Annual General Meeting of the Company

C. Resignation of Director during the year:

During the year there were no resignations.

D. Key Managerial Personnel:

The following are the Key Managerial Personnel as per the provisions of the Companies Act, 2013.

a) Mr. K. Ravindranath, Whole-time Director
b) Mr. R. Venkatesh, Chief Financial Officer
c) Ms. Alpana Khale, Company Secretary

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review, 8 meetings were held - 9th April 2016, 27th April 2016, 17th May 2016, 20th July 2016, 21st October 2016, 19th November, 2016, 18th January 2017 and 30th March 2017.

The Agenda of Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

AUDIT COMMITTEE

The Company has an Audit Committee in terms of the requirements of the Companies Act, 2013. It comprises of three members all of them being Independent Directors as under:

1. Dr. Ashok Kumar Balyan - Chairman
2. Mr. Sarthak Behuria
3. Mrs. Bhagyam Ramani

During the year under review, 5 meetings were held on - 27th April 2016, 20th July 2016, 21st October 2016, 18th January 2017 and 30th March 2017.

As per the provisions of Section 177(9) of the Companies Act, 2013 ('Act'), the Company is required to establish an effective Vigil Mechanism for directors and employees to report genuine concerns.

The Company has a Whistle-blower Policy in place to encourage and facilitate employees to report concerns about unethical behaviour, actual/ suspected frauds and violation of Company's Code of Conduct or Ethics Policy. The policy provides for adequate safeguards against victimisation of persons who avail the same and provides for direct access to the chairperson of the Audit Committee. The Audit Committee of the Company periodically reviews the implementation of the Whistle-Blower Policy. The Company has disclosed its Vigil Mechanism/Whistle Blower Policy on its website www.lnthydrocarbon.com

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination & Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder. The Committee comprises of two Independent Directors, one Non-Executive Director and the Managing Director as follows:

1. Mr. Sarthak Behuria - Chairman
2. Dr. A. K. Balyan
3. Mr. K. Venkataramanan
4. Mr. Subramanian Sarma

During the year under review two meetings were held i.e. on 9th April 2016 and 30th March, 2017.

The Company has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

i. in the preparation of the annual accounts, the applicable Accounting Standards have been followed along with proper explanations relating to material departures;
ii. the Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of profit of the Company for that period;
iii. the Directors had taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of the Companies Act, 2013 for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;
iv. the Directors have prepared annual accounts on a going concern basis; and
v. the Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and operating effectively.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS:

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination & Remuneration Committee and the Board has laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made. It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on March 30, 2017, as per schedule IV of the Companies Act, 2013. The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. No cases of sexual harassment were received during 2016-17.

AUDITORS

The Auditors, Sharp & Tannan, Chartered Accountants, hold office until the conclusion of the ensuing Annual General Meeting. As per provisions of The Companies Act, 2013, Sharp & Tannan are eligible to be appointed for two years. Certificate from the Auditors has been received that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of Sharp & Tannan, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of 8th Annual General Meeting till the conclusion of 10th Annual General meeting, subject to ratification by the Members at every Annual General Meeting to be held during the said period.

AUDITOR'S REPORT

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and as per the Companies (Cost Records and Audit) Rules, 2014 and amendments thereof, the Board, on the recommendation of the Audit Committee, at its meeting held on April 27, 2016, has approved the appointment of R. Nanabhoy & Co. as Cost Auditors of the Company for audit of cost accounting records for the financial year 2017-18 at a Remuneration of ₹ 1,75,000 only. They have confirmed their independent status and that they are free from any disqualifications under section 141 of the Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of remuneration of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

SECRETARIAL AUDITORS

The Board had appointed Naina Desai, Practicing Company Secretary, as the Secretarial Auditor of the company under Section 204 of The Companies Act, 2013 for the Financial Year ended March 31, 2017.

The Secretarial Audit Report in Form MR-3 is attached as Annexure 'E' to this Report. The same does not contain any qualification.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013, an extract of the Annual Return is attached as Annexure 'C' to this Report.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

L&T Valdel a hundred percent subsidiary of the Company was merged with the Company. The Scheme of Amalgamation was approved by Hon'ble High Court of judicature at Bombay, vide order dated September 29, 2016 and by National Company Law Tribunal, Bangalore, vide order dated March 31, 2017. Appointed date was April 1, 2016 and effective date was April 4, 2017.

Except the above which has no impact on going concern status of the Company, during the year under review, there were no orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Customers, Supply Chain Partners, Business Associates, Employees, Management of the Holding Company, Banks, Central and State Government authorities, Regulatory authorities, and various other stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

K. VENKATARAMANAN
Non-Executive Chairman
DIN: 00001647

Mumbai, April 27, 2017

ANNEXURE 'A' TO DIRECTORS REPORT

FORM AOC – 1

(Pursuant to First proviso to subsection 3 of Section 129 read with rule 5 of Companies (Accounts) Rules, 2014)

Statement containing salient features of Financial Statements of Subsidiaries

PART A SUBSIDIARIES

(All amounts in INR)

Sr. No	Particulars	Companies			
1	**Name of the Subsidiary**	**L& T Sapura shipping Private Limited**	**L&T Sapura Offshore Private Limited**	**L&T Gulf Private Limited**	**Larsen Toubro Arabia LLC** (1 SAR = ₹ 18.113) Closing Rate as on December 2016
2	Reporting Period for concerned Subsidiary	01 April 2016 to 31 March 2017	01 April 2016 to 31 March 2017	01 April 2016 to 31 March 2017	01 January 2016 to 31 December 2016
3	Share Capital	1,58,85,30,830	1,00,000	8,00,00,000	18,11,30,000
4	Reserves & Surplus	3,03,88,14,990	63,87,977	15,55,25,043	(3,47,55,36,188)
5	Total Assets	8,57,33,25,615	10,59,31,726	31,83,90,447	3,56,68,43,440
6	Total Liabilities	8,57,33,25,615	10,59,31,726	31,83,90,447	3,56,68,43,440
7	Investments	–	–	69,80,529	
8	Turnover	1,38,77,18,116	–	20,60,69,310	6,27,72,91,435
9	Profit before Taxation	26,13,50,148	7,47,956	3,48,21,355	(2,74,53,40,733)
10	Provision for Taxation	58,11,800	29,87,898	1,39,74,587	
11	Profit after taxation	25,55,38,348	(22,39,941)	2,08,46,768	(2,74,53,40,733)
12	Proposed Dividend	–	–	–	–
13	% shareholding	60%	60%	50.0002%	75%

PART B : ASSOCIATES AND JOINT VENTURES

Statement containing salient features of Financial Statements of Associate Companies/Joint Ventures

Sr.No	Particulars	L&T Chiyoda Limited
1	Latest Audited Balance Sheet date	31 March 2017
2	Shares of associates held by the Company on year end	
	Number of shares	45,00,000
	Amount of investment (₹ Crore)	52.93
3	Description of how there is significant influence	By virtue of 50% shareholding & right to nominate 50% of Board strength
4	Reason why the associate is not consolidated	Control is joint, as all Board decisions need to be approved by at least 1 Director nominated by both the JV partners
5	Net worth attributable to shareholding as per latest audited balance sheet (₹ Crore)	43.85
6	Profits/(Loss) for the year (₹ Crore):	7.79
	Considered in consolidation	3.89
	Not considered in consolidation	3.90

ANNEXURE 'B' TO DIRECTORS' REPORT

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

A. CONSERVATION OF ENERGY

(a) Energy Conservation measures taken:

1. Improving Energy Effectiveness/Efficiency of Equipment and Systems

- Optimize running of Air Compressors used for Blasting/Painting through optimum loading of Blasting operation & reduction in idle running
- Conversion and retrofitting of equipment e.g. Installation of on-off timers in high mast towers
- Maintaining the Power FACTOR about 0.95 to optimize the POWER DEMAND from state Electricity Supply
- Switching over to Thyristor based Weld machines at MFF K.
- Usage of invertor based Welding Machines at MFF H.
- Increase use of FCAW Gas shielded welding process.

(b) Additional investments & proposals, if any, being implemented for reduction of consumption of energy:

- Implementation of Energy Management System ISO 50001 at MFFH
- Replacement of LED lamps in place of Metal Halide Lamps in Shops
- Use of LED lights for temporary lighting in Yards in place of HPSV lights.
- Installation of Harmonic Filter in 11 KV side - to optimize the line currents and to reduce the power losses.
- Procurement of Energy Efficient Equipment - EOTs fitted with VVVF Drives.
- Conversion of DC Drive to Energy Efficient AC Drive in TOWER Crane
- Replacement of Existing window/split ACs by energy efficient invertor based AC
- Energy saver unit installation in Lightings and welding machines at yards.
- Installation of Occupancy sensors at offices and porta cabins at yards.
- Upgrade the Power Distribution network to reduce the diesel Consumption.
- Proposal given for the Replacement of Conventional Chiller Plant with Electrical Compressor Operated Chiller Plant at EPC Block

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods:

The measures taken have resulted in savings in cost of production, cost of power consumption, energy savings and reduction in maintenance cost, reduction in processing cycle time.

(d) Total Energy Consumption and Energy Consumption per unit of production as per Form A in respect of industries specified in the Schedule:

The Company provides engineering, procurement & construction solutions on turnkey basis in oil & gas, petroleum refining, chemicals & petrochemicals and fertilizer sectors and pipelines. Hence, disclosures in Form A are not applicable to the Company.

B. RESEARCH AND DEVELOPMENT (R&D)

1. Specific areas in which R&D carried out by the Company:

The Company has well-established R&D facilities for carrying out applied research in the areas of Process Engineering, Material Science & Corrosion Engineering, Process Safety, Energy Systems & Environment, Mechanical Engineering and Offshore Engineering.

Research work is currently focused on the following:

- **Process Engineering**

  Design, analysis and simulation of Gas Processing plant and equipment (Gas/Liquid Separation, Condensate Fractionation, Gas Dehydration, Gas Sweetening Units and C2/C3/C4 component recovery systems); Process Design of slug catchers, Process simulation for Ammonia and Urea Plants; Process engineering for Gas Compressor Modules; Flow simulation studies for Oil & Gas Projects; Steady State and Dynamic Simulation of Oil & Gas Processing plants; Refractory engineering for Fertilizer and Refinery Plant equipment; Technology evaluation, Coal characterization, Modelling and simulation for Gasification technologies; Technology evaluation for Hydrocracker and ultra-low sulphur fuel; Two-phase flow modelling; Pipeline flow assurance studies; Value Engineering for project cost optimization; Modelling of Pressure Swing and Temperature Swing Adsorption beds for product purification; Failure analysis and troubleshooting of various process units such as Steam Generators, Thermo-siphon System, Pressure Swing Adsorption unit, HP/LP Flash Drum and Gas Compressors; Pilot Plant data analysis for consistency and accuracy, scale-up analysis from pilot to commercial; Transient analysis of pipelines for pigging and slugging operation; Adequacy of Control & Trip logic strategies for normal, emergency, start-up scenario of compressor operation; Surge Analysis of compressors.

- **Material Science & Corrosion Engineering**

  Material selection, verification and corrosion control methodologies for Gas Processing Plants, LNG Pipelines / Terminals and Offshore facilities; Risk assessment and generation of Corrosion Management Manual / Plan for Gas Processing and Oil & Gas facilities involving equipment, piping and flow-lines; Troubleshooting and Failure Analysis studies for equipment and components (such as Process Piping, Waste Heat Recovery System, Heat Exchangers, Reformer tubes, Valves, Fasteners, Fittings, Coatings etc.); Preservation and Restoration techniques for critical systems; Surface engineering of various metals and non-metallic materials; Characterization of various materials with in-house laboratory facility comprising state-of-the-art instruments.

- **Process Safety, Energy Systems and Environment**

  Development of Simulators for cogeneration power plants including thermal, process, electrical and control systems; Design procedure for Bulk Flow Coolers for Urea Applications; Design of electrically heated thermosiphon reboilers; Design verification of HVAC systems, Cold and Freezer rooms for offshore platforms; Dynamic simulation of supercritical boilers; Design verification of Cryogenic Fluid Heaters; Radiation and Dispersion Analysis for Flares; CFD analysis for design optimization of Hypersonic Wind Tunnel piping; Safety studies for safe helideck operation at Offshore Platforms; Enhancement of boiler capacity using Oxy-fuel combustion; Determination of buffer volumes for fuel gas system based on worst-case operating condition; Design of insulation for cryogenic storage tanks; Analysis of heat transfer in Non-Newtonian fluid systems; Check-rating and design optimization of Waste Heat Recovery Coils and Heat Exchangers.

- **Mechanical Engineering**

  Noise Mapping for Offshore Well Head Platforms; Noise level verification and recommendations for suitable abatement measures for valve noise control; Indigenization of critical equipment in Oil and Gas Sector as part of "Make in India" initiative; Expert support for Acceptance Test and Commissioning for critical machinery; Lateral and Torsional Vibration analysis for Turbines and Compressors; Troubleshooting of high- speed turbo-machinery in Fertilizer, Petrochemical and Refinery plants and offshore platforms; Failure analysis for various equipment in offshore projects (such as Vorecon Gear Unit, Deck Crane Slew Bearing, Winch Drum Luff Wire Rope, Sea Water Pump Seals etc.).

  Analysis of Shell & Tube Heat Exchanger assembly for combined shock and thermal loads; In-place and Fatigue analysis of plated hull structures using FEA, Vortex Induced Vibration analysis of long submerged conduits using FEA; Water-proof strain gauging of static equipment during hydro-test; Design and analysis of piping system subjected to combined thermal and shock loads; Out-of-roundness assessment of pipelines having distortion; Combined creep and fatigue assessment of process equipment subjected to elevated thermal cycles; Design optimization of expansion bellow using FEA; Fitness For Service (FFS) assessment of piping and equipment.

  Tank Analysis (API 650); Mounded Bullet Analysis; Subsea pipeline buckling susceptibility check; Subsea Pipeline upheaval and lateral buckling analysis; Lifting and transportation analysis of equipment and piping; Local PWHT heating input and structural integrity assessment for equipment; Fluid Structure interaction simulation,

- **Offshore Engineering**

  Offshore Fixed Structures

  Design, analysis and optimization of complex offshore structures; Advanced engineering analysis for offshore Jackets (such as Pile Drivability, Deterministic & Spectral Fatigue, Seismic Analysis, Push Over, Boat Impact, Rare Intensity Earthquake, Blast); Studies on design/analysis of Jack-up Rig, Subsea Systems, FPSO topsides, Critical structural joints; Brownfield Structural engineering.

  Offshore Floating Structures & Subsea Systems

  Naval Arch studies; Hydrostatic Stability; Hydrodynamics Studies; Mooring Analysis & Bollard Pull calculation for Offshore structure Transportation and Installation; Advanced engineering studies for Jacket Launch, Tow, Floatation & Upending; Studies on Design/analysis of Integrated Deck Float-over; Development of advanced design and analysis capabilities for Subsea Pipeline Engineering; Advanced Finite Element Analysis (FEA) of Critical components.

  R&D Laboratories in the areas of Vibration & Acoustics, Experimental Stress Analysis, Materials Technology and Corrosion Studies have been upgraded by addition of new, state-of-the-art instruments and software tools to carry out the R&D studies effectively.

  R&D facilities are augmented with the latest IT infrastructure. A fully E-enabled Technical Library, having a large collection of technical publications, research journals and product/technology databases further supplement the R&D resources. Emphasis is given on creating Intellectual Properties (IP) and managing the Intellectual Property Rights (IPR). The R&D Centre has been involved in active networking with Professional Societies, R&D Laboratories and Academic Institutes.

2. **Benefits derived as a result of above R&D:**

- Complete process simulation, design solutions and optimization for Hydrocarbon projects in Fertilizer sector, involving Reformers, Ammonia Plant and Urea Plant.
- Establishment of in-house capability in Process Simulation and FEED Verification for on-shore / off-shore Gas Processing Plants and design optimization of associated equipment.
- In-house expertise development for complete Refractory solutions (e.g., material selection, engineering, commissioning and troubleshooting) in high-temperature equipment for process plants.
- Capability development for dynamic simulation of equipment and processes; Enhancement of cogeneration power plant reliability and availability.
- Optimised equipment and pressure control valve design; Superior control strategy for minimum flaring, thus maximizing production and energy efficiency
- Optimal design of process and equipment, resulting into reduction in capital and operating cost as well as safer design
- Capability development for analyzing plant dynamics for UMPPs / other supercritical power plants.
- In-house software program developed for prediction of thermal radiation from flares for offshore and onshore projects.
- Capability development for performing boiler capacity de-bottlenecking studies.

- Capability development for design evaluation of bulk flow coolers in Urea Plants and other solids handling plants.
- Successful testing / commissioning of plants and equipment in various Hydrocarbon projects, through multi-disciplinary technology support.
- In-house capability building to support business units for all Materials related assignments (such as material verification / selection / evaluation / characterization; corrosion rate estimation, selection of alternative materials; recommendation for corrosion control methodologies; failure analysis; preservation and corrosion protection of critical equipment; development of new materials for strategic applications; identification of newer technologies and commercially available proven products and their implementation for preventing material degradation and extending useful life).
- Synthesis and Characterization of novel Nano-enabled bulk materials and coatings for high-temperature applications.
- Establishment of in-house capabilities in analysis of piping system for flow-induced and acoustic-induced vibrations; Conduct of Plant Noise studies utilizing in-house expertise; Development of in-house capabilities in special acoustic studies such as piping insulation design and valve noise / vent noise assessment.
- Development of in-house expertise in advanced FEA for offshore application such as In-place and Fatigue analysis of plated hull structures and Vortex Induced Vibration (VIV) analysis of long, submerged conduits.
- Development of in-house expertise in strain gauging for special applications like water- proof gauging required for measuring strains on the inner surface of pressure vessel during hydro test.
- Establishment of in-house capability in carrying out combined creep and fatigue damage assessment of process equipment subjected to elevated temperature cycles.
- Demonstration of in-house capability on design optimization of expansion bellows in thermal equipment, using advanced FEA techniques.
- National recognition of R&D Materials Laboratory through •Excellent Laboratory Award - 2015 • from NACE International Gateway India Section (NIGIS).
- Capability for complete detailed structural engineering for Process Modules and Topsides.
- Development of in-house capability for FEED verification and Pile Soil Interaction (PSI) Analysis of Offshore Platforms.
- Yard Engineering and Installation Engineering support for in-house EPC Projects.
- Structural Joint Design for Offshore Platforms.
- Establishment of In-house expertise in Specialized Analysis for Pile Drivability, critical to offshore Jacket stability.
- Complete in-house support to business units for Transportation & Installation Engineering of Offshore Projects.
- Establishment of in-house capability in Integrated Deck Float-over analysis.
- In-house FEA expertise for Critical components of Offshore Jacket & Topside structures.
- Capability for Code based design and FEED verification of subsea pipeline projects
- Development of in-house expertise in specialized applications such as Jacket Launch, Tow, Floatation, Upending & On-bottom analysis
- In-house expertise for Brownfield Structural Engineering

3. Future Plan of Action:

The R&D Centre is committed to providing appropriate technology support to all Hydrocarbon Projects, as required by various business units. Future development activities are identified based on the anticipated needs of upcoming Projects as well as requirements for in-house capability development. The following key areas have been identified under R&D Action Plan:

- Process technology for coal gasification, design optimization and system integration for EPC Projects
- Process simulation for various Refinery units such as Hydrocracker, DCU, Reforming, Alkylation units etc.
- Use of Petcoke for Gasification applications
- Modeling and Process Simulation of Fluidized Bed Gasification Reactors for high-ash Indian coals
- Process design capabilities in Petrochemical / Polymer Plants
- Modularization of Process Plants
- Carbon Capture and Sequestration (CCS) techniques for Oil & Gas Projects
- Application of Enhanced Oil Recovery (EOR) processes through chemical flooding techniques
- CO2 Capture from Reformer stack in Fertilizer plant and recycling as feed stock for Urea plant
- Cryogenic Air Separation Processes (technology evaluation, process simulation, heat integration and system engineering)
- Use of CFD techniques for design optimization of coal gasifiers
- Emerging (Non-traditional) energy solutions such as CBM, Shale Gas and Tar Sands
- Development of Nano-based materials for high temperature applications
- Thermal design and optimization of Cold Box for Air Separation plants
- Application of Low Temperature Thermal Desalination process for commercial use
- Design / engineering of molten salt based thermal energy storage system for electric arc furnace with intermittent operation
- Design of Combustion Air Pre-heaters for Reformers in Ammonia Plants

- Power generation solutions for offshore process platforms using wind power
- Solar energy based desalination plants for "Clean Energy" initiative
- Advanced Finite Element Analysis (FEA) techniques for analyzing coupled Fluid Structure Interaction (FSI) problems
- Capability development in Fracture Mechanics and Advanced Fatigue Analysis
- Study of advanced non-destructive techniques for residual stress measurement
- Stress analysis of non-ferrous materials like ceramic refractory and concrete structures
- Study of design philosophy of offshore wind turbines
- Techniques for Reliability, Availability & Maintainability (RAM) studies as part of specialized engineering support for Process Plants
- Fitness for Service (Level-3) assessment using FEA
- Theoretical and experimental study on degradation mechanisms in material of construction for Ammonia Convertor
- Study on degradation / failure mechanisms for High-Strength Steel; Characterization of different heat treated low-alloy steel (Normalized + Tempered and Normalized + Accelerated cooling + Tempered) for temper embrittlement; Evaluation of hydrogen charged DSS.
- Development of environmentally-friendly (non-toxic and bio-degradable) chemical formulations for chemical cleaning and pickling of steels; Characterization and optimization of selected chemicals based on surface cleaning efficiency and material weight loss.
- Capability development for structural analysis and design of Subsea Modules.
- Capability development for structural analysis and design of offshore structure compatible with Float-over Installation method.
- Capability development for structural analysis and design of FPSO Topsides
- Capability development for structural design of Jack-up Rigs
- Capability development to carry out Coupled Motion Analysis
- Design and analysis capability for Deepwater Floating Solutions
- Capability development in optimization of offshore structures
- Feasibility study on Jack-up Rig conversion to early production units

4. Expenditure on R&D:

₹ Crore

Particulars	**2016-17**	*2015-16*
Capital	**0.06**	*0.19*
Recurring	**14.66**	*12.37*
TOTAL	**14.72**	*12.56*
Total R&D expenditure as percentage to total turnover	**0.17%**	*0.17%*

TECHNOLOGY ABSORPTION, ADAPTATION AND INNOVATION:

1. Efforts made in brief towards technology absorption, adaptation and innovation:

- Interaction with external agencies / technology partners for exposure to the latest products / designs, manufacturing technologies, processes, analytical techniques and engineering protocols
- Active involvement with International / National Professional Societies (such as IChemE, AIChE / CCPS, IIChE, ICC, ASME, NACE, ASM, ASTM, AISC, ACS, HTRI, STLE, TSI, NAFEMS, etc.)
- Active participation in National / International Innovation forums and CII Technology Task Force
- Institutionalization of in-house schemes (such as ICONs and KnowNet) for identifying, nurturing and implementing innovative ideas and technology solutions
- Networking and knowledge sharing through national / international conferences, seminars and exhibitions
- Valuation, adaptation and/or modification of imported designs / technologies to suit indigenous requirements, alternative materials / components
- Parametric studies involving theoretical models duly validated by experimental studies at in-house laboratories and pilot plants, as well as feedback and operating data during commissioning of various plants and machinery
- Review of Patents in relevant technology areas
- Nomination of R&D engineers to external training programs, expert groups and technical committees
- Collaborative efforts with educational / research institutions for research projects
- Use of state-of-the-art equipment, instrument and software as well as the latest Codes and Standards
- Analyzing feedback from Customers / internal users to continually improve processes and services
- Active involvement with International / National Professional Societies (such as SPE, AISC, RINA etc.)

2. **Benefits derived as a result of above efforts:**
   - Capability development and professional enrichment of R&D Engineers through networking with domain experts and researchers in India and abroad
   - Enhancement of professional skills of R&D Engineers through additional academic qualifications, certification and acquisition of Chartered Engineer status
   - Successful performance simulation / optimization of process design and engineering for various Hydrocarbon projects (Refinery, Oil & Gas, Fertilizer and Chemical plants)
   - Complete in-house support to business units in providing Refractory solutions (selection, design, engineering, commissioning) for high-temperature applications
   - Energy conservation through optimal design, analysis and engineering of heat exchange equipment and waste heat recovery systems for Process Plants
   - Optimum material selection, verification and characterization of materials for critical applications; Implementation of suitable preservation / corrosion protection techniques to achieve successful longer life and adequate performance
   - Establishment of in-house capability for specialized engineering analyses, such as Modeling & Process Simulation, Computational Fluid Dynamics, Transient Thermal Analysis, Radiation and Dispersion analysis, Risk Based Inspection (RBI) Studies, Fitness for Service (FFS) Studies, advanced Stress Analysis, Vibration & Acoustics, Rotor Dynamics, Tribology etc., in order to achieve self-sufficiency and minimize dependence on external agencies
   - Multi-disciplinary technology support to Projects towards troubleshooting, failure analysis and plant commissioning, in order to achieve successful Project completion with respect to cost, time, quality and HSE targets
   - Acquisition of in-house expertise in areas such as material characterization, advanced corrosion control methods, coating and wear protection techniques to assess and mitigate material-related failures and associated risks in Projects
   - Contribution towards new materials development (composites / nano-materials) and indigenous solutions to control corrosion for effective support to Projects of strategic importance
   - Establishment / upgradation of state-of-the art laboratory facilities for materials characterization, accelerated corrosion tests, chemical analysis, corrosion control, coating evaluation, vibration and acoustics studies, experimental stress analysis etc., in order to provide comprehensive technology support to business units. This has reduced the dependence on external agencies and enabled effective execution of projects.
   - Competitive methodology developed for long vertically unsupported Pile drivability.
   - Technical support for Greenfield and Brownfield structural engineering.
   - Parametric studies leading to optimization of offshore structural connections
   - Establishment of in-house capability for advanced engineering analysis, such as Integrated Deck Float-over analysis, Jacket Launch, Tow, Floatation, Upending, On-bottom etc.

3. **Information regarding technology imported during the last 5 years:**

   No technology was imported during the last 5 years.

C. FOREIGN EXCHANGE EARNINGS AND OUTGO

Activities relating to exports, initiatives taken to increase exports; development of new export markets for products and services; and export plans:

The Company has been prequalified for major international EPC projects from reputed customers in Middle East, South East Asia and CIS countries. During the year, the Company has appointed Mr. Subramanian Sarma, as the Chief Executive Officer and Managing Director, who has over 30 years of experience in the international oil & gas contracting industry. He is based out of the Company's Middle East office to enable close monitoring of key on-going projects and drive new growth. During the year, Company along-with a consortium partner has entered into six year Long Term Agreement with Saudi Aramco which will enable the consortium to execute Engineering, Procurement, Construction & Installation of offshore facilities such as platforms, pipelines, submarine cables and other offshore services over the tenure of the Agreement. The Company is also in talks with reputed international EPC companies for tie-ups relating to exports of pre-fabricated structures from yards and for provision of engineering services.

Total foreign exchange used and earned:

₹ Crore

Particulars	**2016-17**	*2015-16*
Foreign Exchange earned	**7,008.71**	*4,711.59*
Foreign Exchange used	**4,440.62**	*4,098.92*

ANNEXURE 'C' TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U11200MH2009PLC191426
ii)	Registration Date	April 02, 2009
iii)	Name of the Company	L&T Hydrocarbon Engineering Limited
iv)	Category	Public Limited Company
v)	Sub-Category of the Company	Public Limited Company
vi)	Address of the Registered office and contact details	L&T House, Ballard Estate, Mumbai 400 001 Tel: +91 22 6705 5656
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	General construction services of other industrial plants	99542699	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

S. No	Name and Address of the Company	CIN/GLN	Holding/ Subsidiary / Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited, L&T House, Ballard Estate, Mumbai 400 001	L99999MH1946PLC004768	Holding Company	100%	2 (46)
2	L&T Sapura Shipping Pvt Ltd Manapakkam Campus, Chennai 600 089	U61100TN2010PTC077217	Subsidiary Company	60%	2(87)
3	L&T-Chiyoda Ltd L&T House, Ballard Estate, Mumbai 400 001	U28920MH1994PLC083035	Associate Company	50%	2(6)
4	*L&T-Valdel Engineering Ltd Primrose Road, Bengaluru 560 025	U74210KA2004PLC035094	Subsidiary Company	–	–
5	L&T-Gulf Pvt Ltd L&T House, Ballard Estate, Mumbai 400 001	U74140MH2008PTC177765	Subsidiary Company	50.002%	2(87)
6	L&T Sapura Offshore Pvt Ltd Manapakkam Campus, Chennai 600 089	U11200TN2010PTC077214	Subsidiary Company	60%	2(87)

*Note: LTV ceased to be Subsidiary as it is merged with the Company vide Bombay High Court order dated September 29, 2016 and Bangalore NCLT order dated March 31, 2017.

IV. SHARE HOLDING PATTERN (Equity Share Capital Breakup as percentage of Total Equity)

i) Category-wise Share Holding - Equity Shares

All figures in crores

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/ HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		100.005	100.005	100		100.005	100.005	100	–
e) Banks / FI									
f) Any Other….									
Sub-total (1):-		100.005	100.005	100		100.005	100.005	100	
2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		100.005	100.005	100		100.005	100.005	100	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		**100.005**	**100.005**	**100**		**100.005**	**100.005**	**100**	

Category-wise Share Holding - Preference Shares

All figures in crores

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF									
b) Central Govt									
c) State Govt (s)									
d) Bodies Corp.		76	76	100		76	76	100	–
e) Banks / FI									
f) Any Other….									
Sub-total (1):-		76	76	100		76	76	100	
2) Foreign									
a) NRIs - Individuals									
b) Other - Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total shareholding of Promoter (A) = (A)(1)+(A)(2)		**76**	**76**	**100**		**76**	**76**	**100**	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds									
b) Banks / FI									
c) Central Govt									
d) State Govt(s)									
e) Venture Capital Funds									
f) Insurance Companies									
g) FIIs									
h) Foreign Venture Capital Funds									
i) Others (specify)									
Sub-total (B)(1):-									
2) Non-Institutions									
a) Bodies Corp.									
i) Indian									
ii) Overseas									
b) Individuals									
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh									
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh									
c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)		**76**	**76**	**100**		**76**	**76**	**100**	

(ii) Shareholding of Promoters - Preference shares

All figures in crores

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	100.005	100	–	100.005	100	–	–
	Total	**100.005**	**100**	**–**	**100.005**	**100**	**–**	**–**

Shareholding of Promoters – Preference Shares

All figures in crores

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	76	100	–	76	100	–	–
	Total	**76**	**100**	**–**	**76**	**100**	**–**	**–**

(iii) Change in Promoters' Shareholding (please specify, if there is no change) - Equity Shares: No Change

All figures in crores

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	100.005	100	100.005	100
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	100.005	100	100.005	100

(iii) Change in Promoters' Shareholding (please specify, if there is no change)- No change

All figures in crores

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	76	100%	76	100%
	Further Allotment	N.A.			
	At the End of the year	76	100%	76	100%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year(or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of Shares	% of total shares of the company
1	At the beginning of the year	NIL	NIL	NIL	NIL
2	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
3	At the end of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

All figures in ₹ Crs.

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	74.35	550.07		624.42
ii) Interest due but not paid	0	0		0
iii) Interest accrued but not due	0	0		0
Total (i+ii+iii)	**74.35**	**550.07**	**0**	**624.42**
Changes In Indebtness during the financial year				
Addition				
Reduction	(61.34)	(519.43)		(580.77)
Net Change	**(61.34)**	**(519.43)**		**(580.77)**
Indebtedness at the end of financial year				
i)Principal Amount	13.01	30.64		43.65
ii)Interest due but not paid	0	0		0
iii)Interest accrued but not due	0	0		0
Total(i+ii+iii)	**13.01**	**30.64**	**0**	**43.65**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

All figures in ₹ Crs.

Sl. no.	Particulars of Remuneration	Name of MD/WTD/ Manager		Total Amount
		S. Sarma	K. Ravindranath	
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	15.39	1.21	16.60
	(b) Value of perquisites u/s 17(2) of the Income-tax Act, 1961	0	0.05	0.05
	(c) Profits in lieu of salary under section 17(3) of the Income tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission	–	–	–
	- as % of profit			
	- others, specify…			
5.	Others, please specify	–	–	–
	Total (A)	**15.39**	**1.26**	**16.65**

B. Remuneration to other directors:

₹ Crore

Sl. no.	Particulars of Remuneration	Name of Directors					Total Amount
		Vikram Mehta	Sarthak Behuria	A K Balyan	Bhagyam Ramani	K Venkataramanan	
1.	Independent Directors						
	• Fee for attending Board /Committee meetings	0.03	0.05	0.05	0.06	0.04	0.23
	• Commission						
	• Others, please specify						
	Total (1)	**0.03**	**0.05**	**0.06**	**0.06**	**0.04**	**0.23**
2.	Other Non-Executive Directors						
	• Fee for attending board /committee meetings						
	• Commission						
	• Others, please specify						
	Total (2)	**0**	**0**	**0**	**0**		**0**
	Total (B)=(1+2)	**0.03**	**0.05**	**0.05**	**0.06**	**0.04**	**0.23**

C. Remuneration to Key Managerial Personnel Other than MD/Manager/WTD

₹ Crore

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Alpana Khale - Company Secretary	R. Venkatesh - Chief Financial Officer	Total
1.	Gross salary				
	(a) Salary as per Provisions contained in section 17(1) of the Income-tax Act, 1961		0.37	1.63	2.00
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961		0.02		0.02
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961		–	–	–
2.	Stock Option		–	–	–
3.	Sweat Equity		–	–	–
4.	Commission				
	- as % of profit				
	- others, specify		–	–	–
5.	Others, please specify		–	–	–
	Total		**0.39**	**1.63**	**2.02**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES: NIL

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE 'D' TO THE DIRECTORS' REPORT

ANNUAL REPORT ON CORPORATE SOCIAL RESPONSIBILITY (CSR) ACTIVITIES

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company is committed to discharging its Social Responsibility through:

a. Partnership with communities in education and skill-building

b. Innovation and Technology

Our 'CSR' approach is based on the dedicated involvement of our employees, who get as much value out of the initiatives, as the recipient. The focus areas for the Company are given below.

a. Water Conservation & Purification

b. Education and Skill building

c. Health

d. Environment

e. Innovation and Technology

While the focus of CSR efforts will be in the areas mentioned above, the Company however may also undertake projects where societal needs are high or in special situations (such as in the case of natural disasters etc.). CSR Policy of the Company is available on the Company's website- www.lnthydrocarbon.com

2. The Composition of the CSR Committee:

1. Mr. Vikram Singh Mehta
2. Mrs. Bhagyam Ramani
3. Mr. K. Ravindranath

3. Average net profit of the Company for last three financial years: ₹ 488.42 crore

4. Prescribed CSR Expenditure (two per cent of the amount as in item 3 above): ₹ 9.77 crore

5. Details of CSR spent during the financial year:

i. Total amount spent for the financial year: ₹ 4.01 crore

ii. Amount unspent, if any: ₹ 5.76 crore

iii. Manner in which the amount spent during the financial year:

₹ Crore

SN	CSR Project /activities Identified	Sector in which the project is covered	Projects /Programs 1)Local area or other 2)Specify state & district where Projects undertaken	Amt Outlay of Budget / Project wise	Amt spent on the Project / Programme wise	Cumulative spend upto the reporting period	Amount spent (Direct / implementing agency)
1	Providing Drinking facility at Orphanage	Water & Sanitation	Lonavala	0.4	0.416	0.416	Implementing Agency
2	Construction of toilet facility for Girls High School	Water & Sanitation	Kattupalli	0.168	0.181	0.181	Direct
3	Nutritious food programme	Health & Education	Thane	0.074	0.074	0.074	Implementing Agency
4	Infrastructure Support in Schools and Old age Homes	Health Care & Education	Dahej	0.019	0.043	0.043	Direct
5	Support Educational Intervention in communities	Health Care & Education	Vadodara	0.29	0.284	0.284	Implementing Agency
6	Providing Infrastructure Support to Community Development Centre	Skill Building	Hazira	1.25	0.71	0.71	Direct
7	LTHE -IIT Madras Scholarship for M-Tech -OSE	Education	Chennai	0.74	0.703	0.703	Direct
8	Providing Infrastructure Support to Primary Health Centre & Schools	Health Care & Education	Kattupalli	0.59	0.186	0.186	Direct

₹ Crore

SN	CSR Project /activities Identified	Sector in which the project is covered	Projects /Programs 1)Local area or other 2)Specify state & district where Projects undertaken	Amt Outlay of Budget / Project wise	Amt spent on the Project / Programme wise	Cumulative spend upto the reporting period	Amount spent (Direct / implementing agency)
9	Providing Education to Slum Children	Health Care & Education	Vadodara	0.41	0.41	0.41	Implementing Agency
10	Providing Education to Slum Children	Health care & Education	Mumbai	0.38	0.38	0.38	Implementing Agency
11	Providing hand pumps for drinking water	Water & Sanitation	Vadodara	0.36	0.15	0.15	Implementing agency
12	Education support through Technology	Education	Vadodara	0.21	0.2	0.2	Implementing Agency
13	Biodegradable processing through vermicomposting	Health care and sanitation	Vadodara	0.12	0.06	0.06	Implementing Agency
14	Assisting Skill Development through vocational Courses	Education & Skill Building	Mumbai	0.05	0.05	0.05	Implementing Agency
15	Check dam in Shahpur	Water and Sanitation	Maharashtra	0.05	0.05	0.05	Implementing agency
16	Miscellaneous				0.061	0.061	Direct
	Total			5.11	4.004	4.004	

6. **In case the Company has failed to spend the two per cent of the average net profit of the last three financial years or any part thereof, the Company shall provide the reasons for not spending the amount in its Board report.**

   Company has continued to be active in CSR activities and during the financial year under review has spent ₹ 4 crore as against ₹ 9.81 crore as required under section 135 of the Companies Act, 2013. This section requires the Company to spend towards CSR activities at least 2% of the average net profits, adjusted for profits / losses for international branch offices, of the preceding 3 years. The management remains strongly committed to serve the communities in the neighbourhood of its operational base and believes in making a long lasting positive impact. A comprehensive review has been undertaken recently to carefully select the project, its location and the mode of implementation including possible partnering with NGO's to make the programme more sustainable. A dedicated and experienced programme manager has also been assigned to closely monitor the implementation. As an outcome of these actions, the Company believes that its CSR activities will gain further momentum with accelerated spending in the coming years.

7. **A responsibility statement of the CSR Committee that the implementation and monitoring of CSR Policy, is in compliance with CSR objectives and Policy of the Company.**

   The CSR Committee hereby affirms that:

   - The Company has duly formulated a CSR Policy Framework which includes formulation of a CSR Theme, CSR budget and roles and responsibilities of the Committee, CSR team formed for implementation of the CSR policy;
   - The Company has constituted a mechanism to monitor and report on the progress of the CSR programs;
   - The activities undertaken by the Company as well as the implementation and monitoring mechanisms are in compliance with its CSR objectives and CSR policy & its Framework.

Mr. Vikram Singh Mehta
Independent Director & CSR Member

Mr. K. Ravindranath
Whole- Time Director & CSR Member

ANNEXURE 'E' TO THE DIRECTORS' REPORT

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED MARCH 31, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,

L&T HYDROCARBON ENGINEERING LIMITED

I have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by **L&T HYDROCARBON ENGINEERING LIMITED** (hereinafter called the Company). Secretarial Audit was conducted in a manner that provided me a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing my opinion thereon.

Based on my verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the Company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, I hereby report that in my opinion, the company has, during the audit period covering the financial year ended on March 31, 2017, complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter.

I have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'), as applicable:-

  a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992; presently, (Prohibition of Insider Trading) Regulations, 2015;

  c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009;

  d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999; presently (Share Based Employee Benefits) Regulations, 2014;The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  e) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

  f) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009; and

  g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998;

(vi) **No** other specific business/industry related laws applicable to the Company.

I have also examined compliance with the applicable clauses of the following:

i. Secretarial Standards issued by The Institute of Company Secretaries of India;

ii. **The Securities and Exchange Board of India (Listing Obligations and Disclosure Requirements) Regulations, 2015 and** the Listing Agreements entered into by the Company with Stock Exchange(s), if applicable. **This is not applicable.**

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above.

I further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors or Committees thereof that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

Majority decision is carried through while the dissenting members' views are captured and recorded as part of the minutes.

I further report that, I was informed there are adequate systems and processes in the company commensurate with the size and operations of the company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

I further report that during the audit period the company, the following events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards, etc. as under:-

(i) Public/Right/Preferential issue of shares/debentures/sweat equity, etc.- **NIL**

(ii) Redemption / buy-back of securities. -**NIL**

(iii) Major decisions taken by the members in pursuance to section 180 of the Companies Act, 2013.- **NIL**

(iv) Merger / amalgamation / reconstruction, etc.-

¢ The Scheme of Amalgamation of L&T- Valdel Engineering Limited with the Company, was approved by the Hon'ble High Court of judicature at Bombay, vide Order dated September 29, 2016 and the National Company Law Tribunal, Banglore, vide Order dated March 31, 2017. Appointed date is April 01, 2016. However, the Effective date is April 4, 2017.

(v) Foreign technical collaborations.- **NONE**

(vi) Other Events, if any - **NONE**

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 27, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,

The Members

L&T HYDROCARBON ENGINEERING LIMITED

Our report of even date is to be read along with this letter.

1) Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.

2) We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.

3) We have not verified the correctness and appropriateness of financial records and Books of Account of the Company.

4) Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.

5) The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.

6) The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the Company.

NAINA R DESAI
Practising Company Secretary
FCS No. 1351
Certificate of Practice No.13365

Place : Mumbai
Date : April 27, 2017

ANNEXURE 'F' TO THE DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
2. Details of Material contracts or arrangements or transactions are at arm's length basis

Amt. in ₹ Crs

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration	Salient terms of the contracts or arrangements or transactions including the value, if any
L&T Valves Limited	Member of same group	Purchase of goods and services	Apr 16-Mar 17	152.71

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T HYDROCARBON ENGINEERING LIMITED

Report on the standalone Ind AS financial statements

We have audited the accompanying standalone Ind AS financial statements of L&T Hydrocarbon Engineering Limited ('the Company'), which comprise the balance sheet as at 31 March 2017, the statement of profit and loss (including other comprehensive income), the cash flow statement and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as 'standalone Ind AS financial statements').

Management's responsibility for the standalone Ind AS financial statements

The Company's board of directors is responsible for the matters stated in section 134(5) of the Companies Act, 2013 ('the Act') with respect to the preparation of these standalone Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under section 133 of the Act read with relevant rules issued thereunder.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these standalone Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the standalone Ind AS financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the standalone Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the standalone Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the standalone Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the standalone Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's directors, as well as evaluating the overall presentation of the standalone Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the standalone Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31 March 2017, its financial performance including other comprehensive income, its cash flows and the changes in equity for the year ended on that date.

Report on other legal and regulatory requirements

1. As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the central government in terms of section 143(11) of the Act, we give in 'Annexure A' a statement on the matters specified in paragraphs 3 and 4 of the Order.
2. As required by section 143(3) of the Act, we report that:
    a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
    b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
    c) the balance sheet, the statement of profit and loss, the cash flow statement and statement of changes in equity dealt with by this report are in agreement with the books of account;
    d) In our opinion, the aforesaid standalone Ind AS financial statements comply with the accounting standards prescribed under section 133 of the Act, read with rule 7 of the Companies (Accounts) Rules, 2014 and Companies (Indian Accounting Standards) Rules, 2015 (as amended);
    e) On the basis of the written representations received from the directors as on 31 March 2017 taken on record by the board of directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of section 164(2) of the Act;

f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in Annexure B; and

g) With respect to the other matters to be included in the Auditor's Report in accordance with rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

   i. The Company has disclosed the impact of pending litigations on its financial position in its standalone Ind AS financial statements; - refer note 28 and 36(xiii) to the Ind AS financial statements.

   ii. The Company has made provision, as required under the applicable law or accounting standards, for material foreseeable losses, if any, on long term contracts including derivative contracts; - refer notes 20, 24, 36(v) (a) to the Ind AS financial statements.

   iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; - refer note 36(xix) to the Ind AS financial statements and

   iv. To the best of our information and according to the information and explanations given to us and having regard to the nature of business and size of its operations and cash payments made by the Company in the ordinary course of business and based on the Company's practices for recording such transactions, the Company has provided the requisite disclosures in its financial statements as to holding as well as dealings in Specified Bank Notes as defined in the Notification S.O. 3407(E) dated the 8th November, 2016 of the Ministry of Finance, during the period from November 8, 2016 to December 30, 2016. Based on audit procedures performed and the representations provided to us by the management, we report that the disclosures are in accordance with the relevant books of account maintained by the Company and as produced before us by the management – refer note 36(xx) to the Ind AS financial statements.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No. 109982W

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph (1) under 'Report on other legal and regulatory requirements' of our report of even date)

i. (a) The Company is maintaining proper records to show full particulars including quantitative details and situation of all fixed assets.

(b) We are informed that the Company has formulated a programme of physical verification of all the fixed assets over a period of three years which, in our opinion, is reasonable having regard to the size of the Company and nature of its assets. Accordingly, the physical verification of the fixed assets has been carried out by management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, immovable properties are in the name of the Company except for: (i) a freehold land having cost and net book value of ₹ 1.03 crores is in the name of Larsen & Toubro Limited; (ii) two leasehold lands having cost of ₹ 72.95 crores and net book value of ₹ 71.46 crores are in the name of Larsen & Toubro Limited; and (iii) a building having cost of ₹ 17.54 crores and net book value of ₹ 15.90 crores is on leasehold land which is in the name of Larsen & Toubro Limited.

ii. As explained to us, inventories have been physically verified by management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable.

iii. According to the information and explanations given to us, there are no companies, firms and other parties covered in the register maintained under section 189 of the Companies Act, 2013 ('the Act'). Accordingly, paragraph 3(iii) of the Order is not applicable.

iv. In our opinion and according to the information and explanations given to us, in respect of loans, investments, guarantees and security the provisions of section 185 and 186 of the Act have been complied with.

v. According to the information and explanations given to us, the Company has not accepted deposits from the public and accordingly, paragraph 3(i) (v) of the Order is not applicable.

vi. We have broadly reviewed the books of account and records maintained by the Company pursuant to the rules prescribed by the central government for the maintenance of cost records under section 148(1) of the Act in respect of all its manufacturing and construction activities and are of the opinion that prima facie the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

vii. (a) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues as applicable with the appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income-tax, sales-tax, service tax, duty of custom, duty of excise or value added tax as at 31 March 2017 which have not been deposited on account of a dispute pending are as under:

Name of the Statute	Nature of the disputed dues.	Amount* (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
Central sales Tax Act, Local Sales Tax Act, Works Contract Tax Act.	Disallowance of deemed inter state sales and non submission of forms	0.07	1999-00	Assistant Commissioner (Appeals)
	Disallowance of sales in transit, deemed inter state sales, non submission of forms and other matters	**127.41**	1989-90, 1997-98, 1998-99, 2001-02, 2003-04 to 2012-13	Deputy Commissioner (Appeals)
	Classification disputes, disallowance of forms and other matters	94.88	1996-97, 2000-01, 2001-02, 2003-04 to 2005-06 to 2011-12 & 2013-14	Joint Commissioner (Appeals)
	Non submission of forms	0.14	2005-06,2011-12 ,2012-13	Additional Commissioner (Appeals)
	Disallowance of deemed sales in course of imports, classification disputes, non submission of forms	3.37	1999-00, 2000-01, 2002-03 ,2008-09 ,2009-10,2014-15	Sales Tax Tribunal
	Disallowance of deemed sales in course of imports, taxability of sub-contractor's turnover and other matters	78.39	1999-00, 2000-01	High Court
	Classification disputes, disallowance of input tax credit and other matters	105.35	2006-07 to 2011-12	Supreme Court

Name of the Statute	Nature of the disputed dues.	Amount* (₹ in Crore)	Period to which the amount relates	Forum where dispute is pending
The Central Excise Act, 1944, Service Tax under Finance Act, 1994	Demand for excise duty on fabrication of tanks, platforms and ladders	0.32	1989-90 to 2011-12	Deputy Commissioner (Central Excise)
	Demand for excise duty on fabrication of tanks, platforms and ladders	0.06	1989-90	CESTAT
	Demand for service tax on manpower recruitment and supply agency service and dispute on adjustment of excess service tax paid	1.82	09-10 & 10-11	CESTAT
	Demand towards disallowed Input credit	5.15	09-10 & 10-11	CESTAT
	Demand for service tax on manpower recruitment	4.64	2005-06 to 2010-11	CESTAT
	Demand for service tax including penalty and interest on lumpsum turnkey jobs	72.12	2002-03 to 2006-07	CESTAT
	Demand towards disallowed Input credit	0.13	2016-17	CESTAT
Income-tax Act, 1961	Dispute regarding tax not deducted on bank guarantee charges and internet charges	**0.01**	2010-11	Income Tax Appellate Tribunal (ITAT Mumbai)
	Dispute regarding tax not deducted on bank guarantee charges and internet charges	1.11	2011-12	Chief Commissioner of Income Tax (CIT(A) -59)
	Difference in rate of tax deducted at source	2.91	2007-08, 2008-09	Director of Income Tax (International Taxation)
Customs Act, 1962	Dispute on software procurement	0.01	2006-07	Commissioner of Customs
	Dispute on classification	0.93	2013-14	CESTAT

*Net of pre-deposit paid in getting the stay/appeal admitted

viii. According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to any financial institution, bank, and government or debenture holders as at the balance sheet date.

ix. The Company has not raised moneys by way of initial public offer or further public offer (including debt instruments) during the year. In our opinion and according to the information and explanations given to us, the term loans were applied for the purpose for which they were taken.

x. During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of material fraud by the Company nor any fraud on the Company by its officers or employees, noticed or reported during the year, nor have we been informed of such case by management.

xi. According to the records of the Company examined by us and the information and explanations given to us, the Company has paid/provided managerial remuneration in the limits mandated by the provisions of section 197 read with schedule V to the Act.

xii. In our opinion and according to the information and explanations given to us, the Company is not a Nidhi company and accordingly, paragraph 3(xii) of the Order is not applicable.

xiii. According to the records of the Company examined by us and the information and explanations given to us, all transactions with related parties are in compliance with sections 177 and 188 of the Act and the details have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.

xiv. According to the records of the Company examined by us and the information and explanations given to us, the Company has not made private allotment of preference shares during the year under review and accordingly, paragraph 3(xiv) of the Order is not applicable.

xv. According to the records of the Company examined by us and the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him.

xvi. According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

(Referred to in paragraph 2(f) under 'Report on other legal and regulatory requirements' of our report of even date)

Report on the internal financial controls under clause (i) of sub-section (3) of section 143 of the Companies Act, 2013 ('the Act')

We have audited the internal financial controls over financial reporting of L&T Hydrocarbon Engineering Limited ('the Company') as of 31 March 2017 in conjunction with our audit of the standalone Ind AS financial statements of the Company for the year ended on that date.

Management's responsibility for internal financial controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ('the Guidance Note') issued by the Institute of Chartered Accountants of India ('the ICAI'). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to the Company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Act.

Auditor's responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of internal financial controls and both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involved performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of internal financial controls over financial reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Ind AS financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that: (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of Ind AS financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS financial statements.

Inherent limitations of internal financial controls over financial reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

For **SHARP & TANNAN**
Chartered Accountants
Firm's registration No. 109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No. 38332

Place : Mumbai
Date : April 27, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note	As at March 31, 2017 ₹ in crore	As at March 31, 2017 ₹ in crore	As at March 31, 2016 ₹ in crore	As at March 31, 2016 ₹ in crore	As at April 01, 2015 ₹ in crore	As at April 01, 2015 ₹ in crore
ASSETS:							
Non- current assets							
Property, plant and equipment	3		777.10		792.46		873.87
Capital-work-in-progress	3		3.68		8.90		12.44
Intangible assets	3		2.12		2.22		3.15
Financial assets							
Investments	4	168.24		228.75		–	
Loans	5	2.49		0.39		15.59	
Other financial assets	6	41.06		11.22		45.50	
			211.79		240.36		61.09
Deferred tax assets (net)	36(xi)		259.18		362.60		392.12
Other non-current assets	7		57.34		52.54		48.10
			1,311.21		1,459.08		1,390.77
Current assets							
Inventories	8		77.74		109.30		41.49
Financial assets							
Investments	9	1,400.63		–		–	
Trade receivables	10	1,124.62		1,428.31		1,341.33	
Cash and cash equivalent	11	296.39		119.67		197.06	
Other bank balances	12	5.74		–		–	
Loans	13	6.05		6.81		8.87	
Other financial assets	14	514.87		406.02		356.60	
			3,348.30		1,960.81		1,903.86
Current tax assets (net)	15		–		32.28		51.40
Other current assets	16		1,739.67		1,935.13		1,981.16
			5,165.71		4,037.52		3,977.91
TOTAL ASSETS			6,476.92		5,496.60		5,368.68
EQUITY AND LIABILITIES:							
EQUITY:							
Equity share capital	17	1,000.05		1,000.05		1,000.05	
Other equity	18	545.62		165.14		(195.89)	
			1,545.67		1,165.19		804.16
LIABILITIES:							
Non- current liabilities							
Financial liabilities							
Borrowings	19	–		–		150.03	
Other financial liabilities	20	10.02		10.17		49.03	
			10.02		10.17		199.06
Provisions	21		13.72		11.34		12.01
			23.74		21.51		211.07
Current liabilities							
Financial liabilities							
Borrowings	22	43.65		624.42		859.76	
Trade payables	23	1,689.23		1,599.61		2,019.23	
Other financial liabilities	24	306.34		160.20		250.80	
			2,039.22		2,384.23		3,129.79
Other current liabilities	25		2,670.13		1,810.18		1,145.33
Provisions	26		151.34		115.49		78.33
Current tax liabilities (net)	27		46.82		–		–
			4,907.51		4,309.90		4,353.45
TOTAL EQUITY AND LIABILITIES			6,476.92		5,496.60		5,368.68
Significant accounting policies	2						
CONTINGENT LIABILITIES	28						
COMMITMENTS (Capital and others)	29						

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH
Chief Financial Officer

ALPANA KHALE
Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note	2016-17 (₹ Crore)	2016-17 (₹ Crore)	2015-16 (₹ Crore)	2015-16 (₹ Crore)
INCOME:					
Revenue from operations	30		8,786.61		7,198.59
Other income	31		58.32		11.10
TOTAL INCOME			8,844.93		7,209.69
EXPENSES:					
Manufacturing, construction and operating expenses:	32				
Cost of raw materials and components consumed		3,368.12		2,375.19	
Excise duty		3.67		19.35	
Construction materials consumed		91.29		192.56	
Stores, spares and tools consumed		51.41		45.59	
Sub-contracting charges		2,623.95		2,478.56	
Changes in inventories of work-in-progress and stock-in-trade		16.65		(67.15)	
Other manufacturing, construction and operating expenses		841.48		917.52	
			6,996.57		5,961.62
Employee benefits expense	33		696.44		649.65
Sales, administration and other expenses	34		326.27		310.15
Finance costs	35		28.01		78.08
Depreciation, amortisation and obsolescence			94.28		101.41
TOTAL EXPENSES			8,141.57		7,100.91
Profit before tax			703.36		108.78
Tax expenses:					
Current tax (MAT)		128.45		19.14	
Less: MAT credit entitlement		128.45		19.14	
Net current tax		–		–	
Deferred tax		267.04		34.50	
			267.04		34.50
Profit for the year			436.32		74.28
Other comprehensive income:					
Remeasurements of the net defined benefit plans			(0.14)		2.51
Income tax relating to remeasurements of the net defined benefit plans			(0.01)		(0.87)
Gains and losses on hedging instruments in cash flow hedges			(101.66)		38.39
Income tax relating to gains and losses on hedging instruments in cash flow hedges			35.18		(13.29)
Total comprehensive income			369.69		101.02
Notes Forming Part Of The Financial Statements	1-36				
Basic earnings per equity share (₹)			4.36		0.74
Diluted earnings per equity share (₹)			2.48		0.48
Face value per equity share (₹)			10		10

As per our report attached

For and on behalf of the Board

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332

R. VENKATESH
Chief Financial Officer

ALPANA KHALE
Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

Place : Mumbai
Date : April 27, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 (₹ Crore)	2015-16 (₹ Crore)
A.	**Cash flow from operating activities:**		
	Profit before tax	**703.36**	*108.78*
	Adjustments for:		
	Depreciation, amortisation and obsolescence	**94.28**	*101.41*
	(Profit) / loss on fair value of Investments	**(0.63)**	–
	(Profit) / loss on sale of current investments	**(1.57)**	–
	Exchange difference on items grouped under financing / investing activities	**(1.83)**	*(15.96)*
	Interest expense	**28.01**	*78.08*
	Interest income	**(45.09)**	*(6.35)*
	Items grouped under other comprehensive income	**(0.14)**	*2.51*
	Profit on sale of fixed assets (net)	**(1.87)**	*(0.73)*
	Operating profit before working capital changes	**774.52**	*267.74*
	Adjustments for:		
	(Increase)/decrease in trade and other receivables	**312.69**	*(4.87)*
	(Increase)/decrease in inventories	**31.56**	*(67.81)*
	Increase/(decrease) in trade payables and customer advances	**1,140.62**	*203.76*
	Cash (used in)/generated from operations	**2,259.39**	*398.82*
	Direct taxes refund/(paid) - net	**(81.63)**	*(51.42)*
	Net cash (used in)/from operating activities	**2,177.76**	*347.40*
B.	**Cash flow from investing activities:**		
	Purchase of fixed assets	**(90.14)**	*(17.89)*
	Sale of fixed assets (including advance received)	**20.03**	*3.09*
	Purchase of non-current investments	**(0.00)**	*(228.75)*
	Sale of current investments	**1.92**	
	(Purchase)/Sale of current investments (net)	**(1,400.00)**	
	Interest received	**45.09**	*6.35*
	Net cash (used in)/ from investing activities	**(1,423.10)**	*(237.20)*
C.	**Cash flow from financing activities:**		
	Proceeds from fresh issue of preference shares	**–**	*260.00*
	Inter-corporate deposit with Holding Company (net of repayments)	**–**	–
	Repayment of long term borrowings	**–**	*(150.03)*
	Inter-corporate borrowing from Holding Company (net of repayments)	**(505.67)**	*507.90*
	(Repayments)/proceeds from other borrowings (net)	**(75.10)**	*(743.24)*
	Interest paid	**(27.99)**	*(62.22)*
	Net cash (used in)/ from financing activities	**(608.76)**	*(187.59)*
	Net (decrease) / increase in cash and cash equivalents (A + B + C)	**145.90**	*(77.39)*
	Add: Cash and cash equivalents of transferred undertaking received as part of Scheme [Refer note 36(xii)]	**36.56**	–
	Cash and cash equivalents at beginning of the period	**119.67**	*197.06*
	Cash and cash equivalents at end of the period	**302.13**	*119.67*

Notes:

1. Cash flow statement has been prepared under the indirect method as set out in the Indian Accounting Standard (Ind AS) 7: “Statement of cash flows” as specified in the Companies (Indian Accounting Standards) Rules, 2015.
2. Purchase of fixed assets includes movement of capital work-in-progress during the year
3. Cash and cash equivalents at the end of the year represent cash and bank balances and include unrealised gain of ₹ 10.84 crore (previous year loss: ₹ 1.30 crore) on account of translation of foreign currency bank balances.
4. Cash and cash equivalents are reflected in the Balance Sheet as follows:

	2016-17	2015-16
(a) Cash and cash equivalents disclosed under current financial assets [Note 9]	**296.39**	*119.67*
(b) Cash and cash equivalents disclosed under current financial assets [Note 10]	**5.74**	–
	302.13	*119.67*

5. Previous year’s figures have been regrouped/reclassified wherever applicable.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm’s Registration No.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332
Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH *Chief Financial Officer*

ALPANA KHALE *Company Secretary* *M. No. A40675*

SUBRAMANIAN SARMA *CEO & Managing Director* *DIN: 00554221*

K. RAVINDRANATH *Whole-time Director* *DIN: 00262462*

Place : Mumbai
Date : April 27, 2017

STATEMENT OF CHANGES IN EQUITY

EQUITY SHARE CAPITAL

(₹ crore)

	Balance as at 01-04-2015	Changes during the year 2015-16	Balance as at 31-03-2016	Changes during the year 2016-17	Balance as at 31-03-2017
Equity shares of ₹ 10 each	1,000.05	–	1,000.05	–	1,000.05
	1,000.05	**–**	**1,000.05**	**–**	**1,000.05**

OTHER EQUITY

(₹ crore)

	Equity component of preference share capital	Reserves and surplus					Items of other comprehensive income	Total other equity
		Capital reserve	Capital reserve on business combination	Capital redemption reserve	General reserve	Profit and Loss account	Hedging reserve	
Balance as at 01-04-2015	**500.00**	**0.02**	**–**	**–**	**–**	**(659.52)**	**(36.39)**	**(195.89)**
Profit for the year	–	–	–	–	–	74.28	–	74.28
Other comprehensive income	–	–	–	–	–	1.64	25.11	26.75
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**75.92**	**25.11**	**101.03**
Preference shares issued during the year	260.00	–	–	–	–	–	–	260.00
Balance as at 31-03-2016	**760.00**	**0.02**	**–**	**–**	**–**	**(583.60)**	**(11.28)**	**165.14**
Balance as at 01-04-2016	**760.00**	**0.02**	**–**	**–**	**–**	**(583.60)**	**(11.28)**	**165.14**
Profit for the year	–	–	–	–	–	436.32	–	436.32
Other comprehensive income	–	–	–	–	–	(0.15)	(66.48)	(66.63)
Total comprehensive income for the year	**–**	**–**	**–**	**–**	**–**	**436.17**	**(66.48)**	**369.69**
Capital Reserve on business combination	–	–	(59.33)	–	–	–	–	(59.33)
Reserves transferred under scheme of arrangement [Refer note 36(xii)]	–	0.30	–	0.13	1.21	68.48	–	70.12
Balance as at 31-03-2017	**760.00**	**0.32**	**(59.33)**	**0.13**	**1.21**	**(78.95)**	**(77.76)**	**545.62**

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332

Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH
Chief Financial Officer

ALPANA KHALE
Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

NOTES FORMING PART OF THE ACCOUNTS

NOTE 1 : GENERAL INFORMATION:

L&T Hydrocarbon Engineering Limited ("the Company") is a public limited company incorporated in India. It is a wholly owned subsidiary of Larsen & Toubro Limited ("L&T").

The Company was formed by transfer of Hydrocarbon division of Larsen & Toubro Limited as a going concern to 100% owned subsidiary of L&T, L&T Technologies Limited re-named as L&T Hydrocarbon Engineering Limited. This transfer was in pursuance to scheme of arrangement under the provisions of section 391 read with section 394 of the Companies Act, 1956. The scheme was approved by the Hon'ble High Court of Mumbai vide its order dated December 20, 2013 and filed with Registrar of Companies on January 16, 2014, with the appointed date as April 01, 2013.

The registered office of the Company is at L&T House, N. M. Marg, Ballard Estate, Mumbai - 400 001.

The Company is principally engaged in engineering, procurement, fabrication, construction and project management activity providing integrated 'design to build' solutions to large and complex offshore and onshore hydrocarbon projects worldwide.

NOTE 2 : SIGNIFICANT ACCOUNTING POLICIES

2.1. Statement of compliance:

The financial statements have been prepared in accordance with Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015. Further, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 1, 2015. (Refer note 36(i) for the details of first-time adoption exemptions availed by the Company).

2.2. Basis of preparation:

The Company maintains its accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting policies below. Historical cost is generally based on the fair value of the consideration given in exchange for goods and services.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Company takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date. Fair value for measurement and/ or disclosure purpose in these financial statements is determined on such basis, except for leasing transactions that are within the scope of Ind AS 17, and measurements that have some similarities to fair value but are not fair value, such as net realizable value under Ind AS 2 or value in use under Ind AS 36.

2.3. Use of estimates and judgements:

The preparation of financial statements in conformity with Ind AS requires that management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as on the date of the financial statements. Examples of such estimates include the useful lives of tangible and intangible fixed assets, deferred tax assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, etc. Differences, if any, between the actual results and estimates are recognised in the period in which the results are known.

2.4. Presentation of financial statements

The balance sheet and the statement of profit and loss are prepared and presented in the format prescribed in the schedule III to the Companies Act, 2013 ("the Act"). The cash flow statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash Flows". The disclosure requirements with respect to items in the balance sheet and statement of profit and loss, as prescribed in the schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under Ind AS.

Amounts in the financial statements are presented in Indian Rupees in crore [1 crore = 10 million] rounded off to two decimal places in line with the requirements of schedule III. Per share data are presented in Indian Rupees to two decimals places.

2.5. Business combinations

Acquisitions of businesses are accounted for using the acquisition method. The consideration transferred in a business combination is measured at fair value. However, business combinations involving entities or businesses under common control are accounted using the pooling of interest method.

The difference between, the amount of Investment in transferor company, as appearing in books of transferee company, and share capital of the transferor company is transferred to capital reserve and presented separately from other capital reserves.

2.6. Interests in joint operations

Type of joint venture	Accounting treatment
Jointly controlled operations	Company's share of revenues, common expenses, assets and liabilities are included in revenues, expenses, assets and liabilities respectively.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When the Company undertakes its activities under joint operations, the Company as a joint operator recognises in relation to its interest in a joint operation:

a. its assets, including its share of any assets held jointly;
b. its liabilities, including its share of any liabilities incurred jointly;
c. its revenue from the sale of its share of the output arising from the joint operation;
d. its share of the revenue from the sale of the output by the joint operation; and
e. its expenses, including its share of any expenses incurred jointly.

The Company accounts for the assets, liabilities, revenues, and expenses relating to its interest in a joint operation in accordance with the Ind AS applicable to the particular assets, liabilities, revenues, and expenses.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a sale or contribution of assets), the Company is considered to be conducting the transaction with the other parties to the joint operation, and gains and losses resulting from the transactions are recognized in the Company's financial statements only to the extent of other parties' interests in the joint operation.

When the Company transacts with a joint operation in which the Company is a joint operator (such as a purchase of assets), the Company does not recognise its share of the gains and losses until it resells those assets to a third party.

2.7. Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable. Revenue is reduced for estimated customer returns, rebates and other similar allowances. Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from operations

a. Sales and service

i. Sales and service include excise duty and adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable / acknowledged by customers, are not taken into account.

ii. Revenue from sale of manufactured goods is recognised when the substantial risks and rewards of ownership are transferred to the buyer under the terms of the contract.

iii. Revenue from construction/project related activity and contracts for supply/commissioning of complex plant and equipment is recognised as follows:

a. Cost plus contracts: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer.

b. Fixed price contracts: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

When contract costs incurred to date plus recognised profits less recognised losses exceed progress billings, the surplus is shown as amounts due from customers for contract work. For contracts where progress billings exceed contract costs incurred to date plus recognised profits less recognised losses, the surplus is shown as the amounts due to customers for contract work. Amounts received before the related work is performed are included in the balance sheet, as a liability, as advances received. Amounts billed for work performed but not yet paid by the customer are included in the balance sheet under trade receivables.

iv. Revenue from contracts for the rendering of services which are directly related to the construction of an asset is recognised on similar basis as stated in (iii) above.

v. Revenue from construction/project related activity and contracts executed in joint ventures under work-sharing arrangement [being jointly controlled operations, in terms of Ind AS 28 "Investments in associates and joint ventures"], are recognised on the same basis as similar contracts independently executed by the Company.

vi. Revenue from service related activities is recognised using the proportionate completion method.

vii. Revenue from engineering and service fees is recognised as per the terms of the contract.

b. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

B. Other income

i. Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable.

ii. Dividend income is accounted in the period in which the right to receive the same is established.

iii. Other items of income are accounted as and when the right to receive arises.

2.8. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

a. Finance leases:

i. Assets acquired under lease where the Company has substantially all the risks and rewards of ownership are classified as finance lease. Such assets are capitalised at the inception of the lease at the lower of the fair value or the present value of minimum lease payments and a liability is created for an equivalent amount. Each lease rental paid is allocated between the liability and the interest cost, so as to obtain a constant periodic rate of interest on the outstanding liability for each period.

ii. Assets given under lease where the Company has transferred substantially all the risks and rewards of ownership to lessee, are classified as finance leases. Assets given under a finance lease are recognised as a receivable at an amount equal to the net investment in the lease. Lease income is recognised over the period of the lease so as to yield a constant rate of return on the net investment in the lease.

iii. Initial direct costs relating to assets given on finance leases are charged to statement of profit and loss.

Operating leases:

i) Assets acquired on lease where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on accrual basis.

ii) Assets leased out under operating lease are capitalised. Rental income is recognised on accrual basis over the lease term. (Also refer to policy on depreciation infra).

2.9. Borrowing costs:

Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/premium related to borrowings, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/ inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised as an expense in the period in which they are incurred.

2.10 Employee benefits

a. Short term employee benefits:

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia are recognised in the period in which the employee renders the related service.

b. Post-employment benefits:

i. Defined contribution plans: The Company's superannuation scheme, state governed provident fund scheme, employee state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognised during the period in which the employee renders the related service.

ii. Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the balance sheet date.

Actuarial gains and losses are recognised immediately in the statement of profit and loss.

Remeasurement, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest), is reflected immediately in the balance sheet with a charge or credit recognised in other comprehensive income in the period in which they occur. Remeasurement recognised in other comprehensive income is reflected immediately in retained earnings and is not reclassified to profit or loss. Net interest is calculated by applying the discount rate at the beginning of the period to the net defined benefit liability or asset.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c. Long term employee benefits: The obligation for long term employee benefits such as long term compensated absences, long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b)(ii) above.

d. Termination benefits: Termination benefits such as compensation under voluntary retirement cum pension scheme are recognised as expense in the period in which they are incurred.

2.11 Employee stock ownership schemes

The Employees Stock Option Scheme (the Scheme) provides for grant of equity shares of Larsen & Toubro Limited (the holding company) to employees of the Company. The Scheme provides that employees are granted an option to subscribe to equity share of the holding company that vest in a graded manner. The options may be exercised within specified period. The holding company follows the fair value method to account for its stock based employee compensation plans. The expense or credit recognized in the statement of profit and loss for a period represents the movement in cumulative expense recognized as at the beginning and end of that period.

2.12 Taxes on income

Current tax

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income-tax Act, 1961 and based on the expected outcome of assessments/appeals.

Deferred tax

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax liabilities and assets are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

The measurement of deferred tax liabilities and assets reflects the tax consequences that would follow from the manner in which the Company expects, at the end of the reporting period, to recover or settle the carrying amount of its assets and liabilities.

Current and deferred tax for the year

Current and deferred tax are recognised in profit or loss, except when they relate to items that are recognised in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognised in other comprehensive income or directly in equity respectively.

2.13 Property, plant and equipment

Land and buildings held for use in the production or supply of goods or services, or for administrative purposes, are stated in the balance sheet at cost less accumulated depreciation and accumulated impairment losses. Freehold land is not depreciated.

Properties in the course of construction for production, supply or administrative purposes are carried at cost, less any recognised impairment loss. Cost includes professional fees and, for qualifying assets, borrowing costs capitalised in accordance with the Company's accounting policy. Such properties are classified to the appropriate categories of property, plant and equipment when completed and ready for intended use. Depreciation of these assets, on the same basis as other property assets, commences when the assets are ready for their intended use.

All other fixed assets are stated at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is recognised so as to write off the cost of assets (other than freehold land and properties under construction) less their residual values over their useful lives, using the straight-line method as follows:

Sr. No	Category of assets	Minimum useful life (in years)	Maximum useful life (in years)
1.	Buildings	5	60
2.	Plant and equipment	8	30
3.	Computers	3	6
4.	Office equipment	4	30
5.	Furniture and fixtures	2	10
6.	Vehicles	5	10
7.	Leasehold land	97	97
8.	Specialised softwares	3	6

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

The Company, based on technical assessment made by technical expert and management estimate, depreciates certain items of building, plant and equipment over estimated useful lives which are different from the useful life prescribed in schedule II to the Companies Act, 2013. Management believes that these estimated useful lives are realistic and reflect fair approximation of the period over which the assets are likely to be used.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis.

Assets held under finance leases are depreciated over their expected useful lives on the same basis as owned assets. However, when there is no reasonable certainty that ownership will be obtained by the end of the lease term, assets are depreciated over the shorter of the lease term and their useful lives.

2.14 Intangible assets and amortization

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are amortised as follows:

a. Specialised software: over a period of six years.

b. Technical know-how: over a period of six years in case of foreign technology and three years in the case of indigenous technology.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets not ready for the intended use on the date of the balance sheet are disclosed as “Intangible assets under development”.

Amortisation on impaired assets is provided by adjusting the amortisation charges in the remaining periods so as to allocate the asset’s revised carrying amount over its remaining useful life.

An intangible asset is derecognised on disposal, or when no future economic benefits are expected from use or disposal. Gains or losses arising from derecognition of an intangible asset, measured as the difference between the net disposal proceeds and the carrying amount of the asset, are recognised in profit or loss when the asset is derecognised.

2.15 Impairment of assets

As at each balance sheet date, the carrying amount of assets is tested for impairment so as to determine:

a. the provision for impairment loss, if any; and

b. the reversal of impairment loss recognised in previous periods, if any.

Impairment loss is recognised when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit’s net selling price and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

2.16 Inventories

Inventories are valued after providing for obsolescence, as under:

a. Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value.

b. Manufacturing work-in-progress at lower of cost including related overheads or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

c. Finished goods and stock in trade (in respect of goods acquired for trading) at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/payable on such goods.

2.17 Provisions, contingent liabilities and contingent assets

Provisions are recognised for liabilities that can be measured only by using a substantial degree of estimation, if

a. the Company has a present obligation as a result of a past event;

b. a probable outflow of resources is expected to settle the obligation; and

c. the amount of the obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of

a. a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation

b. a present obligation arising from past events, when no reliable estimate is possible

c. a possible obligation arising from past events where the probability of outflow of resources is not remote.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Contingent assets are neither recognised, nor disclosed.

Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

2.18 Financial instruments

Financial assets and financial liabilities are recognised when the entity becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss

2.19 Financial assets

All regular way purchases or sales of financial assets are recognised and derecognised on a trade date basis. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the time frame established by regulation or convention in the marketplace.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets

i. Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For the impairment policy on financial assets measured at amortised cost, refer point v.

Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (except for debt instruments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Interest income is recognised in profit or loss for FVTOCI debt instruments. For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income and accumulated under the heading of 'Reserve for debt instruments through other comprehensive income'. When the investment is disposed of, the cumulative gain or loss previously accumulated in this reserve is reclassified to profit or loss.

For the impairment policy on debt instruments at FVTOCI, refer point v.

All other financial assets are subsequently measured at fair value.

ii. Effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all fees and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Income is recognised on an effective interest basis for debt instruments other than those financial assets classified as at FVTPL. Interest income is recognised in profit or loss and is included in the "other income" line item.

iii. Investments in equity instruments at FVTOCI

On initial recognition, the Company can make an irrevocable election (on an instrument-by-instrument basis) to present the subsequent changes in fair value in other comprehensive income pertaining to investments in equity instruments. This election is not permitted if the equity investment is held for trading. These elected investments are initially measured at fair value plus transaction costs. Subsequently, they are measured at fair value with gains and losses arising from changes in fair value recognised in other comprehensive income and accumulated in the 'reserve for equity instruments through other comprehensive income'. The cumulative gain or loss is not reclassified to profit or loss on disposal of the investments.

A financial asset is held for trading if:

- it has been acquired principally for the purpose of selling it in the near term; or
- on initial recognition it is part of a portfolio of identified financial instruments that the company manages together and has a recent actual pattern of short-term profit-taking; or
- it is a derivative that is not designated and effective as a hedging instrument or a financial guarantee.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

The Company has equity investments in S&A Companies which are not held for trading.

Dividends on these investments in equity instruments are recognised in profit or loss when the Company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably. Dividends recognised in profit or loss are included in the 'other income' line item.

iv. Financial assets at fair value through profit or loss (FVTPL)

Investments in equity instruments are classified as at FVTPL, unless the Company irrevocably elects on initial recognition to present subsequent changes in fair value in other comprehensive income for investments in equity instruments which are not held for trading (see point iii above).

Debt instruments that do not meet the amortised cost criteria or FVTOCI criteria (see above) are measured at FVTPL. In addition, debt instruments that meet the amortised cost criteria or the FVTOCI criteria but are designated as at FVTPL are measured at FVTPL.

A financial asset that meets the amortised cost criteria or debt instruments that meet the FVTOCI criteria may be designated as at FVTPL upon initial recognition if such designation eliminates or significantly reduces a measurement or recognition inconsistency that would arise from measuring assets or liabilities or recognising the gains and losses on them on different bases. The Company has not designated any debt instrument as at FVTPL.

Financial assets at FVTPL are measured at fair value at the end of each reporting period, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any dividend or interest earned on the financial asset and is included in the 'other income' line item. Dividend on financial assets at FVTPL is recognised when the company's right to receive the dividends is established, it is probable that the economic benefits associated with the dividend will flow to the entity, the dividend does not represent a recovery of part of cost of the investment and the amount of dividend can be measured reliably.

v. Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables, other contractual rights to receive cash or other financial asset, and financial guarantees not designated as at FVTPL.

Expected credit losses are the weighted average of credit losses with the respective risks of default occurring as the weights. Credit loss is the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive (i.e. all cash shortfalls), discounted at the original effective interest rate (or credit-adjusted effective interest rate for purchased or originated credit-impaired financial assets). The Company estimates cash flows by considering all contractual terms of the financial instrument (for example, prepayment, extension, call and similar options) through the expected life of that financial instrument.

The Company measures the loss allowance for a financial instrument at an amount equal to the lifetime expected credit losses if the credit risk on that financial instrument has increased significantly since initial recognition. If the credit risk on a financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month expected credit losses. 12-month expected credit losses are portion of the life-time expected credit losses and represent the lifetime cash shortfalls that will result if default occurs within the 12 months after the reporting date and thus, are not cash shortfalls that are predicted over the next 12 months.

If the Company measured loss allowance for a financial instrument at lifetime expected credit loss model in the previous period, but determines at the end of a reporting period that the credit risk has not increased significantly since initial recognition due to improvement in credit quality as compared to the previous period, the Company again measures the loss allowance based on 12-month expected credit losses.

When making the assessment of whether there has been a significant increase in credit risk since initial recognition, the Company uses the change in the risk of a default occurring over the expected life of the financial instrument instead of the change in the amount of expected credit losses. To make that assessment, the Company compares the risk of a default occurring on the financial instrument as at the reporting date with the risk of a default occurring on the financial instrument as at the date of initial recognition and considers reasonable and supportable information, that is available without undue cost or effort, that is indicative of significant increases in credit risk since initial recognition.

For trade receivables or any contractual right to receive cash or another financial asset that result from transactions that are within the scope of Ind AS 11 and Ind AS 18, the company always measures the loss allowance at an amount equal to lifetime expected credit losses.

Further, for the purpose of measuring lifetime expected credit loss allowance for trade receivables, the Company has used a practical expedient as permitted under Ind AS 109. This expected credit loss allowance is computed based on a provision matrix which takes into account historical credit loss experience and adjusted for forward-looking information.

The impairment requirements for the recognition and measurement of a loss allowance are equally applied to debt instruments at FVTOCI except that the loss allowance is recognised in other comprehensive income and is not reduced from the carrying amount in the balance sheet.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

vi. Derecognition of financial assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset in its entirety, the difference between the asset's carrying amount and the sum of the consideration received and receivable and the cumulative gain or loss that had been recognised in other comprehensive income and accumulated in equity is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset.

On derecognition of a financial asset other than in its entirety (e.g. when the Company retains an option to repurchase part of a transferred asset), the Company allocates the previous carrying amount of the financial asset between the part it continues to recognise under continuing involvement, and the part it no longer recognises on the basis of the relative fair values of those parts on the date of the transfer. The difference between the carrying amount allocated to the part that is no longer recognised and the sum of the consideration received for the part no longer recognised and any cumulative gain or loss allocated to it that had been recognised in other comprehensive income is recognised in profit or loss if such gain or loss would have otherwise been recognised in profit or loss on disposal of that financial asset. A cumulative gain or loss that had been recognised in other comprehensive income is allocated between the part that continues to be recognised and the part that is no longer recognised on the basis of the relative fair values of those parts.

vii. Foreign exchange gains and losses

The fair value of financial assets denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of each reporting period.

- For foreign currency denominated financial assets measured at amortised cost and FVTPL, the exchange differences are recognised in profit or loss except for those which are designated as hedging instruments in a hedging relationship.
- Changes in the carrying amount of investments in equity instruments at FVTOCI relating to changes in foreign currency rates are recognised in other comprehensive income.
- For the purposes of recognising foreign exchange gains and losses, FVTOCI debt instruments are treated as financial assets measured at amortised cost. Thus, the exchange differences on the amortised cost are recognised in profit or loss and other changes in the fair value of FVTOCI financial assets are recognised in other comprehensive income.

2.20 Financial liabilities and equity instruments

i. Classification as debt or equity

Debt and equity instruments issued by a group entity are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument.

ii. Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the entity are recognised at the proceeds received, net of direct issue costs.

Repurchase of the Company's own equity instruments is recognised and deducted directly in equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments.

iii. Compound financial instruments

The component parts of compound financial instruments (convertible notes) issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of the contractual arrangements and the definitions of a financial liability and an equity instrument. A conversion option that will be settled by the exchange of a fixed amount of cash or another financial asset for a fixed number of the Company's own equity instruments is an equity instrument.

At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for similar non-convertible instruments. This amount is recognised as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date.

The conversion option classified as equity is determined by deducting the amount of the liability component from the fair value of the compound financial instrument as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured. In addition, the conversion option classified as equity will remain in equity until the conversion option is exercised, in which case, the balance recognised in equity will be transferred to other component of equity. When the conversion option remains unexercised at the maturity date of the convertible note, the balance recognised in equity will be transferred to retained earnings. No gain or loss is recognised in profit or loss upon conversion or expiration of the conversion option.

Transaction costs that relate to the issue of the convertible notes are allocated to the liability and equity components in proportion to the allocation of the gross proceeds. Transaction costs relating to the equity component are recognised directly in equity. Transaction costs relating to the liability component are included in the carrying amount of the liability component and are amortised over the lives of the convertible notes using the effective interest method.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

iv. Financial liabilities

All financial liabilities are subsequently measured at amortised cost using the effective interest method or at FVTPL.

However, financial liabilities that arise when a transfer of a financial asset does not qualify for derecognition or when the continuing involvement approach applies, financial guarantee contracts issued by the company, and commitments issued by the company to provide a loan at below-market interest rate are measured in accordance with the specific accounting policies set out below.

a. Financial liabilities at FVTPL

Financial liabilities are classified as at FVTPL when the financial liability is either contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies or is held for trading or it is designated as at FVTPL.

A financial liability is classified as held for trading if:

- o it has been incurred principally for the purpose of repurchasing it in the near term; or
- o on initial recognition it is part of a portfolio of identified financial instruments that the Group manages together and has a recent actual pattern of short-term profit-taking; or
- o it is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading or contingent consideration recognised by the Group as an acquirer in a business combination to which Ind AS 103 applies, may be designated as at FVTPL upon initial recognition if:

- o such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- o the financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluated on a fair value basis, in accordance with the company's documented risk management or investment strategy, and information about the grouping is provided internally on that basis; or
- o it forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurement recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability and is included in the 'Other income' line item.

However, for non-held-for-trading financial liabilities that are designated as at FVTPL, the amount of change in the fair value of the financial liability that is attributable to changes in the credit risk of that liability is recognised in other comprehensive income, unless the recognition of the effects of changes in the liability's credit risk in other comprehensive income would create or enlarge an accounting mismatch in profit or loss, in which case these effects of changes in credit risk are recognised in profit or loss. The remaining amount of change in the fair value of liability is always recognised in profit or loss. Changes in fair value attributable to a financial liability's credit risk that are recognised in other comprehensive income are reflected immediately in retained earnings and are not subsequently reclassified to profit or loss.

Gains or losses on financial guarantee contracts and loan commitments issued by the company that are designated by the company as at fair value through profit or loss are recognised in profit or loss.

Fair value is determined in the manner described in note 36(xvii).

b. Financial liabilities subsequently measured at amortised cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortised cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortised cost are determined based on the effective interest method. Interest expense that is not capitalised as part of costs of an asset is included in the 'Finance costs' line item.

c. Foreign exchange gains and losses

For financial liabilities that are denominated in a foreign currency and are measured at amortised cost at the end of each reporting period, the foreign exchange gains and losses are determined based on the amortised cost of the instruments and are recognised in 'Other income'.

The fair value of financial liabilities denominated in a foreign currency is determined in that foreign currency and translated at the spot rate at the end of the reporting period. For financial liabilities that are measured as at FVTPL, the foreign exchange component forms part of the fair value gains or losses and is recognised in profit or loss.

d. Derecognition of financial liabilities

The company derecognises financial liabilities when, and only when, the company's obligations are discharged, cancelled or have expired. An exchange between with a lender of debt instruments with substantially different terms is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, a substantial modification of the terms of an existing financial liability (whether or not attributable to the financial difficulty of the debtor) is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. The difference between the carrying amount of the financial liability derecognised and the consideration paid and payable is recognised in profit or loss.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

2.21 Derivative financial instruments

The Company enters into a variety of derivative financial instruments to manage its exposure to interest rate and foreign exchange rate risks, including foreign exchange forward contracts, interest rate swaps and cross currency swaps. Further details of derivative financial instruments are disclosed in note 36(xvii).

Derivatives are initially recognised at fair value at the date the derivative contracts are entered into and are subsequently remeasured to their fair value at the end of each reporting period. The resulting gain or loss is recognised in profit or loss immediately unless the derivative is designated and effective as a hedging instrument, in which event the timing of the recognition in profit or loss depends on the nature of the hedging relationship and the nature of the hedged item.

Embedded derivatives

Derivatives embedded in non-derivative host contracts that are not financial assets within the scope of Ind AS 109 are treated as separate derivatives when their risks and characteristics are not closely related to those of the host contracts and the host contracts are not measured at FVTPL.

2.22 Hedge accounting

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

At the inception of the hedge relationship, the entity documents the relationship between the hedging instrument and the hedged item, along with its risk management objectives and its strategy for undertaking various hedge transactions. Furthermore, at the inception of the hedge and on an ongoing basis, the Company documents whether the hedging instrument is highly effective in offsetting changes in fair values or cash flows of the hedged item attributable to the hedged risk.

i. Fair value hedges

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk. The change in the fair value of the designated portion of hedging instrument and the change in the hedged item attributable to the hedged risk are recognised in profit or loss in the line item relating to the hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

ii. Cash flow hedges

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other income’ line item.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to effective portion (as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item. However, when the hedged forecast transaction results in the recognition of a non-financial asset or a non-financial liability, such gains and losses are transferred from equity (but not as a reclassification adjustment) and included in the initial measurement of the cost of the non-financial asset or non-financial liability.

In cases where the designated hedging instruments are options and forward contracts, the Company has an option, for each designation, to designate on an instrument only the changes in intrinsic value of the options and spot element of forward contracts respectively as hedges. In such cases, the time value of the options is accounted based on the type of hedged item which those options hedge.

In case of transaction related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. This separate component is removed and directly included in the initial cost or other carrying amount of the asset or the liability (i.e. not as a reclassification adjustment thus not affecting other comprehensive income) if the hedged item subsequently results in recognition of a non-financial asset or a non-financial liability. In other cases, the amount accumulated is reclassified to profit or loss as a reclassification adjustment in the same period in which the hedged expected future cash flows affect profit or loss.

In case of time-period related hedged item in the above cases, the change in time value of the options is recognised in other comprehensive income to the extent it relates to the hedged item and accumulated in a separate component of equity i.e. Reserve for time value of options and forward elements of forward contracts in hedging relationship. The time value of options at the date of designation of the options in the hedging relationships is amortised on a systematic and rational basis over the period during which the options’ intrinsic value could affect profit or loss. This is done as a reclassification adjustment and hence affects other comprehensive income.

In cases where only the spot element of the forward contracts is designated in a hedging relationship and the forward element of the forward contract is not designated, the Company makes the choice for each designation whether to recognise the changes in forward element of fair value of the forward contracts in profit or loss or to account for this element similar to the time value of an option (as described above).

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

iii. Hedges of net investments in foreign operations

Hedges of net investments in foreign operations are accounted for similarly to cash flow hedges. Any gain or loss on the hedging instrument relating to the effective portion of the hedge is recognised in other comprehensive income and accumulated under the heading of foreign currency translation reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss, and is included in the ‘other income’ line item.

Gains and losses on the hedging instrument relating to the effective portion of the hedge accumulated in the foreign currency translation reserve are reclassified to profit or loss on the disposal of the foreign operation.

2.23 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

2.24 Research and development

Revenue expenditure on research and development is expensed under respective heads of account in the period in which it is incurred.

2.25 Cash and bank balances

Cash and bank balances include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

2.26 Commitments

Commitments are future liabilities for contractual expenditure.

Commitments are classified and disclosed as follows:

a. Estimated amount of contracts remaining to be executed on capital account and not provided for

b. Uncalled liability on shares and other investments partly paid

c. Funding related commitment to subsidiary, associate and joint venture companies and

d. Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

2.27 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

2.28 Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method. Under the indirect method, the net profit is adjusted for the effects of:

I. transactions of a non-cash nature

II. any deferrals or accruals of past or future operating cash receipts or payments and

III. items of income or expense associated with investing or financing cash flows

Cash and cash equivalents (including bank balances) are reflected as such in the cash flow statement. Those cash and cash equivalents which are not available for general use as on the date of balance sheet are also included under this category with a specific disclosure.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 3 (I) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crore)

	COST					DEPRECIATION/AMORTISATION					NET BOOK VALUE		
	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	**As at 31-03-2017**	As at 01-04-2016	As at 01-04-2015
Land													
Free Hold	1.03	–	–	–	**1.03**	–	–	–	–	–	**1.03**	1.03	1.03
Lease Hold	94.23	–	–	1.79	**92.44**	1.03	–	1.03	0.14	**1.92**	**90.52**	93.20	94.23
Sub total - land	**95.26**	–	–	**1.79**	**93.47**	**1.03**	–	**1.03**	**0.14**	**1.92**	**91.55**	**94.23**	**95.26**
Buildings	166.12	–	6.01	7.47	**164.66**	9.54	–	8.66	0.40	**17.80**	**146.86**	156.58	159.07
Plant and equipment	579.96	–	65.08	11.25	**633.79**	75.26	–	68.45	2.97	**140.74**	**493.05**	504.70	576.18
Computers	17.25	1.01	7.33	2.61	**22.98**	5.59	0.39	5.99	2.38	**9.59**	**13.39**	11.66	12.44
Office equipments	8.22	0.34	2.31	1.26	**9.61**	2.92	0.22	2.24	1.25	**4.13**	**5.48**	5.30	6.56
Furniture and fixtures	6.62	0.60	2.93	3.04	**7.11**	1.32	0.25	1.33	2.56	**0.34**	**6.78**	5.30	6.50
Vehicles	18.62	0.03	11.24	1.80	**28.03**	3.93	0.03	5.15	1.00	**8.10**	**19.98**	14.69	17.86
Total	**892.05**	**1.98**	**94.90**	**29.22**	**959.71**	**99.59**	**0.88**	**92.84**	**10.70**	**182.61**	**777.10**	**792.46**	**873.87**
Add: Capital work in progress											**3.68**	8.90	12.44
Total - Tangible assets											**780.78**	801.36	886.31

NOTE 3 (II) : INTANGIBLE ASSETS

(₹ Crore)

	COST					DEPRECIATION/AMORTISATION					NET BOOK VALUE		
	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	As at 01-04-2016	Transfer on business combination	Additions	Deductions	**As at 31-03-2017**	**As at 31-03-2017**	As at 01-04-2016	As at 01-04-2015
Specialised softwares	6.94	12.24	0.45	–	**19.63**	4.72	11.71	1.08	–	**17.51**	**2.12**	2.22	3.15
Total- Specialised softwares	**6.94**	**12.24**	**0.45**	–	**19.63**	**4.72**	**11.71**	**1.08**	–	**17.51**	**2.12**	**2.22**	**3.15**
Total - Intangible assets											**2.12**	2.22	3.15

Note: (i) Obsolescence during the year - ₹.0.42 crore (previous year ₹ 0.30 crore).

(i) a. Cost / valuation of freehold land includes ₹ 1.03 crore for which conveyance is yet to be completed.

b. Cost / valuation of leasehold land includes ₹ 73.78 crore (previous year ₹ 73.92 crore) for which agreement is yet to be executed.

(ii) Cost / valuation of buildings includes ₹ 16.72 crore for jetty for which the lease agreement is yet to be executed.

(iii) Depreciation, amortisation and obsolescence for the year on property, plant and equipment includes ₹ 0.36 crore (previous year: ₹ 0.4 crore) on account of obsolescence.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 3 (III) : PROPERTY, PLANT AND EQUIPMENT

(₹ Crore)

	COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 31-03-2016	As at 01-04-2015
Land										
Free Hold	1.03	–	–	1.03	–	–	–	–	1.03	1.03
Lease Hold	94.23	–	–	94.23	–	1.03	–	1.03	93.20	94.23
Sub total - land	**95.26**	–	–	**95.26**	–	**1.03**	–	**1.03**	**94.23**	**95.26**
Buildings	159.07	7.05	0.00	166.12	–	9.54	0.00	9.54	156.58	159.07
Plant and equipment	576.18	3.82	0.05	579.95	–	75.31	0.05	75.26	504.70	576.18
Computers	12.44	5.06	0.25	17.25	–	5.72	0.13	5.59	11.66	12.44
Office equipments	6.56	1.67	0.01	8.22	–	2.92	(0.00)	2.92	5.29	6.56
Furniture and fixtures	6.50	0.41	0.29	6.62	–	1.32	0.00	1.32	5.29	6.50
Vehicles	17.86	2.77	2.01	18.62	–	4.21	0.28	3.93	14.70	17.86
Total	**873.87**	**20.78**	**2.61**	**892.04**	–	**100.05**	**0.46**	**99.59**	**792.45**	**873.87**
Add: Capital work in progress									8.90	12.44
Total - Tangible assets									**801.35**	**886.31**

NOTE 3 (IV) : INTANGIBLE ASSETS

(₹ Crore)

	COST				DEPRECIATION/AMORTISATION				NET BOOK VALUE	
	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 01-04-2015	Additions	Deductions	As at 31-03-2016	As at 31-03-2016	As at 01-04-2015
Specialised softwares	6.94	–	–	6.94	3.80	0.92	–	4.72	2.22	3.15
Total- Specialised softwares	**6.94**	–	–	**6.94**	**3.80**	**0.92**	–	**4.72**	**2.22**	**3.15**
Total - Intangible assets									**2.22**	**3.15**

Note: (i) Obsolescence during the year - ₹ 0.42 crore (previous year ₹ 0.30 crore).

(i) a. Cost / valuation of freehold land includes ₹ 1.03 crore for which conveyance is yet to be completed.

b. Cost / valuation of leasehold land includes ₹ 73.78 crore (previous year ₹ 73.92 crore) for which agreement is yet to be executed.

(ii) Cost / valuation of buildings includes ₹ 16.72 crore for jetty for which the lease agreement is yet to be executed.

(iii) Depreciation, amortisation and obsolescence for the year on Property, Plant & Equipment includes ₹ 0.36 crore (previous year: ₹ 0.4 crore) on account of obsolescence.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	**As at 31-03-2017 ₹ crore**	*As at 31-03-2016 ₹ crore*	*As at 01-04-2015 ₹ crore*
NOTE 4 : NON CURRENT INVESTMENTS			
Investments in equity instruments			
Investment in subsidiary companies			
Fully paid equity shares subsidiary Co.			
LT Arabia LLC (7,500 equity shares of SAR 1,000 each fully paid) (CY ₹ 65)	**0.00**	–	–
L&T-Valdel Engineering Limited (11,79,000 equity shares of ₹ 10 each fully paid)	**–**	*60.51*	–
Investment in associates			
Fully paid equity shares associate Co.			
L&T Chiyoda Limited (45,00,000 equity shares of ₹ 10 each fully paid)	**52.93**	*52.93*	–
Investment in joint ventures			
Fully paid equity shares joint venture Co.			
L&T Sapura Shipping Private Limited (9,53,11,850 equity shares of ₹ 10 each fully paid)	**104.51**	*104.51*	–
L&T Sapura Offshore Private Limited (6,000 equity shares of ₹ 10 each fully paid)	**0.01**	*0.01*	–
L&T Gulf Private Limited (40,00,016 equity shares of ₹ 10 each fully paid)	**10.79**	*10.79*	–
Total Non-current Investments	**168.24**	*228.75*	–

Note: (i) Aggregate value of unquoted investments - Book value - ₹ 168.24 crore (PY ₹ 228.75 crore)

Particulars	**As at 31-03-2017 ₹ crore**	*As at 31-03-2016 ₹ crore*	*As at 01-04-2015 ₹ crore*
NOTE 5 : NON CURRENT - LOANS AND ADVANCES			
Security deposits:			
Unsecured considered good			
Security deposits	**2.46**	*0.35*	*15.19*
Other loans and advances:			
Unsecured			
Housing loan	**0.03**	*0.04*	*0.40*
	2.49	*0.39*	*15.59*
NOTE 6 : OTHER NON-CURRENT FINANCIAL ASSETS			
Fixed deposits with banks (maturity more than 12 months)			
Balance with Scheduled banks fixed deposit with maturity more than 12 Months (₹ 25,000)	**0.00**	*0.00*	*0.00*
Forward contract receivable	**30.32**	*8.80*	*39.34*
Embedded derivative receivable	**10.74**	*2.42*	*6.16*
	41.06	*11.22*	*45.50*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 7 : OTHER NON-CURRENT ASSETS

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Unsecured capital advances						
Capital advances		–		–		–
Long term advances recoverable in cash or kind						
Prepaid Expenses	0.61		0.07		–	
Sales Tax Recoverable	0.21		0.16		0.16	
VAT Recoverable	22.54		23.06		20.88	
Sales Tax Advance Payment	23.18		18.45		16.26	
		46.54		41.74		37.30
Balance with Customs		10.80		10.80		10.80
		57.34		52.54		48.10

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 8 : INVENTORIES (at cost or net realisable value whichever is lower)			
Components	0.52	0.49	0.60
Construction material	0.18	4.61	14.81
Manufacturing work -in- progress [Note Q(22)(c)]	74.90	97.17	20.60
Stores and spares	2.14	7.03	5.48
	77.74	109.30	41.49
NOTE 9 : CURRENT INVESTMENTS			
Investment in Mutual fund carried at fair value through profit and loss	1,400.63	–	–
"(Plan: L&T Liquid Fund Direct Plan - Growth"Unit balance as on 31-03-2017: 62,80,728.040)"			
	1,400.63	–	–

NOTE 10 : TRADE RECEIVABLES

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Unsecured:						
Considered good	1,124.62		1,428.31		1,341.33	
Considered doubtful	210.20		214.82		121.84	
		1,334.82		1,643.13		1,463.17
Less:Allowance for doubtful debts		210.20		214.82		121.84
		1,124.62		1,428.31		1,341.33

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 11 : CASH AND CASH EQUIVALENTS			
Balances with banks	**122.13**	82.16	196.51
Remittance in transit (previous year ₹ 23,481)	**131.30**	37.36	–
Cash on hand	**0.25**	0.15	0.55
Fixed deposits with banks (maturity less than 3 months)	**42.71**	–	–
	296.39	119.67	197.06
NOTE 12 : OTHER BANK BALANCES			
Fixed deposit with banks including interest accrued thereon			
Maturity more than 3 months and less than 12 months	**4.32**	–	–
Margin money as security against borrowings and guarantees	**1.42**	–	–
	5.74	–	–

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
NOTE 13 : CURRENT - LOANS AND ADVANCES						
Security deposits						
Security deposits - unsecured		**5.78**		6.70		8.64
Earnest Money Deposit		**0.07**		–		–
Other loans - current						
Advances recoverable in cash or in kind		**0.20**		0.11		0.23
		6.05		6.81		8.87
NOTE 14 : OTHER CURRENT FINANCIAL ASSETS						
Advances to related parties						
Parent, subsidiary and fellow subsidiary companies						
Current account balances	**201.32**		247.11		177.60	
Inter corporate deposit with parent company	**5.52**		–		–	
		206.84		247.11		177.60
Associate companies						
Advances recoverable	**–**		–		0.03	
Current account balances	**3.92**		1.95		20.98	
		3.92		1.95		21.01
Joint ventures						
Amount receivable from Joint venture companies		**61.54**		55.74		26.97
Advances recoverable in cash or in kind						
Forward contract receivable		**115.43**		85.89		64.09
Other loans and advances		**11.50**		4.49		17.59
Embedded derivative receivable		**115.64**		10.84		49.34
Doubtful other loan and advances	**39.01**		42.69		42.69	
Less: Allowance for doubtful loan and advances	**(39.01)**		(42.69)		(42.69)	
		–		–		–
		514.87		406.02		356.60

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	**As at 31-03-2017 ₹ crore**	*As at 31-03-2016 ₹ crore*	*As at 01-04-2015 ₹ crore*
NOTE 15 : CURRENT TAX ASSETS			
Tax deducted at source	**–**	*51.42*	*51.40*
Less: Provision for current year tax	**–**	*(19.14)*	*–*
	–	*32.28*	*51.40*
NOTE 16 : OTHER CURRENT ASSET			
Due from customers (construction and project related activity)	**582.85**	*1,093.92*	*1,261.29*
Retentions	**443.28**	*243.38*	*289.67*
Income tax receivable net of provision for tax	**216.41**	*140.94*	*13.13*
Balances with customs, port trust etc.	**0.17**	*0.18*	*–*
Advance recoverable other than in cash	**496.88**	*456.59*	*416.87*
Current assets - others	**0.08**	*0.12*	*0.20*
	1,739.67	*1,935.13*	*1,981.16*

NOTE 17 : SHARE CAPITAL

Note 17(i) : Authorised, issued, subscribed and paid up:

Particulars	**As at March 31, 2017** Number of shares	₹ crore	*As at March 31, 2016* Number of shares	₹ crore	*As at April 01, 2015* Number of shares	₹ crore
Authorised:						
Equity shares of ₹ 10 each	**2,00,20,00,000**	**2,002.00**	*2,000,000,000*	*2,000.00*	*2,000,000,000*	*2,000.00*
Issued, subscribed and paid up:						
Equity shares of ₹ 10 each	**1,00,00,50,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*
		1,000.05		*1,000.05*		*1,000.05*

The authorised share capital was increased to 2,00,20,00,000 shares of ₹ 10 each pursuant to the merger of its subsidiary, L&T Valdel Engineering Limited vide the order dated March 31, 2017 of the National Company Law Tribunal, Bengaluru Bench. [Refer note 36(xii)]

Note 17(ii) : Reconciliation of the number of equity shares and share capital:

Particulars	**As at March 31, 2017** Number of shares	₹ crore	*As at March 31, 2016* Number of shares	₹ crore	*As at April 01, 2015* Number of shares	₹ crore
Issued, subscribed and fully paid up equity shares outstanding at the beginning of the year:						
Equity shares of ₹ 10 each	**1,000,050,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*
Issued, subscribed and fully paid up equity shares outstanding at the end of the year:						
Equity shares of ₹ 10 each	**1,000,050,000**	**1,000.05**	*1,000,050,000*	*1,000.05*	*1,000,050,000*	*1,000.05*

Note 17(iii) : Terms/rights attached to equity shares

Equity shares of the Company are issued at a par value of ₹ 10 per share. Each holder of equity shares is entitled to one vote per share.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

17(iv) : Shareholders holding more than 5% of equity share as at the end of the year:

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2017 Shareholding %	As at March 31, 2016 Number of shares	As at March 31, 2016 Shareholding %	As at April 01, 2015 Number of shares	As at April 01, 2015 Shareholding %
Larsen & Toubro Limited:						
Equity shares of ₹ 10 each	**1,000,050,000**	**100%**	*1,000,050,000*	*100%*	*1,000,050,000*	*100%*

Note 17(v) : In the period of five years immediately preceding March 31, 2017:

There are no shares allotted pursuant to contract without payment being received in cash.

There are no shares allotted by way of bonus shares.

There are no shares bought back.

NOTE 18 :

Note 18(i) : Other equity

Particulars	As at March 31, 2017 ₹ crore	As at March 31, 2017 ₹ crore	As at March 31, 2016 ₹ crore	As at March 31, 2016 ₹ crore	As at April 01, 2015 ₹ crore	As at April 01, 2015 ₹ crore
Equity component of preference share capital		**760.00**		*760.00*		*500.00*
Capital reserve						
As per last balance sheet	**0.02**		*0.02*		*0.02*	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	**0.30**		–		–	
		0.32		*0.02*		*0.02*
Capital reserve on business combination						
As per last balance sheet	**–**		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	**(59.33)**		–		–	
		(59.33)		–		–
Capital redemption reserve						
As per last balance sheet	**–**		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	**0.13**		–		–	
		0.13		–		–
General reserve						
As per last balance sheet	**–**		–		–	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	**1.21**		–		–	
		1.21		–		–
Hedging reserve (net of tax)						
As per last balance sheet	**(11.28)**		*(36.39)*		*(116.66)*	
Addition/(deduction) during the year (net)	**(66.48)**		*25.11*		*80.27*	
		(77.76)		*(11.28)*		*(36.39)*
Surplus statement of profit and loss						
As per last balance sheet	**(583.60)**		*(659.52)*		*(2.33)*	
Addition/(deduction) during the year (net) on merger of L&T Valdel Engineering Limited [Refer note 36(xii)]	**68.48**		–		–	
Depreciation Charge against Retained Earnings					*(4.69)*	
Deferred Tax Charge against Retained Earnings					*1.62*	
Profit / (loss) for the period	**436.32**		*74.28*		*(654.12)*	
Other comprehensive income	**(0.15)**		*1.64*		–	
		(78.95)		*(583.60)*		*(659.52)*
		545.62		*165.14*		*(195.89)*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Note 18(ii) : Reconciliation of the number of preference shares and preference share capital:

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2017 ₹ crore	As at March 31, 2016 Number of shares	As at March 31, 2016 ₹ crore	As at April 01, 2015 Number of shares	As at April 01, 2015 ₹ crore
Authorised Preference shares of ₹ 10 each	**1,000,000,000**	**1000.00**	*1,000,000,000*	*1000.00*	*1,000,000,000*	*1000.00*
Issued, subscribed and fully paid up preference shares outstanding at the beginning of the year:						
10% Preference shares of ₹ 10 each	**500,000,000**	**500.00**	*500,000,000*	*500.00*	*500,000,000*	*500.00*
12% Preference shares of ₹ 10 each	**260,000,000**	**260.00**	–	–	–	–
Add:						
Shares issued during the year:						
10% Preference shares of ₹ 10 each	**–**	**–**	–	–	–	–
12% Preference shares of ₹ 10 each	**–**	**–**	*260,000,000*	*260.00*	–	–
Issued, subscribed and fully paid up preference shares outstanding at the end of the year:						
10% Preference shares of ₹ 10 each	**500,000,000**	**500.00**	*500,000,000*	*500.00*	*500,000,000*	*500.00*
12% Preference shares of ₹ 10 each	**260,000,000**	**260.00**	*260,000,000*	*260.00*	–	–

Note 18(iii) : Terms/rights attached to preference shares

Existing 10% and 12% convertible preference shares are with rights and privileges as provided below:

1. Dividend payable is non-cumulative (Nil for C.Y. and P.Y.).
2. Preference shares are convertible at the option of issuer in the following ratio: 1 preference share of ₹ 10 will be convertible into 1 equity share of ₹ 10 at par.
3. Tenure of preference shares will be 15 years.
4. Company has the option to redeem preference shares at any time.

Note 18(iv) : Shareholders holding more than 5% of preference shares as at the end of the year:

Particulars	As at March 31, 2017 Number of shares	As at March 31, 2017 Shareholding %	As at March 31, 2016 Number of shares	As at March 31, 2016 Shareholding %	As at April 01, 2015 Number of shares	As at April 01, 2015 Shareholding %
Larsen & Toubro Limited:						
10% Preference shares of ₹ 10 each	**500,000,000**	**100%**	*500,000,000*	*100%*	*500,000,000*	*100%*
12% Preference shares of ₹ 10 each	**260,000,000**	**100%**	*260,000,000*	*100%*	–	–

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 19 : LONG-TERM BORROWINGS			
Loans and advances from related parties (unsecured) (Inter corporate borrowing from Holding Company)	**–**	–	*150.03*
	–	–	*150.03*
NOTE 20 : OTHER FINANCIAL LIABILITIES			
Forward contract payable	**–**	*5.32*	*14.28*
Embedded derivatives payable	**10.02**	*4.85*	*34.75*
	10.02	*10.17*	*49.03*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 21 : LONG-TERM PROVISIONS

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
Provision for employee benefits			
Post-retirement medical benefits plan [Note Q(5)(iii)(a)]	**13.72**	11.34	9.97
Interest rate guarantee-provident fund [Note Q(5)(iii)(a)]	**–**	–	2.04
	13.72	11.34	12.01

NOTE 22 : SHORT TERM BORROWINGS

	As at March 31, 2017			As at March 31, 2016			As at April 01, 2015		
Particulars	Secured ₹ crore	Unsecured ₹ crore	Total ₹ crore	Secured ₹ crore	Unsecured ₹ crore	Total ₹ crore	Secured ₹ crore	Unsecured ₹ crore	Total ₹ crore
Loans repayable on demand from banks	**–**	**0.39**	**0.39**	–	0.20	0.20	112.38	–	112.38
Short term loans and advances from banks	**13.01**	**28.02**	**41.03**	74.35	41.97	116.32	48.77	301.57	350.34
Commercial paper	**–**	**–**	**–**	–	–	–	–	397.04	397.04
Loans from related parties (Inter corporate borrowing from Holding Company)	**–**	**2.23**	**2.23**	–	507.90	507.90	–	–	–
	13.01	**30.64**	**43.65**	74.35	550.07	624.42	161.15	698.61	859.76

Note:

Loans repayable on demand from banks include fund based working capital facilities viz. cash credits and demand loans. Working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit, are secured by hypothecation of inventories, book debts and receivables.

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 23 : TRADE PAYABLES			
Total outstanding dues of Micro and Small Enterprises [Note Q(19)]	**8.47**	9.57	15.62
Total outstanding dues of creditors other than Micro and Small Enterprises:			
Acceptances	**1.13**	53.61	212.93
Due to related parties:			
Holding Company	**82.65**	108.78	130.54
Subsidiary and fellow subsidiary companies	**60.16**	64.55	129.75
Associate companies	**10.18**	5.07	56.49
Joint venture companies	**61.20**	29.35	7.66
Due to others	**1,465.44**	1,328.68	1,466.24
	1,689.23	1,599.61	2,019.23
NOTE 24 : OTHER FINANCIAL LIABILITIES			
Forward contracts payable	**112.91**	35.62	84.81
Embedded derivative payable	**73.47**	31.52	57.65
Due to creditors for capital goods/ services	**9.80**	9.24	6.48
Other payable	**110.16**	83.82	101.86
	306.34	160.20	250.80

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 25 : OTHER CURRENT LIABILITIES			
Due to customers (construction related activity)	**1,680.41**	*625.94*	*401.39*
Advances from customers	**599.44**	*730.45*	*575.78*
Other payable (including sales tax and service tax)	**390.28**	*453.79*	*168.16*
	2,670.13	*1,810.18*	*1,145.33*

NOTE 26 : SHORT TERM PROVISIONS

Particulars	As at March 31, 2017 ₹ crore	₹ crore	As at March 31, 2016 ₹ crore	₹ crore	As at April 01, 2015 ₹ crore	₹ crore
Provision for employee benefits :						
Gratuity	**20.06**		*14.23*		*3.76*	
Compensated absences	**68.82**		*50.47*		*38.03*	
Post-retirement medical benefits plan	**0.02**		*0.04*		*0.03*	
Bonus provision	**0.90**		*0.90*		*0.09*	
		89.80		*65.64*		*41.91*
Others:						
Other provisions [Refer note 36(xiii)]	**61.54**		*49.85*		*36.42*	
		61.54		*49.85*		*36.42*
		151.34		*115.49*		*78.33*

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
NOTE 27 : CURRENT TAX LIABILITIES (NET)			
Provision for current year tax	**128.45**	–	–
Less: Tax deducted at source	**81.63**	–	–
	46.82	–	–
NOTE 28 : CONTINGENT LIABILITIES			
(a) Sales-tax liability that may arise in respect of matters in appeal	**16.10**	*21.60*	*20.00*
(b) Excise duty/service tax liability that may arise in respect of matters in appeal/ challenged by the Company	**6.74**	*6.61*	*1.37*
(c) Income-tax liability (including penalty) that may arise in respect of which the Company is in appeal	**24.76**	*2.74*	*2.57*

Notes:
1. The Company does not expect any reimbursements in respect of the above contingent liabilities.
2. It is not practicable to estimate the timing of cash outflows, if any, in respect of matters at (a) to (c) above pending resolution of the appellate proceedings.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 29 : COMMITMENTS

Particulars	As at 31-03-2017 ₹ crore	As at 31-03-2016 ₹ crore	As at 01-04-2015 ₹ crore
Pending capital orders	15.81	55.06	13.41
Less: Capital provisions	2.64	(2.64)	–
Less: Capital advance	0.43	–	–
Pending capital orders Intangible assets	0.31	–	–

	2016-17		2015-16	
	(₹ Crore)	(₹ Crore)	(₹ Crore)	(₹ Crore)
NOTE 30 : REVENUE FROM OPERATIONS				
Sales and service: [Note Q(22)(a)]				
Manufacturing and trading activity	394.92		244.51	
Construction and project related activity	8,081.46		6,879.85	
Commission	(0.74)		4.31	
Engineering and service fees	55.36		3.37	
		8,531.00		7,132.04
Other operational revenue:				
Income from hire of plant and equipment	20.73		31.02	
Technical fees	4.57		3.50	
Income from services to Group companies	11.04		21.00	
Premium earned (net) on related forward exchange contract	(0.44)		–	
Insurance claim recoveries	212.49		2.16	
Miscellaneous income	7.22		8.87	
		255.61		66.55
		8,786.61		7,198.59
NOTE 31 : OTHER INCOME				
Interest income - Parent Company		40.13		6.31
Interest income - Others		4.96		0.04
Profit on sale of current investments (net)		1.57		–
Profit on fair value of investments (net)		0.63		–
Profit on sale of fixed assets (net)		1.87		0.73
Miscellaneous income		9.16		4.02
		58.32		11.10

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

	2016-17		2015-16	
	(₹ Crore)	(₹ Crore)	(₹ Crore)	(₹ Crore)
NOTE 32 : MANUFACTURING, CONSTRUCTION AND OPERATING EXPENSES				
Materials consumed				
Raw materials and components [Note Q(22)(b)]	3,392.51		2,397.58	
Less: scrap sales	24.39		22.39	
		3,368.12		2,375.19
Excise duty		3.67		19.35
Construction materials		91.29		192.56
Stores,spares and tools consumed		51.41		45.59
Sub-contracting charges		2,623.95		2,478.56
Changes in inventories of work- in- progress and stock- in- trade:				
Closing stock:				
Work-in-progress	106.28		122.93	
Less:opening stock:				
Work-in-progress	122.93		55.78	
		16.65		(67.15)
Other manufacturing ,construction and operating expenses:				
Power and fuel [Note 34(i)]	60.68		63.44	
Royalty and technical know-how fees	–		0.01	
Packing and forwarding [Note 34(i)]	5.48		5.97	
Hire charges - plant and equipment and others	185.09		195.69	
Engineering, technical and consultancy fees	285.58		379.29	
Insurance [Note 34(i)]	12.66		14.53	
Rent [Note 34(i)]	51.88		42.23	
Rates and taxes [Note 34(i)]	8.12		10.50	
Travelling and conveyance [Note 34(i)]	89.47		93.79	
Repairs to plant and equipment	5.37		5.14	
Repairs to buildings [Note 34(i)]	5.42		–	
General repairs and maintenance [Note 34(i)]	55.55		36.17	
Bank guarantee charges	25.33		10.38	
Miscellaneous expenses [Note 34(i)]	50.85		60.38	
		841.48		917.52
		6,996.57		5,961.62
NOTE 33 : EMPLOYEE BENEFITS EXPENSE				
Salaries, wages and bonus		604.18		577.73
Contribution to and provision for:				
Provident funds and pension fund	15.34		15.06	
Superannuation/ employee pension schemes (including provisions current year ₹ 0.27 crore, previous year ₹ 0.34 crore)	0.13		0.84	
Gratuity provision	11.84		8.20	
		27.31		24.10
Expenses on Employee Stock Option Schemes [Note Q(15)]		7.96		4.40
Insurance expenses-medical and others [Note 34(i)]		9.83		8.23
Staff welfare expenses		47.16		35.19
		696.44		649.65

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 34 : SALES, ADMINISTRATION AND OTHER EXPENSES

	2016-17		*2015-16*	
	(₹ Crore)	(₹ Crore)	*(₹ Crore)*	*(₹ Crore)*
Power and fuel [Note 34(i)]		**3.47**		*3.20*
Packing and forwarding [Note 34(i)]		**4.00**		*0.47*
Professional fees		**33.05**		*28.89*
Payment to auditor [Note 36(xv)]		**0.63**		*0.44*
Insurance [Note 34(i)]		**3.12**		*1.86*
Rent [Note 34(i)]		**5.20**		*6.63*
Rates and taxes [Note 34(i)]		**2.28**		*1.93*
Travelling and conveyance [Note 34(i)]		**13.49**		*14.19*
Repairs to buildings [Note 34(i)]		**1.16**		*2.09*
General repairs and maintenance [Note 34(i)]		**13.59**		*16.15*
Directors' fees		**0.24**		*0.20*
Telephone, postage and telegrams		**7.08**		*8.26*
Advertising and publicity		**1.12**		*2.39*
Stationery and printing		**5.37**		*7.27*
Commission		**0.01**		*0.01*
Bank charges		**5.72**		*4.05*
Overheads charged by Holding Company		**88.18**		*93.34*
Corporate social responsibility [Note 36(xviii)]		**4.01**		*3.83*
Miscellaneous expenses [Note 34(i)]		**16.04**		*15.13*
Bad debts and advances written off	**47.38**		–	
Less:Allowance for doubtful debts and advances written back	**(37.96)**		–	
		9.42		–
Allowance for doubtful debts and advances (net)		**30.16**		*92.98*
Provision / (reversal)for foreseeable losses on construction contracts		**18.17**		*40.41*
Exchange (gain) /loss (net)		**49.08**		*(46.94)*
Other provisions [Note Q(12)]		**11.68**		*13.37*
		326.27		*310.15*

NOTE 34(I) : AGGREGATION OF EXPENSES DISCLOSED VIDE NOTES 30, 31 AND 32 IN RESPECT OF SPECIFIC ITEMS ARE AS FOLLOWS:

		2016-17				*2015-16*			
Sr no.	**Nature of expenses**	**Note 32**	**Note 33**	**Note 34**	**Total**	**Note 32**	**Note 33**	**Note 34**	**Total**
1	Power and fuel	**60.68**	**–**	**3.47**	**64.15**	*63.44*	–	*3.20*	*66.64*
2	Packing and forwarding	**5.48**	**–**	**4.00**	**9.48**	*5.97*	–	*0.47*	*6.44*
3	Insurance	**12.66**	**9.83**	**3.12**	**25.61**	*14.53*	*8.23*	*1.86*	*24.62*
4	Rent	**51.88**	**–**	**5.20**	**57.08**	*42.23*	–	*6.63*	*48.86*
5	Rates and taxes	**8.12**	**–**	**2.28**	**10.40**	*10.50*	–	*1.93*	*12.43*
6	Travelling and conveyance	**89.47**	**–**	**13.49**	**102.96**	*93.79*	–	*14.19*	*107.98*
7	Repairs to buildings	**5.42**	**–**	**1.16**	**6.58**	–	–	*2.09*	*2.09*
8	General repairs and maintanance	**55.55**	**–**	**13.59**	**69.14**	*36.17*	–	*16.15*	*52.32*
9	Miscellaneous expenses	**50.85**	**–**	**16.04**	**66.89**	*60.38*	–	*15.13*	*75.51*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

NOTE 35 : FINANCE COSTS

	2016-17		*2015-16*	
	(₹ Crore)	**(₹ Crore)**	*(₹ Crore)*	*(₹ Crore)*
Interest expenses		**21.73**		*59.87*
Interest cost - Ind AS 19		**4.45**		*2.25*
Exchange loss (attributable to finance costs)		**1.83**		*15.96*
		28.01		*78.08*

NOTE 36

I) DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 101 "FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS"

a. First-time adoption - mandatory exceptions and optional exemptions

Overall principle

The Company has prepared the opening balance sheet as per Ind AS as at April 1, 2015 (the transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain mandatory and optional exemptions availed by the Company as detailed below.

Derecognition of financial assets and financial liabilities

The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 1, 2015 (the transition date).

Deemed cost for property, plant and equipment and intangible assets

The Company has elected to continue with the carrying value of all of its property, plant and equipment and intangible assets recognised as at April 1, 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

Determining whether an arrangement contains a lease

The Company has applied Appendix C of Ind AS 17 Determining whether an Arrangement contains a Lease to determine whether an arrangement existing at the transition date contains a lease on the basis of facts and circumstances existing at that date.

b. Opening balance sheet as at April 01, 2015

(₹ Crore)

Particulars	**As per IGAAP as at 01.04.15**	**Ind AS adjustment**	**As per Ind AS as at 01.04.15**	**Remarks**
ASSETS:				
Non-current assets				
Property, plant and equipment	873.87	–	873.87	
Capital work-in-progress	12.44	–	12.44	
Other Intangible assets	3.15	–	3.15	
Financial assets				
Long term loans	109.20	(93.61)	15.59	Decreased mainly due to reclassification of Advance recoverable in cash & kind to Other current assets and embedded derivative and forward contract to other financial assets.
Other financial assets	–	45.50	45.50	Increased due to reclassification of forward contract and embedded derivative from long term borrowing to other financial assets
Deferred tax assets (net)	348.94	43.18	392.12	MAT credit entitlement grouped here and impact of deferred tax on Ind AS adjustments
Other non-current assets	–	48.10	48.10	Long term loans and advances recoverable in cash or kind regrouped here from long term loans

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As per IGAAP as at 01.04.15	Ind AS adjustment	As per Ind AS as at 01.04.15	Remarks
Current assets				
Inventories	41.49	–	41.49	
Financial Assets				
Trade and other receivables	1,732.35	(391.02)	1,341.33	Additional provision for expected credit loss ₹ 103.01 Cr and retention regrouped to other current assets ₹ 288 Cr
Cash and cash equivalents	197.06	–	197.06	
Short-term loans	797.61	(788.74)	8.87	Loans and advances to related parties and advances recoverable in cash regrouped below.
Other financial assets		356.60	356.60	Mainly includes loans and advances to related parties and Forward contract and embedded derivatives
Assets for current tax (net)	50.68	0.72	51.40	Current tax impact on Ind AS adjustments
Other current assets	1,243.29	737.87	1981.16	Includes retention money regrouped from trade receivables and other current assets like income tax receivable net of provision for tax, service tax, advance to suppliers etc.
Total	**5,410.08**	**(41.40)**	**5,368.68**	
EQUITY AND LIABILITIES:				
Total equity				
Equity attributable to equity holders of the parent				
Equity share capital	1,500.05	(500.00)	1,000.05	Preference share capital grouped under other equity
Other equity	(612.23)	416.34	(195.89)	Preference share capital of ₹ 500 Cr grouped here. Other impact includes Ind AS adjustments in retained earnings and hedge reserve
Non-current liabilities				
Financial liabilities				
Borrowings	148.60	1.43	150.03	
Other financial liabilities		49.03	49.03	Regrouped forward contract payable and embedded derivative payable from other non-current liabilities.
Provisions	12.01	–	12.01	
Other non-current Liabilities	49.03	(49.03)	–	Regrouped forward contract payable and embedded derivative payable to other financial liabilities.
Current liabilities				
Financial liabilities				
Borrowings	858.85	0.91	859.76	Interest accrued included here
Trade payables	2,179.74	(160.51)	2,019.23	Decrease is mainly because of unbilled cost grouped under other current liabilities
Other financial liabilities		250.80	250.80	Due to other including employees, and forward contracts payable grouped here
Other current liabilities	1,195.57	(50.24)	1,145.33	Decrease is mainly because of change in due to customer which is partially offset by unbilled cost regrouped from trade payables.
Provisions	78.46	(0.13)	78.33	Discounting & unwinding of provisions
Total	**5,410.08**	**(41.40)**	**5,368.68**	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

c. **Balance Sheet as at March 31, 2016**

(₹ Crore)

Particulars	As per IGAAP as at 31.03.16	Ind AS adjustment	As per Ind AS as at 31.03.16	Remarks
ASSETS:				
Non-current assets				
Property, plant and equipment	792.46	–	792.46	
Capital work-in-progress	8.90	–	8.90	
Other intangible assets	2.22	–	2.22	
Financial assets				
Long term investments	228.75	–	228.75	
Long term loans	132.47	(132.08)	0.39	Decreased mainly due to reclassification of advance recoverable in cash to other current assets and embedded derivative and forward contract to other financial assets.
Other financial assets		11.22	11.22	Increased due to reclassification of forward contract and embedded derivative from long term borrowing to other financial assets
Deferred tax assets (net)	286.38	76.22	362.60	MAT credit entitlement grouped here and impact of deferred tax on Ind AS adjustments
Other non-current assets		52.54	52.54	Long term loans and advances recoverable in cash or kind regrouped here from long term loans
Current assets				
Inventories	109.30	–	109.30	
Financial assets				
Trade and other receivables	1,787.35	(359.04)	1,428.31	Additional provision for expected credit loss ₹ 115.66 Cr and retention regrouped to other current assets ₹ 243.38 Cr
Cash and cash equivalents	119.67	–	119.67	
Short-term loans	1,033.05	(1026.24)	6.81	Loans and advances to related parties and advances recoverable in cash regrouped below.
Other financial assets		417.36	417.36	Mainly includes loans and advances to related parties and Forward contract and embedded derivatives
Assets for current tax (net)	29.57	2.71	32.28	Current tax impact on Ind AS adjustments
Other current assets	1,096.24	827.55	1,923.79	Includes retention money regrouped from trade receivables and other current assets like income tax receivable net of provision for tax, service tax, advance to suppliers etc.
Total	**5,626.34**	**(129.74)**	**5,496.60**	
EQUITY AND LIABILITIES:				
Total equity				
Equity attributable to equity holders of the parent				
Equity share capital	1,760.05	(760.00)	1,000.05	Preference share capital grouped under other equity
Other equity	(484.17)	649.31	165.14	Preference share capital of ₹ 760 Cr grouped here. Other impact includes Ind AS adjustments in retained earnings and hedge reserve

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As per IGAAP as at 31.03.16	Ind AS adjustment	As per Ind AS as at 31.03.16	Remarks
Non-current liabilities				
Financial Liabilities				
Other financial liabilities		10.17	10.17	Forward contract payable ₹ 5.32 Cr, ED ₹ 4.85 Cr
Provisions	11.34	–	11.34	
Other non-current Liabilities	10.17	(10.17)	–	Forward contract payable ₹ 5.32 Cr, ED ₹ 4.85 Cr
Current liabilities				
Financial Liabilities				
Borrowings	622.57	1.85	624.42	Interest accrued included here
Trade payables	2,047.42	(447.81)	1,599.61	Decrease is mainly because of unbilled cost grouped under other current liabilities
Other financial liabilities		160.20	160.20	Due to other including employees, and Forward contracts payable grouped here
Other current liabilities	1,559.16	251.02	1,810.18	Increase is mainly because of unbilled cost regrouped from trade payables and change in due to customer
Provisions	99.80	15.69	115.49	Regrouping of provisions and discounting and unwinding of provisions
Total	**5,626.34**	**(129.74)**	**5,496.60**	

d. **Statement of profit and loss for the year ended March 31, 2016**

(₹ Crore)

Particulars	As per IGAAP for FY 15-16	Ind AS adjustment	As per Ind AS for FY 15-16	Remarks
REVENUE:				
Revenue from operations	7,111.24	87.35	7,198.59	Premia on forward contracts excluded from construction revenue - ₹ 67.99 Cr Excise regrouped from revenue to expense - ₹ 19.35 Cr
Other income	11.10	–	11.10	
Total revenue	**7,122.34**	**87.35**	**7,209.69**	
EXPENSES:				
Manufacturing, construction and operating expenses:				
Cost of raw materials, components consumed	2,311.18	64.01	2,375.19	Premia on forward contracts excluded from costs
Excise Duty		19.35	19.35	Excise regrouped from revenue to expense
Construction materials consumed	192.56	–	192.56	
Purchase of stock-in-trade	(67.15)	–	(67.15)	
Stores, spares and tools consumed	45.59	–	45.59	
Sub-contracting charges	2,478.56	–	2,478.56	
Other manufacturing, construction and operating expenses	917.52	–	917.52	
Employee benefits expense	640.94	8.71	649.65	Performance linked reward provided - ₹ 4.92 Cr ESOP fair valuation - ₹ 0.78 Cr & Regrouped to OCI - ₹ 3.01 Cr

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As per IGAAP for FY 15-16	Ind AS adjustment	As per Ind AS for FY 15-16	Remarks
Sales, administration and other expenses	296.19	13.96	310.15	Expected credit loss - ₹ 12.65 Cr Foreseeable losses - ₹ 1.28 Cr Discounting of Ind AS 37 prov - ₹ 0.03 Cr
Finance costs	78.52	(0.44)	78.08	Regrouped to OCI - ₹ (0.5 Cr) Unwinding of provisions - ₹ 0.06 Cr
Depreciation, amortisation, impairment and obsolescence	101.41	–	101.41	
Total expenses	**6,995.32**	**105.59**	**7,100.91**	
Profit before tax	**127.02**	**(18.24)**	**108.78**	
Tax expense:				
Current tax	–	–	–	
Deferred tax (net)	40.55	(6.05)	34.50	Deferred tax on Ind AS adj - ₹ 5.17 Cr Deferred tax on OCI regrouping - ₹ 0.87Cr
Profit after tax	**86.47**	**(12.19)**	**74.28**	

e. Ind AS opening retained earning reconciliation as on 01.04.2015

(₹ Crore)

Particulars	Amount	Amount
Retained earnings as per IGAAP as at 01 April 2015		(559.96)
Add / (less): Ind AS adjustment entries		
Change in realisable sales value	209.79	
Reversal of forward contract premium	(214.92)	
Change in provision for foreseeable losses	1.84	
Fair valuation of ESOPs as per Ind AS	(2.05)	
PLR Provision	(42.92)	
Impact of discounting of AS 29 provisions to present value	0.11	
Expected Credit loss (ECL provision)	(103.01)	(151.16)
Deferred tax impact of the above adjustments		51.60
Retained earning as per Ind AS as at 01 April 2015		**(659.52)**

f. Ind AS profit reconciliation for FY 2015-16

(₹ Crore)

Particulars	Amount	Amount
Profit as per IGAAP for FY 2015-16		86.47
Add / (less): Ind AS adjustment entries		
Change in realisable sales value	(15.15)	
Reversal of Forward Contract Premium	19.12	
Change in provision for foreseeable losses	(1.27)	
Fair valuation of ESOPs as per Ind AS	(0.78)	
PLR Provision	(4.91)	
Impact of discounting of AS 29 provisions to present value	(0.08)	
Expected Credit loss (ECL provision)	(12.65)	(15.72)
Deferred tax impact of the above adjustments		5.17
Add / (less): Separately considered under other comprehensive income		
Remeasurement of the net defined benefit plans		(2.51)
Deferred tax impact of the above		0.87
Profit as per Ind AS for FY 2015-16		**74.28**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

II) DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 1 "PRESENTATION OF FINANCIAL STATEMENTS"

Current assets and current liabilities expected to be realized/settled after 12 months

(₹ Crore)

	Particulars	31.3.2017	31.3.2016	1.4.2015
	Current assets			
1	Trade receivables	**47.28**	*89.39*	*317.66*
2	Short term loans	**4.10**	*5.27*	*5.36*
3	Other current assets	**597.95**	*506.16*	*336.84*
	Total	**649.33**	*600.82*	*659.87*
	Current liabilities			
1	Trade payables	**165.13**	*17.38*	*96.26*
2	Other financial liabilities	**2.06**	*2.04*	*2.32*
3	Other current liabilities	**123.51**	*233.46*	*336.79*
4	Provisions	**9.03**	*10.80*	*5.28*
	Total	**299.73**	*263.68*	*440.64*

III) DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 8 "ACCOUNTING POLICIES, CHANGES IN ACCOUNTING ESTIMATES AND ERRORS "

Standards issued but not yet effective:

a) Ind AS 115 "Revenue from Contract with Customers":

The Ministry of Corporate Affairs (MCA) had notified Ind AS 115 "Revenue from Contract with Customers" in February, 2015. The standard establishes a five-step model to account for revenue arising from contract with customers. Under Ind AS 115 revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to the customers. The new revenue standard will supersede all current revenue recognition requirements under Ind AS. This standard will come into force from accounting period commencing on or after April 1, 2018.

The Company is in the process of making an assessment of the impact of Ind AS 115 upon initial application. As at the date of this report, the Company does not expect any material impact on the operational results and financial position upon adoption of Ind AS 115.

b) In March 2017, the MCA issued the Companies (Indian Accounting Standards) (Amendments) Rules, 2017, notifying amendments to Ind AS 7, 'Statement of cash flows' and Ind AS 102, 'Share-based payment.' These amendments are in accordance with the recent amendments made by International Accounting Standards Board (IASB) to IAS 7, 'Statement of cash flows' and IFRS 2, 'Share-based payment,' respectively. The amendments are applicable to the Company from April 1, 2017.

i. Amendment to Ind AS 7:

The amendment to Ind AS 7 requires the entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes, suggesting inclusion of a reconciliation between the opening and closing balances in the balance sheet for liabilities arising from financing activities, to meet the disclosure requirement.

The Company is evaluating the requirements of the amendment and the effect on the financial statements is being evaluated.

ii. Amendment to Ind AS 102:

The amendment to Ind AS 102 provides specific guidance to measurement of cash-settled awards, modification of cash-settled awards and awards that include a net settlement feature in respect of withholding taxes.

Since the Company does not have employee stock option scheme, Ind AS 102 is not applicable.

iv) The expenditure on research and development activities recognised as expense in the statement of profit and loss is ₹ 14.72 crore (previous year: ₹ 12.56 crore).

a) on property, plant and equipment ₹ 0.06 crore (previous year: ₹ 0.19 crore)

b) on intangible assets being expenditure on new product development Nil (previous year: Nil)

c) on other intangible assets Nil (previous year: Nil)

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

v) (a) Disclosures pursuant to Indian Accounting Standard (Ind AS) 11 “Construction Contracts”:

(₹ Crore)

	Particulars	31.3.2017	31.3.2016	1.4.2015
i)	Contract revenue recognized for the financial year [Note 30]	**8,081.46**	*6,879.85*	*5,492.22*
ii)	Aggregate amount of contract costs incurred and recognized profits (less recognized losses*) as at the end of the financial year for all contracts in progress as at that date	**25,179.65**	*23,130.78*	*20,651.66*
iii)	Amount of customer advances outstanding for contracts in progress as at the end of the financial year	**544.14**	*590.02*	*553.60*
iv)	Retention amounts by customers for contracts in progress as at the end of the financial year	**443.07**	*241.23*	*288.01*

*includes provision for foreseeable losses ₹ 105.03 crore (previous year: ₹ 86.86 crore)

(b) As part of the periodic review of estimates used in determining the cost of completion of projects, the Company revised certain estimates used in contracts under execution as on March 31, 2017. As a result, the revenue and profit before tax for the year increased by ₹ 46.71 crore.

vi) Disclosure pursuant to Indian Accounting Standard (Ind AS) 19 “Employee Benefits”

1. Defined contribution plans: [Note 2.10] Amount of ₹ 6.81 crore (previous year ₹ 6.65 crore) is recognised as an expense.
2. Defined benefit plans: [Note 2.10]

a) Defined benefit plans:

(₹ Crore)

Particulars	Gratuity plan			Post-retirement medical benefit plan			Company pension plan			Trust-managed provident fund plan		
	As at 31.03.17	*As at 31.03.16*	*As at 01.04.15*	**As at 31.03.17**	*As at 31.03.16*	*As at 01.04.15*	**As at 31.03.17**	*As at 31.03.16*	*As at 01.04.15*	**As at 31.03.17**	*As at 31.03.16*	*As at 01.04.15*
A) Present value of defined benefit obligation												
– Wholly funded	**26.66**	*25.34*	*25.42*							**238.82**	*220.55*	*209.06*
– Wholly non-funded	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*			
Less: Fair value of plan assets	**26.66**	*25.34*	*25.42*	**–**	*–*	*–*	**–**	*–*	*–*	**240.29**	*221.12*	*209.29*
Amount to be recognised as liability or (asset)	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**(1.47)**	*(0.58)*	*(0.23)*
B) Amounts reflected in the balance sheet												
Liabilities	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**2.31**		*2.87*
Assets											*3.34*	
Net liability/(asset)	**20.35**	*14.23*	*3.76*	**13.74**	*11.38*	*10.00*	**4.65**	*4.31*	*5.83*	**2.31**	*(3.34)*	*2.87*
Net liability/(asset) - current	**20.35**	*14.23*	*3.76*	**0.02**	*0.04*	*0.03*	**0.21**	*0.23*	*0.21*	**2.11**	*(3.34)*	*0.83*
Net liability/(asset) - Non current	**–**	*–*	*–*	**13.72**	*11.34*	*9.97*	**4.44**	*4.08*	*5.62*	**0.20**		*2.04*

b) The amounts recognised in statement of profit and loss are as follows:

(₹ Crore)

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31.03.17	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*
1. Current service cost	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
2. Interest cost	**2.31**	*2.08*	**0.88**	*0.78*	**0.33**	*0.46*	**18.83**	*17.27*
3. Interest income on plan assets	**(1.90)**	*(1.86)*					**(18.83)**	*(17.27)*
4. Actuarial losses/(gains)	**(0.26)**	*0.08*	**0.39**	*(0.45)*	**0.01**	*(2.14)*	**(2.11)**	*(3.34)*
5. Past service cost								
6. Effect of any curtailment or settlement								

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31.03.17	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*
7. Actuarial gain/(loss) not recognised in books							**2.11**	*3.34*
8. Adjustment for earlier years								
9. Effect of the limit in para 64(b)								
10. Business Combination								
11. Translation adjustments								
12. Amount capitalized out of the above								
Total (1 to 12)	**6.13**	*10.47*	**2.36**	*1.38*	**0.35**	*(1.52)*	**8.92**	*9.17*
i. Amount included in "employee benefits expense"	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
ii. Amount included as part of manufacturing, construction and operating expenses								
iii. Amount included as part of "finance cost"	**0.41**	*0.22*	**0.88**	*0.78*	**0.33**	*0.46*		
iv. Amount included as part of "Other comprehensive income"	**(0.26)**	*0.08*	**0.39**	*(0.45)*	**0.01**	*(2.14)*		
v. Amount capitalised on new product development								
Total (I+II+III+IV+V)	**6.13**	*10.47*	**2.36**	*1.38*	**0.35**	*(1.52)*	**8.92**	*9.17*
Actual return on plan assets	**3.26**	*0.00*	**–**	*–*			**20.94**	*20.60*

c) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

(₹ Crore)

Particulars	Gratuity plan		Post-retirement medical benefit plan		Company pension plan		Trust-managed provident fund plan	
	As at 31.03.17	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*
Opening balance of the present value of defined benefit obligation	**39.57**	*29.18*	**11.38**	*10.00*	**4.31**	*5.83*	**220.55**	*209.06*
Add: Current service cost	**5.98**	*10.17*	**1.09**	*1.05*	**0.01**	*0.16*	**8.92**	*9.17*
Add: Interest cost	**2.31**	*2.08*	**0.88**	*0.78*	**0.33**	*0.46*	**18.83**	*17.27*
Add: Contribution by plan participants								
i) Employer								
ii) Employee							**20.73**	*20.95*
iii) Transfer-in/(out)							**(2.71)**	*(11.99)*
Add/(less): Actuarial losses/(gains)								
i) Actuarial (gains)/losses arising from changes in demographic assumptions								
ii) Actuarial (gains)/losses arising from changes in financial assumptions	**2.17**	*0.10*	**1.62**	*0.10*	**0.63**	*0.02*		
iii) Actuarial (gains)/losses arising from changes in experience adjustments	**(1.04)**	*(0.02)*	**(1.23)**	*(0.55)*	**(0.62)**	*(2.16)*		
Less: Benefits paid	**(4.91)**	*(1.94)*					**(28.86)**	*(25.20)*
Add: Past service cost								
Add: Liabilities assumed on transfer of employees							**1.37**	*1.29*
Add: Business combination	**2.94**							
Add: Adjustment for earlier years								
Add/(less): Translation adjustments								
Closing balance of the present value of defined benefit obligation	**47.02**	*39.57*	**13.74**	*11.38*	**4.65**	*4.31*	**238.82**	*220.55*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

d) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ Crore)

Particulars	Gratuity plan		Trust-managed provident fund plan	
	As at 31.03.17	*As at 31.03.16*	**As at 31.03.17**	*As at 31.03.16*
Opening balance of the fair value of the plan assets	**25.34**	*25.42*	**221.12**	*209.29*
Add: Interest income on plan assets*	**1.90**	*1.86*	**18.83**	*17.27*
Add/(Less): Actuarial gains/(losses)				
(a) Difference between actual return on plan assets and interest income	**1.36**	*0.00*	**2.11**	*3.34*
(b) Others				
Add: Contribution by the employer	**0.60**		**10.32**	*9.13*
Add/(less) : Transfer in/(out)			**(2.71)**	*(11.99)*
Add: Contribution by plan participants			**19.47**	*19.28*
Add: Liabilities assumed on transfer of employees				
Add: Business combination	**2.39**			
Less: Benefits paid	**(4.91)**	*(1.94)*	**(28.86)**	*(25.20)*
Add: Adjustment for earlier years				
Less: Settlements				
Closing balance of the plan assets	**26.67**	*25.34*	**240.29**	*221.12*

* Basis used to determine interest income on plan assets:

The trust formed by the holding company manages the investments of provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (g) (i) below both determined at the start of the annual reporting period.

e) Changes in the fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

(₹ Crore)

Particulars	Gratuity plan			*Gratuity plan*			*Gratuity plan*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
	As at 31-Mar-17			*As at 31-Mar-16*			*As at 01-Apr-15*		
Cash and cash equivalents		**0.43%**	**0.43%**		*0.07%*	*0.07%*		*0.10%*	*0.10%*
Equity instruments		**2.45%**	**2.45%**		*1.20%*	*1.20%*		*1.47%*	*1.47%*
Debt instruments - Corporate Bonds		**34.25%**	**34.25%**		*34.33%*	*34.33%*		*30.87%*	*30.87%*
Debt instruments - Central government Bonds		**21.84%**	**21.84%**		*23.73%*	*23.73%*		*31.74%*	*31.74%*
Debt instruments - State government Bonds		**20.58%**	**20.58%**		*18.45%*	*18.45%*		*12.75%*	*12.75%*
Debt instruments - PSU Bonds		**9.95%**	**9.95%**		*12.32%*	*12.32%*		*14.63%*	*14.63%*
Mutual funds - Equity		**10.09%**	**10.09%**		*9.42%*	*9.42%*		*7.51%*	*7.51%*
Mutual funds - Debt		**0.06%**	**0.06%**		*0.06%*	*0.06%*		*0.07%*	*0.07%*
Mutual funds - Others		**0.00%**	**0.00%**		*0.00%*	*0.00%*		*0.00%*	*0.00%*
Fixed Deposits		**0.21%**	**0.21%**		*0.25%*	*0.25%*		*0.67%*	*0.67%*
Special Deposit Scheme		**0.14%**	**0.14%**		*0.16%*	*0.16%*		*0.19%*	*0.19%*
Others									

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	Trust-managed provident fund plan			*Trust-managed provident fund plan*			*Trust-managed provident fund plan*		
	Quoted	**Unquoted**	**Total**	*Quoted*	*Unquoted*	*Total*	*Quoted*	*Unquoted*	*Total*
	As at 31-Mar-17			*As at 31-Mar-16*			*As at 31-Mar-15*		
Cash and cash equivalents			**0**			*0*			*0*
Equity instruments			**0**			*0*			*0*
Debt instruments - Corporate Bonds		**14.50%**	**14.50%**		*8.94%*	*8.94%*		*7.56%*	*7.56%*
Debt instruments - Central government Bonds		**20.45%**	**20.45%**		*25.32%*	*25.32%*		*24.67%*	*24.67%*
Debt instruments - State government Bonds		**21.19%**	**21.19%**		*15.84%*	*15.84%*		*15.12%*	*15.12%*
Debt instruments - PSU Bonds		**32.84%**	**32.84%**		*39.25%*	*39.25%*		*42.27%*	*42.27%*
Mutual funds - Equity			**0**			*0*			*0*
Mutual funds - Debt			**0**			*0*			*0*
Mutual funds - Others		**2.64%**	**2.64%**		*1.33%*	*1.33%*		*0.07%*	*0.07%*
Fixed Deposits			**0**			*0*			*0*
Special Deposit Scheme		**8.38%**	**8.38%**		*9.32%*	*9.32%*		*10.31%*	*10.31%*

f) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Particulars	31.3.2017	*31.3.2016*	*1.4.2015*
1. Discount rate:			
a) Gratuity plan	**7.19%**	*7.79%*	*7.83%*
b) Company pension plan	**7.19%**	*7.79%*	*7.83%*
c) Post-retirement medical benefit plan	**7.19%**	*7.79%*	*7.83%*
2. Annual increase in healthcare costs (see note below)			
3. Salary Growth rate:			
a) Gratuity plan	**5%**	*5%*	*5%*
b) Company pension plan	**5%**	*5%*	*5%*

4. Attrition rate:
   a) For post-retirement medical benefit plan and the Company pension plan, the attrition rate varies from 2% to 8% (previous year: 2% to 8%) for various age groups.
   b) For gratuity plan the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.
5. The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.
6. The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognised immediately in the statement of profit and loss.
7. The obligation of the Company under the post-retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 5% p.a.
8. (a) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of gratuity plan:

Particulars	Effect of 1% increase	Effect of 1% decrease
Impact of change in salary growth rate	**9.51%**	**-8.22%**
Impact of change in discount rate	**-8.00%**	**9.39%**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(b) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of company pension plan:

Particulars	Effect of 1% increase	Effect of 1% decrease
Impact of change in discount rate	-9.75%	11.59%
Impact of change in life expectancy	1.09%	-1.17%

(c) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligation of post-retirement medical benefit plan:

Particulars	Effect of 1% increase	Effect of 1% decrease
Impact of change in health care cost	17.36%	-13.85%
Impact of change in discount rate	-18.68%	24.53%
Impact of change in life expectancy	0.76%	-0.79%

h) Characteristics of defined benefit plans and associated risks:

1. Gratuity plan:

Presently, the Company's gratuity plan is unfunded and the Company is in the process of forming a trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service. The Company's scheme is more favourable as compared to the obligation under Payment of Gratuity Act, 1972.

2. Post-retirement medical care plan:

The post-retirement medical benefit plan provides for reimbursement of health care costs to certain categories of employees post their retirement. The reimbursement is subject to an overall ceiling sanctioned based on cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

3. Company's pension plan:

In addition to contribution to state-managed pension plan (EPS scheme), the holding company operates a post retirement pension scheme, which is discretionary in nature for certain cadres of employees. The quantum of pension depends on the cadre of the employee at the time of retirement. The plan is unfunded. Employees do not contribute to the plan.

4. Trust managed provident fund plan:

The Company's provident fund plan is managed by the provident fund trust established by the holding company under the Provident Fund and Miscellaneous Provisions Act, 1952. The plan mandates contribution by employer at a fixed percentage of employee's salary. Employees also contribute to the plan at a fixed percentage of their salary as a minimum contribution and additional sums at their discretion. The plan guarantees interest at the rate notified by the provident fund authority. The contribution by employer and employee together with interest are payable at the time of separation from service or retirement whichever is earlier. The benefit under this plan vests immediately on rendering of service.

The interest payment obligation of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognized immediately in the statement of profit and loss as actuarial loss. Any loss/gain arising out of the investment risk and actuarial risk associated with the plan is also recognized as expense or income in the period in which such loss/gain occurs.

All the above defined benefit plans expose the company to general actuarial risks such as interest rate risk and market (investment) risk.

vii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 108 ''Operating Segments''

a) The Company is engaged mainly in the business of engineering, procurement, fabrication, construction and project management activity providing integrated 'design to build' solutions for large and complex offshore and onshore hydrocarbon projects. In the context of Ind AS 108 on Segment Reporting though the Company has operating model defined based on business verticals, the reportable segment is one considering common customers, investments by clients linked to oil price movement, similar risk profile and common infrastructure facilities and resources. Also, the Company's chief operating decision maker (i.e. CEO & Managing Director) reviews the results project-wise rather than reviewing results of the verticals.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

b) Geographical Information

(₹ Crore)

Particulars	Revenue		Non-current assets		
	As at 31-3-2017	*As at 31-3-2016*	**As at 31-3-2017**	*As at 31-3-2016*	*As at 01-04-2015*
India (a)	**4,940.10**	*4,657.74*	**860.59**	*905.49*	*722.01*
Foreign countries:					
United States of America	**36.25**	*0*	**–**	*–*	*–*
Kingdom of Saudi Arabia	**391.18**	*49.45*	**47.13**	*0.01*	*2.57*
Sultanate of Oman	**670.25**	*671.10*	**12.97**	*0.08*	*0.33*
United Arab Emirates	**108.46**	*650.97*	**38.32**	*177.71*	*211.48*
Kuwait	**2,595.93**	*1,046.79*	**41.21**	*1.44*	*0.38*
Other countries	**44.44**	*122.54*	**8.24**	*0.14*	*0.80*
Total other countries (b)	**3,846.51**	*2,540.85*	**147.88**	*179.38*	*215.55*
Total (a+b)	**8,786.61**	*7,198.59*	**1,008.48**	*1,084.87*	*937.56*

c) Major customers:

Top three customers contribute to 70.40% (PY 68.03%) of the total revenue (individually more than 10% of the Company's total revenue).

(₹ Crore)

Customer	Revenue	
	2016-17	*2015-16*
Customer 1	**2,364.21**	*2,374.06*
Customer 2	**2,234.48**	*901.68*
Customer 3	**1,630.45**	*1,621.12*

d) Product wise revenue Information

(₹ Crore)

Product category	Revenue from major product and services	
	2016-17	*2015-16*
(i) **Construction and project related activity :**		
Items for oil and gas, chemical etc. industries	**8,081.46**	*6,879.85*
(ii) **Manufacturing and trading activity :**		
Items for oil and gas, chemical etc. industries	**394.92**	*244.51*
(iii) Engineering service fees	**55.36**	*3.37*
(ix) Commission	**(0.74)**	*4.31*
(xii) Others	**255.61**	*66.55*
Total revenue	**8,786.61**	*7,198.59*

e) Movement in non-current assets

Particulars	2016-17						
	Property, plant and equipment	**Capital work in progress**	**Other intangible assets**	**Investment in Subsidiaries, Associates and Joint Ventures**	**Other non-current assets**	**Inter/Intra Company**	**Total (External)**
Opening balance	892.05	8.90	6.94	228.75	52.54	–	1189.18
Additions during the year*	96.68	1.44	12.69	0.00	5.68	–	116.69
Deductions during the year	(29.22)	(6.66)	–	(60.51)	(0.88)	60.51	(36.76)
Closing balance	959.71	3.68	19.63	168.24	57.34	(60.51)	1269.11

*includes assets transferred on business combination.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	2015-16						
	Property, plant and equipment	Capital work in progress	Other intangible assets	Investment in Subsidiaries, Associates and Joint Ventures	Other non-current assets	Inter/Intra Company	Total (External)
Opening balance	873.87	12.44	6.94	–	48.10	–	941.35
Additions during the year	20.78		–	228.75	4.44	–	253.97
Deductions during the year	(2.60)	(3.54)	–	–	–	–	(6.14)
Closing balance	892.05	8.90	6.94	228.75	52.54	–	1189.18

viii) Disclosure of related parties/related party transactions pursuant to Indian Accounting Standard (Ind AS) 24 ''Related Party Disclosures'':

a) **Names of the related parties with whom transactions were carried out during the year and description of relationship:**

Holding company:	
1	Larsen & Toubro Limited

Subsidiary company:	
1	Larsen Toubro Arabia LLC

Fellow subsidiary companies:			
1	Larsen & Toubro ATCO Saudi LLC	2	L&T Modular Fabrication Yard LLC
3	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	4	L&T Valves Limited
5	L&T Electrical and Automation FZE	6	L&T Technology Services Limited
7	L&T Infrastructure Finance Company Limited	8	EWAC Alloys Limited
9	L&T Geostructure LLP	10	L&T Shipbuilding Limited
11	L&T Infrastructure Engineering Limited	12	Larsen & Toubro Infotech Limited
13	L&T Readymix and Asphalt Concrete Industries LLC	14	Tamco Switchgear (Malaysia) SDN BHD
15	L&T Hydrocarbon International LLC	16	Kana Controls General Trading and Contracting Co
17	L&T Heavy Engineering LLC	18	Larsen and Toubro (East Asia) SDN.BHD
19	L&T International FZE	20	PT TAMCO Indonesia

Associate company:	
1	L&T Chiyoda Limited

Joint ventures:			
1	Larsen & Toubro Electromech LLC*	2	L&T Gulf Private Limited
3	L&T Sapura Shipping Private Limited	4	L&T Sapura Offshore Private Limited
5	L&T Infrastructure Development Projects Limited*	6	L&T MHPS Boilers Private Limited*
7	L&T Special Steels and Heavy Forgings Private Limited*	8	L&T Sargent and Lundy Limited*

*Joint ventures of holding company and other group entities

Key management personnel			
1	Mr. Subramanian S. Sarma (CEO & Managing Director) **	2	Mr. K. Ravindranath (Whole-time Director)
3	Mr. U. Dasgupta (Whole-time Director)*	4	Mr. K. Venkataramanan (Non-Executive Director)
5	Mr. R. Shankar Raman (Non-Executive Director)	6.	Mr. R. Venkatesh (Chief Financial Officer)
7	Ms. Alpana Khale (Company Secretary)		

* Retired w.e.f. July 01, 2015.

** Appointed w.e.f August 19, 2015

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

b) Disclosure of related party transactions:

(₹ Crore)

Sr. No	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Purchase of goods and services (including commission paid)**				
	Holding company	38.30		15.94	
	Subsidiaries, including:	-0.29		27.29	
	Larsen Toubro Arabia LLC		-0.29		
	L&T Valdel Engineering Limited				27.29
	Fellow subsidiaries, including:	280.92		159.58	
	L&T ATCO Saudi LLC		3.01		
	L&T Valves Limited		152.71		50.60
	L&T Electrical and Automation FZE		1.32		1.04
	EWAC Alloys Limited		8.51		7.27
	Larsen & Toubro Infotech Limited		0.75		0.20
	L&T Shipbuilding Limited		0.02		0.05
	L&T Modular Fabrication Yard LLC		72.33		63.34
	L&T Readymix and Asphalt Concrete Industries LLC		1.40		6.08
	Tamco Switchgear (Malaysia) SDN BHD		18.22		
	L&T Technology Services Limited		0.19		2.40
	Kana Controls General Trading and Contracting Co		22.15		
	L&T Infrastructure Engineering Limited		0.31		0.57
	L&T Heavy Engineering LLC				17.43
	Larsen Toubro Arabia LLC				-0.39
	L&T Geostructure LLP				10.99
	Associates and joint ventures, including:	65.29		24.02	
	L&T Chiyoda Limited		51.14		10.40
	L&T Gulf Private Limited		14.15		7.29
	L&T Sapura Offshore Private Limited				6.33
	Joint ventures of holding company and other group entities, including:	26.15		286.18	
	Larsen & Toubro Electromech LLC		26.10		285.91
	L&T Infrastructure Development Projects Limited		0.05		
	L&T Sargent and Lundy Limited				0.27
	Total	410.37		513.01	
2	**Sale of goods/contract revenue & services**				
	Holding company	2.55		14.67	
	Subsidiaries, including:	2.45			
	Larsen Toubro Arabia LLC		2.45		
	Fellow subsidiaries, including:	12.71		22.48	
	L&T Heavy Engineering LLC		0.16		0.04
	L&T Technology Services Limited		12.55		
	Larsen Toubro Arabia LLC				22.39
	L&T Modular Fabrication Yard LLC				0.05
	Associates and joint ventures, including:	0.36		0.71	
	L&T Chiyoda Limited		0.28		
	L&T Gulf Private Limited		0.06		0.23
	L&T Sapura Shipping Private Limited		0.02		0.48
	Joint ventures of holding company and other group entities, including:	1.72		0.02	
	L&T MHPS Boilers Private Limited		0.01		
	L&T Special Steels and Heavy Forgings Private Limited		1.41		
	Larsen & Toubro Electromech LLC		0.30		0.02
	Total	19.79		37.88	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Sr. No	Nature of transaction/relationship/major parties	**2016-17** Amount	**2016-17** Amounts for major parties	*2015-16* *Amount*	*2015-16* *Amounts for major parties*
3	**Purchase/lease of fixed assets**				
	Holding company	**2.44**		*0.11*	
	Subsidiaries, including:	**0.02**		*0.45*	
	Larsen Toubro Arabia LLC		**0.02**		
	Fellow subsidiaries, including:				
	L&T Shipbuilding Limited		**0.01**		
	L&T Modular Fabrication Yard LLC		**0.02**		
	Larsen Toubro Arabia LLC				*0.05*
	EWAC Alloys Limited				*0.39*
	L&T Kuwait Construction General Contracting Company, WLL				*0.01*
	Joint ventures of holding company and other group entities, including:	**0.14**			
	Larsen & Toubro Electromech LLC		**0.14**		
	Total	**2.60**		*0.56*	
4	**Sale of fixed assets**				
	Holding company	**13.59**		*0.49*	
	Subsidiaries, including:	**0.01**		*0.41*	
	Larsen Toubro Arabia LLC		**0.01**		
	Fellow subsidiaries, including:	**0.80**			
	L&T Geostructure LLP		**0.80**		
	Larsen Toubro Arabia LLC				*0.29*
	L&T Shipbuilding Limited				*0.01*
	L&T Modular Fabrication Yard LLC				*0.08*
	L&T ATCO Saudi LLC				*0.03*
	Total	**14.43**		*0.90*	
5	**Purchase of investment in subsidiary and associate companies**				
	Holding company	**0.00**		*228.75*	
	Total	**0.00**		*228.75*	
6	**Receiving of services/overheads charged by related parties**				
	Holding company	**88.17**		*93.97*	
	Fellow subsidiaries, including:	**6.02**		*7.53*	
	Larsen and Toubro Infotech Limited		**6.02**		*7.30*
	L&T Kuwait Construction General Contracting Company, WLL				*0.23*
	Associates and joint ventures, including:	**7.24**		*8.51*	
	L&T Chiyoda Limited		**4.81**		*5.84*
	L&T Gulf Private Limited		**2.43**		*2.67*
	Joint ventures of holding company and other group entities, including:	**0.34**		*0.25*	
	Larsen & Toubro Electromech LLC		**0.34**		*0.25*
	Total	**101.77**		*110.26*	
7	**Rent paid, including lease rentals under leasing/ hire purchase arrangements including loss sharing on equipment finance**				
	Holding company	**3.46**		*1.89*	
	Total	**3.46**		*1.89*	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Sr. No	Nature of transaction/relationship/major parties	2016-17		2015-16	
		Amount	Amounts for major parties	Amount	Amounts for major parties
8	**Charges for deputation of employees to related parties**				
	Fellow subsidiaries, including:			0.10	
	L&T Technology Services Limited				0.10
	Associates and joint ventures, including:	5.60		6.71	
	L&T Sapura Shipping Private Limited		5.60		6.70
	Total	5.60		6.81	
9	**Commission received, including those under agency arrangement**				
	Fellow subsidiaries, including:	(0.74)		4.31	
	L&T Modular Fabrication Yard LLC		(0.74)		4.31
	Total	(0.74)		4.31	
10	**Rent received, overhead recovered and miscellaneous income**				
	Holding company	7.05		5.32	
	Subsidiaries, including:	14.90		0.57	
	Larsen Toubro Arabia LLC		14.90		
	L&T Valdel Engineering Limited				0.57
	Fellow subsidiaries, including	1.50		29.10	
	L&T ATCO Saudi LLC		0.79		9.56
	L&T Valves Limited		0.11		0.01
	L&T Shipbuilding Limited		0.03		1.17
	L&T Modular Fabrication Yard LLC		0.58		1.45
	Larsen Toubro Arabia LLC				16.64
	L&T Kuwait Construction General Contracting Company, WLL				0.02
	Larsen and Toubro (East Asia) SDN.BHD				0.01
	L&T Hydrocarbon International LLC				0.09
	Nabha Power Limited				0.06
	L&T Technology Services Limited				0.09
	Associates and joint ventures, including:	3.67		4.98	
	L&T Chiyoda Limited		2.46		2.79
	L&T Gulf Private Limited		0.71		0.95
	L&T Sapura Shipping Private Limited		0.50		1.24
	Joint ventures of holding company and other group entities, including:	3.62		9.72	
	Larsen & Toubro Electromech LLC		3.62		9.54
	L&T MHPS Boilers Private Limited				0.08
	L&T Thales Technology Services Private Limited				0.01
	L&T Special Steels and Heavy Forgings Private Limited				0.02
	L&T MHPS Turbine Generators Private Limited				0.01
	L&T Sargent and Lundy Limited				0.03
	L&T Howden Private Limited				0.03
	Total	30.74		49.69	
11	**Interest received**				
	Holding company	40.04		6.31	
	Total	40.34		6.31	
12	**Interest paid**				
	Holding company	4.08		11.35	
	Total	4.08		11.35	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

c) Amount due to/from related parties :

(₹ Crore)

Sr. No	Category of balance/relationship/major parties	31.3.2017		31.3.2016		01.4.2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
1	**Accounts receivable**						
	Holding company	**7.53**					
	Subsidiaries, including:	**5.94**					
	Larsen Toubro Arabia LLC		**5.94**				
	Fellow subsidiaries, including:	**1.30**		*4.78*			
	L&T Technology Services Limited		**1.15**				
	L&T Heavy Engineering LLC		**0.15**				
	Larsen Toubro Arabia LLC				*4.78*		
	Associates and joint ventures, including:	**0.18**					
	L&T Gulf Private Limited		**0.18**				
	Total	**14.95**		*4.78*			
2	**Accounts payable (including acceptance & interest accrued)**						
	Holding company	**79.69**		*108.78*		*130.54*	
	Subsidiaries, including:	**0.65**		*5.90*			
	Larsen Toubro Arabia LLC		**0.65**				
	L&T Valdel Engineering Limited				*5.90*		
	Fellow subsidiaries, including:	**62.43**		*58.65*		*129.74*	
	L&T Valves Limited		**28.76**		*14.76*		*17.53*
	L&T Modular Fabrication Yard LLC		**16.47**		*22.66*		*25.15*
	L&T ATCO Saudi LLC		**0.44**		*0.58*		*0.52*
	Larsen and Toubro (East Asia) SDN.BHD		**0.08**		*0.53*		*1.33*
	L&T Electrical and Automation FZE		**2.25**		*4.40*		*14.59*
	EWAC Alloys Limited		**0.35**		*1.73*		*0.25*
	L&T Geostructure LLP		**0.02**		*0.87*		*39.69*
	Larsen & Toubro Infotech Limited		**1.19**		*2.02*		*3.31*
	L&T International FZE		**0.13**				*0.30*
	L&T Kuwait Construction General Contracting Company, WLL		**0.97**		*1.12*		*1.32*
	L&T Heavy Engineering LLC		**0.09**		*6.33*		*9.07*
	L&T Shipbuilding Limited		**2.63**		*1.07*		*1.67*
	L&T Readymix and Asphalt Concrete Industries LLC		**0.45**		*1.29*		*2.69*
	L&T Saudi Arabia LLC		**0.01**		*0.01*		
	TAMCO Switchgear (Malaysia) SDN BHD		**2.39**		*0.34*		*1.16*
	Kana Controls General Trading and Contracting Co		**6.12**				
	L&T Infrastructure Engineering Limited		**0.08**		*0.43*		*0.10*
	Larsen Toubro Arabia LLC				*0.35*		
	L&T Technology Services Limited				*0.16*		*0.72*
	PT TAMCO Indonesia						*0.16*
	L&T Valdel Engineering Limited						*10.18*
	Associates and joint ventures, including:	**15.68**		*8.26*			
	L&T Chiyoda Limited		**10.18**		*5.07*		
	L&T Gulf Private Limited		**5.50**		*3.19*		
	Joint ventures of holding company and other group entities, including:	**55.70**		*26.16*		*56.68*	
	L&T Infrastructure Development Projects Limited		**0.04**				
	L&T MHPS Boilers Private Limited				*0.01*		
	Larsen & Toubro Electromech LLC		**55.66**		*26.15*		*42.69*
	L&T Sargent and Lundy Limited						*0.12*
	L&T Gulf Private Limited						*7.99*
	L&T Sapura Offshore Private Limited						*5.88*
	Total	**214.15**		*207.75*		*316.96*	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Sr. No	Category of balance/relationship/major parties	31.3.2017		31.3.2016		01.4.2015	
		Amount	Amounts for major parties	Amount	Amounts for major parties	Amount	Amounts for major parties
3	**Loans and advances recoverable (including interest accrued)**						
	Holding company	**57.47**		64.35		66.30	
	Subsidiaries, including:	**68.33**		0.29			
	Larsen Toubro Arabia LLC		**68.33**				
	L&T Valdel Engineering Limited				0.29		
	Fellow subsidiaries, including:	**75.51**		190.12		149.47	
	Larsen & Toubro ATCO Saudi LLC		**50.49**		52.76		42.38
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**17.87**		16.79		9.12
	L&T Modular Fabrication Yard LLC				24.83		20.10
	L&T Valves Limited		**0.07**		7.76		6.28
	L&T Hydrocarbon International LLC		**4.48**		4.56		4.16
	L&T Infrastructure Finance Company Limited		**0.02**		0.02		
	L&T Heavy Engineering LLC		**0.08**		0.08		10.74
	L&T Shipbuilding Limited		**2.15**		2.12		2.58
	L&T Technology Services Limited		**0.35**		0.18		1.10
	L&T Saudi Arabia LLC				1.00		
	Larsen and Toubro (East Asia) SDN.BHD				0.01		
	Nabha Power Limited				0.06		
	Larsen Toubro Arabia LLC				79.95		51.06
	L&T Electrical and Automation FZE						0.59
	L&T Valdel Engineering Limited						1.36
	Associates and joint ventures, including:	**45.27**		39.43			
	L&T Chiyoda Limited		**3.92**		1.95		
	L&T Sapura Shipping Private Limited		**32.49**		26.11		
	L&T Sapura Offshore Private Limited		**7.87**		11.37		
	L&T Gulf Private Limited		**0.99**				
	Joint ventures of holding company and other group entities, including:	**21.87**		23.52		51.06	
	L&T Special Steels and Heavy Forgings Private Limited		**0.57**		1.34		0.62
	Larsen & Toubro Electromech LLC		**21.30**		22.14		19.09
	L&T Sargent and Lundy Limited				0.03		0.23
	L&T Thales Technology Services Private Limited				0.01		
	L&T MHPS Boilers Private Limited						0.06
	L&T Gulf Private Limited						2.01
	L&T Howden Private Limited						0.02
	L&T Sapura Shipping Private Limited						16.74
	L&T Sapura Offshore Private Limited						12.29
	Total	**268.45**		317.71		266.83	
4	**Inter corporate deposits**						
	Holding company	**5.52**					
	Total	**5.52**					
5	**Inter corporate borrowings**						
	Holding company	**2.23**		507.90		150.04	
	Total	**2.23**		507.90		150.04	
6	**Advances received in the capacity of supplier of goods/services classified as "Advances from Customers" in the Balance Sheet**						
	Fellow subsidiaries, including:			2.30			
	Larsen Toubro Arabia LLC				2.28		
	L&T Infrastructure Finance Company Limited				0.02		
	Total			2.30			

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

d) Related Party-Commitment:

(₹ Crore)

Sr. No	Nature of transaction/relationship/major parties	2016-17		*2015-16*	
		Amount	**Amounts for major parties**	*Amount*	*Amounts for major parties*
1	**Capital commitment**				
	Holding company	**0.49**		*0.23*	
	Fellow subsidiaries, including:			*0.45*	
	L&T Shipbuilding Limited				*0.23*
	L&T Infrastructure Engineering Limited (Ramboll)				*0.22*
	Joint ventures of holding company and other group entities, including:			*0.12*	
	Larsen & Toubro Electromech LLC				*0.12*
	Total	**0.49**		*0.80*	
2	**Revenue commitment**				
	Holding company	**72.23**		*13.69*	
	Subsidiaries, including:			*11.51*	
	L&T Valdel Engineering Limited				*11.51*
	Fellow subsidiaries, including:	**2,104.30**		*185.58*	
	L&T Valves Limited		**19.71**		*122.54*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**48.50**		*50.41*
	L&T Modular Fabrication Yard LLC		**2,029.19**		*2.81*
	L&T Electrical and Automation FZE		**0.25**		*0.41*
	EWAC Alloys Limited				*5.58*
	Larsen & Toubro Infotech Limited		**1.95**		*0.07*
	L&T Shipbuilding Limited				*0.60*
	L&T Readymix and Asphalt Concrete Industries LLC				*2.41*
	L&T Technology Services Limited		**4.54**		*0.67*
	L&T Infrastructure Engineering Limited		**0.09**		*0.08*
	TAMCO Switchgear (Malaysia) SDN BHD		**0.07**		
	Associates and joint ventures, including:	**33.61**		*9.75*	
	L&T Chiyoda Limited		**20.84**		*5.15*
	L&T Gulf Private Limited		**12.77**		*2.72*
	L&T Sapura Offshore Private Limited				*1.88*
	Joint ventures of holding company and other group entities, including:	**4.20**		*12.38*	
	L&T Special Steels and Heavy Forgings Private Limited		**4.17**		
	Larsen & Toubro Electromech LLC				*12.30*
	L&T Infrastructure Development Projects Limited		**0.01**		*0.03*
	L&T Sargent and Lundy Limited		**0.02**		*0.05*
	Total	**2,214.34**		*232.91*	

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

e) Remuneration Of Directors And Key Managerial Personnel:

(₹ Crore)

Sr. No.	Particulars	FY 2016-17	FY 2015-16
1	**Key management personnel**		
A	Payment of salaries/ perquisites		
	Mr. Subramanian S. Sarma**	**15.39**	**4.86**
	Mr. K. Ravindranath	**1.26**	**1.08**
	Mr. U. Dasgupta***	**–**	**0.50**
	Mr. R. Venkatesh	**1.63**	**1.28**
	Ms. Alpana S. Khale	**0.39**	**0.36**
B	Fee for attending Board /Committee meetings		
	Mr. K. Venkataramanan*	**0.04**	**0.01**
	Mr. Vikram Singh Mehta	**0.03**	**0.04**
	Mr. Sarthak Behuria	**0.05**	**0.06**
	Dr. A. K. Balyan	**0.06**	**0.05**
	Mrs. Bhagyam Ramani	**0.06**	**0.04**
2	**Employer' contribution towards trust managed employees provident fund**	**10.32**	**9.13**

* Mr. K. Venkataramanan retired as Managing Director of the Company with effect from the closing of working hours of September 30, 2015. During FY 2015-16 year the Company had reimbursed ₹ 0.75 crore to Larsen & Toubro Limited towards share of remuneration paid to Mr. K. Venkataramanan, being Key management personnel which have been included in point b(6) (receiving of services) supra.

**Appointed w.e.f August 19, 2015

*** Retired w.e.f. July 01, 2015.

During the previous year, the KMPs of the Company were granted employee stock option of holding company amounting to ₹ 10.35 crore.

L&T Valdel Engineering Limited was a subsidiary of the Company for the year 2015-16 and merged with the Company as per the scheme of arrangement in the year 2016-17. [Refer note 36(xii)]

ix) Disclosure in respect of leases pursuant to Ind AS 17 ‘’Leases’’:

Where the Company is a lessee:

Operating leases:

i) The Company has taken various commercial premises and plant and equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

ii) [a] The Company has taken certain assets on non-cancellable operating leases, the future minimum lease payments in respect of which are as follows:

(₹ Crore)

Particulars	31-03-2017	31-03-2016	01-04-2015
1. Payable not later than 1 year	**4.38**	–	*0.54*
2. Payable later than 1 year and not later than 5 years	**11.87**	–	*0.13*
3. Payable later than 5 years	**–**	–	–
Total	**16.25**	–	*0.67*

[b] The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

iii) Lease rental expense in respect of operating leases: ₹ 33.41 crore (previous year: ₹ 16.23 crore)

iv) Contingent rent recognised in the statement of profit and loss: Nil (previous year: Nil)

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

x) Basic and Diluted Earnings per share [EPS] computed in accordance with Indian Accounting Standard (Ind AS) 33 "Earnings per Share'':

(₹ Crore)

Particulars		2016-17	*2015-16*
Basic			
Profit after tax as per accounts (₹ crore)	A	**436.32**	*74.28*
Weighted average number of shares outstanding	B	**1,00,00,50,000**	*1,00,00,50,000*
Basic EPS (₹)	A/B	**4.36**	*0.74*
Diluted			
Profit after tax as per accounts (₹ crore)	A	**436.32**	*74.28*
Weighted average number of shares outstanding	B	**1,00,00,50,000**	*1,00,00,50,000*
Add: Weighted average number of potential equity shares on account of convertible preference shares	C	**76,00,00,000**	*55,86,06,557*
Weighted average number of shares outstanding for diluted EPS	D=B+C	**1,76,00,50,000**	*1,55,86,56,557*
Diluted EPS (₹)	A/D	**2.48**	*0.48*
Face value per share (₹)		**10**	*10*

xi) Disclosures pursuant to Indian Accounting Standard (Ind AS) 12 ''Income Taxes'':

a) Major components of net deferred tax assets and liabilities for the year ended March 31, 2017 are as follows:

(₹ Crore)

Particulars	Deferred tax liabilities/ (assets) as at 31-3-2016	Charge/(credit) to statement of profit and loss	Charge/ (credit) to other comprehensive income	Deferred tax liabilities/ (assets) as at 31-3-2017
Deferred tax liabilities:				
Difference between book and tax depreciation	59.04	0.55		59.60
Depreciation charged against retained earnings	(1.62)			(1.62)
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the statement of profit and loss	1.63			1.63
Total	**59.05**	**0.55**	**–**	**59.60**
Deferred tax (assets):				
Provision for doubtful debts and advances	(88.86)	2.70		(86.16)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the statement of profit and loss	(5.97)		(35.18)	(41.15)
Unpaid statutory liabilities/provision for compensated absences	(15.11)	(2.94)		(18.05)
Accumulated losses	(221.17)	209.53		(11.65)
Unabsorbed depreciation	(36.22)	(0.56)		(36.78)
ICDS adjustments	(35.18)	57.77		22.59
Total	**(402.51)**	**266.50**	**(35.18)**	**(171.19)**
Net deferred tax liability/(assets)	**(343.46)**	**267.05**	**(35.18)**	**(111.60)**
MAT credit entitlement	**(19.14)**	**(128.45)**	**–**	**(147.59)**
Total deferred tax liability/(assets)	**(362.60)**	**138.60**	**(35.18)**	**(259.18)**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Particulars	Deferred tax liabilities/ (assets) as at 1-4-2015	Charge/(credit) to statement of profit and loss	Charge/ (credit) to other comprehensive income	Deferred tax liabilities/ (assets) as at 31-3-2016
Deferred tax liabilities:				
Difference between book and tax depreciation	63.00	(3.96)		59.04
Depreciation charged against retained earnings	(1.62)	–		(1.62)
Disputed statutory liabilities paid and claimed as deduction for tax purposes but not debited to the Statement of Profit and Loss	1.63	–		1.63
Total	**63.01**	**(3.96)**	**–**	**59.05**
Deferred tax (assets):				
Provision for doubtful debts and advances debited to the Statement of Profit and Loss	(56.68)	(32.18)		(88.86)
Loss on derivative transactions to be claimed for tax purposes in the year of transfer to the Statement of Profit and Loss	(19.26)		13.29	(5.97)
Unpaid statutory liabilities/provision for compensated absences debited to the Statement of Profit and Loss	(13.95)	(1.16)		(15.11)
Accumulated losses	(329.02)	107.85		(221.19)
Unabsorbed depreciation	(36.22)	–		(36.22)
ICDS adjustments	–	(35.18)		(35.18)
Total	**(455.13)**	**39.33**	**13.29**	**(402.51)**
Net deferred tax liability/(assets)	**(392.12)**	**35.37**	**13.29**	**(343.46)**
MAT credit entitlement	**–**	**(19.14)**	**–**	**(19.14)**
Total deferred tax liability/(assets)	**(392.12)**	**16.23**	**13.29**	**(362.60)**

b) The major components of tax expense for the year ended March 31, 2017 and March 31, 2016:

(₹ Crore)

Sr. No.	Particulars	31-3-2017	*31-3-2016*
	Statement of Profit and Loss:		
(a)	(i) Profit and Loss section		
	Current Income tax :		
	Current income tax charge		
	Effect of prior period adjustments		
	Deferred tax:		
	Relating to origination and reversal of temporary differences	**57.52**	**(73.33)**
	Effect of previously unrecognised tax losses and tax offsets used during the current year to reduce deferred tax expense	**209.53**	**107.83**
	Income tax expense reported in the statement of profit or loss	**267.05**	**34.50**
(b)	Other comprehensive income (OCI:		
	Current tax/ deferred tax:		
	Net loss/ (gain) on remeasurement of defined benefit plans	**0.01**	**0.87**
	Net gain / (loss) on cash flow hedges		
	Unrealised gain / (loss) on debt securities (FVTOCI)		
	Income tax expense reported in OCI	**0.01**	**0.87**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

c) Reconciliation of Income tax expense and rate

(₹ Crore)

Sr. No.	Particulars	31-03-2017	*31-03-2016*
A	Accounting profit before tax	**703.36**	**108.78**
B	Applicable tax rate	**34.61%**	**34.61%**
C	Computed expected tax expenses	**243.43**	**37.65**
D	Items leading to difference in effective rate compared to statutory tax rate:		
I	**Items leading to lower tax:**		
1	Weighted deduction on R&D expenditure	**(5.09)**	**(4.41)**
2	Effect of tax paid on foreign source income which is exempt from tax in India u/s 10AA	**(5.96)**	**–**
3	Other items	**–**	**(0.01)**
II	**Items leading to higher tax:**		
1	Corporate social responsibility expenses	**1.39**	**1.19**
2	Tax paid on perquisites	**0.09**	**(0.29)**
3	Opening Ind AS adjustments	**18.12**	**–**
4	Other items	**15.08**	**0.37**
	Gross tax liability	**267.04**	**34.50**
III	**Minimum Alternate Tax (MAT) liability**	**128.45**	**19.14**
	MAT credit entitlement	**(128.45)**	**(19.14)**
	Tax expense recognised during the year	**267.04**	**34.50**

xii) Disclosures pursuant to Indian Accounting Standard (Ind AS) 103 “Business Combinations”:

a) During the year L&T-Valdel Engineering Limited (LTV), a wholly owned subsidiary, merged with the Company under a scheme of arrangement. LTV provides engineering services for oil and gas projects spanning diverse lines of business like well-head and process platforms, FPSO topsides, pipeline systems and drilling rigs.

b) Merger is effective from appointed date, i.e April 01, 2016

c) LTV being wholly owned subsidiary of Company no equity shares were issued to effect the business combination. Further, as per Appendix C of Ind AS 103 - Business combinations of entities under common control, the merger is accounted using pooling of interest method, i.e.,

1 The assets and liabilities of LTV are reflected at their carrying amounts

2 The balance of the retained earnings appearing in the financial statements of the LTV is aggregated with the corresponding balance appearing in the financial statements of the Company

3 The identity of all other reserves is preserved and is appearing in the financial statement of the Company; and

4 The difference between the amount of investment by the Company and share capital of LTV is transferred to capital reserve and presented separately from other capital reserves.

d) During the year the Company acquired 75% stake in Larsen Toubro Arabia from its parent Larsen & Toubro Limited for USD 1 (₹ 65).

xiii) Disclosures pursuant to Indian Accounting Standard (Ind AS) 37 “Provisions, Contingent Liabilities and Contingent Assets”:

a) Movement in provisions:

(₹ Crore)

Sr. No.	Particulars	Expected tax liability in respect of indirect taxes	Litigation related obligations	Contractual rectification cost - Construction contracts	Others	Total
1	**Balance as at 1st April 2016**	19.93	0.44	19.49	10.00	49.85
2	Additional provision during the year	4.34	–	14.88	–	19.21
3	Provision used/ reversed during the year	0.08	–	7.44	–	7.52
4	Unwinding of interest and change in discount rate	–	–	–	–	–
5	**Balance as at 31st March 2017**	**24.18**	**0.44**	**26.92**	**10.00**	**61.54**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

b) Nature of provisions:

1 Expected tax liability in respect of indirect taxes represents mainly the differential sales tax liability on account of non-collection of declaration forms for the period prior to five years.

2 Provision for litigation related obligations represents liabilities that are expected to materialize in respect of matters in appeal.

3 Contractual rectification cost represents the estimated cost the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Indian Accounting Standard (Ind AS) 11 “Construction Contracts”.

c) Disclosures in respect of contingent liabilities are given as part of notes to the balance sheet.

xiv) Disclosures in respect of Employees Stock Options Scheme

Pursuant to the Employees Stock Options Scheme established by the holding company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the holding company, in respect of the same is ₹ 36.84 crore (P.Y. ₹ 27.15 crore). The same is being recovered over the period of vesting by the holding company. Accordingly, cost of ₹ 28.91 crore (P.Y. ₹ 21.05 crore) has been recovered by the holding company up to current year, out of which, ₹ 7.86 crore (P.Y. ₹ 5.02 crore) was recovered during the year. Balance ₹ 7.93 crore will be recovered in future periods.

Computation of total cost-

(₹ Crore)

Particulars	**31-3-2017**	*31-3-2016*
Cost recovered in past	**21.05**	*16.03*
Cost recovered during the year (Total of debit notes for ESOP Staff Cost)	**7.86**	*5.02*
Cost to be recovered in future	**7.93**	*6.10*
Total cost incurred by the holding company, in respect of ESOP-Sub's employees	**36.84**	*27.15*
Cost recovered up to the current year	**28.91**	*21.05*

xv) Disclosure pursuant to Auditor’s remuneration

Auditor’s remuneration (Excluding tax) and expenses charges to the accounts:

(₹ Crore)

Particulars	**2016-17**	*2015-16*
Audit fees	**0.19**	*0.18*
Certification work	**0.27**	*0.11*
Tax audit	**0.10**	*0.09*
Limited review	**0.07**	*0.06*
Expenses reimbursed	**0.00**	*0.00*

xvi) Disclosure pursuant to amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006, [MSMED Act]

The disclosure pursuant to the said Act is as under:

(₹ Crore)

Particulars	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
Principal amount due	**8.47**	*9.57*	*15.62*
Interest accrued and due on above amount	**0.00**	–	*0.00*
Payment made to suppliers (other than interest) beyond appointed day during the year	**0.03**	*0.03*	*0.04*
Interest paid (other than section 16)	**–**	–	–
Interest paid (section 16)	**0.00**	*0.00*	*0.00*
Interest due and payable towards supplier for payments already made beyond appointed day	**–**	–	–
Interest accrued and remaining unpaid at the end of the year	**0.00**	–	*0.00*
Amount of further interest remaining due and payable even in the succeeding year	**–**	–	–

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

xvii) Disclosure pursuant to Indian Accounting Standard (Ind AS) 107 "Financial Instruments"

The carrying value and fair value of financial instruments by categories as of March 31, 2017 were as follows:

a) Financial Assets:

(₹ Crore)

Sr.No.	Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	**Measured at fair value through Profit & Loss (FVTPL)**			
	Investments			
(a)	Mutual funds	**1,400.63**	–	–
	Derivative Financial Assets			
(b)	Derivative Instruments not designated as cash flow hedges	**26.51**	41.71	26.47
(c)	Embedded derivatives not designated as cash flow hedges	**126.39**	9.07	53.16
2	**Measured at amortised cost**			
(a)	Loans given	**79.44**	64.89	72.44
(b)	Trade receivables	**1,124.62**	1,428.31	1,341.33
(c)	Cash and cash equivalents	**302.14**	119.67	197.07
(d)	Other financial assets	**212.89**	251.60	195.19
3	**Measured at fair value through OCI (FVTOCI)**			
	Derivative Financial Assets			
(a)	Derivative financial instruments designated as cash flow hedges	**119.24**	52.97	76.96
(b)	Embedded derivative financial instruments designated as cash flow hedges	**–**	4.20	2.33
	Total financial assets	**3,391.86**	1,972.42	1,964.94

b) Financial liabilities:

(₹ Crore)

Sr.No.	Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	**Measured at Fair value through Profit & Loss (FVTPL)**			
	Derivative financial liabilities			
(a)	Derivative instruments not designated as cash flow hedges	**54.22**	8.39	33.49
(b)	Embedded derivatives not designated as cash flow hedges	**49.95**	8.92	37.09
2	**Measured at amortised cost**			
(a)	Borrowings	**43.65**	624.43	1,009.79
(b)	Trade payables	**1,689.23**	1,599.60	2,019.23
(c)	Other financial liabilities	**120.86**	93.96	108.43
3	**Financial liabilities at fair value through OCI**			
	Derivative financial liabilities			
(a)	Derivative Instruments designated as cash flow hedges	**58.69**	32.55	65.60
(b)	Embedded derivatives designated as cash flow hedges	**33.54**	27.45	55.31
	Total financial liabilities	**2,050.14**	2,395.30	3,328.93

c) Items of income, expense, gains or losses

(₹ Crore)

Particulars	As at 31-03-2017	As at 31-03-2016
Net gain/(losses) on financial assets and financial liabilities:		
Financial assets measured at amortised cost		
Exchange differences gain/loss on revaluation or settlement of items denominated in foreign currency (debtors, loan given etc)	**69.61**	(37.23)
Allowance/(reversal) for expected credit loss during the year	**(33.72)**	12.65
Provision for doubtful debts (other than expected credit loss)(net)	**29.10**	80.33
Bad debts written off (net)	**9.42**	–

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Particulars	As at 31-03-2017	*As at 31-03-2016*
Financial assets measured at fair value through OCI		
Gain (loss) on fair valuation or settlement of forward contracts designated as cash flow hedge	**(64.74)**	*(3.21)*
Gain (loss) on fair valuation or settlement of embedded derivative designated as cash flow hedge	**(66.03)**	*4.68*
On forward contracts upon underlying hedged item affecting the P&L or related assets or liability	**(104.28)**	*51.43*
On embedded derivative upon underlying hedged item affecting the P&L or related assets or liability	**33.56**	*38.53*
Designated as fair value through P&L		
Gain (loss) on fair valuation or settlement of forward contracts not designated as cash flow hedge	**(43.89)**	*9.58*
Gain (loss) on fair valuation or settlement of embedded derivative not designated as cash flow hedge	**52.07**	*3.26*
Financial liabilities measured at amortised cost		
Exchange differences gain / loss on re-valuation or settlement of items denominated in foreign currency (creditors, borrowing availed etc)	**(0.10)**	*34.26*
Unclaimed credit balances written back	**2.17**	*3.56*
Mandatorily measured at fair value through P&L		
Gain/(loss) on fair valuation or sale of investment in mutual fund units/equity	**2.19**	
Interest Revenue		
Financial assets measured at amortised cost		
From Banks	**1.43**	
From ICD	**40.04**	*6.31*
Others	**3.52**	*0.04*
Interest Expenses		
Financial liabilities not measured at fair value through P&L	**21.72**	*59.81*

d) **Fair value hierarchy**

Level 1 - Quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).

Level 3 - Inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

(₹ Crore)

Financial assets and liabilities measured at fair value - recurring fair value measurements	Notes	Level 1	Level 2	Level 3	Total
As at 31 March 2017					
Financial assets					
Financial Investments at FVPL					
– Mutual fund units	9	1,400.63	–	–	1,400.63
– Derivative instruments not designated as cash flow hedges	6 , 14	–	26.51	–	26.51
– Embedded derivative Instruments not designated as cash flow hedges	6 , 14	–	126.39	–	126.39
Financial Investments at FVOCI					
– Derivative financial instruments designated as cash flow hedges	6 , 14	–	119.24	–	119.24
– Embedded derivative financial instruments designated as cash flow hedges	6 , 14	–	–	–	–
Total financial assets		**1,400.63**	**272.14**		**1,672.77**
Financial Liabilities					
Financial liabilities at FVPL					
– Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	–	54.22	–	54.22
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	–	49.95	–	49.95
– Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	–	58.69	–	58.69
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	–	33.54	–	33.54
Total financial liabilities		**–**	**196.40**	**–**	**196.40**

(₹ Crore)

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
At 31 March 2016					
Financial assets					
Financial Investments at FVPL					
– Derivative instruments not designated as cash flow hedges	6 , 14	–	37.98	–	37.98
– Embedded derivative Instruments not designated as cash flow hedges	6 , 14	–	9.07	–	9.07
Financial Investments at FVOCI					
– Derivative financial instruments designated as cash flow hedges	6 , 14	–	56.71	–	56.71
– Embedded derivative financial instruments designated as cash flow hedges	6 , 14	–	4.20	–	4.20
Total financial assets		**–**	**107.95**	**–**	**107.95**
Financial liabilities					
Financial liabilities at FVPL					
– Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	–	2.18	–	2.18
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	–	8.92	–	8.92
– Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	–	38.76	–	38.76
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	–	27.45	–	27.45
Total financial liabilities			**77.31**		**77.31**

(₹ Crore)

Financial assets and liabilities measured at fair value - recurring fair value measurements	**Notes**	**Level 1**	**Level 2**	**Level 3**	**Total**
At 01 April 2015					
Financial assets					
Financial Investments at FVPL					
– Derivative instruments not designated as cash flow hedges	6 , 14	–	26.32	–	26.32
– Embedded derivative Instruments not designated as cash flow hedges	6 , 14	–	53.16	–	53.16
Financial Investments at FVOCI					
– Derivative financial instruments designated as cash flow hedges	6 , 14	–	77.11	–	77.11
– Embedded derivative financial instruments designated as cash flow hedges	6 , 14	–	2.33	–	2.33
Total financial assets		**–**	**158.92**	**–**	**158.92**
Financial liabilities					
Financial liabilities at FVPL					
– Designated as at FVPL					
a) Derivative instruments not designated as cash flow hedges	20 , 24	–	33.29	–	33.29
b) Embedded derivative Instruments not designated as cash flow hedges	20 , 24	–	37.09	–	37.09
– Designated as at FVOCI					
a) Derivative financial instruments designated as cash flow hedges	20 , 24	–	65.80	–	65.80
b) Embedded derivative financial instruments designated as cash flow hedges	20 , 24	–	55.31	–	55.31
Total financial liabilities		**–**	**191.49**	**–**	**191.49**

e) Impact of IND-AS 107 on profit & loss account

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Sr.	Particulars	2016-17	2015-16
1	**Net gain / (losses) on financial assets and financial liabilities**		
(a)	Mandatorily measured at fair value through P&L	**2.19**	–
(b)	Designated as at fair value through P&L	**8.18**	*12.84*
(c)	Financial assets measured at amortised cost	**74.41**	*55.75*
(d)	Financial liabilities measured at amortised cost	**2.07**	*37.82*
(e)	Financial assets measured at FVTOCI:		
i)	Gains recognized in OCI	**(130.77)**	*1.47*
ii)	Gains reclassified to P&L from OCI upon de-recognition	**(70.72)**	*89.96*
2	**Interest revenue**		
(a)	Financial assets measured at amortised cost	**(44.99)**	*(6.35)*
3	**Interest expense**		
(a)	Financial liabilities that are not measured at FVTPL	**21.72**	*59.81*
	Total	**(137.91)**	*251.30*

f) Financial risk management

The Company is exposed to credit/counter-party risk, liquidity risk, currency risk and interest rate risk.

The Company's risk management policy (including financial risk) is recommended by the audit committee and approved by the board of directors.

The Company's risk management committee is responsible for the implementation of the risk management policy.

e-i) Credit/counter-party risk

The principal credit risk that the Company is exposed to is non-collection of trade receivables and late collection of receivables leading to credit loss. The risk is mitigated by reviewing creditworthiness of the prospective customers by the risk management committee prior to entering into contract and, post receipt of contract through continuous monitoring of collections by the project team and the accounts team.

The Company makes adequate provision for non-collection of trade receivables. Further, the Company has not suffered significant payment defaults by its customers.

The Company has made provision for expected credit loss ('ECL') based on ageing analysis of its trade receivables ranging from 6% to 24% for dues outstanding from private customers towards default and from 3% to 60% towards delay for all customer outstanding. No provision has been made on trade receivable in not due category. The provision for ECL is based on external and internal credit risk factors such as the Company's historical experience for customers, type of customer e.g. public sector, etc.

Allowances for non-collection of receivables and ECL on delay / default in collection, on a combined basis, were ₹ 210.20 crores and ₹ 214.82 crores for the financial years 2016-17 and 2015-16 respectively. The movement in allowances for doubtful accounts comprising provision for both non-collection of receivables and delay in collection is as follows:

(₹ Crore)

Particulars	2016-17	2015-16
Opening balance of allowances for doubtful accounts	**214.82**	*121.84*
Allowances recognized (reversed)	**(38.44)**	*12.65*
Additional provision	**46.54**	*80.33*
Amounts written off during the year	**(12.73)**	–
Closing balance of allowances for doubtful accounts	**210.20**	*214.82*

The percentage of revenue from its top five customers is 82.71% for 2016-17 (84.09% for 2015-16).

The counter-party risk that the Company is exposed to is principally for financial instruments taken to hedge its foreign currency risks (see below). The counter-parties are mainly banks and the Company has entered into contracts with the counterparties for all its hedge instruments and in addition, entered into suitable credit support agreements to cap counter-party risk where necessary.

The Company invests its surplus funds in bank deposits and liquid investments and mitigates the risk of counter-party failure by investing with institutions having good credit rating.

e-ii) Liquidity risk

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

The holding company's treasury department monitors the cash flows of the Company and surplus funds are invested in non-speculative financial instruments that are usually highly liquid funds (see counter-party risk above).

The Company has project related borrowings as at March 31, 2017 and has credit facilities (both fund based and non-fund based) with banks that will help it to generate funds and other financial facilities for the business, if required. In addition, the Company has borrowings in the form of preference shares from the holding company aggregating to ₹ 760 crores (₹ 500 crores as at March 31, 2016). The preference shares carry a coupon rate of 10% for ₹ 500 crores and 12% for ₹ 260 crores. The preference shares are convertible at the option of the Company and are wholly accounted for as equity component of preference shares (refer note 18 - other equity).

The contractual maturities of financial assets and financial liabilities is as follows:

(₹ Crore)

Contractual maturities of financial liabilities As at 31.3.2017	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
1. Non derivative liabilities			
Borrowings	43.65	–	43.65
Contingent considerations	–	–	–
Trade payables	1524.10	165.13	1689.23
Other financial liabilities	117.89	2.06	119.95
Other items	0.90	–	0.90
Total non-derivative liabilities	**1686.54**	**167.19**	**1853.74**
2. Derivative liabilities			
Forward contract payable	112.91	–	112.91
Embedded derivative payable	73.47	10.02	83.50
Total derivative liabilities	**186.39**	**10.02**	**196.41**

(₹ Crore)

Contractual maturities of financial assets As at 31.3.2017	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Loans	2.34	6.20	8.54
Cash and cash equivalent	302.13	–	302.13
Current Investments	1,400.63	–	1,400.63
Others	283.80	–	283.80
Total	**1,988.90**	**6.20**	**1,995.10**

(₹ Crore)

Contractual maturities of financial liabilities As at 31.3.2016	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Borrowings	624.43	–	624.43
Contingent considerations	–	–	–
Trade payables	1582.23	17.38	1599.60
Other financial liabilities	91.02	2.04	93.06
Other items	0.90	–	0.90
Total	**2298.57**	**19.42**	**2317.99**

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

(₹ Crore)

Contractual maturities of financial assets As at 31.3.2016	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Loans	6.81	0.39	7.20
Cash and cash equivalent	119.66	–	119.66
Others	309.29	–	309.29
Total	**435.76**	**0.39**	**436.15**

(₹ Crore)

Contractual maturities of financial liabilities As at 31.03.2015	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Borrowings	43.65	–	43.65
Contingent considerations	–	–	–
Trade payables	1524.10	165.13	1689.23
Other financial liabilities	242.39	2.06	244.46
Other items	0.90	–	0.90
Total	**1811.05**	**167.19**	**1978.24**

(₹ Crore)

Contractual maturities of financial assets As at 31.03.2015	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Loans	0.97	0.76	1.73
Cash and cash equivalent	197.06	–	197.06
Others	45.58	–	45.58
Total	**243.61**	**0.76**	**244.37**

e-iii) Currency risk

Foreign exchange risk is a significant financial risk for the Company.

The Company uses derivative financial instruments to mitigate foreign exchange related exposures. Specialist teams that have the appropriate skills and experience take decisions for risk management purposes.

In addition, the Company has embedded derivatives, mainly for projects in India that are won under international competitive bidding and sourcing in currencies other than INR and functional currency of the vendor. These are quoted in foreign currency and may match the exposure that the Company may have for the liabilities for the project. Since embedded derivatives are considered ineffective, they are charged to the statement of profit and loss along with the corresponding hedge instrument taken (if any) to mitigate the foreign exchange risk.

The Company does not enter into hedge transactions for either trading or speculative purposes.

The Company has operations abroad and also has other transactions in foreign currencies and the maximum exposure is in US dollars.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Currency wise exposure of company is as below:

(₹ Crore)

Particulars	31.3.2017		31.3.2016		01.4.2015	
	USD	EUR	USD	EUR	USD	EUR
Financial assets						
Investments	–	–	–	–	–	–
Trade receivable	801.72	12.38	834.67	17.35	632.56	23.26
Loan and advances	63.28	69.94	80.57	0.93	6.41	–
Cash and cash equivalents	170.14	2.84	32.67	–	111.50	–
Other financial assets	0.50	–	–	–	151.54	–
Derivatives taken to hedge - on balance sheet assets	(193.82)	(11.08)	(375.39)	(10.56)	(357.15)	(22.84)
Net exposure to foreign currency risk (assets)	**841.14**	**74.08**	**572.52**	**7.73**	**544.86**	**0.42**
Derivatives taken to hedge - off balance sheet assets	**(576.79)**		**(2109.44)**	**(4.15)**	**(1539.60)**	**–**
Financial liabilities						
Borrowings	0.85	–	108.50	–	420.78	–
Trade payable	844.49	503.04	667.41	85.73	722.51	138.33
Other financial liabilities			53.76	3.59	168.84	4.45
Derivatives taken to hedge - on balance sheet liabilities	(2.27)	(0.94)	(24.18)	(35.25)	(8.63)	(81.87)
Net exposure to foreign currency risk (liabilities)	**843.07**	**502.10**	**805.49**	**54.07**	**1303.50**	**60.90**
Derivatives taken to hedge - off balance sheet liabilities	**(799.46)**	**(239.77)**	**(1327.03)**	**(391.65)**	**(1204.72)**	**(385.40)**

The board of directors has approved the Company's financial risk management policy covering management of foreign currency exposures. The holding company's treasury department monitors the foreign currency exposures and takes appropriate forward covers to mitigate its risk. The Company hedges its exposure both on cash flow basis as well as on net basis (i.e. net expected outcome of the project). These hedges are cash flow hedges.

The outstanding hedge instruments at the year-end, their maturity profile and the sensitivity analysis are as under:

Currency forward contracts outstanding as on 31.3.2017:

(₹ Crore)

Particulars	Nominal Amount	Average Rate	Timing	
			Upto 12 months	More than 12 months
Cash flow hedge	–	–	–	–
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1,371.93	67.43	1,371.93	–
EUR	1,762.68	74.71	1,762.68	–
JPY	17.75	0.60	17.75	–
KWD	781.92	220.22	781.92	–
GBP	20.22	84.87	20.22	–
Receivable hedges				
USD including USD pegged currency	2,681.69	66.62	2,236.74	444.95
EUR	22.59	70.58	22.59	–
KWD	1,237.09	225.22	1,237.09	–

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Currency forward contracts outstanding as on 31.3.2016:

(₹ Crore)

Particulars	Nominal Amount	Average Rate	Timing	
			Upto 12 months	More than 12 months
Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	1,406.37	69.18	1,226.18	180.19
EUR	431.48	79.67	385.79	45.69
JPY	142.25	0.60	142.25	–
KWD	352.56	225.37	352.56	–
GBP	92.80	103.11	91.25	1.55
CHF	1.21	68.54	1.21	–
Receivable hedges				
USD including USD pegged currency	779.29	69.95	779.29	–
KWD	1895.67	231.17	1240.79	654.88

Foreign currency exposure of contracts not designated as cash flow hedge:

Particulars	2016-17		*2015-16*	
	USD	**EUR**	*USD*	*EUR*
Forward contracts not designated as cash flow hedges:				
Sold	**1372.24**	**11.09**	*2228.68*	*14.70*
Purchase	**397.29**	**114.77**	*299.26*	*114.44*
Embedded derivatives not designated as cash flow hedges:				
Sold	**2.69**	**499.98**	*1.73*	*3.38*
Purchase	**1624.76**	**646.16**	*2134.36*	*22.26*

Carrying value of hedge instruments:

Particulars	Currency Exposure		
	31.03.17	*31.03.16*	*01.04.15*
Forward Contracts			
Current			
Asset - Other financial assets	**89.90**	*50.50*	*42.23*
Liability - Other financial liabilities	**127.25**	*53.99*	*96.18*
Non-current			
Asset - Other financial assets	**29.93**	*6.68*	*37.07*
Liability - Other financial liabilities	**5.00**	*6.01*	*24.73*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Maturity profile of the forward contracts:

(₹ Crore)

Contractual maturities of financial liabilities As at 31.03.2017	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract payable	112.91	–	112.91
Embedded derivative payable	73.47	10.02	83.50
Total	**186.39**	**10.02**	**196.41**

Contractual maturities of financial assets As at 31.03.2017	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract receivable	115.43	30.32	145.75
Embedded derivative receivable	115.64	10.74	126.39
Total	**231.07**	**41.06**	**272.13**

Contractual maturities of financial liabilities As at 31.03.2016	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract payable	35.62	5.32	40.94
Embedded derivative payable	31.52	4.85	36.37
Total	**67.14**	**10.18**	**77.31**

Contractual maturities of financial assets As at 31.03.2016	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract receivable	85.89	8.80	94.69
Embedded derivative receivable	10.84	2.42	13.26
Total	**96.73**	**11.22**	**107.95**

Contractual maturities of financial liabilities As at 01.04.2015	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract payable	5.74	–	5.74
Embedded derivative payable	56.14	34.75	90.89
Total	**61.88**	**34.75**	**96.63**

Contractual maturities of financial Assets As at 01.04.2015	**Upto 12 month**	**More than 12 month**	**Total**
	1	**2**	**3=1+2**
Forward contract receivable	85.89	8.80	94.69
Embedded derivative receivable	10.84	2.42	13.26
Total	**96.73**	**11.22**	**107.95**

Contracts with maturity not later than twelve months include certain contracts that can be rolled over to subsequent periods in line with underlying exposures.

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Breakup of hedge reserve balance:

(₹ Crore)

Particulars	31.3.2017	31.3.2016	31.3.2015
Balance towards continuing hedges	**(77.76)**	*(11.28)*	*(36.39)*
Portion for which no hedge accounting followed	**–**	–	–

The following table provides the reconciliation of cash flow hedge reserve for year ended March 31, 2017:

(₹ Crore)

Hedging reserve	31.3.2017	31.3.2016
Opening balance	**(11.28)**	*(36.39)*
Add: Forward-to-forward movement in forward contracts	**(130.78)**	*1.47*
Less: Amount reclassified to profit or loss	**29.12**	*36.92*
Less: Deferred tax related to above	**35.18**	*(13.29)*
Closing balance	**(77.76)**	*(11.28)*

Reclassification of hedge reserve to profit and loss

(₹ Crore)

Hedging reserve	31.3.2017	31.3.2016
Future cash flows are no longer expected		
Sales, admin & other gen expenses	**1.21**	*(2.35)*
Hedged item becoming on balance sheet		
Progress Billing	**95.12**	*(44.65)*
Revenue line item	**2.40**	*(0.86)*
MCO line item	**(127.85)**	*10.94*

Sensitivity analysis:

Value at risk:

To provide a meaningful assessment of the foreign currency risk associated with the Company's foreign currency derivative positions against off-Balance Sheet exposures and unhedged portion of on-Balance Sheet financial assets and liabilities, the Company uses a multi-currency correlated value-at-risk ("VAR") model. The VAR model uses a Monte Carlo simulation to generate thousands of random market price paths for foreign currencies against Indian Rupee taking into account the correlations between them. The VAR is the expected loss in value of the exposures due to overnight movement in spot exchange rates, at 95% confidence interval. The VAR model is not intended to represent actual losses but is used as a risk estimation tool. The model assumes normal market conditions and is a historical best fit model. Because the Company uses foreign currency instruments for hedging purposes, the loss in fair value incurred on those instruments are generally offset by increase in the fair value of the underlying exposures for on Balance Sheet exposures. The overnight VAR for the Company at 95% confidence level is ₹ 23.22 crore as at March 31, 2017 and ₹ 9.49 crore as at March 31, 2016.

Actual future gains and losses associated with the Company's investment portfolio and derivative positions may differ materially from the sensitivity analysis performed as at March 31, 2017 due to the inherent limitations associated with predicting the timing and amount of changes in foreign currency exchange rates and the Company's actual exposures and position.

Interest rate risk:

The Company's exposure to the risk for changes in market rates relate primarily to the Company's investment in liquid mutual funds and project specific borrowing for international projects carrying floating interest rate.

The Company's exposure to interest rate risk is shown (by way of a sensitivity analysis) below.

(₹ Crore)

Particulars	Mar-17	Mar-16
Borrowings and assets carrying floating rate of interest:		
USD interest rate - increase by 0.25%	**–**	*(0.27)*
USD interest rate - decrease by 0.25%	**–**	*0.27*

NOTES FORMING PART OF THE ACCOUNTS (CONTD.)

Carrying amount of collateral given

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
Trade receivables	**1,124.62**	*1,428.31*	*1,341.33*
Cash and cash equivalents	**302.14**	*119.67*	*197.06*
Current investments	**1,400.63**	–	–
Other current assets	**520.91**	*412.83*	*365.47*
Total current financial assets	**3,348.30**	*1,960.81*	*1,903.86*

The above assets have been given as collateral against various funded and non-funded facilities availed by the Company.

xviii) Expenditure incurred on corporate social responsibility activities:

As per section 135 of the Companies Act, 2013 ('the Act'), a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. A CSR committee has been formed by the Company as per the Act.

a. Gross amount required to be spent by the Company during the year is ₹ 9.77 crore

b. Amount spent during the year on:

1. Construction / acquisition of any asset - Nil
2. On purposes other than (1) above - ₹ 4.01 crore

xix) There are no amounts due and outstanding to be credited to Investor Education & Protection Fund as at March 31, 2017.

xx) Details of specified bank notes held and transacted during the period from November 8, 2016 to December 30, 2016:

Particulars	**₹ "500" notes**	**₹ "1000" notes**	**Other Notes**	**Total**
Closing cash in hand as on 08.11.20106	39,23,000	5,00,000	77,62,976	1,21,85,976
Permitted Receipts / Withdrawal from Banks	–	–	97,76,671	97,76,671
Permitted Payments	46,500	27,000	1,44,83,850	1,45,57,350
Amount deposited in Banks	38,76,500	4,73,000	–	43,49,500
Closing cash in hand as on 30.12.2016	–	–	30,55,797	30,55,797

xxi) Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached

SHARP & TANNAN
Chartered Accountants
Firm's Registration No.109982W
by the hand of

FIRDOSH D. BUCHIA
Partner
Membership No.38332

Place : Mumbai
Date : April 27, 2017

For and on behalf of the Board

R. VENKATESH
Chief Financial Officer

ALPANA KHALE
Company Secretary
M. No. A40675

SUBRAMANIAN SARMA
CEO & Managing Director
DIN: 00554221

K. RAVINDRANATH
Whole-time Director
DIN: 00262462

Place : Mumbai
Date : April 27, 2017

DIRECTORS' REPORT

Dear Members

The Directors have pleasure in presenting their Nineteenth Annual report and Audited Financial Statements for the year ended 31st March, 2017.

1. **FINANCIAL HIGHLIGHTS:**

The Financial statements of the Company have been prepared in compliance with the Indian Accounting Standards ("Ind AS") notified by the Central Government as described in paragraph (b) of the Significant Accounting Policies forming part of the notes accompanying the financial statements of the Company for the year ended 31st March 2017. The financial highlights of the Company's performance, as per "Ind AS" are as follows:-

(₹ In crores)

Particulars	**2016-17**	*2015-16*
Profit /(Loss) Before Depreciation, exceptional and extra ordinary items & Tax	**8.25**	*1.65*
Less: Depreciation, amortization and obsolescence	**0.64**	*0.89*
Profit / (Loss) before tax	**7.61**	*0.76*
Less: Provision for tax (current / previous years) (net)	**0.93**	*0.28*
Adjust: Deferred Tax Credit / (Reversal of Credit)	**0.66**	*(0.07)*
Profit/ (Loss) for the year	**7.34**	*0.41*
Adjust: Other Comprehensive Income / (Loss): -		
Items that will not be reclassified to profit or loss	**(0.22)**	*0.02*
Less: Income Tax on items that will not be reclassified to profit or loss	**(0.05)**	*0.01*
Other Comprehensive income net of income tax	**(0.17)**	*0.01*
Total Comprehensive Income / (Loss) for the year	**7.17**	*0.42*
Add: Retained earnings as at beginning of the year	**26.81**	*26.39*
Retained earnings at the end of the year before proposed dividend, dividend tax and transfer to general reserve	**33.98**	*26.81*
Proposed dividend	**0.00**	*0.00*
Dividend Tax	**0.00**	*0.00*
Transfer to General Reserve	**0.00**	*0.00*
Balance carried to Balance Sheet	**33.98**	*26.81*

CAPITAL & FINANCE:

The Company is a wholly owned subsidiary of M/s. Larsen & Toubro Ltd. There have been no changes in share holding during the year 2016-17.

CAPITAL EXPENDITURE:

As at March 31, 2017 the gross value of property, plant and equipment (including work in progress) and intangible assets stood at ₹6.35 Crores and the net value of property, plant and equipment (including work in progress) and intangible assets, at ₹1.13 Crores. Capital Expenditure during the year amounted to ₹0.75 Crores.

2. **STATE OF COMPANY AFFAIRS:**

The total income for the financial year under review improved significantly to ₹57.90 crores as against ₹42.06 crores for the previous financial year. The Profit before tax and before other comprehensive income was ₹7.61 Crores and the total comprehensive income was ₹7.17 Crores for the financial year under review as against ₹0.76 Crores and ₹0.42 crores respectively for the previous financial year.

Outlook: The Company expects to continue the growth momentum during the financial year 2017-18 due to favorable conditions noticed in the infrastructure sector.

3. **TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND:**

There are no amounts unpaid or unclaimed sums due & payable from out of dividends declared by your company hence no sums need to be transferred to Investor Education and Protection Fund as on 31.3.2017 in pursuance of provisions of the Companies Act, 2013 read with the IEPF Authority (Accounting, Audit, Transfer and Refund) Rules, 2016.

4. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

There are no companies which have become or ceased to be subsidiaries or joint ventures or associate companies of your company during the year.

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY:**

The Company has not given any loans or guarantees or invested any amounts that are covered by the provisions of section 186 of the Act.

6. **DETAILS OF DEPOSITS:-**

The following are the details relating to deposits covered under Chapter V of the Companies Act, 2013:-

Accepted during the year: NIL

Remaining unpaid or unclaimed as at the end of the year: NIL

Default if any in repayment of deposits or payment of interest thereon during the year: NIL

Details of deposits not in compliance with the requirements of Chapter V of the Act: NIL

7. **DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS:-**

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

8. **EXTRACT OF ANNUAL RETURN**

Refer Annexure 1 in Form MGT-9 Enclosed

9. **PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES:**

All the related party transactions were in the ordinary course of business and at arm's length. Form AOC-2 is enclosed (Annexure 2) herewith containing material contracts entered into with related parties at arm's length basis.

10. **AMOUNT TO BE CARRIED TO RESERVE:**

The company does not propose to carry any amounts to reserves from the balance in profit and loss account.

11. **DIVIDEND:**

The Directors do not recommend payment of dividend on equity share for the year.

12. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT:**

NIL

13. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

Refer Annexure 3

14. **DETAILS IN RESPECT OF ADEQUACY OF INTERNAL FINANCIAL CONTROLS WITH REFERENCE TO THE FINANCIAL STATEMENTS:**

The Company has adequate internal financial controls commensurate with the size of the business and nature of its operations, designed to provide reasonable assurance with regard to the accuracy and completeness of the accounting records and timely preparation and provision of reliable financial statements.

15. **RISK MANAGEMENT POLICY:**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework. The risk management policy contains a process for identification and assessment of risk, measures for protection, mitigation and management of risk, and a framework for education, reporting, monitoring and control of risk.

16. **CORPORATE SOCIAL RESPONSIBILITY (CSR):**

Annual Report on CSR Activities

(To be included in Board's Report pursuant to Companies (Corporate Social Responsibility Policy) Rules, 2014)

A Brief Outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken:

Brief Outline of CSR Policy: The Company shall undertake one or more of the following activities prescribed under Schedule VII of the Act:-

Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water, Promotion of Education, Ensuring Environmental Sustainability, Social Business Projects or Contribution to Prime Minister's National Relief Fund. However the Company may choose to spend on any other area as permitted by Schedule VII if a suitable project is identified in such other area.

Overview of projects or programs proposed to be undertaken: Since the Company's average profits for the years 2013-14 to 2015-16 were negative, the Company was not required to spend on CSR during 2016-17. The Company did not expend any amounts towards CSR during the year 2016-17.

The CSR policy of the Company is available in the link **http://lntiel.com/index.php/csr/** in the Company's website.

Composition of the CSR Committee

The Company's CSR committee comprises of Mr. D.K. Sen (Chairman of the Committee), Mr. S. V. Desai and Mr. P. Niranjana, Directors of the Company. During the year 2016-17 M/s. A. L. Sekar and B. Ramakrishnan resigned from the CSR Committee and their place was taken by M/s. S. V. Desai and P. Niranjana.

Amount to be spent on CSR:

Particulars	Amount (₹)
Average Net Profit of the Company for the last three financial years	NIL
Prescribed CSR expenditure (two percent of average net profit of the company for the last three financial years)	NIL
Total amount to be spent for the financial year	NIL
Amount unspent	NIL

Manner in which amount spent on CSR during the financial year

S. No.	CSR project or activity identified	Sector in which the Project is covered	Projects or programs	Amount outlay (budget) project or programs wise	Amount spent on the project or programs	Cumulative expenditure upto the reporting period	Amount spent : Direct or through implementing agency*
					Sub-heads:		
			(1) Local area or others		(1) Direct expenditure on projects or program		
			(2) Specify the State and district where projects or programs was undertaken		(2) Overheads:		
1	Constructing toilets in village	Eradicating hunger, poverty and malnutrition, promoting preventive health care and sanitation and making available safe drinking water	Kuthambakkam Village, Thiruvallur District, Tamilnadu	₹ 2.96 Lacs	NIL	₹ 2.96 Lacs	Trust for Village Self Governance, Tamil Nadu
2	Contribution to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund	Contribution to Prime Minister's National Relief Fund	₹ 3.60 Lacs	NIL	₹ 3.60 Lacs	Direct
	Total			₹ 6.56 Lacs	NIL	₹ 6.56 Lacs	

*Give details of implementing agency:

**Note: Budget and Cumulative expenditure are given from inception of the program until 31.3.2017

Reasons for not spending the CSR amount during the financial year:-

Not applicable.

Responsibility Statement of the Corporate Social Responsibility Committee:-

The Corporate Social Responsibility (CSR) Committee of the Company hereby confirms that the implementation and monitoring of CSR policy is in compliance with CSR objectives and policy of the Company.

D. K. SEN	S. V. DESAI	P. NIRANJANA
DIN: 03554707	*DIN: 07648203*	*DIN: 07685019*
Chairman	*Director*	*Director*
CSR Committee	*Member-CSR Committee*	*Member-CSR Committee*

17. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Mr. A. L. Sekar (DIN: 06841551) who retired by rotation was re-elected as Director at the Annual General Meeting of the Company. Mr. S. V. Desai (DIN: 07648203) and Mr. P. Niranjana (DIN: 07685019) were appointed as additional directors on the Board, on 23-12-2016. M/s. A. L. Sekar (DIN: 06841551) and B. Ramakrishnan (DIN: 00240737) resigned from the Board with effect from 30.12.2016.

18. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS:

The Meetings of the Board are held once in each calendar quarter with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review 5 (Five) meetings were held on May 18, 2016, July 15, 2016, November 1, 2016, December 24, 2016 and February 1, 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

19. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS:

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

20. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

21. AUDITORS' REPORT

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

22. AUDITORS:

The Auditors, M/.s Sharp & Tannan, Chennai, hold office until the conclusion of the ensuing Annual General Meeting (AGM). As per the provisions of the Companies Act, 2013, M/s. Sharp & Tannan, Chartered Accountants are eligible to be appointed for the next 5 years. The Board recommends the appointment of M/s. Sharp & Tannan as Auditors of the Company from the conclusion of the ensuing AGM until the conclusion of the next AGM.

23. PROTECTION OF WOMEN AT WORKPLACE:

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

24. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Chennai
Date: May 19, 2017

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

ANNEXURE 1 TO DIRECTORS' REPORT

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74140TN1998PLC039864
ii)	Registration Date	09/02/1998
iii)	Name of the Company	L&T Infrastructure Engineering Limited
iv)	Category/ Sub-Category of the Company	Public Limited Company
v)	Address of the Registered office and contact details	Mount-Poonamallee Road, Manapakkam, P. O. Box No. 979, Chennai - 600 089
vi)	Whether listed company	No
vii)	Name, Address and Contact details of Registrar and Transfer Agent, if any	N.A

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Consulting Engineering	71	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES:

Sl. No.	Name and address of the company	CIN/GLN	Holding/ subsidiary/ associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited	L99999MH1946PLC004768	Holding Company	100%	2 (46) & 2 (87)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. Of Share Held at the beginning of the year				No. Of Share Held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.		36,00,000	36,00,000	100		36,00,000	36,00,000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-		**36,00,000**	**36,00,000**	**100**		**36,00,000**	**36,00,000**	**100**	**–**
2) Foreign									
g) Individual/HUF	–	–	–	–	–	–	–	–	–
h) Central Govt	–	–	–	–	–	–	–	–	–
i) State Govt (s)	–	–	–	–	–	–	–	–	–
j) Bodies Corp.	–	–	–	–	–	–	–	–	–
k) Banks / FI	–	–	–	–	–	–	–	–	–
l) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-		**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(2)		**36,00,000**	**36,00,000**	**100**		**36,00,000**	**36,00,000**	**100**	**Nil**

Category of Shareholders	No. Of Share Held at the beginning of the year				No. Of Share Held at the end of the year				% of Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	–	–	–	–	–	–	–	–	–
2. Non-Institutions									
a) Bodies Corp.									
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2)	–	–	–	–	–	–	–	–	–
Total Public Shareholding (B)=(B)(1)+ (B)(2)	–	–	–	–	–	–	–	–	–
C. **Shares held by Custodian for GDRs & ADRs**									
Grand Total (A+B+C)		**36,00,000**	**36,00,000**	**100**		**36,00,000**	**36,00,000**	**100**	

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Share Holding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	No. of Shares	% of Total Shares of the Company	% of Shares Pledged / Encumbered to Total Shares	
1	Larsen & Toubro Ltd	36,00,000	100%	Nil	36,00,000	100%	Nil	Nil
	TOTAL	**36,00,000**	**100%**	**NIL**	**36,00,000**	**100%**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl No	Shareholders Name	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	36,00,000	100%	36,00,000	100%
	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	**36,00,000**	**100%**	**36,00,000**	**100%**

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl No	For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

Sl No	For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of Shares	% of total Shares of the company	No. of Share	% of total Shares of the company
	At the beginning of the year	NIL	NIL	NIL	NIL
	Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
	At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	3,844,218	NIL	NIL	3,844,218
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**3,844,218**	**Nil**	**Nil**	**3,844,218**
Change in Indebtedness during the financial year				
• Addition (Net)	Nil	15,726,082	NIL	15,726,082
• Reduction	3,844,218	NIL	NIL	3,844,218
Net Change	**(3,844,218)**	**15,726,082**	**Nil**	**11,881,864**
Indebtedness at the end of the financial year				
i) Principal Amount	NIL	15,726,082	NIL	15,726,082
ii) Interest due but not paid	NIL	NIL	NIL	NIL
iii) Interest accrued but not due	NIL	NIL	NIL	NIL
Total (i+ii+iii)	**Nil**	**15,726,082**	**Nil**	**15,726,082**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager (Not applicable)

Sl No	Particulars of Remuneration	Name of MD/WTD/Manager				Total Amount
1.	**Gross salary**					
	(a) Salary as per provisions contained in section 17 (1) of the Income Tax Act, 1961	–	–	–	–	–
	(b) Value of perquisites u/s 17 (2) Income Tax Act, 1961	–	–	–	–	–
	(c) Profits in lieu of salary under section 17 (3) Income Tax Act, 1961	–	–	–	–	–
2.	**Stock Option**	–	–	–	–	–
3.	**Sweat Equity**	–	–	–	–	–
4.	**Commission**					
	– as % of profit	–	–	–	–	–
	– Others specify...	–	–	–	–	–
5.	**Others, please specify**	–	–	–	–	–
	Total (A)	–	–	–	–	–
	Ceiling as per the Act	–	–	–	–	–

B. Remuneration to other directors: NIL

Sl No	Particulars of Remuneration	Name of Directors				Total Amount
1.	**Independent Directors**					
	• Fee for attending board / committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (1)	–	–	–	–	–
2.	**Other Non-Executive Directors**					
	• Fee for attending board / committee meetings	–	–	–	–	–
	• Commission	–	–	–	–	–
	• Others, please specify	–	–	–	–	–
	Total (2)	–	–	–	–	–
	Total (B)=(1+2)	–	–	–	–	–
	Total Managerial Remuneration	–	–	–	–	–
	Overall Ceiling as per the Act	–	–	–	–	–

C. Remuneration to key managerial personnel other than MD/MANAGER/WTD (Not applicable)

Sl No	Particulars of Remuneration	Key Managerial Personnel			
		CEO	Company Secretary	CFO	Total
1.	**Gross salary**				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	–	–	–	–
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	–	–	–	–
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–	–
2.	**Stock Option**	–	–	–	–
3.	**Sweat Equity**	–	–	–	–
4.	**Commission**				
	– as % of profit	–	–	–	–
	– Others specify...	–	–	–	–
5.	**Others, please specify**	–	–	–	–
	TOTAL	–	–	–	–

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment / Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

ANNEXURE 2 TO DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms length transactions under third proviso thereto

1. **Details of contracts or arrangements or transactions not at arm's length basis NIL**
   (a) Name(s) of the related party and nature of relationship
   (b) Nature of contracts/arrangements/transactions
   (c) Duration of the contracts / arrangements/transactions
   (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   (e) Justification for entering into such contracts or arrangements or transactions
   (f) date(s) of approval by the Board
   (g) Amount paid as advances, if any:
   (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188 NIL

2. **Details of material contracts or arrangement or transactions at arm's length basis:-**

(Amount in ₹)

Name(s) of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value, if any **
Larsen & Toubro Limited	Holding Company	See Note 1	240,605,600
Daewoo-L&T JV	Joint operation of holding company	See Note 1	42,500,000
L&T Hydrocarbon Engineering Limited	Fellow Subsidiary	See Note 1	390,000
L&T Chennai-Tada Tollway Ltd	Joint Venture of holding company	See Note 1	700,000
L&T Shipbuilding Ltd	Fellow Subsidiary	See Note 1	3,972,000
L&T Infrastructure Finance Company Ltd	Fellow Subsidiary	See Note 1	1,400,000

Date(s) of approval by the Board, if any: 1.2.2017

Note 1: Nature of contracts/ arrangements/ transactions: Contracts for design and drawings /estimations / studies and related services to be provided by your company for various infrastructure projects.

** Salient terms of the contracts or arrangements or transactions including the value, if any: Preparation / checking of design and drawings / estimations / studies etc. for various infrastructure projects. Total value of fresh contract values issued during the year including increase in fee values during the year for existing contracts is given in the table above for each party. Amounts are exclusive of taxes.

ANNEXURE 3 TO DIRECTORS' REPORT

(Pursuant to requirements of Rule 8 (3) of the Companies (Accounts) Rules, 2014)

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

(A) CONSERVATION OF ENERGY

(i) the steps taken or impact on conservation of energy;

The company provides services from an engineering office. All computers used in the office have built-in energy saving features.

(ii) the steps taken by the company for utilising alternate sources of energy

The company provides services from an engineering office. It is therefore not a significant consumer of energy.

(iii) the capital investment on energy conservation equipments

The company provides services from an engineering office. All computers used in the office have built-in energy saving features.

(B) TECHNOLOGY ABSORPTION

(i) The efforts made towards technology absorption

The Company's primary activity is in rendering of engineering services which involves provision of innovative solutions and continuous improvement of technology.

(ii) (ii) The benefits derived like product improvement, cost reduction, product development or import substitution;

The Company mainly uses in-house technology for its operations. The effects of this are seen in innovative and cost effective design of infrastructure projects especially in the transportation sector.

(iii) (iii) In case of imported technology (imported during the last three years reckoned from the beginning of the financial year)

The Company mainly uses in-house technology for its operations

(a) the details of technology imported (Not Applicable)

(b) the year of import (Not Applicable)

(c) whether the technology been fully absorbed (Not Applicable)

(d) if not fully absorbed, areas where absorption has not taken place, and the reasons thereof (Not Applicable); and

(iv) The expenditure incurred on Research and Development

The Company's primary activity is the provision of engineering services in the field of Infrastructure. The services provided fall in the category of Design & Engineering and as such much of the Company's operations have an in-built content of R&D.

(C) FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned during the year 2016-17 is ₹ 33,525,910/-

Foreign Exchange outgo during the year 2016-17 is ₹ 9,340,479/-

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF L&T INFRASTRUCTURE ENGINEERING LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **L&T Infrastructure Engineering Limited** ("the Company"),which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of changes in Equity for the year then ended, and a summary of the significant accounting policies and other explanatory information.

MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) prescribed under Section 133 of the Act. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on these Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India,the financial position of the Company as at 31 March 2017 and its financial performance including other comprehensive income, its cash flows and the statement of changes in equity for the year ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3)of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid financial statements comply with the Indian Accounting Standards prescribed under Section 133 of the Act, read with The Companies (Indian Accounting Standard Rules, 2015.

   (e) On the basis of the written representations received from the directors as on

   31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164(2) of the Act.

   (f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B".

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, amended vide the Companies (Audit and Auditors) Amendment Rules, 2017, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statements (Refer Note 26 to the Financial Statements);

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses;

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company;

iv. The Company has provided requisite disclosures in its financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016. Based on audit procedures carried out by us and relying on the management representation, we report that the disclosures are in accordance with the books of accounts maintained by the Company and as produced to us by the management of the Company. (Refer Note 29 to the Financial Statements)

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.003792S

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date: May 23, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Infrastructure Engineering Limited on the financial statements for the year ended 31 March 2017 we report that:

i) a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed during such verification.

c) According to the information and explanations provided to us, the Company does not have any immovable property in its books of accounts. Accordingly, reporting under Clause 3 (i)(c) of the Order does not arise.

ii) The Company is engaged in design consultancy services and does not carry any inventory. Hence, reporting under Clause 3(ii) of the Order does not arise.

iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under Clauses3 iii) (a), (b) and (c) of the Order does not arise.

iv) According to the information and explanations given to us, the company has not advanced any loan, made any investment, given any guarantee or provided any security covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, reporting under Clause 3 (iv) of the Order does not arise.

v) According to the information and explanations given to us, the Company has not accepted any deposits from the public and therefore reporting on compliance with the directives issued by Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder does not arise. Accordingly, reporting under Clause 3 (v) of the Order does not arise.

vi) The Central Government has not specified maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) for the operations of the Company. Accordingly, reporting on clause 3 (vi) of the Order does not arise.

vii) a) According to the information and explanations given to us and on the basis of our examination of the books of account, the Company is generally regular in depositing undisputed statutory dues including provident fund, income tax, service tax and other material statutory dues as applicable to it during the year with appropriate authorities.

b) According to the information and explanations given to us and on the basis of our examination of the books of account, the particulars of service tax, as at 31 March 2017 which have not been deposited on account of dispute pending is as follows:

Name of the Statue	Nature of dues	Amount (₹)	Period to which disputes relates	Forum where disputes are pending
Finance Act, 1994	Service Tax (Interest & Penalty)	157,218	2016-17	Commissioner of service tax

viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to bank during the year. The Company has not taken any loans or borrowings from a financial institution or Government during the year. Further the Company has not issued any debentures during the year.

ix) The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor has availed any term loans during the year. Accordingly, reporting under Clause 3 (ix) of the Order does not arise.

x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company, or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.

xi) According to the information and explanations given to us and the records of the Company examined by us, the Company has not paid or provided for, managerial remuneration during the year. Accordingly, reporting on Clause 3 (xi) of the Order does not arise.

xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under Clause 3 (xii) of the Order does not arise.

xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with the provisions of Sections 177 and 188 of the Companies Act, 2013, to the extent applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under Clause 3 (xiv) of the Order does not arise.

xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, reporting under Clause (xv) of the Order does not arise.

xvi) According to the information and explanations given to us, the Company is not engaged in the business of non-banking financial institution and is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under Clause (xvi) of the Order does not arise.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.003792S

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date: May 23, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T Infrastructure Engineering Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

FOR SHARP & TANNAN
Chartered Accountants
Firm's Registration No.003792S

D. VINOD KUMAR
Partner
Membership No. 224549

Place : Chennai
Date: May 23, 2017

BALANCE SHEET AS AT 31 MARCH 2017

Particulars	Note No.	As at 31.03.2017 ₹	₹	*As at 31.03.2016* ₹	₹	*As at 31.03.2015* ₹	₹
ASSETS							
Non-current assets							
Property, Plant and Equipment	**2 (i)**	**7,036,750**		*3,846,566*		*6,833,250*	
Capital work-in-progress	**2 (ii)**	**52,000**		–		–	
Other intangible assets	**2 (iii)**	**4,240,763**		*6,452,348*		*8,711,085*	
Deferred tax assets (Net)	**3**	**41,241,440**		*34,586,728*		*35,317,069*	
Financial Assets							
Other bank balances	**4**	**–**		*4,311,146*		*6,050,481*	
Loans	**5**	**6,540,915**		*16,916,835*		*19,943,509*	
Other non-current assets	**6**	**13,333**	**59,125,201**	*14,682*	*66,128,305*	*45,206*	*76,900,600*
Current assets							
Financial Assets							
Investments	**7**	**–**		–		*6,029,579*	
Trade receivables	**8**	**394,678,336**		*326,492,544*		*228,035,101*	
Cash and cash equivalents	**9**	**2,387,426**		*766,353*		*34,962,659*	
Other bank balances	**4**	**8,883,141**		*4,014,244*		*1,687,496*	
Loans	**5**	**18,737,529**		*7,934,594*		*3,671,618*	
Current tax assets (Net)	**10**	**11,692,005**		*9,960,482*		*15,520,579*	
Other current assets	**11**	**160,615,633**	**596,994,070**	*144,178,513*	*493,346,730*	*125,303,086*	*415,210,118*
Total Assets			**656,119,271**		*559,475,035*		*492,110,718*
EQUITY AND LIABILITIES							
Equity							
Equity share capital	**12**	**36,000,000**		*36,000,000*		*36,000,000*	
Other equity	**13**	**353,997,630**	**389,997,630**	*282,319,499*	*318,319,499*	*278,078,466*	*314,078,466*
Non-current liabilities							
Provisions	**14**		**11,924,112**		*9,870,864*		*8,125,420*
Current liabilities							
Financial Liabilities							
Borrowings	**15**	**15,726,082**		*3,844,218*		–	
Trade payables	**16**	**46,677,334**		*60,254,219*		*10,480,101*	
Other financial liabilities	**17**	**55,579,795**		*60,508,728*		*67,003,866*	
Other current liabilities	**18**	**111,731,435**		*82,590,899*		*76,081,620*	
Provisions	**14**	**24,482,883**	**254,197,529**	*24,086,608*	*231,284,672*	*16,341,245*	*169,906,832*
Total Equity & Liabilities			**656,119,271**		*559,475,035*		*492,110,718*

The accompanying notes form an integral part of the financial statements

As per our report attached of even date
for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date : May 23, 2017

For and on behalf of the Board

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

Place: Chennai
Date : May 19, 2017

S-4257

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

Particulars	Note No.	2016-17 ₹	2016-17 ₹	*2015-16* ₹	*2015-16* ₹
INCOME					
Revenue from operations	**19**		**566,523,592**		*397,941,503*
Other income	**20**		**12,530,427**		*22,629,113*
Total Income			**579,054,019**		*420,570,616*
EXPENSES					
Sub-consultancy and survey expenses	**21**		**116,079,917**		*84,088,088*
Employee benefits expense	**22**		**278,764,310**		*221,758,481*
Finance costs	**23**		**488,395**		*72,681*
Depreciation, amortisation and obsolescence	**2 (iv)**		**6,458,859**		*8,884,898*
Other expenses	**24**		**101,194,998**		*98,165,912*
Total expenses			**502,986,479**		*412,970,060*
Profit before taxes			**76,067,540**		*7,600,556*
Tax expense:					
Current tax		**12,504,921**		**2,745,956**	
Income tax - earlier years		**(3,212,019)**		**–**	
Deferred tax	**3**	**(6,654,712)**	**2,638,190**	**730,341**	*3,476,297*
Profit for the year			**73,429,350**		*4,124,259*
Other Comprehensive Income	**25**				
Items that will not be reclassified to profit or loss					
Remeasurements of the defined benefit plans			**(2,199,716)**		*168,993*
Income tax relating to items that will not be reclassified to profit or loss			**448,497**		*(52,219)*
			(1,751,219)		*116,774*
Total Comprehensive Income/(Loss) for the year			**71,678,131**		*4,241,033*
Earnings per share (Basic and diluted)			**20.40**		*1.15*
Face value per equity share			**10.00**		*10.00*

The accompanying notes form an integral part of the financial statements

As per our report attached of even date
for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date : May 23, 2017

For and on behalf of the Board

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

Place: Chennai
Date : May 19, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	2016-17 ₹	2015-16 ₹
A	**Cash flow from Operating Activities**		
	Profit / (loss) before tax adjusted for other comprehensive income	**76,067,540**	*7,600,556*
	Adjustment for		
	Depreciation, amortisation and obsolescence expense	**6,458,859**	*8,884,898*
	Interest expense	**488,395**	*72,681*
	Interest income	**(4,893,508)**	*(1,115,477)*
	Dividend income	**–**	*(50,190)*
	Unclaimed credit balances written back	**–**	*(503,700)*
	Provision for doubtful debts	**(6,992,084)**	*(20,255,193)*
	Provision for doubtful advances	**30,000**	*154,630*
	Unrealised foreign exchange loss (net)	**509,061**	*–*
	(Profit)/Loss on sale of investments (net)	**–**	*(606)*
	(Profit)/Loss on sale of fixed assets (net)	**(197,034)**	*(30,713)*
	Operating profit / (loss) before working capital changes	**71,471,229**	*(5,243,114)*
	Adjustments for		
	(Increase)/ decrease in trade receivables	**(61,702,769)**	*(78,202,251)*
	(Increase)/ decrease in other financial assets	**(1,014,766)**	*(1,978,345)*
	(Increase)/ decrease in other current assets	**(22,938,031)**	*(2,543,769)*
	(Increase)/ decrease in other Non current assets	**1,349**	*30,524*
	Increase / (decrease) in trade payables	**(13,576,886)**	*50,277,819*
	Increase / (decrease) in other financial liabilities	**(4,928,933)**	*(6,495,138)*
	Increase / (decrease) in other current liabilities	**29,140,536**	*6,509,279*
	Increase / (decrease) in provisions	**249,807**	*9,659,800*
		(74,769,693)	*(22,742,081)*
	Cash (used in) / generated from operations	**(3,298,464)**	*(27,985,195)*
	Direct taxes paid (net of refund)	**(4,075,017)**	*(13,569,736)*
	Net cash (used in) / from operating activities (A)	**(7,373,481)**	*(41,554,931)*
B	**Cash flow from Investing activities**		
	Purchase of property, plant & equipment and intangible assets	**(7,518,817)**	*(3,639,537)*
	Proceeds from sale of current investments	**–**	*6,030,185*
	Proceeds from sale of property, plant & equipment and intangible assets	**226,394**	*30,773*
	Interest received	**4,893,508**	*1,115,477*
	Dividend received	**–**	*50,190*
	Net cash (used in) / from investing activities (B)	**(2,398,915)**	*3,587,088*
C	**Cash flow from financing activities**		
	Interest paid	**(488,395)**	*(72,681)*
	Proceeds / Repayment of short-term borrowings (net)	**11,881,864**	*3,844,218*
	Net cash (used in) / from financing activities (C)	**11,393,469**	*3,771,537*
	Net (decrease) / Increase in cash and bank balances (A+B+C)	**1,621,073**	*(34,196,306)*
	Cash and cash equivalents as at the beginning of the year	**766,353**	*34,962,659*
	Cash and cash equivalents as at the end of the year	**2,387,426**	*766,353*

Notes :

1. Cash Flow statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Statement of Cash Flows" specified in section 133 of the Companies Act, 2013 read with Companies (Indian Accounting Standards) Rules, 2015
2. Cash and cash equivalents comprise cash on hand and balance with banks on current accounts and excludes fixed deposits offered as security for bids submitted, collaterals, etc. Refer Note 9 for components of cash and cash equivalents.

The accompanying notes form an integral part of the financial statements

As per our report attached of even date
for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date : May 23, 2017

For and on behalf of the Board

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

Place: Chennai
Date : May 19, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

A. SHARE CAPITAL

Particulars	Balance at the beginning of the year	Changes in Equity Share capital during the year	Balance at the end of the year
	₹	₹	₹
For the year ended 31 March 2016	36,000,000	-	36,000,000
For the year ended 31 March 2017	36,000,000	-	36,000,000

B. OTHER EQUITY

For the year ended 31 March 2016

Particulars	Reserves and surplus		Total
	Retained earnings	General Reserve	
	₹	₹	₹
Balance as on 1 April 2015	263,914,998	14,163,468	278,078,466
Profit for the year	4,124,259	-	4,124,259
Other Comprehensive income for the year *[Refer Note 25]*	116,774	-	116,774
Total comprehensive income for the year	4,241,033	-	4,241,033
Balance as on 31 March 2016	**268,156,031**	**14,163,468**	**282,319,499**

For the year ended 31 March 2017

Particulars	Reserves and surplus		Total
	Retained earnings	General Reserve	
	₹	₹	₹
Balance as on 1 April 2016	268,156,031	14,163,468	282,319,499
Profit for the year	73,429,350	-	73,429,350
Other Comprehensive income for the year *[Refer Note 25]*	(1,751,219)	-	(1,751,219)
Total comprehensive income for the year	71,678,131	-	71,678,131
Balance as on 31 March 2017	**339,834,162**	**14,163,468**	**353,997,630**

The accompanying notes form an integral part of the financial statements

As per our report attached of even date

for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date : May 23, 2017

For and on behalf of the Board

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

Place: Chennai
Date : May 19, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1. SIGNIFICANT ACCOUNTING POLICIES

a) Corporate information

L&T Infrastructure Engineering Limited (Corporate Identity Number: U74140TN1998PLC039864) is an Unlisted Public Limited Company incorporated in India, having its registered office at Mount Poonamallee Road, Manapakkam, P.O. Box no 979, Chennai - 600 089, Tamilnadu, India, having its principal office at 4 & 5th Floors, Triton Square (SKCL Building), C3-C7, Thiru. Vi. Ka. Industrial Estate, Guindy, Chennai - 600 032. It is a wholly owned subsidiary of Larsen & Toubro Limited. The Company is engaged in consulting engineering services, mainly in transportation infrastructure.

b) Statement of Compliance

The financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 (the Act) and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs (MCA) in respect of section 133 of the Act.

Upto the year ended 31 March 2016, the financial statements were prepared in accordance with the requirements of previous generally accepted accounting principles (GAAP), which includes Accounting Standards prescribed under the Companies (Accounting Standards) Rules, 2006 issued by MCA in respect of section 133 of the Act.

These financial statements are the first Ind AS financial Statements of the Company. The date of transition to Ind AS is 1 April 2015. Refer Note 41 for explanation of how the transition to Ind AS has affected the Company's financial position, financial performance and cash flows.

The financial statements were authorized for issue by the Company's Board of Directors on 19 May 2017.

c) Basis of accounting

The Company maintains its accounts on historical cost convention except for certain financial assets and liabilities measured at fair value as indicated in the following accounting policies. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different treatment.

d) Presentation of financial statements

The Balance Sheet, the Statement of Profit and Loss and the Statement of Changes in Equity are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet, Statement of Profit and Loss and Statement of Changes in Equity, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of the financial statements along with the other notes required to be disclosed under the notified Accounting Standards.

Amounts in the financial statements are presented in Indian Rupees in line with the requirements of Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

e) Use of estimates

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. Examples of such estimates include the useful lives of property, plant & equipment and intangible fixed assets, allowance for doubtful debts / advances, future obligations in respect of retirement benefit plans etc. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

f) Operating cycle

The Company presents assets and liabilities in the Balance Sheet based on current / non-current classification in accordance with the criteria specified in Ind AS compliant Schedule III to the Act.

Operating cycle for the business activities of the Company covers the duration of the specific project / contract / service and extends up to the realization of receivables in cash or cash equivalents within the agreed credit period normally applicable or twelve months, wherever applicable.

g) Revenue Recognition

Revenue is recognized when consideration can be reasonably measured and there exists reasonable certainty of its recovery.

A. Revenue from contract for engineering design services is recognized as follows:

i. Cost plus contract: Contract revenue is determined by adding the aggregate cost plus proportionate margin as agreed with the customer

ii. Fixed price contract: Contract revenue is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized based on percentage of completion method. Percentage of completion is the proportion of cost of work performed upto the reporting date, to the total estimated cost of each contract.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Any expected loss is recognized as an expense in the year in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

B. Other income

i. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

ii. Dividend income is accounted in the period in which the right to receive the same is established.

iii. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

h) Property, Plant and Equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost of acquisition less accumulated depreciation and accumulated impairment loss. Freehold land is carried at cost. PPE acquired on hire purchase basis are stated at their cash values.

The cost of an item of PPE comprises of its purchase price, including import duties and non-refundable purchase taxes net of tax / duty credit availed, trade discounts and rebates. It includes all costs directly attributable to acquisition of PPE and to bringing the PPE to the location and condition necessary for it to be capable of operating in the manner intended by the management of the Company. For qualifying assets, cost includes borrowing costs capitalized in accordance with the Company's accounting policy.

Subsequent costs are recognized as a separate asset, as appropriate only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognized when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

An item of PPE is derecognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on the disposal or retirement of an item of PPE is determined as the difference between the sales proceeds and the carrying amount of the asset and is recognized in the statement of profit or loss.

PPE not ready for the intended use on the reporting date is disclosed as "capital work-in-progress".

Depreciation

Depreciation on PPE is provided on straight line basis based on useful lives estimated which are as prescribed in Part C of Schedule II of the Companies Act, 2013.

Category of PPE	Useful Life in Years
Computers and Data Processing Units	
- End User Devices	3
- Servers and Networks	6
Plant and Equipment	15
Office Equipment	5
Furniture & Fixtures	10

Where cost of a part of the asset ("asset component") is significant in relation to the total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life.

The estimated useful lives, residual values and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis, to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

On transition to Ind AS, the Company has elected to continue with carrying value of all of its PPE recognized as at 1 April 2015 (transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as at the transition date. The carrying value was original cost less accumulated depreciation and cumulative impairment.

i) Intangible assets and amortization

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost of acquisition less accumulated amortization and accumulated impairment loss.

Amortization

Specialized software are amortized under straight line method over their useful life of 4 years.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Amortization on impaired assets is provided by adjusting the amortization charges in the remaining periods so as to allocate the assets revised carrying amount over its remaining useful life.

j) Impairment of non-financial assets

As at each reporting date, the Company assesses whether there is an indication that an asset may be impaired. If any such indication exists, the Company estimates the recoverable amount of the asset and recognizes an impairment loss when the carrying value of an asset exceeds its recoverable amount.

As at each reporting date, the Company also assesses whether there is an indication that an impairment loss recognized in previous periods for an asset may no longer exist or may have decreased. If any such indication exists, the Company estimates the recoverable amount of the asset and reverses the impairment loss recognized in previous period such that the increased carrying amount of the asset does not exceed the carrying amount that would have been determined (net of amortization and depreciation) had no impairment loss been recognized for the asset in previous periods.

When it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount of an asset or cash-generating unit is the higher of its fair value less cost of disposal and its value in use.

Value in use is estimated as the present value of future cash flows expected to be derived from an asset / cash generating unit.

k) Financial Instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to the contractual provisions of the instruments.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognized immediately in the Statement of Profit or Loss.

A. Financial Assets

All financial assets are subsequently measured at either amortized cost or fair value, depending on the classification of the financial assets.

i. Financial assets at amortized cost

Financial assets are subsequently measured at amortized cost using the effective interest method if these financial assets are held within a business whose objective is to hold these assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

ii. Financial assets at fair value through other comprehensive income

Financial assets are measured at fair value through other comprehensive income if these financial assets are held within a business whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii. Financial assets at fair value through profit or loss

Financial assets are measured at fair value through profit or loss unless it is measured at amortized cost or at fair value through other comprehensive income on initial recognition.

Derecognition of Financial Assets

The Company derecognises a financial asset when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

Impairment of Financial Assets

The Company assesses at each balance sheet date whether a financial asset or a group of financial assets is impaired. Ind AS 109 “Financial Instruments” requires expected credit losses to be measured through a loss allowance. The Company recognises lifetime expected losses for trade receivables that do not constitute a financing transaction. For all other financial assets, expected credit losses are measured at an amount equal to 12 month expected credit.

For the purpose of measuring expected credit loss allowance for trade receivables, the Company uses a provision matrix / model to determine the impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical credit risk characteristics such as default and delay rates over the expected life of the trade receivables and is adjusted for forward looking information considering the type of customers and a judgmental evaluation of the collectability of the receivables as permitted under Ind AS 109 ‘Financial Instruments’. The matrix has been developed based on the past data after considering the following:

i. Level of provisioning which has been carried in books against the age-wise profile of the trade receivables after they have become past due and;

ii. The expected delays in the payment as are evident from the age-wise profile of trade receivables.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

At every reporting date, the historical observed default and delay rates are updated and changes in the forward-looking estimates are reviewed.

B. Financial Liabilities

All financial liabilities are measured at amortized cost using the effective interest method or at fair value through profit or loss.

i. Financial liabilities at fair value through profit or loss (FVTPL)

Financial liabilities are classified as at FVTPL when the financial liability is held for trading or it is designated as at FVTPL. A financial liability is classified as held for trading if:

- It has been incurred principally for the purpose of repurchasing it in the near term; or
- On initial recognition it is part of a portfolio of identified financial instruments that the Company manages together and has a recent actual pattern of short-term profit-taking; or
- It is a derivative that is not designated and effective as a hedging instrument.

A financial liability other than a financial liability held for trading may be designated as at FVTPL upon initial recognition, if:

- Such designation eliminates or significantly reduces a measurement or recognition inconsistency that would otherwise arise;
- The financial liability forms part of a group of financial assets or financial liabilities or both, which is managed and its performance is evaluation on a fair value basis, in accordance with the Company's documented risk management or investment strategy, and information about the grouping provided internally on that basis; or
- It forms part of a contract containing one or more embedded derivatives, and Ind AS 109 permits the entire combined contract to be designated as at FVTPL in accordance with Ind AS 109.

Financial liabilities at FVTPL are stated at fair value, with any gains or losses arising on remeasurements recognized in profit or loss.

ii. Financial liabilities subsequently measured at amortized cost

Financial liabilities that are not held-for-trading and are not designated as at FVTPL are measured at amortized cost at the end of subsequent accounting periods. The carrying amounts of financial liabilities that are subsequently measured at amortized cost are determined based on the effective interest method.

Derecognition of financial liabilities

The Company derecognizes financial liabilities when, and only when, the Company's obligations are discharged, cancelled or have expired. The difference between the carrying amount of the financial liability derecognized and the consideration paid and payable is recognized in the Statement of Profit and Loss.

l) Fair value measurement

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date under current market conditions.

The Company categorizes assets and liabilities measured at fair value into one of three levels depending on the ability to observe inputs employed in their measurement which are described as follows:

i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

ii. Level 2 inputs are inputs that are observable, either directly or indirectly, other than quoted prices included within level 1 for the asset or liability.

iii. Level 3 inputs are unobservable inputs for the asset or liability reflecting significant modifications to observable related market data or Company's assumptions about pricing by market participants.

m) Foreign Currency Transactions

The reporting currency of the Company is Indian Rupee, which is also the Company's functional currency.

Foreign currency transactions are recorded on initial recognition in the reporting currency using the exchange rate at the date of the transaction. At each Balance sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items, carried at historical cost denominated in foreign currency are reported using the exchange rate at the date of the transaction. The exchange differences on settlement/ conversion are adjusted in the Statement of Profit and Loss.

n) Income taxes

A. Current tax

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income tax Act, 1961, and based on expected outcome of assessments / appeals.

Current income tax liabilities and assets are measured at the amount expected to be paid to or recovered from the taxation authorities, using the tax rates and tax laws that have been enacted or substantively enacted by the end of the reporting period.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

B. Deferred tax

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit.

Deferred tax liabilities are recognized for all taxable temporary differences.

Deferred tax assets are recognized for all deductible temporary differences, the carry forward and unused tax credits and any unused tax losses. Deferred tax assets are recognized to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilized when there are sufficient taxable temporary differences relating to the same taxation authority, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax relating to items recognized outside profit or loss, either in other comprehensive income or in equity, are recognized in other comprehensive income or in equity as applicable.

C. Tax expense / (income) for the year

Tax expense / (income) comprises of current tax expense / (income) and deferred tax expense / (income). Current and deferred tax are recognized in statement of profit or loss, except when they relate to items that are recognized in other comprehensive income or directly in equity, in which case, the current and deferred tax are also recognized in other comprehensive income or directly in equity, as the case may be.

o) Employee Benefits

A. Short term employee benefits

All employee benefits falling due wholly within twelve months of rendering the service are classified as short-term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected cost of bonus, ex-gratia, are recognized in the period in which the employees renders the related service.

B. Post-employment benefit plans

i. Defined contribution plans:

State governed provident fund scheme and superannuation scheme are the defined contribution plans. The contribution paid / payable under the schemes is recognized during the period in which the employee renders the related service. The superannuation fund is managed by Life Insurance Corporation of India (LIC).

ii. Defined benefit plans:

The Company's obligation towards gratuity is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government securities, having maturity periods approximating to the terms of related obligations as at the Balance Sheet date.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

Remeasurements, comprising actuarial gains and losses, the effect of the changes to the asset ceiling (if applicable) and the return on plan assets (excluding net interest as defined above), are recognized in other comprehensive income

Gains or losses on the curtailment or settlement of any defined benefit plan are recognized when the curtailment or settlement occurs.

Past service cost is recognized immediately to the extent that the benefits are already vested, and otherwise is amortized on a straight-line basis over the average period until the benefits become vested.

iii. Long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences, long service award etc. , is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in the Statement of Profit and Loss.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

p) Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception. Assets acquired under leases where the Company has substantially all the risks and rewards of ownership are classified as finance leases. All other leases are classified as operating leases.

Lease rentals from operating leases are recognized as expense in the statement of profit or loss on straight line basis over the term of the relevant lease. Where the rentals are structured solely to increase in line with expected general inflation to compensate for the lessor's expected inflationary cost increases, such increases are recognized in the year in which such benefits accrue.

Contingent rentals are recognized as expense in the period in which they are incurred.

q) Provisions, Contingent liabilities and contingent assets

Provisions are recognized only when:

i. the Company has a present obligation (legal or constructive) as a result of a past event

ii. it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

iii. a reliable estimate can be made of the amount of the obligation

The amounts recognized as a provision is the best estimate of the expenditure required to settle the present obligation at the end of the reporting period, taking into account the risks and uncertainties surrounding the obligation. When a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows (when the effect of the time value of money is material).

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received if the Company settles the obligation.

Contingent Liability is disclosed in the case of

i. a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation.

ii. a present obligation arising from a past event, when a reliable estimate of the obligation cannot be made, and

iii. a possible obligation arising from past events where the probability of outflow of resources is not remote.

Contingent assets are disclosed where an inflow of economic benefits is probable. Provisions, contingent liabilities and contingent assets are reviewed at each balance sheet date.

r) Cash flow statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

s) Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision maker.

The following specific accounting policies have been followed for segment reporting.

i. Segment revenue includes revenue from operations and other income directly identifiable with / allocable to the segment including inter-segment revenue.

ii. Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. The expenses, which relate to the Company as a whole and not allocable to segments, are included under "Unallocable corporate expenditure".

iii. Income that relates to the Company as a whole and not allocable to segments is included in "Unallocable corporate income".

iv. Segment result includes margins on inter-segment sales which are reduced in arriving at the profit before taxes of the Company.

v. Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment

t) Borrowing costs

Borrowing costs include interest expense calculated using the effective interest method.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventoried as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale.

Interest income earned on the temporary investment of specific borrowings pending their expenditure on qualifying assets is deducted from the borrowing costs eligible for capitalization.

All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

u) Cash and cash equivalents

Cash and bank balances include cash on hand, balances with banks and highly liquid financial instruments, which are readily convertible into known amounts of cash that are subject to an insignificant risk of change in value and having original maturities of three months or less from the date of purchase.

v) Earnings per share

Basic earnings per share are calculated by dividing the net profit / loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit / loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of dilutive potential equity shares.

w) First Time Adoption of Ind AS

Exemptions and exceptions availed:

Set out below are the applicable Ind AS 101 optional exemptions and mandatory exemptions applied in the transition from previous GAAP to Ind AS.

A. Optional exemptions availed

i. Deemed cost of property, plant and equipment:

As per Ind AS 101 an entity may elect to use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 1 April 2015 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii. Determining whether an arrangement contains a lease:

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail this exemption.

B. Mandatory exemptions

i. Estimates:

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period present in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence what those estimates were in error.

As per Ind AS 101, where an application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in the preparation of the financial statements that were not required under the previous GAAP are listed below

- Fair valuation of financial instruments carried at FVTPL
- Impairment of financial assets based on the expected credit loss model.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

2 (I) PROPERTY, PLANT AND EQUIPMENT

Particulars	Computers and Data processing units	Plant and equipment	Office equipment	Furniture and fixtures	Total Property, Plant and Equipment
	₹	₹	₹	₹	₹
2015-16					
Deemed cost as at 1 April 2015	3,364,357	735,736	2,393,591	339,566	6,833,250
Additions	861,175	–	77,708	27,788	966,671
Less: Disposals	57	–	6	–	63
Gross carrying amount as at 31 March 2016	**4,225,475**	**735,736**	**2,471,293**	**367,354**	**7,799,858**
Accumulated Depreciation as at 1 April 2015	–	–	–	–	–
Depreciation for the year	2,079,017	304,543	1,500,327	69,405	3,953,292
Less: Disposals	–	–	–	–	–
Accumulated Depreciation as at 31 March 2016	**2,079,017**	**304,543**	**1,500,327**	**69,405**	**3,953,292**
Carrying value as at 31 March 2016	**2,146,458**	**431,193**	**970,966**	**297,949**	**3,846,566**
2016-17					
Gross carrying amount as at 1 April 2016	4,225,475	735,736	2,471,293	367,354	7,799,858
Additions	6,373,715	34,695	61,260	32,999	6,502,669
Less: Disposals	210,559	–	–	–	210,559
Gross carrying amount as at 31 March 2017	**10,388,631**	**770,431**	**2,532,553**	**400,353**	**14,091,968**
Accumulated Depreciation as at 1 April 2016	2,079,017	304,543	1,500,327	69,405	3,953,292
Depreciation for the year	2,295,761	43,894	824,107	119,367	3,283,129
Less: Disposals	181,203	–	–	–	181,203
Accumulated Depreciation as at 31 March 2017	**4,193,575**	**348,437**	**2,324,434**	**188,772**	**7,055,218**
Carrying value as at 31 March 2017	**6,195,056**	**421,994**	**208,119**	**211,581**	**7,036,750**

2 (II) CAPITAL WORK-IN-PROGRESS

Particulars	As at 31 March 2017	*As at 31 March 2016*
	₹	₹
Capital work-in-progress	**52,000**	-

Capital work-in-progress comprises of office equipment purchased during the year 2016-17 but not put to use as on 31 March 2017.

2 (III) OTHER INTANGIBLE ASSETS

Particulars	Specialized softwares	Total
	₹	₹
2015-16		
Cost as at 1 April 2015	45,696,013	45,696,013
Additions	2,672,868	2,672,868
Gross carrying value as at 31 March 2016	**48,368,881**	**48,368,881**
Accumulated amortization as at 1 April 2015	36,984,928	36,984,928
Amortization charge for the year	4,931,605	4,931,605
Accumulated amortization as at 31 March 2016	**41,916,533**	**41,916,533**
Carrying value as at 31 March 2016	**6,452,348**	**6,452,348**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	Specialized softwares	Total
	₹	₹
2016-17		
Gross carrying amount as at 1 April 2016	48,368,881	48,368,881
Additions	964,145	964,145
Gross carrying value as at 31 March 2017	**49,333,026**	**49,333,026**
Accumulated amortization as at 1 April 2016	41,916,533	41,916,533
Amortization charge for the year	3,175,730	3,175,730
Impairment charge	–	–
Accumulated amortization as at 31 March 2017	**45,092,263**	**45,092,263**
Carrying value as at 31 March 2017	**4,240,763**	**4,240,763**

(a) There are no restrictions on the title of property, plant and equipment and/or other intangible assets and no plant and equipment and/or other intangible assets have been pledged as security for the liabilities of the Company.

(b) Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment and/or other intangible assets.

(c) The Company has reviewed the future cash flows on the basis of value in use of its property, plant and equipment, capital work-in-progress and other intangible assets and is satisfied that the recoverable amount is more than the carrying amount as per the books. Accordingly, no provision for impairment loss is required to be made in these financial statements.

2 (IV) DEPRECIATION, AMORTISATION AND OBSOLESCENCE EXPENSE

Particulars	**2016-17**	*2015-16*
	₹	₹
Depreciation of property, plant and equipment	**3,283,128**	*3,953,293*
Amortisation of intangible assets	**3,175,730**	*4,931,605*
Obsolescence	**1**	-
Total	**6,458,859**	*8,884,898*

3 DEFERRED TAX ASSETS (NET)

A Major components of deferred tax

Particulars	**As at 31.03.2017**	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
a) Deferred tax assets			
(i) Property, plant and equipment and intangible assets	**426,046**	**262,369**	–
(ii) Provision for doubtful debts and advances	**14,995,326**	**15,539,968**	*21,751,041*
(iii) Expense allowed for tax purpose on payment basis (net)	**8,473,036**	**7,442,762**	*5,049,445*
(iv) Temporary differences arising on account of transition to Ind AS	**–**	**11,341,629**	*9,141,789*
(v) Deferred tax on unrecognized tax losses	**5,290,608**	**–**	–
(vi) MAT credit entitlement	**12,056,424**	**–**	–
Total (a)	**41,241,440**	**34,586,728**	*35,942,275*
b) Deferred tax liabilities			
(i) Property, plant and equipment and intangible assets	**–**	**–**	*625,206*
Total (b)	**–**	**–**	*625,206*
Net deferred tax assets [(a) - (b)]	**41,241,440**	**34,586,728**	*35,317,069*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

B DEFERRED TAX ASSETS NOT RECOGNIZED IN BALANCE SHEET

Particulars	As at 31.03.2017 ₹	As at 31.03.2016 ₹	As at 01.04.2015 ₹
a) Unused tax losses (Business loss carried forward)	–	11,421,174	13,913,255
b) MAT credit entitlement	–	2,798,175	–
Total (b)	–	14,219,349	13,913,255

a) The Company has earned profits during the years 2015-16 and 2016-17 as per the books of account and has set off portions of tax losses in the years 2015-16 and 2016-17. Based on performance during financial year 2016-17, the management believes that the Company will have sufficient profits in future periods to adjust the income tax losses carried forward and the minimum alternate tax credit within the year of expiry for carry forward of such items and accordingly deferred tax asset has been created as at 31 March 2017.

b) Deferred tax asset has not been recognized on unused tax losses as at 31 March 2016 and 1 April 2015 and the MAT credit as at 31 March 2016 based on the performance of the Company and the management estimates of the future profits as at those dates.

C AMOUNT OF DEDUCTIBLE TEMPORARY DIFFERENCE AND UNUSED TAX CREDITS FOR WHICH DEFERRED TAX ASSET IS NOT RECOGNIZED

Particulars	As at 31 March 2016		As at 1 April 2015	
	Amount ₹	Deferred tax ₹	Amount ₹	Deferred tax ₹
1) Unused tax losses (Business loss carried forward)				
AY 2014-15 (expires by AY 2022-23)	**36,961,729**	**11,421,174**	45,026,716	13,913,255
2) MAT credit entitlement (expires by AY 2026-27)	**NA**	**2,798,175**	NA	–

Deferred tax asset has been recognised for all deductible temporary difference and unused tax credits as at 31 March 2017.

C Movement in deferred tax

a) 2015-16

Particulars	Opening Balance ₹	Recognized in profit or loss ₹	Recognized in OCI ₹	Recognized in equity ₹	Closing Balance ₹
(i) Property, plant and equipment and intangible assets	(625,206)	(887,575)	–	–	262,369
(ii) Provision for doubtful debts and advances	21,751,041	6,211,073	–	–	15,539,968
(iii) Expense allowed for tax purpose on payment basis (net)	5,049,445	(2,393,317)	–	–	7,442,762
(iv) Temperory differences arising on account of transition to Ind AS	9,141,789	(2,199,840)	–	–	11,341,629
(v) Deferred tax on unrecognized tax losses	–	–	–	–	–
(vi) MAT credit entitlement	–	–	–	–	–
	35,317,069	**730,341**	**–**	**–**	**34,586,728**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

b) 2016-17

Particulars	Opening Balance	Recognized in profit or loss	Recognized in OCI	Recognized in equity	Closing Balance
	₹	₹	₹	₹	₹
(i) Property, plant and equipment and intangible assets	262,369	(163,677)	–	–	426,046
(ii) Provision for doubtful debts and advances	15,539,968	544,642	–	–	14,995,326
(iii) Expense allowed for tax purpose on payment basis (net)	7,442,762	(1,030,274)	–	–	8,473,036
(iv) Temperory differences arising on account of transition to Ind AS	11,341,629	11,341,629	–	–	–
(v) Deferred tax on unrecognized tax losses	–	(5,290,608)	–	–	5,290,608
(vi) MAT credit entitlement	–	(12,056,424)	–	–	12,056,424
	34,586,728	**(6,654,712)**	**–**	**–**	**41,241,440**

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
4 OTHER BANK BALANCES						
a) Non - current						
Bank term deposits with remaining maturity of more than 12 months		**–**		*4,311,146*		*6,050,481*
Total		**–**		*4,311,146*		*6,050,481*
b) Current						
Bank term deposits with original maturity of 3 to 12 months		**8,883,141**		*4,014,244*		*1,687,496*
Total		**8,883,141**		*4,014,244*		*1,687,496*

c) Bank balances in deposit accounts represent fixed deposits in the nature of security offered for bids submitted, collaterals, etc.

Particulars	**As at 31.03.2017**		*As at 31.03.2016*		*As at 01.04.2015*	
	₹	₹	₹	₹	₹	₹
5 LOANS						
a) Non - current						
Security deposits						
Unsecured						
Considered good		**6,540,915**		*16,916,835*		*19,943,509*
Total		**6,540,915**		*16,916,835*		*19,943,509*
b) current						
Security deposits						
Unsecured						
Considered good		**18,737,529**		*7,934,594*		*3,671,618*
Considered doubtful	**1,521,180**		**1,491,180**		*1,336,550*	
Less: Allowances for doubtful advances and deposits	**1,521,180**	**–**	**1,491,180**	*–*	*1,336,550*	*–*
Total		**18,737,529**		*7,934,594*		*3,671,618*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

c) Loans due by directors or other officers of the company or any of them either severally or jointly with any other person or amounts due by firms or private companies respectively in which any director is a partner or a director or a member is ₹ Nil (31 March 2016 ₹ Nil, 1 April 2015 ₹ Nil), based on the information available with the company.

	Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹	₹	₹	₹	₹	₹
6	**OTHER NON-CURRENT ASSETS**						
	Prepaid expenses		**13,333**		*14,682*		*45,206*
	Total		**13,333**		*14,682*		*45,206*

	Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		No. of units	₹	*No. of units*		*No. of units*	₹
7	**INVESTMENTS**						
	Investment in mutual funds - Quoted						
	Baroda Pioneer Treasury Advantage Fund Fund Plan A - Daily Dividend (Face value per unit ₹1000/-)	**–**	**–**	–	–	*972*	*997,120*
	Tata Money Market Fund Plan A - Daily dividend (Face value per unit ₹1000/-)	**–**	**–**	–	–	*5,025*	*5,032,459*
	Total		**–**		–		*6,029,579*

a) Other particulars regarding the investments are as follows:

Particulars	As at 31.03.2017	*As at 31.03.2016*	*As at 01.04.2015*
	₹	₹	₹
Aggregate amount of quoted investments and market value thereof	**–**	–	*6,029,579*
Aggregate amount of unquoted investments	**–**	–	–
Aggregate amount of impairment in the value of investments	**–**	–	–

	Particulars	As at 31.03.2017		*As at 31.03.2016*		*As at 01.04.2015*	
		₹	₹	₹	₹	₹	₹
8	**TRADE RECEIVABLES**						
	Unsecured						
	Considered good	**394,678,336**		*326,492,544*		*228,035,101*	
	Less: Allowance for credit loss	**–**	**394,678,336**	–	*326,492,544*	–	*228,035,101*
	Considered doubtful	**41,603,330**		*48,595,414*		*68,850,606*	
	Less: Allowance for credit loss	**41,603,330**	**–**	*48,595,414*	–	*68,850,606*	–
	Total		**394,678,336**		*326,492,544*		*228,035,101*

a) Debts due by directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member is ₹Nil (31 March 2016 ₹ Nil, 1 April 2015 ₹ Nil), based on the information available with the company.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
9 CASH AND CASH EQUIVALENTS						
Balances with banks in current accounts [Refer note (a) below]		**2,324,913**		*719,646*		*34,899,025*
Cash on hand		**62,513**		*46,707*		*63,634*
Total		**2,387,426**		*766,353*		*34,962,659*

a) Balances with banks include ₹ 19,63,798/- (31 March 2016 ₹ NIL and as at 1 April 2015 ₹ 3,27,26,520/-) debit balance in cash credit account.

b) There are no repatriation restrictions in respect of cash and cash equivalents as at the end of the reporting period or prior periods.

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	₹	₹	₹	₹	₹	₹
10 CURRENT TAX ASSETS (NET)						
Advance tax, TDS receivable (current year)		**23,748,429**		*12,758,657*		*15,520,579*
Less: Provision for current tax (current year)		**12,056,424**		*2,798,175*		*–*
Total		**11,692,005**		*9,960,482*		*15,520,579*
11 CURRENT TAX ASSETS (NET)						
Income tax receivable						
- earlier years (net of provisions)		**74,621,518**		*81,122,429*		*64,790,771*
Advances considered good	**9,352,024**		*7,421,289*		*5,506,292*	
Advances considered doubtful	**204,563**		*204,563*		*204,563*	
Less: Provision for doubtful advances	**204,563**	**9,352,024**	*204,563*	*7,421,289*	*(204,563)*	*5,506,292*
Due from customers towards engineering services						
Work-in-progress	**831,448,597**		*633,314,923*		*587,909,482*	
Less: Progress bills raised	**754,658,928**		*577,100,108*		*532,804,576*	
Less: Provision for foreseeable losses	**147,578**	**76,642,091**	*580,020*	*55,634,795*	*98,883*	*55,006,023*
		160,615,633		*144,178,513*		*125,303,086*

a) Advances to directors or other officers of the Company or any of them either severally or jointly with any other person or advances to firms or private companies respectively in which any director is a partner or a director or a member is ₹Nil (31 March 2016 ₹ Nil, 1 April 2015 ₹ Nil), based on the information available with the company.

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	*No. of shares*	*₹*	*No. of shares*	*₹*
12 EQUITY SHARE CAPITAL						
a) Authorised, issued, subscribed and paid-up share capital						
Authorised :						
Equity shares of ₹10/- each	**3,600,000**	**36,000,000**	**3,600,000**	*36,000,000*	*3,600,000*	*36,000,000*
Issued, subscribed and fully paid up:						
Equity shares of ₹10/- each	**3,600,000**	**36,000,000**	**3,600,000**	*36,000,000*	*3,600,000*	*36,000,000*

b) Reconciliation of number of equity shares and share capital

There has been no movement in the share capital during the current year and the previous years.

c) Terms / rights / restrictions attached to equity shares

(i) The Company has issued only one class of equity shares having face value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(ii) The shares issued carry equal rights and voting power. No securities have been issued with the right / option to convert the same into equity shares at a later date.

(iii) The Company declares and pays dividend in Indian Rupees. All the shares issued carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
	No. of shares	₹	No. of shares	₹	No. of shares	₹
d) Particulars of equity shares held by the holding company						
Larsen & Toubro Limited (along with its nominees)	**3,600,000**	**36,000,000**	**3,600,000**	*36,000,000*	*3,600,000*	*36,000,000*
e) Details of shareholders holding more than 5% shares in the Company						
Larsen & Toubro Limited (along with its nominees)	**3,600,000**	**100%**	**3,600,000**	*100%*	*3,600,000*	*100%*

f) Shares issued for consideration other than cash

The aggregate number of shares issued pursuant to contracts, without payment being received in cash in the five years immediately preceding 31 March 2017 – Nil (in the five years immediately preceding 31 March 2016 is Nil).

g) The Company has not allotted any bonus shares or bought back any shares during the five years immediately preceding 31 March 2017 (five years immediately preceding 31 March 2016 Nil).

h) The Company has not reserved any shares for issue under options and contracts/commitments for the sale of shares / disinvestments.

i) Calls unpaid : Nil (31 March 2016 Nil, 1 April 2015 Nil); Forfeited shares : Nil (31 March 2016 Nil, 1 April 2015 Nil).

	As at 31.03.2017		As at 31.03.2016	
	₹	₹	₹	₹
13 OTHER EQUITY				
General reserve				
As per last Balance Sheet	**14,163,468**		*14,163,468*	
Add: Additions during the year	**–**	**14,163,468**	*–*	*14,163,468*
Surplus in statement of profit and loss				
As per last Balance Sheet	**268,156,031**		*263,914,998*	
Add: Profit for the year	**73,429,350**		*4,124,259*	
Add: Other Comprehensive income for the year	**(1,751,219)**	**339,834,162**	*116,774*	*268,156,031*
Total		**353,997,630**		*282,319,499*

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another component of equity and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

The surplus in statement of profit and loss represents the accumulated profits of the Company which are available for distribution to the equity shareholders of the Company.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
14	**PROVISIONS**						
	a) Non - current						
	Provision for employee benefits		**11,924,112**		*9,870,864*		*8,125,420*
	Total		**11,924,112**		*9,870,864*		*8,125,420*
	b) Current						
	Provision for employee benefits						
	- Gratuity [Refer Note 30(b)]	**5,392,914**		**6,406,479**		*4,046,569*	
	- Superannuation	**5,357,964**		**5,107,291**		*2,527,558*	
	- Compensated absences	**13,732,005**	**24,482,883**	**12,572,838**	*24,086,608*	*9,767,118*	*16,341,245*
	Total		**24,482,883**		*24,086,608*		*16,341,245*
15	**BORROWINGS**						
	Secured						
	Loans repayable on demand from banks [Refer Note (a) below]		**–**		*3,844,218*		–
	Unsecured						
	Loans repayable on demand from banks [Refer Note 3(b)]		**15,726,082**		–		–
	Total		**15,726,082**		*3,844,218*		–

a) Cash credit facility from bank is secured by hypothecation of entire book debts of the Company present and future. The carrying value of book debts as at 31 March 2017 is ₹ 39,46,78,336/- (31 March 2016 ₹ 32,64,92,544/-, 1 April 2015 ₹ 22,80,35,101/-).

b) As at 31 March 2017 there was favourable balance in secured cash credit account of ₹ 19,63,798/- (31 March 2016 ₹ Nil, 1 April 2015 ₹ 3,27,26,520/-) and the same was grouped under Cash and cash equivalents)

c) There has been no delay/ default in the repayment of borrowings of interest during the year.

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
16	**TRADE PAYABLES**						
	Due to micro and small enterprises *[Refer Note (a) below]*		**17,049,735**		*361,350*		–
	Due to others		**29,627,599**		*59,892,869*		*10,480,101*
	TOTAL		**46,677,334**		*60,254,219*		*10,480,101*

a) The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as on 31 March 2017. The disclosure pursuant to the said Act is as under:

₹

	Particulars	2016-17	2015-16	2014-15
(i)	Principal amount remaining unpaid to any supplier at the end of year	**17,049,735**	*361,350*	–
(ii)	Interest accrued and due thereon to suppliers under MSMED Act on the above amount remaining unpaid to any supplier at the end of year	**–**	–	–
(iii)	Payment amount made to the supplier (other than interest) beyond the appointed day during the year	**–**	–	–
(iv)	Interest amount paid by the buyer in terms of section 16 of the MSMED Act, 2006	–	–	–
(v)	Interest amount paid by the buyer under MSMED Act, 2006 (other than Section 16)	–	–	–
(vi)	Interest amount due and payable for the period of delay in making payment (which have been paid but beyond the appointed day during the year) but without adding the interest specified under the MSMED Act, 2006	–	–	–
(vii)	Interest amount accrued and remaining unpaid at the end of the year	–	–	–
(viii)	Further interest amount remaining due and payable even in the succeeding years, until such date when the interest dues above are actually paid to the small enterprise, for the purpose of disallowance of a deductible expenditure under section 23 of the MSMED Act, 2006	–	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

	Particulars	As at 31.03.2017		As at 31.03.2016		As at 01.04.2015	
		₹	₹	₹	₹	₹	₹
17	**OTHER FINANCIAL LIABILITIES**						
	Due to related parties:						
	- Holding company		**10,110,342**		*32,585,551*		*36,108,882*
	Employee related payables		**30,389,571**		*26,612,790*		*20,788,390*
	Other payables		**15,079,882**		*1,310,387*		*10,106,594*
	Total		**55,579,795**		*60,508,728*		*67,003,866*
18	**OTHER CURRENT LIABILITIES**						
	Advance received from customers		**1,352,204**		*1,352,204*		*1,352,204*
	Due to customers towards engineering services						
	- Progress bills raised	**705,664,060**		**446,064,474**		*378,497,643*	
	- Less: Work in progress	**610,534,948**		**374,740,272**		*311,363,328*	
			95,129,112		*71,324,202*		*67,134,315*
	Statutory liabilities		**15,250,119**		*9,914,493*		*7,595,101*
	Total		**111,731,435**		*82,590,899*		*76,081,620*

19 **REVENUE FROM OPERATIONS**

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Sale of services				
Income fees		**132,595,243**		*289,159,118*
Increase / (decrease) in work-in-progress				
of Engineering Services				
- Closing work-in-progress	**1,441,983,545**		*1,008,055,195*	
- Less: Opening work-in-progress	**1,008,055,195**	**433,928,350**	*899,272,810*	*108,782,385*
Total		**566,523,593**		*397,941,503*

Disclosures pursuant to Indian Accounting Standard (Ind AS) 11 "Construction Contracts"

Particulars	2016-17	2015-16
	₹	₹
Contract revenue recognized for the financial year	**566,523,593**	*397,941,503*

Particulars	2016-17	2015-16
	₹	₹
Aggregate amount of contract costs incurred and recognized profits (less recognized loss) as at the end of the financial year for all contracts in progress as at that date	**1,441,835,967**	*1,008,055,195*
Amount of customer advances outstanding for contracts in progress as at the end of the financial year	**–**	–
Retention amounts due from customers for contracts in progress as at end of the financial year	**15,435,247**	*12,801,807*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

20 OTHER INCOME

Particulars	**2016-17**	*2015-16*
	₹	₹
Dividend income from current investments	**–**	*50,190*
Interest income on deposits	**616,762**	*1,115,477*
Interest income on Income Tax Refund	**4,276,746**	*–*
Profit on sale of current investments (net)	**–**	*606*
Profit on sale of fixed assets (net)	**197,034**	*30,713*
Net gain on foreign currency transaction and translation	**–**	*251,202*
Unclaimed credit balances written back	**–**	*503,700*
Write back of doubtful debts previously provided (net)	**6,992,084**	*20,255,193*
Write back of debts previously written off	**–**	*419,525*
Provision for foreseeable loss on contracts (net)	**432,442**	*–*
Miscellaneous receipts	**15,359**	*2,507*
Total	**12,530,427**	*22,629,113*

21 SUB-CONSULTANCY AND SURVEY EXPENSES

Particulars	**2016-17**	*2015-16*
	₹	₹
Sub-consultancy and sub contract charges	**112,011,373**	*80,836,336*
Survey and investigation expenses	**4,068,544**	*3,251,752*
Total	**116,079,917**	*84,088,088*

22 EMPLOYEE BENEFITS EXPENSE

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Salaries and allowances		**253,774,055**		*199,387,406*
Contribution to and provision for :				
Provident fund and pension fund [Refer Note 30(a)]	**10,111,030**		*8,305,227*	
Superannuation fund [Refer Note 30(a)]	**5,050,673**		*4,106,999*	
Gratuity [Refer Note 30(b)]	**2,584,665**	**17,746,368**	*2,533,195*	*14,945,421*
Welfare and other expenses		**7,243,887**		*7,425,654*
Total		**278,764,310**		*221,758,481*

23 FINANCE COSTS

Particulars	**2016-17**		*2015-16*	
	₹	₹	₹	₹
Interest		**488,395**		*72,681*
Total		**488,395**		*72,681*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

24 OTHER EXPENSES

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
Rent		**30,978,114**		*30,005,701*
Rates, taxes and fees		**61,970**		*949,099*
Power and Fuel		**7,251,594**		*7,575,015*
Travel and conveyance		**23,114,470**		*17,564,828*
Communication expenses		**4,911,996**		*4,675,472*
Printing and stationery		**3,531,623**		*3,883,588*
Bank charges		**942,209**		*757,293*
Professional charges		**5,151,259**		*3,750,611*
Repairs and maintenance		**10,394,135**		*7,491,464*
Establishment expenses		**5,957,677**		*5,100,801*
Insurance		**6,064,009**		*6,494,025*
Net loss on foreign currency transaction and translation		**509,061**		–
Bad debts and advances written off		**–**		*5,560,668*
Allowance for doubtful advances		**30,000**		*154,630*
Provision for foreseeable loss on contracts (net)		**–**		*481,137*
Corporate social responsibility expenses [Refer Note 28]		**–**		*656,000*
Miscellaneous expenses		**2,296,881**		*3,065,580*
Total		**101,194,998**		*98,165,912*

25 OTHER COMPREHENSIVE INCOME

Particulars	2016-17		2015-16	
	₹	₹	₹	₹
(a) Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit plans	**(2,199,716)**		*168,993*	
Income tax relating to items that will not be reclassified to profit or loss	**448,497**	**(1,751,219)**	*(52,219)*	*116,774*
Total		**(1,751,219)**		*116,774*
(b) Items that will be reclassified to profit or loss		**–**		–

26 CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
Contingent liabilities			
(i) Income tax liability that may arise in respect of which the Company is in appeal	21,654,136	5,590,876	5,590,876
(ii) Service tax liability that may arise in respect of which the Company will be going on appeal	157,218	–	–
Capital Commitments			
Estimated amount of contracts remaining to be executed on capital account and not provided for	281,106	–	–

27 PAYMENTS TO THE AUDITOR (EXCLUSIVE OF SERVICE TAX) :

Particulars	2016-17	2015-16
	₹	₹
As Auditor	**400,000**	*400,000*
For taxation matters	**75,000**	*121,000*
For certification services	**337,500**	*149,300*
For reimbursement of expenses	**14,491**	*6,238*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

28 EXPENDITURE INCURRED ON CORPORATE SOCIAL RESPONSIBILITY ACTIVITIES

a) 2016-17

Particulars	In cash	Yet to be paid	Total
	₹	₹	₹
(a) Gross amount required to be spent by the company during the year.	–	–	–
(b) Amount spent during the year on:			
(i) Construction / acquisition of any asset	–	–	–
(ii) On purposes other than (i)	–	–	–

The Company has not made profits during the three preceding financial years to meet the applicability threshold as per Section 135 of the Companies Act, 2013. Hence it is not required to spend any sums on Corporate Social Responsibility for the current financial year.

b) 2015-16

Particulars	In cash	Yet to be paid	Total
	₹	₹	₹
(a) Gross amount required to be spent by the company during the year.	–	–	–
(b) Amount spent during the year on:			
(i) Construction / acquisition of any asset	–	–	–
(ii) On purposes other than (i)*	656,000	–	656,000

* Amount unspent for year 2014-15 spent during year 2015-16

The Company has not made profits during the three preceding financial years to meet the applicability threshold as per Section 135 of the Companies Act, 2013. Hence it is not required to spend any sums on Corporate Social Responsibility for the financial year 2015-16.

29 DISCLOSURES PURSUANT TO MINISTRY OF CORPORATE AFFAIRS NOTIFICATION G.S.R. 308(E) DATED 30 MARCH 2017 ON DISCLOSURE OF CERTAIN DETAILS ON SPECIFIED BANK NOTES (SBN) AND OTHER DENOMINATION NOTES.

Particulars	SBNs	Other denomination notes	Total
	₹	₹	₹
Closing cash in hand as on 08.11.2016	42,000	63,786	105,786
(+) Permitted receipts	–	449,571	449,571
(-) Permitted payments	–	442,855	442,855
(-) Amount deposited in Banks	42,000	–	42,000
Closing cash in hand as on 30.12.2016	**–**	**70,502**	**70,502**

30 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 19 "EMPLOYEE BENEFITS"

a) Defined contribution plans

The Company's contribution to employee provident fund and superannuation fund are defined contribution plans. Amounts recognized as expense and included in the "employee benefit expenses" (Note 22) in the statement of profit or loss is as follows:

Sl. No.	Particulars	2016 – 2017	*2015 – 2016*
		₹	₹
(i)	Provident Fund	**10,111,030**	*8,305,227*
(ii)	Superannuation Fund	**5,050,673**	*4,106,999*

b) Defined benefit plans

The Company has subscribed to the Gratuity Scheme which is managed by LIC of India, wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The entire defined benefit obligation is owing to active members.

Provision for gratuity is made as per actuarial valuation report dated 5 May 2017.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

i) Amounts recognized in the balance sheet are as follows:-

Particulars	As at 31 March 2017	As at 31 March 2016	As at 1 April 2015
	₹	₹	₹
Present value of defined benfit obligation			
Wholly funded	**21,019,570**	*16,421,888*	*13,841,804*
Less: Fair value of plan assets	**(15,626,656)**	*(10,015,409)*	*(9,795,235)*
Amounts to be recognized in the Balance Sheet			
Assets	**–**	–	–
Liabilities	**5,392,914**	*6,406,479*	*4,046,569*
Amounts recognized in the Balance Sheet			
Net (Asset) / Liability - Current	**5,392,914**	*6,406,479*	*4,046,569*
Net (Asset) / Liability - Non - Current	**–**	–	–

ii) Amounts recognized in the statement of profit and loss :-

Particulars	2016 – 2017	2015 – 2016
	₹	₹
Current service cost	**2,312,833**	*2,295,200*
Net interest on defined benefit obligation	**271,832**	*237,995*
Net actuarial losses / (gains) recognized	**2,199,716**	*(168,993)*
Total	**4,784,381**	*2,364,202*
Amount included in employee benefits expense [Refer Note 22]	**2,584,665**	*2,533,195*
Amount included as part of 'Other Comprehensive Income [Refer Note 25]	**2,199,716**	*(168,993)*
Total	**4,784,381**	*2,364,202*
Actual return on plan assets	**829,264**	*797,710*

iii) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

Particulars	2016 – 2017	2015 – 2016
	₹	₹
Opening balance of present value of obligation	**16,421,888**	**13,841,804**
Add: Current service cost	**2,312,833**	**2,295,200**
Add: Interest cost	**1,233,328**	**1,084,071**
Add: Actuarial (gains) / losses on:-	**2,067,483**	**(217,359)**
a. change in financial assumptions	**688,953**	**144,456**
b. change in experience adjustments	**1,378,530**	**(361,817)**
c. change in demographic assumptions	**–**	**–**
Less: Benefits paid	**581,828**	
Closing balance of present value of obligation	**21,019,569**	**16,421,888**

iv) Changes in fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

Particulars	2016 – 2017	2015 – 2016
	₹	₹
Opening balance of fair value of plan assets	**10,015,409**	*9,795,235*
Add: Interest income on plan assets	**961,496**	*846,076*
Add: Contribution by the employer	**5,797,946**	*4,292*
Less: Benefits paid	**1,015,963**	*581,828*
Less: Actuarial gains /(losses) on plan assets	**132,232**	*48,366*
Closing balance of fair value of plan assets	**15,626,656**	*10,015,409*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

v) The fair value of major categories of the plan assets are as follows:

Particulars	**As at 31 March 2017**	*As at 31 March 2016*	*As at 1 April 2015*
	₹	₹	₹
Funds managed by insurers	**15,626,656**	*10,015,409*	*9,795,235*
Total	**15,626,656**	*10,015,409*	*9,795,235*

vi) Principal actuarial assumptions as at Balance Sheet date (expressed as weighted averages)

Sl. No.	Particulars	**2016-17**	*2015-16*	*2014-15*
1	Discount rate	**6.80%**	*7.75%*	*8.00%*
2	Salary growth rate	**5.00%**	*5.00%*	*5.00%*
3	Attrition rate	**20.00%**	*20.00%*	*20.00%*
4	Expected rate of return on plan assets	**6.80%**	*8.85%*	*8.70%*
5	Annual increase in healthcare costs	**NIL**	*NIL*	*NIL*
6	Mortality rate	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table		

1) The attirition rate varies from 20% to 20% (previous year 20% to 20%) for various age groups.

2) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

Particulars	**2016-17**	*2015-16*	*2014-15*
	₹	₹	₹
Within the next 12 months	**4,409,383**	*3,444,922*	*2,905,323*
Between 2 -5 years	**13,032,839**	*10,182,208*	*8,580,502*
Between 6 to 10 years	**6,760,652**	*5,281,896*	*4,455,605*

vii) Sensitivity analysis

A sensitivity analysis is given below to highlight the impact of change in significant actuarial valuation assumptions would have the following effects on the defined obligation of Gratuity plan.

Particulars	**2016-17**	*2015-16*
	Increase / (decrease) in Defined benefit obligation	*Increase / (decrease) in Defined benefit obligation*
	₹	₹
Impact of change in Discount rate		
Reduction by 100 Basis Points	**782,358**	*611,230*
Increase by 100 basis points	**(723,857)**	*(618,358)*
Impact of change in Salary growth rate		
Reduction by 100 basis points	**(706,290)**	*(567,679)*
Increase by 100 basis points	**740,081**	*568,854*

Sensitivity analysis has been prepared based on Projected Unit Credit method, in the same manner as the base case, for changes in salary increase rate and discount rate. The sensitivity analysis has be used taking into consideration the possible presence of other factors and the effects of interplay of various factors in practical situation.

There have been no changes from the previous period in the methods and assumptions used in preparing the sensitivity analyses

viii) The Company proposes to meet its defined benefit obligations from operating cash flows in the regular course of business, thus there is no impact on future contributions due to any funding arrangements or funding policy. The weighted average duration of the Gratuity as at 31 March 2017 (expressed in years) is 4.36 years (31 March 2016: 4.34 years, 31 March 2015 4.38 years).

ix) The fair value of the plan assets under gratuity has been determined at amounts based on their value at the time of redemption, assuming a constant rate of return to maturity. The company expects to fund ₹ 44,09,383/- towards its gratuity plan during FY 2017 – 2018.

x) The expected cash outflows from defined benefit plans are determined using actuarial assumptions. In practical situations, actual events may vary from such assumptions. There could be additional factors too influencing the cash flows. In all, these uncertainties may result in an actual outgo which varies from the projected outgo of cash or occurs in a different period than expected.

xi) At present the Payment of Gratuity Act, 1972 stipulates a ceiling of ₹ 10,00,000/- for gratuity paid to any individual employee on separation. This ceiling does not impact the computation of defined benefit obligation of the Company as on 31 March 2017, 31 March 2016 and 1 April 2016. There is no minimum contribution specified under this Act.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

31 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 "OPERATING SEGMENTS"

The Company's operation fall under the single activity of design consulting and the Company derives its revenue predominantly from operations in India. Hence, segment reporting as provisions of Indian Accounting Standard (Ind AS) 108 do not apply. The entire non-current assets of the company are situated in India.

The company is domiciled in India. Revenues from external customers attributed to an individual foreign country are not material, accordingly, it is not disclosed separately.

Revenue from external customers	**2016-17**	*2015-16*
	₹	₹
India	**533,556,259**	*388,409,806*
Gabon	**15,039,281**	*3,767,255*
United Arab Emirates	**7,764,270**	*540,166*
Oman	**10,163,782**	*4,394,992*
Denmark	**–**	*829,284*
Total	**566,523,592**	*397,941,503*

The Company has earned more than 10% of its revenue from one customer group, both in years 2016-17 and 2015-16. Revenue earned from such customer group is ₹ 17,28,46,832/- during the year 2016-17 and ₹.17,35,08,670/- during the year 2015-16.

32 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24 "RELATED PARTY DISCLOSURES"

A. Related Parties where control exists

S No	**Name of the Related Party**	**Relationship**
1	Larsen & Toubro Limited	Holding Company

B. Related Parties with whom transactions were carried out during the reporting periods

S No	**Name of the Related Party**	**Relationship**
1	Larsen & Toubro Limited	Holding Company
2	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
3	L&T Technology Services Limited	Fellow Subsidiary
4	L&T Infrastructure Finance Company Limited	Fellow Subsidiary
5	L&T Shipbuilding Limited	Fellow Subsidiary
6	L&T Geostructure LLP	Fellow Subsidiary
7	L&T Infrastructure Development Projects Limited	Joint Venture of Holding Company
8	L&T Chennai-Tada Tollway Limited	Joint Venture of Holding Company
9	PNG Tollway Limited	Joint Venture of Holding Company
10	L&T Sargent & Lundy Limited	Joint Venture of Holding Company
11	Daewoo - L&T JV	Joint Operation of Holding Company

C. The following transactions were carried out with related parties in the ordinary course of business (inclusive of service tax and other statutory levies)

Nature of Transactions	**2016-17**	*2015-16*
	₹	₹
Services Rendered		
a) Holding Company		
(i) Larsen & Toubro Limited	**196,913,788**	*178,229,687*
	196,913,788	*178,229,687*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Nature of Transactions	2016-17	2015-16
	₹	₹
b) Fellow subsidiaries		
(i) L&T Hydrocarbon Engineering Limited	**3,077,998**	*6,694,000*
(ii) L&T Technology Services Limited	**210,600**	*1,100,100*
(iii) L&T Infrastructure Finance Company Limited	**517,500**	–
(iv) L&T Shipbuilding Limited	**2,888,096**	–
(v) L&T Geostructure LLP	**–**	*798,000*
	6,694,194	*8,592,100*
c) Other related parties		
(i) L&T Infrastructure Development Projects Limited	**498,075**	*4,788,836*
(ii) L&T Chennai-Tada Tollway Limited	**805,000**	–
(iii) Daewoo-L&T JV	**22,139,957**	–
	23,443,032	*4,788,836*
Total	**227,051,014**	*191,610,623*
Management contracts including for deputation of employees		
a) Holding Company		
(i) Larsen & Toubro Limited	**1,126,311**	*726,669*
Total	**1,126,311**	*726,669*

D. Amount payable to and receivable from related parties:

Particulars	As at 31 March 2017	
	Payable to	Receivable from
	₹	₹
a) Holding Company		
(i) Larsen & Toubro Limited	10,110,342	130,656,713
	10,110,342	**130,656,713**
b) Fellow subsidiaries		
(i) L&T Hydrocarbon Engineering Limited	–	834,985
(ii) L&T Shipbuilding Limited	–	2,976,549
	–	**3,811,534**
c) Other related parties		
(i) PNG Tollway Limited	–	200,100
(ii) Daewoo-L&T JV	–	14,417,763
	–	**14,617,863**
Total	**10,110,342**	**149,086,110**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31 March 2016	
	Payable to	Receivable from
	₹	₹
a) Holding Company		
(i) Larsen & Toubro Limited	32,585,551	159,884,281
	32,585,551	**159,884,281**
b) Fellow subsidiaries		
(i) L&T Hydrocarbon Engineering Limited	–	4,301,200
(ii) L&T Shipbuilding Limited	–	88,990
(ii) L&T Geo Structure LLP	–	70,000
	–	**4,460,190**
c) Other related parties		
(i) PNG Tollway Limited	–	200,100
(ii) L&T Infrastructure Development Projects Limited	–	3,734,336
	–	**3,934,436**
Total	**32,585,551**	**168,278,907**

Particulars	As at 1 April 2015	
	Payable to	Receivable from
	₹	₹
a) Holding Company		
(i) Larsen & Toubro Limited	38,193,552	150,461,537
	38,193,552	**150,461,537**
b) Fellow subsidiaries		
(i) L&T Hydrocarbon Engineering Limited	–	1,044,948
(ii) L&T Shipbuilding Limited	–	4,326,086
(ii) L&T Technology Services Limited	–	1,622,762
	–	**6,993,796**
c) Other related parties		
(i) PNG Tollway Limited	–	649,540
(ii) L&T Sargent & Lundy Limited	–	110,549
	–	**760,089**
Total	**38,193,552**	**158,215,422**

E. Provision for doubtful debts (net):

The provision for doubtful debts reversed (net) during the year is ₹ 89,95,151/- (31 March 2016 ₹ 80,15,832/-)

The total provision for doubtful debts as at the reporting date is as follows

Particulars	As at 31 March 2017	*As at 1 April 2016*	*As at 1 April 2015*
	₹	₹	₹
a) Holding Company			
(i) Larsen & Toubro Limited	**11,779,899**	*20,555,054*	*28,510,364*
	11,779,899	*20,555,054*	*28,510,364*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31 March 2017	*As at 1 April 2016*	*As at 1 April 2015*
	₹	₹	₹
b) Fellow subsidiaries			
(i) L&T Hydrocarbon Engineering Limited	**19,236**	–	–
(ii) L&T Shipbuilding Limited	**24,918**	*24,918*	*90,340*
(ii) L&T Geo Structure LLP	**–**	*4,900*	–
	44,154	*29,818*	*90,340*
c) Other related parties			
(i) PNG Tollway Limited	**200,100**	*200,100*	*200,100*
(ii) Daewoo-L&T JV	**205,660**	–	–
	405,760	*200,100*	*200,100*
Total	**12,229,813**	*20,784,972*	*28,800,804*

F. Amounts due from related parties written off during the year ₹ NIL (31 March 2016 ₹ 10,47,446/-). There were no amounts due to related parties written back as income during the current year and previous year

G. The company has entered into certain domestic transactions with the related parties. All amounts receivable / payable are unsecured and are payable / receivable immediately or after agreed credit period in the normal course of business.

The management is of the opinion that the company maintains the necessary documents as prescribed by the Income Tax Act, 1961 to prove that these transactions are at Arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of Income tax income and expenses.

33 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 17 "LEASES"

a) The company has not taken any assets on finance lease.

b) The company has taken commercial premises for use as offices under operating leases. The lease agreements are normally renewed on expiry. There are no restrictions imposed by lease arrangements. Lease rent debited to statement profit and loss is ₹ 3,09,78,114/- (31 March 2016 ₹ 3,00,05,701/-). Contingent rent recognised in the statement of profit and loss for the year is ₹ NIL (31 March 2016 ₹ NIL)

Particulars	2016-17	*2015-16*
	₹	₹
Cancellable Leases	**444,729**	*117,183*
Non-Cancellable Leases	**30,533,385**	*29,888,518*
Total	**30,978,114**	*30,005,701*

c) The future minimum lease rentals payable under non-cancellable leases are as follows:

Particulars	As at 31 March 2016	*As at 1 April 2015*
	₹	₹
Less than 1 Year	**30,587,123**	*30,676,946*
1 to 5 Year	**24,770,135**	*45,308,527*
Later than 5 years	**Nil**	*Nil*

34 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 23 "BORROWINGS COSTS"

The borrowing costs capitalized during the year is ₹ NIL (31 March 2016 ₹ NIL)

35 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 33 "EARNINGS PER SHARE"

Particulars	2016-17	*2015-16*
	₹	₹
Profit after tax as per statement of Profit or Loss before	**73,429,350**	*4,124,259*
Other Comprehensive Income available to equity shareholders		
Number of equity shares outstanding	**3,600,000**	*3,600,000*
Weighted average number of equity share outstanding (Nos.)	**3,600,000**	*3,600,000*
Face value per equity share	**10**	*10*
Earnings per share (Basic and diluted)	**20.40**	*1.15*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

36 DISCLOSURE PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 12 "INCOME TAXES"

A. The major components of income tax expenses

Particulars	2016-17	2015-16
	₹	₹
1) Income tax recognized in profit or loss		
(a) Current tax :		
i) Current income tax charge	**12,504,921**	*2,745,956*
ii) Adjustment in respect of previous years	**(3,212,019)**	–
(b) Deferred tax :		
i) the amount of the benefit from a previously unrecognised tax loss that is used to reduce deferred tax expense	**(5,290,608)**	–
ii) the amount of deferred tax income relating to changes in tax rates	**(4,084,430)**	–
iii) Deferred tax asset recognized on MAT credit entitlement	**(12,504,921)**	–
iv) Relating to origination and reversal of temporary differences	**15,225,247**	*730,341*
2) Income tax recognized in other comprehensive income		
(a) Current tax :		
i) Remeasurements of the defined benefit plans	**(448,497)**	*52,219*
3) Income tax directly recognized in equity		
Total	**2,189,693**	*3,528,516*

B. The income tax expense for the year can be reconciled to the accounting profit as follows

Particulars	2016-17	2015-16
	₹	₹
Profit before tax	**76,067,540**	*7,600,556*
Other comprehensive income	**(2,199,716)**	*168,993*
	73,867,824	*7,769,549*
1) Income tax expense calculated at Indian Income Tax Rate [Refer Note (a) below]	**25,564,177**	*2,400,791*
2) Effect of expenses that are not deductible in determining taxable profit	**–**	*148,671*
2) Effect of incomes not taxable	**(149,660)**	–
3) Effect of set off of brought forward tax losses	**(10,637,767)**	*(1,819,121)*
4) Effect of deferred tax asset recognized on tax losses	**(5,290,608)**	–
5) Adjustment recognized in the current year in relation to the current tax of prior years	**(3,212,019)**	–
6) Effect of tax recognized under section 115 JB of Income Tax Act, 1961 [Minimum Alternate Tax (MAT)] [Refer Note (b) below]	**12,056,424**	*2,798,175*
7) Effect of MAT credit recognized [Refer Note (b) below]	**(12,056,424)**	–
8) Effect of change in tax rate [Refer Note (a) below]	**(4,084,430)**	–
Tax expense	**2,189,693**	*3,528,516*

a) The tax rate applicable for the financial year 2016-17 is 34.608% whereas the tax rate applied for the FY 2015-16 was 30.90%. The profit of the Company has increased during FY 2016-17 on account of which the Company is required to pay surcharge under provision of Income Tax Act, 1961.

b) The Company is liable to pay tax under provision of section 115JB of Income Tax Act, 1961 (MAT) since the tax computed under MAT provision exceeds the conventional tax liability. Accordingly current tax expense is recognized in accordance with section 115JB of Income Tax Act, 1961. Further the Company is eligible for the MAT credit and accordingly deferred tax is recognized for the same amount.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

37 DISCLOSURE AS REQUIRED BY INDIAN ACCOUNTING STANDARD (IND AS) 101 (FIRST TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS):-

(a) Effect on Ind AS adoption on the Balance Sheet as at 1 April 2015 and 31 March 2016

Particulars	Note	As at 1 April 2015			As at 31 March 2016		
		Indian GAAP*	Adjustments	Ind AS	Indian GAAP*	Adjustments	Ind AS
		₹	₹	₹	₹	₹	₹
ASSETS							
Non-current assets							
Property, Plant and Equipment		6,833,250	–	6,833,250	3,846,566	–	3,846,566
Other intangible assets		8,711,085	–	8,711,085	6,452,348	–	6,452,348
Deferred tax assets (Net)	(j)	22,964,026	12,353,043	35,317,069	20,393,745	14,192,983	34,586,728
Financial Assets							
Other bank balances		6,050,481		6,050,481	4,311,146		4,311,146
Loans	(e)	20,626,168	(682,659)	19,943,509	17,137,481	(220,646)	16,916,835
Other non-current assets		45,206		45,206	14,682		14,682
Current assets							
Financial Assets							
Investments	(f)	6,018,188	11,391	6,029,579	–	–	–
Trade receivables	(h)	238,427,508	(10,392,407)	228,035,101	335,720,227	(9,227,683)	326,492,544
Cash and cash equivalents		34,962,659	–	34,962,659	766,353	–	766,353
Other bank balances		1,687,496	–	1,687,496	4,014,244	–	4,014,244
Loans		3,671,618	–	3,671,618	7,934,594	–	7,934,594
Current tax assets (Net)		15,520,579	–	15,520,579	9,960,482	–	9,960,482
Other current assets		125,303,086	–	125,303,086	144,178,513	–	144,178,513
Total Assets		**490,821,350**	**1,289,368**	**492,110,718**	**554,730,381**	**4,744,654**	**559,475,035**
EQUITY AND LIABILITIES							
Equity							
Equity share capital		36,000,000	–	36,000,000	36,000,000	–	36,000,000
Other equity	(c)	305,702,908	(27,624,442)	278,078,466	314,058,499	(31,739,000)	282,319,499
Non-current liabilities							
Provisions	(g)	–	8,125,420	8,125,420	–	9,870,864	9,870,864
Current liabilities							
Financial Liabilities							
Borrowings		–	–	–	3,844,218	–	3,844,218
Trade payables		10,480,101	–	10,480,101	60,254,219	–	60,254,219
Other financial liabilities	(g)	46,215,476	20,788,390	67,003,866	33,895,938	26,612,790	60,508,728
Other current liabilities		76,081,620	–	76,081,620	82,590,899	–	82,590,899
Provisions		16,341,245	–	16,341,245	24,086,608	–	24,086,608
Total Equity & Liabilities		**490,821,350**	**1,289,368**	**492,110,718**	**554,730,381**	**4,744,654**	**559,475,035**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

(b) Effect on Ind AS adoption on the statement of profit and loss for the year ended 31 March 2016

Particulars	Note	Indian GAAP*	Adjustments	Ind AS
		₹	₹	₹
INCOME				
Revenue from operations		397,941,503	–	397,941,503
Other income	(e),(f)	22,178,491	450,622	22,629,113
Total Income		**420,119,994**	**450,622**	**420,570,616**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	Note	Indian GAAP*	Adjustments	Ind AS
		₹	₹	₹
EXPENSES				
Sub-consultancy and survey expenses		84,088,088	–	84,088,088
Employee benefits expense	(g),(i)	214,019,704	7,738,777	221,758,481
Finance costs		72,681	–	72,681
Depreciation, amortisation and obsolescence		8,884,898	–	8,884,898
Other expenses	(h)	99,330,636	(1,164,724)	98,165,912
Total expenses		**406,396,007**	**6,574,053**	**412,970,060**
Profit before taxes		13,723,987	(6,123,431)	7,600,556
Tax expense:				
Current tax	(i)	2,798,175	(52,219)	2,745,956
Deferred tax	(j)	2,570,281	(1,839,940)	730,341
Profit for the year		8,355,531	(4,231,272)	4,124,259
Other Comprehensive Income				
Items that will not be reclassified to profit or loss				
Remeasurements of the defined benefit plans	(g)	–	168,993	168,993
Income tax relating to items that will not be reclassified to profit or loss	(g)	–	(52,219)	(52,219)
Total		**–**	**116,774**	**116,774**
Total Comprehensive Income for the year		**8,355,531**	**(4,114,498)**	**4,241,033**

* The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purpose of this note.

c) **Reconciliation of total equity as at 31 March 2016 and as at 1 April 2015** (Amount in ₹)

Particulars	Note	As at 31 March 2016	As at 1 April 2015
Total Equity under previous GAAP		**350,058,499**	**341,702,908**
1) Provision for expected credit loss in line with Ind AS 109	(h)	(9,227,683)	(10,392,407)
2) Measurement of investments at fair value	(f)	-	11,391
3) Employee benefits expense based on constructive obligation as required by Ind AS 19	(g)	(36,483,654)	(28,913,810)
4) Discounting of long term security deposit to present value	(e)	(220,646)	(682,659)
5) Inpact of deferred tax on Ind AS adjustments	(j)	14,192,983	12,353,043
Total		**318,319,499**	**314,078,466**

d) **Reconciliation of total comprehensive income for the year ended 31 March 2016** (Amount in ₹)

Particulars	Note	2015-16	
Loss as per previous GAAP			**8,355,531**
1) Fair valuation of investments under Ind AS	(f)	(11,391)	
2) Unwinding of discoutning of security deposit	(e)	462,013	
3) Provision for expected credit loss in line with Ind AS 109	(h)	1,164,724	
4) Employee benefits expense based on constructive obligation as required by Ind AS 19	(g)	(7,569,844)	
5) Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS	(i)	(168,933)	
Total effect of Transition to Ind AS			**(6,123,431)**
Tax impact on Ind AS adjustments	(j)		1,839,940
Sub total			**4,072,040**
Other comprehensive income for the year	(i)		168,993
Total comprehensive income as per Ind AS			**4,241,033**

e) Certain rental deposits placed by the Company with landlords for office space have a lock in period. These financial assets are subsequently measured at amortized cost. The Company has recognized a loss ₹ 6,82,659/- as at 1 April 2015 on measurement of these financial assets at amortized cost. During the year 2015-16, the company has recognized interest income of ₹ 4,62,013/- under effective interest method. On account of this adjustment there is a decrease in equity by ₹ 6,82,659/- and ₹ 2,20,646/- as at 1 April 2015 and 31 March 2016 respectively and the increase in profit for the year 2015-16 by ₹ 4,62,013/-.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

f) Under previous GAAP, investment in mutual funds were stated at lower of cost and fair value. Any gain/loss on disposal was accounted for in the statement of profit and loss. Under Ind AS, investments in mutual fund are categorised as Financial instruments at Fair Value Through Profit or Loss (FVTPL). These are subsequently measured at fair value at the reporting date and gain or loss on fair value measurement is recognized in profit or loss.

The Company has measured the investments in mutual funds as at 1 April 2015 at fair value and recognized a gain of ₹11,391/- directly in equity as at 1 April 2015. Further on divestment of these investments during 2015-16, there is a reduction in the gain on disposal by ₹11,391/-. The equity as at 1 April 2015 have increased by ₹11,391/- and profit for the year 2015-16 has reduced by ₹11,391/- on account of this adjustment.

g) Under previous GAAP provision is created for all legal and contractual obligation of the employer towards employee benefits expenses. Under Ind AS 19, in addition to the legal and contractual obligation, constructive obligation needs to be recognized. The Company has recognized constructive obligation to employees amounting to ₹ 28,918,310/- as at 1 April 2015 and an additional ₹ 75,69,844/- for the year 2015-16. On account of the above adjustments there is a decrease in equity by ₹ 2,89,18,310/- as at 1 April 2015 and ₹ 3,64,83,654/- as at 31 March 2016 and the decline in profit for the year 2015-16 by ₹ 75,69,844/-.

h) Under Ind AS, expected credit losses on financial assets needs to be recognized in line Ind AS 109. The company has recognized provision for expected credit loss of ₹ 1,03,92,407/- as at 1 April 2015 and a reversal of the expected credit loss of ₹ 11,64,724/- for the year 2015-16. On account of this adjustment there is a decrease in equity by ₹ 1,03,92,407/- and ₹ 92,27,683/- as at 1 April 2015 and 31 March 2016 respectively and the increase in profit for the year 2015-16 by ₹ 11,64,724/-.

i) Under previous GAAP, actuarial gains and losses were recognized in profit or loss. Under Ind AS, the actuarial gains and losses form part of remeasurement of the net defined benefit liability / asset which is recognized in other comprehensive income. The remeasurement gain on defined benefit obligations for the year 2015-16 is ₹ 1,68,993/- and the resultant tax impact is ₹ 52,219/-. There is no change in the total equity on account of this, however, the profit for the year 2015-16 has reduced by ₹ 1,16,774/- (net of tax).

j) On account of the Ind AS adjustment, the deferred tax asset recognized by the company as at 1 April 2015 is ₹ 1,23,53,043/- and the deferred tax income credited to profit or loss for the year 2015-16 is ₹ 18,39,940/-. The equity has increased by ₹ 1,23,53,043/- and ₹ 1,41,92,983/- as at 1 April 2015 and 31 March 2016 respectively and the profit for the year 2015-16 has increase by ₹ 18,39,940/-.

38. FINANCIAL INSTRUMENTS, FINANCIAL RISK MANAGEMENT AND FAIR VALUE MEASUREMENT

A. Financial risk management

The Company's financial liabilities comprise mainly of borrowings, trade payables and other payables. The Company's financial assets comprise mainly of investments, cash and cash equivalents, other balances with banks, loans, trade receivables and other receivables.

The Company is exposed to Market risk, Credit risk and Liquidity risk. The Board of Directors ('Board') oversee the management of these financial risks.

The Risk Management Policy of the Company approved by the Board, states the Company's approach to address uncertainties in its endeavour to achieve its stated and implicit objectives. It prescribes the roles and responsibilities of the Company's management, the structure for managing risks and the framework for risk management. The framework seeks to identify, assess and mitigate financial risks in order to minimize potential adverse effects on the Company's financial performance.

1) Market Risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risks: interest rate risk, price risk and currency risk. The Company does not have any investment and hence is not exposed to price risk. Financial instruments affected by market risk includes borrowings, trade payables, trade receivables and loans.

a) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate due to changes in foreign exchange rates. The Company has not hedged its receivables and payables in foreign currency

The carrying amounts of the Company's foreign currency denominated monetary items are as follows: (Amount in ₹)

Currency	**As at 31 March 2017**	*As at 31 March 2016*	*As at 1 April 2015*
Assets (Receivables)			
USD	**1,776,890**	*3,557,894*	*92,688*
EURO	**652,881**	*3,706,992*	–
Liabilities (Payables)			
GBP	**4,004,787**	*968,000*	–
EURO	**1,695,652**	*11,344,454*	*9,024,564*

The below table demonstrates the sensitivity to a 5% increase or decrease in the exchange rate with all other variables held constant. The sensitivity analysis is prepared on the exposure of the Company as at the reporting date. 5% represents management's assessment of reasonably possible change in foreign exchange rate.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Change in exchange rate	**2016-17**	*2015-16*
	₹	₹
USD		
Increase in exchange rate by 5%	**88,845**	*177,895*
Decrease in exchange rate by 5%	**(88,845)**	*(177,895)*
GBP		
Increase in exchange rate by 5%	**200,239**	*48,400*
Decrease in exchange rate by 5%	**(200,239)**	*(48,400)*
EURO		
Increase in exchange rate by 5%	**(52,139)**	*(381,873)*
Decrease in exchange rate by 5%	**52,139**	*381,873*

b) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The interest cost on borrowings is insignificant and accordingly the exposure to risk of changes in market interest rates is minimal. The Company has not used any interest rate derivatives.

2) Credit Risk

Credit risk refers to the risk that a counter party will default on its contractual obligation resulting in financial loss to the Company. The Company has adopted a policy of only dealing with counterparties that have sufficiently high credit rating. The Company's exposure and credit ratings of its counterparties are continuously monitored and the aggregate value of transactions is reasonably spread amongst the counterparties.

For trade receivables, as a practical expedient, the Company computes credit loss allowance based on a provision matrix. The provision matrix takes into account historical observed credit loss experience and is adjusted for forward-looking estimates. Trade receivables from group company are not subject to expected credit loss allowance as their collectability is certain, however expected credit loss on account of expected delay is recognized. The provision matrix at the end of the reporting period with respect to delay and default in payment by customers is as follows:

Ageing	**% of expected credit loss**	
	Delay	**Default**
Due for 0 - 6 months	Nil	Nil
Due for 6 - 12 months	7%	3%
Due for 12 - 24 months	13%	15%
Due for 24 - 36 months	21%	30%
Due for more than 36 months	28%	60%

a) Movement in provision for expected credit loss of trade receivables

Particulars	**2016-17**	*2015-16*
	₹	₹
Balance as at the beginning of the year	**50,086,594**	*70,187,156*
Add: Allowance for expected credit loss measured at an amount equity to life time expected credit loss (net) - Trade receivables	**(6,992,084)**	*(20,255,192)*
Add: Allowance for credit loss of other financial assets (net)	**30,000**	*154,630*
Balance as at the end of the year	**43,124,510**	*50,086,594*

3) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in raising funds to meet commitments associated with financial instruments that are settled by delivering cash or another financial asset. Liquidity risk may result from an inability to sell a financial asset quickly at close to its fair value.

In general, the Company uses its realization from receivables on an on-going basis to settle its financial liabilities and uses its cash credit limits for supplementing its cash requirements.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

The table below analysis derivative and non-derivative financial liabilities of the Company into relevant maturity groupings based on the remaining period from the reporting date to the contractual maturity date.

a) As at 31 March 2017

Particulars	Less than 1 year	Over 1 year	Total	Carrying value
	₹	₹	₹	₹
Non-Derivative financial liabilities				
Borrowings	15,726,082	–	15,726,082	15,726,082
Trade payables	46,677,334	–	46,677,334	46,677,334
Other financial liabilities	55,579,795	–	55,579,795	55,579,795
	117,983,211	**–**	**117,983,211**	**117,983,211**
Derivative financial liabilities	Nil	Nil	Nil	Nil

b) As at 31 March 2016

Particulars	Less than 1 year	Over 1 year	Total	Carrying value
	₹	₹	₹	₹
Non-Derivative financial liabilities				
Borrowings	3,844,218	–	3,844,218	3,844,218
Trade payables	60,254,219	–	60,254,219	60,254,219
Other financial liabilities	60,508,728	–	60,508,728	60,508,728
	124,607,165	**-**	**124,607,165**	**124,607,165**
Derivative financial liabilities	Nil	Nil	Nil	Nil

c) As at 1 April 2015

Particulars	Less than 1 year	Over 1 year	Total	Carrying value
	₹	₹	₹	₹
Non-Derivative financial liabilities				
Borrowings	–	–	–	–
Trade payables	10,480,101	–	10,480,101	10,480,101
Other financial liabilities	67,003,866	–	67,003,866	67,003,866
	77,483,967	–	77,483,967	77,483,967
Derivative financial liabilities	Nil	Nil	Nil	Nil

B. Financial instuments by category

a) As at 31 March 2017

Particulars	Note	FVTPL* [Refer Note (e)]	FVTOCI**	Amortized cost [Refer Note (d)]
Financial assets				
Investments	7	–	–	–
Trade receivables	8	–	–	394,678,336
Cash and cash equivalents	9	–	–	2,387,426
Other bank balances	4	–	–	8,883,141
Loans	5	–	–	25,278,444
		–	**–**	**431,227,347**
Financial liabilities				
Borrowings	15	–	–	15,726,082
Trade payables	16	–	–	46,677,334
Other financial liabilities	17	–	–	55,579,795
		–	**–**	**117,983,211**

* Fair value through profit or loss; ** Fair value through other comprehensive income

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

b) **As at 31 March 2016**

Particulars	Note	FVTPL* [Refer Note (e)]	FVTOCI**	Amortized cost [Refer Note (d)]
Financial assets				
Investments	7	–	–	–
Trade receivables	8	–	–	326,492,544
Cash and cash equivalents	9	–	–	766,353
Other bank balances	4	–	–	8,325,390
Loans	5	–	–	24,851,429
		–	**–**	**360,435,716**
Financial liabilities				
Borrowings	15	–	–	3,844,218
Trade payables	16	–	–	60,254,219
Other financial liabilities	17	–	–	60,508,728
		–	**–**	**124,607,165**

c) **As at 1 April 2015**

Particulars	Note	FVTPL* [Refer Note (e)]	FVTOCI**	Amortized cost [Refer Note (d)]
Financial assets				
Investments	7	6,029,579	–	–
Trade receivables	8	–	–	228,035,101
Cash and cash equivalents	9	–	–	34,962,659
Other bank balances	4	–	–	7,737,977
Loans	5	–	–	23,615,127
		6,029,579	**–**	**294,350,864**
Financial liabilities				
Borrowings	15	–	–	3,844,218
Trade payables	16	–	–	60,254,219
Other financial liabilities	17	–	–	60,508,728
		–	**–**	**124,607,165**

d) The fair value of the aforesaid financial assets and liabilites is reasonably approximate to their carrying value as at the end of the reporting period and accordingly the fair values have not be disclosed.

e) Fair value of Financial Assets measured at FVTPL

Particulars	As at 31 March 2017	*As at 31 March 2016*	*As at 1 April 2015*
Financial assets			
Investments	**–**	–	*60,29,579*
	–	–	*60,29,579*

f) There were no assets measured at Fair Value through Other Comprehensive Income.

39. ACCOUNTING STANDARDS ISSUED BUT NOT YET EFFECTIVE

Ind AS 115 (Revenue from Contracts with customers) was issued in February 2015 and will be effective for all accounting periods commencing from 1 April 2018. This standard shall supersede all existing revenue recognition standards from its effective date. The Company will adopt this Ind AS from the prescribed date.

The Company is performing an initial assessment of this Ind AS and this will be continually reviewed during as part of an on-going continuing assessment being performed. As a result, the information relevant to assessing the possible impact of application of this Ind AS on the Company's financial statements in the period of initial application is not known or reasonably estimable. The amount of the effect in future periods is not disclosed because estimating it is impracticable as on reporting date.

As per our report attached of even date
for **SHARP & TANNAN**
Chartered Accountants
(Firm's Registration No 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date : May 23, 2017

For and on behalf of the Board

S. V. DESAI
Director
DIN: 07648203

P. NIRANJANA
Director
DIN: 07685019

Place: Chennai
Date : May 19, 2017

BOARD'S REPORT

The Board of Directors of your Company is pleased to present its First Report and the Company's Audited Financial Statements from the date of incorporation up to the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

(₹ In Lakhs)

Particulars	**2016-17**
Profit / (loss) Before Depreciation, exceptional and extra ordinary items & tax	**2349.54**
Less: Depreciation, amortization and obsolescence	**5941.26**
Profit / (loss) before exceptional and extraordinary items and tax	**(3591.72)**
Add: Exceptional items	**–**
Profit / (loss) before extraordinary items and tax	**(3591.72)**
Add: Extraordinary items	**–**
Profit / (loss) before tax	**(3591.72)**
Less: Provision for tax (Deferred Tax)	**(3855.71)**
Profit / (loss) for the period carried to the balance sheet	**263.99**
Add: Balance brought forward from previous year	**–**
Add: Other comprehensive income	**10.56**
Add: Depreciation charged against retained earnings (net of tax)	**–**
Balance carried to Balance sheet	**274.55**

STATUS OF DEMERGER

A Scheme of Arrangement of Demerger under Sections 230 to 240 of the Companies Act, 2013 was approved by the Board of Directors of the company dated July 22, 2016 for inter alia the transfer of the Port business undertaking along with the identified assets and liabilities from L&T Shipbuilding Limited into the Company.

The Scheme of Arrangement of Demerger was sanctioned by the National Company Law Tribunal, Division Bench, Chennai vide its order dated March 20, 2017 and it came into effect on March 22, 2017 ("Effective Date").

Pursuant to the declaration of the effective date of the Scheme of Arrangement of Demerger, the Port business undertaking of L&T Shipbuilding Limited stands transferred to and vested to the resulting company as a going concern with effect from the close of business hours of March 31, 2016 (the appointed date).

The Company is engaged in the construction, development, maintenance and operation of the terminals at Kattupalli port.

The Scheme of Arrangement of Demerger also provides for the transfer of the identified assets and liabilities of the Port business to the resulting company. Accordingly, L&T Shipbuilding Limited has transferred the identified assets and liabilities to the company for an aggregate consideration of ₹ 1,962 crore, as adjusted with the liabilities being taken over by the company as on 31st March 2016. The company has settled the purchase consideration by way of:

- Issue of equity shares of 3,880 Lakhs of ₹ 10 each amounting to ₹ 38,800 Lakhs to L&T Shipbuilding Limited.
- Issue of 120 Lakhs equity shares of ₹ 10 each amounting to ₹ 1200 Lakhs to Tamilnadu Industrial Development Corporation Limited (TIDCO).
- Taking over of identified liabilities of ₹ 1,51,109 Lakhs related to port business of L&T Shipbuilding Limited and a cash consideration of ₹ 50.91 Lakhs
- The company accounted goodwill of ₹ 29,280.03 Lakhs in the books as per scheme of arrangement of demerger as approved by the National Company Law Tribunal(NCLT)
- The company has fair valued the assets transferred from L&T Shipbuilding Limited as per the scheme of arrangement of demerger and recorded such assets in its books at fair value of ₹ 166919.30 Lakhs.

The scheme of arrangement also provides for re-organization of share capital of the company by way of cancellation of 0.1 Lakh equity shares of ₹ 10 each amounting to ₹ 1 Lakh as collectively held by Larsen & Toubro Limited and one of the Directors of the Company

CAPITAL & FINANCE

The Company has increased the Authorized Capital from ₹ 5 lakhs to ₹ 40,000 Lakhs at the Extra-Ordinary General Meeting held on 29.03.2017. The Issued, Subscribed and Paid up capital of the Company is increased to ₹ 40,000 Lakhs. Further, pursuant to the NCLT order, the paid up capital of ₹ 1 lakh by the subscribers of the Company stands cancelled and extinguished without any further liability on the company.

CAPITAL EXPENDITURE

As at 31st March, 2017 the gross fixed assets and intangible assets including leased assets stood at ₹ 166,919.30 Lakhs and the net fixed and intangible assets including leased assets at ₹ 160,978.04 Lakhs.

DEPOSITS

Your Company has not accepted deposits from the public. Hence, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

Your Company does not have any Subsidiary / Associate / Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Since your company is engaged in the business of construction, development & maintenance & operations of terminals at Kattupalli port, the provisions of Section 186 except sub-section (1), shall not apply to the Company. However, the details of loans given, investments made and guarantees/securities provided, if any, by the Company are given in the Notes to financial statements for the year under review.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

Details of material contracts or arrangements which are at arm's length are provided in Annexure I to this Report.

CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business carried out by the Company.

AMOUNT TRANSFERRED TO RESERVES

Appropriation of profits to any specific reserve is not applicable to your Company.

DIVIDEND

In the absence of adequate profits, the Board of Directors are unable to declare any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred, which will affect the financial position of the Company between the end of the financial year and the date of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(M) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption and foreign exchange earnings and outgo is provided in Annexure II to this report.

RISK MANAGEMENT POLICY

The Company is following the parent company's Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process driven framework for Internal Control on Financial Reporting System. For the year end 31st March, 2017, the Board is of the opinion that the Company has sound ICFR commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditor of the Company reviewed the adequacy of the Internal Control over Financial Reporting of the Company and the operating effectiveness of such controls are reported in the "Annexure A" of Statutory Audit Report of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under Section 135 of the Companies Act, 2013, it is not required to spend any amount on account of Corporate Social Responsibility under the said act during the year under review.

EXTRA-ORDINARY GENERAL MEETING

During the year, Extra-Ordinary General Meeting was held on 29th March, 2017 for increase of authorized capital from ₹ 5 lakhs to ₹ 40,000 Lakhs and for alteration of Articles of Association by inserting provisions for dematerialization of shares.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP") APPOINTED / RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Mr. K. Venkatesh, Director and Mr. S. Sridhar, Director will retire by rotation during the forthcoming Annual General Meeting.

Mr. G. Gandhi Rajan (DIN: 01993135) subject to approval of members was appointed as Additional Director w.e.f. 22.05.2017. Mr. Shantanu Majumder was appointed as Chief Financial Officer of the Company w.e.f. 22.05.2017.

The Board of Directors of the Company as on 31st March, 2017 are as follows:

S. No	Name	Designation
1	Mr. K. Venkatesh	Director
2	Mr. S Sridhar	Director

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held as per business requirements.

From the date of incorporation, seven Board Meetings were held. The details of the Board Meetings conducted during the year under review are given below:

S No	Date	Board Strength	No. of Directors Present
1	19.02.2016	2	2
2	16.06.2016	2	2
3	22.07.2016	2	2
4	28.10.2016	2	2
5	19.01.2017	2	2
6	29.03.2017	2	2
7	31.03.2017	2	2

The Agenda of the Meetings are circulated in advance to all the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended 31st March, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm that:

a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. The Directors have prepared the Annual Accounts on a going concern basis.

e. The Directors have laid down an adequate system of internal control with respect to reporting on financial statement and the said system is operating effectively.

f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

DISCLOSURE OF REMUNERATION

There are no employees in the Company covered by the provisions of sub rule 2 of rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings.

STATUTORY AUDITORS

The Company in the first Board Meeting held on 19.02.2016 had appointed M/s. M. K. Dandeker & Co, Chartered Accountants, Chennai as Statutory Auditors of the Company to hold office from the date of Incorporation until the conclusion of the 1st Annual General Meeting of the Company to be held during the year 2017.

The Board recommends the appointment of M/s. M. K. Dandeker & Co, Chartered Accountants, as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting for a period of 5 years subject to ratification of appointment by the shareholders at each Annual General Meeting.

The Auditors' Report for the financial year 2016-17 is unqualified. The Notes to the accounts referred to in the Auditors Report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS

M/s. S. Sandeep & Associates, a firm of Company Secretaries in practice, Chennai was appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and the rules made thereunder.

The Secretarial Audit Report for the financial year 2016-17 is attached as Annexure III to this report.

The Secretarial Auditors' Report for the financial year 2016-17 is unqualified and do not call for any further clarifications from the Board members.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No. MGT-9 is enclosed as Annexure IV to this report.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Customers, Supply Chain Partners, Employees, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued cooperation and support to the Company. Your Directors also wish to record their appreciation for the continued support and cooperation and support received from the Joint Venture partners & Associates.

For Marine Infrastructure Developer Private Ltd.

For and on behalf of the Board

S. SRIDHAR	**K. VENKATESH**
Director	*Director*
DIN: 07400739	*DIN: 00240086*

Date : May 22, 2017
Place : Chennai

ANNEXURE I

RELATED PARTY TRANSACTIONS

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis
   - (a) Name(s) of the related party and nature of relationship: NIL
   - (b) Nature of contracts/arrangements/transactions: NIL
   - (c) Duration of the contracts / arrangements/transactions: NIL
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL
   - (e) Justification for entering into such contracts or arrangements or transactions: NIL
   - (f) Date(s) of approval by the Board: NIL
   - (g) Amount paid as advances, if any: NIL
   - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NIL
2. Details of material contracts or arrangement or transactions at arm's length basis
   - (a) Name(s) of the related party and nature of relationship: (i) Holding Company - Larsen & Toubro Limited (ii) Fellow Subsidiary - L&T Shipbuilding Limited
   - (b) Nature of contracts/arrangements/transactions: Refer Table below
   - (c) Duration of the contracts / arrangements/transactions: Refer Table below
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any: Refer Table below
   - (e) Date(s) of approval by the Board, if any: May 20, 2017
   - (f) Amount paid as advances, if any: NIL

The following transactions were carried out with related parties pursuant to the scheme of arrangement of Demerger

S. No	Nature of transaction	2016-17 Amounts ₹ Lakhs	
1	**Transfer of Fixed assets from**	**166,478.39**	
	L& T Shipbuilding Limited		**166,478.39**
2	**Transfer of Materials from**	**132.18**	
	L& T Shipbuilding Limited		**132.18**
3	**Transfer of Receivables from**	**206.15**	
	L& T Shipbuilding Limited		**206.15**
4	**Other Management Services**	**249.32**	
	L& T Shipbuilding Limited		**249.32**
5	**Legal Expenses(Filing Fees) reimbursable to**	**249.98**	
	L& T Shipbuilding Limited		**249.98**
6	**Sales and Service income Transferred from**	**9,864.40**	
	L& T Shipbuilding Limited		**9,864.40**
7	**Issuance of Equity Shares to**	**38,800.00**	
	L& T Shipbuilding Limited		**38,800.00**
8	**Security Deposit Received from**	**145,000.00**	
	L& T Shipbuilding Limited		**145,000.00**
9	**Interest expense on inter corporate deposit paid by**	**12,166.83**	
	L& T Shipbuilding Limited		**12,166.83**
10	**Employee related benefits transferred from**	**103.36**	
	L& T Shipbuilding Limited		**103.36**

S. No	Nature of transaction	2016-17 Amounts ₹ Lakhs	
11	**Interest Liability transferred from**	**5,202.59**	
	L& T Shipbuilding Limited		**5,202.59**
12	**Remeasurement of Defined Benefit Plan transferred from**	**9.29**	
	L& T Shipbuilding Limited		**9.29**
13	**Collections of receivables made by**	**47.47**	
	L& T Shipbuilding Limited		**47.47**
14	**Security Deposit Liability transferred from**	**1,275.00**	
	L& T Shipbuilding Limited		**1,275.00**
15	**Employee benefits paid by**	**8.11**	
	L& T Shipbuilding Limited		**8.11**

For Marine Infrastructure Developer Private Ltd.

For and on behalf of the Board

S. SRIDHAR
Director
DIN: 07400739

K. VENKATESH
Director
DIN: 00240086

Date : May 22, 2017
Place : Chennai

ANNEXURE II

Information as per the Companies (Disclosure of particulars in the Report of Board of Directors) Rules, 2014 and forming part of the directors' report for the year ended 31st March 2017

A CONSERVATION OF ENERGY

a) Enhancing energy Effectiveness/Efficiency of Equipment & systems : Nil

b) Improving Energy Effectiveness/Efficiency of Manufacturing Process: Nil

c) Measures adopted (vide serials (a) & (b) above) have resulted in cumulative energy Conservation of : Nil

d) Steps taken by the company for utilizing alternate source of Energy: Nil

e) Capital Investment on energy Conservation Equipment's: Nil

f) Total Capital Investment of Nil for measures at a) above

B. TECHNOLOGY ABSORPTION

1. Research and Development: Nil
2. Technology absorption (adaptation and innovations): Nil
3. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction and import substitution etc.: Nil

C FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows:

(a) Foreign exchange earned in terms of actual inflows during the year 2016-17: Nil

(b) Foreign exchange outgo during the year 2016-17 in terms of actual outflows: Nil

ANNEXURE III

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No.9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,
The Members,
Marine Infrastructure Developer Private Limited
CIN: U74999TN2016PTC103769
No. 22, L&T Construction Complex,
Mount Poonamallee Road, Manapakkam,
Chennai – 600 089

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s. MARINE INFRASTRUCTURE DEVELOPER PRIVATE LIMITED (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The Company did not have any transaction requiring compliance with the provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iv) The Company did not have any transaction requiring compliance with the provisions of Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder relating to Foreign Director Investment are not applicable. The Company does not have any External Commercial Borrowings or other credit facilities or Overseas Direct Investment.

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company during the period under review since the Company is an unlisted company.

  (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

  (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

  (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;

  (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

  (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

  (f) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009;

  (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and

  (h) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

  (i) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993

We have also examined compliance with the applicable clauses Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India (made mandatory with effect from July 01, 2015).

The Company has not entered into any listing agreement with any Stock Exchange in India or abroad.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Directors. There were no changes in the composition of the Board of Directors during the period under review.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review the company had obtained an order dated 20th March 2017 from the National Company Law Tribunal, Chennai in the matter of Scheme of Arrangement of demerger of M/s L&T Shipbuilding Limited, the transferor company by transferring and vesting operation relating to its port business into separate company M/s Marine Infrastructure Developer Private Limited namely, the transferee company.

For **S Sandeep & Associates**

S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987

Place: Chennai
Date: 05.05.2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'Annexure A'

To,
The Members,
Marine Infrastructure Developer Private Limited
CIN: U74999TN2016PTC103769
No. 22, L&T Construction Complex,
Mount Poonamallee Road, Manapakkam,
Chennai – 600 089

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For **S Sandeep & Associates**

S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987

Place: Chennai
Date: May 5, 2017

ANNEXURE IV

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

as on the financial year ended on 31st March, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U74999TN2016PTC103769
ii	Registration Date	22/01/2016
iii	Name of the Company	MARINE INFRASTRUCTURE DEVELOPER PRIVATE LIMITED
iv	Category / Sub-Category of the Company	
v	Address of the Registered office and contact details	No.22, L&T Construction Complex Mount Poonamallee Road, Manapakkam, Chennai - 600 089
vi	Whether listed company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	NA

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Port Operator fees		100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No.	Name and Address of The company	CIN/GLN	Holding/ Subsidiary /associate	% of Shares held	Applicable Section
1	Larsen& Toubro Limited	L99999MH1946PLC004768	Holding Company	97%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	10	10	0.10%	–	0	0	0%	-100%
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp	–	9990	9990	99.9%	–	38,80,00,000	38,80,00,000	97%	3883783%
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**–**	**10,000**	**10,000**	**99.9%**	**–**	**38,80,00,000**	**38,80,00,000**	**97%**	**3883783%**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other – Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**–**	**10,000**	**10,000**	**99.9%**	**–**	**38,80,00,000**	**38,80,00,000**	**97%**	**3883783%**

Category of Shareholders	No. of Shares held as on April 01, 2016				No. of Shares held as on March 31, 2017				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1) Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2) Non-Institutions									
a) Bodies Corp	–	–	–	–	–	–	–	–	–
i) Indian	–	0	0	0	–	1,20,00,000	1,20,00,000	3%	1,20,00,000%
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Grand Total (A+B+C)	**–**	**10,000**	**10,000**	**100%**	**–**	**40,00,00,000**	**40,00,00,000**	**100%**	**3999900%**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	No. of Shares	% of total Shares of the company	%of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	9990	99.90%	Nil	38,80,00,000	97%	Nil	3883783%
2	K Venkatesh	10	0.10	Nil	0	0	Nil	-100%
	Total	**10,000**	**100%**	**Nil**	**38,80,00,000**	**97%**	**Nil**	**3883783%**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	10,000	100%		
	Date wise Increase / Decrease in Promoters Share Holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			38,80,00,000 Change as per Demerger Scheme approved by NCLT	97%
	At the End of the year	10,000	100%	38,80,00,000	97%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**Tamilnadu Industrial Development Corporation Limited**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the company**
	At the beginning of the year	0	0%		
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	No Change	No Change	1,20,00,000 Change as per Demerger Scheme approved by NCLT	3% Change as per Demerger Scheme approved by NCLT
	At the End of the year (or on the date of separation, if separated during the year)	0	0%	1,20,00,000	3%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of The company
	K. Venkatesh				
	At the beginning of the year	10	0.10	0	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	10	0.10	0	0.00
	S Sridhar				
	At the beginning of the year	0	0.00	0	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	0	0.00	0	0.00

V. INDEBTEDNESS: INDEBTEDNESS OF THE COMPANY INCLUDING INTEREST OUTSTANDING/ACCRUED BUT NOT DUE FOR PAYMENT

(Amount ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total (i+ii+iii)	**0**	**0**	**0**	**0**
Changes in Indebtedness during the financial year				
Addition	0	0	0	0
Reduction	0	0	0	0
Net Change	**0**	**0**	**0**	**0**
Indebtedness at the end of the financial year				
i) Principal Amount	0	0	0	0
ii) Interest due but not paid	0	0	0	0
iii) Interest accrued but not due	0	0	0	0
Total	**0**	**0**	**0**	**0**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager: NA

B. Remuneration to other directors: NA

C. Remuneration to Key Managerial Personnel other than MD/Manager/WTD: NA

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF MARINE INFRASTRUCTURE DEVELOPER PRIVATE LIMITED

REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS financial statements of **Marine Infrastructure Developer Private Limited** ("the Company"), which comprise the Balance Sheet as at 31st March, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the statement of Changes in Equity, the Cash Flow Statement for the period then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

MANAGEMENT'S RESPONSIBILITY FOR THE IND AS FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs of the Company as at 31st March, 2017, its financial performance including Other Comprehensive Income, changes in equity and its cash flows for the period ended on that date.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

1. As required by the Companies (Auditor's Report) Order, 2016 issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we enclose in the "Annexure A", a statement on the matters specified in the paragraph 3 and 4 of the said order.
2. As required by Section 143 (3) of the Act, we report that:
   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

   (c) The Balance Sheet, the Statement of Profit and Loss, the statement of Changes in Equity and the Cash Flow Statement dealt with by this Report are in agreement with the books of account.

   (d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with Rule 4 of the Companies (Indian Accounting Standards) Rules, 2015.

   (e) On the basis of the written representations received from the directors as on 31st March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31st March, 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in “Annexure B”.

(g) With respect to the other matters to be included in the Auditor’s Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company does not have any pending litigations which would impact its financial position.

ii. The Company did not have any long-term contracts including derivative contracts for which there were any material foreseeable losses.

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 8th November 2016 to 30th December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 10 (a) to the Ind AS financial statements.

For **M. K. DANDEKER & CO.,**
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No. 223754

Date: May 22, 2017
Place: Chennai

ANNEXURE - A TO THE INDEPENDENT AUDITORS’ REPORT

(Referred to in our Report of even date)

1. a. The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets;

   b. The Fixed Assets have been physically verified by the Management at regular Intervals and no material discrepancies were noticed on such verification.

   c. The Company does not have any immovable properties and hence clause 3 (i)(c) of the Companies (Auditor’s Report) Order 2016 is not applicable.

2. Physical verification of inventory has been conducted at reasonable intervals by the management and no material discrepancies were noticed on such verification.

3. The Company has not granted any loans, secured or unsecured to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under section 189 of the Companies Act, 2013.

4. According to the information and explanations given to us, provisions of section 185 and 186 of the Companies Act, 2013 are complied with in respect of loans, investments, guarantees and securities given by the Company, if any.

5. The Company has not accepted deposits and the directives issued by the Reserve Bank of India and the provisions of sections 73 to 76 or any other relevant provisions of the Companies Act and the rules framed there under are not applicable to the Company.

6. The maintenance of cost records as specified by the Central Government under sub-section (1) of section 148 of the Companies Act is not applicable to the Company.

7. a. According to the information and explanations given to us, the Company is regular in depositing undisputed statutory dues including provident fund, employees’ state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and any other statutory dues with the appropriate authorities.

   b. According to the information and explanation given to us, the Company has no statutory dues which have not been deposited on account of disputes.

8. The Company does not have any loans or borrowings from any financial institution, banks, government or debenture holders during the year. Accordingly, paragraph 3(viii) of the Order is not applicable.

9. The Company did not raise any money by way of debt instruments and term loans during the year. Accordingly, clause 3 (ix) of the Companies (Auditor’s Report) Order, 2016 is not applicable.

10. Based on the information and explanation given to us, no material fraud by the Company or any fraud on the Company by its officers or employees has been noticed or reported during the year.

11. According to the information and explanations given to us, the Company is not a public limited Company and hence clause 3 (xi) of the Companies (Auditor’s Report) Order 2016 is not applicable.

12. The Company is not a Nidhi Company and hence clause 3 (xii) of the Companies (Auditor’s Report) Order 2016 is not applicable.

13. According to the information and explanations given to us and based on our examination of the records of the Company, all transactions with the related parties are in compliance with sections 177 and 188 of the Companies Act, 2013 where applicable and the details of such transactions have been disclosed in the Ind AS financial statements as required by the applicable accounting standards.
14. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year.
15. According to the information and explanations given to us and based on our examination of the records of the Company, the Company has not entered into any non-cash transactions with directors or persons connected with him. Accordingly, paragraph 3(xv) of the Order is not applicable.
16. The Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934.

For **M. K. DANDEKER & CO.,**
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No. 223754

Date: May 22, 2017
Place: Chennai

ANNEXURE - B TO THE INDEPENDENT AUDITORS' REPORT

(Referred to in our Report of even date)

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of Marine Infrastructure Developer Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls over Financial Reporting issued by the Institute of Chartered Accountants of India (the "Guidance Note"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the Institute of Chartered Accountants of India. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

For **M. K. DANDEKER & CO.,**
Chartered Accountants
(ICAI Regn. No.000679S)

S. Poosaidurai
Partner
Membership No. 223754

Date: May 22, 2017
Place: Chennai

BALANCE SHEET AS AT 31ST MARCH 2017

All amounts are in ₹ Lakhs except as stated

Particulars	Note	As at March 31, 2017 Amount	Amount
ASSETS			
(1) Non-current assets			
(a) Property, Plant and Equipment	4	160,845.73	
(b) Goodwill	5	29,280.03	
(c) Other Intangible Assets	6	132.31	
			190,258.08
(2) Deferred Tax Asset (Net)	7		3,855.71
(3) Current assets			
(a) Inventories	8	132.18	
(b) Financial Assets			
(i) Trade Receivables	9	144.51	
(ii) Cash and Bank Balances	10	1.00	
			277.69
Total Assets			194,391.48
EQUITY AND LIABILITIES			
(1) Equity			
(a) Equity Share Capital	11	40,000.00	
(b) Other Equity	12	275.55	
			40,275.55
Liabilities			
(2) Current liabilities			
(a) Financial Liabilities			
(i) Other Financial liabilities	13	153,995.92	153,995.92
(b) Other Current Liabilities	14		2.00
(c) Provisions	15		118.00
Total Equity & Liabilities			194,391.48
SIGNIFICANT ACCOUNTING POLICIES	3		

The accompanying notes form an integral part of the financial statements

As per our report attached of even date

for M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : May 22, 2017

For and on behalf of the Board

S SRIDHAR
Director
DIN 07400739

K VENKATESH
Director
DIN 00240086

Place : Chennai
Date : May 22, 2017

STATEMENT OF PROFIT AND LOSS FOR THE PERIOD ENDED 31ST MARCH 2017

All amounts are in ₹ Lakhs except as stated

	Particulars	Note	For the Period Ended 31st March, 2017 Amount	Amount
I	**REVENUE**			
	Revenue from operations	16		9,864.40
	Total revenue (I)			9,864.40
II	**EXPENSES**			
	Employee benefits expense	17	244.14	
	Administration and other expenses	18	306.48	
	Finance costs	19	6,964.24	
	Depreciation, amortisation and obsolescence expenses	20	5,941.26	
	Total expenses (II)			13,456.12
III	**Profit/ (loss) before taxes (I-II)**			(3,591.72)
IV	**Tax expense:**			
	Current Tax		–	
	Deferred tax		(3,855.71)	(3,855.71)
V	**Profit/(loss) for the Period (III-IV)**			263.99
VI	**Other Comprehensive Income**			
	(i) Items that will not be reclassified to profit or loss			
	- Remeasurement Gain/(Loss) on Defined Benefit Plan			10.56
VII	**Total Comprehensive Income for the Period (V + VI)**			274.55
VIII	**Earnings per equity share :**			
	(1) Basic (In ₹)			8.01
	(2) Diluted (In ₹)			8.01
	Face value of an equity share			10.00
	SIGNIFICANT ACCOUNTING POLICIES	3		

The accompanying notes form an integral part of the financial statements

As per our report attached of even date

for M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

Place : Chennai
Date : May 22, 2017

For and on behalf of the Board

S SRIDHAR
Director
DIN 07400739

K VENKATESH
Director
DIN 00240086

Place : Chennai
Date : May 22, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE PERIOD ENDED 31ST MARCH, 2017

All amounts are in ₹ Lakhs except as stated

A. EQUITY SHARE CAPITAL

For the period ended 31st March, 2017

Opening Balance	Note No.	Issued during the year	Extinguished	Balance as at March 31, 2017
1.00	**11**	**40,000.00**	**1.00**	**40,000.00**

B. OTHER EQUITY

For the Period ended 31st March, 2017

Particulars	Note No.	Reserves and Surplus		OCI	Total
		Capital Reserve	Retained Earnings		
Opening Balance					**–**
Total Comprehensive Income for the period:					
– Remeasurement of Defined Benefit Plan	**12**	**–**	**–**	**10.56**	**10.56**
Profit for the period	**12**	**–**	**263.99**	**–**	**263.99**
Any other change - Reduction in Equity share Capital	**12/21**	**1.00**	**–**	**–**	**1.00**
Balance as at March 31, 2017		**1.00**	**263.99**	**10.56**	**275.55**

CASH FLOW STATEMENT FOR THE PERIOD ENDED MARCH 31, 2017

All amounts are in ₹ Lakhs except as stated

	Particulars	For the Period Ended 31st March 2017
A	**Cash flow from operating activities**	
	Profit / (loss) for the year	**263.99**
	Adjustments for:	
	Depreciation, amortisation and obsolescence expenses	**5,941.26**
	Provision for Doubtful Debts & ECL - Debtors	**14.17**
	Finance cost	**6,964.24**
	Deferred Tax Asset	**(3,855.71)**
	Operating profit / (loss) before working capital changes	**9,327.95**
	Adjustments for working capital changes:	
	(Increase) / decrease in Trade Receivables	**78.40**
	Increase / (decrease) in Other financial liablities	**(2,572.66)**
	Increase / (decrease) in Other current liabilities	**2.00**
	Increase / (decrease) in Provisions	**128.56**
		(2,363.70)
	Cash (used in) / generated from operations	**6,964.24**
	Net cash (used in) / from operating activities [A]	**6,964.24**
B	**Cash flow from investing activities :**	
	Net cash (used in) / from investing activities [B]	**–**
C	**Cash flow from financing activities**	
	Finance cost	**(6,964.24)**
	Net cash (used in) / from financing activities [C]	**(6,964.24)**
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**–**
	Cash and cash equivalents as at the beginning of the year	**1.00**
	Cash and cash equivalents as at end of the year	**1.00**

Notes

1 Cash Flow statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Cash Flow Statements" specified in section 133 of the Companies Act, 2013 read with Rule 4 of Companies (Indian Accounting Standards) Rules, 2015.

2 Cash and cash equivalents comprise cash on hand and balance with banks on current accounts and excludes margin money deposits given on security. Short-term and liquid investments not being free from more than an insignificant risk of change in value, are not included as part of cash and cash equivalents. Refer Note 10 for components of cash and cash equivalents.

The accompanying notes form an integral part of the financial statements

As per our report attached of even date

For and on behalf of the Board

for M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

S SRIDHAR
Director
DIN 07400739

K VENKATESH
Director
DIN 00240086

Place : Chennai
Date : May 22, 2017

Place : Chennai
Date : May 22, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

1. CORPORATE INFORMATION

Marine Infrastructure Developer Private Limited (the 'Company') is a wholly owned subsidiary of L& T Limited was incorporated on 22nd Jan 2016 and is domiciled in India having its registered office located at TC-1 Building, L & T Campus, 22, Mount Poonamallee Road, Manapakkam, Chennai-600089, India.

The Company is engaged in the construction, development, maintenance and operation of the Port terminals at Kattupalli near Chennai.

Pursuant to a Scheme of Arrangement of Demerger, the Company has acquired the identified assets and liabilities of port business undertaking of L&T Shipbuilding Limited on and from the effective date 22nd Mar 2017 and with effect from the appointed date close of business hours 31st Mar 2016 (Refer Note 21).

2. A) STATEMENT OF COMPLIANCE

By virtue of Para 4 (ii) (a) of Companies (Indian Accounting Standards) Rules, 2015 the Company is under obligation to comply with Ind AS, being a subsidiary Company of a listed Company.

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time, that were issued by Ministry of Corporate Affairs in respect of section 133 of Indian Companies Act, 2013. This is being the Company's first Ind AS financial statements, after its incorporation and taking over the identified assets and liabilities from L&T Shipbuilding Limited as per the scheme of arrangement of demerger.

B) KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Ind AS requires that the management of the Company make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

Examples of such estimates include the useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/ advances, future obligations in respect of retirement benefit plans, fair value measurement etc. difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

C) BASIS OF PREPARATION

The Company maintains its accounts on accrual basis following the historical cost convention, except for the property, plant and equipment which are measured at fair value as per the Scheme of Arrangement of Demerger (Refer Note 21). Further, the guidance notes/ pronouncements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different accounting treatment.

D) PRESENTATION OF FINANCIAL STATEMENTS

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of Notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards. The financial statements are presented in Indian Rupees (`INR') in Lakhs. Per share data are presented in Indian Rupees.

3. SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment:

(i) PPE is recognized when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment.

(ii) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalized as part of cost of the asset.

(iii) Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the company and the cost of the item can be measured reliably. The carrying amount of any component accounted for as a separate asset is derecognised when replaced. All other repairs and maintenance are charged to profit or loss during the reporting period in which they are incurred.

(iv) Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognized in profit or loss in the year of occurrence.

(v) The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Further, where cost of a part of the asset ("asset component") is significant in relation to the total cost of asset and useful life of that part is significantly different from the useful life of the remaining asset, then the useful life of that significant component is determined separately and such component is depreciated over its separate useful life.

3.2 Depreciation

i. Owned Assets

Depreciation on assets including buildings constructed on leasehold land is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except for certain items, where useful life is

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

The Company has adopted the revised useful lives for the following category of fixed assets based on technical evaluation made by the transferor Company:

Asset category	Useful life as per Schedule II (in years)	Revised Useful life adopted based on technical evaluation (in years)
(i) Marine structures	30*	50
(ii) Plant and equipment		
(a) Land berth and piled platforms	30*	40
(b) Rail Mounted Quay Cranes, Rubber Tyre Gantry Cranes having capacity of 40 Tons or more	15	20 (Calculated on single shift basis)
(iii) Buildings		
(a) Container yards	30	20
(b) Internal / Peripheral roads	5	15
(iv) Air-Conditioner & refrigeration equipment	15	12

*Represents concession period as per agreement executed with the Tamil Nadu Maritime Board.

In respect of additions/extensions forming an integral part of the existing assets, depreciation has been provided for over the residual life of the respective existing assets.

Depreciation on additions to / deductions from, owned fixed assets is calculated pro-rata from / to the month of additions/ deductions. Assets costing less than ₹ 5,000/- each are fully depreciated in the year of purchase.

ii. Leasehold land

Land acquired under long-term lease is classified under “Property, Plant and Equipment” and is depreciated over the primary lease period.

3.3 Intangible assets and Amortization

(i) Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the company and the cost of the asset can be measured reliably.

(ii) Intangible assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated amortization and cumulative impairment.

(iii) Intangible assets comprising specialized software are amortized under straight line method over their useful life over a period of 3 to 10 years.

(iv) Any costs directly attributable to the cost of preparing the asset for its intended use are included as a part of the asset.

(v) Amortization methods and useful lives are reviewed periodically including at each financial year end.

3.4 Impairment

Non-financial assets

(i) Intangible Assets and Property, Plant and Equipment

At each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognized in the previous periods. If any indication exists, carrying amount of asset is tested for impairment so as to determine:

(i) the provision for impairment loss, if any; and

(ii) the reversal of impairment loss recognized in previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of its fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit’s fair value less costs disposal and the value in use.

(Value in use is the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

3.5 Inventories

Inventories are valued in the balance sheet as follows:

Stores, spares, components	Lower of cost (calculated on weighted average basis) and net realizable value.

However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.

The cost of inventories comprises of all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

Assessment of net realizable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed.

3.6 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income and expenses associated with investing and financing flows. The cash flows from operating, investing and financing of the company are segregated.

3.8. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer rebates and other similar allowances.

(i) Revenue from service operations is recognized based on services provided and billed as per the terms of contracts with the customers, provided that the collection is reasonably certain.

(ii) Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

(iii) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably.

3.9 Employee Benefits

(i) Short-term employee benefits

All employee benefits falling due within twelve months from the end of the reporting period in which the employee renders the services are classified as short-term employee benefits. The benefits like salaries, wages, short-term compensated absences, etc. and the expected cost of bonus and ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post-employment benefits:

a) Defined contribution plans

The State governed provident fund scheme, employees' state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

b) Defined benefit plans

The Company's obligation towards gratuity is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government securities, having maturity periods approximating to the terms of related obligations as at the Balance Sheet date.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation as Net Defined benefit liability (assets).

The Company recognizes the following components of the defined benefit cost under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest on the net defined benefit liability.

Net interest on the net defined benefit liability (assets) is computed by applying the discount rate, to the net defined benefit liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year.

The Company recognizes the re-measurements of the net defined benefit liability (assets), comprising of actuarial gains and losses, any change in the effect of the asset ceiling(excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Re-measurements are not reclassified to the statement of profit and loss in subsequent periods.

(iii) Long-term employee benefits

The obligation for long-term employee benefits such as long-term compensated absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above except for re-measurements of the net defined benefit liability which is recognized in the statement of profit and loss.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

3.10 Borrowing costs

(i) Borrowing costs include interest, commitment charges, amortization of ancillary costs, amortization of discounts/ premium related to borrowings calculated using the effective interest method and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

(ii) Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventorised as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time (ordinarily, a period of twelve months) to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

3.11 Operating Segments

Operating segment are identified and reported as a component of the Company based on the performance assessment and resource allocation by the management. The operating segments are regularly reviewed and monitored by the Chief Operating decision maker of the company based on the discrete financial information available to evaluate their performance and allocation of resource.

3.12 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are recognized and capitalized as assets at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized in finance costs in the statement of profit and loss unless they are directly attributable to the qualifying assets.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis over the term of the relevant lease.

3.13 Earnings per share

Basic and Diluted earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.14 Taxes on income

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. It is measured using the tax rates and laws that are enacted or substantively enacted by the end of reporting date.

The current tax assets and liabilities as at balance sheet date have been arrived at after setting off current tax assets and liabilities where the Company have a legally enforceable right to set-off the recognized amounts and assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Current income tax relating to items recognized directly in equity and in other comprehensive income are recognized in equity and other comprehensive income respectively and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for the future tax consequences using the balance sheet approach on temporary differences at the reporting date between the carrying values of the assets and liabilities for the financial reporting purposes at the reporting date and their respective tax bases used in computation of taxable profit, using tax rates and laws that are enacted or substantively enacted by the end of reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

However, deferred tax assets are recognized to the extent that it is probable that sufficient future taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognized deferred tax assets are reassessed at each reporting date and are recognized to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

Deferred tax relating to items recognized directly in equity and in other comprehensive income are recognized in equity and /or other comprehensive income respectively and not in the statement of profit and loss.

The major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.15 Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities of uncertain timing and amount that can be measured only by using a substantial degree of estimation, if

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

(i) the Company has a present obligation (legal or constructive) as a result of a past event,

(ii) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and

(iii) the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognized only when it is virtually certain that the reimbursement will be received.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognized as a finance cost.

Contingent liability is disclosed in the case of

(i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

(ii) a present obligation arising from past events, when no reliable estimate is possible;

(iii) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each reporting date.

3.16 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company is taken as twelve months for classification of its assets and liabilities into current / non –current.

3.17 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realized or intended to be sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realized within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period, Or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.18 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability considering their characteristics in an orderly transaction between market participants who act in their economic best interest in the principal market for asset and liability or most advantageous market in the absence of the principal market at the measurement date under the current market conditions regardless of whether the price is directly observable or estimated using a valuation technique.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximizing the use of relevant observable inputs and minimizing the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements using inputs to measure such fair value are categorized within the fair value hierarchy on the following basis:

- Level 1 — Inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- Level 2 — Inputs are other than quoted price within level 1 that are either directly or indirectly observable for the asset or liability
- Level 3 — Inputs are unobservable for the asset or liability.

For assets and liabilities that are recognized in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between the levels of the hierarchy by re-assessing categorization at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.19 Financial instruments

(i) Financial assets:

Initial recognition and measurement

The Company initially recognizes financials assets in the balance sheet when, and only when, the company becomes party to the contractual provisions of the financial instrument.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets, at initial recognition, are classified as financial assets as subsequently measured at amortized cost, fair value through other comprehensive income or as fair value through profit and loss, unless the company irrevocably designate the financial assets as measured at fair value through profit or loss under fair value option.

Subsequent measurement

All financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends upon the following two criteria and options elected by the company:

(a) The company's business model for managing the financial assets, and

(b) The contractual cash flow characteristics of the financial assets.

Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows and selling financial assets.

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding

Financial Assets at Amortized cost

Financial Assets are measured at amortized cost by using effective interest method, when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding rather than to sell the asset prior to its contractual maturity to realize the fair value changes.

Financial Assets through other comprehensive income (FVTOCI)

Financial Assets are measured at fair value through other comprehensive income, when the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets through profit or loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless they are measured at amortized cost or fair value through other comprehensive income or the company irrevocably designate the financial assets as measured at fair value through profit or loss under fair value option.

Derecognition

The company primarily derecognizes the financial assets when the contractual rights to receive cash flows from the assets have expired or the company has transferred the financial assets by transfer of the contractual rights to receive cash flows of the financial assets or the company retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more recipients in an arrangement where the company has transferred substantially all the risks and rewards of ownership of the financial assets or has not retained any control over the assets.

Impairment of financial assets

The Company applies the expected credit loss model for recognizing impairment loss on financial assets measured at amortized cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

(ii) Financial liabilities:

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognized initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortized costs using EIR.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognized when the obligation under the liability is discharged or cancelled or expires.

3.20 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for.

b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs except as stated

NON-CURRENT ASSETS

4) PROPERTY, PLANT AND EQUIPMENT *

Particulars	COST				DEPRECIATION / OBSOLESCENCE					NET BOOK VALUE
	As at April 1, 2016	Additions	Deductions/ Adjustment	**As at March 31 2017**	*1st April 2016*	For the year	Transferred to Retained Earnings	On deductions	**Up to March 31 2017**	**As at March 31 2017**
Leased										
Land - Freehold	*14,222.44*	–	–	**14,222.44**	–	154.40	–	–	**154.40**	**14,068.05**
Owned										
Building	*18,697.18*	–	–	**18,697.18**	–	996.62	–	–	**996.62**	**17,700.56**
Marine structures	*102,383.67*	–	–	**102,383.67**	–	2,390.28	–	–	**2,390.28**	**99,993.39**
Plant and equipment										
General	*27,481.35*	–	–	**27,481.35**	–	1,707.76	–	–	**1,707.76**	**25,773.58**
Electrical Installation	*2,786.28*	–	–	**2,786.28**	–	413.41	–	–	**413.41**	**2,372.87**
Computers	*105.40*	–	–	**105.40**	–	43.31	–	–	**43.31**	**62.09**
Office equipment	*115.95*	–	–	**115.95**	–	66.74	–	–	**66.74**	**49.21**
Air conditioning and refrigeration equipment	*2.55*	–	–	**2.55**	–	0.30	–	–	**0.30**	**2.25**
Utilities	*762.04*	–	–	**762.04**	–	66.80	–	–	**66.80**	**695.24**
Furniture and fixtures	*128.68*	–	–	**128.68**	–	19.66	–	–	**19.66**	**109.02**
Vehicles	*25.78*	–	–	**25.78**	–	6.31	–	–	**6.31**	**19.47**
Total	*166,711.33*	–	–	**166,711.33**	–	5,865.60	–	–	**5,865.60**	**160,845.73**

* Pursuant to the Scheme of Arrangement of Demerger, the identified PPE have been acquired from L&T Shipbuilding Limited and fairvalued as per the scheme of Demerger on and from the effective date 22nd March 2017 but with effect from the appointed dated, close of business hours March 31, 2016.

Lease commencement date	Area (in acres)	Period of lease	Fair value as on 31.3.2016 ₹ In Lakhs
Transfer of land from LTSB*			
31.03.2016	318.17	91 Years & 2 Months	*12745.49*
31.03.2016	3.58	92 Years & 8 Months	*98.68*
31.03.2016	50.00	92 Years & 8 Months	*1,378.27*
Total area of land transfer to MIDPL (iii)	371.75		*14,222.44*

* Pursuant to Scheme of Arrangement of Demerger 371.75 acres of Land is acquired from L&T Shipbuilding Limited

5) GOODWILL

Pursuant to the scheme of Arrangement of Demerger, goodwill of ₹.29,280.03 Lakhs has been recognised in the books on and from the effective date 22nd March 2017 but with effect from the appointed dated, close of business hours March 31, 2016 (Refer Note 21)

6) OTHER INTANGIBLE ASSETS *

Particulars	COST				AMORTISATION					BOOK VALUE
	As at April 1, 2016	Additions	Deletions	***As at March 31 2017***	*1st April 2016*	For the year	Transferred to Retained Earnings	Deductions	**Up to March 31 2017**	**As at March 31 2017**
Specialized software	*207.97*	–	–	***207.97***	–	75.66	–	–	**75.66**	**132.31**
Total	*207.97*	–	–	***207.97***	–	75.66	–	–	**75.66**	**132.31**

* Pursuant to the Scheme of Arrangement of Demerger, the identified intangible assets have been acquired from L&T Shipbuilding Limited and fair valued as per the Scheme of Demerger from the effective date 22nd March 2017 but with effect from the appointed dated, close of business hours March 31, 2016.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

7 DEFERRED TAX ASSETS/LIABILITIES

Particulars	As at March 31, 2017
	Amount
Deferred tax assets	9,334.21
Deferred tax liabilities	(5,478.50)
Net Deferred tax asset	3,855.71

The major components of deferred tax assets and liabilities are as follows :

(i) Deferred tax liability	
(a) Tax effect on account of difference between tax depreciation and book depreciation on fixed assets	5,478.50
	5,478.50
(ii) Deferred tax asset	
(a) Tax effect on account of unabsorbed depreciation	9,334.21
	9,334.21
Net Deferred tax asset [(ii) - (i)]	3,855.71

Note

a. Deferred tax asset on unabsorbed depreciation has been recognised to the extent the same can be set off against deferred tax liability arising on timing difference between book depreciation and depreciation as per the Income Tax Act, 1961.

b. Other deferred tax assets have not been recognised considering the reasonable certainty of future taxable income .

8 INVENTORIES

Particulars	As on 31st March 2017
	Amount
Stores, spares and components	132.18
TOTAL	132.18

9 TRADE RECEIVABLES

Particulars	As on 31st March 2017	
	Amount	Amount
Unsecured		
Considered good	144.51	
Considered doubtful	14.17	
	158.67	
Allowance for expected credit loss	(14.17)	
		144.51
TOTAL		144.51

10 CASH AND BANK BALANCES

Particulars	As on 31st Mar 2017
	Amount
Cash and cash equivalents	
Balances with banks in current accounts	1.00
TOTAL	1.00

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

NOTE 10A - DISCLOSURE ON SPECIFIED BANK NOTES (SBNS)

During the year, the Company had no specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated 31 March 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from 08 November 2016 to 30 December 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBN's *	Other Denomination Notes	Total
	₹	₹	₹
Closing cash in hand as on 08.11.2016	–	–	–
(+) Permitted receipts	–	–	–
(-) Permitted payments	–	–	–
(- / +) Exchange of SBNs with bank for aggregate value less than ₹ 4,000 or below	–	–	–
(-) Amount deposited with bank	–	–	–
Closing cash in hand as on 30.12.2016	–	–	–

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016.

11 EQUITY SHARE CAPITAL

A(I) Authorised, issued, subscribed and paid-up share capital

Particulars	As at March 31 2017 Numbers	Amount
Authorised:*		
Equity Shares of ₹.10/- each	**400,000,000**	**40,000**
TOTAL	**400,000,000**	**40,000**
Issued, subscribed and fully paid-up:		
Equity Shares of ₹.10/- each	**400,000,000**	**40,000**
TOTAL	**400,000,000**	**40,000**

* The company has increased the authorised share capital during the year FY17 consequent to the scheme of arrangement of demerger

A(II) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	As at March 31 2017 Numbers	Amount
(i) Equity Share Capital		
At the beginning of the year	**10,000**	**1.00**
Add: Issued during the period (Refer Note.4 below)	**400,000,000**	**40,000.00**
Less: Reorganisation of Equity Share capital (Refer Note.5 below)	**(10,000)**	**(1.00)**
At the end of the year	**400,000,000**	**40,000.00**

Equity Shares

A(III) Terms / rights and restrictions attached to equity

1. The Company has issued only one class of equity shares having face value of ₹.10/- each. Each holder of equity share is entitled to one vote per share.
2. The shares issued carry equal rights and voting power. No securities have been issued with the right / option to convert the same into equity shares at a later date.
3. The Company declares and pays dividend in Indian Rupees. All the shares issued carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

4 Pursuant to the scheme of arrangement of demerger, the company has allotted shares to L&T Shipbuilding Limited and Tamilnadu Industrial Development Corporation Limited (TIDCO) on 31st March 2017 vide Board Approval dated 29th March 2017.

a. Issued equity shares of 38,80 Lakhs of ₹.10 each amounting to ₹.388,00 Lakhs to L&T Shipbuilding Limited and subsequently the same was transferred to Larsen & Toubro Limited on 31st March 2017.

b. 120 Lakhs equity shares of ₹.10 each amounting to ₹.12,00 Lakhs to Tamilnadu Industrial Development Corporation Limited(TIDCO).

5 The scheme of arrangement also provides for reorganisation of share capital of the company by way of cancellation of 0.1 Lakh equity shares of ₹ 10 each amounting to ₹ 1 Lakh as collectively held by Larsen & Toubro Limited and one of the Directors of the Company.

A(IV) Details of shares held by the holding company

Particulars	**As at March 31 2017**	
	Numbers	**Amount**
(i) Equity Shares		
Larsen & Toubro Limited	**388,000,000**	**38,800**

A(IV) Details of shareholders holding more than 5% of shares at the end of the year

Particulars	**As at March 31 2017**	
	Numbers	**Shareholding %**
(i) Equity Shares		
Larsen& Toubro Limited	**388,000,000**	**97.00**

12 OTHER EQUITY

Particulars	**As at March 31 2017**	
	Amount	**Amount**
Surplus		
Profit / (loss) for the year	**263.99**	
Capital Reserve (Refer Note 21 and Para A(III) (5) of Note 11)	**1.00**	
Remeasurement of Defined Benefit Plans (Refer Para a(iii) of Note 26)	**10.56**	**275.55**
TOTAL		**275.55**

13 OTHER FINANCIAL LIABILITIES

Particulars	**As at March 31 2017**	
	Amount	**Amount**
Payable to Related Party	**8,984.80**	**8,984.80**
Security deposit received		**145,000.00**
Liability towards Employee Benefits		**11.13**
		153,995.92

14 OTHER CURRENT LIABILITIES

Particulars	**As at March 31 2017**	
	Amount	**Amount**
Liability for Expenses		**2.00**
TOTAL		**2.00**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

15 PROVISIONS

Particulars	As at March 31 2017 Amount	Amount
Provision for		
– Gratuity fund - funded plan		**32.62**
– Compensated Absences		**85.38**
TOTAL		**118.00**

16 REVENUE FROM OPERATIONS

Particulars	2016-17 Amount	Amount
(a) Other Operating Income		
Income from port operations (Refer Note below)		**9,864.40**
TOTAL		**9,864.40**

The Port is operated by Adani Kattupalli Port Private Limited (AKPPL) from November 2015 for an agreed fee pursuant to an implementation agreement dated November 9th, 2015. The port operator fee ceases on payment of security deposit of ₹ 1,45,000 Lakhs since paid by AKPPL in November 2016. Accordingly, the Company recognised ₹ 9864.40 lakhs from April 2016 to November 2016 as income from port operations. However revenue from November 15 to March 16 has been accounted in transferor company's books.

17 EMPLOYEE BENEFITS EXPENSE

Particulars	2016-17 Amount	Amount
Salaries, wages and allowances		**11.13**
Contribution to and provision for :		
Provident fund	**–**	
Gratuity	**13.05**	
Compensated absences	**10.97**	**24.02**
Cost of services		**208.99**
TOTAL		**244.14**

18 ADMINISTRATION AND OTHER EXPENSES

Particulars	2016-17 Amount	Amount
Payment to Auditors		
Statutory Audit Fees	**1.50**	
Tax Audit Fees	**0.50**	**2.00**
Provision for expected credit loss		**14.17**
Filing Fees		**249.98**
Miscellaneous expenses		**40.33**
TOTAL		**306.48**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

19 FINANCE COSTS

Particulars	**2016-17 Amount**
Interest:	
– on Inter Corporate Deposits	**6,964.24**
TOTAL	**6,964.24**

20 DEPRECIATION, AMORTISATION AND OBSOLESCENCE EXPENSE

Particulars	**2016-17 Amount**
Depreciation	**5,865.60**
Amortisation	**75.66**
TOTAL	**5,941.26**

21 DEMERGER NOTE

Disclosure for acquisition of identified assets and liabilities of Port business undertaking of L&T Shipbuilding Limited by the company pursuant to the Scheme of Arrangement of Demerger.

a) A Scheme of Arrangement of Demerger (referred to as “Scheme of Arrangement of Demerger” in Notes forming part of Accounts) under Sections 230 to 240 of the Companies Act, 2013 was approved by the Board of Directors of the company dated July 22, 2016 for inter alia the transfer of the Port business undertaking along with the identified assets and liabilities from L&T Shipbuilding Limited in to the company.

b) The Scheme of Arrangement of Demerger was sanctioned by the National Company Law Tribunal, Division Bench, Chennai vide its order dated March 20, 2017 and it came into effect on March 22, 2017 (“Effective Date”).

c) Pursuant to the declaration of the effective date of the Scheme of Arrangement of Demerger, the Port business undertaking of L&T Shipbuilding Limited stands transferred to and vested to the resulting company as a going concern with effect from the close of business hours of March 31, 2016 (the appointed date).

d) The Port business undertaking of the Company is engaged in the construction, development, maintenance and operation of the terminals at Kattupalli port.

e) The Scheme of Arrangement of Demerger also provides for the transfer of the identified assets and liabilities of the Port business to the resulting company. Accordingly, L&T Shipbuilding Limited has transferred the identified assets and liabilities to the company for an aggregate consideration of ₹ 1,962 crore, as adjusted with the liabilities being taken over by the company as on 31st March 2016. The company has settled the purchase consideration by way of :

   a. Issue of equity shares of 3,880 Lakhs of ₹.10 each amounting to ₹.38,800 Lakhs to L&T Shipbuilding Limited.

   b. Issue of 120 Lakhs equity shares of ₹.10 each amounting to ₹.1200 Lakhs to Tamilnadu Industrial Development Corporation Limited (TIDCO).

   c. Taking over of identified liabilities of ₹.1,51,109 Lakhs related to port business of L&T Shipbuilding Limited and a cash consideration of ₹.50,91 Lakhs

   d. The company accounted goodwill of ₹.29,280.03 Lakhs in the books as per scheme of arrangement of demerger as approved by the National Company Law Tribunal (NCLT)

   e. The company has fairvalued the assets transferred from L&T Shipbuilding Limited as per the scheme of arrangement of demerger and recorded such assets in its books at fair value.

   f) The scheme of arrangement also provides for reorganisation of share capital of the company by way of cancellation of 0.1 Lakh equity shares of ₹ 10 each amounting to ₹ 1 Lakh as collectively held by Larsen & Toubro Limited and one of the Directors of the Company.

22 DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 108 “OPERATING SEGMENTS”

(i) Operating segments are identified and reported as a component of the company based on the performance assessment and resource allocation by the management. The operating segments are regularly reviewed and monitored by the Chief Operating decision maker of the company based on the discrete financial information available to evaluate their performance and allocation of resource.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

(ii) Pursuant to the scheme of arrangement, the port business segment of the company, stands transferred to and vested in the company as a going concern with effect from March 31, 2016. Accordingly, the company operates in single segement. The performance measurement and resource allocation is done by Chief Operating decision maker soley on this segment.

(iii) Since the company is operating on single segment, no segment results on primary segment has been furnished.

23 PREVIOUS YEAR COMPARITIVES

The company was incorporated on 22nd January 2016. Since this is the first audited accounts of the company, the financial statements have been prepared for the period ended 31st March 2017 from the date of incorporation, previous year comparitives are not applicable

24 FINANCIAL INSTRUMENTS - DISCLOSURES AS PER IND AS 107

Financial Instruments - Fair value and risk management

Categories of Financials assets			
S.No	**Particulars**	**Note**	**As at 31/03/2017**
1	**Measured at amortised cost**		
(a)	Trade Receivables	**9**	**144.51**
(b)	Cash and cash equivalents	**10**	**1.00**
	TOTAL FINANCIAL ASSETS		**145.51**
Categories of Financial Liabilities			
S.No	**Particulars**	**Note**	**As at 31/3/2017**
1	**Measured at amortised cost**		
(a)	Other financial liabilities -Security Deposit	**13**	**145,000.00**
(b)	Amount payable to Related Party	**13**	**8,984.80**
(c)	Liability for Employee benefits	**13**	**11.13**
	TOTAL FINANCIAL LIABILITIES		**153,995.92**

Effect of Financial instruments in Statement of Profit & Loss			
S.No	**Particulars**	**Note**	**2016-17**
1	**Interest expense**		
(a)	Financial liabilities that are not measured at FVTPL	**19**	**6,964.24**
	TOTAL		**6,964.24**

Financial Instruments - Accounting, Classifications and Fair Value Measurements

(i) The fair value of financial instruments are the amount at which the instrument could be exchanged in an arms length transaction between two knowledgable willing parties.

(ii) Fair value of cash and short-term deposits, security deposits, trade and other short term receivables, trade payables, other current financial liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments.

(iii) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

(iv) Various inputs are used in determining the fair value of financial instruments that are :

a) recognised and measured subsequently at fair value, or

b) recognised and measured subsequently at amourtised cost for which fair values are disclosed in the financial statements.

(v) Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

Level 1 — Inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at the measurement date.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

Level 2 —The fair value of the instruments that are not traded in active markets are determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

This includes the security deposit, amounts payable to related party.

Level 3 — The inputs used to measure the financial instruments are not based on observable market data. resulting in a significant increase in discount rate which has an effect on the recorded fair value of the instrument.

The company does not have any financial instruments falling under Level-3.

FAIR VALUE HIERARCHY

Fair value measurements as at March 31, 2017

Details of Fair value of financial assets and liabilities measured at amortised cost:

	As at March 31, 2017	Fair Value		
	Carrying amount	**Level 1**	**Level 2**	**Level 3**
Financial liabilities				
Security Deposit	**145,000.00**	**–**	**145,000.00**	**–**
Amount payable to Related Party	**8,984.80**	**–**	**8,984.80**	**–**
Liability for Employee benefits	**11.13**	**–**	**11.13**	**–**
Total Financial liabilities	**153,995.92**	**–**	**153,995.92**	**–**

CREDIT RISKS

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables.

The Company's exposure to credit risk is influenced mainly by individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Financial assets for which loss allowance is measured using simplified ECL model

The company follows a "Simplified Approach" for recognition of loss allowance for Expected Credit Loss (ECL) for trade receivables or any contractual right to receive cash or another financial assets arising out of its operating activities. To assess the whether there is significant increase in the credit risk, the company measures the credit quality of the financial assets as on the reporting date to that at the date of initial recognition by taking into consideration reasonable and supportive forward looking information like:

1) Any significant adverse change in the business
2) Any significant change in the financials status of the counter party
3) Any financial or economic condition of the country that significantly changes the counterparty's ability to meet its contractual obligations
4) Any significant increase in the credit risk in other financial instruments of the same counterparty.
5) Significant change in the value of the collateral supporting the obligation or in the quality of the third party guarantees or credit enhancements

Under the Simplified Approach , recognition of impairment loss for trade receivables or any contractual rights to receive cash or another financial assets that result from transactions arising out of its operations is based on the lifetime ECL at each reporting date. The lifetime ECL is entire amount of loss expected on the financial asset during its lifetime as on the reporting date either due to non- payment by the customers and or due to delay in payment by the customers.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historically credit loss experience over the expected life of the trade receivables and is adjusted for forward looking estimates considering the type of Public or Private and a judgmental evaluation of the collectability of the receivables based on the past due experience.

At every reporting date, the historical credit loss experience is reviewed and updated and changes in the forwarding looking information are analysed.

Cash and bank balances

The Company considers that the cash and bank balances have low credit risks based on the external credit ratings of the counter parties.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017 are as follows:

Financial Assets	As at March 31, 2017
Trade Receivables (Refer Note 9)	**144.51**
Cash and bank balances (Refer Note 10)	**1.00**

EXPECTED CREDIT LOSS (ECL) RECONCILIATION ON TRADE RECEIVABLES

Opening Balance as on 01.04.2016	–
Add Provided during the 2016-17	**14.17**
Less Reversal during 2016-17	**–**
Closing Balance as on 31.03.2017	**14.17**

Liquidity Risks

Liquidity Risk is defined as the risk that the Company will not be able to settle or meet its obligations as per the terms of the agreement or contract. Adverse contractual payment terms or delay in making payments by the customers lead to pressure on the working capital. The Company manages such a situation by close monitoring of the cash flows at the project level and regular follow up with the customers for release of payments .The company's treasury team under the close supervision of the Corporate Treasury team of the Parent Company monitors the liquidity position of the company by judicious use of the credit limits granted by the Banks and deployment of short term and long term funds from the parent company for funding its temporary net working capital gap. The liquidity position of the Company is closely monitored and reviewed by the senior management of the Company on a regular basis through rolling Cash flow forecast and analysis Net working capital position.

Maturity profile of the Company's financial liabilities as on 31.03.2017

Particulars	Less than one year	One Year to 5 years	5 years and above	Total
(a) Other Financial Liabilities	**153,995.92**	**–**	**–**	**153,995.92**

25 DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24 "RELATED PARTY DISCLOSURES"

(i) List of related parties

(a) Holding Company Larsen & Toubro Limited

(b) Fellow subsidiaries L&T Shipbuilding Limited

(c) The following transactions were carried out with related parties pursuant to the scheme of arrangement of Demerger

S.No	Nature of transaction	2016-17 Amount	
1	**Transfer of Fixed assets from**	166,478.39	
	L& T Shipbuilding Limited		166,478.39
2	**Transfer of Materials from**	132.18	
	L& T Shipbuilding Limited		132.18
3	**Transfer of Receivables from**	206.15	
	L& T Shipbuilding Limited		206.15
4	**Other Management Services**	249.32	
	L& T Shipbuilding Limited		249.32
5	**Legal Expenses(Filing Fees) reimbursable to**	249.98	
	L& T Shipbuilding Limited		249.98
6	**Sales and Service income Transferred from**	9,864.40	
	L& T Shipbuilding Limited		9,864.40

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

S.No	Nature of transaction	2016-17 Amount	
7	**Issuance of Equity Shares to**	38,800.00	
	L& T Shipbuilding Limited		38,800.00
8	**Security Deposit Received from**	145,000.00	
	L& T Shipbuilding Limited		145,000.00
9	**Interest expense on inter corporate deposit paid by**	12,166.83	
	L& T Shipbuilding Limited		12,166.83
10	**Employee related benefits transferred from**	103.36	
	L& T Shipbuilding Limited		103.36
11	**Interest Liability transferred from**	5,202.59	
	L& T Shipbuilding Limited		5,202.59
12	**Remeasurement of Defined Benefit Plan transferred from**	9.29	
	L& T Shipbuilding Limited		9.29
13	**Collections of receivables made by**	47.47	
	L& T Shipbuilding Limited		47.47
14	**Security Deposit Liability transferred from**	1,275.00	
	L& T Shipbuilding Limited		1,275.00
15	**Employee benefits paid by**	8.11	
	L& T Shipbuilding Limited		8.11

(d) Amounts due to / due from related parties

S.No	Name and relationship	As at March 31, 2017	
		Due to	**Due from**
B	**Fellow Subsidiaries**		
(i)	L&T Shipbuilding Limited	8,984.80	–
	TOTAL	8,984.80	–

(e) No amount due to or due from related parties has been written back or written off during the current year and previous year.

(f) The Company has entered into certain domestic transactions with the related parties. The Management is of the opinion that the Company maintains the necessary documents as prescribed by the Income-tax Act, 1961 to prove that these transactions are at Arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of Income-tax income and expense.

26 DISCLOSURE OF EARNINGS PER SHARE [EPS] COMPUTED IN ACCORDANCE WITH INDIAN ACCOUNTING STANDARD (IND AS) 33 "EARNINGS PER SHARE"

Particulars		2016-17
(a) Number of equity shares outstanding	**Numbers**	**400,000,000**
(b) Weighted average number of equity shares	**Numbers**	**3,297,589.04**
(c) Profit / (loss) for the year		**263.99**
Basic and Diluted EPS [(c) / (b)]	₹	**8.01**
Face value of an equity share	₹	**10.00**

Note : Potential equity shares that could arise on account of advance against share capital do not result into dilution of EPS and are "anti-dilutive" in nature. Hence, they are not considered in working of diluted EPS in accordance with Indian Accounting Standard (Ind AS) 33.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

27 DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 19 "EMPLOYEE BENEFITS":

(a) Defined benefit plans

The present value of the obligation under defined benefit plan comprising of gratuity and leave encashment benefit to the existing employees are determined based on the actuarial valuation using Projected Unit Credit method which recognises each period of service as giving raise to additional units of employee benefit entitlement and measure each unit separately to build up the final obligation.

(i) Amounts recognized in the balance sheet are as follows :

Particulars		**As at March 31, 2017**
A	**Present Value of funded Defined Benefit Obligation**	
	– Wholly funded	48.10
	– Wholly Unfunded	–
	Less: Fair value of plan assets:	15.48
	Less: Unrecognised past service costs	–
	Net defined benefit Liability	**32.62**
B	**Amounts reflected in the Balance Sheet**	
	Liabilities	32.62
	Assets	–
	Net liability / (asset)	**32.62**
	Net liability/(asset) - Current	**32.62**
	Net liability/(asset) - Non-Current	**–**

(ii) Expense recognized in the Statement of Profit and Loss are as follows:

Particulars	**As at March 31, 2017**
1) Current service cost	11.90
2) Past Service Cost	–
3) Administration Expenses	–
4) Interet on net defined benefit Liability / (asset)	1.16
5) (Gains)/Losses on settlement	–
Total expense charged to Profit & Loss Account	**13.05**

(iii) Amount recorded in Other Comprehensive Income

The total amount of remeasurement items and impact of liabilities assumed or settled, if any, which is recorded immediately in Other Comprehensive Income (OCI) during the period is shown in the table below:

Particulars	As at March 31, 2017
1) Opening amount recognized in OCI outside Profit & Loss Account	(9.29)
2) Remeasurements during the period due to	–
Changes in financial assumptions	8.23
Changes in demographic assumptions	1.06
Experience Adjustments	(12.03)
Actual return on plan assets less interest on plan assets	1.47
Adjustment to recognize the effect of asset ceiling	–
Closing amount recognized in OCI outside Profit & Loss Account	**(10.56)**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

(iv) Reconciliation of Net Liability/Asset

The movement of net liability / asset from the beginning to the end of the accounting period as recognized in the balance sheet of the Company is shown below:

Particulars		**As at March 31, 2017**
1)	Opening Net defined benefit Liability/(asset)	25.31
2)	Expenses charged to Profit & Loss Account	13.05
3)	Amount recognized outside Profit & Loss A/c	(1.26)
4)	Employer Contributions	(4.48)
5)	Impact of liability assumed or (settled)	–
Closing net defined benefit liability/(asset)		**32.62**

(v) Movement in Benefit Obligation

A reconciliation of the benefit obligation during the inter-valuation period is given below:

Particulars		**As at March 31, 2017**
1)	Opening of defined benefit obligation	37.76
2)	Current service cost	11.90
3)	Past Service cost	–
4)	Interest on defined benefit obligation	2.78
5)	Remeasurements due to:	–
	Acturial loss/(gain) arising from change in financial assumptions	8.23
	Acturial loss/(gain) arising from change in demographic assumptions	1.06
	Acturial loss/(gain) arising on account of experience changes	(12.03)
6)	Benefits paid	(1.61)
7)	Liabilities assumed / (settled)	–
8)	Liabilities extinguished on settlements	–
Closing of defined benefit obligation		**48.10**

(vi) Movement in Plan Assets

A reconciliation of the plan assets during the inter-valuation period is given below:

Particulars		**As at March 31, 2017**
1)	Opening fair value of Plan Assets	12.45
2)	Employer Contributions	4.48
3)	Interest on Plan assets	1.63
4)	Administration Expense	–
5)	Remeasurements due to:	–
	Actuals return on plan assets less Interest on plan assets	(1.47)
6)	Benefits paid	(1.61)
7)	Assets acquired / (settled)	–
8)	Assets distributed on settlements	–
Closing fair value of plan assets		**15.48**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

(vii) Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	Period Ended 31.03.2017	Period Ended 31.03.2017
	Discount Rate	Salary Escalation Rate
Impact of increase in 50bps on DBO	**-4.40%**	**4.69%**
Impact of decrease in 50bps on DBO	**4.74%**	**-4.40%**
DBO (₹)	**48.10**	**–**
Impact of increase in 50bps on DBO (₹)	**(2.12)**	**2.26**
Impact of decrease in 50bps on DBO (₹)	**2.28**	**(2.12)**

(viii) Funding Arrangement & Policy

The expected contribution payable to the plan next year is ₹ 20 Lakhs

(ix) Projected Plan Cash Flow

The table below show the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as at the valuation date:

Maturity Profile	₹ In Lakhs
Expected Benefits for Year 1	3.46
Expected Benefits for Year 2	3.78
Expected Benefits for Year 3	4.84
Expected Benefits for Year 4	4.46
Expected Benefits for Year 5	3.88
Expected Benefits for Year 6	3.86
Expected Benefits for Year 7	4.56
Expected Benefits for Year 8	3.74
Expected Benefits for Year 9	4.06
Expected Benefits for Year 10	74.30

(x) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

S.No	Particulars	2016-17	*2015-16*
1	Discount rate	**7.40%**	*7.55%*
2	Salary escalation rate	**8.00%**	*6.00%*
3	Attrition rate	**5.00%**	*5.00%*
4	Expected rate of return on plan assets		*Not applicable*
5	Salary reckoned for calculating benefit obligations (A)	**As per rule of the Company**	*As per rule of the Company*
6	Vesting period	**5 years**	*5 years*
7	Benefit formula for Gratuity for all exits except death / disability	**A x Completed year of service x 15/26 subject to benefit having vested**	*A x Completed year of service x 15/26 subject to benefit having vested*
8	Benefit formula for gratuity on death / disability	**Same as above but no vesting condition**	*Same as above but no vesting condition*
9	Retirement age	**58 years**	*58 years*
10	Mortality Rate	**Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ult. Mortality Table**	*Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ult. Mortality Table*
11	Disability / ill health retirement	**5% of mortality rate**	*5% of mortality rate*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (CONTD.)

All amounts are in ₹ Lakhs Except as stated

(xi) Pursuant to the scheme of arrangement of Demerger and transfer of Port business by L&T Shipbuilding Limited to the company, all the identified employees will become employees of the company.

As per the scheme, the Gratuity Fund created by L&T Shipbuilding Limited by forming a Trust for the benefit of the identified persons of the Port business shall be substituted by forming a Gratuity Trust in the company.

As on 31st March 2017, the Gratuity Fund created for the identified employees remains in the Trust "L&T Shipbuilding Limited Employees Group Gratuity Assurance Scheme" and the plan assets pertaining to identified employees is fully invested in the Insurer managed funds of L&T Shipbuilding Limited Employees Group Gratuity Assurance Scheme.

(xii) General description of the defined benefit plans

The Company operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

(xiii) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(b) Long-term employee benefits

Provision for long-term compensated absences has been made based on actuarial valuation report dated March 31, 2017 as summarized below:

Particulars		**2016-17**
(A)	**Summary of employee data**	
	(1) Retirement age	**58 years**
	(2) Projected actuarial value of benefit obligations	**85.38431**
(B)	**Principal rules to compute benefit obligations**	
	(1) Salary reckoned for calculating leave encashment	**Basic Salary**
	(2) Benefit formula for all exits	**B (1) x Leave balance days / 26**
(C)	**Mean financial assumptions**	
	(1) Discount rate	**7.40%**
	(2) Salary escalation rate	**8.00%**
(D)	**Mean demographic assumptions**	
	(1) Attrition rate	**5.00%**
	(2) Mortality Rate	**Indian Assured Lives Mortality (2006-08) Ultimate Table**
	(3) Disability / ill health retirement	**5% of mortality rate**

The accompanying notes form an integral part of the financial statements

As per our report attached of even date

For and on behalf of the Board

for M. K. DANDEKER & CO.
Chartered Accountants
(Firm's Registration No. 000679S)

S. POOSAIDURAI
Partner
Membership No. 223754

S SRIDHAR
Director
DIN 07400739

K VENKATESH
Director
DIN 00240086

Place : Chennai
Date : May 22, 2017

Place : Chennai
Date : May 22, 2017

DIRECTORS' REPORT

On behalf of the Board of Directors, it gives me pleasure in presenting the Annual Report and Audited Accounts of Larsen & Toubro Qatar LLC for the period ending 31st December, 2016.

Major Activities:

During the year 2016 there is no major activity in the company. The company continued its operation without any new project being quoted.

During the year efforts had been put-in by the Management team of L&T Qatar LLC & HBK Contracting WLL JV (50:50) on Doha 2006 Asian Games village / Hamad Medical City project to follow up for the extra claims submitted during the year 2011 total claims as follows.

1.	Prolongation Cost	QR 7.703 Mn
2.	Escalation Cost	QR 0.687 Mn
3.	Disputed Variation & other cost	QR 10.522 Mn
	Total Claim	QR 18.912 Mn

The "Claims Committee" of Ministry of Finance has rejected the claim. The management has decided to forego the claim. As the objective of Larsen & Toubro HBK Contracting CO WLL is full filled, the management has decided to dissolve the company.

As Larsen & Toubro Qatar LLC is not carrying out any operations and is not having plan to quote any project in the future, the management of the company further decided to dissolve the company. Accordingly the Financial statements are prepared on a winding up basis.

Share Transfer:

The transfer of Shares from Larsen & Toubro Limited, India to Larsen & Toubro International FZE, UAE is under process.

Financial Results:

We have reported a Loss of QR 0.043Mn against from various expenses for the year 2016 and the cumulative profit of QR 0.038 MN as at 31st Dec 2016.

Personnel:

We continue to keep just 2 staffs in the roll as authorised signatories in the company to ensure compliance.

Auditors Report:

The Auditor's Report to the shareholders does not contain any qualifications. The notes to the accounts referred to in the Auditors Report are self explanatory and therefore do not call for any further comments of Directors.

Directors Responsibility Statement:

The Board of Directors of the company confirm:

i. That in the preparation of the annual accounts, the applicable accounting standards have been followed and there has been no material departure.

ii. That the selected accounting policies were applied consistently and the directors made judgements and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the company as at 31st December, 2016.

iii. That proper and sufficient care has been taken for the maintenance of adequate accounting records in accordance with the provisions of the commercial law for safeguarding the assets of the company and proper internal control system has been established for preventing and detecting fraud and other irregularities.

iv. That the annual accounts have been prepared on a winding up basis.

Prospects for the Company:

The Company is not having plan to quote any Project in the near future.

Date: 5th May 2017
Place: Doha, Qatar

INDEPENDENT AUDITOR'S REPORT

To the Partners
Larsen & Toubro Qatar L.L.C.
Doha – Qatar

Report on the financial statements

We have audited the accompanying financial statements of Larsen & Toubro Qatar L.L.C. (the "Company"), which comprise the statement of financial position as of December 31, 2016, and the statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2016, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in Qatar, and we have fulfilled our other ethical responsibilities. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Emphasis of Matter

We draw attention to Note 1 to the financial statements wherein the management will commence the dissolution of the Company and cease all operating activities. As a result, the Company has changed its basis of accounting from the going concern to winding up basis.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern. Management have determined that it is inappropriate to use the going concern basis of accounting and have prepared the financial statements on a winding up basis.

Management are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISA's, we exercise professional judgement and maintain professional scepticism throughout the audit. We also

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than the one resulting from error, as fraud may involve collusion, forgery, intentional omission, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of Management's use of the basis other than going concern. We are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosure is inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with management regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on Other Legal and Regulatory Requirements

Further, as required by the Qatar Commercial Companies' Law, we report the following:

- We obtained all the information and explanations which we considered necessary for our audit.
- To the best of our knowledge and belief and according to the information given to us, no contraventions of the applicable provisions of Qatar Commercial Companies' Law and the Company's Articles of Associations were committed during the year which would materially affect the Company's activities or its financial position.

Doha – Qatar
April 30, 2017

For **Deloitte & Touche**
Qatar Branch

Muhammad Bahemia
Partner
License No. 103

STATEMENT OF FINANCIAL POSITION AS OF DECEMBER 31, 2016

	Notes	2016 QR	*2015* *QR*
ASSETS			
Current assets			
Cash and bank balances	**5**	**269,029**	*270,429*
Due from a related party	**6**	**165,025**	*165,025*
Total current assets		**434,054**	*435,454*
Non-current asset			
Investment in a joint venture	**7**	**373,945**	*370,020*
Total assets		**807,999**	*805,474*
LIABILITY AND EQUITY			
Liability			
Current liabilities			
Accounts payable and accruals	**8**	**312,062**	*431,665*
Due to a related party	**6**	**165,680**	*--*
Total liabilities		**477,742**	*431,665*
Equity			
Capital		**200,000**	*200,000*
Legal reserve	**9**	**100,000**	*100,000*
Retained earnings		**30,257**	*73,809*
Total equity		**330,257**	*373,809*
Total liability and equity		**807,999**	*805,474*

These financial statements were approved by the partners and signed on their behalf by the following on April 30, 2017.

MR. S. ANANTHA SUBRAMANIAN
Director

DIP KISHORE SEN
Director

The accompanying Notes are an integral part of these Financial Statements

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED DECEMBER 31, 2016

	Notes	2016	*2015*
		QR	*QR*
Share of profit from joint venture	7	3,925	*370,020*
General and administrative expenses	10	(47,477)	*(358,919)*
(Loss) / profit for the year before income tax		(43,552)	*11,101*
Income tax	11	–	*–*
(Loss) / profit for the year		(43,552)	*11,101*
Other comprehensive income		–	*–*
Total comprehensive (loss) / income for the year		(43,552)	*11,101*

MR. S. ANANTHA SUBRAMANIAN
Director

DIP KISHORE SEN
Director

The accompanying Notes are an integral part of these Financial Statements

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED DECEMBER 31, 2016

	Capital	**Legal reserve**	**Retained earnings**	**Total**
	QR.	**QR.**	**QR.**	**QR.**
Balance at January 1, 2015	200,000	100,000	62,708	362,708
Total comprehensive income for the year	–	–	11,101	11,101
Balance at December 31, 2015	200,000	100,000	73,809	373,809
Total comprehensive loss for the year	–	–	(43,552)	(43,552)
Balance at December 31, 2016	200,000	100,000	30,257	330,257

The accompanying Notes are an integral part of these Financial Statements

STATEMENT OF CASH FLOW FOR THE YEAR ENDED DECEMBER 31, 2016

	2016	*2015*
	QR	*QR*
OPERATING ACTIVITIES		
(Loss) / profit for the year before income tax	**(43,552)**	*11,101*
Adjustments for:		
Share of profit from joint venture	**(3,925)**	*(370,020)*
	(47,477)	*(358,919)*
Working capital changes:		
Accounts payable and accruals	**(119,603)**	*289,154*
Due to a related party	**165,680**	*–*
Cash used in operating activities	**(1,400)**	*(69,765)*
Income tax paid	**–**	*–*
Net cash used in operating activities	**(1,400)**	*(69,765)*
Net decrease in cash and cash equivalents	**(1,400)**	*(69,765)*
Cash and cash equivalents - beginning of year	**270,429**	*340,194*
Cash and cash equivalents - end of the year	**269,029**	*270,429*

The accompanying Notes are an integral part of these Financial Statements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016

1. STATUS AND ACTIVITY

Larsen & Toubro Qatar L.L.C. is registered in the state of Qatar under commercial registration number 27454 on March 31, 2004 with a share capital of QR. 200,000 divided between the following partners:

	Holding %	Profit sharing %	Nationality
Al Jazeera International	51	51	Qatar
Larsen & Toubro International FZE *	49	49	UAE

* The shareholder as per the commercial registration is Larsen & Toubro Limited, India. The Company is in the process of amending the commercial registration for the transfer of shares from Larsen & Toubro Limited, India to Larsen & Toubro International FZE, UAE.

The Company is engaged in oil and gas services, trading in material, tools and equipment's, general contracting, airport construction, electrical and mechanical work. There have been no operations in the Company during the current year and previous year.

1.1 Going Concern

The Company has changed its basis of accounting from going concern to winding up basis, pursuant to which assets are reported at net realizable value and liabilities at expected settlement values as at December 31, 2016.

2. APPLICATION OF NEW AND REVISED INTERNATIONAL FINANCIAL REPORTING STANDARDS (IFRSs)

2.1 New and revised IFRSs that are mandatorily effective

The following new and revised IFRSs, which became effective for annual periods beginning on or after January 1, 2016, have been adopted in these financial statements.

- IFRS 14 *Regulatory Deferral Accounts*
- Amendments to IAS 1 *Presentation of Financial Statements* relating to Disclosure initiative
- Amendments to IFRS 11 *Joint arrangements* relating to accounting for acquisitions of interests in joint operations
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 38 Intangible Assets relating to clarification of acceptable methods of depreciation and amortisation
- Amendments to IAS 16 *Property, Plant and Equipment* and IAS 41 Agriculture to bring in bearer plants into the scope of IAS 16
- Amendments to IAS 27 *Separate Financial Statements* relating to accounting investments in subsidiaries, joint ventures and associates to be optionally accounted for using the equity method in separate financial statements
- Amendments to IFRS 10 *Consolidated Financial Statements*, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investment in Associates and Joint Ventures relating to applying the consolidation exception for investment entities
- Annual Improvements to IFRSs 2012 – 2014 Cycle covering amendments to IFRS 5, IFRS 7, IAS 19 and IAS 34

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

2.2 New and revised IFRSs in issue but not yet effective

The Company has not applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	Effective for annual periods beginning on or after
Annual Improvements to IFRS Standards 2014 – 2016 Cycle amending IFRS 1, IFRS 12 and IAS 28	The amendments to IFRS 1 and IAS 28 are effective for annual periods beginning on or after January 1, 2018, the amendment to IFRS 12 for annual periods beginning on or after January 1, 2017
Amendments to IAS 12 Income Taxes relating to the recognition of deferred tax assets for unrealised losses	January 1, 2017
Amendments to IAS 7 Statement of Cash Flows to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.	January 1, 2017

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRIC 22 Foreign Currency Transactions and Advance Consideration The interpretation addresses foreign currency transactions or parts of transactions where: • there is consideration that is denominated or priced in a foreign currency; • the entity recognises a prepayment asset or a deferred income liability in respect of that consideration, in advance of the recognition of the related asset, expense or income; and • the prepayment asset or deferred income liability is non-monetary.	January 1, 2018
Amendments to IFRS 2 *Share Based Payment* regarding classification and measurement of share based payment transactions.	January 1, 2018
Amendments to IFRS 4 *Insurance Contracts*: Relating to the different effective dates of IFRS 9 and the forthcoming new insurance contracts standard.	January 1, 2018
Amendments to IAS 40 Investment Property: Amends paragraph 57 to state that an entity shall transfer a property to, or from, investment property when, and only when, there is evidence of a change in use. A change of use occurs if property meets, or ceases to meet, the definition of investment property. A change in management's intentions for the use of a property by itself does not constitute evidence of a change in use. The paragraph has been amended to state that the list of examples therein is non-exhaustive.	January 1, 2018
Amendments to IFRS 7 Financial Instruments: Disclosures relating to disclosures about the initial application of IFRS 9.	When IFRS 9 is first applied
IFRS 7 *Financial Instruments*: Disclosures relating to the additional hedge accounting disclosures (and consequential amendments) resulting from the introduction of the hedge accounting chapter in IFRS 9.	When IFRS 9 is first applied
IFRS 9 *Financial Instruments* (revised versions in 2009, 2010, 2013 and 2014) IFRS 9 issued in November 2009 introduced new requirements for the classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a) impairment requirements for financial assets and b) limited amendments to the classification and measurement requirements by introducing a 'fair value through other comprehensive income' (FVTOCI) measurement category for certain simple debt instruments. A finalised version of IFRS 9 which contains accounting requirements for financial instruments, replacing IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9 Financial Instruments (revised versions in 2009, 2010, 2013 and 2014) (continued) The standard contains requirements in the following areas: • **Classification and measurement:** Financial assets are classified by reference to the business model within which they are held and their contractual cash flow characteristics. The 2014 version of IFRS 9 introduces a 'fair value through other comprehensive income' category for certain debt instruments. Financial liabilities are classified in a similar manner to under IAS 39, however there are differences in the requirements applying to the measurement of an entity's own credit risk. • **Impairment:** The 2014 version of IFRS 9 introduces an 'expected credit loss' model for the measurement of the impairment of financial assets, so it is no longer necessary for a credit event to have occurred before a credit loss is recognised. • **Hedge accounting:** Introduces a new hedge accounting model that is designed to be more closely aligned with how entities undertake risk management activities when hedging financial and non-financial risk exposures.	January 1, 2018

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

New and revised IFRSs	**Effective for annual periods beginning on or after**
• **Derecognition:** The requirements for the derecognition of financial assets and liabilities are carried forward from IAS 39.	
IFRS 15 *Revenue from Contracts with Customers* In May 2014, IFRS 15 was issued which established a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related interpretations when it becomes effective. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Specifically, the standard introduces a 5-step approach to revenue recognition: • Step 1: Identify the contract(s) with a customer. • Step 2: Identify the performance obligations in the contract. • Step 3: Determine the transaction price. • Step 4: Allocate the transaction price to the performance obligations in the contract. • Step 5: Recognise revenue when (or as) the entity satisfies a performance obligation. Under IFRS 15, an entity recognises when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Far more prescriptive guidance has been added in IFRS 15 to deal with specific scenarios. Furthermore, extensive disclosures are required by IFRS 15.	January 1, 2018
Amendments to IFRS 15 Revenue from Contracts with Customers to clarify three aspects of the standard (identifying performance obligations, principal versus agent considerations, and licensing) and to provide some transition relief for modified contracts and completed contracts.	January 1, 2018
IFRS 16 Leases IFRS 16 specifies how an IFRS reporter will recognise, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognise assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16's approach to lessor accounting substantially unchanged from its predecessor, IAS 17.	January 1, 2019
Amendments to IFRS 10 Consolidated Financial Statements and IAS 28 Investments in Associates and Joint Ventures (2011) relating to the treatment of the sale or contribution of assets from and investor to its associate or joint venture.	Effective date deferred indefinitely

The application of these revised IFRSs has not had any material impact on the amounts reported for the current and prior years but may affect the accounting for future transactions or arrangements.

Since these financial statements are prepared on a winding up basis and the Company has no operations, new and revised International Financial Reporting Standards will not have any effect on these financial statements.

3. SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (IFRS) and applicable provisions of Qatar Commercial Companies Law.

Basis of preparation

The accompanying financial statements have been prepared under the historical cost convention. The Company's functional and reporting currency is Qatari Riyal (QR).

Accounts and other receivables

Accounts and other receivables are stated at original invoice amount less provision for any uncollectible amounts. An estimate for doubtful debts is made when collection of the full amount is no longer probable. Bad debts are written off when there is no possibility of recovery.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

Revenue recognition

Contract revenue is recognized following percentage of completion method. Where the outcome of the contract can be estimated reliably, revenue is recognized by reference to the percentage of completion method, as measured by the proportion that contract costs incurred for work performed to date bear to the estimated total contract costs, except where this would not be representative of the stage of completion. Variations in contract work, claims and incentive payments are included to the extent that they have been agreed with the customer.

Where the outcome of a contract cannot be estimated reliably, revenue is recognized only to the extent of contract costs incurred that is probable to be recovered. Costs include material, labor and other direct costs plus an appropriate allocation of overheads.

Interest income is recognized on an accrual basis, taking into account the interest rate applicable and principal outstanding.

Investment in joint ventures

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control. The results and net assets of joint ventures are incorporated in these financial statements using the equity method of accounting.

Contract costs

Contract costs represent direct expenses incurred for all the projects such as materials, labour, subcontractors, plant hire etc. and indirect operational expenses relating to the projects such as engineers' salaries and bonus, accommodation, staff facilities, utilities, repair and maintenance.

Foreign currency

Transactions in currencies other than the Company's functional currency (foreign currencies) are recorded at the rates of exchange prevailing at the dates of transactions. At each reporting date, monetary items denominated in foreign currencies are translated into Qatari Riyal at the rates of exchange at that date, and any exchange differences are recognized in the statement of profit or loss.

Provisions

Provisions are recognised when the Company has an obligation (legal or constructive) arising from a past event and it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation.

Accounts payable

Accounts payable are initially measured at fair value and represent amounts to be paid in the future for goods or services received.

4. CRITICAL JUDGMENTS IN APPLYING THE COMPANY'S ACCOUNTING POLICIES

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Impairment of financial assets

The Company's management reviews periodically items classified as receivables / due from a related party to assess whether a provision for impairment should be recorded in the statement of profit or loss. Management estimates the amount and timing of future cash flows when determining the level of provisions required. Such estimates are necessarily based on assumptions about several factors involving varying degrees of judgement and uncertainty.

5. CASH AND BANK BALANCES

	2016	*2015*
	QR	*QR*
Cash on hand	**169**	*369*
Bank balances – Current accounts	**268,860**	*270,060*
	269,029	*270,429*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

6. RELATED PARTIES

Related parties represent associated companies, major shareholders, directors and key management personnel of the Company, and entities controlled, jointly controlled or significantly influenced by such parties. The terms of these transactions are approved by the Company's management.

(i) Due from a related party

	2016	*2015*
	QR	*QR*
Larsen & Toubro and HBK Contracting W.L.L.	**2,429,314**	*2,429,314*
Less: provision for doubtful due from a related party	**(2,264,289)**	*(2,264,289)*
	165,025	*165,025*

(ii) Due to a related party

	2016	*2015*
	QR	*QR*
Larsen & Toubro Limited – Qatar Branch	**165,680**	–
	165,680	–

7. INVESTMENT IN A JOINT VENTURE

	2016	*2015*
	QR	*QR*
Investment in Larsen & Toubro and HBK Contracting W.L.L.	**473,945**	*470,020*
Less: provision for diminution in value of investment	**(100,000)**	*(100,000)*
	373,945	*370,020*

The summary of assets, liabilities, income and expenses of the joint venture, accounted using the equity method in these financial statements, are as follows:

	2016	*2015*
	QR	*QR*
Total assets	**1,689,911**	*1,701,729*
Total liabilities	**(5,458,008)**	*(5,480,355)*
Net deficit	**(3,768,097)**	*(3,788,950)*
Other income	**13,217**	*759,859*
General and administrative expenses	**–**	–
Profit for the year before tax	**13,217**	*759,859*
Income tax charge	**(2,684)**	*(9,909)*
Profit for the year	**10,533**	*749,950*
Share in profit of the joint venture net of tax (50%)	**3,925**	*370,020*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

8. ACCOUNTS PAYABLE AND ACCRUALS

	2016	*2015*
	QR	*QR*
Trade payables	**136,360**	*110,663*
Accrued expenses	**175,702**	*321,002*
Income tax payable	**–**	*–*
	312,062	*431,665*

9. LEGAL RESERVE

In accordance with Qatar Commercial Companies Law and the Company's Articles of Association, 10% of the net profit for the year is to be transferred to legal reserve. This transfer of reserve is to be maintained until the reserve equals 50% of the paid capital and the reserve is not available for distribution except in circumstances specified in the above Law.

10. GENERAL AND ADMINISTRATIVE EXPENSES

	2016	*2015*
	QR	*QR*
Professional fees	**25,697**	*14,762*
Legal fees	**–**	*329,874*
Immigration and license fees	**19,870**	*12,880*
Miscellaneous expense	**1,910**	*1,403*
	47,477	*358,919*

11. INCOME TAX

Income tax is calculated in accordance with the provisions of Qatar Income Tax Law number 21 of 2009. The following table shows the determination of income tax charge for the year.

	2016	*2015*
	QR	*QR*
(Loss) / profit before tax	**(43,552)**	*11,101*
Less: exempt income	**(3,925)**	*(370,020)*
Less: prior year tax losses		*(14,000)*
Taxable loss	**(47,477)**	*(372,919)*
Income tax @ 10%	**–**	*–*

12. FINANCIAL INSTRUMENTS

Financial assets and financial liabilities are recognized on the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

The Company's principal financial assets are cash and bank balances and due from a related party. The Company's principal financial liabilities are trade payables and due to a related party.

Accounting policies relating to the financial assets and financial liabilities have been set out in Note 3.

Fair value

Fair value is the amount for which an asset could be exchanged or a liability transferred in an orderly transaction between market participants at the measurement date, regardless of whether the participant is directly observant or estimated using another valuation technique. Since the accompanying financial statements have been prepared under the historical cost convention, the carrying value of the Company's financial

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2016 (Contd.)

instruments, as recorded, could be different from the fair value. However, in the opinion of the management, fair value of the financial assets and liabilities are not considered significantly different from their book value as most of these items are either short-term in nature or repriced frequently.

13. FINANCIAL RISK MANAGEMENT

The activities of the Company expose it to routine financial risks, including the effects of defaults by customers, movement in foreign exchange rates and liquidity risks. The Company's management seeks to minimize potential adverse effects on the financial performance of the Company by taking appropriate steps to address specific risk management areas, such as credit risk, liquidity risk and currency risk management.

Credit risk

The Company's principal financial assets are cash and bank balances and due from a related party.

The credit risk on cash and bank balances is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies.

Liquidity risk

Prudent liquidity management implies maintaining sufficient funding to enable the business of the Company to continue without disrupting. The management of the company maintains liquidity by getting support from the partners.

Currency risk

Currency risk is the risk that the value of financial instruments will fluctuate due to changes in foreign exchange rates. The Company does not hedge its currency exposure. Management is of the opinion that the Company's exposure to currency risk is minimal since most of the dealings of the entity is in Qatari Riyal.

14. APPROVAL OF FINANCIAL STATEMENTS

The financial statements were approved by the Partners and authorized for issue on April 30, 2017.

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their Audit report and Audited Accounts for the period ended 31.03.2017.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**2016-17 AED**	*2015-16 AED*
Total Income	**52,010,230**	*65,021,969*
Total Expenditure	**56,842,479**	*65,797,280*
Operating Profit / (Loss)	**(4,832,249)**	*(775,311)*
Add: Other Income	**117,447**	*1,404,923*
Less: Finance Costs	**446,220**	*153,799*
Profit / (Loss) before Tax	**(5,161,022)**	*475,813*
Less : Tax	**0**	*0*
Net Profit / (Loss) after Tax	**(5,161,022)**	*475,813*

2. **CAPITAL & FINANCE:**

During the year under review, the Company has not allotted any equity / preference shares.

The Company has not raised any debentures / long term loans etc.

During the year, the Company has not repaid any long term loans.

3. **CAPITAL EXPENDITURE:**

As at 31st March, 2017 the gross fixed and intangible assets including leased Assets, stood at AED 41,823,061/- and the net fixed and intangible assets, including leased assets, at AED 12,470,686/-. There was no capital Expenditure during the year.

4. **SUBSIDIARY/ASSOCIATE/JOINT VENTURE COMPANIES:**

The Company has no subsidiary / associate / joint venture companies.

The details of investments in subsidiary companies during the year are as under:

A) **Shares acquired during the year: NOT APPLICABLE**

Name of the Company	**Type of Shares**	**No. of shares**

B) **Equity shares sold/transferred during the year: NOT APPLICABLE**

Name of the Company	**Number of shares**

C) **Performance and Financial Position of each subsidiary/associate and joint venture companies (this may be voluntarily prepared by the holding company): NOT APPLICABLE**

5. **PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY (AS MAY BE APPLICABLE):**

The Company has disclosed the particulars of the loans given, investments made or guarantees given or security provided in Note No. 26 of the audited financial statements.

6. **STATE OF COMPANY AFFAIRS:**

The gross sales and other income for the financial year under review were AED 52,127,677/- as against AED 66,426,892/- for the previous financial year registering decrease of 22%. The profit / (loss) before tax from continuing operations including extraordinary and exceptional items was AED (5,161,022) and the profit / (loss) after tax from continuing operations including extraordinary and exceptional items of AED (5,161,022) for the financial year under review as against AED 475,813 and AED 475,813 **respectively for the previous financial year.**

7. **AMOUNT TO BE CARRIED TO RESERVE** (to be mentioned only if amount is transferred to Reserves as per the local regulations): NOT APPLICABLE-As per Local Law maintaining Statutory reserve of AED 500,000/-(50% of Share Capital)

8. **DIVIDEND:**

The Directors do not propose the payment of any dividend during the year / period.

9. **MATERIAL CHANGES AND COMMITMENTS AFFECTING THE FINANCIAL POSITION OF THE COMPANY, BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT** (please provide details, if applicable): **NOT APPLICABLE**

10. **RISK MANAGEMENT POLICY** (please mention, if applicable): **NOT APPLICABLE**

11. DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR:

Board Members-	Board Members- Resignation
1. Mr. D. K. Sen	NIL
2. Mr. Shrinath Rao	
3. Mr. S. Ananthasubramanian	
Mr. Arghya Chattopadhyay (Chief Executive)	
Mr. P. Jayaprakash (Head-F&A)	

12. NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS :

The Meetings of the Board are held at regular intervals. During the year under review a meetings were held on 08th June 2016.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

13. CONSOLIDATED FINANCIAL STATEMENTS (ONLY TO BE GIVEN IF MANDATED BY LOCAL REGULATIONS):

Your Directors have pleasure in attaching the Consolidated Financial Statements

The Auditors report to the shareholders does not contain any qualification, observation or adverse comment.

14. AUDITORS:

M/s PKF are the auditors of the Company. They will continue to be auditors of the Company for the ensuing financial year.

15. DIRECTORS RESPONSIBILITY STATEMENT:

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively;

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

16. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in United Arab Emirates and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

Your Directors also wish to record their appreciation for the continued co-operation and support received from the Joint Venture partners / Associates (if applicable).

For Larsen & Toubro Readymix and Asphalt Concrete Industries LLC

S. ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

Place: Dubai, U.A.E.
Date: May 10, 2017

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 MARCH 2017

The directors submit their report and accounts for the year ended 31 March 2017. We approve the financial statements and confirm that we are responsible for these, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

RESULTS AND DIVIDENDS

The loss for the year amounted to AED 5,161,022. No dividend is recommended.

REVIEW OF THE BUSINESS

The company's principal activity during the year was the production and sale of ready-mix and asphalt concrete. The partners have entered into an agreement on 30 March 2017 to sell the shares in the company to a third party. The formalities for executing the transfer are under process and are expected to be completed by 31 May 2017.

EVENTS SINCE THE END OF THE YEAR

There are no significant events since the end of the year.

LEGAL AND REGULATORY REQUIREMENTS

The company has complied with the applicable provisions of the UAE Federal Law No. (2) of 2015.

PARTNERS AND THEIR INTERESTS

The partners at 31 March 2017 and their interests as at that date in the share capital of the company were as follows:

Name	No. of shares	AED
Mr. Majed Mohamed Majed Al Mehairi	510	510,000
Larsen & Toubro International FZE	490	490,000
	1,000	1,000,000

INDEPENDENT AUDITOR

PKF were appointed as independent auditor for the year ended 31 March 2017 and the general assembly will appoint the auditors for the year to end on 31 March 2018.

S. ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

Place: Dubai, U.A.E.
Date: May 10, 2017

INDEPENDENT AUDITOR'S REPORT

THE PARTNERS OF LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

OPINION

We have audited the financial statements of **LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC** (the "Company"), which comprise the statement of financial position as at 31 March 2017, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Company as at 31 March 2017, and of its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

BASIS FOR OPINION

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

We draw attention to Note 2 (c) in the financial statements, which states that the company incurred a loss of AED 5,161,022 for the year ended 31 March 2017 and at that date, the company's accumulated losses aggregated to AED 15,454,010 and there was a net deficit of AED 13,954,010 in equity funds. As stated in Note 2 (c), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

OTHER INFORMATION

Management is responsible for the other information. Other information comprises the directors' report as required by the UAE Federal Law No. (2) of 2015, which we obtained prior to the date of this auditor's report. The other information does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we concluded that there is a material misstatement of the other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND THOSE CHARGED WITH GOVERNANCE FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

We draw attention to note 1(b) to the financial statements that refers to the company taking advantage of the transitional provisions contained in UAE Federal Law No. (2) of 2015.

Further, as required by the UAE Federal Law No. (2) of 2015, we report that:

i) We have obtained all the information we considered necessary for the purpose of our audit;

ii) The financial statements have been prepared and comply, in all material respects, with the applicable provisions of the UAE Federal Law No. (2) of 2015;

iii) The company has maintained proper books of account;

iv) The financial information included in the Directors' report is consistent with the books of account of the company;

v) The company has not made any investments during the financial year ended 31 March 2017;

vi) Note 10 to the financial statements reflects material related party transactions and balances, and the terms under which they were conducted;

vii) The company has not made any social contributions during the financial year ended 31 March 2017;

viii) Based on the information that has been made available to us nothing has come to our attention which causes us to believe that the company has contravened during the financial year ended 31 March 2017 any of the applicable provisions of the UAE Federal Law No. (2) of 2015 or of its Memorandum and Articles of Association which would materially affect its activities or its financial position as at 31 March 2017.

PKF
Abu Dhabi
United Arab Emirates

10 May 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 MARCH 2017

	Notes	**31.3.2017** **AED**	*31.3.2016* *AED*
ASSETS			
Non-current assets			
Property, plant and equipment	6	**7,604,040**	*9,475,629*
Intangible assets	7	**4,866,646**	*5,651,255*
		12,470,686	*15,126,884*
Current assets			
Inventories	8	**548,742**	*1,103,062*
Trade and other receivables	9	**12,079,784**	*33,770,491*
Other current financial assets	11	**375,000**	*375,000*
Cash and cash equivalents	12	**727,275**	*14,100*
		13,730,801	*35,262,653*
Total assets		**26,201,487**	*50,389,537*
EQUITY AND LIABILITIES			
Partners' funds			
Share capital	13	**1,000,000**	*1,000,000*
Statutory reserve		**500,000**	*500,000*
Accumulated losses		**(15,454,010)**	*(10,292,988)*
Deficit		**(13,954,010)**	*(8,792,988)*
Loan from a partner	14	**24,000,000**	*24,000,000*
Total partners' funds		**10,045,990**	*15,207,012*
Non-current liabilities			
Provision of staff end-of services benefits	15	**818,248**	*883,327*
Current liabilities			
Bank overdraft	16	**–**	*7,749,774*
Trade and other payables	17	**12,333,814**	*23,545,989*
Amounts due to related parties	10	**3,003,435**	*3,003,435*
		15,337,249	*34,299,198*
Total liabilities		**16,155,497**	*35,182,525*
Total equity and liabilities		**26,201,487**	*50,389,537*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4351 to 4352.

Authorised for issue on behalf of the partners on 10 May 2017.

For **LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC**

S. ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 MARCH 2017

	Notes	**1.4.2016 to 31.3.2017 AED**	*1.4.2015 to 31.3.2016 AED*
REVENUE	**19**	**52,010,230**	*65,021,969*
Cost of sales	**20**	**(46,474,489)**	*(53,846,686)*
Gross profit		**5,535,741**	*11,175,283*
Other operating income	**21**	**117,447**	*1,404,923*
Distribution costs	**22**	**(5,407,430)**	*(6,448,231)*
Administrative expenses	**23**	**(4,960,560)**	*(5,502,363)*
Finance costs		**(446,220)**	*(153,799)*
(LOSS)/PROFIT FOR THE YEAR		**(5,161,022)**	*475,813*
OTHER COMPREHENSIVE INCOME		**–**	*–*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**(5,161,022)**	*475,813*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4351 to 4352.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 MARCH 2017

		Share capital	Statutory reserve	Accumulated losses	Total
		AED	**AED**	**AED**	**AED**
Balance at 1 April 2015		1,000,000	500,000	(10,768,801)	(9,268,801)
Comprehensive income					
– Profit	(a)	–	–	475,813	475,813
– Other comprehensive income	(b)		–	–	–
Total comprehensive income for the year	(a+b)	–	–	475,813	475,813
Balance at 31 March 2016		1,000,000	500,000	(10,292,988)	(8,792,988)
Comprehensive income					
– Loss	(c)	–	–	(5,161,022)	(5,161,022)
– Other comprehensive income	(d)	–	–	–	–
Total comprehensive income for the year	(c+d)	–	–	(5,161,022)	(5,161,022)
Balance at 31 March 2017		1,000,000	500,000	(15,454,010)	(13,954,010)

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4351 to 4352.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 MARCH 2017

	1.4.2016 to 31.3.2017 AED	*1.4.2015 to 31.3.2016 AED*
Cash flows from operating activities		
(Loss)/profit for the year	**(5,161,022)**	*475,813*
Adjustments for:		
Depreciation of property, plant and equipment	**1,902,339**	*1,979,419*
Amortisation of intangible assets	**784,609**	*773,776*
Provision for staff end-of-service benefits	**189,687**	*194,808*
Finance costs	**446,220**	*153,799*
	(1,838,167)	*3,577,615*
Decrease/(increase) in inventories	**554,320**	*(624,687)*
Decrease/(increase) in trade and other receivables	**21,690,707**	*(10,812,548)*
(Decrease)/increase in trade and other payables	**(11,212,175)**	*1,801,870*
Staff end-of-service benefits paid	**(254,766)**	*(57,653)*
Cash generated from/(used in) operations	**8,939,919**	*(6,115,403)*
Interest paid	**(446,220)**	*(153,799)*
Net cash generated from/(used in) operating activities	**8,493,699**	*(6,269,202)*
Cash flows from investing activities		
Purchase of property, plant and equipment	**(30,750)**	*(300,599)*
Payments for intangible assets	**–**	*(50,000)*
Net cash used in investing activities	**(30,750)**	*(350,599)*
Cash flows from financing activities		
(Payments of)/proceeds from bank overdraft (net)	**(7,749,774)**	*5,794,224*
Net cash (used in)/generated from financing activities	**(7,749,774)**	*5,794,224*
Net increase/(decrease) in cash and cash equivalents	**713,175**	*(825,577)*
Cash and cash equivalents at beginning of year	**14,100**	*839,677*
Cash and cash equivalents at end of year	**727,275**	*14,100*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4351 to 4352.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC is a limited liability company registered in Dubai, United Arab Emirates. The registered office is at Plot no 599-1080, Jebel Ali Industrial Area 2, PO Box 112380, Dubai, UAE. The company was registered on 28 June 2006 and commenced commercial operations from 7 January 2007.

b) The UAE Federal Law No. (2) of 2015 (“Companies Law”) has come into force on 1 July 2015. The company has two years from the effective date of the Companies Law to comply with its provisions (“the transitional provisions”) and the company has availed of these transitional provisions.

c) The company’s business comprises the production and sale of ready-mix and asphalt concrete.

d) The ultimate parent company is Larsen and Toubro Limited, a company incorporated in India.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 April 2016, and the requirements of UAE Federal Law No. (2) of 2015.

b) Basis of measurement

The financial statements are prepared using historical cost. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Going Concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of an entity’s ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

The company incurred a loss of AED 5,161,022 for the year ended 31 March 2017 and at that date, the company’s accumulated losses aggregated to AED 15,454,010 and there was a net deficit of AED 13,954,010 in equity funds. However, one of the partners has agreed to provide continuing financial support to enable the company to discharge its liabilities as and when they fall due. Accordingly, these financial statements are prepared on a going concern basis.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current year

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the company are as follows:

- Amendments to IAS 16: Property, Plant and Equipment and IAS 38: Intangible Assets: ‘Clarification of Acceptable Methods of Depreciation and Amortisation (1 January 2017). The amendments provide additional guidance on how the depreciation or amortisation of property, plant and equipment and intangible assets should be calculated. The amendments to IAS 16 prohibit entities from using a revenue based depreciation method for items of property, plant and equipment. The amendments to IAS 38 introduce a rebuttable presumption that revenue is not an appropriate basis for amortisation of intangible asset. This presumption can only be rebutted in very limited circumstances.
- Amendments to IAS 1 Disclosure Initiative (1 January 2017)

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements in relation to :
  - The materiality requirements in IAS 1
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements.

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements have been issued by the IASB prior to the date the financial statements were authorised for issue but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 7 Disclosure Initiative (1 January 2017)

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

- IFRS 9: Financial instruments (1 January 2018)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

- IFRS 15: Revenue from Contracts with Customers (1 January 2018)

  The International Accounting Standard Board (IASB) has published its new revenue Standard, IFRS 15 'Revenue from Contracts with Customers'. IFRS 15 specifies how and when an IFRS reporter will recognise revenue as well as requiring such entities to provide users of financial statements with more informative, relevant disclosures. The standard supersedes IAS 18 'Revenue', IAS 11 'Construction Contracts' and a number of revenue-related interpretations. Application of the standard is mandatory for all IFRS reporters and it applies to nearly all contracts with customers: the main exceptions are leases, financial instruments and insurance contracts.

- Clarifications to IFRS 15: Revenue from Contracts with Customers (1 January 2018)
- IFRS 16: Leases (1 January 2019)

  IFRS 16 introduces a number of significant changes to lease accounting model. It eliminates the classification of leases as either operating lease or finance lease for a lessee and instead all the leases are treated similar to a finance lease. The standard however, does not require an entity to recognise assets and liabilities for a) Short- term leases (for a period of twelve months or less) and b) Leases of low value assets.

e) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the company's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. The cost less estimated residual value, where material, is depreciated from the date the asset is available for use until it is derecognised, using the straight-line method over the estimated useful lives of the assets as follows:

Leasehold improvements	17 years
Plant and machinery	12 years
Furniture, fixtures and office equipment	1 to 3 years
Motor vehicles	3 years

Capital work-in-progress is stated at cost less any impairment losses and is not depreciated. This will be depreciated from the date the relevant assets are ready for use.

An assessment of depreciation method, useful lives and residual values is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the depreciation charge.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These are recognised within 'other operating income/expenses' in profit or loss.

b) Intangible assets

Intangible assets are stated at cost less accumulated amortisation and impairment losses.

The amount of premium paid to the previous lessee for acquiring the rights to the leasehold land is amortised using the straight-line method over the period of seventeen years. The cost of computer software is amortised over three years.

An assessment of amortisation method and useful lives is undertaken at each reporting date and, where material, if there is a change in estimate, an appropriate adjustment is made to the amortisation charge.

c) Impairment of tangible and intangible assets

At each reporting date, the management reviews the carrying amounts of its tangible and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

d) Inventories

Inventories are stated at the lower of cost and net realizable value. Cost is arrived at using the Weighted Average Cost (WAC) method and comprises invoice value plus applicable landing charges less discounts. Net realizable value is based on estimated selling price less any estimated cost of completion and disposal.

e) Staff end-of-service benefits

Provision is made for end-of-service benefits payable to the staff at the reporting date in accordance with the local labour laws.

f) Statutory reserve

Statutory reserve is created by appropriating 10% of the profit of the company as required by Article 103 of the UAE Federal Law No. (2) of 2015. The partners may resolve to discontinue such deduction when the reserve totals 50% of the paid up share capital. The reserve is not available for distribution except as provided in the Federal Law.

g) Revenue

Revenue is recognised to the extent that it is probable that economic benefits will flow to the company and revenue can be measured reliably. Revenue is measured at the fair value of the consideration received or receivable, excluding discounts, rebates, returns and other similar allowances.

Revenue is recognised when persuasive evidence exists, usually in the form of an executed sales agreement, that significant risks and rewards of ownership have been transferred to the buyer.

h) Leases

Leases under which substantially all the risks and rewards of ownership of the related asset remain with the lessor are classified as operating leases and the lease payments are charged to profit or loss on a straight-line basis over the period of the lease.

i) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

j) Borrowing costs

Borrowing costs are recognized as an expense in the period in which they are incurred.

k) Provisions

A provision is recognized when the company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

l) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the company becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Trade and other receivables

Trade and other receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Related party receivables

Related party receivables are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material. These are reduced by appropriate allowances for estimated irrecoverable amounts. Interest on overdue balances is recognised as it accrues.

Other current financial assets

Other current financial assets which comprise deposits under encumbrance and deposits with a maturity date of more than three months from the date of deposit are classified as loans and receivables and stated at amortised cost using the effective interest method.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

At amortised cost

Trade and other payables

Trade and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables and partner's loan account are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

Share capital is recorded at the value of proceeds received towards interest in the share capital of the company.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

m) Fair value measurement

The company measures financial instruments, such as financial assets at fair value through profit or loss and available for sale financial assets, and non-financial assets such as [property plant and equipment, investment properties], at fair value at each reporting date. The company also discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Impairment

At each reporting date, management conducts an assessment of property, plant, equipment, intangible assets and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Inventory provisions

Management regularly undertakes a review of the company's inventory, stated at AED 548,742 (previous year 1,103,062) in order to assess the likely realisation proceeds, taking into account purchase and replacement prices, technological changes, age, likely obsolescence, the rate at which goods are being sold and the physical damage. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment of loans and receivables

Management regularly undertakes a review of the amounts of loans and receivables owed to the company either from third parties, (see note 9) or from related parties (see note 10) and assesses the likelihood of non-recovery. Such assessment is based upon the age of the debts, historic recovery rates and assessed creditworthiness of the debtor. Based on the assessment assumptions are made as to the level of provisioning required.

Impairment

Assessments of net recoverable amounts of property, plant, equipment, intangible assets and all financial assets other than loans and receivables (see above) are based on assumptions regarding future cash flows expected to be received from the related assets.

Staff end-of-service benefits

The company computes the provision for the liability to staff end-of-service benefits stated at AED 818,248 (previous period AED 883,327), assuming that all employees were to leave as of the reporting date. The management is of the opinion that no significant difference would have arisen had the liability been calculated on an actuarial basis as salary inflation and discount rates are likely to have approximately equal and opposite effects.

6. PROPERTY, PLANT AND EQUIPMENT

	Plant and machinery	Leasehold improvements	Furniture, fixtures and office equipment	Motor vehicles	Total
	AED	AED	AED	AED	AED
Cost					
At 1 April 2015	25,225,165	2,400,890	386,647	59,000	28,071,702
Additions	247,870	–	52,729	–	300,599
At 31 March 2016	25,473,035	2,400,890	439,376	59,000	28,372,301
Additions	–	–	30,750	–	30,750
At 31 March 2017	25,473,035	2,400,890	470,126	59,000	28,403,051
Accumulated depreciation					
At 1 April 2015	15,283,229	1,208,553	366,471	59,000	16,917,253
Depreciation	1,815,150	141,298	22,971	–	1,979,419
At 31 March 2016	17,098,379	1,349,851	389,442	59,000	18,896,672
Depreciation	1,725,612	141,299	35,428	–	1,902,339
At 31 March 2017	18,823,991	1,491,150	424,870	59,000	20,799,011
Net book value					
At 1 April 2015	9,941,936	1,192,337	20,176	–	11,154,449
At 31 March 2016	8,374,656	1,051,039	49,934	–	9,475,629
At 31 March 2017	6,649,044	909,740	45,256	–	7,604,040

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

7. INTANGIBLE ASSETS

	Computer software	Premises acquisition	Total
	AED	AED	AED
Cost			
At 1 April 2015	315,000	13,055,010	13,370,010
Additions	50,000	–	50,000
At 31 March 2016	365,000	13,055,010	13,420,010
At 31 March 2017	365,000	13,055,010	13,420,010
Amortisation			
At 1 April 2015	315,000	6,679,979	6,994,979
Amortisation	5,834	767,942	773,776
At 31 March 2016	320,834	7,447,921	7,768,755
Amortisation	16,667	767,942	784,609
At 31 March 2017	337,501	8,215,863	8,553,364
Carrying amount			
At 1 April 2015	–	6,375,031	6,375,031
At 31 March 2016	44,166	5,607,089	5,651,255
At 31 March 2017	27,499	4,839,147	4,866,646

	31.3.2017	31.3.2016
	AED	*AED*
8. INVENTORIES		
Raw materials	**183,235**	*193,929*
Consumables, spares, tools and tackles	**365,507**	*909,133*
	548,742	*1,103,062*
9. TRADE AND OTHER RECEIVABLES		
Trade receivables	**11,598,931**	*33,127,082*
Less: Provision for impairment of trade receivables	**(247,417)**	*(247,417)*
	11,351,514	*32,879,665*
Advances	**3,130**	*3,840*
Prepayments	**649,009**	*807,355*
Deposits	**76,131**	*79,631*
	12,079,784	*33,770,491*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

A reconciliation of the movements in the provision for impairment of trade receivables account is as follows:

	31.3.2017	*31.3.2016*
	AED	*AED*
Opening balance	**247,417**	*82,338*
Provisions made during the year	**–**	*165,079*
Closing balance	**247,417**	*247,417*
An age analysis of trade receivables that are past due but not impaired is as follows:		
0 to 3 months	**5,490,700**	*10,879,428*
3 to 6 months	**4,470,138**	*2,533,755*
Over 6 months	**–**	*622,872*
An analysis of trade receivables considered to be impaired due to non-recovery or perceived difficulty in recovery is as follows:		
Gross value	**247,417**	*247,417*
Provision	**(247,417)**	*(247,417)*
Carrying value	**–**	*–*
Trade receivables not past due and not impaired	**1,390,676**	*18,843,610*

The company holds post-dated cheques amounting to AED 395,850 as security against past due but not impaired receivables.

10. RELATED PARTIES

The company enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise entities under common ownership and/or common management control, partners and directors.

At the reporting date significant balances with related parties were as follows:

	Parent company	**Partners**	**Other related parties**	**Total 31.3.2017**	*Total 31.3.2016*
	AED	**AED**	**AED**	**AED**	*AED*
Trade and other receivables	**–**	**–**	**4,889,118**	**4,889,118**	
	–	*–*	*27,338,959*		*27,338,959*
Trade and other payables	**–**	**–**	**3,573,865**	**3,573,865**	
	–	*–*	*101,561*		*101,561*
Due to related parties	**–**	**–**	**3,003,435**	**3,003,435**	
	–	*–*	*3,003,435*		*3,003,435*
Partner's loan account	**–**	**24,000,000**	**–**	**24,000,000**	
	–	*24,000,000*	*–*		*24,000,000*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

All balances are unsecured and are expected to be settled in cash.

Significant transactions with related parties at agreed rates, during the year were as follows:

	Parent company	Partners	Other related parties	Total 1.4.2016 to 31.3.2017	Total 1.4.2015 to 31.3.2016
	AED	AED	AED	AED	*AED*
Sales	–	–	36,293,557	36,293,557	
	–	*–*	*55,370,573*		*55,370,573*
Services rendered	–	–	15,593	15,593	
	–	*–*	*1,110,370*		*1,110,370*
Purchases and other services received	–	–	13,429,211	13,429,211	
	–	*–*	*11,980,357*		*11,980,357*
Reversal of technical fees	–	–	–	–	
	2,197,982	*–*	*–*		*2,197,982*

The company also provides funds to/receives funds from related parties as working capital facilities free of interest.

	31.3.2017	31.3.2016
	AED	*AED*
11. OTHER CURRENT FINANCIAL ASSETS		
Margin deposits with a bank (Refer note 26)	375,000	*375,000*
12. CASH AND CASH EQUIVALENTS		
Cash and cheques on hand	16,113	*8,998*
Bank balances:		
Current account	711,162	*4,921*
Call account	–	*181*
	727,275	*14,100*
13. SHARE CAPITAL		
Issued and paid up		
1,000 shares of AED 1,000 each	1,000,000	*1,000,000*

14. LOAN FROM A PARTNER

This represents a long-term, interest-free loan with no fixed repayment schedule which is subordinated to a bank for facilities granted.

	31.3.2017	*31.3.2016*
	AED	*AED*
15. PROVISION FOR STAFF END-OF-SERVICE BENEFITS		
Balance, beginning of the year	883,327	*746,172*
Provision for the year	189,687	*194,808*
Paid during the year	(254,766)	*(57,653)*
Balance, end of the year	818,248	*883,327*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

16. BANK FACILITIES

The overdraft and facilities from Mashreq Bank are secured by a corporate guarantee issued by a partner, assignment of insurance policy over stocks and machinery, subordination over partner's loan account and assignment of current and future trade receivables.

	31.3.2017	31.3.2016
	AED	*AED*
17. TRADE AND OTHER PAYABLES		
Trade payables	**8,337,656**	*22,440,674*
Accruals	**927,442**	*1,105,315*
Other payables	**3,068,716**	*–*
	12,333,814	*23,545,989*

The entire trade and other payables are due for payment in one year.

18. MANAGEMENT OF CAPITAL

The company's objectives when managing capital are to ensure that the company continues as a going concern and to provide the partners with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position together with partners' loan accounts. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The company is exposed to externally imposed capital requirements as per terms of the bank facilities.

	1.4.2016 to 31.3.2017	1.4.2015 to 31.3.2016
	AED	*AED*
19. REVENUE		
Sales of ready-mix concrete	**41,181,717**	*55,973,538*
Sales of asphalt concrete	**10,828,513**	*9,048,431*
	52,010,230	*65,021,969*
20. COST OF SALES		
Asphalt concrete		
Purchases	**10,736,127**	*8,911,727*
Ready-mix concrete		
Purchases	**29,598,629**	*41,013,241*
Spares, tools and consumables	**866,978**	*1,146,491*
Staff salaries and benefits	**2,155,844**	*2,213,155*
Power and fuel	**1,471,258**	*1,464,769*
Rent	**318,953**	*280,014*
Depreciation (note 24)	**1,122,796**	*781,793*
Other direct costs	**203,904**	*233,478*
Reversal of technical fees	**–**	*(2,197,982)*
	35,738,362	*44,934,959*
Total cost of sales	**46,474,489**	*53,846,686*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

		1.4.2016 to 31.3.2017 AED	1.4.2015 to 31.3.2016 *AED*
21.	**OTHER OPERATING INCOME**		
	Hire charges	**25,212**	–
	Expenses recharges to related parties	**15,593**	*1,110,370*
	Other sundry income	**76,642**	*294,553*
		117,447	*1,404,923*
22.	**DISTRIBUTION COSTS**		
	Hire charges for pumps	**1,562,949**	*2,162,079*
	Fuel for transit mixers and pumps	**1,287,435**	*1,581,318*
	Staff salaries and benefits	**1,756,301**	*1,811,918*
	Depreciation (note 24)	**705,240**	*804,000*
	Other expenses	**95,505**	*88,916*
		5,407,430	*6,448,231*
23.	**ADMINISTRATIVE EXPENSES**		
	Staff salaries and benefits	**885,412**	*747,671*
	Staff welfare expenses	**152,755**	*239,821*
	Visa charges	**133,564**	*191,657*
	Rent	**1,024,398**	*933,366*
	Car hire charges	**275,407**	*321,443*
	Repairs & maintenance	**248,573**	*278,883*
	Sub-contract expenses	**258,649**	*155,995*
	Postage, telephone & telex charges	**161,729**	*147,011*
	License renewal & other fee	**137,034**	*117,825*
	Provision for doubtful debts	**–**	*165,079*
	Bank charges	**39,737**	*60,881*
	Legal expenses	**–**	*18,965*
	Depreciation and amortisation (note 24)	**858,912**	*1,167,402*
	Other administrative costs	**784,390**	*956,364*
		4,960,560	*5,502,363*
24.	**DEPRECIATION AND AMMORTISATION**		
	Allocated to cost of sales (note 20)	**1,122,796**	*781,793*
	Allocated to distribution costs (note 22)	**705,240**	*804,000*
	Allocated to administrative expenses (note 23)	**858,912**	*1,167,402*
		2,686,948	*2,753,195*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

25. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		**At amortised cost**	
	31.3.2017	*31.3.2016*	**31.3.2017**	*31.3.2016*
	AED	*AED*	**AED**	*AED*
Trade and other receivables	**11,427,645**	*32,959,296*	**–**	–
Other current financial assets	**375,000**	*375,000*	**–**	–
Cash and cash equivalents	**727,275**	*14,100*	**–**	–
Partner's loan	**–**	–	**24,000,000**	*24,000,000*
Bank overdraft	**–**	–	**–**	*7,749,774*
Trade and other payables	**–**	–	**12,333,814**	*23,545,989*
Amounts due to related parties	**–**	–	**3,003,435**	*3,003,435*
	12,529,920	*33,348,396*	**39,337,249**	*58,299,198*

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

The primary risks to which the business is exposed, which are unchanged from the previous year, comprise credit risks, liquidity risks and market risks (including currency risks and fair value interest rate risks).

Credit risk is managed by assessing the creditworthiness of potential customers and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up. As part of the company's credit risk management, where it is considered necessary, such receivables are covered by letters of credit or bank guarantees in favour of the company, issued by high credit quality financial institutions.

Management continuously monitors its cash flows to determine its cash requirements and makes comparison with its funded and un-funded facilities with banks in order to manage exposure to liquidity risk.

The company buys goods in foreign currencies. Exposure is minimised where possible by denominating such transactions in US dollars to which the UAE Dirham is pegged.

Borrowing facilities are regularly reviewed to ensure that the company obtains the best available pricing, terms and conditions on it borrowings.

Exposures to the aforementioned risks are detailed below:

Credit risk

Financial assets that potentially expose the company to concentrations of credit risk comprise principally bank accounts, trade and other receivables and amounts due from related parties.

The company's bank accounts are placed with high credit quality financial institutions.

Trade and other receivables are stated net of the allowance for doubtful recoveries.

At the reporting date 86% of trade receivables was due from four customers (previous year 83% due from three customers) including three related parties. 100% (previous year 100%) of the trade receivables were due from customers in the construction industry.

Currency risk

There are no significant currency risks as substantially all financial assets and financial liabilities are denominated in UAE Dirhams or US Dollars to which the Dirham is fixed.

Reasonably possible changes to exchange rates at the reporting date are unlikely to have had a significant impact on profit or equity.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 MARCH 2017 (Contd.)

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the company's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

	31.3.2017	*31.3.2016*
	AED	*AED*
26. CONTINGENT LIABILITIES		
Bankers' letters of guarantee (Refer note 11 & 16)	**7,375,000**	*5,375,000*

For **LARSEN & TOUBRO READYMIX AND ASPHALT CONCRETE INDUSTRIES LLC**

S. ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

BOARD REPORT

Dear Members,

The Directors have pleasure in presenting their report and Audited Financial Statements for the year ended 31st Dec, 2016.

1. **FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS:**

Particulars	**Jan 2016 - Dec 2016 (12M)**	Jan 2015 - Dec 2015 (12M)
	AED	AED
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**42,274**	196,815
Less: Depreciation, amortization and obsolescence	**–**	–
Add: Transfer from Revaluation Reserve	**–**	–
Profit before exceptional and extraordinary items and tax	**42,274**	196,815
Add: Exceptional Items	**–**	–
Profit before extraordinary items and tax	**42,274**	196,815
Add: Extraordinary items	**–**	–
Profit / (Loss) before tax	**42,274**	196,815
Less: Provision for tax	**–**	–
Profit after tax from continuing operations	**42,274**	196,815
Profit from discontinued operations	**–**	–
Total expenses on discontinued operations	**–**	–
Profit from discontinued operations (after tax)	**–**	–
Profit for the period carried to the balance sheet	**42,274**	196,815
Add: Balance brought forward from previous year	**(3,440,912)**	(3,637,727)
Less: Dividend paid for the previous year (Including dividend distribution tax)	**–**	–
Balance carried forward	**(3,398,638)**	(3,440,912)

2. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED / RESIGNED DURING THE YEAR:**

   There were no changes in the directors during the year. The directors of the Company as on date are Mr. S. Ananthasubramanian and Mr. Srinath Rao.

3. **ADEQUACY OF INTERNAL FINANCIAL CONTROLS:**

   The Company has designed and implemented a process driven framework for Internal Financial Controls (‘IFC’) within the framework of the parent company, L&T Realty Limited.

4. **DIRECTORS RESPONSIBILITY STATEMENT:**

   The Board of Directors of the Company confirms:

   a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

   b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit / loss of the Company for that period;

   c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

   d) The Directors have prepared the Annual Accounts on a going concern basis;

   e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively; and

   f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

5. PROTECTION OF WOMEN AT WORKPLACE:

The parent company L&T Realty Limited has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. The Company does not have any female employees and hence this policy is currently not applicable to the Company.

6. AUDITORS:

M/s PKF are the auditors of the company. They will continue to be the auditors of the Company for the ensuing financial year.

7. ACKNOWLEDGEMENT

Your Directors acknowledge the invaluable support extended by the Government authorities in U.A.E and take this opportunity to thank them as well as the customers, supply chain partners, employees, Financial Institutions, Banks and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Sharjah, UAE

Date : 23 January 2017

S. ANANTHASUBRAMANIAN
Director

SHRINATH RAO
Director

INDEPENDENT AUDITOR'S REPORT

The Members
L&T REALTY FZE

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of L&T Realty FZE (the Entity), which comprise the statement of financial position as at 31 December 2016, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the period then ended, and notes to the financial statements, including a summary of significant accounting policies set out on pages 4373 to 4382.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Entity of as at 31 December 2016, and of its financial performance and its cash flows for the period then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Entity in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the ethical requirements that are relevant to our audit of the financial statements in the UAE, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to Note 2 (c) to the financial statements, which states that at the reporting date, the Entity's accumulated losses amounted to AED 3,398,638. As stated in Note 2 (c), these events or conditions, indicate that a material uncertainty exists that may cast significant doubt on the Entity's ability to continue as a going concern. However, the parent company has agreed to continue with the operations of the Entity and has agreed to provide continuing financial support to enable the Entity to discharge its liabilities as and when they fall due. Accordingly, these financial statements are prepared on a going concern basis. Our opinion is not modified in respect of this matter.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with IFRSs, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Report on other Legal and Regulatory Requirements

We note that the net assets of the Entity are below 75% of its share capital. Accordingly, the directors are required (under Regulation 46/67 of the Sharjah Airport International Free Zone, pursuant to Law No. 2 of 1995) to notify the Free Zone Authority not later than fifteen days from the earliest day on which that fact became known, and the directors are also required, within seven days of such notification, to take necessary steps to remedy the situation.

We confirm that, except for the matter in the preceding paragraph, the financial statements comply with the referred regulation.

For PKF

S.D. Pereira
Partner
Auditor Registration No. 552
Sharjah
United Arab Emirates
30 January 2017

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2016

	Notes	**31.12.2016 AED**	*31.12.2015 AED*
ASSETS			
Non-current assets			
Investment property	**6**	**5,700,000**	*5,600,000*
Current assets			
Deposits		**3,500**	*3,500*
Trade and other receivables		**34,000**	*–*
Cash and cash equivalents	**7**	**137,932**	*26,773*
		175,432	*30,273*
Total assets		**5,875,432**	*5,630,273*
EQUITY AND LIABILITIES			
Owner's funds			
Share capital	**8**	**9,000,000**	*9,000,000*
Accumulated losses		**(3,398,638)**	*(3,440,912)*
Equity funds		**5,601,362**	*5,559,088*
Loan from the shareholder	**9**	**111,535**	*--*
		5,712,897	*5,559,088*
Current liabilities			
Accruals and other payables		**12,500**	*12,500*
Amounts due to a related party	**10**	**150,035**	*58,685*
		162,535	*71,185*
Total equity and liabilities		**5,875,432**	*5,630,273*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4371 to 4372.

We confirm that we are responsible for these financial statements, including selecting the accounting policies and making the judgments underlying them. We confirm that we have made available all relevant accounting records and information for their compilation.

Authorised for issue by the Constituted Attorney on 23 January 2017

For **L&T REALTY FZE**

S. ANANTHASUBRAMANIAN **SHRINATH RAO**
CONSTITUTED ATTORNEY

STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2016

	Notes	2016 AED	*2015* *AED*
Reversal of impairment loss on investment property	6	**100,000**	*250,000*
Other operating expenses	12	**(57,726)**	*(53,185)*
PROFIT FOR THE YEAR		**42,274**	*196,815*
Other comprehensive income for the period		**--**	*--*
TOTAL COMPREHENSIVE INCOME FOR THE YEAR		**42,274**	*196,815*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4371 to 4372.

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2016

		Share capital	**Accumulated losses**	**Total**
		AED	**AED**	**AED**
Balance at 1 January 2015		9,000,000	(3,637,727)	5,362,273
Comprehensive income				
- Profit for the year	(a)	–	196,815	196,815
- Other comprehensive income	(b)	–	–	–
Total comprehensive income for the year	(a+b)	–	196,815	196,815
Balance at 31 December 2015		9,000,000	(3,440,912)	5,559,088
Comprehensive income				
- Profit for the period	(c)	–	42,274	42,274
- Other comprehensive income	(d)	–	–	–
Total comprehensive income for the period	(c+d)	–	42,274	42,274
Balance at 31 December 2016		**9,000,000**	**(3,398,638)**	**5,601,362**

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4371 to 4372.

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2016

	2016	2015
	AED	AED
Cash flows from operating activities		
Profit for the year	**42,274**	*196,815*
Adjustment for reversal of impairment loss on investment property	**(100,000)**	*(250,000)*
	(57,726)	*(53,185)*
Increase in trade and other receivables	**(34,000)**	–
Decrease in trade and other payables	**–**	*(5,000)*
Increase in amounts due to a related party	**91,350**	*57,835*
Net cash used in operating activities	**(376)**	*(350)*
Cash flows from financing activities		
Loan from the shareholder	**111,535**	–
	111,535	–
Net Increase/(decrease) in cash and cash equivalents	**111,159**	*(350)*
Cash and cash equivalents at beginning of year	**26,773**	*27,123*
Cash and cash equivalents at end of year	**137,932**	*26,773*

The accompanying notes form an integral part of these financial statements.

The report of the independent auditor is set forth on pages 4371 to 4372.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016

1. LEGAL STATUS AND BUSINESS ACTIVITY

a) L&T REALTY FZE (the “Entity”) was incorporated on 27 January 2008 in the Sharjah Airport International Free Zone, Sharjah (SAIF-Zone) as a Free Zone Establishment with Limited Liability under the SAIF-Zone implementing Rules and Regulations issued pursuant to Law No. 2 of 1995, decreed by H.H. Sheikh Sultan Bin Mohammed Al Qassimi, Ruler of Sharjah. The address of the registered office is P.O. Box 121576, Sharjah, UAE and the Entity operates from 206-209, Sheikh Abdullah Building, Al Qasimia Street, Sharjah, UAE.

b) The Entity is a wholly owned subsidiary of L&T Realty Limited, a company incorporated in India, which is the parent company and the ultimate parent company is Larsen & Toubro Limited, India.

c) The Entity is licensed (license number 05714, valid up to 26 January 2018) for the development of real estate and related activities but did not carry out any commercial activities during the year.

2. BASIS OF PREPARATION

a) Statement of compliance

The financial statements are prepared in accordance with International Financial Reporting Standards issued or adopted by the International Accounting Standards Board (IASB) and which are effective for accounting periods beginning 1 January 2016.

b) Basis of measurement

The financial statements are prepared using historical cost, except for an investment property which is carried at fair value. Historical cost is based on the fair value of the consideration given to acquire the asset or cash or cash equivalents expected to be paid to satisfy the liability. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

c) Going Concern

The financial statements are prepared on a going concern basis.

When preparing financial statements, management makes an assessment of an entity’s ability to continue as a going concern. Financial statements are prepared on a going concern basis unless management either intends to liquidate the entity or to cease trading, or has no realistic alternative but to do so.

At the reporting date, the Entity’s accumulated losses amounted to AED 3,398,638. However, the parent company has agreed to continue with the Entity’s operations and to provide funds on an ongoing basis in order to enable the Entity to settle its liabilities as they fall due. Accordingly, these financial statements are prepared on a going concern basis.

d) Adoption of new International Financial Reporting Standards

Standards and interpretations effective for the current period

The International Financial Reporting Standards, amendments thereto and Interpretations that became effective for the current reporting period and which are applicable to the Entity are as follows:

- Amendments to IAS 1 Disclosure Initiative

  The amendments to IAS 1 Presentation of Financial Statements clarify existing IAS 1 requirements.in relation to:

  - The materiality requirements in IAS
  - That specific line items in the statement of profit or loss and other comprehensive income and the statement of financial position may be disaggregated
  - That entities have flexibility as to the order in which they present the notes to financial statements

New and revised IFRSs in issue but not yet effective

The following International Financial Reporting Standards, amendments thereto and Interpretations that are assessed by management as likely to have an impact on the financial statements, have been issued by the IASB prior to the date the financial statements were authorised for issue, but have not been applied in these financial statements as their effective dates of adoption are for future accounting periods.

- Amendments to IAS 7 Disclosure Initiative (1 January 2017)

  The amendments require the disclosure that enable the users to evaluate the changes in liabilities arising from financing activities, including changes arising from cash flow and non cash changes.

- IFRS 9: Financial instruments: (1 January 2018)

  IFRS 9 requires financial assets to be classified into two measurement categories: those measured at fair value and those measured at amortised cost. The determination is made at initial recognition. For financial liabilities, the standard retains most of the IAS 39 requirements. The main change is that, in cases where the fair value option is taken for financial liabilities, the part of a fair value

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

change due to an entity's own credit risk is recorded in other comprehensive income rather than the profit or loss, unless this creates an accounting mismatch.

e) Functional and presentation currency

The financial statements are presented in UAE Dirhams ("AED") which is also the Entity's functional currency.

3. SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted, and which have been consistently applied, are as follows:

a) Investment property

Freehold land for undetermined use is classified as investment property and are measured initially at cost including transaction costs. Subsequent to initial recognition, investment properties are measured at fair value. Gains and losses arising from changes in the fair value of investment properties are included in profit or loss in the period in which they arise.

In the case of an increase in fair value, an equal amount is transferred from retained earnings to fair value reserve. In the case of decrease in the fair value, an equal amount is transferred from fair value reserve to retained earnings to the extent of any credit balance existing in the fair value reserve in respect of that property. The fair value reserve is not available for distribution. An investment property is derecognised upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognition of the property (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the profit or loss in the period in which the property is derecognised. On derecognition, the related amount in fair value reserve, if any, is transferred to retained earnings.

b) Impairment of tangible assets

At each reporting date, the management reviews the carrying amounts of its tangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss if any. Where it is not possible to estimate the recoverable amount of an individual asset, the acquirer estimates the recoverable amount of the cash-generating unit to which the asset belongs.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

c) Foreign currency transactions

Transactions in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling on the date of the transactions.

Monetary assets and liabilities expressed in foreign currencies are translated into UAE Dirhams at the rate of exchange ruling at the reporting date.

Gains or losses resulting from foreign currency transactions are taken to profit or loss.

d) Provisions

A provision is recognized when the Entity has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

The amount recognized as a provision is the best estimate of the consideration required to settle the present obligation at the reporting date taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flow estimated to settle the present obligation, its carrying amount is the present value of those cash flows.

When some or all of the economic benefits required to settle, a provision is expected to be recovered from a third party, the receivable is recognized as an asset if it is virtually certain that reimbursement will be received and the amount of receivable can be measured reliably.

e) Financial instruments

Financial assets and financial liabilities are recognised when, and only when, the Entity becomes a party to the contractual provisions of the instrument.

Financial assets are de-recognised when, and only when, the contractual rights to receive cash flows expire or when substantially all the risks and rewards of ownership have been transferred.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

Financial liabilities are de-recognised when, and only when, they are extinguished, cancelled or expired.

Financial assets

Loans and receivables

Deposits

Deposits are classified as loans and receivables and stated at cost, as the interest that would be recognised from discounting future cash receipts over the short credit period is not considered to be material.

Cash and cash equivalents

Cash and cash equivalents comprise cash, bank current accounts, bank deposits free of encumbrance with a maturity date of three months or less from the date of deposit and highly liquid investments with a maturity date of three months or less from the date of investment that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value.

Financial liabilities

At amortised cost

Accruals and other payables

Accruals and other payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Related party payables

Related party payables are stated at cost, as the interest that would be recognised from discounting future cash payments over the short credit period is not considered to be material.

Equity

Share capital is recorded at the value of proceeds received towards interest in share capital of the Entity.

Impairment of financial assets

All financial assets are assessed for indicators of impairment at each reporting date. Impairment losses and reversals thereof are recognised in profit or loss.

Offsetting

Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognised amounts and there is an intention to settle on a net basis, or realise the asset and settle the liability simultaneously.

f) Fair value measurement

The Entity measures non-financial assets such as investment properties at fair value at each reporting date. The Entity also discloses the fair value of financial instruments measured at amortised cost.

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

- In the principal market for the asset or liability or
- In the absence of a principal market, in the most advantageous market for the asset or liability.

The fair value of an asset or a liability is measured using assumptions that the market participants would use when pricing the asset or liability, assuming that the market participants act in their best economic interests.

The fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Entity uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

In addition, the fair value measurements are categorised into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurement are observable and significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level 1 fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

4. SIGNIFICANT JUDGMENTS EMPLOYED IN APPLYING ACCOUNTING POLICIES

The significant judgments made in applying accounting policies that have the most significant effect on the amounts recognised in the financial statements are as follows:

Investment property

Freehold property is classified as investment property only if an insignificant portion of the useable space is used by the Entity for its own activities.

Impairment

At each reporting date, management conducts an assessment of investment property and all financial assets to determine whether there are any indications that they may be impaired. In the absence of such indications, no further action is taken. If such indications do exist, an analysis of each asset is undertaken to determine its net recoverable amount and, if this is below its carrying amount, a provision is made. In the case of loans and receivables, if an amount is deemed irrecoverable, it is written off to profit or loss or, if previously a provision was made, it is written off against the provision. Reversals of provisions against loans and receivables are made to the extent of the related amounts being recovered.

5. KEY SOURCES OF ESTIMATION UNCERTAINTY

Key assumptions made concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are as follows:

Valuation of investment property

Investment property with a carrying value of AED 5,700,000 has been valued using comparable market data.

Impairment

Assessments of net recoverable amounts of investment property are based on assumptions regarding future cash flows expected to be received from the related assets.

6. INVESTMENT PROPERTY

	Freehold land AED
Carrying value	
At 1 January 2015	**5,350,000**
Fair value changes	**250,000**
At 31 December 2015	**5,600,000**
Fair value changes	**100,000**
At 31 December 2016	**5,700,000**

The plot of freehold land purchased from Dubai Industrial City was registered in the Entity's name with the Land Department, Government of Dubai on 19 June 2011. A valuation of the land was undertaken by a professional external valuer on 31 December 2016 whose report dated 5 January 2017 established the market value thereof at AED 5,700,000. The valuation was carried out by reference to comparable market data and therefore the land is stated using Level 2 input of the fair value hierarchy.

	31.12.2016 AED	*31.12.2015 AED*
7. CASH AND CASH EQUIVALENTS		
Bank balance in current account	**137,932**	*26,773*
8. SHARE CAPITAL		
Issued and paid up		
60 shares of AED 150,000 each	**9,000,000**	*9,000,000*

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

9. SHAREHOLDER'S LOAN

The loan from the Shareholder is interest free and for the term of the Entity.

10. RELATED PARTIES

The Entity enters into transactions with entities that fall within the definition of a related party as contained in International Accounting Standard 24. The management considers such transactions to be in the normal course of business and are at prices determined by the management.

Related parties comprise the parent company, fellow subsidiaries, companies under common management control, and directors.

At the reporting date, significant balances with related parties were as follows:

Particulars	**Shareholder**	**Other related Parties**	**Total 2016**	*Total 2015*
	AED	**AED**	**AED**	*AED*
Loan	111,535	–	**111,535**	
	–	–	**–**	–
Amount due from a related party	–	150,035	**150,035**	–
	–	58,685	**–**	*58,685*

There were no significant transactions with related parties during the year.

11. MANAGEMENT OF CAPITAL

The Entity's objectives when managing capital are to ensure that the Entity continues as a going concern and to provide the owner with a rate of return on their investment commensurate with the level of risk assumed.

Capital, which is unchanged from the previous year, comprises equity funds as presented in the statement of financial position. Debt comprises total amounts owing to third parties, net of cash and cash equivalents.

The Entity is exposed to externally imposed capital requirements as required by SAIF-Zone regulations.

	2016	*2015*
	AED	*AED*
12. OTHER OPERATING EXPENSES		
License expenses	**33,000**	*33,000*
Consultancy and other fees and expenses	**24,726**	*20,185*
	57,726	*53,185*

13. FINANCIAL INSTRUMENTS

The net carrying amounts as at the reporting date of financial assets and financial liabilities are as follows:

	Loans and receivables		**At amortised cost**	
	31.12.2016	*31.12.2015*	**31.12.2016**	*31.12.2015*
	AED	*AED*	**AED**	*AED*
Deposit	**3,500**	*3,500*	**–**	–
Cash and cash equivalents	**137,932**	*26,773*	**–**	–
Trade and other payables	**–**	–	**12,500**	*12,500*
Amount due to a related party	**–**	–	**150,035**	*58,685*
Shareholder's loan	**–**	–	**111,535**	–
	141,432	*30,273*	**274,070**	*71,185*

Management of risk

The management conducts and operates the business in a prudent manner, taking into account the significant risks to which the business is or could be exposed.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2016 (Contd.)

The primary risk to which the business is exposed, which are unchanged from the previous year comprise credit risk and liquidity risk.

Credit risk is managed by assessing the creditworthiness of counter-parties and the potential for exposure to the market in which they operate, combined with regular monitoring and follow-up.

Exposures to the aforementioned risk are detailed below:

Credit risk

Financial assets that potentially expose the Entity to concentrations of credit risk comprise principally the Entity's bank account, which is placed with a high credit quality financial institution.

Liquidity risk

As stated in note (2) (c), the parent company has agreed to provide necessary financial support.

Fair values

The fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair values of the Entity's financial assets and financial liabilities which are required to be stated at cost or at amortised cost approximate to their carrying values.

14. SHARJAH AIRPORT INTERNATIONAL FREE ZONE REGULATIONS

The net assets of the Entity are below 75 percent of its share capital. However, the directors are taking steps to remedy the situation as required by the Regulation 46/67 of the Sharjah Airport International Free Zone, pursuant to Law No. 2 of 1995.

For **L&T REALTY FZE**

S. ANANTHASUBRAMANIAN **SHRINATH RAO**
CONSTITUTED ATTORNEY

BOARD'S REPORT

The Board of Directors of your Company is pleased to present its Report and the Company's Audited Financial Statements for the financial year ended 31st March, 2017.

FINANCIAL RESULTS

The Company's financial performance, for the year ended 31st March, 2017 is summarized below:

Particulars	2016-17	2015-16
	₹ crore	₹ crore
Profit / (loss) before depreciation, exceptional and extra ordinary items & tax	**(493.71)**	*(435.38)*
Less: Depreciation, amortization and obsolescence	**95.16**	*92.44*
Profit / (loss) before exceptional and extraordinary items and tax	**(588.87)**	*(527.82)*
Add: Exceptional items	**239.18**	–
Profit / (loss) before extraordinary items and tax	**(349.69)**	*(527.82)*
Add: Extraordinary items	–	–
Profit / (loss) before tax	**(349.69)**	*(527.82)*
Less: Provision for tax (Reversal of earlier year provision)	**(1.35)**	–
Profit / (loss) for the year from continuing operations	**(348.34)**	*(527.82)*
Add: Profit / (loss) from discontinued operations	–	*(183.89)*
Profit / (loss) for the period carried to the balance sheet	**(348.34)**	*(711.71)*
Add: Balance brought forward from previous year	**(2250.78)**	*(1539.08)*
Add: Hedging Reserve	**(27.71)**	*(11.47)*
Add: Equity Component of Financial Instruments and other items of other comprehensive income	**1353.43**	*1077.44*
Add: Depreciation charged against retained earnings (net of tax)	–	–
Balance carried to Balance sheet	**(1273.40)**	*(1184.82)*

STATUS OF DEMERGER

During the year, the Company received National Company Law Tribunal (NCLT) order dated 20th March, 2017 for demerger of Port Business.

CAPITAL & FINANCE

The Share Capital of the Company underwent a re-organization and the equity share capital is reduced from ₹ 844 crore to ₹ 444 crore pursuant to the approval of the Scheme of Demerger of Port Business by the National Company Law Tribunal vide its Order dated 20th March, 2017 and the paid up equity share capital held by TIDCO amounting to ₹ 12 crore stands cancelled. The Capital Structure of the Company has changed and the paid up equity share capital held by Larsen & Toubro Limited amounting to ₹ 388 crore (38.8 crore equity shares of ₹ 10 each) stands reduced on account of conversion and the same is reclassified as preference shares. Post merger, thus, there is a decrease in equity share capital by ₹ 400 crore and an increase in preference share capital by ₹ 388 crore.

CAPITAL EXPENDITURE

As at 31st March, 2017 the gross carrying value of fixed assets and intangible assets including leased assets stood at ₹1967.16 crore and the net carrying value of fixed and intangible assets including leased assets at ₹1772.76 crore. Capital expenditure during the year amounted to ₹ 16.88 crore.

DEPOSITS

Your Company has not accepted deposits from the public. Hence, no amount on account of principal or interest on public deposits was outstanding as on the date of the balance sheet.

TRANSFER TO INVESTOR EDUCATION AND PROTECTION FUND

Your Company did not have any requirement to transfer funds to Investor Education and Protection Fund during the year under review.

SUBSIDIARY / ASSOCIATE / JOINT VENTURE COMPANIES

Your Company does not have any Subsidiary / Associate / Joint Venture Company.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARANTEES GIVEN OR SECURITY PROVIDED BY THE COMPANY

Your company is engaged in the business of shipbuilding, the provisions of Section 186 except sub-section (1), shall not apply to the Company. However, the details of loans given, investments made and guarantees/securities provided, if any, by the Company are given in the Notes to financial statements for the year under review.

MANAGEMENT DISCUSSION & ANALYSIS REPORT

Management Discussion & Analysis Report is enclosed as **Annexure I** and forms part of this report.

PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

All the related party transactions were in the ordinary course of business and are at arm's length.

All the related party transactions (RPT) during the year under review have been approved in terms of the Companies Act, 2013. The Company has adopted the RPT policy of the holding company and adheres strictly to it.

Details of material contracts or arrangements which are at arm's length are provided in **Annexure II** to this Report.

STATE OF COMPANY'S AFFAIRS AND OUTLOOK

The gross sales and other income for the financial year under review were ₹ 624.75 crore as against ₹ 461.19 crore registering an increase of 35.46%. The loss before tax from continuing operations including extraordinary and exceptional items was ₹349.69 crore and the loss after tax from continuing operations including extraordinary and exceptional items of ₹348.34 crore for the financial year under review as against ₹ 527.82 crore and ₹ 527.82 crore respectively for the previous financial year, registering a decrease of 33.75 % and 34.00 % respectively.

CHANGE IN NATURE OF BUSINESS, IF ANY

There is no change in the nature of business carried out by the Company.

AMOUNT TRANSFERRED TO RESERVES

Appropriation of profits to any specific reserve is not applicable to your Company.

DIVIDEND

The Company does not have distributable profits, the Board of Directors are unable to declare any dividend for the year under review.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION BETWEEN THE END OF THE FINANCIAL YEAR AND DATE OF REPORT

No material changes and commitments have occurred, which will affect the financial position of the Company between the end of the financial year and the date of this report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION AND FOREIGN EXCHANGE EARNINGS AND OUTGO

The information required under Section 134(3)(m) of the Companies Act, 2013 read with Rule 8(3) of the Companies (Accounts) Rules, 2014 on conservation of energy, technology absorption and foreign exchange earnings and outgo are provided in **Annexure III** to this report.

RISK MANAGEMENT POLICY

The Company has formulated a Risk Management Policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

INTERNAL CONTROL SYSTEM AND THEIR ADEQUACY

Your Company has designed and implemented a process driven framework for Internal Control on Financial Reporting System (ICFR). For the year ended 31st March, 2017, the Board is of the opinion that the Company has sound ICFR commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations. The Statutory Auditor of the Company reviewed the adequacy of the Internal Control over Financial Reporting of the Company and the operating effectiveness of such controls are reported in the **"Annexure A"** of Statutory Audit Report of the Company.

CORPORATE SOCIAL RESPONSIBILITY

Since your Company does not exceed any of the threshold limits specified under Section 135 of the Companies Act, 2013, it is not required to spend any amount on account of Corporate Social Responsibility under the said act during the year under review. Further, the Company has not made profits in the immediately three preceding financial years and the Company has incurred losses during the said period. As a result, the Company has not incurred any expenses towards Corporate Social Responsibility.

The Company has also constituted a Corporate Social Responsibility Committee consisting of Mr. K. Venkatesh, Vice Admiral B Kannan (Retd.), Mr. R B Urikouth & Mr. S. Sridharan as members of the Committee.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL ("KMP") APPOINTED / RESIGNED DURING THE YEAR

CHANGES IN DIRECTORS AND KMP

Mr. K. Venkatesh Director and Mr. R. B. Urikouth, Director will retire by rotation during the forthcoming Annual General Meeting.

Mr. N.S. Abhiskek resigned as Company Secretary of the Company with effect from 1st April, 2016. Mr. K. Premnatha was appointed as Company Secretary of the Company with effect from 20th January, 2017.

The Board of Directors of the Company as on 31st March, 2017 are as follows:

S. No	Name	Designation
1	Vice Admiral B. Kannan (Retd.)	Managing Director and Chief Executive Officer
2	Mr. K. Venkatesh	Director
3	Mr. J.D. Patil	Director
4	Mr. R.B. Urikouth	Director
5	Mr. S. Sridharan	Independent Director
6	Ms. Kiran Dhingra	Independent Director

The Key Managerial Personnel (KMP) of the Company as on 31st March, 2017 are as given below:

S. No	Name	Designation
1	Vice Admiral B. Kannan (Retd.)	Managing Director and Chief Executive Officer
2	Mr. S. Sridhar	Chief Financial Officer
3	Mr. K. Premnatha	Company Secretary

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive meetings. Additional meetings of the Board of Directors are held as per business requirements.

During the year five Board Meetings were held. The details of the Board Meetings conducted during the year under review are given below:

Date	Vice Admiral B. Kannan (Retd.)	Mr. K. Venkatesh	Mr. J. D. Patil	Mr. R. B. Urikouth	Mr. S. Sridharan	Ms. Kiran Dhingra	Board Strength
22.04.2016	P	P	P	P	P	P	6
22.07.2016	P	P	A	P	P	P	6
28.10.2016	P	P	P	P	P	A	6
20.01.2017	P	A	P	P	P	P	6
29.03.2017	P	P	P	P	P	A	6
Total No. of meetings attended	**5**	**4**	**4**	**5**	**5**	**3**	

The Agenda of the Meetings are circulated in advance to all the Directors. Minutes of the Meetings of the Board of Directors are drafted and circulated amongst the Members of the Board for their perusal.

AUDIT COMMITTEE

Your Company has constituted an Audit Committee, in terms of the requirements of the Companies Act, 2013 comprising of Mr. S. Sridharan, Ms. Kiran Dhingra and Mr. K. Venkatesh as the members of the Committee.

During the year, four Audit Committee meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Mr. S. Sridharan	Ms. Kiran Dhingra	Mr. K. Venkatesh	Members Strength
22.04.2016	P	P	P	3
22.07.2016	P	P	P	3
28.10.2016	P	A	P	3
20.01.2017	P	P	A	3
Total No. of meetings attended	**4**	**3**	**3**	

In accordance with the requirements of the Companies Act, 2013, the Company has established a Vigil Mechanism framework for Directors' and employees to report genuine concerns. The mechanism includes Audit Committee members in receiving, validating, investigating and reporting to the Audit Committee during the year.

COMPANY'S POLICY ON DIRECTORS' APPOINTMENT AND REMUNERATION

Your Company had constituted a Nomination and Remuneration Committee (NRC) in accordance with the requirements of the Companies Act, 2013 read with the Rules made thereunder comprising of Mr. K. Venkatesh, Mr. S. Sridharan and Ms. Kiran Dhingra as the members of the Committee.

During the year, three NRC meetings were held. The details of the meetings conducted during the year under review are given below:

Date	Mr. S. Sridharan	Ms. Kiran Dhingra	Mr. K. Venkatesh	Members Strength
22.04.2016	P	P	P	3
28.10.2016	P	A	P	3
20.01.2017	P	P	A	3
Total No. of meetings attended	3	2	2	

The Committee has formulated a policy on Director's appointment and remuneration including recommendation of remuneration of the KMP and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

Your Company has received a declaration of independence as stipulated under Section 149(7) of the Companies Act, 2013 confirming that he/she is not disqualified from continuing as an Independent Director.

ADEQUACY OF INTERNAL FINANCIAL CONTROLS

The Company has designed and implemented a process driven framework for Internal Financial Controls (IFC) within the meaning of the explanation to Section 134 (5) (e) of the Companies Act, 2013. For the year ended 31st March, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirm that:

a. In the preparation of the Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures.

b. The Directors have selected such accounting policies and applied them consistently and made judgements and estimates that are reasonable and prudent so as to give a true and fair view of state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period.

c. The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities.

d. The Directors have prepared the Annual Accounts on a going concern basis.

e. The Directors have laid down an adequate system of internal control with respect to reporting on financial statement and the said system is operating effectively.

f. The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF THE BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, Committees and individual Directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees, Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the Directors were placed in the meeting of the Nomination & Remuneration Committee as per Schedule IV of the Companies Act, 2013.

DISCLOSURE OF REMUNERATION

There are no employees in the Company covered by the provisions of sub rule 2 of rule 5 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board and General Meetings. Ninth Annual General Meeting was held on 28th September, 2016.

PROTECTION OF WOMEN AT WORK PLACE

The parent Company Larsen & Toubro Limited (L&T) has formulated a policy on "Protection of Women's Rights at Workplace" which is applicable to all group companies. Consistent with its commitment to foster an environment of mutual respect and dignity of all its employees, an Internal Complaints Committee Southern Chapter has been constituted in accordance with "The Sexual Harassment of Women at Work Place (Prevention and Redressal) Act, 2013. The Policy has been widely disseminated as per the Act to all employees regularly. This is to certify that, the following are the details of complaints for the FY 2016-17 as per the said Act:

(a) Number of complaints of sexual harassment received in the year: Nil
(b) Number of complaints disposed off during the year: Nil
(c) Number of cases pending for more than ninety days: Nil
(d) Nature of action taken by the employer or district officer: Nil

As per the Act, an awareness session on Protection of Women's rights at work place was conducted on 15th March, 2017 for all employees which was facilitated by Ms. B. S. Ajeetha, the External member of ICC Southern Chapter.

STATUTORY AUDITORS

The Company in the 9th Annual General Meeting held on 28th September, 2016 had appointed M/s. Sharp & Tannan, Chartered Accountants, Chennai as Statutory Auditors of the Company for FY 2016-17 to hold office from the conclusion of that Annual General Meeting until the conclusion of the 10th Annual General Meeting of the Company to be held during the year 2017.

The Board recommends the appointment of M/s. Brahmayya & Co, as Statutory Auditors of the Company from the conclusion of the forthcoming Annual General Meeting for a period of 5 years subject to ratification of appointment by the shareholders at each Annual General Meeting.

The Notes to the accounts referred to in the Auditors Report are self-explanatory and do not call for any further clarifications under Section 134(3)(f) of the Companies Act, 2013.

SECRETARIAL AUDITORS

M/s. S. Sandeep & Associates, a firm of Company Secretaries in practice, Chennai was appointed as Secretarial Auditor to conduct the Secretarial Audit of the Company for the financial year 2016-17, as required under Section 204 of the Companies Act, 2013 and the rules made thereunder.

The Secretarial Audit Report for the financial year 2016-17 is attached as **Annexure IV** to this report.

The Secretarial Auditors' Report for the financial year 2016-17 is unqualified and do not call for any further clarifications from the Board members.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

No significant and material orders have been passed by the regulators or courts or tribunals impacting the going concern status of the Company and the Company's operations in future.

EXTRACT OF ANNUAL RETURN

The extract of Annual Return in Form No. MGT-9 is enclosed as **Annexure V** to this report.

DEBENTURE TRUSTEE

Your Company has issued secured debentures amounting to ₹ 1,331 crore in earlier years and M/s. IDBI Trusteeship Services Limited having its Registered Office at Asian Building, Ground Floor, R. Kamani Marg, Ballard Estate, Mumbai - 400 001 have been appointed as the Debenture Trustee for the same.

ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the Customers, Supply Chain Partners, Employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued cooperation and support to the Company. Your Directors also wish to record their appreciation for the continued support and cooperation and support received from the Joint Venture partners & Associates.

For L&T Shipbuilding Limited
For and on behalf of the Board

B. KANNAN	**K. VENKATESH**
Managing Director & Chief Executive Officer	*Director*
Din: 07110356	*DIN: 00240086*

Place : Chennai
Date : May 9, 2017

ANNEXURE I : MANAGEMENT DISCUSSION & ANALYSIS FY 2016-17

1. OVERVIEW:

L&T Shipbuilding Limited is a Joint Venture between Larsen & Toubro Limited (L&T) and Tamilnadu Industrial Development Corporation Limited (TIDCO), a Government of Tamilnadu enterprise, wherein L&T holds 97% and TIDCO holds 3%. The company has been engaged in the Shipbuilding Business and Port Business. The Port Business has been transferred to a separate company i.e., Marine Infrastructure Developer Private Limited vide National Company Law Tribunal Order dated 20th March 2017.

2. BUSINESS ENVIRONMENT:

The global shipbuilding industry has been going through challenging times, essentially due to downward trend in oil prices and most of the shipping companies have shelved their expansion and acquisition plans. This had an impact on the commercial shipbuilding business by way of cancellation of commercial shipbuilding contracts. However, the Company is currently focusing on Defence sector.

The Ministry of Defence during the year had nominated many of the new defence programs to the Defence Public Sector Undertaking Shipyards. Simultaneously, The Ministry of Defence is processing RFPs / bids for major programs like Landing Platform Dock, Anti-Submarine Warfare Shallow Water Craft, Survey Vessels (large) and Diving Support Vessels during the year. The decisions on these programs are expected during FY 18.

The Defence Procurement Procedure, 2016 came into effect during the year giving thrust to indigenization, which will support Government of India's Make in India initiative.

The Company's outstanding design and execution capabilities have helped it in executing contracts relating to Floating Dock and Coast Guard vessels. Its contingency plans were put into effective use when a cyclone hit Chennai in December 2016.

3. SIGNIFICANT INITIATIVES:

The internal process on project cost monitoring was revamped during the year. The Budget driven cost control measures through ERP system was extensively used for monitoring. The initiatives for Digitalisation of identified processes to enhance productivity of shipyard and human resources were also made during the year.

4. OUTLOOK FOR FY 2017-18:

The Ministry of Defence is expected to finalise contracts for Landing Platform Dock and Anti-Submarine Warfare Shallow Water Craft during FY 18. The Ministry of Defence will be coming out with further Request for Proposals and Request for Information for further Defence Shipbuilding programs. The company will be making inroads in to exports of Defence Ships during FY 18. The overall scenario is encouraging and there is a positive outlook emerging for participation in Defence Orders.

5. RISKS AND CONCERNS OF SHIPBUILDING:

The prominent risks and concerns essentially pertain to dependence on global sources for equipment and materials and their associated price fluctuations in Foreign Exchange. However, Ministry of Defence for all recent RFPs have introduced a Foreign Exchange Rate Variation Policy. Apart from that the risks in design emanate from stringent specifications required for Defence vessels, much of which are validated only after the ship is constructed. These are suitably addressed through risk mitigation measures in design and supply chain management.

6. PORT OPERATIONS:

Pursuant to the order dated 20th March 2017 by the National Company Law Tribunal, the Port business has been transferred in to a separate company, Marine Infrastructure Developer Private Limited.

For L&T Shipbuilding Limited
For and on behalf of the Board

B. KANNAN
Managing Director & Chief Executive Officer
Din: 07110356

K. VENKATESH
Director
DIN: 00240086

Place : Chennai
Date : May 9, 2017

ANNEXURE II : RELATED PARTY TRANSACTIONS

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3) of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arms-length transactions under third proviso thereto

1. DETAILS OF CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS NOT AT ARM'S LENGTH BASIS

(a) Name(s) of the related party and nature of relationship: NIL

(b) Nature of contracts/arrangements/transactions: NIL

(c) Duration of the contracts / arrangements/transactions: NIL

(d) Salient terms of the contracts or arrangements or transactions including the value, if any: NIL

(e) Justification for entering into such contracts or arrangements or transactions: NIL

(f) Date(s) of approval by the Board: NIL

(g) Amount paid as advances, if any: NIL

(h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188: NIL

2. DETAILS OF MATERIAL CONTRACTS OR ARRANGEMENTS OR TRANSACTIONS AT ARM'S LENGTH BASIS

(a) Name(s) of the related party and nature of relationship

(a) Related Parties where control exists

S.No	Name of the Related Party	Relationship
1	Larsen & Toubro Limited	Holding Company

(b) Related Parties with whom transactions were carried out during the year:

S.No	Name of the Related Party	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Infrastructure Development Projects Limited	Fellow Subsidiary
3	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
4	EWAC Alloys Limited	Fellow Subsidiary
5	L&T MHPS Boilers Private Limited	Fellow Subsidiary
6	L&T Infrastructure Engineering Limited	Fellow Subsidiary
7	L&T Infotech Limited	Fellow Subsidiary
8	Marine Infrastructure Developer Private Limited	Fellow Subsidiary
9	Magtorq Private Limited	Associate of Holding Company
10	L&T Shipbuilding Limited Employees' Group Gratuity Assurance Scheme	Post-employment benefit plan
11	Mr. B. Kannan	Managing Director & CEO
12	Mr. K .Venkatesh	Director
13	Mr. R B Urikouth	Director
14	Mr. J.D. Patil	Director
15	Ms. Kiran Dhingra	Independent Director
16	Mr. S. Sridharan	Independent Director
17	Mr. S. Sridhar	Chief Financial Officer
18	Mr. K Premnatha	Company Secretary

(b) Nature of contracts/arrangements/transactions, (c) Duration of the contracts / arrangements /transactions, (d) Salient terms of the contracts or arrangements or transactions including the value, if any and (e) Amount paid as advances, if any:

The following transactions were carried out with related parties in the normal course of business

S.No	Nature of transaction	2016-17 ₹ in lakhs		2015-16 ₹ in lakhs	
1	**Purchase of fixed assets**	**1089.01**		*1127.43*	
	Larsen & Toubro Limited		**1089.01**		*1125.90*
	L&T Hydrocarbon Engineering Limited				*1.53*
2	**Cost of services received**	**1481.23**		*1841.16*	
	Larsen & Toubro Limited		**1240.89**		*1566.02*
	L&T Infrastructure Development Projects Limited		**240.34**		*275.14*
3	**Cost of services rendered**	**145.28**		*580.55*	
	Larsen & Toubro Limited		**145.28**		*580.55*
4	**Payment towards employee stock option plan charges**	**17.61**		*36.18*	
	Larsen & Toubro Limited		**17.61**		*36.18*
5	**Reimbursement of expenses paid**	**921.93**		*1230.90*	
	Larsen & Toubro Limited		**918.48**		*1168.95*
	L&T Hydrocarbon Engineering Limited		**2.96**		*58.88*
	L&T Infotech Limited		**0.49**		*0.60*
	L&T Heavy Engineering LLC		**–**		*2.47*
6	**Reimbursement of expenses received**	**684.65**		*108.77*	
	Larsen & Toubro Limited		**29.95**		*7.75*
	L&T Hydrocarbon Engineering Limited		**155.40**		*101.02*
	Marine Infrastructure Developer Private Limited		**499.30**		
7	**Payment towards Rent/Hire charges**	**299.08**		*373.08*	
	Larsen & Toubro Limited		**299.08**		*306.75*
	L&T Hydrocarbon Engineering Limited		**–**		*66.33*
8	**Purchase of raw materials, construction materials and spares**	**2336.21**		*418.20*	
	Larsen & Toubro Limited		**2323.39**		*194.89*
	EWAC Alloys Limited		**8.67**		*223.31*
	Magtorq Private Limited		**4.15**		*–*
9	**Insurance premium paid**	**–**		*1.55*	
	L&T General Insurance Company Limited		**–**		*1.55*
10	**Sales and Service income**	**42929.80**		*24614.69*	
	Larsen & Toubro Limited		**42927.44**		*24609.42*
	L&T Hydrocarbon Engineering Limited		**2.36**		*5.27*
11	**Rent deposit paid**	**–**		*12.96*	
	Larsen & Toubro Limited		**–**		*12.96*
12	**Rent deposit refunded**	**3.20**		*1.50*	
	Larsen & Toubro Limited		**3.20**		*1.50*
13	**Inter-Corporate Deposit received**	**764200.00**		*221700.00*	
	Larsen & Toubro Limited		**764200.00**		*221700.00*
14	**Interest expense on Inter-Corporate Deposit**	**14084.86**		*9061.78*	
	Larsen & Toubro Limited		**14084.86**		*9061.78*
15	**Issuance of preference shares**	**–**		*133186.00*	
	Larsen & Toubro Limited		**–**		*133186.00*
16	**Issuance of preference shares (Reorganisation of Share capital**	**38800.00**		*–*	
	Larsen & Toubro Limited		**38800.00**		*–*
17	**Consultancy charges paid**	**28.88**		*56.58*	
	Larsen & Toubro Limited		**–**		*56.58*
	L&T Infrastructure Engineering Limited		**28.88**		*–*
18	**Receipt of employee deposits**	**–**		*0.21*	
	Larsen & Toubro Limited		**–**		*–*
	L&T Hydrocarbon Engineering Limited		**–**		*0.21*

S.No	Nature of transaction	2016-17 ₹ in lakhs		*2015-16 ₹ in lakhs*	
19	**Advance received**	**20091.80**		*21825.84*	
	Larsen & Toubro Limited		**20091.80**		*21825.84*
20	**Advance Paid**	**140.60**		–	
	Larsen & Toubro Limited		**140.60**		–
21	**Inter-Corporate Deposit returned**	**905100.00**		*66700.00*	
	Larsen & Toubro Limited		**905100.00**		*66700.00*
22	**Finance Cost**	**122.53**		–	
	Larsen & Toubro Limited		**122.53**		–
23	**Sale of fixed assets**	**2.88**		*0.07*	
	Larsen & Toubro Limited		**1.85**		*0.07*
	L&T Hydrocarbon Engineering Limited		**0.71**		–
	L&T MHPS Boilers Private Limited		**0.33**		–
24	**Transfer of assets to**	**166478.39**		–	
	Marine Infrastructure Developer Private Limited		**166478.39**		–
25	**Transfer of employee deposits**	**0.58**		–	
	Larsen & Toubro Limited		**0.36**		–
	L&T Hydrocarbon Engineering Limited		**0.16**		–
	L&T MHPS Boilers Private Limited		**0.06**		–
26	**Transfer of Materials to**	**132.18**		–	
	Marine Infrastructure Developer Private Limited		**132.18**		–
27	**Transfer of Receivables to**	**206.15**		–	
	Marine Infrastructure Developer Private Limited		**206.15**		–
28	**Transfer of port operator fees to**	**9864.40**		–	
	Marine Infrastructure Developer Private Limited		**9864.40**		–
29	**Allotment of Equity Shares by on account of business transfer**	**38800.00**		–	
	Marine Infrastructure Developer Private Limited		**38800.00**		–
30	**Transfer of Equity shares of MIDPL to**	**38800.00**		–	
	Larsen & Toubro Limited		**38800.00**		–
31	**Transfer of Security Deposit to**	**145000.00**		–	
	Marine Infrastructure Developer Private Limited		**145000.00**		–
32	**Interest expense transferred on inter corporate deposit**	**12166.83**		–	
	Marine Infrastructure Developer Private Limited		**12166.83**		–
33	**Employee related benefits transferred to**	**103.36**		–	
	Marine Infrastructure Developer Private Limited		**103.36**		–
34	**ICD Interest liability transferred**	**5202.59**		–	
	Marine Infrastructure Developer Private Limited		**5202.59**		–
35	**Remeasurement of Defined Benefit Plan transfer to**	**9.29**		–	
	Marine Infrastructure Developer Private Limited		**9.29**		–
36	**Collection of receivables (on behalf of MIDPL)**	**54.59**		–	
	Marine Infrastructure Developer Private Limited		**54.59**		–
37	**Security Deposit Liability transferred to**	**1275.00**		–	
	Marine Infrastructure Developer Private Limited		**1275.00**		–
38	**Transfer of Employee benefits paid**	**8.11**		–	
	Marine Infrastructure Developer Private Limited		**8.11**		–
39	**Financial Guarantee charges (Ind AS)**	**168.30**		*344.54*	
	Larsen & Toubro Limited		**168.30**		*344.54*
40	**Contribution to Post-employee benefit plan**	**28.41**		*30.30*	
	L&T Shipbuilding Limited Employees' Group Gratuity Assurance Scheme		**28.41**		*30.30*

S.No	Nature of transaction	2016-17 ₹ in lakhs		*2015-16 ₹ in lakhs*	
41	**Sitting fees**	**4.25**		*2.13*	
	Ms. Kiran Dhingra		**1.75**		*1.00*
	Mr. S. Sridharan		**2.50**		*1.13*
42	**Provision of Key Management Personnel services provided by a separate management entity**	**257.26**		*117.17*	
	Mr. B. Kannan (previous year w.e.f. October 31, 2015)		**165.91**		*38.06*
	Mr. R B Urikouth		**59.78**		*44.72*
	Mr. S. Sridhar		**31.57**		*34.39*
	Mr. J.D. Patil		**–**		*–*
	Mr. K .Venkatesh		**–**		*–*
43	**Key Managerial Personnel compensation**				
	Mr. K Premnatha	**3.20**		*–*	
	Salary (part of the year)		**3.20**		*–*

(f) Date(s) of approval by the Board/Audit Committee, if any: 22.04.2016, 22.07.2016, 28.10.2016 and 20.01.2017

For L&T Shipbuilding Limited
For and on behalf of the Board

B. KANNAN
Managing Director & Chief Executive Officer
Din: 07110356

K. VENKATESH
Director
DIN: 00240086

Place : Chennai
Date : May 9, 2017

ANNEXURE III

INFORMATION AS PER THE COMPANIES (DISCLOSURE OF PARTICULARS IN THE REPORT OF BOARD OF DIRECTORS) RULES, 2014 AND FORMING PART OF THE DIRECTORS' REPORT FOR THE YEAR ENDED 31st MARCH 2017

A CONSERVATION OF ENERGY

The Company continued its effort in conservation of Energy through following improvements:-

a) Enhancing energy Effectiveness/Efficiency of Equipment & systems:

1. Conversion of 3 No's DOL Starter to Variable Frequency Drives (VFD) for Admin Building chiller Primary pumps to optimize the energy and power factor (PF) from 0.8 to 0.99, which directly conserves 26,352 units /annum and a savings of ₹ 2.24 Lakhs/annum.
2. Changeover of existing 617 No's of Tube lights (36W / 40W) to Energy efficient LED Tube Lights (18W) in MRS,DG Room, Substation -03, 04,4A, Fire Station, QA and OHC buildings, which directly conserves 45,708units /annum, savings of ₹ 4.17 Lakhs /annum and also improves PF from 0.90 to 0.99.
3. Replacement of existing HPSV (150W) to Energy efficient LED luminaires (50W) in all transformer yards (15No's) which directly conserves 6,588units/annum, savings of ₹ 0.71 Lakhs /annum and improves PF from 0.8 to 0.99.
4. Substitution of existing 10 No's Metal Halide luminaires (70W) to 5 No's Energy efficient LED luminaires (42W) in Fire Station Parking area, which directly conserves 2,152 units /annum, savings of ₹0.22 Lakhs /annum and improves PF from 0.8 to 0.99.
5. Conversion of existing 166 No's HPSV (150W) to Energy efficient LED luminaires (72W) in street lightings of Road – 02,03,04,5A,5B, which directly conserves 56,867units /annum, savings of ₹ 7.03 Lakhs /annum and also improves PF from 0.8 to 0.99.
6. Changeover of existing 58 No's MH (2*400W) to Energy efficient LED luminaires (350W) in 7No's of Highmasts, which directly conserves 1,14,631 units /annum, savings of ₹11.64 Lakhs and also improves PF from 0.8 to 0.99.
7. Automatic Switching off 50% Streetlights during Night hours (2200hrs to 0600hrs) with Astronomic Timer, which directly conserves 65,880 units /annum and savings of ₹ 5.60 Lakhs /annum.
8. Refurbishment of existing 15% Split A/C's with Copper condenser coil instead of Aluminium Coil to enhance the cooling efficiency and reduce the impact of greenhouse gas emission in various buildings in the Shipyard. With this conversion to 100% Copper Condenser Coil has been achieved in entire shipyard.
9. Fitment of 100% Energy Efficient LED Luminaries implemented in RO Plant.
10. Total Energy saved 3,18,178 units/annum which corresponds to savings of ₹31.61 Lakhs /annum.

b) Improving Energy Effectiveness/Efficiency of Manufacturing Process.

In Plate Cutting Shop and Painting/Blasting Shop the suggestions of external energy auditors have been implemented in FY2016-17.The energy Conserved is 8,14,408 Units/annum and savings of ₹ 67.17 Lakhs /annum.

c) Measures adopted (vide serials a) & b) above) have resulted in cumulative energy Conservation of 11,32,586 Kwh/annum and a saving of ₹ 98.78 Lakhs / annum

d) Steps taken by the company for utilizing alternate source of Energy: Nil

e) Capital Investment on energy Conservation Equipment's :

1. Investment of ₹ 0.76 Lakhs for VFD implementation in Admin building Chiller Primary Pumps for Energy Conservation.
2. Investment of ₹ 1.06 Lakhs for Energy efficient LED Luminaries for RO Plant.
3. Investment of ₹ 3.30 Lakhs for Energy Efficient LED Lights for Partial Street Light Conversion.

f) Total Capital Investment of ₹ 5.12 Lakhs for measures at a) above.

B TECHNOLOGY ABSORPTION

1. Research and Development

Specific areas in which R&D is carried out: Nil

2. Technology absorption (adaptation and innovations)

- Progress of Project work captured on ERP System using Digital interfaces.
- MIS Dashboard created for management team to monitor project costs, departmental overheads, inventory and vendor payables.
- Incorporation of Digitalization techniques in Cost Monitoring of Projects.
- Manpower Productivity enhancement measures introduced by automated working & deployed manpower.

3. Benefits derived as a result of the above efforts, e.g., product improvement, cost reduction and import substitution etc.:

- In house design has reduced design cost of ships.
- Project cost and timelines are monitored effectively.
- Overheads reduction realized.

C FOREIGN EXCHANGE EARNINGS AND OUTGO

The Foreign Exchange earned in terms of actual inflows during the year and the Foreign Exchange outgo during the year in terms of actual outflows.)

(a) Foreign exchange earned in terms of actual inflows during the year

Export of Commercial ships & Ship repair

	2016-17 (₹ crore)
Foreign exchange earned	–

(b) Foreign exchange outgo during the year in terms of actual outflows

- Procurement of Raw Material and components ₹ 90.84 crore
- Expenditure towards professional fees which include arbitration fees. ₹ 34.39 crore
- Interest on buyer's credit, PCFC (Packing credit in foreign currency) ₹ 0.65 crore

	2016-17 (₹ crore)
Foreign exchange used	**125.88**

ANNEXURE IV

FORM NO. MR-3

SECRETARIAL AUDIT REPORT
FOR THE FINANCIAL YEAR ENDED 31st MARCH 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration Personnel) Rules, 2014]

To,

The Members,
L&T Shipbuilding Limited
CIN: U74900TN2007PLC065356
Gr.Floor, TC-1 Bldng, L&T Construction Complex,
Mount Poonamallee Road, Manapakkam,
Chennai

We have conducted the secretarial audit of the compliance of applicable statutory provisions and the adherence to good corporate practices of M/s L&T SHIPBUILDING LIMITED (hereinafter called "the Company"). The Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conducts/statutory compliances and expressing our opinion thereon.

Based on our verification of the Company's books, papers, minute books, forms and returns filed and other records maintained by the company and also the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the company has, during the audit period covering the financial year ended on 31st March 2017, has complied with the statutory provisions listed hereunder and also that the Company has proper Board-processes and compliance-mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed within the prescribed time including certain forms filed delayed with adequate late fees (which are taken as compliance of requirements of the Act for filing) and other records maintained by the Company for the financial year ended on March 31, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder;

(iii) The provisions of the Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder.

(iv) The provisions of the Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment and External Commercial Borrowings.

(v) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act').

 (a) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

(vi) The following regulations and guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act') are not applicable to the Company since the Company is an unlisted company.

 (a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011;

 (b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 1992;

 (c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 ;

 (d) The Securities and Exchange Board of India (Employee Stock Option Scheme and Employee Stock Purchase Scheme) Guidelines, 1999 and the Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014;

 (e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008;

 (f) The Securities and Exchange Board of India (Delisting of equity shares regulations), 2009;

 (g) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 and

 (h) The Securities and Exchange Board of India (Listing Obligations And Disclosure Requirements) Regulations, 2015

(vii) All other laws which are applicable specifically to the Company in the shipping sector which includes the following, namely -

 (a) The Factories Act, 1948

 (b) The Industrial Employment (standing Orders) Act, 1946

 (c) The Employment Exchanges (Compulsory notification of vacancies) Act, 1959

 (d) The Industrial Dispute Act, 1947

 (e) The Minimum wages Act, 1948

 (f) The Payment of Wages Act, 1936

 (g) The Payment of Bonus Act, 1965

(h) The Payment of Gratuity Act, 1972

(i) The Equal Remuneration Act, 1976

(j) The Employees Provident Fund and Miscellaneous Provisions Act, 1952

(k) The Employees State Insurance Act, 1948

(l) The Employees Compensation Act, 1923

We have also examined compliance with the applicable clauses Secretarial Standards with respect to Meetings of Board of Directors (SS-1) and General Meetings (SS_2) issued by The Institute of Company Secretaries of India (made mandatory with effect from July 01, 2015).

The Company has not entered into any listing agreement with any Stock Exchange in India or abroad.

During the period under review the Company has complied with the provisions of the applicable Acts, Rules, Regulations, Guidelines, Standards, etc. as mentioned above.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

We further report that there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines.

We further report that during the period under review no specific events / actions having a major bearing on the Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines, standards etc referred to above have taken place.

For S Sandeep & Associates

S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987

Place: Chennai
Date: May 1, 2017

This report is to be read with our letter of even date which is annexed as Annexure A and forms an integral part of this report.

'ANNEXURE A'

To,

The Members,
L&T Shipbuilding Limited
CIN: U74900TN2007PLC065356
Gr.Floor, TC-1 Bldng, L&T Construction Complex,
Mount Poonamallee Road, Manapakkam,
Chennai

Our report of even date is to be read along with this letter.

1. Maintenance of secretarial record is the responsibility of the management of the company. Our responsibility is to express an opinion on these secretarial records based on our audit.
2. We have followed the audit practices and processes as were appropriate to obtain reasonable assurance about the correctness of the contents of the Secretarial records. The verification was done on test basis to ensure that correct facts are reflected in secretarial records. We believe that the processes and practices, we followed provide a reasonable basis for our opinion.
3. We have not verified the correctness and appropriateness of financial records and Books of Accounts of the company.
4. Where ever required, we have obtained the Management representation about the compliance of laws, rules and regulations and happening of events etc.
5. The compliance of the provisions of Corporate and other applicable laws, rules, regulations, standards is the responsibility of management. Our examination was limited to the verification of procedures on test basis.
6. The Secretarial Audit report is neither an assurance as to the future viability of the company nor of the efficacy or effectiveness with which the management has conducted the affairs of the company.

For S Sandeep & Associates

S Sandeep
Managing Partner
FCS No.: 5853
C P No.: 5987

Place: Chennai
Date: May 1, 2017

ANNEXURE V

FORM NO. MGT-9

EXTRACT OF ANNUAL RETURN AS ON THE FINANCIAL YEAR ENDED ON 31st MARCH, 2017

[Pursuant to Section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i	CIN	U74900TN2007PLC065356
ii	Registration Date	13/11/2007
iii	Name of the Company	L&T Shipbuilding Limited
iv	Category / Sub-Category of the Company	
v	Address of the Registered office and contact details	No.22, Ground floor, TC - 1 Building, Mount Poonamallee Road, Manapakkam, Chennai - 600 089 Phone: 044-2270 6565
vi	Whether listed company	No
vii	Name, Address and Contact details of Registrar and Transfer Agent, if any	Karvy Computershare Private Limited Plot No. 17 to 24, Vittal Rao Nagar, Madhapur, Hyderabad - 500081 Phone: 040 - 6716 2222 Fax No. 040 - 23001153 Email: varghese@karvy.com

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Building of Commercial vessels	30111	26%
2	Building of Warships	30112	74%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES

	Name and Address of The company	CIN/GLN	Holding/ Subsidiary/associate	% of Shares held	Applicable Section
1	Larsen& Toubro Limited	L99999MH1946PLC004768	Holding Company	97%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	818679994	6	818680000	97%	430679994	6	430680000	97%	-47.4%
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….									
Sub-total (A) (1):-	**818679994**	**6**	**818680000**	**97%**	**430679994**	**6**	**430680000**	**97%**	**-47.4%**
2) Foreign									
a) NRIs - Individuals	–	–	–	–	–	–	–	–	–
b) Other - Individuals									
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….									
Sub-total (A) (2):-	**818679994**	**6**	**818680000**	**97%**	**430679994**	**6**	**430680000**	**97%**	**-47.4%**
Total shareholding of Promoter (A) = (A)(1)+(A)(2)	**818679994**	**6**	**818680000**	**97%**	**430679994**	**6**	**430680000**	**97%**	**-47.4%**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding									
1. Institutions									
a) Mutual Funds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian		25320000	25320000	3%		13320000	13320000	3%	-47.4%
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B) = (B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**818679994**	**25320006**	**844000000**	**100%**	**430679994**	**13320006**	**444000000**	**100%**	**-47.4%**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares*	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares*	
1	Larsen & Toubro Limited	818680000	97%	Nil	430680000	97%	Nil	-47.4%
	Total	**818680000**	**97%**	**Nil**	**430680000**	**97%**	**Nil**	**-47.4%**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
	At the beginning of the year	818680000	97%	818680000	97%
	Date wise Increase / Decrease in Promoters Share Holding during the year specifying the reasons for increase/decrease (e.g. allotment / transfer / bonus/ sweat equity etc):			-388000000 (Change as per Demerger Scheme approved by NCLT)	97%
	At the End of the year			430680000	97%

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
1	**Tamilnadu Industrial Development Corporation Limited**	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	25320000	3%	25320000	3%
	Date wise Increase / Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):			–12000000 Change as per Demerger Scheme approved by NCLT	3%
	At the End of the year (or on the date of separation, if separated during the year)			13320000	3%

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. K. Venkatesh Jointly with Larsen & Toubro Limited	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase /Decrease in Shareholding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	1	0.00	1	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. R. B. Urikouth Jointly with Larsen & Toubro Limited	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	1	0.00	1	0.00

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	Mr. S. Sridhar Jointly with Larsen & Toubro Limited	**No. of shares**	**% of total shares of the company**	**No. of shares**	**% of total shares of the Company**
	At the beginning of the year	1	0.00	1	0.00
	Date wise Increase /Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
	At the End of the year	1	0.00	1	0.00

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

(Amount in ₹)

Particulars	Secured Loans excluding Deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	14,90,93,26,589	1,03,63,17,206	4,71,00,00,000	20,65,56,43,795
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	52,85,79,525	–	44,98,04,654	97,83,84,179
Total (i+ii+iii)	**15,43,79,06,114**	**1,03,63,17,206**	**5,15,98,04,654**	**21,63,40,27,974**
Changes in Indebtedness during the financial year				
Addition - Principal amount	1,23,11,50,406	–	41,00,00,000	1,64,11,50,406
Reduction - Principal amount	–	10,42,39,918	–	10,42,39,918
Interest accrued but not due	1,11,84,141	16,85,124	(44,98,04,654)	(43,69,35,389)
Net Change	**1,24,23,34,547**	**(10,25,54,794)**	**(3,98,04,654)**	**1,09,99,75,099**
Indebtedness at the end of the financial year				
i) Principal Amount	16,14,04,76,995	93,20,77,288	5,12,00,00,000	22,19,25,54,283
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	53,97,63,666	16,85,124	–	54,14,48,790
Total (i+ii+iii)	**16,68,02,40,661**	**93,37,62,412**	**5,12,00,00,000**	**22,73,40,03,073**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-Time Directors and/or Manager:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Name of Managing Director & Chief Executive Officer	Total Amount
		Mr. Bhagavatheswaran Kannan	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	1,65,69,177	1,65,69,177
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	21,600	21,600
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit		
	- others, specify…	–	–
5.	Others, please specify	–	–
	Total	**1,65,90,777**	**1,65,90,777**

B. Remuneration to other directors:

(Amount in ₹)

Sl. no.	Particulars of Remuneration	Fee for attending board / committee meetings	Commission	Others, please specify	Total Amount
1.	**Independent Directors**				
	Ms. Kiran Dhingra	1,75,000	0	0	1,75,000
	Mr. S Sridharan	2,50,000	0	0	2,50,000
	Total (1)	**4,25,000**	**0**	**0**	**4,25,000**
2.	**Other Non-Executive Directors**				
	Mr. K. Venkatesh	0	0	0	0
	Mr. R.B. Urikouth	0	0	0	0
	Mr. J.D. Patil	0	0	0	0
	Total (2)	**0**	**0**	**0**	**0**
	Total (1+2)	**4,25,000**	**0**	**0**	**4,25,000**
	Total Managerial Remuneration	**4,25,000**	**0**	**0**	**4,25,000**

C. Remuneration to Key Managerial Personnel Other Than MD/Manager/WTD (Amount in ₹)

Sl. no.	Particulars of Remuneration	Key Managerial Personnel		
		Company Secretary (Part of the Year)	Chief Financial Officer	Total
1.	Gross salary			
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	3,07,993	31,01,319	34,09,312
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	12,378	55,560	67,938
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961	–	–	–
2.	Stock Option	–	–	–
3.	Sweat Equity	–	–	–
4.	Commission			
	- as % of profit			
	- others, specify	–	–	–
5.	Others, please Specify	–	–	–
	Total	**3,20,371**	**31,56,879**	**34,77,250**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
B. DIRECTORS					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–
C. OTHER OFFICERS IN DEFAULT					
Penalty	–	–	–	–	–
Punishment	–	–	–	–	–
Compounding	–	–	–	–	–

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T SHIPBUILDING LIMITED

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of **L&T SHIPBUILDING LIMITED** ("the Company"), which comprise the Balance Sheet as at 31 March 2017, and the Statement of Profit and Loss (including other comprehensive income), the statement of cash flows and the statement of changes in equity for the year then ended, and a summary of the significant accounting policies and other explanatory information (herein after referred to as "Ind AS financial statements").

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS financial statements that give a true and fair view of the state of affairs (financial position), loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards (Ind AS) specified under Section 133 of the Act, read with relevant rules issues thereunder. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at 31 March 2017, and its loss (financial performance including other comprehensive income), its cash flows and the changes in equity for the year ended on that date.

Emphasis of matter

1) We draw attention to Note 49 accompanying the Ind AS financial statements, which indicates that the Company has substantial accumulated losses carried forward from the previous year and has incurred significant cash losses during the current and previous financial years resulting in substantial erosion of net worth as at 31 March 2017 and the Company's current liabilities exceed its current assets as at the balance sheet date. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern. However, the Ind AS financial statements of the Company have been prepared on a going concern basis based on the financial support confirmed by the Holding Company and other reasons stated in the said Note.

   Our opinion is not modified in respect of the above matters.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

   (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit.

   (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books.

(c) The Balance Sheet, the Statement of Profit and Loss, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account.

(d) In our opinion, the aforesaid Ind AS financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015.

(e) On the basis of the written representations received from the directors as on 31 March, 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act.

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B". Our report expresses an unmodified opinion on the adequacy and operating effectiveness of the Company's internal financial controls over financial reporting.

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. The Company has disclosed the impact of pending litigations on its financial position in its Ind AS financial statements - Refer Note 37 accompanying the Ind AS financial statements;

ii. The Company has made provision as required under the applicable accounting standards, for material foreseeable losses on long-term contracts including derivative contracts - Refer Note 43 accompanying the Ind AS financial statements

iii. There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company.

iv. The Company has provided requisite disclosures in its Ind AS financial statements as to holdings as well as dealings in Specified Bank Notes during the period from 08 November 2016 to 30 December 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note 14 A to the standalone Ind AS financial statements.

FOR SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : 9 May 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to Annexure A referred to in paragraph 1 under the heading "Report on Other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Shipbuilding Limited ("the Company") on the financial statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records, which were not material, have been properly dealt with in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, given any guarantee or provided any security to the parties covered under Section 185 and the Company has not given any loan or made any investment covered under section 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.

(vi) The Central Government has not prescribed the maintenance of cost records under section 148(1) of the Act, for any of the goods sold/services rendered by the Company.

(vii) (a) According to the information and explanations given to us and on the basis of our examination of the books of account, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, value added tax and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us, there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, value added tax and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, there are no dues of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax as at 31 March 2017 which have not been deposited on account of a dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to a bank or debenture holders during the year. The Company has not taken any loans or borrowing from a financial institution or Government during the year.

(ix) The Company has neither raised any money by way of initial public offer or further public offer (including debt instruments) nor has availed any term loans during the year. Accordingly, reporting under clause 3 (ix) of the Order does not arise.

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company, or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.

(xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration representing sitting fees to Directors has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements etc., as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

FOR SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : 9 May 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of **L&T SHIPBUILDING LIMITED** ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India ("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

FOR SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : 9 May 2017

BALANCE SHEET AS AT MARCH 31, 2017

Particulars	Note No.	As at March 31, 2017 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs	As at March 31, 2016 ₹ in lakhs	As at March 31, 2016 ₹ in lakhs	As at April 01, 2015 ₹ in lakhs	As at April 01, 2015 ₹ in lakhs
ASSETS							
Non-current assets							
(a) Property, Plant and Equipment	4	177227.01		184434.08		360260.23	
(b) Capital work-in-progress	5	375.57		972.65		4971.42	
(c) Other intangible assets	6	49.25		82.43		421.28	
(d) Intangible assets under development	7	–		10.50		–	
		177651.83		185499.66		365652.93	
(e) Financial assets							
(i) Loans	8	392.33		377.94		334.61	
(ii) Other financial assets	9	115.42		–		–	
		507.75		377.94		334.61	
(f) Other non-current assets	10	859.07		1016.94		1409.53	
			179018.65		186894.54		367397.07
Current assets							
(a) Inventories	11	27502.70		24938.07		24255.36	
(b) Financial assets							
(i) Investments	12	1044.03		976.21		902.12	
(ii) Trade receivables	13	6385.51		4168.31		4617.86	
(iii) Cash and bank balances	14	1775.00		22.28		13.25	
(iv) Loans	15	33.74		94.00		84.44	
(v) Other financial assets	16	9141.60		453.87		63.87	
(c) Current Tax Assets (net)	17	3287.32		1689.36		382.04	
(d) Other current assets	18	96600.34		112375.62		81891.74	
		145770.24		144717.72		112210.68	
(e) Assets classified as held for sale	19	–		166816.71		–	
			145770.24		311534.43		112210.68
Total Assets			324788.89		498428.97		479607.75
EQUITY AND LIABILITIES							
Equity							
(a) Equity Share Capital	20	44400.00		84400.00		84400.00	
(b) Other Equity	21	(127340.46)		(118482.14)		(140978.58)	
			(82940.46)		(34082.14)		(56578.58)
(c) Share application money pending allotment			–		–		42186.00
Liabilities							
Non-current liabilities							
(a) Financial liabilities							
(i) Borrowings	22		198114.38		182960.95		302341.80
Current liabilities							
(a) Financial liabilities							
(i) Borrowings	23	89388.48		78419.22		107013.38	
(ii) Trade payables	24	11882.92		9309.11		10804.64	
(iii) Other financial liabilities	25	67103.97		17443.20		12868.03	
		168375.37		105171.53		130686.05	
(b) Other current liabilities	26	39436.93		90544.15		59155.96	
(c) Provisions	27	1802.67		2244.24		1816.52	
		209614.97		197959.92		191658.53	
(d) Liabilities associated with group of assets classified as held for sale	28	–		151590.24		–	
			209614.97		349550.16		191658.53
Total Equity and Liabilities			324788.89		498428.97		479607.75
Contingent liabilities and commitments	37						
Significant accounting policies	3						

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : May 09, 2017

for and on behalf of the Board of **L&T Shipbuilding Limited**

B KANNAN	**K VENKATESH**	**R B URIKOUTH**	**S SRIDHAR**	**K PREMNATHA**
Managing Director & Chief Executive Officer (DIN 07110356)	*Director (DIN 00240086)*	*Director (DIN 06764979)*	*Chief Financial Officer*	*Company Secretary M. No. F7382*

Place : Chennai
Date : May 09, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

		Note No.	2016-17 ₹ in lakhs	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs	2015-16 ₹ in lakhs
	REVENUE					
I)	Revenue from operations	29		62105.42		45951.45
II)	Other income	30		369.65		168.50
III)	**TOTAL INCOME (I+II)**			62475.07		46119.95
IV)	**EXPENSES**					
	Construction and operating expenses	31				
	(a) Cost of materials consumed		68169.46		38082.38	
	(b) Subcontracting charges		5136.69		12610.59	
	(c) Changes in inventories of finished goods, work-in-progress		(2109.06)		–	
	(d) Other manufacturing, construction and operating expenses		5684.12		4356.44	
				76881.21		55049.41
	Employee benefits expense	32		6877.38		7059.69
	Finance costs	33		24286.06		18873.04
	Depreciation, amortisation and obsolescence expenses	34		9515.88		9244.37
	Other expenses	35		3801.86		8675.44
TOTAL EXPENSES (IV)				121362.39		98901.95
V)	**Profit/(loss) before exceptional items and tax (III-IV)**			(58887.32)		(52782.00)
VI)	**Exceptional Items**	48		23918.51		–
VII)	**Profit/ (loss) before taxes [V+VI]**			(34968.81)		(52782.00)
VIII)	**Tax expense:**					
	(1) Current tax					
	Tax reversal pertaining to earlier year		(134.50)		–	
	(2) Deferred tax		–		–	
				(134.50)		–
IX)	**Profit /(loss) for the year from continuing operations(VII-VIII)**			(34834.31)		(52782.00)
X)	**Profit / (loss) from discontinued operations before tax**	36	–		(18388.54)	
XI)	**Tax expense of discontinued operations**		–		–	
XII)	**Profit / (loss) from discontinued operations (after tax) (X-XI)**			–		(18388.54)
XIII)	**Profit / (loss) for the year (IX+XII)**			(34834.31)		(71170.54)
XIV)	**Other Comprehensive Income ("OCI")**					
	A(i) Items that will not be reclassified to profit or loss.					
	Remeasurements gains/(losses) of defined benefit plans			23.28		0.82
	B(i) Items that will be reclassified to profit or loss.					
	Effective portion of gains/ (losses) on cash flow hedges			(1624.53)		(717.62)
XV)	**Total Comprehensive Income for the year (XIII + XIV) (Comprising Profit (Loss) and Other Comprehensive Income for the year)**			(36435.56)		(71887.34)
XVI)	Earnings per equity share (for continuing operation):					
	(1) Basic (₹)	42		(4.18)		(6.25)
	(2) Diluted (₹)			–		–
XVII)	Earnings per equity share (for discontinued operation):	42				
	(1) Basic (₹)			–		(2.18)
	(2) Diluted (₹)			–		–
XVIII)	Earnings per equity share (for continuing & discontinued operation):	42				
	(1) Basic (₹)			(4.18)		(8.43)
	(2) Diluted (₹)			–		–
	Face value of an equity share (₹)			10.00		10.00
	Significant accounting policies	3				

The accompanying notes form an integral part of the financial statements.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : May 09, 2017

for and on behalf of the Board of **L&T Shipbuilding Limited**

B KANNAN	**K VENKATESH**	**R B URIKOUTH**	**S SRIDHAR**	**K PREMNATHA**
Managing Director & Chief Executive Officer (DIN 07110356)	*Director (DIN 00240086)*	*Director (DIN 06764979)*	*Chief Financial Officer*	*Company Secretary M. No. F7382*

Place : Chennai
Date : May 09, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED MARCH 31, 2017

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

For the year ended March 31, 2017

Particulars	Note No.	Balance as at April 01, 2015	Changes in equity share capital during the year	Balance as at March 31, 2016	Changes in equity share capital during the year	Balance as at March 31, 2017
Issued, subscribed and fully paid-up	20	84400.00	–	84400.00	(40000.00)	44400.00

B. OTHER EQUITY

For the year ended March 31, 2017

Particulars	Note No.	Equity component of Preference Share Capital	Equity component of Financial Guarantee	Reserves and Surplus	Effective Portion of Cash Flow Hedges	Other items of Other Comprehensive Income	Total
				Retained Earnings			
Balance as at April 01, 2016	**21**	104867.93	2874.30	(225078.39)	(1146.80)	0.82	**(118482.14)**
Total Comprehensive Income for the year	**21(b), (a)&(c)**	–	–	(34834.31)	(1624.53)	23.28	**(36435.56)**
Additions during the year	**21(d)(i)**	27577.24	–	–	–	–	**27577.24**
Balance as at March 31, 2017		**132445.17**	**2874.30**	**(259912.70)**	**(2771.33)**	**24.10**	**(127340.46)**

For the year ended March 31, 2016

Particulars	Note No.	Equity component of Preference Share Capital	Equity component of Financial Guarantee	Reserves and Surplus	Effective Portion of Cash Flow Hedges	Other items of Other Comprehensive Income	Total
				Retained Earnings			
Balance as at April 01, 2015	**50**	10484.15	2874.30	(153907.85)	(429.18)	–	**(140978.58)**
Total Comprehensive Income for the year	**21(b), (a)&(c)**	–	–	(71170.54)	(717.62)	0.82	**(71887.34)**
Additions during the year	**21(d)(i)**	94383.78	–	–	–	–	**94383.78**
Balance as at March 31, 2016		**104867.93**	**2874.30**	**(225078.39)**	**(1146.80)**	**0.82**	**(118482.14)**

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : May 09, 2017

for and on behalf of the Board of **L&T Shipbuilding Limited**

B KANNAN — *Managing Director & Chief Executive Officer (DIN 07110356)*

K VENKATESH — *Director (DIN 00240086)*

R B URIKOUTH — *Director (DIN 06764979)*

S SRIDHAR — *Chief Financial Officer*

K PREMNATHA — *Company Secretary M. No. F7382*

Place : Chennai
Date : May 09, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

	Particulars	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs
A	**Cash flow from operating activities**		
	Profit / (loss) for the year	**(34968.81)**	*(52782.00)*
	Adjustments for:		
	Depreciation, amortisation and obsolescence expenses	**9515.88**	*9244.37*
	Exceptional Items	**(23918.51)**	–
	Interest income	**(132.84)**	*(6.78)*
	(Profit) / loss on sale of property, plant and equipment (net)	**(4.81)**	*(5.62)*
	(Profit) / loss on fair valuation of investments (net) - Unrealised	**(29.85)**	*(74.09)*
	(Profit) / loss on fair valuation of investments (net) - Realised (considered separately)	**(37.98)**	–
	Financial Guarantee Amortisation Non-current	**154.26**	*168.30*
	Financial Guarantee Amortisation -current	**14.05**	*176.23*
	Provision for Slow moving & Non-moving Inventory	**204.27**	–
	Provision for Doubtful Debts	**1117.00**	–
	Provision for ECL - Debtors	**201.00**	*74.35*
	Provision for ECL - Security Deposits	**(1.34)**	*3.48*
	Provision for forseeable Loss	**(519.02)**	*329.06*
	Other operating revenue	**(16207.74)**	–
	Finance cost	**24286.06**	*18873.00*
	Operating profit / (loss) before working capital changes	**(40328.38)**	*(23999.70)*
	Adjustments for working capital changes:		
	(Increase) / decrease in financial loans and other financial assets	**(119.98)**	*(43.33)*
	(Increase) / decrease in Other Non-current assets	**3.61**	*224.29*
	(Increase) / decrease in inventories	**(8571.34)**	*(783.90)*
	(Increase) / decrease in Trade Receivables	**(3535.16)**	*359.98*
	(Increase) / decrease in Loans	**61.60**	*(775.34)*
	(Increase) / decrease in Other Current Financial Assets	**(3740.31)**	*(414.87)*
	(Increase) / decrease in Other current Assets	**16280.26**	*(30989.17)*
	Increase / (decrease) in trade and other payables	**2573.81**	*4377.03*
	Increase / (decrease) in Other financial liablities	**48036.24**	*5132.56*
	Increase / (decrease) in Other current liabilities	**(34899.48)**	*31388.19*
	Increase / (decrease) in Provisions	**(418.29)**	*541.19*
		15670.96	*9016.63*
	Cash (used in) / generated from operations	**(24657.42)**	*(14983.07)*
	Direct taxes (paid) / refunded	**(1463.47)**	*(1307.32)*
	Net cash (used in) / from operating activities	**(26120.89)**	*(16290.39)*
	Net cash (used in) / from discontinuing activities	**–**	*(179.77)*
	Net cash (used in) / from operating and discontinuing activities [A]	**(26120.89)**	*(16470.16)*

	Particulars	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs
B	**Cash flow from investing activities :**		
	Sale of Property, Plant and Equipment	**14.70**	*61.93*
	Sale of current investments	**1014.19**	–
	Interest received	**123.02**	*6.78*
	Margin money against bank guarantee	**(1770.72)**	–
	Sale of Investment in MIDPL	**38800.00**	–
	Purchase of property, plant and equipment and intangible assets [Refer Note 2 below]	**(1678.00)**	*(1665.01)*
	Investments in current investments - mutual funds	**(1014.19)**	–
	Net cash (used in) / from investing activities	**35489.00**	*(1596.30)*
	Net cash (used in) / from discontinuing activities	**–**	*(41.85)*
	Net cash (used in) / from investing and discontinuing activities [B]	**35489.00**	*(1638.15)*
C	**Cash flow from financing activities**		
	Proceeds from issue of preference shares	**–**	*91000.00*
	Proceeds from / (repayments of) short-term borrowings (net)	**10969.28**	*(56204.63)*
	Finance cost	**(20355.39)**	*(16899.14)*
	Net cash (used in) / from financing activities	**(9386.11)**	*17896.23*
	Net cash (used in) / from discontinuing activities	**–**	*221.11*
	Net cash (used in) / from financing and discontinuing activities [C]	**(9386.11)**	*18117.34*
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(18.00)**	*9.03*
	Cash and cash equivalents as at the beginning of the year	**22.28**	*13.25*
	Cash and cash equivalents as at end of the year	**4.28**	*22.28*
		March 31, 2017	*March 31, 2016*
	Cash and cash equivalents of continuing operations	**4.28**	*22.28*
	Cash and cash equivalents of discontinued operations	**–**	–

Reconciliation of cash and cash equivalents as per the cash flow statement

Cash and cash equivalents as per above comprise of the following

Balances as per statement of cash flows	March 31, 2017	March 31, 2016
Cash and cash equivalents as per cash flow statement	**4.28**	*22.28*
Margin money held with banks as deposits classified as cash & bank balances	**1770.72**	–
Cash and bank balances [Refer Note 14]	**1775.00**	*22.28*

NOTES

1 Cash Flow statement has been prepared under the Indirect Method as set out in the Indian Accounting Standard (Ind AS) 7 "Cash Flow Statements" specified in section 133 of the Companies Act, 2013 read with Rule 4 of Companies (Indian Accounting Standard) Rules, 2015.

2 Purchase of fixed assets includes movement of capital work-in-progress during the year.

3 Cash and cash equivalents comprise cash on hand and balance with banks on current accounts and excludes margin money deposits given on security. Short-term and liquid investments not being free from more than an insignificant risk of change in value, are not included as part of cash and cash equivalents. Refer Note 14 for components of cash and cash equivalents.

4 Figures for the previous year have been regrouped/reclassified wherever necessary.

As per our report attached of even date

For SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : May 09, 2017

for and on behalf of the Board of **L&T Shipbuilding Limited**

B KANNAN	**K VENKATESH**	**R B URIKOUTH**	**S SRIDHAR**	**K PREMNATHA**
Managing Director & Chief Executive Officer (DIN 07110356)	*Director (DIN 00240086)*	*Director (DIN 06764979)*	*Chief Financial Officer*	*Company Secretary M. No. F7382*

Place : Chennai
Date : May 09, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

NOTE 1 - CORPORATE INFORMATION

L&T Shipbuilding Limited ("the Company") was incorporated on November 13, 2007. The promoter of the Company M/s. Larsen & Toubro Limited ("the Holding Company") and M/s. Tamilnadu Industrial Development Limited (TIDCO) have entered into an Associate Sector Agreement on April 15, 2008 for implementation of integrated shipyard cum development of minor port complex and related facilities at Kattupalli village in Tiruvallur District. The Company commenced its shipyard operations in December 2012 and port operations in January 2013.

The Company has been given approval by Ministry of Commerce & Industry, Government of India for total area of 607.89 hectares for setting up of a sector specific Special Economic Zone (SEZ) for Heavy Engineering at Kattupalli Village, Ponneri Taluk, Tiruvallur District, Tamilnadu. The total SEZ area is constituted by 447.62 hectares (1,105.63 acres) of land area, 31.12 hectares (76.87 acres) of Coastal land area and 129.15 hectares (319.00 acres) of Water area.

The Company is carrying out authorized operations of shipbuilding and ship related activities in the processing zone and operations of port in the non-processing zone in the Sector specific Special Economic Zone as per approval from the Department of Commerce, SEZ section, Ministry of Commerce & Industry, Government of India in accordance with the provisions of SEZ Act, 2005 and the SEZ Rules, 2006 framed thereunder.

Pursuant to Scheme of Arrangement for Demerger as approved by National Company Law Tribunal (NCLT) on March 20, 2017 and filed with Register of Companies (ROC) on March 22, 2017, the Company has transferred the Port business to a separate company viz. Marine Infrastructure Developer Private Limited (MIDPL).

Consequently, the Company continues with the shipbuilding and ship related activities in processing zone in the Sector specific Special Economic Zone.

NOTE 2 - A) STATEMENT OF COMPLIANCE

By virtue of Para 4 (ii) (a) of Companies (Indian Accounting Standards) Rules, 2015 the Company is under obligation to comply with Ind AS, being a subsidiary company of a listed company.

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS') notified under the Companies (Indian Accounting Standards) Rules, 2015 and as amended from time to time, that were issued by Ministry of Corporate Affairs, Government of India in exercise of powers conferred by Section 133 read with Section 469 of Indian Companies Act, 2013. Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of previous GAAP, which includes Standards notified under the Companies (Accounting Standards) Rules, 2006. These are the Company's first Ind AS financial statements. The date of transition to Ind AS is April 01, 2015. Refer Note 3.26 for the details of first time adoption exemptions availed by the Company.

NOTE 2 - B) KEY SOURCES OF ESTIMATION UNCERTAINTY

The preparation of financial statements in conformity with Ind AS requires that the management of the Company make estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

Examples of such estimates include the useful lives of property, plant and equipment, Intangible assets, allowance for doubtful debts/advances, insurance claims, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

(i) Impairment of non-financial assets

In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

(ii) Defined benefit plans

The cost of the defined benefit plan and other post-employment benefits and the present value of such obligation are determined using actuarial valuations. An actuarial valuation involves making various assumptions that may differ from actual developments in the future. These include the determination of the discount rate, future salary increases, mortality rates and attrition rate. Due to the complexities involved in the valuation and its long-term nature, a defined benefit obligation is highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

(iii) Fair value measurement of financial instruments

When the fair values of financial assets and financial liabilities recorded in the balance sheet cannot be measured based on quoted prices in active markets, their fair value is measured using valuation techniques including the Discounted Cash Flow (DCF) model. The inputs to these models are taken from observable markets where possible, but where this is not feasible, a degree of judgement is required in establishing fair values. Judgements include considerations of inputs such as liquidity risk, credit risk and volatility. Changes in assumptions about these factors could affect the reported fair value of financial instruments.

(iv) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 2 - C) BASIS OF PREPARATION

The Company maintains its accounts on accrual basis following the historical cost convention, except for certain items of property, plant and equipment where the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ pronouncements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations override the same requiring a different accounting treatment.

NOTE 2 - D) PRESENTATION OF FINANCIAL STATEMENTS

The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of Notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

Functional currency:

The financial statements are presented in Indian Rupees (₹) in lakhs rounded off to two decimal places in line with the requirement of Schedule III of Companies Act 2013.

Per share data are presented in Indian Rupees (₹) to two decimals places.

NOTE 3 - SIGNIFICANT ACCOUNTING POLICIES

3.1 Property, Plant and Equipment:

(i) The Company has elected to continue with the carrying value for all of its property, plant and equipment as recognized in the financial statements as at the date of transition to Ind AS, measured as per the previous GAAP and use that as deemed cost as at the date of transition.

(ii) Property, plant and equipment are stated at cost net of CENVAT / Value Added Tax less accumulated depreciation and impairment loss, if any.

(iii) Any costs directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management are capitalized as part of cost of the asset.

(iv) Property, plant and equipment are eliminated from financial statement, either on disposal or when retired from active use. Losses arising in the case of retirement of property, plant and equipment and gains or losses arising from disposal of property, plant and equipment are recognised in profit or loss in the year of occurrence.

(v) The assets' residual values, useful lives and methods of depreciation are reviewed at each financial year end and adjusted prospectively, if appropriate.

(vi) Further, where cost of a part of the asset ("asset component") is significant in relation to the total cost of asset and useful life of that part is significantly different from the useful life of the remaining asset, then the useful life of that significant component is determined separately and such component is depreciated over its separate useful life.

(vii) Assets which are not ready for the intended use as on the date of Balance Sheet are carried as "Capital work-in-progress".

3.2 Depreciation

i. Owned Assets

Depreciation on assets including buildings constructed on leasehold land is provided, under the Straight Line Method, pro rata to the period of use, based on useful life specified in Schedule II to the Companies Act, 2013 except the for certain items, where useful life estimated on technical assessment, past trends and expected useful life differ from those provided in Schedule II of the Companies Act, 2013:

The Company has reviewed and revised the useful lives of the following category of fixed assets based on technical evaluation.

Asset category	Useful life as per Schedule II (in years)	Revised Useful life adopted based on technical evaluation (in years)
(i) Marine structures	30*	50
(ii) Plant and equipment		
(a) Ship lift structures, Control system, Chiller units, Condition monitoring system, Ship position system, Ship transfer system, other ship lift related structures	30*	20
(b) Land berth and piled platforms	30*	40
(c) Rail Mounted Quay Cranes, Rubber Tyre Gantry Cranes having capacity of 40 Tons or more	15	20 (Calculated on single shift basis)
(d) Tower cranes and EOT cranes	15	25
(e) Rails	15	20
*Represents concession period as per agreement executed with the Tamil Nadu Maritime Board		

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Asset category	Useful life as per Schedule II (in years)	Revised Useful life adopted based on technical evaluation (in years)
(iii) Buildings		
(a) Production shops	30	50
(b) Container yards	30	20
(c) Internal roads	5	15
(iv) Vehicles - Motor Cars	8	7
(v) Air-Conditioner & refrigeration equipment	15	12
(vi) Diesel generator	15	12

The Company has carried out assessment of useful lives of the above assets and based on technical justification, different useful lives have been arrived at in respect of above assets.

The justification for adopting different useful life compared to the useful life of assets provided in Schedule II is based on the consumption pattern of the assets, performance of the assets and peer industry comparison duly supported by technical assessment carried out by an Independent Chartered Engineer.

In respect of additions/extensions forming an integral part of the existing assets, depreciation has been provided for over the residual life of the respective existing assets.

Depreciation on additions to / deductions from, owned fixed assets is calculated pro-rata from / to the month of additions/ deductions. Assets costing less than ₹ 5,000/- each are fully depreciated in the year of purchase.

Extra shift depreciation is provided based on the pattern of usage.

Depreciation charge for impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

ii. Leasehold land

Land acquired under long-term lease is classified under "Property, Plant and Equipment" and is depreciated over the primary lease period.

3.3 Intangible assets and amortisation

(i) Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the assets will flow to the Company and the cost of the asset can be measured reliably.

(ii) Intangible assets are stated at original cost net of tax/ duty credits availed, if any, less accumulated amortisation and cumulative impairment.

(iii) Intangible assets comprising specialized software are amortized under straight line method over their useful life over a period of 3 to 10 years.

(iv) Any costs directly attributable to the cost of preparing the asset for its intended use are included as a part of the asset.

(v) Amortisation on impaired assets is adjusted in the future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

3.4 Impairment of non-financial assets

As at each Balance Sheet date, the Company assesses whether there is an indication that an asset may be impaired and also whether there is an indication of reversal of impairment loss recognised in the previous periods. If any indication exists, carrying amount of asset is tested for impairment so as to determine:

(i) the provision for impairment loss, if any; and

(ii) the reversal of impairment loss recognized in previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

(i) in the case of an individual asset, at the higher of its fair value less costs of disposal and the value in use; and

(ii) in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's fair value less costs disposal and the value in use.

(Value in use is the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life.)

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

3.5 Inventories

Inventories are valued in the balance sheet as follows:

Raw materials, stores, spares, components and construction materials	Lower of cost (calculated on weighted average basis) and net realizable value. However, these items are considered to be realizable at cost if the finished products in which they will be used, are expected to be sold at or above cost.
Manufacturing work-in-progress	At lower of cost (calculated on weighted average basis) including related overheads and net realizable value.
Finished goods and stock-in-trade	At lower of cost (calculated on weighted average basis) and net realizable value. Cost includes related overheads and excise duty paid/ payable on such goods.

The cost of inventories comprise of all cost of purchases, cost of conversion and other related costs incurred in bringing the inventories to their present location and condition.

Slow and non-moving material, obsolesces, defective inventories are duly provided for.

Goods and materials in transit are valued at actual cost incurred up to the date of balance sheet.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed.

3.6 Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation. Short term and liquid investments being not free from more than insignificant risk of change in value, are not included as part of cash and cash equivalents.

3.7 Cash Flow Statement

Cash flows are reported using the indirect method, whereby profit/(loss) before tax is adjusted for the effects of transactions of a non-cash nature, any deferrals or accruals of past or future operating cash receipts or payments and items of income and expenses associated with investing and financing flows. The cash flows from operating, investing and financing of the Company are segregated.

3.8 Foreign currency transactions

The Company's financial statements are presented in functional currency which is INR.

(i) Foreign currency transactions are recorded on initial recognition in the functional currency, using the exchange rate at the date of the transaction.

(ii) At each balance sheet date, foreign currency monetary items are reported using the closing exchange rate.

(iii) Non-monetary items denominated in foreign currency that are measured in terms of historical cost are not retranslated. Foreign currency non-monetary items carried at fair value are retranslated at the rates prevailing at the date when the fair value was determined.

(iv) Exchange differences that arise on settlement/restatement of monetary items are recognised in the statement of profit and loss in the period in which they arise except for exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated.

3.9 Revenue recognition

Revenue is recognised based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates and other similar allowances.

(i) Revenue from sales and services includes adjustments made towards liquidated damages and price variation, wherever applicable. Escalation and other claims, which are not ascertainable / acknowledged by customers, are accounted in the period in which they are ascertained / acknowledged by customers.

(ii) Revenue from sale of manufactured and traded goods is recognised when the significant risks and rewards of ownership are transferred to the buyer under the terms of the contract.

(iii) Revenue from construction activity is recognised as follows :

Contract revenue comprising the total value of construction work performed is recognized only to the extent of cost incurred till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Expected loss, if any, on the construction activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue is taken into consideration.

(iv) Revenue from contracts for the rendering of services which are directly related to the construction of an asset is recognised on similar basis as stated in (iii) above.

(v) Revenue from sale of services is recognised based on stage of completion when the outcome of the transactions involving rendering of services can be estimated reliably and the cost incurred or to be incurred in respect of the transactions can be measured reliably. Stage of completion is determined by the proportion of actual costs incurred to-date, to the total estimated total costs of the transaction.

(vi) Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

(vii) Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

3.10 Employee Benefits

(i) Short-term employee benefits

All employee benefits falling due within twelve months from the end of the reporting period in which the employee renders the services are classified as short-term employee benefits. The benefits like salaries, wages, short-term compensated absences, etc. and the expected cost of bonus and ex-gratia are recognized in the period in which the employee renders the related service.

(ii) Post-employment benefits:

a) Defined contribution plans

The State governed provident fund scheme, employees' state insurance scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

b) Defined benefit plans

The Company's obligation towards gratuity is a defined benefit plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method, which recognizes each period of service as giving rise to additional unit of employee benefit entitlement and measures each unit separately to build up the final obligation.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans is based on the market yields on Government securities, having maturity periods approximating to the terms of related obligations as at the Balance Sheet date.

The fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation as Net Defined benefit liability (assets).

The Company recognises the following components of the defined benefit cost under employee benefit expenses in the statement of profit and loss.

- Service costs comprising current service costs, past-service costs, gains and losses on curtailments and non-routine settlements.
- Net interest on the net defined benefit liability.

Net interest on the net defined benefit liability (asset) is computed by applying the discount rate, to the net defined benefit liability (asset) at the start of the financial year after taking into account any changes as a result of contribution and benefit payments during the year.

The Company recognizes the re-measurements of the net defined benefit liability (assets), comprising of actuarial gains and losses, any change in the effect of the asset ceiling (excluding amounts included in net interest on the net defined benefit liability) and the return on plan assets (excluding amounts included in net interest on the net defined benefit liability), immediately in the balance sheet with a corresponding debit or credit to retained earnings through other comprehensive income in the period in which they occur. Remeasurements are not reclassified to the statement of profit and loss in subsequent periods.

(iii) Long-term employee benefits

The obligation for long-term employee benefits such as long-term compensated absences is recognized in the similar manner as in the case of defined benefit plans as mentioned in (ii) (b) above except for re-measurements of the net defined benefit liability which is recognized in the statement of profit and loss.

3.11 Borrowing costs

(i) Borrowing costs include interest, commitment charges, amortisation of ancillary costs, amortisation of discounts/ premium related to borrowings calculated using the effective interest method and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

(ii) Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized / inventorised as part of the cost of such asset, till such time as the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily takes a substantial period of time (ordinarily, a period of twelve months) to get ready for its intended use or sale. All other borrowing costs are recognized as an expense in the period in which they are incurred.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

3.12 Operating Segments

Operating segments are identified and reported as a component of the Company based on the performance assessment and resource allocation by the Management. The operating segments are regularly reviewed and monitored by the Chief Operating decision maker of the Company based on the discrete financial information available to evaluate their performance and allocation of resource.

The Operating segments have been identified on the basis of the nature of products / services.

(i) Segment revenue includes sales and other income directly identifiable with / allocable to the segment including inter-segment revenue.

(ii) Expenses that are directly identifiable with / allocable to segments are considered for determining the segment result. Expenses which relate to the Company as a whole and not allocable to segments are included under unallocable expenditure.

(iii) Income which relates to the Company as a whole and not allocable to segments is included in unallocable income.

(iv) Segment assets and liabilities include those directly identifiable with the respective segments. Unallocable assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment.

Inter-Segment transfer pricing

Segment revenue resulting from transactions with other business segments is accounted on the basis of transfer price agreed between the segments. Such transfer prices are either determined to yield a desired margin or agreed on a negotiated basis.

3.13 Leases

The determination of whether an arrangement is, or contains, a lease is based on the substance of the arrangement at the date of inception, whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset, even if that right is not explicitly specified in an arrangement.

Finance leases that transfer substantially all of the risks and benefits incidental to ownership of the leased item, are recognized and capitalized as assets at the commencement of the lease at the fair value of the leased assets or, if lower, at the present value of the minimum lease payments. The corresponding liability to the lessor is included in the balance sheet as a finance lease obligation. Lease payments are apportioned between finance charges and a reduction in the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognised in finance costs in the statement of profit and loss unless they are directly attributable to the qualifying assets.

A leased asset is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on straight line basis over the term of the relevant lease.

3.14 Earnings per share

Basic earnings per share is calculated by dividing the profit from continuing operations and total profit, both attributable to equity shareholders of the Company by the weighted average number of equity shares outstanding during the period.

3.15 Taxes on income

Tax on income for the current period is determined on the basis on estimated taxable income and tax credits computed in accordance with the provisions of the relevant tax laws and based on the expected outcome of assessments / appeals. It is measured using the tax rates and laws that are enacted or substantively enacted by the end of reporting date.

The current tax assets and liabilities as at balance sheet date have been arrived at after setting off current tax assets and liabilities where the Company have a legally enforceable right to set-off the recognized amounts and assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

Current income tax relating to items recognised directly in equity and in other comprehensive income are recognised in equity and other comprehensive income respectively and not in the statement of profit and loss. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Deferred tax

Deferred tax is provided for the future tax consequences using the balance sheet approach on temporary differences at the reporting date between the carrying values of the assets and liabilities for the financial reporting purposes at the reporting date and their respective tax bases used in computation of taxable profit, using tax rates and laws that are enacted or substantively enacted by the end of reporting date.

Deferred tax liabilities are recognized for all taxable temporary differences and deferred tax assets are recognized for all deductible temporary differences, the carry forward of unused tax credits and any unused tax losses.

However, deferred tax assets are recognized to the extent that it is probable that taxable income will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilized.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilized. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profits will allow the deferred tax asset to be recovered.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Deferred tax relating to items recognized directly in equity and in other comprehensive income are recognised in equity and /or other comprehensive income respectively and not in the statement of profit and loss.

The major components of the deferred tax assets and liabilities as at balance sheet date has been arrived at after setting off deferred tax assets and liabilities where the Company have a legally enforceable right to set-off assets against liabilities and where such assets and liabilities relate to taxes on income levied by the same governing taxation laws.

3.16 Provisions, contingent liabilities and contingent assets

Provisions are recognized for liabilities of uncertain timing and amount that can be measured only by using a substantial degree of estimation, if

(i) the company has a present obligation (legal or constructive) as a result of a past event,

(ii) a probable outflow of resources embodying economic benefits is expected to settle the obligation; and

(iii) the amount of obligation can be reliably estimated.

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost

Contingent liability is disclosed in the case of:

(i) a present obligation arising from a past event, when it is not probable that an outflow of resources will be required to settle the obligation;

(ii) a present obligation arising from past events, when no reliable estimate is possible;

(iii) a possible obligation arising from past events, unless the probability of outflow of resources is remote.

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each reporting date.

3.17 Financial Guarantee Asset

Financial Guarantee issued by the Holding Company to the lenders of the Company are recognised as financial liability at fair value in the books of Holding Company. Accordingly, the Company has recognised the financial guarantee charges as financial guarantee asset under other non-current/current assets, which will be systematically amortised over the term of guarantee. On initial recognition equivalent amount is recognised as Equity component of financial instruments under Other Equity.

3.18 Operating cycle for current and non-current classification

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realisation of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

3.19 Current and non-current classification:

The Company presents assets and liabilities in the balance sheet based on current/non-current classification. An asset is current when it is:

- Expected to be realised or intended to sold or consumed in normal operating cycle;
- Held primarily for the purpose of trading;
- Expected to be realised within twelve months after the reporting period; or
- Cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is current when:

- It is expected to be settled in normal operating cycle,
- It is held primarily for the purpose of trading,
- It is due to be settled within twelve months after the reporting period; or
- There is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

All other liabilities are classified as non-current.

3.20 Non-current assets held for sale and discontinued operations

Non-current assets and disposal groups are classified as held for sale if their carrying amounts will be recovered principally through a sale transaction rather than through continuing use. Non-current assets and disposal groups classified as held for sale are measured at the lower of their carrying amount and fair value less costs to sell. This condition is regarded as met only when the sale is highly probable and the asset or disposal group is available for immediate sale in its present condition. Management must be committed to the sale, which should be expected to qualify for recognition as a completed sale within one year from the date of classification.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Discontinued operations are excluded from the results of continuing operations and are presented as a single amount as profit or loss after tax from discontinued operations in the statement of profit and loss.

Assets and liabilities classified as held for sale are presented separately from other assets and liabilities in the balance sheet.

A disposal group qualifies as discontinued operation if it is a component of the Company that either has been disposed of, or is classified as held for sale, and:

(a) represents a separate major line of business or geographical area of operations,

(b) is part of a single coordinated plan to dispose of a separate major line of business or geographical area of operations, or

(c) is a subsidiary acquired exclusively with a view to resale.

3.21 Insurance claims

Compensation due under insurance policy contracts is accounted in the period when the insured loss occurs. Wherever the amount of compensation is in the process of assessment by the insurance surveyors, the compensation is recognised only to the extent of lower of compensation receivable or the carrying value of the insured assets based on assessment by management.

3.22 Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense is such that its disclosure improves an understanding of the performance of the Company. Such income or expense is classified as an exceptional item and accordingly disclosed in the notes to accounts.

3.23 Fair value measurement:

Fair value is the price that would be received to sell an asset or paid to transfer a liability considering their characteristics in an orderly transaction between market participants who act in their economic best interest in the principal market for asset and liability or most advantageous market in the absence of the principal market at the measurement date under the current market conditions regardless of whether the price is directly observable or estimated using a valuation technique.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements using inputs to measure such fair value are categorised within the fair value hierarchy on the following basis :

- **Level 1 -** Inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at the measurement date.
- **Level 2 -** Inputs are other than quoted price within level 1 that are either directly or indirectly observable for the asset or liability
- **Level 3 -** Inputs are unobservable for the asset or liability.

For assets and liabilities that are recognised in the balance sheet on a recurring basis, the Company determines whether transfers have occurred between the levels of the hierarchy by re-assessing categorisation at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3.24 Financial instruments

A financial instrument is any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity.

(i) Financial assets:

Initial recognition and measurement

The Company initially recognises financials assets in the balance sheet when, and only when, the Company becomes party to the contractual provisions of the financial instrument.

All financial assets are initially measured at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Financial assets, at initial recognition, are classified as financial assets as subsequently measured at amortised cost, fair value through other comprehensive income or as fair value through profit and loss, unless the Company irrevocably designate the financial assets as measured at fair value through profit or loss under fair value option.

Subsequent measurement

All financial assets are classified as subsequently measured at amortized cost, fair value through other comprehensive income (FVTOCI) and fair value through profit or loss (FVTPL).

The classification depends upon the following two criteria and options elected by the company:

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

(a) The company's business model for managing the financial assets, and

(b) The contractual cash flow characteristics of the financial assets.

Business model test: The objective of the Company's business model is to hold the financial asset to collect the contractual cash flows and selling financial assets.

Cash flow characteristics test: The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets at Amortized cost

Financial Assets are measured at amortized cost by using effective interest method, when the financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding rather than to sell the asset prior to its contractual maturity to realise the fair value changes.

Financial Assets through other comprehensive income (FVTOCI)

Financial Assets are measured at fair value through other comprehensive income, when the financial assets are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets, and the contractual terms of the financial assets give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial Assets through profit or loss (FVTPL)

Financial Assets are measured at fair value through profit or loss unless they are measured at amortised cost or fair value through other comprehensive income or the Company irrevocably designate the financial assets as measured at fair value through profit or loss under fair value option.

Derecognition

The Company primarily derecognizes the financial assets when the contractual rights to receive cash flows from the assets have expired or the Company has transferred the financial assets by transfer of the contractual rights to receive cash flows of the financial assets or the Company retains the contractual rights to receive the cash flows of a financial asset but assumes a contractual obligation to pay those cash flows to one or more recipients in an arrangement where the Company has transferred substantially all the risks and rewards of ownership of the financial assets or has not retained any control over the assets.

Investment in Equity Instruments

Equity instruments which are held for trading are classified as FVTPL.

Investment in Debt Instruments

The Company classifies the debt instruments at amortised cost or at FVTOCI.

Debt instruments classified under amortised cost are initially recognized at fair value and subsequently measured at amortised cost.

Debt instrument classified under FVTOCI are measured initially as well as subsequently at each reporting date at fair value. Movements in the carrying amounts are recognized in other comprehensive income. The Company recognises interest income, impairment gains or loss and foreign exchange gains or losses in statement of profit and loss. The Company on derecognition of the asset reclassifies the cumulative gain or loss previously recognized in OCI to statement of profit and loss.

Any debt instrument which does not meet the criteria for categorization as at amortised cost or at FVTOCI are classified as at FVTPL.

Impairment of financial assets

The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost, debt instruments at FVTOCI, lease receivables, trade receivables and other contractual rights to receive cash or other financial asset and financial guarantees not designated as at FVTPL. For the purpose of measuring expected credit loss allowance for businesses other than financial services for trade receivables, the Company has used a provision matrix which takes into account historical credit loss experience and adjusted for forward looking information as permitted under Ind AS 109.

(ii) Financial liabilities:

Financial liabilities are classified at initial recognition, as financial liabilities as fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using EIR.

Financial liabilities at fair value through profit or loss (FVTPL) are subsequently measured at fair value.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

(iii) Derivative financial instruments and hedge accounting:

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges, cash flow hedges, or hedges of net investments in foreign operations. Hedges of foreign exchange risk on firm commitments are accounted for as cash flow hedges.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognised in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised in statement of profit and loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognised in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognised hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

3.25 Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for.

b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

3.26 First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 01, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has applied the derecognition requirements of financial assets and financial liabilities prospectively for transactions occurring on or after April 01, 2015 (transition date).
2. The Company has determined the classification of debt instruments in terms of whether they meet the amortised cost criteria or the FVTPL or Loss or FVTOCI criteria based on the facts and circumstances that existed as of the transition date.
3. The Company has opted to continue with the carrying value for all of its PPE & investment property as recognised in its previous GAAP financial as deemed cost at the transition date.
4. The Company has applied the impairment requirements of Ind AS 109 retrospectively; however, as permitted by Ind AS 101, it has used reasonable and supportable information that is available without undue cost or effort to determine the credit risk at the date that financial instruments were initially recognised in order to compare it with the credit risk at the transition date. Further, the Company has not undertaken an exhaustive search for information when determining, at the date of transition to Ind AS, whether there have been significant increases in credit risk since initial recognition, as permitted by Ind AS 101.
5. The Company has assessed all contracts and arrangements for embedded leases based on conditions in place as at the date of transition.
6. The estimates as at April 01, 2015 and at March 31, 2016 are consistent with those made for the same dates in accordance with the Indian GAAP.

Refer Note No. 50 for detailed Reconciliation of Equity as at April 01, 2015 and March 31, 2016 pursuant to Indian Accounting Standard (Ind AS) 101 “First-time Adoption of Indian Accounting Standards”.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 4 : PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Gross carrying value				Depreciation / Obsolescence				Net carrying value	As at March 31, 2016	
	As at April 01, 2015	Additions during the year	Deductions / Adjustments	As at March 31, 2016	Up to March 31, 2015	For the Year	Deductions / Adjustments	Up to March 31, 2016	As at March 31, 2016	Net carrying value of held for sale	Net carrying value of continuing operations
Leased											
Land - leasehold [Refer notes below]	39290.50	–	–	39290.50	–	423.82	–	423.82	38866.68	13260.96	25605.72
Owned											
Building	56277.44	4304.13	–	60581.57	–	2235.16	–	2235.16	58346.41	19420.49	38925.92
Marine structures	215596.00	83.69	–	215679.69	–	8155.49	–	8155.49	207524.20	103032.65	104491.55
Plant and equipment											
General	38496.65	778.18	–	39274.83	–	2742.30	–	2742.30	36532.53	26539.03	9993.50
Electrical installation	7209.73	8.63	–	7218.36	–	938.15	–	938.15	6280.21	2905.40	3374.81
Computers	405.86	66.09	11.58	460.37	–	183.49	9.91	173.58	286.79	86.29	200.50
Office equipment	241.13	53.01	20.87	273.27	–	104.83	20.87	83.96	189.31	72.22	117.09
Air conditioning and refrigeration equipment	256.28	41.99	–	298.27	–	36.99	–	36.99	261.28	2.55	258.73
Utilities	1722.10	12.17	–	1734.27	–	141.50	–	141.50	1592.77	796.36	796.41
Furniture and fixtures	476.44	269.47	44.79	701.12	–	141.60	44.79	96.81	604.31	128.68	475.63
Vehicles	288.10	1.44	16.88	272.66	–	56.74	4.08	52.66	220.00	25.78	194.22
Total	**360260.23**	**5618.80**	**94.12**	**365784.91**	**–**	**15160.07**	**79.65**	**15080.42**	**350704.49**	**166270.41**	**184434.08**

Particulars	Gross carrying value					Depreciation / Obsolescence					Net carrying value
	As at April 1, 2016	Additions during the year	Deductions / Adjustments	Assets transferred on demerger [Refer Note 44]	As at March 31, 2017	Up to March 31, 2016	For the year	Deductions / Adjustments	Transferred on demerger [Refer Note 44]	Up to March 31, 2017	As at March 31, 2017
Leased											
Land - leasehold [Refer notes below]	39290.50	–	0.11	13405.51	25884.88	423.82	279.08	0.11	144.54	558.25	25326.63
Owned											
Building	60581.57	123.99	–	20390.02	40315.54	2235.16	1275.81	–	969.53	2541.44	37774.10
Marine structures	215679.69	496.80	–	105438.08	110738.41	8155.49	5819.55	–	2405.43	11569.61	99168.80
Plant and equipment											
General	39274.83	1293.48	21.46	28244.41	12302.44	2742.30	1161.36	(1.08)	1705.38	2199.36	10103.08
Electrical installation	7218.36	69.94	(11.05)	3336.89	3962.46	938.15	532.78	0.02	431.48	1039.43	2923.03
Computers	460.37	77.04	16.93	129.25	391.23	173.58	109.14	4.84	42.96	234.92	156.31
Office equipment	273.27	172.92	11.67	114.31	320.21	83.96	70.73	2.77	42.09	109.83	210.38
Air conditioning and refrigeration equipment	298.27	3.10	(13.91)	2.85	312.43	36.99	31.79	0.37	0.30	68.11	244.32
Utilities	1734.27	–	–	867.24	867.03	141.50	70.95	–	70.87	141.58	725.45
Furniture and fixtures	701.12	33.52	(2.32)	148.34	588.62	96.81	74.99	2.62	19.66	149.52	439.10
Vehicles	272.66	2.98	(1.07)	32.10	244.61	52.66	44.72	2.27	6.31	88.80	155.81
Total	**365784.91**	**2273.77**	**21.82**	**172109.00**	**195927.86**	**15080.42**	**9470.90**	**11.92**	**5838.55**	**18700.85**	**177227.01**

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Note:

(a) Land-Leasehold represents 1148.40 acres of land (including Sub-leased land) taken on lease [See Note (b)] from M/s. Tamilnadu Industrial Development Corporation Limited (TIDCO) on various dates.

(b) Lease period of the land is given below:

Lease commencement date	Area (in acres)	Area (in acres)	Period of lease	Gross carrying value (rounded off to ₹ lakhs)
14.01.2009		318.17	99 years	8177
19.11.2009	824.57		98 years & 2 months	
Less: Sub-lease of land to L&T Hydrocarbon Engineering Limited				
11.02.2010	(79.43)		97 years	
12.12.2014	(61.10)		93 years & 1 month	
		684.04		16180
29.07.2010		5.66	97 years & 6 months	122
Add: Land development charges		–		14812
Total area taken on lease from TIDCO (net of sub-lease land) (i)		**1007.87**		**39291**
Less: Transfer of land to MIDPL [Refer Note below]				
		318.17		8177
31.03.2016		3.58		93
		50.00		1285
Land development charges attributable to MIDPL land portion		–		3851
Total area transferred to MIDPL (ii)		**371.75**		**13406**
Total area utilised for shipyard (iii)=(i)-(ii)		**636.12**		**25885**

Note : Pursuant to Scheme of Arrangement for Demerger 371.75 acres of Land is transferred to Marine Infrastructure Developer Private Limited (MIDPL)

(c) The lease rentals for Lease Land of 776.65 acres including Sub-lease land, after transfer of 371.75 acres of land to MIDPL, till the end of the lease period is Re.1 per acre per annum.

(d) Property, Plant and Equipment pledged as security

Refer Note No. 22 for information on Property, Plant and Equipment pledged as security by the company.

NOTE 5 - CAPITAL WORK-IN-PROGRESS

(₹ **in lakhs**)

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
Building	**140.10**	*59.14*	*4367.30*
Plant and equipment	**235.47**	*913.51*	*604.12*
Total	**375.57**	*972.65*	*4971.42*

NOTE 6 - OTHER INTANGIBLE ASSETS

(₹ **in lakhs**)

Particulars	Cost				Amortisation				Net carrying value		As at March 31, 2016	
	As at April 1, 2015	Additions during the year	Deductions / Adjustments	As at March 31, 2016	Up to March 31, 2015	For the year	Deductions / Adjustments	Up to March 31, 2016	As at April 01, 2015	As at March 31, 2016	Net carrying value of held for sale	Net carrying value of continuing operations
Software	1197.57	34.48	–	1232.05	776.29	165.36	–	941.65	421.28	290.40	207.97	82.43
Total	**1197.57**	**34.48**	**–**	**1232.05**	**776.29**	**165.36**	**–**	**941.65**	**421.28**	**290.40**	**207.97**	**82.43**

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	Cost					Amortisation					Net carrying value
	As at April 1, 2016	Additions during the year	Deductions / Adjustments	Assets transferred on demerger [Refer Note 44]	As at March 31, 2017	Up to March 31, 2016	Deductions / Adjustments	Deductions	Transferred on demerger [Refer Note 44]	Up to March 31, 2017	As at March 31, 2017
Software	1232.05	11.80	–	455.41	788.44	941.65	44.98	–	247.44	739.19	49.25
Total	**1232.05**	**11.80**	**–**	**455.41**	**788.44**	**941.65**	**44.98**	**–**	**247.44**	**739.19**	**49.25**

NOTE 7 - INTANGIBLE ASSETS UNDER DEVELOPMENT

(₹ in lakhs)

Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
Software	**–**	*10.50*	–
Total	**–**	*10.50*	–

Impairment of assets

The Company has reviewed the value in use of Cash Generating Units and has satisfied that the recoverable amount of the Cash Generating Units is more than the carrying amount as per books. Accordingly, no provision for impairment is required to be made in these financial statements.

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	₹ in lakhs	₹ in lakhs	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*
NOTE 8 - NON-CURRENT FINANCIAL ASSETS - LOANS						
Unsecured, considered good						
Security deposits		**392.33**		*377.94*		*334.61*
Total		**392.33**		*377.94*		*334.61*
NOTE 9 - OTHER FINANCIAL ASSETS						
Bank deposits with more than 12 months of original maturity		**115.42**		–		–
(Held as margin money against Bank Guarantee)						
Total		**115.42**		–		–
NOTE 10 - OTHER NON-CURRENT ASSETS						
Unsecured, considered good						
Capital advances						
– to holding company	**–**		–		*2.19*	
– to others	**–**		*7.80*		*130.10*	
		–		*7.80*		*132.29*
Prepaid expenses		**43.30**		*39.11*		*138.90*
Financial guarantee		**815.77**		*970.03*		*1138.34*
Total		**859.07**		*1016.94*		*1409.53*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Particulars	As at March 31, 2017 ₹ in lakhs	₹ in lakhs	As at March 31, 2016 ₹ in lakhs	₹ in lakhs	As at April 01, 2015 ₹ in lakhs	₹ in lakhs
NOTE 11 - INVENTORIES						
Stores, spares and components	**2261.40**		*1733.74*		*918.85*	
[includes goods-in-transit ₹ 40.81 lakhs; previous year - 2016 ₹ 16.82 lakhs; and previous year - 2015 ₹ 108.92 lakhs]						
Less : Provision for slow moving/non-moving items	**(204.27)**		–		–	
		2057.13		*1733.74*		*918.85*
Less : Inventories held for sale		**–**		*(132.18)*		–
Manufacturing work-in-progress		**25445.57**		*23336.51*		*23336.51*
Total		**27502.70**		*24938.07*		*24255.36*

NOTE 12 - CURRENT FINANCIAL ASSETS - INVESTMENTS

Particulars	No. of units	₹ in lakhs	No. of units	₹ in lakhs	No. of units	₹ in lakhs
Investment in mutual funds - Quoted						
Axis Liquid Fund - Growth Plan (Face Value : ₹ 1,000)			*15104.392*	*253.14*	*15104.392*	*233.93*
Axis - Short Term Fund - Growth (Face Value : ₹ 10)	**1526331.160**	**271.38**				
Reliance Liquid Fund-TP-Growth (Face Value : ₹ 1,000)			*6867.978*	*253.12*	*6867.978*	*233.90*
Reliance Medium Term Fund - Growth Plan (Face Value : ₹ 10)	**795985.350**	**271.63**				
L&T Liquid Fund - Growth Plan (Face Value : ₹ 1,000)			*22656.544*	*469.95*	*22656.544*	*434.29*
L&T Mutual Fund - Banking & PSU Debt Fund (Face Value : ₹ 10)	**3468692.550**	**501.02**				
Total		**1044.03**		*976.21*		*902.12*

Details of quoted investments

Particulars	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
Aggregate amount of quoted current investments at market value:		**1044.03**		*976.21*		*902.12*

Particulars	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
NOTE 13 - TRADE RECEIVABLES						
Unsecured, considered good						
Trade receivable	**6687.11**		*4475.05*		*4668.98*	
Less :Allowance for expected credit loss	**(301.60)**		*(100.59)*		*(51.12)*	
		6385.51		*4374.46*		*4617.86*
Unsecured, considered doubtful						
Trade receivable	**1117.00**					
Less : Provision for doubtful debts	**(1117.00)**		–		–	
		–		–		–
Less : Trade receivables held for sale	**–**		*(206.15)*		–	
		–		*(206.15)*		–
Total		**6385.51**		*4168.31*		*4617.86*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Particulars	As at March 31, 2017 ₹ in lakhs	₹ in lakhs	As at March 31, 2016 ₹ in lakhs	₹ in lakhs	As at April 01, 2015 ₹ in lakhs	₹ in lakhs
NOTE 14 - CASH AND BANK BALANCES						
Balances with banks in current accounts	3.47		21.77		11.99	
Cash on hand [Refer Note 14A below]	0.81		0.51		1.26	
Cash and cash equivalents		4.28		22.28		13.25
Other balances with banks (Term deposit held as margin money against bank guarantees)		1770.72		–		–
Total		1775.00		22.28		13.25

NOTE 14A - DISCLOSURE ON SPECIFIED BANK NOTES (SBNs)

During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R.308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 08, 2016 to December 30, 2016, the denomination wise SBNs and other notes as per the notification is given below:

Particulars	SBN's *	Other Denomination Notes	Total
	₹	₹	₹
Closing cash in hand as on November 08, 2016	125,000	62,398	187,398
(+) Permitted receipts	–	170,990	170,990
(-) Permitted payments	–	(195,849)	(195,849)
(- / +) Exchange of SBNs with bank for aggregate value less than ₹ 4,000 or below	(1,500)	1,500	–
(-) Amount deposited with bank	(123,500)	–	(123,500)
Closing cash in hand as on December 30, 2016	**–**	**39,039**	**39,039**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated November 08, 2016.

Particulars	As at March 31, 2017 ₹ in lakhs	₹ in lakhs	As at March 31, 2016 ₹ in lakhs	₹ in lakhs	As at April 01, 2015 ₹ in lakhs	₹ in lakhs
NOTE 15 - CURRENT FINANCIAL ASSET - LOANS						
Unsecured, considered good						
Security deposits		13.46		52.56		45.78
Security deposit with customers	24.00		46.50		40.24	
Less: Allowance for expected credit loss	(3.72)		(5.06)		(1.58)	
		20.28		41.44		38.66
Total		33.74		94.00		84.44
NOTE 16 - OTHER CURRENT FINANCIAL ASSETS						
Receivable from MIDPL		8984.80		–		–
(Refer Note 44 on Scheme of Arrangement for Demerger)						
Other receivables	169.14		456.56		–	
Less : Allowance for expected credit loss	(13.00)		(24.87)		–	
		156.14		431.69		–
Advance recoverable in cash or kind						
– Advances to employees	–		21.93		0.20	
– Others	0.66		0.25		63.67	
		0.66		22.18		63.87
Total		9141.60		453.87		63.87

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Particulars	As at March 31, 2017 ₹ in lakhs	₹ in lakhs	As at March 31, 2016 ₹ in lakhs	₹ in lakhs	As at April 01, 2015 ₹ in lakhs	₹ in lakhs
NOTE 17 - CURRENT TAX ASSETS (NET)						
Advance payment of income tax (net of provisions) [Refer note below]		**3287.32**		*1689.36*		*382.04*
Total		**3287.32**		*1689.36*		*382.04*

Note : Earlier year tax provision of ₹ 134.50 lakhs no longer required is written back during the year.

Particulars	As at March 31, 2017 ₹ in lakhs	₹ in lakhs	As at March 31, 2016 ₹ in lakhs	₹ in lakhs	As at April 01, 2015 ₹ in lakhs	₹ in lakhs
NOTE 18 - OTHER CURRENT ASSETS						
Unsecured, considered good						
Due from customers for construction activity						
Work-in-progress at realisable sale value	**33791.77**		*98774.57*		*73157.84*	
Work-in-progress at cost	**22512.35**		*5686.80*		*2730.51*	
	56304.12		*104461.37*		*75888.35*	
Less:						
Provision for expected losses	**(72.10)**		*(591.12)*		*(262.06)*	
Progress bills raised	**–**		*–*		*–*	
	(72.10)		*(591.12)*		*(262.06)*	
		56232.02		*103870.25*		*75626.29*
Other receivables [Refer Note 46]		**33947.46**		*1434.93*		*157.34*
Financial guarantee		**154.26**		*168.31*		*344.54*
Advance recoverable other than in cash						
Advances to suppliers	**5039.63**		*6028.54*		*3925.71*	
Prepaid insurance	**319.32**		*182.74*		*480.98*	
Prepaid expenses	**393.78**		*464.64*		*599.96*	
Prepaid rent	**62.89**		*88.89*		*109.35*	
VAT recoverable	**403.16**		*7.19*		*–*	
Service tax recoverable	**46.12**		*99.11*		*632.21*	
Advance custom duty	**1.70**		*31.02*		*15.36*	
		6266.60		*6902.13*		*5763.57*
Total		**96600.34**		*112375.62*		*81891.74*
NOTE 19 - ASSETS CLASSIFIED AS HELD FOR SALE						
Property, Plant and Equipment [Refer Note 4]		**–**		*166270.41*		*–*
Other intangible assets [Refer Note 6]		**–**		*207.97*		*–*
Inventories [Refer Note 11]		**–**		*132.18*		*–*
Trade receivables [Refer Note 13]		**–**		*206.15*		*–*
Total		**–**		*166816.71*		*–*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 20 - EQUITY SHARE CAPITAL

A(I) Authorised, issued, subscribed and paid-up share capital

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Numbers	**₹ in lakhs**	*Numbers*	*₹ in lakhs*	*Numbers*	*₹ in lakhs*
Authorised:						
Equity Shares of ₹ 10/- each	**1,300,000,000**	**130000.00**	*1,300,000,000*	*130000.00*	*1,300,000,000*	*130000.00*
Total	**1,300,000,000**	**130000.00**	*1,300,000,000*	*130000.00*	*1,300,000,000*	*130000.00*
Issued, subscribed and fully paid-up:						
Equity Shares of ₹ 10/- each	**444,000,000**	**44400.00**	*844,000,000*	*84400.00*	*844,000,000*	*84400.00*
Total	**444,000,000**	**44400.00**	*844,000,000*	*84400.00*	*844,000,000*	*84400.00*

A(II) Reconciliation of shares outstanding at the beginning and at the end of the year

Particulars	2016-17		*2015-16*		*2014-15*	
	Numbers	**₹ in lakhs**	*Numbers*	*₹ in lakhs*	*Numbers*	*₹ in lakhs*
(i) Equity Share Capital						
At the beginning of the year	**844,000,000**	**84400.00**	*844,000,000*	*84400.00*	*844,000,000*	*84400.00*
Add: Issued during the year	**–**	**–**	–	–	–	–
Less: Reorganisation of Equity Share capital [Refer note below]	**(400,000,000)**	**(40000.00)**	–	–	–	–
At the end of the year	**444,000,000**	**44400.00**	*844,000,000*	*84400.00*	*844,000,000*	*84400.00*

Note: Reorganisation of Equity Share Capital consequent to Demerger of Port business

(i) The reorganisation in share capital of the Company as stated above is an integral part of the Scheme of Arrangement for Demerger approved by the National Company Law Tribunal on March 20, 2017. The issued, subscribed, paid-up capital of the company has been reduced to the extent of 38,80,00,000 equity shares face value of ₹ 10 held by Larsen & Toubro Limited on account of conversion and re-classified as Preference Shares of the Company. Further equity shares of 1,20,00,000 face value of ₹ 10 held by Tamil Nadu Industrial Development Corporation Limited has been cancelled and reduced from the issued, subscribed, paid-up capital of the company.

A(III) Terms / rights and restrictions attached to equity shares

(i) The Company has issued only one class of equity shares having face value of ₹ 10/- each. Each holder of equity share is entitled to one vote per share.

(ii) The shares issued carry equal rights and voting power. No securities have been issued with the right / option to convert the same into equity shares at a later date.

(iii) The Company declares and pays dividend in Indian Rupees. All the shares issued carry equal right of dividend declared by the Company and no restrictions are attached to any specific shareholder.

(iv) In the event of liquidation, the equity shareholders are eligible to receive the remaining assets of the Company after distribution of all preferential amounts, in proportion to their shareholding.

A(IV) Details of shares held by the holding company

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Numbers	**₹ in lakhs**	*Numbers*	*₹ in lakhs*	*Numbers*	*₹ in lakhs*
(i) Equity Shares						
Larsen & Toubro Limited (along with its nominees)	**430,680,000**	**43068.00**	*818,680,000*	*81868.00*	*818,680,000*	*81868.00*

A(V) Details of shareholders holding more than 5% of shares at the end of the year as per the records of the Company

Particulars	As at March 31, 2017		*As at March 31, 2016*		*As at April 01, 2015*	
	Numbers	**Shareholding %**	*Numbers*	*Shareholding %*	*Numbers*	*Shareholding %*
(i) Equity Shares						
Larsen & Toubro Limited (along with its nominees)	**430,680,000**	**97.00**	*818,680,000*	*97.00*	*818,680,000*	*97.00*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

A(VI) Shares issued for consideration other than cash

The aggregate number of shares issued pursuant to contracts, without payment being received in cash in the five years immediately preceding March 31, 2017 – Nil (in the five years immediately preceding March 31, 2016 is Nil)

A(VII) The Company has not allotted any bonus shares or bought back any shares during the five years immediately preceding March 31, 2017 (five years immediately preceding March 31, 2016 : Nil)

A(VIII) The Company has not reserved any shares for issue under options and contracts / commitments for the sale of shares / disinvestments.

A(IX) Calls unpaid : Nil ; Forfeited shares : Nil.

NOTE 21 - OTHER EQUITY

(a) Hedging reserve

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
Opening Balance as per previous GAAP		**–**		*–*		*(274.44)*
As per last balance sheet		**(1146.80)**		*(429.18)*		*–*
Add: Additions / deductions during the year (net)		**(1624.53)**		*(717.62)*		*–*
Ind AS Adjustments [Refer Note 50]		**–**		*–*		*(154.74)*
Sub-total (a)		**(2771.33)**		*(1146.80)*		*(429.18)*

(b) Reserves and Surplus

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
Opening Retained Earnings as per previous GAAP		**–**		*–*		*(152328.23)*
Retained earnings as per last balance sheet		**(225078.39)**		*(153907.85)*		*–*
Add: Profit / (loss) for the year		**(34834.31)**		*(71170.54)*		*–*
Add : Ind AS adjustments [Refer Note 50]		**–**		*–*		*(1579.62)*
Sub-total (b)		**(259912.70)**		*(225078.39)*		*(153907.85)*

(c) Items of Other comprehensive income

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
Balance as per last balance sheet		**0.82**		*–*		*–*
Add: Remeasurements of defined benefit plans		**23.28**		*10.11*		*–*
Less: Held for sale		**–**		*(9.29)*		*–*
Sub-total (c)		**24.10**		*0.82*		*–*

(d) Equity Component of Financial Instruments

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
(i) Equity component of Preference Share Capital as per last balance sheet	**104867.93**		*10484.15*		*10484.15*	
Add: Additions during the year	**27577.24**		*94383.78*		*–*	
		132445.17		*104867.93*		*10484.15*
(ii) Equity component of financial guarantee as per last balance sheet	**2874.30**		*2874.30*		*2874.30*	
Add: Additions during the year	**–**		*–*		*–*	
		2874.30		*2874.30*		*2874.30*
Sub-total (d) = (i)+(ii)		**135319.47**		*107742.23*		*13358.45*
Grand Total of Other Equity (e) = (a)+(b)+(c)+(d)		**(127340.46)**		*(118482.14)*		*(140978.58)*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 22 - NON-CURRENT FINANCIAL LIABILITIES

BORROWINGS :

(a) Redeemable, non-convertible, fixed rate debentures (privately placed) - secured

Face value per Debenture (₹)	**Date of allotment**	**No. of Debentures**	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*	**Coupon rate of interest**	**Terms of redemption for debentures outstanding**
1000000	25-Oct-12	2910	**30154.72**	*30149.29*	*30130.14*	9.10% p.a. payable annually	Redeemable at face value at the end of 15 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 10th year from the date of allotment.
1000000	25-Oct-12	2600	**26944.74**	*26939.63*	*26921.99*	9.10% p.a. payable annually	Redeemable at face value at the end of 14 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 10th year from the date of allotment.
1000000	25-Oct-12	2600	**26947.37**	*26941.58*	*26923.31*	9.10% p.a. payable annually	Redeemable at face value at the end of 13 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 10th year from the date of allotment.
1000000	25-Oct-12	2600	**26950.49**	*26943.89*	*26924.88*	9.10% p.a. payable annually	Redeemable at face value at the end of 12 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 10th year from the date of allotment.
1000000	25-Oct-12	2600	**26954.23**	*26946.66*	*26926.75*	9.10% p.a. payable annually	Redeemable at face value at the end of 11 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 10th year from the date of allotment.
Secured Debentures (i)		**13310**	**137951.55**	*137921.05*	*137827.07*		

Security

13,310 fully paid redeemable non-convertible debentures having face value of ₹ 10,00,000 /- each issued on private placement basis are secured by :

i) First pari-passu charge over the assets of the Company with an asset cover of 1.25 times;

ii) Unconditional, irrevocable and continuing Corporate guarantee from the holding company, Larsen & Toubro Limited for the repayment of interest, principal and other dues; and

iii) Charge on the designated account under the Debenture Trust Deed.

(b) Redeemable, non-convertible, fixed rate debentures (privately placed) - unsecured

Face value per Debenture (₹)	**Date of allotment**	**No. of Debentures**	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*	**Coupon rate of interest**	**Terms of redemption and date of redemption**
1000000	25-Oct-12	–	**–**	–	*124332.39*	8.95% p.a. payable annually	Redeemable at face value at the end of 5 years from the date of allotment or on exercise of call option. The Company has call option to redeem debentures at the end of 3rd and 4th year from the date of allotment. The Company has exercised the call option and has redeemed the debentures on October 25, 2015

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Face value per Debenture (₹)	Date of allotment	No. of Debentures	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*	Coupon rate of interest	Terms of redemption and date of redemption
1000000	25-Mar-13	–	–	–	*15536.44*	8.90% p.a. payable annually	Redeemable at face value at the end of 4 years and 7 months from the date of allotment or on exercise of call option. The Company has call option to redeem debentures on October 25, 2015 and on October 25, 2016 from date of allotment. The Company has exercised the call option and has redeemed the debentures on October 25, 2015
1000000	30-Apr-13	–	–	–	*20714.75*	8.90% p.a. payable annually	Redeemable at face value at the end of 4 years and 6 months from the date of allotment or on exercise of call option. The Company has call option to redeem debentures on October 25, 2015 and on October 25, 2016 from date of allotment. The Company has exercised the call option and has redeemed the debentures on October 25, 2015
Unsecured debentures (ii)		**–**	**–**	–	*160583.58*		
Sub-total of debentures (iii)=(i)+(ii)		**13310**	**137951.55**	*137921.05*	*298410.65*		

(c) Liability Component of Preference Share Capital

(I) Authorised Preference Share Capital

Particulars	As at March 31, 2017 Numbers	As at March 31, 2017 ₹ in lakhs	*As at March 31, 2016 Numbers*	*As at March 31, 2016 ₹ in lakhs*	*As at April 01, 2015 Numbers*	*As at April 01, 2015 ₹ in lakhs*
Authorised:						
Preference Shares of ₹ 10/- each	**3,400,000,000**	**340000**	*3,400,000,000*	*340000*	*3,400,000,000*	*340000*
Total	**3,400,000,000**	**340000**	*3,400,000,000*	*340000*	*3,400,000,000*	*340000*

(II) Liability Component

Type of Preference Shares	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
12% Cumulative, Redeemable Preference shares having face value of ₹ 10/- each.	**8562.16**	*7850.31*	*3931.15*
9% Non- Cumulative, Redeemable Preference shares having face value of ₹ 10/- each.	**51600.67**	*37189.59*	–
Total of Liability component of Preference Share Capital (iv)	**60162.83**	*45039.90*	*3931.15*
Total Borrowings (v) = (iii) + (iv)	**198114.38**	*182960.95*	*302341.80*

(III) Terms of Preference Share Capital

12% Preference Shares

(i) The Company has issued 12% Cumulative, Redeemable Preference shares having face value of ₹ 10/- each.

(ii) The Preference shares have a maturity period of 15 years with any time call or put options.

(iii) The Preference Shares will not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act.

(iv) The Preference shares are redeemable at par, out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for the purpose of redemption.

(v) The liability component of Preference share capital is measured at amortised cost basis using the risk adjusted G-Sec interest rates existing as at the dates of issue.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

9% Preference Shares

(i) The Company has issued 9% Non- Cumulative, Redeemable Preference shares having face value of ₹ 10/- each.

(ii) The Preference shares have a maturity period of 15 years with any time call or put options.

(iii) The Preference Shares will not carry any voting rights except in case of any resolution placed before the Company which directly affects the rights attached to such shares or otherwise provided in the Companies Act.

(iv) The Preference shares are redeemable at par, out of the profits of the Company which would otherwise be available for dividend or out of the proceeds of fresh issue of shares made for the purpose of redemption.

(v) The liability component of Preference share capital is measured at amortised cost basis using the risk adjusted G-Sec interest rates existing as at the dates of issue.

NOTE 23 - CURRENT FINANCIAL LIABILITIES
BORROWINGS

Particulars	**As at March 31, 2017 ₹ in lakhs**	*As at March 31, 2016 ₹ in lakhs*	*As at April 01, 2015 ₹ in lakhs*
(i) Loans repayable on demand from banks			
– Working capital facilities [Refer Note (a) below]			
Secured [Refer Note (b) below]	**28850.86**	*16458.01*	*60905.71*
Unsecured	**9337.62**	*10363.17*	*7432.04*
(ii) Loans from related parties			
Unsecured			
Inter Corporate Deposits (ICD) from holding company [Refer Note (c) below]	**51200.00**	*201800.63*	*38675.63*
Less: Liabilities associated with group of assets classified as held for sale	**–**	*(150202.59)*	*–*
Total	**89388.48**	*78419.22*	*107013.38*

Note:

a) Terms of repayment and other conditions for loans from banks

Working capital facilities from banks in the nature of cash credits and overdrafts are repayable on demand and buyers' credit and packing credit are repayable within one year.

b) Nature of security for secured loans from banks

Paripassu first charge on the current assets of the Company, namely stock of inventory, bills receivables and book debts and merchandise covered by bills drawn under LC at L&T Shipbuilding Limited, Kattupalli Village, Tiruvallur District, Chennai-600 120 or wherever else the same may be held by any party to the order or disposition of the Company in the course of transit or on order or delivery, howsoever and wheresoever in the possession of the Company and either by way of substitution or addition.

c) Rate of interest and terms of repayment for borrowings from Holding Company:

Nature of borrowing	Amount outstanding as at March 31, 2017 (₹ in lakhs)	Rate of interest	Due date of repayment
Inter Corporate Deposits	8300.00	8.25%	June 30, 2017
Inter Corporate Deposits	16300.00	8.25%	June 30, 2017
Inter Corporate Deposits	11500.00	8.25%	June 30, 2017
Inter Corporate Deposits	612.00	8.25%	June 30, 2017
Inter Corporate Deposits	14488.00	8.25%	June 30, 2017
Total	**51200.00**		

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 24 - TRADE PAYABLES

Particulars	As at March 31, 2017 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs	*As at March 31, 2016 ₹ in lakhs*	*As at March 31, 2016 ₹ in lakhs*	*As at April 01, 2015 ₹ in lakhs*	*As at April 01, 2015 ₹ in lakhs*
(a) Total outstanding dues to micro enterprises and small enterprises [Refer Note (a) below]		**36.68**		*81.03*		*125.91*
(b) Total outstanding dues of creditors other than micro enterprises and small enterprises						
(i) Related parties:						
Holding company	**1548.21**		*384.10*		*174.27*	
Fellow subsidiaries	**83.12**		*221.35*		*179.28*	
	1631.33		*605.45*		*353.55*	
(ii) Others	**10214.91**		*8622.63*		*10325.18*	
		11846.24		*9228.08*		*10678.73*
Total		**11882.92**		*9309.11*		*10804.64*

Note:

(a) The Company has amounts due to suppliers under The Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31, 2017. The disclosure pursuant to the said Act is as under:

Sl. No.	Particulars	2016-17 ₹ in lakhs	*2015-16 ₹ in lakhs*	*2014-15 ₹ in lakhs*
(i)	Principal amount due to suppliers under MSMED Act	**36.68**	*81.03*	*125.91*
(ii)	Interest accrued and due to suppliers under MSMED Act on the above amount, and unpaid	**2.42**	*2.57*	*10.18*
(iii)	Payment made to suppliers (other than interest) beyond the appointed day during the year	**297.96**	*155.00*	*225.01*
(iv)	Interest paid to suppliers under MSMED Act (other than Section 16)	**–**	*–*	*–*
(v)	Interest paid to suppliers under MSMED Act (Section 16)	**–**	*25.80*	*–*
(vi)	Interest due and payable towards suppliers under MSMED Act for payments already made	**16.46**	*0.26*	*10.14*
(vii)	Interest accrued and remaining unpaid at the end of the year to suppliers under MSMED Act	**18.88**	*2.83*	*22.22*

NOTE 25 - OTHER FINANCIAL LIABILITIES

Particulars	As at March 31, 2017 ₹ in lakhs	As at March 31, 2017 ₹ in lakhs	*As at March 31, 2016 ₹ in lakhs*	*As at March 31, 2016 ₹ in lakhs*	*As at April 01, 2015 ₹ in lakhs*	*As at April 01, 2015 ₹ in lakhs*
Due to related parties:						
– Holding company	**5067.25**		*2907.53*		*1842.67*	
– Fellow subsidiaries	**222.32**		*495.28*		*811.76*	
		5289.57		*3402.81*		*2654.43*
Security deposit received	**121.70**		*2671.70*		*81.50*	
Less: Liabilities associated with group of assets classified as held for sale	**–**		*(1275.00)*		*–*	
		121.70		*1396.70*		*81.50*
Liability for capital goods:						
– due to holding company	**90.39**		*188.59*		*402.16*	
– due to others	**3774.12**		*4027.88*		*4981.94*	
		3864.51		*4216.47*		*5384.10*
Liability for expenses		**5273.25**		*6556.71*		*2367.59*
Liability towards employees/workmen		**378.64**		*381.94*		*447.80*
Forward contract payable		**2169.61**		*836.73*		*1268.38*
Other payables [Refer Note (a) below]		**50006.69**		*651.84*		*664.23*
Total		**67103.97**		*17443.20*		*12868.03*

Note (a) : includes ₹ 49357.33 lakhs towards refund of advance to customer pursuant to settlement agreement.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 26 - OTHER CURRENT LIABILITIES

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
Advances received from:						
– Holding company	**37840.59**		*23353.24*		*1527.40*	
– other customers	**68.62**		*66719.68*		*57285.04*	
		37909.21		*90072.92*		*58812.44*
Statutory Dues		**1508.31**		*336.29*		*178.63*
[includes payable to sales tax, service tax, income tax, PF]						
Lease equalisation		**0.51**		*113.86*		*164.61*
Other Payables		**18.90**		*21.08*		*0.28*
[includes payable to employee related welfare society]						
Total		**39436.93**		*90544.15*		*59155.96*

NOTE 27 - PROVISIONS

Particulars	**As at March 31, 2017** ₹ in lakhs	₹ in lakhs	*As at March 31, 2016* ₹ in lakhs	₹ in lakhs	*As at April 01, 2015* ₹ in lakhs	₹ in lakhs
Provision for employee benefits						
– Gratuity fund - funded plan	**176.62**		*186.80*		–	
Less: Liabilities associated with group of assets classified as held for sale	**–**		*(25.31)*		–	
		176.62		*161.49*		–
– Gratuity unfunded		**–**		–		*207.48*
– Compensated absences	**551.17**		*602.81*		*507.63*	
Less: Liabilities associated with group of assets classified as held for sale	**–**		*(78.05)*		–	
		551.17		*524.76*		*507.63*
Provision for estimated rectification costs		**1074.88**		*1557.99*		*1101.41*
Total		**1802.67**		*2244.24*		*1816.52*

NOTE 28 - LIABILITIES ASSOCIATED WITH GROUP OF ASSETS CLASSIFIED AS HELD FOR SALE

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Remeasurements of Defined Benefit Plans [Refer Note 21(c)]	**–**	*9.29*	–
Borrowings [Refer Note 23]	**–**	*150202.59*	–
Other financial liabilities [Refer Note 25]	**–**	*1275.00*	–
Provisions [Refer Note 27]	**–**	*103.36*	–
Total	**–**	*151590.24*	–

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

NOTE 29 - REVENUE FROM OPERATIONS

		2016-17		2015-16	
		₹ in lakhs	₹ in lakhs	*₹ in lakhs*	*₹ in lakhs*
(a)	**Sales and services**				
	Construction activity - shipbuilding [Refer Note (a) below]				
	Charged for completed jobs under Ind AS 11		**90594.73**		*13694.12*
	Work-in-progress at the end of the year	**56304.12**		*104461.37*	
	Less : Work in progress at the beginning of the year	**104461.37**		*75888.36*	
			(48157.25)		*28573.01*
			42437.48		*42267.13*
(b)	**Service income from ship repair**		**3460.20**		*3684.32*
(c)	**Other operating revenue** [Refer Note (b) below]		**16207.74**		*–*
TOTAL			**62105.42**		*45951.45*

Note (a) Disclosures pursuant to IND AS 11 "Construction Contracts"

Particulars	2016-17	*2015-16*
	₹ in lakhs	*₹ in lakhs*
Contract revenue recognized for the financial year	42437.48	42267.13
Aggregate amount of contract costs incurred and recognized profits (less recognized loss) as at the end of the financial year for all contracts in progress as at that date	56232.02	103870.25
Amount of customer advances outstanding for contracts in progress as at the end of the financial year	37840.59	89998.60
Retention amounts due from customers for contracts in progress as at end of the financial year	–	–

Note (b): The amount of ₹ 16207.74 lakhs represents forfeiture of part advance of customer pursuant to settlement agreement.

NOTE 30 - OTHER INCOME

	2016-17		2015-16	
	₹ in lakhs	₹ in lakhs	*₹ in lakhs*	*₹ in lakhs*
Interest income on -				
– Bank deposits	**88.07**		*–*	
– others	**44.77**		*6.78*	
		132.84		*6.78*
Fair value gain on financial instruments at fair value through profit or loss		**67.82**		*74.09*
Profit on sale of fixed assets (net)		**4.81**		*5.62*
Miscellaneous income		**164.18**		*82.01*
TOTAL		**369.65**		*168.50*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

	2016-17		2015-16	
	₹ in lakhs	₹ in lakhs	₹ in lakhs	₹ in lakhs
NOTE 31 - CONSTRUCTION AND OPERATING EXPENSES				
(a) Cost of materials consumed				
Construction materials and components [Refer Note 46]	67979.76		37153.21	
Stores, spares and tools	189.70		929.17	
		68169.46		38082.38
(b) Subcontracting Charges		5136.69		12610.59
(c) Changes in inventories of work-in-progress				
Opening stock	23336.51		23336.51	
Less: Closing stock	(25445.57)		(23336.51)	
		(2109.06)		–
(d) Other manufacturing, construction and operating expenses				
Engineering and service fees	–		30.50	
Port operating and maintenance expenses	–		22.79	
Power and fuel	1012.70		1021.80	
Repairs and maintenance:				
– Building	1628.16		1201.12	
– Plant and equipment	1920.33		760.36	
Hire charges - plant and equipment	1104.75		1275.92	
Freight expenses	18.18		43.95	
		5684.12		4356.44
TOTAL		76881.21		55049.41

NOTE 32 - EMPLOYEE BENEFITS EXPENSE

Salaries, wages and allowances		4407.79		4776.93
Contribution to and provision for :				
Provident fund	168.65		172.51	
Gratuity	62.35		91.30	
Compensated absences	77.04		125.93	
		308.04		389.74
Cost of services		1346.69		1262.94
Staff welfare expenses		814.86		630.08
TOTAL		6877.38		7059.69

NOTE 33 - FINANCE COSTS

Interest:				
– on debentures		12142.59		12310.90
– on working capital facilities		992.61		4080.17
– on Inter Corporate Deposits from holding company		7120.62		42.13
– others		89.27		29.22
Other borrowing costs		40.79		104.09
Unwinding of discount on Liability component of Preference share capital		3900.18		2306.53
TOTAL		24286.06		18873.04

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

	2016-17 ₹ in lakhs	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs	2015-16 ₹ in lakhs
NOTE 34 - DEPRECIATION, AMORTISATION AND OBSOLESCENCE EXPENSE				
Depreciation		**9470.90**		*9020.68*
Amortisation		**44.98**		*165.36*
Obsolescence		**–**		*58.33*
TOTAL		**9515.88**		*9244.37*

	2016-17 ₹ in lakhs	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs	2015-16 ₹ in lakhs
NOTE 35 - OTHER EXPENSES				
Rent		**267.98**		*353.18*
Rates and taxes		**27.43**		*24.05*
License fees		**88.18**		*125.80*
Telephone and postage		**44.23**		*62.45*
Professional fees		**444.01**		*2231.54*
Insurance		**730.23**		*1052.04*
Travelling and conveyance		**485.12**		*1159.69*
Exchange loss (net)		**247.83**		*58.12*
Auditor's remuneration:				
As auditor	**11.10**		*9.00*	
for taxation matters	**1.80**		*1.50*	
Certification fees	**2.45**		*3.34*	
Other services	**9.10**		*7.62*	
Reimbursement of expenses	**0.78**		*0.26*	
		25.23		*21.72*
Provision for estimated rectification costs - construction contracts		**(483.11)**		*672.47*
Provision for foreseeable losses on construction activity		**(519.02)**		*329.06*
Provision for Doubtful Debts		**1117.00**		*–*
Provision for Expected Credit Loss		**187.79**		*77.83*
Bank Charges		**157.89**		*1053.51*
Corporate guarantee charges		**274.85**		*344.54*
Administration and management expenses		**172.84**		*309.39*
Miscellaneous expenses		**533.38**		*800.05*
TOTAL		**3801.86**		*8675.44*

	2016-17 ₹ in lakhs	2016-17 ₹ in lakhs	2015-16 ₹ in lakhs	2015-16 ₹ in lakhs
NOTE 36 - PROFIT / (LOSS) FROM DISCONTINUED OPERATIONS BEFORE TAX				
Service income from port operations		**–**		*8853.72*
Other Income		**–**		*1.06*
Total (A)		**–**		**8854.78**
Operating Expenses		**–**		*1953.20*
Employee Benefit		**–**		*1062.61*
Sales, administration and other expenses		**–**		*711.44*
Finance costs		**–**		*17435.02*
Depreciation		**–**		*6081.05*
Total (B)		**–**		**27243.32**
Profit/(Loss) before tax recognised during the period (C)=(A)-(B)		**–**		*(18388.54)*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

NOTE 37 - CONTINGENT LIABILITIES AND COMMITMENTS

Particulars	As at March 31, 2017	*As at March 31, 2016*
(a) Contingent liabilities		
(i) Claims against the company not acknowledged as debts [Refer notes (i) to (iii) below]"	**3888.01**	*3888.01*
(ii) Income tax liability that may arise in respect of which the Company is under appeal [Refer note (iv) below]	**257.98**	*257.98*
(b) Commitments		
Estimated amount of contracts remaining to be executed on capital account and not provided for (net of advances)	**246.19**	*525.49*

i) The Company had received a letter dated December 4, 2009 from M/s. Tamilnadu Electricity Board (TNEB) claiming ₹ 75 lakhs towards the Company's share of maintenance cost of North Chennai Thermal Power Station road maintained by TNEB. The Company's shareholder, Tamilnadu Industrial Development Corporation Limited (TIDCO) vide its letter dated December 21, 2009 had represented the matter to Government of Tamilnadu to resolve the same in the Company's favour. During the year, there has been no development in this respect. The management is confident of resolving the matter in its favour and hence no provision has been made in the financial statements.

ii) The Company has received a letter dated December 18, 2009 from M/s. Ennore Port Limited claiming an amount of ₹ 1231.00 lakhs towards the Company's share of cost of road formation for use of the approach road to Company's project site. TIDCO, vide its letter dated December 21, 2009 has represented the matter to Government of Tamilnadu to resolve the same in the Company's favour. During the year, there has been no development in this respect. The management is confident of resolving the matter in its favour and hence no provision has been made in the financial statements.

iii) The Company has received a letter dated August 16, 2010 from M/s. Chennai Water Desalination Limited (CWDL) having its water desalination plant adjacent to the Company's project site, claiming an amount of ₹ 2582.00 lakhs as compensation towards losses suffered by CWDL on account of off-shore dredging and other construction activities undertaken by the Company. The Company, vide its letter dated September 6, 2010 has rejected the above claim as untenable on the ground that the loss as claimed by CWDL is not due to any construction activity undertaken by the Company. During the year, there was no further development in this respect. The management is confident of resolving the matter in its favour and hence no provision has been made in these financial statements.

iv) The Company has received an Assessment order for Assessment Year 2012-13 dated March 18, 2015 with a demand of ₹ 257.98 lakhs. The Company has filed an appeal against the Assessment Order with CIT(Appeals) on May 8, 2015 and subsequently deposited an amount of ₹ 130 lakhs against the demand raised. During the current year the Department has adjusted an amount of ₹ 127.98 lakhs against refund receivable for AY 2014-15. The management is confident of getting a favourable order from the CIT (Appeals) and hence, no provision has been made in the financial statements.

Other details with respect to contingent liabilities

1) The Company does not expect any reimbursement in respect of the above contingent liabilities.

2) It is not practicable to estimate the timing of cash outflows, if any, in respect of the above matters, pending resolution of the proceedings.

NOTE 38 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 12 "INCOME TAXES"

Deferred tax asset / (liability)	Balance Sheet		Recognised in statement of profit or loss	
Particulars	**As at March 31, 2017**	*As at March 31, 2016*	**2016-17**	*2015-16*
Expenses allowable on payment basis	**573.80**	*507.63*	**198.58**	*175.68*
Unused tax losses / depreciation -	**–**	*–*	**21954.57**	*20290.92*
Other items giving rise to temporary differences	**1357.92**	*2525.85*	**469.95**	*874.15*
Depreciation for tax purposes	**63437.84**	*58630.71*	**(21954.57)**	*(20290.92)*
Provision for loss allowance	**3498.36**	*2274.57*	**1210.71**	*787.18*
Total	**68867.92**	*63938.76*	**1879.24**	*1837.01*

(a) Deferred tax asset on unabsorbed depreciation has been recognised to the extent the same can be set off against deferred tax liability arising on timing difference between book depreciation and depreciation as per the Income Tax Act, 1961.

(b) Other deferred tax assets have not been recognised considering the concept of reasonable certainty of future taxable income.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

NOTE 39 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 17 "LEASES"

(i) The Company has taken various commercial premises under cancellable operating leases. These lease agreements are normally renewed on expiry.

(ii) (a) The Company has taken certain plant and equipment and vehicles on non-cancellable operating leases, the future minimum lease payments in respect of which are as follows :

Particulars	Not later than 1 year	Later than 1 year not later than 5 years	Later than 5 years
Future minimum lease payments	276.49	262.72	–
	(364.28)	*(538.07)*	–

(Figures in bracket relate to previous year)

(b) The lease agreements provide for an option to the Company to renew the lease period at the end of the non-cancellable period. There are no exceptional / restrictive covenants in the lease agreements.

(c) Operating Lease rentals are charged to Profit or loss on straight line basis and the difference between actual payment and rentals recognised in statement of profit and loss is carried as Lease Equalisation reserve.

(iii) Lease rental expenses in respect of operating leases recognised in the statement of profit and loss for the year is ₹ 532.97 lakhs

(Previous year ₹ 497.73 lakhs)

(iv) Contingent rent recognised in the statement of profit and loss is ₹ Nil (Previous year ₹ Nil)

NOTE 40 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 19 "EMPLOYEE BENEFITS":

(a) Defined Contribution plans

The Company's contribution to employee provident fund and employees' state insurance are defined contribution plans. The following are the Company's contributions during the year, which have been recognised as an expense and included in "Employee benefits expense" [Note 32] in the Statement of Profit and Loss:

S.No.	Particulars	2016-17	*2015-16*
(i)	Provident Fund	**168.65**	*172.51*
(ii)	Employees' State Insurance	**–**	*0.05*

(b) Defined benefit plans

The present value of the obligation under defined benefit plan comprising of gratuity benefit to the existing employees are determined based on the actuarial valuation using Projected Unit Credit method which recognises each period of service as giving raise to additional units of employee benefit entitlement and measure each unit separately to build up the final obligation.

(i) Amounts recognized in the balance sheet are as follows :

	Particulars	As at March 31, 2017	*As at March 31, 2016*
A	**Present Value of funded Defined Benefit Obligation**		
	– Wholly funded	**261.34**	*230.45*
	– Wholly Unfunded	**–**	–
	Less: Fair value of plan assets	**84.72**	*68.96*
	Less: Unrecognised past service costs	**–**	–
	Net defined benefit Liability	**176.62**	*161.49*
B	**Amounts reflected in the Balance Sheet**		
	Liabilities	**176.62**	*161.49*
	Assets	**–**	–
	Net liability / (asset)	**176.62**	*161.49*
	Net liability/(asset) - Current	**176.62**	*161.49*
	Net liability/(asset) - Non-Current	**–**	–

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

(ii) Expense recognized in the Statement of Profit and Loss are as follows:

Particulars	As at March 31, 2017	*As at March 31, 2016*
1) Current service cost	**52.13**	*51.02*
2) Past Service Cost	**–**	–
3) Administration Expenses	**–**	–
4) Interest on net defined benefit Liability / (asset)	**10.22**	*13.46*
5) (Gains)/Losses on settlement	**–**	–
Total expense charged to Profit & Loss Account	**62.35**	**64.48**

(iii) Amount recorded in Other Comprehensive Income

The total amount of remeasurement items and impact of liabilities assumed or settled, if any, which is recorded immediately in Other Comprehensive Income (OCI) during the period is shown in the table below:

Particulars	As at March 31, 2017	*As at March 31, 2016*
1) Opening amount recognized in OCI outside Profit & Loss Account	**(0.82)**	–
2) Remeasurements during the period due to		
Changes in financial assumptions	**44.12**	*10.41*
Changes in demographic assumptions	**4.85**	–
Experience Adjustments	**(78.36)**	*(10.08)*
Actual return on plan assets less interest on plan assets	**6.11**	*(1.15)*
Adjustment to recognize the effect of asset ceiling	**–**	–
Closing amount recognized in OCI outside Profit & Loss Account	**(24.10)**	**(0.82)**

(iv) Reconciliation of Net Liability/Asset

The movement of net liability / asset from the beginning to the end of the accounting period as recognized in the balance sheet of the Company is shown below:

Particulars	As at March 31, 2017	*As at March 31, 2016*
1) Opening Net defined benefit Liability/(asset)	**161.49**	*174.60*
2) Expenses charged to Profit & Loss Account	**62.35**	*64.48*
3) Amount recognized outside Profit & Loss A/c	**(23.28)**	*(0.82)*
4) Employer Contributions	**(23.94)**	*(76.77)*
5) Impact of liability assumed or (settled)	**–**	–
Closing net defined benefit liability/(asset)	**176.62**	**161.49**

(v) Movement in Benefit Obligation

A reconciliation of the benefit obligation during the inter-valuation period is given below:

Particulars	As at March 31, 2017	*As at March 31, 2016*
1) Opening of defined benefit obligation	**230.45**	*174.60*
2) Current service cost	**52.13**	*51.02*
3) Past Service cost	**–**	–
4) Interest on defined benefit obligation	**17.04**	*13.46*
5) Remeasurements due to:		
Actuarial loss/(gain) arising from change in financial assumptions	**44.12**	*10.41*
Actuarial loss/(gain) arising from change in demographic assumptions	**4.85**	–
Actuarial loss/(gain) arising on account of experience changes	**(78.36)**	*(10.08)*
6) Benefits paid	**(8.89)**	*(8.96)*
7) Liabilities assumed / (settled)	**–**	–
8) Liabilities extinguished on settlements	**–**	–
Closing of defined benefit obligation	**261.34**	**230.45**

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

(vi) Movement in Plan Assets

A reconciliation of the plan assets during the inter-valuation period is given below:

Particulars		As at March 31, 2017	*As at March 31, 2016*
1)	Opening fair value of Plan Assets	**68.96**	–
2)	Employer Contributions	**23.94**	*76.77*
3)	Interest on Plan assets	**6.83**	–
4)	Administration Expense	**–**	–
5)	Remeasurements due to:		
	Actuals return on plan assets less Interest on plan assets	**(6.12)**	*1.15*
6)	Benefits paid	**(8.89)**	*(8.96)*
7)	Assets acquired / (settled)	**–**	–
8)	Assets distributed on settlements	**–**	–
Closing fair value of plan assets		**84.72**	**68.96**

(vii) Sensitivity Analysis

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive to are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

Particulars	Period Ended 31.03.2017	
	Discount Rate	Salary Escalation Rate
Impact of increase in 50bps on DBO	(4.40)%	4.53%
Impact of decrease in 50bps on DBO	4.75%	(4.29)%
Impact of increase in 50bps on DBO (Amounts)	(11.50)	11.84
Impact of decrease in 50bps on DBO (Amounts)	12.41	(11.21)

(viii) Funding Arrangement & Policy

The expected contribution payable to the plan next year is ₹ 90.00 lakhs.

(ix) Projected Plan Cash Flow

The table below show the expected cash flow profile of the benefits to be paid to the current membership of the plan based on past service of the employees as the valuation date:

Maturity Profile	Amount
Expected benefits for year 1	17.11
Expected benefits for year 2	*21.63*
Expected benefits for year 3	23.40
Expected benefits for year 4	*28.38*
Expected benefits for year 5	*25.48*
Expected benefits for year 6	*25.28*
Expected benefits for year 7	*29.96*
Expected benefits for year 8	*25.09*
Expected benefits for year 9	25.45
Expected benefits for year 10 and above	398.19

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

(x) Principal actuarial assumptions at the balance sheet date (expressed as weighted averages):

Sl. No.	Particulars	2016-17	*2015-16*
1	Discount rate	7.40%	*7.55%*
2	Salary escalation rate	8.00%	*6.00%*
3	Attrition rate	8.00%	*5.00%*
4	Expected rate of return on plan assets	7.55%	*7.90%*
5	Salary reckoned for calculating benefit obligations (A)	As per rule of the Company	*As per rule of the Company*
6	Vesting period	5 years	*5 years*
7	Benefit formula for Gratuity for all exits except death / disability	A x Completed year of service x 15/26 subject to benefit having vested	*A x Completed year of service x 15/26 subject to benefit having vested*
8	Benefit formula for gratuity on death / disability	Same as above but no vesting condition	*Same as above but no vesting condition*
9	Retirement age	58 years	*58 years*
10	Mortality Rate	Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ult. Mortality Table	*Indian Assured Lives Mortality (IALM) (2006-08) (modified) Ult. Mortality Table*
11	Disability / ill health retirement	5% of mortality rate	*5% of mortality rate*

(xi) The plan assets of the Trust as at March 31, 2017 is fully invested in Insurer Managed Funds.

(xii) Basis used to determine the overall expected return:

The Trust formed by the Company manages the investments of gratuity funds. Expected return on plan assets is determined based on the assessment made at the beginning of the year on the return expected on its existing portfolio, along with the estimated increment to the plan assets and expected yield on the respective assets in the portfolio during the year.

(xiii) General description of the defined benefit plans

The Company operates gratuity plan through a Trust wherein every employee is entitled to the benefit equivalent to fifteen days salary last drawn for each completed year of service. The same is payable on termination of service or retirement whichever is earlier. The benefit vests after five years of continuous service.

(xiv) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand in the employment market.

(c) Long-term employee benefits

Provision for long-term compensated absences has been made based on actuarial valuation report dated April 17, 2017 as summarized below:

	Particulars	2016-17	*2015-16*
(A)	**Summary of employee data**		
	(1) Retirement age	58 years	*58 years*
	(2) Projected actuarial value of benefit obligations	551.17	*524.76*
(B)	**Principal rules to compute benefit obligations**		
	(1) Salary reckoned for calculating leave encashment	Basic Salary	*Basic Salary*
	(2) Benefit formula for all exits	B (1) x Leave balance days / 26	*B (1) x Leave balance days / 26*
(C)	**Mean financial assumptions**		
	(1) Discount rate	7.40%	*7.55%*
	(2) Salary escalation rate	8.00%	*6.00%*
(D)	**Mean demographic assumptions**		
	(1) Attrition rate	5.00%	*5.00%*
	(2) Mortality Rate	Indian Assured Lives Mortality (2006-08) Ultimate Table	*Indian Assured Lives Mortality (2006-08) Ultimate Table*
	(3) Disability / ill health retirement	5% of mortality rate	*5% of mortality rate*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

NOTE 41 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 24 “RELATED PARTY DISCLOSURES”

(a) Related Parties where control exists

S.No	Name of the Related Party	Relationship
1	Larsen & Toubro Limited	Holding Company

(b) Related Parties with whom transactions were carried out during the year:

S.No	Name of the Related Party	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Infrastructure Development Projects Limited	Fellow Subsidiary
3	L&T Hydrocarbon Engineering Limited	Fellow Subsidiary
4	EWAC Alloys Limited	Fellow Subsidiary
5	L&T MHPS Boilers Private Limited	Fellow Subsidiary
6	L&T Infrastructure Engineering Limited	Fellow Subsidiary
7	L&T Infotech Limited	Fellow Subsidiary
8	Marine Infrastructure Developer Private Limited	Fellow Subsidiary
9	Magtorq Private Limited	Associate of Holding Company
10	L&T Shipbuilding Limited Employees' Group Gratuity Assurance Scheme	Post-employment benefit plan
11	Mr. B. Kannan	Managing Director & CEO
12	Mr. K .Venkatesh	Director
13	Mr. R B Urikouth	Director
14	Mr. J.D. Patil	Director
15	Ms. Kiran Dhingra	Independent Director
16	Mr. S. Sridharan	Independent Director
17	Mr. S. Sridhar	Chief Financial Officer
18	Mr. K. Premnatha	Company Secretary

(c) The following transactions were carried out with related parties in the normal course of business

S.No	Nature of transaction	2016-17		*2015-16*	
1	**Purchase of fixed assets**	**1089.01**		*1127.43*	
	Larsen & Toubro Limited		**1089.01**		*1125.90*
	L&T Hydrocarbon Engineering Limited		**–**		*1.53*
2	**Cost of services received**	**1481.23**		*1841.16*	
	Larsen & Toubro Limited		**1240.89**		*1566.02*
	L&T Infrastructure Development Projects Limited		**240.34**		*275.14*
3	**Cost of services rendered**	**145.28**		*580.55*	
	Larsen & Toubro Limited		**145.28**		*580.55*
4	**Payment towards employee stock option plan charges**	**17.61**		*36.18*	
	Larsen & Toubro Limited		**17.61**		*36.18*
5	**Reimbursement of expenses paid**	**921.93**		*1230.90*	
	Larsen & Toubro Limited		**918.48**		*1168.95*
	L&T Hydrocarbon Engineering Limited		**2.96**		*58.88*
	L&T Infotech Limited		**0.49**		*0.60*
	L&T Heavy Engineering LLC		**–**		*2.47*
6	**Reimbursement of expenses received**	**684.65**		*108.77*	
	Larsen & Toubro Limited		**29.95**		*7.75*
	L&T Hydrocarbon Engineering Limited		**155.40**		*101.02*
	Marine Infrastructure Developer Private Limited		**499.30**		*–*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

S.No	Nature of transaction	2016-17		2015-16	
7	**Payment towards Rent/Hire charges**	**299.08**		*373.08*	
	Larsen & Toubro Limited		**299.08**		*306.75*
	L&T Hydrocarbon Engineering Limited		**–**		*66.33*
8	**Purchase of raw materials, construction materials and spares**	**2336.21**		*418.20*	
	Larsen & Toubro Limited		**2323.39**		*194.89*
	EWAC Alloys Limited		**8.67**		*223.31*
	Magtorq Private Limited		**4.15**		–
9	**Insurance premium paid**	**–**		*1.55*	
	L&T General Insurance Company Limited		**–**		*1.55*
10	**Sales and Service income**	**42929.80**		*24614.69*	
	Larsen & Toubro Limited		**42927.44**		*24609.42*
	L&T Hydrocarbon Engineering Limited		**2.36**		*5.27*
11	**Rent deposit paid**	**–**		*12.96*	
	Larsen & Toubro Limited		**–**		*12.96*
12	**Rent deposit refunded**	**3.20**		*1.50*	
	Larsen & Toubro Limited		**3.20**		*1.50*
13	**Inter-Corporate Deposit received**	**764200.00**		*221700.00*	
	Larsen & Toubro Limited		**764200.00**		*221700.00*
14	**Interest expense on Inter-Corporate Deposit**	**14084.86**		*9061.78*	
	Larsen & Toubro Limited		**14084.86**		*9061.78*
15	**Issuance of preference shares**	**–**		*133186.00*	
	Larsen & Toubro Limited		**–**		*133186.00*
16	**Issuance of preference shares (Reorganisation of Share capital**	**38800.00**		–	
	Larsen & Toubro Limited		**38800.00**		–
17	**Consultancy charges paid**	**28.88**		*56.58*	
	Larsen & Toubro Limited		**–**		*56.58*
	L&T Infrastructure Engineering Limited		**28.88**		–
18	**Receipt of employee deposits**	**–**		*0.21*	
	Larsen & Toubro Limited		**–**		–
	L&T Hydrocarbon Engineering Limited		**–**		*0.21*
19	**Advance received**	**20091.80**		*21825.84*	
	Larsen & Toubro Limited		**20091.80**		*21825.84*
20	**Advance Paid**	**140.60**		–	
	Larsen & Toubro Limited		**140.60**		–
21	**Inter-Corporate Deposit returned**	**905100.00**		*66700.00*	
	Larsen & Toubro Limited		**905100.00**		*66700.00*
22	**Finance Cost**	**122.53**		–	
	Larsen & Toubro Limited		**122.53**		–
23	**Sale of fixed assets**	**2.88**		*0.07*	
	Larsen & Toubro Limited		**1.85**		*0.07*
	L&T Hydrocarbon Engineering Limited		**0.71**		–
	L&T MHPS Boilers Private Limited		**0.33**		–
24	**Transfer of assets to**	**166478.39**		–	
	Marine Infrastructure Developer Private Limited		**166478.39**		–
25	**Transfer of employee deposits**	**0.58**		–	
	Larsen & Toubro Limited		**0.36**		–
	L&T Hydrocarbon Engineering Limited		**0.16**		–
	L&T MHPS Boilers Private Limited		**0.06**		–

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

S.No	Nature of transaction	2016-17		*2015-16*	
26	**Transfer of Materials to**	**132.18**		–	
	Marine Infrastructure Developer Private Limited		**132.18**		–
27	**Transfer of Receivables to**	**206.15**		–	
	Marine Infrastructure Developer Private Limited		**206.15**		–
28	**Transfer of port operator fees to**	**9864.40**		–	
	Marine Infrastructure Developer Private Limited		**9864.40**		–
29	**Allotment of Equity Shares by on account of business transfer**	**38800.00**		–	
	Marine Infrastructure Developer Private Limited		**38800.00**		–
30	**Transfer of Equity shares of MIDPL to**	**38800.00**		–	
	Larsen & Toubro Limited		**38800.00**		–
31	**Transfer of Security Deposit to**	**145000.00**		–	
	Marine Infrastructure Developer Private Limited		**145000.00**		–
32	**Interest expense transferred on inter corporate deposit**	**12166.83**		–	
	Marine Infrastructure Developer Private Limited		**12166.83**		–
33	**Employee related benefits transferred to**	**103.36**		–	
	Marine Infrastructure Developer Private Limited		**103.36**		–
34	**ICD Interest liability transferred**	**5202.59**		–	
	Marine Infrastructure Developer Private Limited		**5202.59**		–
35	**Remeasurement of Defined Benefit Plan transfer to**	**9.29**		–	
	Marine Infrastructure Developer Private Limited		**9.29**		–
36	**Collection of receivables (on behalf of MIDPL)**	**54.59**		–	
	Marine Infrastructure Developer Private Limited		**54.59**		–
37	**Security Deposit Liability transferred to**	**1275.00**		–	
	Marine Infrastructure Developer Private Limited		**1275.00**		–
38	**Transfer of Employee benefits paid**	**8.11**		–	
	Marine Infrastructure Developer Private Limited		**8.11**		–
39	**Financial Guarantee charges (Ind AS)**	**168.30**		*344.54*	
	Larsen & Toubro Limited		**168.30**		*344.54*
40	**Contribution to Post-employee benefit plan**	**28.41**		*30.30*	
	L&T Shipbuilding Limited Employees' Group Gratuity Assurance Scheme		**28.41**		*30.30*
41	**Sitting fees**	**4.25**		*2.13*	
	Ms. Kiran Dhingra		**1.75**		*1.00*
	Mr. S. Sridharan		**2.50**		*1.13*
42	**Provision of Key Management Personnel services provided by a separate management entity**	**257.26**		*117.17*	
	Mr. B. Kannan (previous year w.e.f October 31, 2015)		**165.91**		*38.06*
	Mr. R B Urikouth		**59.78**		*44.72*
	Mr. S. Sridhar		**31.57**		*34.39*
	Mr. J.D. Patil		**–**		–
	Mr. K .Venkatesh		**–**		–
43	**Key Managerial Personnel compensation**				
	Mr. K Premnatha	**3.20**		–	
	Salary (part of the year)		**3.20**		–

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

(d) Amounts due to / due from related parties

Sl.No	Name and relationship	As at March 31, 2017		As at March 31, 2016	
		Due to	Due from	Due to	Due from
A	**Holding Company**				
(i)	Larsen & Toubro Limited	44546.44	1262.40	26833.47	722.91
	Total	44546.44	1262.40	26833.47	722.91
B	**Fellow Subsidiaries**				
(i)	L&T Infrastructure Development Projects Limited	127.57	–	99.93	–
(ii)	L&T Hydrocarbon Engineering Limited	88.29	135.77	377.61	271.84
(iii)	EWAC Alloys Limited	59.07	–	235.16	–
(iv)	L&T Infrastructure Engineering Limited	29.77	–	0.89	–
(vii)	L&T Infotech Limited	1.02	–	0.56	–
(vii)	L&T MHPS Boilers Private Limited	–	0.27	–	–
(vi)	L&T Heavy Engineering LLC	–	–	2.47	–
(vii)	Marine Infrastructure Developer Private Limited	–	8984.80	–	–
	Total	305.72	9120.84	716.62	271.84

(e) The transactions with related parties reported above are inclusive of service tax and other statutory levies.

(f) No amount due to or due from related parties has been written back or written off during the current year and previous year.

(g) The Company has entered into certain domestic transactions with the related parties. The Management is of the opinion that the Company maintains the necessary documents as prescribed by the Income-tax Act, 1961 to prove that these transactions are at Arm's length and believes that the aforesaid legislation will not have any impact on the financial statements, particularly on the amount of Income-tax income and expense.

NOTE 42 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 33 "EARNINGS PER SHARE"

Particulars		2016-17	2015-16
(a) Number of equity shares outstanding	Numbers	444,000,000	844,000,000
(b) Weighted average number of equity shares	Numbers	834,136,986	844,000,000
(c) Profit / (loss) for the year (continuing operations)		(34834.31)	(52782.00)
Basic and Diluted EPS [(c) / (b)]	₹	(4.18)	(6.25)
(d) Profit / (loss) for the year (discontinued operations)		–	(18388.54)
Basic and Diluted EPS [(d) / (b)]	₹	–	(2.18)
(e) Profit / (loss) for the year (total operations)		(34834.31)	(71170.54)
Basic and Diluted EPS [(e) / (b)]	₹	(4.18)	(8.43)
Face value of an equity share	₹	10	10

NOTE 43 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 37 "PROVISIONS, CONTINGENT LIABILITIES AND CONTINGENT ASSETS"

(a) Movement in provisions - Contractual rectification costs in respect of construction contracts

S.No.	Particulars	2016-17	2015-16
1	Balance as at the beginning of the year	1557.99	1101.41
2	Provision created during the year	843.01	672.47
3	Provision reversed during the year	(1326.12)	–
4	Provision used during the year	–	(215.89)
5	Balance as at the end of the year	1074.88	1557.99

(b) Nature of provisions

Contractual rectification cost represents the estimated cost which the Company is likely to incur during defect liability period as per the contract obligations in respect of completed construction contracts accounted under Indian Accounting Standard (Ind AS) 11 "Construction Contracts".

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

NOTE 44 - DISCLOSURE FOR TRANSFER OF PORT BUSINESS UNDERTAKING PURSUANT TO THE SCHEME OF ARRANGEMENT FOR DEMERGER:

a) A Scheme of Arrangement (referred to as "Scheme of Arrangement for Demerger" in Notes forming part of Accounts) under Sections 230 to 240 of the Companies Act, 2013 and the rules made thereunder was approved by the Board of Directors of the Company on July 22, 2016 for inter alia transfer of the Port business undertaking along with the identified assets and liabilities to Marine Infrastructure Developer Private Limited (MIDPL).

b) The Scheme of Arrangement for Demerger was sanctioned by the National Company Law Tribunal (NCLT), Division Bench, Chennai vide its order dated March 20, 2017 and it came into effect on March 22, 2017 (the "Effective Date").

c) Pursuant to the declaration of the effective date of the Scheme of Arrangement for Demerger, the Port business undertaking of the Company stands transferred to and vested in Marine Infrastructure Developer Private Limited as a going concern with effect from the close of business hours of March 31, 2016 (the "Appointed Date").

d) The Port business undertaking of the Company was engaged in the construction, development, maintain and operate terminals at Kattupalli.

e) The appointed date as per the Scheme of Arrangement for Demerger is the close of business hours of March 31, 2016 and the effective date is March 22, 2017, which is the date on which the Order from National Company Law Tribunal (NCLT) was filed with the Registrar of Companies. The financial statements for the year ended March 31, 2017 have been prepared after giving effect to the demerger scheme and recording the transfer of the identified assets and the liabilities of the company to the Resulting Company ("Marine Infrastructure Developer Private Limited') at their respective book values as appearing in the books of the company as on the appointed date.

The Scheme of Arrangement for Demerger also provides for the transfer of the identified assets and liabilities of the Port business to Marine Infrastructure Developer Private Limited. Accordingly, the following assets and liabilities have been transferred to Marine Infrastructure Developer Private Limited for an aggregate consideration of ₹ 196200 lakhs:

Particulars	Amount	Amount
ASSETS:		
Fixed Assets	166478.39	
Inventory	132.18	
Trade Receivable	206.15	
		166816.72
LIABILITIES:		
Short-term borrowings	150202.59	
Financial Liabilities	1275.00	
Current Liabilities	103.36	
Other Equity [Remeasurement gain of Defined Benefit Plans]	9.29	
		151590.24
Net Asset value of Port business		15226.48
Shares received from Marine Infrastructure Developer Private Limited		40000.00
Cash consideration receivable Marine Infrastructure Developer Private Limited after giving effect to the adjustments pursuant to Scheme of Arrangement for Demerger.		4947.42
Gain as per Scheme of Arrangement for Demerger		**29720.94**

The carrying amount of assets and liabilities pertaining to the discontinued operation of Port business as on March 31, 2016 are as under:

Particulars	Amount	Amount
Fixed Assets		166478.39
Inventory		132.18
Current Assets		206.15
Short-term borrowings		150202.59
Financial Liabilities-Security Deposit		1275.00
Provision for Employee Benefits:		
Gratuity Provision	**25.31**	
Provision for Compensated Absence	**78.05**	
		103.36
Remeasurement gain of Defined Benefit Plans		9.29

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

The amount of revenue and expenses pertaining to the discontinued operation of Port business for the financial year 2015-16 are as under:

Particulars	Amount
Revenue:	**8854.78**
Expense:	
Operating Expenses	1953.20
Employee Benefit	1062.61
Sales, administration and other expenses	711.44
Finance cost	17435.02
Depreciation	6081.05
Total expenses	**27243.32**
Profit / (loss) from Discontinued Operations	**(18388.54)**

The Company has transferred the investment in MIDPL of 38,80,00,000 equity shares of ₹ 10 each aggregating to ₹ 38800.00 lakhs following the Scheme of Arrangement for Demerger to Larsen & Toubro Limited at a consideration of ₹ 38800.00 lakhs on March 31, 2017.

NOTE 45 - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 107 "FINANCIAL INSTRUMENTS: DISCLOSURES" AND INDIAN ACCOUNTING STANDARD (IND AS) 113 "FAIR VALUE MEASUREMENT"

Financial Instruments - Fair values and risk management

Categories of financial assets are as follows:

Sl. No.	Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
1	**Measured at Fair value thru" Profit & Loss (FVTPL)**			
(a)	Equity Instruments	**–**	–	–
(b)	Preference Shares	**–**	–	–
(c)	Mutual funds (Refer Note 12)	**1044.03**	*976.21*	*902.12*
2	**Measured at amortised cost**			
(a)	Loans given	**–**	–	–
(b)	Trade Receivables (Refer Note 13)	**6385.51**	*4168.31*	*4617.86*
(c)	Receivable from MIDPL (Refer Note 16)	**8984.80**	–	–
(d)	Advances recoverable in cash (Refer Note 16)	**0.66**	*22.18*	*63.87*
(e)	Cash and bank balances (Refer Note 14)	**1775.00**	*22.28*	*13.25*
(f)	Security deposits (Refer Note 8 & 15)	**426.06**	*471.95*	*419.06*
(g)	Bank Deposits (Refer Note 9 & 14)	**115.42**	–	–
(h)	Other current financial assets (Refer Note 16)	**156.14**	*431.69*	–
	Total - Measured at amortised cost	**17843.59**	*5116.41*	*5114.04*
	Total Financial Assets	**18887.62**	*6092.62*	*6016.16*

Categories of financial liabilities are as follows:

Sl. No.	Particulars	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
1	**Measured at Fair value thru" Profit & Loss (FVTPL)**			
(a)	Derivative Instruments not designated as cash flow hedges	**–**	–	–
(b)	Embedded derivatives not designated as cash flow hedges	**–**	–	–
(c)	Contingent consideration (applicable in case of acquisitions)	**–**	–	–
2	**Measured at amortised cost**			
(a)	Borrowings - (Refer Note 22 & 23)	**287502.86**	*261380.17*	*409355.18*
(b)	Trade payables (Refer Note 24)	**11882.92**	*9309.11*	*10804.64*
(c)	Other financial liabilities (Refer Note 25)	**64934.36**	*16606.47*	*11599.65*
		364320.14	*287295.75*	*431759.47*
3	**Financial liabilities at fair value thru OCI**			
(a)	Derivative Instruments designated as cash flow hedges (Refer Note 25)	**2169.61**	*836.73*	*1268.38*
(b)	Embedded derivatives designated as cash flow hedges	**–**	–	–
	Total Financial Liabilities	**366489.75**	*288132.48*	*433027.85*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Collateral given (carrying amount)

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Current:			
Financial assets			
Trade Receivables (Refer Note 13)	**6385.51**	*4168.31*	*4617.86*
Cash and Bank balances (Refer Note 14)	**1775.00**	*22.28*	*13.25*
Other assets (Refer Note 15 & 16)	**9175.34**	*547.87*	*148.31*
Total current financial assets pledged as security	**17335.85**	*4738.46*	*4779.42*
Non-Current:			
Financial assets			
Trade Receivables	**–**	–	–
Cash and cash equivalents	**–**	–	–
Investments	**–**	–	–
Other assets (Fixed Deposits held as margin money)	**115.42**	–	–
Total non-current financial assets pledged as security	**115.42**	–	–

Refer Note 23 for terms and conditions of collaterals for secured borrowings.

Effects of Financial Instruments in Statement of Profit and Loss:

Sl. No.	Particulars	2016-17	2015-16
1	**Net gain / (losses) on financial assets and financial liabilities**		
(a)	Financial Assets measured at fair value thru" P&L	**67.82**	*74.09*
(b)	Designated as at fair value thru" P&L	**–**	–
(c)	Financial assets measured at amortised cost	**(1216.72)**	*(77.83)*
(d)	Financial liabilities measured at amortised cost	**–**	–
(e)	Financial assets measured at FVTOCI:	**–**	–
(i)	Gains recognized in OCI	**–**	–
(ii)	Gains reclassified to P&L from OCI upon de-recognition	**–**	–
(f)	Investment in equity instruments designated at FCTOCI (recognized in OCI)	**–**	–
(g)	Dividend income from investments measured at FVTPL	**–**	–
(h)	Dividend income from equity investments designated at FVTOCI	**–**	–
2	**Interest revenue**		
(a)	Financial assets measured at amortised cost	**108.45**	*6.78*
(b)	Financial assets measured at FVTOCI	**–**	–
3	**Interest expense**		
(a)	Financial liabilities that are not measured at FVTPL	**(24286.06)**	*(18873.04)*
	Total	**(25326.51)**	*(18870.00)*

Hedge Accounting

Forward contracts are purchased to mitigate the risk of changes in foreign exchange rates associated with certain payables and forecasted transactions denominated in certain foreign currencies. These derivative contracts are initially recognized at fair value on the date the contract is entered into and subsequently re-measured at their fair value. The counterparties for these contracts are banks. The details of outstanding forward contracts are as follows:

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

As at March 31, 2017

Particulars	Nominal Amount in Foreign currency	Average Rate	Timing	
			Up to 12 months	More than 12 months
a. Currency exposure - Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	26.05	71.97	20.09	5.97
EUR	292.35	79.22	243.78	48.57
NOK	108.69	8.80	69.39	39.30
Receivable hedges				
USD including USD pegged currency	–	–	–	–
EUR	–	–	–	–
NOK	–	–	–	–

As at March 31, 2016

Particulars	Nominal Amount in Foreign currency	Average Rate	Timing	
			Up to 12 months	More than 12 months
a. Currency exposure - Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	224.36	71.77	224.36	–
EUR	111.31	77.61	111.31	–
NOK	–	–	–	–
Receivable hedges				
USD including USD pegged currency	–	–	–	–
EUR	–	–	–	–
NOK	–	–	–	–

As at April 01, 2015

Particulars	Nominal Amount in Foreign currency	Average Rate	Timing	
			Up to 12 months	More than 12 months
a. Currency exposure - Cash flow hedge				
Foreign currency forward covers				
Payable hedges				
USD including USD pegged currency	–	–	–	–
EUR	185.13	78.26	185.13	–
NOK	–	–	–	–
Receivable hedges				
USD including USD pegged currency	7184.64	64.61	7184.64	–
EUR	–	–	–	–
NOK	–	–	–	–

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

Carrying amounts of hedge instruments:

All amounts are in ₹ lakhs

Cash flow Hedges

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
(i)Forward contracts for Currency Exposure			
Current			
Asset - Other financial assets	–	–	–
Liability - Other financial liabilities (Refer Note 25)	2169.61	836.73	1268.38

Breakup of hedge reserve balance:

Particulars	As at March 31, 2017	As at March 31, 2016	As at April 01, 2015
Balance towards continuing hedges (Refer Note 21 (a))	2771.33	1146.80	429.18
Portion for which no hedge accounting followed	–	–	–

Reclassification of Hedge Reserve to P&L

Particulars	Hedge Reserve	
	2016-17	2015-16
Hedged item becoming on balance sheet		
Progress Billing	–	–
Revenue line item	–	–
MCO line item	(836.76)	(195.65)
Other expenses	(404.63)	1648.91
Finance cost line item	–	–
Other Income	–	–
Hedge ineffectiveness recognised in profit or (loss)	(147.26)	–
Hedging gains/(losses) of the reporting period recognised in OCI	(1624.53)	(717.62)

Movement of hedge reserve:

Particulars	As at March 31, 2017	As at March 31, 2016
Opening Balance	1146.80	429.18
Add/(Less): Changes in the value of the hedging instrument recognised in OCI	3013.18	(735.64)
Less: Amount included in cost of construction material	(836.76)	(195.65)
Add/(Less): Amounts reclassified to profit or loss	(404.63)	1648.91
Less: Ineffectiveness reclassified to profit or loss	(147.26)	–
Closing Balance	2771.33	1146.80

Financial Instruments - Fair Value Measurements

(i) The fair value of financial instruments are the amount at which the instrument could be exchanged in an arms length transaction between two knowledgeable willing parties.

(ii) Fair value of cash and short-term deposits, security deposits, trade and other short term receivables, trade payables, other current financial liabilities, short term loans from banks and other financial institutions approximate their carrying amounts largely due to the short-term maturities of these instruments. Hence the fair values are not disclosed.

(iii) Financial instruments with fixed and variable interest rates are evaluated by the Company based on parameters such as interest rates and individual credit worthiness of the counterparty. Based on this evaluation, allowances are taken to account for the expected losses of these receivables.

(iv) Various inputs are used in determining the fair value of financial instruments that are :

a) recognised and measured subsequently at fair value, or

b) recognised and measured subsequently at amortised cost for which fair values are disclosed in the financial statements.

(v) Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Level 1 - Inputs are quoted (unadjusted) market prices in active markets for identical assets or liabilities that the Company can access at the measurement date. This includes investment in Mutual fund units that are valued using closing NAVs.

Level 2 - The fair value of the instruments that are not traded in active markets are determined using valuation techniques which maximise the use of observable market data either directly or indirectly.

This includes the fair valuation of liability component of preference share capital & debentures for which risk adjusted G-Sec interest rates are used for the purpose of fair valuation.

Level 3 - The inputs used to measure the financial instruments are not based on observable market data. resulting in a significant increase in discount rate which has an effect on the recorded fair value of the instrument. The Company does not have any financial instruments falling under Level-3.

Fair Value Hierarchy

Fair value measurements as at March 31, 2017

Details of Financial assets and liabilities that are measured at fair value on a recurring basis are as follows:

Particulars	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVPL					
– Mutual fund units (Refer Note 12)	1044.03	1044.03	–	–	1044.03
Total Financial Assets	**1044.03**	**1044.03**	**–**	**–**	**1044.03**
Financial Liabilities					
Designated as FVOCI					
a) Derivative financial instruments designated as cash flow hedges (Refer Note 25)	2169.61	–	2169.61	–	2169.61
Total Financial Liabilities	**2169.61**	**–**	**2169.61**	**–**	**2169.61**

Fair value measurements as at March 31, 2016

Details of Financial assets and liabilities that are measured at fair value on a recurring basis are as follows:

Particulars	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVPL					
– Mutual fund units (Refer Note 12)	976.21	976.21	–	–	976.21
Total Financial Assets	**976.21**	**976.21**	**–**	**–**	**976.21**
Financial Liabilities					
Designated as FVOCI					
a) Derivative financial instruments designated as cash flow hedges (Refer Note 25)	836.73	–	836.73	–	836.73
Total Financial Liabilities	**836.73**	**–**	**836.73**	**–**	**836.73**

Fair value measurements as at April 01, 2015

Details of Financial assets and liabilities that are measured at fair value on a recurring basis are as follows:

Particulars	Carrying Value	Level 1	Level 2	Level 3	Total
Financial assets					
Financial Investments at FVPL					
– Mutual fund units (Refer Note 12)	902.12	902.12	–	–	902.12
Total Financial Assets	**902.12**	**902.12**	**–**	**–**	**902.12**
Financial Liabilities					
Designated as FVOCI					
a) Derivative financial instruments designated as cash flow hedges (Refer Note 25)	1268.38	–	1268.38	–	1268.38
Total Financial Liabilities	**1268.38**	**–**	**1268.38**	**–**	**1268.38**

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Details of Fair value of financial assets and liabilities measured at amortised cost:

Particulars	As at March 31, 2017	Fair Value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Security deposits	426.06	–	426.06	–
Total Financial assets	**426.06**	**–**	**426.06**	**–**
Financial liabilities				
Debentures	137951.55	–	148948.07	–
Preference Share Capital - Liability Component	60162.83	–	49211.88	–
Total Financial liabilities	**198114.38**	**–**	**198159.95**	**–**

Particulars	As at March 31, 2016	Fair Value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Security deposits	471.95	–	471.95	–
Total Financial assets	**471.95**	**–**	**471.95**	**–**
Financial liabilities				
Debentures	137921.05	–	147713.65	–
Preference Share Capital - Liability Component	45039.90	–	41367.89	–
Total Financial liabilities	**182960.95**	**–**	**189081.54**	**–**

Particulars	As at April 01, 2015	Fair Value		
	Carrying amount	Level 1	Level 2	Level 3
Financial assets				
Security deposits	419.06	–	419.06	–
Total Financial assets	**419.06**	**–**	**419.06**	**–**
Financial liabilities				
Debentures	298410.65	–	320650.91	–
Preference Share Capital - Liability Component	3931.15	–	4530.97	–
Total Financial liabilities	**302341.80**	**–**	**325181.88**	**–**

Description of significant observable inputs to valuation:
The following table shows the valuation techniques and inputs used for financial instruments

Type of Financial Instrument	As at March 31, 2017	*As at March 31, 2016*	*As at April 01, 2015*
Non-Convertible Debentures	Discounted cash flow method using risk adjusted G-Sec interest rates.		
Preference Share Capital - Liability Component	Discounted cash flow method using risk adjusted G-Sec interest rates.		
Financial Guarantee Pre paid charges at fair value	Discounted cash flow method using risk adjusted G-Sec interest rates.		

Financial Risk Management

Risk Management Framework

The business activities of the Company are exposed to various financial risks such as credit risk, liquidity risk and market risk.

The Company's risk management process ensures that the Company operates within the overall framework of Enterprise Risk Management developed by its Holding Company for identification, assessment, treatment and reporting of the risks.

The Company manages the various financial risk through its Treasury team under the close supervision and control of the Corporate Treasury Team. The Corporate Treasury team recommends risk management objectives and policies which is approved by the Senior Management.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

The Senior Management and Board periodically reviews the risks of the business and formulate the mitigation plan for the Company. The Audit Committee of the Board oversees the efficacy of the risk management process.

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board of Directors has established a Risk Management Policy to identify and analyse the risks faced by the Company, to set appropriate risk limits and controls, and to monitor market conditions and the Company's activities. The Audit Committee oversees how management monitors compliance with the Company's risk management policies and procedures, and reviews the risk management framework. The Audit Committee is assisted in its oversight role by Internal Audit.

Internal Audit undertakes reviews of risk management controls and procedures, the results of which are reported to the Audit Committee.

Credit Risk:

Credit risk is the risk of financial loss to the company if a customer or counterparty to a financial instrument fails to meet its contractual obligations and arises principally from the Company's trade receivables, treasury operations and other activities that are in the nature of leases.

Trade Receivables and Deposits

The Company's exposure to credit risk is influenced mainly by individual characteristics of each customer. Credit risk is managed through credit approvals, establishing credit limits and continuously monitoring the credit worthiness of the customers to which the Company grants credit terms in the normal course of the business.

Cash and bank balances and other investments

In the area of treasury operations, the Company is presently exposed to counter party risks relating to short term and medium term deposits placed with public sector bank, and also investments made in mutual funds. The Company considers that the cash and bank balances and investments in mutual funds have low credit risks based on the external credit ratings of the counter parties.

Exposure to credit risk

The gross carrying amount of financial assets, net of any impairment losses recognised represents the maximum credit exposure. The maximum exposure to credit risk as at March 31, 2017, March 31, 2016 and April 01, 2015 are as follows:

Financial Assets	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Investments (Refer Note 12)	**1044.03**	**976.21**	**902.12**
Trade Receivables (Refer Note 13)	**6385.51**	*4168.31*	*4617.86*
Cash and bank balances (Refer Note 14)	**1775.00**	*22.28*	*13.25*
Loans (Refer Note 8& 15)	**426.06**	*471.95*	*419.06*
Other financial assets (Refer Note 9 & 16)	**9257.02**	*453.87*	*63.87*

Financial assets for which loss allowance is measured using simplified ECL model :

The Company considers the probability of default upon initial recognition of the financial assets and whether there has been significant increase in the credit risk on an ongoing basis throughout the reporting period.

The company follows a "Simplified Approach" for recognition of loss allowance for Expected Credit Loss (ECL) for trade receivables or any contractual right to receive cash or another financial assets arising out of its operating activities. To assess whether there is significant increase in the credit risk, the company measures the credit quality of the financial assets as on the reporting date to that at the date of initial recognition by taking into consideration reasonable and supportive forward looking information like :

1) Any significant adverse change in the business.
2) Any significant change in the financials status of the counter party.
3) Any financial or economic condition of the country that significantly changes the counterparty's ability to meet its contractual obligations.
4) Any significant increase in the credit risk in other financial instruments of the same counterparty.
5) Significant change in the value of the collateral supporting the obligation or in the quality of the third party guarantees or credit enhancements.

Under the Simplified Approach , recognition of impairment loss for trade receivables or any contractual rights to receive cash or another financial assets that result from transactions arising out of its operations is based on the lifetime ECL at each reporting date. The lifetime ECL is entire amount of loss expected on the financial asset during its lifetime as on the reporting date either due to non-payment by the customers and or due to delay in payment by the customers.

The Company uses a provision matrix to determine impairment loss allowance on the portfolio of trade receivables. The provision matrix is based on its historical credit loss experience over the expected life of the trade receivables and is adjusted for forward looking estimates considering the type of Public or Private and a judgmental evaluation of the collectability of the receivables based on the past due experience.

At every reporting date, the historical credit loss experience is reviewed and updated and changes in the forwarding looking information are analysed.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Expected Credit Loss (ECL) reconciliation on Trade Receivables & Security Deposits :

Particulars	Trade & Other Receivables	Security Deposits	Total
Opening Balance as on April 01, 2015	**51.12**	**1.58**	**52.70**
Add: Provided during 2015-16	74.34	3.48	77.82
Less: Reversal during 2015-16	–	–	–
Closing Balance as on March 31, 2016	**125.46**	**5.06**	**130.52**
Add: Provided during 2016-17	189.14	–	189.14
Less: Reversal during 2016-17	–	(1.34)	(1.34)
Closing Balance as on March 31, 2017	**314.60**	**3.72**	**318.32**

Liquidity Risks

Liquidity Risk is defined as the risk that the Company will not be able to settle or meet its obligations as per the terms of the agreement or contract. Adverse contractual payment terms or delay in making payments by the customers lead to pressure on the working capital. The Company manages such a situation by close monitoring of the cash flows at the project level and regular follow up with the customers for release of payments. The company's treasury team under the close supervision of the Corporate Treasury team of the Holding Company CFO monitors the liquidity position of the company by judicious use of the credit limits granted by the Banks and deployment of short term from the Holding company for funding its temporary net working capital gap. The liquidity position of the Company is closely monitored and reviewed by the senior management of the Company on a regular basis through analysis of Net working capital position.

Maturity profile of financial liabilities:

The table below provides details regarding the remaining contractual maturities of financial liabilities at the reporting date.

Contractual maturities of financial liabilities	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Up to 12 months	More than 12 months	Total	*Up to 12 months*	*More than 12 months*	*Total*	*Up to 12 months*	*More than 12 months*	*Total*
	(a)	(b)	(c) = (a)+(b)	*(a)*	*(b)*	*(c) = (a)+(b)*	*(a)*	*(b)*	*(c) = (a)+(b)*
1.Non Derivative Liabilities									
Borrowings - Non Current	**12112.10**	**416547.00**	**428659.10**	*12112.10*	*389859.10*	*401971.20*	*25967.10*	*423785.15*	*449752.25*
Borrowings - Current	**90444.48**	**–**	**90444.48**	*85539.84*	–	*85539.84*	*107055.52*	–	*107055.52*
Trade payables	**11882.92**	**–**	**11882.92**	*9309.11*	–	*9309.11*	*10804.64*	–	*10804.64*
Other financial liabilities	**65462.70**	**–**	**65462.70**	*16606.48*	–	*16606.48*	*11599.64*	–	*11599.64*
Total Non-derivative Liabilities	**179902.20**	**416547.00**	**596449.20**	*123567.54*	*389859.10*	*513426.64*	*155426.90*	*423785.15*	*579212.05*
2.Derivative Liabilities									
Forward Contract Payable	**1665.04**	**605.29**	**2270.34**	*858.91*	–	*858.91*	*1194.97*	–	*1194.97*
Total derivative liabilities	**1665.04**	**605.29**	**2270.34**	*858.91*	–	*858.91*	*1194.97*	–	*1194.97*

Market Risks

Market risk is the risk of loss in future earnings, future cash flows and fair values of the financial instruments of the Company arising from movements in market price. The value of the financial instruments may change as a result of changes in the foreign currency exchange rates (foreign currency risks), interest rate (interest rate risk), and other market changes (price risks) that effect financial performance of the Company. Market risks is attributable to all market risk sensitive financial instruments including investment and deposits, foreign currency receivables, payables and loans and borrowings.

a) **Foreign Currency Risks:** Foreign Currency risk that the fair value or the future cash flow of the financial instruments fluctuates because in the movement of the foreign currency rates in relation to functional currency (INR) of the Company. The Company's exposure to the risk in changes in the foreign exchange rates primarily relates to the business activities denominated in a foreign currency like exports, import of raw materials, components, equipment, other services and trade related foreign currency borrowings. The Company uses hedging instruments as a part of its management of foreign currency risk associated with its highly probable purchase transactions in foreign currency. The company manages its foreign currency exposure by entering into foreign exchange forward contracts, which are designated as cash flow hedges, to hedge foreign currency risk exposures for balancing the risk and optimizing the hedging cost. Derivatives are used for hedging purpose and not for any trading or speculative transactions.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Foreign currency risk exposure

The exposure to foreign currency risk at the end of the reporting period expressed in INR, are as follows:

Particulars	As at March 31, 2017				
	USD	EUR	NOK	Others	Total
Financial assets	–	–	–	–	–
Financial liabilities					
Borrowings	1507.03	7908.36	44.48	88.82	9548.69
Trade Payables	573.29	1561.13	14.89	30.04	2179.35
Goods in Transit (GIT)	343.90	954.85	–	7.78	1306.53
Liability for Expenses	69.04	1.37	–	–	70.41
Other financial liabilities	49357.33	–	–	–	49357.33
(Less): Derivative taken to hedge on-balance sheet liabilities	(838.24)	(8284.74)	(43.80)	–	(9166.78)
Net exposure to foreign currency risk (liabilities)	**51012.35**	**2140.97**	**15.57**	**126.64**	**53295.53**

Particulars	As at March 31, 2016				
	USD	EUR	NOK	Others	Total
Financial assets	–	–	–	–	–
Financial liabilities					
Borrowings	3859.78	2786.35	715.60	275.66	7637.39
Trade Payables	1204.37	1204.74	63.79	148.45	2621.35
Goods in Transit (GIT)	4.06	9.80	–	0.80	14.66
Liability for Expenses	1200.00	–	–	–	1200.00
Other financial liabilities	–	–	–	–	–
(Less): Derivative taken to hedge on-balance sheet liabilities	–	–	–	–	–
Net exposure to foreign currency risk (liabilities)	**6268.21**	**4000.89**	**779.39**	**424.91**	**11473.40**

Particulars	As at April 01, 2015				
	USD	EUR	NOK	Others	Total
Financial assets	–	–	–	–	–
Financial liabilities					
Borrowings	8591.23	16825.49	3961.48	1309.01	30687.21
Trade Payables	1617.74	3274.48	1566.46	569.31	7027.99
Goods in Transit (GIT)	–	–	–	–	–
Liability for Expenses	–	–	–	–	–
Other financial liabilities	–	–	–	–	–
(Less): Derivative taken to hedge on-balance sheet liabilities	–	(10269.24)	–	–	(10269.24)
Net exposure to foreign currency risk (liabilities)	**10208.97**	**9830.73**	**5527.94**	**1878.32**	**27445.96**

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Foreign currency sensitivity

5% increase or decrease in foreign exchange rates will have the following impact on profit before tax

For Exchange Rate

Particulars	Borrowings		Trade Payables		GIT & Liability for Expenses		Hedge Instruments	
	Impact on profit after tax		Impact on profit after tax		Impact on profit after tax		Impact on Other Equity	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
USD Sensitivity								
INR/USD -Increase by 5% (31 March 2016 -5%)	**(75.35)**	*(192.99)*	**(28.66)**	*(66.33)*	**(2488.51)**	*(60.20)*	**(42.57)**	*(743.26)*
INR/USD -Decrease by 5% (31 March 2016 -5%)	**75.35**	*192.99*	**28.66**	*66.33*	**2488.51**	*60.20*	**42.57**	*743.26*
EURO Sensitivity								
INR/EURO -Increase by 5% (31 March 2016 -5%)	**(395.42)**	*(139.32)*	**(78.06)**	*(63.24)*	**(47.81)**	*(0.49)*	**(598.64)**	*(419.62)*
INR/EURO -Decrease by 5% (31 March 2016 -5%)	**395.42**	*139.32*	**78.06**	*63.24*	**47.81**	*0.49*	**598.64**	*419.62*
SGD Sensitivity								
INR/SGD -Increase by 5% (31 March 2016 -5%)	**(4.44)**	*(3.40)*	**(1.21)**	*(3.29)*	**–**	–	**–**	–
INR/SGD -Decrease by 5% (31 March 2016 -5%)	**4.44**	*3.40*	**1.21**	*3.29*	**–**	–	**–**	–
NOK Sensitivity		.						
INR/NOK -Increase by 5% (31 March 2016 -5%)	**(2.22)**	*(35.78)*	**(0.74)**	*(3.35)*	**–**	–	**(38.88)**	–
INR/NOK -Decrease by 5% (31 March 2016 -5%)	**2.22**	*35.78*	**0.74**	*3.35*	**–**	–	**38.88**	–
AUD Sensitivity								
INR/AUD -Increase by 5% (31 March 2016 -5%)	**–**	*(2.00)*	**(0.22)**	*(0.44)*	**–**	–	**–**	–
INR/AUD -Decrease by 5% (31 March 2016 -5%)	**–**	*2.00*	**0.22**	*0.44*	**–**	–	**–**	–
GBP Sensitivity								
INR/GBP -Increase by 5% (31 March 2016 -5%)	**–**	*(4.22)*	**–**	*(2.10)*	**–**	–	**–**	–
INR/GBP -Decrease by 5% (31 March 2016 -5%)	**–**	*4.22*	**–**	*2.10*	**–**	–	**–**	–
JPY Sensitivity								
INR/JPY -Increase by 5% (31 March 2016 -5%)	**–**	*(3.02)*	**–**	–	**–**	–	**–**	–
INR/JPY -Decrease by 5% (31 March 2016 -5%)	**–**	*3.02*	**–**	–	**–**	–	**–**	–
SEK Sensitivity								
INR/SEK -Increase by 5% (31 March 2016 -5%)	**–**	*(1.14)*	**(0.05)**	*(1.24)*	**–**	–	**–**	–
INR/SEK -Decrease by 5% (31 March 2016 -5%)	**–**	*1.14*	**0.05**	*1.24*	**–**	–	**–**	–
Other Currency Sensitivity								
Other cur. -Increase by 5% (31 March 2016 -5%)	**–**	–	**–**	*(0.70)*	**(0.39)**	*(0.04)*	**–**	–
Other cur. -Decrease by 5% (31 March 2016 -5%)	**–**	–	**–**	*0.70*	**0.39**	*0.04*	**–**	–
(Decrease) in profit	**(477.43)**	*(381.87)*	**(108.94)**	*(140.69)*	**(2536.71)**	*(60.73)*	**(680.09)**	*(1162.88)*
Increase in profit	**477.43**	*381.87*	**108.94**	*140.69*	**2536.71**	*60.73*	**680.09**	*1162.88*

b) **Interest Rate Risks :** Interest rate risk is the risk that the fair value of future cash flows of the financial instrument will fluctuate because of the change in the market interest rates. The Company's exposure to interest rate risk is not significant as it does not have any long term debt obligations with floating interest rates. It has only fixed rate Secured Non-convertible Debentures and Non-cumulative redeemable Preference shares.

Interest rate risk exposure:

The exposure of the Company's borrowing to interest rate changes at the end of the reporting period are as follows:

Particulars	**As at March 31, 2017**	*As at March 31, 2016*	*As at April 01, 2015*
Variable rate borrowings (Cash Credit facilities)	**5986.91**	*19183.78*	*68337.76*
Variable rate borrowings - Buyer's Credit	**9548.69**	*7637.40*	–
Fixed rate borrowings - Debentures	**137951.55**	*137921.05*	*298410.65*
Fixed rate borrowings - WCDL	**22652.88**	–	–
Fixed rate borrowings - ICD	**51200.00**	*51598.05*	*38675.63*
Total borrowings	**227340.03**	*216340.28*	*405424.04*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

For Interest Rate

25 BPS increase or decrease in Interest Rate will have the following impact on profit before tax:

Variable rate borrowings/Buyers Credit

Particulars	Impact on profit after tax	
	2016-17	*2015-16*
Indian Rupees		
Interest rates -increase by 0.25% in INR interest rate (31 March 2016 -0.25%)	**(14.97)**	*(47.96)*
Interest rates -decrease by 0.25% in INR interest rate (31 March 2016 -0.25%)	**14.97**	*47.96*
USD		
Interest rates –increase by 0.25% in USD interest rate (31 March 2016 -0.25%)	**(0.91)**	*(3.66)*
Interest rates -decrease by 0.25% in USD interest rate (31 March 2016 -0.25%)	**0.91**	*3.66*
EURO		
Interest rates -increase by 0.25% in EURO interest rate (31 March 2016 -0.25%)	**(7.07)**	*(0.60)*
Interest rates -decrease by 0.25% in EURO interest rate (31 March 2016 -0.25%)	**7.07**	*0.60*
SGD		
Interest rates -increase by 0.25% in SGD interest rate (31 March 2016 -0.25%)	**(0.06)**	*(0.04)*
Interest rates -decrease by 0.25% in SGD interest rate (31 March 2016 -0.25%)	**0.06**	*0.04*
NOK		
Interest rates -increase by 0.25% in NOK interest rate (31 March 2016 -0.25%)	**(0.06)**	*(0.20)*
Interest rates -decrease by 0.25% in NOK interest rate (31 March 2016 -0.25%)	**0.06**	*0.20*
(Decrease) in profit	**(23.07)**	*(52.46)*
Increase in profit	**23.07**	*52.46*

c) **Price Risk :** The Company is affected by the price volatility of some principal inputs like steel which is being closely monitored and managed contractually through price variation clause in the contract.

Capital management

For the purpose of Capital management, capital includes issued capital and other equity attributable to the equity shareholders of the company. The Company manages its capital structure and makes adjustments in the light of changes in economic environment and market conditions under the guidance of the Holding Company. The funding requirement is met through a judicious mix of equity, long term borrowings and short-term borrowings.

NOTE 45A - DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 1 "PRESENTATION OF FINANCIAL STATEMENTS"

Current assets expected to be recovered after more than twelve months

Particulars	**As at March 31, 2017**			*As at March 31, 2016*			*As at April 01, 2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Inventories	**27502.70**	**–**	**27502.70**	*24938.07*	*–*	*24938.07*	*24255.36*	*–*	*24255.36*
Investments	**1044.03**	**–**	**1044.03**	*976.21*	*–*	*976.21*	*902.12*	*–*	*902.12*
Trade receivables	**6385.51**	**–**	**6385.51**	*4168.31*	*–*	*4168.31*	*4617.86*	*–*	*4617.86*
Cash and bank balances	**1775.00**	**–**	**1775.00**	*22.28*	*–*	*22.28*	*13.25*	*–*	*13.25*
Loans	**33.74**	**–**	**33.74**	*94.00*	*–*	*94.00*	*84.44*	*–*	*84.44*
Other financial assets	**9141.60**	**–**	**9141.60**	*453.87*	*–*	*453.87*	*63.87*	*–*	*63.87*
Current Tax Assets (net)	**3287.32**	**–**	**3287.32**	*1689.36*	*–*	*1689.36*	*382.04*	*–*	*382.04*
Other current assets	**74087.99**	**22512.35**	**96600.34**	*96341.52*	*16034.10*	*112375.62*	*18373.12*	*63518.62*	*81891.74*
Assets classified as held for sale	**–**	**–**	**–**	*166816.71*	*–*	*166816.71*	*–*	*–*	*–*
Total Current assets	**123257.89**	**22512.35**	**145770.24**	*295500.33*	*16034.10*	*311534.43*	*48692.06*	*63518.62*	*112210.68*

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

Current liabilities expected to be settled after more than twelve months

Particulars	As at March 31, 2017			*As at March 31, 2016*			*As at April 01, 2015*		
	Less than twelve months	**More than twelve months**	**Total**	*Less than twelve months*	*More than twelve months*	*Total*	*Less than twelve months*	*More than twelve months*	*Total*
Borrowings	**89388.48**	**–**	**89388.48**	*78419.22*	*–*	*78419.22*	*107013.38*	*–*	*107013.38*
Trade payables	**11882.92**	**–**	**11882.92**	*9309.11*	*–*	*9309.11*	*10804.64*	*–*	*10804.64*
Other financial liabilities	**66551.43**	**552.54**	**67103.97**	*17443.20*	*–*	*17443.20*	*12868.03*	*–*	*12868.03*
Other current liabilities	**25433.86**	**14003.07**	**39436.93**	*72255.51*	*18288.64*	*90544.15*	*11831.40*	*47324.56*	*59155.96*
Provisions	**1156.07**	**646.59**	**1802.67**	*1633.71*	*610.53*	*2244.24*	*1188.90*	*627.62*	*1816.52*
Liabilities associated with group of assets classified as held for sale	**–**	**–**	**–**	*151590.24*	*–*	*151590.24*	*–*	*–*	*–*
Total Current liabilities	**194412.77**	**15202.20**	**209614.97**	*330650.98*	*18899.17*	*349550.16*	*143706.35*	*47952.18*	*191658.53*

NOTE 46 :

The inventory write down during the year is ₹ 72129.17 lakhs towards impairment and loss. Based on the assessment of management corresponding insurance compensation receivable is ₹ 33947.45 lakhs which has been recognised during the year.

Out of the above, ₹ 5802.43 lakhs is an exceptional item towards inventory loss net of insurance compensation receivable on account of a damaged vessel.

NOTE 47 : DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (AS) 108 "OPERATING SEGMENTS"

(i) Operating segments are identified and reported as a component of the Company based on the performance assessment and resource allocation by the Management. The operating segments are regularly reviewed and monitored by the Chief Operating decision maker of the Company based on the discrete financial information available to evaluate their performance and allocation of resource.

(ii) Pursuant to the Scheme of Arrangement for Demerger [Note 44], the Port business segment of the Company, stands transferred to and vested in Marine Infrastructure Developer Private Limited as a going concern with effect from March 31, 2016. Accordingly, the company now operates in single segment, Shipbuilding business. The performance measurement and resource allocation is done by the Chief Operating decision maker solely on this segment. The figures reported as comparatives for financial year 2015-16 exclude the discontinued operations of Port business undertaking.

(iii) Since the Company is operating on single segment, no segment results on primary segment has been furnished."As a secondary segment the company has furnished the geographical segment results and carrying amount of assets pertaining to those segments.

(a) Secondary segments (geographical segments)

Particulars	Domestic		Overseas		Total	
	2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
External revenue by location of customers	**45897.68**	*27833.66*	**16207.74**	*18117.79*	**62105.42**	*45951.45*
Carrying amount of segment assets by location of assets	**178510.90**	*186516.60*	**–**	*–*	**178510.90**	*186516.60*

(b) All the fixed assets of the Company are located in India.

NOTE 48 : EXCEPTIONAL ITEMS :

Exceptional Items for the year ended March 31, 2017 include the follows:

Particulars	2016-17	*2015-16*
1. Gain as per Scheme of Arrangement for Demerger	**29720.94**	**–**
2. Inventory loss net off Insurance compensation receivable on account of a damaged vessel.	**(5802.43)**	–
Total of Exceptional Items	**23918.51**	–

NOTE 49 : GOING CONCERN

The Company has substantial accumulated losses and has incurred significant cash losses during the current and previous financial years resulting in substantial erosion of net worth as at March 31, 2017. However, these financial statements have been prepared on a going concern basis based on the communication from the Holding Company stating its intention to continue to provide financial support towards project costs and other obligations of the Company. The management has also carried out an assessment of the future operating cash flows of the Company and is satisfied that there are no events or conditions that may cast a significant doubt on the ability of the Company to continue as a going concern.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

All amounts are in ₹ lakhs

NOTE 50 : DISCLOSURES PURSUANT TO INDIAN ACCOUNTING STANDARD (IND AS) 101 "FIRST-TIME ADOPTION OF INDIAN ACCOUNTING STANDARDS"

Reconciliation of Equity as at April 01, 2015 and March 31, 2016

Sl. No.	Particulars	Note	April 01, 2015	*March 31, 2016*
1	**Equity Share Capital (I)**		**84400.00**	**84400.00**
2	**Surplus as on April 01, 2015 as per previous GAAP Profit/(Loss) (a)**		**(152328.23)**	–
	Ind AS Adjusted Surplus as at transition date April 01, 2015 (b)		**–**	*(153907.85)*
	Ind AS Adjustments to Other Equity - Through Retained Earnings			
	Redeemable Preference Share Capital	A	**(415.30)**	*(2306.53)*
	Redeemable, non-convertible, fixed rate debentures	B	**787.61**	*(365.61)*
	Financial guarantee	C	**(1391.42)**	*(344.54)*
	Investment in Mutual Fund	D	**63.48**	*74.09*
	Leases	E	**(164.61)**	*50.75*
	Employee benefits	F	**(447.80)**	*35.43*
	Expected Credit Loss	G	**(52.70)**	*(77.83)*
	Hedge accounting	H	**147.26**	*681.60*
	Construction Revenue	H	**(106.14)**	–
	Remeasurements of Defined Benefit Plans	I	**–**	*(10.11)*
	Total Ind AS Adjustments as at transition date (c)	21 (b)	**(1579.62)**	–
	Total Ind AS Adjustments during 2015-16 (i)		**–**	*(2262.75)*
	Profit/(Loss) for the year 2015-16 as per previous GAAP (ii)		**–**	*(68907.79)*
	Profit/(Loss) for the year 2015-16 as per Ind AS (d) = (i)+(ii)	21 (b)	**–**	*(71170.54)*
	Closing Retained Earnings as per Ind AS Profit/(Loss) (II)= (a)+(b) +(c)+(d)	21 (b)	**(153907.85)**	*(225078.39)*
3	**Effective Portion of Cash Flow Hedges**			
	Hedging Reserve as per previous GAAP gains/(losses) (a)		**(274.44)**	–
	Ind AS Adjusted Hedging Reserve as at transition date (b)		**–**	*(429.18)*
	Hedge Reserve transfer from Retained Earnings	H	**(147.26)**	*(681.60)*
	Forward Contract	H	**(7.48)**	*7.48*
	Total Ind AS Adjustments as at transition date (c)		**(154.74)**	–
	Total Ind AS Adjustments during 2015-16 (i)		**–**	*(674.12)*
	Hedge Reserve gains/(loss) for the year 2015-16 as per previous GAAP (ii)		**–**	*(43.50)*
	Hedge Reserve gains/(losses) for the year 2015-16 as per Ind AS (d) = (i)+(ii)	21 (a)	**–**	*(717.62)*
	Closing Hedging Reserve as per Ind AS gains/(losses) (III)=(a)+(b)+(c) +(d)	21 (a)	**(429.18)**	*(1146.80)*
4	**Items of Other comprehensive income**			
	Remeasurement gains/(losses) of defined benefit plans	I	**–**	*10.11*
	Less : Held for sale		**–**	*(9.29)*
	Closing balance as per Ind AS gains/(losses) (IV)	21 (c)	**–**	*0.82*
5	**Equity Component of Financial Instruments**			
	Equity component of Preference Share Capital	A	**10484.15**	*10484.15*
	Add: Additions during the year	A	**–**	*94383.78*
	Total Equity component of Preference Share Capital (i)		**10484.15**	*104867.93*
	Equity component of financial guarantee (ii)	C	**2874.30**	*2874.30*
	Closing balance as per Ind AS (V)=(i)+(ii)	21 (d)	**13358.45**	*107742.23*
	Equity as per Ind AS (I)+(II)+(III)+(IV)+(V)	20& 21	**(56578.58)**	*(34082.14)*

Notes to Reconciliation of Equity

A Redeemable Preference Share Capital

Redeemable Preference Share Capital issued to the Holding Company is recognised as compound financial instrument and split method of accounting is adopted to measure it as equity component and liability component. As at transition date, the equity component and liability component is ₹ 10484.15 lakhs and ₹ 3931.15 lakhs respectively and the related unwinding of discount amount ₹ 415.30 lakhs is recognised in opening retained earnings. Consequent to further issue of redeemable preference shares during the year 2015-16, the equity component and liability component is increased by ₹ 94383.78 lakhs and ₹ 38802.22 lakhs respectively and the unwinding of discount amount of ₹ 2306.53 lakhs is recognised as finance cost.

NOTES ACCOMPANYING FINANCIAL STATEMENTS (Contd.)

B Redeemable, non-convertible, fixed rate debentures ("NCD")

Non-convertible Debentures are classified as financial liability measured at amortised cost by applying effective interest method. As at transition date the net impact on adoption of effective interest method is ₹ 787.61 lakhs adjusted to retained earnings and NCDs are carried at ₹ 298410.65 lakhs. During the year 2015-16, the impact of effective interest method of ₹ 365.61 lakhs is recognised as finance cost and the NCDs as on March 31, 2016 are carried at ₹ 137921.05 lakhs.

C Financial Guarantee

The Company has obtained corporate guarantee in favour of Debenture Trustees from the Holding Company. The Company has recognised the fair value of financial guarantee charges as financial guarantee asset and corresponding equity component. As at transition date, the Company has recognised and carried equity component of ₹ 2874.30 lakhs and financial guarantee asset of ₹ 1482.88 lakhs and the related amortisation of ₹ 1391.42 lakhs recognised in opening retained earnings. During the year 2015-16, the financial guarantee asset has been amortised by ₹ 344.54 lakhs and the carrying value of the same as on March 31, 2016 is ₹ 1138.34 lakhs.

D Investment in Mutual Funds

Investment in Mutual Funds are classified as financial assets measured at fair value through profit and loss (FVTPL). As at transition date, investments are carried at ₹ 902.12 lakhs with fair value gain of ₹ 63.48 lakhs recognised in opening retained earnings. During the year 2015-16 the fair value gain of ₹ 74.09 lakhs is recognised in statement of profit or loss as other income and the carrying value of investments as on March 31, 2016 is ₹ 976.21 lakhs.

E Leases

The Company has accounted operating lease rentals on straight line basis and created a lease equalisation reserve for the difference between the actual amount of lease rent paid and amount recognised in statement of profit and loss on straight line basis. As at the transition date, ₹ 164.61 lakhs is charged to retained earnings and recognised as lease equalisation reserve. During the year 2015-16 the lease equalisation reserve utilised is ₹ 50.75 lakhs and the carrying amount of lease equalisation reserve as on March 31, 2016 is ₹ 113.86 lakhs.

F Employee benefits

As at transition date the Company has recognised the performance linked rewards to employees as a liability and an amount of ₹ 447.80 lakhs is charged to opening retained earnings. During the year 2015-16, the effect of expense and reversal of provision is ₹ 35.43 lakhs.

G Expected Credit Loss ("ECL")

The Company has provided for expected credit loss allowance for impairment of financial assets i.e. trade receivables, other receivables and security deposits with customer. As at transition date, the effect of such impairment recognised in opening retained earnings is ₹ 52.70 lakhs and the same are adjusted to carrying amount of trade receivables and security deposits. During the year 2015-16, ₹ 77.83 lakhs is recognised in statement of profit and loss as provision for expected credit loss in other expenses.

H Hedge accounting

As at transition date, the Company has transferred the effective portion of cash flow hedges of ₹ 147.26 lakhs to hedging reserve.

The impact of fair value of forward contract of ₹ 7.48 lakhs is recognised in hedging reserve and forward contract payable accordingly.

The impact of the effective portion of cash flow hedges on construction contract revenue of ₹ 106.14 lakhs is recognised in opening retained earnings.

During the year 2015-16, the effective portion of cash flow hedges of ₹ 681.60 lakhs is transferred from statement of profit and loss to hedging reserve and the impact of fair value of forward contract of ₹ 7.48 lakhs, previously recognised is reversed.

As on March 31, 2016 there is no impact on construction revenue as the revenue for those projects are recognised at cost without margin.

I Gains/(losses) on Remeasurement of Defined Benefit plans

During the year 2015-16, gains on remeasurement of net defined benefit liability amounting to ₹ 10.11 lakhs is reclassified from employee benefit expense to Other comprehensive income.

As per our report attached of even date

For SHARP & TANNAN

Chartered Accountants
(Firm's Registration No. 003792S)

V. VISWANATHAN
Partner
Membership No. 215565

Place : Chennai
Date : May 09, 2017

for and on behalf of the Board of **L&T Shipbuilding Limited**

B KANNAN	**K VENKATESH**	**R B URIKOUTH**	**S SRIDHAR**	**K PREMNATHA**
Managing Director & Chief Executive Officer (DIN 07110356)	*Director (DIN 00240086)*	*Director (DIN 06764979)*	*Chief Financial Officer*	*Company Secretary M. No. F7382*

Place : Chennai
Date : May 09, 2017

DIRECTORS' REPORT

The Directors have pleasure in presenting their Eighth Annual Report and Accounts for the year ended March 31, 2017.

FINANCIAL RESULTS

The financial results of the Company are as under-

₹ Lakhs

Head	2016-17	2015-16
Profit / (loss) before Depreciation & tax	**(20354.73)**	*(23351.91)*
Less:Depreciation, amortization & obsolescence	**5110.38**	*5139.12*
Profit before Tax	**(25465.11)**	*(28491.03)*
Less: Provision for tax	**–**	*–*
Profit / (Loss) after tax	**(25465.11)**	*(28491.03)*
Other comprehensive income	**(175.36)**	*(47.82)*
Total comprehensive income	**(25640.47)**	*(28538.85)*

CAPITAL & FINANCE

During the year, the Company repaid a part of its long term foreign currency loan, equivalent to ₹ 6457.90 lakhs.

CAPITAL EXPENDITURE

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 142757.56 lakhs and the net fixed and intangible assets, including leased assets, at ₹ 131793.34 lakhs. Capital Expenditure during the year amounted to ₹ 819.53 lakhs.

DEPOSITS

During the year under review, the Company has not accepted any deposit from the Public.

PARTICULARS OF LOANS GIVEN, INVESTMENTS MADE, GUARENTEES GIVEN OR SECURITY PROVIDED BY COMPANY

The Company has not given any Loans or done any investments during the financial year 2016-17 as covered under section 186 of the Companies Act 2013.

PARTICULARS OF CONTRACT OR ARRANGEMENTS WITH RELATED PARTY TRANSACTIONS

The Audit Committee has approved all related party transactions for 2016-17. All the related party transactions were in the ordinary course of business and at arm's length. The details of material transactions are attached in Annexure-A in Form AOC-2.

The Audit Committee has also approved the related party transactions expected to be entered into for the FY 2017-18.

STATE OF COMPANY AFFAIRS

The gross sales and other income for the financial year under review were ₹ 13062.90 lakhs as against ₹ 10308.22 lakhs for the previous financial year registering an increase of ₹ 2754.68 lakhs. The total comprehensive loss from continuing operations is ₹ 25640.47 lakhs for the financial year under review as against total comprehensive loss of ₹ 28538.85 lakhs in the previous financial year.

The Company was registered under BIFR however post govt. notification effective 1.12.2016, BIFR has been dissolved and all cases under the BIFR stand abated.

MATERIAL CHANGES AND COMMITMENTS AFFECTING FINANCIAL POSITION OF THE COMPANY BETWEEN THE END OF THE FINANCIAL YEAR AND THE DATE OF THE REPORT

There are no material changes and commitments affecting financial position of the Company between the end of the financial year and the date of the report.

CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO

The relevant disclosure is attached as Annexure B to this report.

RISK MANAGEMENT POLICY

The Company has formulated a risk management policy to identify, mitigate and review the risks which in the opinion of the Board may threaten the existence of the Company and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR

Sh. N R Choudhary was appointed as a Director in the casual vacancy caused due to the resignation of Sh. Preman Dinaraj on March 9, 2017 and holds office till the date of this Annual General Meeting being eligible offers himself for appointment as Director liable to retire by rotation. Mr. W.P Parthasarathy was appointed as a Director in casual vacancy caused due to the resignation of Mr. Satish on October 9, 2015 and holds office till the date of this Annual General Meeting (AGM) and being eligible offers himself for appointment as Director liable to retire by rotation.

Mr. A K Mukherji, Mr. P J Mathew and Mrs. Bhagyam Ramani were re-appointed as Independent Directors for a second term of five years with effect from 31st March 2017 till 30th March 2022. The re-appointment has been made taking into consideration the performance evaluation report of these Directors.

The terms and conditions on re-appointment of the aforesaid Independent Directors are in compliance with the provisions of the Companies Act, 2013.

The notice convening the AGM includes the proposal for appointment/re-appointment of Directors.

The Present Directors of the Company areMr. Shailendra Roy, Mr. J.D. Patil, Mr. Y.S. Trivedi, Mr. W. P. Parthasarathy, Sh. N R Choudhary, Sh. K R Anilkumar, Mr. A K Mukherji, Mr. P. J. Mathew and Mrs. Bhagyam Ramani.

Mr. R.G. Kulkarni ceased to be the Chief Executive and Manager of the Company with effect from April 1, 2017. Mr. Sanjay Sharma was appointed as the Chief Executive Officer & Manager of the Company for a period of three years with effect from April 1, 2017 to March 31, 2020. Mr. Deepak Sankhla is the Chief Financial Officer and Company Secretary of the Company.

NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. During the year under review 6 meetings were held on April 27, 2016, September 7, 2016, October 14, 2016, December 7 2016, January 3, 2017 and March 9 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

AUDIT COMMITTEE

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.The terms of reference of the committee are in line with the requirements of the Companies Act, 2013

During the year under review 2 meetings were held on –April 27, 2016 and September 7, 2016.

The committee consists of two non-executive directors and three independent Directors. The present members of the committee are, Mr. W.P. Parthasarathy, Sh. N R Choudhary, Sh. P. J. Mathew, Mr. A. K. Mukherji and Mrs. Bhagyam Ramani.

In accordance with the requirements of the Companies Act, 2013, the Company has established a vigil mechanism framework for directors and employees to report genuine concerns.

COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made thereunder.

The Committee comprises of 2 Non-executive Directors and 2 Independent Directors. The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Nomination & Remuneration Committee are-

Mr. Shailendra Roy, Sh. N R Choudhary , Mr. A K Mukherji and Mrs. Bhagyam Ramani.

During the year under review, five meetings were held – on April 27, 2016 September 7, 2016 October 14, 2016, January 3, 2017 March 9, 2017.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

DECLARATION OF INDEPENDENCE

The Company has received a Declaration of Independence as stipulated under Section 149(7) of the Companies Act, 2013 from Independent Directors of the Company confirming that they are not disqualified from continuing as an Independent Directors.

ADEQUACY OF INTERNAL FINANCIAL CONTROL

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

DIRECTORS' RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures:

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit or loss of the Company for that period:

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities:

d) The Directors have prepared the Annual Accounts on a going concern basis:

e) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

PERFORMANCE EVALUATION OF BOARD, ITS COMMITTEES AND DIRECTORS

The Nomination and Remuneration Committee and the Board have laid down the manner in which formal annual evaluation of the performance of the Board, committees and individual directors has to be made.

It includes circulation of questionnaires to all Directors for evaluation of the Board and its Committees on matters like Board composition and its structure, its culture, Board effectiveness, Board functioning, information availability, etc. These questionnaires also cover specific criteria and the grounds on which all directors in their individual capacity will be evaluated.

The inputs given by all the directors were discussed in the meeting of the Independent Directors held on May 5, 2017 .The performance evaluation of the Board, Committees and Directors was also reviewed by the Nomination and Remuneration Committee and the Board of Directors.

COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD & ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

AUDITORS' REPORT

The Auditors' Report to the Shareholders does not contain any qualifications.

The notes to the accounts referred to in the Auditors' Report are self-explanatory and therefore do not call for any further comments of Directors.

AUDITORS

The Auditors, M/s M.P. Chitale & Co., holds office until the conclusion of the11th Annual General Meeting. As per the provisions of the Companies Act, 2013, M/s M.P. Chitale & Co. are eligible to be appointed. Acertificate from the Auditors has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013.

The Board recommends ratification of appointment of M/s M.P. Chitale & Co. as Auditors for FY 2017-18.

SECRETARIAL AUDIT REPORT

The Secretarial Auditors' report to the shareholders does not contain any qualification.

The Secretarial Audit Report issued by M/s. Alwyn Jay & Co., Practicing Company Secretary is attached as Annexure ' C ' to this Annual Report.

COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 as amended from time to time the Board of Directors had appointed M/s Manubhai &Associates, Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2017 at a remuneration of ₹ 45000/-. They have confirmed their independent status and that they are free from any disqualifications under Section 141 of Companies Act, 2013.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

A proposal for ratification of the Cost Auditor for the financial year 2017-18 will be placed before the shareholders.

DETAILS OF SIGNIFICANT AND MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return as prescribed in Form MGT 9,is attached as Annexure 'D' to this Report

ACKNOWLEDGEMENTS

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place: Mumbai
Date: May 5, 2017

Y. S. TRIVEDI	K. R. ANILKUMAR	A. K. MUKHERJI
Director	*Director*	*Director*
DIN: 06531751	*DIN: 06478637*	*DIN: 02107326*

ANNEXURE-A TO THE DIRECTORS' REPORT

FORM NO. AOC-2

(Pursuant to clause (h) of sub-section (3)of section 134 of the Act and Rule 8(2) of the Companies (Accounts) Rules, 2014)

Form for disclosure of particulars of contracts/arrangements entered into by the company with related parties referred to in sub-section (1) of section 188 of the Companies Act, 2013 including certain arm's length transactions under third proviso thereto

1. Details of contracts or arrangements or transactions not at arm's length basis: NIL
   - (a) Name(s) of the related party and nature of relationship
   - (b) Nature of contracts/arrangements/transactions
   - (c) Duration of the contracts / arrangements/transactions
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any
   - (e) Justification for entering into such contracts or arrangements or transactions
   - (f) date(s) of approval by the Board
   - (g) Amount paid as advances, if any:
   - (h) Date on which the special resolution was passed in general meeting as required under first proviso to section 188
2. Details of material contracts or arrangement or transactions at arm's length basis
   - (a) Name(s) of the related party and nature of relationship
   - (b) Nature of contracts/arrangements/transactions
   - (c) Duration of the contracts / arrangements/transactions
   - (d) Salient terms of the contracts or arrangements or transactions including the value, if any:
   - (e) Date(s) of approval by the Board, if any:
   - (f) Amount paid as advances, if any:

For and on behalf of the Board

Place: Mumbai
Date: May 5, 2017

Y. S. TRIVEDI	**K. R. ANILKUMAR**	**A. K. MUKHERJI**
Director	*Director*	*Director*
DIN: 06531751	*DIN: 06478637*	*DIN: 02107326*

Annexure to Form No. AOC - 2 to be submitted with Director's report for the year ending 31st March 2017

Details of materials transactions at Arm's Length

Amount in ₹

Name of the related party	Nature of relationship	Nature of contracts/ arrangements/ transactions	Duration of the contracts / arrangements/ transactions	Salient terms of the contracts or arrangements or transactions including the value	Date of approval by the Board	Amount paid as advances
a(1)	**a(2)**	**b**	**c**	**d**	**e**	**f**
Larsen & Toubro Limited	Holding Company	Sale of goods & services to	As per Purchase Order terms	4,773.62	–	589.56
Larsen & Toubro Limited	Holding Company	Overheads charged by	As per Purchase Order terms	864.19	–	–
Larsen & Toubro Limited	Holding Company	Purchases from	As per Purchase Order terms	139.22	–	–
Nuclear Power Corporation of India Limited	Promoter Company	Sale of goods & services to	As per Purchase Order terms	693.72	–	156.60

For and on behalf of the Board

Place: Mumbai
Date: May 5, 2017

Y. S. TRIVEDI
Director
DIN: 06531751

K. R. ANILKUMAR
Director
DIN: 06478637

A. K. MUKHERJI
Director
DIN: 02107326

ANNEXURE - B TO THE DIRECTORS' REPORT

(Pursuant to clause (m) of sub-section (3) of section 134 of the Act and Rule 8(3) of the Companies (Accounts) Rules, 2014)

[A] CONSERVATION OF ENERGY:

(a) Energy Conservation measures taken:

Improving energy effectiveness / efficiency of equipment and systems and of Manufacturing Processes

- Plant certified by ISO 50001:2011 for the best Energy Management System
- Installed a robust Power Management System (PMS) for effective management of electrical energy for integrated plant operations
- Maintainedunity power factor during furnace operations and >0.99 power factor during rest of plant operations
- Set up of lighting distribution network dedicated by independent lighting transformers resulting in savingof energy and increase in life of luminaries.
- Use of intelligent office lighting and air-conditioning systems to save energy
- Extensive use of poly carbonate translucent sheetson shop roofs to get natural light of around 1000 lux in day time thus saving power in day time inside shop area.
- Use of high masts for area lighting, eliminating street lights
- Installation of 44 KWp Roof Top Solar Power Plant in Administration Building resulting in annual Renewable/GREEN Energy Source having power generation of around 57600 KWh.
- Constructed Administration Building with concept of GREEN Buildingresulting in Platinum rating.
- Used VFD for FES motors and cranes to improve motor efficiency and enhance energy saving.
- Use of energy efficient re-generative furnace burner technology to save 25-30 % energy (natural gas).
- Used new-generation energy efficient air compressors.
- Mist cooling system set up in place of conventional cooling tower to save energy consumed by fan.
- Optimum boiler chimney height to avoid need of ID fans
- Selected refrigerant type air-dryers instead of externally heated desiccant air- dryers to save energy
- Selection of single primary pumping circuit instead of double circuit (primary-secondary) for cooling tower thus saving the power-cost of double pumping.
- Trimming of impellers of various utility pumps appropriately while maintaining flow & pressure as per design, resulting in power saving of 340 KWh / Hrs.
- Modified operation timing of EAF panel cooling water pumps based on real-time temperature feedback, resulting in saving of power 268 KWh/Heat operation.
- Modified operation of cooling tower fans based on real-time temperature feedback, resulting in power savings
- Pump P1 motor (30 KW) converted from "Delta" to "Star" which is running 24 Hrs. for compressor cooling water, resulted in 780KWh/month.
- Forging press oil cooling system operation optimized based on real-time temperature feed-back
- HT &LT capacitor bank installed resulting in improvement in Power Factor
- Saved NG consumption in boilers by using nitrogen purging system on non-production days; earlier the Boilers were being kept under pressurized condition using NG gas firing. This has resulted in savings in NG consumption.
- Power consumption for compressed air generation reduced by reducing the air pressure. Also eliminated use of compressed air for cooling of HT sight glasses.
- Number of fans reduced from 6 to 3 in Forced Draft Cooling Operation in FES system
- Optimized loading of Fume Extraction System to reduce No-load loss
- Number of LRF cooling water pumps reduced from 2 to 1 thus optimized power consumption
- Optimized loading of transformers to reduce No-load loss
- Magnetic resonators installed in NG Pipelines of RH furnaces for better combustion performance resulting in savings in energy consumption
- Modification of Ladle pre-heaters and installation of higher efficiency burner & waste-heat recuperator resulting in lower NG consumption
- Reviewed complete compressed air circuit to arrest air leakages, installed pressure regulators, isolated area not requiring compressed air thus reducing total air demand, resulting in power savings
- Optimized usage of RO plant to reduce power consumption
- Installed small 90 TR chiller to augment water quenching operations and to substitute use of NG at low C.O.P. to chill the administration building when waste heat was not available from furnaces
- Investment in additional furnaces suitable for small forgings, to optimize gas consumption

- Roof-top rain water collection and storage was implemented – approx. 4500 m3 water was collected, saving equivalent drawal from river, and its pumping cost
- Magnetic resonators have been installed on NG lines of both steam boilers, vertical ladle pre-heater VAM chiller and heat-pump in boiler-house, saving NG consumption by average 3% in these equipment
- Installed small 75 KW capacity screw air compressor to cater to low plant load conditions, instead of operating 315 KW compressor in unload condition. As this new compressor is an air-cooled unit, we have switched to 7.5 KW cooling water pump instead of 30 KW pump for only air-dryer cooling.
- Installation of facility to inject silicon at EAF resulting in power consumption savings
- Reduced Press motor consumption by 10% in Press by optimizing process practices.
- Melting operations in night time when surplus power is available in the grid, thus optimally utilizing the energy resource

(b) Additional investments and proposals , if any , being implemented for reduction of consumption of energy:

- Installation side oxy-fuel burners in EAF
- Cooling-less ignition sensor arrangement in RH furnace burners.
- Replacement of existing burner in Vertical Ladle Pre-heater with a smaller higher efficiency burner
- Modification of feed-water piping in boiler-house to operate one single boiler instead of two, during VIC heats.
- Installation of small air-compressor (15KW) in machine-shop to reduce power consumption of larger compressors during low off take of air in plant.
- Installation of a small pressure sand filter to keep cooling tower water in clean condition; this will help reduce the blow-down water quantity substantially, and reduce fresh water make-up demand as well as power consumption in the WTP.

(c) Impact of measures at (a) and (b) above for reduction of energy consumption and consequent impact on the cost of production of goods

- Measures taken are likely to result in savings in energy consumption, reduction in carbon emission and cost of production.

(d) Total energy consumption and energy consumption per unit of production as per Form-Aof the Annexure to the Rules in respect of Industries specified in the schedule thereto:

	2016-17	*2015-16*
Electricity		
(a) Purchased- (Variable Cost)		
Units (MWh)	**20992**	*15913*
Total Amount (₹ In Lakh.)	**1212**	*948*
Rate(₹/KWh)	**5.78**	*5.96*
(b) Own Generation	**37**	*58*
Natural Gas		
Units (MMBTU)	**196633**	*112213*
Total Amount (₹ In Lakh.)	**1438**	*991*
Rate(₹/MMBTU)	**731**	*883*
Consumption per Unit of Production		
Liquid Metal		
Electricity (KWH / MT)	**862**	*973*
NG (SCM / MT)	**66**	*77*
Forgings (Finished Weight)		
Electricity (KWH / MT)	**3880**	*4568*
NG (SCM / MT)	**1266**	*1415*

[B] TECHNOLGY ABSORBTION:

Efforts made in technology absorption as per Form B

FORM B – (Disclosure of particulars with respect to Technology Absorption)

RESEARCH & DEVELOPMENT (R&D)

1. Specified area in which R&D carried out by the Company:

- Experiments being done in the areas of Heat treatment operations with the help of experts from IITs/NITs.
- Simulation of Ingot casting using “Pro-cast”
- Simulation of Forgings process using “Simu-fact”
- Developing special grades of steel for defense and Nuclear
- Developing pure iron forgings for magnets (health sector)

2. **Benefits derived as a result of above R&D:**
   - This helps improve the processes and better understanding of material properties.

3. **Future plan of action:**
   - The company intends to develop technology in the area of
     - Rotor forgings for Power Plants above 500MW
     - SG Iron castings
     - Horizontal ring rolling facility
     - Centrifugal casting facility
     - Extrusion/ pullout of large nozzles/ shells
     - Two-piece dished-ends

4. **Expenditure on R&D:**
   - During the financial year, the Company has not spent any significantamount towards R&D.

Technology Absorption, Adaptation and Innovation:

1. **Efforts in brief made towards technology absorption, adaptation and innovation:**
   - Interaction with external agencies / consultants for exposure to the latest products, designs, manufacturing technologies, processes and engineering protocols
   - Active participation in international forge masters meet (IFM)
   - Knowledge sharing through national and international conferences, seminars and exhibitions
   - Collaborative efforts with educational / research institutions for research projects – M Tech. projects with IIT/NIT and other institutions
   - Use of the state- of- the- art equipment, instrument and software
   - Analyzing feedback from users to improve processes and services
   - Interaction with international bodies like ASME. API for improvements in technical specifications for forgings

2. **Benefits derived as a result of the above efforts, e.g. product improvement, cost reduction, product development, import substitution, etc:**
   - Indigenization (import substitution) of heavy forgings required in critical equipments in hydrocarbon industry and nuclear power plants
   - Establishment of state- of- the art laboratory facilities for metallurgical, mechanical and chemical testing including NABL certification

3. **Information regarding technology imported during the last 5 years:**
   The company has imported technology from Japan Steel Works during last three years and it will be absorbed by the company over a period of time.

[C] FOREIGN EXCHANGE EARNINGS AND OUTGO:

Activities relating to exports, initiatives taken to increase exports; development of new exports markets for products and services; and the export plans.

Overview:

The company has started its commercial operations in October 2012. The company has been set up with the purpose of making of high quality forgings, required in critical equipments in hydrocarbon industry and in nuclear power plants. This will not only reduce the dependence on foreign suppliers but also save valuable foreign exchange for the country.

A few initiatives detailed:

The following initiatives are being followed on a continuous basis by the Company-

1. Identifying areas for exports opportunities and import substitutions
2. Implementation of internal processes towards operational excellence and creating a high performance organization
3. Using L&T group's international net-work to spread awareness of the Company's facilities and capabilities

Total foreign exchange used and earned:

₹ Lakhs

	2016-17	*2015-16*
Foreign exchange earned	**70.10**	*75.87*
Foreign exchange saved (import substitute)	**9644.36**	*4247.00*
Total	**9714.46**	*4322*
Foreign exchange used	**1078.63**	*1592.78*

ANNEXURE - C TO THE DIRECTORS' REPORT

FORM NO. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and Rule No. 9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Special Steels and Heavy Forgings Private Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on 31st March, 2017 complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder - Not Applicable to the Company;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings, as applicable;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - Not Applicable to the Company;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - Not Applicable to the Company;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009- Not Applicable to the Company;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - Not Applicable to the Company;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - Not Applicable to the Company;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client Not applicable as the Company is not registered as Registrar to issue and Share Transfer Agent during the financial year under review;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - Not Applicable to the Company; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - Not Applicable to the Company.

(vi) Other specific business/industry related laws applicable to the Company - The Company has complied with the provisions of the Air (Prevention and Control of Pollution) Act, 1981 and the rules and standards made thereunder, Water (Prevention and Control of Pollution) Act, 1974 and Water (Prevention and Control of Pollution) Rules, 1975, Environment Protection Act, 1986 and the rules, notifications issued thereunder, Factories Act, 1948 and the other applicable general laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with the Stock Exchanges - Not Applicable to the Company.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all directors to schedule the Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that, there are adequate systems and processes in the Company commensurate with the size and operations of the Company to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period the company, the following events / actions have taken place which have a major bearing on the company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards:-

The Company's borrowing powers were increased to ₹ 2025 Crores by the Shareholders of the Company.

For ALWYN JAY & CO.,
Company Secretaries

Jay D'Souza
Partner
FCS No. 3058
Certificate of Practice No. 6915

Place: Mumbai
Date: April 20, 2017

ANNEXURE - D TO DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN
as on the financial year ended on 31.03.2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i) CIN : U27109MH2009PTC193699

ii) Registration Date : 01/07/2009

iii) Name of the Company : L&T SPECIAL STEELS & HEAVY FORGINGS PRIVATE LIMITED

iv) Category of the Company : Company having share capital

v) Address of the Registered office and Contact details : L&T House, Ballard Estate, Mumbai;
Telephone - 022-67525656,
Fax Number - 022-67525893
Email Address: Subhodh.shetty@larsentoubro.com

vi) Whether listed company : No

vii) Name, Address and Contact details of Registrar and Transfer Agent, if any : Not Applicable

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/service	% to total turnover of the company
1	Forgings, Ingots & Liquid Metal	3440	92.03

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S.No.	Name and Address of the Company	CIN/GLN	Holding/Subsidiary/ Associate	% of Shares held	Applicable Section
1	LARSEN AND TOUBRO LIMITED	L99999MH1946PLC004768	HOLDING	74%	2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
(1) Indian									
a) Individual/HUF									
b) Central Govt	NIL	147316000	147316000	26	NIL	147316000	147316000	26	NIL
c) State Govt (s)									
d) Bodies Corp.	NIL	419284000	419284000	74	NIL	419284000	419284000	74	NIL
e) Banks / FI									
f) Any Other….									
Sub-total (1):-	**NIL**	**566600000**	**566600000**	**100**	**NIL**	**566600000**	**566600000**	**100**	**NIL**
(2) Foreign									
a) NRIs - Individuals									
b) Other – Individuals									
c) Bodies Corp.									
d) Banks / FI									
e) Any Other….									
Sub-total (2):-									
Total Shareholding of Promoter (A) = (A)(1)+(A)(2)	**NIL**	**566600000**	**566600000**	**100**	**NIL**	**566600000**	**566600000**	**100**	**NIL**

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
B. Public Shareholding 1. Institutions a) Mutual Funds b) Banks / FI c) Central Govt d) State Govt(s) e) Venture Capital Funds f) Insurance Companies g) FIIs h) Foreign Venture Capital Funds i) Others (specify)									
Sub-total (B)(1):-									
2. Non-Institutions a) Bodies Corp. i) Indian ii) Overseas b) Individuals i) Individual shareholders holding nominal share capital upto ₹ 1 lakh ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh c) Others (specify)									
Sub-total (B)(2):-									
Total Public Shareholding (B)=(B)(1)+(B)(2)									
C. Shares held by Custodian for GDRs & ADRs									
Grand Total (A+B+C)	**NIL**	**566600000**	**566600000**	**100**	**NIL**	**566600000**	**566600000**	**100**	**NIL**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in share holding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	LARSEN AND TOUBRO LIMITED	419284000	74	NIL	419284000	74	NIL	NIL
2	NUCLEAR POWER CORPORATION OF INDIA LIMITED	147316000	26	NIL	147316000	26	NIL	NIL
	Total	**566600000**	**100**	**NIL**	**566600000**	**100**	**NIL**	**NIL**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE
At the End of the year	NO CHANGE	NO CHANGE	NO CHANGE	NO CHANGE

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

For Each of the Top 10 Shareholders	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NIL	NIL	NIL	NIL
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus / sweat equity etc):	NIL	NIL	NIL	NIL
At the End of the year (or on the date of separation, if separated during the year)	NIL	NIL	NIL	NIL

(v) Shareholding of Directors and Key Managerial Personnel:

For Each of the Directors and KMP	Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	No. of shares	% of total shares of the company	No. of shares	% of total shares of the company
At the beginning of the year	NIL	NIL	NIL	NIL
Date wise Increase / Decrease in Share holding during the year specifying the reasons for increase / decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	NIL	NIL	NIL	NIL
At the End of the year	NIL	NIL	NIL	NIL

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	83574.46	77971.50	–	161545.96
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	12155.03	8683.52	–	20838.56
Total (i+ii+iii)	**95729.49**	**86665.02**	**–**	**182384.52**
Change in Indebtedness during the financial year				
• Addition	–	38812.00	–	38812.00
• Reduction	14557.95	62.00	–	14619.95
Net Change	14557.95	38750.00	-	24192.05
Indebtedness at the end of the financial year				
i) Principal Amount	69016.51	116721.50	–	185738.01
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	15226.87	–	–	15226.87
Total (i+ii+iii)	**84243.38**	**116721.50**	**–**	**200964.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

Sl. no.	Particulars of Remuneration	Name of ~~MD/WTD/~~ Manager				Total Amount
		R G KULKARNI				
1.	Gross salary					
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961					77.14
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961					7.04
	(c) Profits in lieu of salary under Section 17(3) Income tax Act, 1961					
2.	Stock Option					NIL
3.	Sweat Equity					NIL
4.	Commission					
	- as % of profit					NIL
	- others, specify…					NIL
5.	Others, please specify					NIL
	Total (A)					**84.18**
	Ceiling as per the Act					121.55

B. Remuneration to other directors:

Sl. no.	Particulars of Remuneration	Name of Directors				Total Amount
		1. S N ROY 2. P J MATHEW 3. JAYANT DAMODAR PATIL 4. N R CHOUDHARY 5. ANILKUMAR RAMAKRISHNAN KATTIPARAMBIL 6. YOGESHCHANDRA SOMESHWAR TRIVEDI 7. W P PARTHASARATHY 8. ARUN KUMAR MUKHERJI 9. BHAGYAM RAMANI				
1.	Independent Directors • Fee for attending board / committee meetings • Commission • Others, please specify	A K Mukherji 2.30 NIL	P J Mathew 1.80 NIL	Bhagyam Ramani 1.90 NIL	NIL	NIL
	Total (1)	**2.30**	**1.80**	**1.90**		**6.00**
2.	Other Non-Executive Directors • Fee for attending board / committee meetings • Commission • Others, please specify	NIL	NIL	NIL	NIL	NIL
	Total (2)	**NIL**	**NIL**	**NIL**	**NIL**	**NIL**
	Total (B)=(1+2)	**2.30**	**1.80**	**1.90**		**6.00**
	Total Managerial Remuneration	**2.30**	**1.80**	**1.90**		**6.00**
	Overall Ceiling as per the Act					

C. REMUNERATION TO KEY MANAGERIAL PERSONNEL OTHER THAN MD/MANAGER/WTD

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			
			DEEPAK GIRDHARILAL SANKHLA-CS & CFO		Total
1.	Gross salary (a) Salary as per provisions contained in Section 17(1) of the Income-tax Act, 1961 (b) Value of perquisites u/s 17(2) Income-tax Act, 1961 (c) Profits in lieu of salary under Section 17(3) Income-tax Act, 1961				 42.37 2.95
2.	Stock Option	NIL	NIL	NIL	NIL
3.	Sweat Equity	NIL	NIL	NIL	NIL
4.	Commission - as % of profit - others, specify	NIL	NIL	NIL	NIL
5.	Others, please specify	NIL	NIL	NIL	NIL
	Total				**45.32**

VII. PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
B. DIRECTORS					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL
C. OTHER OFFICERS IN DEFAULT					
Penalty	NIL	NIL	NIL	NIL	NIL
Punishment	NIL	NIL	NIL	NIL	NIL
Compounding	NIL	NIL	NIL	NIL	NIL

MANAGEMENT DISCUSSION AND ANALYSIS

LTSSHF is a joint venture (JV) of Larsen & Toubro Limited (L&T) and Nuclear Power Corporation of India Limited (NCPIL), with L&T and NPCIL holding 74% and 26% stakes respectively.

The JV was formed to set up a fully integrated forging facility (from steel scrap to finished forgings of alloy steels, carbon steel &stainless steels) with a capacity to produce a single piece ingot up to 300 MT and forgings up to 120 MT in the first phase. These are required for critical equipment in nuclear power and hydrocarbon industry, for rotors in power industry, blocks for oil & gas segment and for general engineering applications. TheJVis a major strategic step towards achieving India's independence from imports of heavy forgings for Nuclear Power Plants and ensuring timely supply of heavy forgings for hydrocarbon sector.

Business Scenario:

The demand for heavy forgings is a dependent on the outlook of the industry segments comprising refineries,petrochemicals, thermal and nuclear power, hydro power and other industries like steel. The Company has been witnessing fierce competition from global established players having excess capacities. The domestic sectors in the fields of nuclear and defence are expected to grow in coming years. Make in India campaign is also likely to have positive impact on domestic manufacturing sector.

The Company has been successful in getting approvals and qualifications from many key customers. The Company has been successful in manufacturing ofhigh quality Stainless Steel grade forgings required for International Thermonuclear Experimental Reactor (ITER) and all critical forgings for 700 MW domestic nuclear power program. The Company is also developing special grade steels and forgings for domestic strategic programs.

The Company has been manufacturing heavy forgings forrefineries,petrochemical and fertilizer plants. The Company has made successful supplies of Blow out Preventers (BOP) and forged blocks required for oil &gas segment

The Company is focusing on stabilizing the production processes and improve manufacturing efficiencies so as to remain competitive in the market. A series of initiatives have been takenin the areas of cost control and improving process efficiencies.

The Company has embarked on establishment of Quality Systems in the new facility, complying with ISO 9001. The Company has been accredited by NABL certification for laboratories.

The strategic focus of the Company remains to fillthe technological and manufacturing gap in the country for critical heavy forgings for nuclear, strategic, defence and other engineering sectors. The Company has demonstrated its capabilityto manufacture critical forgings for the Indian Pressurized Heavy Water Reactor (PHWR) plants. Ithas also taken up the development of the critical forgings for thenext generation IPWR - nuclear plants. Discussions are on with foreign technology partners for possible development of forgings to meet their specifications for future Indian nuclear installations.

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED

1. REPORT ON THE IND AS FINANCIAL STATEMENTS

We have audited the accompanying Ind AS Financial Statements of L&T Special Steels and Heavy Forgings Private Limited ("the Company"), which comprise the Balance Sheet as at March 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information (hereinafter referred to as "Ind AS Financial Statements").

2. MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The Company's Board of Directors is responsible for the matters stated in Section 134 (5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these Ind AS Financial Statements that give a true and fair view of the state of affairs (financial position), profit or loss (financial performance including other comprehensive income), cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Indian Accounting Standards ("Ind AS") prescribed under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015.

This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding of the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgements and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS Financial Statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

3. AUDITOR'S RESPONSIBILITY

Our responsibility is to express an opinion on these Ind AS Financial Statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit of the Ind AS Financial Statements in accordance with the Standards on Auditing specified under Section 143 (10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS Financial Statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Ind AS Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS Financial Statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors as well as evaluating the overall presentation of the Ind AS Financial Statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Ind AS Financial Statements.

4. OPINION

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS Financial Statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India including the Ind AS, of the state of affairs (financial position) of the Company as at March 31, 2017, and its loss (financial performance including other comprehensive income) its cash flows and the changes in equity for the year ended on that date.

5. REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

(i) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of Section 143 of the Act, we give in Annexure A, a statement on the matters specified in the paragraph 3 and 4 of the order.

(ii) As required by sub- section (3) of Section 143 of the Act, we report that :

- (a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;
- (b) In our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;
- (c) The Balance Sheet, the Statement of Profit and Loss, the Statement of Cash Flows and the Statement of Changes in Equity dealt with by this Report are in agreement with the books of account;
- (d) In our opinion, the aforesaid Ind AS Financial Statements comply with the Indian Accounting Standards specified under Section 133 of the Act, read with Companies (Indian Accounting Standards) Rules, 2015;
- (e) On the basis of written representations received from the Directors as on March 31, 2017 and taken on record by the Board of Directors, in its meeting held on May 5, 2017 none of the directors is disqualified as on March 31, 2017, from being appointed as a director in terms of Section 164(2) of the Act;

(f) With respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate report in "Annexure B"; and

(g) With respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

(i) The Company has disclosed the impact of pending litigations on its financial position in its Ind AS Financial Statements – Refer Note 30(11.1) to the Ind AS Financial Statements;

(ii) The Company has made provision, as required under the applicable law or Indian Accounting Standards, for material forseeable losses, if any, on long term contracts including derivative contracts;

(iii) There were no amounts which were required to be transferred to the Investor Education and Protection Fund by the Company; and

(iv) The Company has provided requisite disclosures in its Ind AS Financial Statements as to holdings as well as dealings in Specified Bank Notes during the period from November 8, 2016 to December 30, 2016 and these are in accordance with the books of accounts maintained by the Company. Refer Note No. 30(22) to the Ind AS Financial Statements.

for M P CHITALE & CO
Chartered Accountants
Firm Regn No. 101851W

Anagha Thatte
Partner
ICAI M No. 105525

Place : Mumbai
Date : May 5, 2017

ANNEXURE A TO THE INDEPENDENT AUDITOR'S REPORT OF EVEN DATE

ON THE IND AS FINANCIAL STATEMENTS OF L & T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED

We report that:

i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of all fixed assets.

(b) According to the information and explanations given to us, the fixed assets were physically verified during the year by the management as per its planned program and we are informed that discrepancies noticed on such verification were not material as compared to the book records. The discrepancies noticed on such verification have been properly dealt with in the books of account.

(c) According to the information and explanations given to us, title deed in case of leasehold land covered under the head fixed assets is in the name of the Company subject to the required approval to be obtained by the lessor from Government of Gujarat.

ii) As explained to us, the inventories have been physically verified by the management at reasonably regular intervals during the year. The discrepancies noticed on physical verification of inventory as compared to the book records were not material and have been properly dealt with in the books of account.

iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships and other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, paragraphs 3(iii) (a), (b) and (c) of the Order are not applicable.

iv) According to the information and explanations given to us, the Company has not given any loan, guarantee, made investment, nor provided any security under of the provisions of Section 185 and 186 of the Act.

v) According to the information and explanations given to us, the Company has not accepted deposits from the public in terms of provisions of Sections 73 to 76 of the Companies Act, 2013.

vi) According to the information and explanations given to us, pursuant to the rules prescribed by the Central Government for the maintenance of cost records under Section 148(1) of the Companies Act, 2013, we have broadly reviewed these cost records and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained by the Company.

vii) (a) According to the information and explanations given to us and on the basis of our examination of the records of the Company, in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales-tax, service tax, duty of customs, duty of excise, value added tax, cess and other material statutory dues, as applicable, with the appropriate authorities.

(b) As at the year-end, according to the records of the Company and information and explanations given to us, there were no disputed statutory dues payable in respect of income tax, sales tax, service tax, duty of customs, duty of excise, value added tax except for the cases listed out below:

Name of Statute	**Nature of amount disputed**	**Amount (₹ In Lakhs)**	**Period to which amount relates**	**Forum where dispute is pending**	**Remarks, if any**
Service Tax (Chapter V of Finance Act, 1994)	Disallowance of input tax credit on services	72.10 + Interest + Penalty as applicable	April, 2013 till August, 2015	Commissioner (Appeals)	Sufficient Input credit is available against the said demand. Further, ₹ 5.41 Lakhs has been adjusted vide Appeal submitted on April 7, 2016.
Income Tax Act, 1961	Disallowances of Expenditure due to non confirmation of transaction by Vendors	1453.18	Assessment Year 2013-14	Commissioner (Appeals)	Sufficient Carried forward losses are available with the Company.

viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowing to banks, as at the balance sheet date. The Company has not issued debentures nor borrowed any funds from financial institutions or Government.

ix) In our opinion and according to the information and explanations given to us, on an overall basis the term loans were applied for the purpose for which loans were obtained. The Company has not raised any moneys by way of initial public offer or further public offer (including debt instruments). Further, no additional terms loans were taken during the year.

x) According to the information and explanations given to us and on the basis of representation of the management which we have relied upon, no fraud by the Company or on the Company by its officers or employees has been noticed or reported during the year.

xi) According to the information and explanations given to us and on the basis of the computation made for managerial remuneration, the same has been paid in accordance with the provisions of Section 197 read with Schedule V to the Act.

xii) Since the Company is not the nidhi company, this clause is not applicable to the Company.

xiii) According to the information and explanations given to us, all transactions with the related parties are in compliance with Section 177 and 188 of Companics Act, 2013 as applicable and the details of such transations have been disclosed in the Ind AS Financial Statements as required by the applicable Indian Accounting Standards.

(xiv) The Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review.

(xv) The Company has not entered into any non cash transactions with directors or persons connected with the directors.

(xvi) The Company is not required to be registered under Section 45-IA of the Reserve Bank of India Act, 1934.

for M P CHITALE & CO
Chartered Accountants
Firm Regn No. 101851W

Anagha Thatte
Partner
ICAI M No. 105525

Place : Mumbai
Date : May 5, 2017

ANNEXURE B TO THE INDEPENDENT AUDITOR'S REPORT

OF EVEN DATE ON THE IND ASFINANCIAL STATEMENTS OF L&T SPECIAL STEELS AND HEAVY FORGINGS PRIVATE LIMITED

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013 ("the Act")

We have audited the internal financial controls over financial reporting of L & T Special Steels and Heavy Forgings Private Limited ("the Company") as of March 31, 2017 in conjunction with our audit of the Ind AS Financial Statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India (the "ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013.

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting (the "Guidance Note") and the Standards on Auditing, issued by ICAI and deemed to be prescribed under Section 143(10) of the Companies Act, 2013, to the extent applicable to an audit of internal financial controls. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting were established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the Ind AS Financial Statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of the Ind AS Financial Statements for external purposes in accordance with generally accepted accounting principles. A company's internal financial control over financial reporting includes those policies and procedures that

(1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company;

(2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of the Ind AS Financial Statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorisations of management and directors of the company; and

(3) provide reasonable assurance regarding prevention or timely detection of unauthorised acquisition, use, or disposition of the company's assets that could have a material effect on the Ind AS Financial Statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at March 31, 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting issued by the Institute of Chartered Accountants of India.

for M P CHITALE & CO
Chartered Accountants
Firm Regn No. 101851W

Anagha Thatte
Partner
ICAI M No. 105525

Place : Mumbai
Date : May 5, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note no.	As at 31.3.2017 ₹ in lakhs	As at 31.3.2017 ₹ in lakhs	As at 31.3.2016 ₹ in lakhs	As at 31.3.2016 ₹ in lakhs	As at 31.3.2015 ₹ in lakhs	As at 31.3.2015 ₹ in lakhs
ASSETS							
Non-current assets							
Property, plant and equipment	1	**129419.24**		*133230.14*		*136718.28*	
Capital work-in-progress	1	**1111.83**		*1041.84*		*1169.19*	
Other intangible assets	2	**1261.67**		*1679.66*		*1633.16*	
Intangible assets under development	2	**0.60**		*185.78*		*444.19*	
			131793.34		*136137.43*		*139964.82*
Financial assets							
Loans	3	**114.64**		*104.26*		*95.93*	
			114.64		*104.26*		*95.93*
Other non -current assets	4		**6586.56**		*7940.43*		*9277.00*
Current assets							
Inventories	5		**8809.02**		*8920.17*		*10369.56*
Financial assets							
Trade receivables	6	**2548.63**		*1770.91*		*2967.19*	
Cash and cash equivalesnts	7	**52.22**		*68.08*		*111.89*	
Loans	8	**2.00**		*7.32*		*17.32*	
Other financial assets	9	**1170.40**		*2018.36*		*1045.03*	
			3773.25		*3864.68*		*4141.44*
Current tax assets (Net)	10		**21.00**		*83.42*		*33.22*
Other current assets	11		**4101.53**		*3493.40*		*3160.03*
TOTAL			**155199.34**		*160543.80*		*167041.99*
EQUITY AND LIABILITIES							
Equity							
Equity share capital	12	**56660.00**		*56660.00*		*56660.00*	
Other equity	13	**(120769.28)**		*(95128.80)*		*(66589.95)*	
			(64109.28)		*(38468.80)*		*(9929.95)*
Liabilities							
Non-current liabilities							
Financial liabilities							
Borrowings	14	**68248.89**		*81385.24*		*91302.68*	
Other financial liabilities	15	**2130.47**		*2916.16*		*2813.44*	
			70379.36		*84301.40*		*94116.11*
Other non current liabilities	16		**1764.44**		*1818.38*		*1874.72*
Current liabilities							
Financial liabilities							
Borrowings	17	**123206.61**		*93138.33*		*63248.04*	
Current maturities of long term borrowings	18	**15994.49**		*14344.25*		*10031.25*	
Trade payables	19	**4850.58**		*2723.37*		*3942.85*	
Other financial liabilities	20	**2229.42**		*1613.51*		*2160.50*	
			146281.10		*111819.46*		*79382.64*
Other current liabilities	21		**568.49**		*829.16*		*1280.40*
Provisions	22		**315.22**		*244.20*		*318.06*
TOTAL			**155199.34**		*160543.80*		*167041.99*

* The accompanying significant accounting policies and notes form an integral part of financial statements

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

For and on behalf of the Board

ANAGHA THATTE
Partner
Membership No. 105525

W. P. PARTHASARTHY
Director
DIN: 07281722

N. R. CHOUDHARY
Director
DIN: 07732661

SANJAY S. SHARMA
Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

STATEMENT OF PROFIT & LOSS FOR THE YEAR ENDED MARCH 31, 2017

Description	Note No.	For the year ended 31.3.17 ₹ in lakhs	₹ in lakhs	*For the year ended 31.3.16 ₹ in lakhs*	*₹ in lakhs*
Revenue from operations	**23**	**12996.26**		*10243.16*	
Other income	**24**	**66.64**		*65.06*	
Total income			**13062.90**		*10308.22*
EXPENSES					
Manufacturing, construction and operating expenses	**25**				
Cost of raw materials and components consumed		**3661.32**		*2674.91*	
Excise duty		**1245.92**		*779.87*	
Stores, spares and tools		**1584.23**		*1276.53*	
Sub-contracting charges		**965.89**		*2871.05*	
Change in inventories of finished goods, work-in-progress, stock-in-trade		**158.86**		*734.38*	
Other manufacturing, construction and operating expenses		**4724.02**		*5227.31*	
			12340.23		*13564.06*
Employee benefits expense	**26**		**1968.35**		*2173.11*
Sales, administration and other expense	**27**		**1227.75**		*1617.69*
Finance costs	**28**		**18137.52**		*16612.20*
Depreciation, amortisation and obsolescence expense		**5110.38**		*5139.12*	
			5110.38		*5139.12*
Less: Overheads charged to fixed assets			**(256.21)**		*(306.93)*
Total expenses			**38528.02**		*38799.25*
Profit before exceptional items and tax			**(25465.12)**		*(28491.03)*
Exceptional Items			**0.00**		*0.00*
Profit before tax			**(25465.12)**		*(28491.03)*
Tax expense			**0.00**		*0.00*
Profit for the year from continuing operations			**(25465.12)**		*(28491.03)*
Profit from discontinued operations (after tax)			**0.00**		*0.00*
Profit for the year			**(25465.12)**		*(28491.03)*
Other comprehensive income					
A (i) Items that will not be reclassified to profit or loss					
Remeasurement of net defined benefit plans		**2.72**		*0.43*	
A (ii) Income tax relating to items that will not be reclassified to profit or loss		**–**		*–*	
B (i) Items that will be reclassified to profit or loss					
Effective portion of gains & losses on hedging instruments in a cash flow hedge		**(178.08)**		*(48.26)*	
B (ii) Income tax relating to items that will be reclassified to profit or loss		**–**	**(175.36)**	*–*	*(47.82)*
Total comprehensive income for the year			**(25640.47)**		*(28538.85)*
Earnings per share (basic & diluted) (₹)	**30(9)**		**(4.49)**		*(5.03)*
Face value per equity share (₹)			**10.00**		*10.00*

* The accompanying significant accounting policies and notes form an integral part of financial statements

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

For and on behalf of the Board

ANAGHA THATTE
Partner
Membership No. 105525

W. P. PARTHASARTHY
Director
DIN: 07281722

N. R. CHOUDHARY
Director
DIN: 07732661

SANJAY S. SHARMA
Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.3.2017

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

Balance as at 1.4.2016	Changes in equity share capital during the year	Balance as at 31.3.2017
56,660	–	56,660

B. OTHER EQUITY

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & surplus				Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements	Other Items of other comprehensive income	Money received against share warrants	Total
			Capital reserve	Securities Premium reserve	Other reserves	Retained earnings								
A. Balance as at 1.4.2016	–	–	–	–	–	(95,178.25)	–	–	49.01	–	–	0.43	–	(95,128.80)
B. Changes in accounting policy or prior year errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–
C. Restated balance at 1.4.2016	–	–	–	–	–	–	–	–	–	–	–	–	–	–
D. Total comprehensive income for the year	–	–	–	–	–	(25,465.12)	–	–	(178.08)	–	–	2.72	–	(25,640.47)
E. Dividends	–	–	–	–	–	–	–	–	–	–	–	–	–	–
F. Transfer to retained earnings (F=D-E)	–	–	–	–	–	(25,465.12)	–	–	(178.08)	–	–	2.72	–	(25,640.47)
G. Any other change	–	–	–	–	–	–	–	–	–	–	–	–	–	–
H. Balance as at 31.3.2017 (H=A+F)	**–**	**–**	**–**	**–**	**–**	**(120,643.36)**	**–**	**–**	**(129.06)**	**–**	**–**	**3.15**	**–**	**(120,769.28)**

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

For and on behalf of the Board

ANAGHA THATTE
Partner
Membership No. 105525

W. P. PARTHASARTHY
Director
DIN: 07281722

N. R. CHOUDHARY
Director
DIN: 07732661

SANJAY S. SHARMA
Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31.3.2016

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

Balance as at 1.4.2015	Changes in equity share capital during the year	Balance as at 31.3.2016
56,660	–	56,660

B. OTHER EQUITY

	Share application money pending allotment	Equity component of compound financial instruments	Reserves & surplus				Debt instruments through other comprehensive income	Equity instruments through other comprehensive income	Effective portion of cash flow hedges	Revaluation surplus	Exchange differences on translating the financial statements	Other Items of other comprehensive income	Money received against share warrants	Total
			Capital reserve	Securities Premium reserve	Other reserves	Retained earnings								
A. Balance as at 1.4.2015		–	–	–	–	(66,687.22)	–	–	97.27	–	–	–	–	(66,589.95)
B. Changes in accounting policy or prior year errors	–	–	–	–	–	–	–	–	–	–	–	–	–	–
C. Restated balance at 01.04.2015	–	–	–	–	–	–	–	–	–	–	–	–	–	–
D. Total comprehensive income for the year	–	–	–	–	–	(28,491.03)	–	–	(48.26)	–	–	0.43	–	(28,538.85)
E. Dividends	–	–	–	–	–	–	–	–	–	–	–	–	–	–
F. Transfer to retained earnings (F=D-E)	–	–	–	–	–	(28,491.03)	–	–	(48.26)	–	–	0.43	–	(28,538.85)
G. Any other change	–	–	–	–	–	–	–	–	–	–	–	–	–	–
H. Balance as at 31.3.2017 (H=A+F)	**–**	**–**	**–**	**–**	**–**	**(95,178.25)**	**–**	**–**	**49.01**	**–**	**–**	**0.43**	**–**	**(95,128.80)**

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

For and on behalf of the Board

ANAGHA THATTE
Partner
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W. P. PARTHASARTHY
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Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

CASH FLOW STATEMENT FOR THE YEAR ENDED MARCH 31, 2017

		For the year ended 31.03.2017 (₹ in lakhs)	For the year ended 31.03.2016 (₹ in lakhs)
A.	**Cash Flow from Operating Activities**		
	Profit for the year	**(25465.12)**	(28491.03)
	Adjustment for :		
	Depreciation, amortisation & obsolescence	**5110.38**	5139.12
	Interest Income	**(11.66)**	(12.30)
	Government Grant Income	**(54.24)**	(54.24)
	Interest expense	**18137.52**	16612.20
	Loss (Profit) on sale of assets	**(0.74)**	1.48
	Exchange (Gain) Loss - ECB and ECB Forward contracts	**0.00**	7.85
	Other Adjustment	**2.72**	0.43
	Operating Profit before working capital changes	**(2281.14)**	(6796.49)
	Adjustment for :		
	(Increase) / decrease in trade and other receivables	**(777.72)**	1196.28
	(Increase) / decrease in Inventories	**111.16**	1449.38
	Increase / (decrease) in trade payables and customer advances	**2187.22**	(1698.67)
	(Increase) / decrease in other current and financial assets & liabilities respectively	**(87.72)**	355.40
	Cash (used in) / generated from operations	**(848.20)**	(5494.10)
	Direct taxes refund/(paid)-net	**0.00**	0.00
	Net Cash from Operating Activities (A)	**(848.20)**	(5494.10)
B	**Cash Flow from Investing Activities :**		
	Purchase of Fixed Assets - including CWIP	**(875.01)**	(1792.86)
	Sale of Fixed Assets	**1.37**	8.55
	Interest Income	**2.65**	4.02
	Net Cash / (used in) from Investing Activities (B)	**(870.99)**	(1780.28)
C	**Cash Flow from Financing Activities :**		
	Repayment of long term borrowings - Banks	**(14176.86)**	(10107.22)
	Proceeds from short term borrowings - L&T	**38812.00**	31151.50
	Repayment of short term borrowings - L&T	**(62.00)**	(4700.00)
	ECB Forward contract rollover (Loss) / Gain - Realised	**255.10**	423.27
	Interest paid	**(23126.72)**	(8243.63)
	Net cash/ (used in) from Financing Activities (C)	**1701.52**	8523.92
	Net (decrease)/ increase in cash and cash equivalents (A+B+C)	**(17.66)**	1249.53
	Cash and Cash equivalents as at the beginning	**(6415.22)**	(7664.76)
	Cash and cash equivalents at end of the year	**(6432.88)**	(6415.22)

Notes:

1. Statement of Cash Flow has been prepared under the Indirect Method as set out in the INDAS 7 “Statement of Cash Flow” issued by the Institute of Chartered Accountants of India
2. Cash and cash equivalents represent cash balance,bank balances and cash credit.

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

For and on behalf of the Board

ANAGHA THATTE
Partner
Membership No. 105525

W. P. PARTHASARTHY
Director
DIN: 07281722

N. R. CHOUDHARY
Director
DIN: 07732661

SANJAY S. SHARMA
Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

NOTES TO FINANCIAL STATEMENTS

NON CURRENT ASSETS

1. Asset class - wise details of Tangible Assets

(₹ in lakhs)

	Cost						Depreciation / Amortisation					Book Value		
Particulars	Revised_ opening	Additions	Deductions	Inter company purchases and sales	Adjustment	**As at 31-3-2017**	Revised_ opening	Additions	Deductions	Adjustment	**As at 31-3-2017**	**As at 31-3-2017**	*As at 31-03-2016*	*As at 01-04-2015*
Buildings														
Buildings	45,271.90	–	–	–	–	**45,271.90**	769.45	769.45	–	–	**1,538.89**	**43,733.01**	*44,502.46*	*45,271.90*
PWD Roads	1,956.56	–	–	–	–	**1,956.56**	245.89	245.89	–	–	**491.78**	**1,464.78**	*1,710.67*	*1,956.56*
Ownership Flats	159.98	–	–	–	–	**159.98**	2.72	2.72	–	–	**5.43**	**154.54**	*157.26*	*159.97*
Sub total - Buildings	47,388.44	–	–	–	–	**47,388.44**	1,018.05	1,018.05	–	–	**2,036.10**	**45,352.34**	*46,370.39*	*47,388.43*
Plant & equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Plant and Equipment General	85,520.56	863.52	–	–	(47.47)	**86,336.61**	3,222.93	3,258.69	–	5.14	**6,476.48**	**79,860.13**	*82,297.63*	*84,431.54*
Aircondition and Refrigeration	169.74	0.73	–	–	–	**170.47**	16.24	16.28	–	–	**32.52**	**137.95**	*153.50*	*169.74*
Laboratory Equipments	658.85	–	–	–	–	**658.85**	108.07	109.30	–	–	**217.36**	**441.49**	*550.78*	*632.71*
Electrical Installations	449.35	–	–	–	–	**449.35**	54.72	54.81	–	–	**109.53**	**339.83**	*394.63*	*448.15*
Sub total - Plant & equipment	86,798.51	864.25	–	–	(47.47)	**87,615.28**	3,401.96	3,439.06	–	5.14	**6,835.88**	**80,779.40**	*83,396.55*	*85,682.14*
Computers	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Computers	164.58	10.47	4.06	–	–	**170.99**	54.22	42.17	3.43	–	**92.95**	**78.04**	*110.36*	*156.44*
Sub total - Computers	164.58	10.47	4.06	–	–	**170.99**	54.22	42.17	3.43	–	**92.95**	**78.04**	*110.36*	*156.44*
Office equipment	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Office Equipments	88.36	–	–	–	–	**88.36**	27.42	23.77	–	–	**51.19**	**37.17**	*60.94*	*88.06*
Sub total - Office equipment	88.36	–	–	–	–	**88.36**	27.42	23.77	–	–	**51.19**	**37.17**	*60.94*	*88.06*
Furniture and fixtures	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Furniture and Fixtures	677.44	0.24	–	–	–	**677.67**	81.31	82.05	–	–	**163.36**	**514.31**	*596.12*	*664.96*
Sub total - Furniture & fixtures	677.44	0.24	–	–	–	**677.67**	81.31	82.05	–	–	**163.36**	**514.31**	*596.12*	*664.96*
Vehicles	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Cars	37.39	–	–	–	–	**37.39**	9.58	9.48	–	–	**19.06**	**18.34**	*27.82*	*41.96*
Motor Cycles and Scooters	0.45	–	–	–	–	**0.45**	0.07	0.07	–	–	**0.14**	**0.31**	*0.38*	*0.45*
Sub total - Vehicles	37.85	–	–	–	–	**37.85**	9.65	9.55	–	–	**19.20**	**18.65**	*28.20*	*42.41*
Leasehold Improvements	–	–	–	–	–	–	–	–	–	–	–	–	–	–
Assets Taken on Finance Lease	2,695.83	–	–	–	–	**2,695.83**	28.25	28.25	–	–	**56.51**	**2,639.32**	*2,667.58*	*2,695.83*
Sub total - Leasehold Improvements	2,695.83	–	–	–	–	**2,695.83**	28.25	28.25	–	–	**56.51**	**2,639.32**	*2,667.58*	*2,695.83*
Total	**137,851.00**	**874.96**	**4.06**	**–**	**(47.47)**	**138,674.43**	**4,620.86**	**4,642.90**	**3.43**	**5.14**	**9,255.19**	**129,419.24**	**133,230.14**	**136,718.28**
Previous year 2015-16	*136,718.28*	*1,205.26*	*142.98*	–	–	*137,780.56*	–	*4,646.59*	*96.17*	–	*4,550.42*	–	–	–
As on 01.04.2015	**153,673.95**	**1,715.15**	**21.24**	**8.38**	**(18,657.95)**	**136,718.28**	**13,282.81**	**4,513.23**	**8.56**	**(17,787.48)**	**–**			
												129419.2355	*133230.1377*	*136,718.28*
Add : Capital work-in-progress												**1111.83116**	*1041.84386*	*1169.18637*
												130531.0667	*134271.9815*	*137887.4686*

NOTES TO FINANCIAL STATEMENTS (Contd.)

2. Other intangible assets (₹ in lakhs)

Particulars	Cost				Amortisation				Written down value	Written down value	Written down value
	As at 1.4.2016	Addition	Deduction	As at 31.3.17	*As at 1.4.2016*	Addition	Deduction	As at 31.3.17	As at 31.3.17	*As at 31.3.16*	*As at 1.4.15*
Specialised softwares	*299.16*	0.00	0.00	**299.16**	*207.80*	48.51	0.00	**256.31**	**42.85**	*91.35*	*139.42*
Technical knowhow	*2458.83*	59.77	0.00	**2518.60**	*969.93*	413.96	0.00	**1383.89**	**1134.71**	*1488.90*	*1379.04*
Others (right to use)	*152.94*	0.00	0.00	**152.94**	*53.53*	15.29	0.00	**68.82**	**84.12**	*99.41*	*114.71*
Total	*2910.93*	59.77	0.00	**2970.70**	*1231.27*	477.76	0.00	**1709.02**	**1261.67**	*1679.66*	*1633.16*
Previous year	*2408.68*	502.25	0.00	**2910.93**	*775.52*	455.75	0.00	**1231.27**			
1.4.2015	*1682.27*	726.41	0.00	**2408.68**	*439.49*	336.02	0.00	**775.52**			
Add : Intangible assets under development									**0.60**	*185.78*	*444.19*
Total									**1262.27**	*1865.45*	*2077.35*

	As at 31.3.2017 ₹ in lakhs	As at 31.3.2017 ₹ in lakhs	*As at 31.3.2016 ₹ in lakhs*	*As at 31.3.2016 ₹ in lakhs*	*As at 1.4.2015 ₹ in lakhs*	*As at 1.4.2015 ₹ in lakhs*
3. Financial assets - Loans [Note 30(2.1)]						
Unsecured						
Considered good						
Security deposits		**114.64**		*104.26*		*95.93*
		114.64		*104.26*		*95.93*
4. Other non-current assets						
Unsecured capital advances						
Related party [Note 30(7)(d)]	**334.82**		*150.22*		*150.22*	
Others	**0.00**		*1.65*		*1.15*	
		334.82		*151.87*		*151.37*
Indirect tax set off		**5823.13**		*6702.71*		*7326.01*
Unamortized premium on forward contracts		**428.61**		*1085.85*		*1799.62*
		6586.56		*7940.43*		*9277.00*
CURRENT ASSETS						
5. Inventories [Note 29(12)]						
Raw materials	**1815.88**		*1753.36*		*2563.06*	
Includes goods in transit ₹ 17.74 lakhs (PY ₹ 12.88 lakhs)						
Consumables, stores and spares and tools	**5075.76**		*5090.57*		*4995.87*	
Includes goods in transit ₹ 98.07 lakhs (PY ₹ 49.00 lakhs)						
Manufacturing work-in-progress [Note 30(18) (d)]	**1917.39**		*2047.64*		*2810.63*	
Finished goods	**0.00**		*28.61*		*0.00*	
		8809.02		*8920.17*		*10369.56*
		8809.02		*8920.17*		*10369.56*

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.3.2017		*As at 31.3.2016*		*As at 1.4.2015*	
	₹ in lakhs	**₹ in lakhs**	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*
FINANCIAL ASSETS						
6. Trade receivables [Note 30(2.1)]						
Secured:						
Considered good - customers		**120.77**		*26.31*		*608.68*
Unsecured:						
Considered good - related party [Note 30(7)(d)]	**1923.14**		*1366.48*		*1936.39*	
Considered good - customers	**507.92**		*378.12*		*422.13*	
	2431.06		*1744.60*		*2358.51*	
Expected credit loss	**(3.19)**	**2427.86**	*0.00*	*1744.60*	*0.00*	*2358.51*
		2548.63		*1770.91*		*2967.19*
7. Cash and cash equivalents [Note 30(2.1)]						
Cash and cash equivalent						
Balance with banks	**52.20**		*68.03*		*111.51*	
Cash on hand [Note 30(22)]	**0.03**	**52.22**	*0.05*	*68.08*	*0.38*	*111.89*
		52.22		*68.08*		*111.89*
8. Loans						
Unsecured						
Security deposits [Note 30(2.1)]	**2.00**		*7.60*		*17.60*	
Furniture loan	**0.00**	**2.00**	*(0.28)*	*7.32*	*(0.28)*	*17.32*
		2.00		*7.32*		*17.32*
9. Other financial assets [Note 30(2.1)]						
Advance recoverable in cash or kind						
Advance to employees	**0.04**		*4.99*		*(0.30)*	
Forward contracts receivable	**1170.36**	**1170.40**	*2013.37*	*2018.36*	*1045.33*	*1045.03*
		1170.40		*2018.36*		*1045.03*
10. Current tax assets (net)						
TDS certifictes receivable (current year)		**21.00**		*83.42*		*33.22*
		21.00		*83.42*		*33.22*
11. Other current assets						
Due from customers (Construction Contract)		**228.32**		*0.00*		*0.00*
Unamortized premium on forward contracts		**657.25**		*979.65*		*891.19*
Others considered good						
Advances to suppliers	**25.68**		*12.95*		*94.89*	
Advances recoverable - related party [Note 30(7)(d)]	**0.00**		*0.00*		*2.25*	
Indirect tax set off	**2995.78**		*2383.07*		*2071.83*	
Income tax TDS receivable (net of provision)	**89.25**		*39.05*		*30.24*	
Unamortised expenses	**105.26**	**3215.96**	*78.67*	*2513.75*	*69.63*	*2268.84*
		4101.53		*3493.40*		*3160.03*

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.3.2017 Number of shares	As at 31.3.2017 ₹ in lakhs	As at 31.3.2016 Number of shares	As at 31.3.2016 ₹ in lakhs	As at 1.4.2015 Number of shares	As at 1.4.2015 ₹ in lakhs
EQUITY						
12. Equity share capital						
12(I) Authorised, issued and subscribed:						
Authorised capital						
Equity shares of ₹ 10 each	**575000000**	**57500.00**	*575000000*	*57500.00*	*575000000*	*57500.00*
Issued capital						
Equity shares of ₹ 10 each	**566600000**	**56660.00**	*566600000*	*56660.00*	*566600000*	*56660.00*
Subscribed & fully paidup capital						
Equity share of ₹ 10 each fully paid up	**566600000**	**56660.00**	*566600000*	*56660.00*	*566600000*	*56660.00*
12(II) Reconciliation of equity shares:						
Subscribed & fully paid at the beginning of the year	**566600000**	**56660.00**	*566600000*	*56660.00*	*566600000*	*56660.00*
Add: Additions during the year						
Subscribed & fully paid at the end of the year	**566600000**	**56660.00**	*566600000*	*56660.00*	*566600000*	*56660.00*
12(III) Shareholding more than 5% of the shares as at the end of the year:						
Larsen & Toubro Limited (holding company)	**419284000**	**74.00**	*419284000*	*74.00*	*419284000*	*74.00*
Nuclear Power Corporation of India Limited	**147316000**	**26.00**	*147316000*	*26.00*	*147316000*	*26.00*
	566600000	**100.00**	*566600000*	*100.00*	*566600000*	*100.00*

The Company has only one class of share capital, i.e. equity shares having face value of ₹ in lakhs 10/- per share. There is no restriction on payment of dividend & repayment of capital.

	As at 31.3.2017 ₹ in lakhs	As at 31.3.2017 ₹ in lakhs	As at 31.3.2016 ₹ in lakhs	As at 31.3.2016 ₹ in lakhs	As at 1.4.2015 ₹ in lakhs	As at 1.4.2015 ₹ in lakhs
13. Other equity						
Retained earnings		**(120640.21)**		*(95177.82)*		*(66687.22)*
Hedging reserve fund [Note 30(2.2.2.4)]		**(129.06)**		*49.01*		*97.27*
		(120769.28)		*(95128.80)*		*(66589.95)*
LIABILITIES						
Non current liabilities						
Financial liabilities						
14. Borrowings [Note 30(2.1)]						
Term loans (secured)						
Borrowing from banks						
Rupee term loans [Note 14(I)(a)]	**22908.70**		*32364.01*		*40008.90*	
External commercial borrowing [Note 14(I)(b)]	**10583.45**	**33492.14**	*17329.41*	*49693.41*	*22386.55*	*62395.45*
Borrowings from related party						
Loan from related party [Note 14(I)(c)] & [Note 30(7)(d)]	**19539.37**		*19539.37*		*19539.37*	
Interest on related party loan [Note 14(I)(c)] & [Note 30(7)(d)]	**15217.38**	**34756.74**	*12152.46*	*31691.83*	*9367.85*	*28907.22*
		68248.89		*81385.24*		*91302.68*

NOTES TO FINANCIAL STATEMENTS (Contd.)

Bank Name	As at 31.03.2017	Rate of interest	Repayment
14(I) (a) Terms : Rupee term loans			
		MCLR + predetermined spread	*Structured quarterly payment from December 2013 till June 2020*
Bank of Baroda	**6,300.29**		
Axis Bank	**6,156.67**		
Canara Bank	**6,156.38**		
State Bank of Hyderabed	**4,295.37**		
	22908.70		
Previous year	**32364.01**		*Structured quarterly payment from December 2013 till June 2020*

Security : First ranking pari passu charge on all assets (other than current assets) of the company, present & future & second charge on current assets.

Bank Name	As at 31.03.2017	Rate of interest	Repayment
14(I) (b) Terms : External commercial borrowing			
		LIBOR + predetermined spread	*Structured quarterly payment from December 2013 till September 2019*
DBS Bank Limited, Singapore	**10583.45**		
	10583.45		
Previous year	**17329.41**		*Same terms as above for previous year*

Security : First ranking pari passu charge on all assets (other than current assets) of the company, present & future & second charge on current assets.

Bank Name	As at 31.03.2017	Rate of interest	Repayment
14(I) (c) Terms : Loan from related party			
Nuclear Power Corporation of India Limited	**19539.37**	**7% annual compounded**	*"From the commencement of commercial operations - - Principal to be paid in 5 equal installments at the end of 10th year and - Accrued but not due Interest to be paid in 5 equal installments at the end of 11th year."*
Interest on related party loan	**15217.38**		
	34756.74		
Previous year	**31691.83**		*Same terms as above for previous year*

Security : First ranking pari passu charge on all assets (other than current assets) of the company, present & future & second charge on current assets.

NOTES TO FINANCIAL STATEMENTS (Contd.)

	As at 31.3.2017		*As at 31.3.2016*		*As at 1.4.2015*	
	₹ in lakhs	**₹ in lakhs**	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*	*₹ in lakhs*
15. Other financial liabilities [Note 30(2.1)]						
Forward contracts payable		**2130.47**		*2916.16*		*2813.44*
		2130.47		*2916.16*		*2813.44*
16. Other non current liabilities						
Liability - closed car motor cycle	**21.99**		*22.49*		*24.45*	
Liability - computer scheme	**3.24**		*2.44*		*2.58*	
Deferred income - government grants [Note 30(23)]	**1739.21**	**1764.44**	*1793.45*	*1818.38*	*1847.69*	*1874.72*
		1764.44		*1818.38*		*1874.72*

17. Borrowings

17(I) Short term borrowings: [Note 30(2.1)]

	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
	₹ in lakhs	*₹ in lakhs*	*₹ in lakhs*
Secured			
Loans payable on demand from banks [Note 17(I)(a)]	**6485.11**	*6483.31*	*7776.65*
Unsecured			
Short term borrowings - related party [Note 17(I)(b)] & [Note 30(7)(d)]	**116721.50**	*86655.02*	*55471.39*
	123206.61	*93138.33*	*63248.04*

Note - 17 (I) (a) - Loans repayable on demand from banks include fund based working capital facilities viz. cash-credits and demand loans. The secured portion of working capital facilities and other non-fund based facilities viz. bank guarantees and letters of credit are secured by hypothecation of inventories, book debts and receivables, both present & future.

17(I)(b) Terms : Short term loan from related party

Lender	As at 31.03.2017	Rate of Interest	Repayment
Larsen & Toubro Limited	116721.50	Not less than Prevailing G-Sec rate for 1 year	Principal amount of loans to be repaid by April 30, 2017. Interest is payable on maturity.
	116721.50		
Previous year	86655.02	Not less than Prevailing G-Sec rate for 1 year	Principal to be repaid latest by April 30, 2016 along with interest.

18. Current maturities of long term borrowings [Note 30(2.1)]

	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
	₹ in lakhs	*₹ in lakhs*	*₹ in lakhs*
Current maturities of long term borrowing [Refer to Note 14(I)(a) & 14(I)(b)]	**15994.49**	*14344.25*	*10031.25*
	15994.49	*14344.25*	*10031.25*

NOTES TO FINANCIAL STATEMENTS (Contd.)

19. Trade payables [Note 30(2.1)]

	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	₹ in lakhs		₹ in lakhs		₹ in lakhs	
Acceptances- MSMED [Note 30(17)]	399.90		21.27		56.98	
Acceptances- others	878.96		407.35		870.44	
Due to related parties [Note 30(7)(d)]	2155.58		1083.45		1437.20	
Micro and small enterprises [Note 30(17)]	50.47		46.65		75.80	
Due to others	1365.66	4850.58	1164.65	2723.37	1502.43	3942.85
		4850.58		2723.37		3942.85

20. Other financial liabilities [Note 30(2.1)]

	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	₹ in lakhs		₹ in lakhs		₹ in lakhs	
Due to others						
Forward contracts payable	915.78		516.00		662.96	
Liability for capital goods	733.85		637.95		1122.25	
Other provisions	573.42		431.30		358.03	
Liability for capital goods related party [Note 30(7)(d)]	2.87		23.90		10.20	
Others	3.50	2229.42	4.36	1613.51	7.07	2160.50
		2229.42		1613.51		2160.50

21. Other current liabilities

	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	₹ in lakhs		₹ in lakhs		₹ in lakhs	
Advance from customers						
Related party [Note 30(7)(d)]	172.00		255.17		734.95	
Others	268.36	440.36	125.18	380.35	124.58	859.54
Due to customers (contract liability)		0.00		316.67		208.80
Deferred income - government grants [Note 30(23)]		54.24		54.24		54.24
Other payables (incl. service tax, TDS, gratuity and others)		73.89		77.90		157.82
		568.49		829.16		1280.40

22. Provisions

	As at 31.3.2017		As at 31.3.2016		As at 1.4.2015	
	₹ in lakhs		₹ in lakhs		₹ in lakhs	
Provision for employee benefits:						
Compensated absences	224.98		240.13		293.06	
Bonus provision	5.72	230.70	4.07	244.20	0.00	293.06
Provisions (Ind AS 37 related) [Note 30(19)]		84.52		0.00		25.00
		315.22		244.20		318.06

23. Revenue from operations [Note 30 (18) (a)]

	For the year ended 31.3.2017	For the year ended 31.3.2016
	₹ in lakhs	₹ in lakhs
Sales & services		
Manufacturing & trading activity	10349.50	6735.74
Construction and project related activity [Note 29(5)] & [Note 30(4)]	1341.49	162.13
Servicing	1305.27	3345.29
	12996.26	10243.16

NOTES TO FINANCIAL STATEMENTS (Contd.)

24. Other Income

	For the year ended 31.3.2017	For the year ended 31.3.2016
	₹ in lakhs	₹ in lakhs
Interest income on financial assets carried at amortised cost [Note 30(2.1.5)]	**9.01**	*8.28*
Interest income (others)	**2.65**	*4.02*
Net gain/(loss) on sale of fixed assets (net)	**0.74**	*(1.48)*
Deferred income in respect of government grant [Note 30(23)]	**54.24**	*54.24*
	66.64	*65.06*

EXPENSES

25. Manufacturing , construction and operating Expenses:

	For the year ended 31.3.2017		For the year ended 31.3.2016	
	₹ in lakhs		₹ in lakhs	
Materials consumed				
Raw materials				
Opening stock	**1753.36**		*2563.06*	
Add: Purchases	**3763.21**		*1887.78*	
Less: Closing stock	**(1815.88)**		*(1753.36)*	
Raw material consumed [Note 30(18) (b)&(c)]	**3700.69**		*2697.48*	
Less: Scrap sales	**(39.37)**	**3661.32**	*(22.57)*	*2674.91*
Consumables, stores, spares and tools consumed		**1584.23**		*1276.53*
Sub-contracting charges		**965.89**		*2871.05*
Changes in inventories of finished goods & work-in-progress				
Opening stock:				
Finished goods	**28.61**		*0.00*	
Work-in-progress [Note 30(18) (d)]	**2047.64**		*2810.63*	
	2076.25		*2810.63*	
Less: Closing stock:				
Finished goods	**0.00**		*28.61*	
Work-in-progress [Note 30(18) (d)]	**1917.39**		*2047.64*	
	1917.39	**158.86**	*2076.25*	*734.38*
Other manufacturing & operating expenses:				
Power	**1852.11**		*2589.97*	
Gas	**1566.39**		*1029.06*	
Contract labour charges	**552.30**		*761.37*	
Insurance	**73.93**		*78.56*	
Hire charges plant & machinery	**22.36**		*55.15*	
Hire charges others	**52.38**		*64.16*	
Engineering, professional, technical & consultancy fees	**167.46**		*238.60*	
Repairs to plant & machinery	**53.19**		*61.46*	
Repairs to building	**5.61**		*19.32*	
General repair & maintenance expenses	**69.58**		*91.04*	
Overhead charged by related party [Note 30(7)(c)]	**83.62**		*81.35*	
Other Manufacturing operating expenses	**225.08**	**4724.02**	*157.29*	*5227.31*
		11094.31		*12784.19*

NOTES TO FINANCIAL STATEMENTS (Contd.)

26. Employee benefits expense

	For the year ended 31.3.2017		*For the year ended 31.3.2016*	
	₹ in lakhs		*₹ in lakhs*	
Salaries and wages		**1553.85**		*1678.22*
Contribution to and provision for:				
Provident fund and pension fund	**43.67**		*50.69*	
Gratuity fund [Note 30(5)]	**10.82**		*10.48*	
Leave encashment provision	**(8.46)**	**46.04**	*(22.90)*	*38.27*
Expense on employee stock scheme [Note 30(16)]		**2.78**		*2.68*
Staff welfare expense		**44.24**		*74.62*
Overheads charged by related party [Note 30(7)(c)]		**291.45**		*359.40*
Insurance expenses - Medical & others		**29.99**		*19.93*
		1968.35		*2173.11*

27. Sales, administration & other expenses

	For the year ended 31.3.2017	*For the year ended 31.3.2016*
	₹ in lakhs	*₹ in lakhs*
Professional fees	**55.00**	*55.58*
Directors' fees [Note 30(7)(c)]	**6.00**	*4.50*
Packing & forwarding	**63.44**	*33.46*
Insurance	**3.24**	*0.76*
Lease rentals & hire charges	**27.40**	*34.17*
Auditors' remuneration [Note 30(12)]	**8.06**	*7.52*
Overheads charged by related party [Note 30(7)(c)]	**630.15**	*749.79*
Rates & taxes	**25.59**	*6.12*
Estate maintenance & horticulture expenses	**13.85**	*13.72*
Exchange (gain) / Loss [Note 30(2.1.5)]	**(38.56)**	*88.12*
Travelling and conveyance	**123.16**	*142.12*
Telephone postage and telegrams	**16.97**	*17.60*
Advertising and publicity	**5.75**	*3.66*
Stationery and printing	**11.17**	*14.24*
Bank charges	**63.79**	*89.22*
General repairs and maintenance	**41.09**	*33.48*
Subscription charges	**1.70**	*4.80*
Liquidated damage charges	**80.07**	*242.58*
Miscellaneous expenses	**89.89**	*76.26*
TOTAL	**1227.75**	*1617.69*

NOTES TO FINANCIAL STATEMENTS (Contd.)

28. Finance costs [Note 30(2.1.5)]

	For the year ended 31.3.2017	*For the year ended 31.3.2016*
	₹ in lakhs	*₹ in lakhs*
Interest Expense		
Interest on rupee term loans	**3961.19**	*4832.49*
Interest on External Commercial Borrowings	**1055.59**	*1292.63*
Interest on cash -credit facilities	**740.62**	*829.35*
Interest on NPCIL loan [Note 30(7)(c)]	**3389.71**	*3091.38*
Interest on short term loan - L&T [Note 30(7)(c)]	**7898.24**	*5257.92*
Other borrwoing costs		
Forward premiums on ECB hedging contracts	**979.65**	*1283.94*
Interest paid to MSMED	**6.97**	*7.96*
Interest paid to other vendors	**91.76**	*15.37*
Other interest (govt.)	**13.77**	*1.14*
TOTAL	**18137.52**	*16612.20*

29: SIGNIFICANT ACCOUNTING POLICIES

1. Statement of compliance

The Company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards (Ind AS) notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 read with section 469 of the Companies Act, 2013 (18 of 2013).

These financial statements include the balance sheet, the statement of profit and loss, the statement of changes in equity and the statement of cashflows and notes, comprising a summary of significant accounting policies and other explanatory information–and comparative information in respect of the preceding period.

Up to the year ended March 31, 2016, the Company prepared its financial statements in accordance with the requirements of generally accepted accounting principles (GAAP) in compliance withAccounting Standards as specified in the Companies (Accounting Standards) Rules, 2006 read with Rule 7(1) of the Companies (Accounts) Rules,2014 issued by the Ministry of Corporate Affairs in respect of Section 133 of the Companies Act, 2013. These are the Company's first Ind AS financial Statements. The date of transition to Ind AS is April 1, 2015.

The company has adopted all the Ind AS and the adoption was carried out in accordance with Ind AS 101 First-time Adoption of Indian Accounting Standards.

Refer Note 30.1 for the details of first time adoption exemptions availed by the Company.

These financial statements are approved for issue by the company's Board of Directors on May 5, 2017.

2. Basis of accounting

The Company maintains its accounts on accrual basis following the historical cost convention except that the carrying value of all the items of property, plant and equipment as on date of transition is considered as the deemed cost and except certain financial instruments that are measured at fair values in accordance with Ind AS. Further, the guidance notes/ announcements issued by the Institute of Chartered Accountants of India (ICAI) are also considered, wherever applicable except to the extent where compliance with other statutory promulgations overrides the same requiring a different treatment.

Fair value measurements are categorized into Level 1, 2 or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- Level1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that entity can access at measurement date
- Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
- Level 3 inputs are unobservable inputs for the asset or liability

NOTES TO FINANCIAL STATEMENTS (Contd.)

3. Presentation of financial statements

The financial statements(except Statement of Cash-flow) are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Statement of Cash Flow has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the financial statements, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards. Amounts in the financial statements are presented in Indian Rupees in Lakhs in line with the requirements of Schedule III. Per share data are presented in Indian Rupees to two decimals places.

4. Operating cycle for current and non-current classification

All assets and liabilities are presented as Current or Non-current as per the Company's normal operating cycle. Based on the nature of the products and the time between acquisition of assets for processing and their realization, the Company has ascertained its operating cycle as 12 months for the purpose of Current / Non-current classification of assets and liabilities.

Operating cycle for the business activities of the Company covers the duration of the specific project/contract/product line/service including the defect liability period, wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the respective lines of business.

5. Revenue recognition

Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for customer returns, rebates and other similar allowances. The price that is regularly charged for an item when sold in an arm's length transaction is the best evidence of its fair value.

A. Revenue fromoperations

a. Sale of goods

Revenue includes excise duty and adjustments made towards liquidated damages and price variation wherever applicable. Escalation and other claims, which are not ascertainable/acknowledged by customers, are not taken into account. Revenue from the sale of goods is recognised when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

i. Significant risks and rewards of ownership of the goods are transferred to the buyer;

ii. The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;

iii. The amount of revenue can be measured reliably;

iv. It is probable that the economic benefits associated with the transaction will flow to the Company; and

v. the costs incurred or to be incurred in respect of the transaction can be measured reliably

In case of export sales, sales are accounted on the basis of the date of bill of lading/airways bill.

b. Rendering of services

Revenue from rendering services is recognised when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

i. The amount of revenue can be measured reliably;

ii. It is probable that the economic benefits associated with the transaction will flow to the Company; and

iii. the stage of completion of the transaction at the end of the reporting period can be measured reliably; and

iv. the costs incurred or to be incurred in respect of the transaction can be measured reliably

Stage of completion is determined by the proportion of actual costs incurred to date to the estimated total costs of the transaction.

c. Revenue from construction/project related activity and contracts (fixed price) for supply/commissioning of complex plant and equipment is recognised only to the extent of cost incurred that it is probable will be recoverable till such time the outcome of the job cannot be ascertained reliably. When the outcome of the contract is ascertained reliably, contract revenue is recognized at cost of work performed on the contract plus proportionate margin, using the percentage of completion method. Percentage of completion is the proportion of cost of work performed to-date, to the total estimated contract costs.

Expected loss, if any, on the construction/project related activity is recognized as an expense in the period in which it is foreseen, irrespective of the stage of completion of the contract. While determining the amount of foreseeable loss, all elements of costs and related incidental income not included in contract revenue are taken into consideration.

d. Revenue from engineering and service fees is recognised as per the terms of the contract.

NOTES TO FINANCIAL STATEMENTS (Contd.)

B. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

C. Other Income

a. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

b. Government Grants - The Company has recognized two types of Government Grants reflected in the Ind AS Financial statements-

1. Grant received in the nature of part compensation for purchase of a fixed asset is recognized in the profit & loss account on a systematic basis over the life of the non-monetary asset acquired by the company.

2. Grant received in the nature of concessions in the statutory dues - Government grants towards non-monetary nature recognized at fair value is recognized as deferred income. This deferred income is recognized in the Profit & Loss account over the years on a systematic basis.

Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

6. Property, plant and equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can measured reliably. PPE is stated at cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Specific know-how fees paid, if any, relating to plant & equipment is treated as a part of cost thereof. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under previous GAAP as on April 1,2015 is regarded as itscost. The carrying value was original costless accumulated depreciation and cumulative impairment.

Own manufactured PPE iscapitalized at cost including an appropriate share of overheads.

Administrative and other general overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as a part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet is disclosed as "capital work-in-progress". (Also refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions)

Depreciation is calculated, when the asset is in location and condition to operate as per its intended use, on a straight-line method, on the basis of the useful life as specified in Schedule II to the Companies Act, 2013, except in certain assets where the useful life was determined by technical evaluation.

	Useful life (in years) *						
	Estimated Useful Life as per Schedule II of Companies Act	As on 01.04.2015		As on 31.03.2016		As on 31.03.2017	
		Minimum	Maximum	Minimum	Maximum	Minimum	Maximum
Building	30	20	60	20	60	20	60
Roads	5	10	10	10	10	10	10
Plant & machinery	15	2.5	60	2.5	60	3	60
Laboratory equipment	8	6.5	8	6.5	8	6.5	8
Motor vehicle	7 to 10	7	10	7	10	7	10
Office equipment	5	5	5	5	5	5	5
Furniture & Fixtures	10	10	10	10	10	10	10
Computers	3	3	6	3	6	3	6
Lease Hold Land	99	99	99	99	99	99	99

The company has carried out assessment of useful lives of these assets and based on technical justification, different useful lives have been arrived at. The justification for adopting different useful life compared to the useful life of assets provided in Schedule II is based on the consumption pattern of the assets, past performance of similar assets and peer industry comparison duly supported by technical assessment by a Chartered Engineer.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Depreciation method is reviewed at each financial year end to reflect expected pattern of consumption of the future economic benefits embodied in the asset.

Where cost of a part of the asset (“asset component”) is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset component is depreciated over its separate useful life. Depreciation for additions to/deductions from, owned assets is calculated pro rata on the basis of number of months.

Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

The assets with value less than ₹ 5000/- are depreciated 100% in the year of capitalization.

Leasehold land is amortized over the period of lease.

7. Intangible assets

Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortisation and cumulative impairment. Intangible assets are recognised when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalised as a part of the cost of the intangible assets.

Intangible assets are amortised as follows:

a. Specialized software isamortized over a period of 6 years.

b. Lump-sum fees for foreign know-how are amortized over a period of 6 years.

c. Gas/water pipelines costs are amortized over the period of agreement to use, but not exceeding 10 years.

Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as part of the cost of intangible assets.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as ‘Intangible Assets under Development’.

Amortization on impaired assets, if any, is provided by adjusting the amortization charges in the remaining periods so as to allocate the asset’s revised carrying amount over its remaining useful life.

8. Impairment of assets

As at each Balance Sheet date, the carrying amount of assets is tested for impairment so as to determine:

(a) The provision for impairment loss, if any; and

(b) The reversal of impairment loss recognized in the previous periods, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount.

Recoverable amount is determined:

(a) In the case of an individual asset, at the higher of the net selling price and the value in use;

(b) In the case of a cash generating unit (a group of assets that generates identified, independent cash-flows), at the higher of the cash generating unit’s fair value less costs of disposal and the value in use.

(Value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life).

9. Employee benefits

The company has set up Employees’ Group Gratuity –cum-Life Assurance Scheme with Life Insurance Corporation of India.

The Contribution for Provident Fund is done to Regional Provident Fund Commissioner.

The following are the company policies on employee benefits-

a) Short Term Employee Benefit

All employee benefits falling due wholly within twelve months of rendering the service are classified as short term employee benefits. The benefits like salaries, wages, short term compensated absences etc. and the expected bonus, ex-gratia are recognized in the period in which the employee renders the related service.

b) Post-employment benefits

i. Defined contribution Plan: - State governed Provident Fund scheme and employee pension scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders related service.

The Company contributes towards pension scheme and provident fund for employees, an amount equal to amount contributed by the employees towards provident fund. The Contributionsare done to Regional Provident Fund Commissioner.

NOTES TO FINANCIAL STATEMENTS (Contd.)

ii. Defined benefit Plan: The Employees' Group Gratuity-cum-Life Assurance Scheme with Life Insurance Corporation of India is the Company's defined benefit Plan. The present value of the obligation under such defined benefit plan is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows. The discount rate used for determining the present value of the obligation under defined benefit plans, is based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the related obligations at the Balance Sheet date.

Re-measurement, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (if applicable) are recognized in other comprehensive income and is reflected immediately in retained earnings and is not reclassified to profit & loss.

The interest element in the actuarial valuation of defined benefit plans, which comprises the implicit interest cost and the impact of changes in discount rate, is classified under finance cost. The balance charge is recognised as employee benefit expenses in the Statement of Profit and Loss.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognise the obligation on a net basis.

Gains or losses on the curtailment or settlement of any defined benefit plan are recognised when the curtailment or settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the Company recognises related restructuring costs or termination benefits.

c) Long term employee benefits:

The obligation for long term employee benefits such as long term compensated absences; long service award etc. is recognised in the similar manner as in the case of defined benefit plans as mentioned in (b) (ii) supra.

d) Termination benefits:

Termination benefits if any are recognized as expense in the same year when it occurs.

10. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Finance Leases:

Leases under which the company assumes substantially all the risks and rewards of ownership are classified as finance leases. When acquired, such assets are capitalized at fair value or present value of the minimum lease payments at the inception of the lease, whichever is lower.

Operating leases:

Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the Profit and Loss Account on accrual basis.

11. Financial instruments

Financial assets and financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instruments. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial Assets

All recognised financial assets are subsequently measured in their entirety at amortised cost. The Company has no financial assets classified under FVOCI/FVTPL.

A financial asset is primarily derecognized whenthe rights to receive cash flows from the asset have expired, or the Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and with a)the Company has transferred substantially all the risks and rewards of the asset, or b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

Impairment of financial assets: The Company applies the expected credit loss model for recognising impairment loss on financial assets measured at amortised cost& trade receivables and other contractual rights to receive cash or other financial asset.

Expected credit loss on trade receivables are provided based on forward looking information and past experience.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Financial Liabilities

Financial liabilities are classified at initial recognition, as loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

Loans and borrowings are subsequently measured at amortised costs using EIR.

Financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

The Company designates certain hedging instruments, which include derivatives, embedded derivatives and non-derivatives in respect of foreign currency risk, as either fair value hedges or cash flow hedges. Hedges of foreign exchange risk on firm commitments, if applicable, are accounted for as cash flow hedges.

Changes in fair value of the designated portion of derivatives that qualify as fair value hedges are recognized in profit or loss immediately, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised to profit or loss from that date.

The effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated under the heading of cash flow hedging reserve. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss.

Amounts previously recognized in other comprehensive income and accumulated in equity relating to (effective portion as described above) are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same line as the recognized hedged item.

Hedge accounting is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognised in other comprehensive income and accumulated in equity at that time remains in equity and is recognised when the forecast transaction is ultimately recognised in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognised immediately in profit or loss.

12. Inventories

Inventories are valued after providing for obsolescence, as under:

a) Raw materials, components, construction materials, stores, spares and loose tools at lower of weighted average cost or net realisable value. However, these items are considered to be realisable at cost if the finished products in which they will be used are expected to be sold at or above cost.

b) Manufacturing work-in-progress at lower of weighted average cost including related overheads or net realisable value. In some cases, manufacturing work-in-progress is valued at lower of specifically identifiable cost or net realisable value. In the case of qualifying assets, cost also includes applicable borrowing costs vide policy relating to borrowing costs.

c) Finished goods at lower of weighted average cost or net realisable value. Cost includes related overheads and excise duty paid/ payable on such goods.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed (i.e. the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realisable value.

13. Cash and bank balances

Cash and bank balances also include fixed deposits, margin money deposits, earmarked balances with banks and other bank balances which have restrictions on repatriation, if any.

14. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalised/inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognised in profit or lossin the period in which they are incurred.

15. Foreign currency transactions

a) The functional currency of the Company is Indian Rupee.

b) Foreign currency transactions are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate.Non-monetary items that are measured in terms of

NOTES TO FINANCIAL STATEMENTS (Contd.)

historical cost in foreign currency are not retranslated.Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing rate arerecognizedinprofit or loss in the period in which they arise except for:

i. exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs in a foreign currency not translated and

ii. exchange differences on transactions entered into in order to hedge certain foreign currency risks

16. Operating Segments

Operating segments are defined as components of an enterprise for which discrete financial information is available that is evaluated regularly by the chief operating decision maker, in deciding how to allocate resources and assessing performance, The Company's chief operating decision maker is the Chief Executive as decided by the Board of Directors.

The company has identified 2 operating segments viz. Forgings and Value Added Products.

The following specific accounting policies have been followed for segment reporting-

- Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue
- Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. Expenses which relate to company as a whole and not allocable to segments are included under "un-allocable corporate expenditure".
- Income which relates to the Company as a whole and not allocable to segments is included in "un-allocable corporate income".
- Segment assets and liabilities include those directly identifiable with the respective segments. Un-allocable corporate assets and liabilities represent the assets and liabilities that relate to the Company as a whole and not allocable to any segment

17. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognised and carried forward to the extent there is virtual certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Other deferred tax assets are recognised and carried forward to the extent that there is a reasonable certainty that sufficient future taxable income will be available against which such deferred tax assets can be realised.

Transaction or event which is recognised outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

18. Provisions, contingent liabilities and contingent assets

Provisions are recognised only when:

a) An entity has a present obligation (legal or constructive) as a result of a past event.

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and

c) a reliable estimate can be made of the amount of the obligation

Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a) A present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation.

b) A present obligation arising from past events, when no reliable estimate is possible.

Contingent assets are disclosed where an inflow of economic benefits is probable. A brief description of the nature of the contingent assets, where an inflow of economic benefits is probable, and, where practicable, an estimate of their financial effect will be disclosed.

Provisions, contingent liabilities and Contingent Assets, if any, are disclosed in the Notes to Accounts and are reviewed at each Balance Sheet date.

19. Commitments

Commitments are liabilities for contractual expenditure. Commitments areclassified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

NOTES TO FINANCIAL STATEMENTS (Contd.)

Other commitments related to sales/procurements/borrowings made in the normal course of business are not disclosed to avoid excessive details except as required under the relevant accounting standard.

20. Earnings per Share

Basic Earnings per share are calculated by dividing the net profit or loss for the year attributable to equity shareholders by the weighted average number of equity shares outstanding during the year.

For the purpose of calculating diluted earnings per share, the net profit or loss for the year attributable to equity shareholders and the weighted average number of shares outstanding during the year are adjusted for the effects of all dilutive potential equity shares.

21. Cash Flow Statement

Cash flow statement is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method.

Under the indirect method, the net profit is adjusted for the effects of:

i. Changes during the period in inventories and operating receivables and payables transactions of a non-cash nature.

ii. non-cash items such as depreciation, provisions, deferred taxes, unrealised foreign currency gains and losses, and undistributed profits of associates; and

iii. All other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances and bank overdrafts) are reflected as such in the Cash Flow Statement. Those cash and cash equivalents which are not available for general use as on the date of Balance Sheet are also included under this category with a specific disclosure.

22. Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period to which it affects.

Examples of such estimates include the useful lives of property plant and equipment, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. difference, if any, between the actual results and estimates is recognised in the period in which the results are known.

23. Exceptional Items

On certain occasions, the size, type or incidence of an item of income or expense, pertaining to the ordinary activities of the Company, is such that its disclosure improves the understanding of the performance of the company. Such income or expense is classified as exceptional item and accordingly disclosed in the statement of Profit and Loss.

Note A: First time adoption of Ind AS

The Company has prepared opening balance sheet as per Ind AS as of April 1, 2015 (transition date) by recognising all assets and liabilities whose recognition is required by Ind AS, not recognising items of assets or liabilities which are not permitted by Ind AS, by reclassifying items from previous GAAP to Ind AS as required under Ind AS, and applying Ind AS in measurement of recognised assets and liabilities. However, this principle is subject to certain exceptions and certain optional exemptions availed by the Company as detailed below:

1. The Company has opted to continue with the carrying value for all of its PPE as recognised in its previous GAAP as deemed cost at the transition date.

2. The estimates as at 1st April 2015 and at 31st March 2016 for the purpose of Ind AS financial statements are consistent with those made for the same dates in accordance with the previous GAAP.

30: NOTES FORMING PART OF ACCOUNTS

The financial statement for the year ended March 31,2017 are drawn and presented as per the format prescribed under Division II of Schedule III of the Companies Act,2013.

1. **The following reconciliations provide the effect of transition to Ind AS from previous GAAP in accordance with Ind AS 101-**

   Equity as at April 1, 2015, March 31, 2016

   Net Profit for the year ended March 31, 2016.

NOTES TO FINANCIAL STATEMENTS (Contd.)

1.1 Reconciliation Statement of Profit and loss as previously reported under previous GAAP to Ind AS

(₹ in lakhs)

Description	Note	Previous GAAP as at 31.3.2016	Ind AS Adjustment	Ind AS as at 31.3.16
INCOME				
Revenue from operations		9463.29	–	9463.29
Excise Duty		779.87	–	779.87
Other Income	A	2.54	62.52	65.06
Total Income		10245.70	62.52	10308.22
EXPENSES				
Manufacturing, Construction and Operating expenses		13564.06	–	13564.06
Employee Benefit expenses	B	2184.59	(11.48)	2173.11
Sales, administration and other expenses		1617.69	–	1617.69
Total Expense		17366.34	(11.48)	17354.86
Less : Trans to WIP (loading)		(306.93)	–	(306.93)
PBDIT		(6813.71)	74.00	(6739.71)
Depreciation, amortisation and obsolescence expenses		5139.12	–	5139.12
PBIT		(11952.83)	74.00	(11878.83)
Finance Costs	C	16474.64	137.56	16612.20
Profit before exceptional items and taxes (PBT)		(28427.47)	(63.56)	(28491.03)
Tax Expense		–	–	–
Profit after tax		(28427.47)	(63.56)	(28491.03)

Explanation for reconciliation of statement of Profit & loss as previously reported under previous GAAP to Ind AS

A. **Other Income -** Government grant in the nature of concession in statutory dues / adjustment to carrying value of an asset is recognized now on time basis; which was not accounted for / adjusted to cost respectively.

B. **Employee Benefit expenses** - Actuarial gain/loss classified from profit & loss to other comprehensive income and Share based payment (ESOP) adjustment.

C. **Finance Costs -** Effective Interest Rate (EIR) adjustment for bank borrowings and borrowings from promoter (Nuclear Power Corporation of India) under Ind AS.

NOTES TO FINANCIAL STATEMENTS (Contd.)

1.2 Reconciliation of equity as previously reported under previous GAAP to Ind AS-

(₹ in lakhs)

Particulars	Note	As at 31.3.15 previous GAAP	INDAS Adjustment	As at 31.3.15 IND AS	As at 31.3.16 previous GAAP	INDAS Adjustment	As at 31.3.16 IND AS
ASSETS							
Non-current assets							
Net block		139964.82	–	139964.82	136137.43	–	136137.43
Financial Assets							
Loans	D	151.28	(55.35)	95.93	151.33	(47.07)	104.26
Other non -current assets	E	2699.24	(748.25)	1950.99	1828.87	(591.15)	1237.72
Current Assets							
Inventories		10369.56	–	10369.56	8920.17	–	8920.17
Financial Assets							
Trade receivables		2967.19	–	2967.19	1770.91	–	1770.91
Cash and cash equivalents		111.89	–	111.89	68.08	–	68.08
Loans		17.32	–	17.32	7.32	–	7.32
Other financial assets		1047.28	–	1047.28	2018.36	–	2018.36
Current Tax Assets (Net)		33.22	–	33.22	83.42	–	83.42
Other current assets		10483.79	–	10483.79	10196.11	–	10196.11
Total Assets		167845.60	(803.61)	167041.99	161182.02	(638.22)	160543.80
EQUITY AND LIABILITIES							
Equity							
Equity Share Capital		56660.00	–	56660.00	56660.00	–	56660.00
Other Equity	F	(79001.01)	12411.06	(66589.95)	(107476.74)	12347.94	(95128.80)
Liabilities							
Non-current liabilities							
Financial Liabilities							
Borrowings	G	106568.28	(15265.60)	91302.68	96356.17	(14970.93)	81385.24
Other financial liabilities		2813.44	–	2813.44	2916.16	–	2916.16
Other non- current Liabilities	H	27.03	1847.69	1874.72	24.93	1793.45	1818.38
Current liabilities							
Financial Liabilities							
Borrowings		63248.04	–	63248.04	93138.33	–	93138.33
Current Maturities of Long term Borrowings		10031.25	–	10031.25	14344.25	–	14344.25
Trade payables	I	3929.72	13.13	3942.85	2705.35	18.01	2723.37
Other financial liabilities	J	2024.62	135.87	2160.50	1494.44	119.07	1613.51
Other current Liabilities	K	1226.17	54.24	1280.41	774.92	54.24	829.16
Provisions		318.06	–	318.06	244.20	–	244.20
Total Equity and Liabilities		167845.60	(803.61)	167041.99	161182.02	(638.22)	160543.80

NOTES TO FINANCIAL STATEMENTS (Contd.)

Explanation for Reconciliation of Balance Sheet as previously reported under previous GAAP to Ind As

D. Loans - Interest free Security deposit given for Gas pipeline is recognized at fair valueon initial recognition.

E. Other non -current assets - EIR Ind AS adjustment on borrowings. Deferred borrowing cost derecognized as part of its adjustment to transaction cost for borrowings subsequently measured at amortised cost.

F. Other Equity - Impact of Fair Valuation of Borrowings from promoters at less than fair value.

G. Borrowings - Effective Interest Rate (EIR) adjustment for bank borrowings and fair valuation of loan from promoter (Nuclear Power Corporation of India) under Ind AS.

H. Other non-current liabilities - Non-current portion of Government grant for solar plant and deferred liability for EPCG custom duty benefit.

I. Trade payables - Share base payment (ESOP) adjustment done under Ind As.

J. Other Financial Liabilities - Provision for PLR (Performance Linked Reward).

K. Other current Liabilities - Current portion of Government grant for solar plant and deferred liability for EPCG custom duty benefit.

1.3 Cash Flow Statement

There were no significant reconciliation items between cash flow statements prepared under previous GAAP and those prepared under Ind AS except reclassification of “overdrawn bank balances in the nature of overdrafts which are repayable on demand” from financing activities under previous GAAP to cash & cash equivalentas required for compilation of cash flow statement.

2. Financial Instruments

2.1 Financial Instrument by category

The carrying value and fair value of financial instruments by categories as of 31st March 2017 were as follows:

2.1.1 Financial Assets

(₹ in lakhs)

Sr	Particulars	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
1	**Measured at Fair value through P&L (FVTPL)**	**–**	*–*	*–*
2	**Measured at amortised cost**			
	Trade receivables	**2548.63**	*1770.91*	*2967.19*
	Cash & cash equivalents	**52.22**	*68.08*	*111.89*
	Security deposits	**116.64**	*111.86*	*113.53*
	Others	**0.04**	*4.72*	*(0.58)*
3	**Measured at Fair value through OCI (FVTOCI)**			
	Derivative financial instruments designated as cash-flow hedges	**1170.36**	*2013.37*	*1045.33*
	Total Financial assets	**3887.89**	*3968.94*	*4237.36*

2.1.2 Financial Liabilities

Sr	Particulars	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
1	**Measured at Fair value through P&L (FVTPL)**	**–**	*–*	*–*
2	**Measured at amortised cost**			
	Borrowings	**207449.99**	*188867.82*	*164581.97*
	Trade payables	**4850.58**	*2723.37*	*3942.85*
	Other financial liabilities	**1313.64**	*1097.51*	*1497.54*
3	**Measured at Fair value through OCI (FVTOCI)**			
	Derivative financial instruments designated as cash-flow hedges	**3046.25**	*3432.16*	*3476.40*
	Total Financial liabilities	**216660.46**	*196120.86*	*173523.76*

NOTES TO FINANCIAL STATEMENTS (Contd.)

2.1.3 Fair Value hierarchy

Level 1 - Quoted prices in active market for identical assets and liabilities

Level 2 - Inputs other than quoted process included within level 1 that are observable for the asset or liability either directly or indirectly

Level 3 - Inputs for the assets or liabilities that are not based on observable market data.

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of **31st March 2017**-

(₹ in lakhs)

Particulars	Fair value measurement at the end of the reporting period / year using			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative financial instruments – Designated as cash-flow hedges	–	1170.36	–	1170.36
Liabilities				
Derivative financial instruments – Designated as cash-flow hedges	–	3046.24	–	3046.24

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of **31st March 2016-**

(₹ in lakhs)

Particulars	Fair value measurement at the end of the reporting period / year using			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative financial instruments – Designated as cash-flow hedges	–	2013.37	–	2013.37
Liabilities				
Derivative financial instruments – Designated as cash-flow hedges	–	3432.16	–	3432.16

The following table presents fair value hierarchy of assets and liabilities measured at fair value on a recurring basis as of 1st April 2015-

(₹ in lakhs)

Particulars	Fair value measurement at the end of the reporting period / year using			Total
	Level 1	Level 2	Level 3	
Assets				
Derivative financial instruments – Designated as cash-flow hedges	–	1045.33	–	1045.33
Liabilities				
Derivative financial instruments – Designated as cash-flow hedges	–	3476.40	–	3476.40

2.1.4 Collateral given (carrying amount)

(₹ in lakhs)

Particulars	**As at 31.3.2017**	*As at 31.3.2016*	*As at 1.4.2015*
Current:			
Financial assets			
Trade receivables	**2548.63**	*1770.91*	*2967.19*
Cash and equivalents	**52.22**	*68.08*	*111.89*
Other assets	**2.04**	*12.32*	*17.02*
Total current assets pledged as security	**2602.89**	*1851.31*	*3096.10*
Non-Current assets			
Financial assets			
Trade receivables	**-**	-	-
Other assets	**114.64**	*104.26*	*95.93*
Total non-current assets pledged as security	**114.64**	*104.26*	*95.93*

NOTES TO FINANCIAL STATEMENTS (Contd.)

2.1.5 Net Gain/ (loss) on financial assets and liabilities

	Particulars	For the year ended	
		31.3.2017	*31.3.2016*
1	**Net gain/(losses) on financial assets and financial liabilities:**		
	(a) Mandatorily measured at Fair Value through Profit & loss (FVTPL)	**–**	*–*
	(b) Designated at fair value thru P&L	**–**	*–*
	(c) Financial assets that are measured at amortised cost		
	(i) Exchange gain/(loss)on revaluation or settlement of items denominated in foreign currency	**(2.95)**	*3.89*
	(ii) (Allowance)/ reversal for expected credit loss during the year	**(3.19)**	*–*
	(d) Financial liabilities that are measured at amortised cost		
	(i) Exchange gain/(loss) on revaluation or settlement of items denominated in foreign currency	**41.51**	*(92.01)*
	(e) Financial assets that are measured at FVTOCI		
	Gain/(loss) on fair valuation or settlement of forward contracts/swaps designated as cash flow hedges	**(178.08)**	*(48.26)*
	(f) Gain reclassified to profit or loss from OCI upon derecognition	**–**	*–*
	(g) Investment in equity instruments designated at FVTOCI	**–**	*–*
	(h) Dividend Income from Investment measured at FVTPL	**–**	*–*
2	**Interest Revenue:**		
	(a) Financial assets that are measured at amortised cost	**9.01**	*8.28*
	(b) Financial assets that are measured at FVTOCI	**–**	*–*
3	**Interest Expenses:**		
	Financial liabilities that are not measured at FVTPL	**(18137.52)**	*(16612.20)*
4	**Fee Income from:**		
	(a) Financial assets that are not at FVTPL	**–**	*–*
	(b) Financial liabilities that are not at FVTPL	**–**	*–*
	(c) Trust and other fiduciary activities that result in the holding or investing of assets on behalf of individuals, trust, retirement benefit plans, and other institutions	**–**	*–*
	Total	**(18271.22)**	*(16740.30)*

2.2 Financial Risk Management

The Company's activities expose to a variety of financial risks:credit risk, market risk and liquidity risk. The Company's primary focus is to foresee the unpredictability of financial markets and to minimize potential adverse effects on its financial performance. The primary market risk is foreign exchange risk and interest risk. The Company uses derivative financial instruments to mitigate foreign exchange related risks.

2.2.1 Credit Risk

Credit risk refers to risk of default on its obligations by the counterparty resulting in a financial loss. The maximum exposure to the credit risk at the reporting date is primarily from trade receivables. Trade receivables are typically unsecured and are derived from domestic customers. However a significant portion of sales is to related parties and to that extent risk is reduced. Credit risk is managed by the Company through credit approvals, establishing credit limits and continuously monitoring the creditworthiness of the customers to which the Company grants a credit in ordinary course of business. On account of adoption of Ind AS, the Company uses expected credit loss model to assess the impairment loss or gain. The Company uses a provision matrix to compute the expected credit loss allowance for trade receivables. The company has developed this matrix basis historical data as well as forward looking information pertaining to assessment of credit risk.

The following table gives details in respect of % of revenue generated from top customer and top 5 customers:

Particulars	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Revenue from top customer	**34.71%**	*20.60%*
Revenue from top 5 customers	**69.64%**	*72.89%*

NOTES TO FINANCIAL STATEMENTS (Contd.)

Credit risk exposure

The following are details on expected credit loss provisioning:-

(₹ in lakhs)

Particulars	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Balance at the beginning	–	–
Provisions made/(reversed)	**3.19**	–
Written off	–	–
Balance at end	**3.19**	–

2.2.2 Market Risk

The primary risk is on account of movement in foreign currency rates as the Company has taken foreign currency loans and the Company also imports raw materials in the ordinary course of business. This risk of variation in exchange rates is mitigated through derivative instruments like forward contracts.

The other risk is on account of movement in interest rates.

In line with the Company's risk management policy, the financial risks related to change in foreign exchange rates, are hedged byusing a combination of forward contracts, swaps and other derivative contracts, besides the natural hedges.

2.2.2.1 Outstanding hedge instruments:

The following table provides details on outstanding hedge instruments as of 31st March 2017:

(₹ in lakhs)

Particulars	Nominal Amount	Average Rate	Timing	
			Up to 12 months	More than 12 months
Currency Exposure : Cash flow hedge				
Foreign currency forward covers payables hedges				
USD	15965.14	75.31	5830.61	10134.5
Foreign currency Swaps payables hedges				
USD	2966.94	55.98	1119.60	1847.34

The following table provides details on outstanding hedge instruments as at **31st March 2016**:

(₹ in lakhs)

Particulars	Nominal Amount	Average Rate	Timing	
			Up to 12 months	More than 12 months
Currency Exposure : Cash flow hedge				
Foreign currency forward covers payables hedges				
USD	21564.33	73.85	5599.20	15965.14
Foreign currency Swaps payables hedges				
USD	4086.54	55.98	1119.60	2966.94

NOTES TO FINANCIAL STATEMENTS (Contd.)

The following table provides details on outstanding hedge instruments as of **1st April 2015**:

(₹ in lakhs)

Particulars	Nominal Amount	Average Rate	Timing	
			Up to 12 months	More than 12 months
Currency Exposure : Cash flow hedge				
Foreign currency forward covers payables hedges				
USD	25102.10	71.31	10002.16	15099.94
Foreign currency Swaps payables hedges				
USD	4926.24	55.98	839.70	4086.54

2.2.2.2 Carrying amount of hedge instruments

Currency Exposure (₹ in lakhs)

Particulars	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
Forward Contracts			
Current			
Asset – other financial asset	**699.22**	*1214.28*	*382.37*
Liability – other financial liabilities	**915.78**	*516.00*	*662.96*
Non-current			
Asset – other financial asset	**–**	–	–
Liability – other financial liabilities	**2130.47**	*2916.16*	*2813.44*
Swap Contracts			
Current			
Asset – other financial asset	**471.14**	*799.09*	*671.03*
Liability – other financial liabilities	**–**	–	–
Non-current			
Asset – other financial asset	**–**	–	–
Liability – other financial liabilities	**–**	–	–

2.2.2.3 Foreign Currency Risk Exposures

(₹ in lakhs)

	As at 31.3.2017			As at 31.3.2016			As at1.4.2015		
	USD	EURO	JPY	USD	EURO	JPY	USD	EURO	JPY
Financial Assets									
Investment	–	–	–	–	–	–	–	–	–
Trade Receivables	67.15	–	–	–	–	–	–	–	–
Loans & Advances	–	–	–	–	–	–	–	–	–
Cash & cash equivalent	–	–	–	–	–	–	–	–	–
Other financial assets	–	–	–	–	–	–	–	–	–
(less) derivatives taken to hedge on balance sheet assets	–	–	–	–	–	–	–	–	–
Net exposure to foreign currency risk (assets)	67.15	–	–	–	–	–	–	–	–
Financial Liabilities	–	–	–	–	–	–	–	–	–
Borrowings	17185.25	–	–	24183.08	–	–	27500.00	–	–
Trade payables	109.08	216.87	52.20	126.71	236.62	–	773.79	260.07	234.56
Other financial liabilities	–	–	–	–	–	–	–	–	–
(less) derivatives taken to hedge on balance sheet liabilities	(17185.25)	–	–	(24183.08)	–	–	(27500.00)	–	–
Net exposure to foreign currency risk (liabilities)	109.08	216.87	52.20	126.71	236.62	–	773.79	260.07	234.56

NOTES TO FINANCIAL STATEMENTS (Contd.)

2.2.2.4 Movement of Hedge Reserve

(₹ in lakhs)

Particulars	For the year ended 31.3.2017	For the year ended 31.3.2016	For the year ended 1.4.2015
Opening balance	**49.01**	*97.27*	*319.64*
Interest rate swap movement	**(47.99)**	*(48.26)*	*(222.37)*
Forward Contract fair value movement	**(130.09)**	-	-
Closing balance (Continuing Hedges)	**(129.07)**	*49.01*	*97.27*

2.2.2.5 Sensitivity on Foreign exchange Risk

The following is the analysis on foreign exchange risk-

(₹ in lakhs)

Particulars	Impact on PBT		Impact on other components of Equity		Total impact on Equity (Net worth)	
	For the year ended 31.3.2017	For the year ended 31.3.2016	For the year ended 31.3.2017	For the year ended 31.3.2016	For the year ended 31.3.2017	For the year ended 31.3.2016
USD						
Rate increases by 5%	**(2.10)**	*(6.34)*	–	–	**(2.10)**	*(6.34)*
Rate reduces by 5 %	**2.10**	*6.34*	–	–	**2.10**	*6.34*
EURO						
Rate increases by 5 %	**(10.84)**	*(11.83)*	–	–	**(10.84)**	*(11.83)*
Rate reduces by 5 %	**10.84**	*11.83*	–	–	**10.84**	*11.83*
Yen						
Rate increases by 5 %	**(2.61)**	–	–	–	**(2.61)**	–
Rate reduces by 5 %	**2.61**	–	–	–	**2.61**	–

2.2.2.6 Interest Risk

The company has taken borrowings from banks on variable rate basis and has the risk on account of movement in interest rates. The exposure of the Company to interest rate changes at the end of reporting period are as follows-

(₹ in lakhs)

Particulars	For the year ended 31.3.2017	For the year ended 31.3.2016	For the year ended 1.4.2015
Variable Rate Borrowings	**172691.28**	*157175.99*	*135674.75*
Fixed rate Borrowing	**34756.74**	*31691.83*	*28907.22*
Total Borrowings	**207448.02**	*188867.82*	*164581.97*

NOTES TO FINANCIAL STATEMENTS (Contd.)

2.2.2.7 Sensitivity rate analysis for Interest rate risk:

(₹ in lakhs)

Particulars	Impact on PBT		Impact on other components of Equity		Total impact on Equity (Net worth)	
	For the year ended 31.3.2017	*For the year ended 31.3.2016*	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Indian Rupee						
Rate increases by 0.25 %	**(388.77)**	*(311.18)*	**-**	-	**(388.77)**	*(311.18)*
Rate reduces by 0.25 %	**388.77**	*311.18*	**-**	-	**388.77**	*311.18*
USD Loan						
Rate increases by 0.25 %	**(42.96)**	*(60.46)*	**-**	-	**(42.96)**	*(60.46)*
Rate reduces by 0.25 %	**42.96**	*60.46*	**-**	-	**42.96**	*60.46*

2.2.3 Liquidity Risk

The company's principal source of liquidity is trade receivables and short term borrowings from banks and promoters. Since the company is yet to achieve its break-even, this is one of the very important business risks.

3. Estimated amount of contracts remaining to be executed on capital account (net of advances):- ₹ 2292.42 lakhs(Prev. year ₹2549.45lakhs)

4. Disclosures pursuant to Accounting standard (Ind AS 11)

(₹ in lakhs)

Sr. No	Particulars	**2016-17**	*2015-16*
1	Contract Revenue Recognized for the financial year	**1341.49**	*162.13*
2	Aggregate amount of contract costs incurred as at the end of Financial year for all contracts in progress as at that date	**684.46**	*223.33*
3	Amount of profit / (loss) recognized	**880.36**	–
4	Amount of customer advances outstanding for contracts in progress as at end of the financial year	**54.00**	–
5	Retention amounts due from customers for the contracts in progress as at end of the financial year	**–**	–

5. Disclosure pursuant to Accounting Standard (Ind AS19) "Employee Benefits"

– Defined Contribution Plan

An amount of ₹ 21.81 lakhs/-(Prev. year ₹ 26.08 lakhs/-) towards employee pension scheme is recognized as an expense and included in employee benefits expenses.

– Defined Benefit Plan

Gratuity plan:

The company makes contributions to the Employees Group Gratuity-cum-Life Assurance Scheme of the Life Insurance Corporation of India, a funded defined benefit plan for qualifying employees. The scheme provides for lump sum payment of employees at retirement, death while in employment or termination of employment of an amount equivalent to 15 days salary for every completed year of service or part thereof in excess of six months, provided the employee has completed 5 years in service.

a. Amount recognized in the Balance Sheet- (₹ in lakhs)

	As at 31.3.2017	*As at 31.3.2016*
Present value of funded defined benefit obligation	**104.57**	*116.40*
Fair value of plan assets	**95.34**	*114.89*
Net Funded obligation	**9.23**	*1.51*
Present Value of unfunded defined benefit obligation	**–**	–
Amount not recognized due to asset limit	**–**	–
Net defined benefit liability / (asset) recognised in balance sheet	**9.23**	*1.51*
Net defined benefit / (assets) is bifurcated as follows:		
Current	**–**	–
Non-Current	**9.23**	*1.51*

NOTES TO FINANCIAL STATEMENTS (Contd.)

b. Amount recognized in Profit & Loss Account-

	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Current Service Cost	**10.70**	*10.91*
Past Service Cost	**–**	*–*
Administrative Expenses	**–**	*–*
Interest on net defined benefit liability/ (assets)	**0.12**	*–*
(Gains) / losses on settlement	**–**	*–*
Total expense charges to Profit and Loss account	**10.82**	*10.91*

c. Reconciliation of Net defined benefit liability/ (asset):

	As at 31.3.2017	*As at 31.3.2016*
Opening net defined benefit liability / (asset)	**1.51**	*1.22*
Expense charged to profit & loss account	**10.82**	*10.91*
Amount recognised outside profit & loss account	**(2.72)**	*(0.43)*
Employer contributions	**(0.38)**	*(10.19)*
Impact of liability assumed or (settled)	**–**	*–*
Closing net defined benefit liability / (asset)	**9.23**	*1.51*

d. The changes in the value of defined benefit obligation representing reconciliation of opening and closing balances thereof-

	As at 31.3.2017	*As at 31.3.2016*
Opening of defined benefit obligation	**93.37**	*100.93*
Current Service Cost	**10.70**	*10.91*
Past Service cost	**–**	*–*
Interest on defined benefit obligation	**7.46**	*8.80*
Remeasurements due to:		*–*
Actuarial loss / (gain) arising from change in financial assumptions	**–**	*–*
Actuarial loss / (gain) arising from change in demographic assumptions	**–**	*–*
Actuarial loss / (gain) arising on account of experience changes	**(3.15)**	*(0.43)*
Benefits paid	**(3.81)**	*(26.85)*
Liability assumed or (settled)	**–**	*–*
Liability extinguished on settlements	**–**	*–*
Closing of defined benefit obligation	**104.57**	*93.36*

e. Changes in the fair value of plan assets representing reconciliation of opening and closing balances thereof:

	As at 31.3.2017	*As at 31.3.2016*
Opening balance of fair value of the Plan Assets	**91.86**	*99.71*
Employer contributions	**0.38**	*10.19*
Interest on plan assets	**7.35**	*8.80*
Administration expenses	**–**	*–*
Remeasurements due to:		
Return on plan assets less interest on plan assets	**(0.43)**	*–*
Benefits paid	**(3.82)**	*(26.84)*
Assets acquired or (settled)	**–**	*–*
Assets distributed on settlements	**–**	*–*
Closing fair value of plan assets	**95.34**	*91.86*

NOTES TO FINANCIAL STATEMENTS (Contd.)

f. Amount Recorded in Other Comprehensive Income :

	As at 31.3.2017	*As at 31.3.2016*
Opening amount recognised in OCI outside profit and loss account	**(0.43)**	–
Remeasurements during the period due to		
Changes in financial assumptions	**–**	–
Changes in demographic assumptions	**–**	–
Experience adjustments	**(2.72)**	*(0.43)*
Actual return on plan assets less interest on plan assets	**–**	–
Adjustment to recognise the effect of asset ceiling	**–**	–
Closing amount recognised in OCI outside profit and loss account	**(3.15)**	*(0.43)*

g. Movement in Asset Ceiling:The Company contributes all ascertained liabilities towards gratuity to the L&T Special Steels and Heavy Forgings Employees' Group Gratuity Assurance Scheme. Thetrustees of the fund administer contributions made to the trust. The plan assets have been invested in insurer managed funds.

h. Disaggregation of Plan Assets:

	For the year ended 31.3.2017			**For the year ended 31.3.2016**		
	Quoted Value	**Non Quoted value**	**Total**	**Quoted Value**	**Non Quoted value**	**Total**
Property	–	–	–	–	–	–
Government debt instruments	–	–	–	–	–	–
Other debt instruments	–	–	–	–	–	–
Entity's own equity instruments	–	–	–	–	–	–
Insurer managed funds	–	95.34	95.34		91.86	91.86
Others	–	–		–	–	–
Grand Total	–	95.34	95.34	–	91.86	91.86

i. The following **are principal actuarial assumptions** at the balance sheet date –

Particulars	**As at 31.3.2017**	*As at 31.3.2016*	*As at 1.4.2015*
Discount rate	**8%**	*8%*	*8%*
Salary growth	**5%**	*5%*	*5%*

Assumptions regarding future mortality experience are set in accordance with the published statistics by the Life Insurance Corporation of India. The discount rate is based on government security yield.

j. Sensitivity analysis:

Gratuity is a lump sum plan and the cost of providing these benefits is typically less sensitive to small changes in demographic assumptions. The key actuarial assumptions to which the benefit obligation results are particularly sensitive are discount rate and future salary escalation rate. The following table summarizes the impact in percentage terms on the reported defined benefit obligation at the end of the reporting period arising on account of an increase or decrease in the reported assumption by 50 basis points.

	For the yearended 31.3.2017	
	Discount rate	**Salary escalation rate**
Impact of increase in 50 bps on Defined Benefit Obligation	(4.8%)	5.4%
Impact of decrease in 50 bps on Defined Benefit Obligation	5.3%	(4.9%)

These sensitivities have been calculated to show the movement in defined benefit obligation in isolation and assuming there are no other changes in market conditions at the accounting date. There have been no changes from the previous periods in the methods and assumptions used in preparing the sensitivity analyses.

NOTES TO FINANCIAL STATEMENTS (Contd.)

6. Disclosures pursuant toAccounting Standard (Ind AS 108) "Segment Reporting"

(₹ in lakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Segment Revenue including excise duty		
Forgings	**11960.09**	*7118.04*
Value added products	**1036.16**	*3125.12*
Total	**12996.26**	*10243.16*
Segment Expense		
Forgings	**18064.28**	*18540.82*
Value added products	**1080.29**	*2866.36*
Total	**19144.57**	*21407.18*
Segment Result		
Forgings	**(7348.15)**	*(12202.65)*
Value added products	**(46.09)**	*258.76*
Total	**(7394.24)**	*(11943.89)*
Unallocated corporate income/(expenditure) (net)	**66.64**	*61.04*
Operating Profit (PBIT)	**(7327.59)**	*(11882.85)*
Interest expense	**18137.52**	*16612.20*
Interest income	**-**	*4.02*
Profit before tax (PBT)	**(25465.12)**	*(28491.03)*
Provision for current tax	**-**	*-*
Provision for deferred tax	**-**	*-*
Profit after tax (before extraordinary item)	**(25465.12)**	*(28491.03)*
Extraordinary items	**–**	*–*
Profit after tax (after extraordinary item)	**(25465.12)**	*(28491.03)*
Other Comprehensive Income	**(175.36)**	*(47.82)*
Total Comprehensive Income for the period	**(25640.47)**	*(28538.85)*

Other information	Segment Assets		Segment Liabilities	
	As at 31.3.2017	**As at 31.3.2016**	**As at 31.3.2017**	**As at 31.3.2016**
Forgings	**154665.93**	**159797.49**	**5564.87**	**5217.36**
Value added products	**533.41**	**746.31**	**169.42**	**192.89**
Total	**155199.34**	**160543.8**	**5734.3**	**5410.25**
Unallocable corporate assets/liabilities	**–**	**–**	**–**	**–**
Segment assets/liabilities pertaining to discontinued operations	**–**	**–**	**–**	**–**
Total assets/liabilities	**155199.34**	**160543.8**	**5734.3**	**5410.25**

NOTES TO FINANCIAL STATEMENTS (Contd.)

Other information	Capital expenditure		Depreciation, Amortisation & Obsolescence (included in segment expense)		Non-cash expenses other than depreciation included in segment expense	
	For the year ended 31.3.2017	*For the year ended 31.3.2016*	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Forgings	**856.35**	*1674.93*	**5099.59**	*5126.21*	**–**	*–*
Value added products	**18.26**	*32.58*	**10.79**	*12.91*	**–**	*–*
Total	**874.61**	*1707.51*	**5110.38**	*5139.12*	**–**	*–*

7. **Related party disclosure:**

a. **List of related parties who exercise control:**

Larsen & Toubro Limited

Nuclear Power Corporation of India Limited

b. **Names of related parties with whom transactions were carried out during the year and description of relationship:**

Name of the Company	Relationship
Larsen & Toubro Limited	Promoter Company
Nuclear Power Corporation of India Limited	Promoter Company
L&T - MHPS Boilers Private Limited	Member of Larsen & Toubro (Group)
L&T - MHPS Turbine Generators Private Limited	Member of Larsen & Toubro (Group)
EWAC Alloys Limited	Member of Larsen & Toubro (Group)
L&T Cutting Tools Limited	Member of Larsen & Toubro (Group)
L&T Hydrocarbon Engineering Limited	Member of Larsen & Toubro (Group)
Larsen & Toubro Infotech Limited	Member of Larsen & Toubro (Group)
L&T Special Steels & Heavy Forgings Employee's Group Gratuity Assurance Scheme	Post-Employment Benefit Plan

c. **Disclosure of related party transactions (excluding taxes):**

(₹ in lakhs)

Head	For the year ended 31.3.2017	For the year ended 31.3.2016
Larsen & Toubro Limited		
- Overheads charged	**864.19**	*999.99*
- Purchase of Plant & Machinery	**2.50**	*20.46*
- Unsecured Loan taken during the year	**38812.00**	*31151.50*
- Unsecured Loan repaid during the year	**62.00**	*4700.00*
- Interest charged on loan	**7898.24**	*5257.92*
- Purchase of goods & services	**139.22**	*268.16*
- Other Manufacturing Expenses	**–**	*5.50*
- ESOP charge	**4.05**	*15.41*
- Overhead charges for deputation of employees	**141.03**	*188.66*
- Sale of goods & services (Including Scrap sale)	**4773.62**	*3900.89*
Nuclear Power Corporation of India Limited		
- Sales of Goods and Services	**693.72**	*1001.06*
- Interest on Loan	**3389.71**	*3091.38*

NOTES TO FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Head	For the year ended 31.3.2017	*For the year ended 31.3.2016*
L&T MHPS Boilers Private Limited		
- Purchase of goods & services	**75.32**	*–*
- Sale of goods & service	**2015.36**	*0.48*
L&T - MHPS Turbine Generators Private Limited		
- Purchase of goods & services	**78.30**	*118.91*
- Sale of goods & services	**531.53**	*1010.43*
L&T Cutting Tools Limited		
- Purchase of goods & services	**13.48**	*15.40*
L&T Hydrocarbon Engineering Limited		
- Overheads Charged	**–**	*1.89*
- Purchase of goods & services	**141.25**	*-*
- Sales of Scrap	**73.80**	*-*
Larsen & Toubro Infotech Limited		
- Purchase of goods & services	**8.45**	*9.60*
L&T Special Steels & Heavy Forgings Employee's Group Gratuity Assurance Scheme		
Annual Contribution	**1.00**	*10.84*
Key Managerial Personnel Remuneration		
Chief Executive and Manager		
Mr. R. G. Kulkarni		
Short Term Employee benefit	**81.63**	*62.21*
Post-Employment benefit	**2.55**	*2.55*
CFO and Company Secretary		
Mr. Deepak Sankhla		
Short Term Employee benefit	**45.32**	*38.24*
Independent Directors (Sitting Fees)		
A K Mukherji	**2.30**	*1.60*
P J Mathew	**1.80**	*1.45*
Bhagyam Ramani	**1.90**	*1.45*

d. Amount due to / from related parties:

(₹ in lakhs)

Particulars	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
Accounts Receivable			
Larsen & Toubro Limited	**1524.93**	*1065.30*	*845.38*
L&T - MHPS Turbine Generators Private Limited	**0.26**	*301.18*	*246.30*
L&T Hydrocarbon Engineering Limited	**31.45**	*–*	*–*
L&T MHPS Boilers Private Limited	**366.50**	*–*	*0.12*
Nuclear Power Corporation of India Limited	**–**	*–*	*844.59*

NOTES TO FINANCIAL STATEMENTS (Contd.)

Particulars	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Accounts Payable			
Larsen & Toubro Limited	**1992.36**	*1056.13*	*1280.23*
L&T - MHPS Turbine Generators Private Limited	**28.62**	*27.21*	*82.11*
L&T MHPS Boilers Private Limited	**60.46**	–	–
EWAC Alloys Limited	**–**	–	*4.25*
L&T Cutting Tools Ltd.	**9.94**	*12.54*	*18.66*
L&T Hydrocarbon Engineering Limited	**56.92**	–	*62.15*
Larsen & Toubro Infotech Limited	**10.15**	*11.47*	–
Advances given for Capital Assets			
Larsen & Toubro Limited	**334.82**	*150.22*	*150.22*
Advances given for Goods and Services			
L&T - MHPS Turbine Generators Private Limited	**–**	–	*2.25*
Unsecured loans (including interest accrued)			
Larsen & Toubro Limited			
- Principal	**116721.50**	*77971.50*	*51520.00*
- Interest	**–**	*8683.52*	*3951.39*
TOTAL	**116721.50**	*86655.02*	*55471.39*
Secured Loan (including interest accrued)			
Nuclear Power Corporation of India Limited			
- Principal	**19539.37**	*19539.37*	*19539.37*
- Interest	**15217.38**	*12152.46*	*9367.85*
TOTAL	**34756.74**	*31691.83*	*28907.22*
Advances received in the capacity of supplier of goods/ services classified as "advances from customers" in the Balance Sheet			
Larsen & Toubro Limited	**139.81**	*255.17*	*313.48*
L&T Hydrocarbon Engineering Limited	**32.14**	–	–
L&T MHPS Boilers Private Limited	**0.04**	–	–
Nuclear Power Corporation of India Limited	**–**	–	*421.47*

e. **Commitment with related parties (excluding taxes):**

(₹ in lakhs)

Particulars	As at 31.3.2017	As at 31.3.2016	As at 1.4.2015
Capital commitment	**–**	–	–
Sub – Total (A)	**–**	–	–
Revenue Commitment (purchase of raw materials & consumables)			
Larsen & Toubro Limited	**0.90**	*14.50*	*144.47*
L&T Cutting Tools Ltd.	**0.04**	*0.84*	*0.28*
Larsen & Toubro Infotech Limited (for services)	**–**	*9.60*	–
L&T - MHPS Turbine Generators Private Limited	**74.41**	*0.25*	*121.22*
L&T MHPS Boilers Private Limited	**18.38**	–	–
L&T Hydrocarbon Engineering Limited	**–**	–	*25.72*
Sub – Total (B)	**93.73**	*25.19*	*291.69*
Other Commitment(Refer Note below)	**–**	–	–
Sub – Total (C)	**–**	–	–
TOTAL (A+B+C)	**93.73**	*25.19*	*291.69*

Note: There is a borrowing commitment of ₹ 9800 lakhs from Larsen &Toubro Ltd. before 30.6.2017.

NOTES TO FINANCIAL STATEMENTS (Contd.)

8. Operating leases:

(i) The Company has taken some equipment under cancellable operating leases. These lease agreements are normally renewed on expiry.

(ii The Company has taken certain assets like Gas tanks, machining equipment on non-cancellable operating lease, the future minimum lease payments in respect of which are as follows-

(₹ in lakhs)

Particulars	Minimum lease payments		
	As at 31.3.2017	*As at 31.3.2016*	*As at 1.4.2015*
1. Payable not later than 1 year	**268.20**	*13.47*	*23.10*
2. Payable later than 1 year and not later than 5 Years	**–**	–	*13.47*
3. Payable later than 5 years	**–**	–	–
Total	**268.20**	*13.47*	*36.58*

The lease agreement provides for an option to the Company to review the lease period at the end of the non-cancellable period. There are no exceptional/ restrictive covenants in the lease agreements.

(iii) Lease rental expense in respect of operating leases are as shown below.

(₹ in lakhs)

Particulars	For the year 31.3.2017	*For the year 31.3.2016*
Lease rentals & hire charges	**398.57**	*527.03*
Consumption consumables	**23.10**	*25.03*
TOTAL	**421.67**	*552.06*

9. Basic & Diluted Earnings per share ["EPS"] computed in accordance with Accounting Standard (Ind AS 33) "Earnings per share"

(₹ in lakhs)

Particulars	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Profit/(loss) after tax as per Accounts	**(25465.12)**	*(28491.03)*
Weighted average number of shares outstanding (Number)	**56,66,00,000**	*56,66,00,000*
Basic & Diluted EPS ₹ per share	**(4.49)**	*(5.03)*

10. Income Taxes :

1. The Company has no charge on account of Income taxes.

2. Reconciliation of tax expense and the accounting profit multiplied by India's domestic tax rate for the year ended March 31, 2017 and March 31, 2016:

Sr.	Particulars	2016-17	*2015-16*
1	**Profit before tax**	**(25465.12)**	*(28427.47)*
2	Applicable tax rate	**34.61%**	*34.61%*
3	PBT * applicable tax rate (1*2)	**(8812.97)**	*(9838.18)*
4(a)	**Items of Income not to consider for taxable profit :**	**(21.89)**	*(21.64)*
(i)	Implicit interest Income on Financial Assets	**(3.12)**	*(2.87)*
(ii)	Amortisation of government grant	**(18.77)**	*(18.77)*
(b)	**Items of expense not deductible for tax purposes:**	**10.63**	*4.22*
(i)	Interest on late payment of TDS, Service Tax, Custom duty & VAT	**4.77**	*0.06*
(ii)	Fines & Penalties debited to P&L A/c	**3.11**	*0.68*
(iii)	ESOP Tax born by employer	**0.34**	*0.22*
(iv)	Interest payable to MSMED	**2.41**	*2.75*
(v)	Loss on sale of Fixed Assets	**–**	*0.51*
	Total	**(8824.23)**	*(9877.59)*
	Tax Loss on which DTA is not recognised	**8824.23**	*9877.59*
5	**Tax expense recognised during the year**	**–**	–
6	Effective tax Rate	**0.00%**	*0.00%*

NOTES TO FINANCIAL STATEMENTS (Contd.)

3. **Tax Deferred Tax Liabilities / Deferred Tax (Assets):**

(₹ inlakhs)

Sr No	Component of Deferred tax/ (liability)	31.3.17	31.3.16	1.4.15	FY 16–17	FY15–16
	Deferred Tax Liabilities					
A1	Difference between Tax WDV and Book WDV	20224.96	16122.56	14234.34	4102.40	1888.23
A	Total	20224.96	16122.56	14234.34	4102.40	1888.23
	Deferred Tax Assets					
B1	Carry forward loss including unabsorbed depreciation	(64442.35)	(47959.52)	(37270.86)	(16482.83)	(10688.66)
B2	Provision for Slow moving Inventory items	(29.07)	–	–	(29.07)	–
B3	Provision for Leave encashment	2.93	(52.29)	(53.36)	55.22	1.07
B4	Provision for Bad & Doubtful debts/ECL	(1.10)	–	–	(1.10)	–
B	Total Deferred tax assets	(64469.60)	(48011.81)	(37324.23)	(16457.78)	(10687.58)
B-A	Net Deferred tax Assets	(44244.64)	(31889.25)	(23089.89)	(12355.38)	(8799.36)
	Restricted to level of Deferred tax liabilities (A) above	(20224.96)	(16122.56)	(14234.34)	(4102.40)	(1888.23)
	Net Defer Tax Income / Expense	–	–	–	–	–
	Net Defer Tax Liability / Asset	–	–	–	–	–

Note-

1) The deferred tax (assets) has been recognized to the extent a virtual certainty exists that the same will be recovered in future.
2) As far as tax effect on items shown under OCI in the current period is concerned, it is considered to be NIL as the company has sufficient brought forward business losses and unabsorbed depreciation.

4. **Disclosure of Unrecognized Tax Assets**

(₹ inlakhs)

Particulars	**As at 31.3.17**	*As at 31.3.16*	*As at 1.4.15*	**Expiry date**
Tax losses on which deferred tax asset has not been recognized				
AY 17-18				
Business Loss ex. depreciation	**7055.31**	–	–	AY 25-26
Unabsorbed Depreciation	**3639.39**	–	–	No Expiry
AY 16-17				
Business Loss ex. depreciation	**7886.05**	*7023.55*	–	AY 24-25
Unabsorbed Depreciation	**4140.00**	*3665.10*	–	No Expiry
AY 15-16				
Business Loss ex. depreciation	**7699.28**	*7792.19*	*7792.19*	AY 23-24
Unabsorbed Depreciation	**4696.62**	*4216.45*	*4216.45*	No Expiry
AY 14-15				
Business Loss ex. depreciation	**8211.38**	*5394.58*	*5394.58*	AY 22-23
Unabsorbed Depreciation	**5355.82**	*4800.25*	*4800.25*	No Expiry
AY 13-14				
Business Loss ex. depreciation	**3042.28**	*3713.64*	*3713.64*	AY 21-22
Unabsorbed Depreciation	**12716.21**	*11353.76*	*11353.76*	No Expiry
Total of all years	**64442.35**	*47959.52*	*37270.86*	
Less : Recognised to the extent of deferred tax liabilities (above)	**20224.96**	*16122.56*	*14234.34*	
Balance un-recognized	**44217.39**	*31836.96*	*23036.52*	*23036.52*

Note: - Since the company recognized DTA only to the extent of DTL, no Deferred Tax Income / Expenses are recognized in the Statement of Profit and Loss.

NOTES TO FINANCIAL STATEMENTS (Contd.)

11. Contingent Liability (also refer Note – 21)

11.1 The Company has approached Honourable Gujarat High Court for relief against a demand by the State Load Despatch Centre (SLDC) of Gujarat Energy Transmission Corporation Limited for ₹ 206 Lakhs towards alleged under-recovered transmission charges in connection with power trading through exchange. Honourable Court has stayed the demand and hearings arein process.

While the Company is reasonably confident that due relief will be granted by the Honourable Court for entire amount, the Company has made a provision aggregating to ₹ 84.52 Lakhs following conservative principles.

11.2 The Company has appealed to Commissioner of Central Excise & Customs (Appeals) in respect of disallowance of cenvat credit of service tax for sum of ₹ 72.10 lakhs (excluding interest and penalty) for the period April 2013 to August 2015. The Company is reasonably confident that final award on the matter will be favorable; hence no provision has been made.

12. Auditors' remuneration and expenses charged to Accounts-

(₹ inlakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Audit fees	**3.65**	*4.15*
Taxation matters	**0.30**	*0.60*
Other Services	**2.18**	*1.10*
Expenses Reimbursed	**1.94**	*1.67*

13. Value of Imports on CIF basis-

(₹ inlakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Raw Materials	**96.06**	*341.31*
Components and spare parts	**270.55**	*281.25*
Capital Goods	**19.36**	*16.65*

14. Expenditure in Foreign Currency-

(₹ inlakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Royalty and technical know-how fees	**56.83**	*218.24*
Interest on ECB	**599.48**	*665.25*
Professional / Consultation fees	**35.23**	*26.45*
Other Matters	**1.12**	*43.64*

15. Earnings in Foreign Currency-

(₹ inlakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Export of goods - FOB value	**70.10**	*75.87*

16. Pursuant to the **Employees Stock Options Scheme** established by the one of the promoter company (i.e. Larsen & Toubro Limited), stock options were granted to the employees of the Company. Total cost incurred by the Larsen & Toubro Limited, in respect of the same is ₹ 415.90lakhs(P.Y. ₹ 419.19 lakhs). The same is being recovered over the period of vesting by Larsen& Toubro Limited. Accordingly, cost of ₹ 411.14 lakhs (P.Y. ₹ 407.10 lakhs)) has been recovered byLarsen & Toubro Limitedup to current year, out of which,₹ 4.05 lakhs (P.Y. ₹ 15.41lakhs) was recovered during the year. Balance ₹ 4.75 lakhs (P.Y. ₹ 12.09 lakhs) will be recovered in future periods.

Expense on employee stock option schemes debited to statement of Profit and Loss during 2016-17 is ₹ 2.78 lakhs (P.Y. ₹ 14.16 lakhs) net of recoveries of ₹ 1.27 lakhs (P.Y. ₹ 1.25 lakhs) from employees who left the organization during the year.

NOTES TO FINANCIAL STATEMENTS (Contd.)

17. The Company has amounts due to suppliers under **the Micro, Small and Medium Enterprises Development Act, 2006 (MSMED Act) as at March 31,2017**. The disclosure pursuant to that Act is as under-

(₹inlakhs)

Particulars	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Principal amount due to suppliers	**467.56**	*94.06*
Interest accrued, due but not paid	**0.08**	*0.36*
Payment made beyond the appointed date	**452.68**	*345.42*
Interest paid suppliers under MSMED (other than Sec:16)	**–**	*–*
Interest paid suppliers under MSMED (Sec:16)	**6.88**	*20.82*
Interest due & payable towards the suppliers under MSMED Act for payments already made	**0.79**	*2.26*
Interest accrued & remaining unpaid at the end of the year	**0.88**	*2.61*

18. Details of sales and raw materials:

a) Details of Sales (Gross) & Servicing Income:

(₹inlakhs)

Class of Goods	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Heavy Forgings (Including Contract Revenue)	**9316.48**	*5438.00*
Ingots	**921.77**	*308.99*
Molten Metal	**1452.74**	*1137.28*
Value added products	**1036.17**	*3125.12*
Misc. Sales	**-**	*13.60*
Servicing Income	**269.10**	*220.17*
Total	**12996.26**	*10243.16*

b) Details of Raw materials consumed:

(₹inlakhs)

Class of Goods	**For the year ended 31.3.2017**	*For the year ended 31.3.2016*
Heavy melting scrap	**1242.24**	*1168.21*
DRI	**339.13**	*101.54*
Ferro alloys	**1432.22**	*1298.54*
All others	**687.10**	*129.19*
Total	**3700.69**	*2697.48*

c) Classification of goods:

(₹inlakhs)

Classification of goods	**For the year ended 31.3.2017**		*For the year ended 31.3.2016*	
	% of Total consumption	**Rupees**	*% of Total consumption*	*Rupees*
Imported	**5 %**	**201.77**	*23%*	*619.56*
Indigenous	**95%**	**3498.92**	*77%*	*2077.92*
Total	**100%**	**3700.69**	*100%*	*2697.48*

NOTES TO FINANCIAL STATEMENTS (Contd.)

d) Details of Work-in-progress:

(₹inlakhs)

Class of goods	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Ingots	**409.30**	*94.52*
Forgings in progress	**1508.09**	*1953.12*
Total	**1917.39**	*2047.64*

19. Disclosure pursuant to Accounting Standard (Ind AS-37) "Provisions, Contingent Liabilities and Contingent Assets"

(₹inlakhs)

Particulars	For the year ended 31.3.2017	*For the year ended 31.3.2016*
Balance as at 1st April	**–**	*25.00*
Add: Additional provision during the year	**84.52**	–
Less: Provision used during the year	**–**	*(25.00)*
Less: Provision reversed during the year	**–**	–
Balance as at 31st March	**84.52**	–

20. The Company has incurred a loss of ₹ 25640.47 lakhs for the year ended March 31, 2017. Further, the accumulated losses as at March 31, 2017 of ₹ 120769.28lakhs has eroded the Equity of the Company.

    Based on the Management estimates and the financial support from the JV partners there is no material uncertainty on the Company's ability to continue its operations and hence the financial statements are prepared on going concern basis.

21. The company had imported various Plant & Machinery under Zero duty EPCG scheme with authorisation from the office of Director General of Foreign Trade (DGFT), Ministry of Commerce & Industry, Govt. of India. The Company had saved on duties a sum of ₹ 6036.32 lakhs with a commitment of export obligations for 6 times the amount saved in duty. Due to tough business environment, the Company has not been able to fulfil exports obligations within the original timeframe. The Company has sought further extension of time from the office of DGFT. The Company has also been granted a permission to fulfil 50% of the exports obligations through Group Company exports. During the year, the Company has already started assigning group company exports towards its export obligations.

    The management is confident that the Company will be able to fulfil entire export obligation through a combination of – a) 50% with the help of Exports of group Company- Larsen & Toubro Limited and b) balance 50% within extension of time as may be granted by the office of DGFT.

22. Disclosure on Specified Bank Notes (SBNs):

    During the year, the Company had specified bank notes or other denomination note as defined in the MCA notification G.S.R. 308(E) dated March 31, 2017 on the details of Specified Bank Notes (SBN) held and transacted during the period from November 8, 2016 to December, 30 2016, the denomination wise SBNs and other notes as per the notification is given below:

(Amount in ₹)

Particulars	SBNs*	Other denomination notes	Total
Closing cash in hand as on 08.11.2016	**6,500.00**	**2,354.00**	**8,854.00**
(+) Permitted receipts	–	94,259.00	94,259.00
(-) Permitted payments	–	(47,341.00)	(47,341.00)
(-) Amount deposited in Banks	(6,500.00)	–	(6,500.00)
Closing cash in hand as on 30.12.2016	**–**	**49,272.00**	**49,272.00**

* For the purposes of this clause, the term 'Specified Bank Notes' shall have the same meaning provided in the notification of the Government of India, in the Ministry of Finance, Department of Economic Affairs number S.O. 3407(E), dated the 8th November, 2016

NOTES TO FINANCIAL STATEMENTS (Contd.)

23. Disclosure as per Ind AS 20 - Government Grants to be recognised on systematic basis:

	As at 31.3.17	*As at 31.3.16*	*As at 1.4.2015*
Opening value	**1847.69**	*1901.93*	*1901.93*
Received during the year	**–**	*–*	*–*
Released to statement of profit and loss	**(54.24)**	*(54.24)*	*–*
Closing value	**1793.45**	*1847.69*	*1901.93*
Current	**54.24**	*54.24*	*54.24*
Non-current	**1739.21**	*1793.45*	*1847.69*
Total	**1793.45**	*1847.69*	*1901.93*

24. Figures for the previous year have been re-grouped where necessary.

As per our Report attached
M. P. CHITALE & CO.
Chartered Accountants
Regn. No. 101851W

ANAGHA THATTE
Partner
Membership No. 105525

For and on behalf of the Board

W. P. PARTHASARTHY
Director
DIN: 07281722

N. R. CHOUDHARY
Director
DIN: 07732661

SANJAY S. SHARMA
Chief Executive Officer

DEEPAK SANKHLA
Chief Financial Officer
Company Secretary
(M. No. A12257)

Place : Mumbai
Date : May 5, 2017

DIRECTORS' REPORT

The directors have pleasure in presenting their report together with the audited financial statements of the Group and of the Company for the financial year ended 31 March 2017.

PRINCIPAL ACTIVITIES

The principal activities of the Company are the design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution and motor control.

The principal activities of the subsidiary are manufacturing, engineering and trading of bust duct system. Other information relating to the subsidiary are disclosed in Note 12 to the financial statements.

RESULTS

PARTICULARS	Group RM'000	Company RM'000
Profit for the year	38,249	38,710
Profit attributable to:		
Owners of the parent	38,249	38,710

There were no material transfers to or from reserves or provisions during the financial year other than as disclosed in the financial statements.

In the opinion of the directors, the results of the operations of the Group and of the Company during the year have not been substantially affected by any item, transaction or event of a material and unusual nature.

DIVIDENDS

No dividend was paid or declared by the Company since the end of the previous financial year. The directors do not recommend any payment of dividend in respect of the current financial year.

DIRECTORS

The names of the directors of the Company in office since the beginning of the financial year to the date of this report are:

Razali Bin Budin

Sharat Chandra Bhargava

C Krishna Kumar A/L M V Nair

Rajendra Kumar Malhotra

The names of the directors of the subsidiary in office since the beginning of the financial year to the date of this report are:

Pradeep Kumar Bajaj

Mahesh Manohar Phadke (Resigned on 10 June 2016)

Umesh Subbarao Bharadwaj (appointed on 10 June 2016)

C Krishna Kumar A/L M V Nair (appointed on 10 June 2016)

DIRECTORS' BENEFITS

Neither at the end of the financial year, nor at any time during that period, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares in or debentures of the Company or any other body corporate.

Since the end of the previous financial year, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company as shown in Note 8 to the financial statements) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

The total amount of insurance premium affected for any director and officers of the Company as at the financial year is Nil.

DIRECTORS' INTERESTS

According to the register of directors' shareholding, none of the directors have any interest in the shares of the Company or its immediate holding company at the end of the financial year.

OTHER STATUTORY INFORMATION

(a) Before the statements of comprehensive income and statements of financial position of the Group and of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate provision had been made for doubtful debts; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) the amount written off for bad debts or the amount of the provision for doubtful debts in the financial statements of the Group and of the Company inadequate to any substantial extent; and

(ii) the values attributed to the current assets in the financial statements of the Group and of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Group and of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Group and of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Group or of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Group or of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Group or of the Company to meet their obligations when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Group or of the Company for the financial period in which this report is made.

AUDITORS

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Auditors' remuneration are disclosed in Note 8 to the financial statements.

INDEMNIFICATION OF AUDITORS

To the extent permitted by law, the Company has agreed to indemnify its auditors, Ernst & Young, as part of the terms of its audit engagement against claims by third parties arising from the audit (for an unspecified amount). No payment has been made to indemnify Ernst & Young during or since the financial year.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 July 2017.

Sharat Chandra Bhargava **Rajendra Kumar Malhotra**

STATEMENT BY DIRECTORS

Pursuant to Section 251(2) of the Companies Act, 2016

We, Sharat Chandra Bhargava and Rajendra Kumar Malhotra, being two of the directors of Tamco Switchgear (Malaysia) Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 4529 to 4562 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia so as to give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017 and of their financial performance and cash flows for the year then ended.

Signed on behalf of the Board in accordance with a resolution of the directors dated 13 July 2017.

Sharat Chandra Bhargava **Rajendra Kumar Malhotra**

STATUTORY DECLARATION

Pursuant to Section 251(1)(b) of the Companies Act, 2016

I, Vinayrao Sanjeev Poduri, being the officer primarily responsible for the financial management of Tamco Switchgear (Malaysia) Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 4529 to 4562 are in my opinion correct, and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared by the above named
Vinayrao Sanjeev Poduri at Kuala Lumpur in the
Federal Territory on 13 July 2017 **Vinayrao Sanjeev Poduri**

Before me,

INDEPENDENT AUDITORS' REPORT

TO THE MEMBER OF TAMCO SWITCHGEAR (MALAYSIA) SDN BHD (INCORPORATED IN MALAYSIA)

Report on the audit of the financial statements

Opinion

We have audited the financial statements of Tamco Swithchgear (Malaysia) Sdn Bhd, which comprise the statements of financial position as at 31 March 2017 of the Group and of the Company, and statements of comprehensive income, statements of changes in equity and statements of cash flows of the Group and of the Company for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 4529 to 4562.

In our opinion, the accompanying financial statements give a true and fair view of the financial position of the Group and of the Company as at 31 March 2017, and of their financial performance and their cash flows for the year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Independence and other ethical responsibilities

We are independent of the Group and of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants ("By-Laws") and the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants ("IESBA Code"), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

Information other than the financial statements and auditors' report thereon

The directors of the Company are responsible for the other information. The other information comprises the Directors' Report, but does not include the financial statements of the Group and of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Group and of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Group and of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Group and of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the directors for the financial statements

The directors of the Company are responsible for the preparation of financial statements of the Group and of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 2016 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements of the Group and of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Group and of the Company, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Group and of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements of the Group and of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's and of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the directors.

- Conclude on the appropriateness of the directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's or the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Group and of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Group or the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements of the Group and of the Company, including the disclosures, and whether the financial statements of the Group and of the Company represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the financial statements of the Group. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 2016 in Malaysia, we report that the subsidiary of which we have not acted as auditor, is disclosed in note 12 to the financial statements.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act, 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 02716/01/2019(J)
Chartered Accountant

Kuala Lumpur, Malaysia
13 July 2017

STATEMENTS OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

		Group		Company	
		As at 31.03.2017	*As at 31.03.2016*	**As at 31.03.2017**	*As at 31.03.2016*
	Note	**RM'000**	*RM'000*	**RM'000**	*RM'000*
Revenue	**4**	**483,071**	*519,359*	**465,562**	*485,174*
Cost of sales	**4**	**(401,989)**	*(407,027)*	**(387,630)**	*(379,470)*
Gross profit		**81,082**	*112,332*	**77,932**	*105,704*
Other items of income					
Interest income	**5**	**2,052**	*871*	**2,079**	*887*
Other income	**6**	**10,638**	*2,374*	**9,582**	*1,988*
Other items of expense					
Marketing and distribution		**(14,233)**	*(14,310)*	**(14,015)**	*(14,002)*
Research and development		**(5,948)**	*(9,392)*	**(5,948)**	*(9,326)*
Administrative expenses		**(27,657)**	*(40,022)*	**(23,235)**	*(35,492)*
Operating profit		**45,934**	*51,853*	**46,395**	*49,759*
Finance costs	**7**	**(1,109)**	*(2,825)*	**(1,109)**	*(2,556)*
Profit before tax	**8**	**44,825**	*49,028*	**45,286**	*47,203*
Income tax expense	**9**	**(6,576)**	*(5,826)*	**(6,576)**	*(5,816)*
Profit for the year		**38,249**	*43,202*	**38,710**	*41,387*
Other comprehensive (loss)/income to be reclassified to profit or loss in subsequent periods:					
Net (loss)/gain on cash flow hedges		**(10,593)**	*13,771*	**(10,593)**	*13,771*
Other comprehensive (loss)/income for the year, net of tax		**(10,593)**	*13,771*	**(10,593)**	*13,771*
Total comprehensive income for the year		**27,656**	*56,973*	**28,117**	*55,158*
Profit attributable to:					
Owners of the parent		**38,249**	*43,202*	**38,710**	*41,387*
Total comprehensive income attributable to:					
Owners of the parent		**27,656**	*56,973*	**28,117**	*55,158*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

TAMCO SWITCHGEAR (MALAYSIA) SDN BHD
(INCORPORATED IN MALAYSIA)

STATEMENTS OF FINANCIAL POSITION AS AT 31 MARCH 2017

		Group		Company	
		At 31.03.2017	*At 31.03.2016*	**At 31.03.2017**	*At 31.03.2016*
	Note	**RM'000**	*RM'000*	**RM'000**	*RM'000*
Assets					
Non-current assets					
Property, plant and equipment	11	44,492	44,296	44,314	44,124
Investment in subsidiary	12	–	–	10,538	10,538
Other investments	13	20,981	20,981	20,981	20,981
Intangible assets	14	6,387	7,644	6,387	7,644
Goodwill	15	13,814	13,814	–	–
Other receivables	17	–	6,293	–	6,293
		85,674	93,028	82,220	89,580
Current assets					
Inventories	16	80,188	123,693	77,732	121,761
Trade and other receivables	17	301,310	266,569	307,144	270,157
Derivatives	18	326	14,177	326	14,177
Tax recoverable		1,151	723	1,151	723
Cash and cash equivalents	19	77,313	34,255	74,320	32,405
		460,288	439,417	460,673	439,223
Total assets		545,962	532,445	542,893	528,803
Equity and liabilities					
Current liabilities					
Loans and borrowings	20	15,233	24,788	15,233	24,788
Trade and other payables	21	155,114	151,222	149,041	145,037
Derivatives	18	3,814	1,245	3,814	1,245
		174,161	177,255	168,088	171,070
Net current assets		286,127	262,162	292,585	268,153
Non-current liabilities					
Deferred tax liabilities	22	7,650	7,489	7,650	7,489
Long-term employee benefits	23	866	770	866	770
Loans and borrowings	20	33	11,335	33	11,335
		8,549	19,594	8,549	19,594
Total liabilities		182,710	196,849	176,637	190,664
Net assets		363,252	335,596	366,256	338,139
Equity attributable to owners of the parent					
Share capital	24	100,000	100,000	100,000	100,000
Other reserve	25	–	10,593	–	10,593
Retained earnings	26	263,252	225,003	266,256	227,546
Total equity		363,252	335,596	366,256	338,139
Total equity and liabilities		545,962	532,445	542,893	528,803

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Non-distributable		Distributable	
	Share capital	Other reserve	Retained earnings	Total equity
	RM'000	RM'000	RM'000	RM'000
	(Note 24)	(Note 25)	(Note 26)	
Group				
At 1 April 2016	100,000	10,593	225,003	335,596
Total comprehensive income	–	(10,593)	38,249	27,656
At 31 March 2017	100,000	–	263,252	363,252
At 1 April 2015	100,000	(3,178)	181,801	278,623
Total comprehensive income	–	13,771	43,202	56,973
At 31 March 2016	100,000	10,593	225,003	335,596
Company				
At 1 April 2016	100,000	10,593	227,546	338,139
Total comprehensive income	–	(10,593)	38,710	28,117
At 31 March 2017	100,000	–	266,256	366,256
At 1 April 2015	100,000	(3,178)	186,159	282,981
Total comprehensive income	–	13,771	41,387	55,158
At 31 March 2016	100,000	10,593	227,546	338,139

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

	Group		Company	
	31.03.2017 RM'000	*31.03.2016 RM'000*	**31.03.2017 RM'000**	*31.03.2016 RM'000*
Cash flows from operating activities				
Profit before tax	**44,825**	*49,028*	**45,286**	*47,203*
Adjustments for:				
Interest income	**(2,052)**	*(871)*	**(2,079)**	*(887)*
Finance costs	**1,109**	*2,825*	**1,109**	*2,556*
Depreciation of property, plant and equipment	**4,162**	*4,801*	**4,098**	*4,721*
Amortisation of intangible assets	**1,654**	*1,820*	**1,654**	*1,820*
Net (gain)/loss on disposal of property, plant and equipment	**(398)**	*(13)*	**(398)**	*(15)*
Impairment loss on trade receivables	**2,201**	*1,716*	**2,201**	*1,716*
Provision for inventories obsolesence	**3,658**	*1,557*	**3,658**	*1,834*
Provision on long-term employee benefits	**817**	*743*	**817**	*743*
Unrealised gain on foreign exchange	**(7,875)**	*(18,668)*	**(7,327)**	*(18,591)*
Operating cash flows before changes in working capital	**48,101**	*42,938*	**49,019**	*41,100*
Changes in working capital:				
Inventories	**39,847**	*11,895*	**40,371**	*11,395*
Trade and other receivables	**(19,981)**	*12,160*	**(19,402)**	*16,787*
Trade and other payables	**4,940**	*(19,580)*	**4,542**	*(20,401)*
Cash flows generated from operations	**72,907**	*47,413*	**74,530**	*48,881*
Interest received	**1,340**	*408*	**1,325**	*406*
Interest paid	**(784)**	*(2,733)*	**(784)**	*(2,464)*
Income taxes paid	**(4,900)**	*(3,104)*	**(4,900)**	*(3,094)*
Long-term employee benefits paid	**(721)**	*(692)*	**(721)**	*(692)*
Net cash flows from operating activities	**67,842**	*41,292*	**69,450**	*43,037*
Cash flows from investing activities				
Purchase of property, plant and equipment	**(4,359)**	*(9,161)*	**(4,288)**	*(9,132)*
Intangible development expenditure	**(397)**	*(2,912)*	**(397)**	*(2,912)*
Proceeds from disposal of property, plant and equipment	**398**	*27*	**398**	*27*
Purchase of redeemable preferences shares	**–**	*(7,933)*	**–**	*(7,933)*
Net cash flows used in investing activities	**(4,358)**	*(19,979)*	**(4,287)**	*(19,950)*
Cash flows from financing activities				
Repayment of obligations under finance lease	**(65)**	*(94)*	**(65)**	*(94)*
Repayment of obligations under bill payable	**–**	*(1,398)*	**–**	*–*
Repayment of loan from related company	**5,322**	*–*	**5,322**	*–*
Repayment of bank term loan	**(24,450)**	*(11,636)*	**(24,450)**	*(11,636)*
Repayment of loan from holding company	**–**	*(8,431)*	**–**	*(8,431)*
Loan to related company	**(1,233)**	*(5,715)*	**(4,055)**	*(8,715)*
Net cash flows used in financing activities	**(20,426)**	*(27,274)*	**(23,248)**	*(28,876)*
Net increase/(decrease) in cash and cash equivalents	**43,058**	*(5,961)*	**41,915**	*(5,789)*
Cash and cash equivalents at beginning of financial year	**34,255**	*40,216*	**32,405**	*38,194*
Cash and cash equivalents at end of financial year	**77,313**	*34,255*	**74,320**	*32,405*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS

FOR THE FINANCIAL YEAR ENDED 31 MARCH 2017

1. CORPORATE INFORMATION

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office and the principal place of business is located at Sub-lot 24, Lot 16505, Jalan Keluli 1, Kawasan Perindustrian Bukit Raja, Seksyen 7, 40000 Shah Alam, Selangor Darul Ehsan.

The principal activities of the Company are the design, manufacture, supply, installation, commissioning and maintenance of equipment and systems for power distribution and motor control. The principal activities of the subsidiary are disclosed in Note 12. There have been no significant changes in the nature of the activities during the financial period.

The immediate holding and ultimate holding companies are Larsen & Toubro International FZE and Larsen & Toubro Limited ("L&T") respectively, which are incorporated in Abu Dhabi and India respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The financial statements of the Group and of the Company have been prepared in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards ("IFRS") and the requirements of the Companies Act, 2016 in Malaysia.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies below.

The financial statements are presented in Ringgit Malaysia (RM), and all the values are recorded to the nearest thousand (RM'000) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2016, the Group and the Company adopted the following new and amended MFRSs mandatory for annual financial periods beginning on or after 1 April 2016.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 – 2014 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138:	
Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 11:	
Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 119: Defined Benefit Plans:	
Employee Contributions	1 January 2016
Amendments to MFRS 127:	
Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016
Amendments to MFRS 10, MFRS 12 and MFRS 128:	
Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016

The adoption of the above standards did not have any significant effect on the financial performance or position of the Group and of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Group's and of the Company's financial statements are disclosed below. The Group and Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 12: Disclosure of interest in other entities	1 January 2017
Amendments to MFRS 107: Disclosures Initiatives	1 January 2017
Amendments to MFRS 112: Recognition of Deferred Tax for Unrealised Losses	1 January 2017
Amendments to MFRS 2: Classification and Measurement of	
Share-based Payment Transactions	1 January 2018

Description	Effective for annual periods beginning on or after
MFRS 9: Financial Instruments	1 January 2018
MFRS 15: Revenue from Contracts with Customers	1 January 2018
Amendments to MFRS 128: Investment in associates and joint ventures	1 January 2018
MFRS 16: Leases	1 January 2019
Amendments to MFRS 10, 128: Sale or Contribution of Assets	
between an Investor and its Associate or Joint Venture	Deferred

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 107 Disclosures Initiatives (Amendments to MFRS 107)

The amendments to MFRS 107 Statement of Cash Flows requires an entity to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities, including both changes arising from cash flows and non-cash changes. On initial application of this amendment, entities are not required to provide comparative information for preceding periods. These amendments are effective for annual periods beginning on or after 1 January 2017, with early application permitted. Application of amendments will result in additional disclosures to be provided by the Group and Company.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Group and the Company are currently assessing the impact of MFRS 9 and plan to adopt the new standard on the required effective date.

MFRS 15: Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFRS 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when “control” of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2018 with early adoption permitted. The Group and the Company are currently assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

2.4 Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the reporting date. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied for like transactions and events in similar circumstances.

The Company controls an investee if and only if the Company has all the following:

(i) Power over the investee (such as, existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

When the Company has less than a majority of the voting rights of an investee, the Company considers the following in assessing whether or not the Company’s voting rights in an investee are sufficient to give it power over the investee:

(i) The size of the Company’s holding of voting rights relative to the size and dispersion of holdings of the other vote holders;

(ii) Potential voting rights held by the Company, other vote holders or other parties;

(iii) Rights arising from other contractual arrangements; and

(iv) Any additional facts and circumstances that indicate that the Company has, or does not have, the current ability to direct the relevant activities at the time that decisions need to be made, including voting patterns at previous shareholders’ meetings.

Subsidiaries are consolidated when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions are eliminated in full.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Losses within a subsidiary are attributed to the non-controlling interests even if that results in a deficit balance.

Changes in the Group's ownership interests in subsidiaries that do not result in the Group losing control over the subsidiaries are accounted for as equity transactions.

The carrying amounts of the Group's interests and the non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiaries. The resulting difference is recognised directly in equity and attributed to owners of the Company.

When the Group loses control of a subsidiary, a gain or loss calculated as the difference between (i) the aggregate of the fair value of the consideration received and the fair value of any retained interest and (ii) the previous carrying amount of the assets and liabilities of the subsidiary and any non-controlling interest, is recognised in profit or loss. The subsidiary's cumulative gain or loss which has been recognised in other comprehensive income and accumulated in equity are reclassified to profit or loss or where applicable, transferred directly to retained earnings. The fair value of any investment retained in the former subsidiary at the date control is lost is regarded as the cost on initial recognition of the investment.

2.5 Business combinations and goodwill

Acquisitions of subsidiaries are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any non-controlling interests in the acquiree. The Group elects on a transaction-by-transaction basis whether to measure the non-controlling interests in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are expensed and included in administrative expenses.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes in the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in accordance with MFRS 139 either in profit or loss or as a change to other comprehensive income. If the contingent consideration is classified as equity, it will not be remeasured. Subsequent settlement is accounted for within equity. In instances where the contingent consideration does not fall within the scope of MFRS 139, it is measured in accordance with the appropriate MFRS.

When the Group acquires a business, it assesses the financial assets and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

If the business combination is achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Goodwill is initially measured at cost, being the excess of the aggregate of the consideration transferred and the amount recognised for non-controlling interests, and any previous interest held, over the net identifiable assets acquired and liabilities assumed. If the fair value of the net assets acquired is in excess of the aggregate consideration transferred, the Group re-assesses whether it has correctly identified all of the assets acquired and all of the liabilities assumed and reviews the procedures used to measure the amounts to be recognised at the acquisition date. If the re-assessment still results in an excess of the fair value of net assets acquired over the aggregate consideration transferred, then the gain is recognised in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

Where goodwill has been allocated to a cash-generating unit and part of the operation within that unit is disposed of, the goodwill associated with the disposed operation is included in the carrying amount of the operation when determining the gain or loss on disposal. Goodwill disposed in these circumstances is measured based on the relative values of the disposed operation and the portion of the cash-generating unit retained.

2.6 Foreign currency

(a) Functional and presentation currency

The individual financial statements of each entity in the Group are measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The consolidated financial statements are presented in Ringgit Malaysia (RM'000), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit or loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised directly in equity. Exchange differences arising from such non-monetary items are also recognised directly in equity.

2.7 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Freehold land has an unlimited useful life and therefore is not depreciated. Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	Group
	%
Buildings and improvements	2.0 – 2.5
Plants and machinery	7.5 – 20.0
Moulds and tools	100.0
Technical equipment	10.0 – 20.0
Electrical installation	10.0
Furniture and fittings	10.0 – 20.0
Office equipment	10.0 – 15.0
Motor vehicles	20.0
Computers	20.0 – 33.3
Property expenses	100.0

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

Property expenses comprise individual asset, excluding part additions, less than RM1,000 each which are depreciated 100% upon incurrence.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each financial year-end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.8 Intangible assets

Intangible assets acquired separately are measured initially at cost. The costs of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are measured at cost less any accumulated amortisation and accumulated impairment losses.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in profit or loss.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(i) Research and development costs

Research costs are expensed as incurred. Deferred development costs arising from development expenditures on an individual project are recognised when the Company can demonstrate the technical feasibility of completing the intangible asset so that it will be available for use or sale, its intention to complete and its ability to use or sell the asset, how the asset will generate future economic benefits, the availability of resources to complete and the ability to measure reliably the expenditures during development. Deferred development costs have a finite useful life and are amortised over the period of expected sales from the related project (ranging from 3 to 5 years) on a straight line basis.

(ii) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following the initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is not amortised but instead, it is reviewed for impairment, annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Gains and losses on the disposal of an entity include the carrying amount of goodwill relating to the entity sold.

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2.9 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when an annual impairment assessment for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of any goodwill allocated to those units or groups of units and then, to reduce the carrying amount of the other assets in the unit or groups of units on a pro-rata basis.

Impairment losses are recognised in profit or loss except for assets that are previously revalued where the revaluation was taken to other comprehensive income. In this case the impairment is also recognised in other comprehensive income up to the amount of any previous revaluation.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss unless the asset is measured at revalued amount, in which case the reversal is treated as a revaluation increase. Impairment loss on goodwill is not reversed in a subsequent period.

2.10 Subsidiaries

A subsidiary is an entity over which the Group has all the following:

(i) Power over the investee (such as, existing rights that give it the current ability to direct the relevant activities of the investee);

(ii) Exposure, or rights, to variable returns from its investment with the investee; and

(iii) The ability to use its power over the investee to affect its returns.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses. On disposal of such investments, the difference between net disposal proceeds and their carrying amounts is included in profit or loss.

2.11 Financial assets

Financial assets are recognised in the statements of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The Group and the Company determine the classification of their financial assets at initial recognition, and the categories include financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments and available-for-sale financial assets.

(a) Financial assets at fair value through profit or loss

Financial assets are classified as financial assets at fair value through profit or loss if they are held for trading or are designated as such upon initial recognition. Financial assets held for trading are derivatives (including separated embedded derivatives) or financial assets acquired principally for the purpose of selling in the near term.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss do not include exchange differences, interest and dividend income. Exchange differences, interest and dividend income on financial assets at fair value through profit or loss are recognised separately in profit or loss as part of other losses or other income.

Financial assets at fair value through profit or loss could be presented as current or non-current. Financial assets that is held primarily for trading purposes are presented as current whereas financial assets that is not held primarily for trading purposes are presented as current or non-current based on the settlement date.

(b) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables.

Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

Loans and receivables are classified as current assets, except for those having maturity dates later than 12 months after the reporting date which are classified as non-current.

(c) Available-for-sale financial assets

Available-for-sale financial assets that are designated as available for sale or are not classified in any of the preceding categories.

At initial recognition, available-for-sale financial assets are measured at fair value. Subsequent to initial recognition, available-for-sale financial assets are measured at cost less impairment loss for those investment in equity instruments whose fair value cannot be reliably measured.

Dividend on an available-for-sale equity instruments are recognised in profit or loss when the Group's right to receive payment is establish.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

Available-for-sale financial assets are classified as non-current assets unless they are expected to be realised within 12 months after the reporting date.

A financial asset is derecognised when the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received is recognised in profit or loss.

Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned. All regular way purchases and sales of financial assets are recognised or derecognised on the trade date, the date that the Group and the Company commit to purchase or sell the asset.

2.12 Impairment of financial assets

The Group and the Company assess at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Trade and other receivables and other financial assets carried at amortised cost

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group and the Company consider factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments. For certain categories of financial assets, such as trade receivables, receivables that are assessed not to be impaired individually are subsequently assessed for impairment on a collective basis based on similar risk characteristics. Objective evidence of impairment for a portfolio of receivables could include the Group's and the Company's past experience of collecting payments, an increase in the number of delayed payments in the portfolio past the average credit period and observable changes in national or local economic conditions that correlate with default on receivables.

If any such evidence exists, the amount of impairment loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The impairment loss is recognised in profit or loss.

The carrying amount of the financial asset is reduced by the impairment loss directly for all financial assets with the exception of trade receivables, where the carrying amount is reduced through the use of an allowance account. When a trade receivable becomes uncollectible, it is written off against the allowance account.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Unquoted equity securities carried at cost

If there is objective evidence (such as significant adverse changes in the business environment where the issuer operates, probability of insolvency or significant financial difficulties of the issuer) that an impairment loss on financial assets carried at cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the current market rate of return for a similar financial asset. Such impairment losses are not reversed in subsequent periods.

2.13 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value. These also include bank overdrafts that form an integral part of the Group's cash management.

2.14 Inventories

Inventories are stated at the lower of cost and net realisable value. Costs incurred in bringing the inventories to their present location and condition are accounted for as follows:

- Raw materials: purchase costs on a weighted average basis.
- Finished goods and work-in-progress: costs of direct materials and labour and a proportion of manufacturing overheads based on normal operating capacity. These costs are assigned on a weighted average basis.

Net realisable value is the estimated selling price in the ordinary course of business less estimated costs of completion and the estimated costs necessary to make the sale.

2.15 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.16 Financial liabilities

Financial liabilities are classified according to the substance of the contractual arrangements entered into and the definitions of a financial liability.

Financial liabilities, within the scope of MFRS 139, are recognised in the statement of financial position when, and only when, the Group and the Company become a party to the contractual provisions of the financial instrument. Financial liabilities are classified as either financial liabilities at fair value through profit or loss or other financial liabilities.

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities held for trading include derivatives entered into by the Group and the Company that do not meet the hedge accounting criteria. Derivative liabilities are initially measured at fair value and subsequently stated at fair value, with any resultant gains or losses recognised in profit or loss. Net gains or losses on derivatives include exchange differences.

(b) Other financial liabilities

The Group's and the Company's other financial liabilities include trade payables, other payables and loans and borrowings.

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the effective interest method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the effective interest method. Borrowings are classified as current liabilities unless the Group has an unconditional right to defer settlement of the liability for at least 12 months after the reporting date.

For other financial liabilities, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.17 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Group, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.18 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Group and the Company incurred in connection with the borrowing of funds.

2.19 Employee benefits

(a) Short term benefits

Wages, salaries, bonuses and social security contributions are recognised as an expense in the year in which the associated services are rendered by employees of the Group and the Company. Short term accumulating compensated absences such as paid annual leave are recognised when services are rendered by employees that increase their entitlement to future compensated absences, and short term non-accumulating compensated absences such as sick leave are recognised when the absences occur.

(b) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Group make contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contributions pension schemes are recognised as an expense in the period in which the related service is performed.

(c) Long-term employee benefits

The Company additionally contributes a specified percentage of the eligible employees' salaries to EPF. Eligible employees refer to those employees who have completed five (5) years of service with the Company and such other relevant criteria as set out in Note 23. These additional contribution are recognised as expense in the period in which the related service is performed.

2.20 Leases

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.21 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Sale of goods

Revenue from sale of goods is recognised upon the transfer of significant risk and rewards of ownership of the goods to the customer. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or the possible return of goods.

(b) Rendering of services

Revenue from services is recognised upon services rendered.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(c) Interest income

For all financial instruments measured at amortised cost, interest income is recorded using the Effective Interest Rate (EIR) method. EIR is the rate that exactly discounts the estimated future cash payments or receipts over the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability. Interest income is included in profit or loss.

2.22 Income taxes

(a) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Service tax (“GST”)

Revenues, expenses and assets are recognised net of the amount of GST except:

- When the GST incurred in a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- When receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.23 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment; or

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

Hedges which meet the strict criteria for hedge accounting are accounted for as follows:

(a) Fair value hedges

The change in the fair value of a hedging derivative is recognised in profit or loss in finance costs. The change in the fair value of the hedged item attributable to the risk hedged is recorded as a part of the carrying value of the hedged item and is also recognised in profit or loss in finance costs.

For fair value hedges relating to items carried at amortised cost, the adjustment to carrying value is amortised through profit or loss over the remaining term of the hedge using the effective interest rate method. Effective interest rate amortisation may begin as soon as an adjustment exists and no later than when the hedged item ceases to be adjusted for changes in its fair value attributable to the risk being hedged. If the hedged item is derecognised, the unamortised fair value is recognised immediately in profit or loss.

When an unrecognised firm commitment is designated as a hedged item, the subsequent cumulative change in the fair value of the firm commitment attributable to the hedged risk is recognised as an asset or liability with a corresponding gain or loss recognised in profit or loss.

(b) Cash flow hedges

The effective portion of the gain or loss on the hedging instrument is recognised directly in other comprehensive income in the cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss in other expenses.

The Group uses forward currency contracts as hedges of its exposure to foreign currency risk in forecast transactions and firm commitments, as well as forward commodity contracts for its exposure to volatility in the commodity prices. The ineffective portion relating to foreign currency contracts is recognised in finance costs and the ineffective portion relating to commodity contracts is recognised in other operating income.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity is transferred to profit or loss. If the hedging instrument expired or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remains in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

(c) Derivatives that are not designated or do not qualify for hedge accounting

Any gains or losses arising from changes in fair value on derivatives during the year that do not qualify for hedge accounting are directly recognised in profit or loss.

2.24 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Group and of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.25 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Group.

Contingent liabilities and assets are not recognised in the statement of financial position of the Group.

2.26 Fair value measurement

The Group measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability take place either:

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

- in the principal market for the asset or liability; or
- in the absence of a principle market, in the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible by the Group.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Group uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i)	Level 1:	Quoted (unadjusted) market prices in active markets for identical assets or liabilities
(ii)	Level 2:	Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable
(iii)	Level 3:	Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements at fair value on a recurring basis, the Group determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosure, the Group has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the assets or liability and the level of the fair value hierarchy as explained above.

2.27 Current versus non-current classification

The Group presents its assets and liabilities in the statement of financial position based on current/non-current classification. An asset is current when it is:

- expected to be realised or intended to be sold or consumed in the normal operating cycle;
- held primarily for the purpose of trading;
- expected to be realised within twelve months after the reporting period; or
- cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current. A liability is current when:

- it is expected to be settled in the normal operating cycle;
- it is held primarily for the purpose of trading;
- it is due to be settled within twelve months after the reporting period; or
- there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Group classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future.

3.1 Judgements made in applying accounting policies

There are no critical judgements made by management in the process of applying the Group's accounting policies that have a significant effect on the amounts recognised in the financial statements.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(a) Impairment of loans and receivables

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group and of the Company's loans and receivables at the reporting date is disclosed in Note 17.

(b) Impairment of goodwill

Goodwill are tested for impairment annually and at other times when such indicators exist. This requires an estimation of the value in use of the cash-generating units to which goodwill are allocated.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows.

The carrying value of goodwill as at the reporting date was RM13,814,000 (2016: RM13,814,000).

(c) Useful lives of property, plant and equipment

The cost of property, plant and machinery is depreciated on a straight-line basis over the assets' useful lives. Management estimates the useful lives of these property, plants and machinery to be within 1 to 50 years. These are common life expectancies applied in the industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised.

The carrying amount of the Group's property, plant and equipment at the reporting date is disclosed in Note 11.

(d) Deferred tax assets

Deferred tax assets are recognised for all unused tax losses, unabsorbed capital allowances and unutilised reinvesment allowances to the extent that is probable that taxable profit will be available against which the losses, capital allowances and reinvestment allowances can utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies. Details of deferred tax assets are disclosed in Note 22.

4. REVENUE AND COST OF SALES

Revenue represents the gross invoiced value of sales and services rendered less returns, discounts, price variation, liquidated damages and taxes while cost of sales represents the cost of the products sold and services rendered.

5. INTEREST INCOME

	Group		**Company**	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Short term deposits at banks	**1,340**	*408*	**1,325**	*406*
Loans to related companies	**712**	*463*	**754**	*481*
	2,052	*871*	**2,079**	*887*

6. OTHER INCOME

	Group		**Company**	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Rental income	**–**	*51*	**6**	*51*
Gain on disposal of property, plant and equipment	**398**	*15*	**398**	*15*
Net gain on foreign exchange, commodity contract	**8,654**	*77*	**7,733**	-
Miscellaneous income	**1,586**	*2,231*	**1,445**	*1,922*
	10,638	*2,374*	**9,582**	*1,988*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

7. FINANCE COSTS

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Commitment charges	**40**	*45*	**40**	*45*
Discounting charges	**208**	*1,211*	**208**	*1,211*
Interest expense on:				
- obligations under finance leases	**8**	*11*	**8**	*11*
- term loan from bank	**528**	*1,049*	**528**	*820*
- term loan from immediate holding company	**325**	*469*	**325**	*469*
Other bank charges	**–**	*40*	**–**	*–*
	1,109	*2,825*	**1,109**	*2,556*

8. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Auditors' remuneration:				
Ernst & Young				
- statutory audits	**115**	*90*	**115**	*90*
- other services	**30**	*30*	**30**	*30*
Other auditors				
- statutory audits	**27**	*27*	**–**	*–*
Employee benefits expense (Note (a))	**47,231**	*45,679*	**42,901**	*42,313*
Depreciation of property, plant and equipment (Note 11)	**4,162**	*4,801*	**4,098**	*4,721*
Amortisation of intangible assets (Note 14)	**1,654**	*1,820*	**1,654**	*1,820*
Net (gain)/loss on disposal of property, plant and equipment	**(398)**	*(13)*	**(398)**	*(15)*
Impairment loss on trade receivables (Note 17)	**2,201**	*1,716*	**2,201**	*1,716*
Research and development costs	**4,294**	*7,506*	**4,294**	*7,506*
Provision for inventories obsolescence	**3,658**	*1,557*	**3,658**	*1,834*
Provisions for long-term employees benefits (Note 23)	**817**	*743*	**817**	*743*
Rent of premises	**3,358**	*3,801*	**2,106**	*2,224*
Property, plant and equipment written off	**1**	*42*	**–**	*–*
Utility charges	**2,579**	*2,835*	**2,406**	*2,622*
Legal and other professional fees	**631**	*786*	**598**	*754*
Unrealised gain on foreign exchange	**(7,875)**	*(18,668)*	**(7,327)**	*(18,591)*

(a) Employee benefits expense

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Wages and salaries	**41,270**	*40,017*	**37,206**	*36,913*
EPF and social security contributions	**3,929**	*3,649*	**3,736**	*3,457*
Long-term employee benefits (Note 23)	**817**	*743*	**817**	*743*
Other benefits	**1,215**	*1,270*	**1,142**	*1,200*
	47,231	*45,679*	**42,901**	*42,313*

Included in employee benefits expense of the Group and of the Company are executive directors' remuneration amounting to RM863,000 (2016: RM855,000) and RM863,000 (2016: RM803,000) respectively.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(b) Directors' remuneration

The details of remuneration receivable by directors of the Company during the year are as follows:

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Executive:				
Salaries and other emoluments	**785**	*782*	**785**	*730*
EPF and social securities	**78**	*73*	**78**	*73*
Executive directors' remuneration	**863**	*855*	**863**	*803*
Estimated money value of benefits-in-kind	**20**	*19*	**20**	*19*
Total executive directors' remuneration including benefits-in-kind	**883**	*874*	**883**	*822*

9. INCOME TAX EXPENSE

The major components of income tax expense for the year ended 31 March 2017 and 31 March 2016 are:

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Current income tax :				
Malaysian income tax	**5,449**	*5,803*	**5,449**	*5,802*
Over provision in respect of previous years	**(977)**	*(158)*	**(977)**	*(158)*
Real property gain tax	**–**	*9*	**–**	*–*
	4,472	*5,654*	**4,472**	*5,644*
Deferred tax (Note 22) :				
Relating to origination and reversal of temporary differences	**1,593**	*(294)*	**1,593**	*(294)*
Under provision in prior years	**511**	*466*	**511**	*466*
	2,104	*172*	**2,104**	*172*
Income tax expense recognised in profit or loss	**6,576**	*5,826*	**6,576**	*5,816*

Income tax is calculated at Malaysian statutory tax rate of 24% (2016: 25%) of the estimated assessable profit for the year.

The reconciliations between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the year ended 31 March 2017 and 2016 are as follows:

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Profit before tax	**44,825**	*49,028*	**45,286**	*47,203*
Tax at Malaysian statutory tax rate of 24% (2016: 25%)	**10,758**	*12,257*	**10,869**	*11,801*
Expenses not deductible for tax purposes	**1,301**	*722*	**1,143**	*704*
Income not subject to tax	**(5,101)**	*(4,847)*	**(4,970)**	*(4,778)*
Deferred tax assets not recognised	**84**	*36*	**–**	*–*
Utilisation of previously unrecognised tax losses	**–**	*(142)*	**–**	*–*
Utilisation of previously unrecognised unabsorbed capital allowances	**–**	*(298)*	**–**	*–*
Tax effect of deferred tax at different statutory rate	**–**	*(2,219)*	**–**	*(2,219)*
Over provision of income tax in respect of previous years	**(977)**	*(158)*	**(977)**	*(158)*
Under provision of deferred tax in prior years	**511**	*466*	**511**	*466*
Real property gain tax	**–**	*9*	**–**	*–*
Income tax expense recognised in profit or loss	**6,576**	*5,826*	**6,576**	*5,816*

10. DIVIDENDS

The directors do not recommend any payment of dividend in respect of current financial year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

11. PROPERTY, PLANT AND EQUIPMENT

	Freehold land	Buildings and improvements	Plant and machinery	Moulds and tools	Technical equipment	Electrical installation	Furniture and fittings	Office equipment	Motor vehicles	Computers	Property expenses	Total
	RM '000	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**	**RM '000**
Group												
Cost												
At 1 April 2016	4,604	32,645	33,008	10,605	9,793	502	4,131	4,262	2,298	8,378	252	110,478
Additions	–	124	2,483	91	922	–	563	75	–	100	–	4,359
Disposal	–	–	(1,836)	–	–	–	–	–	(256)	–	–	(2,093)
Write off	–	–	–	(21)	–	–	(2)	(24)	–	(2)	–	(49)
At 31 March 2017	**4,604**	**32,769**	**33,655**	**10,675**	**10,715**	**502**	**4,692**	**4,313**	**2,042**	**8,476**	**252**	**112,695**
Accumulated depreciation												
At 1 April 2016	–	8,839	23,175	10,584	7,831	371	2,084	3,387	1,855	7,804	252	66,182
Charge for the year (Note 8)	–	744	1,320	90	785	50	438	234	149	351	–	4,162
Disposal	–	–	(1,836)	–	–	–	–	–	(256)	–		(2,093)
Write off	–	–	–	(21)	–	–	(3)	(22)	–	(2)	–	(48)
At 31 March 2017	**–**	**9,583**	**22,659**	**10,653**	**8,616**	**421**	**2,519**	**3,599**	**1,748**	**8,153**	**252**	**68,203**
Net book value												
At 31 March 2017	**4,604**	**23,186**	**10,996**	**22**	**2,099**	**81**	**2,173**	**714**	**294**	**323**	**–**	**44,492**
Cost												
At 1 April 2015	4,604	26,963	31,825	11,704	9,366	502	3,704	4,606	2,129	8,622	252	104,277
Additions	–	5,682	1,482	250	427	–	504	312	169	335	–	9,161
Disposal	–	–	(170)	–	–	–	–	(228)	–	(2)	–	(400)
Write off	–	–	(129)	(1,349)	–	–	(77)	(428)	–	(577)	–	(2,560)
At 31 March 2016	**4,604**	**32,645**	**33,008**	**10,605**	**9,793**	**502**	**4,131**	**4,262**	**2,298**	**8,378**	**252**	**110,478**
Accumulated depreciation												
At 1 April 2015	–	8,086	22,253	11,704	6,757	321	1,783	3,542	1,704	7,883	252	64,285
Charge for the year (Note 8)	–	753	1,213	229	1,074	50	378	455	151	498	–	4,801
Disposal	–	–	(170)	–	–	–	–	(216)	–	–	–	(386)
Write off	–	–	(121)	(1,349)	–	–	(77)	(394)	–	(577)	–	(2,518)
At 31 March 2016	**–**	**8,839**	**23,175**	**10,584**	**7,831**	**371**	**2,084**	**3,387**	**1,855**	**7,804**	**252**	**66,182**
Net book value												
At 31 March 2016	**4,604**	**23,806**	**9,833**	**21**	**1,962**	**131**	**2,047**	**875**	**443**	**574**	**–**	**44,296**
Company												
Cost												
At 1 April 2016	4,604	32,645	32,777	5,263	9,793	502	3,912	4,077	1,740	7,991	252	103,556
Additions	–	124	2,483	84	922	–	563	75	–	36	–	4,288
Disposal	–	–	(1,836)	–	–	–	–	–	(256)	–	–	(2,093)
At 31 March 2017	**4,604**	**32,769**	**33,424**	**5,347**	**10,715**	**502**	**4,475**	**4,152**	**1,484**	**8,027**	**252**	**105,751**
Accumulated depreciation												
At 1 April 2016	–	8,839	23,024	5,263	7,831	370	1,876	3,231	1,304	7,442	252	59,432
Charge for the year (Note 8)	–	744	1,300	84	785	50	429	222	148	335	–	4,098
Disposal	–	–	(1,836)	–	–	–	–	–	(256)	–	–	(2,093)
At 31 March 2017	**–**	**9,583**	**22,488**	**5,347**	**8,616**	**420**	**2,305**	**3,453**	**1,196**	**7,777**	**252**	**61,437**
Net book value												
At 31 March 2017	**4,604**	**23,186**	**10,936**	**–**	**2,099**	**82**	**2,170**	**699**	**288**	**250**	**–**	**44,314**
Cost												
At 1 April 2015	4,604	26,963	31,465	5,036	9,366	502	3,408	3,995	1,571	7,660	252	94,822
Additions	–	5,682	1,482	227	427	–	504	310	169	331	–	9,132
Disposal	–	–	(170)	–	–	–	–	(228)	–	–	–	(398)
At 31 March 2016	**4,604**	**32,645**	**32,777**	**5,263**	**9,793**	**502**	**3,912**	**4,077**	**1,740**	**7,991**	**252**	**103,556**

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Freehold land	Buildings and improvements	Plant and machinery	Moulds and tools	Technical equipment	Electrical installation	Furniture and fittings	Office equipment	Motor vehicles	Computers	Property expenses	Total
	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000	RM '000
Accumulated depreciation												
At 1 April 2015	–	8,086	22,002	5,036	6,757	320	1,517	3,018	1,155	6,954	252	55,097
Charge for the year (Note 8)	–	753	1,192	227	1,074	50	359	429	149	488	–	4,721
Disposal	–	–	(170)	–	–	–	–	(216)	–	–	–	(386)
At 31 March 2016	**–**	**8,839**	**23,024**	**5,263**	**7,831**	**370**	**1,876**	**3,231**	**1,304**	**7,442**	**252**	**59,432**
Net book value												
At 31 March 2016	**4,604**	**23,806**	**9,753**	**–**	**1,962**	**132**	**2,036**	**846**	**436**	**549**	**–**	**44,124**

The carrying amounts of property, plant and equipment held under finance leases for both the Group and the Company at the reporting date were RM98,164 (2016: RM212,030).

12. INVESTMENTS IN SUBSIDIARY

	Company 2017 RM'000	2016 RM'000
Investment in subsidiary, at cost	**10,538**	*10,538*

Details of the Group's subsidiary are as follow:

	Principal activities	Country of incorporation	Equity interest held 2017 %	2016 %
Henikwon Corporation Sdn Bhd *	Manufacturing, engineering and trading of bus duct system	Malaysia	**100.00**	*100.00*

* Audited by firm other than Ernst & Young

13. OTHER INVESTMENTS

	Group/Company 2017 RM'000	2016 RM'000
Available-for-sale financial instruments		
Equity instrument (unquoted), at cost	**20,981**	*20,981*

14. INTANGIBLE ASSETS

	Group/Company 2017 RM'000	2016 RM'000
Cost:		
At 1 April	**18,322**	*15,410*
Additions	**397**	*2,912*
At 31 March	**18,719**	*18,322*
Accumulated amortisation		
At 1 April	**10,678**	*8,858*
Charged during the year (Note 8)	**1,654**	*1,820*
At 31 March	**12,332**	*10,678*
Net carrying amount: At 31 March	**6,387**	*7,644*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Development costs

Development costs relate to energy efficiency improvement projects for electronic panel and has an amortisation period of 3 years (2016: 3 years).

15. GOODWILL

	Group 2017 RM'000	2016 RM'000
Cost, representing net carrying amount:		
At 31 March	**13,814**	*13,814*

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to one cash-generated unit ("CGU") for impairment testing, manufacturing segment.

The recoverable amount of the CGU has been determined based on value in use calculations using cash flow projections from financial budgets approved by management covering a four-year period. The pre-tax discount rate applied to the cash flow projections and the forecast growth rates used to extrapolate cash flows beyond the four-year period were as follows:

	Group 2017 RM'000	2016 RM'000
Growth rate	**10%**	*10%*
Pre-tax discount rate	**14%**	*14%*

The calculations of value in use for the CGU is most sensitive to the following assumptions:

Budgeted gross margins - Gross margins are based on average values achieved by the Group in the recent years. These are increased over the budget period for anticipated efficiency improvements.

Growth rates - The forecast growth rate used is based on the best estimation by the Group's management for a newly acquired subsidiary within the L&T's Group.

Pre-tax discount rates - Discount rates reflect the current market assessment of the risks specific to the CGU. This is the benchmark used by management to assess operating performance and to evaluate future investment proposals.

16. INVENTORIES

	Group		Company	
	2017 RM'000	*2016 RM'000*	**2017 RM'000**	*2016 RM'000*
At cost				
Raw materials	**35,270**	*49,840*	**33,702**	*48,293*
Inventory-in-transit	**–**	*6,006*	**–**	*6,006*
Work-in-progress	**20,227**	*41,465*	**19,339**	*41,142*
Finished goods	**24,263**	*26,254*	**24,263**	*26,228*
	79,760	*123,565*	**77,304**	*121,669*
Net realisable value				
Raw materials	**428**	*128*	**428**	*92*
	80,188	*123,693*	**77,732**	*121,761*

Cost of inventories recognised as cost of sales of the Group and of the Company amounted are RM281,981,720 (2016: RM269,339,213) and RM270,818,046 (2016 : RM243,834,790).

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

17. TRADE AND OTHER RECEIVABLES

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Current				
Trade receivables				
Third parties	**184,628**	*168,028*	**183,770**	*166,791*
Amounts due from related companies	**76,557**	*73,727*	**74,742**	*67,840*
	261,185	*241,755*	**258,512**	*234,631*
Less: Allowance for impairment				
Third parties	**(6,227)**	*(4,026)*	**(6,227)**	*(4,026)*
Trade receivables, net	**254,958**	*237,729*	**252,285**	*230,605*
Other receivables				
Other receivables	**892**	*669*	**730**	*495*
Staff loans and advances	**994**	*1,087*	**984**	*1,087*
Prepayments	**2,236**	*2,101*	**2,159**	*2,007*
Loans to related companies	**42,230**	*24,983*	**50,986**	*35,963*
	46,352	*28,840*	**54,859**	*39,552*
	301,310	*266,569*	**307,144**	*270,157*
Non-current				
Other receivables				
Loans to related companies	**–**	*6,293*	**–**	*6,293*
Total trade and other receivables	**301,310**	*272,862*	**307,144**	*276,450*
Less: Prepayments	**(2,236)**	*(2,101)*	**(2,159)**	*(2,007)*
Add: Cash and cash equivalents (Note 19)	**77,313**	*34,255*	**74,320**	*32,405*
Total loans and receivables	**376,387**	*305,016*	**379,305**	*306,848*

(a) Trade receivables

The Group's and the Company's normal trade credit terms range from 30 days to 120 days (2016: 30 days to 120 days). Other credit terms are assessed and approved on a case-by-case basis. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Ageing analysis of trade receivables

The ageing analysis of the Company's trade receivables is as follows:

	Group 2017 RM'000	Group 2016 RM'000	Company 2017 RM'000	Company 2016 RM'000
Neither past due nor impaired	**141,767**	*115,965*	**140,408**	*113,673*
1 to 30 days past due not impaired	**20,600**	*14,251*	**19,704**	*13,109*
31 to 60 days past due not impaired	**6,038**	*5,071*	**5,934**	*4,976*
61 to 90 days past due not impaired	**5,807**	*19,679*	**5,807**	*19,410*
91 to 120 days past due not impaired	**15,066**	*12,824*	**15,065**	*12,819*
More than 121 days past due not impaired	**65,680**	*69,939*	**65,367**	*66,618*
	113,191	*121,764*	**111,877**	*116,932*
Impaired	**6,227**	*4,026*	**6,227**	*4,026*
	261,185	*241,755*	**258,512**	*234,631*

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Group.

None of the Group's trade receivables that are neither past due nor impaired have been renegotiated during the financial year.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Receivables that are past due but not impaired

The Group and the Company have trade receivables amounting to RM113,191,000 (2016: RM121,764,000) and RM111,877,000 (2016: RM116,932,000) that are past due at the reporting date but not impaired.

Certain of these receivables are secured by letter of credits issued by reputable financial institutions. The Board of Directors deemed these amounts as collectible as these customers still in active trade with the Group.

Receivables that are impaired

The Group's trade receivables that are impaired at the reporting date and the movement of the allowance accounts used to record the impairment are as follows:

	Group		**Company**	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Trade receivables	**(6,227)**	*(4,026)*	**(6,227)**	*(4,026)*
Less: Allowance for impairment	**6,227**	*4,026*	**6,227**	*4,026*
	–	*–*	**–**	*–*
Movement in allowance accounts:				
At 1 April	**4,026**	*2,365*	**4,026**	*2,311*
Impairment for the period (Note 8)	**2,201**	*1,716*	**2,201**	*1,716*
Write off	**–**	*(55)*	**–**	*–*
At 31 March	**6,227**	*4,026*	**6,227**	*4,026*

Trade receivables that are individually determined to be impaired at the reporting date relate to debtors that have defaulted on payments. These receivables are not secured by any collateral or credit enhancements.

(b) Holding and related companies balances

The account balances with the related companies arose mainly from interest free inter-company advances, expenses paid on behalf and trade and other charges which are negotiated on a basis determined between the companies concerned.

The amounts due from related companies are unsecured, interest free and repayable upon demand.

Loans to related companies (non-current)

The loans to related companies are unsecured, bears interest at 7.0% per annum for Ringgit Malaysia ("MYR") loan and 2.5% (2015: 2.4%) per annum for United States Dollar ("USD") loan and repayable in 1 years and 2 years respectively.

Loans to related companies (current)

The loan to related companies are unsecured, interest free and repayable upon demand.

18. DERIVATIVES

	Group/Company					
	2017 RM'000			*2016 RM'000*		
	Notional Amount	**Assets**	**Liabilities**	*Notional Amount*	*Assets*	*Liabilities*
Current hedging derivatives:						
Derivative financial assets/(liabilities) at fair value through profit or loss						
Foreign exchange forward contract not designated as hedging instruments	**103,193**	**326**	**(3,814)**	*315,472*	*14,177*	*(1,245)*
Total	**103,193**	**326**	**(3,814)**	*315,472*	*14,177*	*(1,245)*

Derivatives not designated as hedging instruments

Foreign exchange forward contracts were entered into as hedges for sales and purchases denominated in foreign currencies and to limit the exposure to potential changes in foreign exchange rates with respect to the Group's/Company's foreign currencies denominated financcial assets and financial liabilities.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

All the above derivatives are initially recognised at fair value on the date the derivative contract is entered into and are subsequently re-measured at fair value through profit or loss. The resulting gain or loss from the re-measurement is recognised in profit or loss.

During the financial year, the Group and the Company recognised total fair value loss of RM3,488,651 (2016: fair value gain of RM396,767) arising from fair value changes of derivative financial instruments. The fair value changes are attributable to changes in foreign exchange spot and forward foreign exchange and interest rate.

19. CASH AND CASH EQUIVALENTS

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Cash at banks and on hand	**12,948**	*8,990*	**9,955**	*7,140*
Short term deposits with licensed banks	**64,365**	*25,265*	**64,365**	*25,265*
Cash and cash equivalents	**77,313**	*34,255*	**74,320**	*32,405*

The weighted average interest rate and maturity days of the short term deposits with licensed banks are 3.04% (2016: 3.11%) per annum ("p.a.") and 2 days (2016: 2 days) respectively.

20. LOANS AND BORROWINGS

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Current				
Secured:				
Obligations under finance leases (Note 29)	**65**	*66*	**65**	*66*
Bank loans:				
- USD loan at London Interbank Offered Rate ("LIBOR") + 1.7% p.a.	**6,320**	*16,856*	**6,320**	*16,856*
Unsecured:				
Loan from immediate holding company				
- 2.75% p.a. fixed rate USD loan	**8,848**	*7,866*	**8,848**	*7,866*
	15,233	*24,788*	**15,233**	*24,788*
Non-current				
Secured:				
Obligations under finance leases (Note 29)	**33**	*98*	**33**	*98*
Bank loans:				
- USD loan at London Interbank Offered Rate ("LIBOR") + 1.7% p.a.	**–**	*11,237*	**–**	*11,237*
	33	*11,335*	**33**	*11,335*
Total loans and borrowings	**15,266**	*36,123*	**15,266**	*36,123*

The remaining maturities of the loans and borrowings as at reporting date are as follows:

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
On demand or within one year	**15,233**	*24,788*	**15,233**	*24,788*
More than one year and less than two years	**33**	*11,303*	**33**	*11,303*
More than two years and less than five years	**–**	*32*	**–**	*32*
	15,266	*36,123*	**15,266**	*36,123*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

(a) Obligations under finance leases

These obligations are secured by a charge over the leased assets (Note 11). Interest rates and maturity profile of finance lease commitments are disclosed in Note 29.

(b) 2.75% p.a. fixed USD loan from immediate holding company

The loan bears an avergae interest rate of 2.33% (2016: 2.33%) p.a. at the reporting date and is fully repayable on 2 April 2018.

(c) USD bank loan at LIBOR + 1.7% p.a.

The loan bears an average interest rate of 1.98% (2016: 1.94%) p.a. at the reporting date and is repayable in 7 equal quarterly instalments commencing 18 months after first drawdown. This loan is fully repayable by August 2017.

21. TRADE AND OTHER PAYABLES

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Trade payables				
Third parties	**75,641**	*72,865*	**75,249**	*71,293*
Amounts due to related companies	**24,670**	*19,780*	**24,683**	*19,780*
	100,311	*92,645*	**99,932**	*91,073*
Provisions	**14,449**	*8,038*	**10,787**	*7,074*
Other payables	**30,856**	*39,121*	**28,824**	*35,472*
Advances received	**9,498**	*11,418*	**9,498**	*11,418*
	54,803	*58,577*	**49,109**	*53,964*
	155,114	*151,222*	**149,041**	*145,037*
Total trade and other payables	**155,114**	*151,222*	**149,041**	*145,037*
Add: Loans and borrowings (Note 20)	**15,266**	*36,123*	**15,266**	*36,123*
Total financial liabilities	**170,380**	*187,345*	**164,307**	*181,160*

(a) Trade payables

These amounts are non-interest bearing and the normal trade credit terms granted to the Group range from 30 to 120 days (2016: 30 to 120 days).

(b) Advances received

Advances received are deposits placed by customers upon placing their orders.

(c) Amounts due to related companies

These amounts are unsecured, non-interest bearing and the normal credit term granted to the Group is within 30 days (2016: 30 days).

(d) Other payables

These amounts are non-interest bearing. Other payables are normally settled on an average term of one month (2016: average term of one month).

(e) Provisions

These amounts are mainly for leave encashments, bonus and warranty during the period.

22. DEFERRED TAX LIABILITIES

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
At 1 April	**7,489**	*4,314*	**7,489**	*4,314*
Recognised in profit or loss (Note 9)	**2,104**	*172*	**2,104**	*172*
Recognised in other comprehensive income	**(1,943)**	*3,003*	**(1,943)**	*3,003*
At 31 March	**7,650**	*7,489*	**7,650**	*7,489*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

The components and movements of deferred tax liabilities and deferred tax assets during the financial period prior to offsetting are as follows:

Deferred tax assets of the Group

	Provisions RM'000
At 1 April 2016	(1,664)
Recognised in profit or loss	(1,239)
Recognised in other comprehensive income	95
At 31 March 2017	(2,808)
At 1 April 2015	(3,580)
Recognised in profit or loss	949
Recognised in other comprehensive income	967
At 31 March 2016	(1,664)

Deferred tax liabilities of the Group

	Property, plant and equipment RM'000	Intangible assets RM'000	Others RM'000	Total RM'000
At 1 April 2016	3,046	1,027	5,080	9,153
Recognised in profit or loss	1,091	(52)	2,304	3,343
Recognised in other comprehensive income	–	–	(2,038)	(2,038)
At 31 March 2017	4,137	975	5,346	10,458
At 1 April 2015	3,583	2,323	1,988	7,894
Recognised in profit or loss	(537)	(1,296)	1,056	(777)
Recognised in other comprehensive income	–	–	2,036	2,036
At 31 March 2016	3,046	1,027	5,080	9,153

Deferred tax assets of the Company

	Provisions RM'000
At 1 April 2016	(1,664)
Recognised in profit or loss	(1,239)
Recognised in other comprehensive income	95
At 31 March 2017	(2,808)
At 1 April 2015	(3,580)
Recognised in profit or loss	949
Recognised in other comprehensive income	967
At 31 March 2016	(1,664)

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

Deferred tax liabilities of the Company

	Property, plant and equipment	Intangible assets	Others	Total
	RM'000	RM'000	RM'000	RM'000
At 1 April 2016	3,046	1,027	5,080	9,153
Recognised in profit or loss	1,091	(52)	2,304	3,343
Recognised in other comprehensive income	–	–	(2,038)	(2,038)
At 31 March 2017	4,137	975	5,346	10,458
At 1 April 2015	3,583	2,373	1,988	7,894
Recognised in profit or loss	(537)	(1,296)	1,056	(777)
Recognised in other comprehensive income	–	–	2,036	2,036
At 31 March 2016	3,046	1,027	5,080	9,153

Deferred tax assets have not been recognised in respect of the following items :

	Group	
	2017	*2016*
	RM'000	*RM'000*
Unutilised tax losses	**19,577**	*19,577*
Other deductible temporary differences	**–**	*350*
	19,577	*19,927*

Deferred tax assets have not been recognised in respect of these items as they have arisen in a subsidiary that has a history of losses.

23. LONG-TERM EMPLOYEE BENEFITS

	Group/Company	
	2017	*2016*
	RM'000	*RM'000*
At 1 April	**770**	*719*
Provision for the year (Note 8)	**817**	*743*
Less: Payment	**(721)**	*(692)*
At 31 March	**866**	*770*

As required by law, companies in Malaysia make contributions to EPF. The Company additionally contributes a percentage of 4% of employees' salaries from commencement date of employment to the defined contribution plan and will be paid to EPF for those who have fufilled the following conditions:

(a) retires on or after age of 50 years or 55 years and after completed five (5) years of continous service with the Company; or
(b) retires on certified medical grounds after completed five (5) years of continuous service with the Company; or
(c) resigns voluntarily after completed five (5) years of continuous service with the Company; or
(d) die in service.

24. SHARE CAPITAL

	Group/Company	
	2017	*2016*
	RM'000	*RM'000*
Issued and fully paid		
At beginning/end of year	**100,000**	*100,000*

25. HEDGING RESERVE

The cash flow hedge reserve contains the effective portion of the cash flow hedge relationships incurred as at the reporting date.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

26. RETAINED EARNINGS

The Company may distribute dividends out of its entire retained earnings as at 31 March 2017 under the single tier system.

27. FAIR VALUE OF FINANCIAL INSTRUMENTS

A. Fair value of financial instruments that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

	Group/Company			
	2017		*2016*	
	Carrying amount	**Fair value**	*Carrying amount*	*Fair value*
	RM'000	**RM'000**	*RM'000*	*RM'000*
Financial assets				
Other receivables (non-current)				
Loans to related companies	–	–	*6,293*	*6,665*
Financial liabilities				
Loan and borrowings (non-current)				
Obligations under finance lease	**33**	**37**	*98*	*110*
Bank loans	–	–	*11,237*	*11,670*

B. Determination of fair value

Financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value.

The following are classes of financial instruments that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value:

	Note
Trade and other receivables (current)	17
Cash and cash equivalents	19
Trade and other payables (current)	21
Loans and borrowings (current)	20

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or that they are floating rate instruments that are re-priced to market interest rates on or near the reporting date.

The carrying amounts of the current portion of loans and borrowings are reasonable approximations of fair values due to the insignificant impact of discounting.

The fair values of non-current financial instruments are estimated by discounting expected future cash flows at market incremental lending rate for similar types of lending, borrowing or leasing arrangements at the reporting date.

C. Fair value hierarchy

The Group's financial instruments carried at fair value by level of fair value hierarchy in which the different levels have been defined as follows:

Level 1 : Quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2 : Other techniques for which all inputs that have a significant effect on the recorded fair value are observable, either directly or indirectly: and

Level 3 : Techniques that used inputs that have a significant effect on the recorded fair value that are not based on observable market data.

Assets/(liabilities) measured at fair value

	2017	**Level 1**	**Level 2**	**Level 3**
	RM'000	**RM'000**	**RM'000**	**RM'000**
Derivatives - assets				
Foreign currency contracts	**326**	–	**326**	–
Derivatives - liabilities				
Foreign currency contracts	**(3,814)**	–	**(3,814)**	–

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	2016 RM'000	Level 1 RM'000	Level 2 RM'000	Level 3 RM'000
Derivatives - assets				
Foreign currency contracts	14,177	–	14,177	–
Derivatives - liabilities				
Foreign currency contracts	(1,245)	–	(1,245)	–

No transfer between any levels of the fair value hierarchy took place during the current period and the comparative period. There were also no changes in the purpose of any financial assets/(liabilities) that subsequently resulted in a different classification of that asset/ liability.

28. RELATED PARTY DISCLOSURES

(a) Sale and purchase of goods and services

In addition to the related party information disclosed elsewhere in the financial statements, the following significant transactions with related parties took place at terms agreed between the parties during the financial year:

	Group		Company	
	2017 RM'000	2016 RM'000	**2017 RM'000**	2016 RM'000
Sales to related companies:				
Tamco Electrical Industries Australia Pty Ltd ("TEIA")	**7,600**	3,404	**7,600**	3,404
PT Tamco Indonesia ("PTTI")	**581**	3,589	**581**	3,455
L&T Electricals Saudi Arabia Company Limited LLC	**5,291**	979	**5,291**	979
L&T Electrical & Automation FZE	**39**	(119)	**39**	(119)
Larsen & Toubro Limited (Sharjah branch)	**8,294**	39,299	**8,294**	39,299
Larsen & Toubro (Oman) LLC	**2,732**	–	**2,732**	–
Larsen & Toubro Hydrocarbon (Oman)	**11,151**	93	**11,151**	93
Sales to ultimate holding company:				
Larsen & Toubro Limited	**11,281**	21,639	**2,343**	3,808
Purchase from related companies:				
TEIA	**–**	12	**–**	12
PTTI	**24,051**	–	**24,051**	–
Henikwon Corporation Sdn Bhd	**–**	–	**163**	–
Purchase from ultimate holding company:				
Larsen & Toubro Limited	**2,412**	4,044	**2,412**	4,044
Loan repayment to immediate holding company:				
Larsen & Toubro International FZE	**–**	(8,432)	**–**	(8,432)
Interest expense for loan from immediate holding company:				
Larsen & Toubro International FZE	**325**	469	**325**	469
Rental income for car - subsidiary				
Henikwon Corporation Sdn Bhd	**–**	–	**6**	51
Interest income for loan extended to related companies				
Servowatch System Limited	**53**	–	**53**	–
L&T Electrical Saudi Arabia Company Limited LLC	**588**	400	**588**	400
L&T Electrical & Automation FZE	**71**	62	**71**	62
Interest income for loan extended to subsidiary				
Henikwon Corporation Sdn Bhd	**–**	–	**42**	18
Loan to / (Loan repayment from) related companies				
Servowatch Systems Limited	**4,055**	–	**4,055**	–
L&T Electrical Saudi Arabia Company Limited LLC	**–**	5,715	**–**	5,715
L&T Electrical & Automation FZE	**(2,624)**	–	**(2,624)**	–
(Loan repayment from) / Loan to subsidiary				
Henikwon Corporation Sdn Bhd	**–**	–	**(2,500)**	3,000

Information regarding outstanding balances arising from related party transactions as at 31 March 2017 are disclosed in Notes 17 and 21.

(b) Compensation of key management personnel

Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the entity, directly or indirectly, including any director of the Company.

The remuneration of key management personnel of the Group and of the Company during the year is as follows:

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Salaries	**9,244**	*9,004*	**8,070**	*7,633*
EPF and social securities	**813**	*750*	**769**	*695*
Other emoluments	**2,132**	*1,526*	**2,069**	*1,481*
	12,189	*11,280*	**10,908**	*9,809*

29. COMMITMENTS

(a) Capital commitments

Capital expenditure as at the reporting date is as follows:

	Group/Company	
	2017	*2016*
	RM'000	*RM'000*
Approved but not contracted for:		
Property, plant and equipment	**2,996**	*3,875*

(b) Finance lease commitments

The Group and the Company have finance leases for certain items of motor vehicles (Note 11). These leases do not have terms of renewal at the end of the lease term.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	Group/Company	
	2017	*2016*
	RM'000	*RM'000*
Minimum lease payments:		
Not later than one year	**73**	*73*
Later than one year but not later than two years	**37**	*74*
Later than two years but not later then five years	**–**	*37*
Total minimum lease payments	**110**	*184*
Less: Amounts representing finance charges	**(12)**	*(20)*
Present value of minimum lease payments	**98**	*164*
Present value of payments:		
Not later than one year	**65**	*66*
Later than one year but not later than two years	**33**	*66*
Later than two years but not later than five years	**–**	*32*
Present value of minimum lease payments	**98**	*164*
Less: Amount due within 12 months (Note 20)	**(65)**	*(66)*
Amount due after 12 months (Note 20)	**33**	*98*

The hire purchase and lease liabilities bear flat interest rates during the year of between 2.36% to 2.41% (2016: 2.36% to 3.15%) per annum.

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

30. FINANCIAL GUARANTEE CONTRACT

	Group/Company	
	2017	*2016*
	RM'000	*RM'000*
Unsecured:		
Guarantees given to licensed banks for credit facilities granted a related company, Tamco Electrical Industries Australia ("TEIA")	**–**	*1,507*

As at reporting date, no values are ascribed on corporate guarantees provided by the Group and the Company to secure bank loans and other banking facilities granted to its related company.

31. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk, interest rate risk and foreign currency risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks, which are executed by the Chief Financial Controller. The Board of Directors provides independent oversight to the effectiveness of the risk management process.

It is, and has been throughout the current and previous financial year, the Group's policy that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

The following sections provide details regarding the Group's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Credit risk

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations. The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables. For other financial assets (including investment securities, cash and short-term deposits and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group's objectives is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure. The Group trade only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Exposure to credit risk

At the reporting date, the Group and the Company's maximum exposure to credit risk is represented by the carrying amount of each class of financial assets recognised in the statement of financial position.

Information regarding credit enhancements for trade and other receivables is disclosed in Note 17.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring the country profile of the Group's and of the Company's trade receivables at the reporting date as follows:

	Group			
	2017		*2016*	
	RM'000	**% of total**	*RM'000*	*% of total*
Malaysia	**83,338**	**32%**	*64,786*	*27%*
Qatar	**52,689**	**20%**	*55,860*	*23%*
United Arab Emirates	**32,361**	**12%**	*31,182*	*13%*
Indonesia	**21,079**	**8%**	*23,727*	*8%*
Other countries *	**71,719**	**27%**	*66,200*	*27%*
	261,185	**100%**	*241,755*	*98%*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	Company			
	2017		*2016*	
	RM'000	**% of total**	*RM'000*	*% of total*
Malaysia	**83,338**	**32%**	*64,786*	*28%*
Qatar	**52,689**	**20%**	*55,860*	*24%*
United Arab Emirates	**32,361**	**13%**	*31,182*	*13%*
Indonesia	**21,079**	**8%**	*23,721*	*8%*
Other countries *	**69,046**	**27%**	*59,082*	*25%*
	258,512	**100%**	*234,631*	*98%*

* Other countries include countries such as European countries, Australia, Singapore, and United Kingdom.

At the reporting date, approximately:

(a) 21% (2016: 22%) of the Group's trade receivables were due from five (5) major customers who are located in Malaysia.

(b) 11% (2016: 21%) of the Group's trade receivables were due from two (2) major customer who are located in Qatar and United Arab Emirates.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are creditworthy debtors with good payment record with the Group. Cash and short-term deposits, investment securities and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 17 (Trade and other receivables).

(b) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Group's and the Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Group and the Company manage liquidity risk by maintaining sufficient cash. In addition, the Group and the Company maintain bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due. The Group's and the Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year	**One to five years**	**Over five years**	**Total**
	RM'000	**RM'000**	**RM'000**	**RM'000**
As at 31 March 2017				
Group				
Financial liabilities:				
Trade and other payables	155,114	–	–	155,114
Loans and borrowings	15,233	33	–	15,266
	170,347	33	–	170,380
Company				
Financial liabilities:				
Trade and other payables	149,041	–	–	149,041
Loans and borrowings	15,233	33	–	15,266
	164,274	33	–	164,307

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

	On demand or within one year RM'000	One to five years RM'000	Over five years RM'000	Total RM'000
As at 31 March 2016				
Group				
Financial liabilities:				
Trade and other payables	151,222	–	–	151,222
Loans and borrowings	25,669	11,780	–	37,449
	176,891	11,780	–	188,671
Company				
Financial liabilities:				
Trade and other payables	145,037	–	–	145,037
Loans and borrowings	25,669	11,780	–	37,449
	170,706	11,780	–	182,486

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of the Group's and of the Company's financial instrument will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from their loans and borrowings.

The Group manages its interest rate exposure by maintaining a prudent mix of fixed and floating rate borrowings. The Group actively reviews its debt portfolio, taking into account the investment holding period and nature of its assets. This strategy allows it to capitalise on cheaper funding in a low interest rate environment and achieve a certain level of protection against rate hikes.

Sensitivity analysis for interest rate risk

At the reporting date, if interest rates had been 25 basis points lower/higher, with all other variables held constant, the Group's profit for the period would have been RM130,000 (2016: RM122,000) higher/lower, arising mainly as a result of lower/higher interest expenses on floating loans and borrowings The assumed movement in basis points for interest rate sensitivity analysis is based on the currently observable market environment.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of Group entities, which is Ringgit Malaysia ("RM"). The foreign currencies in which these transactions are denominated is mainly United States Dollars (USD). Approximately 49% (2016: 47%) of the Group's sales are denominated in foreign currencies.

The Group and the Company also hold cash and short-term deposits denominated in foreign currencies for working capital purposes. At the end of the reporting period, such foreign currency balances are mainly in USD.

The Group requires its operating entities to use forward currency contracts to mitigate currency fluctuation risk on significant transactions, as may be decided from time to time and case to case basis. It is the Group's policy not to enter into forward contracts until a firm commitment is in place. It is the Group's policy to negotiate the terms of the forward currency contracts to match the terms of the firm commitment to maximise hedge effectiveness.

At 31 March 2017, the Group and the Company had hedged 55% (2016: 31%) of its foreign currency denominated sales respectively for which highly probable forecast transactions existed at reporting date.

The following table demonstrates the sensitivity of the Group's profit net of tax to a reasonably possible change in the USD exchange rates against the respective functional currencies of the Group entities, with all other variables held constant.

Sensitivity analysis for foreign currency risk

	Group/Company	
	2017 RM'000	*2016 RM'000*
USD/RM - strengthened 1%	**566**	*1,380*
USD/RM - weakened 1%	**(566)**	*(1,380)*

NOTES TO THE FINANCIAL STATEMENTS (Contd.)

32. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains an optimal capital structure in order to support its business and maximises shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic condition. To maintain or adjust its capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the years ended 31 March 2017 and 31 March 2016.

The Group monitors capital using a gearing ratio, which is loans and borrowings divided total equity plus loans and borrowings.

	Group		Company	
	2017	*2016*	**2017**	*2016*
	RM'000	*RM'000*	**RM'000**	*RM'000*
Trade and other payables (Note 21)	**155,114**	*151,222*	**149,041**	*145,037*
Loans and borrowings (Note 20)	**15,266**	*36,123*	**15,266**	*36,123*
Less: cash and bank balances (Note 19)	**(77,313)**	*(34,255)*	**(74,320)**	*(32,405)*
	93,067	*153,090*	**89,987**	*148,755*
Total equity	**363,252**	*335,596*	**366,256**	*338,139*
Capital and net debt	**456,319**	*488,686*	**456,243**	*486,894*
Gearing ratio	**20.4%**	*31.3%*	**19.7%**	*30.6%*

DIRECTORS' REPORT

The directors hereby present their report together with the audited financial statements of the Company for the year ended 31 March 2016.

Principal activity

The principal activity of the Company is the provisions of data-mining services to the oil and gas industry. There has been no significant change in the nature of the principal activity of the Company during the financial year.

Results

	RM
Loss net of tax	**(432,282)**

There were no material transfers to or from reserves or provisions during the financial year.

In the opinion of the directors, the results of the operations of the Company during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature.

Dividend

No dividend has been paid by the Company since the end of the previous financial period. The directors do not recommend the payment of any dividend in respect of the current financial year.

Directors

The names of the directors of the Company in office since the date of the last report and at the date of this report are:

Sivajothi A/L Muthiah Rajendram	
Syed Mohsen B. Abdul Rahman Alhabshi	
Bhargava Sharat Chandra	
Ravindranath Kundurti	(resigned on 3 August 2015)
Udayan Dasgupta	

Directors' benefits

Neither at the end of the financial year, nor at any time during that year, did there subsist any arrangement to which the Company was a party, whereby the directors might acquire benefits by means of the acquisition of shares i n or debentures of the Company or any other body corporate.

Since the end of the previous financial period, no director has received or become entitled to receive a benefit (other than benefits included in the aggregate amount of emoluments received or due and receivable by the directors or the fixed salary of a full-time employee of the Company) by reason of a contract made by the Company or a related corporation with any director or with a firm of which he is a member, or with a company in which he has a substantial financial interest.

Directors' interests

According to the register of directors' shareholdings, the interests of directors in office at the end of the financial year in shares in the Company during the financial year were as follows:

Name of director	**Number of ordinary shares of RM1 each**			
	1.4.2015	**Acquired**	**Sold**	**31.3.2016**
Direct interest:				
Ordinary shares of the Company				
Sivajothi A/L Muthiah Rajendram	71,251	–	–	71,251
Syed Mohsen B. Abdul Rahman Alhabshi	382,500	–	–	382,500

None of the other directors in office at the end of the financial year had any interest in shares in the Company during the financial year.

Other statutory information

(a) Before the statement of comprehensive income and statement of financial position of the Company were made out, the directors took reasonable steps:

  (i) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of provision for doubtful debts and satisfied themselves there were no known bad debts and that no allowance for impairment of receivables was necessary; and

  (ii) to ensure that any current assets which were unlikely to realise their values as shown in the accounting records in the ordinary course of business had been written down to an amount which they might be expected so to realise.

(b) At the date of this report, the directors are not aware of any circumstances which would render:

(i) if necessary to write off any bad debts or to make any allowance for impairment of receivables in respect of the financial statements of the Company; and

(ii) the values attributed to the current assets in the financial statements of the Company misleading.

(c) At the date of this report, the directors are not aware of any circumstances which have arisen which would render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

(d) At the date of this report, the directors are not aware of any circumstances not otherwise dealt with in this report or financial statements of the Company which would render any amount stated in the financial statements misleading.

(e) At the date of this report, there does not exist:

(i) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liabilities of any other person; or

(ii) any contingent liability of the Company which has arisen since the end of the financial year.

(f) In the opinion of the directors:

(i) no contingent or other liability has become enforceable o r is likely to become enforceable within the period of twelve months after the end of the financial year which will or may affect the ability of the Company to meet its obligations as and when they fall due; and

(ii) no item, transaction or event of a material and unusual nature has arisen in the interval between the end of the financial year and the date of this report which is likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.

Auditors

The auditors, Ernst & Young, have expressed their willingness to continue in office.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 December 2016

Syed Mohsen B. Abdul Rahman Alhabshi

Sivajothi A/L Muthiah Rajendram

STATEMENT BY DIRECTORS

Pursuant to Section 169(15) of the Companies Act, 1965

We, Syed Mohsen B. Abdul Rahman Alhabshi and Sivajothi A/L Muthiah Rajendram, being two of the directors of Larsen & Toubro (East Asia) Sdn Bhd, do hereby state that, in the opinion of the directors, the accompanying financial statements set out on pages 4566 to 4584 are drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia so as to give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows of the Company for the year from 1 January 2015 to 31 March 2016. The financial statements also comply with the International Financial Reporting Standards as issued by the International Accounting Standard Board.

Signed on behalf of the Board in accordance with a resolution of the directors dated 1 December 2016

Syed Mohsen B. Abdul Rahman Alhabshi

Sivajothi A/L Muthiah Rajendram

STATUTORY DECLARATION

Pursuant to Section 169(16) of the Companies Act, 1965

I, Syed Mohsen B. Abdul Rahman Alhabshi, being the director primarily responsible for the financial management of Larsen & Toubro (East Asia) Sdn Bhd, do solemnly and sincerely declare that the accompanying financial statements set out on pages 4566 to 4584 are in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared
by the abovenamed Syed Mohsen
B. Abdul Rahman Alhabshi at
Petaling Jaya in Selangor Darul Ehsan
on 1 December 2016

Syed Mohsen B. Abdul Rahman Alhabshi

Before me,

COMMISSIONER OF OATHS

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF LARSEN & TOUBRO (EAST ASIA) SDN BHD (INCORPORATED IN MALAYSIA)

Report on the financial statements

We have audited the financial statements of Larsen & Toubro (East Asia) Sdn Bhd, which comprise the statement of financial position as at 31 March 2016, and the statement of comprehensive income, statement of changes in equity and statement of cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory information, as set out on pages 4566 to 4584.

Directors' responsibility for the financial statements

The directors of the Company are responsible for the preparation of financial statements so as to give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia. The directors are also responsible for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amount and disclosures in the financial statements. The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements give a true and fair view of the financial position of the Company as at 31 March 2016 and of its financial performance and cash flows for the year then ended in accordance with the Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

Report on other legal and regulatory requirements

In accordance with the requirements of the Companies Act, 1965 ("the Act") in Malaysia, we also report that in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

Other matters

This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

Ernst & Young
AF: 0039
Chartered Accountants

Kua Choh Leang
No. 2716/01/17(J)
Chartered Accountant

Kuala Lumpur, Malaysia

Dated: December 1, 2016

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Note	**01.04.2015 to 31.03.2016 RM**	*01.01.2014 to 31.03.2015 RM*
Revenue	**4**	**736,392**	*1,268,211*
Cost of sales	**4**	**(698,827)**	*(1,168,545)*
Gross profit		**37,565**	*99,666*
Other income	**5**	**209,201**	*157,049*
Administrative expenses		**(676,667)**	*(465,290)*
Operating loss		**(429,901)**	*(208,575)*
Finance costs	**6**	**(2,381)**	*(2,975)*
Loss before tax	**7**	**(432,282)**	*(211,550)*
Income tax credit	**8**	**–**	*–*
Loss, net of tax, representing total comprehensive loss for the period/year		**(432,282)**	*(211,550)*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF FINANCIAL POSITION AS AT MARCH 31, 2016

	Note	2016 RM	*2015 RM*
Assets			
Non-current asset			
Plant and equipment	9	51,878	*93,457*
Current assets			
Trade and other receivables	10	2,668,403	*2,576,421*
Tax recoverable		59,960	*31,960*
Cash and cash equivalents	11	363,036	*577,846*
		3,091,399	*3,186,227*
Total assets		3,143,277	*3,279,684*
Equity and liabilities			
Current liabilities			
Trade and other payables	12	3,206,173	*2,896,010*
Hire purchase liabilities	13	1,174	*14,288*
		3,207,347	*2,910,298*
Net current (liabilities) / assets		(115,948)	*275,929*
Non-current liability			
Hire purchase liabilities	13	–	*1,174*
Total liabilities		3,207,347	*2,911,472*
Net (liabilities) / assets attributable to equity holders of the Company		(64,070)	*368,212*
Equity			
Share capital	14	750,000	*750,000*
Accumulated losses		(814,070)	*(381,788)*
Total equity		(64,070)	*368,212*
Total equity and liabilities		3,143,277	*3,279,684*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CHANGES IN EQUITY FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	Non-distributable		
	Share capital	**Accumulated losses**	**Total equity**
	RM	**RM**	**RM**
At 1 April 2015	**750,000**	**(381,788)**	**368,212**
Loss, net of tax, representing total comprehensive expense	**–**	**(432,282)**	**(432,282)**
At 31 March 2016	**750,000**	**(814,070)**	**(64,070)**
At 1 January 2014	**750,000**	**(170,238)**	**579,762**
Loss, net of tax, representing total comprehensive expense	**–**	**(211,550)**	**(211,550)**
At 31 March 2015	**750,000**	**(381,788)**	**368,212**

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2016

	01.04.2015 to 31.03.2016 RM	*01.01.2014 to 31.03.2015 RM*
Cash flows from operating activities		
Loss before tax	**(432,282)**	*(211,550)*
Adjustments for:		
Interest income	**(3,301)**	*(3,790)*
Hire purchase interest	**2,381**	*2,975*
Depreciation of plant and equipment	**41,579**	*76,901*
Unrealised exchange loss	**120,828**	*–*
Operating loss before changes in working capital	**(270,795)**	*(135,464)*
Changes in working capital:		
Increase in trade and other receivables	**(124,137)**	*(749,210)*
Increase in trade and other payables	**221,490**	*1,402,043*
Cash (used in)/generated from operations	**(173,442)**	*517,369*
Income taxes paid	**(28,000)**	*(20,000)*
Net cash flow (used in)/generated from operating activities	**(201,442)**	*497,369*
Cash flows from investing activities		
Interest received	**3,301**	*3,790*
Purchase of plant and equipment	**–**	*(18,416)*
Net cash flow generated from/(used in) investing activities	**3,301**	*(14,626)*
Cash flows from financing activities		
Hire purchase interest	**(2,381)**	*(2,975)*
Repayment of hire purchase	**(14,288)**	*(17,861)*
Net cash used in financing activities	**(16,669)**	*(20,836)*
Net (decrease)/increase in cash and cash equivalents	**(214,810)**	*461,907*
Cash and cash equivalents at beginning of financial year/period	**577,846**	*115,939*
Cash and cash equivalents at end of financial year/period	**363,036**	*577,846*

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016

1. Corporate information

The Company is a private limited liability company, incorporated and domiciled in Malaysia. The registered office of the Company is located at Unit 1009, Block F, Phileo Damansara 1, Jalan 16/11, 46350 Petaling Jaya, Selangor Darul Ehsan.

The immediate and ultimate holding companies are Larsen & Toubro International FZE and Larsen & Toubro Limited respectively, which are incorporated in Abu Dhabi and India respectively.

The principal activity of the Company is the provisions of data-mining services to the oil and gas industry. There has been no significant change in the nature of the principal activity of the Company during the financial year.

The previous reporting period covers a period of 15 months from 1 January 2014 to 31 March 2015. Consequently, the comparative amounts for the statement of comprehensive income, statement of changes in equity, statement of cash flow and related notes to the financial statements are not comparable.

The financial statements were authorised for issue by the Board of Director in accordance with a resolution of the directors on December 1, 2016

2. Summary of significant accounting policies

2.1 Basis of preparation

The financial statements of the Company has been prepared in accordance with Malaysian Financial Reporting Standards ("MFRSs"), International Financial Reporting Standards ("IFRSs") and the requirements of the Companies Act, 1965 in Malaysia. At the beginning of the current financial period, the Company adopted new and amended MFRSs as described in Note 2.2 which are mandatory for financial periods beginning on or after 1 April 2015.

The financial statements have been prepared on the historical cost basis except as disclosed in the accounting policies section and are presented in Ringgit Malaysia (RM).

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 April 2015, the Company adopted the following new and amended MFRS and IC Interpretations mandatory for annual financial periods beginning on or after 1 April 2015.

Description	Effective for annual periods beginning on or after
Amendments to MFRS 119: Defined Benefit Plans: Employee Contributions	1 July 2014
Annual Improvements to MFRSs 2010 - 2012 Cycle	1 July 2014
Annual Improvements to MFRSs 2011 - 2014 Cycle	1 July 2014

The adoption of the above standards and interpretations did not have any effect on the financial performance or position of the Company.

2.3 Standards issued but not yet effective

The standards and interpretations that are issued but not yet effective up to the date of issuance of the Company's financial statements are disclosed below. The Company intend to adopt these standards, if applicable, when they become effective.

Description	Effective for annual periods beginning on or after
Annual Improvements to MFRSs 2012 - 2015 Cycle	1 January 2016
Amendments to MFRS 116 and MFRS 138: Clarification of Acceptable Methods of Depreciation and Amortisation	1 January 2016
Amendments to MFRS 116 and MFRS 141: Agriculture: Agriculture: Bearer Plants	1 January 2016
Amendments to MFRS 10 and MFRS 128: Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Deferred
Amendments to MFRS 11: Accounting for Acquisitions of Interests in Joint Operations	1 January 2016
Amendments to MFRS 127: Equity Method in Separate Financial Statements	1 January 2016
Amendments to MFRS 101: Disclosure Initiatives	1 January 2016

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

Description	Effective for annual periods beginning on or after
Amendments to MFRS 10, MFRS 12 and MFRS 128: Investment Entities: Applying the Consolidation Exception	1 January 2016
MFRS 14 Regulatory Deferral Accounts	1 January 2016
MFRS 15 Revenue from Contracts with Customers	1 January 2018
MFRS 9 Financial Instruments	1 January 2018

The directors expect that the adoption of the above standards and interpretations will have no material impact on the financial statements in the period of initial application except as discussed below:

MFRS 15 Revenue from Contracts with Customers

MFRS 15 establishes a new five-step models that will apply to revenue arising from contracts with customers. MFRS 15 will supersede the current revenue recognition guidance including MFR 118 Revenue, MFRS 111 Construction Contracts and the related interpretations when it becomes effective.

The core principle of MFRS 15 is that an entity should recognise revenue which depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Under MFRS 15, an entity recognises revenue when (or as) a performance obligation is satisfied, such as when "control" of the goods or services underlying the particular performance obligation is transferred to the customer.

Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017 with early adoption permitted. The Company is in the midst of assessing the impact of MFRS 15 and plans to adopt the new standard on the required effective date.

MFRS 9 Financial Instruments

In November 2014, MASB issued the final version of MFRS 9 Financial Instruments which reflects all phases of the financial instruments project and replaces MFRS 139 Financial Instruments: Recognition and Measurement and all previous versions of MFRS 9. The standard introduces new requirements for classification and measurement, impairment and hedge accounting. MFRS 9 is effective for annual periods beginning on or after 1 January 2018, with early application permitted. Retrospective application is required, but comparative information is not compulsory. The Company is currently assessing the impact of MFRS 9 and plans to adopt the new standard on the required effective date.

2.4 Foreign currency

(a) Functional and presentation currency

The financial statements of the Company is measured using the currency of the primary economic environment in which the entity operates ("the functional currency"). The financial statements are presented in Ringgit Malaysia ("RM"), which is also the Company's functional currency.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the functional currency of the Company and are recorded on initial recognition in the functional currency at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the reporting date. Non-monetary items denominated in foreign currencies that are measured at historical cost are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items denominated in foreign currencies measured at fair value are translated using the exchange rates at the date when the fair value was determined.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the reporting date are recognised in profit or loss.

Exchange differences arising on the translation of non-monetary items carried at fair value are included in profit and loss for the period except for the differences arising on the translation of non-monetary items in respect of which gains and losses are recognised in other comprehensive income. Exchange differences arising from such non-monetary items are also recognised in other comprehensive income.

2.5 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably.

Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Company recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in profit or loss as incurred.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

	%
Furniture and fittings	25
Office equipment	50
Motor vehicles	25
Computers	50

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual values, useful lives and depreciation method are reviewed at each financial year end, and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in the profit or loss in the year the asset is derecognised.

2.6 Impairment of non-financial assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, the Company makes an estimate of the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows (cash-generating units ("CGU")).

In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount. Impairment losses recognised in respect of a CGU or groups of CGUs are allocated first to reduce the carrying amount of the assets in the unit or groups of units on a pro-rate basis. Impairment losses are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the assets recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.7 Financial assets

Initial recognition and measurement

Financial assets are classified, at initial recognition, as financial assets at fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial investments, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial assets are recognised initially at fair value plus, in the case of financial assets not recorded at fair value through profit or loss, transaction costs that are attributable to the acquisition of the financial asset.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the market place (regular way trades) are recognised on the trade date, the date that the Company commits to purchase or sell the asset.

Subsequent measurement

For purposes of subsequent measurement, financial assets are classified into four categories:

- Financial assets at fair value through profit or loss
- Loans and receivables
- Held-to-maturity investments
- Available-for-sale financial investments

(a) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading and financial assets designated upon initial recognition at fair value through profit or loss. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. Derivatives, including separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments as defined by MFRS 139. Financial assets at fair value through profit or loss are carried in the statement of financial position at fair value with net changes in fair value presented as finance costs (negative net changes in fair value) or finance income (positive net changes in fair value) in the statement of profit or loss. The Company has not designated any financial assets at fair value through profit or loss during the financial periods ended 31 March 2016 and 31 March 2015.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not held for trading or designated at fair value though profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Re-assessment only occurs if there is either a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required or a reclassification of a financial asset out of the fair value through profit or loss.

(b) Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. After initial measurement, such financial assets are subsequently measured at amortised cost using the effective interest rate (“EIR”) method, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs for loans and as cost of sales or other operating expenses for receivables.

(c) Held-to-maturity investments

Non-derivative financial assets with fixed or determinable payments and fixed maturities are classified as held to maturity when the Company has the positive intention and ability to hold them to maturity. After initial measurement, held to maturity investments are measured at amortised cost using the EIR, less impairment. Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as interest income. The losses arising from impairment are recognised in profit or loss as finance costs. The Company does not have any held-to-maturity investments during the financial period ended 31 March 2016 and 31 March 2015.

(d) Available-for-sale (“AFS”) financial investments

AFS financial investments include equity investments and debt securities. Equity investments classified as AFS are those that are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those that are intended to be held for an indefinite period of time and that may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial measurement, AFS financial investments are subsequently measured at fair value with unrealised gains or losses recognised in other comprehensive income (“OCI”) and credited in the AFS reserve until the investment is derecognised, at which time the cumulative gain or loss is recognised in other operating income, or the investment is determined to be impaired, when the cumulative loss is reclassified from the AFS reserve to profit or loss as finance costs. Interest earned whilst holding AFS financial investments is reported as interest income using the EIR method.

Investments in equity investments whose fair values cannot be reliably measured are recognised at cost less impairment loss.

The Company evaluates whether the ability and intention to sell its AFS financial assets in the near term is still appropriate. When, in rare circumstances, the Company is unable to trade these financial assets due to inactive markets, the Company may elect to reclassify these financial assets if the management has the ability and intention to hold the assets for foreseeable future or until maturity.

For a financial asset reclassified from the AFS category, the fair value carrying amount at the date of reclassification becomes its new amortised cost and any previous gain or loss on the asset that has been recognised in equity is amortised to profit or loss over the remaining life of the investment using the EIR. Any difference between the new amortised cost and the maturity amount is also amortised over the remaining life of the asset using the EIR. If the asset is subsequently determined to be impaired, then the amount recorded in equity is reclassified to profit or loss. The Company does not have any AFS financial investments during the financial periods ended 31 March 2016 and 31 March 2015.

Derecognition

A financial asset (or, where applicable, a part of a financial asset or part of a group of similar financial assets) is primarily derecognised (such as removed from the Company’s statement of financial position) when:

- The rights to receive cash flows from the asset have expired, or
- The Company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a ‘pass-through’ arrangement; and either (a) the Company has transferred substantially all the risks and rewards of the asset, or (b) the Company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

When the Company has transferred its rights to receive cash flows from an asset or has entered into a pass-through arrangement, it evaluates if and to what extent it has retained the risks and rewards of ownership. When it has neither transferred nor retained substantially all of the risks and rewards of the asset, nor transferred control of the asset, the asset is recognised to the extent of the Company’s continuing involvement in the asset. In that case, the Company also recognises an associated liability. The transferred asset and the associated liability are measured on a basis that reflects the rights and obligations that the Company has retained.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

Continuing involvement that takes the form of a guarantee over the transferred asset is measured at the lower of the original carrying amount of the asset and the maximum amount of consideration that the Company could be required to repay.

2.8 Impairment of financial assets

The Company assesses, at each reporting date, whether there is objective evidence that a financial asset or a group of financial assets is impaired. An impairment exists if one or more events that has occurred since the initial recognition of the asset (an incurred 'loss event'), has an impact on the estimated future cash flows of the financial asset or the group of financial assets that can be reliably estimated. Evidence of impairment may include indications that the debtors or a group of debtors is experiencing significant financial difficulty, default or delinquency in interest or principal payments, the probability that they will enter bankruptcy or other financial reorganisation and observable data indicating that there is a measurable decrease in the estimated future cash flows, such as changes in arrears or economic conditions that correlate with defaults.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Company first assesses whether impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Company determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial assets with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be, recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows (excluding future expected credit losses that have not yet been incurred). The present value of the estimated future cash flows is discounted at the financial asset's original EIR. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current EIR.

The carrying amount of the asset is reduced through the use of an allowance account and the loss is recognised in profit or loss. Interest income continues to be accrued on the reduced carrying amount and is accrued using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. Loans together with the associated allowance are written off when there is no realistic prospect of future recovery and all collateral has been realised or has been transferred to the Company. If, in a subsequent year, the amount of the estimated impairment loss increases or decreases because of an event occurring after the impairment was recognised, the previously recognised impairment loss is increased or reduced by adjusting the allowance account. If a write-off is later recovered, the recovery is credited to finance costs in profit or loss.

(b) AFS financial investments

For AFS financial investments, the Company assesses at each reporting date whether there is objective evidence that an investment or a group of investments is impaired.

In the case of equity investments classified as AFS, objective evidence would include a significant or prolonged decline in the fair value of the investment below its cost. 'Significant' is evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost. When there is evidence of impairment, the cumulative loss – measured as the difference between the acquisition cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss – is removed from OCI and recognised in profit or loss. Impairment losses on equity investments are not reversed through profit or loss; increases in their fair value after impairment are recognised in OCI.

In the case of debt instruments classified as AFS, the impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss.

Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. If, in a subsequent year, the fair value of a debt instrument increases and the increase can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed through profit or loss.

2.9 Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and on hand and deposits that are readily convertible to known amount of cash and which are subject to an insignificant risk of changes in value, with a maturity of three months or less.

2.10 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of economic resources will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at each reporting date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of the time value of money is material, provisions are discounted using a current pre tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

2.11 Financial liabilities

Initial recognition and measurement

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate.

All financial liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs.

The Company's financial liabilities include trade and other payables, hire purchase payable and amount due to related companies.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

(a) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition at fair value through profit or loss.

Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Company that are not designated as hedging instruments in hedge relationships as defined by MFRS 139. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Gains or losses on liabilities held for trading are recognised in profit or loss.

Financial liabilities designated upon initial recognition at fair value through profit or loss are designated at the initial date of recognition, and only if the criteria in MFRS 139 are satisfied. The Company has not designated any financial liability as at fair value through profit or loss during the years ended 31 March 2016 and 31 March 2015.

(b) Other financial liabilities

Trade and other payables are recognised initially at fair value plus directly attributable transaction costs and subsequently measured at amortised cost using the EIR method.

Loans and borrowings are recognised initially at fair value, net of transaction costs incurred, and subsequently measured at amortised cost using the EIR method.

Gains and losses are recognised in profit or loss when the liabilities are derecognised as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included in profit or loss as finance costs.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled, or expired. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss.

Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is reported in the statement of financial position if there is a currently enforceable legal right to offset the recognised amounts and there is an intention to settle on a net basis, to realise the assets and settle the liabilities simultaneously.

2.12 Financial guarantee contracts

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantee contracts are recognised initially as a liability at fair value, net of transaction costs. Subsequent to initial recognition, financial guarantee contracts are recognised as income in profit or loss over the period of the guarantee. If the debtor fails to make payment relating to financial guarantee contract when it is due and the Company, as the issuer, is required to reimburse the holder for the associated loss, the liability is measured at the higher of the best estimate of the expenditure required to settle the present obligation at the reporting date and the amount initially recognised less cumulative amortisation.

2.13 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

All other borrowing costs are recognised in profit or loss in the period they are incurred. Borrowing costs consist of interest and other costs that the Company incurred in connection with the borrowing of funds.

2.14 Employee benefits

Defined contribution plans

The Company participates in the national pension schemes as defined by the laws of the countries in which it has operations. The Company make contributions to the Employees Provident Fund ("EPF") in Malaysia, a defined contribution pension scheme. Contributions to defined contributions pension schemes are recognised as an expense in the period in which the related service is performed.

2.15 Leases

As lessee

Finance leases, which transfer to the Company substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Leased assets are depreciated over the estimated useful life of the asset. However, if there is no reasonable certainty that the Company will obtain ownership by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life and the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.16 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable.

(a) Revenue from data mining services

Revenue is recognised upon delivering or rendering of service to the customers.

(b) Interest income

Interest income is recognised on an accrual basis.

2.17 Income tax

(i) Current tax

Current tax assets and liabilities are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the reporting date.

Current taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity.

(ii) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and the carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

The carrying amount of deferred tax assets is reviewed at each reporting date and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each reporting date and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be utilised.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realised or the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the reporting date.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Deferred tax assets and deferred tax liabilities are offset, if a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred taxes relate to the same taxable entity and the same taxation authority.

(c) Goods and Services Tax ("GST")

On and after 1 April 2015, revenues, expenses and assets are recognised net of the amount of GST except:

- when the GST incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the GST is recognised as part of the cost of acquisition of the asset or part of the expense item, as applicable; and
- when receivables and payables that are stated with the amount of GST included.

The net amount of GST recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

2.18 Share capital and share issuance expenses

An equity instrument is any contract that evidences a residual interest in the assets of the Company after deducting all of its liabilities. Ordinary shares are equity instruments.

Ordinary shares are recorded at the proceeds received, net of directly attributable incremental transaction costs. Ordinary shares are classified as equity. Dividends on ordinary shares are recognised in equity in the period in which they are declared.

2.19 Current versus non-current classification

The Company presents assets and liabilities in the statement of financial position based on current/non-current classification. An asset is classified as current when it is:

(i) expected to be realised or intended to be sold or consumed in normal operating cycle;

(ii) held primarily for the purpose of trading;

(iii) expected to be realised within twelve months after the reporting period; or

(iv) cash or cash equivalent unless restricted from being exchanged or used to settle a liability for at least twelve months after the reporting period.

All other assets are classified as non-current.

A liability is classified as current when:

(i) it is expected to be settled in the normal operating cycle;

(ii) it is held primarily for the purpose of trading;

(iii) it is due to be settled within twelve months after the reporting period; or

(iv) there is no unconditional right to defer the settlement of the liability for at least twelve months after the reporting period.

The Company classifies all other liabilities as non-current.

Deferred tax assets and liabilities are classified as non-current assets and liabilities.

2.20 Contingencies

A contingent liability or asset is a possible obligation or asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of uncertain future event(s) not wholly within the control of the Company.

Contingent liabilities and assets are not recognised in the statements of financial position of the Company.

2.21 Fair value measurement

The Company measures financial instruments, such as, derivatives, at fair value at each reporting date.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The fair value measurement is based on the presumption that the transaction to sell the asset or transfer the liability takes place either:

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

- in the principal market for the asset or liability; or
- in the absence of a principal market, i n the most advantageous market for the asset or liability.

The principal or the most advantageous market must be accessible to by the Company.

The fair value of an asset or a liability is measured using the assumptions that market participants would use when pricing the asset or liability, assuming that market participants act in their economic best interest.

A fair value measurement of a non-financial asset takes into account a market participant's ability to generate economic benefits by using the asset in its highest and best use or by selling it to another market participant that would use the asset in its highest and best use.

The Company uses valuation techniques that are appropriate in the circumstances and for which sufficient data are available to measure fair value, maximising the use of relevant observable inputs and minimising the use of unobservable inputs.

All assets and liabilities for which fair value is measured or disclosed in the financial statements are categorised within the fair value hierarchy, described as follows, based on the lowest level input that is significant to the fair value measurement as a whole:

(i) Level 1 : Quoted (unadjusted) market prices in active markets for identical assets or liabilities

(ii) Level 2 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is directly or indirectly observable

(iii) Level 3 : Valuation techniques for which the lowest level input that is significant to the fair value measurement is unobservable

For assets and liabilities that are recognised in the financial statements on a recurring basis, the Company determines whether transfers have occurred between levels in the hierarchy by re-assessing categorisation (based on the lowest level input that is significant to the fair value measurement as a whole) at the end of each reporting period.

For the purpose of fair value disclosures, the Company has determined classes of assets and liabilities on the basis of the nature, characteristics and risks of the asset or liability and the level of the fair value hierarchy as explained above.

3. Significant accounting judgements and estimates

There are no significant accounting judgements and estimates made by management in the process of applying the Company's accounting policies that have a significant effect on the amounts recognised in the financial statements.

4. Revenue and cost of sales

Revenue consists of data mining services rendered.

Cost of sales represents costs incurred in relation to the above services.

5. Other income

	01.04.2015 to 31.03.2016	*01.01.2014 to 31.03.2015*
	RM	*RM*
Fixed deposit interest	**3,301**	*3,790*
Reimbursement of expenses from holding company	**168,622**	*150,435*
Realised foreign exchange gain	**37,278**	*2,824*
	209,201	*157,049*

6. Finance costs

	01.04.2015 to 31.03.2016	*01.01.2014 to 31.03.2015*
	RM	*RM*
Interest expense:		
Hire purchase	**2,381**	*2,975*

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

7. Loss before tax

	01.04.2015 to 31.03.2016 RM	*01.01.2014 to 31.03.2015 RM*
The following amounts have been included in arriving at loss before tax:		
Auditors' remuneration	**16,700**	*12,000*
Rent of premises	**43,900**	*54,000*
Depreciation of plant and equipment (Note 9)	**41,579**	*76,901*
Director's fee paid to director	**12,000**	*14,000*
Staff costs (Note (a))	**68,132**	*91,932*
Unrealised foreign exchange loss	**120,828**	–

(a) Staff cost

	01.04.2015 to 31.03.2016 RM	*01.01.2014 to 31.03.2015 RM*
Salaries and allowances	**59,529**	*76,160*
EPF and social security	**8,603**	*15,772*
	68,132	*91,932*

8. Income tax credit

There is no tax charge for the year as the Company is in a tax loss position.

Current income tax is calculated at the statutory tax rate of 24% (2015: 25%) of the estimated assessable loss for the year.

The reconciliation between tax expense and the product of accounting loss multiplied by the applicable corporate tax rate for the period ended 31 March 2016 and 31 March 2015 is as follows:

	01.04.2015 to 31.03.2016 RM	*01.01.2014 to 31.03.2015 RM*
Loss before tax	**(432,282)**	*(211,550)*
Taxation at statutory tax rate of 24% (2014: 25%)	**(103,748)**	*(52,888)*
Expenses not deductible for tax purposes	**(9,069)**	*21,573*
Deferred tax assets not recognised	**112,817**	*31,315*
Income tax for the year	**–**	–

Deferred tax assets have not been recognised in respect of the following items:

	01.04.2015 to 31.03.2016 RM	*01.01.2014 to 31.03.2015 RM*
Unabsorbed capital allowances	**261,274**	*237,755*
Unutilised tax losses	**909,057**	*480,565*
Other deductive temporary differences	**23,434**	*5,374*
	1,193,765	*723,694*

Deferred tax assets have not been recognised in respect of these items as the Company has a history of losses.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

9. Plant and equipment

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computers RM	Total RM
Cost					
At 1 April 2015 / 31 March 2016	112,050	41,099	108,448	62,095	323,692
Accumulated depreciation					
At 1 April 2015	49,035	14,446	108,448	58,306	230,235
Depreciation charge for the year (Note 7)	30,680	9,628	–	1,271	41,579
At 31 March 2016	79,715	24,074	108,448	59,577	271,814
Net carrying amount					
At 31 March 2016	32,335	17,025	–	2,518	51,878

	Furniture and fittings RM	Office equipment RM	Motor vehicles RM	Computers RM	Total RM
Cost					
At 1 January 2014	112,050	22,683	108,448	62,095	305,276
Additions	–	18,416	–	–	18,416
At 31 March 2015	112,050	41,099	108,448	62,095	323,692
Accumulated depreciation					
At 1 January 2014	14,010	3,027	108,448	27,849	153,334
Depreciation charge for the year (Note 7)	35,025	11,419	–	30,457	76,901
At 31 March 2015	49,035	14,446	108,448	58,306	230,235
Net carrying amount					
At 31 March 2015	63,015	26,653	–	3,789	93,457

10. Trade and other receivables

	2016 **RM**	*2015* *RM*
Trade receivable		
Third parties	**126,489**	*147,592*
Other receivables		
Amounts due from related companies	**2,497,191**	*2,261,517*
Deposits	**44,723**	*167,312*
	2,541,914	*2,428,829*
Total trade and other receivables	**2,668,403**	*2,576,421*
Add: Cash and cash equivalents (Note 11)	**363,036**	*577,846*
Total loans and receivables	**3,031,439**	*3,154,267*

The trade receivables are non-interest bearing and credit terms are generally 30 days (2015: 30 days).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

Other receivables and deposits are from normal business transactions of the Company.

Ageing analysis of trade receivable

The ageing analysis of the Company's trade receivable is as follows:

	2016	*2015*
	RM	*RM*
Neither past due nor impaired	**126,489**	*147,592*

Receivables that are neither past due nor impaired

Trade receivables that are neither past due nor impaired are creditworthy debtors with good payment records with the Company.

None of the Company's trade receivables that are neither past due nor impaired have been renegotiated during the financial period.

11. Cash and cash equivalents

	2016	*2015*
	RM	*RM*
Cash and bank balances	**254,486**	*472,596*
Fixed deposits with a licensed bank	**108,550**	*105,250*
	363,036	*577,846*

Fixed deposits carry interest at the average rate of 3.14% (2015: 3.10%) per annum and have a maturity period of three month.

12. Trade and other payables

	2016	*2015*
	RM	*RM*
Current		
Trade payables		
Retention sum	**688,417**	*688,417*
Other payables		
Amount due to related companies	**2,241,552**	*1,826,628*
Accruals	**276,204**	*378,436*
	2,517,756	*2,207,593*
Total trade and other payables	**3,206,173**	*2,896,010*
Add: Hire purchase liabilities	**1,174**	*15,462*
Total other financial liabilities	**3,207,347**	*2,911,472*

All other payables, deposits and accruals are from the normal business transactions of the Company.

Amount due to related companies are unsecured, non-interest bearing and are payable on demand.

13. Hire purchase liabilities

	2016	*2015*
	RM	*RM*
Minimum lease payments		
- not later than one year	**1,373**	*16,668*
- later than one year and not later than two years	**–**	*1,373*
	1,373	*18,041*
Less: Future finance charges	**(199)**	*(2,579)*
Present value of finance lease liabilities	**1,174**	*15,462*

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

	2016 RM	*2015 RM*
Present value of finance lease liabilities		
- not later than one year	**1,174**	*1,174*
- later than one year and not later than two years	**–**	*14,288*
	1,174	*15,462*
Analysed as:		
Due within 12 months	**1,174**	*14,288*
Due after 12 months	**–**	*1,174*
	1,174	*15,462*

The fixed interest rate of the hire purchase liabilities are 2.38% (2015: 2.38%) per annum.

14. Share capital

	Number of ordinary share of RM1 each		Amount	
	2016	*2015*	**2016 RM**	*2015 RM*
Authorised:				
At beginning/end of year	**750,000**	*750,000*	**750,000**	*750,000*
Issued and fully paid:				
At beginning/end of year	**750,000**	*750,000*	**750,000**	*750,000*

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. All ordinary shares carry one vote per share without restrictions and rank equally with regard to the Company's residual assets.

15. Financial instruments

The Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include credit risk, liquidity risk and interest rate risk.

The Board of Directors reviews and agrees policies and procedures for the management of these risks.

It is, and has been throughout the current and previous financial year, the Company's policy that no derivatives shall be undertaken. The Company do not apply hedge accounting.

The following sections provide details regarding the Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

(a) Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting financial obligations due to shortage of funds. The Company's exposure to liquidity risk arises primarily from mismatches of the maturities of financial assets and liabilities. The Company's objective is to maintain a balance between continuity of funding and flexibility through the use of stand-by credit facilities.

The Company manages liquidity risk by maintaining sufficient cash. In addition, the Company maintains bank facilities such as working capital lines deemed adequate by the management to ensure it will have sufficient liquidity to meet its liabilities when they fall due.

Analysis of financial instruments by remaining contractual maturities

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

The table below summarises the maturity profile of the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	On demand or within one year	**One to five years**	**Total**
	RM'000	**RM'000**	**RM'000**
As at 31 March 2016			
Financial liabilities:			
Trade and other payables	**3,206,173**	**–**	**3,206,173**
Loans and borrowings	**1,373**	**–**	**1,373**
	3,207,546	**–**	**3,207,546**
As at 31 March 2015			
Financial liabilities:			
Trade and other payables	*2,896,010*	–	*2,896,010*
Loans and borrowings	*16,668*	*1,373*	*18,041*
	2,912,678	*1,373*	*2,914,051*

(b) Credit risk

Credit risks, or the risk of counterparties defaulting, are controlled by the application of credit approvals, limits and monitoring procedures. Credit risks are minimised and monitored via strictly limiting the Company's associations to business partners with high creditworthiness. Trade receivables are monitored on an ongoing basis.

At the statement of financial position date, there were no significant concentration of credit risk. The maximum exposure to credit risk is represented by the carrying amount of each financial asset.

Exposure to credit risk

At the reporting date, the Company's maximum exposure to credit risk is primarily attributable to deposits and advances to related company. In addition, receivable balances are monitored on an ongoing basis and the Company's exposure to bad debts is not significant.

Credit risk concentration profile

At the reporting date, approximately 19% (2015: 30%) of the Company's trade and other receivables were due from one (1) major intercompany who is located in India.

Financial assets that are neither past due nor impaired

Information regarding receivables that are neither past due nor impaired is disclosed in Note 10.

(c) Interest rate risk

Cash flow interest rate risk is the risk that the future cash flows of a financial instrument will fluctuate because of changes in market interest rates. Fair value interest rate risk is the risk that the value of a financial instrument will fluctuate due to changes in market interest rates.

The Company does not have any fixed rate instruments at fair value through profit or loss. Therefore, a change in interest risk at reporting date would not affect the profit or loss.

(d) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Company has transactional currency exposures arising from sales or purchases that are denominated in a currency other than the functional currency of the Company, which is Ringgit Malaysia ("RM"). Than foreign currencies in which these transactions are denominated in are United States Dollars (USD).

The following table demonstrates the sensitivity of the Company's loss net of tax to a reasonably possible change in the USD exchange rates against the functional currency of the Company, with all other variables held constant.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL PERIOD ENDED MARCH 31, 2016 (CONTD.)

Sensitivity analysis for foreign currency risk

	Company Effect on loss for the year/period	
	At 31.03.2016	*At 31.03.2015*
	RM	*RM*
USD/RM - strengthened 1%	**(852)**	–
USD/RM - weakened 1%	**852**	–

16. Fair value of financial instruments

A. Determination of fair value

Financial instruments of the Company comprise trade and other receivables and payables, amounts due from and (to) related companies, whose are not carried at fair value. The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values due to their short-term nature or that they are fixed rate instruments that are at market interest rates.

17. Comparatives

These financial statements covered the financial period of 12 months (2015:15 months). Consequently, the comparative amounts for the statement of comprehensive income, statement of changes in equity, statement of cash flows and the related notes to the financial statements are not comparable.

BOARD REPORT (SECTION 134)

Dear Members,

The Directors have pleasure in presenting their 55th Annual report and Audited Accounts for the year ended 31st March, 2017.

1. FINANCIAL RESULTS/FINANCIAL HIGHLIGHTS

Particulars	**2016-17 (₹ in lakhs)**	*2015-16 (₹ in lakhs)*
Profit Before Depreciation, exceptional and extra ordinary items & Tax	**20751.18**	*22548.27*
Less: Depreciation, amortization and obsolescence	**2003.46**	*1593.82*
Add: Transfer from Revaluation Reserve	–	–
Profit before exceptional and extraordinary items and tax	**18747.72**	*20954.45*
Add: Exceptional Items	–	–
Profit before extraordinary items and tax	**18747.72**	*20954.45*
Add: Extraordinary items	–	–
Profit / (Loss) before tax	**18747.72**	*20954.45*
Less: Provision for tax	**6693.83**	*7117.36*
Profit after tax from continuing operations	**12053.89**	*13837.09*
Profit from discontinued operations	–	–
Total expenses on discontinued operations	–	–
Profit from discontinued operations (after tax)	–	–
Profit for the period carried to the balance sheet	**12053.89**	*13837.09*
Add: Other Comprehensive Income	**(18.92)**	*(133.34)*
Add: Balance brought forward from previous year	**31862.19**	*18158.44*
Less: Depreciation charge against Retained earnings net of deferred tax	–	–
Less: Dividend paid for the previous year (Including dividend distribution tax)	–	–
Balance available for disposal (which directors appropriate as follows)	**43897.16**	*31862.19*
Debenture Redemption Reserve	–	–
Dividend	**2700.00**	–
Dividend Tax	**549.65**	–
General Reserve	–	–
Balance carried to Balance Sheet	**40647.51**	*31862.19*
Proposed Dividend	–	–

Capital & Finance

The company has drawn down long term foreign currency loans in EUR 10,70,000 equivalent to approximately ₹ 742.30 Lakhs.

Capital Expenditure

As at March 31, 2017 the gross fixed and intangible assets including leased assets, stood at ₹ 20,893.88 lakhs and the net fixed and intangible assets, including leased assets, at ₹ 17,798.17 lakhs. Capital Expenditure incurred during the year amounted to ₹ 8,250.06 lakhs

Merger of Coimbatore Undertaking

During the year, with an aim to create value by acquiring additional facilities and to increase the available resources and assets to enhance and grow the business, the Company has acquired Coimbatore undertaking (as defined under the Scheme of Demerger) as a going concern with effect from April 1, 2016(being the appointed date), under a scheme of arrangement between the Company and Larsen & Toubro Limited. This transaction was approved in the Board of Directors meeting held on 3rd November 2016 and approved by the members in their meeting held on 10th March 2017 and order from the National Company Law Tribunal was received on 20th April 2017.

Demerger of Manapakkam Undertaking

During the year, with an aim to deleverage its balance sheet and create value to the shareholders, the Company has demerged its Manapakkam undertaking (as defined under the Scheme of Demerger) as a going concern with effect from November 1, 2016(being the appointed date), under a scheme of arrangement between the Company and L&T Electricals & Automation Limited. This transaction was approved in the Board of Directors meeting held on 3rd November 2016 and approved by the members in their meeting held on 18th March 2017 and order from the National Company Law Tribunal was received on 27th April 2017.

2. PARTICULARS OF CONTRACTS OR ARRANGEMENTS WITH RELATED PARTIES

The Audit Committee and the Board of Directors have approved the Related Party Transactions Policy.

All the related party transactions were in the ordinary course of business and at arm's length.

3. **STATE OF COMPANY AFFAIRS**

The gross sales and other income for the financial year under review were ₹ 1,50,673.77 lakhs as against ₹1,56,585.56 lakhs for the previous financial year registering an decrease of 3.77%. The profit before tax from continuing operations including extraordinary and exceptional items was ₹18,747.72 lakhs and the profit after tax from continuing operations including extraordinary and exceptional items of ₹12,053.89 lakhs for the financial year under review as against ₹20,954.45 lakhs and ₹13,837.09 lakhs respectively for the previous financial year, registering a decrease of 10.52 % in PBT and 12.89% decrease in PAT.

4. **CONSERVATION OF ENERGY, TECHNOLOGY ABSORPTION, FOREIGN EXCHANGE EARNINGS AND OUTGO**

The details are provided in the Annexure A to this Board Report

5. **RISK MANAGEMENT POLICY**

The Company has formulated a risk management policy and has in place a mechanism to inform the Board Members about risk assessment and minimization procedures and periodical review to ensure that executive management controls risk by means of a properly designed framework.

6. **CORPORATE SOCIAL RESPONSIBILITY**

The disclosures required to be given under Section 135 of the Companies Act, 2013 read with Rule 8(1) of the Companies (Corporate Social Responsibility Policy) Rules, 2014 are given in Annexure B to the Board report.

7. **DETAILS OF DIRECTORS AND KEY MANAGERIAL PERSONNEL APPOINTED/RESIGNED DURING THE YEAR**

Mr. N K Ranganath and Ms. Siva Kameswari Vissa were appointed as the independent Directors during the year and Mr. B Ramakrishnan had resigned during the year.

The current directors in the Board are Mr. Pathik Rajmalbhai Kothari, Mr S. R. Subramanian, Mr N. V. Venkatasubramanian, Mr. N K Ranganath and Ms. Siva Kameswari Vissa.

Mr. N. V. Venkata subramanian is the Chief Executive and Manager of the company and Mr. S. Vaidyanathan is the Chief Financial Officer and Company Secretary of the company.

8. **NUMBER OF MEETINGS OF THE BOARD OF DIRECTORS**

The Meetings of the Board are held at regular intervals with a time gap of not more than 120 days between two consecutive Meetings. Additional Meetings of the Board of Directors are held when necessary. During the year under review Six meetings were held on 18th April 2016, 11th July 2016, 21st September 2016, 13th October 2016, 03rd November 2016, and 23rd January 2017.

The Agenda of the Meeting is circulated to the Directors in advance. Minutes of the Meetings of the Board of Directors are circulated amongst the Members of the Board for their perusal.

9. **AUDIT COMMITTEE**

The Company has constituted an Audit Committee in terms of the requirements of the Companies Act, 2013.

The Committee comprises of two Independent Directors&one Non-Executive Director. The terms of reference of the Audit Committee are in line with the provisions of the Companies Act, 2013.

The current members of the Audit Committee are, Ms. Siva Kameswari Vissa, Mr. N K Ranganath, and Mr. S R Subramanian.

During the year under review, five meetings were held on 18th April 2016, 11th July 2016, 13th October 2016, 03rd November 2016 and 23rd January 2017.

The Company has voluntarily established a vigil mechanism framework for directors and employees to report genuine concerns. This mechanism is in line with the requirements of the Companies Act, 2013

The Whistle Blower Policy of the Company meets the requirement of the Vigil Mechanism framework under the Companies Act, 2013.

10. **COMPANY POLICY ON DIRECTOR APPOINTMENT AND REMUNERATION**

The Company has constituted the Nomination and Remuneration Committee in accordance with the requirements of the Companies Act, 2013 read with the rules made there under.

The Committee has formulated a policy on director's appointment and remuneration including recommendation of remuneration of the key managerial personnel and other employees and the criteria for determining qualifications, positive attributes and independence of a Director.

The Committee comprises of two Independent Directors & two Non-Executive Directors. The terms of reference of the Nomination and Remuneration Committee are in line with the provisions of the Companies Act, 2013

The current members of the Nomination & Remuneration Committee are Mr. S R Subramanian, Mr. Pathik Rajmalbhai Kothari ,Ms. SivaKameswari Vissa, and Mr. N K Ranganath.

During the year under review one meeting was held on 21st September 2016.

11. **ADEQUACY OF INTERNAL FINANCIAL CONTROLS**

The Company has designed and implemented a process driven framework for Internal Financial Controls ('IFC') within the meaning of the explanation to Section 134(5)(e) of the Companies Act, 2013. For the year ended March 31, 2017, the Board is of the opinion that the Company has sound IFC commensurate with the nature and size of its business operations and operating effectively and no material weaknesses exist. The Company has a process in place to continuously monitor the same and identify gaps, if any, and implement new and / or improved controls wherever the effect of such gaps would have a material effect on the Company's operations.

12. DIRECTORS RESPONSIBILITY STATEMENT

The Board of Directors of the Company confirms:

a) In the preparation of Annual Accounts, the applicable accounting standards have been followed along with proper explanation relating to material departures;

b) The Directors have selected such accounting policies and applied them consistently and made judgments and estimates that are reasonable and prudent so as to give a true and fair view of the state of affairs of the Company at the end of the financial year and of the profit of the Company for that period;

c) The Directors have taken proper and sufficient care for the maintenance of adequate accounting records in accordance with the provisions of this Act for safeguarding the assets of the Company and for preventing and detecting fraud and other irregularities;

d) The Directors have prepared the Annual Accounts on a going concern basis;

e) The Directors have laid down an adequate system of internal financial control with respect to reporting on financial statements and the said system is operating effectively; and

f) The Directors have devised proper systems to ensure compliance with the provisions of all applicable laws and that such systems were adequate and were operating effectively.

13. SECRETARIAL AUDIT REPORT

The Secretarial Audit Report issued by M/s. Alwyn Jay & co, Practicing Company Secretaries is attached as Annexure 'C' to this Annual Report.

14. COMPLIANCE WITH SECRETARIAL STANDARDS ON BOARD AND ANNUAL GENERAL MEETINGS

The Company has complied with Secretarial Standards issued by the Institute of Company Secretaries of India on Board Meetings and Annual General Meetings.

15. PROTECTION OF WOMEN AT WORKPLACE

The parent company Larsen & Toubro Limited (L&T) has formulated a policy on 'Protection of Women's Rights at Workplace' which is applicable to all group companies. This has been widely disseminated. There were no cases of sexual harassment received in the Company during 2016-17.

16. AUDITORS

The Auditors, M/s. Sharp &Tannan (S&T), (firm registration no. 003792S) hold office until the conclusion of the ensuing Annual General Meeting (AGM). As per the provisions of the Companies Act, 2013, S&T have completed their statutory period as Auditors of the Company. In view of the mandatory rotation of auditor requirement, it is proposed to appoint M/s Sundaram& Srinivasan (firm registration no. 004207S) as Statutory Auditors for a period of 5 continuous years i.e. from the conclusion of 55th Annual General Meeting till the conclusion of 60th Annual General Meeting.

The Certificate from M/s Sundaram& Srinivasan has been received to the effect that they are eligible to act as auditors of the Company under Section 141 of the Companies Act, 2013. The Board recommends the appointment of M/s Sundaram& Srinivasan as Auditors of the Company from the conclusion of the 55th Annual General Meeting till the conclusion of 60th Annual General Meeting.

17. COST AUDITORS

Pursuant to the provisions of Section 148 of the Companies Act, 2013 and Rule 3 and 4 of the Companies (Cost Records and Audit) Amendment Rules, 2015 the Board of Directors had appointed Mr. K.Suryanarayanan Cost Accountants as Cost Auditors of the Company for audit of cost accounting records for the financial year ended March 31, 2017 at a remuneration of ₹1,80,000/-. The appointment has been approved by the Central Government.

The Report of the Cost Auditors for the financial year ended March 31, 2017 is under finalization and will be filed with the MCA within the prescribed period.

18. DETAILS OF SIGNIFICANT & MATERIAL ORDERS PASSED BY THE REGULATORS OR COURTS OR TRIBUNALS

During the year under review, there were no material and significant orders passed by the regulators or courts or tribunals impacting the going concern status and the Company's operations in future.

19. EXTRACT OF ANNUAL RETURN

As per the provisions of Section 92(3) of the Companies Act, 2013 an extract of the Annual Return is attached as Annexure D to this Report.

20. ACKNOWLEDGEMENT

Your Directors take this opportunity to thank the customers, supply chain partners, employees, Financial Institutions, Banks, Central and State Government authorities, Regulatory authorities and all the various stakeholders for their continued co-operation and support to the Company.

For and on behalf of the Board

Place : Chennai	**N. V. VENKATASUBRAMANIAN**	**S. R. SUBRAMANIAN**
Date : May 19*, 2017*	*Manager/Director*	*Director*
	DIN: 06900806	*DIN: 03278824*

ANNEXURE 'A' TO THE DIRECTORS' REPORT

INFORMATION UNDER CLAUSE(M) OF SUB-SECTION(3) OF SECTION 134 OF THE COMPANIES ACT 2013 READ WITH RULES 8(3) OF THE COMPANIES (ACCOUNTS) RULES, 2014 AND FORMING PART OF DIRECTORS' REPORT FOR THE YEAR ENDED MARCH 31, 2017

A. CONSERVATION OF ENERGY

(i) Steps taken or impact on conservation of energy:

- Replacing office lighting into LED`s and Shop floor high bay fitting conversion to LED lamps by replacing Sodium vapour and metal halide lamps.
- Replaced Energy efficient invertor Air conditioners in which 10-15 % energy savings are realised.
- To address Power quality improvement to save energy, detuned capacitor Automatic power factor controller was introduced in Substation.
- Installed VFD drive system on Air compressors & Interconnection of compressed air between all the Buildings to avoid running of all compressors.
- Installed Energy management system on LT panel to monitor area wide power consumption and wastages.
- Replacement of various Old pumps / motors to energy efficient pumps /motors on CNC machines and utility areas. To address the Power Harmonics which contributes to the improvement in power quality which in turn reduces Energy loses in the Power distribution network, we have invested ₹ 10 lakhs by way of installing Detuned Capacitor banks.

  DM water recirculation system introduced on two major Products.

(ii) Steps taken by the Company for utilizing alternate sources of energy

- Initiated Shifting of wind power in the place of State Electricity power.
- Installation of solar panel on Roof Top.

(iii) Capital investment on energy conservation equipments

- Implemented Energy Management Systems on LT Panel.
- Variable Frequency Drive installed on Air compressor.
- Replaced Light fittings with LED and CFL.
- New pumps and motors have been replaced.
- As per statutory requirement of TNEB, Detuned Capacitor banks have been installed to reduce the harmonics , electrical noise in the system.

B. TECHNOLOGY ABSORPTION

(i) Efforts made towards technology absorption

1. Development of high end valves for Oil & Gas, Power, Defence, Nuclear, Ship building, Space, etc.,
2. Research on Stem sealing, Gland packing & Gasket sealing arrangement to meet stringent national/international standards to limit Fugitive Emissions from Valves;
3. New concepts for metal sealing in valves, Development of valves with special surface coating like Hard facing, Inconel cladding, Tungsten carbide coating etc. to meet arduous service requirements;
4. Development of Control Valves, Development of Automation systems for valves;
5. Development of High Integrity Pressure Protection Systems (HIPPS); Structural and flow analysis of valves, seismic analysis, Training R&D engineers in CAE tools like Pro-Engineer/ Creo, ANSYS, Computational Fluid Dynamics and manufacturing methods & processes for development of special valves;
6. Collaborative efforts with educational institutions and research centers for technology upgradation, Active participation in national/ international and seminars to keep abreast on the recent trends in Valve technology;
   a. API 2015 Spring Refining & Equipment Standards Meeting (Seattle, USA - 13th & 14th Apr 2015
   b. International Thorium Energy Conference ThEC-15 (Mumbai – 13th Oct 2015)
   c. CII Valves Conference 2015 (New Delhi – 24th Nov 2015)
   d. Pumps Valves and Fittings (PVF) Gujarat Conference (Ahmedabad – 11th Feb 2016) etc.,
7. Sharing knowledge through Technical Meet etc.; Feasibility study and application of Radio Frequency Identification (RFID) technology for Valve traceability, Maintenance & Supply chain;
8. Emphasis on filing Patents on new developments and unique features introduced.
9. Product Configuration System followed for error free translation of customer needs to manufacturing system, Safety Integrity Level (SIL) Certification for valve – actuator assemblies to meet emerging stringent safety requirements in the Oil & Gas sector.

(ii Benefits derived like product improvement, cost reduction, product development or import substitution

1. Development of high end valves for Oil & Gas, Power, Defence and Nuclear sectors;
2. Development of valves meeting Fugitive emission standards to comply to stringent norms & protect environment;
3. Export promotion; Import substitution;
4. Development of high pressure & high temperature valves;
5. Customization and development of new types of valves to enhance business;
6. Cost reduction through re-design/improvements of valves using CAE tools to enhance Product performance

(iii) Information regarding technology imported during the last 3 years: NIL

(iv) Expenditure incurred on Research & Development: **₹ Lakhs**

Capital	12.26
Recurring	729.27
Total	**741.53**
Total R&D expenditure as a percentage of total turnover	0.49%

C. FOREIGN EXCHANGE EARNINGS AND OUTGO **₹ Lakhs**

	2016-17
Foreign Exchange earned	**1,00,051.19**
Foreign Exchange used	**18,622.83**

ANNEXURE 'B' TO THE DIRECTORS' REPORT

1. A brief outline of the Company's CSR policy, including overview of projects or programs proposed to be undertaken and a reference to the web-link to the CSR policy and projects or programs.

The Company's CSR Policy framework details the mechanisms for undertaking various programs in accordance with Section 135 of the Companies Act, 2013 (the Act) for the benefit of the community. The Company will primarily focus towards inclusive growth by empowering communities and accelerating development.

The thrust areas identified are

- Education/Literacy Enhancement-may include but not limited to education infrastructure support to educational institutions, educational programs & nurturing talent at various levels.
- Health care/ Medical Infrastructure – may include but not limited to community health centres, mobile medical vans, dialysis centres, general and specialized health camps and outreach programs, support to HIV/AIDS, Tuberculosis control programs.
- Skill Development / Empowerment – may include but not limited to vocational training such as skill building, computer training, women empowerment, support to ITIS, support to specially abled (infrastructure support & vocational training), Construction Skills Training Centres and providing employability skills to workmen and youth.
- Water & Sanitation – may include but not limited to program making clean drinking water available, conservation and purification of water or for improving conditions related to sanitation.

2. Composition of the CSR Committee.

The CSR Committee of the Board was constituted on 12th March 2014. It comprises of two independent directors, one non-executive director and one executive director. The Company Secretary acts as Secretary to the Committee.

The present Committee comprises of Mr. S.R.Subramanian, Mr N V Venkatasubramanian, Mr. N K Ranganath and Ms. Siva Kameswari Vissa as the Members & Mr. S.Vaidyanathan as the Secretary of the Committee.

The details of the various projects and programs to be undertaken by the Company as a part of its CSR framework are available on its website www.lntvalves.com.

The detail of the amount to be spent during the current financial year and the manner in which it was spent is given below:

a) Amount to be spent on CSR:

Particulars	**₹ lakhs**
Average Net Profit of the Company for the last three financial years	18405.55
Amount to be spent as CSR	368.11
Amount unspent	209.04

b) Manner in which amount spent during the financial year:

CSR project/ activity identified	**Sector in which the Project is covered**	**Projects/ Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken**	**Amount outlay (budget) project / program wise**	**Amount spent on the project / programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads**	**Cumulative spend upto the reporting period**	**Amount spent (Direct / implementing agency)**
Providing support to Single Teacher School	Education/ Literacy Enhancement	Kancheepuram	₹ 40 Lakhs	Direct Expenditure – ₹ 32 Lakhs	₹ 32 Lakhs	Direct
Adopting the Govt Schools		Kancheepuram	₹ 42 Lakhs	Direct Expenditure – ₹ 42 Lakhs	₹ 42 Lakhs	Direct

CSR project/ activity identified	**Sector in which the Project is covered**	**Projects/ Programs 1) Local area or other 2) specify the State and district where projects or Programs was undertaken**	**Amount outlay (budget) project / program wise**	**Amount spent on the project / programs Sub-heads: 1) Direct expenditure on projects or programs 2) Overheads**	**Cumulative spend upto the reporting period**	**Amount spent (Direct / implementing agency)**
Health Care / Medical Facility	Support to Primary Health Centre at Arisipalayam	Coimbatore	₹ 20 Lakhs	Direct Expenditure – ₹ 18 Lakhs	₹ 18 Lakhs	Direct
	Construction of Integrated Community Development Centre	Coimbatore	₹ 190 Lakhs	–	–	Direct
	Support Baskar Dental Foundation	Chennai	₹ 2 Lakhs	Direct Expenditure – ₹ 2 Lakhs	₹ 2 Lakhs	Direct
Drinking water/ Sanitation	Individual household latrines(IHHL) and water & sanitation project	Coimbatore	₹ 40 Lakhs	Direct Expenditure – ₹ 35 Lakhs	₹ 35 Lakhs	Direct
	Construction of Toilets in and around Kancheepuram to People below Poverty Line	Kancheepuram	₹ 36 Lakhs	Direct Expenditure – ₹ 32 Lakhs	₹ 32 Lakhs	Direct
		Total Spent	₹ 370 Lakhs		₹ 161 Lakhs	

Reasons for not spending entire CSR Budget amount:

Awaiting approval from Education Department for Health care /Medical Facility.

N. V. VENKATASUBRAMANIAN
Manager/Director
DIN: 06900806

S. R. SUBRAMANIAN
Chairman CSR Committee
DIN: 03278824

ANNEXURE 'C' TO THE DIRECTORS' REPORT

Form No. MR-3

SECRETARIAL AUDIT REPORT

FOR THE FINANCIAL YEAR ENDED 31ST MARCH, 2017

[Pursuant to section 204(1) of the Companies Act, 2013 and rule No.9 of the Companies (Appointment and Remuneration of Managerial Personnel) Rules, 2014]

To,
The Members,
L&T VALVES LIMITED

We have conducted the Secretarial Audit of the compliance of applicable statutory provisions and the adherence to good corporate practices by L&T Valves Limited (hereinafter called "the Company").

Secretarial Audit was conducted in a manner that provided us a reasonable basis for evaluating the corporate conduct, statutory compliances and expressing our opinion thereon.

Based on the verification of the Company's statutory registers, books, papers, minute books, forms and returns filed and other records maintained by the Company and the information provided by the Company, its officers, agents and authorized representatives during the conduct of secretarial audit, we hereby report that in our opinion, the Company has, during the audit period covering the financial year ended on **31st March, 2017** complied with the statutory provisions listed hereunder and also that the Company has followed proper Board-processes and have required compliance mechanism in place to the extent, in the manner and subject to the reporting made hereinafter:

We have examined the books, papers, minute books, forms and returns filed and other records maintained by the Company for the financial year ended on 31st March, 2017 according to the provisions of:

(i) The Companies Act, 2013 (the Act) and the rules made thereunder;

(ii) The Securities Contracts (Regulation) Act, 1956 ('SCRA') and the rules made thereunder - Not Applicable to the Company;

(iii) The Depositories Act, 1996 and the Regulations and Bye-laws framed thereunder;

(iv) Foreign Exchange Management Act, 1999 and the rules and regulations made thereunder to the extent of Foreign Direct Investment, Overseas Direct Investment and External Commercial Borrowings - **Not Applicable to the Company**;

(v) The following Regulations and Guidelines prescribed under the Securities and Exchange Board of India Act, 1992 ('SEBI Act'):-

   a) The Securities and Exchange Board of India (Substantial Acquisition of Shares and Takeovers) Regulations, 2011 - **Not Applicable to the Company**;

   b) The Securities and Exchange Board of India (Prohibition of Insider Trading) Regulations, 2015 - **Not Applicable to the Company**;

   c) The Securities and Exchange Board of India (Issue of Capital and Disclosure Requirements) Regulations, 2009 - **Not Applicable to the Company**;

   d) The Securities and Exchange Board of India (Share Based Employee Benefits) Regulations, 2014 - **Not Applicable to the Company**;

   e) The Securities and Exchange Board of India (Issue and Listing of Debt Securities) Regulations, 2008 - **Not Applicable to the Company**;

   f) The Securities and Exchange Board of India (Registrars to an Issue and Share Transfer Agents) Regulations, 1993 regarding the Companies Act and dealing with client;

   g) The Securities and Exchange Board of India (Delisting of Equity Shares) Regulations, 2009 - **Not Applicable to the Company**; and

   h) The Securities and Exchange Board of India (Buyback of Securities) Regulations, 1998 - **Not Applicable to the Company**.

(vi) Other specific business/industry related laws applicable to the Company - No other specific business/industry related laws are applicable to the Company. The Company has complied with the applicable general business laws, rules, regulations and guidelines.

We have also examined compliance with the applicable clauses of the following:

(i) Secretarial Standards with regard to Meeting of Board of Directors (SS-1) and General Meetings (SS-2) issued by The Institute of Company Secretaries of India; and

(ii) Listing Agreements entered into by the Company with the Stock Exchanges - **Not Applicable to the Company**.

During the period under review the Company has complied with the provisions of the Act, Rules, Regulations, Guidelines, Standards, etc. mentioned above and there are no material non-compliances that have come to our knowledge.

We further report that

The Board of Directors of the Company is duly constituted with proper balance of Executive Directors, Non-Executive Directors and Independent Directors. The changes in the composition of the Board of Directors that took place during the period under review were carried out in compliance with the provisions of the Act.

Adequate notice is given to all Directors to schedule Board Meetings, agenda and detailed notes on agenda were sent at least seven days in advance, and a system exists for seeking and obtaining further information and clarifications on the agenda items before the meeting and for a meaningful participation at the meeting.

As per the minutes of the meetings duly recorded and signed by the Chairman, the decisions of the Board were unanimous and no dissenting views have been recorded.

We further report that there are adequate systems and processes in the Company commensurate with its size and operations to monitor and ensure compliance with applicable laws, rules, regulations and guidelines. As informed, the Company has responded appropriately to communication received from various statutory / regulatory authorities including initiating actions for corrective measures, wherever found necessary.

We further report that during the audit period, there were following specific events /actions having major bearing on Company's affairs in pursuance of the above referred laws, rules, regulations, guidelines and standards etc.:

1. The Company has obtained approval by the Shareholders on 10th March, 2017, for the scheme of arrangement between Larsen & Toubro Limited ("Transferor Company") and L&T Valves Limited("Transferee Company" or "Applicant Company") and their respective shareholders and creditors which, provides for transfer of the Coimbatore Undertaking of the Transferor Company as a going concern to the Transferee Company under Sections 230-232 other applicable provisions of the Companies Act, 2013 with effect from April 1, 2016.
2. The Company has obtained approval by the Shareholders on 18th March, 2017 scheme of arrangement between L&T Valves Limited ("Transferor Company" or "Applicant Company") and L&T Electricals and Automation Limited("Transferee Company") and their respective shareholders and creditors which, provides for transfer of the Manapakkam Undertaking of the Transferor Company as a going concern to the Transferee Company under Sections 230-232 other applicable provisions of the Companies Act, 2013 with effect from November 1, 2016.
3. During the year, the Company has appointed Woman Director on the Board and made necessary application under section 441 before National Company Law Tribunal against the Show Cause Notice received from Registrar of Companies, Maharashtra for non-appointment of Woman Director.
4. The Company's borrowing powers were increased by the Shareholders of the Company subject to a limit of the following:
    a. Fund based borrowings from banks - ₹ 90 Crores
    b. Term Loan Borrowings, External Commercial Borrowings and Buyers credit from banks and financial institutions - ₹ 50 Crores
    c. Non-Fund based borrowings from banks - ₹ 750 Crores; and
    d. Borrowings from Body Corporates under the management of Larsen and Toubro Limited - ₹ 100 Crores

ALWYN JAY & CO.,
Company Secretaries

Jay D'Souza
Partner
FCS 3058; Certificate of Practice No. 6915

Place: Mumbai
Date: April 20, 2017

ANNEXURE 'D' TO THE DIRECTORS' REPORT

Form No. MGT-9

EXTRACT OF ANNUAL RETURN

AS ON THE FINANCIAL YEAR ENDED ON MARCH 31, 2017

[Pursuant to section 92(3) of the Companies Act, 2013 and rule 12(1) of the Companies (Management and Administration) Rules, 2014]

I. REGISTRATION AND OTHER DETAILS:

i)	CIN	U74999MH1961PLC012188
ii)	Registration Date	23/11/1961
iii)	Name of the Company	L&T Valves Limited
iv)	Category	Public Company Limited by Shares
v)	Sub-Category of the Company	Company having share capital
vi)	Address of the Registered office and contact details	L&T House ,Ballard Estate,Mumbai 400001
vii)	Whether listed company	No
viii)	Name, Address and Contact details of Registrar andTransfer Agent, if any	Karvy Computershare Pvt. Ltd, At Karvy Selenium Tower B, Plot 31-32, Gachibowli, Financial District, Nanakramguda, Hyderabad – 500 032.

II. PRINCIPAL BUSINESS ACTIVITIES OF THE COMPANY

All the business activities contributing 10 % or more of the total turnover of the company shall be stated:-

Sl. No.	Name and Description of main products / services	NIC Code of the Product/ service	% to total turnover of the company
1	Industrial Valves	26517	100%

III. PARTICULARS OF HOLDING, SUBSIDIARY AND ASSOCIATE COMPANIES –

S. No	Name And Address of the Company	CIN/GLN	Holding/ Subsidiary /Associate	% of Shares held	Applicable Section
1	Larsen & Toubro Limited, L&T House, Ballard Estate, Mumbai-400001	L99999MH1946PLC004768	HOLDING	100%	Sec 2(46)

IV. SHARE HOLDING PATTERN (EQUITY SHARE CAPITAL BREAKUP AS PERCENTAGE OF TOTAL EQUITY)

i) Category-wise Share Holding

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
A. Promoters									
1) Indian									
a) Individual/HUF	–	–	–	–	–	–	–	–	–
b) Central Govt	–	–	–	–	–	–	–	–	–
c) State Govt (s)	–	–	–	–	–	–	–	–	–
d) Bodies Corp.	1,799,994	6	1,800,000	100	1,799,994	6	1,800,000	100	–
e) Banks / FI	–	–	–	–	–	–	–	–	–
f) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (1):-	**1,799,994**	**6**	**1,800,000**	**100**	**1,799,994**	**6**	**1,800,000**	**100**	**–**
(2) Foreign									–
a) NRIs -Individuals	–	–	–	–	–	–	–	–	
b) Other –Individuals	–	–	–	–	–	–	–	–	–
c) Bodies Corp.	–	–	–	–	–	–	–	–	–
d) Banks / FI	–	–	–	–	–	–	–	–	–
e) Any Other….	–	–	–	–	–	–	–	–	–
Sub-total (A) (2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total shareholding of Promoter (A) =(A)(1)+(A)(2)	**1,799,994**	**6**	**1,800,000**	**100**	**1,799,994**	**6**	**1,800,000**	**100**	**–**
B. Public Shareholding									
1. Institutions									

Category of Shareholders	No. of Shares held at the beginning of the year				No. of Shares held at the end of the year				% Change during the year
	Demat	Physical	Total	% of Total Shares	Demat	Physical	Total	% of Total Shares	
a) MutualFunds	–	–	–	–	–	–	–	–	–
b) Banks / FI	–	–	–	–	–	–	–	–	–
c) Central Govt	–	–	–	–	–	–	–	–	–
d) State Govt(s)	–	–	–	–	–	–	–	–	–
e) Venture Capital Funds	–	–	–	–	–	–	–	–	–
f) Insurance Companies	–	–	–	–	–	–	–	–	–
g) FIIs	–	–	–	–	–	–	–	–	–
h) Foreign Venture Capital Funds	–	–	–	–	–	–	–	–	–
Other (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(1):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
2. Non-Institutions									
a) Bodies Corp.	–	–	–	–	–	–	–	–	–
i) Indian	–	–	–	–	–	–	–	–	–
ii) Overseas	–	–	–	–	–	–	–	–	–
b) Individuals	–	–	–	–	–	–	–	–	–
i) Individual shareholders holding nominal share capital upto ₹ 1 lakh	–	–	–	–	–	–	–	–	–
ii) Individual shareholders holding nominal share capital in excess of ₹ 1 lakh	–	–	–	–	–	–	–	–	–
c) Others (specify)	–	–	–	–	–	–	–	–	–
Sub-total (B)(2):-	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
Total Public Shareholding (B)=(B)(1)+ (B)(2)	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**	**–**
C. Shares held by Custodian for GDRs & ADRs	–	–	–	–	–	–	–	–	–
Grand Total (A+B+C)	**1,799,994**	**6**	**1,800,000**	**100**	**1,799,994**	**6**	**1,800,000**	**100**	**–**

(ii) Shareholding of Promoters

Sl No	Shareholders Name	Shareholding at the beginning of the year			Shareholding at the end of the year			% change in Shareholding during the year
		No. of Shares	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	No. of Share	% of total Shares of the company	% of Shares Pledged / encumbered to total shares	
1	Larsen & Toubro Limited	1,800,000	100	–	1,800,000	100	–	–
	Total	**1,800,000**	**100**	**–**	**1,800,000**	**100**	**–**	**–**

(iii) Change in Promoters' Shareholding (please specify, if there is no change)

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
		No. of shares	% of total shares of the Company	No. of shares	% of total shares of the Company
1	At the beginning of the year	1,800,000	100	1,800,000	100
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/sweat equity etc):	–	–	–	–
3	At the End of the year	1,800,000	100	1,800,000	100

(iv) Shareholding Pattern of top ten Shareholders (other than Directors, Promoters and Holders of GDRs and ADRs):

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the top 10 shareholders	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year	–	–	–	–
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
3	At the End of the year(or on the date of separation, if separated during the year)	–	–	–	–

(v) Shareholding of Directors and Key Managerial Personnel:

Sl. No.		Shareholding at the beginning of the year		Cumulative Shareholding during the year	
	For Each of the Directors and KMP	No. of shares	% of total Shares of the Company	No. of shares	% of total Shares of the Company
1	At the beginning of the year	–	–	–	–
2	Date wise Increase / Decrease in Promoters Share holding during the year specifying the reasons for increase /decrease (e.g. allotment / transfer / bonus/ sweat equity etc):	–	–	–	–
3	At the End of the year	–	–	–	–

V. INDEBTEDNESS

Indebtedness of the Company including interest outstanding/accrued but not due for payment

₹ Lakhs

Particulars	Secured Loans excluding deposits	Unsecured Loans	Deposits	Total Indebtedness
Indebtedness at the beginning of the financial year				
i) Principal Amount	4376.17	1632.71	–	6008.88
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	3.86	6.36	–	10.22
Total (i+ii+iii)	**4380.03**	**1639.07**	**–**	**6019.10**
Changes In Indebtedness during the financial year				
Addition	1515.36	746.47	–	2261.83
Reduction	1957.08	(506.13)	–	1450.95
Net Change	**3472.44**	**240.34**	**–**	**3712.78**
Indebtedness at the end of the financial year				
i) Principal Amount	7837.12	1874.36	–	9711.48
ii) Interest due but not paid	–	–	–	–
iii) Interest accrued but not due	15.36	5.04	–	20.40
Total (i+ii+iii)	**7852.48**	**1879.40**	**–**	**9731.88**

VI. REMUNERATION OF DIRECTORS AND KEY MANAGERIAL PERSONNEL

A. Remuneration to Managing Director, Whole-time Directors and/or Manager:

₹ Lakhs

Sl. no.	Particulars of Remuneration	Name of MD/WTD/Manager	Total Amount
		N. V. VENKATASUBRAMANIAN	
1.	Gross salary		
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	95.56	95.56
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961	5.23	5.23
	(c) Profits in lieu of salary under section 17(3) Income tax Act, 1961	–	–
2.	Stock Option	–	–
3.	Sweat Equity	–	–
4.	Commission		
	- as % of profit	–	–
	- others, specify…	–	–
5.	Others (Contribution to Provident Fund, Superannuation Fund & Gratuity Fund)	14.80	14.80
	Total (A)	**115.59**	**115.59**
	Ceiling as per the Act	**940.42**	**940.42**

B. Remuneration to other Directors:

₹ Lakhs

Sl. no.	Particulars of Remuneration	Name of Directors		Total Amount
		N. K. RANGANATH	SIVA KAMESWARI VISSA	
1.	Independent Directors			
	• Fee for attending Board / Committee meetings	0.90	0.90	1.80
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (1)	**0.90**	**0.90**	**1.80**
		S.R. SUBRAMANIAN	PATHIK R. KOTHARI	
2.	Other Non-Executive Directors			
	• Fee for attending Board / Committee meetings	–	–	–
	• Commission	–	–	–
	• Others, please specify	–	–	–
	Total (2)	–	–	–
	Total (B)=(1+2)	**0.90**	**0.90**	**1.80**
	Total Managerial Remuneration			**117.39**
	Overall Ceiling as per the Act			**1128.50**

C. **Remuneration to Key Managerial Personnel other than MD/MANAGER/WTD**

Sl. no.	Particulars of Remuneration	Key Managerial Personnel			Total
		CEO	Company Secretary	CFO	
1.	Gross salary				
	(a) Salary as per provisions contained in section 17(1) of the Income-tax Act, 1961	Not Applicable	Not Applicable	29.56	**29.56**
	(b) Value of perquisites u/s 17(2) Income-tax Act, 1961			0.22	**0.22**
	(c) Profits in lieu of salary under section 17(3) Income-tax Act, 1961			–	**–**
2.	Stock Option	Not Applicable	Not Applicable	–	**–**
3.	Sweat Equity			–	**–**
4.	Commission			–	**–**
	- as % of profit			–	**–**
	- others, specify			–	**–**
5.	Others, (Contribution to Provident Fund, Superannuation Fund & Gratuity Fund)			1.81	1.81
	Total			**31.59**	**31.59**

VII. **PENALTIES / PUNISHMENT/ COMPOUNDING OF OFFENCES:**

Type	Section of the Companies Act	Brief Description	Details of Penalty / Punishment/ Compounding fees imposed	Authority [RD / NCLT / COURT]	Appeal made, if any (give Details)
A. COMPANY					
Penalty			NIL		
Punishment					
Compounding					
B. DIRECTORS					
Penalty			NIL		
Punishment					
Compounding					
C. OTHER OFFICERS IN DEFAULT					
Penalty			NIL		
Punishment					
Compounding					

INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS OF L&T VALVES LIMITED

Report on the Financial Statements

We have audited the accompanying financial statements of L&T Valves Limited("the Company"),which comprise the Balance Sheet as at 31 March 2017, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows for the year then ended, and a summary of the significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

The Company's Board of Directors is responsible for the matters stated in Section 134(5) of the Companies Act, 2013 ("the Act") with respect to the preparation of these financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the Company in accordance with the accounting principles generally accepted in India, including the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015. This responsibility also includes maintenance of adequate accounting records in accordance with the provisions of the Act for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit.

We have taken into account the provisions of the Act, the accounting and auditing standards and matters which are required to be included in the audit report under the provisions of the Act and the Rules made thereunder.

We conducted our audit in accordance with the Standards on Auditing specified under Section 143(10) of the Act. Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making, those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the financial statements.

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid financial statements give the information required by the Act in the manner so required and give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at 31 March 2017, and its profit, changes in equity and its cash flows for the year ended on that date.

Report on Other Legal and Regulatory Requirements

1) As required by the Companies (Auditor's Report) Order, 2016 ("the Order") issued by the Central Government of India in terms of sub-section (11) of section 143 of the Act, we give in "Annexure A" to this Report, a statement on the matters specified in para 3 and 4 of the said Order.

2) As required by Section 143 (3) of the Act, we report that:

   (a) we have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit;

   (b) in our opinion, proper books of account as required by law have been kept by the Company so far as it appears from our examination of those books;

   (c) the Balance Sheet, the Statement of Profit and Loss, the Statement of Changes in Equity and the Statement of Cash Flows dealt with by this report are in agreement with the books of account;

   (d) in our opinion, the aforesaid financial statements comply with the Accounting Standards specified under Section 133 of the Act, read with the Companies (Indian Accounting Standards) Rules, 2015;

   (e) on the basis of the written representations received from the directors as on 31 March 2017 taken on record by the Board of Directors, none of the directors is disqualified as on 31 March 2017 from being appointed as a director in terms of Section 164 (2) of the Act;

   (f) with respect to the adequacy of the internal financial controls over financial reporting of the Company and the operating effectiveness of such controls, refer to our separate Report in "Annexure B";

(g) with respect to the other matters to be included in the Auditor's Report in accordance with Rule 11 of the Companies (Audit and Auditors) Rules, 2014, in our opinion and to the best of our information and according to the explanations given to us:

i. the Company has disclosed the impact of pending litigations on its financial position in its financial statement – Refer Note 26 to the financial statements;

ii. the Company does not have any long-term contracts including derivative contracts, for which there were any material foreseeable losses;

iii. there were no amounts which were required to be transferred to the Investor Education and Protection fund by the Company;

iv. the Company did not have any holdings or dealings in Specified Bank Notes during the period from 8 November 2016 to 30 December 2016– Refer Note 36 to the financial statements.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date: May 23, 2017

ANNEXURE 'A' TO THE INDEPENDENT AUDITOR'S REPORT

With reference to the Annexure A referred to in paragraph 1 under the heading "Report on other Legal and Regulatory Requirements" of the Independent Auditor's report to the members of L&T Valves Limited on the Financial Statements for the year ended 31 March 2017, we report that:

(i) (a) The Company is maintaining proper records showing full particulars, including quantitative details and situation of fixed assets.

(b) Fixed Assets have been physically verified by the management during the year and no material discrepancies were noticed on such verification.

(c) According to the information and explanations given to us and the records of the Company examined by us, the title deeds of immovable properties are held in the name of the Company.

(ii) As explained to us, inventories have been physically verified by the management at reasonable intervals during the year. In our opinion, the frequency of such verification is reasonable. The discrepancies noticed on verification between the physical stocks and the book records were not material, have been properly dealt with, in the books of account.

(iii) According to the information and explanations given to us, the Company has not granted any loans, secured or unsecured, to companies, firms, Limited Liability Partnerships or other parties covered in the register maintained under Section 189 of the Companies Act, 2013. Accordingly, reporting under clauses 3 (iii) (a), (b) and (c) of the Order does not arise.

(iv) According to the information and explanations given to us, the Company has not advanced any loan, made any investment, given any guarantee or provided any security to the parties covered under Section 185 and 186 of the Companies Act, 2013. Accordingly, reporting under clause 3 (iv) of the Order does not arise.

(v) According to the information and explanations given to us, the Company has not accepted any deposits within the meaning of sections 73 to 76 or any other relevant provisions of the Companies Act, 2013 and the rules framed thereunder. Accordingly, reporting under clause 3 (v) of the Order does not arise.

(vi) We have broadly reviewed the books of account and records maintained by the Company in respect of manufacture of Industrial valves, pursuant to the rules prescribed by the Central Government for maintenance of cost records under section 148(1) of the Companies Act, 2013 read with the Companies (Cost Records and Audit) Rules, 2014 (as amended) and are of the opinion that prima facie, the prescribed accounts and records have been made and maintained. The contents of these accounts and records have not been examined by us.

(vii) (a) According to the information and explanations given to us and the records of the Company examined by us,in our opinion, the Company is generally regular in depositing undisputed statutory dues including provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues applicable to it during the year with appropriate authorities. According to the information and explanations given to us there were no undisputed amounts payable in respect of provident fund, employees' state insurance, income-tax, sales tax, service tax, duty of customs, duty of excise, value added tax, cess and other statutory dues outstanding as at 31 March 2017 for a period of more than six months from the date they became payable.

(b) According to the information and explanations given to us and the records of the Company examined by us, the particulars of income tax, sales tax, service tax, duty of excise at 31 March 2017 which have not been deposited on account of a dispute pending are as follows:

Name of the statute	Nature of disputed dues	Total demand (₹ Lakhs)	Amount not deposited (₹ Lakhs)	Period to which the dispute relates	Forum where disputes are pending
Central Sales Tax Act, 1956	Penalty on the disputed tax not covered by declaration forms	23.40	23.40	1990-91, 1993-94, 1995-96	High court of Madras
	Non Submission of C & H FORM	17.67	9.25	2008-09	Appellate Joint Commissioner(CT)
Central Excise Act, 1944 and Service Tax under Finance Act,1994	Irregular availment of exemption notification 06/2006	49.73	49.73	2009-10	Commissioner Appeals
	Irregular availment of exemption notification 06/2006	155.23	155.23	2008-09	Commissioner Appeals
	Demand of interest on the cenvat credit availed on inputs removed as such	1.39	1.39	2006-07	High court
	Ineligibility of service tax credit on Cab and catering services	1.32	1.32	2009-10	Commissioner Appeals

Name of the statute	Nature of disputed dues	Total demand (₹ Lakhs)	Amount not deposited (₹ Lakhs)	Period to which the dispute relates	Forum where disputes are pending
Income Tax Act 1961	Stay of demand application have been filed for rectification of TDS credit as per 26 AS	44.86	44.86	2008-09	Commissioner of Income Tax (Appeal)
	Adjustment on account of Arm's Length Price of Transfer Pricing Transactions u/s 92 CA(3)	27.70	27.70	2007-08	Income Tax Appellate Tribunal
Income Tax Act 1961	As per department order under section 143(3), refund was adjusted against the total demand. However, company has not received the same. Hence rectification application have been filed by the company demanding the refund.	58.52	58.52	2009-10	Commissioner of Income Tax (Appeal)
		5.03	5.03	2010-11	Assistant Commissioner of Income Tax

There are no dues of duty of customs, Value added tax and Cess as at 31 March 2017 which have not been deposited on account of any dispute.

(viii) According to the records of the Company examined by us and the information and explanations given to us, the Company has not defaulted in repayment of loans or borrowings to a bank during the year. The Company did not have any loans or borrowings from any financial institutions or Government and has not issued any debentures.

(ix) In our opinion, and according to the information and explanations given to us, on an overall basis, the term loans taken during the year have been applied for the purposes for which they were obtained. The Company has not raised any money by way of initial public offer or further public offer (including debt instruments).

(x) During the course of our examination of the books and records of the Company, carried out in accordance with the generally accepted auditing practices in India, and according to the information and explanations given to us, we have neither come across any instances of fraud by the Company, or any instances of frauds on the Company by its officers or employees, noticed or reported during the year, nor we have been informed of such cases by the management.

(xi) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, managerial remuneration has been paid in accordance with the requisite approvals mandated by the provisions of section 197 read with Schedule V to the Companies Act, 2013.

(xii) According to the information and explanations given to us, the Company is not a Nidhi Company. Accordingly, reporting under clause 3(xii) of the Order does not arise.

(xiii) According to the information and explanations given to us and the records of the Company examined by us, in our opinion, all transactions with the related parties are in compliance with Sections 177 and 188 of the Companies Act, 2013, where applicable and the details have been disclosed in the Financial Statements as required by the applicable accounting standards.

(xiv) According to the information and explanations given to us, the Company has not made any preferential allotment or private placement of shares or fully or partly convertible debentures during the year under review. Accordingly, reporting under clause 3 (xiv) of the Order does not arise.

(xv) According to the information and explanations given to us, the Company has not entered into any non-cash transactions with directors or persons connected with the directors during the year. Accordingly, reporting under clause 3 (xv) of the Order does not arise.

(xvi) According to the information and explanations given to us, the Company is not required to be registered under section 45-IA of the Reserve Bank of India Act, 1934. Accordingly, reporting under clause 3 (xvi) of the Order does not arise.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date: May 23, 2017

ANNEXURE 'B' TO THE INDEPENDENT AUDITOR'S REPORT

[Referred to in paragraph 2(f) of our Report of even date]

Report on the Internal Financial Controls under Clause (i) of Sub-section 3 of Section 143 of the Companies Act, 2013

We have audited the internal financial controls over financial reporting of L&T Valves Limited ("the Company") as of 31 March 2017 in conjunction with our audit of the financial statements of the Company for the year ended on that date.

Management's Responsibility for Internal Financial Controls

The Company's management is responsible for establishing and maintaining internal financial controls based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note on Audit of Internal Financial Controls Over Financial Reporting ("the Guidance Note") issued by the Institute of Chartered Accountants of India("ICAI"). These responsibilities include the design, implementation and maintenance of adequate internal financial controls that were operating effectively for ensuring the orderly and efficient conduct of its business, including adherence to company's policies, the safeguarding of its assets, the prevention and detection of frauds and errors, the accuracy and completeness of the accounting records, and the timely preparation of reliable financial information, as required under the Companies Act, 2013 ("the Act").

Auditors' Responsibility

Our responsibility is to express an opinion on the Company's internal financial controls over financial reporting based on our audit. We conducted our audit in accordance with the Guidance Note and the Standards on Auditing, issued by ICAI and deemed to be prescribed under section 143(10) of the Act, to the extent applicable, to an audit of internal financial controls, both applicable to an audit of Internal Financial Controls and, both issued by the ICAI. Those Standards and the Guidance Note require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether adequate internal financial controls over financial reporting was established and maintained and if such controls operated effectively in all material respects.

Our audit involves performing procedures to obtain audit evidence about the adequacy of the internal financial controls system over financial reporting and their operating effectiveness. Our audit of internal financial controls over financial reporting included obtaining an understanding of internal financial controls over financial reporting, assessing the risk that a material weakness exists, and testing and evaluating the design and operating effectiveness of internal control based on the assessed risk. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion on the Company's internal financial controls system over financial reporting.

Meaning of Internal Financial Controls Over Financial Reporting

A Company's internal financial control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles.

A company's internal financial control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Inherent Limitations of Internal Financial Controls Over Financial Reporting

Because of the inherent limitations of internal financial controls over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may occur and not be detected. Also, projections of any evaluation of the internal financial controls over financial reporting to future periods are subject to the risk that the internal financial control over financial reporting may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Opinion

In our opinion, the Company has, in all material respects, an adequate internal financial controls system over financial reporting and such internal financial controls over financial reporting were operating effectively as at 31 March 2017, based on the internal control over financial reporting criteria established by the Company considering the essential components of internal control stated in the Guidance Note issued by the ICAI.

for SHARP & TANNAN
Chartered Accountants
(Firm's Registration No. 003792S)

D. VINOD KUMAR
Partner
Membership No. 224549

Place: Chennai
Date: May 23, 2017

BALANCE SHEET AS AT MARCH 31, 2017

	Note No.	As at 31-03-2017 ₹ in lakhs	As at 31-03-2016 ₹ in lakhs	As at 01-04-2015 ₹ in lakhs
ASSETS				
Non-current assets				
Property, plant and equipment	2	**17,798.17**	*12,161.02*	*10,242.71*
Capital work in progress		**418.43**	*825.85*	*55.98*
Investment Properties	3	**-**	*2.39*	*2.39*
Other Intangible assets	4	**251.00**	*362.82*	*474.64*
Intangible assets under development		**163.78**	–	–
Financial Assets				
i) Loans	5(c)	**219.72**	*226.37*	*74.15*
Other non- current assets	6	**213.47**	*250.97*	*248.70*
Total Non Current Assets		**19,064.57**	*13,829.42*	*11,098.57*
Current assets				
Inventories	7	**35,616.17**	*33,512.58*	*35,339.85*
Financial assets				
i) Investments	5(a)	**2,183.29**	–	-
ii) Trade receivables	5(b)	**80,082.90**	*67,058.91*	*54,788.49*
iii) Cash and cash equivalents	5(d)	**394.86**	*90.91*	*101.87*
iv) Loans	5(c)	**33.41**	*15.75*	*65.83*
v) Others	5(e)	**1,115.00**	*532.58*	*248.15*
Current tax assets (net)	8	**137.59**	–	–
Other current assets	9	**15,716.63**	*10,939.60*	*12,223.29*
Asset classified as held for sale	10	**0.14**	*1.84*	*0.14*
Total Current Assets		**135,279.99**	*112,152.17*	*102,767.62*
Total Assets		**154,344.56**	*125,981.59*	*113,866.19*
EQUITY AND LIABILITIES				
Equity				
Equity Share capital	11(a)	**1,800.00**	*1,800.00*	*1,800.00*
Other Equity				
Reserves and surplus	11(b)	**58,858.84**	*50,812.40*	*37,108.65*
Other reserves	11(c)	**(300.37)**	*(542.60)*	*(475.40)*
Total Equity		**60,358.47**	*52,069.80*	*38,433.25*
Liabilities				
Non-current liabilities				
Financial Liabilities				
i) Borrowings	12(a)	**2,977.14**	*2,866.04*	*1,411.43*
ii) Other financial liabilities	12(c)	**31.84**	*574.74*	*523.00*
Provisions	13	**1,604.62**	*1,500.13*	*1,606.05*
Deferred tax liabilities (Net)	14	**807.34**	*661.87*	*709.10*
Total Non-current liabilities		**5,420.94**	*5,602.78*	*4,249.58*
Current liabilities				
Financial Liabilities				
i) Borrowings	12(b)	**5,103.78**	*2,876.17*	*6,141.55*
ii) Trade payables	12(d)	**50,612.57**	*39,272.56*	*41,405.24*
iii) Other financial liabilities	12(c)	**17,655.58**	*13,080.60*	*11,371.78*
Other current liabilities	15	**8,053.96**	*7,637.49*	*8,727.24*
Provisions	13	**7,139.26**	*5,413.29*	*3,459.75*
Current Tax Liabilities (Net)	16	**–**	*28.90*	*77.80*
Total Current liabilities		**88,565.15**	*68,309.01*	*71,183.36*
Total Liabilities		**93,986.09**	*73,911.79*	*75,432.94*
Total Equity and Liabilities		**154,344.56**	*125,981.59*	*113,866.19*

The accompanying notes form an integral part of the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No: 003792S)
By the hand of

S. R. SUBRAMANIAN
Director
DIN: 03278824

N. V. VENKATASUBRAMANIAN
Manager / Director
DIN: 06900806

D VINOD KUMAR
Partner
Membership No.224549
Place : Chennai
Date : May 23, 2017

S. VAIDYANATHAN
Chief Financial Officer /
Company Secretary (M. No. A18850)
Place : Chennai
Date : May 19, 2017

STATEMENT OF PROFIT AND LOSS FOR THE YEAR ENDED MARCH 31, 2017

	Note No	2016-17		2015-16	
		₹ Lakhs	₹ Lakhs	₹ Lakhs	₹ Lakhs
REVENUE					
Revenue from operations	17		150,319.01		156,305.03
Other income	18		354.76		280.53
Total Revenue			150,673.77		156,585.56
EXPENSES					
Manufacturing and operating expenses					
Cost of raw material and components consumed	19(a)	96,353.67		94,602.50	
Purchase of traded goods		17.73		441.44	
Changes in inventories of finished goods, work-in-progress and traded goods	19(b)	(979.42)		3,463.24	
Excise duty on sale of goods		3,878.23		7,612.69	
Other manufacturing and operating expenses	19(c)	7,473.09		7,112.26	
			106,743.30		113,232.13
Employee benefits expense	20		10,210.02		9,360.48
Depreciation and amortization expense	21		2,003.46		1,593.82
Finance costs	22		644.71		738.48
Other expenses	23		12,324.56		10,706.20
Total expenses			131,926.05		135,631.11
Profit before tax			18,747.72		20,954.45
Tax expense:					
Current tax	24	6,548.36		7,164.59	
Deferred tax	24	145.47		(47.23)	
Total tax expense			6,693.83		7,117.36
Profit for the year			12,053.89		13,837.09
Other comprehensive Income					
Items that will be reclassified subsequently to profit or loss :					
Deferred gains/(losses) on cash flow hedges	11	242.23		(67.20)	
Income tax relating to these items		–		–	
			242.23		(67.20)
Items that will not be reclassified subsequently to profit or loss :					
Remeasurement of post-employment defined benefit obligations	11	(28.93)		(203.91)	
Income tax relating to these items	11	10.01		70.57	
			(18.92)		(133.34)
Other comprehensive income for the year			223.31		(200.54)
Total comprehensive income			12,277.20		13,636.55
Earnings per share					
Basic earnings per share	33		669.66		768.73
Diluted earnings per share	33		669.66		768.73

The accompanying notes form an integral part of the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No: 003792S)

By the hand of

S. R. SUBRAMANIAN
Director
DIN: 03278824

N. V. VENKATASUBRAMANIAN
Manager / Director
DIN: 06900806

D VINOD KUMAR
Partner
Membership No.224549

Place : Chennai
Date : May 23, 2017

S. VAIDYANATHAN
Chief Financial Officer /
Company Secretary (M. No. A18850)

Place : Chennai
Date : May 19, 2017

STATEMENT OF CASH FLOWS FOR THE YEAR ENDED MARCH 31, 2017

		2016-17 ₹ Lakhs	2015-16 ₹ Lakhs
A.	**CASH FLOW FROM OPERATING ACTIVITIES:**		
	Profit before tax	**18,747.72**	*20,954.45*
	Adjustments for		
	Depreciation and amortization expense	**2,003.46**	*1,593.82*
	Gain on disposal of property, plant and equipment	**(1.64)**	*(0.96)*
	Gain on sale of investments	**(86.83)**	–
	Changes in fair value of financial assets at fair value through profit or loss	**(96.45)**	–
	Provision for doubtful debts	**121.19**	*41.36*
	Finance Costs (net)	**644.71**	*738.48*
	Interest Income	**(98.14)**	*(5.97)*
	Other non-cash items	**(38.35)**	*(240.82)*
	Net exchange differences	**(65.44)**	*(63.73)*
Operating profit before working capital changes		**21,130.23**	*23,016.63*
	Working capital adjustments:		
	(Increase)/Decrease in inventories	**(2,103.59)**	*1,827.27*
	(Increase)/Decrease in trade receivables	**(13,145.18)**	*(12,259.52)*
	(Increase)/Decrease in loans	**(41.67)**	*(101.60)*
	(Increase)/Decrease in other financial assets	**(340.19)**	*(351.63)*
	(Increase)/Decrease in other non-current assets	**37.50**	*(2.27)*
	(Increase)/Decrease in other current assets	**(5,133.05)**	*1,079.79*
	(Increase)/Decrease in assets held for sale	**1.70**	*(1.70)*
	Increase/(Decrease) in trade payables	**11,340.01**	*(2,132.68)*
	Increase/(Decrease) in other financial liabilities	**2,696.36**	*1,811.39*
	Increase/(Decrease) in other current liabilities	**416.47**	*(1,089.75)*
	Increase/(Decrease) in provisions	**1,830.46**	*1,847.62*
	Cash generated from operations	**16,689.05**	*13,643.55*
	Income taxes paid (net of refund)	**(6,377.71)**	*(6,951.02)*
	Net cash flows from operating activities (A)	**10,311.34**	*6,692.53*
B.	**CASH FLOW FROM INVESTING ACTIVITIES:**		
	Purchase of property, plant and equipment	**(7,842.64)**	*(4,183.35)*
	Proceeds from sale of property, plant and equipment	**17.59**	*14.13*
	Purchase of intangible assets	**(163.78)**	–
	Purchase of financial instruments/ Investments	**(5,576.00)**	–
	Sale of financial instruments/ Investments	**3,576.00**	–
	Interest received	**97.59**	*5.43*
	Net cash flows from investing activities (B)	**(9,891.24)**	*(4,163.79)*
C.	**CASH FLOW FROM FINANCING ACTIVITIES:**		
	Proceeds from long term borrowings	**1,896.08**	*1,612.58*
	Repayment of long term borrowings	**(266.67)**	*(319.82)*
	(repayment)/proceeds from other borrowings (net)	**2,227.61**	*(3,265.38)*
	Interest Paid (gross)	**(723.52)**	*(567.08)*
	Dividends paid to company's shareholders	**(2,700.00)**	–
	Dividend distribution tax	**(549.65)**	–
	Net cash flows from financing activities: (C)	**(116.15)**	*(2,539.70)*
	Net increase (decrease) in cash and cash equivalents (A) + (B) + (C)	**303.95**	*(10.96)*
	Cash and cash equivalents at the beginning of the year	**90.91**	*101.87*
	Cash and cash equivalents at the end of the year	**394.86**	*90.91*

Note: Refer Note 5(d) for components of cash and cash equivalents

As per our report attached

SHARP & TANNAN

Chartered Accountants

(Firm's Registration No: 003792S)

By the hand of

S. R. SUBRAMANIAN
Director
DIN: 03278824

N. V. VENKATASUBRAMANIAN
Manager / Director
DIN: 06900806

D VINOD KUMAR
Partner
Membership No.224549

Place : Chennai
Date : May 23, 2017

S. VAIDYANATHAN
Chief Financial Officer /
Company Secretary (M. No. A18850)

Place : Chennai
Date : May 19, 2017

STATEMENT OF CHANGES IN EQUITY

(₹ in lakhs)

A. EQUITY SHARE CAPITAL

Particulars	Amount
As at April 1, 2015	**1,800.00**
Changes in equity share capital	**–**
As at March 31, 2016	**1,800.00**
Changes in equity share capital	**–**
As at March 31, 2017	**1,800.00**

B. OTHER EQUITY

Particulars	Reserves and Surplus		Other Reserve	Total Other Equity
	General Reserve	Retained Earnings	Cash flow hedging reserve	
Balance as at April 1, 2015	**18,950.21**	**18,158.44**	**(475.40)**	**36,633.25**
Profit for the year	–	13,837.09	–	13,837.09
Other comprehensive income	–	(133.34)	(47.12)	(180.46)
Total comprehensive income for the year	**–**	**13,703.75**	**(47.12)**	**13,656.63**
Dividends Paid to owners	–	–	–	–
Dividends Distribution Tax	–	–	–	–
Balance as at March 31, 2016	**18,950.21**	**31,862.19**	**(522.52)**	**50,289.88**
Balance as at April 1, 2016	**18,950.21**	**31,862.19**	**(522.52)**	**50,289.88**
Profit for the year	–	12,053.89	–	12,053.89
Other comprehensive income	–	(18.92)	242.23	223.31
Total comprehensive income for the year	**–**	**12,034.97**	**242.23**	**12,277.20**
Less : Dividends Paid to owners	–	(2,700.00)	–	(2,700.00)
Less : Dividends Distribution Tax	–	(549.65)	–	(549.65)
Less : Sale of Undertaking [Refer Note 37]	(738.88)	–	–	(738.88)
Balance as at March 31, 2017	**18,211.33**	**40,647.51**	**(280.29)**	**58,578.55**

The accompanying notes form an integral part of the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No: 003792S)
By the hand of

S. R. SUBRAMANIAN
Director
DIN: 03278824

N. V. VENKATASUBRAMANIAN
Manager / Director
DIN: 06900806

D VINOD KUMAR
Partner
Membership No.224549

S. VAIDYANATHAN
Chief Financial Officer /
Company Secretary (M. No. A18850)

Place : Chennai
Date : May 23, 2017

Place : Chennai
Date : May 19, 2017

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS

NOTE 1 : SIGNIFICANT ACCOUNTING POLICIES

1. **Corporate Information**

   L&T Valves Limited is an unlisted public limited company incorporated in India, having its registered office at L&T House, Ballard Estate, and Mumbai – 400001. Its parent Company is Larsen & Toubro Limited. The Company is primarily engaged in manufacturing valves for key sectors of the economy such as oil & gas, power, petrochemicals, chemicals, fertilizers and pharmaceuticals.

2. **Statement of compliance**

   The company's financial statements have been prepared in accordance with the provisions of the Companies Act, 2013 and the Indian Accounting Standards ("Ind AS") notified under the Companies (Indian Accounting Standards) Rules, 2015 issued by Ministry of Corporate Affairs in respect of sections 133 of the Companies Act, 2013 read with sub-section (1) of Section 210A of the Companies Act, 1956 (1 of 1956). In addition, the guidance notes/announcements issued by the Institute of Chartered Accountants of India (ICAI) are also applied except where compliance with other statutory promulgations require a different treatment. The financials for the year ended March 31, 2017 of the company are the first financial statements prepared in compliance with Ind AS. The date of transition to Ind AS is April 1, 2015. The financial statements upto the year ended March 31, 2016, were prepared in accordance with the accounting standards notified under the Companies (Accounting Standards) Rules, 2006 ("I-GAAP") and other relevant provisions of the Act. The figures for the year ended March 31, 2016 have now been restated as per Ind AS to provide comparability.

   These financials statements have been approved for issue by the Board of Directors at their meeting held on May 19, 2017.

3. **Basis of accounting**

   The Company maintains accounts on accrual basis following the historical cost convention, except for certain financial instruments that are measured at fair value in accordance with Ind AS and certain items of property, plant and equipment that were revalued in earlier years in accordance with the I-GAAP principles. The carrying value of all the items of property, plant and equipment and investment property as on date of transition is considered as the deemed cost.

   Fair value measurements under Ind AS are catagorised as below based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

   - Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the company can access at measurement date
   - Level 2 inputs are inputs, other than quoted prices included in Level 1, that are observable for the asset or liability, either directly or indirectly; and
   - Level 3 inputs are unobservable inputs for the asset or liability

4. **Presentation of financial statements**

   The Balance Sheet and the Statement of Profit and Loss are prepared and presented in the format prescribed in the Schedule III to the Companies Act, 2013 ("the Act"). The Cash Flow Statement has been prepared and presented as per the requirements of Ind AS 7 "Statement of Cash flows". The disclosure requirements with respect to items in the Balance Sheet and Statement of Profit and Loss, as prescribed in the Schedule III to the Act, are presented by way of notes forming part of accounts along with the other notes required to be disclosed under the notified Accounting Standards.

   Amounts in the financial statements are presented in Indian Rupees in Lakhs rounded off to two decimal places in line with the requirements of Schedule III to the Companies Act, 2013. Per share data are presented in Indian Rupees to two decimals places.

5. **Operating cycle for current and non-current classification**

   The Operating cycle for the business activities of the company covers the duration of the specific product line wherever applicable and extends up to the realization of receivables (including retention monies) within the agreed credit period normally applicable to the industries.

6. **Revenue recognition**

   Revenue is recognized based on nature of activity when consideration can be reasonably measured and there exists reasonable certainty of its recovery. Revenue is measured at the fair value of the consideration received or receivable and is reduced for estimated customer returns, rebates and other similar allowances.

   A. **Revenue from operations**

      a. Sale of goods

         Revenue includes excise duty and adjustments made towards liquidated damages and volume rebates wherever applicable. Revenue from the sale of goods is recognized when the goods are delivered and titles have passed, at which time all the following conditions are satisfied:

         i) Significant risks and rewards of ownership of the goods are transferred to the buyer;

         ii) The Company retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the good sold;

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

iii) The amount of revenue can be measured reliably;

iv) It is probable that the economic benefits associated with the transaction will flow to the Company; and

v) the costs incurred or to be incurred in respect of the transaction can be measured reliably

b. Rendering of services

Revenue from rendering of services is recognized when the outcome of a transaction can be estimated reliably by reference to the stage of completion of the transaction. The outcome of a transaction can be estimated reliably when all the following conditions are satisfied:

i) The amount of revenue can be measured reliable;

ii) It is probable that the economic benefits associated with the transaction will flow to the Company;

iii) The stage of completion of the transaction at the end of the reporting period can be measured reliably; and

iv) The costs incurred or to be incurred in respect of the transaction can be measured reliable

Stage of completion is determined by the proportion of actual costs incurred to date to the estimated total costs of the transaction.

c. Other operational revenue

Other operational revenue represents income earned from the activities incidental to the business and is recognised when the right to receive the income is established as per the terms of the contract.

B. Other Income

a. Interest income is accrued on a time basis by reference to the principal outstanding and at the effective interest rate applicable.

b. Dividend income is accounted in the period in which the right to receive the same is established.

c. Other items of income are accounted as and when the right to receive arises and it is probable that the economic benefits will flow to the company and the amount of income can be measured reliably

7. Exceptional Items

An item of income or expense which by its size, type or incidence requires disclosure in order to improve an understanding of the performance of the company is treated as an exceptional item and the same is disclosed in the notes to accounts.

8. Property, plant and equipment (PPE)

PPE is recognized when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. PPE is stated at original cost net of tax/duty credits availed, if any, less accumulated depreciation and cumulative impairment. Cost includes professional fees and, for qualifying assets, borrowing costs capitalized in accordance with the Company's accounting policy.

For transition to Ind AS, the carrying value of PPE under I-GAAP as on April 1, 2015 is regarded as its deemed cost.

Own manufactured PPE is capitalized at cost including an appropriate share of overheads. Administrative and other overhead expenses that are specifically attributable to construction or acquisition of PPE or bringing the PPE to working condition are allocated and capitalized as part of the cost of the PPE.

PPE not ready for the intended use on the date of the Balance Sheet are disclosed as "capital work-in-progress". (Also, refer to policy on leases, borrowing costs, impairment of assets and foreign currency transactions stated below)

Depreciation is recognized using straight-line method so as to write off the cost of the assets (other than freehold land and properties under construction) less their residual values over their useful life specified in Schedule II to the Companies Act, 2013, except building others and electrical installation which are constructed on leasehold property which are depreciated over their useful life of the lease period whichever is lower. Depreciation method is reviewed at each financial year-end to reflect expected pattern of consumption of the future economic benefits embodied in the asset. The estimated useful life and residual values are also reviewed at each financial year end and the effect of any change in the estimates of useful life / residual value is accounted on prospective basis

The useful life of the PPE are as follows

Particulars	**Years**
Buildings	
Building factories	30
Concrete Roads	10
Other than concrete roads	5
Plant & Equipment	15
Furniture & Fittings	10
Computers	3

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	Years
Desktop & Laptops	3
Servers	6
Printers	5
Office equipment	5
Vehicles	8

Where cost of a part of the assets ("asset components") is significant to total cost of the asset and useful life of that part is different from the useful life of the remaining asset, useful life of that significant part is determined separately and such asset components is depreciated over its separate useful life.

Depreciation for additions to/deductions from, owned assets is calculated pro rata from / to the period of use. Extra shift depreciation is provided based on the usage of the assets. Depreciation charge for impaired assets is adjusted in future periods in such a manner that the revised carrying amount of the asset is allocated over its remaining useful life.

Assets costing less than ₹ 5000/- are depreciated 100% in the year of acquisition on pro rata basis from the date of acquisition.

Freehold land is not depreciated.

9. Investment property

Properties held to earn rentals and / or capital appreciation (including property under construction for such purposes) are classified as Investment properties and are measured at cost, including transaction costs.

For transition to Ind AS, the carrying value of Investment properties under I-GAAP as on April 1, 2015 is regarded as its deemed cost.

Depreciation is recognized using straight line method so as to write off the cost of the investment properties less their residual values over their useful lives specified in Schedule II to the Companies Act, 2013. Depreciation method is reviewed at each financial year-end to reflect expected pattern of consumption of the future economic benefits embodied in the investment property. The estimated useful life and residual values are reviewed at each financial year end and the effect of any change in the estimated useful life / residual value is accounted on prospective basis. Freehold land and properties under construction are not depreciated.

An investment property is derecognized upon disposal or when the investment property is permanently withdrawn from use and no future economic benefits are expected from the disposal. Any gain or loss arising on derecognizing of property is recognized in the statement of profit and loss in the same period.

10. Intangible assets

Intangible assets are recognized when it is probable that the future economic benefits that are attributable to the asset will flow to the enterprise and the cost of the asset can be measured reliably. Intangible assets are stated at original cost net of tax/duty credits availed, if any, less accumulated amortization and cumulative impairment. Administrative and other general overhead expenses that are specifically attributable to acquisition of intangible assets are allocated and capitalized as a part of the cost of the intangible assets.

Research and development expenditure on new products

a. Expenditure on research is expensed under respective heads of account in the period in which it is incurred.

b. Development expenditure on new products is capitalized as intangible asset, if all of the following can be demonstrated:

    i) The technical feasibility of completing the intangible asset so that it will be available for use or sale.

    ii) The Company has intention to complete the intangible asset and use or sell it.

    iii) The Company has ability to use or sell the intangible asset.

    iv) The manner in which the probable future economic benefits will be generated including the existence of a market for output of the intangible asset or intangible asset itself or if it is to be used internally, the usefulness of intangible assets.

    v) The availability of adequate technical, financial and other resources to complete the development and to use or sell the intangible asset; and

    vi) The Company has ability to measure the expenditure attributable to the intangible asset during its development reliably.

Development expenditure that does not meet the criteria listed above is expensed in the period in which it is incurred.

Intangible assets not ready for the intended use on the date of the Balance Sheet are disclosed as "intangible assets under development".

Intangible assets are amortized over estimated their useful life. Amortization on impaired assets is provided by adjusting the amortization charges in the remaining periods to allocate the asset's revised carrying amount over its remaining useful life.

Technical know-how is amortized over a period of six years.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

11. Impairment of assets

As at the end of each accounting year, the company reviews the carrying amounts of its PPE, investment property and intangible assets to determine whether there is any indication that those assets have suffered an impairment loss. If such indication exists, the said assets are tested for impairment so as to determine the impairment loss, if any.

Impairment loss is recognized when the carrying amount of an asset exceeds its recoverable amount. Recoverable amount is determined:

a. in the case of an individual asset, at the higher of the net selling price and the value in use;

b. in the case of a cash generating unit (a group of assets that generates identified, independent cash flows), at the higher of the cash generating unit's net selling price and the value in use.

(The amount of value in use is determined as the present value of estimated future cash flows from the continuing use of an asset and from its disposal at the end of its useful life. For this purpose, the discount rate (pre-tax) is determined based on the weighted average cost of capital of the company suitably adjusted for risks specified to the estimated cash flows of the asset).

For this purpose, a cash generating unit is ascertained as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows from other assets or groups of assets.

If recoverable amount of an asset (or cash generating unit) is estimated to be less than its carrying amount, such deficit is recognised immediately in the Statement of Profit and Loss as impairment loss and the carrying amount of the asset (or cash generating unit) is reduced to its recoverable amount.

When an impairment loss subsequently reverses, the carrying amount of the asset (or cash generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss is recognised for the asset (or cash generating unit) in prior years. A reversal of an impairment loss is recognised immediately in the Statement of Profit and Loss.

12. Employee benefits

a. Short term employee benefits:

Employee benefits such as salaries, wages, short term compensated absences, expected cost of bonus, ex-gratia and performance-linked rewards falling due wholly within twelve months of rendering the service are classified as short term employee benefits and are expensed in the period in which the employee renders the related service.

b. Post-employment benefits:

i) Defined contribution plans: The State governed provident fund scheme and employee state insurance scheme are defined contribution plans. The contribution paid/payable under the schemes is recognized during the period in which the employee renders the related service.

ii) Defined benefit plans: The employees' gratuity fund schemes, post-retirement medical care scheme, pension scheme and provident fund scheme managed by trust are the Company's defined benefit plans. The present value of the obligation under such defined benefit plans is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Remeasurements, comprising actuarial gains and losses, the return on plan assets (excluding net interest) and any change in the effect of asset ceiling (wherever applicable) are recognized immediately in other comprehensive income and reflected immediately in retained earnings and is not reclassified to profit or loss.

Defined benefit employee costs comprising current service cost, past service cost and gains or losses on settlements are recognised in the Statement of Profit or Loss as employee benefits expense. Gains or losses on settlement of any defined benefit plan are recognised in profit or loss when such settlement occurs. Past service cost is recognised as expense at the earlier of the plan amendment or curtailment and when the company recognises related restructuring costs or termination benefits.

In case of funded plans, the fair value of the plan assets is reduced from the gross obligation under the defined benefit plans to recognize the obligation on a net basis.

c. Long term employee benefits:

The present value of the obligation under long term employee benefit plans such as compensated absences is determined based on actuarial valuation using the Projected Unit Credit Method.

The obligation is measured at the present value of the estimated future cash flows using a discount rate based on the market yield on government securities of a maturity period equivalent to the weighted average maturity profile of the defined benefit obligations at the Balance Sheet date.

Long term employee benefit costs comprising current service cost and gains or losses on curtailments and settlements, remeasurements including actuarial gains and losses are recognised in the statement of profit or loss as employee benefit expenses.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

d. Termination benefits:

Termination benefits such as compensation under employee separation schemes are recognised as expense when the company's offer of the termination benefit is accepted or when the company recognises the related restructuring costs whichever is earlier.

13. Leases

The determination of whether an agreement is, or contains, a lease is based on the substance of the agreement at the date of inception.

Operating leases:

i) Assets acquired on leases where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Lease rentals are charged to the statement of profit and loss on a straight-line basis over the term of the relevant lease.

ii) Assets leased out under operating leases are continued to be capitalized by the Company. Rental income is recognized on a straight-line basis over the term of the relevant lease. (Also, refer to policy on depreciation, stated under "Property, Plant & Equipment")

14. Financial instruments

Financial assets and financial liabilities are recognized when the Company becomes a party to a contract embodying the related financial instruments. All financial assets and financial liabilities are initially measured at transaction values and where such values are different from the fair value, at fair value. Transaction costs that are attributable to the acquisition of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to the fair value of such assets or liabilities, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The financial assets and financial liabilities are offset and presented on net basis in the Balance Sheet when there is a current legally enforceable right to set-off the recognised amounts and it is intended to either settle on net basis or to realise the asset and settle the liability simultaneously.

a) Financial Assets

All recognized financial assets are subsequently measured in their entirety at amortized cost or at fair value depending on the classification of the financial assets as follows

i) Investments in debt instruments that are designated as fair value through profit or loss (FVTPL) – at fair value.

ii) Other investments in debt instruments – at amortized cost, subject to the following conditions:

- The asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

iii) Debt instruments that meet the following conditions are subsequently measured at fair value through other comprehensive income (FVOCI) (unless they are designated as FVTPL)

- The asset is held within a business model whose objective is achieved both by collecting contractual cash flows and selling financial assets; and
- The contractual terms of instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

For financial assets that are measured at FVTOCI, income by way of interest, dividend and exchange difference (on debt instrument) is recognised in profit or loss and changes in fair value (other than on account of such income) are recognised in Other Comprehensive Income and accumulated in other equity. On disposal of debt instruments measured at FVTOCI, the cumulative gain or loss previously accumulated in other equity is reclassified to profit or loss.

A financial asset is primarily derecognized when;

i) The right to receive cash flows from the asset has expired, or

ii) The company has transferred its rights to receive cash flows from the asset or has assumed an obligation to pay the received cash flows in full without material delay to a third party under a pass-through arrangement; and (a) the company has transferred substantially all the risks and rewards of the asset, or b) the company has neither transferred nor retained substantially all the risks and rewards of the asset, but has transferred control of the asset.

On derecognition of a financial asset in its entirety, the difference between the carrying amount measured at the date of derecognition and the consideration received is recognised in profit or loss.

Impairment of financial assets: The company recognises impairment loss on trade receivables using expected credit loss model, which involves use of a provision matrix constructed on the basis of historical credit loss experience as permitted under Ind AS 109.

b) Financial liabilities

Financial liabilities, including derivatives, which are designated for measurement at FVTPL are subsequently measured at fair value. All other financial liabilities including loans and borrowings are measured at amortised cost using Effective Interest Rate (EIR) method.

A financial liability is derecognized when the related obligation expires or is discharged or cancelled.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

c) Cash flow hedges

In case of transaction related hedges, the effective portion of changes in the fair value of derivatives that are designated and qualify as cash flow hedges is recognised in other comprehensive income and accumulated in equity as 'hedging reserve'. The gain or loss relating to the ineffective portion is recognised immediately in profit or loss. Amounts previously recognised in other comprehensive income and accumulated in equity relating to the effective portion, are reclassified to profit or loss in the periods when the hedged item affects profit or loss, in the same head as the hedged item. The effective portion of the hedge is determined at the lower of the cumulative gain or loss on the hedging instrument from inception of the hedge and the cumulative change in the fair value of the hedged item from the inception of the hedge and the remaining gain or loss on the hedging instrument is treated as ineffective portion.

Hedge accounting in respect of cash flow hedges is discontinued when the hedging instrument expires or is sold, terminated, or exercised, or when it no longer qualifies for hedge accounting. Any gain or loss recognized in other comprehensive income and accumulated in equity at that time remains in equity and is recognized when the forecast transaction is ultimately recognized in profit or loss. When a forecast transaction is no longer expected to occur, the gain or loss accumulated in equity is recognized immediately in profit or loss.

15. Inventories

Inventories are valued after providing for obsolescence, as under:

a. Raw materials, components, stores, spares and loose tools at lower of weighted average cost and net realizable value

b. Work-in-progress at lower of cost of material including overheads and net realizable value.

c. Finished Goods (Manufacturing) at lower of cost and net realizable value. Cost includes related overheads and excise duty payable on such goods.

d. Finished Goods (Trading) at lower of weighted average cost and net realizable value.

Raw materials components, stores and other supplies held for use in the production of inventories are not written down below cost if the finished goods in which they will be used are expected to be sold at cost or above cost.

Assessment of net realisable value is done in each subsequent period and when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realisable value because of changed economic circumstances, the amount of the write-down is reversed. Such reversal is limited to the amount of the original write-down so that the new carrying amount is the lower of the cost and the revised net realisable value.

16. Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits with banks and include short-term highly liquid investments that are readily convertible into known amount of cash and which are subject to an insignificant risk of changes in value.

17. Borrowing Costs

Borrowing costs include interest expense calculated using the effective interest method, finance charges in respect of assets acquired on finance lease and exchange differences arising from foreign currency borrowings, to the extent they are regarded as an adjustment to interest costs.

Borrowing costs that are attributable to the acquisition, construction or production of a qualifying asset are capitalized/inventorised as part of cost of such asset till such time the asset is ready for its intended use or sale. A qualifying asset is an asset that necessarily requires a substantial period of time to get ready for its intended use or sale. All other borrowing costs are recognized in profit or loss in the period in which they are incurred.

18. Foreign currencies

a. The functional currency of the Company is Indian rupee.

b. Transactions in currencies other than the Company's functional currency are recorded on initial recognition using the exchange rate at the date of the transaction. At each Balance Sheet date, foreign currency monetary items are reported using the closing rate. Non-monetary items that are measured in terms of historical cost in foreign currency are not retranslated. Exchange differences that arise on settlement of monetary items or on reporting of monetary items at each Balance Sheet date at the closing spot rate are recognised in profit or loss in the period in which they arise except for:

i) exchange differences on foreign currency borrowings relating to assets under construction for future productive use, which are included in the cost of those assets when they are regarded as an adjustment to interest costs on those foreign currency borrowings; and

ii) exchange differences on transactions entered into in order to hedge certain foreign currency risks.

19. Accounting and reporting of information for Operating Segments

Operating segments are those components of the business whose operating results are regularly reviewed by the chief operating decision making body in the Company to make decisions for performance assessment and resource allocation.

The reporting of segment information is the same as provided to the management for the purpose of the performance assessment and resource allocation to the segments.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Segment accounting policies are in line with the accounting policies of the Company. In addition, the following specific accounting policies have been followed for segment reporting:

i) Segment revenue includes sales and other income directly identifiable with/allocable to the segment including inter segment revenue.

ii) Expenses that are directly identifiable with/allocable to segments are considered for determining the segment result. The expenses, which relate to the company as a whole and not allocable to the segments, are included under "other unallocable corporate expenditure".

iii) Income, which relates to the company as a whole and not allocable to segments is included in "Unallocable income".

iv) Segment assets and liabilities include those directly identifiable with the respective segments.

20. Taxes on Income

Tax on income for the current period is determined on the basis of taxable income and tax credits computed in accordance with the provisions of the Income Tax Act 1961, and based on the expected outcome of assessments/appeals.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the Company's financial statements and the corresponding tax bases used in computation of taxable profit and quantified using the tax rates and laws enacted or substantively enacted as on the Balance Sheet date.

Deferred tax liabilities are generally recognised for all taxable temporary differences including the temporary differences associated with investments in subsidiaries and associates, and interests in joint ventures, except where the Company is able to control the reversal of the temporary difference and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred tax assets are generally recognised for all taxable temporary differences to the extent that is probable that taxable profits will be available against which those deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered.

Deferred tax assets relating to unabsorbed depreciation/business losses/losses under the head "capital gains" are recognized and carried forward to the extent of available taxable temporary differences or where there is convincing other evidence sufficient future taxable income will be available against which such deferred tax assets can be realized.

Transaction or event, which is recognized outside profit or loss, either in other comprehensive income or in equity, is recorded along with the tax as applicable.

21. Provisions, contingent liabilities and contingent assets

Provisions are recognized only when:

a) an entity has a present obligation (legal or constructive) as a result of a past event

b) it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation; and

c) a reliable estimate can be made of the amount of the obligation

Provision is measured using the cash flows estimated to settle the present obligation and when the effect of time value of money is material, the carrying amount of the provision is the present value of those cash flows. Reimbursement expected in respect of expenditure required to settle a provision is recognised only when it is virtually certain that the reimbursement will be received.

Contingent liability is disclosed in case of:

a) a present obligation arising from past events, when it is not probable that an outflow of resources will be required to settle the obligation; and

b) a present obligation arising from past events, when no reliable estimate is possible

Contingent assets are disclosed where an inflow of economic benefits is probable.

Provisions, contingent liabilities and contingent assets are reviewed at each Balance Sheet date.

22. Commitments

Commitments are future liabilities for contractual expenditure. Commitments are classified and disclosed as follows:

a) Estimated amount of contracts remaining to be executed on capital account and not provided for

b) Other non-cancellable commitments, if any, to the extent they are considered material and relevant in the opinion of management.

Other commitments related to sales/procurements made in the normal course of business are not disclosed to avoid excessive details.

23. Non-current assets held for sale

Non-current assets (and disposal groups) classified as held for sale are measured at lower of their carrying amount and fair value less costs to sell.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

24. Statement of Cash Flows

Statement of cash flows is prepared segregating the cash flows from operating, investing and financing activities. Cash flow from operating activities is reported using indirect method, adjusting the net profit is adjusted for the effects of:

a) changes during the period in inventories and operating receivables and payables transactions of a non-cash nature

b) non-cash items such as depreciation, provisions, deferred taxes, unrealized foreign currency gains and losses, and undistributed profits of associates; and

c) all other items for which the cash effects are investing or financing cash flows.

Cash and cash equivalents (including bank balances) shown in the Statement of cash flows exclude items which are not available for general use as on the date of Balance Sheet.

25. Key sources of estimation uncertainty

The preparation of financial statements in conformity with Ind AS requires that the management of the Company makes estimates and assumptions that affect the reported amounts of income and expenses of the period, the reported balances of assets and liabilities and the disclosures relating to contingent liabilities as of the date of the financial statements. The estimates and underlying assumptions are reviewed on an ongoing basis. Examples of such estimates include the useful lives of PPE, Intangible assets, allowance for doubtful debts/advances, future obligations in respect of retirement benefit plans, provision for rectification costs, fair value measurement etc. Periodic revisions to such accounting estimates are recognized prospectively in the period to which it affects. Difference, if any, between the actual results and estimates is recognized in the period in which the results are known.

NOTE 2 : PROPERTY, PLANT AND EQUIPMENT

(₹ in lakhs)

Particulars	Freehold land	Freehold building	Plant and equipment	Computers	Office equipments	Furnitures and Fixtures	Vehicles	Total
Deemed cost as at April 1, 2015	28.46	2,177.36	7,157.05	289.56	82.25	485.16	22.87	10,242.71
Additions	–	161.83	2,879.60	261.50	40.97	26.92	42.66	3,413.48
Disposals	–	–	(34.50)	(46.95)	(3.65)	(12.28)	(13.38)	(110.76)
Gross Carrying amount as at March 31, 2016	**28.46**	**2,339.19**	**10,002.15**	**504.11**	**119.57**	**499.80**	**52.15**	**13,545.43**
Accumulated depreciation as at April 1, 2015	–	–	–	–	–	–	–	–
Depreciation for the year	–	134.11	1,013.14	209.97	28.91	89.55	6.32	1,482.00
Disposals	–	–	(34.01)	(44.21)	(3.65)	(12.28)	(3.44)	(97.59)
Accumulated depreciation as at March 31, 2016	**–**	**134.11**	**979.13**	**165.76**	**25.26**	**77.27**	**2.88**	**1,384.41**
Carrying value as at March 31, 2016	**28.46**	**2,205.08**	**9,023.02**	**338.35**	**94.31**	**422.53**	**49.27**	**12,161.02**

Particulars	Freehold land	Freehold building	Plant and equipment	Computers	Office equipments	Furnitures and Fixtures	Vehicles	Total
Gross carrying value as at April 1, 2016	28.46	2,339.19	10,002.15	504.11	119.57	499.80	52.15	13,545.43
Additions	–	1,811.80	1,503.67	156.73	145.13	245.75	8.05	3,871.13
Purchase of undertaking [Refer Note 38]	**117.24**	**4,009.36**	**252.33**	**–**	**–**	**–**	**–**	**4,378.93**
Sale of undertaking [Refer Note 37]	**(20.28)**	**(742.49)**	**(23.92)**	**–**	**–**	**–**	**–**	**(786.69)**
Disposals	–	–	(97.95)	(7.49)	–	–	(9.48)	(114.92)
Gross carrying value as at March 31, 2017	**125.42**	**7,417.86**	**11,636.28**	**653.35**	**264.70**	**745.55**	**50.72**	**20,893.88**
Accumulated depreciation as at April 1, 2016	–	134.11	979.13	165.76	25.26	77.27	2.88	1,384.41
Depreciation for the year	–	338.92	1,264.85	151.07	41.73	86.52	8.55	1,891.64
Sale of undertaking [Refer Note 37]	**–**	**(73.41)**	**(7.96)**	**–**	**–**	**–**	**–**	**(81.37)**
Disposals	–	–	(89.57)	(6.39)	–	–	(3.01)	(98.97)
Accumulated depreciation as at March 31, 2017	**–**	**399.62**	**2,146.45**	**310.44**	**66.99**	**163.79**	**8.42**	**3,095.71**
Carrying value as at March 31, 2017	**125.42**	**7,018.24**	**9,489.83**	**342.91**	**197.71**	**581.76**	**42.30**	**17,798.17**

(a) Refer Note 34 for details on property, plant and equipment pledged as security by the company for bank loans under mortgage.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) The company has reviewed the future cash flows on the basis of value in use of its assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in the accounts.

(c) Refer Note 26 for disclosure of contractual commitments for the acquisition of property, plant and equipment.

(d) Capital work-in-progress mainly comprises building others, plant and equipment and office equipments.

NOTE 3 : INVESTMENT PROPERTIES

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Gross Carrying amount			
Opening gross carrying amount	**2.39**	*2.39*	*2.39*
Additions	**–**	–	–
Sale of undertaking	**(2.39)**	–	–
Closing gross carrying amount	**–**	*2.39*	*2.39*
Accumulated depreciation			
Opening accumulated depreciation	**–**	–	–
Depreciation for the year	**–**	–	–
Closing accumulated depreciation	**–**	–	–
Net Carrying amount	**–**	*2.39*	*2.39*

(a) Amounts recognized in profit or loss for investment properties

(₹ in lakhs)

Particulars	2016-17	2015-16
Rental Income	**2.52**	*4.32*
	2.52	*4.32*

(b) Leasing arrangements

4.51 acres of land located at Manapakkam was leased to Larsen & Toubro limited under long-term operating leases with rentals payable monthly. The same has been transferred to L&T Electrical & Automations Limited under a Scheme of Demerger [Refer Note 37] Minimum lease payments receivable under non-cancellable operating leases of investment properties are as follows:

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Within one year	**–**	*4.32*	*4.32*
later than one year but not later than 5 years	**–**	*17.28*	*17.28*
Later than 5 years	**–**	*373.68*	*378.00*
Total	**–**	*395.28*	*399.60*

Note: Total contingent rent recognized in Statement of Profit and Loss is ₹ Nil (Previous year ₹ Nil)

(c) Fair Value

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Investment properties	**–**	*13,751.64*	*13,510.00*

The Company's investment property represents of 4.51 acres of Land leased out to Larsen & Toubro Ltd. (Holding Company).

The fair value of investment properties as at March 31, 2016 and April 1, 2015 have been arrived at on the basis of a valuation carried out as on the respective dates by Mr. B.Muniraja, Independent valuer not related to the company. Mr.B. Muniraja is registered with the authority which governs the valuers in India, and he has appropriate qualifications and recent experience in the valuation of properties in the relevant locations. The fair value was derived using the market comparable approach based on recent market prices without any significant adjustments being made to the market observable data. All resulting fair value estimates for investment properties are included in Level 2.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 4 : OTHER INTANGIBLE ASSETS

(₹ in lakhs)

Particulars	Technical know- how	Total
Gross carrying value as at April 1, 2015	670.40	670.40
Additions	–	–
Gross carrying value as at March 31, 2016	**670.40**	**670.40**
Accumulated amortization as at April 1, 2015	195.76	195.76
Amortization charge for the year	111.82	111.82
Accumulated amortization as at March 31, 2016	**307.58**	**307.58**
Carrying value as at March 31, 2016	**362.82**	**362.82**

(₹ in lakhs)

Particulars	Technical know- how	Total
Gross carrying value as at April 1, 2016	670.40	670.40
Additions	–	–
Gross carrying value as at March 31, 2017	**670.40**	**670.40**
Accumulated amortization as at April 1, 2016	307.58	307.58
Amortization charge for the year	111.82	111.82
Accumulated amortization as at March 31, 2017	**419.40**	**419.40**
Carrying value as at March 31, 2017	**251.00**	**251.00**

(a) Intangible assets under development include technical knowhow, design and prototypes of Industrial valves.

(b) The company estimates the useful life of Technical knowhow to be 6 years based on the expected technical obsolescence of such assets. The remaining amortization period as at March 31, 2017 is 2.25 years.

(c) The company has reviewed the future cash flows on the basis of value in use of its intangible assets and is satisfied that the recoverable amount is more than the amount carried in the books. Accordingly, no provision for impairment loss is required to be made in the accounts.

(₹ in lakhs)

Particulars	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
NOTE 5(a) : INVESTMENTS			
Investments in Mutual funds			
Quoted			
8,220,181.70 (March 31, 2016 : Nil, April 1, 2015 : Nil) units L&T Ultra short term fund growth plan	**2,183.29**	–	–
Total	**2,183.29**	–	–
Market value of quoted investments	**2,183.29**	–	–
Aggregate amount of unquoted investments	**–**	–	–
Aggregate amount of impairment in the value of investments	**–**	–	–
Total	**2,183.29**	–	–
NOTE 5(b) : TRADE RECEIVABLES			
Unsecured			
Considered good	**80,082.90**	*67,058.91*	*54,788.49*
Considered doubtful	**638.85**	*522.79*	*533.69*
	80,721.75	*67,581.70*	*55,322.18*
Less: Allowance for credit loss [Refer Note 28(a)(ii)]	**(638.85)**	*(522.79)*	*(533.69)*
Total	**80,082.90**	*67,058.91*	*54,788.49*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(i) Based on the information available with the company, there are no amounts due from directors or other officers of the company or any of them either severally or jointly with any other person or debts due by firms or private companies respectively in which any director is a partner or a director or a member as at 31 March 2017 (31 March 2016: ₹ Nil, 1 April 2015: ₹ Nil).

(ii) Trade receivables are non interest bearing and are generally on terms of 60 days.

(iii) ₹ 6,630.90 Lakhs is receivable from related parties as on 31 March 2017 (31 March 2016: ₹ 4,184.57 Lakhs, 1 April 2015: ₹.3,661.83 Lakhs)

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 5(c) : LOANS			
Non-Current			
Unsecured, considered good			
Loan to directors	–	–	–
Loan to employees	–	0.15	1.44
Security deposits	219.72	226.22	72.71
Total	219.72	226.37	74.15
Current			
Unsecured, considered good			
Loan to employees	27.87	5.74	8.33
Security deposits	5.54	10.01	57.50
Total	33.41	15.75	65.83
NOTE 5(d) : CASH AND CASH EQUIVALENTS			
Balances with banks	394.86	90.84	101.17
Cash on hand	–	0.07	0.70
Total cash and cash equivalents	394.86	90.91	101.87

(i) There are no repatriation restrictions with regard to cash and cash equivalents as at the end of the reporting period or prior periods.

(ii) The Company does not have SBN dealings during the specified period [Refer Note 36].

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 5(e) : OTHER FINANCIAL ASSETS			
Current			
Derivatives			
Foreign-exchange forward contracts	430.79	–	–
Non-derivatives			
Ernest money deposit	19.66	7.04	9.04
Advance to staff	33.62	42.31	38.99
Insurance claim receivable	–	240.00	–
Receivables from related parties	537.73	243.23	200.12
Others	93.20	–	–
Total	1,115.00	532.58	248.15

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 6 : OTHER NON - CURRENT ASSETS			
Capital advances	**15.17**	*16.88*	*63.94*
Prepaid expenses	**198.30**	*234.09*	*184.76*
Total	**213.47**	*250.97*	*248.70*
NOTE 7 : INVENTORIES			
Raw materials and components			
In Stock	**24,793.70**	*23,206.47*	*21,943.10*
In transit	**396.70**	*934.59*	*725.47*
Work-in-progress	**3,864.74**	*3,430.60*	*5,337.09*
Finished goods	**5,551.14**	*5,005.86*	*6,562.61*
Traded goods	**–**	–	–
Stores and spares			
In Stock	**1,000.85**	*931.26*	*767.05*
In transit	**9.04**	*3.80*	*4.53*
Total	**35,616.17**	*33,512.58*	*35,339.85*

(i) Amounts recognized in profit or loss

Write-downs of inventories to net realizable value amounted to ₹ Nil (March 31, 2016 : ₹ Nil)

(ii) Inventories pledged as security

Information on Inventories pledged as security by the Company for bank loans under hypothecations given in Note 34.

(₹ in lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 8 : CURRENT TAX ASSET (NET)			
Income tax paid	**6,609.18**	–	–
Less: Provision for current tax	**6,471.59**	–	–
Total	**137.59**	–	–
NOTE 9 : OTHER CURRENT ASSETS			
Advance to suppliers	**37.05**	*49.33*	*124.87*
Balance with Central Excise	**10,467.20**	*6,978.65*	*8,790.28*
Balance with Sales tax	**3,586.41**	*1,947.25*	*1,024.57*
Income tax receivable (net)	**670.65**	*997.79*	*1,199.25*
Prepaid expenses	**945.34**	*955.29*	*830.27*
Others	**9.98**	*11.29*	*254.05*
Total	**15,716.63**	*10,939.60*	*12,223.29*
NOTE 10 : ASSETS HELD FOR SALE			
Non current assets	**0.14**	*1.84*	*0.14*
Total	**0.14**	*1.84*	*0.14*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 11(a) : EQUITY SHARE CAPITAL

Authorized, issued, subscribed and paid up capital

Particulars	As at March 31, 2017 No of shares	As at March 31, 2017 ₹ Lakhs	As at March 31, 2016 No of shares	As at March 31, 2016 ₹ Lakhs	As at April 1, 2015 No of shares	As at April 1, 2015 ₹ Lakhs
Authorized:						
Equity shares of ₹ 100 each	**7,500,000**	**7,500.00**	*7,500,000*	*7,500.00*	*7,500,000*	*7,500.00*
Issued , subscribed and fully paid up:						
Equity shares of ₹ 100 each	**1,800,000**	**1,800.00**	*1,800,000*	*1,800.00*	*1,800,000*	*1,800.00*

There was no movement in equity share capital during the current year and in the previous year.

(i) Terms/rights/restrictions attached to equity shares

(a) The company has only one class of equity shares having a par value of ₹ 100 per share. Each holder of equity share is entitled to one vote per share.

(b) All shares issued carry equal rights for dividend declared by the Company. There are no restrictions attached to any specific shareholder.

(c) The company has not issued any securities during the year with right / option to convert the same into equity shares at a later date.

(ii) Details of equity shares held by the Holding Company (₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Larsen and Toubro Limited			
(Immediate and ultimate holding company)	**1,800**	*1,800*	*1,800*

(iii) Details of shareholders holding more than 5% of the company

Larsen and Toubro Limited & its nominees (100% holding)	**1,800,000**	*1,800,000*	*1,800,000*

(iv) The Company has not issued shares pursuant to contracts without payment being received in cash during the five years immediately preceding the reporting date.

(v) The aggregate number of equity shares bought back in the immediately preceding five years ended March 31, 2017 is Nil (Previous year : Nil).

(vi) The aggregate number of equity shares allotted as fully paid bonus shares in the immediately preceding five years ended March 31, 2017 is 236,740 shares (Previous year : 236,740 shares).

(vii) The Company has not reserved any equity shares for issue under options and contracts/commitments for the sale of shares / disinvestment.

(viii) Calls unpaid : Nil ; Forfeited shares ; Nil.

(ix) There are no securities convertible into equity shares.

11(b) : RESERVES AND SURPLUS

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Retained earnings	**40,647.51**	*31,862.19*	*18,158.44*
General Reserve	**18,211.33**	*18,950.21*	*18,950.21*
Total Reserves and Surplus	**58,858.84**	*50,812.40*	*37,108.65*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016
(i) Retained Earnings		
Opening Balance	**31,862.19**	*18,158.44*
Net profit for the period	**12,053.89**	*13,837.09*
Items of other comprehensive income recognized directly in retained earnings		
- Remeasurments of post - employment benefit obligation net of tax	**(18.92)**	*(133.34)*
Dividends	**(2,700.00)**	–
Dividend tax	**(549.65)**	–
Total	**40,647.51**	*31,862.19*

During the year 2016-17 the company paid interim dividend of ₹ 150 per share on 1800000 equity shares of ₹ 100 each.

(₹ in lakhs)

	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
(ii) General Reserves			
Opening Balance	**18,950.21**	*18,950.21*	*18,950.21*
Additions during the year	**–**	–	–
Less : Sale of Undertaking [Refer Note 37]	**(738.88)**	–	–
Closing Balance	**18,211.33**	*18,950.21*	*18,950.21*

The general reserve is used from time to time to transfer profits from retained earnings for appropriation purposes. As the general reserve is created by a transfer from one component of equity to another and is not an item of other comprehensive income, items included in the general reserve will not be reclassified subsequently to profit or loss.

NOTE 11(c) : OTHER RESERVES (₹ in lakhs)

Particulars	Cash flow Hedging reserve
As at April 1, 2015	**(475.40)**
i) Change in the value of the hedging instrument recognized in other comprehensive income	(47.12)
ii) Amount reclassified to profit or loss	(20.08)
As at March 31, 2016	**(542.60)**
i) Change in the value of the hedging instrument recognized in other comprehensive income	242.23
ii) Amount reclassified to profit or loss	-
As at March 31, 2017	**(300.37)**

The company uses hedging instruments as part of its management of foreign currency risk associated with its highly probable forecast sale. For hedging foreign currency risk, the company uses foreign currency forward contracts which are designated as cash flow hedges. To the extent these hedges are effective, the change in fair value of hedging instrument is recognized in the cash flow hedging reserve. The amount recognized in the cash flow hedging reserve is adjusted against the carrying amount of the financial assets/liabilities.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 12(a) : NON-CURRENT BORROWINGS

(₹ in lakhs)

Particulars	Maturity Date	Terms of repayment	Interest rate	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Secured - From banks						
Term Loan	24-Nov-17	Repayable in 2 Equal installments of ₹ 166.67 lakhs on i) May 24, 2017 and ii) November 24, 2017	10.25%	**334.08**	*501.12*	*500.98*
Term Loan	13-Feb-18	Repayable in 2 Equal installments of ₹ 33.33 lakhs on i) February 13, 2018 and ii) February 13, 2019	10.25%	**67.03**	*100.50*	*100.51*
Term Loan	26-Feb-18	Repayable in 2 Equal installments of ₹ 66.67 lakhs on i) August 26, 2017 and ii) February 26, 2018	10.25%	**133.52**	*201.57*	*200.28*
Term Loan	4-Jun-18	Repayable in 3 Equal installments of ₹ 66.67 lakhs commencing from June 4, 2017	10.25%	**201.57**	*200.22*	–
Term Loan	26-Jun-18	Repayable in 3 Equal installments of ₹ 100.00 lakhs commencing from June 26, 2017	10.25%	**300.42**	*300.34*	–
Term Loan	30-Jun-18	Repayable in 3 Equal installments of ₹66.67 lakhs commencing from June 30, 2017	10.25%	**200.11**	*200.11*	–
Buyers Credit			EUR LIBOR+ Spread	**–**	–	*322.92*
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 33.33 lakhs commencing from June 18, 2018	9.35%	**201.60**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 16.67 lakhs commencing from June 18, 2018	9.35%	**100.80**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 16.67 lakhs commencing from June 18, 2018	9.35%	**100.80**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 66.67 lakhs commencing from June 18, 2018	9.35%	**403.19**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 16.67 lakhs commencing from June 18, 2018	9.35%	**100.80**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 33.33 lakhs commencing from June 18, 2018	9.35%	**201.60**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 25.00 lakhs commencing from June 18, 2018	9.35%	**151.19**	–	–
Term Loan	18-Dec-20	Repayable in 6 Equal installments of ₹ 41.67 lakhs commencing from June 18, 2018	9.35%	**251.99**	–	–
		Total Secured		**2,748.70**	*1,503.86*	*1,124.69*

Security

The term loan are secured by way of a first charge having pari passu on specific list of plant and machinery [Refer Note 34]

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 12(a) : NON-CURRENT BORROWINGS ***(Contd.)***

(₹ in lakhs)

Particulars	Maturity Date	Terms of repayment	Interest rate	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Unsecured - From Banks						
Term Loan			9.50%	**–**	*201.60*	–
Term Loan			9.50%	**–**	*100.80*	–
Term Loan			9.50%	**–**	*100.78*	–
Foreign currency loan (EUR)	23-Jul-18	Repayable at the end of the third year	EUR LIBOR+ Spread	**505.24**	*548.46*	–
Foreign currency loan (EUR)	30-Oct-17	Repayable at the end of the third year	EUR LIBOR+ Spread	**631.86**	*687.43*	*614.41*
Foreign currency loan (EUR)	6-Jul-19	Repayable at the end of the third year	EUR LIBOR+ Spread	**742.30**	–	–
		Total Un-secured		**1,879.40**	*1,639.07*	*614.41*
		Total Non-current borrowings		**4,628.10**	*3,142.93*	*1,739.10*
Less: Current maturities of long term debt [included in Note 12(c)]				**1,630.56**	*266.67*	*319.82*
Less: Interest accrued [included in Note 12(c)]				**20.40**	*10.22*	*7.85*
Total				**2,977.14**	*2,866.04*	*1,411.43*

NOTE 12(b) : CURRENT BORROWINGS

(₹ in lakhs)

Particulars	Interest rate	As at March 31, 2017	*As at March 31, 2016*	*As at April 1, 2015*
Loans repayable on demand				
Secured				
From banks				
Bank overdrafts	MCLR Rate	**2,103.78**	*2,876.17*	*4,200.13*
Others	6.25%	**3,000.00**	–	–
Unsecured				
Loan from banks		**–**	–	*441.47*
Loan from Holding company		**–**	–	*1,500.00*
Total current borrowings		**5,103.78**	*2,876.17*	*6,141.60*
Less: Interest accrued [included in Note 12(c)]		**–**	–	*0.05*
Total		**5,103.78**	*2,876.17*	*6,141.55*

Security

* The bank overdraft facilities from banks are secured by hypothecation of stock of raw materials, components, work-in-progress, finished goods and book debts both present and future.

* The carrying amount of financial and non financial assets pledged as security for current and non current borrowings are disclosed in Note 34.

* There has been no default in the both repayment of borrowings and payment of interest.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 12(c) : OTHER FINANCIAL LIABILITIES			
Non- current			
Forward contract payable	–	546.00	495.48
Others	31.84	28.74	27.52
Total	31.84	574.74	523.00
Current			
Current maturities of long-term debt	1,630.56	266.67	319.82
Interest accrued	20.40	10.22	7.90
Due to Related parties	10,101.21	6,122.71	6,747.20
Forward Contract payable	–	–	308.60
Other liabilities	5,903.41	6,681.00	3,988.26
Total	17,655.58	13,080.60	11,371.78
NOTE 12(d) : TRADE PAYABLES			
Due to:			
Micro and Small Enterprises	–	–	6.67
Related parties	31.94	26.55	55.32
Others	50,580.63	39,246.01	41,343.25
Total	50,612.57	39,272.56	41,405.24

(i) Trade payables in respect of the amount due on account of goods purchased or services received in the normal course of business is classified as trade payable.

(ii) Trade and other payables are non-interest bearing and are generally on terms of 60 days.

(iii) Disclosure Pursuant to Micro Small and Medium Enterprises Development Act, 2006 (MSMED Act).

(₹ in lakhs)

Particulars	2016-17	2015-16	2014-15
Principal amount due to Suppliers under MSMED Act, 2006	–	–	6.67
Interest accrued due to Suppliers under MSMED Act on the above amount, unpaid	–	–	–
Payment made to Suppliers (other than interest) beyond the appointed day during the year	–	–	3.42
Interest paid to Suppliers under MSMED Act (other than Section 16)	–	–	–
Interest paid to Suppliers under MSMED Act (Section 16)	–	–	0.10
Interest due and payable towards Suppliers under MSMED Act for payments already made	–	–	–
Interest Accrued and remaining unpaid at the end of the year to Suppliers under the MSMED Act	–	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
NOTE 13 : PROVISIONS			
(i) Non-Current			
Provision for Employee Benefits			
Compensated absences	**934.83**	*885.77*	*837.05*
Post-employment medical benefits	**523.65**	*424.79*	*332.11*
Other provisions			
Provision for warranties	**146.14**	*189.57*	*436.89*
Total	**1,604.62**	**1,500.13**	**1,606.05**
(ii) Current			
Provision for Employee Benefits			
Compensated absences	**333.71**	*246.92*	*168.23*
Post-employment medical benefits	**16.99**	*42.02*	*34.06*
Bonus provision	**115.92**	*129.69*	*35.51*
Other provisions			
Warranties	**447.27**	*613.24*	*328.25*
Other provisions	**6,225.37**	*4,381.42*	*2,893.70*
Total	**7,139.26**	*5,413.29*	*3,459.75*

(iii) Information about provisions and significant estimates :

Compensated absences:

This represents compensation for annual leave accrued by the employees. The present value of the obligation is determined based on actuarial valuation

Retirement medical benefit :

This represents the provision for post retirement healthcare benefits to retired employees based on the actuarial valuation.

Warranty :

The company gives warranty for a period of two years on all products and services, undertaking to repair or replace the items that fail to perform satisfactorily during the warranty period. Closing provision represents the estimate of future outflow of economic benefits that will be required to meet the obligations. The time of the outflow is expected to be within in period of two years, based on which the classification of provision into current and and non-current has been made.

Others

Liquidated damages represent the estimated cost that the Company is likely to incur due to delay in delivery as per its contract obligations. Back work charges represent the estimated cost that the Company is likely to incur due to defect in functioning and it is accrued on the basis of advice from distributors/ customers. The actual cash outflow and the timing is dependent on various factors governed by the terms of the contract with customers and facts and circumstances of each case which has given rise to the obligation. Accordingly it is not possible to estimate the exact timing and quantum of the cashflow.

(iv) Disclosures pursuant to Indian Accounting Standard 37 "Provisions, Contingent Liabilities and Contingent Assets":

(a) Movement during 2015-16

₹ Lakhs

Particulars	Product Warranty	Liquidated Damages	Back work charges
Carrying amount as at April 1, 2015	765.14	2,513.76	379.94
Additional provisions recognized	326.60	2,662.36	361.39
Provision used during the year	(187.71)	(581.37)	(65.59)
Unused provision reversed during the year	(140.54)	(571.49)	(317.58)
Increase in discounted amount due to passage of time and changes in discount rate	39.32	–	–
Carrying amount as at March 31, 2016	**802.81**	**4,023.26**	**358.16**
Current	613.24	4,023.26	358.16
Non - Current	189.57	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) Movement during 2016-17 ₹ Lakhs

Particulars	Product Warranty	Liquidated Damages	Back work charges
Carrying amount as at April 1, 2016	802.81	4,023.26	358.16
Additional provisions recognized	250.83	2,837.82	56.35
Provision used during the year	(178.08)	(559.83)	(44.64)
Unused provision reversed during the year	(298.13)	(410.35)	(35.41)
Increase in discounted amount due to passage of time and changes in discount rate	15.98	–	–
Carrying amount as at March 31, 2017	**593.41**	**5,890.90**	**334.46**
Current	447.27	5,890.90	334.46
Non - Current	146.14	–	–

(v) The Company does not expect any reimbursement towards the expenses to be incurred.

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 14 : DEFERRED TAX LIABILITIES (NET)			
(i) Major components of deferred tax assets and liabilities			
(a) Deferred tax liabilities			
Property, plant and equipment	**1926.72**	*1,479.92*	*1,385.37*
Intangible assets	**10.26**	*23.42*	*28.08*
Deferred tax liabilities - A	**1,936.98**	*1,503.34*	*1,413.45*
(b) Deferred tax assets			
Provision for doubtful debts	**110.33**	*68.39*	*54.08*
Expense allowed for tax purpose on payment basis (net)	**525.75**	*481.75*	*467.73*
Other items giving rise to timing differences	**493.56**	*291.33*	*182.54*
Deferred tax assets - B	**1,129.64**	*841.47*	*704.35*
Net deferred tax liabilities (A-B)	**807.34**	*661.87*	*709.10*

(ii) Movement in deferred tax liabilities

(a) Movement during 2015-16 (₹ in lakhs)

Particulars	As at April 1, 2015	Recognised in Statement of Profit or Loss	Recognised in OCI	As at March 31, 2016
Property, Plant and Equipment	1,385.37	94.55	–	1,479.92
Intangible assets	28.08	(4.66)	–	23.42
Provision for doubtful debts	(54.08)	(14.31)	–	(68.39)
Expense allowed for tax purpose on payment basis (net)	(467.73)	(14.02)	–	(481.75)
Other items giving rise to timing differences	(182.54)	(108.79)	–	(291.33)
Total	709.10	(47.23)	–	661.87

(b) Movement during 2016-17 (₹ in lakhs)

Particulars	As at April 1, 2016	Recognised in Statement of Profit or Loss	Recognised in OCI	As at March 31, 2017
Property, Plant and Equipment	1,479.92	446.80	–	1,926.72
Intangible assets	23.42	(13.16)	–	10.26
Provision for doubtful debts	(68.39)	(41.94)	–	(110.33)
Expense allowed for tax purpose on payment basis (net)	(481.75)	(44.00)	–	(525.75)
Other items giving rise to timing differences	(291.33)	(202.23)	–	(493.56)
Total	661.87	145.47	–	807.34

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
NOTE 15 : OTHER CURRENT LIABILITIES			
Advance from customers	**6,750.42**	*6,329.71*	*7,004.05*
Statutory liabilities	**1,303.54**	*1,307.78*	*1,723.19*
Total	**8,053.96**	*7,637.49*	*8,727.24*
NOTE 16 : CURRENT TAX LIABILITIES			
Provision for current tax	–	*6,793.70*	*6,131.82*
Less: Taxes paid	–	*(6,764.80)*	*(6,054.02)*
Total	–	*28.90*	*77.80*

(₹ in lakhs)

Particulars	2016-17	2015-16
NOTE 17 : REVENUE FROM OPERATIONS		
Sale of products (including excise duty)	**145,867.75**	*153,226.11*
Sale of Stock in trade	**19.23**	*524.48*
Sale of services	**52.10**	*74.01*
Other operating income [Refer Note (a) below]	**4,379.93**	*2,480.43*
Total	**150,319.01**	*156,305.03*
(a) **Breakup of Other Operating Income :**		
Premium income on forward contracts	**1,249.63**	*326.56*
Duty drawback	**1,200.16**	*960.22*
Sale of MEIS Scrip	**1,038.05**	–
Order Cancellation Charges	**746.47**	*22.37*
Insurance claim [Refer Note (b) below]	**80.00**	*970.00*
Sale of miscellaneous scrap	**65.62**	*39.43*
Others	–	*161.85*
Total	**4,379.93**	*2,480.43*

(b) Insurance claims represent claims accepted by insurer against loss of profit claim made by the Company consequent to disruption in operations caused by flood in Chennai during 2015-16.

(c) Sale of goods includes excise duty collected from customers of ₹ 3,878.23 lakhs (March 31, 2016 ₹ 7,612.69 lakhs).

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	2016-17	2015-16
NOTE 18 : OTHER INCOME		
Rental income	**2.52**	*4.32*
Ind AS - Gain/(Loss) on FV of Investments at fair value through profit or loss	**96.45**	–
Net gain on disposal of property, plant and equipment	**(1.64)**	–
Net gain on sale of investments	**86.84**	–
Interest income	**98.14**	*5.97*
Provision no longer required	**1.08**	*220.87*
Unclaimed credit	**37.27**	*19.95*
Miscellaneous Income	**34.10**	*29.42*
Total Other Income	**354.76**	*280.53*
NOTE 19(a) : COST OF MATERIALS CONSUMED		
Opening stock	**24,141.06**	*22,668.57*
Add: Purchases	**97,082.47**	*96,256.26*
Less: Closing stock	**(24,793.70)**	*(24,141.06)*
	96,277.51	*94,783.77*
Less: Scrap sales	**(76.16)**	*(181.27)*
Total	**96,353.67**	*94,602.50*

(₹ in lakhs)

Particulars	2016-17		2015-16	
NOTE 19(b) : CHANGES IN INVENTORIES OF WORK-IN-PROGRESS, STOCK-IN-TRADE AND FINISHED GOODS				
Opening balance				
Work-in-progress	**5,005.86**		*5,337.09*	
Finished goods	**3,430.60**		*6,562.61*	
		8,436.46		*11,899.70*
Closing balance				
Work-in-progress	**3,864.74**		*5,005.86*	
Finished goods	**5,551.14**		*3,430.60*	
		9,415.88		*8,436.46*
Total		**(979.42)**		*3,463.24*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	2016-17	2015-16
NOTE 19(c) : OTHER MANUFACTURING AND OPERATING EXPENSES		
Excise duty	**35.34**	*(239.53)*
Direct expenses	**419.64**	*413.68*
Stores, spares and tools	**2,416.62**	*2,499.90*
Power and fuel	**685.31**	*744.92*
Packing charges	**2,614.80**	*2,351.49*
Repairs to Buildings	**140.64**	*221.19*
Repairs to Plant and machinery	**1,160.74**	*1,120.61*
Total	**7,473.09**	*7,112.26*
NOTE 20 : EMPLOYEE BENEFIT EXPENSE		
Salaries, wages and bonus	**8,836.80**	*7,955.76*
Contribution to and provision for:		
Provident fund	**308.00**	*289.42*
Gratuity	**29.47**	*16.55*
Staff welfare expenses	**1,035.75**	*1,098.75*
Total	**10,210.02**	*9,360.48*
NOTE 21 : DEPRECIATION AND AMORTIZATION EXPENSE		
Depreciation of property, plant and equipment	**1,891.64**	*1,482.00*
Amortization of intangible assets	**111.82**	*111.82*
Total	**2,003.46**	*1,593.82*
NOTE 22 : FINANCE COSTS		
Interest expense		
On Loan from banks	**677.34**	*474.31*
Others	**21.75**	*16.71*
Other borrowing costs	**34.61**	*75.03*
Exchange differences regarded as an adjustment to borrowing costs	**(88.99)**	*172.43*
Total Finance Costs	**644.71**	*738.48*

Note: Borrowing cost capitalized during the year ₹ Nil (Previous year ₹ Nil)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	2016-17		2015-16	
NOTE 23 : OTHER EXPENSES				
Forwarding charges (net)		**2,365.41**		*2,421.45*
Professional charges		**3,645.84**		*2,753.79*
Insurance		**260.79**		*219.81*
Rent		**477.63**		*834.00*
Rates and taxes		**374.46**		*243.96*
Travelling and conveyance		**941.91**		*704.53*
Repairs & maintenance - others		**560.18**		*439.61*
Advertising and publicity		**36.10**		*99.91*
Net loss on foreign currency transactions and translations		**74.64**		*25.95*
Selling commission		**952.70**		*191.58*
Provision for doubtful debts (ECL)		**121.19**		*41.35*
Bad debts written off	**5.13**		*52.25*	
Less: Provision for bad debts reverse	**5.13**		*52.25*	
		–		–
Bank charges		**444.07**		*388.37*
CSR expenses		**160.97**		*189.16*
Directors Fees		**1.80**		–
Miscellaneous expenses		**1,906.87**		*2,152.73*
Total		**12,324.56**		*10,706.20*

(₹ in lakhs)

Particulars	2016-17	2015-16
(a) DETAILS OF PAYMENTS TO AUDITORS (EXCLUDING SERVICE TAX)		
Payment to auditors		
As auditor:		
Audit Fee	**11.10**	*11.10*
Tax audit fee	**6.10**	*5.80*
Company law matters	**0.30**	*0.20*
Certification fees	**4.49**	*0.97*
Others	**9.66**	*15.88*
Re -imbursement of expenses (including service tax)	**0.45**	*0.35*
Total	**32.10**	*34.30*

(b) CORPORATE SOCIAL RESPONSIBILITY EXPENDITURE

As per Section 135 of the Companies Act, 2013, a company, meeting the applicability threshold, needs to spend at least 2% of its average net profit for the immediately preceding three financial years on corporate social responsibility (CSR) activities. The areas for CSR activities are education/ Literacy Enhancement, Skill Development/ Empowerment, Healthcare/ Medical Facility, Drinking water/Sanitation. A CSR committee has been formed by the company as per the Act. The funds were primarily allocated to a corpus and utilized through the year on these activities which are specified in Schedule VII of the Companies Act, 2013.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(₹ in lakhs)

Particulars	2016-17	2015-16
Amount required to be spent as per Section 135 of the Act by the company during the year	**368.11**	*268.81*
Amount spent during the year on:		
(i) Construction/acquisition of any assets	**–**	*–*
(ii) On purposes other than (i) above		
(a) in cash	**119.50**	*104.42*
(b) yet to be paid in cash	**41.46**	*84.74*

NOTE 24 : INCOME TAX EXPENSE

(₹ in lakhs)

Particulars	2016-17	2015-16
(a) INCOME TAX EXPENSE		
(i) Income tax recognized in profit or loss		
A. Current tax		
i) Current income tax charge	**6,471.59**	*6,881.22*
ii) Adjustment in respect of previous years	**76.77**	*283.37*
Total	**6,548.36**	*7,164.59*
B. Deferred tax		
i) Relating to origination and reversal of temporary differences	**145.47**	*(47.23)*
Total	**145.47**	*(47.23)*
Total income tax expense recognized in profit or loss	**6,693.83**	*7,117.36*
(ii) Income tax recognized in other comprehensive income		
A. Current tax :		
i) Remeasurement of defined benefit plan	**(10.01)**	*(70.57)*
Total income tax expense recognized in OCI	**(10.01)**	*(70.57)*
Total income tax expenses	**6,683.82**	*7,046.79*
(b) RECONCILIATION OF TAX EXPENSE AND THE ACCOUNTING PROFIT MULTIPLIED BY INDIA'S TAX RATE :		
Profit Before Tax (A)	**18,747.72**	*20,954.45*
Applicable tax rate (B)	**34.61%**	*34.61%*
1) Income tax expense calculated at Indian Income Tax Rate [(A)*(B)]	**6,488.21**	*7,251.91*
2) CSR Expenses not allowed under IT Act	**58.55**	*71.46*
3) Weighted deductions on R&D expenditure	**(221.48)**	*(331.17)*
4) Expenses not allowed under IT Act	**5.21**	*3.43*
5) Allowance u/s 80 of IT Act	**(9.06)**	*(19.11)*
6) Other items	**295.63**	*(142.53)*
7) Tax effect of items recognized in other comprehensive income	**(10.01)**	*(70.57)*
8) Adjustment recognized in the current year in relation to the current tax of prior years	**76.77**	*283.37*
Tax Expenses recognized during the year	**6,683.82**	*7,046.79*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 25 : CONTINGENT LIABILITIES AND ASSETS

Sl. No.	Particulars	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
1	Claims against the company not acknowledged as debts [Refer Note (a) below]	**34.97**	*34.97*	*34.97*
2	Sales- Tax liability that may arise in respect of matters in appeal	**17.67**	*17.67*	*64.67*
3	Excise duty/ Service tax liability that may arise in respect of matters in appeal	**51.05**	*4.17*	*244.62*
4	Income tax liability that may arise in respect of matters in appeal	**276.43**	*274.10*	*255.01*

(a) This represents claim filed against the company by a bank with whom one of the vendors of the company had discounted bills against supplies made to the company.

(b) It is not practical to estimate the timing of cash outflows, if any, in respect of matters above pending resolution of appeal proceedings.

(c) The company does not expect any reimbursements in respect of the above contingent liabilities.

NOTE 26 : COMMITMENTS & LEASES

(a) Capital Commitments

Capital expenditure contracted for at the end of the reporting period but not recognized as liabilities is as follows: (₹ in lakhs)

Sl. No.	Particulars	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
1	Property , Plant and equipment	**634.00**	*168.09*	*2,345.61*
2	Other assets	**96.90**	*1,153.78*	*169.11*
	Total	**730.90**	*1,321.87*	*2,514.72*

(b) Operating Leases

The Company has taken various commercial premises and plant and equipment under cancellable operating leases. The leases have varying terms, escalation clauses and renewal rights. On renewal, the terms of the leases are renegotiated. Lease rental expenses charged to statement of profit and loss is ₹ 769.83 lakhs (Previous year ₹ 821.99 lakhs).

Contingent rent recognized in statement of Profit and loss is ₹ Nil (Previous year ₹ Nil)

The company had taken building on non cancellable operating leases, the future minimum lease payments in respect of which were as follows

(₹ in lakhs)

Particulars	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
Commitments for minimum lease payments in relation to non cancellable operating leases are payable as follows:			
Within one year	**209.08**	*199.92*	–
Later than one year but not later than five years	**447.82**	*656.90*	–
Later than five years	**–**	–	–
Total	**656.90**	*856.82*	–

NOTE 27 : DISCLOSURE PURSUANT TO ACCOUNTING STANDARD (IND AS) 19 “EMPLOYEE BENEFITS”:

(a) Defined Contribution Plans:

Amount of ₹ 308 Lakhs (previous year ₹ 289.42 lakhs) is recognised as an expense and included in “Employee benefits expense” [Note 20] in the statement of profit or loss.

(b) Defined Benefit Plans

The employees’ gratuity fund schemes, post-retirement medical care scheme and provident fund scheme managed by trust are the Company’s defined benefit plans.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

i) The amounts recognised in Balance Sheet are as follows: (₹ in lakhs)

	Particulars	Post - Retirement Medical Benefit Plan			Gratuity Plan			Trust Managed Provident Fund Plan		
		As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
A.	**Present Value of Defined Benefit Obligation**									
	– Wholly funded	**–**	–	–	**1,470.74**	1,440.26	1,316.85	**5,430.26**	4,974.45	3,167.66
	– Wholly Unfunded	**540.64**	466.81	366.18	**–**	–	–	**(26.58)**	(38.28)	(35.36)
		540.64	466.81	366.18	**1,470.74**	1,440.26	1,316.85	**5,403.68**	4,936.17	3,132.30
	Less: Fair value of Plan Assets	**–**	–	–	**2,436.73**	2,456.63	2,112.87	**5,708.00**	4,963.70	3,094.36
	Unrecognised Past Service Costs	**–**	–	–	**–**	–	–	**–**	–	–
	Amount not recognised due to asset limit	**–**	–	–	**(328.34)**	(345.47)	–	**–**	–	–
	Amount to be recognised as (liability) or asset	**(540.64)**	(466.81)	(366.18)	**637.65**	670.90	796.02	**304.32**	27.53	(37.94)
B.	**Amounts reflected in the Balance Sheet**									
	Liabilities	**540.64**	466.81	366.18	**–**	–	–	**–**	–	37.94
	Assets	**–**	–	637.65	**670.90**	796.02	–	**–**	–	–
	Net liability/(asset)	**540.64**	466.81	366.18	**(637.65)**	(670.90)	(796.02)	**–**	–	37.94
	Current	**16.99**	42.02	34.07	**–**	–	–	**–**	–	–
	Non current	**523.65**	424.79	332.11	**(637.65)**	(670.90)	(796.02)	**–**	–	–

ii) The amounts recognised in the Statement of Profit and Loss are as follows :

₹ Lakhs

	Particulars	Post - Retirement Medical Benefit Plan		Gratuity Plan		Trust Managed Provident Fund Plan	
		2016-17	*2015-16*	**2016-17**	*2015-16*	**2016-17**	*2015-16*
1	Current Service Cost	**30.16**	*23.64*	**81.80**	*76.17*	**162.69**	*136.57*
2	Interest on net defined benefit liability / (asset)	**45.29**	*27.58*	**(52.33)**	*(263.95)*	**–**	–
3	Actuarial Losses/(gains)	**–**	–	**–**	–	**16.12**	*(68.22)*
	changes in demographic assumptions	**–**	–	**–**	*(0.50)*	**–**	–
	changes in financial assumptions	**18.32**	*4.50*	**30.32**	*8.66*	**–**	–
	experience adjustments	**6.81**	*83.11*	**5.61**	*193.19*	**–**	–
	actual return on plan assets less interest on plan asset	**–**	–	**11.93**	*(16.74)*	**–**	–
	adjustment to recognize the effect of asset ceiling	**–**	–	**(44.06)**	*(68.31)*	**–**	–
4	Past Service Cost	**–**	–	**–**	–	**–**	–
5	Effect of any curtailment or settlement	**–**	–	**–**	–	**–**	–
6	Adjustment for earlier years	**–**	–	**–**	–	**–**	–
7	Others	**–**	–		–	**–**	–
8	Actuarial gain/(loss) not recognised in books	**–**	–	**–**	–	**(16.12)**	*68.22*
9	Amount capitalised out of the above						
	Total recognized (1 to 9)	**100.58**	*138.83*	**33.27**	*(71.48)*	**162.69**	*136.57*
	Break up of amount recognized in Statement of Profit and Loss						
	a. Amount included in "Employee Benefits Expense"	**75.45**	*51.22*	**29.47**	*16.55*	**–**	–
	b. Amount included as part of "Employee Benefits Expense" - Salaries & Wages	**–**	–	**–**	*(204.33)*	**–**	–
	c. Amount included as part of "Other Comprehensive Income"	**25.13**	*87.61*	**3.80**	*116.30*	**–**	
	d. Amount capitalised on new product development	**–**	–	**–**	–	**–**	–
	Total (a+b+c+d)	**100.58**	*138.83*	**33.27**	*(71.48)*	**–**	–
	Actual Return on Plan Assets	**100.58**	*138.83*	**33.27**	*(71.48)*	**383.29**	*428.82*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

iii) The changes in the present value of defined benefit obligation representing reconciliation of opening and closing balances thereof are as follows:

₹ Lakhs

Particulars	Post - retirement Medical Benefit Plan		Gratuity Plan		Trust Managed Provident Fund Plan	
	2016-17	2015-16	2016-17	2015-16	2016-17	2015-16
Opening Balance	**466.81**	*366.18*	**1,440.26**	*1,316.85*	**4,936.17**	*3,132.30*
Add : Current Service Cost	**30.16**	*23.64*	**81.80**	*76.17*	**162.69**	*136.57*
Add : Interest Cost	**34.78**	*27.58*	**98.21**	*93.68*	**429.35**	*373.53*
Add : Contribution by plan participants	–	–	–	–	**541.59**	*491.19*
Add: Transfer in (out)	–	–	–	–	**32.26**	*1,400.00*
Add/(less) : Actuarial losses / (gains)	–	–	–	–	–	*30.52*
i) Actuarial (gains) / losses arising from changes in demographic assumptions	–	–	–	*(0.50)*	–	–
ii) Actuarial (gains) / losses arising from changes in financial assumptions	**28.83**	*4.50*	**30.32**	*8.66*	–	–
iii) Actuarial (gains) / losses arising from changes in experience adjustments	**6.81**	*83.11*	**5.61**	*134.16*	–	–
Less : Benefits paid	**(26.75)**	*(38.20)*	**(187.22)**	*(190.27)*	**(672.80)**	*(627.94)*
Add : Liabilities assumed on transfer of employees	–	–	**1.76**	*1.51*	**1.00**	–
Add : Adjustment for earlier years	–	–	–	–	–	–
Add : Translation adjustments	–	–	–	–	–	–
Closing balance	**540.64**	*466.81*	**1,470.74**	*1,440.26*	**5,430.26**	*4,936.17*

iv) Changes in fair value of plan assets representing reconciliation of the opening and closing balances thereof are as follows:

₹ Lakhs

Particulars	Gratuity Plan		Trust Managed Provident Fund plan	
	2016-17	2015-16	2016-17	2015-16
Opening balance of the fair value of the plan assets	**2,456.63**	*2,112.87*	**4,963.70**	*3,094.36*
Add : Interest income on plan assets	**177.49**	*174.30*	**429.35**	*373.53*
Add/(less) : Actuarial gains/(losses)	**(11.93)**	*(42.29)*	**(16.12)**	*68.22*
i) Difference between actual return on plan assets and interest income				
ii) Others				
Add : Contribution by the employer			**162.69**	*168.10*
Add/(Less) : Transfer in/ (Transfer out)			**32.26**	*1,400.00*
Add: Contribution by plan participants	–	–	**541.59**	*487.43*
Less : Benefits paid	**(187.22)**	*(190.27)*	**(672.80)**	*(627.94)*
Add : Adjustments for earlier years	–	–	**266.33**	–
Less : Settlements	**1.76**	*1.51*	**1.00**	–
Closing balance of the plan assets	**2,436.73**	*2,456.63*	**5,708.00**	*4,963.70*

The trust formed by the Company manages the investments in provident funds and gratuity fund. Interest income on plan assets is determined by multiplying the fair value of the plan assets by the discount rate stated in (vii) (i) below both determined at the start of the annual reporting period.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

v) The fair value of major categories of the plan assets are as follows:

₹ Lakhs

Particulars	Gratuity Plan		Trust Managed Provident Fund plan	
	As at 31-03-2017	*As at 31-03-2016*	**As at 31-03-2017**	*As at 31-03-2016*
Quoted				
Debt instruments - Corporate bonds	**–**	*–*	**581.00**	*335.00*
Debt instruments - Central government bonds	**968.76**	*1,028.09*	**1,273.00**	*1,426.00*
Debt instruments - State government bonds	**1,154.72**	*1,309.34*	**1,343.00**	*972.00*
Debt instruments - PSU bonds	**–**	*–*	**1,841.00**	*1,919.00*
Mutual funds - Equity	**21.00**	*–*	**124.00**	*37.00*
Mutual funds - Debt	**–**	*–*	**5.00**	*23.00*
Others	**–**	*–*	**148.00**	*0.70*
	2,144.48	*2,337.43*	**5,315.00**	*4,712.70*
Not- Quoted				
Cash and cash equivalents	**292.25**	*119.18*	**97.00**	*37.00*
Fixed deposits	**–**	*–*	**296.00**	*214.00*
	292.25	*119.18*	**393.00**	*251.00*
Total	**2,436.73**	*2,456.61*	**5,708.00**	*4,963.70*

vi) The average duration of the defined benefit plan obligations at the end of the reporting period (expressed in years) :

Particulars	As at March 31, 2017	As at March 31, 2016
Gratuity Plan - Staff	**7.52**	*7.63*
Gratuity Plan - Workmen	**4.83**	*4.86*
Post- retirement medical benefit plan	**15.90**	*15.46*

vii) Principal actuarial assumptions at the Balance Sheet date (expressed as weighted averages):

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1) Discount rate :			
(a) Gratuity plan	**7.45%**	*7.80%*	*7.90%*
(b) Post- retirement medical benefit plan	**7.45%**	*7.80%*	*7.90%*
2) Annual increase in healthcare costs	**5.00%**	*5.00%*	*5.00%*
3) Salary growth rate :			
Gratuity plan	**5.00%**	*5.00%*	*5.00%*
4) Mortality rate :	Published rates under the Indian Assured Lives Mortality (2006-08) Ult table		

5) **Attrition Rate:**

(a) For post- retirement medical benefit plan the attrition rate varies from 1% to 6% (Previous year : 1% to 6%) for various age groups.

(b) For gratuity plan the attrition rate varies from 1% to 6% (previous year: 1% to 6%) for various age groups.

6) The estimates of future salary increases, considered in actuarial valuation, take into account inflation, seniority, promotion and other relevant factors, such as supply and demand the employment market.

7) The interest payment obligations of trust-managed provident fund is assumed to be adequately covered by the interest income on long term investments of the fund. Any shortfall in the interest income over the interest obligation is recognized in the statement of profit and loss.

8) The obligation of the Company under the post- retirement medical benefit plan is limited to the overall ceiling limits. At present, healthcare cost, as indicated in the principal actuarial assumption given above, has been assumed to increase at 0% p.a.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

9) Assumptions regarding future mortality are based on published rates under the Indian Assured Lives Mortality (2006-08) Ult Table . These assumptions translate into an average life expectancy in years for a pensioner retiring at the age of 58.

10) (a) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligations of gratuity plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Impact of change in salary growth rate	**93.59**	*92.17*	**(88.08)**	*(86.85)*
Impact of change in discount rate	**(85.77)**	*(84.34)*	**91.88**	*90.16*

(b) A one percentage point change in actuarial assumptions would have the following effects on the defined benefit obligations of post retirement medical benefit plan:

Particulars	Effect of 1% increase		Effect of 1% decrease	
	2016-17	*2015-16*	**2016-17**	*2015-16*
Impact of change in health care cost	**63.74**	*57.28*	**(50.93)**	*(45.37)*
Impact of change in discount rate	**(80.88)**	*(68.06)*	**91.69**	*76.88*

11) Presenting the above sensitivity analysis, the present value of the defined benefit obligation has been calculated using the projected unit credit method at the end of the reporting period, which is the same as that applied in calculating the defined benefit obligation liability recognised in Balance Sheet.

12) The company expects to make Nil contribution to the defined benefit plans during the next financial year as the company already having surplus plan assets

(viii) Major risks to the plan
The gratuity scheme offered by the Company covers substantially all regular employees. The present value of the obligation is determined actuarially based on “Projected Unit Credit” method. The plan exposes the company to the following major risks.

Investment risk:

The present value of the defined benefit plan liability is calculated using a discount rate which is determined by reference to market yields at the end of the reporting period on government bonds. If the return on plan asset is below this rate, it will create plan deficit.

Interest risk:

A decrease in the bond interest rate will increase the plan liability: however, this will be partially offset by an increase in the plan’s assets.

Longevity risk:

The present value of the defined benefit plan liability is calculated by reference to the best estimate of the mortality of plan participants both during and after their employment. An increase in the life expectancy of the plan particpants will increase the plan’s liability.

Salary risk:

The Present value of the defined benefit plan liability is calculated by reference to the future salaries of plan particpants. As such, an increase in the salary of the plan participants will increase the plan’s liability.

NOTE 28 : FINANCIAL RISK MANAGEMENT

The company’s activities expose it to market risk, liquidity risk and credit risk. In order to minimize any adverse effects on the financial performance of the company, derivative financial instruments such as foreign exchange forward contracts are entered to hedge certain foreign currency risk exposures. Derivatives are used exclusively for hedging purposes and not as trading or speculative instruments.

This note explains the sources of risk which the entity is exposed to and how the entity manages the risk and the impact of hedge accounting in the financial estimates.

Risk	Exposure arising from	Measurement	Management
Credit risk	Cash and cash equivalents, Trade receivables, derivative financial instruments”	Ageing analysis	Diversification of bank deposits, Letters of credit
Liquidity risk	Borrowings and other liabilities	Rolling cash flow forecasts	Availability of committed credit lines and borrowing facilities

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Market risk - foreign exchange	Future commercial transactions. Recognized financial assets and liabilities not denominated in Indian rupee (INR)	Sensitivity analysis	Forward foreign exchange contracts

The Company's risk management is carried out under policies approved by the board of directors. The Board provides policies covering specific areas such as foreign exchange risk, use of derivative financial instruments etc. and investment of excess liquidity.

(a) Credit risk

Credit risk arises from credit exposures to customers including outstanding receivables.

(i) Credit risk management

For banks and financial institutions, only high rated banks/ institutions are accepted. For other financial assets, the company assesses and manages credit risk based on internal evaluation.

The company considers the probability of default upon initial recognition of asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period. It considers available reasonable and supportive forward - looking information.

(ii) Provision for expected credit losses

The company has used a practical expedient by computing the expected credit loss allowance for trade receivables based on a provision matrix. The provision matrix takes into account historical credit loss experience and adjusted for forward looking information. The expected credit loss allowance is based in the ageing of the days the receivables are due and the rates as given in the provision matrix. Inter group receivables are not subject to expected credit loss allowance as their collectability is certain.

The provision matrix at the end of the reporting period with respect to delay and default in payment by customers is as follows:

Ageing	**Expected Credit Loss**	
	Delay	**Default**
Within the credit period	Nil	Nil
Upto 6 Months past due	Nil	Nil
6 Months - 12 Months past due	5%	1%
12 Months - 24 Months past due	9%	2%
24 Months - 36 Months past due	16%	25%
More than 36 Month past due	22%	50%

₹ Lakhs

Age of receivables	**31-03-2017**	*31-03-2016*	*01-04-2015*
More than 1 Year	**8,075.86**	*5,638.73*	*3,922.74*
Less than 1 Year	**72,007.04**	*61,420.18*	*50,865.75*
Total	**80,082.90**	*67,058.91*	*54,788.49*

Expected Credit Loss (ECL) reconciliation on Trade Receivable

₹ Lakhs

Particulars	**2016-17**	*2015-16*
Balance at the beginning of the year	**522.79**	*533.69*
Change in loss allowance(Provision for doubtful debts) :		
Loss allowance based on Expected credit loss	**121.19**	*41.35*
Write off as bad debts	**5.13**	**52.25**
Balance at the end of the year	**638.85**	**522.79**

(b) Liquidity risk

Liquidity risk management implies maintaining sufficient cash and marketable securities and the availability of funding through an adequate amount of committed credit facilities to meet obligations when due.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

The company maintains rolling forecasts of the company's liquidity position and cash and cash equivalents on the basis of expected cash flows. This involves projecting cash flows in major currencies and considering the level of liquid assets necessary to meet these, monitoring balance sheet liquidity ratios against internal and external requirements.

(i) Maturities of financial liabilities

The table below analyze the company's financial liabilities into relevant maturity groupings based on their contractual undiscounted cash flows. The balances shown approximate their carrying balances wherever discounting is not significant.

₹ Lakhs

Contractual maturities of financial liabilities as at March 31, 2017	Upto 12 Months	More than 12 Months	Total
Non-derivatives			
Borrowings	5,103.78	2,977.14	8,080.92
Trade payables	50,612.57	–	50,612.57
Other financial liabilities	17,655.58	31.84	17,687.42
Total	**73,371.93**	**3,008.98**	**76,380.91**

₹ Lakhs

Contractual maturities of financial liabilities as at March 31, 2016	Upto 12 Months	More than 12 Months	Total
Non-derivatives			
Borrowings	2,876.17	2,866.04	5,742.21
Trade payables	39,272.56	–	39,272.56
Other financial liabilities	13,080.60	574.74	13,655.34
Total	**55,229.33**	**3,440.78**	**58,670.11**

₹ Lakhs

Contractual maturities of financial liabilities as at April 1, 2015	Upto 12 Months	More than 12 Months	Total
Non-derivatives			
Borrowings	6,141.55	1,411.43	7,552.98
Trade payables	41,405.24	–	41,405.24
Other financial liabilities	11,371.78	523.00	11,894.78
Total	**58,918.57**	**1,934.43**	**60,853.00**

(c) Market Risk

(i) Foreign currency risk

The company operates internationally and is exposed to foreign exchange risk arising from foreign currency transactions primarily with respect to USD, EUR and JPY. Foreign exchange risk arises from future commercial transactions and recognised assets and liabilities denominated in a currency that is not the company's functional currency (INR).

The risk is measured through a forecast of highly probable foreign currency cash flows. The objective of hedges is to minimise the volatality of the INR cash flows of highly probable forecast transactions. The company also imports certain materials which are denominated in USD, EUR and JPY which exposes it to foreign currency risk.

The company's policy is to hedge around 70% to 80% of net exposure from forecasted foreign currency sales and imports for the subsequent 12 months.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(a) Foreign currency risk exposure

₹ Lakhs

Particulars	31-03-2017				
	USD	EUR	GBP	CAD	JPY
Trade receivables	53,782.07	32.32	–	–	–
Borrowings (including interest accrued)	–	(1,879.40)	–	–	–
Cash & bank balances	11.27	–	–	–	–
Trade and other payables	(6,676.29)	(1,223.85)	(210.17)	–	(66.69)
Forward Exchange Contracts	(45,395.00)	–	–	–	–
Net exposure in respect of recognised assets and liabilities	1,722.05	(3,070.93)	(210.17)	–	(66.69)
Next 12 Months Forecast sales	(3,242.50)	–	–	–	–
Net Exposure	(1,520.45)	(3,070.93)	(210.17)	–	(66.69)

₹ Lakhs

Particulars	31-03-2016				
	USD	EUR	GBP	CAD	JPY
Trade receivables	28,850.72	330.71	–	–	–
Borrowings (including interest accrued)	–	(1,235.88)	–	–	–
Trade and other payables	(4,482.59)	(1,295.21)	(217.01)	(5.82)	(80.73)
Forward Exchange Contracts	–	–	–	–	–
Net exposure in respect of recognised assets and liabilities	24,368.13	(2,200.38)	(217.01)	(5.82)	(80.73)
Next 12 Months Forecast sales	(3,312.75)	–	–	–	–
Net Exposure	21,055.38	(2,200.38)	(217.01)	(5.82)	(80.73)

₹ Lakhs

Particulars	01-04-2015				
	USD	EUR	GBP	CAD	JPY
Trade receivables	12,194.38	925.21	–	–	–
Borrowings (including interest accrued)	(1,753.75)	(937.30)	–	–	–
Trade and other payables	(5,348.13)	(900.35)	(939.64)	(5.57)	(25.99)
Forward Exchange Contracts	–	–	–	–	–
Net exposure in respect of recognised assets and liabilities	5,092.50	(912.44)	(939.64)	(5.57)	(25.99)
Next 12 Months Forecast sales	(6,250.00)	–	–	–	–
Net Exposure	(1,157.50)	(912.44)	(939.64)	(5.57)	(25.99)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) Sensitivity

The sensitivity of profit or loss to changes in exchange rates arises mainly from foreign currency denominated financial instruments and the impact on other components of equity arises from foreign forward exchange contracts designated as cash flows.

₹ Lakhs

Particulars	Impact on profit after tax		Impact on other components of equity	
	2016-17	*2015-16*	**March 31, 2017**	*March 31, 2016*
USD Sensitivity				
INR/USD - Increase by 5%*	**57.21**	*796.74*	**31.58**	*752.53*
INR/USD - Decrease by 5% *	**(57.21)**	*(796.74)*	**(31.58)**	*(752.53)*
EUR Sensitivity				
INR/EUR - Increase by 5%*	**(100.37)**	*(71.94)*	**–**	–
INR/EUR - Decrease by 5%*	**100.37**	*71.94*	**–**	–
JPY Sensitivity				
INR/JPY - Increase by 5%*	**(2.18)**	*(2.64)*	**–**	–
INR/JPY - Decrease by 5%*	**2.18**	*2.64*	**–**	–
GBP Sensitivity				
INR/GBP - Increase by 5%*	**(6.89)**	*(7.11)*	**–**	–
INR/GBP - Decrease by 5%*	**6.89**	*7.11*	**–**	–

* Holding all other variable constant

(ii) Interest rate risk

The Company's main interest rate risk arises from long- term borrowings with variable rates. During March 31, 2017 and March 31, 2016, the Company's borrowings at variable rate were in INR and EUR.

The Company's fixed rate borrowings are carried at amortised cost. They are therefore not suject to interest rate risk as defined in Ind AS 107, since neither the carrying amount nor the future cash flows will fluctuate because of a change in market interest rates.

(a) Interest rate risk exposure

The exposure of the company's borrowing to interest rate changes at the end of the reporting period are as follows:

₹ Lakhs

Particulars	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
Variable rate borrowings	**3,983.18**	*4,112.06*	*5,137.46*
Fixed rate borrowings	**5,748.70**	*1,907.04*	*801.77*
	9,731.88	*6,019.10*	*5,939.23*

(b) Sensitivity

₹ Lakhs

Particulars	Impact on profit after tax		Impact on other components of equity	
	2016-17	*2015-16*	**31-03-2017**	*31-03-2016*
Indian Rupees				
Interest rates - increase by 0.25% in INR interest rate	**0.63**	*0.47*	**–**	–
Interest rates - decrease by 0.25% in INR interest rate	**(0.63)**	*(0.47)*	**–**	–
EURO				
Interest rates - increase by 0.25% in EURO interest rate	**0.02**	*0.01*	**–**	–
Interest rates - decrease by 0.25% in EURO interest rate	**(0.02)**	*(0.01)*	**–**	–

* Holding all other variable constant

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(iii) Price Risk

The Company does not hold investments in listed securities. Hence the Company is not exposed to Price risk.

Impact of Hedging Activities

Details of outstanding hedge instruments

₹ Lakhs

Type of hedge and risks	31-03-2017			
	Nominal Amount	Average Rate (In ₹)	Timing	
			Upto 12 Months	> 12 Months
Cash flow hedge - Foreign exchange risk				
Foreign currency forward contracts				
USD	48,628.88	64.83	48,628.88	–

₹ Lakhs

Type of hedge and risks	*31-03-2016*			
	Nominal Amount	Average Rate (In ₹)	Timing	
			Upto 12 Months	> 12 Months
Cash flow hedge - Foreign exchange risk				
Foreign currency forward contracts				
USD	3,042.00	60.84	–	3,042.00

₹ Lakhs

Type of hedge and risks	01-04-2015			
	Nominal Amount	Average Rate (In ₹)	Timing	
			Upto 12 Months	> 12 Months
Cash flow hedge - Foreign exchange risk				
Foreign currency forward contracts				
USD	6,304.38	63.04	3,262.38	3,042.00

Carrying amount of hedge instruments

₹ Lakhs

Particulars	Foreign exchange exposure		
	31-03-2017	*31-03-2016*	*01-04-2015*
(i) Forward Contracts			
Current			
Asset - Other financial assets	**430.79**	–	–
Liability - Other financial liabilities	**–**	–	308.59
Non Current			
Asset - Other financial assets	**–**	–	–
Liability - Other financial liabilities	**–**	546.00	495.49

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Break up of cash flow hedge reserve ₹ Lakhs

Particulars	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
Balance towards continuing hedges	**(300.37)**	(542.60)	(475.40)
Portion for which no hedge accounting followed	–	–	–

Reclassification from hedge reserve to statement of profit or loss ₹ Lakhs

Particulars	Hedge Reserve	
	31-03-2017	31-03-2016
Line item affected in statement of profit or loss because of reclassification		
Sales	–	(20.08)

NOTE 29 : FAIR VALUE MEASUREMENTS

(a) Financial instruments by category ₹ Lakhs

Particulars	As at 31-03-2017			As at 31-03-2016			As at 01-04-2015		
	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost	FVPL	FVOCI	Amortized Cost
Non - derivative financial asssets									
Investments in mutual funds	2,183.29	–	–	–	–		–	–	–
Trade receivables	–	–	80,082.90	–	–	67,058.91	–	–	54,788.49
Loans	–	–	253.13	–	–	242.12	–	–	139.98
Cash and cash equivalents	–	–	394.86	–	–	90.91	–	–	101.87
Other financial assets	–	–	684.21	–	–	532.58	–	–	248.15
	2,183.29	–	81,415.10	–	–	67,924.52	–	–	55,278.49
Derivative financial assets	–	430.79	–	–	–	–	–	–	–
Total financial assets	**2,183.29**	**430.79**	**81,415.10**	**–**	**–**	**67,924.52**	**–**	**–**	**55,278.49**
Non - derivative financial liabilities									
Borrowings	–	–	9,731.88	–	–	6,019.10	–	–	7,880.70
Trade payables	–	–	50,612.57	–	–	39,272.56	–	–	41,405.24
Other financial liabilities	–	–	16,036.46	–	–	12,832.45	–	–	10,762.98
	–	–	76,380.91	–	–	58,124.11	–	–	60,048.92
Derivative financial liabilities	–	–	–	–	546.00		–	804.08	
Total financial liabilities	**–**	**–**	**76,380.91**	**–**	**546.00**	**58,124.11**	**–**	**804.08**	**60,048.92**

Note : Carrying amount of items shown against amortized cost are considered to be same as their fair values due to their short term nature.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) Fair value hierarchy

This section explains the judgements and estimates made in determining the fair values of the financial instruments that are (a) recognized and measured at fair value and (b) measured at amortized cost and for which fair values are disclosed in the financial statements. To provide an indication about the reliability of the inputs used in determining fair value, the company has classified its financial instruments into the three levels prescribed under the accounting standard. An explanation of each level follows underneath the table.

₹ Lakhs

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Investments at FVPL				
Mutual funds - Growth plan	2,183.29	–	–	2,183.29
Derivatives designated as hedges				
Foreign exchange forward contracts	–	430.79	–	430.79
Total financial assets	**2,183.29**	**430.79**	**–**	**2,614.08**
Derivatives designated as hedges	–	–	–	–
Foreign exchange forward contracts	**–**	**–**	**–**	**–**
Total financial liabilities	**–**	**–**	**–**	**–**

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2017	**Level 1**	**Level 2**	**Level 3**	**Total**
Trade receivables	–	–	80,082.90	80,082.90
Loans	–	–	253.13	253.13
Cash and cash equivalents	–	–	394.86	394.86
Other financial assets	–	–	684.21	684.21
Total financial assets	**–**	**–**	**81,415.10**	**81,415.10**
Borrowings	–	–	9,731.88	9,731.88
Trade payables	–	–	50,612.57	50,612.57
Others	–	–	16,036.46	16,036.46
Total financial liabilities	**–**	**–**	**76,380.91**	**76,380.91**

Financial assets and liabilities measured at fair value - recurring fair value measurements as at March 31, 2016	**Level 1**	**Level 2**	**Level 3**	**Total**
Financial Investments at FVPL				
Mutual funds - Growth plan	–	–	–	–
Derivatives designated as hedges				–
Foreign exchange forward contracts	–	–	–	–
Total financial assets	**–**	**–**	**–**	**–**
Derivatives designated as hedges	–	–	–	–
Foreign exchange forward contracts	**–**	**546.00**	**–**	**546.00**
Total financial liabilities	**–**	**546.00**	**–**	**546.00**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at March 31, 2016	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	67,058.91	67,058.91
Loans	–	–	242.12	242.12
Cash and cash equivalents	–	–	90.91	90.91
Other financial assets	–	–	532.58	532.58
Total financial assets	**–**	**–**	**67,924.52**	**67,924.52**
Borrowings	–	–	6,019.10	6,019.10
Trade payables	–	–	39,272.56	39,272.56
Others	–	–	12,832.45	12,832.45
Total financial liabilities	**–**	**–**	**58,124.11**	**58,124.11**

Financial assets and liabilities measured at fair value - recurring fair value measurements as at April 1, 2015	Level 1	Level 2	Level 3	Total
Financial Investments at FVPL				
Mutual funds - Growth plan	–			–
Derivatives designated as hedges				–
Foreign exchange forward contracts		–		–
Total financial assets	**–**	**–**	**–**	**–**
Derivatives designated as hedges				–
Foreign exchange forward contracts		**804.08**		**804.08**
Total financial liabilities	**–**	**804.08**	**–**	**804.08**

Assets and liabilities which are measured at amortized cost for which fair values are disclosed as at April 1, 2015	Level 1	Level 2	Level 3	Total
Trade receivables	–	–	54,788.49	54,788.49
Loans	–	–	139.98	139.98
Cash and cash equivalents	–	–	101.87	101.87
Other financial assets	–	–	248.15	248.15
Total financial assets	**–**	**–**	**55,278.49**	**55,278.49**
Borrowings	–	–	7,880.70	7,880.70
Trade payables	–	–	41,405.24	41,405.24
Others	–	–	10,762.98	10,762.98
Total financial liabilities	**–**	**–**	**60,048.92**	**60,048.92**

Level 1 : Level 1 hierarchy includes financial instruments measured using quoted prices(unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date. This includes mutual funds that have quoted price. The mutual funds are valued using the closing NAV.

Level 2 : The fair value of financial instruments that are not traded in an active market is determined using valuation techniques which maximize the use of observable market data and rely as little as possible on entity-specific estimates. If all significant inputs required to fair value an instrument are observable, the instrument is included in Level 2. This includes valuation of derivative instruments i.e., forward contracts based on valuation model using observable market data.

Level 3 : If one or more of the significant inputs is not based on observable market data, the instrument is included in Level 3. This is the case for unlisted equity securities, contingent consideration and indemnification asset included in Level 3.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(c) Valuation technique used to determine fair value

Specific valuation techniques used to value financial instruments include:

(i) The fair value of forward foreign exchange contracts is determined using forward exchange rates at the balance sheet date.

(ii) Fair valuation of Mutual fund units based on published NAV.

NOTE 30 : CAPITAL MANAGEMENT

(a) Risk management

The company's objectives when managing capital are to :

(i) Safeguard their ability to continue as a going concern, so that they can continue to provide returns for shareholders and benefits for other stakeholders, and

(ii) Maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.

Consistent with others in the industry, the company monitors capital on the basis of the gearing ratio. The company's strategy is to maintain a gearing ratio less than 30% . The gearing ratios were as follows:

Particulars	**31-03-2017**	*31-03-2016*	*01-04-2015*
Net debt (₹ Lakhs)	**9,731.88**	*6,019.10*	*7,880.70*
Total equity (₹ Lakhs)	**60,358.47**	52,069.80	38,433.25
Net debt to equity ratio	**0.16**	0.12	0.21

Debt = Long term borrowings+Short term borrowings+Current Maturities of long term debt+interest accrued

Loan Covenants

Under the terms of the major borrowing facilities, the Company is required to comply with certain financial covenants like gearing ratio, fixed assets coverage ratio, interest coverage ratio, etc. The company has complied with these covenants throughout the period.

(b) Dividends ₹ Lakhs

Particulars	**2016-17**	*2015-16*
Interim dividend for the year ended March 31, 2017 of ₹ 10 per fully paid share	**2,700.00**	–
Dividend Tax	**549.65**	–
Total	**3,249.65**	–

NOTE 31 : SEGMENT INFORMATION

For management purpose, the company has identified reportable segments as per the criteria specified in Ind AS 108 - Operating Segments.

The company has only one reportable segment under INDAS 108 namely manufacture and sale of Industrial Valves.

(a) Segment Revenues and Assets and Liabilities ₹ Lakhs

Particulars	**2016-17**	*2015-16*
Total segment revenue	**150,319.01**	*156,305.03*
Total segment profits	**18,747.72**	20,954.45

As there was only one reportable segment, the segment revenue reported above represents revenue generated from external customers.

As there was only one reportable segment, assets and liabilities reported in the Financial Statements relate to the Manufacture and sale of Industrial Valves.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) Geographical Information

The company is domiciled in India. The amount of its revenue from external customers broken down by location of the customers is shown in the table below:

₹ Lakhs

Revenue from external customers	2016-17	2015-16
India	**52,359.38**	*102,799.45*
Saudi Arabia	**20,456.05**	*8,672.71*
Japan	**20,370.85**	*16,661.89*
Kuwait	**13,074.83**	*134.31*
Utd. Arab emirates	**12,591.54**	*6,111.16*
Spain	**10,827.26**	*6,059.27*
China	**4,897.73**	*205.67*
Italy	**4,647.86**	*914.01*
Oman	**3,604.18**	*2,159.92*
USA	**2,402.41**	*3,410.34*
Netherlands	**1,511.31**	*2,094.61*
South Korea	**1,460.83**	*4,249.29*
Others	**2,114.78**	*2,832.40*
Total	**150,319.01**	*156,305.03*

(c) Information about major customers

Revenues from one customer of the Company is ₹ 21,770.72 Lakhs (March 31, 2016 : ₹ 59,405.50 Lakhs) which is more than 10 percent of the Company's total revenue.

NOTE 32 : RELATED PARTY DISCLOSURES

a) Related Party where control exists :

Sr. No.	Name of the related party	Relationship
1	Larsen & Toubro Limited	Holding Company

b) Related Parties with whom transactions were carried out during the year / previous year:

Sl. No.	Name of the Related Party	Relationship
1	Larsen & Toubro Limited	Holding Company
2	L&T Hydrocarbon Engineering Limited	Fellow subsidiary
3	L&T - MHI Boilers Private Limited	Joint Venture of Holding Company
4	EWAC Alloys Limited	Fellow subsidiary
5	L&T Cutting Tools Limited	Fellow subsidiary
6	L&T Construction Equipment Limited	Fellow subsidiary
7	L&T Electrical & Automation FZE	Fellow subsidiary
8	Larsen & Toubro (East Asia) SDN.BHD	Fellow subsidiary
9	Larsen & Toubro Saudi Arabia LLC	Fellow subsidiary
10	Larsen & Toubro Infotech Limited	Fellow subsidiary
11	PT Tamco Indonesia	Fellow subsidiary
12	Tamco Switchgear (Malaysia) SDN BHD	Fellow subsidiary
13	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	Fellow subsidiary
14	Larsen & Toubro Arabia LLC	Fellow subsidiary
15	L&T Kobelco Machinery Private Limited	Joint Venture of Holding Company
16	L&T Electricals & Automation Limited	Fellow subsidiary
17	L&T General Insurance Company Limited	Fellow subsidiary (Upto 09.09.2016)

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Sl. No.	Name of the Related Party	Relationship
18	L&T Technology Services Limited	Fellow subsidiary
19	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited (liquidated on 21.12.2015)	Fellow subsidiary (Upto 20.12.2015)
20	L&T Valves Staff Gratuity Fund	Own Trust
21	L&T Valves Workmen Gratuity Fund	Own Trust
22	L&T Valves Employees Provident Fund	Own Trust
23	Larsen & Toubro Officers & Supervisory Staff Provident Fund	Trust of Parent Company
24	Mr. N. V. Venkatasubramanian	Key Management Personal - Chief Executive / Manager /Director
25	Mr. N.K.Ranganath	Key Management Personal - Independent Director
26	Ms. Siva Kameswari Vissa	Key Management Personal - Independent Director
27	Mr. S. Vaidyanathan	Key Management Personal - Chief Financial Officer / Company Secretary

c) **Key management personal compensation**

₹ Lakhs

Sl. No.	Name	2016-17		*2015-16*	
1	**Short-term employee benefits**	**129.19**		*115.87*	
	N. V. Venkatasubramanian		**100.07**		*87.86*
	S. Vaidyanathan		**29.12**		*28.01*
2	**Post- employment benefits**	**17.27**		*14.13*	
	N. V. Venkatasubramanian		**15.69**		*11.17*
	S. Vaidyanathan		**1.58**		*2.96*
3	**Long- term employee benefits**	**5.86**		*4.77*	
	N. V. Venkatasubramanian		**5.12**		*4.65*
	S. Vaidyanathan		**0.74**		*0.12*
4	**Sitting Fees**	**1.80**		–	
	N.K.Ranganath		**0.90**		–
	Siva Kameswari Vissa		**0.90**		–
	Total	**154.12**		*134.77*	

d) **Transaction with related parties**

₹ Lakhs

Sl. No.	Nature of transaction	2016-17		*2015-16*	
1	**Sale of goods (inclusive of excise duty & sales tax)**	**21,770.72**		*8,836.07*	
	(a) Holding Company				
	Larsen & Toubro Limited		**15,494.91**		*3,316.89*
	(b) Fellow subsidiaries				
	Larsen Toubro Arabia LLC		**23.87**		*35.27*
	L&T Hydrocarbon Engineering Limited		**2,996.12**		*5,006.70*
	L&T - MHPS Boilers Private Limited		**3,255.82**		*477.21*
			6,275.81		*5,519.18*
2	**Purchase of goods (inclusive of excise duty & sales tax)**	**168.86**		*110.79*	
	(a) Holding Company				
	Larsen & Toubro Limited		**61.92**		–
	(b) Fellow subsidiaries				
	L&T Cutting Tools Limited		**106.94**		*110.79*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Sl. No.	Nature of transaction	2016-17		*2015-16*	
3	**Services rendered**	**46.25**		*11.95*	
	(a) Holding Company				
	Larsen & Toubro Limited		**23.12**		*4.43*
	(b) Fellow subsidiaries				
	L&T Hydrocarbon Engineering Limited		**23.13**		*7.52*
4	**Services received**	**1,453.46**		*1,587.87*	
	(a) Holding Company				
	Larsen & Toubro Limited		**1,390.10**		*1,464.60*
	(b) Fellow subsidiaries				
	Larsen & Toubro Infotech Limited		**11.23**		*68.84*
	L&T Hydrocarbon Engineering Limited		**10.44**		*9.10*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**6.95**		*1.49*
	L&T Electrical & Automation FZE		**21.37**		*29.79*
	PT Tamco Indonesia		**11.38**		*8.62*
	L&T General Insurance Company Limited		**0.42**		*1.99*
			61.79		*119.83*
	(c) Other related parties				
	L&T Kobelco Machinery Private Limited		**1.57**		*3.44*
5	**Dividend payments**	**2,700.00**		–	
	(a) Holding Company				
	Larsen & Toubro Limited		**2,700.00**		–
6	Interest payments	–		*7.40*	
	(a) Holding Company				
	Larsen & Toubro Limited		–		*7.40*
7	**Lease rental income (inclusive of service tax)**	**3.16**		*4.92*	
	(a) Holding Company				
	Larsen & Toubro Limited		**3.16**		*4.92*
8	**Lease rental expenditure**	**524.66**		*673.57*	
	(a) Holding Company				
	Larsen & Toubro Limited		**524.66**		*673.57*
9	**Reimbursement from related parties (inclusive of service tax)**	**312.96**		*39.88*	
	(a) Holding Company				
	Larsen & Toubro Limited		**256.45**		*39.88*
	(b) Fellow Subsidiaries				
	L&T Electricals & Automation Limited		**56.51**		–
10	**Inter corporate deposit repaid**	–		*1,500.00*	
	(a) Holding Company				
	Larsen & Toubro Limited		–		*1,500.00*
11	**Purchase of fixed assets (inclusive of excise duty & sales tax)**	–		*29.11*	
	(a) Holding Company				
	Larsen & Toubro Limited		–		*9.34*
	(b) Fellow Subsidiaries				
	EWAC Alloys Limited		–		*19.77*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Sl. No.	Nature of transaction	2016-17		2015-16	
12	Reimbursement to related parties (inclusive of service tax)	**6,894.02**		*6,489.27*	
	(a) Holding Company				
	Larsen & Toubro Limited		**6,281.83**		*5,803.45*
	(b) Fellow Subsidiaries				
	L&T Construction Equipment Limited		**0.57**		*2.09*
	L&T Electrical & Automation FZE		**148.82**		*143.11*
	L&T Hydrocarbon Engineering Limited		**56.11**		*293.84*
	Larsen & Toubro (East Asia) SDN BHD		**1.35**		*45.49*
	Larsen & Toubro Saudi Arabia LLC		**181.11**		*98.90*
	PT Tamco Indonesia		**31.72**		*29.20*
	Tamco Switchgear (Malaysia) SDN BHD		**96.87**		*48.97*
	Larsen & Toubro Kuwait Construction General Contracting Company, WLL		**56.52**		*24.22*
	Larsen & Toubro Infotech Limited		**39.12**		–
			612.19		*685.82*
13	**Contribution to Trusts**	**662.71**		*591.85*	
	(a) Other related parties				
	L&T Valves Employees Provident Fund		**257.54**		*203.16*
	Larsen & Toubro Officers & Supervisory Staff Provident Fund		**405.17**		*388.69*
14	**Demerger of undertaking**	**738.88**		–	
	(a) Fellow subsidiaries				
	L&T Electricals & Automation Limited		**738.88**		–
15	**Purchase of undertaking**	**4,378.92**		–	
	(a) Holding company				
	Larsen & Toubro Limited		**4,378.92**		–

(e) Amounts due to related parties

₹ Lakhs

Sl. No.	Related party	As at 31-03-2017	*As at 31-03-2016*	*As at 01-04-2015*
	Holding Company			
1	Larsen & Toubro Limited	**(9,990.02)**	*(5,972.13)*	*(6,488.80)*
	Fellow subsidiaries			
2	L&T Hydrocarbon Engineering Limited	**(7.90)**	*(26.10)*	*(91.17)*
3	L&T Electrical & Automation FZE	**(13.95)**	*(12.02)*	*(71.92)*
4	Larsen & Toubro Saudi Arabia LLC	**(41.94)**	*(25.56)*	*(22.88)*
5	L&T Cutting Tools Limited	**(31.94)**	*(23.16)*	*(55.32)*
6	L&T - Construction Equipment Limited	**(0.12)**	–	–
7	Larsen & Toubro (East Asia) SDN.BHD	**–**	*(7.23)*	*(15.47)*
8	Larsen & Toubro Infotech Limited	**(15.30)**	*(30.86)*	*(59.06)*
9	EWAC Alloys Limited	**–**	*(19.77)*	–
10	Tamco Switchgear (Malaysia) SDN BHD	**(26.83)**	*(24.30)*	–
11	Larsen & Toubro Kuwait Construction General Contracting Company, WLL	**(5.14)**	*(4.74)*	–
12	L&T Technology Services Limited	**–**	–	*(1.66)*
13	L&T General Insurance Company Limited	**–**	–	*(0.16)*
		(143.12)	*(173.74)*	*(317.64)*
	Other related parties			
14	L&T Kobelco Machinery Private Limited	**–**	*(3.39)*	–
15	L&T Valves Employees Provident Fund	**(24.86)**	*(25.25)*	*(24.17)*
16	Larsen & Toubro Officers & Supervisory Staff Provident Fund	**(26.58)**	*(26.14)*	*(24.64)*
		(51.44)	*(54.78)*	*(48.81)*
	Total	**(10,184.58)**	*(6,200.65)*	*(6,855.25)*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(f) Amounts due from related parties

₹ Lakhs

Sl. No.	Related party	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
	Holding Company			
1	Larsen & Toubro Limited	**2,454.10**	*2,960.85*	*2,338.48*
	Fellow subsidiaries			
2	Larsen & Toubro Arabia LLC	**28.07**	*36.12*	–
3	L&T Hydrocarbon Engineering Limited	**2,829.28**	*725.80*	*355.53*
4	L&T - MHI Boilers Private Limited	**1,800.75**	*461.81*	*964.98*
5	EWAC Alloys Limited	**–**	–	*3.92*
6	Larsen & Toubro (Qingdao) Rubber Machinery Company Limited (liquidated on 21.12.2015)	**–**	–	*2.84*
7	L&T Electricals & Automation Limited	**56.51**	–	–
		4,714.61	*1,223.73*	*1,327.27*
	Total	**7,168.71**	*4,184.58*	*3,665.75*

(g) ₹ Nil due from related party has been written off during the year (Previous year : ₹ 2.84 Lakhs). ₹ Nil due to related parties has been written back during the year (Previous year : ₹ Nil).

(h) Capital Commitment with Related Parties

₹ Lakhs

Sl. No.	Related party	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
1	Larsen & Toubro Limited	**–**	5.68	–
	Total	**–**	5.68	–

i) Revenue Commitment with Related Parties

₹ Lakhs

Sl. No.	Related party	As at 31-03-2017	As at 31-03-2016	As at 01-04-2015
	Holding Company			
1	Larsen & Toubro Limited	**78.47**	*81.10*	*2.02*
	Fellow subsidiaries			
2	Larsen & Toubro Infotech Limited	**9.46**	*1.01*	*10.75*
3	L&T Kobelco Machinery Private Limited	**–**	*1.57*	–
4	L&T Cutting Tools Limited	**2.52**	*2.94*	*2.46*
5	EWAC Alloys Ltd	**0.20**	–	–
		12.18	*5.52*	*13.21*
	Total	**90.65**	*86.62*	*15.23*

Terms and Conditions

All purchases and sales to and from related parties are made on terms equivalent to an arm's length transactions. Outstanding balances at the year end are unsecured and interest free and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

For the year ended March 31, 2017, the company has not recorded any impairment of receivables relating to amounts owned by related parties (March 31, 2016 : ₹ Nil, April 1, 2015 : ₹ Nil). This assessment is undertaken each financial year through examining the financial position of the related party and the market in which the related party operates. There is no allowance account for impaired receivables in relation to any outstanding balances , and no expense has been recognized in the current year or prior years for bad or doubtful debts in respect of the amounts owed by the related parties.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

NOTE 33 : EARNINGS PER SHARE

Particulars		**2016-17**	*2015-16*
Basic and Diluted			
Profit after tax as per Statement of Profit and Loss (₹ Lakhs)	A	**12,053.89**	13,837.09
Weighted average number of shares outstanding	B	**1,800,000**	1,800,000
Basic and diluted Earnings per share (₹)	A/B	**669.66**	768.73
Face value per equity share (₹)		**100.00**	100.00

NOTE 34 : ASSETS PLEDGED AS SECURITY

The carrying amount of assets pledged as security for current and non - current borrowings are :

Particulars	**Notes**	**As at 31-03-2017**	*As at 31-03-2016*	*As at 01-04-2015*
Current				
Financial Assets				
First Charge				
Trade receivables	**5(b)**	**80,082.90**	*67,058.91*	*54,788.49*
Non Financial Assets				
First Charge				
Inventories	**7**	**35,616.17**	*33,512.58*	*35,339.85*
Total current assets pledged as security		**115,699.07**	*100,571.49*	*90,128.34*
Non - Current				
First Charge				
Property, Plant and Equipment		**2,303.34**	*1,343.04*	*1,276.68*
Total non-current assets pledged as security		**2,303.34**	*1,343.04*	*1,276.68*
Total assets pledged as security		**118,002.41**	*101,914.53*	*91,405.02*

NOTE 35 : RESEARCH AND DEVELOPMENT EXPENDITURE

The expenditure on research and development activities is ₹ 741.53 Lakhs (Previous year ₹ 1,055.13 Lakhs) including capital expenditure of ₹ 12.26 Lakhs (Previous year ₹ 16.79 Lakhs).

NOTE 36 : SPECIFIED BANK NOTES

Disclosure of Specified Bank Notes (SBN) as per MCA notification dated March 30, 2017 :

Particulars	**SBNs**	**Other denomination notes**	**Total**
Closing cash in hand as on November 8, 2016	–	–	–
Add : Permitted receipts	–	–	–
Less : Permitted payments	–	–	–
Less : Cash deposited in banks	–	–	–
Closing cash in hand as on December 30, 2016	–	–	–

The Company has not dealt with Specified Bank Notes during the period as specified above.

NOTE 37 : DISCLOSURE FOR TRANSFER OF MANAPAKKAM UNDERTAKING PURSUANT TO THE SCHEME OF ARRANGEMENT OF DEMERGER:

(a) A Scheme of Arrangement (referred to as "Scheme of Arrangement of Demerger" in Notes forming part of Accounts) under Sections 230 to 240 of the Companies Act, 2013 and the rules made thereunder was approved by the shareholders of the Company on March 18, 2017 for inter alia transfer of the Manapakkam undertaking along with the identified assets and liabilities to L&T Electricals & Automation Limited (Resulting Company), a fellow subsidiary company.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

(b) The Manapakkam undertaking of the Company was engaged in manufacturing valves for key sectors of the economy such as oil & gas, power, petrochemicals, chemicals, fertilizers and pharmaceuticals. The manufacturing facilities located at the Manapakkam have been shifted to the other manufacturing facilities of the Company located at Kanchipuram and Sriperambudur and accordingly there is no profit / loss attributable to the Manapakkam undertaking (discontinued operations).

(c) The Scheme of Arrangement of Demerger was sanctioned by the National Company Law Tribunal (NCLT), Division Bench, Mumbai vide its order dated April 27, 2017 and it came into effect on May 9, 2017 ("Effective Date") which is the date on which the Order from NCLT was filed with the Registrar of Companies(ROC).

(d) Pursuant to the declaration of the effective date of the Scheme of Arrangement of Demerger, the Manapakkam Undertaking of the Company stands transferred to and vested in Resulting Company as a going concern with effect from November 1, 2016, "appointed date" as per the Scheme of Arrangement of Demerger. Further, the receipt of NCLT Order on April 27, 2017 and the filing of the same with ROC on May 9, 2017 are adjusting events as per Ind AS 10 'Events after the reporting period'.

e) Accordingly the Financial Statements for the year ended March 31, 2017 have been prepared after giving effect to the demerger scheme and recording the transfer of the identified assets and the liabilities of the Company to Resulting Company at their respective book values as appearing in the books of the Company as on the appointed date, November 1, 2016.

(f) The following assets and liabilities have been transferred to Resulting Company for an aggregate consideration of ₹ 738.88 lakhs.

₹ lakhs

Particulars	**Amount**	**Amount**
Assets :		
Property, Plant and Equipment	705.32	
Investments Property	2.39	
Loans - Security Deposits	31.17	738.88
Liabilities :	–	–
Net Asset Value of Manapakkam Undertaking		738.88

(g) As per the Scheme of Arrangement of Demerger, the consideration for the transfer amounting to ₹738.88 lakhs will be paid by the Resulting Company directly to the equity shareholders, i.e Larsen & Toubro Limited, the Holding Company. Accordingly the impact of the transfer is directly recognized in equity. [Refer Note 11(b)(ii)]

NOTE 38 : DISCLOSURE FOR TRANSFER OF COIMBATORE UNDERTAKING PURSUANT TO THE SCHEME OF ARRANGEMENT OF DEMERGER:

(a) A Scheme of Arrangement (referred to as "Scheme of Arrangement of Demerger" in Notes forming part of Accounts) under Sections 230 to 240 of the Companies Act, 2013 and the rules made thereunder was approved by the shareholders of the Company on March 10, 2017 for inter alia acquisition of the Coimbatore undertaking along with the identified assets and liabilities (if any) from Larsen & Toubro Limited (Demerged Company).

(b) The Coimbatore Undertaking of the Demerged Company was used for manufacturing valves for key sectors of the economy such as oil & gas, power, petrochemicals, chemicals, fertilizers and pharmaceuticals.

(c) The Scheme of Arrangement of Demerger was sanctioned by the National Company Law Tribunal (NCLT), Division Bench, Mumbai vide its order dated April 20, 2017 and it came into effect on April 22, 2017 ("Effective Date") which is the date on which the Order from NCLT was filed with the Registrar of Companies ("ROC")

(d) Pursuant to the declaration of the effective date of the Scheme of Arrangement of Demerger, the Coimbatore Undertaking of Demerged Company stands transferred to and vested in the Company as a going concern with effect from April 1, 2016 ("appointed date") as per the Scheme of Arrangement of Demerger. Further, the receipt of NCLT Order on April 20, 2017 and the filing of the same with ROC on April 22, 2017 are adjusting events as per Ind AS 10 'Events after the reporting period'.

(e) Accordingly the Financial Statements for the year ended March 31, 2017 have been prepared after giving effect to the demerger scheme and recording the acquisition of the identified assets and the liabilities of the Demerged Company to the Company at their respective book values as appearing in the books of the company as on the appointed date, April 1, 2016.

(f) The following assets and liabilities have been transferred from Demerged Company for an aggregate consideration of ₹ 4,378.93 lakhs :

₹ lakhs

Particulars	**Amount**	**Amount**
Assets :		
Property, Plant and Equipment	4,378.93	4,378.93
Liabilities :	–	–

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

Particulars	Amount	Amount
Net Asset Value of Coimbatore Undertaking		4,378.93

(g) The Consideration payable to Larsen & Toubro Limited, the Holding Company, is recognized as a liability.

NOTE 39 : FIRST TIME ADOPTION OF IND AS

Transition to Ind AS

The accounting policies set out in note 1 have been applied in preparing the financial statements for the year ended March 31, 2017, the comparative information presented in these financial statements for the year ended March 31, 2016 and in the preparation of an opening Ind AS balance sheet at April 1, 2015 (the company's transition date). In preparing its opening Ind AS balance sheet, the company has adjusted the amounts reported previously in financial statements prepared in accordance with the accounting standards notified under Companies (Accounting Standards) Rules, 2006 (as amended) and other relevant provisions of the Act (previous GAAP or Indian GAAP).

An explanation of how the transition from previous GAAP to Ind AS has affected the company's financial position, financial performance and cash flows is set out in the following tables and notes.

a) Exemptions and exceptions availed

A) Optional exemptions

i) Deemed cost of property, plant and equipment

As per Ind AS 101 an entity may elect to use carrying values of property, plant and equipment as on the date of transition to Ind AS (which are measured in accordance with previous GAAP) if there has been no change in its functional currency on the date of transition.

The Company has elected to continue with the carrying value of all of its property, plant and equipment recognized as of 1 April 2015 (Transition date) measured as per the previous GAAP and use that carrying value as its deemed cost as of the transition date.

ii) Determining whether an arrangement contains a lease

Ind AS 101 includes an optional exemption that permits an entity to apply the relevant requirements in Appendix C of Ind AS 17 for determining whether an arrangement existing at the date of transition contains a lease by considering the facts and circumstances existing at the date of transition (rather than at the inception of the arrangement). The Company has elected to avail this exemption.

B) Mandatory exemptions

i) Estimates

As per Ind AS 101, an entity's estimates in accordance with Ind AS at the date of transition to Ind AS and at the end of the comparative period present in the entity's first Ind AS financial statements, as the case may be, should be consistent with estimates made for the same date in accordance with the previous GAAP unless there is objective evidence that those estimates were in error.

As per Ind AS 101, where an application of Ind AS requires an entity to make certain estimates that were not required under previous GAAP, those estimates should be made to reflect conditions that existed at the date of transition (for preparing opening Ind AS balance sheet) or at the end of the comparative period (for presenting comparative information as per Ind AS).

The Company's estimates under Ind AS are consistent with the above requirement. Key estimates considered in the preparation of the financial statements that were not required under the previous GAAP are listed below

- Impairment of financial assets based on the expected credit loss model

ii) Hedge accounting

As per Ind AS 101, an entity shall not reflect in its opening Ind AS Balance Sheet a hedging relationship of a type that does not qualify for hedging relationship in accordance with Ind AS 109. On the date of transition to Ind AS the Company has assessed that all the designated hedging relationship qualifies for hedge accounting as per Ind AS 109. Consequently, the company continues to apply hedge accounting on and after the date of transition to Ind AS.

iii) De-recognition of finacial assets and liabilities

Ind AS 101 requires a first-time adopter to apply the de-recognition provisions of Ind AS 109 prospectively for transactions occurring on or after the date of transition to Ind AS. However, Ind AS 101 allows a first-time adopter to apply the de-recognition requirements in Ind AS 109 retrospectively from a date as decided by the entity, provided that the information needed to apply Ind AS 109 to financial assets and financial liabilities derecognized as a result of past transactions was obtained at the time of initially accounting for those transactions.

The Company has elected to apply the de-recognition provisions of Ind AS 109 prospectively from the date of transition to Ind AS.

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

iv) Classification and measurement of financial assets

Ind AS 101 requires an entity to assess classification and measurement of financial assets (investment in debt instruments) on the basis of the facts and circumstances that exist at the date of transition to Ind AS. Accordingly the Company has classified the financial assets and liabilities on the basis of the facts and circumstances that exist at the date of transition to Ind AS.

b) Effect on Ind AS adoption on the Balance Sheet as at 1 April 2015 and 31 March 2016

₹ Lakhs

Particulars	Notes	As at 01-04-2015			As at 31-03-2016		
		Previous GAAP *	Adjustments	Ind AS	Previous GAAP *	Adjustments	Ind AS
ASSETS							
Non-current assets							
Property, plant and equipment	f(9)	10,245.10	(2.39)	10,242.71	12,163.41	(2.39)	12,161.02
Capital Work in progress		55.98	–	55.98	825.85	–	825.85
Investment properties	f(9)	–	2.39	2.39	–	2.39	2.39
Other intangible assets		474.64	–	474.64	362.82	–	362.82
Financial assets							
i) Loans		74.15	–	74.15	226.37	–	226.37
Other non-current assets		248.70	–	248.70	250.97	–	250.97
Total Non- current assets		**11,098.57**	**–**	**11,098.57**	**13,829.42**	**–**	**13,829.42**
Current assets							
Inventories		35,339.85	–	35,339.85	33,512.58	–	33,512.58
Financial assets							
i) Trade receivables		54,788.49	–	54,788.49	67,058.91	–	67,058.91
ii) Cash and cash equivalents		101.87	–	101.87	90.91	–	90.91
iii) Loans		65.83	–	65.83	15.75	–	15.75
iv) Other financial assets		248.15	–	248.15	532.58	–	532.58
Other current assets		12,223.29	–	12,223.29	10,939.60	–	10,939.60
Assets classified as held for sale		0.14	–	0.14	1.84	–	1.84
Total Current assets		**102,767.62**	**–**	**102,767.62**	**112,152.17**	**–**	**112,152.17**
Total Assets		**113,866.19**	**–**	**113,866.19**	**125,981.59**	**–**	**125,981.59**
EQUITY AND LIABILITIES							
Equity							
Equity Share capital		1,800.00	–	1,800.00	1,800.00	–	1,800.00
Other Equity:							
Reserves and surplus	(c)	37,616.65	(508.00)	37,108.65	51,407.56	(595.16)	50,812.40
Other reserves	(c)	(977.63)	502.23	(475.40)	(1,143.69)	601.09	(542.60)
Total Equity		**38,439.02**	**(5.77)**	**38,433.25**	**52,063.87**	**5.93**	**52,069.80**
Liabilities							
Non-current liabilities							
Financial Liabilities							
i) Borrowings		1,411.43	–	1,411.43	2,866.04	–	2,866.04
ii) Other financial liabilities	f(2)	495.48	27.52	523.00	546.00	28.74	574.74
Long term Provisions	f(2)	1,645.37	(39.32)	1,606.05	1,516.11	(15.98)	1,500.13
Deferred tax liabilities (Net)	f(6)	670.77	38.33	709.10	660.94	0.93	661.87
Total Non-current liabilities		**4,223.05**	**26.53**	**4,249.58**	**5,589.09**	**13.69**	**5,602.78**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Particulars	Notes	*As at 01-04-2015*			*As at 31-03-2016*		
		*Previous GAAP **	*Adjustments*	*Ind AS*	*Previous GAAP **	*Adjustments*	*Ind AS*
Current liabilities							
Financial Liabilities							
i) Borrowings		*6,141.55*	*–*	*6,141.55*	*2,876.17*	*–*	*2,876.17*
ii) Trade payables		*41,405.24*	*–*	*41,405.24*	*39,272.56*	*–*	*39,272.56*
iii) Other financial liabilities	f(1)	*11,392.54*	*(20.76)*	*11,371.78*	*13,100.22*	*(19.62)*	*13,080.60*
Other current liabilities		*8,727.24*	*–*	*8,727.24*	*7,637.49*	*–*	*7,637.49*
Short term Provisions		*3,459.75*	*–*	*3,459.75*	*5,413.29*	*–*	*5,413.29*
Current Tax Liabilities (Net)		*77.80*	*–*	*77.80*	*28.90*	*–*	*28.90*
Total Current liabilities		***71,204.12***	***(20.76)***	***71,183.36***	***68,328.63***	***(19.62)***	***68,309.01***
Total Equity and Liabilities		***113,866.19***	***0.00***	***113,866.19***	***125,981.59***	***0.00***	***125,981.59***

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

c) Reconciliation of total comprehensive income for the year ended March 31, 2016

₹ Lakhs

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Revenue				
Revenue from operations	f(7)	156,723.50	(418.47)	156,305.03
Less: Excise duty	f(7)	7,612.69	(7,612.69)	–
		149,110.81		156,305.03
Other income		280.53	–	280.53
Total Income		**149,391.34**	**(8,031.16)**	**156,585.56**
Expenses			–	–
Manufacturing and operating expenses				
Cost of raw material and components consumed		94,602.50	–	94,602.50
Purchase of traded goods		441.44	–	441.44
Changes in inventories of finished goods, work-in-progress and traded goods		3,463.24	–	3,463.24
Excise duty on sale of goods	f(7)	–	7,612.69	7,612.69
other manufacturing and operating expenses		7,112.26	–	7,112.26
Employee benefits expense	f(1), f(3)	9,562.03	(201.55)	9,360.48
Depreciation and amortization expense		1,593.82	–	1,593.82
Finance costs	f(2)	699.16	39.32	738.48
Other expenses	f(7), f(2)	11,041.80	(335.60)	10,706.20
Total expenses		**128,516.25**	**7,114.86**	**135,631.11**
Profit before tax		20,875.09	(15,146.02)	20,954.45
(i) Current tax	f(3)	7,094.02	70.57	7,164.59
(ii) Deferred tax	f(6)	(9.83)	(37.40)	(47.23)
Profit for the year		**13,790.90**	**(15,179.19)**	**13,837.09**

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

₹ Lakhs

Particulars	Notes	Previous GAAP *	Adjustments	Ind AS
Other Comprehensive Income				
(i) Items that will be reclassified subsequently to profit or loss :				
Deferred gains/(losses) on cash flow hedges	f(3)	–	(67.20)	(67.20)
Income tax relating to these items		–	–	–
(ii) Items that will not be reclassified subsequently to profit or loss :				
Remeasurement of post-employment defined benefit obligations	f(3)	–	(203.91)	(203.91)
Income tax relating to these items	f(3)	–	70.57	70.57
Total comprehensive income		**13,790.90**	**(15,379.73)**	**13,636.55**

*The previous GAAP figures have been reclassified to conform to Ind AS presentation requirements for the purposes of this note.

d) Reconciliation of total equity as at 31 March 2016 and as at 1 April 2015

₹ Lakhs

	Particulars	Notes	As at 31-03-2016	As at 01-04-2015
	Total Equity under previous GAAP		**52063.87**	*38,439.02*
1)	Share based payments as per Ind AS 102	f(1)	**(9.12)**	*(6.76)*
2)	Discounting of long term provision and unwinding of the discountas per Ind AS 37	f(2)	**15.98**	*39.32*
3)	Impact of recognition of deferred tax on temperory differences as per Ind AS 12	f(6)	**(0.93)**	*(38.33)*
			52,069.80	*38,433.25*

e) Reconciliation of total comprehensive income for the year ended 31 March 2016

₹ Lakhs

	Particulars	Notes	2015-16	
	Profit as per previous GAAP			*13,790.90*
1)	Share based payments as per Ind AS 102	f(1)	*(2.36)*	
2)	Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS	f(3)	*203.91*	
3)	Discounting of long term provision to its present value	f(2)	*15.98*	
4)	Unwinding of discounted long term provisions (Finance cost)	f(2)	*(39.32)*	
5)	Accounting for cash flow hedges as per Ind AS 109	f(4)	*(98.85)*	*79.36*
				13,870.26
6)	Tax impact of items recognized in Other Comprehensive Income under Ind AS	f(3)	*(70.57)*	
7)	Impact of recognition of deferred tax on temperory differences as per Ind AS 12	f(6)	*37.40*	*(33.17)*
	Profit for the year as per Ind AS			*13,837.09*
8)	Remeasurements of defined benefit obligation recognized in other comprehensive income under Ind AS (net of tax)	f(3)	*(133.34)*	
9)	Effective portion of gains and losses on hedging instruments in a cash flow hedge	f(3)	*(67.20)*	*(200.54)*
	Total Comprehensive Income as per Ind AS			*13,636.55*

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

f) Notes to first-time adoption:

1. Share-based payments

The Holding company provides certain employee stock options to the employees of the Company. These options are valued as per Ind AS 102 and an additional cost of ₹ 6.76 lakhs is recognized in equity as at 1 April 2015. Further ₹ 2.36 lakhs is recognized as expenses during the year 2015-16 on account of valuation of the options as per Ind AS 102 as at 31 March 2016. On account of this adjustment there is a decrease in equity by ₹ 6.76 lakhs and ₹ 9.12 lakhs as at 1 April 2015 and 31 March 2016 respectively and a decrease in profit for the year 2015-16 by ₹ 2.36 lakhs .

2. Provisions

Under Indian GAAP, the Company had accounted for provisions, at the amounts expected to settle the obligation on an undiscounted basis since the previous GAAP prohibited discounting of provisions other than employee benefits. Ind AS 37 requires provisions to be discounted to its present value if the time value of money is material.

Accordingly the long term provision for warranty is recognized at the present value of the expenditure expected to be required to settle the obligation. The long term provision for warranty under Ind AS is lower by ₹ 39.32 lakhs as at 1 April 2015.

Under Ind AS the discounted provision needs to be adjusted for the time value of money over the period of the provision and accordingly interest of ₹ 39.32 lakhs is recognized for the year 2015-16. Further the impact of discounting the provision to present value is ₹ 15.98 lakhs (credit to profit and loss) for the year ended 31 March 2016. The carrying value of provision under Ind AS as at 31 March 2016 is reduced by ₹ 15.98 lakhs on account of the said adjustment.

On account of the above adjustments there is an increase in equity by ₹ 39.32 lakhs as at 1 April 2015 and ₹ 15.98 lakhs as at 31 March 2016 and the decline in profit for the year 2015-16 by ₹ 23.34 lakhs.

3. Items recognized in Other Comprehensive Income

(i) Remeasurements of defined benefit obligation

Under previous GAAP, the entire cost, including actuarial gains and losses, are charged to profit and loss. Under Ind AS, remeasurements [comprising of actuarial gains and losses, the effect of the asset ceiling, excluding amounts included in net interest on the net defined benefit liability and the return on plan assets excluding amounts included in net interest on the net defined benefit liability] are recognised in other comprehensive income. The remeasurement loss on defined benefit obligations for the year 2015-16 is ₹ 203.91 lakhs and the tax impact on the same is ₹ 70.57 lakhs. There is no change in the total equity on account of this, however, the profit for the year 2015-16 has increased by ₹ 133.34 lakhs.

(ii) Cash flow hedges

Ind AS requires the effective portion of cash flow hedge to be recognized in Other Comprehensive Income. Accordingly movement in the fair value of cash flow hedge (effective portion) of ₹ 67.20 lakhs is recognized in OCI. Under previous GAAP, the movement in hedge reserves was directly recognized in hedging reserve.

4. Derivative instruments (Cash flow hedges)

The fair value of forward foreign exchange contracts is recognized under Ind AS, and was not recognized under Indian GAAP. The contracts, which were designated as hedging instruments under Indian GAAP, have been designated as at the date of transition to Ind AS as hedging instrument in cash flow hedges of expected future sales for which the company has firm commitments. The adjustment on account of complying with the hedge accounting as per Ind AS 109 as against hedging under Indan GAAP amounting to ₹ 502.23 lakhs is recognized directly in equity as at April 1, 2015 with corresponding impact in cash flow hedging reserve. Hence there is no impact on total equity as at April 1, 2015 on account of this adjustment.

Further, the impact of adopting hedge accounting as per Ind AS 109 has resulted in a decrease in profit for the year 2015-16 by ₹ 98.85 lakhs with the corresponding impact in cash flow hedging reserve. Accordingly there is no impact on total equity as at March 31, 2016 on account of this adjustment

5. Expected credit loss on trade receivables

Under previous GAAP, the Company has created provision for impairment of receivables in respect of specific amount for incurred losses. Under Ind AS, impairment allowance has been determined based on Expected Loss model (ECL). The Comapny has estimated the expected credit loss based on the ECL model and satisfied that the provision existing as at April 1 2015 and March 31, 2016 is sufficient to cover the expected credit loss. Accordingly no additional impairment allowance was recognized as at April 1, 2015 and as at March 31, 2016.

6. Deferred tax

Indian GAAP requires deferred tax accounting using the income statement approach, which focuses on differences between taxable profits and accounting profits for the period. Ind AS 12 requires entities to account for deferred taxes using the balance sheet approach, which focuses on temporary differences between the carrying amount of an asset or liability in the balance sheet and its tax base. The application of Ind AS 12 approach has resulted in recognition of deferred tax on new temporary differences which was not required under Indian GAAP. In addition, the various transitional adjustments lead to temporary differences. According to the accounting policies, the Company has to account for such differences. Deferred tax adjustments are recognized in correlation to the underlying transaction either in retained earnings. On the date of transition, the net impact on deferred tax liabilities is of ₹ 38.33 Lakhs (March 31, 2016 : ₹ 0.93 Lakhs).

NOTES ACCOMPANYING THE FINANCIAL STATEMENTS (Contd.)

7. **Sale of goods**

   (i) Under Indian GAAP, sale of goods was presented at net of excise duty. However, under Ind AS, sale of goods includes excise duty. Excise duty on sale of goods is separately presented on the face of statement of profit and loss. Thus sale of goods under Ind AS has increased by ₹ 7,612.69 Lakhs with a corresponding increase in Manufacturing and Operating expense.

   (ii) Under Indian GAAP, sale of goods was presented excluding volume rebate. However, under Ind AS, sale of goods includes volume rebate. Thus sale of goods under Ind AS has decreased by ₹ 319.62 Lakhs with a corresponding decrease in other expense.

8. **Other comprehensive income**

   Under Indian GAAP, the Company has not presented other comprehensive income (OCI) separately. Hence, Indian GAAP profit or loss is reconciled to total comprehensive income as per Ind AS.

9. **Investment property**

   Under the previous GAAP, investment properties were presented as part of Property, Plant and Equipment. Under Ind AS, investment properties are required to be separately presented on the face of the balance sheet. There is no impact on the total equity or profit as a result of this adjustment.

10. **Retained earnings**

    Retained earnings as at April 1, 2015 has been adjusted consequent to the above Ind AS transition adjustments.

The accompanying notes form an integral part of the financial statements

As per our report attached

SHARP & TANNAN
Chartered Accountants
(Firm's Registration No: 003792S)

By the hand of

S. R. SUBRAMANIAN
Director
DIN: 03278824

N. V. VENKATASUBRAMANIAN
Manager / Director
DIN: 06900806

D VINOD KUMAR
Partner
Membership No.224549

Place : Chennai
Date : May 23, 2017

S. VAIDYANATHAN
Chief Financial Officer /
Company Secretary (M. No. A18850)

Place : Chennai
Date : May 19, 2017